News Flash
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Electronic Registration of Sales in the Czech Republic
The implementation of Registration of Sales

In the context of the adoption of the act no. 112/2016 Sb., on Registration of Sales and its effectiveness from 1st December 2016 the taxpayers should actively prepare for the upcoming registration obligation.

If you are affected by the registration obligation, please pay attention to the following information.

What sales will be registered?

Sales affected by the registration obligation are sales that meet procedural requirements and simultaneously constitute decisive income. The procedural requirements are met if a payment for goods/services is made in cash, by credit card, cheque, promissory note or other similar means. In general, as a decisive income is considered income from business operations of corporate and personal income taxpayers.

The obligation to register sales is not established for all economic activities at once, but gradually, in phases:

- 1.2.2017 – catering and accommodation services
- 1.3.2017 – retail and wholesale
- 1.3.2018 – other not closely specified activities
- 1.6.2018 – selected craft and manufacturing activities

However, you can register sales before the legal obligation is established. In order to simplify the administration procedures you do not have to register the sales gradually. Instead you can start to register the sales generated through all your economic activities from the first date when the registration obligation arises.

Steps to be accomplished prior the commencement of the registration

The taxpayer is obligated to obtain authentication data to be able to log on to the portal of electronic registration of sales administered by the tax administrator. This step needs to be carried out prior accepting the first sale to be registered.

After logging into the application of the electronic registration of sales the taxpayer is liable to register all his establishments/workshops and generate one or more certificates to identify himself when providing data about registered sales via data messages to the tax administrator.

The taxpayer may apply for the authentication data:

- Electronically, through the tax portal, or
- Personally, at any tax administrator’s office

The process of registration of sales

The registration obligation consists of two steps:

- The taxpayer is obligated to provide data on each registered sale via data message to the tax administrator,
- The taxpayer is obligated to issue a receipt to the customer. Except for other information the receipt issued by him must also provide the fiscal identification code generated by the technical equipment of the tax administrator. Through the identification code which is unique for each confirmed data message the registration of the given sale is confirmed.

Furthermore, the notice of registration of sales must be put in place of the regular realization of registered sales, i.e. establishment/workshop. This obligation includes also websites.

The notification should state that the seller is obliged to issue a receipt to the customer and to register the received revenue with the tax administrator on-line or within 48 hours in case of technical failure.

Tax credit

In relation with the implementation of registration of sales the taxpayer – physical person is entitled to apply one-off tax credit that amounts:
News Flash | Accace Czech Republic | Electronic Registration of Sales

- To CZK 5,000,
- But does not exceed the amount of the positive difference between 15% of the partial tax base from entrepreneurial activities and basic tax credit on the taxpayer.

The taxpayer is entitled to apply the tax credit only in the tax period in which the first sale establishing the registration obligation was registered. In case of taxpayers engaged in catering and accommodation services the tax credit may be already applied in 2016 tax period.

We recommend to pay close attention to the registration of sales. Infringements of the obligations laid down in connection with the registration of sales are fined. The failure to comply with the obligation to present the information on the registration liability is sanctioned up to CZK 50,000. Breach of the obligation to send the data message with data on the registered sale to the tax administrator or to issue a receipt to the customer is sanctioned up to CZK 500,000.

Should you wish to be provided with further information on the registration obligation or should you require other assistance, please do not hesitate to contact us.

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