

ACT
of 16 March 2016
on Registration of Sales No. 112/2016 Coll.

The Parliament has enacted this Act of the Czech Republic

PART ONE
INTRODUCTORY PROVISIONS

Section 1

Subject Matter

This Act governs the rights, obligations and procedures applicable to the registration of sales and procedures related thereto.

Section 2

Performance of Authority

(1) The authority pursuant to this Act shall be performed by the bodies of the Financial Authorities of the Czech Republic.

(2) The authority to verify the performance of obligations relating to the registration of sales shall also be performed by the bodies of the Customs Authority of the Czech Republic.

PART TWO
REGISTRATION OF SALES

Title I

Subject and Subject-matter of Sales Registration

Section 3

Determination of the Subject and the Subject-matter of Sales Registration

(1) The subject of sales registration is the taxpayer of

- a) personal income tax; and
- b) corporate income tax.

(2) The subject-matter of sales registration are the taxpayer's registered sales.

Title II

Registered Sale

Section 4

Definition of Registered Sale

(1) A registered sale is a payment that meets the formal requirements for a registered sale and constitutes a material income.

(2) A registered sale is also a payment that meets the formal requirements for a registered sale and

- a) is intended to be subsequently drawn or settled to constitute a material income at this subsequent date, or

- b) represents the subsequent drawing or settlement of such a payment to constitute material income.

Section 5

Formal Requirements for a Registered Sale

The formal requirements for a registered sale are met by a payment to a taxpayer that is made

- a) in cash,
- ~~b) by a cashless transfer of funds, based on an instruction by the payer to the beneficiary, who is a taxpayer obliged to register the sale, **repealed, effectiveness on 1st March 2018*~~
- c) by cheque,
- d) by promissory note,
- e) in other forms, which are similar in nature to the forms listed in sub-paragraphs a) to d), or
- f) as a credit for a deposit or similar security lodged in any of the forms of payment listed in sub-paragraphs a) to e).

Section 6 Material Income

(1) For the purposes of this Act, material income is deemed

a) in the case of a personal income tax, the income from independent business activities, with the exception of income that

- 1. is exempt from income tax,
- 2. is exceptional with respect to sales generally received or
- 3. is subject to the withholding tax under a special tax rate, or

b) in the case of a corporate income tax, the income from business activities, with the exception of income that

- 1. is exempt from income tax,
- 2. is exceptional with respect to sales generally received,
- 3. is subject to the withholding tax under a special tax rate, or
- 4. is subject to tax from a separate tax base.

(2) In the case of a taxpayer that is an accounting unit, income pursuant to paragraph 1 is income under the Act on Income Taxes which the taxpayer would be authorised to receive should it not be an accounting unit.

(3) For the purposes of this Act, material income of public companies and limited partnerships also involves the income of public companies and limited partnerships which is subject to income tax of their partner. For the purposes of this Act, such income does not constitute income of the partner.

Section 7 Cancellations and Corrections

If a registered payment is refunded or corrected, the provisions with respect to the registration of sales shall be applied *mutatis mutandis*, with the difference that this sale shall be registered as negative.

Section 8 Indirect Representation

Should a taxpayer act in their own name on behalf of another taxpayer, the party that acts in their own name on behalf of the other taxpayer shall register the sale.

Section 9 Delegation to Register Sales

(1) A taxpayer who is a recipient of the sale may appoint another taxpayer to register sales on their behalf.

- (2) If a single registered sale provides revenue to more than one taxpayer, these taxpayers may appoint one taxpayer to register this sale on their behalf.
- (3) A taxpayer who is appointed to register sales is obliged to register the sales of the taxpayer that has been appointed to register sales.
- (4) A taxpayer that appointed another taxpayer to register sales shall not thereby be relieved of responsibility for the consequences associated with a breach of obligations under this Act.

Title III

Sales Registered under the Simplified Regime and Sales Exempted from Registration

Section 10

Sales under the Simplified Regime

- (1) Sales of goods and services on board of a vehicle used for regular public transport of persons pursuant to the Act governing value added tax may be registered under a simplified regime.
- ~~(2) Sales whose registration under standard procedures would prevent or significantly complicate the smooth and efficient conduct of the business from which these sales originate may also be registered under the simplified regime. These sales are laid down in the respective Government Decree. ** repealed, effectiveness on 1st January 2019*~~

Section 11

Permit to Register Sales under the Simplified Regime

- (1) At the request of the taxpayer, the tax administrator shall issue a permit to register sales under a simplified regime if the registration of the given sales under standard procedures prevents or significantly complicates the smooth and efficient conduct of the taxpayer's business from which these sales originate.
- (2) In the application, the taxpayer shall set out reasons demonstrating compliance with the criteria for the issuance of the permission and the sales to which the permit shall apply.
- (3) The tax authority shall decide on the application within 15 days from the date of its submission. In the permit, the tax authority shall set out the sales to which the permit applies.
- (4) If the application is refused, a new application may be submitted no sooner than 60 days from the notification of the refused application coming into force. In this new application the taxpayer shall provide different reasons from those in the original application, otherwise the new application will be rejected. The applicant must be informed of the rejection of the application.
- (5) If the conditions for the permit cease to be fulfilled, the permit holder shall inform the tax administrator thereof within 15 days from the date on which this occurred.
- (6) If the tax administrator finds that the conditions under which the permission was issued no longer apply, it shall revoke the permission.

Section 12

Sales Exempted from the Registration of Sales

- (1) A registered sale is not a sale achieved by
 - a) the State,
 - b) territorial self-governing authorities,
 - c) state-funded organisations,
 - d) the Czech National Bank,
 - e) a holder of the postal licence.
- (2) In addition, a registered sale is not a sale achieved by
 - a) a bank, including a foreign bank,
 - b) a savings or credit cooperative,

- c) an insurance or reinsurance company,
- d) an investment company or investment fund,
- e) a securities trader,
- f) the central depository,
- g) a pension company,
- h) a pension fund,
- i) a business as a result of its activity in the energy sectors on the basis of a licence granted under the Energy Act,
- j) business based on a licence from a regional authority issued under the Act on Water Supply and Sewerage.

(3) A registered sale is not a sale

- a) realised prior to the assignment of a tax identification number and within 10 days following the assignment thereof,
- b) from postal services, including goods and services provided in direct connection therewith,
- c) from a relationship related to a labour-law or a similar relationship,
- d) from catering and accommodation provided to pupils and students provided by a school, university or school facilities,
- e) from a fare or related payment made in vehicles used for regular public transport of persons,
- f) on board an aircraft,
- g) from passenger railway transportation,
- h) from minor secondary business activities by taxpayers that are public benefit entities,
- i) from goods or services provided by way of a vending machine,
- j) from the operation of public toilets.

~~(4) Registration additionally does not apply to sales the registration of which would under ordinary circumstances prevent or significantly complicate the smooth and efficient conduct of the business from which these sales arise, unless such an obstruction may be removed by registering the sales under a simplified regime. These sales are laid down in the respective Government Decree. * repealed, effectiveness on 1st January 2019~~

Title IV

Obligations of the Taxpayer

Part 1

Authentication Data and Certificate for the Registration of Sales

Section 13

Request for Authentication Data

- (1) Before receiving the first registered sale, the taxpayer shall submit a request for authentication data.
- (2) Authentication data are used to access the tax administrator's common technical equipment, enabling the taxpayer to administer the certificate for the registration of sales and data for the administration of the registration of sales.
- (3) The taxpayer, or its representative authorised to receive authentication data, may only submit the request
 - a) through the tax administrator's common technical equipment by data message with the individual's identity verified in a manner enabling the login to their data box, using the format and structure published by the tax administrator, or
 - b) verbally, confirmed by a written protocol, at any of the competent tax administrator.

Section 14

Assignment and Use of Authentication Data

(1) If the taxpayer requested the authentication data in a manner enabling the login to their data box, the tax administrator would assign these to the taxpayer through this data box without any undue delay.

(2) If the taxpayer submitted a request for authentication data in a verbal form, confirmed by a written protocol, the tax administrator would assign these to the taxpayer as part of this acting.

(3) The tax authority shall publish, in a manner allowing remote access, the conditions and procedure to access the tax administrator's common technical equipment, enabling the taxpayer to administer the certificate for the registration of sales and data for the administration of the registration of sales.

Section 15

Certificate for the Registration of Sales

By way of the common technical equipment and on the basis of the authentication data, the tax administrator shall allow the taxpayer to obtain one or more certificates for the registration of sales, which serve for the authentication of data messages.

Section 16

Protection of Authentication Data and the Certificate for the Registration of Sales

The taxpayer shall handle authentication data and the certificate for the registration of sales in a manner that prevents the misuse thereof.

Part 2

Notification Obligation

Section 17

Data on Business Premises

(1) Before receiving the certificate for the registration of sales, the taxpayer shall use the tax administrator's common technical equipment to disclose data on the business premises in which it carries out the activities from which the registered sales originate, or in which it receives the registered sales. Data on business premises also include data on websites on which goods or services are offered.

(2) Should there be any change to the data on business premises, the taxpayer shall notify the tax authority of such a change within 15 days from the date on which the change occurred, and no later than before the realisation of the first registered sale in the business premises affected by the change. This notification may only be reported using the tax administrator's common technical equipment.

Part 3

Obligation to Register Sales

Item 1

Registration of Sales under the Standard Regime

Section 18

Scope of the Obligation to Register Sales

(1) At the latest upon the realisation of the registered sale, the taxpayer shall

- a) send a data message to the tax authority containing information concerning this registered sale and
 - b) issue a receipt to the entity from which the registered sales originate.
- (2) A registered sale is realised when
- ~~a) the registered sale is received.~~
 - ~~b) an instruction to realise the registered sale is issued, if the instruction was issued earlier.*~~ **change effective as of 1st March 2018**
- (3) Sending information concerning a registered sale is not considered to be the submission.
- (4) Information concerning a registered sale may only be sent on the tax administrator's common technical equipment using the format and structure published by the tax administrator in a manner allowing remote access.

Section 19 Scope of the Data Transmitted

- (1) Information concerning a registered sale sent by data message consists of
- a) the tax identification number of the taxpayer,
 - b) the identification of the business premises in which the sale is carried out,
 - c) the identification of the POS terminal in which the sale is registered,
 - d) the serial number of the receipt,
 - e) the date and time the sale was received, or the receipt was issued, if it was issued earlier,
 - f) the total amount of the sale,
 - g) the taxpayer's security code,
 - h) the taxpayer's signature code,
 - i) information on whether the sale was registered under the standard or the simplified regime.
- (2) Information concerning a registered sale sent by a data message also includes
- a) the total amount of payments intended for subsequent drawing or settlement,
 - b) the total amount of payments which are payments subsequently drawn or settled,
 - c) the tax identification number of the taxpayer who entrusted the registration of this sale to the taxpayer who registered the sale,
 - d) the tax base for value added tax and the tax based on the value added tax rate,
 - e) the total amount under the value added tax scheme for travel service,
 - f) the total amount under the value added tax scheme for the sale of used goods,
- (3) The Ministry of Finance shall lay down the method for creating the taxpayer signature code and the taxpayer security code in a Decree.

Section 20 Receipt Contents

- (1) The taxpayer is required to include the following in the receipt
- a) the fiscal identification code,
 - ~~b) his tax identification number,*~~ **repealed, effectiveness on 1st March 2018**
 - c) the identification of the business premises in which the sale is carried out,
 - d) the identification of the POS terminal in which the sale is registered,
 - e) the serial number of the receipt,
 - f) the date and time the sale was received, or the receipt was issued, if it was issued earlier,
 - g) the total amount of the sale,
 - h) the taxpayer's security code,
 - i) information on whether the sale was registered under the standard or the simplified regime.
- ~~(2) Information on the registered sale in the receipt also includes the tax identification number of the taxpayer who entrusted the registration of this sale to the taxpayer who registered the sale.*~~ **repealed, effectiveness on 1st March 2018**

(3) If the taxpayer is not obliged to include its fiscal identification code in the receipt, he is obliged to include its signature code in the receipt.

Section 21 **Response Time**

(1) The response time is the time between the attempt to send information on the registered sale from the taxpayer's POS terminal and the receipt of the fiscal identification code on the taxpayer's POS terminal.

(2) The taxpayer shall set the response time limit for the POS terminal for more than 2 seconds, depending on the type and manner of the activity carried out, ensuring that this setting does not inhibit the sales registration process, having regard to the type and quality of the connection to the public data network.

Section 22 **Procedure when the Response Time Limit is Exceeded**

If the response time limit is exceeded during the registration of a sale, the taxpayer

a) shall send a data message containing information on the registered sale to the tax authority immediately after the event which caused the response time limit to be exceeded terminates, but at the latest within 48 hours of completion of the registered sale and

b) is not obliged to enter the fiscal identification code in the receipt.

Item 2 **Registration of Sales under the Simplified Regime**

Section 23 **Obligation to Register Sales under the Simplified Regime**

Performance of the obligation to register sales under the simplified regime follows the same procedure as performance of the obligation to register sales under the standard regime, apart from the fact that the taxpayer

a) is obliged to send information concerning the registered sale by a data message to the tax authority in no longer than 5 days of completion of the registered sale and

b) is not obliged to enter the fiscal identification code in the receipt.

Title V **Competence of the Authority Responsible for Verifying Compliance with the Obligations**

Section 24 **Verification of Compliance with the Obligations relating to the Registration of Sales**

(1) For the purpose of ensuring compliance with the obligations imposed under this Act, the authority responsible for verifying compliance with the obligations relating to the registration of sales may carry out a test purchase.

(2) For sales registration purpose, the negotiations between the taxpayer and the authority responsible for verifying compliance with the obligations relating to the registration of sales during the test purchase shall be viewed as the conclusion of a contract.

(3) Provided it is not contrary to the nature of the subject-matter of the test purchase and does not cause the taxpayer to incur a loss, it is possible to withdraw from the contract concluded by the negotiations during the test purchase.

PART THREE
INFORMATION OBLIGATIONS

Section 25

Information Obligation of the Taxpayer

(1) The taxpayer shall place an information notice, which is sufficiently visible and legible, provided this is not made impossible due to the nature of the goods, at the place where sales are usually registered. The taxpayer shall put a notice with information on the website on which goods or services are offered.

(2) The notice shall contain

a) the text reading “Pursuant to the Act on Registration of Sales, the salesperson is obliged to issue a receipt to the buyer. Sales must be registered to the tax authority online; in case of a technical failure this must be done within 48 hours.”, if the taxpayer registers sales in that given POS terminal under the standard mode, or

b) the text reading “Pursuant to the Act on Registration of Sales, the salesperson is obliged to issue a receipt to the buyer. The recipient of the sale registers this under a simplified regime, i.e. is required to report a received sale to the tax authority by no later than within 5 days.” if the taxpayer registers sales in that given POS terminal under the simplified regime.

Section 26

Information Obligation of the Tax Authority

(1) The tax authority shall provide the taxpayer with information collected on the tax authority’s common technical equipment in a manner allowing remote access.

(2) The tax authority shall publish, in a manner allowing remote access

a) the scope and breakdown of information provided pursuant to paragraph 1 and

b) the conditions and procedure for providing information pursuant to paragraph 1.

Section 27

Verification of the Receipts at the Tax Authority

(1) The tax authority shall enable everyone to verify whether the information on a particular sale was sent to the tax authority, in a manner allowing remote access.

(2) The tax authority shall publish the conditions and procedure for providing information pursuant to paragraph 1 in a manner allowing remote access.

PART FOUR
MISDEMEANOURS

Section 28

Misdemeanour against registration of sales

(1) A natural person commits a misdemeanour if he intentionally causes a serious obstruction to or frustrates the registration of sales.

(2) A legal entity or natural person engaged in business commits a misdemeanour if he intentionally causes a serious obstruction to or frustrates the registration of sales.

(3) A misdemeanour under paragraph 1 or 2 may be subject to a fine of up to CZK 500,000.

Section 29

Misdemeanours in registration of sales

(1) A legal entity or natural person engaged in business commits a misdemeanour if he, as the person who registers sales, violates the obligation

- a) to send a data message containing information concerning a registered sale to the tax authority,
- b) to issue a receipt to the entity from which the registered sales originate,
- c) to place an information notice, or
- d) to handle authentication data and the certificate for the registration of sales in a manner that prevents their misuse.

(3) A misdemeanour is subject to a fine of

- a) up to CZK 50,000 in the case of a misdemeanour under paragraph 1 (c) or (d),
- b) up to CZK 500,000 in the case of a misdemeanour under paragraph 1 (a) or (b),

Section 30 **Competence**

(1) Under this Act, the misdemeanours proceedings shall be dealt with by the competent

- a) tax authority, and
- b) the customs authority.

(2) The body responsible for carrying out the proceedings is the competent authority that verifies or has verified compliance with the obligations under this Act.

PART FIVE **MEASURES TO ENFORCE REMEDY**

Section 31 **Closure of Business Premises and Suspension of Operations**

(1) Should the authority competent to verify compliance with the obligations relating to the registration of sales become aware of a particularly serious breach of the obligation to send information concerning the registered sale or to issue a receipt, it shall immediately order

- a) the closure of the business premises, or
- b) the suspension of the business operations involving the registration of sales.

(2) The authority competent to verify compliance with the obligations relating to the registration of sales shall cancel the decision to impose the measure pursuant to paragraph 1 without undue delay after the taxpayer has proved that the reason for imposing this measure has ceased to exist. The decision to cancel the imposition of the measure under paragraph 1 cannot be appealed.

(3) The execution of the order to close business premises or suspend operations shall be carried out by the authority which ordered the measure, by posting the decision to impose such a measure at the access point to the premises in a suitable location, visible from outside of the premises. If there are more than one access points to the premises, the decision shall be posted at all of these access points.

(4) The exercise of public authority must not be prevented by the measure pursuant to paragraph 1.

PART SIX **BINDING RULING**

Section 32 **Binding Ruling on the Determination of Registered Sales**

(1) At the request of the taxpayer, the tax authority shall issue a decision on a binding ruling to determine registered sales.

- (2) The subject-matter of the binding ruling involves determining whether the payment is a registered sale or whether the payment may be registered under the simplified regime.
- (3) In the request to issue a decision on the binding ruling, the taxpayer shall include
- a) a description of the payment to be assessed, and
 - b) a proposed statement for the decision on the binding ruling.

PART SEVEN COMMON AND FINAL PROVISIONS

Section 33 **Relation to the Tax Code**

Unless specified otherwise in this Act, proceedings and other procedures relating to the registration of sales shall proceed in accordance with the Tax Code, with the exception of administrative offences.

Section 34 **Cooperation with the Public Authorities**

Should a public authority, in the performance of its authority, identify any violations of this Act, it shall notify the authority competent to verify compliance with obligations.

Section 35 **Receipt Lottery**

- (1) The Czech Republic may hold a receipt lottery with material or cash prizes, which can only be entered by sending in receipts or the mandatory data entered in the receipt.
- (2) The government agency competent to hold a receipt lottery is the Ministry of Finance.
- (3) The cost of holding the receipt lottery, cash prizes and material prizes shall be covered from the state budget.
- (4) The Act regulating lotteries and other similar games shall not apply to the receipt lottery.

Section 36 **Relationship to Foreign Legislation**

A registered sale also does not represent a sale by a taxpayer who is obliged to register this sale in a similar way under the laws of a state with which the Czech Republic has concluded a valid and effective international agreement on the exchange of information, on the basis of which similar information on registered sales may be obtained.

Section 37 **Temporarily Exempted Sales**

- (1) The following sales are temporarily exempted from registration
 - a) From the date of entry into force of this Act to the end of the third calendar month from the date of entry into effect of this Act, all sales, with the exception of accommodation and food service activities included in the NACE classification under codes 55 and 56,
 - b) from the first day of the fourth calendar month from the date of entry into force of this Act ~~to the end of the fifteenth calendar month after the date of entry into force of this Act all sales,~~ all sales, with the exception of ****change effective as of 1st March 2018,***
 1. accommodation and food service activities included in the NACE classification under codes 55 and 56 and

2. wholesale and retail activities included in the NACE classification under codes 45.1, 45.3, 45.4, as concerns trade, 46 and 47,

~~e) from the first day of the sixteenth calendar month from the date of entry into force of this Act to the end of the eighteenth calendar month after the date of entry into force of this Act, all sales~~

~~1. from the manufacture of textiles, wearing apparel, leather and related products, the manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials and the manufacture of paper and paper products included in the NACE classification under codes 13 to 17;~~

~~2. from the manufacture of soap and detergents, cleaning and polishing preparations, perfumes and toilet preparations included in the NACE classification under code 20.4;~~

~~3. from the manufacture of rubber and plastic products and the manufacture of other non-metallic mineral products included in the NACE classification under codes 22 and 23;~~

~~4. from the manufacture of fabricated metal products, except machinery and equipment included in the NACE classification under code 25;~~

~~5. from the manufacture of furniture and other manufacturing included in the NACE classification under codes 31 and 32;~~

~~6. from the repair and installation of machinery and equipment included in the NACE classification under code 33;~~

~~7. from specialised construction activities included in the NACE classification under code 43;~~

~~8. from the repair of computers and personal and household goods included in the NACE classification under code 95 and~~

~~9. from the provision of other personal service activities included in the NACE classification under code 96, * repealed, effectiveness on 1st March 2018~~

(2) For the purposes of this Act, NACE classifications shall be understood to be the classification of economic activities set out in Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains, as amended.

~~(3) The Government may provide in a Decree that certain sales are temporarily exempted from registration from the date on which this Act enters into force~~****repealed, effectiveness on 1st January 2019***

PART EIGHT ENTRY INTO EFFECT

Section 38

This Act shall enter into force on the first day of the eighth calendar month following the date of its publication, with the exception of the provisions of Sections 10 to 17 and Section 32, which shall enter into force on the first date of the fifth calendar month following the date of their publication.