

Press Release

Survey: Only One Fifth of Companies in the Czech Republic are Ready for the Introduction of the Local Purchases/Sales List

Prague, 14 September 2015 – Only one fifth (22%) of large companies in the Czech Republic are currently ready for the introduction of an obligation to report individual transactions of VAT records in the local purchases/sales list. Two thirds (66%) of companies concurrently agreed that the introduction of the local sales/purchases list will result in an increase in the administrative and time burden. In the near future, 45% of companies intend to pay attention to preparation for the introduction of the electronic report that all VAT payers will have to complete starting from 2016. The remaining third (33%) of respondents stated that they have not yet dealt with the issue of the local purchases/sales list. The results stem from the survey conducted among representatives of companies conducted by Deloitte in late August 2015.

“Starting from 1 January 2016, the local purchases/sales list will be one of the most significant changes in communication with the tax administrator in the past years. All VAT payers should pay increased attention to the preparation for the introduction of a new electronic report in order to avoid strict sanctions imposed by the tax administration. Nevertheless, the survey indicates that less than 6 months before the introduction of the local purchases/sales list, companies are lagging behind in the implementation,” said Jaroslav Beneš, senior manager in the tax and legal function at Deloitte.



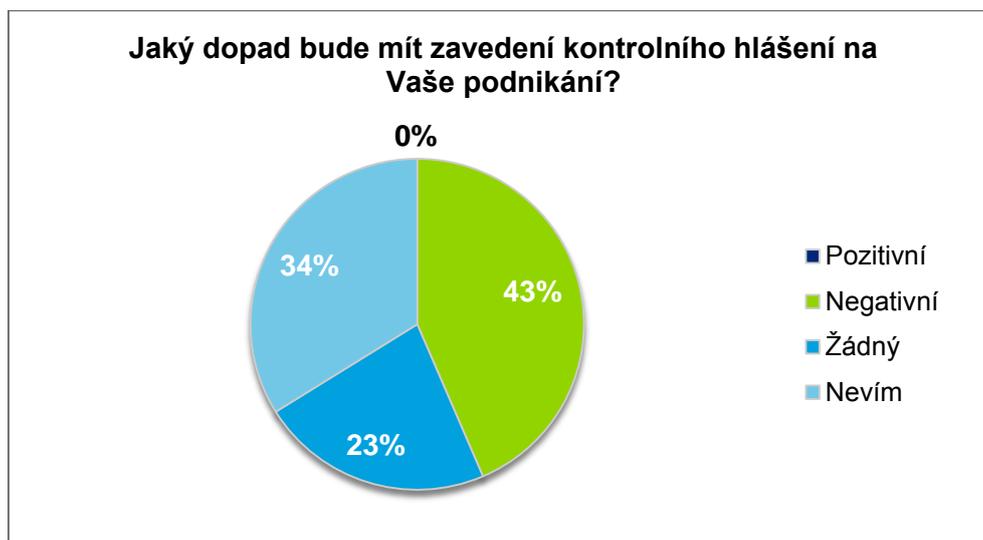
The survey focused on finding the stage of the preparation of a particular company for the local purchases/sales list. 42% of respondents answered that they intend to get ready, 38% of respondents are currently analysing the impact it will have on their company and 20% of companies are already implementing the necessary changes in IT and internal processes.

Six out of ten companies so far do not know what monthly costs they will incur after the introduction of the local purchases/sales list. For a fifth (21%) of the companies, the monthly

costs will amount up to CZK 20 thousand; for every tenth company, the monthly costs will range from CZK 20 thousand to CZK 50 thousand.

21% of respondents are considering making an investment in a programme that will help in completing the local purchases/sales list, and one third (33%) of respondents are developing their own solution. One fourth (26%) of companies rely on suppliers of accounting systems, and one fifth (20%) of companies rely on the taxation authority's portal.

“Companies perceive the impact of the introduction of the local purchases/sales list in a different manner. For 44% of responding companies, the electronic communication with taxation authorities will constitute problems in their business activities, for one fourth (23%) of companies the introduction of the local purchases/sales list will not impact business activities at all and the remaining third (34%) do not know,” added Petr Neuschl, senior manager in the tax and legal function at Deloitte.



What is the local purchases/sales list?

Since 1 January 2016, all VAT payers will have an obligation to report in detail individual transactions in the local purchases/sales list of VAT records. The tax administrator will have a very strong instrument for the tax inspection, as it will have plenty of information in electronic form. The newly formed IT analytic centre will have the task of analysing this information.

As a result, the tax administrator may for example compare the trends, compare the data and find variances in the reports of the particular payer as compared to similar companies and identify the entities for a better focus of tax inspections.

The reporting of data in the local purchases/sales report has significant requirements for their quality in accounting systems. This primarily includes the tax ID of a business partner, ref. number of a tax document, date of the tax liability, code of the mode of supplies under the reverse charge, etc.

For details on the local purchases/sales list and possibilities of the preparation for its introduction, refer to:

www.kontrolni-hlaseni-snadno.cz.

Contact person:	Lukáš Kropík
Position:	PR Manager
Telephone:	+420 246 042 488
Cell phone:	+420 775 013 139
Email:	lkropik@deloittece.com

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see www.deloitte.com/cz/about for a more detailed description of DTTL and its member firms.

Deloitte provides audit, tax, consulting, financial advisory and legal services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's more than 200,000 professionals are committed to becoming the standard of excellence.

Deloitte Central Europe is a regional organization of entities organized under the umbrella of Deloitte Central Europe Holdings Limited, the member firm in Central Europe of Deloitte Touche Tohmatsu Limited. Services are provided by the subsidiaries and affiliates of Deloitte Central Europe Holdings Limited, which are separate and independent legal entities. The subsidiaries and affiliates of Deloitte Central Europe Holdings Limited are among the region's leading professional services firms, providing services through more than 3,900 people in 34 offices in 17 countries.