

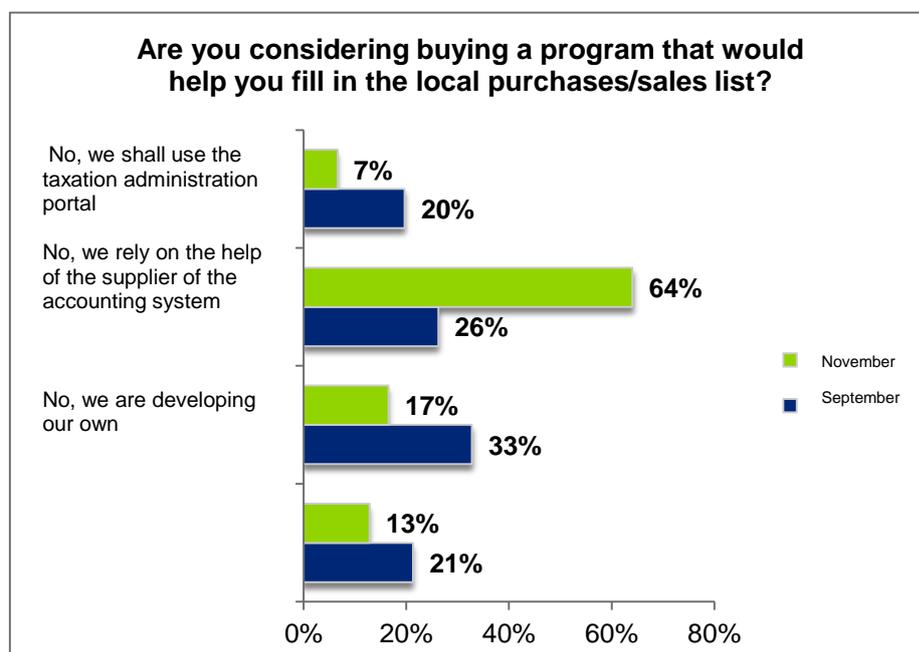
Press Release

Almost Two Thirds of the Companies Rely on the Suppliers of Accounting Systems As Regards the Local Purchases/Sales List

Prague, 7 December 2015 – Almost two thirds (64%) of the companies surveyed in the Czech Republic rely on their existing suppliers of accounting systems to assist them in communicating with taxation authorities. Less than one fifth (17%) of the companies develop their own software and only 13% of the companies plan to purchase a program that would help them fill in the local purchases/sales list. Only 7% of the companies plan to report data using the portal of the taxation administration. Such are the results of Deloitte survey carried out among 244 entrepreneurs and companies in November 2015.

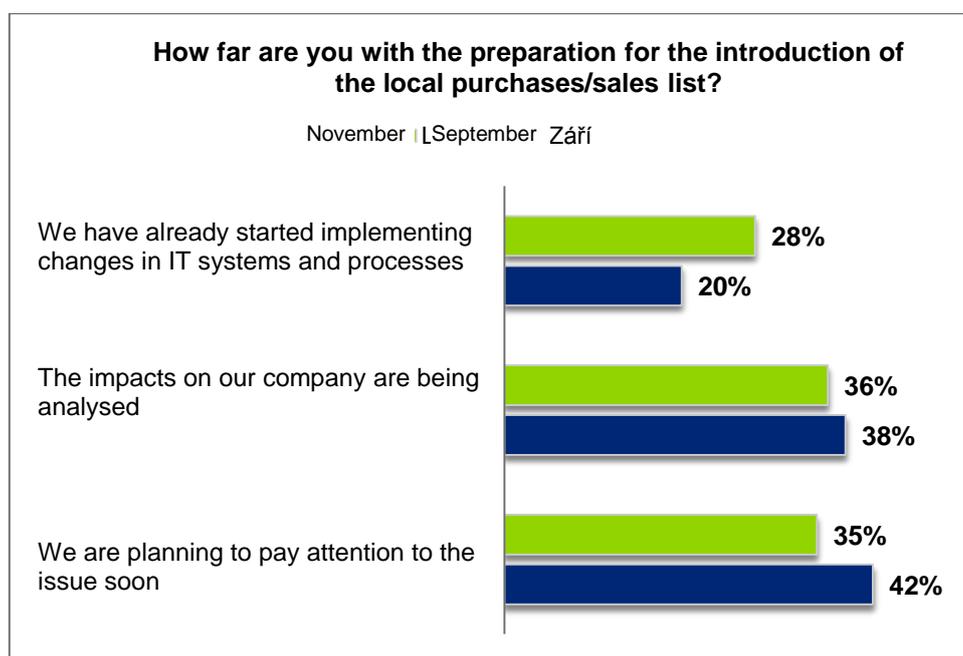
“Less than a month before the introduction of the local purchases/sales list, there is a relatively high percentage of companies that are not quite ready yet for the introduction of one of the most significant changes as regards communication with taxation administration. One of the reasons behind this lack of preparedness is the fact that the testing environment for electronic communication with the taxation authority has been available to the companies only since early December,” explains Jaroslav Beneš, senior manager in the tax and legal function at Deloitte, when commenting on the survey results.

“The local purchases/sales list may become a very effective instrument that, if used correctly, could result in a far more efficient identification of fraud in the area of VAT deductions. The results of our annual survey focused on tax certainties show that the area of VAT has been in the long term one of the key areas to which taxation authorities have paid a great deal of attention. We believe that the introduction of the local purchases/sales list will eventually lead to a lower number of tax inspections for which less time will be required. Simultaneously, taxation administration would have sufficient documentation to suppress tax evasions and thus ensure a competitive environment,” added Radka Mašková, director in the tax function at Deloitte.



About one third of companies are currently preoccupied with the issue of the local purchases/sales list, whereas in September it was only one fifth of the companies. More than one third of the companies (35%) plan to pay more attention to the local purchases/sales list, while the remaining third of the companies (36%) are analysing the impacts of the local purchases/sales list on their companies.

“Companies still do not realise how much the local purchases/sales list will impact their business activities. In general, the notion of local purchases/sales list reporting evokes the impression that it represents a kind of recording of invoices that each company has anyway in order to run its business activities. However, the most important thing is that the structure and rules that the companies will have to follow in reporting the local purchases/sales list are strictly given,” explains Jaroslav Beneš.



Based on the November survey, half of the companies (52%) have no clear idea of the amount of costs involved in introducing the local purchases/sales list. For more than a third of the companies (37%), the monthly costs shall not exceed CZK 20,000. A tenth of the respondents expect that their monthly costs will amount to CZK 20,000 or more.

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.

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