

CONTROL STATEMENT *don't wait any more!*

The Czech Financial Administration published the required technical structure of the control statement on 17 July 2015. Now nothing is standing in the way of the preparations for submitting this statement, so you can submit the first control statement (CS) by 25 February 2016 at the latest.

A control statement is a new report that all VAT payers will have to submit if they realised a taxable supply with a local place of supply or if they applied for input VAT deduction, for the **taxable period January 2016 for the first time**. Legal entities will be obliged to submit a CS for a calendar month within 25 days after the end of that calendar month. In the CS, the VAT payer will have to give detailed evidence of data from invoices that have been issued and received, so that the Czech Financial Administration can compare and check transactions with business partners. The overwhelming majority of companies will have to adapt their accounting programs in this respect.

Related sanctions are rather strict – for example, **CZK 30,000** for each time an error identified by the authorities is not explained within the above-mentioned deadline. The total amount of sanctions can reach hundreds of thousands of Czech Crowns. If a company fails to submit the CS, it can be labelled as an unreliable VAT payer.

*In case of errors,
the deadline set up by
the law for adjusting the
CS is just **5 days**.*

***What steps do you have to take before
submitting the first control statement and
what kind of assistance can we offer you?***

You should plan for the labour-intensity and time demands both in the course of implementation and in the first months after submitting the CS is in place.

Necessary steps

How can we help you?

July – September 2015

- ✓ Familiarisation with the statutory requirements and structure of the CS, assessment of the risk of non-compliance with the law – late or incorrect submission and the resulting sanctions.
- ✓ Strategic discussion within the company – CFO, tax expert, head accountant, CIO/IT director, project manager.
- ✓ Identification of accounting data necessary for preparing the CS.
- ✓ Communication with the IT department or the ERP/accounting program provider.
- ✓ Decision on whether the preparation and submission of the CS will be arranged internally, externally (until the ERP/accounting system implements this functionality) or both.
- ✓ Programming the necessary functions in the accounting system.

- ✓ Participation in discussions, explanation of the basic parameters, joint identification of next steps.
- ✓ Assistance in identifying the data that is not currently recorded in the accounting system/VAT evidence or does not have the required structure.
- ✓ Analysis of your processes and data from a CS point of view - in this regard, we offer:
 - Audit of the technical set-up of the IT system for the change
 - Check of data quality and data flow
 - Implementation of support systems for working with data
 - Review, optimisation and proposal of IT architecture and a working IT model
 - Planning and support for change/new system implementation
 - Recommendation of an ideal short-term, middle-term and long-term solution
- ✓ Assistance with the implementation of a standard solution of CS in SAP including realization of specific amendments.
- ✓ Assistance with the implementation of CS in MS Dynamics including the definition of change requirements.

September – October 2015

- ✓ Set-up of internal support processes – responsibility for processing, controlling and submitting CS, communication with the Czech Financial Administration.
- ✓ Training of responsible persons.
- ✓ Continuous cooperation of tax and IT department.
- ✓ Set-up of processes in case of external arrangement – method of transferring of data and submitting the CS.
- ✓ ...

- ✓ External solution of the CS preparation and submission.
- ✓ Practical training on CS preparation, with a focus on reporting details, related legal requirements, possible sanctions, pitfalls, practical experience from Slovakia and experience with implementation in the Czech Republic.
- ✓ Seminar for SAP users with detailed information on CS issue.

November – December 2015

- ✓ Testing of set systems
- ✓ Removal of errors

- ✓ Review of the set-up from the perspective of technical and legal requirements.
- ✓ (If you use PwC as an external provider) preparation of a draft CS.

January - February 2016

- ✓ Go live
- ✓ 25 February 2016 – ultimate deadline for CS submission

- ✓ Outsourcing of data processing and preparation of CS.

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