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Methodology and Performance  
of Taxes Section



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## **Information on tax assessment of the obligations of accommodation service providers (Airbnb etc.)**

### **1. Introduction**

The goal of this information is to acquaint entities participating in transactions under which accommodation services are provided through internet platforms such as Airbnb with their tax obligations.

For all electronic financial administration submissions listed below such as a tax return or registration application, the tax portal can be used at the address <http://www.daneelektronicky.cz/>.

### **2. Value added tax**

#### **2.1. Establishing performance, persons and activities**

**[accommodation services vs. leasing]** For the purposes of Act No. 235/2004 Coll., on Value Added Tax ("the VAT Act"), it is necessary to differentiate rental and accommodation services, as a different tax regime is used for them, assuming it is not short-term rental of immovable property within the meaning of Section 56a (2) of the VAT Act or voluntary application of tax for rental of immovable property pursuant to Section 56a (3) of the same act. Accommodation services are services classified under section 55 of the CZ-CPA production classification<sup>1</sup>, which includes the following in particular (*note – this list is not exhaustive*):

- accommodation services in hotels and similar facilities (motels, pensions, etc.) with everyday cleaning and other services, generally provided for days or weeks
- accommodation services in youth hostels, mountain cottages and recreational cottages with rooms or units, with very limited cleaning services or without them

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<sup>1</sup> For more detail see Czech Statistical Office Notes on CZ-CPA Product Classification available: [https://www.czso.cz/documents/10180/23174431/vysvetlivky\\_cz\\_cpa.pdf/88187d10-f38a-48ae-8a90-b05eb10afd40?version=1.0](https://www.czso.cz/documents/10180/23174431/vysvetlivky_cz_cpa.pdf/88187d10-f38a-48ae-8a90-b05eb10afd40?version=1.0)

- accommodation services in real estate used for time-share for visitors outside their usual place of residence
- accommodation services in rooms or accommodation units without everyday cleaning services, e.g. in flats and homes for vacation, bungalows and cottages, for persons outside their place of residence, generally provided for days or weeks
- provision of a spot for a recreational vehicle or tent for persons outside their place of residence, generally provided for days or weeks
- provision of space in protected shelters or simple camping facilities for placement of tents or sleeping bags; and more

The definition of leasing has been clearly established by the Court of Justice of the European Union (hereinafter "ECJ") in its judgments. Leasing means the lessor conferring on the lessee, for an agreed period and for payment, the right to occupy property as if that person were the owner and to exclude any other person from enjoyment of such a right (within the meaning of the judgments on cases C-326/99 "Goed Wonen", C-409/98 Mirror Group, and others). Leasing of property is also normally a relatively passive activity, not generating any significant added value (see point 52 of case C-326/99 "Goed Wonen") and the length of rental is thus not in and of itself a criterion of distinction allowing a contract to be qualified as a lease agreement within the meaning of Community law, even though a short period of accommodation may be an appropriate criterion for distinguishing between accommodation services and the leasing of flats (see points 23 and 24 on case C-346/95 Blasi).

Services consisting of accommodation that are brokered through internet platforms can thus essentially be considered, on the basis of the nature of such services, accommodation services and not leasing, as in the majority of cases they fulfil the definition of section 55 of the CZ-CPA production classification and at the same time do not meet the conditions of the definition of leasing in ECJ case law.

**[taxable person and economic activity]** For the purposes of the VAT Act, a taxable person is a natural or legal person that independently conducts economic activity. Economic activity is understood to mean, among other things, the systematic activity of producers, traders and persons providing services. The utilisation of tangible or intangible property for the purpose of obtaining income is also considered economic activity if this property is utilised systematically.

It follows from the above that the intermediary company, e.g. Airbnb (hereinafter the "broker"), and the person providing **accommodation services** via the broker (hereinafter the "accomm-

accommodation provider")<sup>2</sup> are taxable persons as they conduct economic activity.

According to the case law interpretation of the ECJ, situations where an accommodation provider does not own a relevant trade licence are also considered economic activity. In assessing economic activity, the result of the activity performed is also not taken into account, thus the result of economic activity need not be the creation of profit, but it is sufficient that the activity is performed for the purpose of acquiring profit.

## 2.2. Provision of accommodation services

Provision of a service consisting of accommodating guests (customers) for consideration by a taxable person as part of conducting their economic activity at a domestic place of performance<sup>3</sup> is a taxable transaction<sup>4</sup>. If the accommodation provider is already a VAT payer, they shall include the provided accommodation services among the standard taxable transactions listed in their VAT tax return.

**[obligation to register for VAT]** In cases where a domestically based accommodation provider is not yet a VAT payer due to not meeting any of the conditions listed under Section 6b et seq. of the VAT Act or on the basis of voluntary registration, they become a VAT payer if their turnover<sup>5</sup> for no more than 12 immediately preceding consecutive calendar months exceeds CZK 1 000 000. As soon as an accommodation provider exceeds the set turnover, they are obliged to submit a registration application within 15 days of the end of the calendar month in which they exceeded the set turnover. A taxable person may also register for VAT voluntarily if they fulfil the legal conditions under Section 94a of the VAT Act.

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<sup>2</sup> A similar term for accommodation providers could also be "host".

<sup>3</sup> According to Section 10 of the VAT Act, the place of performance when providing a service that applies to immovable property, including the service of expert, appraiser and real estate agency, the service of accommodation, assignment of rights to use of immovable property and the service of preparing and coordinating construction work, in particular the services of architect and construction supervision, is the place where the immovable property is located.

<sup>4</sup> According to Section 2 (2) of the VAT Act, a taxable transaction is performance that is subject to tax and not exempt from tax. According to Section 2 (1) b) of the VAT Act, provision of a service for consideration by a taxable person while conducting economic performance with a domestic place of performance is subject to tax.

<sup>5</sup> Turnover is understood to mean the sum of consideration not including tax, including subsidies to the price, that the taxable person is owed for a realised performance that is supply of goods or provision of service with a domestic place of performance if it is consideration for, inter alia, a taxable transaction as per Section 4a of the VAT Act.

### **2.3. Obligation to declare tax from received service from a person not based domestically**

The following obligations only apply to performance that is an electronically provided service provided by a person not based domestically.

**[place of performance]** The country in which performance (supply of goods, provision of service, acquisition of goods or import of goods) is taxed is determined by the place of performance. In establishing the place of performance for an electronically supplied service, the process depends on the status of the recipient according to the general rule or special rule defined under Section 10i of the VAT Act.

Determining the place of performance for an electronically provided service according to the general rule applies to a situation where the service is provided solely to taxable persons, i.e. put simply persons engaged in business, see point 2.1. According to the general rule, which is based on the regulations of the European Union that are binding for all member states, according to Section 9 (1) of the VAT Act the place of performance when providing a service to a taxable person (in the conditions of the Czech Republic this is meant as a VAT payer, identified person, or also a taxable person not registered as a VAT payer) is the place where this person (the recipient of the service) has its registered office. If however this service is provided to a branch of the taxable person located in a different place than its registered office, the place of performance is where this branch is located.

The aforementioned special rule for determining the place of performance for an electronically provided service represents an exception from the above general rule and applies solely to situations where a service is provided to non-taxable persons, i.e. citizens as final consumers or persons not engaged in business. When providing an electronically provided service to a non-taxable person pursuant to Section 10i (1) of the VAT Act, the place of performance is the place of the recipient of the service as determined by Council Implementing Regulation (EU) No 282/2011. This means that in cases where the location of the recipient of a service is the Czech Republic and the recipient of the service is a non-taxable person, the place of performance for provision of a service consisting of use of an online platform is the Czech Republic.

**[obligation to declare tax for a received service e.g. for use of an online platform] An accommodation provider** as well as the accommodated **guest**, be they a VAT payer or taxable person that is not a VAT payer, may also end up in the position of recipient of a service from a broker (e.g. Airbnb) that is based in a different member state, i.e. from the perspective of the VAT Act this broker is considered a person not based domestically. The received service from the broker may consist of use of the online platform and the broker requires a service fee for such, which for the purposes of the VAT Act constitutes consideration.

The following assessment is based on the premise that the broker is considered a person not based domestically that is providing a service of using an online platform for consideration. In order to establish **who has the obligation to declare tax for a provided electronic service, it is necessary to investigate whom said service is provided to.** The following variants exist:

- A. The broker provides the electronic service to the guest (person accommodated in the reserved accommodation), who is:
  - 1. a VAT payer
  - 2. a taxable person not registered as a VAT payer
  - 3. a non-taxable person
- B. The broker provides the electronic service to the accommodation provider, who is:
  - 1. a VAT payer
  - 2. a taxable person not registered as a VAT payer

Note: An accommodation provider that receives services from the broker may not act as a non-taxable person, as they are conducting economic activity (see the definition of persons and activities in the introduction).

In variants A.1 and B.1, where the broker provides a service to a VAT payer, the obligation to declare tax arises for the recipient of this service, i.e. the payer pursuant to Section 108 (1) c) of the VAT Act, and at the same time this payer has the right to claim a deduction if the legal conditions are met. **The obligation to declare tax is thus transferred to the recipient of this service.** In variant A.1 this could be brokering accommodation for businessmen or companies, e.g. for official or business trips.

In variant A.3 where the broker provides a service to a non-taxable person (most frequently a citizen as final consumer), the **obligation to declare tax is incurred by the service provider, i.e. the broker, in a different members state under the special Mini One-Stop Shop scheme.**

In variants A.2 and B.2, where the broker provides a service to a taxable person that is not registered for VAT, the obligation to declare tax falls to the recipient of this service, i.e. the taxable person not registered as a VAT payer pursuant to Section 108 (1) c) of the VAT Act. **The obligation to declare tax is thus transferred to the recipient of this service.** Such a recipient who is not yet registered as a VAT payer becomes an identified person within the meaning of Section 6h of the VAT Act, see further.

**[overview of obligations for non-VAT payers – identified person]** A taxable person that is not a VAT payer becomes an identified person from the day they receive a service with a domestic place of performance from a person not based domestically and they incur the obligation under Section 97 of the VAT Act to submit a registration application within 15 days of the day that they become an **identified person**. This person also incurs the obligation to submit a tax return and in it declare the tax for the received service (e.g. from the service fee for using an online platform) invoiced by the broker. It is also possible to register as an identified person before first receipt of the service, voluntarily pursuant to Section 97a in the context with Section 6l of the VAT Act. An identified person declares VAT from services received from the person not based domestically but does not have the obligation to declare VAT from domestic performance. At the same time however they do not have the right to deduct tax from all received taxable transactions.

In this regard we must point out that even an identified person must continue to monitor their turnover and if they exceed the limit they become a VAT payer with all the associated tax-related consequences.

**[registration and submission of tax return for identified persons]** Submissions can be made in the following manner:

- in writing
- verbally onto a form
- by data message signed in a manner that another legal regulation associates with the effect of a handwritten signature (i.e. through a recognised electronic signature based on a qualified certification) or with a certified identity of the submitter in a manner by which one can log into their data mailbox<sup>6</sup>.

The effect of a submission can also be achieved by an act made toward the tax administrator using a data message that is not signed in a manner that another legal regulation associates with the effect of a handwritten signature if the submission is confirmed in one of the above ways within 5 days of the day it was received by the tax administrator; this deadline cannot be extended or returned to a previous state.

Submissions such as an application to register as an identified person for value added tax, notification of a change to registration information, a regular tax statement (tax return) or supplementary tax statement (supplementary tax return) may only be submitted on the form issued by the Ministry of Finance or on a print-out from a computer printer that has the data, content and organisation of information identical to such a form (for more on submissions refer to Section 70 et seq. of Act No. 280/2009 Coll., the Tax Code, as amended). The obliga-

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<sup>6</sup> More information on electronic submission for financial administration can be found here: <http://epodpora.mfcr.cz/cs/seznam-okruhu/elektronicka-podani-epo/10x-elektronicka-podani-pro-financni-spr-4365>.

tions of a payer consisting of the electronic form of submission listed under Section 101a of the VAT Act do not apply to an identified person.

### 3. Income tax of natural persons

#### 3.1. Determination of persons and activities

**[payer of personal income tax]** Payers of personal income tax are the natural persons defined in Section 2 of Act No. 586/1992 Coll., on Income Tax, as amended (hereinafter the "Income Tax Act").

**[establishing of activity – accommodation vs. leasing]** An aid was draw up for determining the type of income according to the Income Tax Act, i.e. whether a specific piece of income is income from the independent activity of accommodation services (Section 7 of the Income Tax Act) or income from the lease of immovable property (Section 9 of the Income Tax Act), which has been published on the Financial Authority website, see <http://www.etrzby.cz/cs/Ubytovani>.

The fundamental thing for assessing type of income is the character and time frame of the provided "accommodation", i.e. whether it is provided relatively long-term for the purpose of ensuring the residential needs of the tenant (their household) or whether it is provided temporarily or short-term, i.e. for the purpose of recreation, accommodation of students or seasonal workers, etc. Furthermore it is necessary to evaluate the provision of services associated with accommodation, with it being characteristic of leasing that the lessor only provides for essential services for the period of rent, such as water, wastewater drainage including sump cleaning, heat, municipal waste collection, lighting and cleaning of shared parts of the building, receiving of radio and television broadcast, operation and cleaning of chimneys, and potentially lift operation. Other services such as cleaning of spaces used by the tenant, provision of bedding, changing of sheets or toiletries are not expected of the institute of leasing and go above and beyond it. Likewise the potential provision of meals (even only breakfast) in connection with accommodation means that such "accommodation" cannot be considered merely renting. Based on such potential "supplementary performance" the character of the provided "accommodation" can thus also be assessed. The difference between leasing and accommodation services can also be found in routine maintenance or minor repairs carried out in the used space. In the case of leasing it is expected that such activities will be carried out by the tenant, whereas in the case of accommodation services it cannot be expected that the accommodated person will carry out such activities.

If the activity of entities providing accommodation (accommodation services) via internet platforms (e.g. Airbnb) meets all the characteristics of business as per Section 420 of Act No. 89/2012 Coll., the Civil Code, as amended (hereinafter the "Civil Code"), i.e. the independent performance of economic activity on one's own behalf

and responsibility in a trade or similar manner with the intention of doing so systematically in order to acquire profit, income from such activity **is subject to personal income tax under Section 7 of the Income Tax Act as income from independent activity.**

The income of a provider of accommodation services that holds a trade licence authorising them to provide this service is taxed according to Section 7 (1) b) of the Income Tax Act (income from trade business) and if the provider does not apply expenses in their actual amount they may apply expenses as a percentage of income in the amount of 60% of the income under Section 7 (7) b) of the Income Tax Act.

If the service provider does not hold the relevant trade licence even though it has the legal obligation to, according to Sections 420 to 422 of the Civil Code it is considered a taxpayer operating business and its income is taxed in accordance with Section 7 (1) c) of the Income Tax Act. If the provider does not apply expenses in their actual amount, it may apply expenses as a percentage of income in the amount of 40% of the income pursuant to Section 7 (7) d) of the Income Tax Act.

<b>Expenses as a percentage of income according to the Income Tax Act</b>		<b>2016</b>	<b>2018</b>
§ 7/7/b	income from trade business with the exception of technical trades	60% of income <b>max.</b> <b>CZK 1 200 000</b>	60% of income <b>max. CZK 600 000</b>
§ 7/7/d	other income from independent activity	40% of income <b>max.</b> <b>CZK 800 000</b>	40% of income <b>max. CZK 400 000</b>

For applying expenses as a % of income for 2017 there is a transition period in place in which businesspeople can choose whether to apply the higher flat-rate expense deduction effective in 2016, but (if the conditions laid down under Section 35ca of the Income Tax Act are met) without the option of applying the tax benefits for children and discount for a spouse without their own income, or whether to apply the flat-rate expense deduction with a lower limit effective starting in 2018 and at the same time not be subject to the limits of the provisions of Section 35 ca of the Income Tax Act for applying the aforementioned tax breaks, which will be repealed effective 1 January 2018. Starting in 2018 the lower limits for flat-rate expense deductions will take effect for all businesspeople without any other conditions or restrictions.

### **3.2. Other obligations of natural persons in association with provision of accommodation services**

A natural person doing business shall keep:

- accounting in accordance with Act No. 563/1991 Coll., on Accounting, as amended; or
- tax records in accordance with Section 7b of the Income Tax Act; or
- records of income and records of receivables arising in connection with independent activity if they are to apply expenses as a percentage of income in accordance with Section 7 (7) of the Income Tax Act;
- records on obtained income, amount of receivables and fixed assets used for performing activity in accordance with Section 7a (7) of the Income Tax Act.

**[registration obligation]** A natural person with income from independent activity is a payer of personal income tax and is obliged to register according to Section 39 of the Income Tax Act. A taxpayer is obliged to submit a registration application for personal income tax to the competent tax administrator within 15 days of the day when

- they started performing the activity that is the source of income from independent activity; or
- they received income from independent activity.

The locally competent tax administrator for natural persons is the financial office based on the address of their place of permanent residence.

**[obligation to submit tax return]** After the tax period, i.e. the calendar year, has ended, the taxpayer is obliged to submit a tax return for personal income tax to the competent tax administrator in accordance with the provisions of Section 38g of the Income Tax Act. According to these provisions, everyone whose annual income that is the subject of personal income tax has exceeded CZK 15 000 is obliged to submit a tax return unless it is income exempt from tax or income from which tax is collected by a deduction under a special tax rate (Section 36 of the Income Tax Act).

A tax return must also be submitted by anyone whose annual income that is the subject of personal income tax did not exceed CZK 15 000 but who has recorded a tax loss. A tax return need not be submitted by a taxpayer who has income from employment from a single or multiple consecutive payers and has signed a tax declaration pursuant to Section 38 of the Income Tax Act with all those taxpayers (employers) and does not have other taxable income

as per Section 7 to 10 of the Income Tax Act (i.e. income from enterprise, income from capital assets, income from rental or other income) higher than CZK 6 000.

#### 4. Income tax of legal persons

If the provider of accommodation services is a legal person, then income from all activities and management of all assets is subject to income tax as per Section 18 of the Income Tax Act. Income stemming from the activity in question would be included in the tax return for corporate income tax and taxed based on the rate laid down under Section 23 of the Income Tax Act with respect to the factual and time-related circumstances.

#### 5. Records of sales

In connection with the provision of accommodation services via internet platforms, tax entities operating this activity can be subject to obligations governed by Act No. 112/2016 Coll., on Registration of Sales, as amended (hereinafter the "Act on Registration of Sales").

**[subject of sales records]** According to Section 3 of the Act on Registration of Sales, personal income tax payers and corporate income tax payers are subject to sales records. A necessary prerequisite for due keeping of sales records is fulfilling the obligation to register pursuant to Section 125 et seq. of the Tax Code and allocation of a tax identification number (TIN).

**[recorded sale]** Taxpayer income is subject to sales records only if it meets what are called the formal and material characteristics of a recorded sale. The formal characteristics of a recorded sale are met by payments made in the manner listed under Section 5 of the Act on Registration of Sales. This primarily includes payments in cash, payments made by cash-free transfer of funds to which the payer gives the order via the recipient<sup>7</sup> who is the taxpayer that is to record the sale (i.e. primarily payment via payment card), payment by cheque, bill of exchange or other similar payment methods. The formal characteristics are not met in the case that payment takes place by a transfer from account to account. The material characteristics of a recorded sale are met in the case that it is income from an activity that is business, with the exception of income that is not subject to income tax or is isolated in terms of regularly received sales or is subject to tax collected by deduction under a special tax rate

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<sup>7</sup> For interpreting the term payment order by the payer via the recipient used in Section 5 b) of the Act on Registration of Sales, a methodological document was drawn up and published on the website devoted to sales records [www.etrzby.cz](http://www.etrzby.cz) in the section About the Project – Documents – Methodology for Recording Sales, specifically here: [http://www.etrzby.cz/assets/cs/prilohy/Vyklad\\_pojmu\\_Prikaz-platce-prostrednictvim-prijemce.pdf](http://www.etrzby.cz/assets/cs/prilohy/Vyklad_pojmu_Prikaz-platce-prostrednictvim-prijemce.pdf).

This document clarifies which cash-free transfers of funds are eligible to meet the formal characteristics of a recorded sale as defined by the Act on Registration of Sales.

or subject to tax from a separate tax base (for more detail see Section 6 of the Act on Registration of Sales). Sales exempted from sales records under Section 12 and Section 36 of the Act on Registration of Sales and sales temporarily exempted under Section 37 of the same are not recorded sales.

It can be summarised that if a taxpayer's activity meets the characteristics of business activity within the meaning of Sections 420 – 422 of the Civic Code, i.e. if the taxpayer provides accommodation services through internet platforms systematically and with the purpose of making profit, and if it receives payments by cash, payment card or similar method for these services and these payments do not fall under any of the aforementioned legal exemptions from the obligation, the taxpayer is obliged to record these sales. The moment the obligation to record sales from a certain activity arises is based on the classification of the given activity in the NACE classification. According to Section 37 of the Act on Registration of Sales, a taxpayer is obliged to keep records for revenue for provision of accommodation services, which are classified under code 55, starting 1 December 2016. If a taxpayer commences operation of the activity from which the recorded sales stem later, they are obliged to fulfil the obligation to record sales no later than when the first registered sale is made.

**[obligation to register sales]** In terms of the content of the obligation to register sales, in accordance with Section 18 of the Act on Registration of Sales, the taxpayer is obliged to send a data message no later than when the recorded sale is made with information on the recorded sale to the tax administrator and issue a receipt to the one from whom the recorded revenue is coming. Information on recorded sales is sent to the shared technical equipment of the tax administrator. For the taxpayer to be able to access this shared technical equipment, there is authentication data allowing the taxpayer to manage their certificate for sales records and data for administration of sales records.

**[notification obligation]** Aside from the obligation to register sales, the taxpayer has a notification obligation consisting of reporting the data on the premises through which it conducts the activity from which the recorded sales come or in which it receives the recorded sales. Data on the premises also means data about the website where goods or services are offered. Data on the premises must be notified in accordance with Section 17 of the Act on Registration of Sales through the shared technical equipment of the tax administrator before acquiring a sales records certificate.

**[information obligation]** The taxpayer is obliged to have at the site where the record sales usually take place an information notice, the content of which is the text listed under Section 25 of the Act on Registration of Sales. The taxpayer must also place this information notice on a website on which goods or services are offered as well if a recorded sale can be made through it.

More information on the allocation and use of authentication data and the other steps necessary to duly fulfil the obligations of the Act on Registration of Sales is available on the website [www.etrzby.cz](http://www.etrzby.cz).

In cases where the taxpayer providing accommodation services makes use of a third party (broker) for the purposes of brokering the offer of service and receipt of payment for providing such services, it is necessary to take into account the specifics of the contractual relationship between the taxpayer and broker, which could have an influence on the factual course of the execution of the obligation to register sales, or under certain conditions could oblige the broker to register the taxpayer's sales. The essential matter in this regard is above all in whose name and to whose account the payment for providing the service are received.

**[direct representation]** In cases where the broker acts on the basis of direct representation (e.g. on the basis of a mandate agreement or other agreement containing a contractual relationship based on direct representation) and conducts the taking of payment from the customer in the taxpayer's name and on its behalf, the fulfilment of the formal and material conditions of the recorded sale is assessed at the moment payment is received from the customer by the broker, because it is already at this moment that the payment is being made to the taxpayer. Subsequent receipt of the payment from the broker by the taxpayer is not subject to sales record (as a result of direct representation), regardless of the form of the payment. In the case of a recorded sale, the obligation to register the sale must be fulfilled at the latest at the moment the transaction takes place between the broker and the customer (or any time earlier, for example when the order is made). The taxpayer (represented party) is obliged to ensure fulfilment of the obligation to register the sale itself or through the broker (acting party), which it can equip with the necessary device and entrust with its certificate (in this case however it still bears full liability in the case the obligation is broken). The TIN of the taxpayer is part of the data on the recorded sale sent to the tax administrator. Under the item "Taxpayer TIN" in the data message, the TIN of the represented party shall be filled out (not the acting party), while the item "TIN of delegating taxpayer" must not be filled in. The item "Indication of premises" should give the number of the represented party's premises. The data message is to be signed with the represented party's certificate. The receipt must be made out no later than the moment payment is received from the customer by the broker. The receipt may however be made out earlier, for example the taxpayer can print it out when receiving the order and send it to the customer electronically (the customer must agree to such a procedure).

**[indirect representation]** In cases where the broker is acting on the basis of indirect representation (e.g. on the basis of a commission agreement or other agreement containing a contractual relationship based on indirect representation) and conducts the taking of payment from the customer in its own name on the taxpayer's behalf, the fulfilment of the formal and material conditions is assessed

for the recorded sale at the moment the broker receives payment from the customer as this moment is already considered the moment the sale takes place. In the case of a recorded sale, the obligation to register the sale must be fulfilled no later than the moment the sale takes place between the broker and customer. The broker (acting party) is obliged, in accordance with Section 8 of the Act on Registration of Sales, to provide for fulfilment of this obligation itself without the participation of the taxpayer (represented party), even in the case that the received payment does not contain any amount (or part of the amount) that is its income (profit margin). The TIN of the taxpayer is part of the data on the recorded sale sent to the tax administrator. Under the item "Taxpayer TIN" in the data message, the TIN of the acting party shall be filled out (not the represented party), while the item "TIN of delegating taxpayer" must not be filled in. The item "Indication of premises" should give the number of the acting party's premises. The data message is to be signed by the acting party's certificate. The receipt must be made out no later than the moment payment is received from the customer by the broker. No later than the same moment the receipt should be given to the customer, but it may however be made out earlier (for example upon receiving the order) and sent to the customer electronically (the customer must agree to such a procedure).

**[delegation]** A taxpayer to whom recorded sales flow may, as per Section 9 (1) of the Act on Registration of Sales, delegate registration of sales to a different taxpayer. If a taxpayer (delegating) delegates registration of sales to the broker (delegate), the broker must provide for the sending of data on the recorded sale no later than the moment the transaction between it and the customer takes place. The delegate shall list its own TIN in the data message on the recorded sale under the item "Taxpayer TIN". The item "TIN of delegating taxpayer" should contain the TIN of the delegating party. The delegate shall also list its own premises under "Indication of premises". The data message should be signed with the delegate's certificate. The receipt should also include the TIN of the delegating party. The receipt must be made out no later than the moment payment is received from the customer by the broker.

Ing. Jiří Fojtík  
Section  
Director

Signed electronically  
11 October 2017  
**Ing. Jiří Fojtík**  
Section  
Director