**Biggest test for electronic cash registers roll-out from March 1**

[Chris Johnstone](http://www.radio.cz/en/who-is-who/chris-johnstone)

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**The biggest test of the roll-out of the Ministry of Finance’s flagship measure, electronic cash registers or EET as it is known under its Czech acronym, comes on Wednesday.**

That is when around 250,000 businesses should become liable for using the registers under the second stage of the four stage process.

In the first stage at the start of December, just around 45,000 businesses, mostly restaurants, pensions, and hotels, became liable to use the registers in a move which finance minister and leader of the ANO party, Andrej Babiš, says is a fundamental crackdown on tax avoidance and the grey economy.

The companies now in line for EET are retailers from the smallest corner shops to large specialist shops. Some types of electronic commerce, such as those retailers who are paid using PayPal, will also be liable.

First indications suggest that many of these stores have not prepared that well. As of mid-February, less than half of the latest wave of EET users, around 102,000 firms, had registered with local finance offices to carry out transactions.

The ministry of finance promised some leniency ahead of the first wave, saying that business which honestly attempted to get to grips with the new system but failed for various reasons would not be immediately fined. But the tone appears to have changed ahead of the second wave. Deputy minister of finance, Alena Schillerová, suggested that firms have been given plenty of notice and should not expect too many favours this time round.

Following the launch of the first wave, almost 7,700 checks have been carried out by finance ministry officials by February 20. They registered just over 1,000 cases where companies failed to follow the rules and levied fines totalling almost 87,000 crowns. The top fine for breaking the rules is 500,000 crowns.

Wednesday’s broadening of electronic registers affects just over 40 percent of all those which should eventually be liable. The third phase involves 160,000 companies or self-employed and the fourth, affecting everyone from hairdressers to painters, another 150,000.

The jury appears to be out so far over how effective electronic cash registers are. The Ministry of Finance declared in December that declared turnover from restaurants and hotels doubled from the previous period. Much of that increase was put down to businesses coming clean over their real turnover.

A largely inconclusive war of words was also waged over how many small pubs and restaurants actually closed because of the EET obligation. Breweries, who claim to have a particularly good insight, say that hundreds have closed because of the extra bureaucratic burden. And many businesses, especially in the regions outside Prague, complain that some of the expensive hardware and software they have bought to comply with the ministry’s demands simply do not work, or function intermittently on the ground.

One such businesswoman told Radio Prague that her EET provider said it gave no guarantees that the system would actually work when she had problems and that the only option offered by the phone company, O2, was to get in contact with one of their helpers for a paid session to try and iron out the issues. She closed the business while trying to get the problems resolved.

**Poll: More than 50 percent of Czechs support new electronic cash register system**

[Jan Velinger](http://www.radio.cz/en/who-is-who/jan-velinger)

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**A new poll conducted by the Median agency for public broadcaster Czech Television suggests that 58 percent of the population supports the Finance Ministry’s flagship project, the electronic cash register system (EET). The system, which went online in the first of four planned phases on Dec 1, first affecting drinking and eating establishments and hotels and other accommodation, relays information electronically to the tax office as a means of clamping down on tax fraud. The system began working fairly smoothly, after month-long testing. Most venues and entrepreneurs had ample time to prepare and acquire needed software.**

Roughly one-third of the population is not in favour of the system and at least one business closed for a day in protest; other businesses, for example small village pubs, not wanting to implement the system, have closed doors for good. According to the Median survey, 59 percent of those queried believe that information gained by the tax bureau would be abused. Forty-nine percent said they believed the system would negatively impact their business, and 14 percent stated that the EET would put them out of business. Meanwhile, some 40 percent of entrepreneurs told pollsters they had, or would, raise prices as a result. Those raising prices so far are eating establishments and those providing accommodation.

Among professions to be affected in coming waves, are for example financial services and artisans or craftspeople, as well as those in construction. The latter are more concerned about the system although they have not come under the system yet. Of businesspeople some 55 percent said they thought the new electronic cash system would improve tax collection but two-thirds also maintained that the system would increase administrative duties. The poll was conducted between December 7 and 10, questioning just over 900 people, news site lidovky.cz reported.

### Demonstration against electronic cash registers held in Prague

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Around one thousand people demonstrated in the centre of Prague on Saturday against the law on electronic cash registers, which came into effect in December 2016. The gathering on Wenceslas Square was organised by the Association of Entrepreneurs and Managers and two other groups. The system, under which businesses’ sales are relayed to an online taxation database in real time, enters its second phase on March 1, when it starts to apply to retailers. The association’s chairman described the system as instrument of state despotism and spying on business people. Meanwhile, Finance Minister Andrej Babiš argues it will curb tax evasion.