

**Tax Alert – 21.06.2017**



*Contents:*

**Online Cash Register Conversion**

*According to Federal Law No. 290-FZ dated 3 July 2016 which amended the provisions of Federal Law No. 54-FZ "On the Use of Cash Register Equipment", starting from 1 July 2017, all required companies and individual entrepreneurs should maintain cash records electronically and provide them to the tax authorities on an online basis.*

*The introduction of mandatory online cash regime has been broadly announced by the Federal Tax Service as a new milestone in the on-going modernization process of Tax Administration: it allegedly aims to reach multiple innovative goals, such as:*

- ✓ *simplify relations with taxpayers in the retail market;*
- ✓ *digitalize cash checks workflow, so reducing implied usage of paper<sup>1</sup>;*
- ✓ *erode tax evasion in cash related operations.*

An online cash register is *a cash register with an embedded fiscal storage device* enabling it to transmit information on transactions paid by cash or electronic payments to the tax authorities through the accredited fiscal data operators.

All requirements for online cash registers are contemplated in Federal Law No. 290-FZ and are mandatory for all cash registers starting gradually from 2017<sup>2</sup>. In order to comply with such requirements, old cash registers need to be either upgraded by the manufacturer or replaced by new devices.

---

<sup>1</sup> New cash registers will allow electronic delivery of fiscal receipts directly to the client's mobile phone or to his email address, without need of physical printing in the shop.

<sup>2</sup> The introduction of online cash registers may be postponed to 2018 for some specific categories of small entrepreneurs or companies applying simplified tax systems.

Companies and individual entrepreneurs are obliged to use online cash registers upon execution of the following sales operations<sup>3</sup>:

- Reception of money for goods, works or services;
- Cash-payment for the returned goods;
- Cash-payment to the individuals for scrap metal, precious metals and stones;
- Acceptance of bets and cash-payment of winnings, if the company arranges and conducts gambling games;
- Reception of money within selling lottery tickets and electronic lottery tickets, acceptance of lottery entries;
- Cash-payment of winnings, if the company arranges and conducts lotteries.

Some companies and entrepreneurs are exempted from responsibility to use online cash registers, including credit companies, companies selling securities, sellers in retail markets, fairs, exhibitions and others<sup>4</sup>.

**Warning: new redaction of Art. 4.7 of Federal Law №54-FZ of 22.05.2003 sets specific requirements for fiscal receipts (or legally equivalent electronic documents to be sent to the client via sms or email, in place of printed fiscal receipt).** In order to increase customer transparency, a number of mandatory fields should be displayed on the check, including:

1. Separate indication of return receipts;
2. Unit price including discounts;
3. VAT rate per single unit;
4. Total price with separate evidence of total VAT amount.

It has to be noted that, due to implementation of such standards, any return of goods (with cash refund in favor of the client) occurred on a given working day should be registered by issuing a return fiscal receipt, regardless of the day when the original sale of returned goods had happened.

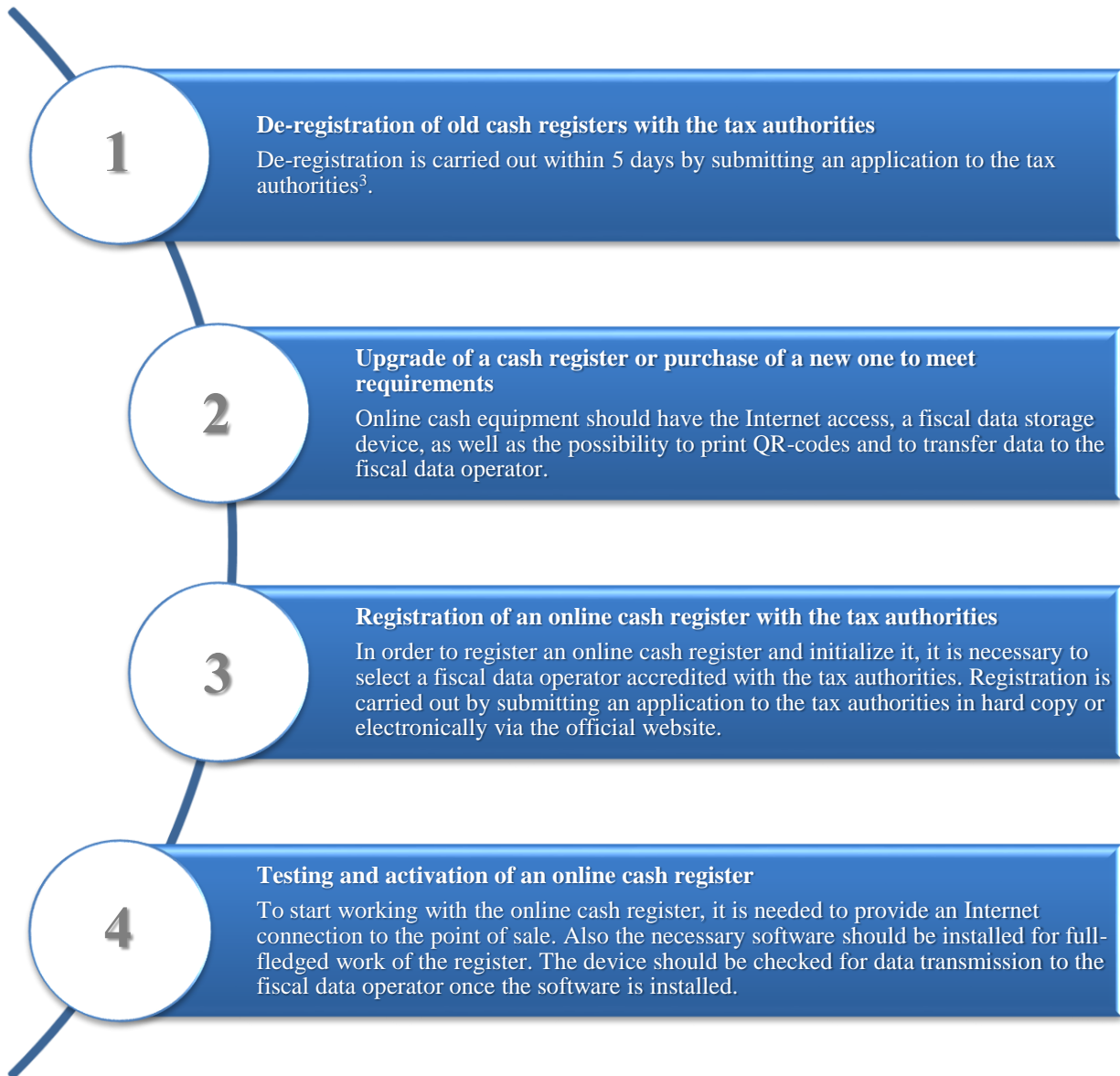
Further implementation rules regarding cash operations with account taken of new online cash regime are expected to be issued by the Central Bank of Russia, which is the competent authority in the field of money regulation.

---

<sup>3</sup> Article 1.1, Clause 1, Article 1.2 of Federal Law No. 54-FZ “On the Use of Cash Register Equipment”.

<sup>4</sup> Article 2 *ibid.*

## Step-by-step implementation plan of online cash register conversion



---

<sup>3</sup> Decree of the Government of Russia No. 470 dated 23 July 2007 “On Approval of the Regulation on registration and application of cash registers used by organizations and individual entrepreneurs”.

<sup>4</sup> A list of fiscal data operators is provided on the official website of the Federal Tax Service ([https://www.nalog.ru/rn78/related\\_activities/registries/fiscaloperators/](https://www.nalog.ru/rn78/related_activities/registries/fiscaloperators/)).

It should be noticed that the Regulator has introduced several sanctions in connection with the activation of the new online cash regime: if a company and/or an individual entrepreneur violates the new requirements regarding online cash registers, this may lead to several sanctions with various degrees of gravity, as follows:

<b><i>Violation</i></b>	<b><i>Sanction</i></b>
<p>A company and/or an individual entrepreneur does not sell goods through online cash register in cases when the online cash register should be used.  <i>The offense is committed for the first time.</i></p>	<p><b><i>For the company:</i></b> Penalty of 75-100% of the sale amount, but not less than 30,000 rubles.</p> <p><b><i>For the executive officer or the individual entrepreneur:</i></b> Penalty of 25-50% of the sale amount, but not less than 10,000 rubles.</p>
<p>A company and/or an individual entrepreneur does not sell goods through online cash register in cases when the online cash register should be used.  <i>The offense is repeated further times and the sale amount equals to 1 mln rubles or more.</i></p>	<p><b><i>For the company or the individual entrepreneur:</i></b> Suspension of operations up to 90 days. If the sale amount does not exceed 1 mln rubles, it is most likely that the company or individual entrepreneur will have to pay for the second time the penalty specified above (however, this is not clearly prescribed in the administrative legislation).</p> <p><b><i>For the executive officer:</i></b> Disqualification, i.e. prohibition to hold the position for a period up to 1-2 years.</p>
<p>A company and/or an individual entrepreneur misuses the online cash register, with violations such as:</p> <ul style="list-style-type: none"> <li>• Online cash register is not registered with the tax authorities;</li> <li>• Online cash register has no fiscal data storage or this fiscal data storage was not replaced on time;</li> <li>• Online cash register does not print receipts with QR-code and does not provide for links to the Internet resource for checking receipts;</li> <li>• Other similar violations.</li> </ul>	<p><b><i>For the company:</i></b> Caution or penalty of 5,000-10,000 rubles.</p> <p><b><i>For the executive officer or the individual entrepreneur:</i></b> Caution or penalty of 1,500-3,000 rubles.</p>
<p>A company and/or an individual entrepreneur does not provide certain supporting documentation electronically to the tax authorities.</p>	<p><b><i>For the company:</i></b> Caution or penalty of 5,000-10,000 rubles.</p> <p><b><i>For the executive officer or the individual entrepreneur:</i></b> Caution or penalty of 1,500-3,000 rubles.</p>
<p>A company and/or an individual entrepreneur does not issue a receipt to the buyer electronically or in hard copy.</p>	<p><b><i>For the company:</i></b> Caution or penalty up to 10,000 rubles.</p> <p><b><i>For the executive officer or the individual entrepreneur:</i></b> Caution or penalty up to 2,000 rubles.</p>

***Based on the above, we do recommend all our clients involved in cash operations to get carefully acquainted with such new regulations, as violation of required deadlines might result in serious sanctions and specific on-site tax reviews.***

\* \* \*

*OOO Carnelutti Russia*

*Sadovnicheskaya ul. 82, building 2, 5th entrance,*

*115035, Moscow, Russia - Tel: +7 495 7272166*

*For any comment or clarification on the above issues please contact Pietro Ferrero or Nicola Ragusa*

[\*Pietro.Ferrero@carnelutti.ru\*](mailto:Pietro.Ferrero@carnelutti.ru)

[\*Nicola.Ragusa@carnelutti.ru\*](mailto:Nicola.Ragusa@carnelutti.ru)

*This Tax Alert is issued for purely information purposes, it is transmitted free of charge and should under no way be considered as a form of legal advice.*

*Copyright (C) 2017 Carnelutti Russia.*

*All rights reserved.*