



Certified Cash Registers - Slovenia

Title of the policy or measure (in English)	Certified Cash Registers initiative, Slovenia
<ul style="list-style-type: none"> • Case study/good practice name 	Certified Cash Registers Initiative: Cooperation between different public authorities responsible for identifying, tackling and preventing UDW
<ul style="list-style-type: none"> • Country 	Slovenia
<ul style="list-style-type: none"> • Sectors 	Public sector
<ul style="list-style-type: none"> • Target groups 	Legal persons and individuals that carry out cash transactions Staff in public authorities, in order to achieve effective and professional action
<ul style="list-style-type: none"> • Type of measure 	Changing attitudes: awareness raising Deterrence: improve detection
<ul style="list-style-type: none"> • Short sentence summarising the measure 	A “certified cash register” system is applicable in Slovenia since the 2 January 2016. Under this system all legal and natural persons that perform cash transactions (or cash equivalent transactions) and are obliged to keep books and records must use certified tax registers. ¹ The cash registers are connected to the central information system of the financial authority via the internet, so processed invoices are verified and saved in real time, enabling traceability and effective control over invoices, thus helping to reduce the grey economy.
Background	
<ul style="list-style-type: none"> • Background context driving the implementation of the measure 	Tax awareness in Slovenia in general is low which may have affected the high level of UDW. To avoid taxes and social contributions many business entities did (do) not employ their staff legally. Using fiscal cash registers would ensure the identification of cash flows on a significant scales and as a consequence enable monitoring of UDW.
<ul style="list-style-type: none"> • When was the measure implemented? (including start date and end date/ongoing) 	2016 – ongoing
<ul style="list-style-type: none"> • Names(s) of authorities/bodies/organisations involved 	Financial Administration of the Republic of Slovenia
<ul style="list-style-type: none"> • Scope of the measure (a pilot project, nationwide, regional wide) 	National
<ul style="list-style-type: none"> • Type of (policy) measure 	Fiscal Registers - to verify the transactions of all businesses which accept cash with the national revenue service before issuing receipts ²

¹ Information in this field can be found on the Government of the Republic of Slovenia's website at http://www.vlada.si/en/media_room/newsletter/slovenia_weekly/news/article/slovenia_introduces_certified_cash_registers_54713/

² Internet: <http://www.sloveniatimes.com/certified-cash-registers-mandatory-as-of-today>

<ul style="list-style-type: none"> • Key objectives of the measure 	<p>General objectives³:</p> <ul style="list-style-type: none"> • reduce the grey economy and consequently raise awareness of the fair distribution of the tax burden among liable persons in the same situation, and also encourage voluntary settlements of taxes; • more effective control of the implementation of legislation and uniform procedures for monitoring cash transactions; • increase government revenue; • improve the management of human resources (certified tax registers will at least partially compensate for the lack of inspectors); • prevent tax avoidance and fraud regarding VAT, corporate income tax, self-employment income tax, personal income tax and other taxes; • establish equal conditions for conducting business, regulating the market, preventing unfair competition and supporting faster economic development; • protect consumers; • acquire better information on the operation of persons liable for tax. <p>Specific objectives⁴:</p> <ul style="list-style-type: none"> • The principle purpose of certified cash registers is to introduce a system that enables transparent and reliable recording of cash transactions of persons registered for tax.
<p>Specific measure</p> <ul style="list-style-type: none"> • Description of how the measure operates in practice 	<ul style="list-style-type: none"> • All legal and natural persons that perform cash transactions and are obliged to keep books and records must use certified tax registers.⁵ • No exceptions are envisaged, so electronic confirmation of invoices applies to anyone that is obliged to use receipts in accordance with the Value Added Tax Act. • This does not include market food traders, and receipts are also not issued by vending machines for food and drink. • In addition to paying with bank notes or coins, other payment methods where there is a direct transaction into an account will be considered cash transactions, e.g. payment by credit or debit card. • Certified cash registers will be connected to the central information system of the financial authority via the internet, so processed invoices will be verified and saved in real time. This enables traceability and effective control over invoices, which essentially contributes to reducing the grey economy. • The invoice information submitted to the Financial Administration contains information on the tax number of the person who actually issued the invoice. In this way, the Financial Administration can compare data on the actual working hours and working hours declared for the payment of

³ Information provided here can be found on the website of the Government of the Republic of Slovenia at http://www.vlada.si/en/media_room/government_press_releases/press_release/article/the_government_approves_the_action_plan_to_introduce_certified_cash_registers_in_slovenia_51110/

⁴ Ibid.

⁵ The information in this field has been excerpted from the website of the Government of the Republic of Slovenia - see http://www.vlada.si/en/media_room/newsletter/slovenia_weekly/news/article/slovenia_introduces_certified_cash_registers_54713/

	social security contributions. This effectively prevents the occurrence of undeclared and under-declared work.
<ul style="list-style-type: none"> Which groups are targeted by the measure? 	<ul style="list-style-type: none"> - Legal entities and entrepreneurs that are obliged to issue an invoice- (direct). A majority of them also employ workers. - Workers involved in undeclared work (indirect)
<ul style="list-style-type: none"> What resources and other relevant organisational aspects are involved? 	The initial cost to set up the fiscal cash registers initiative was close to the estimated value of EUR 2 million. An important part of the costs (the majority) fall on the introduction or adaptation of an information system. There is no information on the cost of the annual maintenance of the system. The Slovenian Financial Administration reported additional revenue of EUR 81 million as a result of the introduction of certified cash registers ⁶ .
<ul style="list-style-type: none"> What are the source(s) of funding? 	National funding
Evaluation and outcome	
<ul style="list-style-type: none"> Has the measure achieved its objectives? 	<p>Data from the Finance Ministry concerning the introduction of tax-certified cash registers revealed a number of positive effects;</p> <ul style="list-style-type: none"> in the period from February–April 2016 revenue grew by EUR 21m compared to the same period in 2015.⁷ positive effects were reported in the “increased turnover the businesses declared in relation to the supply of goods and services as well as in the increase of VAT payments and the number of people who entered social insurance.” Vat returns were up by EUR 19.8 million for those taxpayers who use certified cash registers and who submitted VAT returns in that 3 month period which is 7.1 % more than the taxpayers who submitted VAT returns in the same period in 2015. another positive outcome of the initiative is the increase in the number of social insurance applications. This has resulted in an increase in social security contributions and advance corporation tax.
<ul style="list-style-type: none"> Assessment method (including indicators used to measure its impact), and the outputs and outcomes achieved 	Every public authority produces an annual report describing its activities. These reports reveal the number of supervisions, number and types of breaches in the law, trends and the financial resources that were collected as a result of their inspection work. Every report is then processed by the government or competent ministry and the feedback is incorporated into activities in the following year. With regard to this initiative, it is the report of the Financial Administration which gives evidence of the additional revenue generated by the introduction of certified cash registers.
<ul style="list-style-type: none"> What are lessons learnt and the key conditions for success? 	<p>Lessons learnt include the following:</p> <ul style="list-style-type: none"> Good cooperation between different supervisory bodies with similar powers in the area of tax and labour field is an important factor for guaranteeing effective supervision

⁶ Source:

http://www.fu.gov.si/fileadmin/Internet/Medijsko_sredisce/2017/Porocilo_o_ucinkih_uedbe_sistema_davcnega_potrjevanja_racunov_v_Republiki_Sloveniji_v_letu_2016.pdf

⁷ This information is excerpted from the website of the Government of the Republic of Slovenia. See http://www.vlada.si/en/media_room/newsletter/slovenia_weekly/news/article/tax_certified_cash_registers_achieved_goals_58120/

	<ul style="list-style-type: none"> • Good and effective campaign of the authorities before the introduction of the initiative.
<ul style="list-style-type: none"> • Level of transferability (e.g. other countries/groups/sectors) 	<p>Transferability would depend on the following:</p> <ul style="list-style-type: none"> - well organised campaign by the authorities emphasising the positive effects of the introduction of the cash registers, - setting up reliable information system by the tax authorities that guarantees the fluent functioning of the system - facilitating adaptation to the new system, ensuring that the necessary new hardware and software are affordable.
Additional information	
<ul style="list-style-type: none"> • Contacts 	
<ul style="list-style-type: none"> • Sources 	<ul style="list-style-type: none"> - Prevention of Undeclared Work and Employment Act (Zakon o preprečevanju dela in zaposlovanja na črno (ZPDZC-1). https://www.uradni-list.si/1/content?id=117354 - Annual Report of the Financial Administration (http://www.fu.gov.si/fileadmin/Internet/Medijsko_sredisce/2017/Porocilo_o_o_ucinkih_uvedbe_sistema_davcnega_potrjevanja_racunov_v_Republiki_Sloveniji_v_letu_2016.pdf)
<ul style="list-style-type: none"> • Metadata and key words for online search 	Slovenia; undeclared work; undeclared employment; tax awareness; fiscal cash registers;