



White Cash Register and other incentive measures in the HORECA sector

Belgium

	<p>Summary</p> <p>To combat undeclared work and tax evasion in the hospitality industry, businesses serving food and beverages are obliged to use the Certified Cash Register System (<i>le système de caisse enregistreuse</i> (SCE)) (also known as the white cash register or black-box cash register).ⁱ As compensation for this mandatory measure, some assistive measures were granted to the hospitality sector, included flexi-jobs and tax-free overtime.ⁱⁱ</p>
<p>Title of the practice in original language</p>	<p><i>Le Système De Caisse Enregistreuse (SCE)</i></p> <p><i>Het geregistreerd kassasysteem</i></p>
<p>Name(s) of authorities/bodies/ organisations involved</p>	<ul style="list-style-type: none"> ▶ Service Public Federal Finances (FPS) ▶ National Social Security Office (NSSO) (Rijksdienst voor Sociale Zekerheid (RSZ)) ▶ National Institute for the Social Insurance of the Self-Employed (NISSE) (Rijksinstituut voor de Sociale Verzekeringen der Zelfstandigen (RSVZ)) ▶ National Employment Office (NEO) (Rijksdienst voor Arbeidsvoorziening (RVA)) ▶ Labour Inspectorate (Toezicht Sociale Wetten (TSW)) ▶ National Institute for Health and Disability Insurance (NIHDI) (Rijksdienst voor Ziekte- en Invaliditeitsverzekering (RIZIV))
<p>Sectors</p>	<p>Hotel restaurant and catering</p>
<p>Target groups</p>	<ul style="list-style-type: none"> ▶ Restaurants and catering businesses within the hospitality sector (HORECA) (directly targeted); ▶ Customer VAT receipts (indirectly targeted).
<p>Purpose of measure</p>	<p>Prevention</p>



Aims and objectives

The aim of the SCE is to prevent fraudulent activities by making tax declarations in the restaurant and catering sector automatic. Financial controllers can retrieve data onsite, recorded in the black-box of the cash register system, and verify the data.

Background context

- ▶ The hospitality industry is traditionally a sector with a lot of social and fiscal fraud. In order to combat social fraud, the HORECA Plan was introduced in 2015.
- ▶ The aim of the HORECA Plan was to improve the quality of work in the hotel and catering industry and combat undeclared work. The measures contained in the Plan were also introduced to offset the consequences of the registered cash register system, the so-called white cash register, so as to reduce the burden on labour. These included: the creation of flexi-jobs, the creation of gross-net overtime and an expansion of the existing system of casual labour.
- ▶ The SCE regulations came into force on 1 July 2016. The cash register system was introduced by the government as an anti-fraud fiscal and social tool. Any hospitality operator whose turnover exceeds EUR 25 000 for restaurant and/or catering services (excluding the supply of drinks) must issue receipts by means of a cash register system.ⁱⁱⁱ Effectively this means that the vast majority of traditional restaurants and catering services have to work with an SCE.^{iv} As soon as the company begins to use an SCE, all hospitality activities must be included in the cash register including customer take-out orders.
- ▶ The purpose is twofold: (i) The cash registers ensure that the correct turnover is declared for the calculation of taxes and that the VAT paid by the customer is transferred to the Treasury; (ii) one of the innovative aspects of the cash register system is that the national insurance number of the cash register user/staff member is also registered to the black-box, also allowing staff to benefit from a reduction in social security contributions.
- ▶ The practice is nationwide and is ongoing.

Key objectives of the measure

General Objective:

- ▶ To improve the accuracy of tax declarations by restaurants and catering businesses in the hospitality sector in order to combat undeclared work/reduce social fraud.

Main activities

- ▶ An operator of a business where meals are consumed and/or catering services are provided must issue cash receipts by means of a cash register system when turnover (excluding VAT and the supply of drinks) exceeds EUR 25 000;^{vii}
- ▶ A cash register system consists of three components: a certified cash register, a Fiscal Data Control module/black-box (FDM), and a personalised activation card (VSC);^{vii}
- ▶ The cash registers and control modules are sold on the open market from registered vendors. The models must be certified in accordance with the Rules specified by the Federal Public Service of Belgium (FPS Finances). Businesses can also simply upgrade an existing system if it is a system certified by FPS Finance;
- ▶ The black-box (FDM) must be permanently connected to the Cash Register System (SCE) and must always be located at the address of the establishment where it is installed;
- ▶ The employer receives a personalised VAT signing Card (VSC) from FPS Finance upon request after registration. The VSC is a prerequisite for the activation of the Fiscal Data Module (black-box) and is inserted into the black-box.^{viii} It will record in its memory all relevant data relating to deliveries of goods and services of the establishment (order, collection, delivery, correction, modification etc.) as well as staff rotations using the cash register system;^{ix}
- ▶ When financial controllers arrive at the establishment, they can retrieve and verify the data recorded in the black-box;
- ▶ Even if a cash register system is connected to the internet, the tax audit module is *not* connected to the internet and therefore there is no way to access it remotely.

Funding/organisational resources

- ▶ Registration is carried out via the internet application made available by the FPS Finance.



Outcomes

Cash registers can help inspection services to monitor fiscal transactions, However, adequate measurement methods to identify the impact of the Cash Register System on tax evasion in the hospitality sector in Belgium are not yet available.

Achievement of objectives

- ▶ The outcome of the introduction of the cash register system is that all fiscal transactions can be recorded and linked to an employee.^x This ensures that the correct turnover is declared and that the employer can, on request of inspectors, retrieve a list of who was working on which day.

	<ul style="list-style-type: none"> ▶ An app has been developed that enables this data to be retrieved via a USB stick that is useful for the inspectors. ▶ Disadvantages of the system include the need to go onsite to read the data from the cash register, and the fact that the cash register is not generally mandatory – only 505 employers in the sector use it. When introduced, employers were offered a reduction in tax on overtime up to a maximum of 360 hours per year per employee. However, few employers use the measure and are therefore not required to register all staff. ▶ The Court of Auditors produced a report in 2019 on the impact of the cash register system on the HORECA sector.^{xi} The Court of Auditors therefore recommended that FPS Finance develop a valid and reliable measurement method to assess the impact of SCE on fraud and tax revenue taking into account certain temporal and cyclical factors, in order to make it possible to compare the impact on turnover between HORECA establishments with and without a cash register.
<p>Lessons learnt and success factors</p>	<ul style="list-style-type: none"> ▶ White cash registers make undeclared work more difficult and can enhance the possibilities for monitoring of businesses by social inspection services, provided that inspection services have the necessary powers and reading equipment. Among other things, making its use mandatory would have the advantage that data could be requested from more employers and enhance the possibilities for monitoring by social inspections services.^{xii} ▶ The practice to regularise undeclared work must be two pronged and include not only the operation of the cash register, but also actions (investigations, for instance) by the inspectors.
<p>Transferability</p>	<ul style="list-style-type: none"> ▶ The introduction of a similar measure can only be successful if supported by political policy and a proper monitoring methodology on the ground. ▶ An agreement with the social partners (consultation) on the introduction of this measure is also essential to create sufficient support. ▶ Finally, the introduction of such a system must also be accompanied by social and fiscal support measures.

Further information

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**Useful sources
and resources**

Report of the Court of Auditors on the "white box" cash register system in the hospitality industry, 2019 (in French):

file:///C:/Users/29551/Downloads/2019_07_CaisseBlancheHoreca.pdf

Belgium's Cash Register System website:

<https://www.sce-horeca.be/reglementation-sce-secteur-horeca-belgique-2014-boite-noire-systeme-caisse-enregistreuse/>

Application for the registered cash register systems (GKS):

https://financien.belgium.be/nl/E-services/registratiemodule_gks/registratiemodule_gerigstreerd_kassasysteem

ⁱ See <http://www.salesdatacontroller.com/belgium-black-box-installation-completed-2015/>

ⁱⁱ One of the compensatory measures introduced on foot of the black-box system was 'flexi-jobs'. A worker who already works at least 4/5 days of a full-time contract elsewhere may decide to work a side-job in the HORECA sector also. The HORECA employer in this instance will only pay 25% of the social and fiscal charges related to that job. Another measure included free charges for employers for use of overtime (for full-time staff only) up to a maximum use of 360 hours per year per employee. It meant that every euro paid by the employer for overtime work was made to the employee.

ⁱⁱⁱ See <https://www.systemedecaisseenregistreuse.be/fr/klant/algemeen/pourquoi-le-sce-ete-introduit>

^{iv} The obligation applies to every business where meals are consumed including, for example, concept stores, bakeries, caterers, coffee shops, food trucks, and fashion stores. Exceptions include pre-packaged products requiring no further preparation, a catering service that only delivers or collects ready-to-eat meals without any additional service, butcher, deli or caterer who offers prepared meals in his store, without service or additional service, itinerant sales (markets, food stalls, sporting events).

^v Article 21bis, § 1, paragraph 1, of Royal Decree n ° 1

^{vi} See <https://www.systemedecaisseenregistreuse.be/fr/klant/algemeen/qui-doit-utiliser-le-sce>

^{vii} See <https://www.systemedecaisseenregistreuse.be/fr/klant/algemeen/qui-doit-utiliser-le-sce>

^{viii} See <http://www.salesdatacontroller.com/belgium-black-box-installation-completed-2015/>

^{ix} See <https://www.sce-horeca.be/boite-noire-fiscal-data-module-fdm-reglementation-sce-horeca-2014-systeme-de-caisse-enregistreuse/>

^x The information contained in the first three bullet points is excerpted from European Labour Authority (2021), Tackling undeclared work in the HORECA sector: Learning resource paper from the Platform seminar: Tackling undeclared work in the HORECA sector, written by Colin Williams, Online, 16 September 2021.

^{xi} Court of Auditors (2019), *La « caisse blanche », le système de caisse enregistreuse dans l'horeca*, Rapport de la Cour des comptes transmis à la Chambre des représentants Bruxelles, mars 2019, available in French at file:///C:/Users/29551/Downloads/2019_07_CaisseBlancheHoreca.pdf



^{xii} For more information see ELA (2021), op cit.