

# The implementation of the Austrian Point of Sales System

## The obligatory electronic cash register in Austria

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# Considerations within the tax reform 2015/2016

Finding the „perfect“ system

## Considerations within the tax reform 1

- **Starting point/problem:**
- Huge Vat Gap caused by shadow economy; in 2012: 3,2 billions, Revenue 25,2 billions
- A major part is sales manipulation (non-recording or sales suppression)
- Controll takes long because accounting records are made by hand
- „Electronic Sales Supression: a Threat to Tax Revenue“ OECD Handbook 2013

## Considerations within the tax reform 2

- **Possibilities:**
- ❖ **Online connection of cash registers to the Federal Ministry of Finance (FMF):**  
revenues will be directly delivered to a server of the FMF;
- Against: no permanent internet connection in many areas (e.g.: rural areas, mountains) „big data“ and protection of data privacy, costs on both sides;
- ❖ **Implementation of INSIKA:** a German security system with an INSIKA-Card, one specific technological system for all to implement
- Against: problem with European Competitive law (possible obstacle of free market); entrepreneurs against it; public bidding obligatory & very time-consuming

## Finding the perfect system 1

- **3 key features for a strong and secure POS system:**
- Strict obligation to **record every revenue** from a minimum turnover in an electronic cash register (before: if annual turnover exceeds EUR 150.000);
- Strict obligation to **use an electronic cash register** for every revenue „in cash“ (no minimum amount) and sign it with a secure signature card (cash register with integrated electronic security device)
- Strict obligation **to issue a receipt** in case of payments in cash **and hand it over** to the buyer. The latter must accept the receipt and take it along until outside of business premises.

## The main legal regulations

- Fiscal Procedure Code (a federal **law**, including the authorisation for the Federal Minister of Finance to pass legally binding decrees)
- **Decree** of the Federal Minister of Finance concerning the technical requirements of the secure electronic cash register
- **Decree** of the Federal Minister of Finance concerning exemptions/relief for certain groups: e.g.: „outdoor sales“, „mobile sales (sale takes place outside the shop of the entrepreneur), sales of associations/clubs/charity clubs; online-sales
- **Edict** of the Federal Minister of Finance (an internal document which interprets the legal obligations; non-binding)

## Legal obligations in the fiscal procedure code 1

- Obligation for the entrepreneurs to:
- **record** every single revenue in an electronic cash register
- **use** an electronic cash register if the entrepreneur generates more than a net annual turnover of € 15,000 per operation, provided that the cash transactions (incl. debit and credit card payments) exceed € 7,500 net per year.
- **issue** a receipt in case of payments in cash and hand it over to the buyer. The latter must accept the receipt and take it along until outside of business premises (but: if he doesn't comply, there will be no penalty)
- Special tax deductions and new penalties

## Legal obligations in the fiscal procedure code 2

- Obligation for the entrepreneurs to use a security device in the fiscal till (since 1st April 2017)
- Immutability of recordings is guaranteed by encrypted signature of every single sales by security device assigned to the taxpayer (simple „block chain“ system)
- Encrypted signature is part of the code printed on every receipt (machine-readable)
- Specific details about the signature card, the cash register and the technical details are found in a Decree of the Federal Minister of Finance



## The Decree of the Federal Minister of Finance concerning the technical details („RKS SV“) 1

- The technical principle of the secure electronic cash register (open technology):
- To guarantee protection against manipulation, from 1 April 2017, each receipt is provided with an electronic signature. A signature or seal creation unit signs data electronically by means of the entrepreneur's private key stored on it. The electronic signature ensures tamper-proof protection.
- The tamper resistance of recordings is guaranteed by cryptographic changing of every single sale by signatures from signature creation devices with signature certificates assigned to the taxpayer. The security device consists of a chain of the cash transactions with the aid of the electronic signature of the signature creation unit.

## The Decree of the Federal Minister of Finance concerning the technical details („RKSv“) 2

- The chain is formed by including elements of the last assigned signature stored in the data collection protocol in the current signature to be created. In the creation of the first cash transaction, the last assigned signature is replaced by the till identification number (a simple “block-chain”).
- The encrypted signature is part of the machine readable code printed on any receipt (QR-Code).

## The Decree of the Federal Minister of Finance concerning the technical details („RKSÜ“) 3

- The decree contains:
- Technical features of electronic cash registers
- Technical features of security devices
- Electronic interface between cash register and security device
- Features of receipts (incl. signature)
- Notice of assessment of „closed systems“
- Supervision and control measures (receipts-check control APP)

## The Decree of the Federal Minister of Finance concerning exemptions/relief from the electronic cash register obligation 1

- Exemptions up to € 30,000 per calendar year and taxable person for:
- Revenues from **outdoor sales**, i.e. sales that are made not in or in connection with a permanently enclosed space;
- Revenues directly related to **chalets** including, in particular, alpine huts, mountain shelters, ski lodges; revenues from a "**buschenschank**", open on no more than 14 days per calendar year; revenues from a "small canteen" run by a **non-profit association** on no more than 52 days per calendar year.

## The Decree of the Federal Minister of Finance concerning exemptions/relief from the electronic cash register obligation 2

- “mobile revenues”; entrepreneurs providing **services outside their respective establishments** shall issue a receipt upon performance and post the copy of the receipt later upon return to the establishment without undue delay
- **Further exemptions** apply to:
- **small club parties** (e.g. firemen’s carnivals);
- **certain goods and services vending machines** and
- **online shops** regarding the cash register obligation.

## The implementation of the new regulations

- The Austrian Constitutional Court approved of the regulation in March 2016
- The entrepreneurs adapted easily to the new regulations, there are only few complaints
- Wide acceptance of the entrepreneurs: there was a premium of € 200 which could be requested for the acquisition / upgrade of a cash register. Also there was unlimited deductibility of the costs in the year of acquisition.
- The “open technology system” helped create acceptance from the entrepreneurs
- control now is faster and more easy (first check via APP, electronic data acquisition protocoll electronic can be exported for control measures)

## Lessons learned- future developments

- **Lessons learned:**
- Involvement of all stakeholders concerned
- Receipt issue obligation: awareness-building of the customers is a key issue; the customer has to know why it is important to take away the receipts
- **Future developments:**
- Finding new ways for the paper receipt: possibility to issue electronic receipts; open-technology approach: the use of NFC or Email to issue the receipt is possible

# Questions on the Austrian electronic cash register system?

## Thank you for your attention

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