




TAX FRESH

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 **PUBLICATION OF THE
FINANCIAL STATEMENTS IN
THE COLLECTION OF
DOCUMENTS**



Dear Business Friends,

In this issue of our Bulletin we would like to discuss how to file financial statements in the Collection of Documents kept by competent courts.

Our employees are again ready to assist you also in this area.

Yours faithfully,

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PUBLICATION OF THE FINANCIAL STATEMENTS IN THE COLLECTION OF DOCUMENTS

The last act linked with the previous accounting year is the publication of the financial statements in the Collection of documents, which applies to companies whose financial statements are subject to statutory audit as well as those whose are not.

Published financial statements need to, among other things, contain a signature transcript of a statutory body of the company. The financial statements are considered to be prepared and correctly published if such signature transcript is attached.

Until recently, there have been no problems with publishing financial statements without a signature transcript of relevant persons and register courts or any other state authorities were not concerned about whether or not the published financial statements contain all essential elements including a signature transcript.

This year, however, at the Coordination Committee meeting held on 16 December 2015, the General Financial Directorate voiced its objection to such steps and asserted that published financial statements still have to contain a relevant signature transcript. Failure to meet this obligation could be classified as an administrative offence under Act No. 563/1991 on Accounting punishable by an administrative fine.

The General Financial Directorate commented on the issue as follows:

"Section 33a of the Accounting Act provides for the form of a signature transcript, which may be a personal signature or a recognised electronic signature or a similar demonstrative accounting record in such technical form that ensures verifiable and identifiable authenticity; both signature transcript forms are deemed equal and may be used in cases requiring a personal signature. Administrative penalisation may not be refrained from if the financial statements do not contain all the essential elements set out in Section 18 (1) and (2) of the Accounting Act since a fine shall be imposed at all times under Section 37a (3) for such an administrative offence under Section 37a (1) (e) of the Accounting Act."

To clarify, a fine for such an administrative offence under the above provision may amount up to 3% of the value of assets.

Although we believe that the absence of a signature transcript is not likely to be deemed an administrative offence, we find it important to draw attention to this possibility and briefly describe the individual options of filing the financial statements in the Collection of Documents ("the CoD") kept by competent courts.

1. Filing financial statements in the CoD based on the existing practice, i.e. in the .pdf format without a signature transcript sent from the Client's or PROXY's data box – there is a risk of a fine for an administrative offence imposed by the tax administrator (even if in our opinion the Register Court would file the financial statements in the CoD without a problem).
2. Filing financial statements bearing the Company statutory body's signature transcript that have been sent from the Client's or PROXY's data box to the CoD – no risk of a fine for an administrative offence. A signature transcript may now mean a recognised electronic signature or the financial statements may be converted in an authorised manner (e.g. at post offices' Czech Points).

As far as we know, only authentic documents bearing authentic signatures of relevant persons may be converted and the conversion of one page costs CZK 30.

Financial statements sent via the PROXY's data box must be fitted with an electronic power of attorney or an authorised converted power of attorney.





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