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Managing Fiscalisation across Europe

A guide from Enactor

TOSHIBA

Introduction

Commercial enterprises that cover multiple geographical territories can experience costly and legally challenging issues around managing varying fiscal regulations. A crucial element in the fight against fraud, fiscalisation ensures that transactions are recorded and that the appropriate VAT is paid.

The areas covered by fiscalisation are:

- How the POS/cash register should work
- How related retail processes should work
- What data should be saved and in what way
- What reports are required by authorities
- When and how reporting should be conducted
- How sales are reported to the authorities

Some countries (such as Hungary) enforce the use of a network connected, certified receipt printer which, communicates directly with the fiscal authority. Austria for example, requires that each transaction is signed and that each transaction contains the signature of the prior transaction, creating a traceable history which allows the detection of missing or altered transactions.

Typically the work to integrate with these devices and services falls to the POS application provider and aging POS's are struggling to keep up.

At Enactor we work with several global retailers that have to ensure that not only are they compliant with local regulations but also that fiscalisation is efficient in order to control costs and streamline procedures.

As a result Enactor has developed, along with key local partners, a series of services and certifications that make it simpler for companies to manage this complex process.

Challenges of effective fiscalisation management

Costs

It's easy for costs to escalate from excessive manual processes that have to be in place to make up for functionality short falls in the POS and online systems, particularly if they are not seamlessly connected.

Mixed retail concepts

Consider a department store with multiple in store formats, for example they have clothing, a café and a holiday travel company all in store. All of these may involve completely different fiscal laws, involving different retail processes.

Multiple payment methods

Requirements differ also across payment methods, cash, credit, vouchers, currencies and internal bank cards can all require different reporting.

Multiple channels

Customers can buy, pay and collect anywhere, which further creates complexity when complying to fiscal law, and processes may even span international borders which requires careful consideration.

Complex marketing campaigns

As retailers employ incentives to encourage customers to buy, such as discounts, vouchers and loyalty, the reach of fiscal law will have an impact on what can be deployed.

Multiple markets

As retail brands expand into new territories, they will experience regulations they are not familiar with and their existing technology may not be able to cope. There may also be certification needed which can extend the launch time impacting competitive advantage.

Constant change

Requirements change frequently as fraud becomes more sophisticated and new technologies emerge.

Fiscialisation Capability Needed

Fiscal Law broadly falls into 3 categories in terms of the technical aspects required to deliver compliance:

- Hardware based
- Software based
- Special requirements

Hardware relates to special, often certified, hardware devices required to print and or communicate to the authorities and which typically contain a fiscal memory to store and capture transactions and their signatures. Often these will be either audited during their lifetime or will require the fiscal memory to be summited to the authorities at the end of their life. Where devices are connected, transaction are regularly submitted and physical audits are not typically needed.

Software based is more modern and is being increasingly adopted with new regulations and doesn't rely on a specific device but instead defines a process. Approaches differ but the general approach is for each transaction to be signed using certificate provided by the authorities. The signature is formed using a number of elements commonly including:

- Register ID
- Receipt number
- Transaction date and time
- Transaction amount
- VAT amounts at applicable rates
- Previous transaction signature

This signature and the transaction itself are then submitted to the authorities immediately via a web service. In several countries, the signature is also printed as a QR code on the customer receipt which allows the customer to check using a government app that the transaction VAT due have been properly recorded. Some countries have gone as far as to offer a lottery entered by scanning these receipts in order to encourage the behaviour.

Special requirements occur when fiscal law extends into data security, archiving and reporting for specialised business processes in niche retail environments such as fuel stations.

By country

Country	Fiscal Law Type	Additional Information
Austria	Hardware/ Software	Generally, a software-based approach but can use a Card Reader or HSM for the purpose of storing the certificate and generating signatures. Alternatively, 3rd parties offer this as an online service avoiding the need for any hardware.
Bosnia & Herzegovinia	Hardware	Printer requires certfication, standard hardware based approach.
Bulgaria	Hardware	Legislation changes which are due to come in to force shortly have been challenged by retailers and are likely to be delayed, possibly significantly.
Croatia	Software	Czech Republic/Croatia/Slovenia share a similar approach.
Czech Republic	Software	Czech Republic/Croatia/Slovenia share a similar approach.
France	Software	Software requires certfication.
Germany	Hardware/ Software	Requires a technical security device that will communicate with the authorities and record transactions on a fiscal memory. Legislation is due to come in to force on the 1st Jan and at present no technical security devices have been certified.
Greece	Hardware	Long standing fiscal rules in place.
Hungary	Hardware	Solution needs to be certified.
Italy	Hardware	Integration with NCR 165a supported,
Norway	Software	No certification required, but self certify the product to support audits, have to have a legal entity in the country.
Poland	Hardware	Printer requires certfication, standard hardware based approach.
Romania	Hardware	Solution needs to be certified.
Serbia	Hardware	Printer requires certfication, standard hardware based approach.
Slovak Republic	Software	Fiscal printer, just announced changes to moving online, similar to Czech Republic, as of July 1st 2019.
Slovenia	Software	Czech Republic/Croatia/Slovenia share a similar approach.
Sweden	Hardware/ Software	Large organisations with good financial controls can apply for an exemption.
Republic of Srpska	Hardware	Printer requires certfication, standard hardware based approach.
Ukraine	Hardware	Printer based.

Where retailers need help

When operating in two or more markets that use fiscalisation, help with compliance is crucial, as is working with a partner that has already achieved hardware certification and processes to support the varied requirements, as small details relating to elements such as receipt layout and barcoding can be easily missed.

Additional challenges arise when aggregated reporting is needed, building a consistent management report across multiple markets is almost impossible without the right software and expertise. Maintaining the balance of this against the individual in-country reporting elements can lead to escalating costs very rapidly and can reduce the ability to provide required proof.

Why Enactor

At Enactor we work with many retailers that operate in these markets, and fiscal law compliance is built into the Enactor POS application. This means that complications are handled automatically in the background, allowing the retailer the confidence that regulatory compliance is achieved.

We've already developed relationships with partners across Europe, both subject matter experts in country who understand the local laws and certification processes, and with in-country hardware providers. This means costs that would usually be incurred by the retailer to review legislation and integrate with hardware are minimised as Enactor has already performed these activities minimizing 3rd party costs.

We've made a significant investment in the product to support fiscal across multiple countries in Europe to give retailers using our product a consistent fiscal approach when operating in multiple regions. We have also committed to making sure that we keep the solution compliant with future changes in the fiscal laws as part of the ongoing support and maintenance of the product. This allows retailers we work with to have visibility of the costs of Fiscal both when implementing a new Enactor POS solution and as well as future costs with confidence that changes in the law will not have unforeseen impacts on their business.