



EUROPEAN FISCAL STANDARDS ASSOCIATION

EDP (Electronic data processing) is an indispensable part of all business transactions. In spite of sophisticated auditing methods, financial administrations across the EU are constantly facing new challenges due to the use of new technologies and relentless technological progress. Systems are becoming increasingly complex and therefore no longer transparent. Business transactions are done online and across borders and therefore almost impossible to trace. According to tax authorities the loss in tax revenue is in the billions.

The problems involved are:

- At present businesses have no way to prove the accuracy of their data and their compliance with the law.
- Financial administrations do not trust the accuracy of data received and are therefore increasing their auditing efforts and as a consequence the pressure on businesses.

software producers are being held responsible and cannot avoid the damage to their reputation caused by the abuse of their own products.

In the European Union the course is being set to allow for the introduction of fiscal control systems. In some European countries fiscal control systems are already required by law.

In Austria measures were taken to gradually introduce certain legal prerequisites (Fraud Prevention Bill in 2006, establishment of a financial police in 2011, legal guidelines for cash registers in 2012).

As it turns out, the security of a system is irrelevant: As long as data remains inside a business, it can be manipulated without leaving a trace. This realization has led to a general lack of confidence in electronic recording systems on the part of financial administrations.

The only possible and logical solution for the above dilemma is to gather all relevant data at the source and to safely store it with a trustee outside the business for the duration of the obligatory retention period.

efsta (European Fiscal Standards Association) is offering a patented process developed in cooperation with the University of Hagenberg for the documentation of business transactions required to be recorded and guarantees the integrity and unchangeability of the data received vis-a-vis auditing authorities.

PATENT PENDING

The process involves a software BlackBox, which runs as a background PC service. With every relevant transaction the cash register or billing software transfers (registers) a fiscal record (receipt number, cash register ID, receipt total) via an open API connection to the BlackBox. The BlackBox confirms receipt with a distinct fiscal number (fiscal signature), which is printed onto the receipt. After calculation of the grand total the fiscal record is immediately encoded locally and added to the fiscal data, which in turn is transferred to the efsta data center in regular intervals.

The process offers several levels of security making sure irregularities, malicious attacks and manipulation attempts are immediately detected and stopped. efsta's encoding techniques and intelligent defense algorithms ensure maximum data protection and data security (see expert report). The process guarantees that only the owner of the data is able to produce the data in readable form. Thus only the owner of the data is able to create an access code to allow access to the data (e.g. to auditors or accountants or for internal audits). Data access can be limited as to time or content.

Authentication is provided by a trustworthy (country specific) agency.

Via an efsta online portal those authorized can access the fiscal data protocol (all data required to be recorded) and the so-called operational exceptions protocol (protocol covering unusual events) structured in the formats TXT, HTML, CSV and XML. In addition the validity and authenticity of individual receipts (individual verification) can quickly be checked online. The access code for individual receipts consists of the fiscal signature and the receipt total.

Software for the efsta process and the API connection will be supplied free of charge, operational overhead (system maintenance and upkeep, computer capacity, storage capacity, backup, issuance of individual certificates etc.) will be covered by a small annual fee.

efsta's goal is to achieve maximum legal compliance with a minimum amount of effort on the part of commercial enterprises and software producers.

The introduction of a standardized process developed in coordination with the financial administrations of the EU countries is designed to provide a uniform and definitive solution to the problems outlined above.

PATENT PENDING