

## Cost for non-compliance

A taxpayer who commits an offence is liable upon conviction to a fine not exceeding:

- 100 penalty units if the gross annual turnover of the taxpayer's business is less than \$130,000;
- 200 penalty units if the gross annual turnover of the taxpayer's business is greater than \$130,000 but less than \$1,000,000; or
- 500 penalty units if the gross annual turnover of the taxpayer's business is \$1,000,000 or more;
- a term of imprisonment not exceeding 12 months; or
- both a fine and imprisonment.

Tax Invoice Monitoring System  
(TIMS)  
Inland Revenue Services  
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## Tax Invoice Monitoring System (TIMS)

## Electronic Fiscal Device



POS



SDC



SECURE  
ELEMENT

## EFD Components

“**Electronic fiscal device**” or “**EFD**” means a system, composed of one SDC and at least one POS connected together, that—

1. receives, records, analyses and stores fiscal data;
2. formats fiscal data into fiscal invoices;
3. has a secure element which transmits the fiscal data to the IRS System; and
4. produces fiscal invoices and issues them to a customer;

Components include;

**1 “POS”** means a **point of sale** invoicing device or software which is an electronic device or software application that is:

1. used by a business for management control in the areas of sales analysis and stock control; and
2. a component of the business’s EFD
  - i. Into which a cashier enters the transaction data for each transaction made by the business; and
  - ii. From which a fiscal invoice for the transaction is issued;

**2 “SDC”** means a **sales data controller** which is the component of an EFD that—

1. receives transaction data from a POS component of the EFD;
2. analyses the transaction data into fiscal data;
3. formats the fiscal data as a fiscal invoice, creates the digital signature for the EFD and records the digital signature on the fiscal invoice;
4. transmits the fiscal invoice to the POS;
5. preserves the transaction data and fiscal data in an irrevocable and secure manner; and
6. transmits the fiscal data to the IRS System;

“V-SDC” means a virtual SDC that is software attached to the IRS System.

“External SDC” or “E-SDC” means a SDC that is hardware set up as a separate component of the EFD used by a taxpayer.

**3 “Secure element”** means the software and hardware used by an EFD and IRS to prevent tampering and unauthorised use of fiscal data transmitted to the IRS System and to maintain the integrity of the fiscal data;

## EFD

- 1.POS, cash register or software used for fiscal receipt issuing
- 2.Software, hardware or web service which controls the fiscal receipt, applies digital signature and sends receipt data to the server of IRS (Sales Data Controller)
- 3.Digital certificate for signing receipt

### ELECTRONIC FISCAL DEVICE



Figure 1 above shows variety combination of components to suite taxpayer’s business needs and budget

“**Digital signature**” means an encrypted digital code that—

- 1.is created by an SDC using private key;
- 2.is recorded on each fiscal invoice by the SDC;
- 3.identifies the taxpayer; and
- 4.verifies the integrity of the SDC when it transmits fiscal data to the IRS System;

“**Digital certificate**” means a unique electronic document issued by the Commissioner for each EFD that—

- 1.authenticates the EFD when it links with the IRS System; and
- 2.contains public and private key for creating, producing and verifying the digital signature of the EFD

## Who must use EFD

“group of businesses” means a group of businesses specified by the Commissioner by notice published on the Ministry’s website

## Cost of tax compliance

Are you able to receive emails on your smart phone?



•If yes, IRS can send you digital certificate and provide you a free app to start issuing your fiscal invoices today!

•If no, how much is the cheapest smartphone?

You can email, viber or whatsapp your fiscal invoices to your customers, but if you need to print them, just find a printer.



More sophisticated EFD to suite your business needs may run from 1500 WST and up.

