

**Information  
concerning the separate display of the costs  
of waste tyre take-back, processing and use**

Dear participants of the Eltma collective scheme,

In response to your questions, we provide you with information regarding the tax and accounting aspects of displaying the costs of take-back and use of tyres on a separate basis ("**visible fee**").

Under Section 38a (5) of the Waste Act, obligated persons (i.e. producers and importers) and distributors, including the ultimate vendor, are obliged upon the sale of tyres to display the costs of waste tyre take-back, processing and use on a separate basis. With regard to both this duty and transparency across the entire supplier chain, the typical display of the visible fee on tax documents may be considered as the one identifying the costs per tyre in the form of a **separate item in the accounting for goods**. Such a display of the visible fee on tax documents may be schematically depicted as follows (visible fee, including the appropriate additional notice, is given in colour):

○ Tyre A (5 pieces), weight 10 kg/piece.....	CZK 10,000.00
○ Recycling fee (CZK 32.00/piece).....	CZK 160.00
○ Price .....	CZK 10,160.00
○ Tyre B (4 pieces), weight 15 kg/piece.....	CZK 20,000.00
○ Recycling fee (CZK 48.00/piece).....	CZK 192.00
○ Price .....	CZK 20,192.00
○ Sub-total.....	CZK 30,352.00
○ VAT (21%).....	CZK 6,373.92
○ Total.....	CZK 36,725.92

Notice: The final price also includes the costs of the waste tyre take-back, processing and use in line with the Waste Act in the amount of CZK 3.20/kg (recycling fee). All tyre producers, distributors and ultimate vendors are obliged to display these costs separately upon sale.

Your questions primarily concerned the tax and accounting aspects specified below. Although we are not in a position to provide a binding interpretation of the relevant legal regulations, we consider it part of our role as a producer responsibility organization to help participants, as far as we are able, with the orientation in respective legal regulations. For this reason, we consulted the relevant questions with the General Financial Directorate with the following result:

1. Is the above-specified display of the visible fee on tax documents (separate display of the costs of waste tyre take-back, processing and use attributable to one tyre sold in the form of a separate item of a tax document) in line with the Value Added Tax Act? **Answer: The above-specified display of the visible fee on tax documents is in line with the Value Added Tax Act.**
2. Are the affected obligated entities supposed to account for the costs of waste tyre take-back, processing and use as own expenses? **Answer: Producers and importers account for the costs of waste tyre take-back, processing and use as own expenses, i.e. as the origination of a duty to contribute to a collective scheme to be debited by the accounting unit to the respective expense account and credited to the relevant payable account.**

ELT Management Company Czech Republic s.r.o.  
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