

## Notice of waste legislation change in the Czech Republic from 1 January 2021 - visible fee on invoices

Dear participants of the Eltma collective scheme,

We would like to draw your attention to the change in the legislative requirements for separate reporting of costs for the take-back, treatment and recovery of waste tyres ("visible fee") in the Czech Republic effective as of **1 January 2021**.

According to the adopted Act on the Selected End-of-Life Products, following provision are effective as of 1 January 2021:

*"Section 99 Separate reporting of costs*

*(1) When selling tyres, the tyre producer, distributor and last seller are obliged to state separately from the tyre price the costs of take-back, treatment and recovery of waste tyres **per 1 tyre sold or 1 kilogram of tyres sold**, in particular **in the form of separate entry on a tax document according to the Value Added Tax Act.***

*(2) The separately reported costs referred to in paragraph 1 shall not exceed the costs known to the tyre producer at the time the tyre is placed on the market or a demonstrable estimate of the anticipated costs if these costs arise only after this moment. If a tyre producer fulfils the obligations stipulated by this Act in a collective system, the costs known to the tyre producer at the time the tyre is placed on the market shall be determined on the basis of the amount of the contribution paid to the collective system operator pursuant to Section 46 (1)."*

In order to clarify any ambiguity and achieve a uniform interpretation of this obligation, the Ministry of the Environment issued the visible fee methodical instruction. The methodical instruction is available at [https://www.mzp.cz/cz/oddelene\\_uvadeni\\_nakladu](https://www.mzp.cz/cz/oddelene_uvadeni_nakladu).<sup>1</sup>

Unlike the previous legal framework<sup>2</sup>, **from 1 January 2021, it is primarily necessary to indicate the visible fee as a separate item on the invoice.** The reason for the change in legislation is to fulfil the purpose of the visible fee institute, which is mainly to confirm to customers the origin of purchased tyres in terms of compliance with take-back obligations and to inform consumers about the price paid for a prepaid take-back service. Such a purpose can further be supported by other communication channels (for example additional information note on the invoice, on the seller's website, etc.).

---

<sup>1</sup> The purpose of this document is to help the entities interested in the issue of visible fee to understand the issue. We do not list all the aspects and details specified in the methodology, some aspects are generalized for the sake of comprehensibility and clarity.

<sup>2</sup> Section 38a (5) of Act No. 185/2001 Coll., on Waste, as amended: *"When selling tyres, the obliged person and the distributor, including the last seller, are obliged to separately state the costs of taking back used tyres and treatment and recovery of waste tyres. This does not affect the obligations of the last seller stipulated by the pricing regulations."*

Together we make a **better world**

**ELT Management Company Czech Republic s.r.o.**

Operator of non-profit collective scheme for end-of-life tyres, authorisation no. K0001/16-PCZ,  
corporate ID: 04 684 010, registered office at Tuřanka 1222/115, 627 00 Brno,  
registered in the Commercial Register of the Regional Court in Brno, file no: C 91423

**It is not sufficient to inform that the corresponding amount of visible fee is part of the purchase price at the end of the invoice.**

Based on the recommendation of the Ministry of the Environment it is appropriate to use the term “recycling fee”, which corresponds with the recommendation of the Ministry of the Environment as well as the terminology used in our contract.

This obligation applies to tyre producers, distributors and last sellers. This means that the visible fee is stated throughout the whole of sales chain without any distinction. A producer of functional units with tyres is also considered to be a tyre producer. Therefore, even producer of producers of functional units have to state the visible fee separately on the invoice.

Last sellers and distributors, who purchase tyres from various suppliers, have to pay special attention to this obligation. The suppliers can fulfil their obligations in different ways (individually or collectively) and the supplied tyres can be charged a different amount of recycling fee. The distributor and last seller have to distinguish which visible fee is linked to which tyre and state different recycling contribution for each tyre on the invoice. For clarity, we present schematic examples <sup>3</sup> of the separate reporting of the visible fee from 1 January 2021 in both variants permitted by law (with an indication of the unit price per piece and per kilogram.<sup>4</sup>

VISIBLE FEE FOR A PIECE OF SOLD TYRES	VISIBLE FEE PER KILOGRAM OF SOLD TYRES
Tyre type A (5 pcs) ..... 10,000.00 CZK	Tyre type A (5pcs), weight 10 kg / piece ..... 10,000.00 CZK
<b>Recycling fee Eltma (37,30 CZK / piece) .....186,50 CZK</b>	Tyre type B (4pcs), weight 15 kg / piece ..... 20,000.00 CZK
Price ..... without VAT 186,50 CZK	Total without VAT ..... 30,000.00 CZK
Tyre type B (4pcs) ..... 20,000.00 CZK	<b>Recycling fee Eltma (3.73 CZK / kg) .....410,30 CZK</b>
<b>Recycling fee Eltma (55,95 CZK / piece) .....223,80 CZK</b>	Tyre type C (5pcs), weight 10 kg / piece ..... 10,000.00 CZK
Price without VAT ..... 20,223,80 CZK	Tyre type D (4pcs), weight 15 kg / piece .....20,000.00 CZK
Tyre type C (5 pcs) ..... 10,000.00 CZK	Total without VAT ..... 30,000.00 CZK
<b>Recycling fee Producer (40.00 CZK / piece) ..... 200.00 CZK</b>	<b>Recycling fee Producer (4.00 CZK / kg ).....440.00 CZK</b>
Price without VAT ..... 10,200.00 CZK	
Tyre type D (4pcs) ..... 20,000.00 CZK	
<b>Recycling fee Producer (60.00 CZK / piece) ..... 240.00 CZK</b>	
Price without VAT 20,240.00 CZK	
Subtotal ..... 60,850,30 CZK	Subtotal ..... 60,850,30 CZK
VAT (21%) ..... 12,778,56 CZK	VAT (21%)..... 2,778,56 CZK
Total..... 73,628,86 CZK	Total ..... 73,628,86 CZK

<sup>3</sup> The tyre labelling „A, B, C, D“ is used only for the purpose of distinguishing the individual tyres sold in that example (to illustrate the different weights and amount of visible fee) and does not represent any categories under the End of Life Products Act.

<sup>4</sup> Such a visible fee was already in accordance with previous legislative requirements. These are schematic examples, for tyres A and B using the current recycling fee of the Eltma collective system 3.73 CZK/kg, for tyres C and D using the illustrative visible fee of a "Producer" in the amount of 4 CZK/kg. Visible fee shall be in the amount of the current recycling fees paid to the collective system. In the case of individual fulfilment of take-back obligations, the producer shall prove the calculation of stated visible fee (qualified estimate of stated future related costs). It is the individually fulfilling producer's obligation to prove the amount of visible fee, following subjects in the supply chain shall only consistently copy the amount of the visible fee specified by the producer on all invoices until the final sale to the end-user.

Specific distribution of information on the tax document depends on graphic layout and scheme of the tax document by the subject. Though it should always be stated (i) what recycling fee is invoiced for each tyre, (ii) what recycling fee rate is used, (iii) what is the quantity of products or their weight. The exception is when all tyres carry the same visible fee. In that case, it is possible to replace point (i) with total amount of recycling fees for the entire invoice. Information stated in points (ii) and (iii) shall still be provided (it is the only way to calculate recycling fees to specific tyres).

Violation of the obligation to state the visible fee in accordance with the law might be sanctioned with a penalty of up to CZK 500,000. The obligation applies to each of the companies in the supply chain **separately**. This means that if the supplier does not state the visible fee on the tax document, it does not release the buyer from liability automatically, if he does not state the visible fee. It is therefore in the interest of all entities involved to indicate the visible fee in accordance with the law, so as not to jeopardize the fulfilment of legal obligations of other companies in the supply chain<sup>5</sup>.

Finally, obligation to report visible fee was previously consulted with the General Financial Directorate on all the following related aspects of visible fee reporting:

- (i) The indication of the visible fee on the tax documents as described above **is in accordance with** the Value Added Tax Act.
  
- (ii) Manufacturers and importers shall account for the costs of take-back, treatment and recovery of waste tyres **as their own expense**, i.e. charge an obligation to contribute to the collective system to the relevant cost account and to the benefit of the relevant liability account.

In Prague on 24 March 2021

---

<sup>5</sup> The way of fulfilment of obligations is a specific subject's liability and this document does not represent any binding interpretation of legislation nor does it replace it in any way.