



TEAMDRIVE
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A guide to GoBD: What entrepreneurs should consider

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1 Introduction: What is the GoBD about?

Electronic invoices, electronic document collection, electronic processing of tax-relevant files: in the course of digitization, companies must adhere to strict accounting rules vis-à-vis the tax authorities. Otherwise, the tax authorities can discard all records during the next tax audit - with the possible consequence that the company's income and expenses are estimated. "As a rule, this automatically leads to high additional tax payments, because the tax office tends to set the profit higher", warns Anne Thätner, tax consultant of the Ecovis group of law firms. Formal deficiencies in the bookkeeping are therefore expensive.

Since 2015, the principles for the proper keeping and storage of books, records and documents in electronic form as well as for data access - in short, the GoBD - have defined the requirements to be met by company managers. "The rules already in force up to now have been summarized and adapted

to the use of modern information technologies," explains Anne Thätner, tax consultant at the law firm Ecovis. Small and medium-sized enterprises have to take them into account just as much as large companies, revenue-surplus calculators as well as accountants (letter from the Federal Ministry of Finance IV A 4 - S 0316/19/10003 :001). "Smaller companies are also checked to make sure that they comply with them," says Thätner.

The GoBD are relevant for all companies, associations or self-employed persons. This means that companies that archive documents subject to retention in electronic form must conduct their accounting in accordance with these principles. TeamDrive Systems has therefore developed an archiving solution that complies with the GoBD.

In the following, entrepreneurs and revenue-surplus calculators will find an outline of the most important rules of the GoBD, especially with regard to the requirements for so-called audit-proof archiving. This means that documents must be retrievable, traceable, unchangeable and tamper-proof in the sense of the tax office.

2 What do the GoBDs demand of companies?

That is a very complex topic: The AWV, the working group for economic administration registered association, provided a "practice manual for enterprises" in addition (<https://www.awv-net.de/fachergebnisse/themenfokus/gobd/index.html>). The volume of the work comprises around 250 pages. The guideline is not static. Rather, the experts update the guide continuously. It contains the current version of the GOBD, which has been valid since the beginning of 2020. It can be downloaded free of charge.

In addition, entrepreneurs, self-employed persons or associations can make their work much easier with the TeamDrive software. The tax office essentially wants one thing: the tax-relevant business documents must be properly managed and stored. The GoBD specify what this means for the tax authorities in detail.

1. The bookkeeping must be comprehensible and verifiable. The bookkeeping enables third party experts - such as the external auditor - to obtain a comprehensive and complete overview of the economic and tax situation of the company and the corresponding business transactions.

2. The accounts must be complete. "All transactions that must be entered in the accounts must be shown in the accounting. No business transaction may be omitted, added or represented differently than it actually occurred", the AWV - Arbeitsgemeinschaft für wirtschaftliche Verwaltung e. V. summarizes another principle in its "Practical Guide for Companies".

3. All information must be correct. From the first document to the preparation of the balance sheet and the profit and loss statement, everything must be correctly recorded and displayed. The accounting documents the actual situation of the business operation. Nothing is represented better than it is. Nothing is falsified in order to save taxes.

4. The receipts and documents must be recorded promptly. This refers to the viewing and securing of the documents through an orderly filing of the documents. In the case of non-cash transactions, vouchers must be secured within ten days, in the case of creditor transactions within eight days. In the case of cash payments, for example, the income and expenditure must be recorded daily. Documents must not be lost, and this must be ensured - for example, by sequential numbering or by filing them in an orderly manner via folders or electronically. Periodic posting is subject to certain conditions.

5. The documents are available in an orderly form. The tax office expects that business records are not collected haphazardly and stored somewhere on a hard disk or possibly still in paper form in a shoebox. This is not trivial, because the tax office has clear ideas about order and adequate storage.

Tax-relevant documents, such as invoices that are received in paper form or sent by post, are assigned an order criterion, a document number. In the second step, they can then be filed in a folder and stored there. However, this is hardly a modern and up-to-date solution. The tax office accepts it if such tax-relevant paper documents are captured digitally. Quotations, delivery bills, invoices or account statements up to inventory lists: All this can be digitized. The paper documents can be disposed of if certain conditions are met.

Since the beginning of 2020, the tax authorities have been talking about so-called "image capture", which allows both the scanning process and, for example, photography using mobile devices (mobile scanning). It is important here to proceed strictly according to the specifications of the tax authorities. Otherwise, stress and trouble are programmed for the next audit - in the worst case, combined with high additional payments. When scanning, first of all an organizational instruction must be created. This states who in the company is allowed to scan, who controls this, who is responsible for archiving, which technology is used and how it is done.

"If paper documents have been converted into electronic documents by a scanning process, the procedure must be documented. Archiving technology must also be available, a DMS system is a mandatory requirement. Only the documentation is not enough," says Thätner. The tax office wants to be able to trace every step in the processing. This is the crux of the matter: In practice, it still often happens, for example, that an incoming invoice goes under the scanner and then reaches the respective clerk electronically. The clerk then prints it out. The clerk writes down in handwriting when he has checked it and with what result. According to the GoBD, in this case a new digitization and assignment is required. The invoice must be digitized and saved again. "Ideally, such a document is only touched with the mouse," advises Oliver Hubl, tax consultant in Alfter near Bonn.

Conversely, documents received or created electronically in the company must not simply be printed out and then archived in a cardboard folder. New since 2020 is that converted in-house formats with the same or higher machine readability may replace the original files. It is no longer necessary to keep both.

6. It must not be possible to manipulate the accounting. This includes payroll accounting, cash register and merchandise management systems, payment transactions, invoicing, time recording and electronic logbooks. For example, many companies create invoices with Word or Excel. "The tax office does not regard both formats as tamper-proof. That's why it's essential that they are saved and archived in an unchangeable format," says Thätner.

Important: The company or self-employed person ensures that the stored documents are accessible to auditors at all times. This should be possible via the company's internal hardware and software, directly on the screen. As a rule, business documents must be retrievable for ten years - this also applies to electronic files. During this time, however, programs and program versions change. For this reason, a check should be made every time the software is updated.

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The TeamDrive Systems software guarantees the so-called revision security of the documents in accordance with the GoBD. Entrepreneurs who store their tax-relevant documents in the TeamDrive Systems cloud need not worry. This is because the data in the cloud is also safe from access by unauthorized third parties. The protection of data has been particularly important to TeamDrive Systems since its foundation. With each installation, TeamDrive Systems creates an RSA-2048/3072 key pair. The special feature of the TeamDrive Systems solution is the complete end-to-end encryption, which only gives the user access to his unencrypted data.

Important: The tax offices do not issue any certificates that a software solution is audit-proof. The reason: The tax authorities are there to collect and assess taxes. This is what it says in paragraph 85 of the tax code. They take care of the application of tax law. It is not their task to issue certificates.

3 What happens if the GoBD is not met?

Formal errors lead to the fact that the auditors can quickly reject the accounting. They are then allowed to go into estimation. As a rough rule of thumb, the fiscal servants may increase the profit by up to 10 percent due to formal errors. "The tax auditors are obliged to check the specifications resulting from the GoBD," says tax consultant Oliver Hubl.

Formal negligence is relatively easy for fiscal servants to prove. When it comes to material inconsistencies, such as whether an asset was rightly or wrongly tax deducted, it is much more complicated to clarify.

"When in doubt, company bosses have to prove that they have not manipulated. They cannot do that if the GoBD has not been adhered to," says Hubl. Moreover, in certain cases - for example, if the tax officer cannot get access to the data - the tax office may set a delay fee. The bottom line is that this is reason enough to avoid discussions in the first place and to become active now at the latest.

4 When and how do entrepreneurs make the best start?

TeamDrive Systems offers audit-proof archiving. Companies can upload their documents to the TeamDrive cloud and store their data in an unalterable form. With just a few mouse clicks, the user creates a storage folder into which even old documents can be copied and backdated with corresponding retention start times. "With every change, a new version of the file is saved. An indelible audit trail - a history - guarantees traceability. An audit trail is easy to search through and creates a traceable documentation of all archived business transactions," says Detlef Schmuck, Managing Director of TeamDrive Systems.

5 Avoid GoBD errors: Quick check for accounting

Entrepreneurs should stay on the ball when it comes to GoBD and check at least once a year whether their accounting and electronic archiving still comply with the regulations. The checklist provides assistance here:

- - Are all tax relevant processes documented?
- - Has a so-called procedure documentation been created?
- - Has it been recorded in which areas EDP is used - for example in financial accounting, purchasing, invoicing and document security?
- - Has it been recorded which hardware software is used, which updates have been installed?
- - Are the setup protocols of your own software also available?

- - Is it described how receipts and documents are received, recorded, processed and stored? - Is there a description of the security measures taken to ensure that the accounting cannot be manipulated?
- - Are the personnel responsibilities noted?
- - Are the employees trained accordingly to comply with the defined processes?
- - Is compliance controlled?
- - Are the control guidelines documented?
- - Is there a receipt for every business transaction?
- - Do the documents have an order criterion, a document number?
- - Is care taken to ensure that the business transactions are recorded in a timely manner?
- - Are the documents stored in a correct, verifiable, complete, orderly and secure manner?
- - In particular: Is the archiving audit-proof?
- - Have precautions been taken against data loss?
- - Do the documents remain legible beyond the retention period?

6 A quick overview of innovations since 2020

The tax authorities did not tighten the GoBD at the beginning of the year. The changes only refer to individual points, the GoBD has remained in the tenor. The new version can be found in the BMF letter of 28.11.2019, IV A 4 - S 0316/19/10003:001). So what has changed?

Mobile Scanning Documents can be photographed with the smartphone and then electronically processed by the accounting department. The so-called mobile scanning is now permitted. For example, the hotel bill or train ticket can be photographed with the smartphone and then electronically processed by the accounting department. This applies regardless of whether the receipts are from abroad or domestic. Travel expenses can be accounted for on the basis of the photo files. Anyone who photographs receipts must meet the same requirements as those that used to apply to scanned paper documents.

In the Cloud More and more self-employed persons and entrepreneurs have online accounting. The GoBD have nothing against this, although the principles must be observed here as usual. Access to data must not be restricted by the cloud. Important: The server should be located within the German borders, otherwise again special regulations must be observed.

Corrections Correction or cancellation entries must be marked so that they refer back to the original entry. However, this should have been done in any practice anyway.

Electronic archiving When documents are transferred to a format that is proprietary to the practice for internal processing, both versions of the electronic document must be retained - with the identical index. The converted version must be marked.

However, double archiving may be dispensed with if no changes have been made to the document and provided that no information subject to retention has been lost during conversion. Automatic evaluation and access to the data must be guaranteed. It is also important that the conversion is clearly stated in the process documentation.

A procedural documentation from which the content, structure, procedure and results of the data processing can be derived is therefore still mandatory. It is true that the administration must not immediately reject an accounting just because it is missing. Nevertheless, it should be available.

Note: The white paper has been prepared to the best of our knowledge and belief, excluding any claim to completeness or liability. The present content does not constitute individual legal, accounting, tax or other professional information or recommendation. It is not a substitute for advice from competent persons taking into account the specific individual case.

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