

Counter-Fight Defeating Fictive Tax Invoices



CryptoCodex Ltd.
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Company Name **INVOICE**

Company Name
Street Address
City, ZIP Code
Phone 111 123 1234 Fax 111 123 1234

DATE: November 20, 2007
INVOICE # 100

Bill To: Name
Company Name
Street Address
City, ZIP Code
Phone

Ship To: Name
Company Name
Street Address
City, ZIP Code
Phone

Comments or Special Instructions:


SALESPERSON	V. O. NUMBER	SHIP DATE	SHIP VIA	F.O.B. POINT	TERMS
					Due on-hand

QUANTITY	DESCRIPTION	UNIT PRICE	AMOUNT
			\$

SUBTOTAL \$
 TAX RATE \$ 0.00
 SALES TAX \$
 SHIPPING & HANDLING \$
TOTAL \$

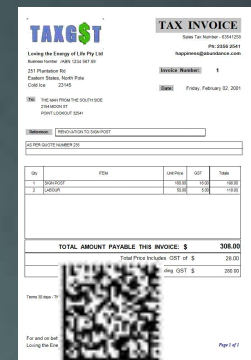
Note all checks payable to Your Company Name
If you have any questions concerning this invoice, contact Name, Phone Number, E-mail Address

THANK YOU FOR YOUR BUSINESS



Fictive Tax Invoices

- False Tax Invoices harm the general public.
- Decent people pay the tax, while others escape the legal path.
- Detecting fictive tax invoices is difficult, as the parties maintain common interest of silence.



The following points to a very efficient solution.

The most suitable one can be tailored to any authority's needs.

The main advantage:

Immediate materialization.

In **Full Intensity**



Working towards the tax payers

Utilizing the offered solution, will still enable the public to use the present system of manual and computerized tax invoices



The Solution

- For each Tax Invoice an 'AUTHENTICATION STAMP' will be issued
- Only the Tax Authority will be able to issue an Authentication stamp.
- For an invoice, to be recognized for tax deduction (as an expense) or for V.A.T refund, the Tax invoice should have an authentication stamp attached
- The receiver of a tax invoice will be able to enter the tax authority website and verify that the invoice in-hand is authentic.



The Authentication Stamp

- A valid Tax invoice will be only one carrying an Authentication Stamp
- The Authorities will set up an authentication center to issue and verify the stamps
- The stamp will include just the main Tax Invoice details, namely:
 - The VAT number of the issuing business
 - The VAT number of the receiving business
 - The Tax Invoice Date
 - The Tax Invoice Number
 - The total Tax Invoice amountOptionally:
 - Number of Lines
 - Number of items
- The Authority will add a reference number and will **encrypt** the result into a 2-D Barcode



Periodic Reporting

- Every business is required to issue periodic reports to the authorities
- The periodic reports will include a simple list containing the main details of the invoices they have issued
- The authority computer will validate the reported data
- Mismatching data will cause clarification call-up, which can be conducted by computerized means



COUNTER – FIGHT: The system

- CryptoCodex developed a unique encryption system
- The process performs at a very high speed
- The encryption strength survived intensive professional attacks
- The system was subjected to an international patent. Presently under 'Pending' status



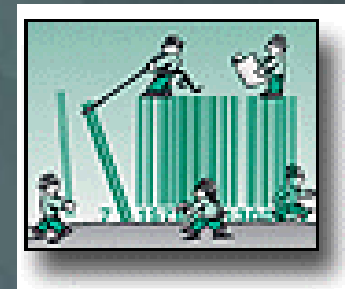
**Counter-Fight is the ONLY available system fitting a 2-D Barcode,
As Counter-Fight does not increase the result volume**





The Barcode Technology

- Available in a wide commercial and industrial use
- Negligible printing costs
- Reading equipment is available in the market at reasonable costs
- A 2-D Barcode can hold several hundreds of data characters



Home & Office Reading Options

- Flat scanner
- Web-Cam
- Cellular phones
- Hand-Held Scanner
- Hand-Held Terminal



Utilization of the Authentication Stamp

- Will be printed on an adhesive label
- Will be printed on plain paper and will be attached to the Tax Invoice
- In the future (allowing software houses to get organized): Will become an integral part of the printed Tax Invoice



The Authentication Stamp

- Everybody can print a 2-D Barcode
- Everybody can read a 2-D Barcode
- Only the Tax Authority can decrypt the content of a stamp
- Only the Tax Authority can provide an encrypted stamp (containing the requested data, as detailed above)





Authentication Centers

- The only requirement is guarding the encryption system and the encryption key
- Use of several (any quantity) keys is possible
- It is possible to set up any desired quantity. Doing so will ease the workload on other

authentication centers

- The authentication process is simple and can be executed from the TV couch



System adaptation – Also in steps

- Gaining all of the system advantages is by utilization of the complete system
- Hence, most of the system benefits can be gained even by partial adaptation of the system

