

# News Flash

December, 2014

## Before Christmas update of tax changes status

*Tax changes planned for 2015 are regulated by four different amendments to tax acts. Three of these amendments have been already published in the Collection of Laws and effectiveness of the changes is certain. Uncertain situation remains in case of technical amendment to the VAT Act, which has been returned by the Senate to the Chamber of Deputies with changes proposal.*

*Please find below a brief information about current legislative status of the technical amendment to the VAT Act and selected tax changes, which can affect your company immediately as of 1 January 2015. List of other changes effective as of 2015 can be found in any of our previous Tax Alerts.*

## Current legislative status

The last amendment which has not been finally approved so far is the VAT technical amendment. This amendment contains mainly changes in the area of taxation of real estates and broadening the application of so called local reverse charge.

Currently, it is not certain whether the legislative process of this amendment will be finished by the end of 2014. The amendment was returned by the Senate to the Chamber of Deputies with proposal of changes on 10 December 2014. The effectiveness of the VAT changes will thus depend on a decision of the Chamber of Deputies about changes proposed by the Senate. Signature of the President of the CR before the end of 2014 is further needed. We will inform you about development in this area.

We would like further highlight chosen tax changes which may affect your business as of the first day of the new year:

## Tax changes with immediate impact on activities of company from 1.1.2015

- Introduction of the **second reduced VAT rate of 10%** - applicable in case of medicines, baby nutrition, printed books, etc.
- **Changes in determination of place of taxable supply in case of services provided to end customer from EU-country** (non-VAT payers) – applicable on electronic services (web hosting, download of application, electronic books, etc.), telecommunication services, TV broadcasting.
- **Broadening of application of local reverse charge** – in case of transactions with grains, precious metal, tablets, mobile phones, etc. (**Note:** According to current information of the Ministry of Finance CR the effectiveness of this provision may be postponed to 1 May 2015).
- **Obligation of taxation of non-monetary income higher than CZK 100,000 in case of received interest-free loans** – irrespective a fact whether the loan was received from related or non-related party.
- **New rules of tax deductibility of recharged expenses** which were originally treated as tax non-deductible (§ 24/2/zc of the Income Tax Act).

If any of the above changes should affect your company, we would be pleased to offer you our assistance.

## Contact

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