

News Flash

January, 2015

VAT changes

We would like to inform you that technical amendment of VAT legislation was approved and published on 31 December 2014 (Act No. 360/2014 Coll.). There were some substantive changes and simultaneously effectiveness of certain provisions was postponed. Please find below the most important changes, including their effectiveness.

We would like to also point out that a new VAT return form is available (a model No. 19). The taxpayers are obliged to use this VAT return form since taxable period of January of 2015, respectively 1st quarter of 2015. According to information from the General Financial Directorate the taxable supplies which are subject to lower VAT rates of either (15 %) or (10%) should be both disclosed in the same line.

Reverse charge mechanism

Extension of application of local reverse charge mechanism. Reverse charge mechanism will be newly applicable on selected commodities listed in the new Annex No. 6 to the Value Added Tax Act and simultaneously characterized through the customs nomenclature codes in Governmental Decree No. 361/2014 Coll. The selected commodities include:

- allowances for greenhouse gas emissions without value limit with the effect from 1st January 2015;
- mobile phones, portable automatic data processing devices (tablets and laptops), video game consoles, integrated circuits, certain cereals and industrial crops, some metals including precious metals;

Reverse charge mechanism should be applied on above mentioned items only provided the total amount of the tax base exceeds the limit of CZK 100,000. In this case the effectiveness is postponed to 1st April 2015.

- sugar beet with the effect from 1st September 2015.

Turnover

The turnover limit for obligatory VAT registration in the amount of CZK 1,000,000 remains in force for 2015.

Change in the calculation of floor area of so called "flat for social housing"

With the effect from 1st January 2015 new rules for calculation of the floor area of so called "flat for social housing" apply.

Real estate transfer

The effectiveness of the new rules covering application of VAT or exemption from VAT with respect to transfer of immovable property is postponed to 1st January 2016.

Local sales and purchase report

With the effect from 1st January 2016, the taxpayers will be obliged to file together with their VAT return also a VAT check list. The form of the report remains unknown.

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