2023 Tax Guideline

Czech Republic

General information about the Czech Republic

Location: The Czech Republic is located in Central Europe, bordered by Germany, Austria, Slovakia and Poland.

Capital: Prague

Area: 78,864 km^2

Population: 10.5 million

Official language: Czech

Official currency: CZK

The head of state: President

GDP growth: 2,4% in 2022 (preliminary data, www.cnb.cz). As a result of the current pandemic situation, GDP has fallen significantly compared to previous years.

Membership:

- European Union (2004)
- EU Schengen Agreement (2007)
- OECD (1995)
- UN (1993)
- GATT (1993)
- WTO (1995)
- NATO (1993) and some other international organizations.

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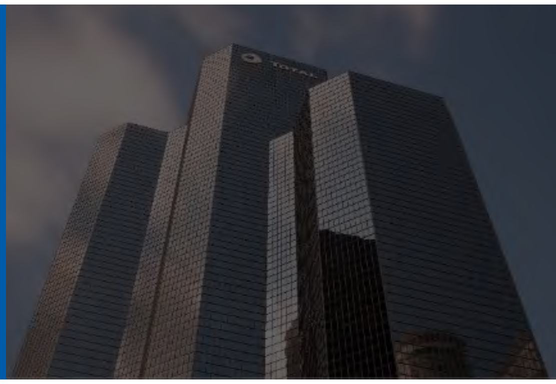


General rules on purchasing of real estate

The real estate investor can acquire real estate located on the territory of the Czech Republic by way of an asset deal (e.g. direct acquisition of real estate) or a share deal (e.g. acquisition of a corporation owning real estate).

Asset deal

Foreign entities (natural or legal) may directly acquire real estate in the Czech Republic.

Share deal

As an option, the investment can be done through a resident corporation which directly owns the real estate.

Legal forms of business

The form of business		The minimum capital (approx. in EUR)	Corporate Income Tax treatment	Tax rates
English	**Czech**			
Unlimited Partnership	Veřejná obchodní společnost (v.o.s.)	N/A	Income tax base is calculated at the level of the partnership and then transferred to partners; tax is levied at the level of the partners. No need to file a tax return.	15%[1] or 19% [2]
Limited Partnership	Komanditní společnost (k.s.)	N/A	Income tax base attributable to general partners is transferred to general partners and tax is assessed at the level of general partners. The remaining part of the income tax base is taxed at the level of the entity.	15%[1] or 19% [2] 19% [3]
Limited Liability Company	Společnost s ručením omezeným (s.r.o.)	N/A	Non-transparent, fully liable to tax.	19%
Joint Stock Company	Akciová společnost (a.s.)	CZK 2,000,000 (approx. EUR 83,330[4])	Non-transparent, fully liable to tax.	19%
Branch	Organizační složka	N/A	Income tax base attributable to the Czech branch is taxable.	19%
Cooperative	Družstvo	N/A	Non-transparent, fully liable to tax.	19%
Sole entrepreneur	Živnost	N/A	Taxed as part of the overall liability of the individual.	15%

1) *In the case that the general partners are individuals, personal income tax rate of 15% applies.*
2) *In the case that the general partners are corporations, the corporate income tax rate of 19% applies.*
3) *Tax base attributable to limited partners is taxed at the level of the partnership at 19% corporate income tax rate.*
4) *Exchange rate used – 24.000 CZK/EUR, rounded to the nearest 10.*

Social security and labour law aspects

General social security and health insurance

Contribution for	Maximum ass. base per year	Employee	Employer	Sole entrepreneur
Social security				
- Pension insurance		6.5%	21.5%	28%
- Sickness insurance	CZK 1,935,552 (approx. EUR 80,648)	N/A	2.1%	2.1%[1)]
- Unemployment insurance		N/A	1.2%	1.2%
Health insurance	N/A	4.5%	9%	13.5%
TOTAL		**11%**	**33,8%**	**44.8%**

1) The contribution is voluntary.

Social security and health insurance assessment base of an employee is derived from taxable employment income. In case of sole entrepreneur, the assessment base is calculated as the half of the personal income tax base.

The maximum base for social security contributions amounts to CZK 1,935,552 (approx. EUR 80,648) per year/per employer.

If the assessment base exceeds the limit, the amount of income that is above the limit is not

subject to social security. When an employee has more than one employer during the year, the limit for social security contributions (24,8%) is applicable for each employer separately.

Residents of the EU are covered by the provisions of EC Regulation 883/2004 regulating social security and health insurance rules in case of cross-border activities. If non-EU residents work in the Czech Republic or Czech nationals work in a third country a bilateral social security agreement may provide for the applicable social security legislation (where such agreement is concluded). Provided that a bilateral social security agreement is not concluded, the local legislative applies only.

General comments on labour law

<table>
<tr><th colspan="2">Main features of employment relationship</th><th>Applicable law on labour</th></tr>
<tr><td>Contract type</td><td>Labour contract (either for definite or indefinite period)
Agreement on work performance
Agreement on working activity</td><td rowspan="5">Act No. 262/2006 Coll. Labour Code
Act No. 589/1992 Coll. on social insurance
Act No. 48/1997 Coll. on health insurance
Government regulation No. 567/2006 Coll. on minimum salary
Act No. 309/2006 Coll. on safety and health protection at work
Act No. 251/2005 Coll. on labour inspection</td></tr>
<tr><td>Contract must include</td><td>Type of work
Place of work
The day the employee shall start his / her work
(The contract must be concluded in writing)</td></tr>
<tr><td>Working time</td><td>40 hours per week</td></tr>
<tr><td>Holiday entitlement per year</td><td>20 days</td></tr>
<tr><td>Other comments</td><td>Trial period (max. 3 or 6 months), statutory rules in case of employment termination, notice period (minimum of 2 months)</td></tr>
</table>

Taxes on corporate income

Corporate income tax (“CIT”) – rates

19%

Is the rate of the **corporate income tax**.

5%

Is the rate of **basic investment funds**.

0%

Is the rate of **pension funds.**

Corporate income tax – general information

Residence

A company is treated as resident if it has its legal seat or place of effective management in the Czech Republic.

Taxable income

Resident companies are taxable on their worldwide income. The taxable income is calculated on the basis of the accounting profits according to Czech accounting regulations and is adjusted for tax purposes. Non-resident companies are taxed only from Czech source income.

Tax period

The calendar year or the fiscal year.

Tax returns and assessment

The taxpayer has the obligation to calculate the tax due in the corporate income tax return (self-assessment). The time-limit for filing the tax return is generally three months after the end of the tax period. If the CIT return is filed electronically, the time-limit for filing the tax return is four months. If the CIT return is filed by a tax advisor or the taxpayer is subject to a statutory audit, the time-limit for the submission of the CIT return is six months.

Tax advancement

< CZK 150,000

Advance payments have to be paid semi-annually, if the last known tax liability is between CZK 30,000 – 150,000 (approx. EUR 1,250 – 6,250). Then the advance payment is 40% of the tax liability.

> CZK 150,000

If the last known tax liability is higher than CZK 150,000 (approx. EUR 6,250), the advance payment is ¼ of the previous tax liability and is paid quarterly.

Deductions

Generally, expenses incurred in obtaining, ensuring and maintaining taxable income are fully tax deductible, unless they are listed as non-deductible items or items which are deductible only up to a limit set by the law.

Deductions on research and development

Expenses on research and development projects can be deducted from tax base up to 100%, resp. 110% of the expense. In fact, research and development costs are claimed twice, because the cost of research and development project remains in the calculation of the tax base. Deduction can be made for up to 3 years.

Education tax deduction

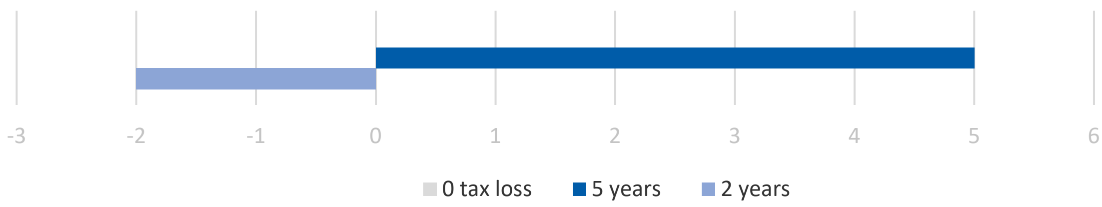
Companies can obtain tax deductions in two forms. A deduction for assets acquired for professional education, can be made twice:

1st by the depreciation of asset which decreases the tax base

2nd by the deduction of up to 110% of value of asset in the year of acquisition

Companies providing professional education can deduct CZK 200 (approx. EUR 8) per hour of educational activity, which is the second form of deduction.

Tax losses



Tax losses derived after 1993 may be carried forward for 5 tax years.

Starting from July 2020, the tax losses can be carried backwards for 2 tax years. The maximum amount that can be claimed is CZK 30 million (approx. EUR 1,250,000).

Exemption from taxation

The following types of income are tax exempt:

Dividends paid by a subsidiary (CZ or another EU Member State resident) to its parent company (CZ or another EU Member State resident).

Income from sale of participation in a subsidiary (CZ or another EU Member State resident).

Dividends and income from sale of participation in a subsidiary if the subsidiary is a non-EU resident from a “double tax treaty” country and is subject to corporate income tax which is not lower than 12%.

There are several conditions which must be met to be able to claim the exemptions in the situations 1-3 above. The key condition is that the parent company holds at least a 10% share in the subsidiary for at least 12 uninterrupted months. Income under situation 1 above is tax exempt if it is paid to a resident of Switzerland, Norway, Iceland and Liechtenstein as well.

Incentives

Investment incentives are available to Czech Republic seated entities owned by both Czech and foreign investors for the following supported areas:

Manufacturing industry

Technology centers

Business support services centers - shared-services centers, software-development centers and high-technology repair centers, call centers and data centers

While meeting the conditions, investments incentives can be provided in the following forms:

- Income tax relief for up to 10 years
- Financial support for creation of new jobs
- Financial support for training and retraining new employees
- Financial support in the case of strategic investments in manufacturing or in technology centers
- Transfer of public land at a favourable price
- Real estate tax exemption for up to 5 years
- Grant of investment incentives is subject to government approval

Withholding tax

Dividends

15%

Is the tax rate on dividends paid to residents and non-residents.

However, under the EU parent-subsidiary directive, dividends paid from subsidiary to parent company are exempted from taxation under the following conditions. Dividends paid from a subsidiary (CZ, EU) to its parent company (CZ, EU) are exempted from taxation, if the parent holds at least a 10% share in the subsidiary for at least 12 uninterrupted months. Similar treatment applies also to dividends paid by a CZ subsidiary to a parent company seated in Norway, Iceland, Switzerland and Liechtenstein.

35%

Is the withholding tax rate when dividends are paid to other jurisdictions than EU/ EEA states or states with which the Czech Republic did not conclude a double tax treaty.

Interest

15%

Is the withholding tax rate on interests paid to non-residents. Exemption can be applied when interest is paid by a Czech resident to a company with permanent residency in the EU, Switzerland, Norway, Iceland or Liechtenstein. Taxpayers from EU/EEA are permitted to file a tax return to deduct costs related to interest payment.

35%

Is the rate when interest is paid to other jurisdiction than EU/ EEA states or states with which the Czech Republic did not conclude double tax treaty.

Royalties

15%

Is the withholding tax rate on royalties paid to non-residents. Royalties can be exempted from taxation when paid from Czech tax resident to company from EU member state, Switzerland, Norway, Iceland or Liechtenstein. Taxpayers from EU/EEA are permitted to file a tax return to deduct costs related to royalties.

35%

Is the rate when royalties are paid to other jurisdiction than EU/ EEA states or state with which the Czech Republic did not conclude double tax treaty.

Anti-avoidance rules

Thin capitalization

It is prohibited to deduct interest expenses from loans provided by related parties when the sum of loans during a tax period exceeds six times the equity if the recipient of a loan is a bank or insurance company or exceeds four times the equity for other recipients of loans.

Excessive borrowing costs

Excessive borrowing costs are tax deductible only up to a predefined limit. The limit is set at 30% of tax profit before taxes, interest, depreciation, respectively CZK 80 million.

At the same time, the Income Tax Act allows the tax base or the difference between income and expenses to be reduced in the following tax periods by amounts that have under the proposed rule increased the tax base or the difference between income and expenses in previous periods. The mentioned reduction of the tax base or the difference between income and expenses is allowed in a tax period in which the taxpayer does not reach the limit of excessive borrowing costs.

Controlled foreign company

In determining its tax base, the controlling company considers the so-called included revenues achieved by the controlled foreign company. Included revenues cover e.g. license fees, dividend income, income from sale of ownership share, income from sale of goods and provision of services from/to affiliates without added value/ with little added value, insurance, banking and other financial services, etc.

The so-called included revenues form part of the tax base of the controlling company in proportion to the share capital of the controlled foreign company. The adjustment of the tax base of the controlling company by the included revenues shall not be done provided that such an adjustment would lead to decrease of the tax base of the controlling company.

DAC6

The Czech Republic implemented DAC VI EU guideline under which cross-border arrangements the implementation of which can lead to a tax advantage must be reported to tax authorities. The first reporting deadline was set at 31 January 2021.

DAC7

The Czech Republic implemented DAC VII EU guideline that requires operators of digital platforms in the EU to report information about their providers.

The directive impacts platforms with the following activities:

- Rental of immovable property, both residential and commercial
- Rental of any mode of transport
- Providing personal services
- Sale of goods

The first reporting period is scheduled for 2023 and the first reporting deadline is set at 31 January 2024.

Transfer pricing

The transfer pricing rules apply between related parties (both resident and foreign). Parties are related if one has direct or indirect participation of 25% in capital or voting rights of the other party. Parties can also be related when the same person participates in management or control of both parties.

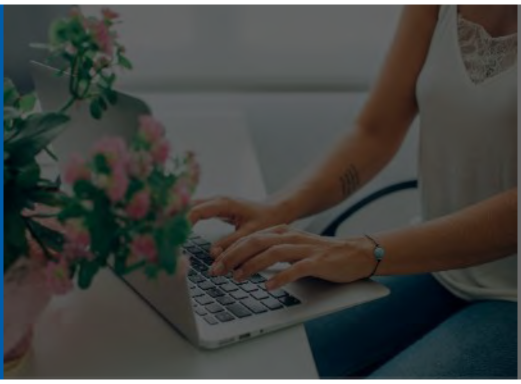
When prices in transaction between related parties differ from market prices and the difference is not justified, tax base is adjusted by the difference.

International aspects

Double tax treaties

Elimination of double taxation (credit or exemption) is available under the relevant double tax treaty. The unused part of foreign tax may be deducted as a tax expense in the following period.

Taxes on individual income



Personal income tax - rates

The abolition of the concept of super-gross salary has introduced progressive taxation of individuals with the effect from 2021.

15%

Is the applicable tax rate on income up to CZK 1,935,552 (approx. EUR 80,648), which monthly equals an employment income up to CZK 161,296 (approx. EUR 6,720).

23%

Is the applicable tax rate in 2023 on income exceeding CZK 1,935,552 (approx. EUR 80,648).

Certain types of income are not aggregated but are subject to a special final withholding tax of 15% or 35%.

Personal income tax – general information

Residence

Individuals who have their permanent residence or habitual abode in the Czech Republic are treated as Czech tax residents. An individual has their habitual abode in the Czech Republic if they are present in the Czech Republic for at least 183 days (in aggregate) in a calendar year (except individuals who stay there for the purposes of studying or receiving medical treatment). All other individuals are treated as Czech tax non-residents. Should an individual be also regarded as a tax resident in another country based on the other country's domestic law, the double tax treaty determines his/her final tax residency status based on tie breakers stipulated in the respective double tax treaty.

Taxable income

Individuals who are residents for tax purposes in the Czech Republic are taxed on their worldwide income. Czech tax non-residents are taxed only on Czech source income only. Taxable income of an individual is usually calculated by aggregating the separate net results of the following income categories:

Employment income: salaries, wages, bonuses, remuneration of executives and board members

Income from the independent activity: income from business activities and professional services

Capital income: interests and dividends (also from foreign sources for Czech tax residents)

Rental income: income from lease of immovable property

Other income: income from the sale of securities, sale of property (if not tax exempt)

Related expenses can be applied only for the income from the independent activity, rental and other income. Specific exemptions and deductions differ for each income category, for the income from the independent activity and rental income, expenses can be applied as a percentage of income or as actual expenses.

Tax base for the employment income used to be calculated as super-gross salary, i.e. gross income increased by social security contributions and health insurance paid by an employer. **From 2021, tax base for the employment income will be taxed directly by the tax rate of 15% or 23%**. For 2023, the second tax rate is applied on income exceeding the annual amount of CZK 1,935,552, approx. EUR 80,648 / monthly amount of CZK 161,296, approx. EUR 6,720.

Exemption from taxation

There are several exemptions from taxation stipulated in the Income Tax Act e.g.:

- Income from sale of house or flat is exempted from taxation, if the seller has a permanent residence for at least 2 years before the sale.
- The time test for exempting income from the sale of real estate not used / intended for residential purposes was extended from 5 to 10 years. Income from sale of immovable asset is

exempted from taxation, when the period of ownership of the asset exceeds 10 years before the sale. This applies to sales of properties acquired after 1 January 2021.

- Income from sale of movable property (some exceptions apply).
- Income from sale of a share in a limited liability company entity is exempted from taxation if the share was held for at least 5 years before the sale.
- Income from sale of securities is exempted if they are held for at least 3 years before the sale or if the total income does not exceed CZK 100,000 (approx. EUR 4,160).
- Social transfers.
- Pensions are exempted up to CZK 622,800 (approx. EUR 25,950).

Tax period

Calendar year.

Tax assessment

Tax return must be filed by 1 April of the following year (paper form) or by 1 May electronically via a data mailbox or with an electronic signature. The deadline can be extended until 1 July if the tax return is prepared and filed by a tax advisor or by an attorney based on a power of attorney. An employee, who does not have to file the tax return, may take part in the process of annual tax reconciliation arranged by the employer, the request has to be signed by 15 February.

Losses

Tax losses generated from independent activities and rental activities may be set off against all types of income (except of employment income). Losses that cannot be set off may be carried forward or carried back. The standard carry-forward period is 5 years. A taxpayer may also claim the tax loss in 2 preceding tax periods up to the maximum total amount of CZK 30 million via a supplementary tax return.

Personal deductions

The following deductions can be applied by an individual:

- Donations – minimum of 2% of personal income tax base or CZK 1,000 (approx. EUR 42), maximum of 15% of personal income tax base.
- The maximum limit for the deduction of interests on a mortgage loan was reduced from CZK 300,000 (approx. EUR 12,500) to CZK 150,000 (approx. EUR 6,250). The lower limit applies to mortgage loans concluded from 1 January 2021.
- Private pension insurance – except for first CZK 12,000 (approx. EUR 500), maximum of CZK 24,000 (approx. EUR 1,000).
- Private life insurance – maximum of CZK 24,000 (approx. EUR 1,000).

Allowances

Basic personal tax relief

CZK 30,840

(approx. EUR 1,285) is the amount of the annual basic personal tax relief that can be claimed in 2023.

Dependent–spouse relief

Allowance of up to 24,840 CZK (approx. EUR 1,035 can be claimed by a resident taxpayer whose spouse does not have annual taxable income higher than CZK 68,000 (approx. EUR 2,830). The basic dependent-spouse relief doubles in case of disability of the spouse.

Other reliefs

Taxpayers with disability may apply a relief from CZK 2,520 (approx. EUR 105) to CZK 16,140 (approx. EUR 670), depending on the extent of the disability.

A relief for students is CZK 4,020 (approx. EUR 170) and can be applied up to 26 years of age.

Children tax allowances

Resident taxpayers are entitled to a tax allowance for each child living in the same household with him. The amount depends on the number of children. Annual tax allowance is CZK 15,204 (approx. EUR 630) for the first child, CZK 22,320 (approx. EUR 930) for the second child and CZK 27,840 (approx. EUR 1,160) for any other child.

All the reliefs and allowances mentioned above are annual and can be applied for any resident of EU/EEC, if the income from the Czech Republic is at least 90% of overall taxpayer’s income.

The summary of 2023 tax benefits for individuals			
Tax relieves	**Amount/year**	**Conditions**	**Documents required**
Taxpayer relief	CZK 30,840	No conditions - applicable for everyone	No documents needed
Spouse relief	CZK 24,840	Spouse living with the taxpayer in common household The income of the spouse did not exceed CZK 68,000 in 2022 (excluding social security benefits, e.g. parental allowance with the exception of financial help in maternity)	Confirmation from the spouse's employer or filled in and signed document Spouse Affidavit if the spouse is not employed
Disability relief	CZK 2,520	The taxpayer receives disability pension for the first or second degree of disability	General statement about receiving a disability pension* and annual confirmation about payments received
	CZK 5,040	The taxpayer receives disability pension for the third degree of disability	
Relief for the holders of Card of person with disabilities (ZTP/P)	CZK 16,140	Card of person with disabilities (ZTP/P)	Card of person with disabilities (ZTP/P)* which indicates the validity period
Student relief	CZK 4,020	Study at primary school, high school or university until the age of 26 or 28 for PhD students	Confirmation of study for the whole year
Relief on placement of child to the nursery school	CZK 17,300	The child is living with the taxpayer in common household	Confirmation about realized payments to the nursery school for whole year
Allowance on 1st dependent child	CZK 15,204	The child is living with the taxpayer in common household. It covers the taxpayer's child, a child at alternative care of taxpayer, an adopted child	Birth certificate of the child* and confirmation from the employer of the other parent that he/she does not apply tax allowance on the child. If the spouse is not employed the document Spouse
Allowance on 2nd dependent child	CZK 22,320		

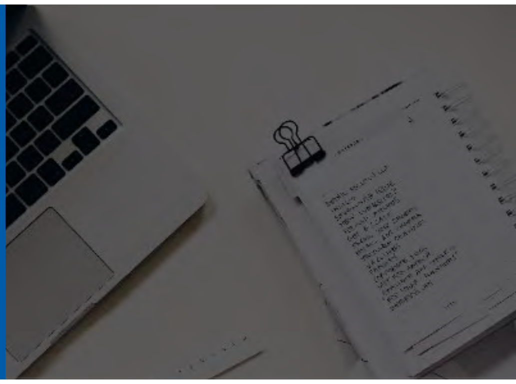
The summary of 2023 tax benefits for individuals			
Tax relieves	**Amount/year**	**Conditions**	**Documents required**
Allowance on 3rd and next dependent child	CZK 27,840	a child of a spouse living with the taxpayer in common household, the grandson/granddaughter living with the taxpayer in common household. If the child is a holder of ZTP, the tax allowances is doubled	and child affidavit needs to be filled in and signed. If a child is older than 18 years and is studying confirmation of study for the whole year is needed (student at university up to age of 26, PhD student up to 28 years). If a child is holder of ZTP/P card the copy of this card is needed
Donation for charitable purposes including blood donation	Max 15% of tax basement CZK 3,000/blood donation	At least 2% of tax basement, minimum amount is CZK 1,000 (in total)	Confirmation of the gift donated (gift contract, confirmation of a recipient of a gift), confirmation about blood donation
Mortgage interests	Max CZK 300,000 / Max CZK 150,000 per a household (for loans concluded from 1 January 2021)	Interest on building savings / mortgage loans or related contracts Direct contractor Ownership of an apartment, land, building, membership share in a cooperative Use for permanent housing	Copy of Mortgage contract*, Confirmation of mortgage interests paid in the period, copy of Statement from real estate cadastre*
Life Insurance Contributions **	Max CZK 24,000	Payment of insurance benefits after 60 months (5 years) and simultaneously not earlier than on 60 years of age (unless the insured amount is agreed)	Copy of Life Insurance contract*and Confirmation of life insurance paid in the period
Pension Insurance Contributions**	Max CZK 24,000	Payment of insurance benefits after 60 months and at the earliest in the year of reaching the age of 60 years. The tax base deduction is applicable from the amount exceeding CZK 12,000 of the contributions paid (up this amount a state subsidy is applicable)	Copy of Pension Insurance contract* and Confirmation of pension insurance paid in the period

The summary of 2023 tax benefits for individuals			
Tax relieves	**Amount/year**	**Conditions**	**Documents required**
Membership fees to the union organisations	1,5% of taxable income, max CZK 3,000	Membership fees which were truly paid in the period	Confirmation of membership fees paid
Expenses for exams proving results of additional education according to a special law	Max CZK 10,000	The payment was made by the employee, not included in the employer's costs, in accordance with the law on the recognition of the results of further education	Confirmation of expenses paid for additional education (limited use)

**If the contributions were already deducted in the past and the related documents were provided to the Czech tax authorities, we do not require these documents.*

***Please note that in case of pension insurance/life insurance contributions paid to insurance company seated outside the Czech Republic, all related documents need to be translated into Czech (if not issued in Czech). As tax deduction can be applied contributions paid to an organization within EU.*

Value-added tax



Value-added tax – rates

21%

Is the **standard VAT rate**.

15%

Is the **reduced VAT rate** which applies on food and non-alcoholic beverage items, plants, special healthcare products or pharmaceutical products etc.

10%

Is the **reduced VAT rate** which applies on infant nutrition, drugs, vaccines, books, drinking water, sewer rates, public transportation, hotel accommodation, catering, entry to cultural and sport events, minor repair or hairdressing services etc.

Value-added tax – general information

Legislation

The VAT rules are based on the principles of the Council Directive 2006/112/EC on the Common System of Value Added Tax. The Directive is implemented in the Czech law by Act No. 235/2004 Coll., on Value Added tax.

Taxable person

Legal entities and individuals that carry on an economic activity.

Taxable event

- the supply of goods and services in relation with an economic activity within the territory of the Czech Republic;
- the intra-Community acquisition of goods for consideration within the territory of the Czech Republic from another EU Member State; and
- the importation of goods into the Czech Republic

Taxable amount

Total consideration charged for the supply, excluding VAT but including any excise duties or other taxes and fees.

Tax period

Calendar month or quarter, based on turnover for 12 previous consecutive calendar months. Compulsory tax period for newly registered VAT payers is calendar month.

Tax assessment

Periodical VAT returns: **monthly or quarterly, by the 25th day of the following month**.

The amount of VAT liability consists of the VAT due on supply of goods and services carried out by the entrepreneur less input VAT of the same period.

In addition, taxable person carrying out intra-Community supplies or providing services according to the basic rule for "business to business" services has to file an EC Sales List (that shows the VAT identification numbers of his business partners and the total value of all the supplies of goods and services performed by the entrepreneur) on a monthly or quarterly basis depending on the situation.

VAT control statement

From 2016, VAT registered persons are also obliged to file a recapitulative statement that contains details of transactions subject to VAT in the Czech Republic as well as of transactions where input VAT deduction is claimed.

Reverse charge

Reverse charge applies to the intra-community acquisition of both goods and services. Local reverse charge is applicable in certain cases between two Czech VAT payers.

A permanent reverse charge regime applies, regardless the taxable amount, to supply of gold, supply of intangible property when VAT is included in the price voluntary, supply of construction and installation services and provision of workers who provide construction and installation services and, also to supply of selected goods – mainly scrap.

A temporary reverse charge regime applies, if the total amount of the tax base for the taxable supply exceeds CZK 100,000 to the following commodities:

- corn and industrial crops, including oilseeds and sugar beets,
- metals, including precious metals, except those covered by the special regime pursuant to Article 90 of the VAT Act and those subject to a reverse charge mechanism pursuant to Article 92c of the VAT Act,
- mobile phones,
- integrated circuits such as microprocessors and central processing units,
- portable automatic data processing devices (such as laptops, tablets etc.),
- video game consoles,

and further, regardless the taxable amount, to provision of telecommunications services, transfer of emission allowances, or supply of electricity and gas to a trader.

VAT registration

The threshold for mandatory VAT registration for taxable person with registered office, place of business or fixed establishment in the Czech Republic is the turnover of CZK 2,000,000 (approx. EUR 83,330) for a period of 12 previous consecutive calendar months. Voluntary VAT registration is possible as well.

A foreign taxable person that makes long-distance sales (mail order business) in the Czech Republic to any person that is not registered for VAT in the Czech Republic has to register for VAT in the Czech Republic if the total value of the relevant transactions (distanced sale of goods and provision of telecommunication services, radio and television broadcasting services and electronically provided services to a non-taxable person), did not exceed EUR 10,000 (approx. CZK 240,000) in the relevant and the immediately preceding calendar year. Alternatively, a single EU VAT return submitted in the OSS (One-Stop-Shop) scheme will be an option.

Person identified to tax

Taxable person must register as an identified person in the following situations:

- purchase of services from persons established outside the Czech Republic with place of supply in the Czech Republic,
- supply of services with place of supply in another EU Member State,
- intra-community acquisition of goods from another EU-Member State.

VAT group registration

Several taxable persons who have their seat, place of business or fixed establishment within the territory of the Czech Republic and are connected financially, economically, and organizationally, may be deemed as a single taxable person.

Other taxes

Taxes on capital

Net worth tax

There is no net worth tax in the Czech Republic.

Real estate tax

This tax consists of land tax and building and apartment tax. Amount of the real estate tax depends on the purpose of the land, building or apartment and location. The basic rates can be increased by decision of municipality.

Other business-related taxes

Road tax

Levied on road vehicle of category N2 and N3 and their trailers of category O3 or O4, if they are registered in the register of road vehicles in the Czech Republic.

Excise duties

Excise duties are levied on mineral oil, beer, wine, spirits, electricity, coal, natural gas and tobacco products.

Customs duties

Goods imported from non-EU countries are subject to import customs clearance.

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Complex solutions for your taxes in the Czech Republic

Manage the risks and get your business to the next level by having access to our local team of tax experts, with deep insight into local legislation and best practices fitting the market. Whether you are seeking to enter the Czech market or improve the value of your current business operations, we are ready to provide you with an all-round-care and solutions you need.

Our service portfolio offers:

- Tax registrations with the Czech authorities for CIT, VAT, VAT refunds and other taxes, including consultation
- Assistance with any inquiries from the Czech tax offices, representation in communication and dispute resolution
- Tax compliance and filings, preparation and submission of statutory tax returns
- Processing of tax liability payments to local authorities
- Guidance and support by internal and external tax audits
- International tax advisory
- VAT registration in the Czech Republic and obtaining a non-resident VAT number
- Filing of Czech VAT returns to meet all your statutory requirements
- Transfer pricing services
- Transactions services, M&A tax and legal structuring, due diligence
- Personal income tax, filing of tax returns and of other statutory reporting obligations for social security and health insurance
- Non-resident and global mobility services: creation of the tax-efficient employment structures for non-residents, evaluation of the tax filing requirements of the home country and the foreign country, preparation and filing of tax returns for non-residents in the Czech Republic, payroll calculation and HR administration services for expatriates in the Czech Republic and others

Get all your needs sorted

Contact us in the Czech Republic

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+420 222 753 480

Request for proposal

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About Accace Czech Republic

Accace Czech Republic is a proactive and reliable partner for companies who are looking for outstanding advisory and outsourcing services. We respond to the challenging needs of our clients with smart solutions, modern technologies, a human-centred approach and global reach. With a team of over 270 experts, we service more than 500 companies, ranging from start-ups to small and medium-sized enterprises to multinational corporations. Within the Accace group, we have over 800 experts who provide comprehensive services to more than 2,000 customers.

About Accace Group

Accace is a proactive consultancy and outsourcing partner who bridges the gap between needs and solutions. Combining smart and streamlined technology with a holistic approach, we provide an all-round care to clients and consider their matters as our own. With over 800 experts and more than 2,000 customers, we have vast experience with facilitating the smooth operation and growth of small to large-scale, global businesses.

Accace operates internationally as Accace Circle, a co-created business community of like-minded BPO providers and advisors who deliver outstanding services with elevated customer experience and erase the borders of service delivery. Covering over 50 jurisdictions with nearly 2,500 professionals, we support more than 15,000 customers, mostly mid-size and international Fortune 500 companies from various sectors, and process at least 200,000 pay slips globally.

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