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News Flash

November, 2015

The settlement of annual tax liabilities of the employees for 2015 in Czech Republic

Obligation to file the Czech personal income tax return arising to employees

With the upcoming end of the year and the related annual settlement of taxes, all employers should consider whether it is possible to prepare the annual tax reconciliation for their employees or there arises an obligation to file the Czech personal income tax return (further „Tax Return“) for some employees.

When can arise an obligation for the employees to file the tax return?

Solidarity tax

If your employee receives a total annual gross income exceeding the amount of CZK 1,277,328, he/she will be obliged to pay solidarity tax, and therefore, the obligation to file his/her Tax Return arises to him/her.

Income from more employers

The Tax Return needs to be filed, if the employee receives the income from more employers concurrently during 2015. The obligation does not arise only in a case that the income has been received from more employers consecutively and the Taxpayer’s Declaration with all these employers for the particular period has been signed by the employee.

Income from abroad

If the employee performed his/her working activities abroad in 2015 (or just during any part of the year 2015) and his/her employment income or any part of his/her employment income has been taxed abroad, the employee will be obliged to file the Tax Return. If the Tax Return is not filed, it will not be possible to avoid double taxation of the income, i.e. the respective income will be taxed twice (abroad as well as in the Czech Republic).

The employee is not obliged to file the Tax Return only if he/she receives only employment income from abroad that is fully exempt from taxation in the Czech Republic.

Other income than employment income

The employee is obliged to file the Tax Return also if he receives any other income besides the employment income (i.e. income from business activities, rental income, other income) exceeding the amount of CZK 6,000 regardless the fact whether it represents income from Czech source or abroad. The filing obligation arises also in a case of dividend and interest income received from abroad.

The general filing deadline for Tax Return is 1 April 2016. Based on Power of Attorney granted to a certified tax advisor the filing deadline is automatically extended by 1 July 2016.

We will be pleased to offer you our assistance with the preparation of the Czech tax returns for your employees.

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With more than 250 professionals and branches in 7 countries, Accace counts as one of the leading outsourcing and consultancy services providers in Central and Eastern Europe. During past years, while having more than 1400 international companies as customers, Accace set in motion its strategic expansion outside CEE to become a provider with truly global reach.

Accace offices are located in Czech Republic, Hungary, Romania, Slovakia, Poland, Ukraine and Germany. Locations in other European countries and globally are covered via Accace's trusted partners network.

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