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

Capital: Prague

Area: 78,864 sqkm

Population: 10.5 million

Official language: Czech

Official currency: CZK

The head of state: President

GDP growth: 3.1% in 2018 (preliminary data, www.cnb.cz)

Membership:

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

<table>
<thead>
<tr>
<th>The form of business</th>
<th>The minimum capital (approx. in EUR)</th>
<th>Corporate Income Tax treatment</th>
<th>Tax rates</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>English</strong></td>
<td><strong>Czech</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unlimited Partnership</td>
<td>Veřejná obchodní společnost (v.o.s.)</td>
<td>N/A</td>
<td>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.</td>
</tr>
<tr>
<td>Limited Partnership</td>
<td>Komanditní společnost (k.s.)</td>
<td>N/A</td>
<td>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.</td>
</tr>
<tr>
<td>Limited Liability Company</td>
<td>Společnost s ručením omezeným (s.r.o.)</td>
<td>N/A</td>
<td>Non-transparent, fully liable to tax.</td>
</tr>
<tr>
<td>Joint Stock Company</td>
<td>Akciová společnost (a.s.)</td>
<td>CZK 2,000,000 (approx. EUR 78,000)&lt;sup&gt;4)&lt;/sup&gt;</td>
<td>Non-transparent, fully liable to tax.</td>
</tr>
<tr>
<td>Branch</td>
<td>Organizační složka</td>
<td>N/A</td>
<td>Income tax base attributable to the Czech branch is taxable.</td>
</tr>
<tr>
<td>Cooperative</td>
<td>Družstvo</td>
<td>N/A</td>
<td>Non-transparent, fully liable to tax.</td>
</tr>
<tr>
<td>Sole entrepreneur</td>
<td>Živnost</td>
<td>N/A</td>
<td>Taxed as part of the overall liability of the individual.</td>
</tr>
</tbody>
</table>

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 – 25.64 CZK/EUR, rounded to the nearest 10.
# General social security and health insurance

<table>
<thead>
<tr>
<th>Contribution for</th>
<th>Maximum ass. base per year</th>
<th>Employee</th>
<th>Employer</th>
<th>Sole entrepreneur</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Social security</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Pension insurance</td>
<td></td>
<td>6.5%</td>
<td>21.5%</td>
<td>28%</td>
</tr>
<tr>
<td>- Sickness insurance</td>
<td>CZK 1,569,552 (approx. EUR 61,200)</td>
<td>N/A</td>
<td>2.3%</td>
<td>1.4%&lt;sup&gt;1)&lt;/sup&gt;</td>
</tr>
<tr>
<td>- Unemployment insurance</td>
<td></td>
<td>N/A</td>
<td>1.2%</td>
<td>1.2%</td>
</tr>
<tr>
<td><strong>Health insurance</strong></td>
<td></td>
<td>N/A</td>
<td>4.5%</td>
<td>9%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>11%</td>
<td>34%</td>
<td>44.1%</td>
</tr>
</tbody>
</table>

<sup>1)</sup> 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 1,569,552 (approx. EUR 61,200) 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 (25%) 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>
<thead>
<tr>
<th>Main features of employment relationship</th>
<th>Applicable law on labor</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contract type</strong></td>
<td></td>
</tr>
<tr>
<td>Labor contract (either for definite or indefinite period)</td>
<td>Act No. 262/2006 Coll. Labor Code</td>
</tr>
<tr>
<td>Agreement on work performance</td>
<td>Act No. 589/1992 Coll. on social insurance</td>
</tr>
<tr>
<td>Agreement on working activity</td>
<td>Act No. 48/1997 Coll. on health insurance</td>
</tr>
<tr>
<td><strong>Contract must include</strong></td>
<td>Government regulation No. 567/2006 Coll. on minimum salary</td>
</tr>
<tr>
<td>Type of work</td>
<td>Act No. 309/2006 Coll. on safety and health protection at work</td>
</tr>
<tr>
<td>Place of work</td>
<td>Act No. 251/2005 Coll. on labor inspection</td>
</tr>
<tr>
<td>The day the employee shall start his / her work</td>
<td>(The contract must be concluded in writing)</td>
</tr>
<tr>
<td><strong>Working time</strong></td>
<td></td>
</tr>
<tr>
<td>40 hours per week</td>
<td></td>
</tr>
<tr>
<td><strong>Holiday entitlement per year</strong></td>
<td></td>
</tr>
<tr>
<td>20 days</td>
<td></td>
</tr>
<tr>
<td><strong>Other comments</strong></td>
<td></td>
</tr>
<tr>
<td>Trial period (max. 3 or 6 months), statutory rules in case of employment termination, notice period (minimum of 2 months)</td>
<td></td>
</tr>
</tbody>
</table>
Corporate income tax (“CIT”) – rates

Corporate income tax is levied at a general rate of 19%.

Corporate income tax rate of 5% applies to basic investment funds. Pension funds are subject to tax rate of 0%.

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. 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 – Advance payments have to be paid semi-annually, if the last known tax liability is between CZK 30,000 – 150,000 (approx. EUR 1,170 – 5,850). Then the advance payment is 40% of the tax liability. If the last known tax liability is higher than CZK 150,000 (approx. EUR 5,850), the advance payment is ¼ of the previous tax liability and is paid quarterly.
Deductions - As a general rule, 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 - first by the depreciation of asset which decreases the tax base, second 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 7.80) per hour of educational activity, which is the second form of deduction.

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

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 in order to be able to claim the exemptions under bullets 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 bullet 1 is tax exempt if it is paid to a resident of Switzerland, Norway, Iceland and Liechtenstein as well.

Incentives

Investment incentives are available to both Czech and foreign investors for the following supported areas:

- 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 favorable price
Real estate tax exemption for up to 5 years

**Withholding tax**

**Dividends**
Dividends paid to residents and non-residents are subject to 15% withholding tax. 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.

Withholding tax of 35% applies 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**
Interest paid to non-residents is subject to a 15% withholding tax. 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.

A 35% rate applies 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**
Royalties paid to non-resident are subject to 15% withholding tax. 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.

A 35% rate applies 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.
**Controlled foreign company**

There is no CFC legislation.

**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 tax rate applicable for income derived in 2019 is 15%.

Moreover, an additional tax of 7% is to be paid from the income from independent activity and employment, if the total income (in case of employment) or tax base (in case of self-employment) exceeds CZK 1,569,552 (approx. EUR 61,200). The tax is paid only from the surplus.

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 his/her habitual abode in the Czech Republic if he/she is 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 is calculated as super-gross income, i.e. gross income increased by social security contributions and health insurance paid by an employer. It is usually 34% of the income (the percentage rate can vary due to maximum base on social security).

**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.
- Income from sale of immovable asset is exempted from taxation, when the period of ownership of the asset exceed 5 years before the sale.
- 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 3,900).
- Social transfers.
- Pensions are exempted up to CZK 439,200 (approx. EUR 17,129).

**Tax period** - Calendar year.

**Tax assessment** – Tax return must be filed by April 1st of the following year. The deadline can be extended until 1st 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 15th 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. The standard carry-forward period is 5 years.

**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 39), maximum of 15% of personal income tax base.
- Interests from a loan from building society, paid during tax period – maximum of CZK 300,000 (approx. EUR 11,700).
- Private pension insurance – except for first CZK 12,000 (approx. EUR 468), maximum of CZK 24,000 (approx. EUR 936).
- Private life insurance – maximum of CZK 24,000 (approx. EUR 936).
Allowances

Basic personal tax relief
In 2019, the annual basic personal tax relief can be claimed in the amount of CZK 24,840 (approx. EUR 969).

Dependent–spouse relief
Allowance of up to 24,840 CZK (approx. EUR 969) can be claimed by a resident taxpayer whose spouse does not have annual taxable income higher than CZK 68,000 (approx. EUR 2,652). 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 98) to CZK 16,140 (approx. EUR 629), depending on the extent of the disability.

A relief for students is CZK 4,020 (approx. EUR 157) 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 593) for the first child, CZK 19,404 (approx. EUR 757) for the second child and CZK 24,204 (approx. EUR 944) 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 2019 tax benefits for individuals

<table>
<thead>
<tr>
<th>Tax relieves</th>
<th>Amount/year</th>
<th>Conditions</th>
<th>Documents required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxpayer relief</td>
<td>CZK 24,840</td>
<td>No conditions - applicable for everyone</td>
<td>No documents needed</td>
</tr>
<tr>
<td>Spouse relief</td>
<td>CZK 24,840</td>
<td>Spouse living with the taxpayer in common household</td>
<td>Confirmation from the spouse's employer or filled in and signed document Spouse Affidavit if the spouse is not employed</td>
</tr>
<tr>
<td>Spouse relief</td>
<td>CZK 24,840</td>
<td>The income of the spouse did not exceed CZK 68,000 in 2019 (excluding social security benefits, e.g. parental allowance with the exception of financial help in maternity)</td>
<td></td>
</tr>
<tr>
<td>Disability relief</td>
<td>CZK 2,520</td>
<td>The taxpayer receives disability pension for the first or second degree of disability</td>
<td>General statement about receiving a disability pension* and annual confirmation about payments received</td>
</tr>
<tr>
<td>Disability relief</td>
<td>CZK 5,040</td>
<td>The taxpayer receives disability pension for the third degree of disability</td>
<td></td>
</tr>
<tr>
<td>Relief for the holders of Card of person with disabilities (ZTP/P)</td>
<td>CZK 16,140</td>
<td>Card of person with disabilities (ZTP/P)</td>
<td>Card of person with disabilities (ZTP/P)* which indicates the validity period</td>
</tr>
<tr>
<td>Student relief</td>
<td>CZK 4,020</td>
<td>Study at primary school, high school or university until the age of 26 or 28 for PhD students</td>
<td>Confirmation of study for the whole year</td>
</tr>
<tr>
<td>Relief on placement of child to the nursery school</td>
<td>CZK 13,350</td>
<td>The child is living with the taxpayer in common household</td>
<td>Confirmation about realized payments to the nursery school for whole year</td>
</tr>
</tbody>
</table>

### Tax Allowance

<table>
<thead>
<tr>
<th>Tax Allowance</th>
<th>Amount/year</th>
<th>Conditions</th>
<th>Required documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allowance on 1st dependent child</td>
<td>CZK 15,204</td>
<td>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 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</td>
<td>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 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</td>
</tr>
<tr>
<td>Allowance on 2nd dependent child</td>
<td>CZK 19,404</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allowance on 3rd and next dependent child</td>
<td>CZK 24,204</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax base deductions</td>
<td>Amount/year</td>
<td>Conditions</td>
<td>Required documents</td>
</tr>
<tr>
<td>---------------------</td>
<td>-------------</td>
<td>------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>Donation for charitable purposes including blood donation</td>
<td>Max 15% of tax basement CZK 3,000/blood donation</td>
<td>At least 2% of tax basement, minimum amount is CZK 1,000 (in total)</td>
<td>Confirmation of the gift donated (gift contract, confirmation of a recipient of a gift), confirmation about blood donation</td>
</tr>
<tr>
<td>Mortgage interests</td>
<td>Max CZK 300,000 per a household</td>
<td>Interest on building savings / mortgage loans or related contracts</td>
<td>Copy of Mortgage contract*, Confirmation of mortgage interests paid in the period, copy of Statement from real estate cadastre*</td>
</tr>
<tr>
<td>Life Insurance Contributions**</td>
<td>Max CZK 24,000</td>
<td>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)</td>
<td>Copy of Life Insurance contract* and Confirmation of life insurance paid in the period</td>
</tr>
<tr>
<td>Pension Insurance Contributions**</td>
<td>Max CZK 24,000</td>
<td>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)</td>
<td>Copy of Pension Insurance contract* and Confirmation of pension insurance paid in the period</td>
</tr>
<tr>
<td>Membership fees to the union organisations</td>
<td>1,5% of taxable income, max CZK 3,000</td>
<td>Membership fees which were truly paid in the period</td>
<td>Confirmation of membership fees paid</td>
</tr>
<tr>
<td>Expenses for exams proving results of additional education according to a special law</td>
<td>Max CZK 10,000</td>
<td>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</td>
<td>Confirmation of expenses paid for additional education (limited use)</td>
</tr>
</tbody>
</table>

*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 - rates

Standard rate: 21%. Reduced rate 15% applies on food, beverage, medical treatments etc. Reduced rate 10% applies on books, infant nutrition etc.

Value added tax – general information


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 - 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 25\textsuperscript{th} 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 supplying 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 for the intra-community acquisition. Local reverse charge is applicable in some cases between two Czech VAT payers.

If the total amount of the tax base for the taxable supply exceeds CZK 100,000 the local reverse charge mechanism applies 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 § 90 of the VAT Act and those subject to a reverse charge mechanism pursuant to § 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,
- supply of intangible property when VAT is included in the price voluntary.

Regardless of the amount of the tax base for the taxable supply, local reverse charge regime applies for example on supply of gold, supply of construction and installation services and provision of workers who provide construction and installation services.

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 1,000,000 (approx. EUR 39,160) 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 goods / supplies reaches CZK 1,140,000 (approx. EUR 44,640) in a calendar year.

Person identified to tax – Taxable person has to 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 when the value of those transactions cumulative exceeds approx. CZK 326,000 (approx. EUR 12,715) per calendar year.

**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.

Real estate transfer tax - The real estate transfer tax rate is 4%.

Other business-related taxes

Road tax - Levied on motor vehicles and trailers if registered in the Czech Republic and used for business purposes. Regardless of the purpose, vehicles exceeding 3.5 t are subject to tax always.

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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