

News Flash

19 February 2024



**Country by Country Reporting
in the Czech Republic**

Country by Country Reporting in the Czech Republic

The concept of Country by Country Reporting (hereinafter “the CbCR”) was introduced by OECD as part of its BEPS initiative (focusing on tax base erosions and profit shifting among countries). The Czech Republic has transposed the CbCR to its legislation through an amendment to Act No. 164/2013 Coll.

The CbCR represents a tax filing obligation for all multinational groups of companies whose aggregate consolidated turnover for the previous accounting period exceeded EUR 750 million. The obligation applies to entities located in tax jurisdictions participating in the CbCR. The list of treaty countries participating in the CbCR is continuously updated and published via the [Financial Bulletin on the website of the Ministry of Finance of the Czech Republic](#).

Country by Country Report

The CbCR shall be submitted collectively for the entire group by the so-called “reporting entity” (mostly the ultimate parent company). Nevertheless, as the reporting entity can also act a representative European or parent entity (e.g. if the ultimate parent company is located in a country that is not on the list of countries participating in the CbCR) If the reporting entity is a Czech company, it is required to file a CbCR **annually within 12 months after the end of the reporting period** for which the CbCR is filed.

Country by Country Notification

The Czech companies that are members of a multinational group of companies that are subject to the CbCR obligation and that are not the reporting entity have a notification duty (i.e. liability to inform the Tax Authority about the entity reporting on behalf of the group). In the Czech Republic, this notification duty shall be met **by the end of the period for which the CbCR is filed**.

If there are no changes to the information provided in the CbCR notification, this is a **one-time reporting obligation** that the Czech entity will usually meet within the period,

- for which the group is required to submit a CbCR notification for the first time, or

- in which the Czech entity newly joins a group already required to submit a CbCR reporting.

In the event of any change in the reported data, the company is required to inform the Tax Authority no later than 15 days after the change.

Submission of the form

Both the CbCR and the notification shall be addressed to the Specialized Tax Office and submitted exclusively through the EPO application (i.e. submission using company’s data box is not allowed).

Penalties

For violence of the notification duty, a fine up to CZK 500k could be assessed. In case the reporting entity fails in its obligation to submit the Country by Country Report it is facing possible fine up to CZK 1.5M.

Use of information

Simultaneously, we would like to draw your attention to the fact that this information provides the Tax Authority with a comprehensive overview of income from intragroup transactions and fulfillment of related tax obligations in each particular jurisdiction.

Please make sure whether the notification duty (or CbCR announcement duty) applies to your situation. In case it might be of your interest, we would be pleased to assist you with a complex fulfillment of your CbCR obligations or related transfer pricing issues.

Disclaimer

Please note that our publications have been prepared for general guidance on the matter and do not represent a customized professional advice. Furthermore, because the legislation is changing continuously, some of the information may have been modified after the publication has been released. Accace does not take any responsibility and is not liable for any potential risks or damages caused by taking actions based on the information provided herein.

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