

In connection with the Coronavirus (COVID-19) pandemic, the Czech government has approved stabilization and liberation packages to mitigate the negative effects on taxpayers and businesses. Below is a summary of main tax measures as in force on 27 April 2020.

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1 CORPORATE INCOME TAX

General waiver of penalties for late filing of the tax return

No sanctions for late filing of the tax return (penalties and late-payment interest) shall be imposed if the tax return with original filing deadline of 1 April 2020 is submitted by 1 July 2020 at the latest.

Cancellation of June tax prepayments

The Ministry of Finance has decided to cancel corporate income tax prepayments, which are due on 15 June 2020. The obligation to prepayment is automatically removed for all taxpayers; there is no need to submit a request.

Use of tax losses

The Ministry of Finance has prepared a draft on carry-back of tax losses. According to the draft, tax losses incurred in 2020 and onwards may be carried back and set off against the tax liability of two preceding taxable periods. In practical terms, the loss carry-back shall be eligible via a supplementary tax return. The proposal further suggests that the time period for the carry-forward of tax losses is extended to 6 years such that tax losses can be used in the 6 following taxable periods instead of 5 taxable period as currently applicable.



2 PERSONAL INCOME TAX

General waiver of penalties for late filing of the tax return

No sanctions for late filing of the tax return (penalties and late payment interest) shall be imposed if the tax return with original filing deadline of 1 April 2020 is submitted by 1 July 2020 at the latest.

Cancellation of June tax prepayments

Similar to corporate income tax, the Ministry of Finance has further decided to cancel personal income tax prepayments due on 15 June 2020. The obligation to make prepayments is automatically removed for all taxpayers; there is no need to submit an application



3 VALUE ADDED TAX

Individual waiver of penalties for late filing of the VAT return and the postponement of the payment

There are no changes as to the deadlines applicable in the context of filing VAT returns. If taxpayers file the VAT return late they can, however, apply for a waiver of the late payment interest provided that the late filing is caused by the Coronavirus pandemic. The waiver can be obtained for late payment interest and the penalty for the late submission.

Besides, the taxpayer can apply for the deferral of the VAT payment based on individual request.

Waiver of penalties for the delayed submission of VAT control statements

There have been further no amendments to the deadlines for filing VAT control statements. An automatic waiver shall apply to penalties of CZK 1,000 for the late submission of the VAT control provided that the penalty arises in the period from 1 March 2020 to 31 July 2020. No individual request is necessary. In addition, an individual waiver regarding penalties between CZK 10,000 and CZK 50,000 can be granted for failure to file the VAT control statement in the period from 1 March 2020 to 31 July 2020 if the taxpayer demonstrates that the late filing is caused by the Coronavirus pandemic.

VAT exemption for supplies of goods without consideration

VAT payers shall be further exempt from VAT on supplies of goods or services carried out without consideration in the context of the Coronavirus pandemic. The exemption is applicable to supplies in the period from 12 March 2020 until the end of the state of emergency.



4 OTHER TAX MEASURES

Individual deferral of tax payments

Taxpayers may request a deferral for any tax payment if they demonstrate that the inability to make

payments is caused by the Coronavirus pandemic

General waiver of penalties for late filing for real estate acquisition tax

The Ministry of Finance has further approved a general waiver for penalties imposed for late filing of the real estate acquisition tax return with the due date between 31 March 2020 and 31 July 2020. The waiver is granted only if the tax returns are submitted by 31 August 2020.

Individual waiver of penalties for late submission

Taxpayers may apply for a waiver of penalties for late submission of any tax return if they demonstrate that the late filing is caused by the Coronavirus pandemic. An individual request is necessary.

General waiver of administrative fees

A general waiver of administrative fees for filing applications on the foregoing matters shall apply to applications submitted before 31 July 2020.

Electronic Registration of Sales

Taxpayers are temporarily released from their obligations under the Act on Electronic Registration of Sales (EET). Thus, there is no necessity to register sales during the state of emergency and for a period of three months following its end.



5 GOVERNMENT SUPPORT FOR EMPLOYERS – ANTIVIRUS PROGRAM

The Czech government approved an Antivirus program, which comprises measures for protecting companies from the effects of government restrictions as a result of the Coronavirus pandemic. Under the program, the state shall, via the Labour Office of the Czech Republic, compensate companies for wages from March 2020, depending on the type of the restriction of business. There are the following types of wage compensations:

Plan A – Forced business restrictions and quarantine

The following amounts shall be granted to employees:

- in case of quarantine, the compensation amounts to 60 % of the average reduced salary;
- in case of business shutdown, the compensation is set at 100 % of the average salary.

The employers shall be compensated at 80 % of the amount of expenses related to employee remuneration, including social and health contributions, but limited to CZK 39,000 per month per employee.

Plan B - Related economic difficulties

Plan B shall apply in the context of the order of quarantine or care for child for significant number of employees (minimum 30 % of all employees), limited accessibility of deliveries or reduced supplies or reduced demand.

Employees shall be eligible for a salary compensation of 60 % to 100 % of average salary depending on the type of economic problems. The compensation granted to the employer amounts to 60 % of expenses related to employee remuneration, including social and health contributions, but limited to CZK 29,000 per month per employee.



6 SELF-EMPLOYED PERSONS

Compensation bonus

Self-employed persons are entitled to a compensation bonus of CZK 25,000. The bonus shall be granted to the self-employed persons which were completely or partly unable to perform their activities due to the health risks or in connection with the emergency measures.

The bonus amounts to CZK 500 for each calendar day during the first bonus period, i.e. from 12 March 2020 till 30 April 2020. The application for the compensation bonus should be submitted within 60 days of the end of the bonus period, i.e. by 29 June 2020.

The Czech government is currently considering the extension of the bonus period and is expected to propose a second bonus period, which shall last from 1 May 2020 till 8 June 2020 with the possibility to extend the bonus period until 31 August 2020. The bonus shall amount to CZK 500 for each calendar day. The draft must be, however, approved by the Czech parliament.

Health and social security insurance

Self-employed persons are not obliged to make monthly prepayments for health and social security insurance in the period from March to August 2020.

The deadlines for filing the annual statements to the health and social security insurance institutions have been postponed until 3 August 2020.



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