

Annex 4. Czech Republic

Annex 4.1. Taxes in Force as of 1999

CZ°1.1.1.

CZ°1.1.2.

CZ°1.1.3.

INCOME TAX

(Dan z příjmu)

Legal base:

Law No. 586/1992 Coll., latest amendments No. 209/1997, 210/1997, 111/1998, 149/1998, 168/1998, 227/1998, 333/1998, 129/1999, 144/1999, 163/1999, 170/1999 Coll.

The income tax code covers both individuals and companies; the computation of taxable income follows the same rules for both cases; the computation of the tax due and the rates, however, differ greatly; hence individual income tax and corporate income tax are here described as separate items.

INCOME TAX OF INDIVIDUALS

(Dan z příjmu fyzických osob)

Legal base:

Law No. 586/1992 Coll., latest amendments No. 209/1997, 210/1997, 111/1998, 149/1998, 168/1998, 227/1998, 333/1998, 129/1999, 144/1999, 163/1999, 170/1999 Coll.

Beneficiary:

Law No. 576/1990 Coll., latest amendment No. 160/1997 Coll.

Central government:

- Revenue from taxes withheld on interest and dividends paid to individuals – 100% of yield.
- Revenue from withholding tax on wages and salaries – 30% or 40% of tax yield (effectively cca 36% – see local government).

Local government:

- Revenue from income tax of unincorporated individuals – 100% of yield.
- Revenue from withholding tax on wages and salaries – 60% of yield, but in the case of the four largest cities (Praha, Brno, Ostrava and Plzen) – 70%.

Tax payable by:

Residents on their world-wide income, non-residents on their Czech source income.

Basis of assessment:

Income from the different categories is aggregated to compute the taxable base with the exception of interest and dividends, where the flat rate withholding taxes are deductible against the final income tax liability.

Categories of taxable income are:

Income from present or former employment. Employee's social security contributions is deductible.

Income from business activities and independent services (agriculture, trade, other business, intellectual property rights etc.) and from leasing or rents. Expenses related to the activity are deductible, either in detail or as a lump sum deduction ranging from 20 % for rents income, 25 % for trade and business income to 30 % for income from intellectual property and to 50 % for income from agriculture.

Income from capital assets is treated like other income, with exception of interest and dividends, cf. first paragraph above.

Exemptions:

Tax exemption is granted for certain types of income like sale of a dwelling used as the taxpayer's home for at least 2 years, benefits from social insurance and most of the benefits from private insurance, scholarships etc.

Deductions:

The tax code defines deductible expenses by common rules for corporations and individuals. Donations for purposes of science, education, culture, medicine, ecology, sports, religion are deductible up to 10 % of the taxable base.

Losses may be carried forward for 7 years.

The basic personal allowance is CZK 34.920 for the taxpayer, additional CZK 19.884 for a spouse living in the taxpayers household and with an income of less than CZK 32.040, and an allowance of CZK 21.600 for each child living in the taxpayer's household.

Collection:

Tax on employed income is withheld by the employer. Other income is taxed according to the annual tax return; monthly, quarterly or twice a year advance payments are due depending on last years assessment.

Rates:

The following table gives rates as of Jan. 1, 1999:

Taxable income (CZK)	Tax on lower amount	Plus % on excess over lower amount
up to 102.000	-	15
102.000 to 204.000	15.300	20
204.000 to 312.000	35.700	25
312.000 to 1.104.000	62.700	32
over 1.104.000	316.140	40

For dividends the rate is 25 %. For interest from savings accounts the rate is 15 %.

For authors' royalties the rate is 10 % but only up to the sum of CZK 3000 paid out in a month. The author's royalties paid out in excess of this sum in a month are included in the tax base together with other kinds of income and taxed according to the tax rates mentioned in the table above.

Special features:

Tax revenue statistics for the Czech Republic display individual income tax in 3 categories

- withholding tax on wages and salaries,
- other income tax of unincorporated individuals,
- taxes withheld on interest, dividends and other income paid to individuals.

CZ°1.2.1.

CZ°1.2.2.

Corporate Income Tax

(Dan z příjmu právnických osob)

Legal base:

Law No. 586/1992 Coll., latest amendments No. 209/1997, 210/1997, 111/1998, 149/1998, 168/1998, 227/1998, 333/1998, 129/1999, 144/1999, 163/1999, 170/1999 Coll.

Beneficiary:

Law No. 576/1990 Coll., latest amendment No. 160/1997 Coll.

Central government – 80% of total receipts

Local government – 20% on the basis of population

The corporate income tax on profits earned by municipalities through their own commercial activities is direct revenue of those municipalities – 100 % of the revenue, this treatment is not applied to final withholding tax.

Tax payable by:

Income of all legal persons – public and private limited companies and other entities doing business – in short: companies – is subject to corporate income tax.

Remark: At public companies the determined tax base is divided among partners. If partners are represented by legal entities (corporations) it will be applied to them the same regime of taxation as to other legal entities. When partners are represented by natural persons, it will be applied to them the regime of taxation covering natural persons.

Basis of assessment:

Companies are taxed on their worldwide income. Taxable base is gross income minus expenses for obtaining this income as shown in the profit and loss account, capital gains are treated like other business income.

Distributed profits are taxed both on the company and on the shareholder level; to relieve double taxation a company may credit 50 % of the withholding tax on dividends paid out of profits against its corporate income tax liability.

Special deductions are allowed for special types of investments.

Exemptions:

Exempt is interest from securities secured by a mortgage and interest on Eurobonds issued by a resident company and paid out to non-residents.

Deductions:

Depreciation allowances for tangible and intangible assets with a useful life of more than 1 year are granted in five depreciation categories (4 years, 6 years, 12 years, 20 years and 30 years); there is a choice of linear or accelerated depreciation.

Reserves and provisions for bad debts are deductible under certain conditions.

There are different types of investment incentives

As of '98 incentives for large scale investments meeting certain conditions (investment of at least USD 10 million in 5 years in the manufacturing industry, qualifying as high tech and as environmentally friendly); corporate income tax may be deferred for 5 years and waived if profits are reinvested in the CZ Rep. after the first 5 years.

Losses may be carried forward for 7 years, losses resulting from certain privileged investments indefinitely.

Special features:

Group treatment: In groups of companies each entity is taxed separately. Double taxation of intercorporate dividends is eased by partial deduction for already paid withholding taxes.

Transfer pricing rules: if prices for transactions between entities that are associated economically or personally differ from standard prices, the taxable base will be adjusted by the price difference.

There is an investment allowance of 10, 15 or 20 % of the price of the investment for certain privileged investments.

The taxpayer may receive tax incentives after he has fulfilled certain conditions (investment at least 10 mil. USD, use of high technology, environmentally friendly investment) after the government's decision. Taxpayer may then receive tax holidays for 5 years, if the investment is done from scratch, the holidays may be extended to 10 years."

Collection:

All payers of income tax are required to make prepayments at 6 months, 3 months or 1 months intervals depending on the amount of their latest tax liability.

Rates:

Profits and capital gains of legal entities are taxed at a flat rate of 35 %. The profits of investment and pension funds are taxed at 25 %.

Fees paid to members of the board of directors are taxed as wages with income tax of individuals.

CZ°2.1.

Inheritance Tax

(Dan dedická)

Legal base:

Law No. 357/1992 Coll., latest amendments No. 151/1997, 203/1997, 227/1997, 169/1998, 95/1999 Coll.

Beneficiary:

Central government

Tax payable by:

The heir of a property

The inheritors are classified in three categories:

I: Spouses and relatives in the direct line (children, grandchildren, parents);

II: other relatives in the collateral line, namely siblings, nephews, nieces, uncles and aunts; children's spouses, husband's children and parents, spouses of parents and individuals living with the decedent in a common household for at least a year prior to the death of the decedent and who for that reason took care of the common household or who were dependent on the decedent of their support.

III: All other persons.

Basis of assessment:

The value of the property acquired by an individual heir

Exemptions:

If the acquisition of property by inheritance concerns persons included in the first category, it is exempt from inheritance tax.

Acquisition of movable personal belongings of individuals, unless these things have been for a year prior to acquisition included into the decedent's business property if the value of such property acquired by each individual taxpayer does not exceed CZK 60 000 for persons in II. category and CZK 20 000 for III. category. The tax is collected only on the amount that exceeds the above limits. The same amount is exempt in the case of acquisition of deposits and financial means.

Rates:

The rates in category II. from 3 % to 12 % and in the third category from 7 % to 40 % (dependent on the height of tax base), the final amount is then multiplied by a coefficient 0.5.

CZ°2.2.

Gift Tax

(Dan darovací)

Legal base:

Law No. 357/1992 Coll., latest amendments No. 151/1997, 203/1997, 227/1997, 169/1998, 95/1999, 27/2000 Coll.

Beneficiary:

Central government

Tax payable by:

The taxpayer is the acquirer.

The acquirers (beneficiary/donee) are classified in three categories:

I: Spouses and relatives in the direct line (children, grandchildren, parents);

II: other relatives in the collateral line, namely siblings, nephews, nieces, uncles and aunts; children's spouses, husband's children and parents, spouses of parents and individuals living with the donee or donor in a common household for at least a year prior to the transfer and who for that reason took care of the common household or who were dependent on the donee, donor or decedent of their support.

III: All other persons.

Basis of assessment:

The value of the donated movable, immovable property and on the other property benefit.

Exemptions:

Acquisition of movable personal things of individuals (unless the things were included in the donor's business property for a year prior to acquisition) if the value does not exceed CZK 1 000 000 in persons in I. category, CZK 60 000 in II. category and CZK 20 000 in III. category. The same amounts are exempt concerning deposits and financial means.

Rates:

The rates in category I. range from 1 % to 5 %, in category II. from 3 % to 12 % and in the third category from 7 % to 40 % (dependent on the height of tax base).

CZ°2.3.

Levy on Withdrawal of Land from Agriculture

(Odvody za trvalé odnetí pudy ze zemědělského půdního fondu)

Legal base:

Law No. 334/1992 Coll., latest amendment Law No. 98/1999 Coll.

Beneficiary:

Municipality (40%), State Fund of Environment (60%).

Tax payable by:

Subject who asks for permanent withdrawal of land from the agriculture.

Basis of assessment:

Area (ha) of withdrawn land.

Rates:

Lump sum levy is calculated depending on environmental, climatic and other factors (different from the levy above)

CZ°2.4.

Levy on Withdrawal of Land from Forestry

(Poplatek za odnetí pozemku plnění funkcí lesa)

Legal base:

Law No. 289/1995 Coll.

Beneficiary:

Municipality (40%), State Fund of Environment (60%).

Tax payable by:

Subject who asks for withdrawal of land which functions as a forest.

Basis of assessment:

Area (ha) of withdrawn land.

Rates:

Annual levy on temporary withdrawal = $PP \cdot CD \cdot f$

PP ... average forest production of timber (6,3m³/ha)

CD ... price of timber in the area of withdrawal

f ... environmental factor (1,4 to 5)

Lump sum levy on permanent withdrawal is equal to present value of perpetual annual levy on temporary withdrawal with interest rate of 2 % (i.e. 50x annual levy on temporary withdrawal).

CZ°3.1.1.

Value Added Tax

(Dan z pridané hodnoty)

Legal base:

Law No. 588/1992 Coll.; latest amendments No. 129/1999, 17/2000, 22/2000.

Beneficiary:

Central government.

Tax payable by:

Legal entities and individuals whose business turnover exceeds CZK 750.000 in the previous 3 successive months must register for VAT purposes. Cancellation of VAT registration will not be approved if in the immediately preceding three month turnover exceeded CZK 750.000, and total annual turnover was in excess of CZK 3.000.000.

Basis of assessment:

The price of the taxable supply excluding the VAT. Taxable are the supply of goods including the transfer of real estate, the supply of services and imports of goods (imported services are not liable to VAT).

Exemptions:

Financial services provided by banks or similar institutes are exempt from VAT; likewise a number of public interest services (post services, radio and TV broadcasting, education, health services, social aid).

Rates:

There are two rates, a standard rate of 22 % and a reduced rate of 5 %. The reduced rate is imposed on water, agricultural and food products, pharmaceutical products, health services and facilities, construction and many other services. Some services are charged by standard rate, e.g. intermediary services, advertisement, accommodation, catering or repairs.

CZ°3.2.1.

Customs Duties

(Cla)

Legal base:

Law No. 13/1993 Coll., latest amendment No. 113/1997 Coll.

Beneficiary:

Central government

Tax payable by:

The importer of goods.

Basis of assessment:

Custom duties are calculated from custom value of the imported goods. The most of custom values are equal to actual price of the goods paid abroad. (Decree of the Ministry of Finance No. 135/1998 Coll.)

Exemptions:

Certain goods of Czech origin that are re-imported after export or goods imported for the use of disabled persons etc.

Rates:

Customs duty rates is levied on according to the Customs Tariff (Government Regulation No. 303/1998 Coll.). Estimated effective average rate is about 1,2 % for year 1999.

CZ°3.3.1.

Excise Duty on Hydrocarbon Fuels and Lubricants

(Spotřební dan z uhlovodíkových paliv a maziv)

Legal base:

Law No. 587/1992 Coll., amended by Law: No. 199/1993, 325/1993, 136/1994, 260/1994, 148/1995, 95/1996, 61/1997, 303/1997, 129/1999, 22/2000 Coll.

Beneficiary:

Central government

Tax payable by:

Producers and importers of selected products.

Basis of assessment:

Amount of commodity sold, imported, used for further working, or lost:

- motor car petrol and aircraft petrol
- petroleum spirits
- motor oils (diesel) and petroleum
- LPG for transportation
- LPG for other purposes
- CNG for transportation
- CNG for other purposes
- light heating oil
- heavy heating oil
- lubricating oils and other oils

Rates:

motor car petrol and aircraft petrol	10 840 CZK/ 1000 l
petroleum spirits	0 CZK/ 1000 l
motor oils (diesel) and petroleum	8 150 CZK/ 1000 l
LPG for transportation	2 850 CZK/ t
LPG for other purposes	0 CZK/ t
CNG for transportation	0 CZK/ m ³
CNG for other purposes	0 CZK/ m ³
light heating oil (tax is refunded if used for heating purposes! Effective tax rate is zero)	8 150 CZK/ 1000 l
heavy heating oil	0 CZK/ t
lubricating oils and other oils	0 CZK/ 1000 l

Exemptions:

- Goods for export.
- Goods bought by diplomatic representatives, certain international organisations.
- Imported goods if they are custom duty exempt except re-imports or goods imported for the use of disabled persons.

- Goods used as samples.

The following goods are taxed, but the tax is refunded:

- Selected goods used for further working.
- Selected mineral oils used for production of heat.

CZ°3.3.2.

Excise Duty on Alcohol

(Spotřební dan z lihu a lihovin)

Legal base:

Law No. 587/1992 Coll., amended by Law: No. 199/1993, 325/1993, 136/1994, 260/1994, 148/1995, 95/1996, 61/1997, 303/1997, 129/1999, 22/2000 Coll.

Beneficiary:

Central government

Tax payable by:

Producers, importers and processors of alcohol and liquors.

Basis of assessment:

Number of litres of ethylalcohol at 20 °C sold, imported, used for further working, or lost

Rates:

234 CZK per 1 l ethylalcohol at 20 °C,

fruit spirits distilled by fruit growers: 95 CZK per 1 l ethylalcohol at 20 °C.

Exemptions:

- Goods for export.
- Selected goods used for further working.
- Goods bought by diplomatic representatives, certain international organisations.
- Goods sold in duty/tax free shops.
- Imported goods if they are custom duty exempt except re-imports or goods imported for the use of disabled persons.
- Goods used as samples.
- Alcohol used for further working into food and cosmetic products.
- Denatured alcohol.
- Losses of alcohol up to the amount set by the law.

CZ°3.3.3.

Excise Duty on Beer

(Spotřební dan z piva)

Legal base:

Law No. 587/1992 Coll., amended by Law: No. 199/1993, 325/1993, 136/1994, 260/1994, 148/1995, 95/1996, 61/1997, 303/1997, 129/1999, 22/2000 Coll.

Beneficiary:

Central government

Tax payable by:

Producers and importers of beer.

Basis of assessment:

The volume of beer expressed in hectolitres (hl) sold, imported, or lost

Rates:

Annual production more than 200 000 hl - CZK 24,00 per hl for every 1 % of original malt extract.

Small independent breweries with annual production of beer not exceeding 200 000 hl - special scheme is applied:

- below 10 000 hl (including) - CZK 12,00 per hl.,
- 10 000 - 50 000 hl (including) - CZK 14,40 per hl.,
- 50 000 - 100 000 hl (including) - CZK 16,80 per hl.,
- 100 000 - 150 000 hl (including) - CZK 19,20 per hl.,
- 150 000 - 200 000 hl (including) - CZK 21,60 per hl.

CZ°3.3.4.

Excise Duty on Wine

(Spotřební dan z vína)

Legal base:

Law No. 587/1992 Coll., amended by Law: No. 199/1993, 325/1993, 136/1994, 260/1994, 148/1995, 95/1996, 61/1997, 303/1997, 129/1999, 22/2000 Coll.

Beneficiary:

Central government

Tax payable by:

Producers and importers of selected products.

Basis of assessment:

The volume of wine expressed in litres (l) sold, imported, or lost:

- a) sparkling wines
- b) wines saturated with CO₂
- c) sweet and sweet spiced wines
- d) other beverages (e.g. fruit wines)
- e) cidre and perry (max. 7 % of alcohol)
- f) cidre and perry (more than 7 % of alcohol)

Rates:

- a) 23,40 CZK per litre
- b) 16,40 CZK per litre
- c) 16,40 CZK per litre
- d) 5,10 CZK per litre
- e) 2,40 CZK per litre
- f) 16,40 CZK per litre

CZ°3.3.5.

Excise Duty on Tobacco Products

(Spotřební dan z tabákových výrobků)

Legal base:

Law No. 587/1992 Coll., amended by Law: No. 199/1993, 325/1993, 136/1994, 260/1994, 148/1995, 95/1996, 61/1997, 303/1997, 129/1999, 22/2000 Coll.

Beneficiary:

Central government

Tax payable by:

Producers and importers of tobacco products.

Basis of assessment:

The volume of tobacco products expressed in single units or in kilogram (kg) sold, imported, or lost:

- a) filter cigarettes longer than 70 mm
- b) corded cigarettes and filter cigarettes up to 70 mm in length, inclusive
- c) cigars, cigarillos
- d) cigarette tobacco for production of cigarettes
- e) tobacco filler for hand-rolled cigarettes
- f) pipe, snuff and chewing tobacco
- g) tobacco refuse
- h) tobacco refuse for smoking

Rates:

- a) 0,79 CZK per unit
- b) 0,67 CZK per unit
- c) 0,79 CZK per unit
- d) 855 CZK per kg
- e) 0,79 CZK per unit
- f) 44 CZK per kg
- g) 44 CZK per kg
- h) 855 CZK per kg

CZ°3.3.6.

Excise Duty on CFC

(Poplatky za výrobu a dovoz látek a výrobku poškozujících ozónovou vrstvu Zeme)

Legal base:

Law No. 86/1995 Coll.

Beneficiary:

State Fund of Environment

Tax payable by:

Producers and importers of CFC

Basis of assessment:

Amount (kg) of the compound containing 1 % of CFC and more

Rates:

200 CZK per 1 kilogram

CZ°3.4.1.

Fees on Entry Tickets

(Poplatek ze vstupného)

Legal base:

Law No. 565/1990 Coll., latest amendments No. 305/1997, 149/1998 Coll.

Beneficiary:

Local government

Tax payable by:

Organiser of the action (cultural, sport, sales etc.)

Basis of assessment:

Lump sum of admission fees

Rates:

Maximum 20 %, set by local government

Exemption:

Set by law (charity and similar actions) or by the local government.

CZ°3.4.2.

Resort and Recreation Fees on Visitors

(Poplatek za lázenský nebo rekreační pobyt)

Legal base:

Law No. 565/1990 Coll., latest amendments No. 305/1997, 149/1998 Coll.

Beneficiary:

Local government

Tax payable by:

Natural persons, who are in spas or tourist regions on holidays or therapeutic stays

Basis of assessment:

Number of days of stay

Rates:

Maximum 15 CZK/day per person, set by local government

Exemption:

Set by law (disabled persons, children aged up to 18 years, seniors aged above 70 years) and other special exemptions based on local government discretion.

CZ°3.4.4.

Fees on Operating Gambling Machines

(Poplatek za provozovaný výherní hrací přístroj)

Legal base:

Law of CNR No. 565/1990 Coll., latest amendments Act No. 305/1997 Coll. and Act No. 149/1998 Coll.

Tax payable by:

Operator of the gambling machine

Basis of assessment:

Time (in quarter of year) for which the gambling machine is operated

Rates:

From 1000 CZK to 5000 CZK per 3 months (quarter of year), set by local government

Exemption:

None

CZ°3.4.5.

Fees on Recreational Units (based on capacity)

(Poplatek z ubytovací kapacity)

Legal base:

Law No. 565/1990 Coll., latest amendments No. 305/1997, 149/1998 Coll.

Beneficiary:

Local government

Tax payable by:

Owner of accommodation capacity, collected only in spas and tourist regions.

Basis of assessment:

Number of beds per day used for accommodation.

Rates:

Maximum 2 CZK per bed/day, set by local government.

Exemption:

Set by law (accommodation for students, for employees of owner of accommodation capacity, buildings of health or charity institutions) or by the local government.

CZ°3.5.1.

Real Property Tax

(Dan z nemovitostí)

Legal base:

Law No. 338/1992 Coll., latest amendment No. 248/1995 Coll.

Beneficiary:

Local government

Tax payable by:

Owner or beneficial owner of land and buildings.

Basis of assessment:

Tax on land:

Land tax includes the taxation of agricultural land, wood land and fish farm land, built-up areas, courtyard and other land and developed land without buildings.

Agricultural and forestry land, ponds for intensive fishing is taxed on the basis of the purchase price.

The tax base of agricultural land are average prices in the cadastre areas. These prices are derived from quality of soil according to valid price decree.

The tax base of commercial forests and ponds used for intensive fish farming are average prices according to valid price decree.

The tax base of built-up areas, developed land and other land is the actual area of the plot of land in square meters.

The taxable values are not adjusted to market prices in regular intervals, ad hoc amendments only.

Tax on buildings:

The tax is levied on buildings and structures submitted to building inspection.

The tax base is the area of the ground plan of the overhead part of structure in square meters.

Exemptions:

Tax on land:

Land owned by the state, by the municipality, by accredited diplomatic representatives.

Plots of land forming one functional unit with the building used for religious services of churches, public service companies, schools, museums, galleries, libraries, medical establishment, social care establishment, foundations or used for improvement of environment

Land used as parks and sport grounds for the public.

Agricultural land and woodland after recultivation.

Agricultural land for a period of 5 years and commercial forests (up to 10 years) restituted to owners.

Land determined for public transport

Land which is subject to the building tax, protective and special woodland, water areas except ponds for intensive fish farming, land used for defence of state.

Tax on buildings:

Buildings owned by the state, by the municipality, by accredited diplomatic representatives.

Buildings used for religious services of churches, public service companies, schools, museums, galleries, libraries, medical establishment, social care establishment, foundations or used for improvement of environment

Newly constructed houses for non-business for a period of 15 years,

Culture monuments for period of 8 years

Buildings used for public transport.

In certain cases are the buildings exempted from the building tax provided that they are not used for business activity or leased.

Dams, water supply systems, sewage systems, structures used to distribute energy, public roads.

Rates:

Tax on land:

The tax rate on arable land, hop-fields, vineyards, gardens and orchards is 0.75 % of the average price.

The tax rate on meadows and pastures, commercial forests and ponds used for intensive fish farming is 0.25 % of average price according to valid price decree.

The tax rate on built-up areas and courtyard, and other land is 0,1 CZK per square meter.

The tax rate on developed land is 1 CZK per square meter. This tax rate is multiplied by coefficients ranging from 0.3 % to 4.5 % according to the size of the municipality, local government has limited discretionary power to set this multiplier.

Tax on buildings:

dwelling houses: 1 CZK per square meter multiplied by the coefficient in the same way as in the case of developed land,

buildings for individual recreation purposes: 3 CZK per square meter

non residential area: 1 CZK per square meter,

garages built separately from dwelling houses: 4 CZK per square meter,

Structures for business purposes:

used for primary agricultural production, forestry or water management: 1 CZK per square meter of the built-up area,

used for industrial production civil construction, transport, power engineering: 5 CZK per square meter of the built-up area,

used for other business activities: 10 CZK per square meter of the built-up area ,

Other structures: 3 CZK per square meter of the built-up area

These rates are multiplied coefficients ranging from 0.3 % to 4.5 % according to the size of the municipality, local government has limited discretionary power to set this multiplier.

CZ°3.6.1.

Highway Fee (beginning in 1995)

(Poplatek za užívání dálnice a rychlostní silnice)

Legal base:

Law No. 13/1997 Coll., Government Regulation No. 146/1999 Coll.

Tax payable by:

All drivers of motor vehicles using highways

Basis of assessment:

Tonnage of a vehicle

Beneficiary:

Central government

Rates:

per year

- vehicles weighting up to 3,5 t: 800 CZK
- vehicles weighting from 3,5 to 12 t: 4000 CZK
- vehicles weighting over 12 t: 8000 CZK

Exemption:

- Fire-fighting vehicles, military vehicles, prison vehicles, ambulance vehicles, vehicles belonging to the highway authority.
- Police vehicles.
- Customs office's vehicles.
- Vehicles used for transport of severely handicapped persons.
- Vehicles used for removing consequences of traffic accidents.

CZ°3.6.2.

Motor Vehicle Entry Fees

(Poplatek za povolení k vjezdu s motorovým vozidlem do vybraných míst a částí měst)

Legal base:

Law No. 565/1990 Coll., latest amendments No. 305/1997, 149/1998 Coll.

Tax payable by:

Person who has permission for entrance to selected places

Basis of assessment:

Number of days which is the permission valid

Rates:

Maximum 20 CZK/day, set by local government

Exemption:

Set by law (person who have temporary stay at selected place and their relatives, disabled persons, persons who perform economical activity in real property at selected place) or by the local government

CZ°3.6.3.

Tax on Use of Public Space

(Poplatek za užívání veřejného prostranství)

Legal base:

Law No. 565/1990 Coll., latest amendments No. 305/1997, 149/1998 Coll.

Tax payable by:

Persons who use public space for specific reasons (to place facilities for providing services, sales or advertisement facilities, circuses, waste deposits, for permanent parking places, to perform sport events, to make movies etc.)

Basis of assessment:

Square meters per day of used public space.

Rates:

Maximum 10 CZK/day per m², for sales or advertisement facilities, amusement facilities maximum 100 CZK/day per m², set by local government

Exemption:

Set by law (charity or public actions, assignment of permanent parking place for disabled person) or by the local government

CZ°3.6.5.

Miscellaneous License and Permit Fees

(Správní poplatky)

Legal base:

Law No. 368/1992 Coll.

Examples:

There are 154 areas of licences and fees, each area contains approximately 5 items (average).

Examples are:

- Complaint of appeal in tax or custom proceedings (Podání žádosti v danovém nebo celním řízení), 100 – 200 CZK
- Certificate of Czech citizenship (Vydání osvědčení nebo potvrzení o státním občanství České republiky), 100 CZK
- Grant of Czech citizenship (Udelení státního občanství České republiky), 5000 CZK
- Change of name, 100 or 1000 CZK
- Conclusion of matrimony (Uzavření manželství), 600 – 2000 CZK
- Building licence (Vydání stavebního povolení), 300 – 3000 CZK
- Gambling machines permit licence (Povolení k provozování výherních hracích přístrojů za každý přístroj), 30000 CZK per year
- Trade licence (Vydání živnostenského listu), 1000 CZK
- Weapon pass (Vydání zbrojního průkazu), 200 – 1000 CZK
- Licence to bond emission (Udelení povolení k emisi dluhopisu), 0,2 % of the total amount of emission, minimum 20 000 CZK, maximum 1 000 000 CZK
- Grant of Czech visa (Udelení českého víza), 200 – 1500 CZK
- Extract from real estate cadastre (Výpis z katastru nemovitostí), 50 – 300 CZK
- Complaint of invention application (Podání přihlášky vynálezu), 600 – 1200 CZK

CZ°3.6.6.

Dog Fees

(Poplatek ze psu)

Legal base:

Law of CNR No. 565/1990 Coll., latest amendments No. 305/1997, 149/1998 Coll.

Beneficiary:

Local government

Tax payable by:

Owner of the dog

Rates:

Maximum 1000 CZK/year per dog, second and other dogs maximum 1500 CZK/year per dog, set by local government.

Exemptions:

Set by law (dogs of disabled persons) or by the local government.

CZ°3.6.7.

Real Property Transfer Tax

(Dan z prevodu nemovitosti)

Legal base:

Law No. 357/1992 Coll., latest amendments No. 151/1997, 203/1997, 227/1997, 169/1998, 95/1999 Coll.

Tax payable by:

Real estate transfer tax is paid by a transferor (seller).

Basis of assessment:

The tax base is the price of the transferred real property. Either the agreed price or the price according to Law on Property Valuation, No. 151/1997 Coll., whichever is higher.

Beneficiary:

Central government

Exemptions:

- The transfer and transition of ownership of immovable during the liquidation of state-owned companies, joint-stock companies fully owned by the state or fully owned by the National Property Fund of the Czech Republic or the Land Fund of the Czech Republic and of limited liability companies fully owned by the state,
- the transfer and transition of ownership of immovable of joint-stock companies fully owned by the state, carried out in accordance with the decision of the shareholders' meeting and approved by the government of the Czech Republic,
- the transfer of ownership of the immovable of joint stock companies fully owned by the state, connected with their direct sale under the decision on privatisation in accordance with special legislation,
- the transfer and transition of ownership of immovable in connection with the division and merger of municipalities or with changes of their territory in accordance with special legislation,
- transfers of ownership of immovable from the ownership of municipalities to the ownership of voluntary unions of municipalities (henceforth "unions") established in accordance with a special Act, and further from the ownership of unions to the ownership of municipalities which are, or have been, associated in the union and had been the previous owners of the transferred immovable,
- a transfer or transition of ownership of immovable in the ownership of the Czech Republic is exempt from tax if the right to manage the property is vested in central bodies, state funds, district authorities or budget organisations or organisations funded from the budget of the latter and established by central bodies or district authorities, as well as transfers and conveyance of ownership of immovable property to the Czech Republic.
- The first transfer (sale) of real property or transition of ownership of a construction which is a new building and for which inspection approval has been issued, or is a completed new building, or a building under construction and the construction is not yet in use is exempt, if the transferor (seller) is :
 - a) a natural person registered in the commercial register or a legal person, and the transfer of the construction is being carried out in connection with their business activities,
 - b) a municipality.

Rates:

5 %

CZ°3.6.8.

Commercial Car Tax (called road tax)

(*Silnicní dan*)

Legal base:

Law No. 16/1993 Coll., latest amendments No. 143/1996, 61/1998 Coll.

Tax payable by:

Natural persons and legal entities enlisted in the M. O. T. certificate of a motor vehicle issued in the Czech Republic as their holders and natural persons and legal entities, using motor vehicles, registered abroad, in the Czech territory for an entrepreneurial activity.

Basis of assessment:

Passenger cars: cylinder capacity in cubic centimeters according to dates registered in the M. O. T. certificate

Other vehicles: total weight in tons and number of axles

Beneficiary:

Central government

Exemptions:

- Single-track vehicles and three-track vehicles and their trailers.
- Vehicle of diplomatic missions and consular offices (where there is a reciprocal arrangement).
- Vehicles which are abroad intermittently for at least 183 days (of the year).
- Vehicles used for the regular inland transportation of passengers.
- Fire-fighting vehicles, ambulance vehicles, vehicles of the mining and mountain rescue services, gas emergency service vehicles and power engineering emergency service vehicles.
- Vehicles which provide an emergency supply of drinking water to the population.
- Road sweeping and flushing machines (vehicles), vehicles belonging to road authorities which are exclusively used in road repair.

Tax reductions in respect of vehicles used in combined (multimodal) transport:

- carriage by a vehicle from the place of loading to the nearest appropriate railway station or port and from there by rail or water to the railway station or port nearest to the place of destination, and from there by road to the place of destination,
- collection and delivery of freight containers used in combined transport (ISO containers, ISO exchangeable container transport bodies) to the transfer area used by such combined transport, railway station or port where the consignment is reloaded for railway or water transport or vice versa.

Rates:

Tax rates, according to the tax base, are the following:

- personal cars: from 1200 CZK to 4200 CZK per year
- other motor vehicles: from 1800 CZK to 50400 CZK per year

CZ°3.6.9.

Levy on Temporary Withdrawal of Land from Agriculture

(Odvody za dočasné odnetí pudy ze zemedelského pudního fondu)

Legal base:

Law No. 334/1992 Coll., latest amendment Law No. 98/1999 Coll.

Beneficiary:

Municipality (40%), State Fund of Environment (60%).

Tax payable by:

Subject who asks for temporary withdrawal of land from the agriculture.

Basis of assessment:

Area (ha) of withdrawn land.

Rates:

Annual levy is calculated depending on environmental, climatic and other factors.

CZ°3.7.1.

Water Pollution Fee

(Poplatek za znečištění vypouštěných odpadních vod)

Legal base:

Law No. 58/1998 Coll.

Beneficiary:

State Fund of Environment

Tax payable by:

The person who empties out the waste water into surface sources of water.

Basis of assessment:

Fees are imposed on:

- a) weight (kg) of the pollutant,
- b) volume of waste water emptied out (m³).

Rates:

ad a) rates (CZK/kg) are very individual according to specific polluting substance (for example the rate of mercury is 20 000 Kc/kg)

ad b) 0,1 Kc per 1 m³

CZ°3.7.2.

Air Pollution Fee

(Poplatek za znecišťování ovzduší)

Legal base:

Law No. 309/1991 Coll., latest amendment No. 158/1994 Coll.

Law No. 389/1991 Coll., latest amendment No. 86/1995 Coll.

Beneficiary:

Either State Fund of Environment or local municipalities depending on the size of source of air pollution.

Tax payable by:

The subject operating the source of air pollution. The subjects are divided into three groups:

- a) small – output power to 0,2 MW
- b) medium – output power above 0,2 to 5 MW
- c) large – output power above 5 MW

Basis of assessment:

ad a) amount of kW of output power and the sort of fuel

ad b) and ad c) amount (t) and the sort of pollutant

Rates:

ad a) annual fee is up to 40 000 CZK

ad b) and ad c) annual fee differs greatly, for example:

• Polluting substance	Rate (CZK/t)
• solid emissions	3 000
• SO ₂	1 000
• NO _x	800
• CO	600
• hydrocarbons	2 000

Exemption:

The person operating the small source (up to 50 kW) of air pollution not as business activity.

CZ°3.7.3.

Waste Deposit Fee

(Poplatek za uložení odpadu)

Legal base:

Law No. 125/1997 Coll., latest amendment Law No. 167/1998 Coll.

Beneficiary:

The base fee is a revenue of the municipality. The risk surcharge is a revenue of State Fund of Environment.

Tax payable by:

Producer of waste (according to this law municipalities are the producers of communal waste of natural persons non-entrepreneurs).

Basis of assessment:

Amount (t) of waste

Rates:

The rate of the base fee (CZK/t):

year	1998	1999-2000	2001-2002	2003 and further
dangerous waste	200	250	350	450
communal and other waste	20	30	50	80

The rate of the risk surcharge (CZK/t):

year	1998	1999-2000	2001-2002	2003 and further
dangerous waste	300	500	750	1000

CZ°4.

Social Insurance and Employment Policy Contributions

(Pojistné na sociální zabezpečení a příspěvek na státní politiku zaměstnanosti)

All social contributions (with the exception of contribution for health insurance) go to the general budget; they are not paid to a special social contribution budget. There is no special fund for these revenues, they are treated as any other revenue of State budget. Therefore all of these revenues have been included in central government.

Only health insurance contributions are earmarked as revenues of health insurance companies.

Legal base:

Law No. 589/1992 Coll.

Beneficiary:

Central government

Tax payable by:

Earners of employed or self-employed income.

Basis of assessment:

For employed persons the taxable income from employment.

The self-employed may assess their own tax base, minimum at 35 % of taxable business income. The minimum tax base is 17700 CZK, the maximum tax base is 486000 CZK. (These limits apply only for self-employed.)

Collection:

For employees the employer withholds all contributions and transfers them to the social insurance account.

Rates:

For employees:

Purpose of payment	Employer (%)	Employee (%)
Pension insurance contribution	19.5	6.5
Contribution to state employment policy	3.2	0.4
Sickness benefits contribution	3.3	1.1

For self-employed:

Purpose of payment	Employer (%)
Pension insurance contribution	26
Contribution to state employment policy	3.6
Sickness benefits contribution (voluntary)	4.4

Compulsory Health Insurance

(Pojistné na všeobecné zdravotní pojištění)

Legal base:

Law No. 592/1992 Coll., latest amendments No. 59/1995, 149/1996, 48/1997, 127/1998 Coll.

Beneficiary:

Health insurance funds that maintain individual accounts for each insured person.

Tax payable by:

All natural persons

Basis of assessment:

For employed persons the taxable income from employment, minimum tax base is twelve times the minimum wage (43200 CZK as of 1 July 1999). The floor does not apply in certain exceptions (disabled persons, seniors receiving no pension, person who cares for child up to 7 years or two children up to 15 years).

For the self-employed, the tax base is 35 % of taxable business income. The minimum tax base is 43200 CZK, the maximum tax base is 486000 CZK. (The ceiling applies only for self-employed.)

For persons with no income, the tax base is 43200 CZK.

For children, pensioners etc. with no income (other than e.g. pensions of pensioners) the tax base is 34560 CZK. (State pays health insurance for these persons.) If these persons have income from employment, the tax base is the part of their gross wage in excess of 34560 CZK. If these persons have income from self-employment, the tax base is 35 % of the difference between their gross profit and 34560 CZK.

Rates:

The total amounts to 13.5 % of the taxable income. For employment income the employer's share is 9 %, the employee's share is 4.5 %.

Annex 4.2. Tax Changes from 2000 onwards

(1) Decided Tax Changes

CZ°1.1.1.

Individual income tax

The following table gives new rates as of Jan. 1, 2000:

Taxable income (CZK)	Tax on lower amount	Plus % on excess over lower amount
up to 102.000	-	15
102.000 to 204.000	15.300	20
204.000 to 312.000	35.700	25
over 312.000	62.700	32

For dividends and interest from savings accounts the rate is 15 %.

CZ°1.2.1.

Corporate income tax

From Jan 1, 2000, the rate will be 31 %.

CZ°3.1.1.

VAT

The reduced (5%) rate is imposed on restaurant services from April 1, 2000.

(2) Planned changes 2001 onward

CZ°3.1.1.

VAT

The threshold for compulsory registration will be reduced to 500 000 CZK in the previous 3 successive months.

CZ°3.6.1.

Road tax

Reduction in rates for cars weighting above 12 t (5–10% reduction).

Local taxes

The present Law No. 565/1990 Coll. on Local fees will be abolished and new law on local taxes will be introduced. There will be these new taxes: infrastructure tax, resort and recreation fees on visitors, waste tax, dog tax, advertisement tax, recreational unit tax, entry tickets tax, tax on operated slot machines, tax on operated gambling machines, tax on use of public space.

(3) Year 2002 and later

Major changes in further years will harmonise Czech tax system with EU Directives, especially in the field of indirect taxes.

Annex 4.3. Taxes Abolished

	CZ°1.1.4.
Previous Individual Income Tax (<i>Dan z příjmu obyvatelstva</i>) Law No. 389/1990 Coll., abolished by law No. 586/1992	
	CZ°1.2.3.
Previous Corporate Income Tax (<i>Duchodová dan</i>) Law No. 157/1989 Coll., abolished by law No. 586/1992 Coll.	
	CZ°3.1.2.
Previous Turn Over Tax (<i>Dan z obratu</i>) Law No. 73/1952 Coll., abolished by law No. 588/1992 Coll.	
	CZ°3.2.2.
Previous Import Surcharge (<i>Dovozní přírážka</i>) Decree No. 108/1991 Coll., abolished by decree No. 598/1992 Coll.	
	CZ°3.3.7.
Tax on Restaurant Sale of Alcoholic Beverages and Tobacco Products (<i>Poplatek z prodeje alkoholických nápoju a tabákových výrobku</i>) Law No. 565/1990 Coll., abolished by law No. 48/1994 Coll.	
	CZ°3.4.3.
Fees on Advertising Facilities (<i>Poplatek z reklamních zařízení</i>) Law No. 565/1990 Coll., abolished by law No. 48/1994 Coll.	
	CZ°3.6.4.
Previous Notary Fees (<i>Notářské poplatky</i>) Law No. 146/1984 Coll., abolished by Law No. 357/1992 Coll.	
	CZ°3.7.4.
Unallocated Previous Taxes and Levies All these taxes and levies have been abolished. Examples are: <ul style="list-style-type: none">• Tax on housing (<i>Domovní dan, Domovní dan</i>)• Levy on profit (<i>Odvod ze zisku</i>)• Individual tax on income from literary and artistic activity (<i>Dan z literární a umelecké činnosti, Dan z literární a umelecké činnosti</i>)• etc.	
	CZ°3.7.5.
Previous Payroll Tax (<i>Dan z objemu mezd, Odvod z objemu mezd</i>) Law No. 76/1952 Coll., abolished by law 586/1992 Coll.	