



Praha

David James
Hybernská 32
110 00 Praha
Tel: +420 221 111 611
Email: djames@bakertillyczech.cz

Brno

Lucia Rábllová
Česká 17
602 00 Brno
Tel: +420 542 425 823
Email: lrablova@bakertillyczech.cz

Taxes and the coalition agreement

Simplification of the tax system Repeal of administratively demanding taxes Unified collection point

1. Income tax

Among the priorities of the new Czech government is the simplification and clarification of the tax system, which can mainly be achieved by deleting most of the existing tax exemptions. The only exceptions should remain in areas of science and research promotion, families with children, own housing or liability to their own education and age.

The government does not plan to increase the tax progression of the personal income tax, but it committed itself to the elimination of digression over the limits of social and health contributions, until the year 2012. Moreover, the taxation of pensioners' income should be introduced, for those whose income exceeds three times the average wage.

2. VAT

New rules on VAT should ease the position of suppliers - VAT payers who do not get paid for the delivered goods or services in the long term. In such cases VAT payments will be returned to suppliers. At the same time the Government intends to change the VAT system within the EU for the VAT to be drained only after the invoice was paid.

3. Other taxes

As a result of the process of simplification of the Czech tax system inheritance and gift tax should be abolished, and put under the income tax. The government is also planning to take steps towards the abolishment of the road tax for cars, in order to reduce administrative costs.

4. Tax administration

The government will continue the creation of a unified collection point, where the taxpayer will pay only a single aggregate sum calculated from a unified tax base and using just one tax form. This will lead to the unification of the base for all direct payments of taxpayers.

In the fight against fraud and tax evasion the limitation period will be extended (i.e. period for retroactive tax assessment) from the existing three years to five.

