

JANUARY 2014, NO. 1

**TAXES AND
IMMOVABLES**

**REIMBURSEMENT FOR
TRAVEL EXPENSES IN
2014**

**ESTABLISHMENT OF A
TAX INFORMATION
BOX**

**WITHHOLDING TAX OR
TAX RETURN**

TAXES AND IMMOVABLES

Tax on Immovables

As in previous years, owners of immovable property should check whether they are required to file a 2014 tax return by the end of January. The status as of 1 January of the year in question is decisive for determining whether a tax obligation exists.

In connection with the private law recodification, new taxpayers include those with trust funds or unit trusts, leaseholders of certain immovables and building contractors in the case of land plots encumbered with the building right. For most of these new taxpayers, the obligation to pay tax on immovables will not arise until 2015.

Coefficients

The Ministry of Finance has published a list of coefficients valid as of 1 January 2014 on its website. The coefficients are used to calculate taxes on certain land plots, structures and units.

Tax Assessment

The tax on immovables can be determined by a payment assessment, which is delivered to the taxpayer, or in collective assessment lists available at all regional financial offices. The lists should be available in May.

For taxpayers not specified in a collective assessment list, their tax equals the amount of the latest known tax or the amount in the tax return filed without tax determined in a payment assessment. If the determined tax differs from the tax stated in the tax assessment, the taxpayer is informed of the relevant tax in a payment assessment.

Tax Payments

Tax of up to CZK 5,000 is payable in a lump-sum payment by 31 May 2014. If the tax exceeds this amount, it can be paid either in a lump-sum payment by 31 May 2014 or in two installments by 31 May 2014 and 30 November 2014. The Financial Office typically sends payment orders to taxpayers to pay the tax. However, they are not required to do so and therefore we do not recommend counting on them.

Tax administrators may newly determine the types of taxes that can be paid by direct deposit from accounts or through SIPO (a collection arrangement with Czech Post), which will most likely be used for tax on immovables.

Real Estate Acquisition Tax

The new real estate acquisition tax applies to immovables acquired for consideration after 1 January 2014. The first deadline for filing the relevant tax return will expire prior to 30 April 2014. New tax return forms can be picked up at financial offices in mid-February. Starting at the beginning of January, the forms should also be available in e-versions on the websites of the Ministry of Finance and the Financial Administrative Office.

Immovables acquired prior to the end of 2013 are subject to real estate transfer tax. In such cases, the legal regulations valid until 31 December 2013 and the relevant real estate transfer tax form shall apply.

Guide Value

In late 2013, Decree No. 419/2013 was published in the Collection of Laws to implement the Upper House's legal measure pertaining to real estate acquisition tax. It stipulates how tax administrators determine guideline values for certain land plots, structures and units. Real estate acquisition taxpayers can choose the guideline value to determine the comparative value of the tax, which is compared with the price agreed for immovables acquired through purchase or exchange in order to determine the tax base. Taxpayers may calculate the guideline value using an online tax calculator.

New Valuation Decree for Determining the Ascertained Price

New Decree No. 441/2013, Coll., took force on 1 January 2014 and cancelled Valuation Decree No. 3/2008, Coll. Based on the new decree the ascertained price will be determined which in certain cases is used as the base for determining the real estate acquisition tax.

The new valuation decree will also be reflected in income tax and VAT.



Prague Main Office

Jungmannova 24, 110 00 Prague, Czech Republic
tel.: +420 / 224 103 316, facsimile: +420 / 224 103 234
e-mail: ksbpraha@ksb.cz

Karlovy Vary Office

Na Vyhliďce 53, 360 21 Karlovy Vary, Czech Republic
tel.: +420 / 353 225 996, facsimile: +420 / 353 227 781
e-mail: ksbkv@ksb.cz

Ostrava Office

Českosobotská 7, 702 00 Ostrava, Czech Republic
tel.: +420 / 553 030 511, fax: +420 / 553 030 512
e-mail: ksbostrava@ksb.cz

REIMBURSEMENT OF TRAVEL EXPENSES IN 2014

Effective 1 January 2014, Decree No. 435/2013, Coll., changed the basic reimbursement rates for use of road motor vehicles and meal allowances and set an average fuel price for travel expense reimbursement.

Reimbursement of Travel Expenses

For passenger road motor vehicles, the minimum basic reimbursement rate was increased to CZK 3.70 per kilometer of travel (CZK 3.60 in 2013). The reimbursements for using trailers or trucks, buses or tractors were also increased.

Allowances for the Czech Republic and Foreign Countries

Allowances provided for travelling in the Czech Republic have been increased by CZK 1 to CZK 4.

Meal allowances provided for travelling to foreign countries were increased pursuant to Decree No. 354/2013, Coll., on Determination of Basic Meal Allowances Provided for Travelling to Foreign Countries for 2014.

Average Fuel Prices

The average price for 1 liter of fuel for 2014 amounts to CZK 35.70 for 95 octane petrol, CZK 37.90 for 98 octane petrol and CZK 36.00 for diesel fuel.

Employers use these prices to determine the amount of the reimbursement if the employee does not provide documents showing the price of fuel.

ESTABLISHMENT OF A TAX INFORMATION BOX

Effective 1 January 2014, all tax administrators which possess the necessary technical equipment are required to set up a data information box for all tax subjects with a data box. Whether a tax administrator has such technical equipment is stated on its website.

Document filing methods have been expanded. Tax returns can be filed via a data message that includes verified identity of the filer in the manner that allows logging in the filer's data box. This is not a

filing through a data box (although this filing method is still possible), but filing through a tax portal. This type of filing may either include a recognized electronic signature (as now) or verification of the filer's identity by signing in the data box.

WITHHOLDING TAX OR TAX RETURN

Starting this year, the Income Tax Act amendment extends the scope of cases where individuals can choose whether they wish to include income taxed by withholding tax in their tax returns and offset the tax withheld in their total tax liability or whether they do not wish to include such income in the tax returns.

Taxpayers should seek advice on which tax method is more advantageous for them. This applies to employment income as well as to income of gainfully self-employed individuals. For example, income of gainfully self-employed individuals is not subject to social welfare contributions, but it cannot be reduced by actual or lump sum expenses for the purposes of determining the tax base. Comparison calculations are therefore necessary for determining the best procedure.

Tax News includes general information only and cannot substitute for the full wording of the relevant legislation. The information contained in *Tax News* should not be construed as legal advice or legal opinion. Kocián Šolc Balaščík explicitly disclaims all liability for any activities or conduct arising as a result of the information contained in *Tax News*.

If you need more details or would like to inquire about specific issues, please contact a KŠB tax advisor. We would be pleased to provide you with more information on any of the issues discussed above.

You have received *Tax News* as you are a valued business partner of Kocián Šolc Balaščík. If you no longer wish to receive *Tax News*, you can unsubscribe here: <http://www.ksb.cz/newsletter/unsubscribe/tn>.



Prague Main Office

Jungmannova 24, 110 00 Prague, Czech Republic
tel.: +420 / 224 103 316, facsimile: +420 / 224 103 234
e-mail: ksbpraha@ksb.cz

Karlovy Vary Office

Na Vyhliďce 53, 360 21 Karlovy Vary, Czech Republic
tel.: +420 / 353 225 996, facsimile: +420 / 353 227 781
e-mail: ksbkv@ksb.cz

Ostrava Office

Českosobotská 7, 702 00 Ostrava, Czech Republic
tel.: +420 / 553 030 511, fax: +420 / 553 030 512
e-mail: ksbostrava@ksb.cz

KŠB's tax team contact info:

Tel. : 224 103 316

Pavla Blažková pblazkova@ksb.cz

Jan Černohouz jcernohouz@ksb.cz

Alena Jurič ajurič@ksb.cz

Helena Navrátilová hnavratilova@ksb.cz



Prague Main Office

Jungmannova 24, 110 00 Prague, Czech Republic
tel.: +420 / 224 103 316, facsimile: +420 / 224 103 234
e-mail: ksbpraha@ksb.cz

Karlovy Vary Office

Na Vyhliďce 53, 360 21 Karlovy Vary, Czech Republic
tel.: +420 / 353 225 996, facsimile: +420 / 353 227 781
e-mail: ksbkv@ksb.cz

Ostrava Office

Československá 7, 702 00 Ostrava, Czech Republic
tel.: +420 / 553 030 511, fax: +420 / 553 030 512
e-mail: ksbostrava@ksb.cz