

TAX LIBERATION PACKAGES

The Government of the Czech Republic has approved **two liberation packages** of measures regarding the tax area aimed at aiding individuals and businesses during the state of emergency, in particular

- **General waiver of penalties and default interest for the late filing of personal and corporate income tax returns and tax payments until 1 July 2020 at the latest;**
- Waiver of penalties for late tax payments in all cases where the taxpayer individually applies for remission of default interest, tax deferment or a payment schedule, and demonstrates reasons in any way related to coronavirus;
- General waiver of penalties of CZK 1,000 (approximately EUR 40) for the late submission of a control report incurred between 1 March and 31 July 2020 and certain individual waivers of penalties for not filing a control report in these periods if related to coronavirus;
- General waiver of administrative fees for the request for remission or tax deferment;
- **Suspension of all phases of electronic recording of sales (EET) during the state of emergency and the subsequent 3 months.** The temporary suspension needs to be adopted by the Parliament;
- **Abolishment of advance payments of 2020 personal and corporate income tax due 15 June 2020 – still subject to approval by the Parliament;**
- General waiver of penalties and default interest for the late filing of real estate acquisition tax returns and tax payments due between 1 March and 31 July 2020 until 31 August 2020 at the latest;
- **Loss carryback** – tax loss recorded in 2020 may be off-set against corporate income tax liabilities for 2018 and 2019 – *this revolutionary measure needs to more precisely specified and is subject to approval by the Parliament.* Unlike other cash-flow related measures, this may result in a lower tax burden);
- Limited relief to self-employed persons regarding their social security and health insurance contributions due during the next six months.

In addition, the **Tax Procedure Code offers some options**, in particular:

- A decrease in, or cancellation of, tax advance payments. The request may be file retroactively for advances already paid;
- An extension of filing and payment deadlines;
- Tax deferment or set-up of a payment schedule with almost a 50% reduction of default interest, i.e., 7% p.a. plus repo (which may be additionally remitted).

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The document reflects the status as of March 25, 2020.

This document is for informational purposes only and may not be considered a legal opinion or advice on how to proceed in a particular case.