

## NEW TAX LIBERATION PACKAGE for the Czech Republic

On May 25, 2020, the Government of the Czech Republic approved a **new anti-crisis tax package** with the aim to resuscitate the economy, especially, but not exclusively, in the areas most impacted by the crisis. These measures are however subject to discussion in the Parliament, therefore, changes may be expected.

The tax package includes the following proposals:

- **Tax Loss Carryback** – a revolutionary element in the Czech personal and corporate income tax rules. Taxpayers will be able to utilise the 2020 tax loss in the tax base for the 2018 and 2019 tax periods. Many practical details need to be clarified, in particular regarding the parameters, practical procedures in some specific cases, and statutes of limitations;
- **VAT** – accommodation services, admission fees to cultural and sports events – will be subject to the second reduced rate of 10% rather than the current rate of 15%;
- **Tipping** – will be personal income tax exempt;
- **Real estate tax** – a Municipality will be entitled to apply tax exemptions in case of emergency events;
- **Excise duties** – the refund deadline will be shortened for farmers and foresters;
- **Road tax** – a 25% discount for vehicles over 3.5 tons is proposed.

\* \* \*

*The document reflects the status as of May 26, 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.*