

Additional Tax Relief Measures

In addition to the Liberalization Package that has already been approved (for details, see our Tax Alert [here](#)), the Ministry of Finance of the Czech Republic proposed the following additional tax relief measures yesterday (Liberalization Package II):

- ▶ Automatic **remission of the June advance on personal and corporate income tax** (i.e. of the second advance for quarterly payers and of the first advance for half-yearly payers), without having to apply.
- ▶ **Carry-back of the 2020 personal and corporate income tax loss**; it will be possible to claim the loss retrospectively in the tax returns for 2019 and 2018.
- ▶ **Flat waiver of a fine for late filing of a real estate transfer tax return** or for late payment of **real estate transfer tax** or for late payment of an advance for such a tax. The waiver should apply to all tax returns required to be submitted between 31 March 2020 and 31 July 2020. If a **real estate transfer tax return** is filed no later than on 31 August 2020, no sanctions will be imposed. In addition, interest for late payment or interest for delaying the payment of **real estate transfer tax** will also be waived in these cases.
- ▶ **Suspension of the obligation to electronically report sales for entities in all ERS (EET) phases** during the state of emergency and in three subsequent months.

For more information, go to the MF website ([here](#)). We will continue to monitor the situation for you.

Tax Administration questions and answers on current tax measures

In connection with current tax measures (especially the liberalization package) related to the state of emergency announced by the Government of the Czech Republic, the Tax Administration published the most frequently asked questions and answers from taxpayers and the professional public on its website. Below we summarize selected items.

- ▶ If the personal income tax return is submitted after the extended deadline under the Liberalization Package (e.g. 2 July 2020), the original non-extended deadline for filing the tax return will be taken into account for an assessment of any associated fines (1 April 2020).
- ▶ In the case of an advance on personal income tax due as of 15 June 2020 using the filing of a tax return based on an extended date (until 1 July 2020) made after the June advance payment, the amount of this advance is determined according to the last known tax liability, i.e. based on the 2018 tax return. The tax administrator can be asked to change the advances for objective reasons.
- ▶ The original standard deadline for filing tax returns applies to the notification of exempt personal income (generally income exceeding CZK 5,000,000) (1 April 2020, if the time limit has not been extended, for example on the basis of a power of attorney granted to a tax adviser).
- ▶ For legal entities with a tax period corresponding to the fiscal year (e.g. 1 March 2019 to 29 February 2020) with a standard 3-month tax return filing deadline (in this case 1 June 2020), according to the general pardon, the fine for late submission and any interest on late payment will be waived, provided that the tax return is filed and the tax is paid by 1 July 2020 (i.e. in some cases, a less favorable time offset than in the tax year corresponding to the calendar year).
- ▶ When submitting the withholding tax statement and any related tax liability (standard period in both cases within 3 months after the end of the calendar year), the penalty for late submission and any interest on late payment will be waived if submitted (or if the tax is paid) by 1 July 2020. However, this shift and the related remission do not apply to the settling of personal income tax on employment.

A complete overview of the questions and answers published so far can be found [here](#).



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