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TAX FRESH



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Dear business partners,

In the next issue of this year's Tax Fresh, we would like to introduce you to the latest developments in the field of taxation and covid-19 measures.

Should you have any questions, don't hesitate to contact our office, we would be glad to assist you.

Best regards



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PAYEMENT OF DIVIDENDS



In connection with the adoption of the new Act No. 37 / 2021 Coll., on the Beneficial Owners Register, which will be effective as of 1 June 2021, there has been a significant tightening in the area of dividend payments in cases where registration in the Beneficial Owners Register will not comply with this newly adopted law. Please note that it will no longer be possible, for example, to register a statutory body of a Czech company in cases where a beneficial owner will exist. We recommend that you carefully check this record. Significant penalties amounting up to CZK 500,000 are newly connected with the non-fulfillment of obligations under this law, including the liability of the statutory body for any damage caused by a breach of the diligence of a professional manager.

EXTENSION OF DEADLINES FOR INCOME TAX RETURNS



On the basis of the general pardon of the Minister of Finance announced in the Financial Newsletter No. 16/2021, published by the Ministry of Finance on 9 March 2021, the deadline for filing a tax return and payment of income tax is actually extended.

Default interest and fines for late tax claims shall be waived to the extent that it will be possible to file an income tax return without penalties in a paper form until 3 May 2021, and in electronic form until 1 June 2021. Thus, the income tax can be paid without penalties also on the dates mentioned above, i.e. for the income tax return in paper form, the payment must be made no later than 3 May 2021 and for the income tax return in electronic form by 1 June 2021.

A penalty for late filing of a supplementary tax return for 2019 will be waived to natural persons who file a tax return for 2020 in paper form no later than 3 May 2021, provided that for these individuals in the tax period of 2020 there was a change in the way of applying expenses to expenses as a percentage of income or the opening of accounting, for reasons of keeping tax records or for keeping the record of revenues and expenditures and for reasons when the natural persons terminate self-employment or at the termination of the lease or the commencement of liquidation referred to in the provisions of Article 23 (8) of the Income Tax Act, a supplementary tax return for the 2019 tax year will be filed no later than 3 May 2021. These individuals will also receive immunity from default interest and interest on the deferred amount, provided that the payment of the additionally assessed income tax for the year 2019 occurs no later than 3 May 2021.

The above mentioned also applies to personal income tax payers who submit a tax return for 2020 in an electronic form no later than 1 June 2021, with the difference that sanctions will not be levied if the filing of a supplementary income tax return for the tax period of 2019 and the payment of the additionally assessed tax occurs no later than 1 June 2021.

Personal income tax payers who submit their income tax return for the 2020 tax year in paper form no later than 3 May 2021, can declare income exempt from personal income tax for the 2020 tax year without penalties, pursuant to Section 38v of the Income Tax Act (income exceeding CZK 5 million) also until 3 May 2021. For taxpayers who submit tax returns electronically, the deadline is extended until 1 June 2021.

GENERAL PARDON ON THE VAT-RELATED PENALTIES



As stated in the Financial Newsletter of the Ministry of Finance No. 13/2021, due to the current epidemiological situation, the Minister of Finance waives the penalty for late submission of a VAT return for the tax period of February 2021 and the penalty for late submission of a supplementary VAT return that the taxpayer would have been obliged to submit by the end of March 2021. In order to waive the penalty, the condition must be met that these tax returns are submitted no later than 15 April 2021.

In addition, VAT payers are also exempted from a penalty for violation of obligations related to a control statement that should have been submitted for the month of February 2021 and other control statements, where the period for fulfilling the obligation at least partially falls within the period from 1 March 2021 to 21 March 2021, if the submission of the control statement in question occurs no later than 15 April 2021.

In addition, all VAT payers and identified persons are waived interest on late payment of VAT for the tax period of February 2021, if the VAT is also paid no later than 15 April 2021.

EXCEPTIONAL CONTRIBUTION TO EMPLOYEES UNDER QUARANTINE ORDER



On 2 March 2021, the law on the exceptional contribution to employees under quarantine order entered into force. The law was discussed in the legislative process as the House Press No. 1153.

In the period from 1 March 2021 to 30 April 2021, employees are newly entitled to an extraordinary allowance when under the quarantine order imposed after 28 February 2021, provided that they are entitled to compensation for income under the Labor Code, including from agreements on work performed outside the employment relationship. The allowance shall not be payable to employees who have been quarantined for a period of up to five days from the date of their return from abroad, with the exception of business trips.

The amount of the allowance is set at CZK 370 for each calendar day, but not more than for the first 14 calendar days of the duration of the quarantine. If the sum of the allowance and the compensation of income exceeds 90% of the average earnings for the corresponding number of missed hours, the amount of the allowance will be reduced by this difference.

The allowance shall be paid to the employee by his employer together with the compensation of income for the relevant period. The employer is then entitled to deduct the contribution from the social security and the state employment policy contributions, provided that he pays the contribution to the employee no later than the end of the second month following the month in which the contribution was deducted from the insurance contributions.

Please note that if the employer did not pay the allowance to the employee on time, he has no legal right to deduct the insurance contribution and the amount by which he reduced the insurance contribution is the insurance contribution due, from which he is obliged to pay a penalty of 0.05% for each day of delay.

The employer shall apply the deduction of the allowance from the insurance contribution on the prescribed form, a "Summary of the Amount of Insurance Contribution", and the right to deduct from the insurance contribution can be applied no later than 3 calendar months after the end of the quarantine of the employee. Keeping all records of the employer will be very important. A proof of the quarantine order for the given period shall constitute part of these records.

In conclusion, we inform you that the employee's contribution during the quarantine is exempt from income tax and will not be subject to execution orders or counted in the income in relation to the social benefits.

ANTIVIRUS PROGRAMME EXTENDED TILL 30 APRIL 2021



We would like to inform you that the Government Resolution No. 186/2021 of 22 February 2021 extends the Antivirus Program until 30 April 2021. At the same time, though, some conditions for granting the allowance are changing.

It is important to inform that all companies that want to continue with this program will have to conclude an "Appendix" to the existing contract, or to conclude a new contract with the Labour Office of the Czech Republic.

There will also be a major change in the Programme where, starting with the contribution for March, this contribution will only be payable to those employees whose employment will have lasted for at least 3 months on the date of the submission of the accounts. Another significant change is the increase of the public aid contribution from the existing EUR 800,000 to EUR 1.8 million supporting the contributions for February 2021 and the following months. All these changes will already constitute a part of a written appendix or a newly concluded contract with the Labour Office.

More information can be found on the website of the Ministry of Labor and Social Affairs of the Czech Republic under this link: antivirus.mpsv.cz.

IN BRIEF



We would like to inform you that in the period from 3 February 2021 to 3 June 2021, VAT is waived on the supply of goods and on the payment received for filter half masks, respirators and filters and other accessories for filter half masks and respirators, which are intended by the manufacturer to protect the user as a personal protective equipment or as a medical device in accordance with EU legislation and meet the parameters of the protection class at least FFP2 or have the same or higher filtration efficiency.

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