



## Information for clients

Czech Republic  
January, 7<sup>th</sup> 2021

### Income Tax - Changes from 1.1.2021

*Last month we informed you about the planned major changes in the Income Tax Act. Contrary to the original draft law, the tightening of the taxation of income from the sale of securities does not come after all.*

*In the following, we have summarized the major changes in the law that will apply from January 1, 2021.*

#### Abolition of the super gross wage and progressive tax rate

The **super gross wage** and the **solidarity tax (7%)** were **abolished**.

At the same time, a **progressive tax rate is introduced** (15% and 23% respectively). The tax rate of 15 % applies to incomes up to approximately CZK 141,000 per month, the excess income is subject to the tax rate of 23 %.

The **tax credit** (annual amount) is increased from CZK 24,840 to **CZK 27,840**.

The maximum limit on the tax bonus for children has been removed.

#### Meal allowance

Instead of the option of providing company lunches or meal vouchers, the employer can now also grant employees a **cash contribution for meals** up to a maximum amount of around **CZK 75 per day** (or per shift). This contribution is tax-free and exempt from social and health insurance.

#### Tangible fixed assets - raising the limit for capitalization

In order to encourage investment, the **acquisition cost limit for capitalizing tangible fixed assets** was increased from CZK 40,000 to **CZK 80,000**. The increased limit can already be applied to acquisitions made in 2020 (if they were also put into operation in 2020) and also applies to technical upgrades.

#### Accelerated depreciation

As further support for the economy, the option of accelerated depreciation was introduced **for tangible fixed assets purchased between January 1, 2020 and December 31, 2021**.

**Tangible fixed assets** in the 1st depreciation group (e.g. computers) can be depreciated for

tax purposes over **12 months**, and tangible fixed assets in the 2nd depreciation group (e.g. cars and trucks, furniture, selected production machines) can be depreciated for tax purposes over **24 months** (60% in the first 12 months and 40% in the following 12 months).

### Intangible fixed assets

The category of **intangible fixed assets** (e.g. software, rights) has been **deleted**, which means that entrepreneurs can set the capitalization limit and depreciation for these assets themselves. This regulation **can also be applied for 2020**.

### Reporting of payments abroad

Certain payments abroad (such as dividends or interest) over CZK 300,000 per month, which are exempt from income tax (or withholding tax) in the Czech Republic due to a double tax treaty, no longer have to be **reported** monthly from 2021, but **only once a year**.

We will be happy to answer your questions.

For the AUDITOR team

**RENÁTA PŘECHOVÁ**  
Head of the Pelhřimov Office  
T: +420 565 502 501  
E: [renata.prechova@auditor.eu](mailto:renata.prechova@auditor.eu)

Data presented in this publication is informative in character and does not replace legal, economic or tax consultancy. Consultancy requires knowledge of the particular cases and assessment of all relevant facts. We claim no responsibility for decisions that the user makes based on this material.



*For more than 25 years on the Czech market.*

### Contacts

Mag. Georg Stöger  
International Tax Law

Marie Haasová  
Czech Accounting Legislation

Ing. Jan Šimerka  
Statutory Audit, IFRS

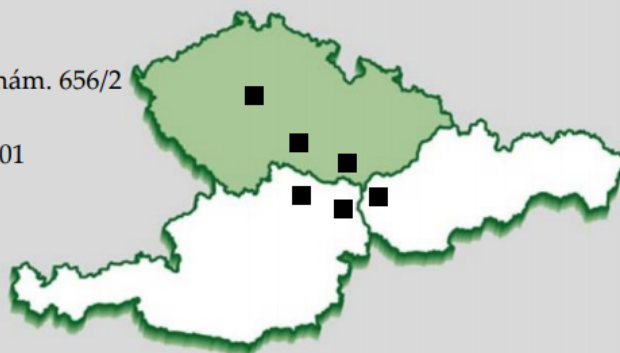
Ing. Marta Prachařová  
Czech Tax Law

Iva Tolde  
Personnel and Payroll Agenda

**Office Prague**  
Haštalská 6  
110 00 Praha 1  
T: +420 224 800 411

**Office Brno**  
Palác JALTA  
Dominikánské nám. 656/2  
602 00 Brno  
T: +420 542 422 601

**Office Pelhřimov**  
Masarykovo nám. 30  
393 01 Pelhřimov  
T: +420 565 502 502



More information on [www.auditor.eu](http://www.auditor.eu)

[www.auditor.eu](http://www.auditor.eu)

An independent member of UHY International, an association of independent accounting and consulting firms