



Information for clients

Czech Republic

August 25, 2022

Benefits in kind, driver's logbook and business trips

Lower remuneration in kind for low-emission vehicles

In July 2022, an amendment to the Income Tax Act came into force, according to which the taxable benefit in kind of an employee who is provided with a low-emission vehicle free of charge, including for private use, was reduced by 50% from 1% to 0.5% of the acquisition cost. A low-emission vehicle is defined as a road vehicle of class M1, M2 or N1 that does not exceed a CO₂ emission limit value of 50 g/km and 80% of the emission limits for air pollutants in real traffic set out in Annex I of the Regulation of the European Parliament and of the Council.

Ruling of the Supreme Administrative Court: The tax office can compare the driver's logbook with the police database

We would like to inform you about an interesting ruling of the Supreme Administrative Court. In it, the tax office requested information from the police of the Czech Republic in order to check the logbook of a recently purchased car. The case shows that the police complied with the tax office's request and provided data from their system of so-called automatic vehicle control (records of the movement of a vehicle with a selected license plate number from the camera system). Since the data from the police database did not match the logbook, the logbook was not recognized by the tax office and thus the entire input-VAT deduction for the purchased vehicle was denied. The case could lead to this method being widely used by tax authorities in the future.

Tax deductibility of meals for employees on business trips

The Chamber of Tax Advisors has discussed the tax deductibility of meals for employees on business trips with the tax administration within the framework of the so-called coordination committees. The tax authorities have clearly stated that the provision of breakfast, lunch or dinner during business trips constitutes a tax-deductible expense. The prerequisite is that the expense of the business trip is reasonable.

Invoices for business trips can therefore contain both tax-deductible items (accommodation, meals for the employee in the form of breakfast, lunch or dinner) and non-tax-deductible items (meals of a business partner, alcoholic beverages for the employee). Therefore, we recommend adjusting the existing regulations regarding business trips in your company accordingly, if necessary.

We will be happy to help you with any questions you may have in this regard.

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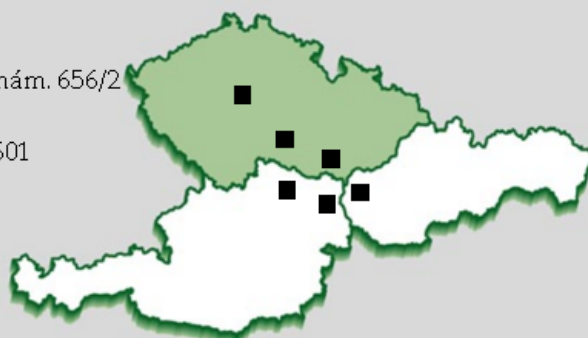
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