



Information for clients

Czech Republic

May 31, 2022

Tax benefits for donations to Ukraine

We have summarized for you recent news regarding tax benefits for donations in 2022 to Ukraine and its residents. A separate law, which has just been published, allows retroactive tax benefits for donations provided from the beginning of 2022.

Gift donors may claim the tax benefits as follows:

a) as a deduction from the tax base

- up to 30% of the tax base
 - for donations made in support of Ukraine's defense efforts, e.g., provision of military equipment, weapons, ammunition, etc.
 - for donations made directly to Ukraine or to Ukrainian non-profit organizations through the Ukrainian Embassy, e.g. money, food, medical supplies, etc.
 - also for non-resident taxpayers from Ukraine, if their taxable income from sources in the territory of the Czech Republic represents 90% of their taxable income
- or

b) as tax-deductible expenses for donations in favor of Ukraine, which will be beneficial for taxpayers who have a tax loss.

For recipient of donations the following are **exempt from income tax**:

- donations in support of Ukraine's defense efforts
- accommodation for Ukrainian employees in the Czech Republic
- monetary donations to employees to help them in a difficult life situation related to the conflict in Ukraine.

Controversial cases where we are waiting for clarification from the tax administration:

- the procedure for assistance by the employer organizing donations for Ukraine among its employees,
- the tax treatment of the wage costs of employees performing voluntary work or of wage refund to a Ukrainian employee who goes to Ukraine to fight,
- the VAT implications of providing donations in kind. A VAT-exempt supply occurs when the goods are transported outside the EU by a humanitarian or charitable organization or a carrier contracted by it or directly by a recipient. Pay attention to situations where VAT exemption cannot be claimed, e.g. when the goods are transported using the donor's own means and only subsequently donated in Ukraine, or when the goods are supplied in the form of military equipment.

The **provision of donation** must be supported by a contract. Donations to selected published bank accounts may also be supported by a bank statement and information about the recipient and the purpose of the donation.

It is obvious that the tax benefit of assistance to Ukraine can be claimed only if all the conditions required by law are met and the sufficient documentation is kept. We will be happy to assist you in making the correct assessment.

Your AUDITOR Team

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