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# CLIENT INFORMATION

**Czech Republic**

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# Current accounting and tax news

*We bring you a concise overview of the key changes in accounting and taxation approved at the end of this summer.*

## Narrowing the scope of companies subject to statutory audit

From 2026, only **medium-sized** and **large accounting entities** (with certain exceptions) will be required to have their financial statements audited. Small accounting entities will no longer be subject to statutory audit—regardless of their assets, turnover, or number of employees.

An important accompanying change is the increase in the thresholds for classification into accounting categories – see below.

*Example: If your company (s.r.o.) is classified in 2024 or 2025 as a small accounting entity subject to a statutory audit, it will no longer be required to undergo an audit for the year 2026, which also affects the deadline for filing the corporate income tax return for 2026.*

## Classification of companies into accounting categories

From the financial year ending in **2024**, new, approximately **20% higher thresholds for assets and turnover** will apply, as follows:

| CATEGORY | ASSETS | TURNOVER | EMPLOYEES |
|---|---|---|---|
| **MICRO** | CZK 11 mil. (previously 9 mil.) | CZK 22 mil. (previously 18 mil.) | 10 |
| **SMALL** | CZK 120 mil. (prev. 100 mil.) | CZK 240 mil. (prev. 200 mil.) | 50 |
| **MEDIUM** | CZK 600 mil. (prev. 500 mil.) | CZK 1,2 mld. (prev. 1 mld.) | 250 |

*Example: A company with assets of CZK 110 mil. and turnover of CZK 210 mil. was classified as a* ***medium-sized accounting entity*** *under the previous rules. With the new thresholds, the company will meet the criteria for the* ***small accounting entity*** *category in 2024. If the criteria are met also in 2025, it will be reclassified as small from 2026 onwards.* ***This means no audit obligation for the year 2026, which also affects the deadline for filing the corporate income tax return for 2026.***

## Exemption of income from the sale of securities and shares

From **2026**, the **CZK 40 mil. cap** introduced in 2025 for exempting income from the sale of securities and shares upon meeting the time test (3 or 5 years) **will be abolished**. **The CZK 40 mil. limit will remain only for income from the sale of crypto assets where the 3-year holding test is satisfied.**

## Employee benefits

The exemption of non-monetary employee benefits (for leisure activities and healthcare purposes) has been amended to include the condition that **they must not represent "salary, wage, remuneration, or compensation for lost income".**

**The purpose of this amendment is to prevent so-called salary swaps – replacing taxable remuneration with tax-exempt benefits.** Employers must therefore clearly distinguish between taxable employment income and genuine employee benefits provided in addition to salary, which may be tax-exempt if statutory conditions are met.

## New regime of so-called qualified employee stock plans

To support startups and motivate employees, a **new regime of qualified employee stock plans** will be introduced from **2026**. These plans will be available only to **small and medium-sized companies (with consolidated turnover up to CZK 2.5 mld. and assets up to CZK 2 mld.)**, excluding certain sectors (banks, insurance companies, audit firms, etc.), and only if further conditions are met (employee income thresholds, notification to the tax authority, etc.).

The key change is that **income from acquiring shares at a favourable price will be taxed only upon their sale, as "other income".** Such income **will not be subject to social security and health insurance contributions**, significantly reducing the tax burden for both employees and employers. **However, the exemption of income from the sale based on the holding period will not apply.**

For existing stock plans, the deferral period for taxation is extended from 10 to **up to 15 years** from the acquisition of shares/units or options.

## Abolition of withholding tax on remuneration paid to non-residents

From 2026, the **application of withholding tax on remuneration paid to non-resident individuals** who serve as members of the bodies of legal entities (such as managing directors, members of boards of directors, and supervisory boards) will be abolished. These types of income will instead be subject to advance tax payments and progressive taxation, in the same manner as income earned by Czech tax residents. Beginning in 2027, the abolition of withholding tax will also apply to income from agreements performed outside an employment relationship.

## Tax deduction for research and development

From **2026**, companies will be able to claim **tax base deduction of 150% of** R&D expenses from their tax base for the first **CZK 50 mil.** within a so-called deduction group (related parties). **Expenses above this threshold will be deductible at the standard 100% rate.** At the same time, the carry-forward period for unused R&D deduction will be extended from 3 to **5 years**.

## Tax-deductible allowance

From **2026**, companies will be allowed to create a **one-off 100% tax-deductible allowance** for uncollectible insignificant receivables up to **CZK 50,000** (currently CZK 30,000).

Please do not hesitate to contact us if you have any questions.

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