

CLIENT INFORMATION

Czech Republic

1 October, 2026

Tax and Accounting News in 2027

The following provides an overview of the key changes in the areas of taxes and accounting that were introduced in 2026, as well as changes that will take effect starting in 2027.

Electronic Sales Records from 2027

From **1 January 2027**, a new electronic sales records system (EET 2.0) will be introduced. The system will primarily apply to sales received through personal contact with customers, for example in cash, by payment card or via QR payment. Bank transfers and invoice payments made remotely will not be subject to the system. The new system also simplifies certain obligations for businesses – for example, printing receipts or acquiring a new cash register will not be mandatory. Current information on EET 2.0 is available on the official website <https://eet.gov.cz/>.

Changes in Income Tax from 2027

- reintroduction of the **pre-school tax credit** and the **student tax credit**
- a one-off **tax credit for self-employed persons** for electronic sales recording
- changes to **leisure-time employee benefits** – abolition of the aggregate limit and introduction of a separate CZK 20,000 limit applicable only to contributions towards holidays and trips
- changes to **medical care benefits** – the tax exemption limit will remain unchanged, but certain benefits will be excluded from the limit, while the scope of exempt benefits will be extended to selected social services
- increase of the threshold for the **obligation to file a tax return** from CZK 50,000 to CZK 100,000; for employees, the threshold for other income will increase from CZK 20,000 to CZK 40,000
- exemption of voluntary **tips in the restaurants** up to 7% of sales
- reintroduction of tax deductibility of **still wine** up to CZK 500 as an advertising and promotional item

Changes in VAT from 2027

- **12% VAT rate on non-alcoholic beverages** served as part of catering services
- abolition of the CZK 420,000 cap on VAT deduction for the acquisition of selected **passenger cars**
- reduction of the period for adjusting the VAT deduction on **unpaid liabilities** from 6 to 3 months
- extension of the possibility to adjust the tax base in the case of **small bad debts**

Employment Income and Agreements

In connection with the second stage of the JMHZ system, from 2027, **advance tax on employment income** will be assessed during the relevant year based on an advance tax report, which will form part of the monthly report.

The decisive income threshold for participation in sickness insurance will increase to **CZK 12,500** per month for **agreements to perform work** (DPP) and to **CZK 5,000** per month for **employment of a small range**.

At the same time, **withholding tax will be abolished** for these minor employment incomes. If an employee does not sign the taxpayer declaration, income below the relevant threshold will be subject to advance tax. The change will also affect payroll administration and reporting through the JMHZ system.

Reduction of Minimum Self-Employment Advances

From 1 July 2026, the minimum assessment base for social security contributions of self-employed persons carrying out their self-employment activity as a main activity was reduced from 40% to **35%** of the average wage. The minimum monthly social security advance therefore decreased from CZK 5,720 to **CZK 5,005**.

The change will also be reflected in the annual settlement of social security contributions for 2026. Self-employed persons who paid higher advances during the first half of the year may use the resulting overpayment to cover future advances or request a refund.

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