

CLIENT INFORMATION

Czech Republic
25 June, 2025

Value added tax - input tax refund for overdue invoices

We informed you in December 2024 about the [changes to VAT for 2025](#). An important change is that the input VAT claimed for services and goods purchased must be paid back if the underlying invoices are more than 6 months overdue. This regulation only applies to invoices with a service date on or after January 1, 2025 and can therefore take effect for the first time in July 2025. We therefore provide you once again with an overview and some practical information below.

Scope of application

The new regulation only applies to **invoices** issued **with Czech VAT** and does not apply to invoices under the international (from foreign companies) or domestic reverse charge scheme (e.g. construction services), where the VAT is declared by the recipient of the service.

The new regulations also apply to invoices under CZK 10,000 which do not have to be reported in the control report.

The input VAT claimed must be refunded if **six months have elapsed since the due date of the invoice**. For the purposes of the VAT return, the due date of the invoice must therefore be taken into account in addition to the date of performance. If an invoice has only been partially paid, the input VAT must be refunded proportionally.

If the invoice in question is subsequently paid after the input tax has been refunded, the input tax can be claimed again in the month of payment of the invoice at the earliest. If the invoice is only partially paid, the input tax can only be claimed again on a pro rata basis.

Example

An entrepreneur receives an invoice for services with a performance date of 5 January 2025 and the invoice is due on January 20, 2025. The invoice for CZK 121,000 includes Czech VAT in the amount of CZK 21,000 and the entrepreneur claims input VAT. The entrepreneur only pays half of the invoice amount due to a disputed claim. On July 20, 2025, half of the invoice is still outstanding.

The entrepreneur must refund the claimed input VAT in the amount of CZK 10,500 in his VAT return for July 2025.

In October 2025, the entrepreneur decides to pay an additional quarter of the invoice amount (CZK 30,250). In the VAT return for October 2025, he can again claim input VAT in the amount of CZK 5,250.

The above example clearly shows that the new VAT regulation places additional requirements on VAT records and increases the administrative work involved.

Notes for practice

a) Due date of the invoices

When documents are transferred to the accountant, it should be ensured that the due date of the individual invoices is made available also if it is not directly displayed on the invoice and that subsequent changes to the due date are also forwarded to the accountant accordingly.

b) Offsetting receivables and liabilities

Please note that an invoice can be settled not only by payment, but also by offsetting. It is therefore necessary to send all documents relating to offsetting to the accountant.

Between related companies, it may happen that mutual receivables and liabilities are not settled over a longer period of time. In order to avoid the threat of a refund of input VAT claimed, the amounts in question should be settled or offset in a timely manner.

c) Mapping of payments

When paying invoices, it should be specified which invoice is being paid (e.g. using a variable symbol), i.e. how **the payments are to be matched to the invoices**. For example, if a debtor has several invoices outstanding for the same supplier and makes a collective payment but does not pay all outstanding invoices, it must be determined which invoices will be paid. By law, the oldest invoices are paid first. If the collective payment is to be matched with outstanding invoices in another way, this must be agreed between the parties, preferably in writing, so that there is a basis for reconciliation in the accounts and proof for the tax authorities.

In case we carry out the ongoing accounting for you, we kindly ask you to provide us with the above information on an ongoing basis so that we can determine any potential input VAT amounts to be refunded.

If we only process VAT returns for you, please include the above information in your accounts and let us know if any input tax needs to be refunded.

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

Your AUDITOR Team

Ing. Marta Prachařová, LL.M.

Leiterin der Steuerabteilung

T: +420 224 800 458

marta.pracharova@auditor.eu

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