



Information for clients No.5

Czech Republic
September 2013

In the following text we inform you of the current state of amendments to tax laws that follow up adopted changes in civil and commercial law. We also provide information about developments in the guarantee for outstanding VAT.

Recodification: changes in tax laws rejected

On 12 September 2013, the Senate failed to pass long-prepared amendments to tax laws in connection with the recodification of private law. The tax laws were to be subject to extensive amendments due to the new provisions of civil and commercial law which are to come into effect on 1 January 2014. In addition, the amendments brought a number of substantive changes. It is against the background of the present political situation that some of these substantive changes (for example, exempting shares in profits of natural persons from tax, taxation of investment funds) were the reason for non-adoption by the Senate.

The rejection of the amendments creates fundamental uncertainty for entrepreneurs due to the risk of a disconnection between the new civil/commercial

laws and the tax laws. What awaits us? Deferment of the new Civil Code? Amended tax legislation through a legal measure which will need to be adopted by the new Chamber of Deputies after the October elections?

We will keep you informed of further developments.

VAT: guarantee for outstanding tax postponed

The General Financial Directorate released [Information](#) (Ref. No.: 41 540/13/7001-21002-012287), according to which the application of the institute of a guarantee for outstanding value added tax for payments into an undisclosed bank account of a supplier is suspended until 31 December 2013.

We point out that the guarantee is applicable also in cases where, in domestic taxable supply, the recipient:

- knew or had any means of knowing that he was engaged in a transaction affected by fraud;
- accepts taxable supply for a price which deviates from the usual price without justification;
- provides consideration into an account kept abroad;





- receives taxable supply from an unreliable payer;
- takes fuel from a person who is not registered as a distributor of fuel.

The VAT Act allows payers to secure themselves against the guarantee in that the recipient pays VAT directly into a deposit account of the tax administrator and not to the supplier. Together with the payment, it is necessary to notify the tax administrator of the details required for identification of the

payment. We recommend you to make contractual arrangements with your suppliers regarding potential utilisation of this security instrument. ■

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We invite you to an event:

Benefits of Investing in Austria The New Czech Civil Code

3 October 2013, 6 pm

Hotel Jurys Inn, Prague 8

For more information about the event and how to sign up please follow this link.



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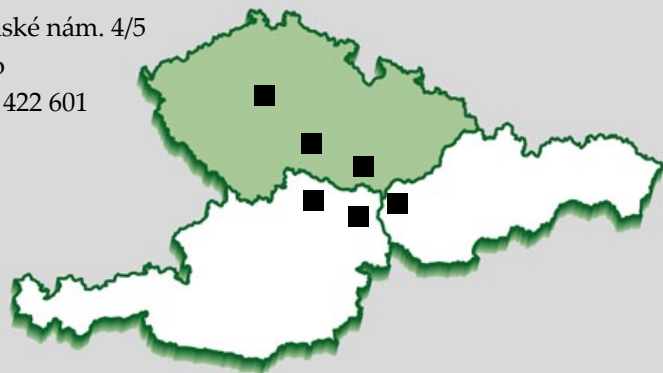
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