

## **INFORMATION - Czech Republic**

### **Use and Enjoyment - VAT Directive 2006/112/EC - Article 59a**

In the Czech Republic, there are no use and enjoyment rules applicable to telecommunications, broadcasting and electronic services provided to non-VAT taxable persons in accordance with Article 59a of Directive 2006/112/EC.

### **Time of supply / chargeability - Deferment and Cash Accounting Scheme - VAT Directive 2006/112/EC - Article 66**

In the Czech Republic, telecommunications, broadcasting and electronic services provided to non-VAT taxable persons become taxable according to the normal rules provided for under Directive 2006/112/EC.

Reference to the above may be found in Section 21 (4) (a) of the Czech VAT Act (Act No. 235/2004 Coll.).

### **Time of supply / chargeability - Continuous supplies - VAT Directive 2006/112/EC - Article 64(2)**

In the Czech Republic, continuous supplies of broadcasting and electronic services become taxable according to the normal rules provided for under Directive 2006/112/EC.

Reference to the above may be found in Section 21 (4) (a) of the Czech VAT Act.

Telecommunications services are chargeable on the day a reading is taken from a measuring device or the day when the actual consumption is ascertained.

Reference to the above may be found in Section 21 (5) (b) of the Czech VAT Act.

### **Re-valuation of services at open market value - VAT Directive 2006/112/EC - Article 80**

The taxable amount of telecommunications, broadcasting and electronic services provided to non-VAT taxable persons can be deemed to be the open market value where both parties are related.

Related parties include:

- persons connected directly or indirectly by capital or voting rights where the participation of a share equals to at least 25 % of stock or 25 % of voting rights of those persons;
- persons otherwise connected where at least one same person is involved in the management of these persons;
- persons connected through family or other close personal ties;
- partners in association, if VAT registered.

Reference to the above may be found in Section 36a of the Czech VAT Act.

### **Bad Debt relief - VAT Directive 2006/112/EC - Article 90**

In the Czech Republic, bad debt relief is not available in relation to telecommunications, broadcasting and electronic services provided to non-VAT taxable persons.

### **Application of reduced VAT rates - VAT Directive 2006/112/EC - Article 98**

In the Czech Republic, no reduced VAT rates apply with respect to telecommunications, broadcasting and electronic services provided to non-VAT taxable persons.

### **Standard VAT Rate - VAT Directive 2006/112/EC - Article 96-97**

In the Czech Republic the standard VAT rate is 21%.

### **Release from payment of insignificant amounts of VAT - VAT Directive 2006/112/EC - Article 212**

The Czech Republic has not implemented rules under its domestic legislation whereby taxable persons are released from the payment of the VAT where the amount due is insignificant.

### **Invoicing Obligations - Obligation to issue an invoice - VAT Directive 2006/112/EC - Articles 217-249**

In the Czech Republic, there is no obligation to issue a VAT invoice for the supply of telecommunications, broadcasting and electronic services provided to non-VAT taxable persons.

### **Invoicing Obligations - Content of an invoice - VAT Directive 2006/112/EC - Articles 217-249**

Not applicable given that there is no obligation to issue a VAT invoice in relation to telecommunications, broadcasting and electronic services provided to non-VAT taxable persons.

### **Invoicing Obligations - Time limit for issuing an invoice - VAT Directive 2006/112/EC - Articles 217-249**

Not applicable given that there is no obligation to issue a VAT invoice in relation to telecommunications, broadcasting and electronic services provided to non-VAT taxable persons.

### **Invoicing Obligations - Summary Invoices - VAT Directive 2006/112/EC - Articles 217-249**

Not applicable given that there is no obligation to issue a VAT invoice in relation to telecommunications, broadcasting and electronic services provided to non-VAT taxable persons.

### **Invoicing Obligations - Electronic invoices - VAT Directive 2006/112/EC - Articles 217-249**

Not applicable given that there is no obligation to issue a VAT invoice in relation to telecommunications, broadcasting and electronic services provided to non-VAT taxable persons.

### **Invoicing Obligations - Batch of electronic invoices - VAT Directive 2006/112/EC - Articles 217-249**

Not applicable given that there is no obligation to issue a VAT invoice in relation to telecommunications, broadcasting and electronic services provided to non-VAT taxable persons.

### **Additional obligations deemed necessary for collecting VAT and preventing evasion (anti-avoidance measures) - VAT Directive 2006/112/EC - Article 273**

The Czech Republic has not implemented any rules or anti-avoidance measures that may directly impact telecommunications, broadcasting and electronic services provided to non-VAT taxable persons.

### **Stand-still scheme - Derogations for States which were members of the Community on 1 January 1978 - VAT Directive 2006/112/EC - Articles 370-391**

N/A

### **Stand-still scheme - Derogations for States which acceded to the Community after 1 January 1978 - VAT Directive 2006/112/EC - Articles 370-391**

There are no provisions which are applicable under a Stand-still Scheme in the Czech VAT legislation or subject to common practice in the Czech Republic that may be relevant for telecommunications, broadcasting and electronic services provided to non-VAT taxable persons.

### **VAT Treatment of vouchers**

There are no specific provisions relating to vouchers in the Czech VAT legislation.

The sale of telecommunications credits is generally treated as a pre-payment for the future provision of telecommunication services.

### **Exemptions - VAT Directive 2006/112/EC - Articles 132 & 135 (E-learning activities)**

Education and training by eligible bodies is VAT exempt without the right to input VAT recovery in the Czech Republic. These should include E-learning services provided by eligible bodies.

Eligible bodies are (inter alia):

- any of the educational institutions listed in Section 7 of Act No 561/2004 Coll, preschool, primary, secondary, further vocational, and other education (the Schools Act).
- natural or legal persons who are authorised to carry out activities related to education and under a contract with a school;
- bodies providing institutional education or protective care and preventive educational care;
- universities in (i) accredited bachelor, master and doctoral degree programs (ii) lifelong learning programs provided within the framework of accredited bachelor, master and doctoral degree programs, (iii) lifelong learning programs provided under special legislation, (iv) lifelong learning programs provided within the scope of universities for the elderly;
- state and non-state non-profit organisations, non-profit children and young people organisations providing educational and leisure activities to children and young people;

In addition, supplies of goods and services by the above persons are exempt from VAT when these supplies are closely related to the education and protection of children and young people.

Reference to the above may be found in Section 57 of the Czech VAT Act.

### **Exemptions - VAT Directive 2006/112/EC - Articles 132 & 135 (Gambling activities)**

In the Czech Republic, the operating of gambling activities (whether provided in store or online) according to the Czech Republic Act No 186/2016 Coll. regarding gambling is VAT exempt with no right of input VAT recovery.

Reference to the above may be found in Section 60 of the Czech VAT Act.

### **Exemptions - VAT Directive 2006/112/EC - Articles 132 & 135 (General)**

In the Czech Republic, the activities other than those of a commercial nature, carried out by public radio and television bodies are VAT exempt with no right of input VAT recovery.

Reference to the above may be found in Section 53 of the Czech VAT Act.

### **VAT Registration Process**

The VAT registration can be made through the web portal of the Czech Republic Financial Administration:

[https://adisepo.mfcr.cz/adistc/adis/idpr\\_epo/epo2/uvod/vstup\\_expert.faces](https://adisepo.mfcr.cz/adistc/adis/idpr_epo/epo2/uvod/vstup_expert.faces)

Reference to the above may be found in Sections 110g, 110h, 110j, 110l, 110m and 110n of the Czech VAT Act.

## Access to web-portal and contact details of the local VAT Authorities

[http://adisspr.mfcr.cz/adistc/adis/idpr\\_pub/dpr/vatref\\_m1ss.faces](http://adisspr.mfcr.cz/adistc/adis/idpr_pub/dpr/vatref_m1ss.faces)

Based on the Section 110j of the Czech VAT Act, the submissions in MOSS shall be done through the electronic portal by (i) a data message with an enhanced/guaranteed electronic signature or by (ii) a data message with verified identity enabling the access to the data box or (iii) by username and password.

Contact details of the local VAT authority:

Finanční úřad pro Jihomoravský kraj

Tax Office for the South Moravian Region

Address: náměstí Svobody 4, 602 00 BRNO-STŘED, Czech Republic

Telephone: +420 542 191 111

Email: [podatelna3000@fs.mfcr.cz](mailto:podatelna3000@fs.mfcr.cz)

General Contact:

e-mail: [CZ-DPH2015@mfcr.cz](mailto:CZ-DPH2015@mfcr.cz)

Contact VAT obligations and reimbursements:

e-mail: [moss@fs.mfcr.cz](mailto:moss@fs.mfcr.cz)

## Appointment of a VAT Agent

The appointment of agents is possible in the Czech Republic. The taxpayer may appoint only one VAT agent and must delegate all his obligations with respect to the MOSS to this agent.

Reference to the above may be found in Section 110c of the Czech VAT Act. Please note that VAT agent cannot act as a fiscal representative (ie person liable for tax together, or even instead of, the VAT payer) as there is no statute of a fiscal representative in the Czech law.

## Penalties for non-compliance (Failure to register and late registration)

In accordance with the Czech Tax Code No. 280/2009 Coll. (Section 247a), failure to register for VAT may become subject to a penalty of up to CZK 500,000.

## Penalties for non-compliance (Non-payment and late payment of VAT)

For late payment of VAT: Interest computed for each day starting from the 5th working day when VAT was payable until payment is received by the tax authorities. The late payment interest rate is determined by the Czech National Bank interest rate increased by 14% (for 2017: the late payment interest amounts to approx. 14.05% p.a.). The late payment interest is applicable in all cases where VAT is paid late.

Reference to the above may be found in Sections 252 - 253 of the Czech Tax Code No. 280/2009 Coll.

For MOSS users, based on Section 110ze of the Czech VAT Act, late payment interest should not be payable if lower than EUR 8.

## Penalties for non-compliance (Non-submission and late submission of VAT returns)

There are no penalties applicable for not filing a MOSS VAT return. Reference may be found in Section 110ze of the Czech VAT Act.

A penalty for late filing is applicable if any supply is taxable in the Czech Republic (see Article 63b of the Regulation 282/2011). In this case the penalty for late submission of a VAT return amounts to 0,05% of the Czech VAT which is due up to a maximum of 5% of the assessed Czech VAT (however, the penalty cannot exceed CZK 300,000). The penalty may be reduced to 50% if the return is submitted within 30 days from the stipulated deadline and it is the first late submission in the calendar year.

## Penalties for non-compliance (Incomplete and incorrect VAT returns)

If the tax return is not complete or correct, tax authorities will prompt the taxpayer to make a correction in accordance with Section 89 of the Czech Tax Code No. 280/2009 Coll. They may also carry out a tax audit in accordance with Section 85 of the Czech Tax Code No. 280/2009 Coll.

In case of re-assessment from the VAT authorities, a penalty of 20% of the additional amount of VAT due is payable. Reference to the above may be found in Section 251 of the Czech Tax Code No. 280/2009 Coll.

Late payment interest may also be applicable if non-compliance leads to VAT being paid late.

### **Penalties for non-compliance (Non-compliance with invoicing and accounting obligations)**

In the Czech Republic, penalties of up to CZK 500,000 for non-compliance with non-monetary obligations to maintain VAT records according to Article 63c of the Implementing Regulation may be imposed. Reference to the above may be found in the Czech Tax Code No. 280/2009 Coll. (Section 247a).