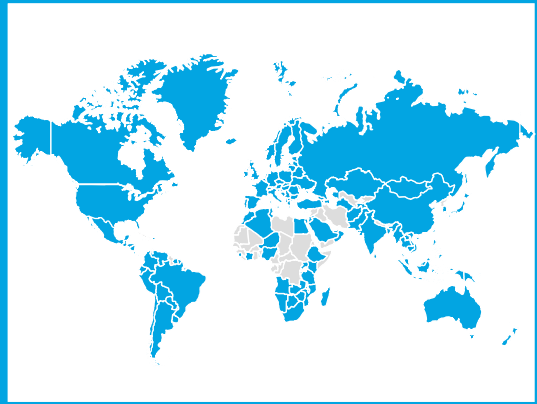


# INPATRIATES

## Czech Republic

### Tax facts for international assignees



#### INCOME TAX: WHO IS LIABLE/RESIDENCY

The liability to Czech personal income tax depends on the individual taxpayer's residency status.

Czech tax residents are subject to Czech personal income tax on their worldwide income.

Worldwide income includes employment income for work performed in the Czech Republic, employment income earned abroad, income from business activities, investment income (interests, dividends), rental and other income (sale of shares, sale of property).

Czech tax non-residents are only subject to tax on any income arising from Czech sources. Income from Czech sources includes employment income for activities performed in the Czech Republic (including company board members), income from the sale of a Czech property, rental income from properties located in the Czech Republic, income from the personal activities performed as a sportsmen/artist/other activity.

According to the Czech tax law an individual is considered as a Czech tax resident if he/she has their permanent home in the Czech Republic or if they usually stays/resides in the Czech Republic.

Individuals staying in the Czech Republic exclusively for the purpose of studies or medical treatment are liable to tax imposed solely on income arising from source in the Czech Republic even if they usually stay/reside in the Czech Republic.

An individual who “usually stays/resides in the Czech Republic” is a person who stays/resides in the Czech Republic for at least 183 days in the relevant calendar year, either continuously or intermittently. Each commenced day of such stay/residence is included in the period of 183 days.

For the purpose of the Czech tax law, a “permanent home” is a place where the taxpayer has his/her abode (home) and the circumstances indicate his/her intention to live there on a long-term basis.

Double Taxation Treaties may contain different definitions of tax residency and these would override the Czech domestic tax legislation.

#### REGISTRATION/FORMALITIES

There is no automatic obligation for an individual to register with the Czech Tax Authority unless they are performing self-employed activities in the Czech Republic. However, it is generally advisable for a person to submit a request for a Czech taxpayer ID number if they will need to file a Czech tax return.

## INCOME TAX RATES

	Chargeable income	Tax rate
Standard Tax	Applies on gross taxable income plus actual or fictitious amounts of Czech social security and health insurance contributions paid by employer (i.e. "Super gross tax base")	15%
Solidarity Tax	Applies on part of annual gross employment income which exceeds CZK 1,672,080 in 2019	7%

Non-employment income has a flat tax of 15%.

There are no state or city taxes in the Czech Republic.

There is no exit tax in the Czech Republic. However, an individual would generally be required to meet all tax obligations for the tax year in which his/her tax residency is broken.

There is no concept of joint taxation of spouses and therefore, each individual must meet their own tax return filing obligations (if required).

## SOCIAL TAX RATES

Czech social security contributions

- Employer: 24.8% of gross annual employment income up to CZK 1,672,080
- Employee: 6.5% of gross annual employment income up to CZK 1,672,080

Czech health insurance contributions

- Employer: 9% of gross annual employment income with no salary ceiling
- Employee: 4.5% of gross annual employment income with no salary ceiling

For further information and to register for future updates contact [expat@bdo.global](mailto:expat@bdo.global)

This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations. The information contained within this publication is based upon information available up to the version date indicated in the document footer, and is accurate only as of such version date. While every reasonable effort has been taken by BDO to ensure the completeness and accuracy of the matter contained in this publication, the information contained herein does not constitute an examination of any recipient's compliance with laws, regulations, or other matters. You should not act, or refrain from acting, upon the information contained herein without obtaining specific professional advice. Please contact the appropriate BDO Member Firm to discuss these matters in the context of your particular circumstances. Neither the BDO network, nor the BDO Member Firms or their partners, employees or agents accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

BDO is an international network of public accounting, tax and advisory firms, the BDO Member Firms, which perform professional services under the name of BDO. Each BDO Member Firm is a member of BDO International Limited, a UK company limited by guarantee that is the governing entity of the international BDO network. Service provision within the BDO network is coordinated by Brussels Worldwide Services BVBA, a limited liability company incorporated in Belgium. Each of BDO International Limited, Brussels Worldwide Services BVBA and the member firms of the BDO network is a separate legal entity and has no liability for another such entity's acts or omissions. Nothing in the arrangements or rules of the BDO network shall constitute or imply an agency relationship or a partnership between BDO International Limited, Brussels Worldwide Services BVBA and/or the member firms of the BDO network.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

© Brussels Worldwide Services BV, December 2020

[www.bdo.global](http://www.bdo.global)