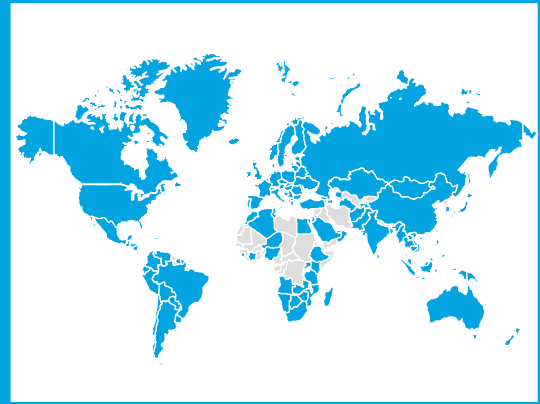


EXPATRIATES

Czech Republic

Tax facts for international assignees



INCOME TAX: WHO IS LIABLE

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 generally override the Czech domestic tax legislation.

BREAKING RESIDENCY - EXIT PROCEDURES

An individual can break Czech tax residency by a combination of all or some of the following:

- Becoming a tax resident in another country;
- Establishing a residence which will serve as their permanent home in another country;
- Shifting the center of vital interests from the Czech Republic to another country under the terms of the relevant Double Taxation Treaty. This can generally be seen to happen when an individual moves with his/her family (if relevant) along with their personal belongings to another country and no longer has a strong connection to the Czech Republic.

There is no special procedure for breaking tax residency in the Czech Republic and an individual should have convincing evidence to be able to demonstrate that he/she is no longer a Czech tax resident according to the Czech tax law or relevant Double Taxation Treaty.

The Czech Tax Authority should be informed within 15 days of departure that the individual has left the Czech Republic permanently. This releases the individual from any obligation to pay further tax advances. The Czech personal income tax return for the period before departure should be submitted within the normal deadlines (generally 1 April of the following year).

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 2020	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

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