

Ministry of Finance Presents Draft Bill to Transpose Directive on VAT Scheme for Small Businesses

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The Ministry of Finance has published a draft bill amending the VAT law. The draft bill proposes to transpose the [Amending Directive to the VAT Directive \(2020/285\)](#) regarding the special scheme for small enterprises.

The purpose of the special scheme is to reduce the VAT compliance burden for small enterprises. Following the transposition, it will also be available to small enterprises performing cross-border transactions to other Member States.

The draft bill also proposes to complete the transposition of the [Amending Directive to the VAT Directive \(2022/542\)](#) regarding reduced VAT rates.

The draft bill intends to address current practices and legal precedents by proposing changes to certain VAT law provisions for improved clarity and effectiveness. These changes include adjustments regarding the entitlement to VAT deduction upon registration of the taxpayer, corrections of the VAT base, bad debts and tax refunds. These changes aim to streamline the value added tax administration process, reduce administrative costs and increase the legal certainty of the taxpayers.

Most of the changes outlined in the draft bill will take effect on 1 January 2025. However, certain provisions, such as those concerning refunds for third-country travellers, will apply as of 1 July 2025. Additionally, rules regarding deductions for certain vehicles will come into effect on 1 January 2027.

To become effective, the draft bill has to be approved by both chambers of the parliament, the President must sign it, and it must be published in the Official Gazette.

Further developments will be reported as they occur.

The full text of the draft bill published on 2 February 2024 can be found [here](#) (in Czech only).