# What is Taxe

* The tax is: A compulsory and non-refundable payment imposed by law and enforced by the state on various entities, i.e. businesses, organizations, households, individuals, whether domestic or foreign.
* There are two basic types of taxes: a) Direct taxes or pension type taxes.
* They are paid directly by the taxpayer to the state budget, through state institutions, and the taxpayer is aware of their amount. (b) Indirect taxes or excise-type taxes.
* They are paid by the buyer in the price of the goods and paid to the State budget by the seller.

# Types of taxes

## Direct taxes

For these taxes, the person (taxpayer) who will pay the tax can be specified. The payer of these taxes is also the taxpayer. The tax is usually levied on his income or assets.

* Division of direct taxes:
  + pensions
  + personal income tax,
  + corporate income tax,
  + property
  + property tax (until 2014, real estate tax),
  + tax on the acquisition of immovable property (until 2014 tax on the transfer of immovable property),
  + road tax.

## Indirect taxes

* For these taxes, it is not possible to clearly identify the taxpayer in advance, i.e. the person who will ultimately pay the tax.
* Only the person who pays the specific indirect tax to the state, i.e. the taxpayer, can be defined.
* It is in fact a consumption tax. It is included as a surcharge in the price of goods or services purchased by the customer or consumer, who pays it as part of the payment for his consumption.
* However, the tax is paid to the State by the trader concerned.
* Division of indirect taxes:
* Selective (excise duty),
* universal (value added tax),
* environmental (tax on electricity, gas and solid fuels).
* This type of taxes also includes:
* air or water pollution charges,
* waste charges.

Income tax - direct tax → payer = taxpayer

taxpayer : FO with permanent residence or residence permit in the Czech Republic and earning regular income here

subject of the tax : 5 types of income - from dependent activity (employment), from business, from rent, capital income, other income

tax period : calendar year, advances paid during the year

tax base : amount of income less selected items - e.g. pension, life insurance,

mortgage interest

tax rate : 15%

form of payment : tax return

Income tax on personal income - direct tax → payer = taxpayer

taxpayer : POs established in the Czech Republic with income earned at home and abroad and POs established abroad with income earned in the Czech Republic

subject of the tax : business income

tax period : calendar year, advance payments made during the year

tax base : amount of income adjusted by specified items

tax rate : 19%

form of payment : tax return

Real estate tax - direct tax → taxpayer = taxpayer

2 parts : land tax

tax on buildings

Land tax :

payer : owner or tenant

subject of the tax : land registered in the Land Register of the Czech Republic, except state land, water areas, military forests, cemeteries, diplomatic corps, water treatment plants ...

tax period : calendar year

tax base : land area

tax rate : price per 1m2 (set by the Ministry of Finance) - depends on the suitability of the land (arable land, orchards and gardens, vineyards, meadows and pastures, building land)

the price is multiplied by a coefficient depending on the size of the municipality in whose cadastre the land is located

(0,3 - 5,5)

form of payment : tax return only in the first year, further only on changes

## Tax on buildings :

taxpayer: owner or tenant

subject of the tax : buildings after completion registered in the Land Register of the Czech Republic, except for state buildings, dipl. corps, dams, water treatment plants ...

tax period : calendar year

tax base : floor area of the above-ground part of the building

tax rate : price per 1m2 (set by the Ministry of Finance) - depends on the purpose of use (residential houses, extensions, garages,

industrial, agricultural, commercial, services) + surcharge for each storey

the price is multiplied by a coefficient depending on the size of the municipality in whose cadastre the building is located

(0,3 - 5,5)

form of payment : tax return only in the first year, further only on changes

Road tax - direct tax

taxpayer : owner - the person named in the technical certificate or the lessee

subject of the tax : motor vehicles intended for business purposes, except public transport, emergency vehicles, single-track vehicles, diplomatic corps, agricultural vehicles

tax period : calendar year

tax base : passenger cars - engine capacity

trucks - weight and number of axles

tax rate : passenger cars - 1 200 - 4 000,-

trucks - 1 800 - 46 000,-

form of payment : tax return

Tax on the acquisition of immovable property - direct tax

taxpayer : purchaser of the property

subject of the tax : immovable property acquired mainly by purchase

tax period : one-off tax paid only once

tax base : purchase price, appraisal price

tax rate : 4% of the tax base

form of payment : tax return

Inheritance and gift tax - direct tax

taxpayer : purchaser of the property

subject of the tax : movable and immovable property, including financial assets, securities, deposits, collections of works of art and debts

tax period : one-off tax

taxable amount : value of the property as evidenced by documents or an expert's valuation

tax rate : 0 - 3% depending on the relationship between the original owner and the acquirer of the property

direct line - spouse, children

branch line - parents, siblings, aunts and uncles, cousins

others - anyone else

form of payment : tax return

Value added tax (VAT) - indirect tax, universal tax (on most goods and services)

payer : manufacturer, seller - compulsory by law (turnover in 12 months exceeding CZK 1 million) or voluntary

taxpayer : consumer

subject of the tax : most goods and services except for services of banks, insurance companies, TV and radio broadcasting (except advertising time), social services, education, sale of certain medicines and health services

tax period : calendar month or quarter

taxable amount : value of the product

tax rate : basic - 21%

1. reduced - 15% - e.g. food, books and magazines, public transport

2. reduced - 10% - e.g. baby food, baby nappies, children's books, gluten-free food

form of payment : tax return

principle of operation : input tax → entitlement to deduction

output tax → obligation to pay

resulting tax liability → difference in tax liability - entitlement to deduction

→ - positive - VAT levy

- negative - over-deduction

Excise duty - indirect tax, selective tax (selected products)

Payer : domestic manufacturer, importer in the Czech Republic, customs warehouse operator

taxpayer : consumer

subject of the tax : alcoholic beverages, tobacco products, fuel

tax period : calendar month

tax base : quantity of product in units of measurement

alcoholic beverages - spirits - hl of 100% alcohol

beer - hl by grade and size of brewery

wine - hl

tobacco products - cigarettes, cigars, cigarillos - pcs + % of the pack price

smoking tobacco - kg

fuel - tonnes

tax rate : in CZK per unit quantity

form of payment : tax return