



Registering for VAT

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Main information

You can become a VAT payer voluntarily or compulsorily. There are several possibilities (eg exceeding the set turnover, accepting and providing services to another Member State

Registration of VAT payer

A business is a taxable person if he carries out economic activities independently or is a group (Section 5 of the VAT Act). A VAT Act determines the situations in which such taxable person becomes a VAT payer, or when such taxable person is obliged to register for VAT.

A business **is obliged** to register as a VAT payer, if some of below mentioned conditions are fulfilled:

- A business with the registered office in this country whose turnover for no more than the 12 immediately preceding consecutive calendar month exceeds 1 000 000 CZK, except for a person that only carries out transactions exempted from tax

- If a business become an owner of a property that will be used for the purposes of carrying out economic activities under a decision on privatization under the Act regulating the conditions of transferring State property to other persons, or form a payer through acquisition of a business enterprise, shall be a payer from the day of property acquisition.
- A business shall be a payer from the day when the transformation of a legal entity is registered into a public register or an equivalent register maintained under the laws of the given State if the assets of the legal entity being dissolved or split up that was a payer pass or are transferred to such person during the transformation.
- A business with the registered office in this country that provides services with the place of transaction in this country, except for services exempted from tax without entitlement to tax deduction, or that forwards goods to this country with the place of transaction in this country through its establishment located outside of this country shall be a payer from the day of the provision of such services or delivery of such goods.
- A business that is a group member and makes a taxable transaction, which is the delivery of goods or provision of a service, with the place of transaction in this country through its part located outside of this country (establishment), except for the transactions the tax on which has to be declared by the person for which such a transaction is provided, shall be a payer from the day when such transaction carries out.
- If a business that is an heir who acquired property from a deceased payer and who continues carrying out economic activities shall be a payer from the day of the passage of the tax liability of the deceased.

If a business is obliged to register as a VAT payer, he has to file an application for registration within 15 days from the end of the calendar month in which he exceed the set turnover or in which he became a payer.

A business with registered office or establishment in this country and carries out or will carry out transactions with entitlement to tax deduction may file an application for

Registration of Identified person

An identified person is a taxable person who carries out economic activities independently or is a group (Section 5 of the VAT Act). The statutory conditions for obligatory or voluntary registration of identified person are determined in the VAT Act. If a business is already registered as VAT payer, he cannot become an identified person. On the contrary, a business registered as identified person may subsequently become a VAT payer, for example in situation when he exceeds the turnover for obligatory registration for VAT (Section 6 of the VAT Act).

A business **is obliged** to register as an identified person in the following situation:

- If a business that is not a payer or a non-taxable legal entity acquire goods from another Member State in this country and such goods are subject to tax, except for goods acquired by an intermediary in a simplified procedure for delivery of goods within the territory of the European Union in the form of the triangular transactions, shall be an identified person from the day of first acquiring such goods. The acquisition of goods from another Member State are subject to tax in the moment when the total value of the acquired goods without tax exceed the threshold 326 000 CZK.
- If a business with the registered office or establishment in this country that is not a payer shall be an identified person from the day of receiving a taxable transaction with the place of transaction in this country from a person not established in this country, where the taxable transaction is the provision of a service, delivery of goods with installation or assembly, or delivery of goods through systems or networks.
- If a business with the registered office or establishment in this country and is not a payer, shall be an identified person from the day of the provision of a service with the place of transaction in another Member State, except for the provision of a service that is exempted from tax in such other Member State.

If a business is obliged to register as identified person, he has to file an application for registration within 15 days from the day when he became an identified person.

payer and:

- will provide selected services in the special Mini One Stop Shop Scheme, or
- will acquire the goods from another Member State, or
- will receive a service, delivery of goods with installation or assembly, or delivery of goods through systems or networks, with a place of transaction in another Member State from a non-established person, or
- will provide a service with a place of supply in another Member State, except for the provision of a service that is exempted from tax in such other Member State.

If a business file an application for voluntary registration as identified person, he become an identified person from the day following the day of notification of the decision of his registration.

Group Registration

A businesses with registered office or establishment in this country shall create **a group of associated persons**, and such group of associated persons is registered for VAT as a payer under Section 95a of the VAT Act. An associated persons shall mean persons associated through capital or otherwise associated persons.

A group registration **is voluntary**. If a businesses, which create a group of associated persons, register for VAT purposes as a payer shall designate the group member that will represent the group and is stated in an application for VAT registration of a group. A members of a group which were a VAT payers before a creation of a group or accession to group as a member, a tax administrator cancel a VAT registration due to the fact that a group become a payer as a whole.

A group shall become a payer **on 1 January of the following calendar year** if the application to register the group is filed no later than **on 31 October of the current calendar year**. If the application is filed **after 31 October of the current calendar year**, the group shall become a payer **on 1 January of the second calendar year** following the filing of the application for registration.

A person who **is a VAT payer** shall become a member of a group **on 1 January of the following calendar year** if the group files an application for a payer to join the group,

shall become a group member **on 1 January of the second calendar year** following the filing of the application.

A person who **is not a VAT payer** shall become a group member on the first day of the second month following the month in which the group files an application, with the person's consent, for such person to join the group.

In the case of **transformation of a group member** where the assets or its part are passed or are transferred to the taxable person, then such taxable person shall become **a group member** from the day when the transformation of a taxable person is registered into the Commercial Register.

In the case of **transformation of persons which are a members of several groups**, where the assets or its part are passed or are transferred to the taxable person, then such taxable person shall become **a payer** (not a group member) from the day when the transformation of a taxable person is registered into the Commercial register. Such payer is obliged to file an application for registration within 15 days from the day when the transformation is registered into the Commercial Register.

Registration of non-established taxable person

For the purposes of a VAT Act a non-established taxable person is a person that:

- does not have a registered office in this country,
- carries out a taxable transaction, which is the delivery of goods or provision of a service with the place of transaction in this country, and
- does not have an establishment in this country or has an establishment in this country but such establishment does not participate in such transaction.

In case that the above mentioned conditions are satisfied, then **a business that does not have a registered office in this country**, may **be obliged to register as a VAT payer** in the Czech Republic, if some of below mentioned conditions are fulfilled:

- A business that carries out a taxable transaction, which is delivery of goods or provision of a service, with the place of transaction in this country, except for a transaction for which the tax shall be declared by the person for whom such

place.

- In this case is important to mentioned that this obligation is related to situation in which a business that forwards the goods (e.g. via e-commerce) from another Member State to customers (non-taxable persons – not a business) in this country and total value of dispatch goods does not exceed the threshold CZK 1.140.000 neither in the current calendar year nor in the immediately preceding calendar year, or the forwarded goods are not subject to excise duty, then the place of supply is in this country and a business shall be a VAT payer from the day of when such transaction takes place.
- A business that delivers goods to another Member State and the goods are dispatched or transported from this country by such person, the acquirer or authorized third person to a person for which the acquisition of goods in another Member State is subject to tax. A VAT payer shall be from the day when such taxable transaction takes place.
- A business that performs delivery of goods for consideration, representing the relocation of goods from this country to another Member State. A VAT payer shall be from the date of delivery of the goods, provided that the acquisition of the goods in another Member State is subject to tax for that person.
- A business that will carry out a transaction with entitlement to tax deduction with the place of transaction in this country shall be a payer from the day following the day of notification of the decision registering such person.
- A business shall be a payer from the day when the transformation of a legal entity is registered into a public register or an equivalent register maintained under the laws of the given State if the assets of the legal entity being dissolved or split up that was a payer pass or are transferred to such person during the transformation.

A business that not have a registered office or in this country **may be obliged** to register as **an identified person** in the Czech Republic. This could be a case in which a business who is not a payer or a non-taxable legal entity acquires goods from another Member State in this country and such goods are subject to tax, except for goods

shall be from the day of first acquiring such goods. The acquisition of goods from another Member State is subject to tax in the moment when the total value of the acquired goods without tax exceed CZK 326.000 in the respective calendar year or in the immediately preceding calendar year. In this case a business may file an application for registration for VAT **on voluntary basis** in advance.

If a business who does not have a registered office in this country is obliged to register as payer, he has to file an application for registration within 15 days from the end of the calendar month in which he became a payer.

A business who does not have a registered office in this country and carries out will carry out transactions with entitlement to tax deduction may file an application for registration for VAT **on voluntary basis**. After that he is a payer from the day following the day of notification of the decision of his registration.

More information about VAT registration of non-establishment persons you can find at website of the Financial Administration in Czech [Czech](#) or [English](#) language.

How a business can transfer their VAT registration to another business

In terms of VAT Act exists the situations in which it is possible to “transfer” a VAT registration through a specific way from one business to other business. A VAT registration is only transferred in situation when a legal entity is not dissolved by the changing of its legal form to a different form (no change of VAT identification number). In other situations of transfer a business becomes a VAT payer (with new VAT identification number).

1. Transfer of property or transformation of a legal entity

A business who decides to transfer of property to other business, or whose legal entity is transformed, **ceases to be a VAT payer** on the basis of transfer property or on the basis of the registration of transformation of a legal entity to a public register or an equivalent register maintained under the laws of the given state.

1. *Change of proprietor in the case of transfer of assets*

A business shall be a VAT payer from the day of property acquisition if he acquire such property for the purposes of pursuing economic activities under a decision on

In this case a business has to file an application for registration within 15 days from the day of property acquisition.

1. Transformation of a legal entity

A business on which the assets of the legal entity, that was a payer, being dissolved or split up during the transformation, is a VAT payer from the day when the transformation of a legal entity is registered into a public register or an equivalent register maintained under the laws of the give state.

In this case a business has to file an application for registration within 15 days from the day of property acquisition.

A business (a legal entity) that, when changing its legal form to a different form, **is not dissolved and its assets do not pass to a legal successor**, but only its internal legal relations and the legal positions of its shareholders/member are changed, **shall not cease to be a payer**.

1. Continuation of economic activities from a deceased payer

Next situation in which a VAT registration is transferred from one business to other, can be in the case of the deceased payer. An heir who has acquired property from a deceased payer and who continues pursuing economic activities shall be a payer from the day of the passage of the tax liability of the deceased based on the decision of court on inheritance.

In this case an heir has to file an application for registration within 15 days from the day when he became a payer.

Additional information

Reference to legal acts

Act No. 92/1991 Coll., on the conditions of transferring State property to other persons

Responsible Public Authority



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