

TAX DECLARATION IN THE CZECH REPUBLIC

When You do not have to file a tax declaration

It is not true that every person in the Czech Republic must file a tax return. On the contrary, most people don't have to. Their tax is settled monthly by the employer.

In case you have one of the following cases, you do not need to file a tax return:

- one employment contract for the whole year and no other income
- consecutive employment contracts during the year and no other income
- one employment contract (or successive contracts) and other income only from agreements on the execution of work (DPP)

When You must file a tax declaration

However, there are situations when, on the contrary, you have to file an income tax return because your income tax is not settled during the year, or it is, but the state needs to get it in order.

In case you have one of the following cases, you must submit an income tax return:

- income from business, you are a self-employed person, an artist, an athlete, a consultant, an interpreter, in short an independently earning person - i.e. you invoice your customers, or you sign copyright contracts, for example
- two or more employment contracts at the same time, or an employment contract and an employment agreement at the same time
- irregular income, for example, from the sale of products, various jobs and short term contracts, and they gave you a work contract „Smlouva o dílo“
- income from the sale of a share in s.r.o. type companies
- income from real estate rental

In such a situation, it is good to consult with someone who has already experienced it and has the experience and ability to advise. For example, your acquaintance who runs a business, one of your friends may know a good accountant. And once you learn it, you'll know for years to come... if not, you'll consult again...

When You have the right to it and the state will refund a part of Your income tax

It happens that a person does not have to file a tax return, but their situation changed during that year. They had different incomes, had a child, their employer's payroll office did not apply the basic discount to the income tax payer, etc. and this may affect the final amount of tax owed to the state.

In other words, income tax was withheld from the employee during the year, remitted by the employer to the state, but when the income and the resulting tax are recalculated on an annual basis, the result is an overpayment of income tax.

It is a right, not an obligation. You can use it, file your tax return and get your money back. Or you can shrug your shoulders, dismiss it, save time and energy and not be in contact with the Tax Office.

What you are entitled to:

BASIC DISCOUNT FOR TAX PAYERS: Every person with income in the Czech Republic is entitled to a flat-rate reduction of their income tax annually by a certain amount, the so-called basic tax discount. Currently, it is the amount of CZK 30,840. No other condition needs to be met.

STUDENT DISCOUNT (only until 2023): students under the age of 26 or doctoral students under the age of 28 can apply for a special discount for students, which must be documented by a proof of study.

DISCOUNT FOR A DEPENDENT CHILD: the child must live in the same household and must be under 18 years old, or studying and under 26 years old. Only one adult member of the household can claim the discount, but it does not have to be a parent. Grandma can claim it too, for example.

DISCOUNT ON ZTP: if you have a ZTP card or a child with ZTP in your household, you are entitled to a discount for these cases, for both your ZTP and the child's ZTP. It is a good idea to attach a copy of the ZTP card to the tax return.

DISCOUNT FOR DEPENDENT WIFE/HUSBAND (until 2023 without additional conditions, from 2024 the dependent partner has to be taking care of a child up to 3 years of age): if your wife or husband (marriage is a necessary condition) did not have an income higher than 68,000 in the previous year, they are the so-called dependent and the second spouse is entitled to an income tax discount.

DISCOUNT ON SCHOOL FEES (only until 2023): demonstrably paid kindergarten fees for a child in a joint household, again only one adult in the household can get the discount. It must be documented by a confirmation from the kindergarten.

DONATIONS INCLUDING BLOOD DONATIONS: if you have given a donation to a church, your children's school, OPU or another non-profit organization, or if you donate blood or plasma for free, you are entitled to deduct these donations from your tax base. It is necessary to have confirmation from the recipients of the gift.

How to tell you are entitled to them:

Some discounts, typically a discount for a taxpayer or dependent child, can be applied monthly with one employer. If your employer had you sign the Income Tax Payer's Declaration form at the beginning of the year or upon joining, then the basic discount is applied. If you would also like to use the child discount, it is a good idea to make arrangements with the payroll office, give them a copy of the child's passport, etc.

If you did not sign anything, no one asked you about the children, etc., it is quite likely that employers do not apply any discounts. Again, it's best to go to the payroll office and verify.

The second group of discounts is such that it cannot be applied other than on an annual basis, so all that remains is to decide whether to apply it in the tax return or decide not to bother with it. This includes gifts, a supported spouse, school fees.

What to do if you find out that you are entitled to a discount and it has not been applied:

Ask your main employer if he will help you with the tax return or if he will do the so-called annual salary statement. If not, request a Certificate of Taxable Income, this is a form where all your income in the given company and the paid income tax are added up.

Then try to find out who would help you with the tax return so that you don't lose your tax refund. The submission deadline is **2/4/2024 for paper submissions**, you can also submit **electronically by 2/5/2024**.

The question of tax domicile, i.e. where are Your taxes at home

For foreigners, it is necessary to clarify one more thing, and that is where your home is, where you are a tax resident. It is the information that decides what income to declare and what discounts you are entitled to. If you were in the Czech Republic for more than 183 days in the past year and you have economic interests and life in the Czech Republic (i.e. you work here, or attend retraining courses, rent an apartment, your children go to school here, you yourself study here,...) then you have a tax domicile, a tax "home" in the Czech Republic.

This means that if you file a tax return, you must also include income from countries other than the Czech Republic. At the same time, you are entitled to all the discounts mentioned above.

If you stayed in the territory of the Czech Republic for less than 183 and are just visiting, then the whole question of whether to file a return or not only concerns income from the Czech Republic. As a discount, you can only apply the basic taxpayer discount and study discount.



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