Tax and Legal News

March 2024

Editorial 02

Taxation of company cars or a tax *perpetuum mobile*

Accounting 05

Recent developments in the new Accounting Act

VAT 9

Transfer pricing from the perspective of indirect taxes

Law 12

Admissibility of a jurisdiction agreement in a purely domestic situation

Judicial window 15

Continuation of a case concerning the tax deductibility of interest on an acquisition loan

Judicial window 17

Judgment on proving the acquisition cost of tangible assets

Stanislav Pokorný
stanislav.pokorny@cz.ey.com
+420 731 627 034

Taxation of company cars or a tax *perpetuum mobile*

If you bought a company car this year with a purchase price of over CZK 2 million, which is not entirely unrealistic given the increase in electromobility and car price developments over the last three years, you were in for a few unpleasant surprises when you introduced it into use.

Since January this year, provisions have been implemented in the Income Tax Act and the Value Added Tax Act that limit the tax deductible costs and the right to deduct for selected M1 vehicles[1] that meet the definition of tangible assets under the ITA.

The extraordinary COVID depreciation for income tax purposes, where you were able to fully depreciate a car in 24 months, has ended. So let's return to the original five-year depreciation.

Another surprise is the introduction of a cap on the total amount of these five-year tax depreciation allowances. If the purchase price is higher than CZK 2 million, only a proportional part of depreciation calculated as the ratio of the amount of the expenditure limitation (CZK 2 million) and the actual purchase price of the vehicle may now be included in tax deductible costs. This limit also applies to subsequent technical improvements or additional increases in the initial price.

And we're far from the end of the story. The purchase price of the vehicle also includes VAT, which cannot be claimed due to the limitation of the input VAT deduction to a maximum of CZK 420,000, if the deduction is fully claimed. If you use the company car partly for private travel, the relevant percentage of this 420,000 is reduced and the input price is increased again.

This leads to an accumulation of tax disadvantages because the non-deductible VAT further increases the tax-non-deductible part of the purchase price of the car - the tax-non-deductible part of the tax depreciation. In the case of a vehicle with a purchase price of CZK

1 Regulation (EU) 2018/858 of the European Parliament and of the Council of 30 May 2018 on the approval and market surveillance of motor vehicles and their trailers, and of systems, components and separate technical units intended for such vehicles, amending Regulations (EC) No. 715/2007 and No. 595/2009 and repealing Directive 2007/46/EC, as amended.

3 million, excluding VAT, for a legal entity with full deductibility, the total tax disadvantage may amount to more than CZK 460 thousand. For an individual entrepreneur, the tax disadvantage can be even higher.

The curious reader will think: if I have a limit on depreciation, I can depreciate not at all or only very slowly, and get it all back through the tax residual value when I sell the car.

Wrong, because the tax residual value of capped vehicles is determined for the purposes of the sale or disposal of the vehicle as if the vehicle had been depreciated continuously over the minimum depreciation period in the manner chosen by the taxpayer, i.e. the calculation of the tax residual value is based on the calculated tax depreciation on the total purchase price without capping. The amount of tax depreciation actually claimed by the taxpayer is irrelevant for the calculation of the tax depreciation value (this should be taken into account when calculating deferred tax). Even the fall-back rule, wherein income directly related to a non-deductible expense is not taxable to the extent of that expense, cannot be applied in this situation.

This means that the taxable proceeds from the sale of a car cannot be reduced by the amount of the non-deductible part of the tax depreciation claimed or the depreciation not claimed at the date of sale. Also, output VAT is charged on the full sale price.

If the sale price of this used car is higher than CZK 2 million excluding VAT, the whole story is repeated again with the next owner finding herself in a kind of minor tax *perpetuum mobile*.

This leads to an accumulation of tax disadvantages because the non-deductible VAT further increases the non-deductible part of the purchase price of the car - the non-deductible part of the tax depreciation.

Accounting

Klára Mádlová
klara.madlova@cz.ey.com
+420 731 627 222

Recent developments in the new Accounting Act

The process of preparing a new Accounting Act is currently underway, in which major conceptual changes in accounting legislation are expected, with knock-on effects on tax and other legislation.

In January 2024, the Ministry of Finance presented a modified version of the draft after incorporating modifications from the comment procedure. This version has been forwarded to the Legislative Council of the Government and is expected to be discussed in March 2024.

Some of the proposed changes (e.g. introduction of the functional currency principle, sustainability reports and income tax reports) have already been reflected in the current Accounting Act as of 1 January 2024 and will affect entities as early as this year.

Major new or expanded principles expected in the new Accounting Act:

- Extension of the application of IFRS and approximation of accounting methods;
- Priority of substance over form;
- Lease reporting;
- Greater use of fair value;
- Accounting x reporting;
- Discounting fixed assets and liabilities;
- Functional currency.

Selected areas of interest for your attention

Principles and approximation to IFRS, new terminology

The bill defines a number of principles based on international accounting standards (e.g. discounting, fair value, leasing). These principles favour economic substance over legal reality. It also introduces definitions of the elements of financial statements: asset, debt, equity, income and expense, which have not been defined in accounting legislation to date and which represent a major shift in the interpretation of accounting methods.

Lease reporting

The recognition of leases under the new rules, which will be derived from the principle of IFRS 16 Leases, is likely to be one of the major changes for most entities. For leases, entities are expected to recognise a right-of-use asset and a corresponding lease liability. Also, the presentation in the income statement

will be different from the current method (e.g. amortisation of a lease asset, finance costs). The exact modification will be described in the implementing Decree. This method is also expected to be greatly simplified for small and micro entities.

Functional currency

As of 1 January 2024, the Accounting Act introduces the possibility to deviate from the obligation to keep accounting records and prepare financial statements in Czech crowns. This is of interest to companies operating in an international economic environment, which finance themselves and conduct most of their transactions in a currency other than CZK. The introduction of the functional currency principle as the currency of the primary economic environment in which the entity operates may contribute to a more faithful representation of the financial position and performance of such companies, simplify reporting to parent companies or reduce the risks associated with financing and the complexity of foreign currency translation. Currently, an entity may use EUR, USD and GBP as its functional currency. The draft new Accounting Act envisages extending the functional currency principle to any currency except hyperinflationary currencies. It also provides for the introduction of the reporting currency principle, i.e. the currency in which the financial statements are prepared. It is important to stress that the functional currency principle is an option, not an obligation. Accounting entities decide whether to use a functional currency. However, if they choose to apply it, they must apply the principle consistently and a change to another currency can only be associated with a change in the conditions for the functional currency (i.e. it is not within the entity's power to subsequently revert to reporting in CZK without changing the conditions).

Limits and mandatory audit

One of the widely commented paragraphs of the current version of the new Accounting Act is the increase of the criteria for mandatory audit. The mandatory audit will apply to accounting units with assets, annual net turnover and an average number of employees above CZK 120 million, CZK 240 million and 50 employees. Along with this, the limits for the categorization of accounting units will change, where a small accounting unit will have assets over CZK 11 million, annual net turnover over CZK 22 million and will have more than 10 employees. The new limits provide for the setting of the audit obligation at the level of the European minimum standard in this area, which is foreseen by the European Directive.

Initial and subsequent valuations

The main objective is to unify the valuation mechanisms used for valuation, accounting and probably also tax regulations. These are not substantive changes, but there is a clearer distinction between initial valuation (determining the value at the time of recognition of an asset or debt) and subsequent valuation (determining the value at a later date – no later than when the financial statements are prepared – such as depreciation, impairment).

New terminology – revenues

The bill redefines what constitutes revenue, a concept not yet anchored in the accounting legislation. This is expected to have a greater impact on revenue recognition, especially for long-term projects, which until now has been based more on legal status. This will be a move closer towards IFRS reporting.

Valuation of debts and assets in a conversion under common control

The bill also contains a more detailed description of company conversions and newly regulates the initial valuation of assets and debts acquired by conversion under the same control. The expected change is that in such same-control conversions, assets and debts will not be revalued to fair value.

Expected developments and effective date

A clearly important issue for the effectiveness of the concepts and principles of the new Accounting Act is the manner of their implementation into tax legislation. However, this is still under preparation. The next necessary step is the preparation of implementing decrees, which will be essential for the precise application of the new principles and accounting methods, including transitional provisions. We expect the draft to be issued by mid-2024.

It remains to be seen whether the expected effectiveness of the new law from 1 January 2025 will be respected.

If you have any questions about the above topic, please contact the author of the article or your usual EY team.

The recognition of leases under the new rules, which will be derived from the principle of IFRS 16 Leases, is likely to be one of the major changes for most accounting entities.

VAT

David Kužela
david.kuzela@cz.ey.com
+420 731 627 085

Ivana Krylová
ivana.krylova@cz.ey.com
+420 731 627 005

Transfer pricing from the perspective of indirect taxes

This year's Intrastat Manual has (somewhat surprisingly) commented on retrospective adjustments to transfer prices.

Specifically, it states that *"retrospective price adjustments between the central enterprise and the production or sales units in the group, made by means of credit notes or debit notes on the basis of the difference between the expected profit (including profit margin) and the profit achieved, usually made at the end of the calendar quarter in a single amount, are not reflected in Intrastat. In this case, it is only an adjustment to the profit, not an actual change in the value of the goods supplied."*

In light of this new approach, it is also worth briefly reviewing the VAT procedure, which is far from clear and often differs from the interpretation for Intrastat. The so-called "TP adjustment" or "TP true-up" may not be subject to VAT at all in some cases; in others it is, and in others it may lead to an additional import duty.

The concept of "transfer pricing" is not explicitly mentioned in the VAT Act, but is based on general principles. Basically, the issue is whether the payment received or provided by the company is in the nature of consideration for a specific supply. If such a transaction has already taken place in the past, then the payment typically constitutes a change in the taxable amount according to § 42 of the VAT Act. In specific cases, however, it may also be a payment by a third party or a form of subsidy directly linked to the price of the transaction.

There is no uniform interpretation of the issue, which is also supported by the conclusion historically adopted by the Coordination Committee 116/29.03.06 - VAT regime for contributions for the purpose of adjusting transfer prices between related parties, subsequent judgments of the SAC[2] and CJEU[3], various (legally non-binding) expert interpretations from the EU[4] and individual opinions of the Czech tax administration.

2 E.g. 6 Afs 125/2022-59
3 For example, C-144/02 the Commission vs. Germany, C-573/18 C GmbH & Co. KG
4 VAT EXPERT GROUP, Possible VAT implications of Transfer Pricing, taxud.c.1(2018)2326098 – EN

The approach to this area is often the subject of disputes abroad. An example is the preliminary question currently referred to the CJEU by the Romanian court in case C-726/23 Arcomet Towercranes (see also below).

We will therefore try briefly to outline some of the models that are emerging in practice:

1. **Debit note for purchased goods.** A Czech company sends a payment abroad to its parent company from which it previously purchased goods. This may then be an increase in the purchase price of the goods in question. For cross-border supplies, reverse-charge is usually applied, for local supplies, a tax document must be obtained before the VAT deduction can be claimed. In the case of importation, a change in the original customs value may lead to an obligation to correct customs declarations, and the implications of the judgment C-529/16 Hamamatsu need to be addressed.

2. **Invoice for a service received or internal document.** The Czech company again sends a payment to the foreign parent company, but it did not originally purchase any goods from the parent company; hence, there can be no change in the purchase price. Either a service received from the parent company or some general financial compensation not subject to VAT is an option. It will always depend on the specific setup and related documentation. It is in this category that the above mentioned case falls, where the CJEU should look at whether the subsidiary has received any service (the Romanian tax administration's position is very strict – it has kept the output VAT, but not allowed the input deduction).

3. **Credit note for purchased goods.** A Czech company receives payment from abroad from its parent company, which has previously sold goods to it. The payment typically represents a change in the tax base (a reduction in the price) of the goods purchased. However, this must be realistic and well documented. When importing from outside the EU, correcting customs declarations, as opposed to increasing the price, can be very problematic.

4. **Invoice for a service provided or payment by a third party.** A Czech company receives payment from a foreign parent company. This will usually be in situations where the material was not originally purchased from the parent and therefore the purchase price cannot be adjusted. In some cases, it will be possible to link the payment from the parent to a specific service provided with a place of supply outside the Czech Republic. Here, by the way, we must keep in mind the rules of "use and enjoyment", which may lead to the taxation of cross-border services with Czech tax. However, if the companies do not have a sufficiently solid basis for arguing that the supply is a payment for a service, the tax administrator could argue that it is a payment by a third party for a supply made to another person – in the case of supplies of goods or services in the Czech Republic, there is then a risk of Czech VAT.

Above we have described only some selected examples from practice. The reality is often more colourful – we often see various combinations or modifications of the above models. It will also be interesting to see what guidance the CJEU will offer in the case mentioned above. In the meantime, we recommend keeping the related VAT implications in mind when setting transfer pricing.

If you have any questions about the above topic, please contact the authors of the article or your usual EY team.

The so-called "TP adjustment" or "TP true-up" may in some cases not be subject to VAT at all; in others it may be, and in other cases it may lead to an additional import duty.

Law

David Hlaváček
david.hlavacek@cz.eylaw.com
+420 705 620 166

Magdalena Hamáčková
magdalena.hamackova@cz.eylaw.com
+420 735 729 362

Admissibility of a jurisdiction agreement in a purely domestic situation

The Court of Justice of the European Union (CJEU) has ruled that even in a purely domestic situation it is possible to conclude an agreement on the jurisdiction of the court of another Member State.

Jurisdictional arrangements

A jurisdiction agreement (called a prorogation clause) is an agreement that transfers general jurisdiction under the applicable law to the court chosen by the parties (in the case described below, the court of another Member State). The conclusion of an agreement that the courts of a Member State have jurisdiction in a dispute arising out of a legal relationship, whether existing or future, is made possible by Article 25 of Regulation (EU) No. 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (the Regulation).

An agreement as to jurisdiction must be made (i) in writing or orally with written confirmation, the written form being equivalent to any communication by electronic means which provides a permanent record of the agreement, (ii) in a form which corresponds to the customs established between the parties, or (iii) in international trade, in a form which corresponds to commercial practices which the parties knew or ought to have known and which are generally known and regularly followed by parties to contracts of that kind in that line of trade. Unless the parties agree otherwise, the jurisdiction agreed between them shall be exclusive. The substantive validity of such an agreement shall be determined by the law of the Member State whose court or courts the parties have chosen and, at the same time, the validity of such an agreement may not be challenged solely on the ground that the contract in question is invalid.

Until recently, however, the question of whether it is possible to conclude an agreement on the jurisdiction of the courts or tribunals of another Member State in a purely domestic situation, i.e. where the agreement is concluded by entities from one Member State and there is no international element in the contractual relationship, remained open. Nonetheless, on 28 January 2024, the CJEU issued a judgment in the proceedings between Inkreal s.r.o. and Dúha reality s.r.o., Case No. C-566/22 (the Decision), in which it answered this question.

Statement of facts

In June 2016 and March 2017, Mr F.D., resident in Slovakia, as the lender, concluded a total of two money lending agreements with Dúha reality, a company incorporated under Slovak law and established in Slovakia, as the borrower. Both contracts included a jurisdiction agreement concluded in accordance with Article 25(1) of the Regulation. It was agreed between the parties that in the event of a dispute, the dispute would be "settled by the Czech court having jurisdiction in the matter and place".

In December 2021, Mr. F.D. assigned the receivables under the two contracts to Inkreal, a company incorporated under Slovak law and having its registered office in Slovakia. As Dúha reality had not repaid the loan, on 30 December 2021, Inkreal applied to the Supreme Court of the Czech Republic for the determination of the Czech court with local jurisdiction to decide on the merits of the case pursuant to § 11(3) of Act No. 99/1963 Coll., the Code of Civil Procedure, in accordance with the agreed jurisdiction of the Czech courts.

In view of the domestic nature of the dispute, or the fact that the only international element that existed between the parties was an agreement on the jurisdiction of the courts of a Member State other than that in which the parties were established, and since there were conflicting views on this issue in the literature and in the national case-law of the Member States, the Supreme Court decided to stay the proceedings and to refer the question to the Court of Justice for a preliminary ruling. In it, it asked whether the international element necessary for a valid agreement on jurisdiction is also established by the fact that two parties established in the same Member State agree on the jurisdiction of the courts of another Member State.

Decision of the CJEU

Despite the Advocate General's opinion to the contrary, the Court of Justice held in its decision that the provisions of Article 25(1) of the Regulation may also apply to a jurisdiction arrangement whereby parties to a contract established in the same Member State agree that the courts of another Member State have jurisdiction over disputes arising out of their contract, even though that contract has no other connection with that other Member State. **The necessary international element is already established by the fact that the parties to the dispute are established in a Member State other than the Member State of the court before which the proceedings were brought on the basis of the agreement on jurisdiction in question.** In the present case, therefore, the agreement on jurisdiction between two entities established in Slovakia established the jurisdiction of the Czech courts, even though it was a purely domestic situation and the agreement had no other connection to the Czech Republic.

If you would like more detailed information, please also contact the authors of the article or other members of EY Law or your usual EY team.

In the present case, therefore, the agreement on jurisdiction between two entities established in Slovakia established the jurisdiction of the Czech courts, even though it was a purely domestic situation and the agreement had no other connection to the Czech Republic.

Judicial window

Radek Matuštík
radek.matustik@cz.ey.com
+420 603 577 841

Jakub Tměj
jakub.tmej@cz.ey.com
+420 735 729 372

Continuation of a case concerning the tax deductibility of interest on an acquisition loan

We present an interesting Municipal Court in Prague (MC) judgment, which is the last piece in a long case concerning the tax deductibility of interest on an acquisition loan.

The situation in brief

A newly established Czech company A purchased two existing Czech operating subsidiaries C and D from a related foreign company B, with the acquisition financed by an intra-group loan from abroad. Subsequently, C and D merged and then converted into a limited partnership (with Company A as general partner). The result was that Company A deducted the interest on the acquisition loan against the tax base generated by the now limited partnership.

View of the Tax Administration

The tax administrator did not like this outcome and disallowed the deductibility of the interest on the acquisition loan, citing abuse of law. In the tax administrator's view, a structure was deliberately created in connection with the restructuring process of part of the Group and its financing, which had no other substantial purpose than to obtain a tax advantage, and a situation was artificially created giving rise to a loan and an obligation to pay interest. The tax administrator did not find any economic reason for the transactions other than tax reduction, and from an economic point of view considered the company's procedure and the resulting structure to be economically irrational. The loan in question did not represent any possibility or opportunity for the Group within the Czech Republic to generate new taxable income or to assure or maintain existing taxable income, as the funds provided were used only to purchase shares in companies that the Group already fully owned and controlled prior to the restructuring.

View of the MC

The MC agreed with the view of the tax administrator. According to the MC, the mere fact that interest income was taxed abroad is not capable of fundamentally revising the assessment of a situation where, within a certain group, there is a change from direct control of a profitable limited liability company to indirect control of the same person converted into a limited partnership by means of an artificially created intermediate

element – a general partner, whose sole purpose is, in fact, to (i) reduce the tax base generated by the activities of the controlled person by a significant amount representing interest on a loan that the general partner was required to take out at the option of the controlling entity, in combination with (ii) a change from an existing uncertain cash flow in the form of the taxed profit of the target controlled entity to a certain contractual obligation to make interest payments on the principal of the loan in an amount broadly equivalent to the market value of the controlled entity, and the income used to make the payments (i.e. income from the controlled entity's activities) was no longer taxable. Regardless of the place of taxation of the received loan repayments, the MC sees such an arrangement as an illegal transaction or irrelevant in terms of tax deductible costs due to abuse of law.

View of the Supreme Administrative Court (SAC)

The SAC held that the judgment of the MC was unreviewable because the MC did not properly deal with the objection of the (non-)creation of a tax advantage from the perspective of the entire structure.

View of the MC – second round

The MC therefore revisited the case. Its new judgment upheld its original ruling against the taxpayer. In the view of the MC, the reduction of the tax base by the cost of the interest on the acquisition loan was merely a formal fulfilment of the conditions laid down in the Income Tax Act, which resulted in a tax advantage for the taxpayer and, indirectly, for the Group as a whole. In principle, the interest had a neutral impact on the Group abroad, as measured by the tax benefit in the Czech Republic, because the Group companies abroad reported both interest expense and interest income, i.e. the tax benefit was not "offset". According to the MC, this conclusion could not be altered by the facts relating to the foreign tax paid on the difference between interest income and interest expense arising from the described slight difference in interest rates in the individual intra-group loan transactions. According to the MC, the conclusion of a tax advantage for the Group could not be revised even in the light of the company's alleged payment of tax on interest income by bondholders outside the Group.

A (further) cassation complaint has been filed in this case, so let's see what the SAC has to say (again).

If you have any questions about the above topic, please contact the authors of the article or your usual EY team.

According to the Municipal Court, the conclusion on the existence of a tax advantage for the Group could not be revised even in the light of the company's alleged payment of tax on interest income by bondholders outside the Group.

Ivan Zhurkin
ivan.zhurkin@cz.ey.com
+420 730 813 636

Judgment on proving the acquisition cost of tangible assets

The Supreme Administrative Court (SAC) confirmed that the mere ownership and use of tangible assets does not automatically mean that the conditions for tax deductibility are met. If the payment of the purchase price is not proven, the right to claim tax depreciation may be denied.

In a recent judgment (7 Afs 140/2022-37), the Supreme Administrative Court commented on proving the purchase price of assets.

Background

- The tax administrator excluded tax depreciation of machines, vehicles and the costs of their repairs.
- The audit found that the assets and services were to be supplied by related entities that were not tax compliant, had no employees, no publicly available information on their business activities, and had only a formal registered office. All transactions were carried out in cash. All this raised doubts about the veracity of the transactions.
- The tax administrator did not dispute the actual ownership of the assets or their use for economic activity.
- The taxpayer was assessed on the grounds that it was unable to prove the actual supply of the property in the manner it claimed.

Reasoning and conclusions of the courts

- The SAC concluded that the contractor was merely an expedient link between two extremely closely related entities – the company and its managing director.
- Individual facts that may be legal in themselves may, in combination with other circumstances, give rise to reasonable doubt as to the truth and completeness of the information on the submitted documents.
- The taxpayer's claim that the tax should have been assessed on its defaulting suppliers also failed. The SAC emphasised that it was the taxpayer who had understated its income by costs which it had failed to prove.

- The SAC accepts that in the present case there is a paradoxical situation where the taxpayer actually owns and uses the property in the course of its economic activity, but has not been able to prove the payment of the purchase price and is therefore not entitled to claim tax depreciation.

- Further, the court noted the length and opacity of the taxpayer's appeal and complaint, which made it very difficult to identify key arguments. The court noted that the application lacked a clear design and it was not incumbent on the court to surmise which parts of the application were crucial to deal with further.

Findings and recommendations

- The SAC stresses that tax audits cannot rely on formal documents alone; taxpayers must be able to prove not only the cost of the assets but also the circumstances of their acquisition.

- Mere checking of suppliers against the extract from the commercial register or registers of unreliable payers may be considered insufficient in tax proceedings.

- Clear and concise submissions by taxpayers help to improve the court's understanding and increase the likelihood of a successful prosecution.

- Due to the long-term nature of the application of tax depreciation, we generally recommend that all documentation proving not only the cost of tangible assets, but also the circumstances of their acquisition, be carefully retained.

If you would like further information on this issue, please contact the author of the article or your usual EY team.

Tax entities must be able to prove not only the cost of assets but also the circumstances of their acquisition.

For further information please contact either your usual partner or manager.

Corporate taxation
Libor Frýzek +420 731 627 004
Ondřej Janeček +420 731 627 019
René Kulínský +420 731 627 006
Lucie Říhová +420 731 627 058
Jana Wintrová +420 731 627 020
Stanislav Pokorný +420 731 627 034

VAT and customs
David Kužela +420 731 627 085
Stanislav Kryl +420 731 627 021

Personal taxation
Ondřej Polívka +420 731 627 088
Martina Kneiflová +420 731 627 041

Law
Ondřej Havránek +420 703 891 387

EY
+420 225 335 111
ey@cz.ey.com
www.ey.com/cz

Subscription
If you would like one of your colleagues or acquaintances to receive our Tax and Legal News by e-mail, please forward this e-mail to him and he can subscribe here.

Unsubscribe
If you do not wish to receive EY Tax and Legal News, please contact Marie Kotalíková: marie.kotalikova@cz.ey.com.

EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

© 2024 Ernst & Young, s.r.o. | EY Law advokátní kancelář, s.r.o.
All rights reserved.

ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com

Did you know that:

- A "minor clarifying" amendment of the Income Tax Act is being worked on?
- Changes are planned in the levying of insurance premiums for special employment contracts and income from share and option plans?
- The first CBAM report may be submitted late under certain circumstances?
- The disposal of buildings or their technical appreciation have their specific features?
- Independent experts will be involved in the assessment of research and development activities to check the application of the R&D deduction?