



## Ministry of Finance about to prepare an anti-crisis package

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### ■ ACCORDING TO OUR INFORMATION, THE MINISTRY OF FINANCE (“MF”) IS WORKING ON AN “ANTI-CRISIS TAX PACKAGE”.

The main element of the package is the long-discussed introduction of the concept of tax loss carryback (LCB); compared to the last version available to us, which we discussed [HERE](#), the following interesting changes are now under consideration:

- ▶ concerning the definition of the 2 taxable periods before and 5 (rather than 6) periods after the taxable period for which the tax loss is determined - and in which the taxpayers should be able to utilize the tax loss, the MF seems to come back to the current terminology contained in the valid law (rather than the previously contemplated definition of periods starting within two years before the beginning, or within 6 years after the end, of the period in which the tax loss arises);
- ▶ one of the options considered by the MF seems to be an LCB limit of CZK 25 million (how this limit would apply in a situation of multiple years of recorded losses is yet unclear to us);
- ▶ another consideration is the option for taxpayers to waive the right to claim a tax loss for the taxable periods following the period for which the tax loss is determined (within the deadline for filing a tax return for the period for which the tax loss is determined) - with the aim of limiting extension of the statute of limitations pursuant to Section 38r(2) of the Income Taxes Act;
- ▶ the MF is also considering the option of accelerating the tax loss carryback for the first period of application of the amendment - in the form of an accelerated option to utilize the loss in an estimated amount.

### ■ OTHER SELECTED PROPOSED CHANGES:

- ▶ Personal income tax - it is proposed to exempt income from tipping (i.e. gratuity: consideration provided to an employee voluntarily by a person other than the employer for a service provided by the employee in the performance of his/her dependent activity, to which there is no legal title);
- ▶ VAT - the following supplies are proposed to be transferred from the first reduced rate (15%) to the second reduced rate (10%)
  - ▶ accommodation services
  - ▶ admission fees to cultural events and cultural objects;

- ▶ Excise duties - the deadline for excise duty refund on “green diesel” to farmers and foresters is proposed to be shortened;
- ▶ Act on International Cooperation in Tax Administration - there is a proposal that the government will be able, to the extent provided for by EU law, extend, through a government decree, the deadline for fulfilling obligations relating to automatic exchange of information with another Member State.
- ▶ Real estate tax - the entitlement of a municipality to exempt from tax real estate that was affected by natural disasters pursuant to Section 17a of the Real Estate Tax Act is proposed to be extended to also include other emergency events, especially a pandemic, restrictions introduced due to a state of emergency, state of threat to the sovereignty, state of war or industrial accidents.

If you have any questions, please do not hesitate to contact the authors of the article or your regular EY team.



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