

Tax Code Amendment: The Senate returned the bill with changes to the Chamber of Deputies

On 18 March 2020, the Czech Senate returned a fundamental Tax Code amendment (with added Senate amendments) to the Chamber of Deputies.

The amendments include, for example, avoiding an extension of the deadline for refunding excess deductions from 30 to 45 days or introducing a maximum length of interest on late payments to 5 years.

The Senate discussion of the amendment was attended by Minister of Finance Alena Schillerová, who expressed her disagreement on virtually all the senatorial amendments.

The Chamber of Deputies will now vote again on the amendment; either a majority of the deputies present will support the Senate proposal (i.e. as amended by all Senate amendments), or a majority of all deputies (101) will override the Senate and approve its originally adopted text.

Given the statements of the Minister of Finance and the distribution of powers in the Chamber of Deputies, it can be assumed that the Chamber of Deputies will enforce the amendment in its original version, i.e. without the Senate amendments.

The next meeting of the Chamber of Deputies is scheduled for 14 April 2020. However, given the current situation, the question is whether the negotiations will take place on that date and whether the amendment to the Tax Code will be on the agenda.

However, the amendment may still be effective in the first half of this year. Should the amendment be published in the Collection of Laws by the end of May, it will come into effect on 1 July 2020.

The amendment will bring changes that may impact the current situation, for example:

- ▶ The effective date of the amendment would significantly reduce the amount of interest on late payments (from 14% + repo to 8% + repo) and interest on the retained amount (from 7% + repo to 4% + repo) accruing after the effective date of the amendment.
- ▶ Abolishment of the 5-day tax grace period; default interest would accrue from the first day overdue. At the same time, the minimum threshold from which interest would be charged would be raised from CZK 200 to CZK 1,000.
- ▶ Extending the functions of the tax information box (TIS) in order to enable communication with the tax office remotely. However, the specific implementation date will depend on the technical capabilities of the tax authorities and it is therefore possible that it will not be available as of the date of the amendment.

We would like to remind you that a number of institutes of the current Tax Code may be used in addressing the current situation - application for exemption of accessories, applications for postponement, applications for alternative determination of advance payments, etc. (we reported in more detail on these options in previous editions of tax updates, e.g. [here](#) or [here](#)).

The current tax information box (TIS), which already shows regulations on individual taxpayer's personal tax accounts, can help you check your overpayments and arrears with your tax administrator (and request any refund of excess overpayments). Persons with a functioning data box have a TIS set up automatically, but the tax authority must request permission to consult the TIS. Other persons must file both an application for the establishment of the TIS and an application for inspection. For more information, visit the Financial Administration website at: <https://www.financnisprava.cz/cs/dane-elektronicky/danovy-portal/danova-informaci-schranka>.

If you have any questions, comments or interest in assistance, please don't hesitate to contact the authors of the article or your favourite tax advisor.



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