



EUROPEAN COMMISSION
DIRECTORATE-GENERAL
TAXATION AND CUSTOMS UNION
Indirect Taxation and Tax administration
VAT and other turnover taxes

TAXUD/1032/07-EN Part 18

VAT in the European Community

**APPLICATION IN THE MEMBER STATES,
FACTS FOR USE BY
ADMINISTRATIONS/TRADERS,
INFORMATION NETWORKS ETC.**

Note

This document collates a range of basic information on the application of VAT arrangements in the Member States which has been obtained from the tax authorities concerned.

The sole purpose of distributing details of national provisions is to create a work tool. In no way does this document reflect the views of the Commission of the European Communities. Nor does it signify approval of the relevant legislation.

CZECH REPUBLIC

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GENERAL INFORMATION

1. IF A FOREIGN TRADER WANTS TO OBTAIN INFORMATION ABOUT YOUR VAT SYSTEM, WHOM SHOULD HE CONTACT? (ADDRESS, TELEPHONE, FAX, EMAIL)

A foreign trader may obtain information at the following address:

Ministerstvo financí (Ministry of Finance)

Informační kancelář (Information office)

Letenská 15

118 10 Praha 1

Czech Republic

tel.: +420 25704 2722, +420 25704 2719

fax: +420 25704 9272, +420 25704 9273

e-mail: informace@mfcz.cz

2. WHAT IS THE ADDRESS OF THE NATIONAL TAX ADMINISTRATION WEBSITE? WHICH CATEGORIES OF INFORMATION ON VAT ARE AVAILABLE ON THAT WEBSITE (GENERAL INFORMATION, LEGISLATION, CONTACT POINTS, FORMS, ETC.)? AND IN WHICH LANGUAGE(S)?

The address of the Czech Tax Administration website is <http://cds.mfcz.cz>.

At that address there is general information, the full text of the VAT Act, forms, registers, electronic delivery options and information on applications of VAT in selected areas.

Most information is available in Czech, while some general information and some forms are in English or in bilingual Czech-English versions.

3. WHERE IS IT POSSIBLE TO FIND NATIONAL VAT LEGISLATION AND REGULATIONS? IN WHICH LANGUAGE(S) ARE THEY AVAILABLE?

The rules for VAT are laid down in Act No 235/2004 on VAT. The VAT Act, as amended, is available at the abovementioned website; currently it is in Czech only.

VAT REGISTRATION OF FOREIGN TRADERS

4. WHAT ARE THE CIRCUMSTANCES GOVERNING THE NEED TO BE REGISTERED FOR VAT?

Foreign traders who carry out an economic activity through an establishment in the Czech Republic are required to be registered for VAT if their turnover for the previous 12 calendar months exceeded CZK 1 000 000.

Foreign traders not established in the Czech Republic, but in another Member State are required to be registered for VAT if they supply goods to the Czech Republic in accordance with the rules for distance-selling above the stipulated threshold (see the answer to Question 8).

Foreign traders with no establishment in the Czech Republic are required to be registered for VAT if they become liable to pay the tax in the Czech Republic on the supply of goods or services or on the purchase of goods from another Member State.

5. WHAT ARE THE SITUATIONS WHERE REGISTRATION IS UNNECESSARY BECAUSE THE RECIPIENT OF THE GOODS OR SERVICES IS LIABLE FOR THE TAX? IN SUCH SITUATION, IS IT POSSIBLE TO REGISTER ON A VOLUNTARY BASIS?

Persons liable for the tax and not established in the Czech Republic do not register for VAT, since the recipient of the goods or services (person liable for tax established in the Czech Republic) is liable for the VAT if it concerns one of the following transactions:

- provision of services referred to in Article 56 of Directive 2006/112/EC;
- supply of goods with installation or assembly;
- supply of gas through a distribution system or supply of electricity;
- provision of services connected with real estate, valuation services and work on movables;
- provision of transportation and intermediary services;
- provision of cultural and similar services;
- hiring out of means of transport by a foreign trader.

In these cases a non-established person who makes taxable supplies is not authorised to register for VAT voluntarily.

6. WHOM SHOULD A FOREIGN TRADER CONTACT TO GET REGISTERED FOR VAT? (DETAILS ABOUT THE DEPARTMENT, INCLUDING ADDRESS, TELEPHONE, FAX AND E-MAIL...)

Foreign traders with an establishment in the Czech Republic submit an application for registration at the locally competent tax administration depending on the location of the establishment.

Foreign traders without an establishment in the Czech Republic should contact:

Finanční úřad pro Prahu 1 (Prague 1 Finance Office)
Štěpánská 28
112 33 Praha 1

Tel. : +420 224 043 115

Fax: +420 224 041 911

7. PLEASE DESCRIBE THE DETAILED PROCEDURES (INCLUDING NECESSARY DOCUMENTS) FOR ISSUING VAT IDENTIFICATION NUMBERS, SPECIFICALLY TO FOREIGN TRADERS.

Foreign traders who engage in economic activity in the Czech Republic through their establishments and wish to be registered or are required to be registered for VAT must submit the registration form to the locally competent financial authority according to the establishment's location. The locally competent financial authority issues the trader with a certificate of VAT registration. A special VAT identification number is not allocated in the Czech Republic; a single common tax identification number is used for all taxes.

A foreign trader who does not have an establishment in the Czech Republic but becomes liable for VAT must apply to be registered for VAT to the locally competent financial authority for Prague 1 (see answer to question 6). On the registration form they must state their identification details (name, address, identification number), information attesting permission or authorisation to trade, bank account numbers and VAT identification numbers allocated in other countries.

THRESHOLDS

8. WHICH THRESHOLD DO YOU OPERATE AS REGARDS INTRA-COMMUNITY DISTANCE SELLING UNDER ARTICLE 34 OF THE VAT DIRECTIVE (2006/112/EC)?

http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_community/vat_in_EC_annexI.pdf

9. WHICH THRESHOLD DO YOU OPERATE AS REGARDS ACQUISITIONS BY NON-TAXABLE LEGAL PERSONS OR EXEMPT PERSONS UNDER THE SECOND SUBPARAGRAPH OF ARTICLE 3(2) OF THE VAT DIRECTIVE (2006/112/EC)?

http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_community/vat_in_EC_annexI.pdf

APPOINTMENT OF TAX REPRESENTATIVES BY FOREIGN BY FOREIGN (NON-EU) TRADERS

10. WHAT ARE THE SITUATIONS IN WHICH THE APPOINTMENT OF A TAX REPRESENTATIVE IS OBLIGATORY?

Appointment of a tax representative is not obligatory in the Czech Republic, but foreign traders are entitled to have themselves represented.

11. WHAT ARE THE CONDITIONS GOVERNING THE APPOINTMENT OF A TAX REPRESENTATIVE?

Foreign traders may be represented in tax proceedings by a representative either on an unrestricted basis or exclusively within the scope of a mandate. The scope of representation is specified by written mandate (or verbally in a protocol at the tax administration). If the scope of representation is not specified, the mandate for representation in tax proceedings is unrestricted.

12. WHAT ARE THE RIGHTS AND OBLIGATIONS OF TAX REPRESENTATIVES?

See answer to question 11.

13. WHAT ACTION CAN YOU TAKE IN THE EVENT OF FAILURE BY A TRADER IN ANOTHER COUNTRY TO DESIGNATE A TAX REPRESENTATIVE IN YOUR TERRITORY?

None; appointment of a tax representative is not obligatory.

14. IS IT NECESSARY TO SET UP A BANK GUARANTEE?

No.

APPOINTMENT OF TAX REPRESENTATIVES BY FOREIGN TRADERS ESTABLISHED IN THE EU

15. IS IT POSSIBLE TO APPOINT A TAX REPRESENTATIVE?

Yes, a foreign trader has the right to be represented.

16. WHAT ARE THE CONDITIONS GOVERNING THE APPOINTMENT OF A TAX REPRESENTATIVE?

See answer to question 11.

17. WHAT ARE THE RIGHTS AND OBLIGATIONS OF A TAX REPRESENTATIVE?

See answer to question 11.

18. ARE THERE SITUATIONS WHERE IT IS OBLIGATORY TO SET UP A BANK GUARANTEE?

No.

INVOICING

RULES ABOUT INVOICING

19. WHERE CAN THE RELEVANT RULES (LAWS, REGULATIONS, INSTRUCTIONS, GUIDELINES...) BE FOUND?

The relevant rules can be found in the VAT Act and on the website of the Czech Tax Administration <http://cds.mfcr.cz> (see answers to questions 2 and 3).

ISSUANCE OF INVOICES

20. CASES WHERE AN INVOICE NEEDS TO BE ISSUED

An invoice needs to be issued for each taxable transaction or transaction exempt from tax with entitlement to deduct for a person liable for tax or legal person not liable for tax. The obligation to issue an invoice in these cases also applies to receipt of payment, where the liability to pay tax arises.

For transactions for persons not liable for tax the obligation to issue an invoice also applies to cases of supply of goods in accordance with the rules for distance-selling and supply of new means of transport to another Member State.

21. WHAT ARE THE RULES ON CORRECTIVE INVOICES (CREDIT / DEBIT NOTES)?

Similar rules to those that apply to normal invoices apply to corrective invoices, which are issued where the VAT amount is corrected as a result of correction of the tax base or tax rate. In addition to the other obligatory details, they must also include the reference number of the original invoice and the calculation of the difference. Corrective invoices are issued on the date on which the correction is made.

22. WHAT IS THE TIME LIMIT FOR ISSUING INVOICES?

An invoice must be issued within 15 days of the date of the transaction or receipt of the payment.

23. WHAT ARE THE RULES FOR SUMMARY INVOICING?

A summary invoice can be issued for several separate transactions for the same person. The data common to all the transactions may be stated on a summary invoice just once; for each transaction the details of the date of the transaction or receipt of the payment and the details of the tax calculation must be stated separately. A summary invoice must be issued within 15 days of the end of the calendar month in which the first transaction or receipt of payment occurred.

24. WHAT ARE THE CONDITIONS IMPOSED ON SELF-BILLING?

Self-billing can be applied on condition that the person carrying out the transactions undertakes in writing to accept all such issued invoices.

25. IS THERE ANY SPECIFIC RULE IN RELATION TO OUTSOURCING OF INVOICES TO A PERSON WHO IS ESTABLISHED OUTSIDE THE EU?

No specific rule exists.

CONTENT OF INVOICES

26. UNDER WHAT CONDITIONS MUST THE VAT NUMBER OF THE CUSTOMER BE ON THE TAX INVOICE?

The customer's VAT number must always be stated on the invoice, with the exception of simplified invoices (see answer to question 37).

27. ANY OTHER SPECIFIC RULE IN RELATION TO THE CONTENT OF THE INVOICE

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ELECTRONIC INVOICING

28. AS REGARDS INVOICES SENT WITH ADVANCED ELECTRONIC SIGNATURES, IS IT OBLIGATORY TO USE QUALIFIED CERTIFICATED AND SECURE-SIGNATURE-CREATION DEVICES? IF SO, PLEASE PROVIDE DETAILS.

Yes, such invoices must be sent with advanced electronic signatures (or electronic marks) based on a qualified system certificate pursuant to Act No 227/2000 on electronic signatures.

Traders currently authorised to issue certificates are I.CA (<http://www.ica.cz>), Česká pošta (<http://qca.postsignum.cz>) and eIdentity (<http://www.eidentity.cz/app>).

29. AS REGARDS INVOICES SENT BY ELECTRONIC DATA INTERCHANGE, IS AN ADDITIONAL SUMMARY DOCUMENT ON PAPER OBLIGATORY? IF SO, PLEASE GIVE DETAILS ABOUT ITS CONTENT AND PROCEDURE.

No, an additional summary document on paper is not required.

30. DO YOU ALLOW INVOICES ISSUED PURSUANT TO ARTICLE 233(1) SECOND SUB PARAGRAPH OF THE VAT DIRECTIVE ("BY USING ANY OTHER ELECTRONIC MEANS")? IF SO, UNDER WHICH CONDITIONS AND FORMALITIES?

No.

31. ANY OTHER SPECIFIC RULE IN RELATION TO ELECTRONIC INVOICING

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STORAGE OF INVOICES

32. WHAT ARE THE RULES ON THE PLACE OF STORAGE OF INVOICES?

Traders are allowed to select the place of storage of invoices. They are required to allow access to invoices at the request of the tax administrator without unnecessary delay. If the invoices are stored outside the Czech Republic and are in electronic form, the trader must provide free access to them electronically for the tax administrator.

33. IS PRIOR NOTIFICATION OF INVOICES STORED IN ANOTHER COUNTRY AN OBLIGATION? IF SO, PLEASE PROVIDE DETAILS.

Yes, in such cases traders are required to give the tax administrator prior notification of the place of invoice storage.

34. WHAT IS THE OBLIGATORY STORAGE PERIOD FOR INVOICES?

The obligatory storage period for invoices is 10 years from the end of the tax period in which the transaction occurred.

35. WHAT ARE THE SPECIFIC RULES ON STORAGE FORM AND POSSIBLE CONVERSIONS?

Invoices can be transferred from paper to electronic form and stored accordingly, provided that the method used for the transfer and storage ensures reliability of origin, incorruptibility of content and legibility and the invoices transferred to electronic form are guaranteed by the electronic signature of the person responsible for the transfer.

36. ANY OTHER SPECIFIC RULE IN RELATION TO INVOICE STORAGE

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SIMPLIFIED INVOICES

37. WHAT ARE THE SITUATIONS WHERE SIMPLIFIED INVOICING IS ALLOWED PURSUANT TO ARTICLE 238 OF THE VAT DIRECTIVE (2006/112/EC)? AND WHAT ARE THE SPECIFIC RULES?

A simplified invoice may be issued for the supply of goods and provision of services with payment in cash, by credit card or cheque and for services provided by electronic means, where provision is subject to payment and payment is made by bank transfer. A simplified invoice can only be issued for transactions within the territory of the Czech Republic the price of which, including VAT, does not exceed CZK 10 000.

A simplified invoice must include:

- name, address and tax identification number of supplier;
- invoice registration number;
- scope and subject of the transaction;
- date of the transaction;
- tax rate;
- sum for the transaction, including tax.

PERIODIC VAT RETURNS

38. UNDER WHAT CIRCUMSTANCES IS A TRADER OBLIGED TO SUBMIT A VAT RETURN?

In general, any person required to be registered for VAT is required to submit a tax return. A foreign trader who is not established in the Czech Republic is required to submit a tax return only when a tax liability arises for him in the tax period concerned.

39. AT WHAT INTERVALS ARE VAT RETURNS AND ASSOCIATED PAYMENTS TO BE MADE?

Persons registered for VAT must submit a VAT return and pay the tax due within 25 days of the end of the tax period.

The tax period for persons established in the Czech Republic and registered for VAT depends on their turnover: if the turnover for the previous calendar year is greater than CZK 10 million, the tax period is the calendar month; if the turnover for the previous calendar year is less than CZK 10 million, the tax period is the calendar quarter. If, however, turnover for the previous calendar year is less than CZK 10 million, but greater than CZK 2 million, the person registered for VAT may choose the monthly tax period.

The tax period for persons not established in the Czech Republic is the calendar quarter.

40. DOES A SPECIAL REGIME AS REGARDS PERIODIC VAT RETURNS EXIST FOR SMALLER TRADERS AND/OR CERTAIN CATEGORIES OF BUSINESS? IF SO, PLEASE DESCRIBE THEM.

No.

41. DO YOU OPERATE SIMPLIFIED CALCULATIONS OF TAX LIABILITY? IF SO, WHAT ARE THE QUALIFYING CRITERIA, TO WHOM DO THEY APPLY AND WHAT IS THE NATURE OF THE SIMPLIFICATION?

Traders who purchase goods for further sale in an unchanged state and are not able to document output tax based on their daily sales records may apply to the competent financial authority to stipulate an individual method of calculating the tax liability.

RECAPITULATIVE STATEMENTS

42. AT WHAT INTERVALS ARE RECAPITULATIVE STATEMENTS TO BE SUBMITTED?

The recapitulative statement must be submitted every calendar quarter.

43. IS ANY ADDITIONAL INFORMATION REQUIRED OTHER THAN THAT SET OUT IN CHAPTER 6 RECAPITULATIVE STATEMENTS OF TITLE XI OF THE VAT DIRECTIVE (2006/112/EC)?

No.

44. DO YOU OPERATE SIMPLIFIED PROCEDURES AS REGARDS RECAPITULATIVE STATEMENTS AS PROVIDED FOR IN ARTICLE 269 OF THE VAT DIRECTIVE (2006/112/EC)? IF SO, WHAT ARE THE RELATED THRESHOLDS FOR APPLYING SUCH PROCEDURES?

No.

ELECTRONIC RETURNS

45. IS IT POSSIBLE TO SUBMIT VAT RETURNS BY ELECTRONIC MEANS? IF SO, HOW AND USING WHICH TECHNOLOGY? WHO SHOULD BE CONTACTED TO APPLY TO SUBMIT RETURNS ELECTRONICALLY?

VAT tax returns can be submitted by electronic means. Traders may use the Web application form at: <http://adis.mfcr.cz/adis/jepo/index.html>. The PC must be compatible with MS Windows and Internet Explorer 6 Service Pack 1 and higher. The services can now be used via the Daňový portál [Tax Portal] (see <http://cds.mfcr.cz>).

There are two methods of submitting returns electronically:

- (1) with an advanced electronic signature
- (2) without an electronic signature, provided that a written document with a physical signature is sent within three days.

46. IS IT POSSIBLE TO SUBMIT RECAPITULATIVE STATEMENTS BY ELECTRONIC MEANS? IF SO, HOW AND USING WHICH TECHNOLOGY? WHO SHOULD BE CONTACTED TO APPLY TO SUBMIT RETURNS ELECTRONICALLY?

Yes, in the same way as VAT returns; see the answer to question 45.

ADMINISTRATIVE REQUIREMENTS

47. DO YOU OPERATE A FLAT-RATE SCHEME? IF SO, TO WHOM DOES THE SCHEME APPLY?

No.

48. DO YOU OPERATE SIMPLIFIED ADMINISTRATIVE REQUIREMENTS OTHER THAN THOSE ALREADY MENTIONED? IF SO, PLEASE GIVE A DESCRIPTION.

No.

49. IN WHICH LANGUAGE(S) ARE FORMS (PERIODIC VAT RETURNS AND RECAPITULATIVE STATEMENTS) AVAILABLE OR TRANSLATED INTO?

Currently VAT tax return forms are available only in Czech; a bilingual Czech-English version is planned from 2008. The forms for the summary and subsequent recapitulative statements are available in Czech and in a bilingual Czech-English version.

RIGHT TO DEDUCTION

50. FOR WHICH CATEGORIES OF GOODS AND SERVICES IS THERE NO RIGHT OF DEDUCTION?

The right to deduction of tax cannot be applied for:

- passenger cars, even when purchased by financial leasing and with technical valuation (unless purchased for further sale, leasing or export);
- transactions for representation purposes.

51. ARE THERE CATEGORIES OF GOODS AND SERVICES IN WHICH THERE IS A PARTIAL RIGHT OF DEDUCTION? IF SO, WHAT IS THE PERCENTAGE?

There are no special categories of goods and services for which there is a partial right of deduction.

ANNEX 1: THRESHOLDS

http://europa.eu.int/comm/taxation_customs/taxation/vat/traders/vat_community/index_en.htm#annexI

ANNEX 2: VAT IDENTIFICATION NUMBERS

http://europa.eu.int/comm/taxation_customs/taxation/vat/traders/vat_community/index_en.htm#annexII

ANNEX 3: ABBREVIATIONS

http://europa.eu.int/comm/taxation_customs/taxation/vat/traders/vat_community/index_en.htm#annexIII