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DIRECTORATE-GENERAL
TAXATION AND CUSTOMS UNION
TAX POLICY
VAT and other turnover taxes

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VAT in the European Community

**APPLICATION IN THE MEMBER
AND ACCESSION 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 and Accession States which has been obtained from the tax authorities concerned. The information provided by the Accession States is provisional, based on the anticipated application of VAT arrangements once Community legislation has been transposed.

The exchange rates used for the Accession Countries are those for the 1st October 2003, taken from the Official Journal of the European Union.

The sole purpose of distributing details of national provisions is to create a work-tool. In no way does this document necessarily 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, E-MAIL)?

Foreign traders may obtain information at the following address:

Ministry of Finance
Central Financial and Tax Directorate
Department of Indirect Taxes
Letenská 15
115 00 Praha 1
Czech Republic

tel.: +420 257 041 111

fax: +420 257 042 788

e-mail: podatelna@mfcz.cz

2. WHAT IS THE ADDRESS OF THE NATIONAL TAX ADMINISTRATION'S WEBSITE? WHAT SORT OF INFORMATION ON VAT DOES THE WEBSITE PROVIDE (GENERAL INFORMATION, LEGISLATION, CONTACT POINTS, FORMS) AND IN WHAT LANGUAGES?

General information is available on the Ministry of Finance website: <http://www.mfcz.cz> (in Czech and English).

More detailed information, such as organizational structure, reports, legislation, forms, registers, e-submission, etc, is available on the Czech Tax Administration website: <http://cda.mfcz.cz/> (only in Czech).

3. WHERE CAN ONE FIND NATIONAL VAT LEGISLATION AND REGULATIONS? IN WHAT LANGUAGES ARE THEY AVAILABLE?

The Czech VAT rules are laid down in the Act on VAT, which will enter into force on 1 May 2004. At present this is only available in Czech. However, the Ministry of Finance is preparing an English translation.

The rules are available at the above-mentioned address or website.

VAT REGISTRATION OF FOREIGN TRADERS

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

Foreign traders have to register for VAT if they carry out economic activities in the Czech Republic that are subject to Czech VAT, and their turnover for these transactions exceeds CZK 1 000 000 (€31 357) in the preceding 12 calendar months.

In certain cases, foreign traders who do not carry out any economic activities in the Czech Republic could still be liable to register for VAT in the Czech Republic and pay the tax here (or appoint a tax representative to act on their behalf). Such cases might include: distance selling; supplies of goods which are to be installed, or assembled, in the Czech Republic to a person not registered or identified for VAT; and supplies of certain services for which the place of supply is the Czech Republic.

5. WHEN IS VAT REGISTRATION UNNECESSARY AS THE PURCHASER IS TAXABLE? CAN FOREIGN TRADERS REGISTER FOR VAT VOLUNTARILY IN SUCH CASES?

Generally, foreign traders do not have to register for VAT when the recipient of goods or services in the Czech Republic is:

- a trader (registered or not registered for VAT, depending on the turnover);
- a legal person governed by public law who carries out transactions subject to VAT; or
- other persons identified for VAT (non-taxable legal persons) in the Czech Republic.

In such cases the recipient is liable to pay the tax and, provided the foreign trader does not carry out any other economic activities in the Czech Republic, they do not need to register for VAT.

In these circumstances, foreign traders cannot be voluntarily registered for VAT.

6. WHOM MUST FOREIGN TRADERS CONTACT TO REGISTER FOR VAT (DETAILS ON AUTHORITY, INCLUDING ADDRESS, TELEPHONE, FAX AND E-MAIL)?

To register for VAT, foreign traders who carry out economic activities in the Czech Republic should apply to the Local Tax Authority in the region where their fixed establishment is situated.

Foreign EU traders who do not have a fixed establishment in the Czech Republic and who become liable to pay VAT, should contact the Local Tax Authority for Prague 1 or appoint a tax representative.

The address of the Local Tax Authority for Prague 1 is:

Finanční úřad pro Prahu 1

FÚ pro Prahu 1
Štěpánská 28
112 33 PRAHA 1
Czech Republic

Tel. No : +420 224 043 011

Fax No : +420 224 043 198

Foreign non-EU traders who have no fixed establishment in the Czech Republic and who become liable to pay VAT must appoint a tax representative.

7. PLEASE DESCRIBE DETAILED PROCEDURES (INCLUDING DOCUMENTS REQUIRED) FOR ISSUING VAT REGISTRATION NUMBERS, SPECIFICALLY FOR FOREIGN TRADERS?

Generally, foreign traders who carry out economic activity within the Czech Republic through their fixed establishment (they have to be registered for income tax) and want to register, or are obliged to register, for VAT must submit a registration form to the Local Tax Authority in the region where their fixed establishment is situated. The form requires that traders state their identification data. In addition to this registration form, traders must prove that they are allowed to carry out business in the Czech Republic (e.g. submit an entry in the commercial register, etc.).

The Local Tax Authority will issue a certificate of registration for VAT to the trader.

There is no special identification number for VAT. Instead the trader is issued one tax identification number for all the taxes for which they are liable. Following accession to the EU, the Czech tax identification number will be in the format CZ12345678, CZ123456789 or CZ1234567890.

If a foreign EU trader with no fixed establishment in the Czech Republic becomes liable to pay VAT, they must apply for VAT registration to the Local Tax Authority for Prague 1 (see question 6) or appoint a tax representative. The preparation of the form for such registration is underway.

If a foreign non-EU trader with no fixed establishment in the Czech Republic becomes liable to pay VAT, they must appoint a tax representative.

THRESHOLDS

8. WHAT THRESHOLD DO YOU OPERATE AS REGARDS INTRA-COMMUNITY DISTANCE SELLING UNDER ARTICLE 28B(B)(2) OF THE SIXTH VAT DIRECTIVE?

The threshold is €35 000.

9. WHAT THRESHOLD DO YOU OPERATE AS REGARDS ACQUISITIONS BY NON-TAXABLE LEGAL PERSONS OR PERSONS EXEMPT UNDER ARTICLE 28A(1)(A) OF THE SIXTH VAT DIRECTIVE?

The threshold is € 10 000

APPOINTMENT OF TAX REPRESENTATIVES BY FOREIGN TRADERS NOT ESTABLISHED IN THE EU

10. IN WHAT CASES DOES A TAX REPRESENTATIVE HAVE TO BE APPOINTED?

Traders who are not established in the EU must have a tax representative if:

- they supply services where the place of supply is the Czech Republic (except those services according to the Article 9 (2) (e) of Directive 77/388/EEC), and
- the supplies are to a non-taxable person, or a taxable person who effects only exempted transactions without the right of deduction.

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

Tax representatives can be legal persons, or individuals, who carry out economic activities in the Czech Republic. They must be established, or have a permanent address, in the Czech Republic, and must have agreed to act on behalf of the foreign trader.

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

Tax representatives have the same rights and duties as the traders they represent.

Representatives must inform the competent tax authority of their representation, and will receive from the tax authority a special identification number for the purposes of representation. They are then required to submit VAT returns, and are liable for the payment of any tax due. Tax representatives must keep separate accounts for each represented person.

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

Failure to appoint a tax representative could result in a fine of up to CZK 2 million (€62 714).

14. IS A BANK GUARANTEE REQUIRED?

No

APPOINTMENT OF TAX REPRESENTATIVES OF FOREIGN TRADERS ESTABLISHED IN THE EU

15. CAN FOREIGN TRADERS ESTABLISHED IN THE EU APPOINT TAX REPRESENTATIVES?

Traders from other EU Member States who do not carry out economic activities within the Czech Republic and become liable to pay tax, may appoint a tax representative in relation to transactions that are subject to VAT in the Czech Republic.

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 12

18. ARE THERE SITUATIONS WHERE A BANK GUARANTEE IS REQUIRED?

See answer to question 14

INVOICES

19. WHAT ARE THE CONDITIONS GOVERNING THE ISSUE OF AN INVOICE?

Czech law requires that each person who is registered for VAT must issue invoices for every taxable transaction to a taxable person, or a legal person not established or founded for business purposes.

Invoices must be issued within 15 days of the date when the event becomes chargeable, or payment is made, whichever is sooner. When several taxable transactions are with the same person, one summary invoice may be issued.

An invoice must contain the following information (with exceptions for certain circumstances):

- the name and address of the supplier;
- the tax identification number of the supplier;
- the name and address of the recipient;
- the tax identification number of the recipient, if they are obliged to register for VAT purposes;
- the sequential number of the invoice;
- the extent and the scope of the taxable transaction;

- the date the invoice was issued;
- the date of the taxable transaction, or the date payment was accepted, whichever is earlier;
- the unit price, without tax;
- the taxable amount;
- the standard or reduced tax rate; and
- the amount of the tax.

Invoices must always be issued for the following transactions, if the place of supply is within the Czech Republic:

- intra-Community acquisition or transfer of goods;
- intra-Community supply of goods;
- intra-Community supply and acquisition of a new means of transport;
- intra-Community transport, including ancillary services;
- the supply of certain services by traders who are identified for VAT purposes in another Member State;
- the supply of certain services by traders established outside the Community;
- distance selling; and
- the import of goods.

20. ARE THERE EXEMPTIONS FROM THE OBLIGATION TO ISSUE AN INVOICE? IF SO, TO WHAT TYPES OF TRANSACTION DO THEY APPLY?

Taxable persons need not issue an invoice for supplies to private individuals. This exemption does not apply to: supplies of new means of transport, distance selling, intra-Community transport, and to supplies of certain services by traders established outside the Community.

21. IN WHAT CIRCUMSTANCES IS A TRADER OBLIGED TO SUBMIT A VAT RETURN?

The following traders, who are registered for VAT purposes in the Czech Republic, are required to submit a periodic VAT return:

- traders whose turnover in the preceding 12 calendar months exceeds CZK 1 million (€31 357);
- traders who effect taxable transactions, or exempted transactions with the right to deduct, and who acquire goods whose value exceeds €10 000 in CZK;
- traders who effect taxable transactions, or exempted transactions with the right to deduct, when the goods (which are subject to excise duties) are supplied under the rules for distance selling; and
- traders who effect taxable transactions, or exempted transactions with the right to deduct, when the services are supplied according to Article 9 (2) (a), (b), (c),

(e), Article 9 (3), or Article 28b (C) (2), (3), (D), (E) and (F) of Directive 77/388/EEC.

Legal persons who are not established or founded for the purposes of undertaking, and persons who only carry out exempt transactions without the right to deduct, must submit a VAT return if:

- they acquire goods from other Member States with a value in excess of €10 000 in one calendar year; or
- the goods (which are subject to excise duties) are supplied to them under the rules for distance selling.

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

Registered traders and persons identified for VAT purposes must submit a VAT return, and pay any tax due, within 25 days of the end of the tax period.

The tax period for a registered person will depend on their turnover: if the turnover for the preceding calendar year is more than CZK 10 million (€313 568), the tax period is one month; if the turnover for the preceding calendar year is less than CZK 10 million (€313 568), the period is one quarter. However, if the turnover for the preceding calendar year is more than CZK 2 million (€62 714), the registered person may opt to use one month as the tax period.

The tax period for a person identified for VAT purposes is a calendar quarter.

23. DOES ANY SPECIAL REGIME AS REGARDS PERIODIC VAT RETURNS EXIST FOR SMALLER TRADERS AND/OR PARTICULAR CATEGORIES OF BUSINESSES? IF SO, PLEASE GIVE A DESCRIPTION.

Traders who buy goods for the purpose of onward sale, without changing their condition, and who are unable to prove the output tax according to their daily documentation of avails, can ask the competent tax authority to set up an individual concept of the tax assessment.

24. 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?

See answer to question 23

RECAPITULATIVE STATEMENTS

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

Registered traders who carry out intra-Community supply of goods must submit recapitulative statements each calendar quarter.

26. IS ANY ADDITIONAL INFORMATION REQUIRED OTHER THAN THAT SET OUT IN ARTICLE 22(6) OF THE SIXTH VAT DIRECTIVE AS AMENDED BY DIRECTIVE 91/680/EEC?

No.

27. DO YOU OPERATE SIMPLIFIED PROCEDURES AS REGARDS RECAPITULATIVE STATEMENTS AS PROVIDED FOR IN ARTICLE 22(12) OF THE SIXTH VAT DIRECTIVE AS AMENDED BY DIRECTIVE 91/680/EEC? IF SO, WHAT ARE THE THRESHOLDS FOR APPLYING SUCH PROCEDURES?

No.

ELECTRONIC INVOICING AND ELECTRONIC RETURNS

28. IS ELECTRONIC INVOICING PERMITTED? IF SO, IN WHAT CIRCUMSTANCES AND USING WHAT PROCEDURES?

Electronic invoicing is permitted (provided it is acceptable to the customer) if:

- the invoice is verified according to rules for electronic signature; or
- the authenticity of its origin and integrity of its content has been guaranteed by electronic data interchange (EDI), according to Article 2 of the Commission Recommendation 94/820/EC.

29. CAN VAT RETURNS BE SUBMITTED ELECTRONICALLY? IF SO, HOW AND USING WHAT TECHNOLOGY? WHO SHOULD BE CONTACTED FOR PERMISSION TO DO SO?

VAT returns can be submitted electronically.

Traders can use the web application found at: <http://adis.mfcr.cz/adis/jepo/index.html>. They must use a PC that is compatible with MS Windows and Internet Explorer 6 Service Pack 1, or Internet Explorer 5.5 Service Pack 2, or Internet Explorer 5.01 Service Pack 2.

There are two ways to submit returns electronically:

- 1) with an electronic signature issued by a registered company, at present only I.CA (<http://www.ica.cz>.)
- 2) without an electronic signature, provided the written document with the real signature is sent within the next three days.

(The system is still being developed, we anticipate enlargement of SW equipment for end users.)

30. CAN RECAPITULATIVE STATEMENTS BE SUBMITTED ELECTRONICALLY? IF SO, HOW AND USING WHAT TECHNOLOGY? WHO SHOULD BE CONTACTED FOR PERMISSION TO DO SO?

Yes, see answer to question 29

ADMINISTRATIVE REQUIREMENTS

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

No.

32. DO YOU OPERATE SIMPLIFIED ADMINISTRATIVE REQUIREMENTS APART FROM THOSE ALREADY MENTIONED? IF SO, PLEASE GIVE A DESCRIPTION

No.

33. IN WHAT LANGUAGES ARE FORMS (PERIODIC VAT RETURNS AND RECAPITULATIVE STATEMENTS) AVAILABLE?

The forms are only available in Czech.

RIGHT OF DEDUCTION

34. FOR WHAT CATEGORIES OF GOODS AND SERVICES IS THERE NO RIGHT TO DEDUCT?

Input tax cannot be deducted for:

- taxable supplies used for exempted supplies without the right of deduction;
- the acquisition of passenger cars, including acquisition in the form of financial leasing and its technical reconstruction, alternation, and modernisation (unless acquired for further sale, leasing or export);

- technical reconstruction, alternation and modernisation of rented assets, and repairs of rented assets effected by a lessee with the approval of the lessor, if the repairs are carried out within 5 years prior to the end of the lease;
- acquisition of returnable bottles (unless acquired for export purposes); and
- taxable supplies carried out for business representation.

35. FOR WHAT CATEGORIES OF GOODS AND SERVICES IS THERE A PARTIAL RIGHT TO DEDUCT? WHAT IS THE % AGE?

If a person carries out both supplies with and without the right to deduct, a proportion of the tax is deductible on the basis of apportionment.

There are no special categories of goods or services which give rise only to a partial right to deduct.

ANNEX 1: THRESHOLDS

Member State	Threshold for application of the special scheme for acquisitions by taxable persons not entitled to deduct input tax and by non-taxable legal persons ¹		Threshold for application of the special scheme for distance selling ²		Exemption for small enterprises ³	
	National currency	Euro equivalent	National currency	Euro equivalent	National currency	Euro equivalent
Belgium	€11.200		€35.000		€5.580	
Czech Republic		10.000		35.000		35.000
Denmark	80.000 DKK	10.722	280.000 DKK	37.528	50.000 DKK	6.667
Germany	€12.500		€100.000		€16.620	
Estonia	160.000 EEK	10.226	550.000 EEK	35.151		16.000
Greece	€10.000		€35.000		€9.000 or €4.000	
Spain	€10.000		€35.000		None	
France	€10.000		€100.000		€76.300 or €27.000	
Ireland	€41.000		€35.000		€51.000 or €25.500	
Italy	€8.263		€27.889		None	None
Cyprus	6.000 CYP	10.226	20.000 CY Pounds	34.220		15.600
Latvia	7.000 LVL	10.778	24.000 LVL	36.952		17.200
Lithuania	35.000 LTL	10.138	125.000 LTL	36.207		29.000
Luxembourg	€10.000		€100.000		€10.000	
Hungary						35.000
Malta		10.000		35.000		37.000 ⁴ 24.300 ⁴ 14.600 ⁴

¹ See second subparagraph of Article 28(a)(1) of Directive 77/388/EEC, as amended.

² See Article 28b, (2) of Directive 77/388/EEC, as amended.

³ See Article 24(2) of Directive 77/388/EEC, as amended. This scheme is reserved for taxable persons established within the territory of the country.

⁴ €37 000 when the economic activity consists principally in the supply of goods, €24 300 when the economic activity consists principally in the supply of services with a low value added (high inputs), and €14 600 in other cases, namely service providers with a high value added (low inputs)

ANNEX 1: THRESHOLDS

Netherlands	€10.000		€100.000		None	None
Austria	€11.000		€100.000		€22.000	
Poland						10.000
Portugal	€8.978		€31.424		€9.976 or €12.470	
Slovenia		10.000		35.000		25.000
Slovak Republic		10.000		35.000		35.000
Finland	€10.000		€35.000		€8.500	
Sweden	90.000 SEK	10.071	320.000 SEK	35.809	None	None
United Kingdom	55.000 GBP	86.112	70.000 GBP	109.598	55 000 GBP	86.112

ANNEX 2: VAT IDENTIFICATION NUMBER

- BE** le numéro d'identification à la taxe sur la valeur ajoutée
BTW - identificatienummer
- CZ**
- DK** momsregistreringsnummer
- DE** Umsatzsteuer - Identifikationsnummer
- EE** käibemaksukohustuslasena registreerimise number
- EL** Αριθμός Φορολογικού Μητρώου ΦΠΑ
Arithmos Forologikou Mitroou FPA
- ES** el número de identificación a efectos del Impuesto sobre el Valor Añadido
- FR** le numéro d'identification à la taxe sur la valeur ajoutée
- IE** value added tax identification no.
- IT** il numero di registrazione IVA
- CY** Αριθμός Εγγραφής Φ.Π.Α.
Arithmos Egrafis FPA
- LV** pievienotās vērtības nodokļa (PVN) reģistrācijas numurs
- LT** PVM mokėtojo kodas
- LU** le numéro d'identification à la taxe sur la valeur ajoutée
- HU**
- MT** numru ta' l-identifikazzjoni tat-taxxa fuq il-valur miújud
value added tax identification number
- NL** BTW - identificatienummer
- AT** Umsatzsteuer - Identifikationsnummer
- PL**
- PT** o número de identificação para efeitos do imposto sobre o valor acrescentado
- SI** identifikacijska številka za DDV

ANNEX 2: VAT IDENTIFICATION NUMBER

- SK** identifikačné číslo pre daň (IČ DPH)
- FI** arvonlisäverorekisteröintinumero
Mervärdesskatteregistreringsnummer (momsregistreringsnummer)
- SE** Mervärdesskatteregistreringsnummer (momsregistreringsnummer)
- GB** value added tax (VAT) registration no.

ANNEX 3: ABBREVIATIONS

	COUNTRY	CURRENCY
BELGIUM	BE	EUR
CZECH REPUBLIC	CZ	CZK
DENMARK	DK	DKK
GERMANY	DE	EUR
ESTONIA	EE	EEK
GREECE	EL	EUR
SPAIN	ES	EUR
FRANCE	FR	EUR
IRELAND	IE	EUR
ITALY	IT	EUR
CYPRUS	CY	CYP
LATVIA	LV	LVL
LITHUANIA	LT	LTL
LUXEMBOURG	LU	EUR
HUNGARY	HU	HUF
MALTA	MT	MTL
NETHERLANDS	NL	EUR
AUSTRIA	AT	EUR
POLAND	PL	PLN
PORTUGAL	PT	EUR
SLOVENIA	SI	SIT
SLOVAK REPUBLIC	SK	SKK
FINLAND	FI	EUR
SWEDEN	SE	SEK
UNITED KINGDOM	GB	GBP