

Tax & Business News

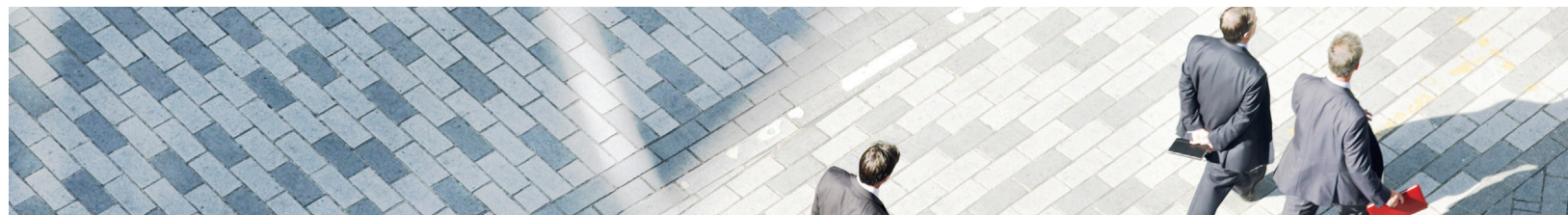
www.pwc.cz/tbn

Tax, accounting, advisory and assurance newsletter

October 2011

Content

- > Deputies will re-approve the reduced VAT rate increase
- > Indirect bonuses are subject to VAT
- > The effectiveness of the modernised Customs Code is endangered
- > Foreigners have to prove accommodation when applying for a visa or residency permit
- > Get an Award for Innovation
- > Tax legislation of 146 countries online
- > The Academy IFRS Centre of Excellence



Theme of the month

Deputies will re-approve the reduced VAT rate increase

The Chamber of Deputies approved a draft amendment to the VAT Act under which a reduced VAT rate will grow from 10% to 14% from 1 January 2012. Both rates,

reduced and standard, will be unified at 17.5% from 1 January 2013. However, the Senate sent the proposal back to the Chamber of Deputies for further consideration.

[Martin Diviš](#)
+420 251 152 574

Tax

Indirect bonuses are subject to VAT

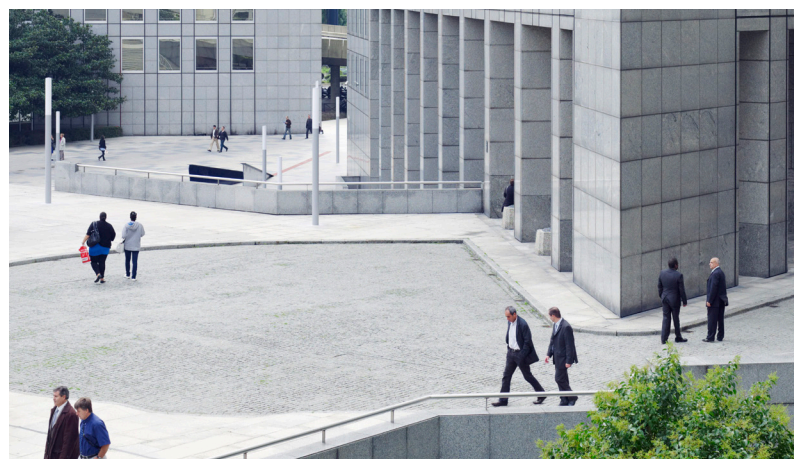
General Directorate of Finance expressed an unexpected view on the VAT treatment of indirect bonuses. These are bonuses that are provided, for example, directly to retailers by the manufacturers for the volume of their products purchased although the deliveries are made through wholesalers. Thus, there is no direct supplier-buyer relationship between the manufacturer and the retailer.

In the opinion of the General Financial Directorate, the manufacturer, in this case, has to reduce the VAT previously applied to the supply of goods by the VAT calculated from the bonus. The retailer is then obliged to reduce, by the same amount, the input VAT deduction that was originally claimed when buying goods from wholesalers.

Although the text of the law did not apparently take this situation into consideration, the tax administration will probably insist on this approach.



[Martin Diviš](#)
+420 251 152 574



If you are interested in receiving Tax & Business News, please contact Petra Chloubová, +420 251 151 837.

Tax

The effectiveness of the modernised Customs Code is endangered

A large number of amendments to the new Customs Code, which are currently being tabled by the European Commission, are likely to delay its effective date originally planned for 24th June 2013.

According to the new rules for the formal adoption of the implementing acts stemming from the Lisbon Treaty, the structure of the Implementing Regulation and the Code itself should be revised.

The content side of the new regulations is also subject to discussion which requires a considerable amount of time.

The postponement of the original deadline will also be affected by the creation of IT systems for eCustoms projects that are already delayed compared to the original schedule. We will inform you of further developments on this issue.

Martin Diviš
+420 251 152 574

Radovan Šmíd
+420 251 152 525



Employees

Foreigners have to prove accommodation when applying for a visa or residency permit

Foreign nationals applying for a visa or residency permit in the Czech Republic must prove that they have reserved accommodation in our territory. A document proving this fact may be in the form of a lease contract or a so-called document on proof of accommodation, which the landlord or his authorised representative signs and confirms that accommodation will be provided to the foreigner for a period specified in the lease contract or the document. Proof of accommodation must contain the name and surname of the applicant, his or her date of birth, passport number and the period for which accommodation is provided, in addition to the first and last name of the landlord. It must be issued in the Czech language. In the case of documents issued to citizens from countries outside the EU applying for a visa or permit for permanent or long-term stays, the document on proof of accommodation must be signed before a notary. Notarisation is not required in the case of lease contracts.

Jana Zelová
+420 251 152 567

Competition

Get an Award for Innovation

- Do you own or manage an innovative company?
- Have you realised a successful innovation in the last year?
- Are you creative?

Register for the competition Czech innovation 2011

The competition aims to find successful innovations and promising ideas, evaluate the authors and subjects who implemented them or help them find the application on the market.

You can register by 18 November 2011 at www.ceskainovace.cz.

„Czech entrepreneurs are not missing good ideas but they do need conditions that will enable them to successfully sell these ideas. Many Czech innovators also have to acquire business acumen and many businessmen will have to improve their ability to manage the company so that ideas really produce results. The winner will be Jara Cimrman with the soul of Tomas Bata,“
said Jiří Moser, managing partner of PwC v ČR.

More information can also be found at www.pwc.cz/inovace.

Publications

Tax legislation of 146 countries online

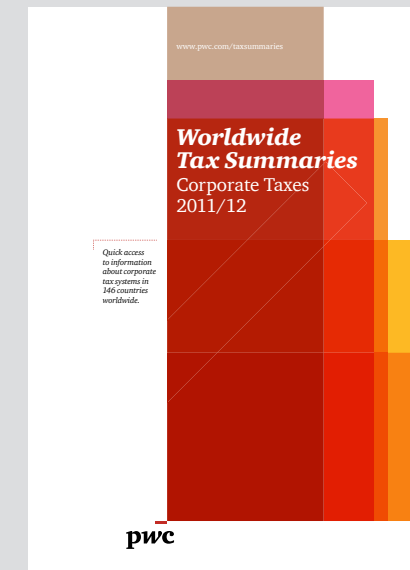
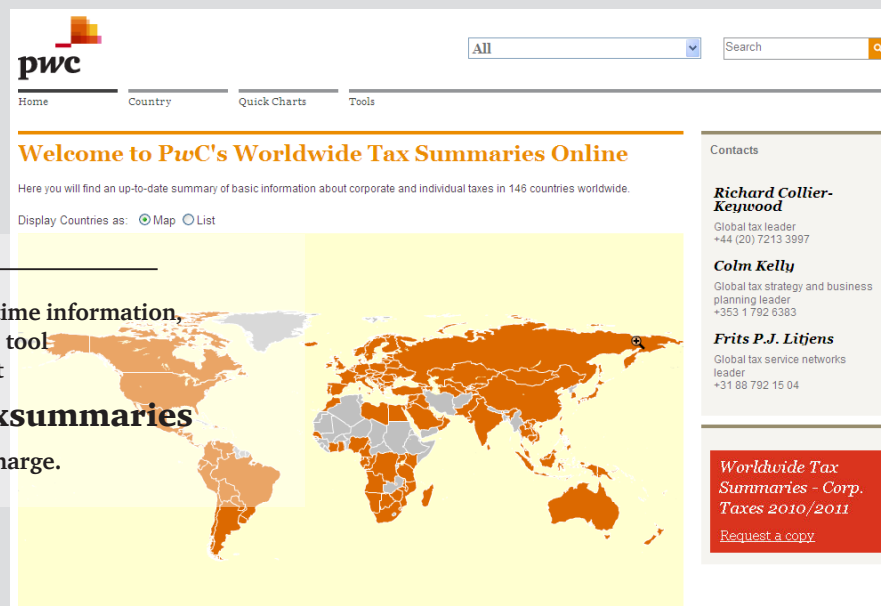
Worldwide Tax Summaries

Our tax experts have developed a useful tool for you to maintain an overview of the current tax rates and legislation in the countries with which you are in contact - „Worldwide Tax Summaries (WWTs)“.

The publication covers the latest changes in tax legislation, provides an up-to-date overview of the tax rates, deductions or incentives in the area of corporate tax in 146 countries.

To help you save time and effort we developed an online version „WWTs Online“ which is regularly updated. You can therefore always rely on the accuracy of the information that you find here.

Are you interested in a printed version?
Write us at pwc.news.cz@cz.pwc.com.



David Borkovec
+420 251 152 561

Zenon Folwarczny
+420 251 152 580

To help you save time and get for real-time information, we developed a smart and transparent tool: WWTs Online. You can easily register at <http://www.pwc.com/taxsummaries> and start using WWTs online free of charge.



We invite you

The Academy IFRS Centre of Excellence

Our trainers are recognised experts on this issue and will transfer to you, in a very approachable way, not only their professional knowledge but also extensive practical experience. In the seminars, we use case studies and examples to illustrate IFRS in practice and in the environment of Czech companies.

List of IFRS seminars October/November 2011

- **Accounting Treatment of Leases (IAS 17)**
17 October (9:00 – 16:30)
- **Hedge Accounting**
18 October (9:00 – 16:30)
- **Understanding Financial Instruments**
21 October (9:00 – 16:30)
- **Accounting Treatment of Impairment of Assets and Provisions (IAS 36, IAS 37)**
4 November (9:00 – 16:30)
- **FX Risk Management in Relation to IFRS**
11 November (9:00 – 16:30)

Venue

PwC, Kateřinská 40, Praha 2

Price

CZK 8 900 + VAT

The course price includes training, study materials, morning and afternoon refreshments.

Registration

For more information and for registration, please fill in the registration form at www.pwc.cz/academy or send an e-mail to the.academy@cz.pwc.com.

In case of any questions, please contact Martina Kopsova, tel.: +420 251 151 816.

All seminars are in Czech.

See you there!



Contact

Jiří Moser
Country Managing Partner,
PwC CR,
Lead Advisory Services Partner
+420 251 152 048

Paul Stewart
Partner
Tax & Legal Services
+420 251 152 711

Chris Skirrow
Lead Assurance Services Partner
+420 251 151 840

Lenka Mrázová
Director
Tax & Legal Services
+420 251 152 553

Prague Office
Kateřinská 40, 120 00 Prague 2
+420 251 151 111

Brno Office
náměstí Svobody 20,
602 00 Brno
+420 542 520 111

Ostrava Office
Zámecká 20, 702 00 Ostrava
+420 595 137 111

© 2011 PricewaterhouseCoopers Česká republika, s.r.o. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers Česká republika, s.r.o., which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.