

# INSTRUCTIONS

## for filling out corporate income tax return

### General

- 1) Taxpayers of corporate income tax (hereinafter in these instructions "tax") are those entities that are legal entities, organizational units of the State, the funds of pension companies, unit trusts and sub-funds of a stock company with variable basic capital pursuant to the law regulating investment companies and investment funds, fund administered by the Financial Market Guarantee Scheme under the Act regulating recovery procedures and financial market crisis management, trust funds pursuant to the Civil Code and units which are, pursuant to the Law of the state pursuant to which are based or established, the taxpayer (Section 17, Act no. 586/1992 Coll., on Income Tax, as amended (hereinafter in these instructions "Act"). The taxpayer is obliged to file a tax return form after the expiration of the taxable period or part thereof or the period for which a tax return is submitted and the tax assessed, even in the event that he shows a zero tax base or a tax loss. The tax return is presented to a local branch of appropriate tax office, where the file of a particular taxpayer obliged to corporate Income tax is situated (Section 13 of the Act no. 456/2011 Coll. on Financial Administration of the Czech Republic, as amended - hereafter "the Act on Financial Administration"). Public beneficial taxpayer (§ 17a of the Act) is not obliged to file a tax return form if it has no income which is subject to taxation or it only has income that is tax-free (§ 19 and § 19b of the Act) or income from which the tax is deducted pursuant to a special tax rate (Section 36 of the Act) and is not obliged to apply the procedure pursuant to Section 23, subsection 3, letter a) point 8 of the Act. This obligation also does not apply to flat owners association, if they only have incomes that are not a tax subject, exempt incomes, or incomes from which tax is withheld by a special tax rate; however this does not affect its obligation to submit a tax return form if the tax administrator requests it to do so pursuant to Section 135, subsection 1 of the Act no. 280/2009 Coll. on Administration of Taxes, as amended (hereinafter "Administration of Taxes Act"). The obligation to submit tax return does not have a merging or dividing company for the period from the effective date of conversion till the day of conversion's registration in the Commercial Register and general partnership.
- 2) Tax return (proper, supplementary, corrective) including attachments, that represent a part of the tax return, is for the purpose of tax administration treated as form submitting proceedings (§ 72 subsection 1 of the Tax Code). The tax return, or the supplementary tax return or the corrective tax return, may be filed only using a form issued by the Ministry of Finance (hereinafter "the Ministry"), or using a printed output having data, procedural formalities and their order equal to the form issued by the Ministry, or corresponds to the form submitting proceedings model according to decree of the Ministry for this type of tax; or electronically using remote access in the form and structure published by the Tax Administrator. The electronic version of the tax return form is available at the website of the Financial Administration of the Czech Republic <http://www.financnisprava.cz> in the offer Tax Forms or at the website [www.mojedane.cz](http://www.mojedane.cz). Pursuant to § 71 subsection 1 of the Tax Code, the tax return may be filed also electronically, only via data transfer using remote access, signed in a way with which another legal provision connects the effects of handwritten signature, with verified identity of the sender in way by which it is possible to log in the data box, using the access with guaranteed identity, or using tax information box. By the way enabling the remote access the tax administrator shall publish which submission may be made using the above described procedure pursuant to § 71 subsection 1 letter b), c) or d) of the Tax Code. The effect of the submission made electronically has also the act made towards the tax administrator using other data transfer than that pursuant to § 71 subsection 1 of the Tax Code provided the tax return is confirmed by some of the ways mentioned in § 71 subsection 1 of the Tax Code within 5 days commencing the day when the tax administrator received the tax return. If the taxpayer or its representative has available data box, established as a matter of law, or a legal obligation to have audited financial statements, he is obliged to submit the tax return only electronically using remote access in format and structure published by the tax administrator, namely via data transfer sent in a way described in § 71 subsection 1 of the Tax Code. A compulsory enclosure in the tax return of a taxpayer, who keeps accounting, is a financial statement pursuant to Section 18, subsection 1 and 2 of Act no. 563/1991 Coll., on Accounting, as amended, (hereinafter "Accounting Act"); the arrangement and definition of the content of the items on the balance sheet, the profit and loss statement and the definition of the content of the enclosure, is determined by the relevant decree by which some of the provisions of the Accounting Act are carried out. Taxpayers and accounting units that are obliged to use International Accounting Standards for their accounting and preparation of the financial statement (Section 19a of the Accounting Act) must attach the compulsory Financial Statement set out in accordance with International Accounting Standards to the tax return form. Taxpayers, accounting units pursuant to Section 1f of the Accounting Act, who can maintain single-entry accounting pursuant to Section 13b of the Accounting Act submit Statements pursuant to Section 13b, Subsection 3 of the Accounting Act their labeling and content is specified in annex no. 1 and no. 2 to the regulation no. 325/2015 Coll., by which some provisions of the Accounting Act are regulated for accounting unit that maintain single-entry accounting.
- 3) **The Taxable period** pursuant to Section 21a of the Act is:
  - a) A calendar year,
  - b) An economic year,
  - c) The period from resolved date of merger or division of a Trading company or transfer of the capital to a companion, to the end of the calendar year or the economic year in which the transformation or the transfer of assets became effective,
  - d) An accounting period, if this accounting period is longer than an uninterrupted succession of twelve months.

### Tax return

- 4) **The income tax return** is filed no later than three months after the expiration of the taxable period (Section 136, subsection 1 of the Administration of Taxes Act in connection with Section 38m, subsection 2 of the Act). The deadline for submitting the tax return, pursuant to § 136 subsection 1 of the Tax Code, is extended to 4 months after the expiration of the taxable period provided the tax return was not filed up to 3 months after the expiration of the taxable period and consequently the tax return was filed electronically, or to 6 months after the expiration of the taxable period provided the taxpayer has a legal obligation to have audited financial statements, or the tax return was not filed up to 3 months after the expiration of the taxable period and consequently the tax return was filed by a tax advisor (§ 136 subsection 2 of the Tax Code). Provision § 136 subsection 2 of the Tax Code as amended beginning 1. 1. 2021 (cf. above) is used for the time period for submitting the tax return for taxable period that did not expire before 31. 12. 2020. If the last day for filing the tax return falls on a Saturday, Sunday or State Public Holiday, the last day of the period becomes the next working day (Section 33, subsection 4 of the Administration of Taxes Act).
- 5) The tax administrator may, at the request of the taxpayer or on its own initiative, **extend the period for filing the tax return** by up to three months from the expiration of the time-limit for filing. If part of the taxable income stated in the tax return is also income liable to tax abroad, the tax administrator may, at the request of the taxpayer, extend the period for filing the tax return in justified cases by up to ten months from the expiration of the taxable period (Section 36, subsection 4 of the Administration of Taxes Act). If the taxpayer applies for extending the period for filing the tax return pursuant to § 36 of the Tax Code, and at the same time intends to extend the period pursuant to § 36 subsection 2 letter a) or b) of point 2 of the Tax Code he mentions this fact in the request; otherwise when considering his request about extending the time period, only time period pursuant to § 136 subsection 1

<sup>1)</sup> For instance the Act no. 563/1991 Coll., on Accounting, as amended, the Act no. 21/1992 Coll., on banks, as amended

of the Tax Code will be taken into account. If the taxpayer mentions in his request for extending the period that he intends to extend the time period pursuant to § 136 subsection 2 of the Tax Code and consequently he does not meet the requirements for the extension, the entitlement for extending the time limit pursuant to § 36 of the Tax Code ceases (§ 136 subsection 6 of the Tax Code). Provision § 136 subsection 6 of the Tax Code as amended beginning 1. 1. 2021 (cf. above) is used for the time period for submitting the tax return for taxable period that did not expire before 31. 12. 2020.

- 6) Taxpayers registered to the corporate income tax, to whom **the tax duty did not arise** in the relevant taxable period, have not the obligation pursuant to Section 136, subsection 5 of the Administration of Taxes Act, i. e. to notify this fact to a tax administrator within the time-limit for filing the tax return, namely with respect to Section 4 of the Administration of Taxes Act, pursuant to which this Act or its relevant provisions apply, if any other Act does not govern the administration of taxes differently. The Act provides, in § 38m subsection 1, for the corporate income taxpayer the obligation to submit the corporate income tax return. Exceptions to this obligation provides the Act in § 38mb and concurrently then in § 38mc exempts public beneficial taxpayers and flat owners association from notification obligation if the tax obligation to the corporate income tax did not arise in the tax period.
- 7) If there is a **cancellation of the legal entity without liquidation**, the legal successor of the legal person is obliged to submit tax return related to its tax obligations within 30 days from the date of termination, for the part of the tax period elapsed prior to its termination (§ 240a of the Tax Code). The tax return, pursuant to § 240a of the Tax Code, is not required to submit by the merging or dividing trading company for the period from the effective date of conversion to the conversion of the entry in the Commercial Register (§ 38mb letter d) of the Act).
- 8) If there is a **cancellation of the legal entity with liquidation**, the obligation to submit the tax return or supplementary tax return continues until the termination of the taxpayer (§ 240c subsection 1 of the Tax Code), in statutory periods for the submitting of the tax return for the taxable period (§ 136 subsection 1 or 2 of the Tax Code).
- 9) A taxpayer is required to file a regular tax return within 30 days from the date of its **entry into liquidation**, for the part of the tax period that elapsed before the date of **entry into liquidation** (§ 240c subsection 2 of the Tax Code).
- 10) A taxpayer is required to file a regular tax return within 15 days from the date of **processing of the proposal for the use of remaining assets**, for the part of the taxable period that elapsed before the date of processing of this proposal, **this deadline cannot be extended** (§ 240c subsection 3 of the Tax Code).
- 11) If the **last part of privatized property of a State enterprise is transferred to an authority, which is authorized to handle this privatized property**, the State enterprise is obliged to file a tax return form for the expired portion of the taxable period by the end of the following month from the date the transfer took place; **this time limit may not be extended** (§ 240d of the Tax Code).
- 12) In case of **insolvency proceeding<sup>2)</sup>** the taxpayer is obliged to file the tax return within 30 days at the latest from the date the **failure order** becomes applicable for the part of taxable period, which has expired on the date preceding the date when this order becomes applicable, and for which the tax return has not been filed yet; **this time-limit may not be extended**. If the insolvency trustee find out the lack of supporting documents, because of which the duty of filing of tax return cannot be realized, this duty is extinguished; the insolvency trustee advises the tax administrator of that and provides necessary assistance for tax assessment according to materials and information (Section 244, subsection 1 of the Administration of Taxes Act).
- 13) A tax return is also filed **during the insolvency proceeding** (Section 244, subsection 2 of the Administration of Taxes Act), respectively for the period from the date of adjudication of bankruptcy to the end of the taxable period in which the order became applicable and during the further course of the failure proceedings for each finished period that is the same as a calendar or economic year taxable period. This is to be done within the prescribed period for filing a tax return form for the taxable period (Section 136, subsection 1 or 2 of the Administration of Taxes Act).
- 14) The taxpayer is obliged to file a tax return also on the date of **submitting the final report**, for the elapsed part of the period for which the tax return has not been filed yet, and to include the recognized tax into the relevant document (§ 244 subsection 4 of the Tax Code), and file them within 15 days since the day to which it should be processed (§ 244 subsection 4 of the Tax Code).
- 15) In the limits according to points 8 up to 12 and 14, the duty to file a tax return or supplementary tax return arises for preceding taxable period, for which a tax return has not been filed yet if the original time-limit for its filing has not been expired yet (Section 245 of the Administration of Taxes Act). For the purpose of considering the condition of not expiring the time period for filing the tax return for the preceding tax period, the time period for submitting the tax return is 6 months after expiring this taxable period (§ 245 subsection 2 of the Tax Code).
- 16) A tax return form is also filed for the period
  - preceding the **decisive day of merger or transfer of capital to an associate or the division of a trading company**, for which a tax return form has not been filed yet, if this decisive day is not the first day of the calendar or fiscal year, no later than 3 months from the month, in which falls the date
    - By a trading company the date of trading company highest authority decision on merger, capital transfer to an associate or the division of a trading company, if the decisive day of the merger or transfer of capital to an associate or the division of the trading company is not the first day of the calendar or fiscal year (§ 38ma subsection 1 letter a) and subsection 2 letter a) of the Act) or
    - The day which is the last day of the period, for which the tax return is filed, if other day is not pursuant to the letter a) determined (§ 38ma subsection 1 letter a) and subsection 2 letter b) of the Act)
  - preceding the day of entering a **change to the legal form of a limited partnership to another trading company or a change to the legal form of Joint Stock Company or a limited liability company or a co-operative to a general partnership or a limited partnership** for which the tax return has not been filed yet. This should be done, **at the latest**, within 3 months from the end of the month to which belongs the day that is the last day of the period for which the tax return is filed (§ 38ma subsection 1 letter b) and subsection 2 letter b) of the Act)
  - preceding the **change of the taxable period from a calendar to economic year or vice versa** or a change to the definition of an economic year for which the tax return has not been filed yet, if it is shorter than an uninterrupted continuous twelve months. This should be done, **at latest**, within 3 months from the end of the month to which belongs the day that is the last day of the period for which the tax return is filed (§ 38ma subsection 1 letter c) and subsection 2 letter b) of the Act)
  - preceding the **relocation of the seat of a European company or a European co-operative company, entered in the Commercial Register, from the Czech Republic**. This should be do done, **at the latest**, within 3 months from the end of the month to which belongs the day that is the last day of the period for which the tax return is filed (§ 38ma subsection 1 letter d) and subsection 2 letter b) of the Act)
  - **From the decisive day of transformation of a trading company until the date of registration of this transformation in the Companies Register** for a dissolving or dividing a trading company, or for part of it, at which a legal successor is the corporate income taxpayer that is tax non-resident and that does not have, on the date of transformation registration in the Companies Register, any permanent establishment within the territory of the Czech Republic. This should be do done, **at the latest**, within 3 months from the end of the month to which belongs the day that is the last day of the period for which the tax return is filed (§ 38ma subsection 1 letter e) and subsection 2 letter b) of the Act)
  - preceding the day of **transformation registration of a business company in the Companies Register by receiving associate on behalf of a dissolving taxpayer that is a trading company, if it is transfer of capital of a trading company to an associate who is an individual**, and the tax return for this period has not been filed yet. This should be do done, **at the latest**, within 3 months from the end of the month to which belongs the day that is the last day of the period for which the tax return is filed (§ 38ma subsection 1 letter f) and subsection 2 letter b) of the Act).

- 17) The taxpayer himself is obliged, in the tax return, to calculate the tax and state prescribed specifications as well as further factors decisive for assessment of a tax (Section 135, subsection 2 of the Administration of Taxes Act). The tax is due on the last day of the time-limit given for filing a tax return (Section 135, subsection 3 of the Administration of Taxes Act).
- 18) The decisive facts for the calculation of taxes are assessed separately for each taxable period (Section 134, subsection 2 of the Administration of Taxes Act).
- 19) If a tax return is not filed, a tax administrator calls upon a taxpayer to do so and determine an alternative time-limit. If a taxpayer does not fulfil this call, a tax administrator may assess a tax by means of materials and information or may assume that the taxpayer claimed in the proper tax return the tax in the amount of 0 CZK (§ 145 subsection 1 of the Tax Code).

#### Supplementary Tax Return

- 20) If the taxpayer discovers that its **tax liability should be higher than its last known tax**, it is obliged to file a additional tax return by the end of the month in which it was ascertained. The additional tax is also payable within this period (Section 141, subsection 1 and 7 of the Administration of the Taxes Act). In a **additional tax return** a taxpayer state difference against the last known tax and date of recognition of this difference (Section 141, subsection 2 of the Administration of the Taxes Act). In this additional tax return it is possible to apply for higher amounts for deductible items pursuant to Section 34 of the Act and items that reduce the tax base pursuant to Section 20, subsections 7 and 8 of the Act.  
The taxpayer **is obliged** to file a supplementary tax return also in case that the tax loss should be lower than its last known tax loss, namely till the end of the month following the month, in which was the change ascertained (Section 38n, subsection 2, in connection with Section 141, subsection 1 of the Administration Taxes Act). In a **additional tax return** the taxpayer states the difference against the last known tax loss and date of recognition of this difference (Section 141, subsection 5 of the Administration Taxes Act).
- 21) The taxpayer **is eligible** to file a additional tax return for tax lower than is the last known tax if the tax was determined res judicata at the incorrect amount until the end of the month in which the change was ascertained (Section 141, subsection 2 of the Administration of Taxes Act). In a supplementary tax return the taxpayer states difference against the last known tax, date of recognition of this difference and reason for filing a additional tax return (Section 141, subsection 5 of the Administration of Taxes Act).  
The taxpayer applies the same process in case it finds out, that its **tax loss shall be higher than last known tax loss** (Section 38n, subsection 2 of the Act, in connection with Section 141, subsection 2 of the Administration of Taxes Act).  
Supplementary tax return according to point 24) is inadmissible, if the decision, which the last known tax results from, was made pursuant to materials and information or issued on the basis of agreement on tax (Section 141, subsection 3 of the Administration of Taxes Act).
- 22) The taxpayer **is eligible** to file a additional tax return, which does not change the last known tax or tax loss, but only the information stated earlier by the taxpayer. This needs to be done until the end of the month following the month, in which the taxpayer ascertained the changes (Section 141, subsection 4 of the Administration of Taxes Act). In a additional tax return the taxpayer states the reasons for filing this tax return and date of recognition of the changes (Sections 141, subsection 5 of the Administration of Taxes Act).
- 23) The time period for filing a supplementary tax return pursuant to § 141 subsection 1 of the Tax Code first sentence does not run during the time in which it is not allowed to submit the supplementary tax return (§ 141 subsection 6 of the Tax Code).
- 24) The submission of the tax return or supplementary tax return during the tax assessment process, or during extraordinary review process, or supervisory process against the decision on tax assessment is not admissible and does not start further proceedings. The information given in such submitted tax return will be used for tax assessment provided the state of proceedings enable that (§ 145a of the Tax Code).
- 25) The taxpayer is obliged to file a additional tax return also for another tax liability, if this tax liability arises after filing the regular or supplementary tax return until the date of expiry of liquidation, eventually until the date of its dissolution. This tax liability is considered as tax liability arisen till the date of processing of the proposal for diversification of remaining assets (§ 240c, subsection 4 of the Administration of Taxes Act). A supplementary tax return needs to be filed on a printed form issued by General Financial Directorate, which is to be marked in its heading as "additional" (item 03). Item 03 should also indicate the date of recognition of the facts leading to filing of a additional tax return.  
Information in relevant rows of the Part II is to be filed in total amounts, not only differences against the original amounts of changed information. These changes against the last known tax or last known tax loss are to be indicated only in Part IV of a additional tax return according to partial instructions to its filing.
- 26) If it can be reasonably assumed, that the tax is going to be assessed, a tax administrator may call upon the taxpayer to file a supplementary tax return and determine an alternative time-limit. If the taxpayer does not fulfil this call in the given time-limit, a tax administrator may assess the tax according to materials and information (Section 145, subsection 2 of the Administration of Taxes Act).

#### Corrective Tax Returns

- 27) Before the expiration of the time-limit for filing a tax return the taxpayer may replace an already filed tax return by a **corrective tax return** (Section 138, subsection 1 of the Administration of Taxes Act). The tax return submitted after expiration of 3 months period pursuant to § 136 subsection 1 of the Tax Code may be replaced by corrective tax return only provided both of the tax returns are filed electronically in prolonged period pursuant to § 136 subsection 2 letter a) of the Tax Code, or the tax returns are filed by an advisor in prolonged period pursuant to § 136 subsection 2 letter b) point 2 of the Tax Code, or in a period that was prolonged only pursuant to § 36 of the Tax Code (§ 138 subsection 3 of the Tax Code). The provision § 138 subsection 3 of the Tax Code as amended beginning 1. 1. 2021 (cf. above) is used for the time period for submitting the tax return for taxable period that did not expire before 31. 12. 2020. In further proceedings this corrective tax return is decisive and previous tax return should not be taken into account. This procedure may be used also while replacing of supplementary tax returns or already filed corrective tax returns (Section 138, subsection 2 of the Administration of Taxes Act). Information in relevant rows of the Part II is to be filed in a corrective tax return in total amounts, not only in amounts of differences against the original amounts of changed information.

#### Tax Arrears and Penalties

- 28) Tax arrears/underpayment is an amount of tax that is not paid and the due date of tax payment already elapsed (§ 153 subsection 1 of the Tax Code).
- 29) The base for calculation of interest on late payment is the tax due that was not paid. The interest on late payment arises beginning the fourth day following the original due date until the day when the tax is paid. Giving the alternative due day has no impact on determining the time for which the interest on late payment arises. The amount of the interest on late payment corresponds to the interest on late payment due to the Civil Code (§ 252 of the Tax Code). The interest on late payment related to tax advances arises until the due date of the prepaid tax (§ 251b subsection 4 of the Tax Code).
- 30) The default interest amount is not imposed and the taxpayer is not obliged to reimburse it, until it exceeds CZK 1000 in one taxable period or period, for which a tax return is filed (Section 251a subsection 2 of the Administration of Taxes Act).
- 31) The tax payer is obliged to pay any penalties for the amount of subsequently assessed tax that was determined contrary to the last known tax, with the exception of a tax base and taxes or tax losses subsequently assessed pursuant to a supplementary tax return in the amount of  
20%, if the tax is increased, or  
1%, if the tax loss is reduced

The penalty payment is payable within 30 days from the date of notification of the payment assessment, but at the earliest on the same date as the established tax on which the penalty is calculated (Section 251 subsection 3 of the Administration of Taxes Act). The penalty is to be calculated on the basis of the amount of tax as it would be determined in comparison with the last known tax, provided that higher amounts of deductible items (pursuant to Section 34, Section 38p of the Act) were not (in the framework of procedure to assess the tax ex officio) additionally applied.

The obligation to pay penalty does not arise from tax additionally stated in the supplementary tax return based on which the tax was adjusted. This is not applicable if the supplementary tax return was not allowed.

#### **Penalty for late tax statement**

32) If the tax return or supplementary tax return has not been filed on time, although it should have been, or has been filed after the legal time-limit, and this delay exceeded 5 working days, the taxpayer is obliged to pay the following penalties for late statement:

- 0,05 % of the assessed tax for each of the subsequent default days, but not more than 5 % of the assessed tax,
- 0,01 % of the tax loss for each of the subsequent default days, but no more than 5 % of the tax loss (Section 250, subsection 1 of the Administration of Taxes Act).

If such calculated amount is lower than CZK 1000, it is not prescribed and the taxpayer is not obliged to pay it (Section 250, subsection 3 of the Administration of Taxes Act). If the taxpayer does not file the tax return or additional tax return in the specified time period, the upper limit of the scale (pursuant to § 250, subsection 1) will be used for calculating the fine. The fine in this case is at least CZK 500 (Section 250, subsection 4 of the Administration of Taxes Act). Penalty is due to 30 days from the date of payment order notification, which is used by a tax administrator for purpose of determination about a penalty for late tax statement (Section 250, subsection 6 of the Administration of Taxes Act).

The amount of the penalty is halved if a taxpayer files the proper tax return or supplementary tax return within 30 days from futile expiration or a period for its filing and in the given calendar year a tax authority did not find out, at a tax subject and in the period of issue of payment assessment, another delay in filing the proper or supplementary tax return (§ 250 subsection 7 of the Tax Code).

#### **The Corporate Income Tax Return Form**

33) The form is divided into 5 parts (I–V).

**Attachment no. 1 to Part II (hereinafter “Attachment”) is an indivisible part of the Form.**

An indivisible part of the Form is also the **Separate Attachment to Table I of Attachment 1 to Part II** issued not only in printed form but also electronically and **Attachment no. 2 to Part II and the Separate attachment to row 5 of Table H of Attachment no. 1 to the Part II and the separate attachment to the item 12 I., Attachment no. 3 to the Part II, Separate Attachment to Table V of Attachment no. 3 to the Part II and Separate Attachment to row 319 of Part II and Application for Transmitting the Financial Statements into the Collection of Documents of the Public Register**, issued only electronically, if the obligation or possibility to complete them arises from the following parts of these instructions.

34) The income tax return form (hereinafter “Form”) is also used by a taxpayer who are tax non-residents (Section 17, subsection 4 of the Act) but who has income from activities carried out by a permanent establishment located in the Czech Republic.

#### **Title Page of the Form**

In the indicated frame “**Tax office for / Specialized tax office**”, the taxpayer fills in the remainder of the official title of its relevant tax office (tax administrator) (e.g. Tax Office for capital city Prague, or South Bohemian Region etc.). If the taxpayer is selected tax subject pursuant to Section 11, subsection 2 of the Act on Financial Administration, it completes the item with the words Specialized tax office.

In the indicated frame **Local branch, in**, for it is stated the local tax authority, where the file a particular taxpayer obliged to corporate income tax is located (Section 13 of the Act on Financial Administration). It further fills in the preprinted frames number of Attachments to Part II and the number of Separate Attachments. Special attachments, whose form is not provided, must be marked with the taxpayer’s official stamp, including the signature of the authorised person and the taxpayer’s TIN (Taxation Identification Number). An investment company states the number of unit trusts whose assets it manages.

01 **Tax Identification Number** – after the pre-printed code CZ fill in the assigned tax number. An investment company always fills in its TIN even when filling out Attachment no. 1 to Part II of the Form for every unit trust whose assets it manages.

02 **Identification Number** – the assigned identification number has to be stated (within the meaning of the Act no 89/1995 Coll., on State Statistical Services, as amended). Unit Trusts, the funds of pension companies, trust funds pursuant to the Civil Code and sub-funds of stock companies with variable basic capital do not fill in this information.

03 **Tax Return** – make note whether it is an ordinary income tax return or supplementary tax return or a corrective return that it is possible to file prior to the expiration of the period for filing returns for purpose of replacing of an ordinary tax return or a supplementary tax return or already filed corrective tax return. While filing a corrective tax return the marking of a tax return, which is being replaced, remains uncrossed e. g. indication “supplementary” and “corrective” remain uncrossed at a corrective tax return replacing a supplementary tax return, it means, that only marking “proper” is to be crossed.

In case of a corrective tax return replacing a previous corrective tax return the combination of uncrossed indication “corrective” and uncrossed marking of an initial tax return, that was replaced by a previous corrective tax return, need to be used, e. g. indication “proper” and “corrective” remain uncrossed and indication “supplementary” is to be crossed while filing a corrective tax return replacing a corrective tax return replacing proper tax return.

**Supplementary tax returns must state the date when the facts establishing the need for its filing was discovered. In cases of the supplementary tax return, filed pursuant to § 38u of the Act, the day, when a donation was given back or its usual price was paid, is stated.**

04 **Classification Code for Type of Tax Return** – fill in using these symbols:

##### **– First space on the left signifies type of taxpayer**

- 0 – a recipient of a covenant for an investment incentive in the form of tax allowance pursuant to Section 35b, of the Act
- 9 – a recipient of a covenant for an investment incentive in the form of tax allowance pursuant to Section 35a, of the Act
- 8 – a recipient of a covenant for an investment incentive in the sphere of taxation pursuant to a Government Resolution
- 7 – a taxpayer which for part of the taxable period was a basic investment fund (Section 20, of the Act)
- 6 – pension fund or pension insurance organization; after 1<sup>st</sup> January 2013 also pension companies including funds of a pension company (Section 17, subsection 1 letter d) of the Act)
- 5 – investment company including managed (controlled) unit trusts
- 4 – investment fund pursuant to the Act which regulates investment companies and investment funds excluding trusts
- 3 – Public beneficial taxpayer (§ 17a of the Act)
- 2 – tax non-resident (§ 17 subsection 4 of the Act)
- 1 – others

##### **– Second space from the left signifies type of tax return**

- A – tax return **for the taxable period** (Section 17 of the Act) or a tax return that does not fall into any of the categories marked B to U
- B – tax return **when going into liquidation**
- C – tax return **during liquidation**

- D – tax return for the expired part of the taxable period preceding the day of the subject's **dissolution without liquidation**
- G – tax return when **finalising a privatisation activity** in a case determined by a special Act
- H – tax return for the period preceding the day of processing of the proposal for usage of remaining assets
- I – tax return during bankruptcy
- J – tax return for the period **preceding the decisive day of merger or transfer of capital to an associate** or the **division of a trading company**, registration of transformation of the company to the Companies Register by a taking over associate, an individual, fusion or consolidation of unit trusts or of an unit trust and foreign investment fund or consolidation of funds of pension companies, for which a tax return has not been filed yet if this decisive day is not the first day of the calendar or fiscal year
- K – tax return for the period preceding the date of registration of a **change in the legal form** of a limited partnership to another trading company or co-operative and the change in the legal form of a joint stock company or limited liability company or co-operative to a general partnership or a limited partnership for which a tax return has not previously been filed
- L – tax return for the period preceding a **change in the taxable period from a calendar year to an economic year and vice versa**, for which a tax return has not previously been filed. This type of marking on a tax return is also used if the stated period is to be longer than twelve months
- M – tax return for the period commencing with the date of the **creation of the taxpayer** without regard to whether this period may be shorter or longer than twelve months
- O – tax return for the period preceding the day of **moving a seat of a European company or European Co-operative company** entered into the Commercial Register from the Czech Republic
- P – tax return on the date of entry into effect of the **failure order**, without reference to the way of it's solving
- R – tax return **during the insolvency proceeding**, without reference to the way of solving of the failure
- S – tax return on the date of entry into **effect independent decision on bankruptcy order or transformation of reconstitution into an audition**, which the transition of the competence to handle with property belonging to assets from the taxpayer onto the insolvency trustee coheres with
- T – tax return on the date of **submitting of the final report**

Note: The type A of the tax return shall be used also for the period from the decisive day of transformation until the date of registration of this transformation in the Companies Register for a dissolving or splitted company or for part of a company, at which a legal successor is the corporate income taxpayer that is tax non-resident and, that does not have on the date of registration of transformation in the Companies Register any permanent establishment within the territory of the Czech Republic.

Tax non-resident Types of tax return linked to transformation of trading companies shall be also used for a tax payers that are not trading companies (§ 37e subsection 1 of the Act).

The types R, S, T and U shall be used also for indication of tax returns for periods that follow the bankruptcy order pursuant to the Act no. 328/1991 Coll., on bankruptcy and composition, as amended.

**Notice:** The capital letters of the alphabet B, C, D, G, H, J, K, O, P, R, S, T and U shall be used for indication of tax returns also in case, if the taxpayer in position of an accounting entity decides for the possibility to use the procedure set forth in Section 3, subsection 4, letter c) and d) of the Accounting Act, meaning that the tax return shall be filed for an accounting period longer than consecutive running twelve months, however at most for fifteen consecutive calendar months.

In case of a "short accounting period" lasting at most three months that is attached to an accounting period of a calendar year or fiscal year, it is worth considering effects of this approach to calculated tax base (tax loss), i. a. in connection with taxes depreciation of tangible or intangible property, eventually with limitation at tax reserve creation and rectifying items.

**Basic investment fund pursuant to Section 17b of the Act** – taxpayer type 4, fills in whether is a basic investment fund pursuant to Section 17b of the Act.

**Taxable Period** – taxpayers filing a type A tax return fill in the space provided, the relevant letter of Section 21a of the Act. Taxpayers filing a type B – T tax return fill in the space provided and using an indicator to the relevant letter of Section 21a of the Act, information regarding the taxable period into which the last day of the period for which the tax return is filed falls. If this period is longer than 12 months then an indicator to letter d) of Section 21a of the Act is used.

**Examples:**

- a) tax return by a taxpayer, with the exception of those taxpayers typed 2 to 0, co-operatives or State-owned enterprises and for a taxable period that is an economic year.

Item 04 – code differentiating type of return is filed in thus: ( 1 | A ) Taxable period pursuant to Section 21a, letter ( b ) of the Act.

- b) tax return by a taxpayer type 4, i. e. investment fund in accordance with the Act governing investment companies and investment funds.

Item 04 – code differentiating type of return is filed in thus: ( 4 | A ) Taxable period pursuant to Section 21a, letter ( a ) of the Act.

- c) tax return by a taxpayer with the exception of those taxpayers typed 2 to 0, co-operatives or State-owned enterprises, for a part of a taxable period that is a calendar year, up to the date of going into liquidation

Item 04 – code differentiating type of return is filed in thus: ( 1 | B ) Taxable period pursuant to Section 21a, letter ( a ) of the Act.

- d) Tax return by a taxpayer, with the exception of those taxpayers marked by symbols 2 to 0, claiming an accounting period of a calendar year, which decides for the possibility to use an accounting period longer than twelve months, at most in length of fifteen months, pursuant to Section 3, subsection 4 letter d) of the Accounting Act, until the date preceding the day of entry into liquidation, and files a tax return for taxabale period of an accounting period, which is longer than consecutive running twelve months.

Item 04 – code differentiating type of return is filed in thus: ( 1 | B ) Taxable period pursuant to Section 21a, letter ( d ) , of the Act.

- e) Tax return by a taxpayer, with the exception of those taxpayers marked by symbols 2 to 0, claiming an accounting period of a calendar year, which decides for the possibility to use an accounting period longer than twelve months, at most in length of fifteen months, pursuant to Section 3, subsection 4 letter d) of the Accounting Act, until the date preceding the day when the failure order comes into effect, and therefore files a tax return for taxable period of an accounting period, which is longer than consecutive running twelve months.

Item 04 – code differentiating type of return is filed in thus: ( 1 | P ) Taxable period pursuant to Section 21a, letter ( d ) , of the Act.

- f) Tax return by a taxpayer, with the exception of those taxpayers marked by symbols 2 to 0, claiming an accounting period of a calendar year, which decides for the possibility to use an accounting period longer than twelve months, at most in length of fifteen months, pursuant to Section 3, subsection 4 letter d) of the Accounting Act, until the date preceding the decisive day of merger or transfer

of capital to an associate or the division of a company or co-operative and therefore files a tax return for taxable period of an accounting period, which is longer than consecutive running twelve months.

Item 04 – code differentiating type of return is filed in thus: (1 | J) Taxable period pursuant to Section 21a, letter (d), of the Act.

**Where indicated on the form** in the pre-printed box state the first and last day of the taxable period or the period for which the tax return is being filed.

1) A limited liability company whose taxable period is changing from a calendar year to an economic year, due to an announcement by the tax administrator

a) on 1<sup>st</sup> July 2022 and is filing a tax return for the period from 1<sup>st</sup> January 2021 to 30<sup>th</sup> June 2022 pursuant to Section 21a, letter d) of the Act, fills in the code differentiating the type of tax return: (1 | L) Taxable period pursuant to Section 21a, letter (d)

and the taxable period from (0 | 1 | 0 | 1 | 2 | 0 | 2 | 1) to (3 | 0 | 0 | 6 | 2 | 0 | 2 | 2)

b) on 1<sup>st</sup> July 2022 and is filing a tax return for the period 1<sup>st</sup> January 2022 to 30<sup>th</sup> June 2022 pursuant to Section 38ma, subsection 1 letter c), of the Act fills in the code differentiating the type of tax return: (1 | L) Taxable period pursuant to Section 21a, letter (a) and the period for which the tax return is being filed from (0 | 1 | 0 | 1 | 2 | 0 | 2 | 2) to (3 | 0 | 0 | 6 | 2 | 0 | 2 | 2)

2) A joint-stock company claiming an accounting period longer than twelve months enters into liquidation on 26<sup>th</sup> March 2022 and decides for:

a) possibility to use an accounting period longer than twelve months, at most in length of fifteen months, pursuant to Section 3, subsection 4 letter d) of the Accounting Act, and files the tax return for the taxable period from 1<sup>st</sup> January 2021 to 25<sup>th</sup> March 2022 pursuant to Section 21a letter d) of the Act,

– fills in the code differentiating the type of tax return (1 | B), taxable period pursuant to Section 17a letter (d)

– and taxable period from (0 | 1 | 0 | 1 | 2 | 0 | 2 | 1) to (3 | 0 | 0 | 6 | 2 | 0 | 2 | 2)

the tax return shall be also in this case filed within the time-limit set forth in Section 240c, subsection 2 of the Act, i.e. within 30 days from the date of entry into liquidation,

b) possibility not to use an accounting period longer than twelve months, at most in length of fifteen months, pursuant to Section 3, subsection 4 letter d) of the Accounting Act, and therefore it files two tax returns, that is for the taxable period of the calendar year 2021

– code differentiating the type of tax return (1 | A), taxable period pursuant to Section 21a letter (a)

– taxable period from (0 | 1 | 0 | 1 | 2 | 0 | 2 | 1) to (3 | 1 | 1 | 2 | 2 | 0 | 2 | 1)

and for part of the taxable period of the calendar year 2022

– code differentiating the type of tax return (1 | B), part of the taxable period pursuant to Section 21a letter (a)

– the period, for which the tax return is being filed from (0 | 1 | 0 | 1 | 2 | 0 | 2 | 2) to (2 | 5 | 0 | 3 | 2 | 0 | 2 | 2),

both tax returns shall be filed within the time-limit set forth in Section 240c, subsection 2 of the Act, i.e. within 30 days from the date of entry into liquidation, because the tax return for the calendar year 2021 is governed by Section 245 of the Administration of Taxes Act concerning unification of time-limits.

3) A joint-stock company claiming an accounting period longer than twelve months, which is in failure based on order that came into effect on 28<sup>th</sup> February 2022, decides for:

a) possibility to use an accounting period longer than twelve months, at most in length of fifteen months, pursuant to Section 3, subsection 4 letter d) of the Accounting Act, and files the tax return for the taxable period from 1<sup>st</sup> January 2021 to 27<sup>th</sup> February 2022 pursuant to Section 21a letter d) of the Act,

– fills in the code differentiating the type of tax return (1 | P), taxable period pursuant to Section 21a letter (d)

– and taxable period from (0 | 1 | 0 | 1 | 2 | 0 | 2 | 1) to (2 | 7 | 0 | 2 | 2 | 0 | 2 | 2)

the tax return shall be also in this case filed within the time-limit set forth in Section 244, subsection 1 of the Administration of Taxes Act, i.e. within one month from the date, when the failure order came into effect,

b) possibility not to use an accounting period longer than twelve months, at most in length of fifteen months, pursuant to Section 3, subsection 4 letter d) of the Accounting Act, and therefore it files two tax returns, that is for the taxable period of the calendar year 2021

– code differentiating the type of tax return (1 | A), taxable period pursuant to Section 21a letter (a)

– taxable period from (0 | 1 | 0 | 1 | 2 | 0 | 2 | 1) to (3 | 1 | 1 | 2 | 2 | 0 | 2 | 1);

and for part of the taxable period of the calendar year 2022

– code differentiating the type of tax return (1 | P), part of the taxable period pursuant to Section 21a letter (a)

– the period, for which the tax return is being filed from (0 | 1 | 0 | 1 | 2 | 0 | 2 | 2) to (2 | 7 | 0 | 2 | 2 | 0 | 2 | 2)

both tax returns shall be filed within the time-limit set forth in Section 244, subsection 1 of the Administration of Taxes Act, i.e. within one month from the date, when the failure order came into effect, because the tax return for the calendar year 2021 is governed by Section 245 of the Administration of Taxes Act concerning unification of time-limits.

4) A limited liability company claiming a taxable period of a calendar year, which does not have the statutory obligation to have final accounts verified by an auditor, and whose tax return is not filed by a tax advisor, participates in merger with another limited liability company. The decisive day of a merger was set on 1<sup>st</sup> April 2022 based on decision of associates of the participating companies from 15<sup>th</sup> February 2022. The company decides for:

a) possibility to use an accounting period longer than twelve months, at most in length of fifteen months, pursuant to Section 3, subsection 4 letter d) of the Accounting Act, and files the tax return for the taxable period from 1<sup>st</sup> January 2021 to 31<sup>st</sup> March 2022 pursuant to Section 21a letter d) of the Act,

- fills in the code differentiating the type of tax return (1 | J), taxable period pursuant to Section 21a letter (d)
- and taxable period from (0 | 1 | 0 | 1 | 2 | 0 | 2 | 1) to (3 | 1 | 0 | 3 | 2 | 0 | 2 | 2)

the tax return shall be in this case filed within the time-limit set forth in Section 136, subsection 1 of the Administration of Taxes Act, i.e. within three months after the end of the last taxable period (in the case when the tax return is filed electronically after this time-limit expires it is possible to submit the tax return in prolonged period pursuant to Section 136 subsection 2 letter a) of the Tax Code)

- b) possibility not to use an accounting period longer than twelve months, at most in length of fifteen months, pursuant to Section 3, subsection 4 letter d) of the Accounting Act, and therefore it files two tax returns, that is for the taxable period of the calendar year 2021

- code differentiating the type of tax return (1 | A), taxable period pursuant to Section 21a letter (a)
- taxable period from (0 | 1 | 0 | 1 | 2 | 0 | 2 | 1) to (3 | 1 | 1 | 2 | 2 | 0 | 2 | 1)

and for part of the taxable period of the calendar year 2022

- code differentiating the type of tax return (1 | J), part of the taxable period pursuant to Section 21a letter (a)
- the period, for which the tax return is being filed from (0 | 1 | 0 | 1 | 2 | 0 | 2 | 2) to (3 | 1 | 0 | 3 | 2 | 0 | 2 | 2)

the tax returns for the taxable period of the calendar year 2021 shall be filed within the time-limit set forth in Section 136, subsection 1 of the Administration of Taxes Act (in the case when the tax return is filed electronically after this time-limit expires it is possible to submit the tax return in prolonged period pursuant to Section 136 subsection 2 letter a) of the Tax Code), the tax return for the period from 1<sup>st</sup> January 2022 to 31<sup>st</sup> March 2022 shall be filed within the time-limit set forth in Section 38ma, subsection 2 letter b) of the Act, i.e. at the latest till 3 months from the end of the month, in which falls the date preceding the decisive day of a merger.

#### **Part I – the Taxpayer's details**

- 05 **Name of the taxpayer** (unit trust, fund of pension company) – state the trade company of the legal person as entered into the Public Register including the supplement indicating its legal form, possibly even “in liquidation”. For a legal entity that does not require entering into the Public Register, fill in the name under which it was found and established and for other subjects, the name by which it represents itself to others. If the space provided for item 05 in the pre-printed form is not sufficient for writing the complete company name or name of the taxpayer, only its shortened version is filed in and then on a separate piece of paper, the whole company name or taxpayer's name is written. For unit trusts, an investment company writes, instead of its company name, the name of the unit trust whose tax base it concerns and/or possibly the negative difference between income and expenditure, filed in on row 200 and 220 of Part II (see point 17 of the General Information).
- 06 **Seat of the Legal Entity** – the taxpayer fills out the address of the seat in the same manner as it is entered into the Commercial Register or into another legally assigned Register. Pursuant to Section 17, subsection of the Act the seat can also mean the place of management. Item d) is only filed out by a foreign legal entity Section 3024 Act no.89/2012 Coll., Civil Code), who, under the letters a), b), c) and d) states its complete foreign address and on a separate piece of paper, the address (location) of its branch or possibly its permanent establishment, if it is not the same branch and address as that of its legal director's postal address. The country code is filed out in accordance with notification of the Czech Statistical Office from 18 December 2003 no. 489/2003 Coll. about actualization of countries classification (CZEM) the member states (see also website www.financnisprava.cz. Only a two digit alphabetical capital letter code is used). Item e) Telephone number is optional.
- 07 **Category of the Accounting Unit** – the taxpayer fills out the category of the accounting unit in which he is in accordance with the Accounting Act, section 1b classified; please use the following codes:  
M – micro accounting unit  
L – small accounting unit  
S – medium accounting unit  
V – large accounting unit  
This information is not compulsory for taxpayers, who keep their accounts in single entry accounting system. For determining the category of the accounting unit in accordance with Section 1b of the Accounting Act the accounting unit shall follow Section 1e of the Accounting Act together with point 4 of the Article II of the Transitional Provisions of the Act no. 221/2015 Coll. If in two consecutive balance sheet days of the final accounts the accounting unit exceeds or stops exceeding two limit values in accordance with Section 1b of the Accounting Act, the category of the accounting unit will be changed from the beginning of the immediately following accounting period (Section 1e, subsection 2 of the Accounting Act).
- 08 **Tax return submitted by Tax Advisor** – enter if the tax return is submitted by tax advisor (Section 29, subsection 2 of the Tax Code) based on power of attorney to represent the taxpayer; and if the power of attorney was filed at the tax administrator before non-prolonged time limit for submitting the tax return. If yes, then on the last page of the form he is obliged to fill in and sign the prescribed information.
- 09 **Legal obligation to prepare the Financial Statement in accordance with the International accounting standards modified by the law of European Union** – write down if you have the legal obligation to prepare the Financial Statement according to International accounting standards pursuant to § 19a of the Accounting Act.
- 10 **Legal obligation to have Financial Statement verified by an Auditor** – state whether you have a legal obligation to have the Financial Statement verified by an auditor.
- 11 **Financial Statement or Summaries of Assets and Liabilities and of Income and Expenditure attached** – Taxpayers who keep accountancy attach a Financial Statement as defined by Section 18, subsection 1 and 2 of the Accounting Act; taxpayers, accounting entity defined in Section 19a of the Accounting Act attach a Financial Statement structured according to International Accounting Standards. In the electronic form of filing of the tax return, the Financial Statement of a taxpayer or accounting unit that is **not** obliged to use International Accounting Standards in its accounting and preparation, is taken to be the electronic forms for the **Balance Sheet and the Profit and Loss Statement** and/or possibly the **Summary of Changes to Equity Capital and the Summary of Cash Flow** that are filed in by using data from the Balance Sheet and the Profit and Loss Statement and/or possibly the Summary of Changes to Equity Capital and the Cash Flow Statement and a **Copy of the Financial Statement Enclosure** that is included as a separate file in .doc, .docx, .xls, .xlsx, .pdf, .jpg, .txt or .rtf format by using the so-called **E-attachment**. Taxpayers, accounting entities, that meanwhile do not keep electronic attachments in the program application Electronic filing for tax administration replacing the Financial Statement with binding defined data organization at their disposal can effectively replace these electronic attachments by electronic copies of Balance Sheet, Profit and Loss Statement, eventually Summary of Changes to Equity Capital, Cash Flow Statement, Financial Statement Enclosure, entered by means of **E-attachments**. Taxpayers, accounting entities, that are obliged to use the International Accounting Standards for accounting and Financial Statements, can at electronic form of filing of the tax return effectively replace the Financial Statement by electronic copies of its particular parts, entered by using **E-attachments**. As **E-attachment** it is also possible to file the special attachment with specification and quantification of the influences, which the difference between operating result ascertained according to the International Accounting Standards and operating result ascertained according to the Czech legal provisions (Section 23, subsection 2, letter a) of the Act) results from. Taxpayers, consolidating accounting units can proceed the same way, If they use the option pursuant to Section 23a, subsection 2 of the Accounting Act and International Financial Reporting Standards for preparation of Financial Statement.

Taxpayers, who maintain single-entry accounting submit Statements pursuant to Section 13b, Subsection 3 of the Accounting Act, their labeling and content is specified in annex no. 1 and no. 2 to the regulation no. 325/2015 Coll., by which some provisions of the Accounting Act are regulated for accounting unit that maintain single-entry accounting. In the electronic form of filing of the tax return these Statements can be effectively replaced by the electronic copies, entered as **E-attachments**.

Accounting entities that are business corporations and that do not transmit the Financial Statement into the collection of documents by the means of the Czech National Bank, in accordance with § 21b of the Accounting Act, can transmit the Financial Statement into the collection of documents of the public register by submitting it at the competent income tax authority including the information on the scope of transferring the Financial Statement to the Registry Court. A special form has to be used, i.e. The Application for Transmitting the Financial Statement into the Collection of Documents of the Public Register (25 5404/I MFin 5404/I – sample no. 1) that is an attachment to the Corporate Income Tax Return or the Supplementary Corporate Income Tax Return, filed in the electronic form in the format, structure and under conditions published in accordance with the Tax Code by the income tax authorities. Section 21b of the Accounting Act may be used for the first time for transmitting the Financial Statement that is an attachment to the Corporate Income Tax Return or the Supplementary Corporate Income Tax Return and is prepared for the accounting period that begins at first on 1 January 2021 and ended at first on 31 December 2021 (part VI. of the Transitional Provisions of law no. 609/2020 Coll.).

- 12 **Transactions carried out with related parties** – the taxpayer states if he did or did not make the transaction with the capitally related party (Section 23, subsection 7 letter a) of the Act) or otherwise related party (Section 23, subsection 7 letter b) of the Act). Use the following codes:

T – transactions carried out with domestic related party

Z – transactions carried out with foreign related party

A – transactions carried out with domestic and foreign party

N – none transactions carried out with related party

The Separate annex to row 12 of Part I. is filed in only in case that transaction with related party took place and conditions stated in the instructions to this Annex are met.

- 13 **Main (Predominant) Activity** – Describe in words the subject of the activity carried out by the taxpayer (main activity). If more than one was carried out, describe a maximum of two activities from which the revenues achieved (income) in the taxable period was the highest (predominant activity). Do not state activities that the taxpayer carries out for his own need that qualify the performance of the main (predominant) activity.

Filling this item it shall be used the Classification of economic activities (CZ-NACE), which is the enclosure of the statement of the Czech Bureau of Statistics no. 244/2007 Coll.

## Part II – Corporate Income Tax

Part II serves in the transformation of the economic results or the difference between income and expenditure on the tax base or on the tax loss and the consequent calculation of the taxpayers' tax liability.

This part is filed in by all the taxpayers of corporate income tax.

**Amounts in the individual items of Part II are written rounded in whole Czech Crowns**, unless the relevant items instruct otherwise.

### Re: Row 10

On row 10 the taxpayers of corporate income tax write the **trading (operating) result** before taxation (profit or loss), always without regard to International Accounting Standards. Taxpayers who draw up a financial statement pursuant to International Accounting Standards use, when determining their economic results;

- Regulation no. 500/2002 Coll., by which some provisions of Act no. 563/1991 Coll., on accounting, as amended, for accounting units which are **entrepreneurs** that keep accounts by a double entry accounting system as amended, are regulated, or
- Regulation no. 501/2002 Coll., by which some provisions of Act no. 563/1991 Coll., on accounting, as amended, for accounting units which are **banks and other financial institutions**, as amended, are regulated, or
- Regulation no. 502/2002 Coll., by which some provisions of Act no. 563/1991 Coll., on accounting, as amended, for accounting units which are **insurance companies**, as amended, are carried out,

in accordance with the sphere of competence defined by Section 2 of the above mentioned regulations. These taxpayers write, on a separate attachment, the specifications and quantification of the influences, from which arise the difference between the economic results found pursuant to International Accounting Standards and the trading results found pursuant to the relevant, above mentioned Regulation, which is linked to Czech Accounting Standards (Section 23, subsection 2 letter a) of the Act). Instead of this separate Attachment, it is possible to submit a Profit and Loss Statement and Balance Sheet and/or possibly a Summary of changes to the equity capital, prepared pursuant to the above mentioned regulations.

When determining the tax base the entries in off-balance sheet accounts are not taken into consideration unless the Income Tax Act stipulates otherwise.

Trading results before taxation or the difference between income and expenditure form the basis for the finding of the tax base (Section 23, subsection 2 of the Act) for the taxable period or the period for which the tax return is being filed.

A limited partnership writes, in this row, the trading results before the adjustment of the transfer of share on the trading results of the general partner of a limited partnership; this adjustment is made at Row 201.

If a taxpayer kept single-entry accounting after 1 January 2018, it shall show in this row, the **difference between income and expenditure** (plus or minus).

Tax non-residents also use row 10 in the event of determining the tax base or part thereof by other methods pursuant to Section 23, subsection 11 of the Act. In this case the calculation of the amount on the Statement should be shown on a separate attachment.

**Pre-Tax Trading (operating) Result which are used to determine the tax base (hereinafter "trading result") is understood to be:**

- a) for taxpayers or accounting units defined by Section 2 of Regulation no. 500/2002 Coll., by which some provisions of Act no. 563/1991 Coll., on Accounting as amended, are regulated by accounting units which are **entrepreneurs** keeping accounts in a double entry accounting system, as amended, state the amount shown in the **Profit and Loss Statement – type classification**, set out in a complete or in shortened range pursuant to Annex no. 2 to Regulation no. 500/2002 Coll., as amended, according to which the classification and marking of items in the Profit and Loss Statement – type classification, is set out, or possibly in the **Profit and Loss Statement – purpose classification**, set out in a complete or in shortened range pursuant to Annex no. 3 to Regulation no. 500/2002 Coll., as amended, according to which the classification and marking of items in the Profit and Loss Statement – purpose classification, is set out, in the calculation box **\*\*\*Trading Result before Tax**", before its rounding off to whole thousand Crowns. With effect for accounting period beginning from 1 January 2016 and later, it means the amount reported in computational item "Earning before Taxes", before its rounding off to whole thousands Czech Crowns, pursuant to annex no. 2 and no. 3 to the regulation no. 500/2002 Coll., as amended from 1 January 2016.
- b) for taxpayers or accounting units defined by Section 2 of Regulation no. 501/2002 Coll., by which some provisions of Act no. 563/1991 Coll., on Accounting as amended, are regulated by accounting units which are **banks and other financial institutions**, as amended, state the sum of the amounts shown in the **Profit and Loss Statement** at item 19. **"Profit or Loss for the Accounting Period from the Ordinary Activity Before Tax"** and at item 22 **"Profit or Loss for the Accounting Period from Extra-Ordinary Activities Before Tax"** pursuant to Annex no. 2 to Decree no. 501/2002 Coll., as amended, which determines the classification and marking of items in the Profit and Loss Statement, before their being rounded off to the nearest whole thousand Crowns.



- c) for taxpayers or accounting units defined by Section 2 of Regulation no. 502/2002 Coll., by which some provisions of Act no. 563/1991 Coll., on Accounting as amended, are regulated by accounting units which are **insurance companies**, as amended, state the amount shown in the **Profit and Loss Statement** at item III 16 **Profit or Loss for the accounting period**, not adjusted by the amount at item III 9 **Income Tax from the Ordinary Activity** and III 14 **Income Tax from Extra-Ordinary Activities**, pursuant to Annex no. 2 to Regulation no. 502/2002 Coll., as amended, which determines the classification and marking of items in the Profit and Loss Statement, before their being rounded off to the nearest thousand Crowns.
- d) for taxpayers or accounting units defined by Section 2 of Regulation no. 503/2002 Coll., by which some provisions of Act no. 563/1991 Coll., on Accounting as amended, are regulated by accounting units which are **health insurance companies**, as amended, state the amount shown in the **Profit and Loss Statement** at item II 12 **Trading Results for the accounting period**, not adjusted by the amount at item II 7 **Income Tax**, pursuant to Annex no. 2 to Regulation no. 503/2002 Coll., as amended, which determines the classification and marking of items in the Profit and Loss Statement, before their being rounded off to the nearest whole thousand Crowns (CZK).
- e) for taxpayers or accounting units defined by Section 2 of Regulation no. 504/2002 Coll., by which some provisions of Act no. 563/1991 Coll., on Accounting as amended, are regulated by accounting units whose **main object of activity is not entrepreneurial**, as long as it keeps accounts in a double entry accounting system, as amended, state the sum of the amounts for the main and economic activities, shown in the **Profit and Loss Statement** at Item C **Trading Results before Tax**, pursuant to Annex no. 2 to Regulation no. 504/2002 Coll., as amended, which determines the classification and marking of items in the Profit and Loss Statement, before their being rounded off to the whole thousands Crowns (CZK).
- f) for taxpayers or accounting units defined by Section 2 of Regulation no. 410/2009 Coll., by which some provisions of Act no. 563/1991 Coll., on Accounting as amended, are regulated by accounting units (which are **Self-Governing Local Area Units, Non-Profit Making Organisations, State Funds and Branches of Organizational Component of State**), the amount stated in **Profit and Loss Statement** in item C.1. Earnings Before Taxes pursuant to annex no. 2 to the Regulation no. 410/2009 Coll., as amended, by which is established the classification and identification items of Profit and Loss Statement before its being rounded off to the whole thousand Czech Crowns units.
- g) taxpayers, who are **tax non-residents**, apply, according to the type of activity that they carry out in the Czech Republic, the procedure relevant to a local taxpayer mentioned in points a) to c) that carry out the same or similar object of activity.

In cases in which the taxpayer based on accounting legislation follows the applicable EU rule on financial reporting of leasing, for the purpose of determining the tax base the profit and loss that would have been ascertained if the taxpayer in these cases had proceeded in accordance with accounting legislation effective before 1 January 2018 is decisive.

Specification and quantification of the difference between the profit and loss ascertained in accordance with accounting legislation and the profit and loss ascertained in accordance with Section 23, subsection 20 of the Act shall be entered by the taxpayer in a special attachment to row 10. Section 23, subsection 20 of the Act in the version effective since 1. 4. 2019 may be used for taxable period beginning in 2019 before the date on which the law no. 80/2019 Coll became effective.

#### **The Difference between Income and Expenditures**

for taxpayers who maintain single-entry accounting pursuant to Section 13b of the Accounting, means the amount stated in **Income and Expenditure Statement** in item 99 **difference of income and expenditure**, pursuant to annex no. 1 to regulation no. 325/2015 Coll., by which some provisions of the Accounting Act are regulated for accounting unit that maintain single-entry accounting, by which is stated layout and labelling of items in Income and expenditure Statement, before its rounding off to whole thousands Czech Crowns.

#### **Rows 20 to 70**

On rows 20 to 70 are stated **amounts that increase profit, or rather the positive difference between income and expenditure** (row 10). If the trading result is a loss or the difference between income and expenditure is negative, these rows state the amounts that reduce the loss or rather the negative difference between income and expenditure (here in after in the instructions "amounts increasing the economic results or the difference between income and expenditure").

A taxpayer that is public beneficial taxpayer (§ 17a of the Act) only fills in these rows in the event that it is necessary to set out the trading result or difference between income and expenditure, stated on Row 10. It also proceeds in a similar manner on rows 100 to 170.

Row 20 On this row state the total of the amounts unjustifiably curtail the income and the value of non-monetary income that it is necessary to include in the tax base if they are not included in the trading result or in the difference between income and expenditure on row 10.

Row 30 The total amount that is stated on this row is, on a separate attachment, broken up according to the individual points of Section 23, subsection 3, letter a) of the Act, with the exception of income included into the amount on row 20 and expenditure (costs) included in the amount on row 40.

Row 40 On this row state the sum of the differences by which expenditure applied in the accounting (see Accounting Class-expenses) exceeds the expenses (costs) incurred to generate, assure and maintain income (hereinafter "tax expenses") pursuant to Sections 24 and 25 of the Act, with the exception of the difference by which the accounting depreciation exceeds the tax write off of the tangible and intangible assets, which is shown separately on row 50.

The total amount shown on this row also includes the amount of insurance premium for social security, State employment policy and health insurance contributions, paid by the employer and which was not paid by the stipulated deadline (Section 24, subsection 2, letter f) of the Act) and also the aggregate of the purchase prices of units in the trading company in connection with income pursuant to Section 20b and Section 36, subsection 2, letters e) and f) of the Act. On this row also state the value of any gratuitous transactions made in the period for which the tax return is filed, including any gratuitous transactions defined by Section 20, subsection 8 of the Act, whose possibility of deduction from the tax base can be applied farther on, on Row 260.

The total amount on Row 40 must be the same as the amount on Row 13 of Table A in Attachment 1 to Part II.

Row 50 State the total difference by which the aggregate depreciation of tangible and intangible assets (Section 26 of the Act) applied in the accounting **exceeds** the aggregate depreciation of these assets determined pursuant to Section 26 to 33 of the Act. In the opposite case use Row 150.

Row 61 This row is only filled in by taxpayers who are going into liquidation and who are according to Section 23 of the Act obliged to adjust the trading results for the part of the taxable period up to the date of going into liquidation. For those taxpayers who keep accounts, the amount on this row will include the balances of created legal reserves and adjustments (so called reserves and allowances whose creation was allowed as a tax expense) the balance of pre-paid revenues and the pre-paid expenses, which will not be verifiably accounted for in the winding up period, on the assumption that this adjustment has not already been reflected in the trading results on row 10. It is then necessary to break down the total amount of this row into individual items on a special Attachment.

Row 62 It is possible to use this row in other cases not mentioned on rows 20 to 61 and 63 where it is necessary, for the correct determination of the tax base, to increase the trading result on Row 10. It is necessary to write the actual use of the amount shown on this Row either straight into the empty space provided for the name of the item or if it includes more items, on a separate Attachment. For instance, in relation to the provisions of Section 20, subsections 5 and 6 of the Act, where the taxpayer is an associate of a general partnership or the general partner of a limited partnership, he puts here the difference between his share in the trading results and the share in the tax base, or possibly of the tax loss of the general partnership or limited partnership if this balance is positive (the amount increases the trading result). If this balance is negative, it is shown on Row 162 (amount that decreases the trading result). The row will be used also in case of increase in trading result in accordance with Section 23, subsection 19 of the Act.

Row 63 In this row state the sum of amounts, by which the trading result or difference between income and expenditure according to Section 23e, subsection 1 of the Act, Section 23g, subsection 1 and 5 of the Act, Section 23h of the Act and Section 38fa, subsection 1 or 2 and 8 of the Act is increased. The total amount in row 63 has to equal to amount in row 7 of table A of Attachment no. 3, part II.

#### Rows 100 to 170

On Rows 100 to 170 show the amounts that reduce profit or rather the positive difference between income and expenditure (Row 10). Should the trading result be a loss or the difference between the income and expenditure be negative, show on these Rows, the amounts that increase the losses or rather the negative difference between income and expenditure (hereinafter in the instructions "amounts that reduce the trading results or the difference between income and expenditure").

Row 109 Incomes exempted from tax, pursuant to § 19b of the Act, are only excluded from this row if this income is already included in the trading results on Row 10.

Row 110 Income that is tax exempted pursuant to Section 19 of the Act is only excluded from this row if this income is already included in the trading results on Row 10.

Row 111 The total amount shown on this row is allocated pursuant to the individual points of Section 23, subsection 3, letter b) of the Act, on a separate Attachment.

Row 112 The total amount shown on this row is allocated pursuant to the individual points of Section 23, subsection 3, letter c) of the Act, on a separate Attachment.

Row 120 On this row, taxpayers with their seats in the Czech Republic and permanent establishments show the total income from which the tax is collected at a special rate. In the taxable period started in 2014 fund of a pension company can use regulation § 23 subsection 4 letter a) of the law as amended till 31 December 2013.

Row 130 Here state the total sum of income, taxed at the rate pursuant to Section 21, subsection 4 of the Act, which are not tax-free pursuant Section 19 of the Act and are entered as a debit to revenues.

Row 140 State the sum of the amount of income and the amounts that have not been included in the tax base pursuant to Section 23, subsection 4 of the Act, with the exception of income pursuant to Section 23, subsection 4, letters a) and b) of the Act that have been shown on rows 120 and 130. Show on a separate Attachment, the segmentation of the total amount on this row according to the remaining item of Section 23, subsection 4 of the Act. Amounts pursuant to Section 23, subsection 4, letter d) of the Act may also be claimed by the taxpayer's legal successor.

Row 150 Shows the overall difference by which the sum of the depreciation of tangible and intangible assets (Section 26 of the Act) determined pursuant to Sections 26 to 33 of the Act, **exceeds** the sum of the depreciation of these assets claimed in the accountancy. In the opposite case use Row 50.

Row 160 This row, in conjunction with the provisions of Section 24 of the Act, shows the sum of the differences by which the amounts of tax expenses exceed accounting costs, e.g. in the sale of tangible or intangible assets, the difference by which the tax net book value (Section 29 of the Act) exceeds the accounting balance price. A separate Attachment then shows the allocation of this total according to the accounting groups and accounting classes – Expenses.

Row 161 This row is only filed out by those taxpayers who are going into liquidation, for whom Section 23 of the Act imposes the obligation to set out the trading results for the part of the taxable period up to the day of going into liquidation. Taxpayers who keep accounts, shall include in the amount shown on this row, the balance of pre-paid income and pre-paid expenses (including account pre-paid expenses), which will not be verifiably accounted for in the winding up period, on the assumption that this adjustment has not already been reflected in the trading results on row 10. It is then necessary to break down the total amount of this row into individual items on a separate Attachment.

Row 162 The use of this row concerns those cases that have not been shown on rows 109 to 161 and 163 where the Act, for the purposes of determining the tax base, allows for the reduction of the trading result shown on Row 10. On this row will shown e.g. an amount of lump expenses on transport road motor vehicle (Section 24, subsection 2zt of the Act). The row will be used also in case of decrease in trading result in accordance with Section 23, subsection 19 of the Act. The actual use of the amount shown on this Row goes either straight into the empty space provided for the name of the item or if it includes more items, on a separate Attachment.

Row 163 In this row state the sum of amounts, by which the trading result or difference between income and expenditure according to Section 23e, subsection 6 of the Act, Section 23g, subsection 1 and 5 of the Act and Section 38fa, subsection 8 of the Act is decreased. The total amount in row 163 has to equal to amount in row 6 of table B of Attachment no. 3, part II. N.B. The amounts shown on rows 20 to 170 cannot acquire negative values.

#### Rows 200 to 360

Row 200 If the taxpayer is an associate of a general partnership or a general partner in a limited partnership, a part of its tax base or possibly tax loss, is its own proportionate share of the tax base or tax loss belonging to the general partnership or limited partnership. This proportion at an associate of a general partnership corresponds with the proportion with which an associate participates in a profit of a general partnership, and the proportion at a general partner in a limited partnership corresponds with the proportion with which a general partner participates in a profit of a limited partnership

Row 201 State the proportion of the tax base or tax loss from Row 200 that belongs to the general partners.

Row 210 State the total income from sources in abroad, for which, pursuant to signed international agreements on the prevention of double taxation, the method of exemption from the tax base (tax loss) is claimed if they are a part of a worldwide tax base (tax loss) on Row 200. The segmentation of the amount shown on this row must be supported by the list of the verification of the foreign tax authorities (Section 38f, subsection 10 of the Act) or in the case of isolated income from the foreign resources by the verification of the foreign tax authority (Section 38f, subsection 4 of the Act), according to the individual contracting states, which were the source of the exempted income.

If the taxpayer is an associate of a general partnership or a general partner in a limited partnership, the amount shown on this row will also contain its proportionate amount of income from sources abroad that flow to the general partnership or limited partnership, which in accordance with the Agreements on the prevention of double taxation is exempt from taxation, and is included in the tax base shown on row 200. This proportion at an associate of a general partnership corresponds with the proportion with which an associate participates in a profit of a general partnership, and the proportion at a general partner in a limited partnership corresponds with the proportion with which a general partner participates in a profit of a limited partnership. On a separate annexe then show an allocation of the total amount from this row into the part that relates to the general partnership or limited partnership and the part relating to the taxpayers own business activities.

#### Attention:

For the purpose of eliminating of double taxation of income, the concept "**income from sources in abroad**", means income coming from sources in abroad, which is subject to taxation there in accordance with a signed international agreement, reduced by the connected expenditure determined pursuant to the local Income Tax Act. It is not possible to use foreign legal regulations for deductible items and tax allowances in the determination of the tax base. When using the method of exemption, the income from sources in abroad, is exempted from the tax base before applying the deductibles to the tax base (rows 230, 240, 241, 242, 243, 251 and 260). If it is not possible to verifiably determine if some expenditure is connected with income coming from abroad then their part, determined in the same proportion as the income coming from abroad and not reduced by expenditure that belongs to the worldwide income, is considered to be connected expenditure.

For the purpose of exemption from taxation, individual amounts of income from sources abroad that are claimed in the taxpayer's accounting (Section 38, subsection 1 of the Act), are converted to Czech crowns using the exchange rate for the foreign exchange market issued by the Czech National Bank. For the conversion of currencies that are not shown on the Czech National Bank's foreign exchange list, conversion using a third currency applies. Taxpayers who kept single-entry

- accounting after 1 January 2018 may convert the individual amounts of income from sources in abroad, for the purpose of their exemption from tax, to Czech crowns by using a uniform rate defined in Section 38, subsection 1, of the Act if they do not use the foreign exchange market rate pursuant to special regulations on accounting.
- Row 220 If a tax loss is shown on this row then the following rows 230 to 330 are **neither filed out nor even crossed out**. A tax loss, which will be determined res judicata for a taxable period or period, for which a tax return is filed, commenced in the year 2021, may be applied as the item deductible from a tax base in at longest five immediately subsequent taxable periods (pursuant to Section 34, subsection 1 of the Act). A tax loss determined res judicata for taxable period that ended beginning 30 June 2020 may be applied also in two taxable periods immediately preceding, but only up to the maximum of 30 mil. CZK in total for both preceding taxable periods. The taxpayer may waive the right to apply the tax loss for taxable period succeeding the period for which was the tax loss determined by an announcement to the tax administrator within the time-limit for submitting the tax return for period for which was the tax loss determined. The time-limit for handing in the announcement is not possible to be returned to the previous status. Waiving the right is applicable for all periods succeeding the period for which the tax loss is determined, whereas waiving the right to apply the tax loss cannot be taken back (Section 34 subsection 1 of the Act).  
Example of the calculation of the amount shown on this row when declaring negative numbers on rows 200, 201 and 210:  
Row 200 ..... CZK -200,000  
Row 201 ..... CZK -50,000  
Row 210 ..... CZK -30,000  
Row 220 = -200,000 – (-50,000 – (-30,000)) = CZK -120,000
- Row 230 The amount of the tax loss deduction applied on this Row pursuant to Section 34, subsection 1 of the Act, with restrictions pursuant to Section 38na of the Act must not exceed the tax base amount adjusted by the portion of the tax base (tax loss) that belongs to the general partner and reduced by the income that is subject to taxation in a foreign country, for which a tax exemption is being claimed, shown on Row 220 and at the same time it must be the same amount of a tax base stated on row 220, and at the same time it must be identical as the amount stated on Row Total in column 4 of Table E Attachment no. 1 to Part II.  
In the tax return or supplementary tax return the taxpayer gives the taxable period or period for which is the tax return filed, for which the applied tax loss was determined, and the amount at which it is applied (Section 34 subsection 1 of the Act).  
For taxable period or period for which is the tax return being filed beginning the year 2020 it is possible to apply as the item deductible from the tax base, in 5 successive tax periods at latest, the remaining part of the tax loss, determined res judicata, for the taxable period or period for which the tax return is being filed, beginning the year 2015. For the taxable period or period for which the tax return is being filed, beginning the year 2020 it is possible as the item deductible from the tax base in 2 immediately preceding taxable periods at latest in a form of a supplementary tax return apply the remaining part of the tax loss, determined res judicata, for taxable period or the period for which the tax return is being filed beginning the year 2022.
- Row 240 On this row list the application of the deduction according of section 34, subsection 3 up 10 and 12 of the Act, as valid on the 31<sup>st</sup> of December 2004, tax loss can not be showed by the application of deduction, for the determination of which the provision of Sections 23 to 33, Section 38n and Section 38na of the Act. Therefore it amount on this Row **must not be higher** than the tax base shown on Row 220, reduced by the possible tax loss deduction pursuant to Section 34, subsection 1 of the Act (Row 230), and deductions to support Research and development or deductions to support vocational education (rows 242 to 243).
- Row 241 This row is left blank. Its use is possible only if the act defines new facts that will give rise to further adjustments of the amount of the tax base.
- Row 242 On this row show the deduction of expenditure (costs) spent on the implementation of research and development projects pursuant to Section 34, subsection 4 and 5 of the Act. The amount show must be equal to the amount shown on Row 5 column 4 of the b) part of Table F of Attachment no. to Part II. It is not possible to declare a tax loss by claiming a deduction pursuant to Section 34, subsection 4 of the Act, including any deduction of expenditures (costs) not yet incurred during the implementation of research and development projects as amended by the Act until 31 December 2013.  
Therefore the amount shown on this row **must not be higher** than the tax base shown on Row 220 reduced by the possible amount of the deduction shown on Rows 230, 240 and 243.  
If the taxpayer is an associate of a general partnership or a general partner in a limited partnership, the amount shown on this row must also contain the proportional part of the deduction pursuant to Section 34, subsection 4 of the Act belonging to the general partnership or limited partnership, whilst at the same time this proportion is stipulated in accordance with Section 34, subsections 7 and 8 of the Act. On a separate Attachment then show the break down of the total amount from this row into the part that concerns the deduction by the general partnership or limited partnership and the part that concerns the actual business activities of the taxpayer. These taxpayers also proceed in the same manner in the case of the items shown on rows 243, 260 and 300.
- Row 243 On this row the deduction to support vocational education, pursuant to § 34 subsection 4 and § 34f to § 34h of the Act, is stated. The amount of the deduction must be the same as the amount filed in the row 5 of the column in the sub-table c) of the table G of the Annexe no. 1 to Part II. It is not possible to declare a tax loss by claiming a deduction to support vocational education pursuant to § 34 subsection 4 of the Act, therefore the amount shown on this row must not be higher than the tax base shown on the row 220 reduced by the possible amount of the deduction shown on rows 230, 240 and 242.
- Row 250 The amount shown on this row cannot be in negative figures. This also applies to Rows 270, 310, 330, 340 and 360.  
On this row the deduction to support vocational education, pursuant to § 34 subsection 4 and § 34f to § 34h of the Act, is stated. The amount of the deduction must be the same as the amount filed in the row 5 of the column in the sub-table c) of the table G of the Annexe no. 1 to Part II. It is not possible to declare a tax loss by claiming a deduction to support vocational education pursuant to § 34 subsection 4 of the Act, therefore the amount shown on this row must not be higher than the tax base shown on the row 220 reduced by the possible amount of the deduction shown on rows 230, 240 and 242.
- Row 251 This row is only filed in by public beneficial taxpayers (section 17a of the Act) that are allowed by law to deduct the tax base pursuant to § 20 subsection 7 of the Act.
- Row 260 Show the actually claimed amount of the deduction from the value of gratuitous transactions provided in the taxable period for legally defined purposes (§ 20 subsection 8 of the Act) from Table G of Annexe 1 to Part II, however up to the maximum of 10 % from the amount stated in Row 250.
- Row 280 Show the tax rate pursuant to Section 21, subsection 1, 2 or 3 of the Act valid on the date of the last day of the taxable period or the period for which the tax return is being filed. In the year 2020 the tax rate pursuant to Section 21, subsection 1 of the Act is 19 %, the rate pursuant to Section 21, subsection 2 of the Act is 5 % and the rate pursuant to Section 21, subsection 3 of the Act is 0 %.
- Row 300 State the sum of the actually claimed tax allowances pursuant to Section 35, subsection 1 and Section 35a or Section 35b of the Act, at the most though, up to the amount shown on Row 290. Their specification is supplied in Table H of Attachment no.1 to Part II whilst the entitlement to allowances pursuant to Section 35, subsection 1 of the Act is enumerated even if there is a tax loss shown on Row 220 or if it not possible to use it fully due to the amount declared on Row 290.
- Row 301 This row is not filed. Its use is possible only if the Act defines (except tax allowances) new circumstances that are grounds for further adjustments of tax liability.

Row 319 State the tax paid abroad by which it is possible (according to Section 38fa, subsection 8) to decrease tax, however only to maximum amount stated in row 310. While decreasing the tax, the procedure is similar to that used in the case of method of simple (basic) credit in accordance with Section 38f of the Act. When calculating the tax paid abroad that could be credited to tax for taxable period or period for which the tax return is filed data from Separate Attachment to row 319, Part II (printed form 25 5404/G MFin 5404/G), that is filed in separately for each country are used.

The total amount in row 319 may not be higher than sum of rows no. 7 of all Separate Attachments to row 319, Part II.

Row 319a State the tax paid abroad by which it is possible to decrease the tax of a controlling company pursuant to Section 38fa subsection 9 of the Act, paid from income from activities and disposal of assets for which the controlling company used provision of section 38fa subsection 1 of the Act, by the basic investment fund that is the controlling company the same as the controlled company and by the means of which the controlling company holds a share on basic capital of the controlled company, however up to the amount given in row 310 after possible tax decrease in row 319. The provision of section 38fa subsection 9 of the Act in the version effective beginning the effectiveness of law no. 343/2020 Coll. may be used for taxable periods beginning 1 April 2019.

Row 320 State the tax paid in abroad, by which, it is possible pursuant to international agreements on the prevention of double taxation to reduce the tax liability, at the most, however, to the level stated on Row 310 decreased by the amount in row 319 and row 319a. When calculating the amount of tax paid in a foreign country, with which it is possible to credit the tax amount for the taxable period or the period for which the tax return is being filed, proceed according to Table I of Attachment 1 of Part II.

Row 330 The amount declared on this Row is a part of the total tax liability (Row 340).

If there is a tax loss declared on Row 220, Rows 230 up to 330 **are left blank and are not crossed out**.

Row 331 On this row, show the total income before tax (tax base), which goes into the separate tax base pursuant to § 20b of the Act. Income according to Section 38fa, subsection 5c of the Act is also entered provided it is not at the controlling company income tax exempt. The details of individual income items are stated in a separate Attachment. The purchase prices of the units in the trading company or are added to the income from units that have been settled, from units in the liquidation remainder or from similar payments that are linked to them. The amount on this row cannot be a negative value.

Row 332 Show the tax rate pursuant to Section 24, subsection 4 of the Act effective on the last day of the taxable period or the period for which the tax return is being filed. In the year 2020 the rate pursuant to Section 21, subsection 4 of the Act is 15%.

Row 334 Here, state the total amount of tax paid in abroad, from income included in a separate tax base. The details of individual taxes paid and their addition to specific taxed income will be a part of a separate attachment to Row 331. The institute of tax decrease pursuant to Section 38fa subsection 8 of the Act is used for income included pursuant to 38fa subsection 5 letter c) of the Act provided it is not tax exempt at the controlling company. It is only possible to claim to the credit pursuant to 38f of the Act, an amount of tax such as was collected abroad for individual specific income in accordance with the legal regulations of the country in which the source of income was, at the most however, in the amount of the local income tax pertaining to the given income and if it is income from a country with which the Czech Republic has a signed agreement on the prevention of double taxation, the highest amount of tax which, in accordance with the signed agreement, can be collected in that country. Tax paid abroad must be supported by the list of the verification of the foreign tax authorities (Section 38f, subsection 10 of the Act) or in the case of isolated incomes from the foreign resources by the verification of the foreign tax authorities (Section 38f, subsection 5 of the Act).

Row 340 The total tax liability is assessed on this row and is the basis for higher taxation in the event of the late filing of a tax return (Section 68 of the Act on the Administration of Taxes).

Row 360 The amount on this row is the last known tax liability for determining the frequency and amount of tax advances pursuant to Section 38a, subsection 1 of the Act. This amount **must not** be negative values.

**A taxpayer, which was an basic investment fund only part of the taxable period (Section 20a of the Act), uses for calculation of the tax amount on row 290 of Part II the pre-printed form Attachment no. 2 to Part II (255404/B MFin 5404/B), which is available for downloading on the Czech Tax Administration website <http://cda.mfcr.cz> under Tax Forms and on the Financial Administration of the Czech Republic.**

#### **Procedure by tax non-residents**

If a tax non-resident whose source of income is in the Czech Republic, finds out its tax base through accounting, it fills in rows 10, 20 to 70, 100 to 170, 200 to 310, 340 and 360 including any relevant attachments. If other methods pursuant to Section 23, subsection 11 of the Act, are used to determine the tax base, the taxpayer fills in row 10 with the calculations on a separate attachment and rows 200 to 310, 340 and 360.

If a tax non-resident, carries out an activity in the Czech Republic for which the tax base is found by accounting, and at the same time carries out an activity that is subject to the determination of the tax base by another manner pursuant to Section 23, subsection 11 of the Act, it shows on Row 10 the sum of the stated partial tax bases. Rows 20 to 70 and 100 to 170 are only filled out for the activity for which the tax base is determined through accounting. Rows 200 to 310 and 340 are filled out as a cumulative for both parts of the tax base.

#### **Part IV – Additional Tax Return**

This Part is only filled out if a **Additional Tax Return or a Corrective Tax Return replacing a additional tax return or an already filed corrective tax return replacing a supplementary tax return** is filed. The amounts of tax loss on Rows 4 and 5 must be in absolute values i.e. with out the minus sign (-).

Row 1 State the last known tax amount relating to the given taxable period even if the last known tax loss declared on Row 4 in from income that is being included in the general tax base. Otherwise cross out this row.

Row 2 On this row, state the tax amount from Row 340 of Part II, an investment company, which manages trusts, states the amount from row 2 of Part III, even if the tax loss declared on Row 5 is from income that is being included in the general tax base. Otherwise cross out this row.

Row 3 This row is to be filled in at the same time as Row 6 if the last known tax amount becomes a tax loss (in this case, show the amount from Row 1 with a minus sign (-) on this Row) or in the opposite case from the last known tax loss becoming a tax amount (in this case show the amount from Row 2 with a plus sign (+) on this Row).

Row 4 Show the last known tax loss relating to the taxable period even if the last known tax amount declared on Row 1 is from income that is being included in a separate tax base. Otherwise cross this row out.

Row 5 On this row write the tax loss shown on Row 220 of Part II even if the tax amount declared on Row 2 is from income that is being included in an separate tax base. Otherwise cross this row out.

Row 6 This row is to be filled in at the same time as Row 3 if the last known tax loss becomes a tax amount (in this case show the amount from Row 4 with a minus sign (-) on this row) or in the opposite case from the last known tax amount becoming a tax loss (in this case show the amount from Row 5 with a plus sign (+) on this row).

#### **Part V – Payment of Tax**

Row 1 State the total amount of tax advances that have been due during the taxable period or the period for which the tax return is being filed, including any overpayments that are being used as tax advances pursuant to Section 63, subsection 2 of the Act on the Administration of Taxes. On this row it is only possible to include in the total, those advances that have been paid by the last day of the taxable period and not the advances due in the taxable period or the period for which the tax return is being filed, that are in default of payment.

- Row 2 Tax non-residents (Section 17, subsection 4 of the Act) and who are not residents of a European Union Member country or another country that makes up the European Economic Zone, show on this row, the total amount of secured taxes reduced for them by all their income tax payers pursuant to Section 38e, subsection 2 of the Act, which are a part of the tax base for the taxable period or the period for which the tax return is being filed; The break down of the amount, according to the individual payers is shown on a separate attachment. If these taxpayers are associates of a general partnership or the general partners of a limited partnership, the amount declared on this row will also include the secured taxes reduced for them by the general partnership or the limited partnership pursuant to Section 38e, subsection 3, letter b) of the Act, for the taxable period or the period for which the tax return is being filed.
- Row 3 Tax non-residents (Section 17, subsection 4 of the Act), and who are residents of the EU Member state or another states integrated in the European Economic Area, state on this row the total tax amount, which has withheld them by all income payers pursuant to Section 22, subsection 1 letters b), c), d), f) and g) points 1, 2, 4, 5, 6, 12 to 14, h) and i) of the Act, which they apply to credit on the total tax duty relating to all incomes from sources in the Czech Republic for the taxable period or period, for which a tax return shall be filed. Separation of the total amount according to particular payers shall be done in a special attachment.
- Row 4 If the shown amount on row 340 of Part II is  $\leq 200$  Czech crowns (see Section 38b of the Act), the simplified algorithm in the form (row 1 + row 2 + row 3) shall be used for calculation of the amount on this row. In case of a refundable overpayment a tax payer can ask a tax authority to the overpayment refund, or use it for payment of arrears of other taxpayer at the same or different tax authorities, for payment of tax advances whose amount will be prescribed at the debit side of the personal tax account based on paid amount, or to transfer it to other personal tax account at the same or different tax authorities (Section 155 subsection 1 of the Tax Code). If the taxpayer submits a tax return together with a request for refunding of a tax overpayment before deadline for submitting the tax return, the request is considered to be filed on the day when the deadline for submission expires (section 38zf of the Act).

If it is a supplementary tax return that is being filed, Part V is left blank.

#### Completing the data on the signatory

**Data of the signatory:** fill in only in cases, when the tax return is filed and declared by another person than taxpayer, i.e. when the tax return is filed and declared by a taxpayer, this part is not filled in.

**Code of the signatory:** fill in the number code according to below mentioned persons:

- 1 legal representative or trustee
- 2 appointed representative
- 3 common representative, common agent
- 4a general agent – individual, legal entity
- 4b individual tax consultant or lawyer
- 4c legal entity providing tax consulting
- 7a legal successor of legal entity
- 7b representative of legal successor of legal entity

Note: code 7b is preferred before general types of representation with lower code numbers

**Date of birth/ Registration number of the tax consultant/ ID of legal entity:** fill in the date of birth of the signer – an individual, or registration number of the tax consultant – an individual, or identification number of the legal entity different from the tax subject.

**Individual authorised to sign** (if the tax subject or signer is the legal entity) **with the statement of the relation to the legal entity** (e.g. agent, authorized officer etc.): these data will be filled in only when the tax return is filed by the legal entity including cases, when the legal entity is in the position of the signer different from tax subject.

**Handwritten signature of person authorized to sign** the tax return will be provided with handwritten signature of the individual authorized to sign the tax return on behalf of the tax subject – the legal entity. If the signer is the legal entity different from the tax subject, the tax return is signed by the individual authorized to act on behalf of the legal entity.

#### Attachment no. 1 to Part II

Only those tables that are relevant to the taxpayer are to be filed out.

The Attachment no. 1 to Part II shall be completed for each investment company and every controlled (managed) unit trust separately. After 1<sup>st</sup> January 2013 the same procedure shall apply for pension company and funds it controls (manages).

#### Table A Allocation of expenses (costs) not being recognized as expenses (costs) incurred to generate, assure and maintain income filed in row 40, according to groups of accounts of Accounting class – Costs

Taxpayers who keep the whole range of accounts, fill in the table using analytical accounts, created for the purpose of determining the income tax base to the appropriate synthetic accounts in the accounts class – expenditure. Taxpayers who keep a simplified range of accounting and took advantage of the possibility of setting up the charge of accounting out in only account groups, start, when filling out the Table, from their own analytical records from which it is possible to verify the facts decisive for fulfilling the obligations of increasing the trading result pursuant to Section 23, subsection 3, letter a) point 2, in conjunction with Section 24, subsection 1 of the Act. The value of gratuitous transactions made by the taxpayer for the taxable period or the period for which the tax return is being filed are also to be included in the Table.

In this Table, do not show the difference by which the deductions for tangible and intangible assets (Section 26 and 32a of the Act) claimed in the accountancy exceeds the deductions for these assets stipulated pursuant to Section 26 to 33 of the Act.

The resulting amount on Row 13 of the Table must be the same as the amount on Row 40 of Part II.

#### Table B Depreciation of Tangible and Intangible fixed assets

On Rows 1–9 of Part a) of the Table, the taxpayer shows the claimed tax depreciation of tangible assets, determined pursuant to Sections 26 to 33 and the temporary provisions of the Act. In cases determined by Section 26, subsection 7 of the Act, it is only possible to claim a tax depreciation of up to half the annual depreciation pursuant to Section 31 and 32 of the Act; this also concerns those cases where the tax return is filed for a period that is not a taxable period (Section 26, subsection 7, letter a) point 3 and Section 26, subsection 7, letter c) of the Act) or for a taxable period which is shorter than 12 months (Section 26, subsection 7, letter d) of the Act).

On the appropriate rows 1, 3 and 4 also show the hitherto unclaimed tax depreciation of intangible assets entered into the records of the taxpayer's assets on 31<sup>st</sup> December 2000. Tax depreciation of intangible assets entered into the records of the taxpayer's assets in a taxable period commenced in the year 2004 will be shown on Row 10.

On Row 9 the applied tax depreciation of tangible assets, used to generate electricity from solar radiation pursuant to Section 30b of the Act.

On Row 10 the taxpayer fills in the depreciation of intangible assets according to §32a of the Act, in the version effective until 31 December 2020. For intangible assets acquired before 1 January 2021 and for technical appreciation of these assets finished and put into the state suitable for customary use beginning 1 January 2021 it is used law no. 586/1992 Coll. in the version effective until 31 December 2020 (point 10 of Part XII. of transitional provisions of law no. 609/2020 Coll.). Beginning 1 January 2020 for intangible assets acquired beginning 1 January 2020 it is possible to use law no. 586/1992 Coll. in the version effective beginning 1 January 2021. If the taxpayer uses such procedure for these assets and technical appreciation of these assets it is used law no. 586/1992 Coll. in the version effective beginning 1 January 2021, in all subsequent tax periods (point 11 of Part XII. of transitional provisions of law no. 609/2020 Coll.). For intangible assets acquired beginning 1 January 2021 it is used law no. 586/1992 Coll. in the version effective beginning 1 January 2021 (point 12 of Part XII. of transitional provisions of law no. 609/2020 Coll.).

On Row 12 in part b) of the table, the taxpayer shows the accounting deductions, with the exception of those mentioned in Section 25, subsection 1, letter zg) of the Act; for tangible assets which for the purposes of the Act are not defined as tangible assets and the intangible assets which are not deducted pursuant to this Act, claimed as an expenditure (expense) incurred to generate, assure and

maintain of a taxable income pursuant to Section 24, subsection 2, letter v) of the Act.

For intangible assets entered into the records of the taxpayer's assets on the 31<sup>st</sup> December 2000 and in the period from 1<sup>st</sup> January 2001 to the end of the taxable period begun in the year 2003, use the Act in its relevant validity, until such time as it is withdrawal from the taxpayer's assets.

**Table C Depreciation of receivables included into expenses (costs) incurred to generate, assure and maintain income and of statutory reserves (provisions) and statutory adjustments created pursuant to Act on Reserves for determining Income Tax Base no. 593/1992 Coll., as amended (hereinafter "Act on Reserves")**

The procedure for filling out this table arises from the definition of the real point of the individual rows.

Items on rows 3 up to 12, 23, 24, 27, 28, 30 and 31 regarding to setting and state of the corrective item are completed, if they are appropriate, in all tax returns, i.e. both for the taxable period (Section 21a of the Act) and period during liquidation or insolvency proceeding consistent with the taxable period of the calendar year or business year (Section 240c or 244, subsection 2 of the Administration of Taxes Act), and for part of the taxable period (Section 38ma, subsections 1, Section 240a, 240c, 240d or 244 subsection 1 and 3 of the Administration of Taxes Act). For taxable period started in 2015 it can be used the provision pursuant to Section 11a to Section 11c of the Act on Reserves as amended from 1<sup>st</sup> January 2016.

Items on Rows 13 to 22, 25, 26 and 29 are completed if they are appropriate, in only those tax returns for a taxable period defined by Section 3, subsection 1 of Act no. 593/1992 Coll., on Reserves for the assessing of an Income Tax Base, as amended, i.e. for a taxable period pursuant to Section 21a of the Income Tax Act, if it lasts at least 12 calendar months or if it is shorter than 12 months but begins on the decisive day of a merger or the transfer of capital to an associate or the division of a trading company or co-operative company.

Taxpayers to whom the Czech National Bank has granted a bank licence pursuant to Act no. 21/1992 Coll., on Banks, as amended, state on Rows 14 and 17 of the b) part of the Table, and only up to the limit of the statutory entitlement, the bank's reserves and adjustments pursuant to Section 5 of the Act on Reserves, the amounts of created adjustments from current outstanding debts on credits (Section 5, subsection 2 letter a) of the Act on Reserves) and reserves for bank guarantees that have been provided for credits (Section 5, subsection 2 letter b) of the Act on Reserves) for the given taxable period. A higher creation of these allowances or reserves on the basis of a Decision by the tax administrator pursuant to Section 5, subsection 4 of the Act on Reserves is stated on Row 1 of the following separate attachment. All taxpayers that the b) part of the Table concerns, complete on Rows 2 to 6 of this separate attachment, other prescribed information connected with the creation of reserves pursuant to Section 5, subsection 2 letters a) and b) of the Act on Reserves, as valid on 1<sup>st</sup> May 2002.

		In CZK	
1	Higher creation of adjustments or reserves on the tax base administrator's decision pursuant to Section 5, subsection 7 of the Act on Reserves, as applicable until 31 <sup>st</sup> December 2010		
2	Average level of the Balance Sheet value of current not lapsed receivables from credits provided to non banking subjects, including the accessories		
3	Accessories to the not lapsed receivables from credits		
4	Average status of the Balance Sheet value of current not lapsed receivables from credits secured by bank guarantees		
5	Average level of not lapsed receivables that have arisen due to the payment of the claim on provided bank guarantees		
6	Average level of threatened not lapsed receivables in accordance with the relevant Arrangments of the Czech National Bank, by which the rules for the adjustments of receivables are stipulated		

**Attention:** Amounts of created adjustments on Rows 3, 6, 8, 10, 14 and 21 and amounts of created reserves on Rows 17, 23, 25, 27 and 29 only concern their creation, which is debited to the relevant account of accounting class – Expenditure. That is why these amounts cannot acquire negative values.

**Table E The deduction of a tax loss from the Tax Base pursuant to Section 34, subsection 1 to 3 of the Act.**

This table is filled in by a taxpayer who, in the given taxable period or period, for which a tax return is being filed, applies the deduction of a tax loss as an item deductible from the tax base pursuant to Section 34 subsection 1 of the Act.

In column 1 in the prescribed form, state the descending time limit for the taxable period or the period for which the tax return was filed, for which was the tax loss that the taxpayer applies determined.

In column 2 state the total amount of the tax loss assessed res judicata for the taxable period or the period for which the tax return was filed, as stated in column 1.

In columns 3 to 5, in accordance with the stipulated computation, state the amounts of the deductions that relate to the assessed tax loss shown in column 2.

In column 6 give the identification number of the transferring, dissolved or divided business corporation from which was, pursuant to § 23a subsection 5 letter b) and § 23c subsection 8 letter b) of the Act, the applied tax loss taken over.

If the number of pre-printed rows is not sufficient for entering all taxable periods or periods for which the tax return is filed for which the tax loss that the taxpayer applies was determined, give it in a special attachment where the data from column 4 and 5 will be calculated in the value of these columns in row Total. The value Total in column 4 has to equal to the amount of the deduction entered in row 230 part II.

The assessed res judicata but not claimed tax loss or part thereof which it was not possible to deduct from the tax base for the taxable period or the period for which the tax return is being filed, will be shown in column 5; in cases where in the following taxable period or period for which the tax return is filed, it will no longer be possible due to expiry of time limit the assessed res judicata and not claimed tax loss deduct from the tax base, write nil (0) in the appropriate row column 5.

The application of the tax loss is limited by the expiration of the five successive tax periods or two preceding tax periods defined in Section 21a of the Act. Parts of the periods in which the tax return is made in specified cases if they are between the five taxable periods following the period for which the tax loss was established or two periods preceding the period for which the tax loss was established per judicata, within the application of the time limitation of the transferability tax losses is ignored, tax deductions may also be deducted in these tax returns without affecting the total number of taxable periods for which the tax loss can be applied.

With the taxable period or the period for which the tax return is being filed that begins in the year 2021, the time-limit for claiming a tax loss arisen and assessed per judicata for the taxable period or period for which the tax return is being filed commenced in 2016 as items deductible from the tax base in the following five taxable periods. By the taxable period or the period for which the tax return is filed beginning in 2021 will elapse the time-limit for applying (in a form of a supplementary tax return) the tax loss established res judicata for the taxable period or for the period in which the tax return is filed beginning in 2023, as items deductible from the tax base in preceding 2 taxable periods.

**Table F Deduction pursuant to Section 34 of the Act**

**F b) Application of the deduction to support research and development from the tax base pursuant to § 34 subsection 4 and § 34a to 34e of the Act**

Table is filled in by a taxpayer, who in the given period or in the preceding one, but at the most in three taxable periods or periods, for which a tax return is being filed, arose a claim to deduct expenses for the realization of research and development projects which can be applied as a deductible item from the tax base pursuant to Section 34 subsection 4 of the Act.

Column 1 – on the particular rows show in the specified form downwardly time delimitation of the taxable periods or periods, for which tax return is being filed, in which the claim to deduction to support research and development arose

In the last used row there will be shown the oldest taxable period or period, for which tax return had been filed, in which the claim to deduction pursuant to § 34 subsection 4 of the Act, and at the same time the possibility of its use did not expired pursuant to § 34 subsection 5 of the Act, in the row 1 the given taxable period or period for which tax return is being filed.

Column 2 – on the used rows show the total in the taxable periods or periods, for which tax returns are being filed, mentioned in column 1.

Columns 3–5 – according to given procedure show the process of a use of the entitlement for a deduction from a tax base pursuant Section 34, subsection 4 of the Act.

Where, by reason of the lapse of the statutory time limit, the existing and unused deduction for the support of vocational education is not possible to deduct from the tax base in the following period, show on the row concerned in column 5 zero (0).

In column 4 on row 5 show the total amount applied to the deduction from a tax base. This amount must be equal to the amount on row 243 of the II. section for the taxable period or period, for which tax return is being filed.

In column 5 on row 5 show the total amount of the unused entitlement for a deduction from a tax base, which can be applied under the conditions set out in Section 34 subsection 5 of the Act in following periods after the period in which the claim to deduction arose.

For the purposes of applying the deduction in the following three periods (Section 35 subsection 5 of the Act) the periods for which the tax return is filed, but which are not taxable periods, are computed for the purpose of the time line (according to Section 34a subsection 3 of the Act, that the period it is understood includes to be both the taxable period and the period, which, although is not the taxable period, the tax return is filed in relation to it). If the taxpayer during the period, when the claim to deduction arose, shows the income tax base (row 270 of the tax return) sufficiently high and the deduction to support research and development is not applied or it is not applied in the total possible amount, such deduction or part there of can not be transferred to further periods.

A taxpayer that is a limited partnership divides the entitlement for a deduction between the general partner and the limited partnership. Taxpayer states in column 2 on row, where the entitlement for a deduction is for the given taxable period or period, for which tax return is being filed ejected, part of this entitlement for a deduction found for the limited partnership and reduced by the proportion of the entitlement that belongs to the general partner. The break down of the entitlement is shown on Row 4 of Table J.

If the taxpayer is an associate of a general partnership or the general partner to a limited partnership, the amount stated in column 2 on row, where the entitlement for a deduction is for the given taxable period or period, for which tax return is being filed ejected, will also include the proportion of the entitlement for a deduction pursuant Section 34, subsection 3 of the Act, found for the general partnership or the limited partnership. The proportion to the claim to deduction for an associate of a general partnership corresponds with the proportion with which an associate participates in a profit of a general partnership, and for a general partner in a limited partnership corresponds with the proportion with which a general partner participates in a profit of a limited partnership. A separate attachment then shows the break up of the part relating to the general partnership or limited partnership and the part relating to the taxpayer's own business activities.

#### **F c) Application of the deduction to support vocational education from the tax base pursuant to § 34 subsection 4 and § 34f to § 34h of the Act**

Table is filed in by a taxpayer to whom, in the given period or in the preceding one, but at the most in three taxable periods or periods, for which the tax return is being filed, arose the claim to deduction to support vocational education which can be applied as the item deducted from the tax base pursuant to § 34 subsection 4 of the Act

Column 1 – in the particular rows show in the specified form downwardly time delimitation of the taxable periods or periods for which the tax return is being filed in which the claim to deduction to support vocational education arose. In the last used row there will be shown the oldest taxable period or period, for which tax return had been filed, in which the claim to deduction pursuant to § 34 subsection 4 of the Act, and at the same time the possibility of its use did not expired pursuant to § 34 subsection 5 of the Act, in the row 1 the given taxable period or period for which tax return is being filed.

Column 2 in used rows show the total sum of claims to deduction to support vocational education in taxable periods or periods, for which the tax returns are being filed, mentioned in column 1.

Columns 3–5 according to given procedure show the process of a use of the claim to deduction from tax base pursuant to § 34 subsection 4 of the Act. Where, by reason of the lapse of the statutory time limit, the existing and unused deduction for the support of vocational education is not possible to deduct from the tax base in the following period, show on the row concerned in column 5 zero (0).

In column 4 in row 5 show the total amount applied to the deduction from the tax base. This amount must be equal to the amount in row 243 of the II. section for the taxable period or period, for which the tax return is being filed.

In column 5 in row 5 show the total amount of the unused claim to deduction from a tax base, which can be applied under the condition stated in Section 34 subsection 5 of the Act to claim in following period after period in which the claim to deduction arose. For the purposes of applying the deduction in the following three periods after the period when the deduction to support vocational education arose, tax periods, as well as periods for which the tax return is filed, are included to the time period mentioned in Section 34 subsection 5 of the Act. It is possible to transfer and accordingly apply the deduction to support vocational education or a part thereof within three periods following after the period in which such deduction arose, however only in the case when in the period in which the deduction arose the taxpayer does not show sufficient tax base.

The claim of deduction at limited partnership is splitted between general partner and limited partnership. Taxpayer will state in column 2 on row, on which is stated the claim of deduction for the taxable period or the period, for which is submitted tax return, the part of this claim of deduction ascertained for limited partnership, reduced of the proportion part of the claim attributable to the general partner. The splitted claim will be stated on the row 3 of the table J.

If the taxpayer is a partner of general partnership or the general partner of limited partnership, the amount stated in column 2 on row, on which is stated the claim of deduction for the taxable period or period, for which is submitted tax return, includes proportional part of the claim of deduction pursuant to Section 34, subsection 4 of the Act, ascertained for general partnership or limited partnership. The proportional part of the claim of deduction at partners of general partnership corresponds to the ratio, by which the partner participates on profit of general partnership, in the case of general partners of limited partnership the claim corresponds to the ratio, by which the general partner participates on profit of limited partnership.

On special attachment there will be stated its division on part relating to deduction for general partnership or limited partnership and on part relating to own business activity of taxpayer.

#### **Table G Total value of gratuitous transactions which is possible, pursuant to § 20 subsection 8 of the Act, to apply as the deduction from the tax base reduced pursuant to § 34 of the Act**

On Row 1 of the Table state the total value of gratuitous transactions made by the taxpayer for the purposes defined in Section 20, subsection 8 of the Act, even at that time if the sum total of the amount of these gratuitous transactions is higher than the tax base declared on Row 250, but at the least CZK 2,000 which is the minimum statutory value of a gratuitous transactions.

If the taxpayer is a limited partnership, it may, for the purposes of a deduction, claim from the total of the made by it, the highest amount belonging to the partners (Section 20, subsection 10 of the Act), calculated on Row 4 in column 3 of Table J.

For a taxpayer who is an associate of general partnership or the general partner in a limited partnership, a part of the value of that it is possible to deduct from the tax base, is also a part of the donations made by the general partnership or limited partnership for the legally defined purposes stipulated pursuant to Section 20, subsection 9 or 10 of the Act, the calculation of which is shown on a separate attachment.

#### **Table H Allocation of the total entitlement of tax reliefs (Section 35, subsection 1 and Section 35a or Section 35b of the Act) that may be claimed on Row 300**

On Rows 1 to 4 of the Table, state the details of the statutory entitlement for claiming tax relief pursuant to Section 35, subsection 1 of the Act, even if, on Row 220, a tax loss is declared or it will not be possible to fully utilise this entitlement, considering the amount of the tax declared on Row 290 of Part II.

Rows 1  
and 2

For the calculation of an entitlement for tax relief pursuant to Section 35, subsection 1, letter a) of the Act, what is decisive is the average converted number of disable employees, minus the severely disable employees, in the taxable period, rounded off to two (2) decimal points (Section 146, subsection 3, of the Administration of Taxes Act).

For the calculation of a relief pursuant to Section 35, subsection 1, letter b) of the Act, what is decisive is the average converted number of severely disable employees in the taxable period, rounded off to two decimal points (Section 146, subsection 3 of the Administration of Taxes Act). It is also possible to claim tax relief, pursuant to Section 35, subsection 1, letters a) and b), of the Act, for the period for which a tax return is being filed. In the calculation of the average annual conversion of the number of disable employees pursuant to Section 35, subsection 2, of the Act, use, as the divisor or possibly the denominator of the fraction, the full annual fund of working time pertaining to one employee, working full time, that is stipulated by statutory provisions, even if the period for which the tax return is being filed, is shorter than an uninterrupted length of twelve months.

If the tax return is to be filed for a taxable period of longer than twelve months or for an economic year taxable period or for a part of a taxable period, whose beginning and end fall into different calendar years, the total amount of the tax reliefs is determined as a sum of the partial allowance amounts, calculated independently for each of the parts of the taxable periods that fall into different calendar years. In the calculation of the partial amounts of reliefs, proceed pursuant to Section 35, subsection 2, of the Act in such a manner that for each calendar year or part thereof that falls into the period for which the tax return is being filed, use, as a divisor or possibly the denominator in a fraction, the full annual fund of working time pertaining to one employee, working full time, that is stipulated by the statutory provision of the relevant calendar year.

Taxpayers, who are associates of a general partnership or the general partners in a limited partnership or possibly limited partnerships, claim the relevant tax relief in an amount equivalent to only the proportion by which the tax base fixed for the general partnership or limited partnership is divided between them.

**Example of the calculation of the tax relief amount when employing disable employees:**

An employer, in whose workplace a 40 hour working week is stipulated, employed 3 disable employees (A, B, C) without a more severely disability (with DP without SDP) and 2 employees, (D and E) with a severely disability (with SDP) during the taxable period of the calendar year 2021, in which the annual working hours fund that makes up full time employment was, in a period of 252 days, 2016 working hours, with the following usage of the annual working hours fund:

Employee	with DP without SDP			With SDP	
	A*)	B*)	C*)	D**)	E***)
Number of hours according to relevant employee's schedule of working time or individually negotiated working hours and the length of employment; from which is not included into the length of employment due to:	2016	2016	848	1764	1260
- Maternity or Parenting leave	0	0	0	0	0
- Long-term release for performance of public office	0	0	0	483	0
Non-worked hours due to unexcused absence at work (employment)	0	0	16	0	0
Non-worked hours due to non worked-up time-off granted by the employer work without compensatory wage and in case when employee could not do his work due to important personal reasons	296	0	0	0	0
Non worked hours due to temporary health inability or quarantine, for which it does not appertain a refund of a wage, salary or remuneration or reduced wage or reduced remuneration for period of temporary labour inability or quarantine pursuant to special legal provision or health benefit from health insurance except for hours not actually worked falling on first three days of temporary labour inability, when a refund of wage or salary does not appertain to an employee <sup>1)</sup>	0	56	0	0	195
Adjusted number of hours	1720	1960	832	1281	1065

\*) Employees A, B and C were employed for a 40 hour working week; employee C began work on 1<sup>st</sup> August 2020

\*\*) Employee D was employed for a 35 hour working week

\*\*\*) Employee E was employed for a 25 hour working week

*The calculation of the average annual converted number of employees with DP without SDP:*

The number of hours for disable employees without SDP according to relevant employee's schedule of working time or individually negotiated working hours and the length of employment reduced by the non-worked hours due to unexcused absence in the work, time-off granted by the employer work without compensatory wage and in case when employee could not do his work due to important personal reasons and temporary work disablement or quarantine, for which the refund of wage, salary or remuneration or reduced salary or reduced remuneration not belongs for the period of the temporary disablement or quarantine pursuant to special legal provision or sickness benefits from sickness insurance.

The average annual converted number of disable employees without SDP =  $\frac{\text{the total annual working hours fund pertaining to one employee, working on a full time basis, stipulated by special legal regulations}}{2016} = \frac{4512}{2016} = 2.238$  rounded off to **2.24 employees**

The calculation of the allowance for disable employees without SDP  $2.24 \times 18\,000 =$  **CZK 40,320**

*The calculation of the average annual converted number of employees with SDP:*

The number of hours for disable employees without SDP according to relevant employee's schedule of working time or individually negotiated working hours and the length of employment reduced by the non-worked hours due to time-off granted by the employer work without compensatory wage and in case when employee could not do his work due to important personal reasons temporary work disablement or quarantine, for which the refund of wage, salary or remuneration or reduced salary or reduced remuneration not belongs for the period of the temporary disablement or quarantine pursuant to special legal provision or health benefit from the health insurance except for hours not actually worked falling on first three days of temporary labour inability, when a refund of wage or salary does not appertain to an employee<sup>1)</sup>.

The average annual converted number of physically handicapped employees with SPD =  $\frac{\text{the total annual working hours fund pertaining to one employee, working on a full time basis, stipulated by special legal regulations}}{2016} = \frac{2346}{2016} = 1.163$  rounded off to **1.16 employees**

The calculation of the relief for employing severely disabled employees (SDP):  $1,16 \times 60\,000 =$  **CZK 69,600**

<sup>1)</sup> The wording "except for hours not actually worked falling in first three days of temporary labour inability when a refund of wage or salary does not appertain to an employee" was by the law no. 32/2019 Coll. effective beginning 1. 7. 2019 from section 35, subsection 2 of the Act deleted.



- Row 5 This row is filled out only by those taxpayers who have been provided with an investment incentive in the form of a tax relief pursuant to section 1a, subsection 1, letter a) of Act no. 72/2000 Coll., on Investment Incentives and on the amendment to some Acts (Act on Investment Incentives) as amended, and who, on this row show the amount of this relief, claimed for the taxable period.
- A type 9 taxpayer carries over to this row, the allowance amount declared in column 4 part of the Table, Claiming Reliefs pursuant to Section 35a, subsection 4, of the Act, which is a part of the Separate Attachment to Row 5, Table H, Attachment no. 1 to Part II (Form 25 5404/C MFin 5404/C model no. 20).
- A type 0 taxpayer carries over to this row, the relief amount declared in column 4 part of the Table, Claiming of Tax Relief pursuant to Section 35b, subsection 5, of the Act, which is a part of the Separate Attachment to Row 5, Table H, Attachment no. 1 to Part II (Form 25 5404/C MFin 5404/C model no. 20).

**Table I Tax credit of the tax that have been paid in abroad**

The basis, when filling out Rows 2 and 3 of the Table, is the information contained in the Separate Attachment to Table 1 of Attachment no. 1 of Part II (Form 24 5404/D MFin 5404/D model No. 19), which is filed out separately for every country with which the Czech Republic has a signed Agreement on the elimination of double taxation, from whence, in the taxable period or the period for which the tax return is being filed, comes the source of income from which the paid tax, in accordance with this Agreement, can be claimed as an inclusion in the tax liability through the method of a simple credit (Section 38f, subsection 2, in conjunction with Section 38f, subsection 7 of the Act).

- Row 1 On this Row show the total amount of taxes paid in another country, which it is possible, in accordance with the relevant provisions of Agreements on the elimination of Double Taxation, by which the Czech Republic is bound, to apply as a credit towards the tax liability using the method of **tax** credit. Its allocation according to the agreement partner countries must be supported by the list of the verification of the foreign tax authorities (Section 38 f, subsection 10 of the Act) or in the case of a isolated income from the foreign resources by verification of the foreign tax authority (Section 38 f, subsection 5 of the Act).
- Row 2 Show the sum of the tax amounts paid in another country, which it is possible, in accordance with the relevant provisions of Agreements on the elimination of Double Taxation, by which the Czech Republic is bound, to apply as a credit towards the tax liability using the method of **simple** credit and which are declared on Row 3 of all the completed separate attachments to Table I.
- Row 3 Show the sum of the amounts calculated on Row 7 of all the separate attachments to Table I.
- Row 4 The amount shown on this Row is carried over to Row 320 of Part II, to a maximum, however, of the amount declared on Row 310 of Part II.
- Row 5 It is possible, under conditions stipulated in Section 24, subsection 2, letter ch), of the Act, to claim the amount declared on this Row as expenses (costs) incurred to generate, assure and maintain income in the following taxable period or the period for which the tax return is going to be filed. This only applies provided that from the total amounts given in row 1 and 2 would be excluded that parts of tax paid abroad, which were assessed and paid above the frame of tax assessed in accordance with international agreements on the elimination of double taxation, or above the frame of domestic laws of the source country of the income. It is also possible to claim as expenses (costs) incurred to generate, assure and maintain of income pursuant to Section 24, subsection 2, letter ch), with due consideration to Section 25, subsection 1, letter s, of the Act, taxes paid abroad from income whose source is in a country with which the Czech Republic does not yet have a signed Agreement on the elimination of Double Taxation or if the already signed Agreement has not yet come into validity.

For a taxpayer, who is an associate of a general partnership or the general partner in a limited partnership, a part of the total amount on Rows 1, 2 and 3 will also be the proportion of tax belonging to it from the total amount of tax for the general partnership or limited partnership.

**Table J The allocation of some items in the case of a limited partnership**

In the event of a tax loss being declared, the amounts on Rows 1 and 2 are shown with a minus sign (-). The amount declared in column 2 on Row 1 is carried over to Row 201 of Part II. In the other rows the transfer concerns the amounts declared in column 3. On rows 3, 4, 5, 7 and 9 in column 3, show the amounts that belong to the general partners from the total entitlement for the limited partnership even in the event that it is not possible to claim the total amount in the tax base determination (Rows 242 and 260) or taxes (Rows 300 and 320).

The amount on Row 4 in column 3 must be equal to the amount on Row 2, Table F/b and the amount in row 3 in column 2 in the row of the table F/c, on which the entitlement for a deduction is shown for the given taxable period or period, for which tax return is being filed, the amount on Row 5 in column 3 equals the amount on Row 1 in Table G, the amount on Row 7 in column 3 equals the sum of the amounts on Row 4 of Table H and the amount on Row 9 in column 3 equals the amount on Row 4 of Table I.

In cases when the income from a source abroad comes to a limited partnership from a country with which an Agreement on the elimination of Double Taxation has been signed, show, on Row 9 in column 4, the amount of tax that it is possible to credit the tax liability with, using the method of full or simple credit (dividing it between the general partners and the limited partnership) but only up to the amount that may be collected in the country of origin of the income, in accordance with the provisions of such an Agreement.

**Table K Selected Economic Indicators**

- Row 1 The information is filed in by all those taxpayers filing a tax return for the taxable period or the period for which a tax return is being filed, who, on this row, state the annual total net turnover, calculated pursuant to Section 1d subsection 2 of the Accounting Act. Taxpayers that were not formed or established for the purpose of commerce (Section 17a of the Act), state their annual total net turnover from all their activities, i.e. from the main and the economic activities.
- Taxpayers, who keep their accounts in a single entry accounting system, show the total of all the income achieved in the taxable period or the period for which the tax return is being filed.
- Row 2 On this row state the total average converted number of employees, including the cases of employment relationships of its members to a co-operative, for the taxable period or the period for which the tax return is being filed, which is, for a taxpayer that is in the position of an accounting unit, a part of the information stated in the attachment, the Financial Statement pursuant to
- Section 39 subsection 1 letter i) of Regulation no. 500/2002 Coll., by which some of the provisions of Act 563/1991 Coll., on Accounting, as amended, are carried out, by accounting units that are **entrepreneurs** which keep their accounts in a double entry accounting system, as amended,
  - Section 54 subsection 5 letter a) of Regulation no. 501/2002 Coll., by which some of the provisions of Act no. 563/1991 Coll., on accounting, as amended, are carried out by accounting units that are **banks and other financial institutions**, as amended,
  - Section 22, subsection 2, letter k) of Regulation no. 502/2002 Coll., by which some of the provisions of Act no. 563/1991 Coll., on accounting, as amended, are carried out by accounting units that are **insurance companies**, as amended,
  - Section 30, subsection 1, letter p) of Regulation no. 504/2002 Coll., by which some of the provisions of Act no. 563/1991 Coll., on accounting, as amended, are carried out by accounting units whose **main object of activity is not a business enterprise**, if it keeps its accounts in a double entry accounting system, as amended.
- Taxpayers and accounting units defined by Section 2 of Regulation no. 503/2002 Coll., by which some of the provisions of Act 563/1991 Coll., on accounting, as amended, are carried out by **health insurance companies**, as amended, and by Section 2 of Regulation no. 410/2013 Coll., by which some of the provisions of Act no. 563/1991 Coll., on accounting as amended, are carried out by accounting units that are **self-governing Local Area Units, voluntary municipality unions, cohesion regions regional councils, non-profit making organisations, State Funds and the organizational units of the State**, as amended, for which the above mentioned Decrees do not stipulate the obligation to state the total average

converted number of employees in an attachment to the Financial Statement, do so for the taxable period or the period for which the tax return is being filed, only if they have a reporting duty to deliver a statistical statement pursuant to regulation no. 466/2020 Coll., by which the Statistical Findings Program for the year 2020, is stipulated, a part of which is the number of employees indicator (eg P 3-04, Zdp 3-04, Prace 2-04).

The average recounted number of employees is rounded onto whole numbers. If the average recounted number of employees is rounded to zero, or the taxpayer had no employees, on this row state zero. This information is not compulsory for taxpayers, who keep their accounts in single entry accounting system.

**Notice**

The form 25 5404 MFin 5404 – model no. 32 will be used for filling the Corporate Income Tax Return and for the part of periods started in 2022, for which the deadline for submission expires till the 31<sup>st</sup> December 2022 i.e. before the issue of the new form no. 33. On any amendments to the substantive content of items of printed form 25 5404 MFin 5404 – model no. 32, based on amendments of the Act no. 586/1992 Coll., on Income Taxes, the taxpayers will be informed on the website of the Financial Administration of the Czech Republic via notice to the mentioned form.