KPMG

Tax and Legal Update

Tax news

Legal news

World news

Case law

June 2016

Dear readers,

Get ready for some football action! We have been hearing this on TV as long as I can remember. Football is at the centre of everybody's attention every time a championship is on. Right now the Czech Republic ranks 29th in the FIFA World Rankings.

Interestingly, we hold almost the same place in another discipline – business competitiveness, which at first sight has nothing to do with sports. In the world of football the situation is clear: the Czech Republic is among a large number of countries that may or may not qualify for the championship. Our team may sometimes surprise us and qualify for the finals, competing for a medal despite dire pre-tournament predictions. In the world of business, however, results are instead produced by systematic work and not chance. Our line-up includes a number of stars who are globally top-ranking corporations in their line of business as well as a number of young talents, i.e. fast-growing corporations that are able to win recognition and even invest in large projects abroad, which was rather unique in the past.

To succeed, football players need a quality background; the same applies to corporations. Infrastructure is improving but problems still exist and prevent us from playing important matches on the home field. Football team managers and crew members usually include individuals of very good quality but also some who instead seem to belong to a district league. We continue to lag behind in care for beginners (who were called lion cubs in my hometown).

The life of lion cubs or new corporations is not a bed of roses. They may be ruled offside just for not having had a chance to get acquainted with all applicable rules. Or they are shown a yellow card after buying new football cleats and failing to register them electronically a month later. Care for football youth and start-ups in business is difficult. Game rules are important but they should not be too extensive to suppress talent.

The good news is that we moved to 27th place of the IMD World Competitiveness Ranking compared to 35th place three years ago. It seems that better times are ahead and we may have a chance to become a fixture in future championships! Let us be optimists, and not only in football!

I wish you a great summer!

Jan Linhart
Partner
KPMG Česká republika s.r.o.

Labour Ministry proposes changes to social security

The Ministry of Labour and Social Affairs has prepared three amendments to social security laws to be submitted by the government.

The first amendment proposes introducing differentiated social security premium rates, taking into account the number of a premium payer's (employed and self-employed) dependent children. By this, the ministry aims to promote a higher birth rate, thus increasing the number of future payers into the pension system. The proposed solution, however, would mean a decrease in the state budget revenues of approximately 4.2 billion per year. Moreover, it would mean another administrative burden for employers in calculating and documenting the relevant pension insurance payments. The professional public does not expect that the coalition will pass this proposal.

The second amendment aims to simplify the payments of social security premiums by the self-employed and only involves changes of a technical nature.

The third amendment aims to change the Pension Insurance Act by terminating the currently applied unlimited increase of the retirement age for insured persons born in 1977 and younger. The retirement age would be set by a fixed maximum limit for all; two options are considered: 65 and 67 years. A regular (every five years) review of the retirement age is proposed, depending on a demographic prognosis of life expectancy; the retirement age should be always regulated so that the insured persons would spend a quarter of their lives in retirement.

Iva Krákorová
ikrakorova@kpmg.cz
T: +420 222 123 837

Martina Laubert Smilnická
msmilnicka@kpmg.cz
T: +420 222 123 524

Non-financial reporting in Czech accounting legislation

EU Directive 2014/95/EU introduces a comprehensive system of non-financial reporting. The directive is to be transposed into the Czech legal system by December 2016, with non-financial information to be disclosed for the first time for the accounting period commencing on 1 January 2017 or later. The proposed amendment to the Accounting Act has already been submitted to parliament by the government.

The duty to disclose non-financial information affects large entities that are at the same time business companies and public interest entities, and for the accounting period have exceeded the criterion of an average of 500 employees. Where relevant non-financial data for a company that is part of a consolidated group have been disclosed within the consolidated non-financial reporting of the group, the company does not have to disclose the same information on an individual basis. Non-financial information may be reported separately, for instance in the form of a sustainability or social corporate responsibility report, or may be presented within the annual report.

As for the content, non-financial information concerning environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters have to be disclosed. The amendment to the Accounting Act also sets the structure in which non-financial information is to be presented, as it should include a description of the business model; a description of implemented measures, policies, procedures and their outcomes as well as a company's principal risks and key non-financial performance indicators. The directive also requires the disclosure of information concerning diversity (the description of the diversity policy applied in relation to the entity's administrative, management and supervisory bodies with regard to aspects such as, for instance, age, gender, or educational and professional backgrounds). Czech legislation nevertheless already regulates this duty by the Act on Conducting Business in Capital Market valid from April 2016.

Both the directive and the law leave it up to the companies whether they will use as guidance one of the generally accepted systems (such as the Global Reporting Initiative or UN Global Compact) in preparing the statements or whether they will develop their own system of reporting non-financial data, which may be rather complicated and costly. Most often, the companies or groups will decide to disclose their information fully on the basis of GRI, or will at least be inspired by it when setting up their own methodology.

Although the requirement for non-financial information reporting will only concern a few companies in the Czech Republic directly, it will also affect those that are part of groups subject to the directive on the European level. Gathering non-financial data within a company may be a rather demanding and complex task. It would be a mistake to view the duty to disclose non-financial information simply as an extension of financial reporting. From both a technical perspective (insufficient measurement of selected technical parameters) and the perspective of time (non-existent or undocumented time series), it is in fact an extensive and demanding task that the companies will have to cope with within a short time. Moreover, a number of large multinational groups already require certain non-financial information from its consolidated units or are going to do so in near future, irrespective of the requirements of EU directives or local legislation.

Milan Flosman
mflosman@kpmg.cz
T: +420 222 123 547

Incorrectly filed VAT returns ineffective

As far as electronic communication between taxpayers and the tax administration is concerned, VAT returns have always been one step ahead of all other taxes: VAT returns and statements, registration applications and notices of changes in registration data have to be filed in electronic form already since 2014.

Generally, if a tax filing is not done by a data message in the required structure or format, the tax administrator will call upon the taxpayer to eliminate the deficiencies. If the deficiencies are eliminated within the deadline set by the tax administrator, the filing is viewed as having been made in a timely and correct manner. Only if the taxpayer misses such deadline, the tax filing is deemed to have no effect; this means that the taxpayer has to file it again, correctly. If, however, in the meantime, the statutory deadline for the filing has elapsed, the ineffectiveness of the original filing may have rather adverse consequences: mainly a penalty for the late filing of a tax assertion, or a penalty for the failure to meet a duty of a non-financial nature.

Since 1 May, the regulation of the mentioned VAT filings has become much stricter: the consequence of the failure to comply with the required format or structure of the data message will be the ineffectiveness of the filing, with all that it implies – namely the risk of penalties in the event of late filing.

This regulation will be first applied to tax returns for the taxable period of May 2016 for monthly payers, and for the second quarter of 2016 for quarterly payers. A similar approach will apply to VAT ledger statements. Registration applications or notices of changes in registration data will only be subject to the new regulation if filed after 1 May 2016. To file in the required structure and format, the General Financial Directorate recommends using the portal www.daneelektronicky.cz.

Alena Švecová
asvecova@kpmg.cz
T: +420 222 123 618

Eva Doložílková
edolozilkova@kpmg.cz
T: +420 222 123 696

Extension of social security treaty between CR and US

On 1 May 2016, the Treaty on Social Security between the Czech Republic and the US was extended to cover also Czech health insurance. This eliminates the possible duplicity of health insurance payments in both states by foreigners from the US assigned to work at US subsidiaries in the Czech Republic.

If US employees remain covered by the US insurance system during their assignment and provide a certificate of coverage, they will neither have to pay social security nor health insurance contributions in the Czech Republic. On the other hand, they will not be covered by Czech public health insurance and may have to arrange commercial health insurance for the purpose of obtaining a visa for their stay.

Depending on the structure of their assignment, other migrating employees or entrepreneurs working in the territory of the other party to the treaty should also assess whether the extension of the treaty means any new duties for them as regards health insurance payments.

Iva Krákorová
ikrakorova@kpmg.cz
T: +420 222 123 837

Martina Laubert Smilnická
msmilnicka@kpmg.cz
T: +420 222 123 524

Update on Operational Programme Enterprise, Competitiveness and Innovation

What is new in 2016

Applications will be accepted in a one-round model. This means that only one application will be submitted: a full-scope application, with all relevant appendices. The registration phase has been cancelled.

Also, the evaluation system for submitted applications has changed: for most programmes, all applications will be gathered and evaluated at once. The outcome will be a ranking of the applications, determining which applicants will obtain support. Support will thus be granted to the projects with the highest number of points, until the funds allocated for the call for proposals are used up. This means that the quality of the project (hence the number of points obtained) will be more important than the speed in submitting applications.

Survey of deadlines for selected calls

An updated second call schedule has been published for individual support programmes within the OP ECI programme. Applications will be received for approximately three months, starting October 2016. The following table shows the deadlines for individual calls, and their planned allocation:

Programme	Planned date of announcement of the call	Planned date of opening the acceptance of applications	Planned date of closing the acceptance of applications	Allocation for the call
ICT and shared services	September 2016	October 2016	January 2017	CZK 4.2 billion
Potential	October 2016	November 2016	February 2017	min. CZK 1.3 billion
Energy saving	November 2016	December 2016	April 2017	min. CZK 6 billion*
Innovation, innovative project	November 2016	December 2016	March 2017	min. CZK. 2.5 billion
Application	December 2016	January 2017	April 2017	min. CZK 2 billion

* allocation will be determined based on first call evaluations

Information on the specific conditions and rules of the programmes, including project evaluation criteria, will be provided within each call. We will keep you informed about the details of individual calls. To find out more about individual programmes, see our factsheet here.

If you are interested, we will be happy to help you choose projects suitable for support from EU funds.

Karin Osinová
kosinova@kpmg.cz
T: +420 222 123 461

Eva Truhlářová
etruhlarova@kpmg.cz
T: +420 222 123 725

Labour ministry abandons agency employment quotas

An amendment prepared by the Ministry of Labour was originally meant to tighten agency employment regulations. It has now passed through the commenting procedure, with a rather positive outcome for employers: in response to strong opposition from representatives both from the business sector and the state, the ministry abandoned the two most controversial points of the proposal and no longer insists on introducing quotas for the number of agency employees, or on abolishing the exception from the prohibition of chaining fixed-term employment contracts. Notwithstanding this, the amendment still bring crucial changes.

The much criticised quotas aimed to ensure that employers would primarily use regular employees; under the originally proposed amendment, agency employees should have only accounted for a maximum of 15% of all employees of the client company. At the same time, the original proposal intended to abolish the exception under which agency employees are not subject to the general ban of concluding more than three subsequent fixed-term employment contracts. The ministry, however, accepted the comments that the excessive protection of agency employees might render the Czech market less attractive for foreign investors and, in its final effect, do more harm to employees than good.

The current wording of the proposal primarily amends the Employment Act and the Labour Code. It aims to strengthen the protection of agency employees through imposing stricter conditions of conducting business in the area of employment mediation. Before starting their activity, employment agencies will have to prove their financial qualification through a deposit of CZK 500 thousand. Stricter rules will also apply to persons acting as a responsible representative of an agency. On the other hand, agencies may welcome more transparent licencing rules for employment mediation – instead of the existing three licence types, there will only be one.

Rules will also be tightened for the users of agency employees. Although companies already have to provide agency employees with the same working and wage conditions as their regular employees, a penalty for failing to meet this obligation can presently only be imposed on the agency; the amendment introduces the penalty also for companies using the agency's temporary workers.

The amendment should also eliminate the possibility to bypass legal working hour regulations and obligatory breaks, as well as social security and health insurance regulations. Agencies and their clients will also be obliged to ensure that agency employees assigned to a user are not at the same time employed by the user directly.

Martin Hrdlík
mhrdlik@kpmg.cz
T: +420 222 123 392

Barbora Bezděková
bbezdekova@kpmg.cz
T: +420 222 123 867

Farewell to non-public contracts

The most beautiful law (using the terminology of the Reconstruction of the State initiative), has taken a long and painful time to come – it has been in the legislative process since 2013. A great victory for anti-corruption initiatives, it seems to have withstood all the most obvious attempts to erode it that appeared during its discussions in both chambers of the parliament. The substance of the law, i.e. the duty of publicly financed entities to publish in a register all contracts they have concluded within their activity has in principle been preserved. It is up to the parties to the contract to agree on which of them will publish the contract.

Liable entities are listed rather precisely by the act. Apart from the state, municipalities, state funds, public universities and other reasonably expected institutions, it also applies to legal entities with a majority equity participation of the state or territorial self-governing units, whether direct or indirect. Those opposed to publishing may try to subsume the contract under one of the exceptions the act provides: the publishing duty does not apply, among others, to contracts entered into with entities that are not entrepreneurs (unless the liable entity is transferring real property to them), contracts whose performance takes place outside the Czech Republic and contracts with a subject valued at CZK 50 000 or less. We may thus expect an increased number of contracts for CZK 49 999 being concluded with the same entity repeatedly (and assume that the courts will, in justified cases, view such acting as circumventing a law). Also, it is not necessary to publish information that cannot be published under the Act on Free Access to Information.

The key element of the act is the sanction for failing to publish a contract. The contract will not become effective (with reasonable exceptions of contracts concluded in connection with extraordinary events) and any supplies provided under the contract will thus be unjust enrichment, provided without a legal cause. If the contract is not published within three months after its conclusion, it shall be viewed as terminated, with the effect ex tunc. This means that, in any business acquisition, it will be necessary to review carefully whether the company has concluded any contracts falling under the scope of the act – and if so, to check whether they have been published properly. The provisions on the duty to publish the contracts enter into effect in July of this year; the provisions on the consequences of the failure to publish them will only be effective from July of next year and shall only apply to contracts concluded after that date.

Martin Kofroň
mkofron@kpmg.cz
T: +420 222 123 745

David Flutka
dflutka@kpmg.cz
T: +420 222 123 667

Věra Kočicová
vkocicova@kpmg.cz
T: +420 222 123 869

What about employees in business combinations?

An employee who does not agree with being transferred to a new employer within a business combination may give notice before the effective day of the business combination. If employees choose to do so, they do not have to observe the standard two-month notice period – it is shortened so that their employment will terminate on the day preceding the effective date of the business combination at the latest. This means that employees may, in effect, leave from one day to another. Even employees who initially decide to stay have the option to give notice within two months and are still entitled to severance pay if their working conditions worsen substantially as a result of the business combination.

To give employees a chance to consider whether to transfer to the new employer, the law stipulates an employer's duty to inform employees of a planned business combination and its implications. Under the Labour Code, the original and the new employer have to inform the trade union organisation and/or employees' councils of this, and discuss with them the expected date of the business combination, its reasons, any legal, financial and social consequences for the employees, and any measures taken in respect of the employees. This has to be done sufficiently in advance, no later than 30 days before the rights and duties are transferred (i.e. before the effective date of the combination, which is the date when it is recorded in the Commercial Register). Companies with no trade union organisation or employees' council have to inform their employees directly, within the same deadline.

Importantly, according to a recent Supreme Court judgement, the failure to meet the information duty has no effect on a merger that has already taken place and been registered, meaning that compliance with such duty cannot be enforced retrospectively. In this respect, another Supreme Court ruling has to be considered, as it explicitly confirms that, should an employee incur any loss in connection with the breach of the information/consultation duty, they may claim damages from the employer (the original one, if still in existence, or the new one).

Apart from that, the breach of the duty to inform/consult the trade union and/or employees' council about a business combination carries a risk of a penalty by the labour inspection authority of up to CZK 200 000. If no trade union or employees' council operates at the employer, the employer does not face the risk of a penalty, but may still be liable for damages.

In this respect, please note the amendment to the Labour Code that is being prepared. It further extends employees' rights in respect of business combinations: if an employer fails to meet the information/consultation duty, employees may give termination notices, with a 15-day notice period, within two months after the effective date of the merger.

Irena Kolárová
ikolarova@kpmg.cz
T: +420 222 123 724

Eva Haisová
ehaisova@kpmg.cz
T: +420 222 123 297

ECOFIN and VAT Expert Group support VAT action plan

At its Brussels session on 25 May, the Economic and Financial Affairs Council (ECOFIN) discussed the VAT action plan. It also dealt with a special report by the European Court of Auditors, titled Tackling Intra-Community VAT Fraud: More Action Needed and containing audit findings and recommendations on how to increase the effectiveness of EU systems to prevent cross-border VAT fraud.

The council agrees with the European Commission and the European Court of Auditors that improving administrative cooperation between tax authorities is of significant importance in the fight against VAT fraud. The council also dealt with the temporary derogation to apply the reverse charge mechanism in a wider scope, which is sought by the Czech and Austrian Ministries of Finance. Both intend to introduce the mechanism in a wider scope temporarily, until the final VAT regime (the one-stop-shop) is agreed upon. The council recognised that some member states are more heavily affected by VAT fraud than others and took note of the position of the commission regarding a possible temporary derogation. A more detailed analysis will be presented at the June session of the council.

The council welcomed the commission's intention to increase the flexibility of member states in applying reduced or zero VAT rates, whilst emphasising that a sufficient level of harmonisation in the EU remains required and that any adopted solutions must not distort competition or the single market. The Council adopted a directive extending the period for which member states may apply the standard VAT rate in the minimum amount of 15% by two years, i.e. by the end of 2017.

The same topics were also on the May agenda of the VAT Expert Group. It also revisited the issue of the directive on the treatment of vouchers, where a significant movement forward is expected. The directive could theoretically enter into effect already in autumn of 2016. Another topic was the VAT permanent establishment and the question of differences between active or passive permanent establishments for VAT purposes.

Aleš Krempa
akrempa@kpmg.cz
T: +420 222 123 551

Petra Němcová
pnemcova@kpmg.cz
T: +420 222 123 781

"Gratuitous relations" between a company and its member

The Supreme Administrative Court (SAC) addressed the issue of the gratuitous nature of supplies between a company and its members or shareholders. In principle it confirmed the tax administration's view of contributions outside the registered capital.

In its recent judgement, (No. 7 Afs 31/2016) the SAC dealt with a case of a real property that a sole shareholder donated to "his" company. Subsequently, a dispute developed between the shareholder and the tax authority on whether the donation was a free-of-charge (gratuitous) supply, or a supply for consideration, which would be, under the legislation applicable at the time, subject to real estate transfer tax.

The SAC sided with the tax administration, confirming that in this case it was not a gratuitous transfer and that the transfer should thus be subject to real estate transfer tax, despite the fact that the substance of a donation is its gratuitous nature. The SAC emphasised that the taxation of a real estate transfer does not depend on the legal form, but on the factual circumstances of the transfer.

In the SAC's opinion, in the case in question the shareholder's property had not been substantially reduced, only changed in its structure. The Court, among others things, pointed out that while the value of the shareholder's real property decreased, the value of his share in the joint-stock company increased: after donating the real property, the shareholder could sell his share in the joint-stock company for a higher price than if the donation had not occurred. From these circumstances, the NSS concluded that it was not a gratuitous supply on the part of the donor. The SAC's conclusions thus basically confirm interpretations currently presented by the tax administration as regards contributions outside the registered capital, for instance.

Alena Švecová
asvecova@kpmg.cz
T: +420 222 123 618

Jana Fuksová
jfuksova@kpmg.cz
T: +420 222 124 319

Supreme Administrative Court insists on explaining Sec. 24(2)(zc)

The Supreme Administrative Court (SAC) again dealt with the interpretation of Section 24(2)(zc) of the Income Tax Act, this time in the context of the write-off of insured receivables. According to the SAC judges, the Municipal Court's opinion that the regulation does not apply to write-offs of receivables up to the amount of insurance benefits received had not been sufficiently reasoned. The case has thus been remanded to the first-instance court for further attention.

This is the second time the Supreme Administrative Court (SAC) has dealt with the tax-deductibility of receivables' write-offs to the amount of insurance benefits received. The negative judgement of the Municipal Court was already reversed once, in July last year, on the grounds that the court had not sufficiently settled the issue of the receivables' write-off and subsequent application of Section 24(2)(zc) on the expense thus incurred. Within its new ruling (2 Afs 285/2015-62):

- The SAC first admitted that the write-off of the insured receivable upon receipt of the insurance benefits was in line with accounting regulations; it thus did not confirm the argumentation that the taxpayer had not lost control over the receivables, which was deduced from the existence of the right to collect and enforce the receivables – however, the crucial point was that the taxpayer was obliged to transfer the amounts collected to the insurance company, i.e. could not keep the money received.
- Secondly, the SAC again ordered the Municipal Court to settle the issue of the tax-deductibility of the receivables' write off pursuant to Section 24(2)(zc) of the Income Tax Act, as amended in 2009. In this respect, the SAC also mentioned the applicability of the conclusions of the extended panel of judges on the impossibility to treat accounting depreciation under the same provision: it stated that the conclusions of the ruling cannot be generalised and applied to receivables' write-offs.

The Municipal Court thus met last year's task only in part. Unfortunately, the SAC still did not give a clear answer to the key question, i.e. whether the write-off of insured receivables in the amount of insurance benefits received can be deemed a tax deductible expense, on the grounds of its direct relation to taxable revenues. For the second time, the Municipal Court's judgment has been cancelled for the impossibility to review its key issues. We shall thus have to wait whether this case will eventually clarify the interpretation of the mysterious provision as far as insured receivables are concerned.

Ladislav Malůšek
lmalusek@kpmg.cz
T: +420 222 123 521

Alena Švecová
asvecova@kpmg.cz
T: +420 222 123 618

VAT exemption for card transaction

In late May, the CJEU ruled on two cases concerning the VAT treatment of card handling services (C-130/15 – National Exhibition Centre Limited and C-604/14 – Bookit Ltd). Both cases involved the assessment of the VAT treatment of a specific service, part of which was the processing of a credit or debit card payment. The CJEU discussed whether the supplies in question may constitute tax exempt financial services.

The arguments that led the CJEU to decide that the services in question did not fall under the scope of VAT exempt payment services can be summarized as follows:

- Services that are to be VAT exempt must form a distinct whole, fulfilling the specific, essential functions of a transfer of funds; therefore, the services should have the effect of changing the legal and financial situation of the parties.
- Tax exempt financial activities must be distinguished from taxable services of a technical nature. To that end, it is relevant to examine, in particular, the extent of the liability of the supplier of services in the area of effecting the payment transaction.
- Moreover, the exemption under the VAT Directive must be interpreted strictly. The mere fact that a service is essential for completing an exempt transaction does not warrant the conclusion that the service is exempted.
- In the court's opinion, the situation in question did not involve a sufficiently specific function essential to the tax exempted payment service; the service provider did not manage the clients' bank accounts but only obtained payment card information which they further transferred to their merchant bank to obtain authorisation codes to effect the payment transactions. It was not within the discretion of the service provider to influence these in any way or to have any knowledge of their content.
- The fact that the data of the transactions effected were summarised by the service provider on a daily basis in a separate report for the purpose of their settlement was not considered relevant by the court, despite the fact the receipt of the information from the settlement report automatically resulted in a payment. The court considered this an exchange of information between the bank and the trader (service provider) instead.

According to the court, in the case in question it was in particular necessary to consider whether the card handling service was a separately usable supply for the customer, or whether it was rather an ancillary supply to a principal supply, in which case it would follow the same VAT treatment (in this case a taxable supply).

Alena Švecová
asvecova@kpmg.cz,
T: +420 222 123 618

Klára Borkovcová
kborkovcova@kpmg.cz
T: +420 222 124 214

In brief

- In its third reading, the chamber of deputies passed the Customs Act and changes to accompanying laws, including also the VAT Act. The amendment to the VAT Act will allow for the application of the reverse charge regime on supplies of goods within the Czech Republic also by entities not seated in the Czech Republic that are not registered as VAT resident payer, provided that the customer is a VAT payer. The amendment also cancels the tax exemption of supplies of goods within a free zone or warehouse. At the same time, the amendment mitigates sanctions connected with VAT ledger statements. The amendment will enter into effect upon its promulgation in the Collection of Laws. Considering the length of the legislative process, this may be in August or September of this year.
- Corporations should be able to exonerate themselves from criminal prosecution under certain circumstances. This was confirmed by the chamber of deputies who refused the senate's proposal to leave out this section from the proposed amendment to the Corporate Criminal Liability Act. The amendment substantially extends the scope of offences that corporate entities may be liable for. The act has already been signed by the president.
- The chamber of deputies released the Act on Services Establishing Trust in Electronic Transactions into its third reading. The Act is connected with the eIDAS regulation, which aims to make it possible for authorities in each member state to electronically check the identity of any EU citizen, allowing them to attend to official matters by remote access. The implementation deadline expires on 1 July.
- The Consumer Credit Act has been passed by the chamber of deputies. It introduces stricter conditions for lending by non-banking entities, and extends the regulation to also cover "micro-loans", i.e. consumer credits up to CZK 5000. The act orders all lenders to review whether the borrower is able to repay the loan property. If no such review is carried out, the contract will be null ex tunc, and the borrower will only have to repay the principal amount. Early repayment of a mortgage will also be possible, while banks will only be able to charge reasonably incurred costs.
- Immovable property acquisition tax will be paid by the buyer, with no exceptions – this is stipulated by an amendment just passed by the chamber of deputies. The change is to take effect on the first day of the third month after the promulgation in the Collection of Laws; this means that buyers will probably pay the tax starting from autumn.