Taxation of international executives: Czech Republic

January 2024

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Overview and Introduction

1 Overview and Introduction

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Income tax

2 Income Tax

2.1 Tax Returns and Compliance

When are tax returns due? That is, what is the tax return due date?

The tax return has to be submitted by 1 April of the following year, or 1 May of the following year providing that the tax return is submitted by the taxpayer electronically (i.e., signed with the certified electronic signature or submitted through the electronic data box). In case that the tax return is prepared by a certified tax adviser or by a solicitor, the deadline is extended to 1 July of the following year.

In special cases the tax authority can postpone the date for submission of the tax return by up to 3 months at a written request of the taxpayer or their tax adviser (even if the deadline was already once prolonged due to filed power of attorney). The request needs to be filed before the respective deadline.

Residents

Generally, Czech tax residents are liable to declare and pay tax in the Czech Republic on their worldwide income, that is employment income, income from self-employment, rental income, investment income and capital gains, and other taxable income.

The deadlines for final tax payments are the same as for the tax return. The tax payment is transferred to the appropriate account of the tax authority under a unique tax identification number of the individual. In the case of foreigners, the tax identification number is generated by the tax authority upon registration.

Non-residents

Individuals who are Czech non-resident for tax purposes are subject to tax only on income from Czech sources. The deadlines for final tax payments are the same as for Czech tax residents.

2.2 Tax rates

What are the current income tax rates for residents and non-residents in the Czech Republic?

Residents

The aggregate income shall be subject to income tax which is calculated by applying a progressive tax rate schedule as follows:

- 15% income tax will be applied on income up to 36 times the average wage (CZK 1,582,812 in 2024), and
- 23% income tax will be applied on income exceeding 36 times the average wage (over CZK 1,582,812 in 2024)

In addition, there is a 15% flat income tax applicable on defined capital income from abroad which is taxed in so called the separate tax base.

Non-residents

The same as for Czech tax residents with the exception of members of board of directors whose remuneration for executive activities performed in the Czech companies is subject to 15% final withholding rate.

2.3 Residence rules

For the purposes of taxation, how is an individual defined as a resident of the Czech Republic?

An individual will be considered Czech resident for tax purposes with worldwide income tax liability if:

his/her permanent residence (permanent abode) is in the Czech Republic, or he/she resides usually in the Czech Republic.

Individuals who reside usually in the Czech Republic are understood to be persons who stay in the Czech Republic for at least 183 days in a given calendar year, either continuously or intermittently.

Is there, a de minimus number of days rule when it comes to residency start and end date? For example, a taxpayer can't come back to the host country/territory for more than 10 days after their assignment is over and they repatriate.

Not applicable.

What if the assignee enters the country/territory before their assignment begins?

If the individual enters the country/territory before the assignment, the days spent in the Czech Republic are to be counted in the 183-day period for the purposes of determining the individual's residence.

2.4 Termination of residence

Are there any tax compliance requirements when leaving the Czech Republic?

The tax authority shall be advised once foreign individual terminates their work activities and stay in the Czech Republic and thereby cancel their tax registration. The taxpayer has to file their annual income tax return for the year concerned including the income earned up to the termination of the residence. The tax return is to be filed within the standard statutory deadlines for filing.

What if the assignee comes back for a trip after residency has terminated?

Assuming that the individual comes back for a private trip after the residence was terminated, the entry does not have any personal income tax consequences.

Communication between immigration and taxation authorities

Do the Immigration authorities in the Czech Republic provide information to the local taxation authorities regarding when a person enters or leaves the Czech Republic?

Yes, the communication between both authorities is established and the tax authorities can contact the immigration authorities to obtain such information.

Filing requirements

Will an assignee have a filing requirement in the host country/territory after they leave the country/territory and repatriate?

The taxpayer also has to file their annual income tax return for the year in which the assignee leaves the Czech Republic, provided that in the year concerned, they performed activities in the Czech Republic and are not protected by applicable double tax treaty. The tax return is to be filed within the statutory deadlines for filing.

In the years following the year of leaving the Czech Republic, the assignee generally does not have any filing requirements.

However, please note that if the assignee received Czech-source income such as a bonus for the work carried out in the Czech Republic; or if they were granted with equity compensation such as stock options and worked in the Czech Republic between the moment of grant and vest/exercise, they may be liable to declare and pay tax on the proportionate part of the income from equity compensation/stock options in the year when the taxable moment arises in the Czech Republic (the taxable moments are explicitly defined in the Income Tax Act).

2.5 Economic employer approach

Do the taxation authorities in the Czech Republic adopt the economic employer approach to interpreting Article 15 of the Organisation for Economic Co-operation and Development (OECD) treaty? If no, are the taxation authorities in the Czech Republic considering the adoption of this interpretation of economic employer in the future?

Generally, the Czech Republic authorities adopt the economic employer approach to interpreting Article 15 of the OECD treaty providing that the seconded employee is working under the instructions of the Czech entity. Such seconded employee will be taxable in the Czech Republic. That is, condition that the remuneration is paid on behalf of the employer who is not a resident of the Czech Republic is not met (usually Article 15 (2)b) of the double tax treaties). This approach (economic employer concept) also follows from the Czech tax legislation.

De minimus number of days

Are there a de minimus number of days before the local taxation authorities will apply the economic employer approach? If yes, what is the de minimus number of days?

Not applicable.

2.6 Types of taxable compensation

What categories are subject to income tax in general situations?

As a rule, it can be stated that all types of remuneration and benefits received by an employee for services rendered constitute taxable income regardless of where paid. Typical items of an expatriate compensation package that will be considered generally taxable are as follows:

- base salary
- school tuition reimbursement (cash consideration)
- school tuition in non-cash form exceeding defined limit
- foreign location allowances
- housing allowance (cash consideration)

- housing provided by employer (rental contract is concluded between the employer and the landlord; employer pays rent directly to a landlord): fully taxable in case of a Czech tax resident; for Czech non-residents, housing provided by employer is exempt up to CZK 3,500 per month
- reimbursement of foreign and/or home country/territory taxes
- home leave
- company car provided by an employer for business and private purposes, 1 percent of the acquisition cost of the car (including VAT) per each month of usage is considered taxable benefit of the employee; for low-emission vehicles, the amount of taxable Income was reduced to 0.5 percent and for non-emission cars the amount of taxable income is 0.25 percent of the acquisition price per month
- cash allowances of any kind
- expenses during business trips reimbursed by an employer (travel reimbursements) exceeding limits stipulated by Czech Labor Code.

Intra-group statutory directors

Will a non-resident of the Czech Republic who, as part of their employment within a group company, is also appointed as a statutory director (i.e., member of the Board of Directors in a group company situated in the Czech Republic) trigger a personal tax liability in the Czech Republic, even though no separate director's fee/remuneration is paid for their duties as a board member?

If there is no remuneration for director’s activities agreed there should be no personal tax liability of the director in the Czech Republic under condition that there is no recharge/allocation of part of their salary to the Czech company. If such recharge/allocation is realized, very likely shall be reclassified to director’s fee which shall be taxable in the Czech Republic regardless of whether the activities are physically rendered in the Czech Republic or not.

- **Will the taxation be triggered irrespective of whether or not the board member is physically present at the board meetings in the Czech Republic?**

  Taxation is triggered irrespective of whether or not the board member is physically in the Czech Republic.
- **Will the answer be different if the cost directly or indirectly is charged to/allocated to the company situated in the Czech Republic (i.e., as a general management fee where the duties rendered as a board member is included)?**

  Yes, see under letter a) above.
- **In the case that a tax liability is triggered, how will the taxable income be determined?**

  Very likely the whole amount recharged, including any locally provided benefits, shall be considered as director’s fee and shall be subject to personal taxation in the Czech Republic. Generally, the remuneration should be allocated based on the time spent while doing board member’s activities to total working time of the individual.

2.7 Tax-exempt income

Are there any areas of income that are exempt from taxation in the Czech Republic? If so, please provide a general definition of these areas.

The Czech tax legislation defines certain tax-exempt considerations, such as some employees’ benefits-in-kind provided in non-cash form by an employer as possibilities to use health care, sport, cultural, or educational facilities. Such considerations have to be provided from the employer's tax non-deductible costs. As of 2024, this exemption has been limited to the amount of half an average wage (given for the relevant year) in total per calendar year (CZK 21,983.50 in 2024).

Non-resident employees performing work for their parent company (employer) registered abroad can enjoy total tax exemption provided that the period relating to performance of these activities does not exceed 183 days in any 12-month period (or period as modified by the relevant double tax treaty), and their work is not carried on in a permanent establishment.

2.8 Expatriate concessions

Are there any concessions made for expatriates in the Czech Republic?

None.

2.9 Salary earned from working abroad

Is salary earned from working abroad taxed in the Czech Republic? If so, how?

Since the residents are liable to declare and tax their worldwide income in the Czech Republic, the income earned by a Czech resident from working abroad is subject to Czech tax (according to a respective double tax treaty or in accordance with the Czech Act in Income Taxes). Double taxation avoidance is applied according to the relevant double tax treaty.

Salary earned abroad by a Czech tax non-resident is not taxable in the Czech Republic.

2.10 Taxation of investment income and capital gains

Are investment income and capital gains taxed in the Czech Republic? If so, how?

Generally, Czech tax residents are liable to tax on their worldwide income, including investment income and capital gains, in the Czech Republic. Individuals who are not Czech resident for tax purposes are subject to tax only on their income from Czech sources.

Basically, income in the form of interest, dividends, settlement shares, and silent partners' shares has tax withheld at the source, if from Czech sources.

Dividends, interest, and rental income

Interest and dividends earned by Czech tax resident are generally taxable in the Czech Republic.

Interest and dividends from Czech sources are subject to 15 percent flat tax rate, which is withheld at the source by the payer of the income (bank, financial institution, etc.).

Interest and dividends derived from sources abroad are to be declared and taxed through personal income tax return, where they are included in a separate tax base subject to the flat rate of 15 percent or alternatively, they can be included in the general taxpayer's tax base subject to the progressive tax rates. Double tax avoidance is applied according to the relevant double tax treaty.

Rental income (gross amount) can be reduced either by actually incurred expenses according to the Czech tax legislation or by 30 percent lump sum, maximum annual amount of lump-sum expenses is CZK

600,000. Rental income is to be included in the general taxpayer's tax base subject to the progressive tax rates.

Gains from non-transferable stock option[1] exercises

Residency status	Taxable** at:			
	Grant	Vest	Exercise	Sale**
Resident	N	N	N	Y**
Non-resident*	N	N	N	Y**
Other (if applicable)	N/A	N/A	N/A	N/A

* Provided that between the grant and vest/exercise (depending on the SOP Plan) of the stock option, the employee was working in the Czech Republic and the stock option relates to the work performed within this period; then a proportion of the income from the stock option (attributable to the time spent in the Czech Republic) should be taxed in the Czech Republic. The timing of taxation will depend on when first of the defined taxable moments occur (see**).

** Generally, granting or vest of non-transferable stock options is not a taxable moment. The exercise of non-transferable stock options is not considered as taxable moment from 1 January 2024. The amendment of Income Tax Act effective from 1 January 2024 newly explicitly defines the point in time when the gains from employees' stock options is to be taxed as employment income. The taxation occurs in the calendar month or in the tax period in which the first of the following moments occurs:

- the employee ceases to perform dependent activity with the employer or employer's parent company, subsidiary, or a corporation related to the employer through capital or at legal successor of the employer.
- the moment when the employer enters liquidation
- the employee or employer ceases to be a Czech tax resident
- transfer of the shares (sale of shares)
- the moment of exchange of shares at which the total nominal value of the employee's share changes
- expiration of 10 years from the date a share in a business corporation or an option was acquired.

The taxable amount taxed when the taxable moment occurs will be the market value of the shares at the moment of exercise, or the difference between the market value at the moment of exercise reduced by an amount paid by the employee for the shares. When calculating taxable income, it should be also possible to consider any impairment (i.e., decrease in value) of shares that may occur over time. Income from stock options granted by the employer is taxable as employment income. If the sell-to-cover method is used by the company, the taxable moment for the part of the shares sold through this transition will become taxable at vest, whereas the shares retained not.

Foreign exchange gains and losses

[1] Please note that the above taxable moments will apply also to taxation of transferrable stock options, while exercise or sale of the transferable options shall be considered as taxable moment unless one of the defined moments occurs earlier..

The foreign exchange gains realized are tax exempt within the limit for other income up to CZK 50,000. This is provided that they are not realized as a result of trading with currencies.

Principal residence gains and losses

Gains from a sale of principal residence realized by Czech tax resident are taxable as other income and as such included in a general tax base (subject to progressive tax rates).

The taxable amount is determined as the sales price reduced by the original acquisition price. Any losses incurred can be offset only against gains from sale of other immovable properties and cannot be carried forward.

Gains from sale of principal residence are tax-free provided the individual lived in this residence for at least two years right before the sale or provided funds from the sale are used for buying his/her other principal residence under certain conditions.

Capital gains and losses

Any capital gains realized on the disposal of securities up to annual gross sale amount of CZK 100,000 are tax exempt for the taxpayer. Capital gains on disposal of securities (annual gross sale amount above CZK 100,000) are tax-free only after the securities have been held more than 3 years.

The capital gains realized on the sale of ownership interest in business companies (limited liability company) are tax-free only after the ownership interest has been held more than 5 years.

As of 2025, the above tax-exempt sale of shares and ownership interest in limited liability companies will apply only if the annual gross income will be up to CZK 40,000,000.

The capital gains are taxed in the Czech Republic through the tax return, where they are included in the taxpayer’s general tax base (subject to progressive tax rates).

Any capital losses from sale of securities can be offset against gains from sale of other securities only and cannot be carried forward.

Gifts

The gift tax was abolished as of 1 January 2014, and it was implemented into the Czech Income Tax Act. Income Tax (at the progressive rates) is generally imposed on assets donated. The tax legislation allows for an exemption from income tax of gifts between relatives, between the persons living in the same household for a period at least 1 year before the gift was provided and exemption applies under certain circumstances in case of gifts provided to the trust. Moreover, the gifts up to the annual value of CZK 50,000 are generally exempt from the income tax. Gifts provided abroad are generally subject to 15 percent withholding tax (in case of EU residents, EEA residents, bilateral double tax treaty country/territory residents or residents of a country/territory having a bilateral agreement on exchange of information in tax matters concluded with the Czech Republic) unless the relevant double tax treaty does not provide otherwise. Otherwise, 35 percent withholding tax is applicable.

2.11 Additional capital gains tax (CGT) issues and exceptions

Are there additional capital gains tax (CGT) issues in the Czech Republic? If so, please discuss?

Not applicable.

Are there capital gains tax exceptions in the Czech Republic? If so, please discuss?

Capital gains on disposal of securities are tax-free only after the securities have been held more than 3 years. However, the capital gains realized on the disposal of securities up to the annual amount of CZK 100,000 are tax exempt for the taxpayer.

The capital gain realized on the sale of ownership interest in business company (limited liability company) is tax-free only after the ownership interest has been held more than 5 years.

As of 2025, the above tax-exempt sale of shares and ownership interest in limited liability companies will apply only if the annual gross income will be up to CZK 40,000,000.

2.12 General deductions from income

What are the general deductions from income allowed in the Czech Republic?

The Czech tax legislation provides for the following deductions up to limits stipulated by the Czech tax legislative from tax base. The following deductions can be claimed by Czech tax resident and also by Czech tax non-resident who have more than 90 percent of the worldwide income from Czech sources and who is the tax resident in other EU Member country/territory or EEA country/territory.

- Interest on mortgage provided in the Czech Republic or abroad, provided that further conditions stipulated by the Czech tax legislation are met (particularly that the mortgage has to be used for financing own permanent housing/accommodation of the individual or family members).
- Contributions paid by an individual to a private pension fund in the Czech Republic or private pension insurance scheme in another EU (EEA) country/territory, provided that further conditions stipulated by the Czech tax legislation are met.
- Contributions paid by an individual to a private life insurance scheme or private pension insurance scheme in the Czech Republic or in another EU (EEA) country/territory, provided that further conditions stipulated by the Czech tax legislation are met.
- Contributions to defined so called long-term investment product
- Cash or non-cash charitable contributions made to defined Czech entities and individuals as well as similar entities and individuals registered in another EU (EEA) country/territory.

2.13 Tax reimbursement methods

What are the tax reimbursement methods generally used by employers in the Czech Republic? Tax reimbursements can be grossed up on an accrual basis or on the year rollover basis.

If accrual basis is used, the company incurs a liability to pay taxes on behalf of the employee. Such taxes can be included in taxable income in the year in which they accrue, regardless of when paid.

2.14 Calculation of estimates/prepayments/withholding

How are estimates/prepayments/withholding of tax handled in the Czech Republic? For example, Pay-As-You-Earn (PAYE), Pay-As-You-Go (PAYG), and so on.

Pay-as-you-go (PAYG) withholding

The income of an individual paid by a Czech entity based on a local contract with a Czech employer (Czech entity or Czech branch) or working in the Czech Republic under the economic employer is subject to monthly wage tax withholdings. The withholdings are made by the Czech / economic employer through a payroll agenda. Similarly, the foreign entity employing individuals in the Czech Republic for more than 183 days or foreign entity having a permanent establishment (other than created due to rendering of services) in the Czech Republic will have the duty to register as a payroll agent and make monthly wage tax withholdings.

PAYG installments

Czech and foreign employees employed and paid by a foreign employer with no branch in the Czech Republic must make tax instalments (except for employees of foreign employer that is liable to act as payroll agent; see above). The amounts payable and the payment frequency are determined by reference to the tax liability of the previous year; it follows, that the prepayments are not due in the first year of the individual's activities in the Czech Republic.

- If the tax liability of the previous years was CZK 30,000 or less, the tax is payable in a single instalment by the due date for filing the tax return; no prepayments are due in the following year.
- If the tax liability of the previous year was higher than CZK 30,000 but less than CZK 150,000, the tax prepayments are payable biannually in an amount of 40 percent of the previous year's tax liability. The first prepayment is due by the 15th day of the sixth month after the deadline for filing the tax return (tax liability payment).
- If the tax liability of the previous year was higher than CZK 150,000, the tax is payable quarterly in an amount of 25 percent of the previous year's tax liability. The first prepayment is due no later than by the 15th day of the third month after the deadline for filing the tax return (tax liability payment).

Any balance outstanding is payable by the due date for filing of the tax return.

When are estimates/prepayments/withholding of tax due in the Czech Republic? For example: monthly, annually, both, and so on.

Please see above.

2.15 Relief for foreign taxes

Is there any Relief for Foreign Taxes in the Czech Republic? For example, a foreign tax credit (FTC) system, double taxation treaties, and so on?

The Czech Republic has a broad network of double tax treaties - both former Czechoslovakian and the new Czech treaties are in force. Beneficiaries of income tax treaties may be exempt from income tax on certain income, but such exempt income must be reported in a tax return. The method of bilateral relief from double taxation depends on the particular treaty. However, from 2008 tax period the taxpayer may also choose the method of exemption with progression with respect to employment income from a treaty country/territory under the local Income Tax Act regardless of the double avoidance method stipulated by the respective double tax treaty whichever is more favourable for them, i.e., the double taxation avoidance under the treaty or under the local ITA, providing that certain conditions are met.

2.16 General tax credits

What are the general tax credits that may be claimed in the Czech Republic? Please list below.

The following tax credit can be claimed in the Czech Republic.

- Tax credit of CZK 30,840 per year for the taxpayer.

The following credits can be claimed by Czech tax resident and also by Czech tax non- resident who have more than 90 percent of the worldwide income from Czech sources and who is at the same time tax resident of other EU Member country/territory or EEA Member country/territory.

- Tax credit of CZK 15,204 annually per dependent child, CZK 22,320 for a second dependent child and CZK 27,840 for third and each subsequent dependent child living with taxpayer in the common household in EU Member country/territory or EEA Member country/territory.
- Tax credit of CZK 24,840 for a spouse whose own worldwide income does not exceed CZK 68,000 per year. As of 2024, the tax credit allowed for spouses will be conditional on the spouse looking after a child under three years of age.

2.17 Sample tax calculation

This calculation assumes a married taxpayer resident in the Czech Republic with two dependent children whose 3-year assignment begins 1 January 2022 and ends 31 December 2024. The taxpayer's base salary is 100,000 US dollars (USD) and the calculation covers 3 years. The spouse's income does not exceed CZK 68,000.

	2022 USD	2023 USD	2024 USD
Salary	100,000	100,000	100,000
Bonus	20,000	20,000	20,000
Cost-of-living allowance	10,000	10,000	10,000
Housing allowance	12,000	12,000	12,000
Company car	6,000	6,000	6,000
Moving expense reimbursement	20,000	0	20,000
Home leave	0	5,000	0
Education allowance	3,000	3,000	3,000
Interest income from non-local sources	6,000	6,000	6,000

Exchange rate used for calculation: USD1.00 = CZK22.00.

Other assumptions

All earned income is attributable to local sources.

Bonuses are paid at the end of each tax year and accrue evenly throughout the year. Interest income is not remitted to the Czech Republic.

The company car) is used for business and private purposes and originally cost USD 50,000.

The employee is deemed resident throughout the assignment. Tax treaties and totalization agreements are ignored for the purpose of this calculation. This means that the taxpayer is subject to Czech social security scheme.

Calculation of taxable income

Year-ended	2022 CZK	2023 CZK	2024 CZK
Days in the Czech Republic during year	**365**	**365**	**366**
Earned income subject to income tax			
Salary	2,200,000	2,200,000	2,200,000
Bonus	440,000	440,000	440,000
Cost-of-living allowance	220,000	220,000	220,000
Net housing allowance	264,000	264,000	264,000
Company car*	132,000	132,000	132,000
Moving expense reimbursement	440,000	0	440,000
Home leave	0	110,000	0
Education allowance	66,000	66,000	66,000
Taxable employment income	3,762,000	3,432,000	3,762,000
Other income - interest	132,000	132,000	132,000
Total taxable income	3,894,000	3,564,000	3,894,000

* Assuming it is a car benefit, that is car available for business and private purposes, assessed in an amount of 1 percent from the acquisition price (USD 50,000) per each month that is USD 6,000 (CZK 132,000) per 12 months.

Calculation of tax liability

	2022 CZK	2023 CZK	2024 CZK
Tax base from employment income	3 762 000,00	3 432 000,00	3 762 000,00
Interest income*	132 000,00	132 000,00	132 000,00
Total tax base	3 894 000,00	3 564 000,00	3 894 000,00
Total income tax	746 202,00	664 876,00	768 996,00
Foreign tax credits	-	-	-
Less Domestic tax rebates			

	2022	2023	2024
Dependent spouse rebate	24 840,00	24 840,00	24 840,00**
Per dependent children	37 524,00	37 524,00	37 524,00
Per individual	30 840,00	30 840,00	30 840,00

* As of 2021, certain foreign capital income and other income can be taxed within so called “separate tax base” by 15% flat tax rate only. As we do not have detailed information, it is not applicable in our calculation.

** From 2024 the dependent spouse tax credit will be allowed only if the spouse will be looking after a child under three years of age.

03

Special considerations for short term assignments

3 Special considerations for short-term assignments

For the purposes of this publication, a short-term assignment is defined as an assignment that lasts up to 11 months.

3.1 Residency rules

Are there special residency considerations for short-term assignments

Not applicable.

3.2 Payroll considerations

Are there special payroll considerations for short-term assignments?

Not applicable.

3.3 Taxable income

What income will be taxed during short-term assignments?

The scope of taxation would depend on the residence status of the assignee.

If the assignee is a Czech tax non-resident, their employment income might be tax exempt, provided that the individual spends less than 183 days in any 12-month period (or as modified by the applicable double tax treaty) the Czech Republic, the salary would not be paid or recharged to the Czech entity and there would be no permanent establishment of the foreign entity in the Czech Republic. If at least one of these conditions is not met, the non- resident is liable for tax in the Czech Republic for the Czech-source income.

Should the assignee be considered a Czech tax resident (which is not likely), in the Czech Republic, his/her worldwide income earned during the period of Czech tax residence would be taxable.

3.4 Additional considerations

Are there any additional considerations that should be considered before initiating a short- term assignment in the Czech Republic?

None.

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Other taxes and levies

4 Other taxes and levies

All additional tax information is summarized by KPMG Ceska republika, s.r.o., the Czech Republic member firm of KPMG International, based on the social and health security legislation (Act No. 592/1992 Coll., No. 589/1992 Coll. and No. 54/1956 Coll.)

4.1 Social security tax

Are there social security/social insurance taxes in the Czech Republic? If so, what are the rates for employers and employees?

Employer and employee

Type of insurance	Paid by employer	Paid by employee	Total
Social security as of which:	24.8.0%	7.1%	31.9%
(i) Pension insurance	21.5%	6.5%	28.0%
(ii) Sickness insurance	2.1%	0.6%	2.7%
(iii) Unemployment insurance	1.2%	0.0%	1.2%
Health insurance	9.0%	4.5%	13.5%
Total	**33,8%**	**11.6%**	**45.40%**

The above contributions (except for health insurance contributions) are calculated from the social security assessment base, which is subject to cap. For 2024, the annual cap amounts to CZK 2,110,416.

There is no cap for health insurance contributions as of 1 January 2013.

Since the accession of the Czech Republic to the EU as of 1 May 2004, the EC Regulation on Social Security is also applied, if relevant.

Seconded expatriates may be exempted from the obligatory contributions under certain conditions, only if their employer is from a country with which the Czech Republic did not conclude a bilateral agreement on social security. For these purposes the EC Regulation represents a bilateral treaty, that is, the assignees, who are EU member nationals working in the Czech Republic are generally liable to make Czech obligatory contributions to the Czech scheme. Under certain conditions, they may be exempt from this obligation. For these purposes, the A1 certificate should be obtained.

As of 1 January 2012, remuneration paid to both statutory bodies of a limited liability company (jednatel) and to the members of a statutory bodies of joint-stock companies (members of board of directors, supervisory boards) for their executive activities shall be subject to health and social insurance. Obligation to pay social insurance contributions (sickness and pension insurance) however arises only if remuneration received for such statutory activities exceeds amount of CZK 4,000 monthly (for 2024).

4.2 Gift, wealth, estate, and/or inheritance tax

There is no wealth, estate and inheritance tax in the Czech Republic.

The gift tax is implemented into the Czech Income Tax Act. Income Tax (at the progressive tax rates) is generally imposed on assets donated.

The tax legislation allows for an exemption from income tax of gifts between relatives, between the persons living in the same household for a period at least 1 year before the gift was provided and exemption applies under certain circumstances in case of gifts provided to the trust. Moreover, the gifts up to the annual value of CZK 50,000 are generally exempt from the income tax.

Gifts provided abroad are generally subject to 15 percent withholding tax (in case of EU residents, EEA residents, bilateral double tax treaty country/territory residents or residents of a country/territory having a bilateral agreement on exchange of information in tax matters concluded with the Czech Republic) unless the relevant double tax treaty does not provide otherwise.

Otherwise, 35 percent withholding tax is applicable.

4.3 Real estate tax

Are there real estate taxes in the Czech Republic?

This tax is paid by house and landowners.

The tax on land is based on the acreage and the prices of land in various parts of the Czech Republic. The tax rate for agricultural land ranges from 0.45 percent to 1.35 percent of the tax base, depending on the type of land and from CZK 0.35 to CZK 9 per m2 for other land. For building land (value of CZK per m2), the rate is further multiplied by coefficient determined by the size of the appropriate municipality; it varies from one to five.

The tax on houses and flats is based on the floor space.

The tax rate ranges between CZK 3.5 to CZK 18 and has to be increased by CZK 1.40 for each other floor. The rate is further multiplied by a coefficient determined by the size of the appropriate municipality; it varies from one to five.

The final tax liability (for land as well as houses and flats) can be multiplied by local coefficient of 0.5 - 5 if determined by municipality in the generally mandatory public notice.

As of 2024, an inflation coefficient was implemented for calculation of the final tax liability.

4.4 Sales/VAT tax

Are there sales and/or value-added taxes in the Czech Republic?

There are two types of indirect taxes: value-added tax (VAT) which is charged on most supplies of goods and services; and excise duties which is charged on supplies of specific goods such as fuels, beer, wine, spirits, and tobacco.

4.5 Unemployment tax

Are there unemployment taxes in the Czech Republic?

Employers are obliged to pay unemployment contributions which are part of obligatory social security contributions.

Part of the contributions on social security is intended for a state policy of employment.

4.6 Other taxes

Are there additional taxes in the Czech Republic that may be relevant to the general assignee? For example, customs tax, excise tax, stamp tax, and so on.

Local tax

There are no local taxes in the Czech Republic.

Land tax

There are taxes on land and buildings imposed on owners in the Czech Republic. These taxes are due annually. Please see the real estate tax section.

Other taxes

The tax on the transfer of immovable property (mainly a sale of property) was abolished during 2020 with the effects as of December 2019.

Foreign Financial Assets

Is there a requirement to declare/report offshore assets (e.g., foreign financial accounts, securities) to the country/territory's fiscal or banking authorities?

There is no specific duty of the taxpayer to report their offshore assets to the banks or to the tax administrator.

The individual taxpayers are obliged to report to the tax administrator their income higher than CZK 5,000,000 if such income is exempted from personal income tax by the end of the period for filing an annual tax return.

Under certain circumstances the taxpayer is obliged to provide based on the tax administrator's or Czech National Bank's request with a declaration of the origin of their income. The tax authority is entitled to require such reporting in cases where the tax administrator has reasonable doubts that the taxpayer's income reported do not correspond to their consumption.

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