



Tax & Legal

Taxes

Legal

World news

Case law

In brief

November 2019

Obsah

Editorial

Taxes

Amendment to VAT Act for 2020 (quick fixes): new developments in Brussels

Rounding after amendment to VAT Act

Legal

New duties of listed companies

What to remember when delegating powers of statutory body?

Excess compensation monitoring rules submitted to government

World news

Better protection for whistle-blowers

Case law

Lessor loses VAT deduction case

Expats' income tax base to be 'super-grossed' by fictitious premium only once

Time limit for assessing tax in the context of international requests for information

Recent CJEU case law on personal data protection

In brief

Latest news, November 2019

Editorial

On the beach and in the bathroom, in a café and in the car, on the train, at the bus stop or stuck in traffic, on a plane or ship, in the gym or kitchen, even on a treadmill, you may now listen to the Tax and Legal Update, or more precisely the [AudioUpdate](#) – a new voice format we have prepared for you, so far only in a Czech language version, starting in November – to complement our traditional information service.

Every month, we have been summarising the most important news for you, so the spoken format is the logical next step. In ten minutes or less we will supply you with a basic overview of what is happening. Details will still be available on the website. I believe you will find the new format helpful, and we welcome any suggestions for improvements. Pleasant listening!



Ladislav Malůšek
Partner

Amendment to VAT Act for 2020 (quick fixes): new developments in Brussels

The European Commission has published extensive draft explanatory notes on quick fixes. These include examples of how to declare changes in customers or refunds of goods within consignment (call-off) stocks in EC Sales Lists and new stock records, and how to deal with chains of transactions where transport is arranged by a middle party in the chain. They also discuss situations in which documents confirming the transport of goods into another member state cannot be obtained as required by a Council regulation.



Kateřina Klepalová
kklepalova@kpmg.cz



Petra Němcová
pnemcova@kpmg.cz

Will the rules for exempting intra-community supplies from VAT and for consignment (call-off) stock arrangements be simpler and uniform in the entire EU after the quick fixes? The question of how to prove the transport of goods to another member state and thus fulfil one of the conditions for being able to claim the exemption of such a supply from local VAT is currently being discussed all over Europe. Consignment warehouses are also commonly used in cross-border undertakings. In particular, the automotive industry will not do without them.

At the time of our editorial deadline, however, a Czech draft amendment to the VAT Act effective from 2020, implementing these quick fixes, had already been waiting for its first reading in the Chamber of Deputies for two months. Hopefully, we will be able to tell you more during KPMG [Business Institute's training](#) course in November. During our interactive workshops, you often ask about a new structure of EC Sales Lists to re-set your accounting software sufficiently in advance.

In its explanatory notes, the EC confirms the possibility of using call-off warehouses in the context of 'commissionaire' arrangements. It also draws attention to the 'double' reporting of sales through call-off warehouses in EC Sales Lists, in which the supplier must declare both the physical transfer of their own goods to a call-off warehouse and their subsequent delivery. The structure of EC Sales Lists will have to be significantly amended as a result of these changes to the system. The question of how a tolerance limit for at least natural losses will be determined should remain within the powers of individual EU member states (see the previous issue of our [Tax and Legal Update](#)).

Another topic discussed in the explanatory notes are chain transactions and the attribution of transport in chain transactions. We already know that the new rule will only apply to transport arranged by a middle party, either on its own or by a third party authorised to do so by them. The explanatory notes confirm that in such cases, any potential contract with a carrier must be entered into by the middle party that will also bear the risks of losses or destruction during transport. In the case of a greater number of carriers and/or transport suspension, it is necessary to consider whether it still involves only one single instance of transport. The notes provide a number of clues that should be taken into consideration.

Finally, in its notes, the Commission also describes a number of cases in which payers do not receive the correct set

4 | Tax and Legal Update – November 2019

of documents proving the transport of goods to another member state pursuant to Council Regulation No. 282/2011.

5 | Tax and Legal Update – November 2019

© 2025 KPMG Česká republika, s.r.o., a Czech limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Rounding after amendment to VAT Act

The financial administration published information intended to solve the long-standing uncertainty regarding the correct calculation and subsequent rounding of VAT. The new rounding rules have been approved via the last amendment to the VAT Act, in effect from 1 April 2019. The duty to proceed in accordance with the new rules arose on 1 October 2019.



Tomáš Havel
thavel@kpmg.cz



Karolína Loucká
kpmg@kpmg.cz

The VAT Act was amended primarily to unify the amount of tax calculated using both the top-down and the bottom-up calculation approach, as well as eliminate the double rounding of cash payments when the first rounding concerns the calculated tax and the second one the total payment. Yet, uncertainty remained regarding the rounding of a total payment made by a credit transfer, which is not explicitly provided for in the VAT Act.

This change entered into effect on 1 April 2019 but, pursuant to the transitory provision, it was possible to proceed in compliance with the old rules until 30 September 2019 so as to have sufficient time for the necessary adjustments to accounting and billing systems.

Pursuant to the above amendment to the VAT Act, the amount arising as a result of the rounding of the total amount when paying in cash shall not be included in the VAT base. In other words, the amount of rounding to whole Czech crowns shall not be taken into account for VAT purposes.

According to the financial administration's information, the rounding to whole Czech crowns upon credit transfers is not included in the VAT base, just as in the case of cash payments. In connection with this, we would like to draw your attention to the Act on the Czech National Bank, according to which amounts to be transferred can be rounded to two decimal places and, therefore, there is no reason to round the total payment made by credit transfer.

New duties of listed companies

An amendment to the Capital Market Undertaking Act stipulates new duties applicable to companies listed on a regulated European market, primarily concerning a more detailed regulation of remuneration provided to management and supervisory body members, and related-party transactions. The amendment transposing the related EU directive entered into effect on 1 October 2019.



Linda Kolaříková
lkolarikova@kpmg.cz
+420 222 123 889



Jiří Stratil
jstratil@kpmg.cz

One of the main principles is a listed entity's right to know their shareholders. However, this is nothing new for the Czech legal system. Even before the amendment's effective date, the issuers of shares in book-entry form could ascertain their shareholders in shareholders' listings or through an extract from the issue records kept by the central depository. The amendment therefore introduces an alternative option to determine the shareholders of companies with shares in book-entry form.

According to the new regulations, issuers will have to prepare and disclose their remuneration policy. This will be a special document covering not only the members of the board of directors and supervisory and administrative boards, but also managing directors and their deputies. The amendment stipulates remuneration rules that are more detailed than the rules applicable to executive service agreements specified in the Corporations Act. The remuneration policy will include, for example, information about how the issuer's employees' payroll and working conditions have been taken into account when preparing the remuneration policy.

Existing executive service agreements will not have to be changed. The amendment provides that service agreements and remuneration-related internal regulations will cease to apply in the extent in which they are at variance with the approved remuneration policy. If the remuneration policy is not submitted for approval to the general meeting, the performance of offices by all persons that should have been covered by the remuneration policy shall be gratuitous. The duty to prepare and submit the remuneration policy to a general meeting applies to companies whose shares were accepted for trading in a regulated European market on or after 1 October 2019.

After the end of the accounting period, issuers must prepare a detailed report on remuneration provided to every person to whom the remuneration policy applies, specifying the total amount of remuneration and all benefits provided to these persons during the period. After it is (dis)approved by the general meeting, the report must be published on the issuer's website. The report is subject to an auditor's approval, which is only logical, owing to the fact that certain information included in it has so far been a part of annual reports.

Another novelty is the duty to obtain the general meeting's prior consent with significant related-party transactions that are not entered into within regular business activities. The transactions' significance will be determined based on the value of assets that are the subject of the relevant contract. Moreover, these transactions in one accounting period will be summed to evaluate whether the criterion of significance has been met. As in the case of reports on remuneration, the duty to disclose information on a company's website also applies to significant transactions with related parties.

Considering that the failure to prepare an entity's remuneration policy may lead to the gratuitous performance of offices, while the failure to disclose related-party transactions could cause the relative invalidity of contracts, the

implementation of the above duties should by no means be underestimated.

8 | Tax and Legal Update – November 2019

© 2025 KPMG Česká republika, s.r.o., a Czech limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

What to remember when delegating powers of statutory body?

In practice, we may often encounter the functional distribution of the powers of a statutory body among its individual members, especially where business management is concerned. Statutory body members may thus independently make decisions regarding, e.g., the continuous financing of a company's operations, ensuring the supply of inventories and sale of goods, marketing presentations and a number of other issues. Certain statutory body powers may also be delegated to third parties. However, the above practice is subject to specific restrictions and rules, as highlighted by the Supreme Court in one of its recent judgments.



Petr Janíček
pjanicek@kpmg.cz



Roman Kuchař
kpmg@kpmg.cz

Generally, both the internal and external delegation of the powers of a statutory body is acceptable unless the law or the company's deed of foundation/memorandum of association provides otherwise. The statutory body decides on the delegation of its powers: it must specify what area will be delegated and to whom. Matters falling within the given area will subsequently be decided only by the delegated person.

Yet, the delegation of powers has only an internal effect; it does not affect the company's external representation, i.e. its acting vis-à-vis third parties. Therefore, the validity of a contract concerning the delegated area cannot be challenged by claiming that it has not been approved by the delegated person. Such a contract is deemed valid as long as the company was duly represented in the manner recorded in the Commercial Register when concluding the contract.

Subsequently, only the most significant business and strategic management issues of the company are usually decided upon collectively. Yet, if the distribution of powers does not prove its worth, the statutory body may, at any time, release a person from the delegated duties, or 'pierce' it, on a one-off basis by issuing its own decision on the matter falling within the delegated area.

In practice, most frequently delegated areas are those requiring special knowledge and skills the (other) statutory body members do not have (such as bookkeeping). However, case law also permits the delegation of responsibilities where statutory body members primarily deal with other tasks within the performance of their offices.

The Supreme Court emphasised that upon the internal and external delegation of powers, statutory body members are first and foremost responsible for the proper selection of a person to whom the duty will be delegated. Their duty to proceed with due managerial care also gives rise to their responsibility for clearly specifying the delegated person's tasks and providing all necessary assistance. In addition, the performance of the delegated powers must be reasonably supervised not only personally by the statutory body members but also by control mechanisms adequately set up for this purpose (e.g. a regular information duty).

Supervision over the delegated powers is vital, since the delegation does not release (other) statutory body

members from their responsibility for the proper performance of the delegated power. If damage occurs as a result of a decision made within the delegated area, (other) statutory body members will have to prove that they duly performed their duty of supervision; otherwise, they will have to partake in its compensation.

Excess compensation monitoring rules submitted to government

The Ministry of Industry and Trade published a draft amendment to the Act on Renewable Energy Sources. One of its main objectives is the introduction of a system of monitoring the provision of excess aid/support for the production of energy from renewable sources (i.e. excess compensation monitoring).



Radim Kotlaba
kpmg@kpmg.cz



Lucie Patková
kpmg@kpmg.cz

Support of production of energy from renewable sources is provided in compliance with the European Commission's decisions on state aid notifications, based on which individual categories of aid are declared compatible with the EU internal market. These decisions also give rise to certain obligations of the Czech Republic. In the case of energy produced from renewable sources commissioned in the 2006 – 2015 period, the Czech Republic has undertaken to adopt measures to review the reasonability of operational aid.

The key review tool in this respect is the monitoring of the overall level of aid. The basic procedure should consist of three phases: the first phase will involve a sector examination; the second, a voluntary application of measures against excess compensation (these measures can be selected by the producer where the sector examination determines a risk of excess compensation); and the third phase will involve an individual inspection of the producer's electricity production plant. The decisive indicator for evaluating the reasonability of provided aid is the internal rate of return (IRR) of an investment. Its limit has been set at 8.4% for non-fuel sources (sun, wind, water) and at 10.6% for fuel sources (biogas, biomass).

The Ministry of Industry and Trade's sector examination, carried out based on data from the financial statements of producers and the market operator, will review the IRR of investments in the production of energy from renewable sources. Individual examinations will be performed ten years after the first day of the calendar year following the date the electricity source was put into operation. Where a risk of excess support is identified, the producer may voluntarily choose measures to discontinue operational support from the twelfth year after putting the electricity source into operation.

If the producer does not adopt the above voluntary measures, the State Energy Inspection will carry out an individual inspection at the source, evaluating the reasonability of aid provided, with the primary objective not to grant unreasonable aid, taking into account the internal rate of return ascertained. Where excess compensation is identified in respect of the aid already granted, the provision of aid should be discontinued and any potential excess aid refunded. Where a risk of excess compensation is identified in respect of future aid, the maximum volume of electricity that will be supported in the future should be determined.

The draft amendment's wording is likely to change after discussion by government and parliament. It is expected that changes will mostly concern the different IRR set for two categories of sources, which is the most criticised issue of the entire amendment. We should not forget that the after-effects of the changes made by parliament to the legislation regulating renewable sources, which had resulted in excess compensation and a solar energy boom, are now actually being remedied by the above draft amendment to the Act on Renewable Energy Sources.

Better protection for whistle-blowers

The EU Council adopted a directive setting the minimum rules of protection for persons reporting corporate wrongdoings. The directive is to be transposed into Czech law by May 2021.



Petr Kučera
kpmg@kpmg.cz



Lucie Patková
kpmg@kpmg.cz

The submitters of the legislative proposals responded to the fact that the current legal regulation to protect whistle-blowers (i.e. persons who speak up when they encounter a wrongdoing in the context of their employment) is insufficient and fragmented. Whistle-blowers are especially vulnerable as they often depend, job- or finance-wise, on the person or entity committing the wrongdoing. They frequently become the target of retaliation aiming to prevent or at least complicate whistleblowing.

The directive focuses mainly on the protection of EU interests, i.e. the area of public procurement, financial services, prevention of money laundering and terrorist financing, product safety, consumer protection, economic competition, privacy and personal data protection. Protected persons include employees in the public and private sectors, self-employed entrepreneurs, but also shareholders and persons in managerial bodies of companies. Reporting persons qualify for protection under the directive, provided they have had reasonable grounds to believe that the information on breaches they reported was true at the time of reporting and fell within the scope of the interests protected by the directive. Any retaliation against such persons is explicitly forbidden – typically terminations of employment, salary reductions or discrimination. The better protection of whistle-blowers should ensure a higher number of reported breaches and better protection of EU law as a whole.

The directive imposes on defined entities the obligation to establish channels and procedures for secure internal reporting and follow-up. In the private sector, this applies to companies with 50 and more employees or a turnover of more than EUR 10 million, as well organisations engaged in financial services and prone to money laundering and terrorist financing. The internal reporting system also has to be implemented by public sector entities – state administration bodies, self-governing units, etc.

The above entities must establish channels ensuring the confidentiality of the reporting person's identity. The reporting persons shall also be informed on the follow-up on their report, within a reasonable deadline. A specialised public body should also be established to receive and review the reports and to educate in this area.

The directive will most likely be transposed into Czech law by an act on whistle-blower protection currently being prepared. The bill assumes similar reporting and whistle-blower protection systems; in fact, the work on the bill had been suspended precisely to reflect the EU directive that was at that time in preparation.

Apart from reporting under the directive, whistle-blowers may continue to report wrongdoings to investigative, prosecuting and adjudicating bodies – for some crimes, the duty to report them is even stipulated by law. Currently, establishing a system allowing to anonymously report a suspected crime is viewed as one of the measures whereby a corporate entity may free themselves from criminal liability. A number of companies have already done so. Therefore, the new legislation will mostly affect small entities that are borderline in terms of the statutory limits.

Lessor loses VAT deduction case

The Supreme Administrative Court (SAC) expressed its opinion on claiming a reduced VAT deduction in a case involving air-conditioning repair in a building where premises were leased both with and without VAT. According to the court, as the link between the taxable supply received and the taxable supply provided had not been demonstrated, claiming a reduced VAT deduction was impossible.



Martin Krapinec
mkrapinec@kpmg.cz



Veronika Šlapáková
vslapakova@kpmg.cz
+420 222 123 354

Taxpayer and entrepreneur V. B. (Case No. 1 Afs 253/2018) had been leasing out non-residential premises on the ground floor and on the first floor of a building as VAT exempt, while leasing out premises on the second floor of the same building with VAT. In the premises leased out without VAT, air conditioning units had to be replaced and VAT deduction in a reduced amount was claimed on the supply. The tax administrator challenged this, arguing that although the building where the leased out premises were located was not formally divided into units, it was factually separated into clearly identifiable parts (as defined by lease agreements) with a different tax treatment.

Neither the tax administrator nor the SAC challenged that the air conditioning units had become a part of the building. The heart of the dispute was whether the received taxable supply was used by the claimant to provide taxable supplies; this is crucial in the context of the VAT neutrality principle.

The SAC held that the repair of the air conditioning in the premises leased out without VAT had no effect on the second floor where premises were leased out with VAT. Therefore, there was no link between the taxable supply received (i.e. the air conditioning repair) and the taxable supply provided (i.e. the lease of premises on the second floor, with VAT). The claimant failed to demonstrate any such link, therefore did not meet the conditions for claiming a reduced VAT deduction.

Expats' income tax base to be 'super-grossed' by fictitious premium only once

The remuneration of expatriates working under an international lease of workers that is paid partly by their formal/legal employer abroad and partly by their economic employer in the Czech Republic shall be increased for the purposes of determining the income tax base by a 'fictitious' social security premium only once, i.e. applying a single maximum assessment base. The Supreme Administrative Court (SAC) thus sided with us on an issue where tax administrators' approach was so far divided.



Jana Fuksová
jfuksova@kpmg.cz



Iva Krákorová
ikrakovova@kpmg.cz



Anna Kottasová
kpmg@kpmg.cz

The case in question involved an employee assigned from Japan whose remuneration for work performed in the Czech Republic was paid partly by the Czech (economic) employer, and partly by the formal/legal employer in Japan, who did not bill this part to their Czech counterpart. The employee was not covered by Czech social security insurance and remained covered by health and social security insurance in Japan, based on the Certificate of Coverage by Social Security Legislation issued by the Japanese authorities.

When determining the employee's income tax base, the remuneration was increased by a 'fictitious' premium, i.e. the social security and health insurance premium that they would have paid had they been employed in the Czech Republic. The social security premium was only calculated on one maximum assessment base. The tax authority first accepted this approach but later, in the course of the worker's assignment, started to challenge it. In their opinion, the money paid from the Czech Republic and that paid from Japan constituted two separate incomes from employment, and should be increased by the fictitious premium on a separate basis, which means applying a separate maximum assessment base to each of them.

The case proceeded to the SAC. Referring to an explanatory report to the law, the court confirmed that income indeed has to be increased by statutory insurance premiums in the same manner as if the taxpayer had been covered by Czech insurance legislation. However, the taxpayer only performed one work under an employment contract concluded with a single formal/legal employer, and the manner of dividing the costs between the economic employer and the formal /legal one was not relevant for calculating the employee's income tax base.

The SAC also pointed out that the financial administration did change their approach without a sufficient explanation, as previously they had not challenged the taxpayer's approach.

So far, the approach applied by individual bodies of the financial administration has not been unified, as a number of tax authorities historically accepted the application of a single maximum assessment base, yet the Appellate Financial Directorate confirmed orders to pay tax issued based on a contrary approach. We are pleased with the SAC's conclusions for several reasons. After many years of a pending dispute, the court finally granted our

14 | Tax and Legal Update – November 2019

objections. Also, we believe that the judgment has now clearly resolved the issue and the tax authorities' future approach will finally be unified.

Time limit for assessing tax in the context of international requests for information

International requests for information affect the time limit for assessing tax. For time limits that started before 2014, this only applies to some taxes. The Supreme Administrative Court's (SAC) case law deduced that there is a fundamental difference in this respect between VAT and income tax: while for VAT, the international request for information only affects those time limits for assessing tax that started to run in 2014 and later, there is no such restriction as regards income tax.



Jana Fuksová
jfuksova@kpmg.cz



Josef Riesner
kpmg@kpmg.cz

Effective 1 January 2014, an amendment to the Tax Procedure Code stipulated that for all taxes, the time limit for assessing tax shall not run during a pending international request for information. The amendment, however, did not contain any specific transitional provisions. In the past, the SAC deduced that, as regards VAT, the time limit for assessing tax is a substantive-law one, therefore the new legal regulation shall only apply to those time limits that started to run after the effective date of the amendment, i.e. after 1 January 2014. The time limit for tax assessment that started earlier shall not be affected by any pending international requests for tax information.

An amendment to the Act on International Cooperation in Tax Administration entered into effect at the same time as the mentioned amendment to the Tax Procedure Code. The act had stipulated that the time limit for assessing tax shall not run during a pending international request for tax information; yet this only applied to cases concerning income tax, not VAT. The amendment then introduced specific transitional provisions, based on which the SAC in its recent judgement concluded that as regards income tax, the time limit for assessing tax shall not run during any pending international requests for information regardless of when it started to run.

The issue of the effect of international requests for tax information on time limits for assessing tax has significant practical implications. International requests for information may take months, even years, meaning that any pending tax inspections may be extended by exactly that time, not being limited by the common three-year time limit for assessing tax. If the inspection then results in assessing additional tax, the respective late payment interest will be the higher the longer the inspection lasted.

Recent CJEU case law on personal data protection

The Court of Justice of the EU (CJEU) has issued several judgements concerning personal data protection. In several aspects, some of them diverge from the current approach of the Office of Personal Data Protection and from previous CJEU case law.



Ladislav Karas
lkaras@kpmg.cz



Kateřina Randlová
kpmg@kpmg.cz

In one of its rulings, the CJEU commented on a practice of Planet49, a German company that had been using a pre-ticked checkbox to obtain user consent with its online advertising lottery. The CJEU found such consent insufficient, as it was neither freely given, specific, explicit, informed, nor an active expression of the user's will.

The CJEU's conclusion is not at all surprising, considering the wording of the GDPR and e-Privacy directive. The Czech Act on Electronic Communication, however, stipulates that users do not have to give consent to cookies as long as they are given an option to express their dissent (an 'opt-out' regime). The act is therefore contrary to EU law; as a result of the incorrect implementation of the respective EU Directive. The Office of Personal Data Protection is currently preparing an update to its recommendation on how to use cookies correctly.

In another decision, the CJEU followed up on its ground-breaking judgment of 2014 whereby it had granted users 'the right to be forgotten'. The court now relativised this right, stating that it has to be assessed in light of the proportionality principle and weighted against other fundamental rights, including the right to free access to information. The court held that Google did not have to remove data on persons that requested so from all language versions of its search engine; it shall suffice to do so on domains belonging to EU member states. Yet, according to the CJEU, Google should use measures to prevent or at least discourage users from EU member states from using non-EU versions of the search engine.

Another crucial CJEU verdict concerned the interpretation of the EU Directive on Electronic Commerce. Under Article 15 of the directive, providers of information society services (e.g. also webhosting providers such as Facebook) have no general obligation to monitor the content they store. However, in its decision the CJEU stated that the directive does not preclude a court of a member state from ordering a host provider to remove stored information whose content is identical or equal to the content of information that had previously been declared unlawful. Surprisingly, the CJEU also added that such court orders may have a worldwide effect.

If you are interested in the above decision, you may read more about them in our blog: www.kpmglegal.cz/blog.

Latest news, November 2019

Last month's tax and legal news in a few sentences.



Václav Baňka
vbanka@kpmg.cz



Lenka Fialková
lfialkova@kpmg.cz

DOMESTIC NEWS IN BRIEF

- The Supreme Court dealt with an employer's option to unilaterally offset a receivable arising from damage compensation against an employee's wage (or salary, remuneration under an agreement, or wage compensation). In its decision (21 Cdo 238/2019), the court expressed the opinion that the unilateral offsetting against employee's wages is not admissible. The employer may offset receivables arising from damage compensation against employee wages and withhold the amount to settle the claim from wages solely based on an agreement on the assignment of a portion of the wages concluded with the employee.
- An electronic lawmaking system is to be fully implemented from 2022, two years later than originally planned. Starting next year, the system should be operating in a testing regime only. This change will be brought by an amendment changing some laws in connection with the adoption of the Act on the Collection of Laws and International Treaties, published in the Collection of Laws under no. 277/2019. The amendment also assumes that for better clarity, new legal regulations will always enter into effect from the beginning of January or June, except for laws adopted in the urgent public interest. Each legislative proposal will be accompanied by a list of obligations it would bring if passed. The list in form of a table should also contain an overview of sanctions for breaches, and an overview of obligations being cancelled.
- The financial administration has informed potential acquirers of the ownership titles to units in family houses that an amendment to the Senate's Statutory Measure (No. 340/2013 Coll.) on Immovable Property Acquisition Tax entered into effect on 1 November 2019. Apart from the first-time acquisition of the ownership title to a completed or used unit in an apartment house, the exemption from tax will now also apply to completed or used units in family houses.
- Information about the average wage for 2020 was published in the Collection of Laws under No. 260/2019 Coll. Based on this data, the amounts of reduction limits for adjusting the daily assessment base for the purpose of sickness benefit insurance applicable in 2020 were published under No. 270/2019 Coll. Average wage data serves as a basis for other important limits, such as the threshold income for the solidarity tax surcharge, minimum advances for insurance premiums to be paid by the self-employed, etc.
- An amendment to the Act on Local Fees has been published in the Collection of Laws (278/2019 Coll.), in effect from 1 January 2020. The present fee for spa or recreational stays and the fee for accommodation capacities will be unified into a single fee for temporary stays that will apply to all short-term stays up to 60 days, regardless of their location and purpose. The range of accommodation facilities subject to the collection of local fees will thus be extended to also include premises such as apartments, cottages, country houses or studios/ateliers.
- The new Act on Experts will enter into effect on 1 January 2021. Regulations to implement the new law will be prepared by the Ministry of Justice in the spring of 2020. Further information and methodology

instructions on frequent questions will be published on the ministry's website in the course of 2020.

FOREIGN NEWS IN BRIEF

- In September, Denmark and Iceland deposited their instruments of ratification for the Multilateral Convention (2016) (MLI) with the OECD depository. The MLI will enter into force in respect of these countries on 1 January 2020. The MLI was also ratified by Uruguay. In addition, the MLI entered into force in respect of India, Belgium and Russia on 1 October 2019.
- The Platform for Collaboration on Tax, a joint initiative of the OECD, the International Monetary Fund, the United Nations and the World Bank launched assistance with the implementation of effective transfer pricing documentation measures to developing countries.
- The lower house of the Austrian parliament approved a tax reform bill. Key measures include the transposition of the hybrid mismatch provisions of ATAD and ATAD 2 into national law, the introduction of a digital services tax (applicable to certain companies) at a rate of 5% from 1 January 2020, and the implementation of EU rules on mandatory disclosure and automated exchange of information on certain cross-border arrangements (DAC 6).
- The Cypriot tax authorities announced that legislation to implement EU Directive 2018/822, on mandatory disclosure rules (DAC 6), will be introduced before the end of 2019. For arrangements made between 25 June 2018 and 30 June 2020, the first reports should be submitted in Cyprus prior to 1 August 2020.
- Germany published an official bill transposing EU Directive 2018/822 on mandatory disclosure rules (DAC 6) into German national law. The terms of the directive are closely adhered to by the draft law although there are some notable exceptions.
- The Slovakian parliament passed a bill transposing EU Directive 2018/822 on mandatory disclosure rules (DAC 6) into Slovak national law.
- Following the October meeting of the OECD Task Force on the Digital Economy (TFDE), the OECD Secretariat published a public consultation document presenting an approach to the nexus and profit allocation challenges arising from digitalisation. The OECD has invited comments from the public, with a view to discuss the results during public consultations on 21 and 22 November 2019. Interested parties are invited to send their comments by email to the OECD no later than 12pm on Tuesday, 12 November 2019, using the email address TFDE@oecd.org. A progress report on Pillar Two of the Programme of Work agreed by the OECD in May 2019 will be published shortly, with a consultation process expected in November 2019.
- The Italian government issued a decree which will result in the introduction of a digital services tax at a rate of 3% with effect from 1 January 2020. The law shall apply to companies with an annual turnover of EUR 750 million and digital services supplied in Italy in excess of EUR 5.5 million; this amount concerns gross revenue derived from (i) advertising on a digital interface, (ii) a multilateral digital interface that allows users to buy or sell goods and services and (iii) the transmission of user data generated from using a digital interface.

[LinkedIn](#) | [Twitter](#) | [Facebook](#) | [Instagram](#)

www.kpmg.cz

Tel.: +420 222 123 111

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2025 KPMG Česká republika, s.r.o., a Czech limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.