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Tax & Legal

Taxes
Legal
World news
Subsidies
Case law
In brief

April 2026

Obsah

Taxes

Legal

World news

Subsidies

STEP: support for R&D and advanced technologies

Case law

SAC sides with taxpayer in appeal against VAT registration decision

SAC: international hire of labour (IHOL) seen as possible indication of order by parent company?

SAC on tax deductibility of expenses for lawyer's lump-sum fee

CJEU: VAT treatment of loyalty points

In brief

News in Brief, April 2026

Editorial

As the Czech writer František Nepil might have put it, April is upon us—the month of lively fleas. But that is merely a passing observation, as Easter has already come and gone.

The new government has now entered its second hundred days in office, and some of the intentions outlined in its policy statement are beginning to take more concrete shape. In particular, the reintroduction of electronic sales reporting (EET) is already emerging in a fairly tangible form. The tax authorities have responded by publishing an initial set of questions and answers addressing the fundamental aspects of this old new obligation. Changes are also anticipated in the areas of personal income tax and VAT.

By contrast, any reduction in corporate income tax appears to be off the table for the time being. Nor has there yet been any reference to another significant item from the policy statement—mandatory transfer pricing documentation. That said, with a four year term of office ahead, both issues may still resurface in due course.

Somewhat away from the spotlight surrounding the debates on EET, quieter discussions have commenced on another far reaching amendment to the Income Tax Act, which was not mentioned in the government's policy statement and is linked to the new Accounting Act. The draft of new accounting legislation, together with its accompanying bill, passed its first reading in the Chamber of Deputies on 12 March, attracting little media attention. The proposed effective date of 2028 may be regarded as optimistic; from today's perspective, 2030 appears a more realistic target. In any event, while the accompanying bill containing an amendment to the Income Tax Act has already progressed in the legislative process, it is evident that the ITA amendment is yet to be subject to further substantial changes.

Discussions are currently ongoing regarding their form: from the perspective of future applicability, it will be crucial whether the changes take place through a series of partial amendments or whether the Ministry of Finance opts for a comprehensive overhaul supported by a detailed explanatory memorandum. For the sake of a calm and predictable 2030—yours as well as mine—I would very much welcome the latter approach.

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JMHZ: financial administration responds to ambiguities and practical questions

The financial administration has issued a communication concerning the reporting of exempt income from dependent activity and of the results of the year-end settlement of employment tax prepayments and tax credits.

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The Single Monthly Employer Reporting (*Jednotné měsíční hlášení zaměstnavatele*, JMHZ), which is to launch on 1 April 2026, fundamentally changes the way the data on employees' income, mandatory contributions and other details is submitted to the tax authorities and other institutions. In light of the approaching launch date, the financial administration has issued a communication addressing related ambiguities and practical questions.

The Financial Administration's Communication of 9 March 2026 concerns the reporting of certain exempt income from dependent activity. Under the Income Tax Act, exempt income from dependent activity (employment) is recorded on payroll sheets and is therefore part of the JMHZ. In practice, however, situations arise where exempt income is provided to a person who does not have an employment relationship with the company and has no other income from dependent activity with that company in the given month.

This mainly includes the following types of exempt income:

- income of pupils and students / apprentices from practical training,
- remuneration of members of local electoral commissions,
- benefits for former employees provided by an employer operating public transport,
- income arising from former employees' participation in social events organised by their former employer,
- meals provided to former employees who have retired on old-age or disability pensions.

To ensure that employers are not unduly burdened by reporting this type of income, an amendment to the Act on JMHZ has been initiated, with a proposed effective date of 1 January 2027. In view of this expected legislative change, the financial administration has already indicated that such data will not have to be reported under the JMHZ already for 2026.

The Financial Administration's Communication of 6 March 2026 sets out the procedure for submitting the results of the year-end settlement of employment tax prepayments and tax credits under the JMHZ system. This information is essential for the correct calculation and self-assessment of tax on income from employment by the taxpayer.

With the introduction of the JMHZ system, the financial administration will allow the application of transitional arrangements for the reporting of the year-end settlement of employment tax prepayments for 2025:

- It will not require the reporting of year-end settlement for employees whose employment ended in 2025 and who are not registered in the JMHZ system.
- For employees registered in the system, the year-end settlement results for 2025 will not be a mandatory part of the monthly report (although employers may report them voluntarily).

The above transitional arrangements do not affect the employer's obligation to carry out the year-end tax settlement itself, provided the statutory conditions are met.

The financial administration further stated that it will accept the absence of data in the monthly report for January 2026 regarding taxpayers' income for 2025 paid before 31 January 2026. The communication also lists other data that need not be reported for 2025.

Taxes

Proposed amendment to VAT Act targets three key areas

The proposed amendment to the VAT Act, introduced in connection with EET 2.0, focuses on three main areas: irrecoverable receivables on the creditor's side, unpaid liabilities on the debtor's side, and changes to the VAT rate applicable to non alcoholic beverages served as part of meal services.

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For irrecoverable receivables, the Ministry of Finance proposes to expand the tax base adjustment scheme for 'minor bad debts'. Under the draft amendment, it would be possible to reduce the tax base for an unpaid debt if:

- the creditor has requested payment from the debtor in writing at least twice,
- the individual debt does not exceed CZK 20,000 including VAT (an increase from the current CZK 10,000), and
- the debt is currently at least three months past due (a reduction from the current six months).

The annual limit per debtor should remain in place, but the proposal increases the amount from the current CZK 20,000 to CZK 100,000 including VAT per calendar year. At the same time, just like the current wording of the VAT Act, it expressly provides that this rule should not apply if the claim already falls under another tax base adjustment scheme.

For liabilities, the proposal shortens the deadline for the mandatory adjustment of VAT deductions: if a customer had claimed a deduction and failed to settle the liability, the deduction must be reduced after just three months from the due date (instead of the current six months), in the taxable period in which this shortened deadline expires.

The third change standardises the taxation of non-alcoholic beverages served as part of meal services. The proposal provides that all non-alcoholic beverages served as part of a meal service should be taxed at a reduced rate of 12 per cent.

EET 2.0: financial administration's position on contact payments

The EET 2.0 system, scheduled to be introduced in 2027, brings a new concept of "contact payment". This plays a key role in determining which non-cash payments will be subject to the electronic sales reporting obligation and which will be excluded. Its introduction, however, has raised several interpretative uncertainties, prompting the financial administration to clarify certain issues.

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A contact payment is defined as a payment made during personal contact with an entrepreneur or in connection with the ordering or collection of goods or services at their premises. The form of payment itself is not decisive, as both cash and non-cash payments may be subject to reporting, including card payments, bank transfers, QR payments, direct debits, vouchers, and similar means. The difference is that non-cash payments that do not meet the criteria for contact payments should not be electronically reported: typically, these will be payments made remotely via a payment gateway in an online shop or a QR code on a website.

The rules for cash payments are stricter: they must be reported even if they take place outside the business premises or without personal contact with the entrepreneur. An exception is where an intermediary collects cash from the customer (for example, in the case of cash on delivery) and subsequently transfers it to the entrepreneur's account. The EET also covers a deposit or similar security provided by means of a contact payment, as well as payments intended for subsequent drawing or settlement, including their subsequent drawing and settlement if they meet the conditions for sales subject to the electronic reporting obligation.

In the financial administration's answers to questions, the examples concerning e shops and the combined operation of a physical store and an e shop are particularly relevant:

- If a customer pays entirely online via a payment gateway and simply collects at the shop the goods they have already paid for, this transaction is not subject to the reporting obligation.
- If a customer pays only upon collection at the shop or collection point, whether in cash, by card or via a QR code, this constitutes a contact payment and the obligation to report this transaction applies.
- The same logic is to apply to on-site services – for example, a payment received from a customer on-site must be reported, whereas a bank transfer made remotely without personal contact does not need to be reported.

The financial administration points out that the actual method of payment is decisive: if a bank transfer is stated as a payment method in the invoice but the customer in fact pays in cash at the till, the sale must be reported.

The financial administration's responses are based on the principle that the sales reporting obligation applies to

business income of both natural and legal persons. For natural persons, it is explicitly stated that occasional activities that are not of a business nature, such as seasonal sale of surplus produce from a garden, are typically not subject to the reporting obligation provided that they do not become a business through repetition and the intention to make a profit.

At the same time, the financial administration states that the assessment of whether a certain transaction is subject to the reporting obligation is not linked to the VAT payer status, so the electronic sales reporting may also apply to VAT non-payers if they receive income in the form of contact payment.

Entrepreneurs subject to lump-sum tax in the first band can make use of the special "EET OFF" scheme and not report their sales in the system. However, their lump-sum tax will increase by CZK 1,400 per month (more on the EET OFF scheme in this article).

Last but not least, the financial administration indicates that it will not object if a taxpayer decides to report all of their sales, including those excluded from the EET.

Top-up taxes: first-time filing deadline is approaching. Are you ready?

In the coming months, Czech companies that are part of large multinational groups will be required to prepare and submit for the first time their top up tax returns and related information returns for the 2024 reporting period.

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As the Act on Top-Up Taxes introduced two types of tax – the Czech top-up tax and the allocated top-up tax – companies are required to fulfil their obligations in respect of both. In practice, this means they must file two tax returns. In the case of information returns, there is a certain exemption from this obligation, the application of which is discussed in more detail below.

Information returns

Information returns for the Czech and allocated top-up tax for the first period must be filed within 18 months of the end of the first reporting period (or within 15 months of the end of subsequent reporting periods). The deadline for filing the first-time information returns (for the reporting period corresponding to the calendar year 2024) is therefore 1 July 2026.

The obligation to file the Czech and allocated top-up tax information return in the Czech Republic may be deemed to have been fulfilled if:

- another company within the group has filed a GloBe Information Return (GIR) in another country that exchanges GIR information with the Czech Republic,
- the Czech company has notified the Czech tax authority of this fact and
- this information return will contain all the details on top-up taxes required by the Czech law.

According to preliminary information from the financial administration, this currently applies only to situations where another company within the group has filed a GloBe Information Return in another European Union member state even though the Czech Republic has not yet implemented the relevant Directive on the Exchange of Information (known as DAC 9). Once the Czech Republic accedes to the multilateral agreement on the exchange of GloBE information, it will be possible to apply this simplification to GloBe Information Returns filed in countries

that have also acceded to this agreement.

Therefore, if a GIR for the 2024 reporting period is filed outside the EU, or is not filed at all, it will be necessary for a Czech company to file a separate information return in the Czech Republic for the allocated top-up tax. However, this information return should contain only information relating to the Czech jurisdiction, i.e. information that the Czech Republic would obtain through international exchange of information. In addition, the Czech company will also have to notify the tax authority that the obligation to file an information return for Czech top-up tax has been fulfilled by filing a separate information return for the allocated top-up tax.

In practice, therefore, every Czech company subject to top-up taxes will likely have to file either two GIR notifications or one information return and one GIR notification. In this context, we would like to point out that a regulation governing filings using prescribed forms relating to top-up taxes has not yet been approved, and therefore it is not entirely clear at present what exactly the related guidelines for this regulation will ultimately contain.

Tax returns

Czech top-up tax and allocated top-up tax returns must be filed within 22 months of the end of the reporting period. The deadline for filing the first-time tax returns (for the reporting period corresponding to the calendar year 2024) is set for 2 November 2026. Tax returns for both taxes must always be filed, even if the top-up tax is zero – that is, where the effective tax rate for the group in the relevant jurisdiction either exceeds 15 per cent or where the conditions of one of the safe harbours have been met.

Under the Top-Up Taxes Act, if a tax return is not filed within the prescribed time limit, the tax liability is deemed to be zero, and no penalties for late filing apply. However, even though a company that fails to file such a "zero" tax return faces no penalties, it may be recorded by the tax authority as an entity that is not properly fulfilling its tax obligations. This may influence the tax authority's approach to the taxpayer in the future: for example, when assessing their application for the waiver of default interest. From a purely practical perspective, we recommend always filing even zero tax returns.

Should you be interested, we would be happy to assist you with the preparation of information returns or notifications of GIR submissions, and top-up tax returns. Please do not hesitate to contact us.

Taxes

April regulation of petrol and diesel prices and reduction of excise duty on diesel

The government has approved two measures aimed at mitigating rising fuel prices, effective from 8 April to 30 April 2026. During this period, petrol and diesel prices will be subject to regulation through maximum retail prices announced on a day by day basis. In addition, excise duty on diesel will be reduced by CZK 2.35 per litre (including VAT).

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Price regulation of petrol and diesel

Price regulation will apply to petrol and diesel sold at public filling stations. If a station sells petrol and diesel without special additives, the regulation will only affect the price of petrol and diesel for these fuels regardless of whether they also sell petrol and diesel with special additives. If they sell petrol and diesel only with special additives, the regulation will apply to the cheapest petrol and diesel sold at that petrol station.

The regulation sets maximum prices for petrol or diesel as the sum of:

- the arithmetic average of the wholesale prices for four regularly published price indices (ČEPRO, MOL, PKN ORLEN, plus costs associated with import and storage: the Platts Barges FOB Rotterdam High index for petrol and the Platts CIF NWE High index for diesel),
- a maximum margin of CZK 2.50 per litre and
- 21% VAT applicable to the two preceding items.

On working days, the Ministry of Finance will publish the maximum fuel prices for the following day in the Price Bulletin and on its website. Prices will not be published on non-working days. On days following a non-working day, the last price published on the previous working day shall apply. For example, the price published on Tuesday shall apply to Wednesday, and the price published on Friday shall apply to Saturday, as well as to Sunday and Monday.

The price decree governing the regulation will be in force from 8 April 2026 to 30 April 2026.

Further information can be found in the Ministry of Finance's Price Decree published in the Price Bulletin.

Reduction of excise duty on diesel

Unlike the regulation of maximum prices, the reduction of excise duty will apply in particular to diesel fuel referred to in Section 45(1)(b) of the Excise Duties Act and to selected blends thereof. However, it does not apply to heating oils, which are to be coloured and marked as standard, or to aviation kerosene.

The reduction in excise duty is implemented through a government measure that grants a blanket waiver of part of the excise duty on mineral oils to persons who are required to declare and pay tax on selected mineral oils in the period from 8 April to 30 April 2026. The waiver applies to mineral oils (diesel fuel and the related mixtures defined above) in the amount of CZK 1,939 per 1,000 litres; after taking the VAT impact into account, the overall effect amounts to CZK 2,350 per 1,000 litres (CZK 2.35 per litre).

The General Measure on the Blanket Waiver of Excise Duty on Selected Mineral Oils, published in the Financial Bulletin, contains further information, including a precise definition of the diesel fuel subject to the waiver, the procedure for tax refunds, the issuing of tax documents and reporting in tax returns.

New methodological guidance on procedures following expiry of tax assessment period

The General Financial Directorate (GFD) has issued new methodological guidance in response to a recent ruling of the Extended Chamber of the Supreme Administrative Court. The guidance standardises the procedures applied by tax authorities when tax proceedings are terminated due to the expiry of the statutory tax assessment period.

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The Extended Chamber's ruling produced two key conclusions regarding the expiry of the time limit for tax assessment and changed existing administrative practice.

The first key conclusion is that, once the time limit has expired, the tax administrator cannot assess the tax. This has practical implications particularly where the tax administrator has initiated an inspection of a taxpayer's tax return claiming a VAT deduction or a tax reduction and has failed to issue a decision within the time limit for tax assessment. Whereas previously, in such cases, the tax administrator accepted the taxpayer's assertion and paid out the VAT deduction or reflected the overpayment claimed in the tax return in the taxpayer's tax account, under the new rules the proceedings will be discontinued without ruling on the tax.

The financial administration's guidance outlines how to address the expiry of a statutory time limit, or the (subsequent) discovery that such a time limit has expired, across the various stages of proceedings (first instance proceedings, appellate proceedings, and the time thereafter). The General Financial Directorate has prepared a practical annex for specific scenarios, featuring clear flowcharts that illustrate the applicable procedures.

In connection with the change in approach, the guidance also reflects the financial administration's conciliatory approach towards taxpayers: under the new rules, if the tax authority fails to assess a VAT deduction within the statutory time limit, the taxpayer may in principle be required to seek compensation from the state for the resulting loss. Therefore, in line with the principles of procedural economy and good administration, the financial administration will not demand refund of any advances for VAT deduction granted or portions of VAT deductions not yet final and effective. This means that the taxpayer shall keep any deductions thus granted, without the need to pursue a claim under the Act on State Liability for Damage Caused in the Exercise of Public Authority.

The second key conclusion of the Extended Chamber relates to situations in which the objective time limit for tax assessment may be extended to eleven years instead of the standard maximum of ten years. Where a taxpayer submits an additional tax return claiming a lower tax liability within the final twelve months of the ten year objective period, both the court's decision and the new guidance allow the tax authority to carry out an inspection. However, the outcome of such an inspection may not result in a higher tax liability; it may only lead to the partial

acceptance of the claim stated in the additional return or to its rejection. For these cases, the guidance also outlines several possible scenarios for how an inspection may be concluded, given the expiry of the tax assessment period.

Legal

Fundamental change for employers: ministry has presented draft amendment implementing Pay Transparency Directive

The Ministry of Labour and Social Affairs (MPSV) has published a draft amendment to the Labour Code designed to transpose the Pay Transparency Directive. Although the effective date has been postponed until 2027, employers must take action. Given the time required to adapt to the new rules and the threat of fines, it is essential to make effective use of the time available and start preparing now.

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The amendment represents one of the most significant changes in the area of remuneration. The aim of the directive being implemented is to reduce the gender pay gap, which has persisted in the European Union for a long time. The draft legislation therefore strengthens the right of employees and job seekers to access information on pay, whilst increasing employers' responsibility for ensuring transparent pay practices.

EU member states were due to transpose the directive into their national legislation by the middle of this year; however, the Ministry of Labour and Social Affairs has decided to postpone its entry into force until 2027, with some obligations not coming into effect for employers until 2028.

Key points of the draft amendment

The draft amendment imposes a number of new obligations on employers, whilst granting new rights to employees and their representatives. Key changes include:

- the obligation to draw up a policy in which the employer describes in detail the system of employee remuneration, including benefits provided in return for work, and also to draw up a policy on the provision of any other benefits provided to employees (or to regulate these areas in a collective agreement),
- the obligation to establish an internal job hierarchy,
- a ban on enquiring about job applicants' wage history,
- the obligation to inform applicants of the pay offered before entering into negotiations on the conclusion of

an employment contract,

- the right of employees to obtain information not only about their individual pay but also about the average pay of employees performing work in the same or a comparable position,
- for employers with at least 100 employees, regular reporting to the Ministry of Labour and Social Affairs on pay gaps, with a significant portion of the data being publicly available,
- the obligation to address unjustified pay gaps between men and women exceeding five per cent, following a set procedure with the active participation of employee representatives,
- a significant expansion of the rights of trade unions and the Public Defender of Rights relating to pay rights,
- fines of up to millions of Czech crowns for failure to comply with the new rules,
- more effective options for employees to assert their rights to equal pay in court, including the possibility of comparing their pay with that of the employer's former employees or even with employees of affiliated companies.

There is no time to waste

Although a substantial part of the amendment will not take effect until 1 January 2028 - including, for example, the obligation to report pay gaps and to provide employees, upon request, with information on pay levels - it would be wrong to assume that employers have been granted additional time to prepare. In reality, the key deadline comes one year earlier. From January 2027, employers will be required to implement a transparent pay system for individual job categories (and document it internally) and disclose the offered salary to job applicants.

Furthermore, both the report on pay gaps for the Ministry of Labour and Social Affairs and the notices to employees that employers will be required to prepare in 2028 will be based on data on salaries and wages paid from January
2027. Given the time required, there is not much time left to adapt to the new regulations. To ensure employers do not run into difficulties with the mandatory disclosure of data, it is necessary to start preparations as soon as possible.

How to prepare?

The new rules will have a significant impact on recruitment processes, pay policies, internal documentation and the handling of remuneration data. They will affect both employees under employment contracts and those working under agreements on work outside employment. Preparation should include a comprehensive audit of existing pay systems and their review – in particular, establishing clear pay criteria for determining remuneration and all benefits based on objective and non-discriminatory criteria, creating an internal job classification system, drafting a regulatory framework, as well as informing and training employees.

We would be happy to help your company prepare for the new regulations.

Legal

EU unveils new visa strategy: focus on security, digitisation and talent mobility

The European Commission has published the first comprehensive EU Visa Policy Strategy, outlining the long-term direction for the development of EU visa policy. The strategy brings together security considerations, economic competitiveness and foreign policy objectives, while responding to increased global mobility, emerging security challenges and the EU's growing need to attract and retain skilled talent.

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The strategy aims to strengthen the role of visa policy as a tool for protecting the Schengen area while supporting economic growth by facilitating entry for foreigners who bring investment, innovation and specialist know-how. Security considerations are an inherent part of this approach and have practical implications for the ongoing and planned modernisation of EU security systems. This includes both the newly introduced Entry/Exit System (EES) and the European Travel Information and Authorisation System (ETIAS) whose launch—after several postponements—is currently planned for later this year.

Digitisation and promoting talent mobility

The Commission confirms that visa processes will be fully digitised – from the submission of an application to the issuance of a digital visa. Simplification and digitisation are intended to enhance the security of the system, reduce the administrative burden and make procedures clearer for both applicants and consulates. The current system simply does not meet the requirements placed on it by either visa applicants or administrative authorities.

Alongside this, there are also plans to simplify and speed up procedures for skilled workers, students and researchers. The EU aims to become an attractive destination for international talent and views the removal of administrative barriers as one of its greatest challenges.

Revision of the long-term visa system

The Commission also plans to review the current rules on the granting of long-term visas and residence permits, particularly for those in the fields of science, technology, engineering and mathematics (the STEM category), start-ups and highly skilled workers. Speeding up visa processes for selected categories of applicants could bring greater flexibility in terms of mobility and thus increase the attractiveness of EU countries in the eyes of potential investors.

A special category comprises professions where foreign nationals often need to travel between member states –

e.g. artists, athletes or drivers. The EU wants to seek solutions that would allow legal residence beyond the 90/180 rule without the need to apply for a long-term residence permit in the relevant member state. In practice, this secondary mobility is often an intractable problem for which neither current European nor local legislation is prepared.

Visa service providers and new tools

As part of the new strategy, the Commission intends to establish an EU Visa Support Office to provide methodological and technical assistance to consulates processing visa applications. The objective is to enhance service quality and improve the identification of potential risks. At the same time, the Commission plans to strengthen oversight of external visa service providers who, in certain countries, handle visa applications on behalf of consulates. To this end, the Commission will launch a study examining the practical implications of outsourcing visa services, including their funding arrangements.

The new visa strategy represents an ambitious plan for a comprehensive modernisation of visa policy, reflecting current geopolitical, economic and security needs. The document offers a rather impressive vision, but the real challenge will lie in its implementation across member states.

New category of companies with less stringent rules?

European Parliament committees have backed a proposal to introduce a new category of companies – small mid-cap enterprises (SMCs). They are to be subject to similar exemptions as small and medium-sized enterprises. This will allow them easier access to capital markets or relief from obligations regarding personal data processing, thereby reducing their administrative burden.

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The current legislation recognises two key categories of enterprises: small and medium-sized enterprises (SMEs), i.e., enterprises employing fewer than 250 employees, with an annual turnover not exceeding EUR 50 million or with total assets not exceeding EUR 43 million, and mid-cap companies, i.e., companies that do not meet the SME criteria but employ fewer than 3,000 people.

In practice, the threshold of 249 employees has become particularly critical, as exceeding this limit leads to a cliff-edge effect on regulatory obligations, which may hinder the businesses' economic development. The new category of small enterprises with medium capitalisation is thus intended to ensure a smoother transition and prevent situations where exceeding the SME threshold results in a sudden and significant increase in administrative obligations.'

Definition of small mid-cap enterprises

The SMC category is to include enterprises employing fewer than 750 employees and having an annual turnover of up to EUR 150 million or total assets of up to EUR 129 million. The new scheme is designed to allow them to benefit from certain advantages previously reserved for SMEs, thereby reducing the overall administrative burden.

However, the European Parliament is calling for higher thresholds for the proposed SMC category so that companies with fewer than 1,000 employees and either an annual turnover of up to EUR 200 million or total assets of up to EUR 172 million would qualify. At the same time, the Parliament stresses the importance of preserving the "think small first" principle, under which support for SMEs must not be weakened by the introduction of a new category. This principle requires that the needs of SMEs be systematically considered from the early stages of policy-making and that regulatory measures be simple, proportionate and aligned with their capacities.

Simplified scheme and other benefits

One advantage of the new SMC classification would be the possibility of partially applying the simplified scheme

for SMEs, which would reduce the administrative burden. If the proposal is adopted, SMCs could then benefit from the following advantages, among others:

- easier access to capital markets, including the option to use a simplified prospectus for public offerings or the admission of securities to trading,
- exemption from selected due diligence obligations relating to the import and sale of batteries,
- a reduction in registration obligations when importing or exporting products containing greenhouse gases,
- exemption from the obligation to keep records of personal data processing activities under the GDPR.

Further negotiations can be expected in the near future on the final shape of the SMC category, including potential adjustments to the threshold values and clarification of the scope of exemptions under existing legislation. These discussions open up the prospect of a reduction in administrative burdens and compliance costs for companies that do not qualify as SMEs but are smaller than large enterprises. It is therefore advisable to closely monitor the final wording of the legislative proposal and its practical implications, not only in the areas of capital markets, but also with respect to GDPR, ESG obligations and due diligence requirements.

Growing importance of corporate compliance systems

The year 2026 brings significant changes to corporate criminal liability. Among other changes, the amended law strengthens the role of preventative measures and introduces a new instrument in criminal proceedings in the form of conditional waiver of criminal prosecution of a legal person. Functional compliance systems are thus definitely becoming not only a tool for prevention but also one of the main factors in assessing criminal liability and determining the course of action by prosecuting authorities and courts in criminal proceedings.

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With effect from 1 January 2026, the scope of statutory criteria that courts must take into account when imposing penalties on legal persons has been expanded. In particular, courts are now required to consider the following factors:

- whether the legal person has an effective set of preventative measures in place to ensure compliance with legal regulations ('compliance system') and, at the same time,
- whether, following any irregularity, the legal person has taken corrective measures to prevent the risk of the same or similar criminal offences being committed again.

A compliance system is no longer merely a tool for internal risk management but is becoming a key factor in assessing criminal liability and imposing sanctions. In practice, however, it is not merely its existence that will be decisive, but above all its actual effectiveness. This can significantly influence the type and severity of the penalty imposed and help mitigate the criminal-law consequences of unlawful conduct.

The methodology issued by the Prosecutor General's Office, which is grounded in the principle of proportionality, continues to serve as a key interpretative benchmark. The extent and nature of compliance measures must be commensurate with the company's size, organisational structure, number of employees, business activities, and the specific risks inherent in those activities. In other words, it is not possible to mechanically adopt 'standardised' compliance models and documentation; instead, companies must actively identify and assess the risks arising from their specific activities and adopt adequate measures to manage them.

In practical terms, an effective compliance system comprises, in particular, a structured risk assessment process, the adoption of internal regulations and control mechanisms, regular training of employees, the establishment of

functional whistleblowing channels, continuous monitoring of the effectiveness of the measures implemented, and their periodic review and updating.

Conditional waiver of criminal prosecution of a legal person

A further fundamental change enters into force on 1 July 2026 with the introduction of a new procedural instrument: a conditional waiver of criminal prosecution of a legal person. This mechanism allows the matter to be resolved without the company being convicted provided that the conditions prescribed by law have been met, among which the legal person's commitment to prepare and implement a set of preventative and corrective measures plays a key role. In more serious cases, compliance with these obligations may also be subject to review by a lawyer or auditor.

For company management, current legislative developments convey a clear message: the establishment of a compliance system is no longer a discretionary instrument but is increasingly becoming a core element of corporate protection. A properly designed, implemented and functioning compliance system may, in the event of a crisis, materially affect the outcome of criminal proceedings, and ultimately, the continuity and future viability of the company's business activities.

In view of the new legal requirements, we therefore recommend reviewing whether existing internal processes correspond to current risks and expectations of authorities involved in criminal proceedings. In practice, it is increasingly evident that the timely implementation and ongoing monitoring of a compliance system, with the assistance of specialist consultancy, can significantly reduce both criminal and reputational risks whilst preventing the costly consequences of any potential misconduct.

Legal

New Foreigners' Act to introduce digitisation, enhanced security and mandatory registration of EU citizens

The government has approved a new bill on the entry and residence of foreign nationals, which aims to fundamentally modernise the system governing residence in the Czech Republic. The proposed legislation responds to the need to consolidate the current fragmented legal framework, align national law with European Union requirements, and significantly expand the digitisation of processes related to residence of foreign nationals in the Czech Republic.

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Digitisation of residence processes

The new law aims to simplify processes, enhance security and, above all, place the administration of residence matters on a modern digital footing. It is due to come into force on 1 January 2029, by which time the Ministry of the Interior is expected to develop and deploy a new robust information system (ICAS). This system is intended to enable foreign nationals to communicate with the authorities via their electronic account and carry out a significant proportion of their administrative tasks online. The new framework also assigns specific roles to employers and other entities, including defined access to the system and participation in the digitised processes.

Residence of EU citizens

The proposal introduces changes to the registration of European Union citizens staying for more than 90 days. At present, obtaining a 'Certificate of Registration' is voluntary, but it is set to become mandatory in future. The aim is for the state and local authorities to have a more accurate overview of people who are actually living in the country on a long-term basis. Among other things, this will enable better planning of capacity, particularly in education, healthcare and infrastructure. According to information from the Ministry of the Interior, this obligation is not due to come into force until 2030.

The new role of guarantors

Another significant element of the proposal is the strengthening of the role of guarantors. This is an entity that enables a foreign national to fulfil the purpose of their stay in the Czech Republic (typically an employer,

educational institution, scientific or cultural organisation, or sports club). The proposal aims to define the rights and obligations of the guarantor more clearly and to increase the responsibility of these entities in residence proceedings, particularly where the possibility of a foreign national residing in the Czech Republic on a long-term basis effectively depends on their effective cooperation.

The draft of the new Act on Foreign Nationals is now being sent to the chamber of deputies. Whilst the previous government's draft, submitted to deputies in 2024, was never debated, it is now expected that the issue of the entry and residence of foreign nationals will spark a lively debate in parliament. However, given the proposed effective date of the new law, lawmakers should not delay its approval.

The Ministry of the Interior emphasises that the proposed legislation is not intended to liberalise the conditions for residence. Its primary objective is to modernise administrative processes and streamline communication with public authorities, while fully preserving the existing material requirements, such as the stated purpose of stay, proof of sufficient financial means and health insurance, and the conduct of security checks. For employers and other organisations, it will therefore be crucial to prepare, in particular, for the digitisation of administrative procedures and for the fact that the role of guarantor may, in practice, entail new administrative obligations and higher demands on internal compliance.

Customs rules for small consignments to undergo major changes from 1 July 2026

A fundamental change is impending in the area of customs duties on low value consignments for end consumers. With effect from 1 July 2026, the European Union will abolish the existing customs duty exemption for small consignments with value of up to EUR 150. The new rules will be introduced on a transitional basis.

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Instead of the current full exemption from customs duties for goods valued at up to EUR 150, a transitional flat-rate duty of EUR 3 per item in the consignment will be introduced. The aim is to simplify customs procedures and make them more transparent for the large number of low-value consignments, which have become very popular in recent years.

This transitional measure will apply from 1 July 2026 to 1 July 2028 and, for small consignments to end consumers falling under the IOSS (Import One Stop Shop) scheme, will replace the individual assessment of customs duties according to the customs tariff. For other economic operators who are not registered under the IOSS scheme and import goods outside this special scheme, the EU's Common Customs Tariff will continue to apply as standard.

The transitional scheme is closely linked to the planned introduction of a new centralised EU IT infrastructure, which is intended to ensure the efficient calculation, recording and reporting of customs debt for small consignments in the future. The flat-rate duty of EUR 3 is therefore seen as a temporary solution until the new system is fully operational. The European Commission is required to assess by 1 December 2027 whether this IT infrastructure will be operational by 1 July 2028. If not, it may propose an extension of the transitional measure.

From October 2026, the European Commission will monitor on a monthly basis whether there is any diversion of trade flows – from the IOSS scheme to other methods of import – aiming to avoid the payment of the flat-rate duty. If any diversion or significant market distortion are detected, the Commission will propose adjustments to the transitional scheme.

The regulation is directly applicable in all EU member states and will become binding in the Czech Republic from 1 July 2026. In practical terms, this means that for many smaller online purchases from third countries, a small customs charge in the form of a flat-rate amount of EUR 3 per item may now apply. Online retailers and importers should familiarise themselves with the changes in good time and adapt their business and logistics models accordingly, so that they can transparently communicate the final price to customers, including all taxes and duties.

Legal

AICIF amendment changes liquidity management

AIFMD II strengthens the rules for liquidity management of open-ended funds. Fund managers will be required to pre select appropriate liquidity management tools, ensure their timely activation where necessary, and document and justify their use. The amendment to the Act on Investment Companies and Investment Funds (AICIF) comes into force on 16 April 2026.

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Harmonised list of liquidity management tools

The change will affect not only managers of qualifying investor funds and special funds but also standard funds. For each open-ended fund, the fund manager will have to select and specify in detail at least two liquidity management tools from the harmonised list. The directive specifically targets tools, the most commonly used of which are likely to be swing pricing, anti-dilution levies, redemption gates, and the extension of notice periods.

In addition, the directive also provides for measures for exceptional situations, in particular the temporary suspension of subscriptions, repurchases and redemptions, as well as the use of side pockets. In relation to these measures, the directive emphasises the need to inform the supervisory authority in good time.

What will change in the fund manager’s obligations

This will not simply be a matter of selecting a couple of tools. Fund managers will have to establish detailed policies and procedures for activating and deactivating the selected tools, including operational and administrative steps. These choices and procedures must be communicated to the supervisory authority. In practice, this means amending the fund’s articles of association, operating rules, and internal regulations and processes so that the tools can actually be applied in practice.

The guidelines issued by ESMA outline what supervisors will typically expect: alignment with the fund’s strategy, the liquidity profile of assets, redemption terms, the results of liquidity stress tests, the investor structure, and the distribution model. ESMA also recommends that fund managers select a combination of tools to cover both normal and stress scenarios (e.g. one quantitative tool and one anti-dilution tool).

How to prepare for the amendment

We recommend conducting a liquidity impact analysis, selecting and setting up appropriate liquidity management tools in line with the investment strategy and investor base, incorporating these into the fund's articles of association and internal policies, setting up IT and governance processes, and explaining the choice of specific tools to the supervisory authority.

In the next issue of the *Tax and Legal Update*, we will focus on funds providing loans.

Model contract to perform an office: Under what conditions can it be concluded?

A statutory body generally performs their duties for a company based on a contract for the performance of an office (smlouva o výkonu funkce). Unlike most private law contracts, this contract is subject to mandatory statutory requirements regarding its form, content, and approval process.

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For a contract for the performance of an office to be valid, it must be approved by the company's supreme body. In joint stock companies and limited liability companies this will generally be the general meeting. However, approval by the supervisory board is also possible: in a joint stock company, this applies where the articles of association vest the authority to appoint members of the board of directors with the supervisory board.

As regards the actual approval process of the contract for the performance of an office, it appears most practical for the relevant body of the company to approve a contract already concluded with a member of the statutory body. This approach ensures that the member is fully aware of the contract's contents, including any remuneration for the performance of the office, at the time the approval is granted.

Alternatively, the supreme body may approve a draft contract for the performance of an office. In such cases, however, the subsequently concluded contract must correspond fully to the approved draft and becomes effective only upon its proper conclusion between the company and the member of the statutory body.

A model contract can reduce administrative burden

An alternative approach is the approval of a model contract for the performance of an office. This procedure significantly reduces the administrative burden and is particularly well suited to larger corporate structures.

The permissibility of approving a model contract for the performance of an office, instead of individually approving each contract, has been expressly confirmed by the case law of the Czech courts provided that such an approach is not excluded by the company's articles of association. At the same time, the case law emphasises that, where a model contract has been approved, all contracts concluded for the performance of an office must correspond in substance to the approved model contract.

A model contract for the performance of an office will typically not include provisions on remuneration, although this is not expressly precluded by law. The reason is that remuneration tends to change over time, whereas the rights and obligations associated with the performance of an office are generally more stable in nature. It is therefore appropriate to regulate remuneration outside the model contract itself, most commonly by way of

a separate resolution of the competent company body, internal regulations, or the company's internal guidelines. Any entitlement of a member of a statutory body to remuneration or other consideration that does not arise directly from statutory provisions is, however, subject to prior approval by the company's supreme body. This requirement ensures effective shareholder control over the remuneration of elected corporate bodies. In the absence of such approval, the remuneration arrangement is not binding on the company.

According to the case law of the Supreme Court, it is also not necessary for the relevant body to approve a specific amount for each individual member of the body. It is sufficient if it approves clear and predictable rules for determining such amounts. The Supreme Court also confirmed this in its decision concerning the approval of a resolution on the distribution of profits among members of elected bodies. In this case, the general meeting approved the total amount to be distributed and the specific rules for its distribution (e.g. according to a predetermined ratio, or a percentage ratio based on previous years). The amount of the specific remuneration for an individual member of the elected body was subsequently determined in accordance with these agreed rules.

In conclusion, it may be summarised that a company may draw up a model contract for the performance of an office and submit it for approval to its supreme body. As regards remuneration, the model contract may merely refer to internal guidelines or another approved document setting out the applicable remuneration rules. Approval of the remuneration rules as such is sufficient; it is not necessary for the approving body to determine specific remuneration amounts for individual members of the statutory body. However, if a company provides an executive director with a payment or benefit to which they are not entitled under the approved contract for the performance of an office, a resolution of the general meeting, or approved internal remuneration rules, such payment may be regarded as unjust enrichment on the part of the member concerned. In such a case, the company may be entitled to demand the return of the undue benefit.

STEP: support for R&D and advanced technologies

In cooperation with the Agency for Entrepreneurship and Innovation, the Ministry of Industry and Trade has launched two calls for proposals under the STEP platform. These calls are aimed at supporting industrial research and experimental development in advanced technological solutions, as well as productive investments dedicated to the development or manufacturing of critical technologies.

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STEP (Strategic Technologies for Europe Platform) focuses on four key areas of strategic technologies:

- **Biotechnology:** genomics, cell therapies, biopharmaceuticals, medical countermeasures, etc.
- **Clean technologies:** solar technology, wind energy, batteries and energy storage, heat pumps and geothermal energy, carbon capture and storage, hydrogen and nuclear technologies, etc.
- **Digital and deep-tech:** artificial intelligence, quantum technologies, 5G and 6G networks, advanced semiconductors, cyber security, autonomous systems, etc.
- **Defence and security technologies:** air and missile defence, drones, military mobility, cybernetics, etc.

Projects under both calls must be in line with the STEP objective, which is to support the development or production of critical technologies in the EU and to protect and strengthen the relevant value chains. They must bring an innovative, emerging or cutting-edge element with significant economic potential.

The STEP Application call is aimed at supporting industrial research and experimental development in companies. It builds on previous calls under the OP TAC Applications programme, which have long been among the key instruments for supporting R&D in the Czech Republic. The project must deliver a concrete result (e.g. a prototype or functional sample, a proven technology, software or a pilot plant}. Support may be provided for personnel costs, tooling and equipment costs, materials and components, overheads, and external services. A subsidy of up to CZK 120 million can be obtained per project. The aid intensity for large enterprises has been set at 25–65 per cent of total eligible expenses. Applications for support will be accepted from 17 July to 30 September 2026, and the project is expected to be completed by 30 June 2029 at the latest.

The STEP Investment call focuses on productive investments in the development and production of critical technologies. In the area of development, support is provided for the acquisition of machinery, equipment and components necessary for the production of prototypes and their refinement. In the area of production, support is provided for the establishment of production lines and facilities that are the first of their kind, the expansion or change of use of existing production capacity, or the scaling up of the production process. The resulting project

must reduce the European Union's strategic dependence. The maximum subsidy amount is CZK 200–250 million; the aid intensity for large enterprises may reach up to 60 per cent of the project's eligible expenses, depending on the region in which the project is implemented. Applications for support will be accepted from 17 July to 15 October 2026.

The funds for allocation for each call are CZK 2 billion. Projects under both calls may be implemented throughout the Czech Republic, excluding Prague.

Should you be interested, we would be happy to provide further information.

Case law

SAC sides with taxpayer in appeal against VAT registration decision

In its recent ruling, the Supreme Administrative Court (SAC) stated that if an entrepreneur is unsure whether they meet the conditions for VAT registration, they may file an application for registration as a precautionary measure, pay the tax, and subsequently challenge the registration itself. This is a practical way to avoid potential penalties.

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The entrepreneur filed an application for VAT registration as a precautionary measure, as they believed that they might have exceeded the statutory turnover threshold. In response to the tax administrator's request to remove doubts, they stated that in the fourth quarter of 2019, they provided a customer with commercially exploitable contacts on a one-time basis, with the consideration being paid in instalments over the years 2020 to 2023, as evidenced by 182 invoices. Based on these documents, the tax administrator decided to register the entrepreneur for VAT. The entrepreneur appealed, arguing that this was a one-time transaction and therefore could not be considered an economic activity carried out systematically for the purpose of generating regular income.

The SAC emphasised that a one-time provision of goods or services cannot, in and of itself, be considered an economic activity. The tax authority must examine the actual nature of the activity, not merely the regularity of the income. The key is to **distinguish whether it was a one-time transaction**, the price of which was paid in instalments, **or an ongoing supply of goods or services**.

The SAC further held that **VAT registration must not be effected in a purely formal or automatic manner**; rather, the tax authority is required to assess whether the statutory conditions for registration have actually been fulfilled, and duly address and resolve any inconsistency between the submission of the VAT registration application and the taxpayer's assertion that the transaction constituted a single, one time supply.

According to the SAC, it cannot be concluded beyond a doubt that the entrepreneur provided regular services during the fourth calendar quarter of 2019, nor that the submitted invoices prove that partial services had been performed as of the dates of their issuance. The SAC therefore cancelled the registration decision and remanded the case for further proceedings, as the tax administrator had not conducted any relevant evidentiary proceedings, and thus the claim regarding the one-time nature of the supply had not been refuted.

Case law

SAC: international hire of labour (IHOL) seen as possible indication of order by parent company?

In its recent judgment, the Supreme Administrative Court (SAC) upheld the tax authority's conclusion regarding the existence of control by the parent company, agreeing with the argument that the subsidiary's management consisted predominantly of employees of the parent company posted under an international hire of labour arrangement.

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The SAC has delivered yet another judgment in its established line of case law addressing the presumption of a hypothetical transaction between a subsidiary and its parent company (referred to as order by the parent company). In essence, the court confirmed that an adjustment to the Czech subsidiary's taxable profit under transfer pricing rules may be made even in circumstances where the subsidiary supplies goods or services primarily to third parties and no clearly defined transaction with the parent company exists in relation to its core business—in the case at hand, manufacturing activities.

The tax authority reclassified the subsidiary as a contract manufacturer for the Japanese parent company that had posted its employees under an international hire of labour (IHOL) arrangement to work as managers of the subsidiary. Although the SAC agreed with the taxpayer on certain aspects of the case and partially upheld the appeal, it also commented on the existence of a hypothetical transaction as such, where, on a theoretical level, it agreed with the tax authority's approach.

According to the SAC, the fact that senior management positions were filled through the IHOL scheme weighed particularly against the taxpayer, as did the fact that the subsidiary's executive director was not paid by the subsidiary but by the parent company, which reinvoiced the costs of posted workers and the executive director to the Czech subsidiary without any markup.

The SAC emphasised that, for the purposes of a functional and risk analysis, the decisive factor is the actual performance of decision-making functions and not the formal status (such as the statutory duties attributed to statutory body members), nor the mere existence of an agreement on international hire of labour.

Whilst the SAC emphasised the need to examine the actual performance of decision-making functions, in its assessment it nevertheless concurred with the conclusion of the tax administrator and the regional court, which relied primarily on the formal labour-law relationship of the posted worker with the posting (parent) company as a distinct feature. Paradoxically, given the wording of the judgment, examining the performance of duties appears to be irrelevant to the conclusion on the performance of the function, as this is apparently automatically attributed to the parent company. Among other things, the SAC rejected the subsidiary's argument that the management's

conduct must be assessed from the perspective of due managerial care.

Discrepancy in interpretation

For future practice, this may give rise to a fundamental discrepancy between the interpretation of the concept of ‘international hire of labour’ in the Czech Republic, and how it is commonly understood abroad. This concept is generally addressed through a combination of contracts, namely an international labour hire agreement between two companies, and an employment contract with the posting company. The very essence of the arrangement lies in the fact that, for the duration of their temporary assignment with the host company, the posted worker is the company’s worker: they are on a par with a standard employee, follow the host company’s instructions and act in its interests, as if they were its de jure employee, even though they formally remain in an employment relationship with the posting company. The host company bears not only the financial cost of such a posted worker but also the results of their work, in exactly the same way as for any worker employed under a standard Czech contract.

It is therefore a matter for further administrative practice to determine exactly what the SAC intended to achieve. Whilst for employees on standard employment contracts, it is presumed that they work for their employer in the performance of their duties, and it is the tax authority that must prove otherwise, this presumption does not appear to apply to employees on IHOL contracts. We therefore recommend that companies using IHOL as the standard method of employing staff in managerial positions prepare robust documentation in this area.

Case law

SAC on tax deductibility of expenses for lawyer's lump-sum fee

The lump-sum nature of a lawyer's fee does not in itself give rise to a different or less stringent standard of proof in tax proceedings, the Supreme Administrative Court (SAC) found in its judgment 3 Afs 262/2024–41. It also pointed out that protecting the confidentiality of the attorney-client relationship does not relieve the taxpayer of the burden of proof, nor does it mean that expenses for legal services are automatically deductible for income tax purposes.

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The taxpayer provided administrative, legal and PR services to a group of enforcement officers (bailiffs) and managed and enforced claims on behalf of law firms. As part of this business activity, the taxpayer claimed to have used the legal services of a law firm which, for a sump-sum fee, carried out monitoring and legal research into current legislation, drafted legislative proposals and provided other services. During a tax inspection, the tax administrator questioned the tax deductibility of this expense and requested that the taxpayer provide further evidence of the services received.

During the inspection, the taxpayer provided a contract and accounting records. However, they did not provide the actual outputs, arguing that doing so would violate attorney-client privilege and that the standard of proof for general legal services should be more lenient and commensurate with their nature. Both the tax authority and the regional court held that where the tax authority has specific and substantiated doubts as to the scope and purpose of the services (such as inconsistencies in the invoiced amounts or overly generic descriptions of the services rendered), the mere submission of contracts and accounting documentation is insufficient to demonstrate that the services were in fact provided. The specific nature of legal or public relations services does not, in itself, justify a relaxation of the evidentiary requirements. Consequently, the costs of the legal services in question cannot be treated as deductible expenses for income tax purposes.

The taxpayer filed a cassation complaint against the judgment. The Czech Bar Association (ČAK) also joined the cassation proceedings as an interested party, arguing that the outcome of the dispute would affect the entire legal profession. However, the SAC ruled that ČAK could not be an interested party in the proceedings, as it was not directly affected by the decision in this case and its interest was merely general and professional, rather than individual and immediate.

On the merits of the case, the SAC reiterated that the taxpayer must provide evidence of what services were actually received (including legal services) and how they relate to their business activities. Neither a lump-sum fee nor attorney-client privilege relieves the taxpayer of the obligation to bear the burden of proof. The SAC therefore denied the taxpayer's argument that a lump-sum fee for legal services should be subject to a less stringent standard of proof, particularly where the tax authority had raised specific doubts regarding the scope of the services provided.

The SAC further emphasised that the tax authority's requirement for at least a general substantiation of the content of the legal services and their connection to the taxpayer's income does not (also in view of the non-public nature of tax proceedings) negate the essence of the confidential relationship between client and attorney. This is particularly true for services which, according to the SAC, could not have been of a highly sensitive nature for the taxpayer.

The SAC concluded that, for a lump-sum fee for legal services to be tax deductible, the taxpayer must provide at least a basic description of the services provided and demonstrate their connection to their business activities in terms of both substance and timing.

CJEU: VAT treatment of loyalty points

In its recent judgment in Case C 436/24 Lyko Operations, the Court of Justice of the European Union (CJEU) held that points awarded under a customer loyalty scheme do not constitute "vouchers" pursuant to the VAT Directive where their use is conditional upon making a further purchase. In such cases, the essential characteristic of a voucher is not met, as there is no legal obligation on the seller to accept the loyalty points as consideration for a subsequent supply.

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The subject of the dispute was whether the rules on vouchers as defined by the VAT Directive should apply to loyalty points, which would affect the method of determining the VAT taxable amount. In this case, customers earned points depending on the volume of their purchases, and the points could not be transferred, exchanged for cash or combined with cash payments. Points could only be used on a subsequent purchase of selected goods from the seller's range, which were usually of low value and subject to different VAT rates.

The CJEU emphasised that a voucher is only such an instrument where there is an obligation to accept it as consideration for the supply of goods or the provision of services. This also applies where the voucher specifies the goods to be supplied or the service to be provided, or identifies the potential suppliers.

In the present case, however, loyalty points do not constitute an obligation on the supplier to accept them as consideration, as their redemption is conditional upon a further purchase of goods from the supplier. The fact that the points can only be used in conjunction with a new purchase of goods is therefore crucial for VAT purposes. For these reasons, the CJEU ruled that, in this case, loyalty points cannot be regarded as single-purpose or multi-purpose vouchers within the meaning of the VAT Directive. The points from a loyalty scheme are therefore not subject to the special rules for vouchers, and the taxable amount on their use is governed by the standard rules.

The judgement provides guidance for companies operating loyalty schemes: if points serve solely as a bonus and do not constitute an obligation on the part of the supplier to accept them as consideration for the supply of goods or services, they do not fall under the voucher scheme under the VAT Directive.

In brief

News in Brief, April 2026

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

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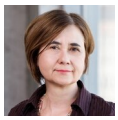

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DOMESTIC NEWS

- The Chamber of Deputies has debated the draft of the new Accounting Act and the related accompanying legislation in the first reading and referred both bills to the relevant committees, which have been granted a 120-day period for consideration. The parliamentary debate indicated broad cross-party support for the draft Accounting Act, and no material changes are currently anticipated. By contrast, the accompanying legislation—most notably the amendment to the Income Tax Act—is expected to be subject to further changes through amending proposals. The announced changes are expected to focus primarily on the newly introduced concept of "tax value", the new concept of finance leases, investments, technical improvements to assets owned by third parties, and transitional provisions. One of the key topics discussed during the first reading was the postponement of the entry into force of both acts until 1 January 2029.

- The Ministry of Finance has published the current EU List of Non-Cooperative Jurisdictions in the Tax Area, as approved by the Council of the European Union, in its Financial Bulletin No. 5/2026, and the Tax Deadlines (Tax Calendar) for 2026 in Financial Bulletin No. 6/2026.

- From 1 April 2026, the Czech Social Security Administration, in cooperation with the Ministry of Labour and Social Affairs, has launched new services on the CSSA's ePortal enabling the submission of single monthly employer reports (JHMZ).

- The Minister of Labour and Social Affairs has proposed an increase in the total amount of the parental allowance to CZK 400,000. The higher allowance would apply to children born on or after 1 January 2027. The proposal has now been submitted to the inter-ministerial comment procedure.

- The financial administration has issued guidance for influencers on what to look out for regarding income tax for 2025.

- On 25 March 2026, the Ministry of Justice organised an expert roundtable on the draft regulation on the EU Inc. as part of the so-called 28th Regime in the European Union, which introduces a harmonised legal form for commercial companies across member states.

FOREIGN NEWS

- The Council of the EU and the European Parliament have reached a political agreement on the reform of the EU customs union. The aim is to respond to growing trade volumes (particularly in e-commerce), an increasing number of standards subject to border checks and a more complex geopolitical situation. A new decentralised European Customs Authority will be established, based in Lille. A new EU customs data centre

will be set up, which will serve as a single online environment for the collection and the analysis of customs data, thereby replacing the existing national IT systems. Businesses will submit customs data only once via a central portal, rather than separately to up to 27 authorities. For e-commerce goods, the centre is set to become operational on 1 July 2028, with the gradual expansion to cover all movements of goods to be completed by 1 March 2034.

- As at 3 March 2026, a total of 28 countries are included on the OECD list of jurisdictions that have signed the multilateral agreement on the automatic exchange of information under the GloBE rules (GIR MCAA, Pillar Two). The agreement provides for the submission of a single information return and the subsequent exchange of returns, including with respect to non-EU jurisdictions.

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