

NEWS

2/2017

Income tax in 2017



Jana Alfery
Tax advisor

Although 2017 is already in full swing, we would like to sum up certain changes related to income tax effective from 1 January 2017. Many of them were, as usual, approved right at the end of 2016.

1. Personal income tax

There have been several positive changes regarding personal income tax. It is to be hoped that legislators will continue this trend.



Alena Křížová
Auditor

Employment tax return

Employees whose annual tax settlement is made by the employer may use the simplified form of income tax return. Everyone who wishes to make use of this option must have income only from “dependent activities” (i.e. employment) from one or more employers. The tax return consists only of 2 pages. Tax-exempt parts of the tax base (i.e. the personal allowance) and tax credits may be claimed in the tax return.

Child tax credit

Child tax credit for the second and third child has again increased in 2017. Below is a comparison of the annual child tax credits applicable in each year:

Number of children/ year	2014	2015	2016	2017
1st child	13 404	13 404	13 404	13 404
2nd child	13 404	15 804	17 004	19 404
3rd child	13 404	17 004	20 604	24 204

2. Corporate income tax

There are no substantial changes to the taxation of corporate income. Modifications mainly relate to the depreciation of fixed assets.



Václavské nám. 40
110 00 Praha 1
www.alferypartner.com

Fax: +420 221 111 788
Tel.: +420 221 111 777
E-mail: info@alferypartner.com

NEWS

2/2017

Depreciation of technical improvement by the financial beneficiary

If a thing is made available for use by another entity on the grounds of a sublease or assignment of a lease agreement, the new tenant should have the option to depreciate the technical improvement. This was not possible under the previous legal regulation. The landlord was obliged to enter the not-yet depreciated parts of the technical improvement as taxable income every time the person of the financial beneficiary changed. Now the landlord should be obliged to do so upon termination of the lease.

Amortization period applicable to intangible assets

The amortization periods of intangible fixed assets are now set as the minimum periods. At the moment the new intangible fixed assets are recorded, the taxpayer may decide to amortize them for a longer period of time. This provision shall apply only for new assets recorded after the act comes into effect. Unlike with tangible fixed assets, the amortization of intangible fixed assets may not be interrupted.

3. Changes to bank accounts for health insurers

Please note that health insurers were obliged to close their accounts with commercial banks by 10 February 2017 and to replace them with bank accounts kept with the Czech National Bank. The change is due to the adoption of the amendment to the Act on Budget Rules promulgated in the Collection of Laws under no. 128/2016.



Václavské nám. 40
110 00 Praha 1
www.alferypartner.com

Fax: +420 221 111 788
Tel.: +420 221 111 777
E-mail: info@alferypartner.com

Warning: All of the above mentioned is of a general indicative nature only and is not comprehensive. The purpose is only to draw attention to the most important points of the amendments and changes. No damage claims for steps made based on the information shall be accepted. If you use information included in this document, you will only do it at your own risk and responsibility. Please do not use information in this material as a base for a specific decision-making. Instead, always use our professional services of qualified experts.