

NEWS

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Proving the origin of property



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The Act on Proving the Origin of Property, amending the Income Tax Act and the Criminal Code, will come into effect on 1 December 2016.

According to this act, the tax administration is entitled to summon every income tax payer for whom the tax administration believes there is a difference between known income and expenditure (consumption or other expenses) exceeding CZK 5 million.

If taxpayers fail to justify the difference, **the tax administration may additionally assess their tax according to the estimated amount of income** the taxpayers would need to have received in order to achieve such an “increase in property”.

In addition to that, a taxpayer is required to pay **a fine** based upon the amount of the estimated tax amounting to:

- a) **50 %** of the estimate if the taxpayer provides assistance, or
- b) **100 %** if the taxpayer’s failure to provide assistance has significantly hindered or prevented the tax assessment.

At the same time, the Criminal Code will be amended. The present punishment for violation of the obligation to make a true statement regarding one’s property (imprisonment for up to one year) will be replaced by imprisonment for between six months and three years or by payment of a fine. The imposition of a ban on certain activity also remains possible.



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Are you a consumer credit broker? Prepare for examinations!



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A new Consumer Credit Act will also come into effect on 1 December 2016. This act extends the obligations imposed upon consumer credit providers and brokers that may remain hidden to persons not involved.

Persons that have provided or brokered consumer credits prior to 1 December 2016 based on trading licences and intend to continue with this activity have to file a license application with the Czech National Bank as soon as possible. The Czech National Bank shall decide whether to grant the license based on the application received and these administrative proceedings may take up to 15 months.

The documents sent with the application should include a certificate proving that the person has passed a special examination with an accredited body. Everyone who provides or brokers consumer credits or who represents an entity which does this should fulfil the obligation to prove professional qualifications. Please note that this obligation applies but is not limited to:

- persons **in an employment relationship** with a consumer credit provider or broker,
- members of the statutory body or the management board of a consumer credit provider or broker,
- **authorized representatives** who directly participate in or are responsible for providing or brokering consumer credits.

If your company provides or brokers consumer credits, all the above persons should pass the special examination and present the required documentation as soon as possible in order that the applications can be filed with the Czech National Bank within the deadline of **28 February 2017**.

The reason you need to do this is to avoid suffering from restrictions on the authorisation to provide or broker consumer credits pending the Czech National Bank's decision on granting the licence to provide consumer credits.



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