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Reduction in the fine for the late filing of tax documentation

If taxpayers fail to meet the deadline for the submission of their tax return, tax statement or tax declaration, they are fined by the tax authority. For example, the fine for a late tax return amounts to 0.05 % of the indicated amount of tax or excess tax deduction for each day of delay, up to a maximum of 5 % but no more than CZK 300 000.

Since 1 January 2014, the fine has been cut to half of the previous amounts if both of the following requirements are met:

- a) The taxpayer submits its late tax claim within 30 days of the submission deadline.
- b) Within the respective year, the tax authority does not detect any other delay by the taxpayer, including delays of up to five working days which are not subject to tax authority fines.

The taxpayer does not have to apply for a reduction in the penalty as the tax authority adjusts for this amount automatically.

To complete the picture, it should be noted that the manner of assessment and the amounts of late payment fees and late payment interest remain unchanged.

Increased sanctions for failure to deposit financial statements in the collection of documents

Financial statements are to be submitted to the tax authority along with the tax return. At the same time, financial statements are to be deposited in the collection of documents kept by the competent registry court. Such a court is entitled to fine the entity for any failure to fulfil this obligation.

Until 31 December 2013, a registry court could repeatedly impose a fine for the failure to deposit documents upon request in an amount of up to CZK 20 000. Since 1 January 2014, these sanctions have increased. If a business corporation does not follow the call of the court to submit documents, the court can impose a fine of up to CZK 100 000.

In cases of a repeated breach of this obligation or where such a failure may have serious implications on third parties and there is a legal interest therein, the court may open proceedings to dissolve the business corporation with liquidation. The court is, however, obliged to warn the taxpayer of this fact and set a reasonable period of time to remedy such defects.

The increased sanctions mentioned above also apply to the other documents to be deposited in the collection of documents. As before, the competent tax authority may also impose a fine for the failure to deposit documents in the collection of documents, up to the sum of 3 % of its asset value.

Should you require more detailed information, please feel free to contact us.

Václavské nám. 40, 110 00 Praha 1

Fax: +420 221 111 788

Tel.: +420 221 111 777

E-mail: info@alferypartner.com

www.alferypartner.com

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