

## CHECKLIST FOR A 2013 TRADE LICENSE INCOME TAX RETURN

Please bring all documents on this checklist and fill in the XLS questionnaire; it will greatly simplify the preparation of the Tax Return.

### YOUR PERSONAL DATA:

-copy / scan of passport

-copy / scan of visa / residence permit / **rodne cislo** with clearly readable address in Czech Republic

-copy / scan of the agreement of your bank account (else the tax office will not refund money)

*Note: it needs to be a **normal account (bezny ucet) in CZK** – savings account (sporici ucet) or not in CZK is not acceptable.*

-nice to have: -copy / scan of the current rental / purchase contract of your czech address and a copy / scan of your previous tax return,

*Why: for checking your address and Tax ID – many people do not have no Tax ID (not registered at all) or do not notify a move (registered at the wrong tax office).*

*In both cases we will (re)register you at the tax office and need the contract.*

### YOUR TRADELICENSE INCOME (EVEN WITH 0 INCOME / BUSINESS ACTIVITIES):

-sales invoices issued in 2013 (also the ones that have not been paid yet, or will be paid in 2014)

-bank statements of the business account (no printed out web pages, only pdfs or scans of paper statements)

-overview of social monthly payments (you have received this by mail in January)

-overview of health monthly payments (if applicable, you have received this by mail in January)

-in case you are not registered at tax / social / health: the rental contract of your czech address + agreement of your CZK bank account

*Why: we will have to register you before we can file the tax return, social- and health overview.*

### IN CASE OF (PARTIAL) EMPLOYMENT IN CZECH REPUBLIC:

-**original paper (or notarized copy) annual overview of received salary (of each employer, signed and stamped by employer)**

### IN CASE OF (PARTIAL) EMPLOYMENT ABROAD:

- **original paper (or notarized copy) annual overview of received salary (of each employer, signed and stamped by employer)**

-annual overview of paid social charges and health charges **both** employer's part and employee's part

*Why: this information is **not** on the above mentioned annual overview – we need the **employer's** contributions as well as the **employee's** contributions,*

*since for the Czech income tax calculation we need to know how much the employer paid on top of your gross salary.*

-at least one monthly payslip (can be a copy)

### IN CASE OF CAPITAL GAINS:

-In case the bank will withhold taxes it will show on the bank account, and these taxes we do not have to declare again. In case the bank does not do this, we will need of these accounts (also foreign) the annual overview of received interests (or all bank statements, so we calculate the interests)

-documents / overviews of shares / dividends / other capital gains

### IN CASE OF RENTAL INCOME IN CZECH REPUBLIC:

-proof of rental income (rental contract + bank statements) + vypis katastru of the rented out property,

*Preferred: an annual overview in XLS of received rent and received deposits for utilities (indicate also the months there was no rental income),*

-proof of expenses for the rented out property (in case expenses are more than 30% of the rental income),

*Preferred: an overview in XLS of expenses for the rented out property (only in case they are over 30% of the rental income, if lower than we take the standard deduction of 30%)*

### IN CASE OF OTHER (FOREIGN) INCOME (NOT MENTIONED ABOVE):

-agreements, contracts, bank statements or any other document proving that income

### IN CASE OF MARRIAGE / CHILDREN:

**-Are you married? If no, skip this step**

**If yes: Did your spouse earn more than 68.000 CZK in the previous year? If yes: skip this step**

**If no:** -copy of passport, visa / residence permit and marriage certificate (oddaci list) of spouse

*Only in case at least half of your income is from employment and / or for the trade license income the 60/40 rule is \*not\* used (see last page),*

*you are entitled to claim a tax benefit for her / him of +/- 23.000 CZK (amount depends on the year)*

**-Do you have children max. 18 yrs old, living in your household? If no, skip this step**

**If yes: Did your spouse claim the tax benefits for the children? If yes: skip this step**

**If no:** - copies of passport, visa / residence permit and birth certificate (rodne list) of each child

*Only in case at least half of your income is from employment and / or for the trade license income the 60/40 rule is \*not\* used (see last page),*

*you are entitled to claim a tax benefit for each child of +/- 11.000 CZK (amount depends on the year)*

If you are entitled to tax benefits, **your spouse will have to sign a statement** in Czech (we provide a template)

### IN CASE OF A MORTGAGE AND/OR LIFE INSURANCE:

-the **original paper overview (or notarized copy)** of paid mortgage interests for all properties and/or

the **original paper overview (or notarized copy)** of paid life-insurance

*The bank has sent a paper statement to you in January. We need **the original**. **Bank statements instead of the statement are not acceptable.***

-the **original paper agreement (or notarized copy)** with the bank and/or life insurance company

*Only the first year, for later years the copy is enough.*

### IN CASE OF GIFTS / DONATIONS

-the original paper from the receiver (**stamped and signed by the receiver**)

Paid mortgage interests, life insurance and gifts are deducted from your taxable income, according to rules that change every year.

### IN CASE OF A COMPANY CAR:

-register your company car at the tax office and file a road tax return – deadline is 25.1.2013!

### IN CASE OF CROSSING 1.000.000 CZK TURNOVER IN 12 MONTHS:

-obligation to register for VAT at the tax office and file monthly VAT returns.

**QUESTIONNAIRE**

Alexio provides a questionnaire for the income tax return - it helps both you and us to keep track of your income and changes in 2013. We kindly request you to return the XLS document as XLS, and not as PDF, so we can import the data into our system.

**Important final words:**

- The so-called **solidarity income tax**, an additional 7% on top of the regular 15% only applies for employee salaries over 100.000 CZK / month, and only for par. 7 income that is \*not\* trade license income. For example lawyers, notaries and sportsmen will be affected by the 7% solidarity tax if their income is high enough, but regular self-employed persons on a trade license are \*not\* affected by this rule, and still will pay 15% income tax.
- Self-employed persons on a trade license **by default cannot not claim the tax benefits** that they used to. This means that the personal tax deduction, non-working spouse tax deduction and deductions for children cannot be used \*unless\* at least half of the income comes from par. 6 employment and/or the 60/40 rule is not used for the trade license income (but instead the real expenses, which in most cases increases the tax base). Therefore in each individual case needs to be determined what is more beneficial: 60/40 rule without tax benefits, or real expenses with tax benefits.
- CZ employers usually do not file a tax return for personnel (they are not obligated) and therefore they miss out on tax benefits. Everybody is entitled to a **personal tax deduction of +/- 24.000 CZK** (provided that the person is tax resident in CZ), and there are more deductions for wife, children, mortgage, life insurance etc. Therefore it pays off to file personal income tax returns for the personnel and director(s).
- Even if you did not file a tax return for 2010, 2011 and 2012 **we can still claim the lost benefits by filing for these years.**
- You are supposed to file your **global income**, not only the income you have made in Czech Republic.
- The tax year is from the 1<sup>st</sup> of January till the 31<sup>st</sup> of December, **the deadline for filing / extending is the 31<sup>st</sup> of March.**
- If you never filed a tax return or moved during the year we need to **(re)register you at the tax office**, this is charged separately.