



# PS NEWSLETTER

PS Prague, Issue Nr. Q1 2013

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## CHANGES IN 2013

Effective from 1.1.2013 two important sets of legislation were published in the Czech Collection of Laws. The first is Act No. 500/2012 Coll., about changes of tax, insurance and other acts in relation to reduction of public budget deficits and the second Act No. 502/2012 Coll., that is amending the VAT Act.

### I ACCOUNTING AND TAXES

#### VAT – rates increased

Effective from 1.1.2013 for the period from 2013 to 2015 both VAT rates are increased to 21% and 15%.

#### Taxable period for VAT payers

Basic taxable period for all tax payers is calendar month. Quarterly taxable period is available only for tax payers whose turnover does not exceed CZK 10 million and who meet other conditions. A notification about applying quarterly taxable period shall be sent to the tax authorities not later than by the end of January of the relevant calendar year.

#### Joint liability for VAT and “unreliable supplier”

Customer newly becomes jointly liable for unpaid VAT from a supply in case that the supplier is listed as “unreliable supplier” or in case that the payment for the supply is made to a bank account that is not published by the tax authorities.

VAT payers are obliged to inform the tax authorities about all bank accounts used for business activities within 2 months of the new law being effective, i.e. by 28.2.2013. Those VAT payers will be considered “unreliable suppliers”, who materially breach the VAT administration rules. List of “unreliable suppliers” as well as bank accounts will be published by the tax authorities in March 2013.

#### New bank accounts for the payment of taxes

Following the change of the organisational structure of the tax authorities, bank account numbers for payments of taxes were changed. Payment of taxes made after 1.1.2013 shall be made to the new bank accounts. The codes of accounts by individual taxes and the bank code remain unchanged.

New bank account numbers can be found on the [website](#) of the tax administration and in our recent [PS Newsletter Q4 2012](#).

#### New invoicing rules

Invoices for exempt supplies shall include reference to a particular provision of the legislation providing for the exemption.

Invoices for reverse charged supplies shall include the note “Reverse charge”.

Invoices that are issued by the customer based on a power of attorney shall include the note “Self-billing”.

Simplified invoices can newly be issued in case of any type of payment provided the price of the supply is lower than CZK 10 thousand.

#### Changes in business travel allowances

Domestic daily meal allowances are increased, mileage decreased and average fuel price increased. Foreign daily meal allowances also change.

#### Other changes

Some other changes were described in our recent [PS Newsletter Q3 2012](#).

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## II PAYROLL AND PENSIONS

### Progressive personal income tax, obligation to file tax return

New "solidarity surcharge" will be imposed on high earners. The new tax will be applicable on income from employment as well as independent activity of persons whose income exceeds 48 times the average salary (monthly more than CZK 103.500). The excess income will be subject to the flat tax rate plus 7% (i.e. 22% instead of 15%). Employees who will be subject to the solidarity tax will newly be obliged to file tax return irrespective of meeting other conditions.

### Cancellation of tax credit for employed pensioners

Based on the current wording of the legislation, a person receiving retirement pension from the public system as of 1 January cannot apply the basic personal income tax credit in the relevant taxable period.

### Cancellation of ceiling on public medical insurance

The ceiling on contribution to the public medical insurance has been cancelled for the period from 2013 to 2015. The ceiling on contributions to social security remains applicable.

### Pillar II of pension reform – employers obligations

Employees who wish to sign up for the pillar II of the pension system shall notify their employer. Those currently older than 35 years can opt for the pillar II only by 30.6.2013. Following the notification from the employee, the employer shall change the deduction of social security contributions (reduce from 6,5% to 3,5%) and introduce deduction of the pension insurance (5%). The pension insurance deduction will be paid to a particular fund the employee chooses.

### New tax forms

New forms were published following the changes in legislation, e.g. "Declaration of payer of income tax from dependent activity" and "Overview of social security contributions".

New forms for 2013 can be found on [website](#) of the tax administration.

## III PUBLICATIONS

Ideas for "Reducing personal and payroll costs" can be found in an article, whose author is our colleague Jana Kovařovičová, and which was published under the same title by Linde publishing house in their 12<sup>th</sup> issue of the magazine 'Personální a sociální právní kartotéka'.

The purpose of our newsletter is to provide general information and to draw the attention to the current changes in law which we believe to be important for the business operation of our clients. It is not a replacement for careful review of the acts and rules and the consultation with your advisor. © Copyright 2012, Process Solutions – All Rights Reserved.

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