

## NEWSLETTER 10/2016

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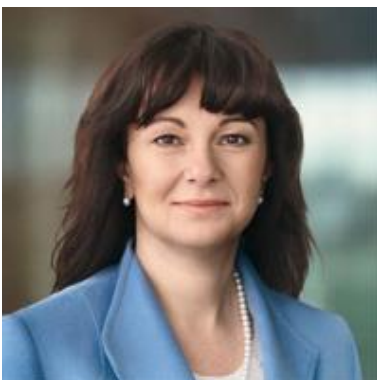
### 1. Taxpayer of Real Estate Acquisition Tax Changes

On 5 August 2016, an amendment of the Real Estate Acquisition Tax Act effective as of 1 November 2016 was published in the Collection of Laws. The decisive date for the implementation of the amended wording is the day on which the tax liability arises. Therefore, the new amendment will apply to transactions where the legal effects of the property ownership change take place on or after 1 November 2016.

The main change is the change of the person of the taxpayer. At present, it is the seller who is regarded as the taxpayer in cases of standard purchase agreements, unless the parties explicitly agree otherwise. However, as of 1 November 2016, the choice of the taxpayer will be abolished and it will be always the acquirer of the property who is to be regarded as the taxpayer.

Following the above, the institute of the tax guarantor, which currently applies to the acquirer in cases where the seller is regarded as the taxpayer, will be abolished as well.

Should you have any questions regarding the issues above, please do not hesitate to contact Jana Skálová, e-mail: [jana.skalova@tpa-group.cz](mailto:jana.skalova@tpa-group.cz).



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### 2. Electronic Records of Sales

On 1 December 2016, a new sales reporting system will be launched in the Czech Republic. The main purpose of the electronic records of sales is for businesses to report their cash sales directly to the tax authority via an online system. Technically, the tax payers' cash registers will be connected to a server of Ministry of Finance ("MF") and will exchange information about sales in real time. The MF server will provide a unique transaction code, which will have to be printed at each receipt from the cash register.

This obligation will apply to all business entities subject to income tax in the Czech Republic which receive payments for their goods or services via means other than a wire transfer (e.g. cash, a credit/debit card, a check, meal tickets etc.). The table below shows the starting dates per commercial sectors.

#### Phases of Electronic Records of Sales

Phase	Starting as of	Applicable to
1 <sup>st</sup> phase	1 <sup>st</sup> December 2016	accommodation and catering services
2 <sup>nd</sup> phase	1 <sup>st</sup> March 2017	retail and wholesale
3 <sup>rd</sup> phase	1 <sup>st</sup> March 2018	other activities except those included in the 4 <sup>th</sup> phase, for example freelancers, transport, agriculture
4 <sup>th</sup> phase	1 <sup>st</sup> June 2018	selected crafts and production activities

We would like to draw your attention to the fact that the system of electronic records of sales does not affect only entities using cash payments on a daily basis (e.g. restaurants, hotels or retailers). The system includes also any entity which receives cash payments or prepayments occasionally – for instance an occasional cash payment for rent, for goods, for parking etc.

It is therefore high time to find out whether the obligation to report sales in this new system applies to you and what administrative obligations it will entail for your business. Should you need any assistance, we would be pleased to provide you with our services in this area.

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Should you have any questions regarding the issues above, please do not hesitate to contact Jana Jirmásková, e-mail: [jana.jirmaskova@tpa-group.cz](mailto:jana.jirmaskova@tpa-group.cz).



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### 3. New Criteria for an Obligatory Audit

In accordance with the amendment to the Accounting Act effective as of 1 January 2016, accounting entities in the Czech Republic are divided into 4 categories: micro, small, medium and large companies. The entities are divided into these categories based on their total assets, total turnover and average number of employees.

The criteria relevant for the initial classification of the companies are based on the financial statements for 2015. A company is classified into such a category for which it meets at least 2 out of 3 criteria as specified below. An entity changes its category if it meets criteria for another category for two consecutive periods.

The relevant criteria are shown in the following table:

Accounting entity	Total Assets (in CZK)	Annual turnover (in CZK)	Average number of employees
<b>Micro</b>	< 9 M	<18 M	<10
<b>Small</b>	<100 M	< 200 M	< 50
<b>Medium</b>	< 500 M	< 1 M	< 250
<b>Large</b>	> 500 M	>1 M	> 250



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Newly, the financial statements of large and medium companies are always subject to an obligatory audit, whereas the financial statements of micro companies are not. The criteria for an obligatory audit have remained generally unchanged only for small companies. However, it is also worth mentioning that the computation of criterial values as above has also been slightly altered by the amendment.

Should you have any questions regarding the issues above, please do not hesitate to contact Radek Stein, e-mail: [radek.stein@tpa-group.cz](mailto:radek.stein@tpa-group.cz).



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### 4. TPA Team at EXPO REAL 2016

As in the previous years, the TPA real estate taxation experts will attend the trade fair EXPO REAL held in Munich from 4 October to 6 October 2016. Europe's largest B2B trade fair for property and investment is synonymous with networking, market orientation and valuable business contacts. On a floor space of 64,000 square metres in six halls, more than 1,700 exhibitors will be presenting their assortment in the real estate sphere. The participants at EXPO REAL represent the entire scope of the real estate industry.

We look forward to welcoming you at EXPO REAL, jointly with Baker Tilly Roelfs. We will be pleased to meet you at our stand in hall B2, stand 131. To arrange individual appointments, please turn to your personal contact at TPA or send an e-mail to: [service@tpa-group.at](mailto:service@tpa-group.at).

For further information regarding the fair, please refer to [www.exporeal.net](http://www.exporeal.net).



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Kind regards

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