

Direct tax system – personal income tax (basic examples)

Example 1.

Johan is Austrian entrepreneur with permanent residence in Vienna. From January to April 2016 Johan conducted some entrepreneurship in the Czech Republic. What tax residence does he have and how his incomes received from entrepreneurship in the Czech Republic should be treated from the tax perspective?

Example 2.

Josef is Czech entrepreneur (his business is buying and selling of goods). In November 2016 he sold to a local pub two boxes of vegetables. For this supply Josef did not receive any consideration except possibility to arrange a Christmas party for his employees at that pub for free. Josef and the owner of the pub arranged mutual offset of trade receivable and trade payable. How this supply of vegetables should be treated from the tax perspective?

Example 3.

In May 2014 Jakub purchased a new flat for CZK 1,750,000 where since that time and till the end of 2015 he had his residential address. In January 2016 he decided to buy an older house and he sold his flat for 2,000,000 CZK. For buying a house Jakub used 1 500 000 CZK from the money he received for sale of his flat. How will be the revenue from the sale of flat treated from the tax perspective if this flat was sold in January 2016?

Example 4.

On April 14, 2015 Veronika bought a car for 158 000 CZK (for personal use) and sold it on February 20, 2016 at a price of CZK 100 000. How will the revenue from the sale of car be treated from the tax perspective?

Example 5.

Vladimir is entrepreneur since 2013 with the following results:

- 2013 - loss from independent activities in amount of 290 000 CZK
- 2014 - profit from independent activities in amount of 170,000 CZK (loss from the 2013 was claimed in amount of 50 000 CZK)

Till when (which year) the latest can Mr. Novak claim the remaining part of the loss from 2013?

Example 6.

Petr is entrepreneur. He has two accounts in the Czech Savings Bank (Ceska spořitelna): (1) current business account; and (2) private savings account. Business account was credited by the bank with interest in amount of CZK 1,500 and private savings account was credited by the bank with interest in the amount of CZK 900. Which interest – from business account or private account or both – should be reported by Petr in his annual tax return?

Example 7.

Marketa prepares her friend's son for university entrance tests from mathematics. For this work her friend paid her 5,000 CZK. How should this income of Markets be treated from tax perspective?

Example 8

Pavel lives with Katerina but they are not married. They live in a common household with Katerina's child from her previous marriage, Lukas, and with the couple's own common child, Frantisek. Frantisek attends a kindergarten. In 2016, the annual expenses paid to the kindergarten amounted to CZK 9,000. Katerina does not work but received a CZK 70,000 parent subsidy in 2016.

What is the total amount of tax credits which Pavel can claim in 2016?

Example 9

In 2015, Juraj had the following income:

- employment income of CZK 420,000;
- occasional income from independent services of CZK 111,000, for which he uses lump sum expenses of 60%;
- CZK 12,000 from a contract on work done paid in June 2015

What are the amounts of social security insurance and health care insurance premiums which will be paid by Juraj on his employment and social security premiums paid from business activity?