



TPA Newsletter, Special Edition 3/2021

1. “Postponement” of deadlines for filing tax returns – a general pardon

We would like to inform you that a general pardon was declared in Finanční zpravodaj (Financial Newsletter) 16/2021, enabling one to file (without penalty in the form of a fine for overdue tax statements) individual and corporate income tax returns (if the tax period is the calendar year)

- by 3. 5. 2021 where filing the return in “paper” form is at issue or, more precisely,
- by 1. 6. 2021 where electronic filing is at issue.

This is not only an extension of the deadline in the legal sense of the word, but also a pardon on penalties for late filing of income tax returns and interests for late tax payment due to special events if income tax payment for the 2020 tax period is likewise made within the above-mentioned terms.

The stated general pardons also contain numerous other flat “postponements”, e.g. for notifying exempt incomes in individuals for the 2020 year, where filing a notification by 3. 5. 2021 (in the event of filing a return in “paper” form), or more precisely by 1. 6. 2021 (in the event of electronic filing), is the condition for granting the pardon.

In the case of self-employed persons (OSVČs) – at least for the time being – these general pardons thus have no influence on the terms for filing social and health insurance overviews. They also have no influence on waiving rights for future application of a tax loss pursuant to Section 34 para. 1 Income Tax Act, which has to be done within the legal term.

The March general pardons connect with the preceding general tax pardons which, for instance, enable filing real estate tax returns for 2021 or road tax returns for 2020 by 1. 4. 2021.

2. Pardoning VAT for supply of listed goods

The Ministry of Finance has followed up on the current pardon of VAT pursuant to the Minister of Finance’s ruling on VAT pardoning due to special events, made public in Finanční zpravodaj No. 8/2021 on 1. 2. 2021, about which we had already informed you in our Newsletter No. 3/2021.

If an obligation arises to declare VAT in the **period from 4. 4. 2021 to 3. 6. 2021** (pursuant to Section 20a para. 1 and 2 VAT Act or pursuant to Section 21 VAT Act) with reference to supply of:

A) filtration half-masks and respirators (if the producer has designated them for user protection), which have been placed on the market pursuant to legal regulations, which are among category III personal protective mediums pursuant to European Parliament and Council (EU) Directive 2016/425 and which fulfill protection parameters of at least FFP2 or have the same or higher filtration efficiency (*these masks can, but do not have to be equipped with an exhalation vent; they will, however, be only half-masks or respirators which fulfill*

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FFP2 protection class conditions and higher or, as the case may be, a protection class according to other norms, but which have the same or higher filtration efficiency).

B) respirators (always without an exhalation vent), if they have been designated by the producer both to protect users (*wearers*), and their environment (including patients), which have been introduced into the market pursuant to legal regulations and if they are at the same time a) a category III personal protective medium pursuant to European Parliament and Council (EU) Directive 2016/425 and b) a risk class I medical medium pursuant to Council Directive 93/42/EEC or pursuant to European Parliament and Council (EU) Directive 2017/745.

C) filters or other accessories for filter half-masks and respirators pursuant to A) and B) (*this is a confirmation that these accessories also fall into the set of goods in which VAT had already been pardoned on the basis of the Minister of Finance's ruling on pardoning VAT due to special events, made public in Finanční zpravodaj No. 8/2021*),

VAT connected with supplying these goods is pardoned.

The Minister of Finance resorted to the stated measure in connection with the recommendation to use respiratory tract protective mediums with higher filtration efficiency. The Ministry of Finance, in ruling on the division of face masks, has drawn from Council material for the coordination of support of strategic technologies and products at the Ministry of Industry and Trade. This is why the VAT pardon does not relate to medical face masks nor, further, to face masks for the public which include various forms of domestically-sown masks or commercial masks made from cotton or other textiles or materials such as paper.

In the case of the above-defined goods, the VAT payer states the value (tax base) of these goods on line No. 26 of the tax return. VAT is in the given case excused also from ancillary expenses connected with supplying these goods, which are included in the tax base. If the payer has accepted taxable supply which it has used or uses for the purposes of supplying the above-specified goods (connected, for instance, with production, transport, sale of respirators), then it is entitled, on assumption of fulfilling other conditions pursuant to the VAT Act, to a VAT rebate from this supply.

It still applies that if the VAT payer, in connection with supplying the above-mentioned goods in the period from 4. 4. 2021 to 3. 6. 2021, nevertheless enters VAT on an invoice, it will be obliged to declare this VAT as the person who produced the invoice and stated VAT on it pursuant to Section 108 para. 4 letter f) VAT Act. The recipient (customer) of these goods will not, however, be able to claim a VAT rebate on the basis of an invoice produced in this erroneous manner. A supplier (VAT payer), who has mistakenly entered VAT on the invoice will, however, be able to correct such an invoice pursuant to Section 43 VAT Act.

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In closing, we draw attention to the fact that the pardon does not relate to VAT in which an obligation has arisen to declare it, e.g. due to purchase of goods from another member state (pursuant to Section 25 VAT Act) or due to import of goods (pursuant to Section 23 VAT Act).

3. Quarantine allowance “izolačka”

From 1. 3. 2021 to 30. 4. 2021, employees are eligible for a special allowance during quarantine (isolation) by order. The employer pays them the allowance. The employer deducts these allowances from social security insurance and the contribution to the state employment policy.

The allowance is determined for an employee who has been under quarantine (isolation) by order after 28. 2. 2021 and for whom, pursuant to the Labour Code, a claim has arisen, due to quarantine by order, for compensation of salary, payment or remuneration from agreements for work performed outside of employment status (hereinafter to be referred to as “income compensation”). The allowance, however, is not determined for employees who have been ordered to go into quarantine (isolation) during a period within 5 days after returning from abroad (with the exception of work or business trips).

This applies for all employees who were ordered to go into quarantine or isolation due to an infectious disease (covid-19 or other), and this over a period of the first 14 calendar days.

If employees were ordered to go into quarantine or isolation prior to 1. 3. 2021, they will be eligible for the allowance as of the effective date of the Act, i.e. as of 5. 3. 2021.

Employees do not have to request “isolation”, they will get it automatically. They only have to notify their employers as to the quarantine or isolation order and have an eNeschopenka (“eSicknote”) compiled by their doctor (for quarantine or correct diagnosis of illness).

The employer itself deducts the salary compensation allowance from the mandatory social insurance payment. The deduction has to be made within 3 calendar months from the end of the employee’s quarantine.

The allowance is exempt from individual income tax, which is why it is also not included in the employee’s basis of assessment for insurance contributions.

4. The Antivirus Program

The Antivirus Program has been extended to 30. 4. 2021, but only for those employers who accept changes stemming from Cabinet Resolution No. 186/2021.



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Certain conditions, for which allowances are granted, have changed; see below. These changes will be implemented into agreements closed after 28. 2. 2021 – in the form of a supplement to the agreement. This will be generated by the pertinent web application. In the event that the written supplement taking into account the stated changes is not closed, the expense eligibility period will have ended on 28. 2. 2021. An employer who newly enters into the program is to close with the Labour Office of the CR a written agreement in which the pertinent changes will be implemented.

The subject of the change is an increase in the limit of the maximal support amount provided in the context of Program A Plus (newly to a maximum of CZK 50,000/monthly/employee), and this where allowances provided for the months of February onwards are at issue.

As of March, the allowance can be provided only for an employee whose employment status has lasted for at least 3 months on the submission date of the statement.

Another change is the broadening of the circle of reasons for the rise of work obstacles for which an employer is eligible for an allowance in regime A or A Plus (e.g. the passing of the pandemic law).



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This Newsletter is a service of TPA

Kind regards

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