



Praha

Martin Kováč
Hybernská 32
110 00 Praha
Tel: +420 221 111 611
Email: mkovac@bakertillyczech.cz

Brno

Lucia Rábllová
Česká 17
602 00 Brno
Tel: +420 542 425 823
Email: lrablova@bakertillyczech.cz

Tax Administration News |

**Final Form of the Specialized Tax Office
New Double Tax Treaties**

| 1. Final form of the Specialized Tax Office

As we have mentioned several times in our previous Tax Alerts, from 1 January 2012, selected businesses will be exempt from the sphere of action of their local tax authorities and subsequently will be shifted under the authority of a so-called Specialized Financial Office, also known as “super-office”.

All legal persons established for the business purposes with turnover exceeding the amount of 2 billion Czech crowns will come under the scope of action of the “super-office”. Furthermore, banks, saving banks, credit cooperatives, insurance as well as reinsurance companies, etc. This office will be appropriate also for members of group in accordance with the VAT Act provided that at least one of its members is an entity defined in the previous sentences. It is important to mention that personal scope of authority of the office may be extended if it is useful or if performance of tax administration requires extraordinary knowledge.

Transition of selected entities under the “super-office” will be implemented continuously, according to the information of the Czech tax administration in the course of first six months of the year 2012. All relevant entities should be aware of this fact by the letter from the General Financial Directorate.

The law does not answer the question of how the change of the tax administrator will be solved as regards procedures already initiated which are still in progress at the moment of the change. In principle, these procedures should be finished by the currently appropriate tax administrator. However, it is possible that such a procedure will be shifted to the new tax administrator depending on its type and phase.

| 2. Tax agreements ratified by the Chamber of Deputies

At the beginning of the year 2012, the Chamber of Deputies ratified some of international tax agreements which were signed in the year 2011. As the most important of these agreements appears double tax treaty with Denmark which governs - beside others – basic form of cooperation between the appropriate authorities of contracting states, allows exchange of information in relation to all and any taxes and therefore helps in coordinating the fight against tax evasions and frauds. However, equally important are the agreements on information exchange in tax matters with Bermuda and the Island of Jersey. Both these countries have so far been considered as so-called tax havens. Due to this document, Czech tax authorities are able to verify if income or assets of the Czechs and Czech companies that are residents of contracting states is properly taxed.

