

Press Release

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Deloitte: Czechs will Spend 169 Days Working to Pay Taxes as this Year's Tax Freedom Day Falls on 17 June

Prague, 7 February 2017 – This year, tax payers in the Czech Republic will spend 169 days working to pay taxes, which is the same amount as last year. According to Deloitte, Tax Freedom Day will fall on 17 June 2017. Approximately the same as in the Czech Republic will apply to the Netherlands, Portugal and Germany. Tax payers will have to spend the most days paying taxes to the government in Belgium and Luxembourg, while the fewest in Bulgaria and Romania.

"The tax system has not undergone any major changes this year. Tax rates remain unchanged in 2017. As for partial modifications, the amount of tax receipts, or the total tax burden, will be affected by the increase in the tax benefits for the second, the third and every other child, and the increase in the relief for placing a child in a nursery school (referred to as the 'nursery tax credit')", explains David Marek, Deloitte's Chief Economist, adding: "The increased minimal salary will result in an increase in the lower limit of income for the entitlement to a tax bonus to arise. Given the increased minimal salary, the aggregate amount of exempt pensions has also been automatically adjusted."

Compared to last year, the tax relief limit for placing a child in a nursery school or a similar facility has also increased. According to Deloitte, this year's most significant change from the perspective of overall tax collection is the extension of the electronic sales records. *"This measure should compensate for the effects of the above stated tax system parameters, with Tax Freedom Day thus remaining the same as last year,"* says David Marek.

Taxes in Practice: Increased Administrative Work, Tighter Reviews and Frequent Changes to Legislation

"The every-day practice, various surveys and training lead us to perceive that payers do feel the effects of the increased tax-related administrative work arising from the new obligations – be it on account of last year's introduction of Local Sales/Purchases Reporting ('kontrolní hlášení') or the preparation for the electronic sales recording. There have also been a series of cases where the tax authorities changed their approach to assessing information and subsequently to the course of the tax reviews. While previously they focused on individual items, lately they have been assessing the overall economic and tax situation of the tax payers based on a more detailed analysis of the tax return," notes Radka Mašková, a Director at Deloitte's tax function.

Although the Czech tax system is generally the same as in other EU countries, a certain level of tax uncertainty still persists among tax payers, which is due to frequent changes in tax legislation.

"Laws are often approved at the last moment, with no time to think about the practical impacts of individual changes. What is more, in the years to come various other measures adopted by countries as part of the fight against tax evasion (namely the BEPS project) will need to be reflected in the Czech tax legislation. Significant changes are thus expected in respect of international taxation, for which tax payers will have to prepare themselves well," adds Radka Mašková.

Tax Freedom Day

Tax Freedom Day is a simple and easily comprehensible demonstration of the tax burden in the economy. The method used for calculating the date of Tax Freedom Day divides the year into two parts, in a ratio corresponding to the proportion of total taxable income to net national income.

The number of days for which tax payers in the selected countries of the EU need to work in order to pay taxes to the government and the date of Tax Freedom Day

Country	Number of days	Tax Freedom Day
Bulgaria	122	2 May
Romania	125	6 May
Switzerland	127	8 May
Lithuania	129	10 May
Cyprus	138	19 May
Latvia	140	20 May
Poland	143	24 May
Malta	147	28 May
United Kingdom	150	30 May
Estonia	151	1 June
Spain	155	4 June
Slovakia	156	6 June
Ireland	159	9 June
Norway	162	12 June
Croatia	163	13 June
Netherlands	166	16 June
Portugal	168	17 June
Czech Republic	169	17 June
Germany	172	21 June
Iceland	173	23 June
Greece	175	24 June
Slovenia	175	25 June
Hungary	182	2 July

Country	Number of days	Tax Freedom Day
Sweden	187	7 July
Italy	194	14 July
Finland	197	16 July
Austria	198	17 July
France	209	29 July
Denmark	210	29 July
Belgium	212	31 July
Luxembourg	272	29 September

Source: Deloitte, February 2017 calculation

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