



VÝROČNÍ ZPRÁVA  
ČESKÉ DAŇOVÉ SPRÁVY  
ZA ROK 2012  
ANNUAL REPORT  
OF THE CZECH TAX ADMINISTRATION  
IN 2012



FINANČNÍ SPRÁVA

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ANNUAL REPORT OF THE CZECH TAX ADMINISTRATION IN 2012



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# PREFACE BY THE DIRECTOR GENERAL

# 1

From the perspective of the Czech Tax Administration, the year 2012 was primarily the period of modernization and preparation for the major reform of the organizational structure of the Tax Administration. The most significant milestones of the year included the creation of the Specialized Tax Office, preparation for an extensive reorganization as a result of the passed Act on the Financial Administration of the Czech Republic as well as implementation of the single collection point.

The organization, position, factual and territorial scope of the Tax Administration bodies were in 2012 regulated by the Act on the Territorial Financial Authorities. The three-level organization of the Tax Administration in the Czech Republic was made up by the General Financial Directorate, 8 Financial Directorates, 199 Tax Offices and the newly established Specialized Tax Office with a nation-wide scope of activities.

The reason for establishing of the Specialized Tax Office was the effort of the Tax Administration to pay special attention to large and specific tax subjects, similarly like in most European countries. Transition of the concerned subjects under the Specialized Tax Office was a continuous process, particularly in the first half of 2012.

In 2012, with respect to the passed Act on the Financial Administration of the Czech Republic, we intensively worked on demanding tasks related to securing a smooth and efficient process of reorganization. Ensuring the smooth transition required extensive organizational, material, administrative and personnel measures. Equally challenging was the implementation of changes in information technologies.

As of 1<sup>st</sup> January 2013, the current system of the Territorial Financial Authorities will be replaced by institutions of the Financial Administration of the Czech Republic consisting of the General Financial Directorate, the Appellate Financial Directorate, 14 Tax Offices with regional territorial scope and the Specialized Tax Office. In 2013, the territorial branches will become an integrated part of the Tax Offices at locations of "dissolved" Tax Offices. As a purely appellate body, the newly established Appellate Financial Directorate seated in Brno performs its activities for the whole area of the Czech Republic. By creating a single appellate body, the uniformity in appellate proceedings was finally achieved.

Despite personnel, technical and organizational challenges of the transformation, the year 2012 was a successful year for the Czech Tax Administration. The reorganization process of the Czech Tax Administration is one of the fundamental steps towards building a modern integrated financial administration with high efficiency and productivity.



Ing. Jan Knížek  
Director General

# TAX SUBJECTS, OBLIGATIONS AND REVENUES



Tax subjects

Tax obligations and revenues

## TAX SUBJECTS

Under the Tax Code, the tax subject is defined as a taxpayer or a payer, as specified in more details in individual property laws regulating tax obligations. In order to provide precise and consistent data on the number of tax subjects in the Czech Republic, both economically active subjects in a respective period of time and a total number of all registered subjects within tax administrators' agendas are monitored.

### *Number of tax subjects in 2012 according to the individual types of taxes*

TAX	Number of tax subjects	
	registered*	active**
Value added tax	776 562	534 880
Legal entity income tax	511 511	505 976
Natural person income tax from tax returns	2 846 902	1 952 749
Natural person income tax from employment	623 589	511 313
Income tax – special rate (§ 36)	493 094	420 210
Road tax	1 058 576	815 234
Inheritance tax, gift tax and real estate transfer tax	868 888	268 039
Real estate tax	4 558 103	4 019 605
Levies from solar energy electricity	5	5
Levies from lotteries	1 006	1 006
<b>TOTAL</b>	<b>11 738 236</b>	<b>9 029 017</b>

\* Details on tax subjects active from the perspective of the Tax Administration.

\*\* Details on tax subjects economically active in the respective period of time.



## TAX OBLIGATIONS AND REVENUES

In 2012, the imposed tax obligation totalled CZK 594.617 billion, while the collected revenue reached the total of CZK 583.569 billion, which represents the yield of 98.14 %. The basic data on tax obligations and revenues in 2012 are shown in the following table.

Compared to 2011 when the total revenue reached CZK 561.177 billion the national revenue from taxes collected by Tax Offices in 2012 increased by CZK 22.397 billion, which represents a year-on-year growth of 4 % in revenues collected both from new and old tax systems. The year-on-year comparison of tax revenues collected in 2012 reveals that the most significant increase in tax collection was brought by legal entity income tax by CZK 11.149 billion, by value added tax by CZK 2.864 billion and by real estate tax by CZK 973 million. Since 2012 all Tax Offices have been newly administering levies from lotteries and other similar games based on the Act No. 202/1990 Coll., on Lotteries and Other Similar Games, in wording of later amendments.

### Basic facts on tax obligations and tax revenues in 2012

(in CZK million)

TYPE OF REVENUE	Tax obligations	Tax revenues	Difference	Yield (%)
	Col. 1	Col. 2	Col. 2 – Col. 1	Col. 2 – Col. 1
VAT – tax obligation	553 605	544 411	-9 194	98.34
VAT – excessive deduction and tax refund	-264 608	-266 359	+1 751	100.66
<b>VAT – TOTAL</b>	<b>288 997</b>	<b>278 052</b>	<b>-10 945</b>	<b>96.21</b>
Consumption taxes – tax obligation	35	3	-32	8.57
Consumption taxes – tax refund	0	-1	-1	0.00
Consumption taxes – TOTAL	<b>35</b>	<b>2</b>	<b>-33</b>	<b>5.71</b>
Legal entity income tax	123 914	120 461	-3 453	97.21
Income tax deducted at source § 36	19 230	20 781	1 551	108.07
Road tax	5 268	5 206	-62	98.82
Inheritance tax	75	71	-4	94.67
Gift tax	3 359	3 368	9	100.27
Real estate transfer tax	7 365	7 660	295	104.01
Natural person income tax from tax returns	2 828	3 261	433	115.31
Natural person income tax from employment	117 623	119 787	2 164	101.84
Real estate tax	9 576	9 541	-35	99.63
Levies from solar energy electricity	6 188	6 403	215	103.47
Levies from lotteries § 41b art. 1	1 259	1 287	28	102.22
Levies from lotteries § 41b art. 2, 3, 4	4 777	4 649	-128	97.32
Other incomes, levies and fees	4 125	3 039	-1 086	73.67
<b>NEW TAXES IN TOTAL</b>	<b>594 617</b>	<b>583 569</b>	<b>-11 048</b>	<b>98.14</b>
<b>OLD TAXES IN TOTAL</b>	<b>-835</b>	<b>5</b>	<b>840</b>	<b>*</b>
<b>TOTAL</b>	<b>593 782</b>	<b>583 574</b>	<b>-10 208</b>	<b>98.28</b>

Note: The cumulative differences result from rounding to whole million in CZK.

\* "Yield" value cannot be calculated since the tax obligation value is negative.





# 3 INFORMATION ON TAX REVENUES FROM THE MOST SIGNIFICANT TAXES

Legal entity income tax

Natural person income tax from tax returns

Natural person income tax from employment and functional benefits

Value added tax

Real estate tax

Inheritance tax, gift tax and real estate transfer tax

Deduction from lotteries and other similar games

## LEGAL ENTITY INCOME TAX

The total collection of legal entity income tax from tax returns reached the amount of CZK 120.5 billion in 2012, representing an increase by CZK 11.1 billion in comparison with 2011.

The year-on-year growth was primarily influenced by the reaction to the temporary economic recovery in 2011, which started in the taxation period 2011 payable in 2012. At the same time, a positive subsiding trend of “more realistic” amounts of legal tax advance payments appeared combined with a drop in the volume of overpaid tax and tax returns payable in 2012.

## NATURAL PERSON INCOME TAX FROM TAX RETURNS

The national revenue from natural person income tax submitting tax returns for the period of 2012 amounted to CZK 3.261 billion, while the year-on-year increase of the tax collection reached CZK 322 million. The positive impact of the growth can be attributed to the fact that effects of special depreciations for fixed assets purchased between 1<sup>st</sup> January 2009 and 30<sup>th</sup> June 2010 came to a close. On the contrary, the collection was negatively influenced by a growing volume of expenses defined as a percentage of income and a growing number of dependent children for whom taxpayers draw tax benefits.

In 2012, more than 31 thousand tax returns were submitted electronically for natural person income tax, of which almost 18 thousand were signed with the certified electronic signature.

### *Development in the collection of tax revenues and imposed tax obligations from incomes of legal entities in the period 2008–2012*

(in CZK million)

YEAR	2008	2009	2010	2011	2012	Index (%) 12/11	Difference 12 – 11
Tax revenues	173 590	110 543	114 746	109 312	120 461	110.2	11 149
Imposed	172 620	107 995	115 368	111 365	123 914	111.3	12 549
Yield (%)	100.6	102.4	99.5	98.2	97.2	-	-

### *Development in the collection of natural person income tax from tax returns in the period 2008–2012*

(in CZK million)

YEAR	2008	2009	2010	2011	2012	Index (%) 12/11	Difference 12 – 11
Tax revenues	17 749	5 565	7 987	2 939	3 261	111.0	322
Imposed	18 065	2 618	10 439	2 920	2 828	96.8	-92
Yield (%)	98.3	212.6	76.5	100.7	115.3	-	-



## NATURAL PERSON INCOME TAX FROM EMPLOYMENT AND FUNCTIONAL BENEFITS

In 2012, there was a slight increase in the collection of natural person income tax from employment and functional benefits. The collection reached CZK 119.787 billion, which is by CZK 414 million more than in 2011. The increment in collection can be attributed to a decreased discount on a taxpayer by a so-called 'hundred-crown flood discount' which was in effect only in 2011, as well as to the growing number of employees. Conversely, the collection was negatively impacted by a large volume of tax benefits drawn on dependent children in the form of tax bonuses.

In 2012, more than 300 thousand tax returns from natural person income tax from employment and functional benefits were recorded. The number of electronic returns reached almost 44 thousand, of which more than 31 thousand contained the certified electronic signature.

### *Development in the collection of natural person income tax from employment and functional benefits in the period 2008–2012*

(in CZK million)

YEAR	2008	2009	2010	2011	2012	Index (%) 12/11	Difference 12 – 11
Tax revenues	115 180	111 042	111 842	119 373	119 787	100.3	414
Imposed	115 239	110 616	111 491	118 302	117 623	99.4	-679
Yield (%)	99.9	100.4	100.3	100.9	101.8	-	-



## VALUE ADDED TAX

The revenue from value added tax in 2012 reached the amount of CZK 278.2 billion. Compared to the previous year, the volume increased by 1 %, corresponding to CZK 2.8 billion. From a legislative point of view, increase of the tax rate from 10 % up to 14 % as of 1<sup>st</sup> January 2012 led to a dumped consumption of end consumers. The state also applied cost-saving measures, reducing thus its customer position on the market. The tax amount refunded to taxpayers in other EU Member States and foreign persons liable to taxes has not changed significantly since 2011. In 2012, the amount was CZK 2.2 billion (in 2011 it was CZK 2.3 billion, in 2010 CZK 3 billion, in 2009 CZK 4.9 billion). A recent diminishing trend in tax refunds has thus stopped.

## REAL ESTATE TAX

There was an increase in the amount of imposed tax by CZK 900 million in 2012 in comparison with the previous year, while the collection of real estate tax grew by CZK 973 million. An overview of the development in collection of real estate tax is provided in the following table. The reason for the significant increase in the amount of imposed tax and its collection in 2012 is more effective control and search activities carried out by tax administrators, using records from the Land Registry and other registers, as well as a growing number of municipalities which took advantage of the possibility to set up a local coefficient for real estates within their territories.

### Development in the collection of value added tax in the period 2008–2012

(in CZK million)

YEAR	2008	2009	2010	2011	2012	Index (%) 12/11	Difference 12 – 11
Imposed	513 761	469 655	507 763	541 462	553 605	102.2	12 143
Tax revenues	516 563	470 240	500 446	532 438	544 411	102.2	11 973
Yield (%)	100.5	100.0	98.6	98.3	98.3	–	–
Excessive deduction	–261 624	–216 777	–230 865	–257 250	–266 359	103.5	–9 109
<b>TOTAL</b>	<b>254 939</b>	<b>253 463</b>	<b>269 582</b>	<b>275 188</b>	<b>278 231</b>	<b>101.0</b>	<b>2 864</b>

Note: The cumulative differences result from rounding to whole million in CZK.

### Development in the collection of real estate tax in the period 2008–2012

(in CZK million)

YEAR	2008	2009	2010	2011	2012	Index (%) 12/11	Difference 12 – 11
Tax revenues	5 195	6 361	8 747	8 568	9 541	111.4	973
Imposed	5 104	6 318	8 671	8 676	9 576	110.4	900
Yield (%)	101.8	100.7	100.9	98.8	99.6	–	–



## INHERITANCE TAX, GIFT TAX AND REAL ESTATE TRANSFER TAX

The amount of collected inheritance tax has been constantly decreasing. Since 2008 the tax dropped below the level of CZK 100 million, and in 2012 it reached CZK 71 million. The development in collection of inheritance tax is illustrated in the following table. Due to the exemption of free acquisition of property from this tax in case of persons belonging to the 1<sup>st</sup> group, which includes relatives in the direct line and spouses, the yield is low in the long term. As of 1<sup>st</sup> January 2008, the amendment of the law further extended the exemption to persons belonging to the 2<sup>nd</sup> group.

Though the collection of gift tax amounting to CZK 3.368 billion in 2012 was higher than in the previous years, it did not reach the 2011 level. The year-on-year decrease reached CZK 911 million. The reason behind is the decrease of an average market price for permissions for greenhouse gases emissions that are used for calculating a tax base. It is anticipated that the yield from gift tax in 2013 will significantly decrease since the gift tax on free acquisition of permissions for greenhouse gases emissions was introduced only for 2011 and 2012. The following table provides an overview of revenues in respective years.

The collection from real estate transfer tax in 2012 grew slightly by CZK 298 million. The total revenue amounted to CZK 7.660 billion which is by 4 % more than it the previous year. There was a large decrease in 2009 which is now being stabilized. There is a persistent impact of the crisis on the real estate market, which leads both to a lower number of real estate transfers and to a lower price level of real estates. The following table provides an overview of the development in the collection of real estate transfer tax in the period 2008–2012.

### Development in the collection of inheritance tax in the period 2008–2012

(in CZK million)

YEAR	2008	2009	2010	2011	2012	Index (%) 12/11	Difference 12 – 11
Tax revenues	115	88	87	78	71	91.0	-7
Imposed	119	86	86	76	75	98.7	-1
Yield (%)	96.6	98.9	101.2	102.6	94.7	-	-

### Development in the collection of gift tax in the period 2008–2012

(in CZK million)

YEAR	2008	2009	2010	2011	2012	Index (%) 12/11	Difference 12 – 11
Tax revenues	345	162	138	4 279	3 368	78.7	-911
Imposed	299	157	137	4 269	3 359	78.7	-910
Yield (%)	115.4	103.2	100.7	100.2	100.3	-	-

### Development in the collection of real estate transfer tax in the period 2008–2012

(in CZK million)

YEAR	2008	2009	2010	2011	2012	Index (%) 12/11	Difference 12 – 11
Tax revenues	9 950	7 809	7 453	7 362	7 660	104.0	298
Imposed	10 106	7 936	7 299	6 900	7 365	106.7	465
Yield (%)	98.5	96.3	102.1	106.7	104.0	-	-

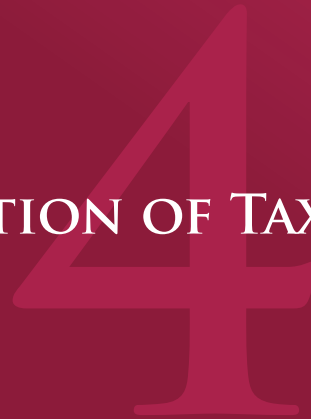


## DEDUCTION FROM LOTTERIES AND OTHER SIMILAR GAMES

As of 1<sup>st</sup> January 2012, the modified Act on Lotteries and Other Similar Games came into force, which significantly adjusted payment obligations for operators of lotteries and other similar games. Preceding levy on the public benefit purposes handed over by providers directly to a recipient chosen by the provider was replaced by the levy from lotteries and other similar games, which is distributed between the state budget and the municipal budget in a ratio specified by the law. The tax collection of deductions totalled CZK 5.936 billion.



# ADMINISTRATION OF TAX PROCEDURES



Search activity

On-the-spot investigations

Procedure to clear doubts

Tax audit

Incentives handed over to the authorities active in criminal proceedings

## SEARCH ACTIVITY

Before starting the proceeding or in the course of the proceeding, the tax administrator searches for means of proof, tax subjects and validates fulfilment of their obligations within the administration of taxes. The examination of facts is carried out even without the knowledge of tax subjects. Both external and internal sources of information are used within the search activity, such as information from other tax administrators, other government and local authorities, information gained within the international exchange of information, from public media, etc. The information is gained and evaluated by the means of modern IT technologies with the goal to analyse the information and map the structure of tax subjects. Subsequent steps enable to reveal illegal tax operations of suspicious tax subjects. The search activity performed by the tax administrator has also a preventive effect.

## ON-THE-SPOT INVESTIGATIONS

An on-the-spot investigation is a standard instrument used by the tax administrator to obtain means of proof and necessary information in cases where this procedure has been found the most effective. The on-the-spot investigation is used within the search activity, during the procedure to clear doubts or during the tax audit. To gain the necessary information, the procedure is used by all personnel of the tax administrator, most widely, however, by the tax audit unit staff.

## PROCEDURE TO CLEAR DOUBTS

The procedure in question is an integrated set of acts, substituting procedures in case of incorrect tax returns and declarations. It is used to clear doubts or complete and correct the data stated in a tax return. One of the most frequent causes for initiating the procedure to clear doubts is verification of excessive deductions in value added tax and additionally submitted tax claims.

In 2012, there was an increase in the number of closed procedures to clear doubts by 3,479 cases compared to the previous year. In total there were 23,774 closed procedures to clear doubts, of which 9,885 procedures were closed with a specified difference against the data reported in the tax return. The tax obligation was raised by CZK 6.689 billion, the excessive deduction was cut down by CZK 2.706 billion, and the tax loss was reduced by CZK 303 million. The number of closed procedures to clear doubts is influenced particularly by the number of procedures closed by the tax administrator in case of detected serious discrepancies and subsequently initiated tax audits. Discrepancies in submitted tax returns, such as checksum errors, incorrectly filled lines, empty or missing enclosures, are being solved with the tax subject in an informal way – via personal negotiations announced by phone notification, text message, e-mail message, or also through an on-the-spot investigation.

## TAX AUDIT

The controlling activity in 2012 was affected by creation of the Specialized Tax Office, placing the administrative burden on training a new staff, changing a local jurisdiction of selected tax subjects and transferring files. Moreover, it was influenced by a preparation agenda for the anticipated change of organizational structure as of 1<sup>st</sup> January 2013 relating to the transition to the Financial Administration of the Czech Republic. The number of tax audits in 2012 therefore decreased by 5,003 cases as against the year before. The declining trend in the number of tax audits and, on the contrary, focusing on more intensive, effective and pointed audits targeted especially on fiscal effects, brings an ascending efficiency in tax audits. An additionally assessed amount from tax audits therefore increased in comparison with the previous year, specifically by CZK 1.745 billion. Equally, average tax arrears grew by CZK 41 thousand per a single audit. The most significant growth in tax arrears was recorded in value added tax. The main reason for a high additionally assessed amount in value added tax was the completion of several extensive tax audits and the activity of the Specialized Tax Office which conducted a small number of audits with high additionally assessed amounts. The tax audit makes use of analytical software, which improves the efficiency of tax audits and reduces their duration. A major role is also played by so-called multilateral controls that may also comprise audits conducted simultaneously in several EU Member States, focusing in particular on the area of large tax frauds in value added tax.





## INCENTIVES HANDED OVER TO THE AUTHORITIES ACTIVE IN CRIMINAL PROCEEDINGS

The state authorities are obliged to report, without delay, to the public prosecutor or police authorities all the facts indicating the committing of criminal offence. Among the most frequent announcements of the tax administrator were the suspicion of committing the offence of tax, levies and other obligatory payment evasions. The cooperation between the tax administrator and specialized police forces became more effective in 2012 due to the law amendment, which removed confidentiality of the tax administrator towards the specialized bodies of the Police of the Czech Republic. In 2012, there were 1,711 cases announced to the bodies active in criminal proceedings, which is by 279 cases more than in 2011. The reported amount reached CZK 9.447 billion which represents a year-on-year increase by CZK 2.644 billion.

### Overview of the number and results of tax audits in 2012

TYPE OF REVENUE	Number of subjects*	Number of audits	Additional assessment from audits (in CZK thousand)	Change of loss (in CZK thousand)
Value added tax	534 880	13 466	6 830 573	0
Legal entity income tax	505 976	7 307	1 136 611	-2 137 454
Natural person income tax from tax returns	1 306 587	9 466	311 257	-427 632
Natural person income tax from employment	523 030	5 550	104 184	0
Income tax – special rate (§ 36)	420 956	2 031	34 965	0
Real estate tax	4 008 480	669	2 096	0
Inheritance tax, gift tax and real estate transfer tax	295 751	15	96	0
Road tax	811 639	3 962	10 979	0
<b>TOTAL</b>	<b>8 407 299</b>	<b>42 466</b>	<b>8 430 760</b>	<b>-2 565 086</b>

\* The detail on the number of subjects represents a number of registered tax subjects in the respective period of time.  
Note: The cumulative differences result from rounding to whole thousand in CZK.



# 5 OTHER AFFAIRS

Price control

Financial control

Administration of payments due to violation of budgetary discipline

State control over betting games and lotteries

## PRICE CONTROL

Price controls are carried out by the Financial Directorates. In 2012, the controls focused on the verification of adherence to price regulation modes defined by the Price Act. In the area of non-regulated prices the audits investigated whether an abuse of economic position did not occur. The controls also focused on labelling goods and keeping price records in accordance with the law.

Price controls paid attention to prices belonging among generally regulated prices (for example prices of drinking water, waters delivered and led off by a sewer system, prices of collection, transport, separation and disposal of communal waste, prices of medical services, etc.). Furthermore, they focused on keeping maximum prices (for example prices of services in connection with a rentable flat or a ground rent from lands not used by a leaseholder for business purposes, and prices of dairy products for pupils).

In 2012, the Price Control Units staff closed in total 319 control actions, including investigations. Within the administrative proceedings there were 137 decisions issued on imposing penalties due to breaking the price regulations, totalling CZK 5.830 million. The total amount of effectively imposed penalties reached CZK 4.620 million. The results of price control activities have been constantly providing the evidence of insufficient adherence to the price regulations in the vast amount of controlled subjects.

## FINANCIAL CONTROL

Financial controls, based on results of the risk analysis prepared by the Ministry of Finance, were performed by the Financial Control Units of the Financial Directorates. The controls focused in particular on the eligibility of state budget's funds use, and the adherence to pragmatism and conditions defined for providing state budget's funds to finance programmes. They also focused on the legitimacy of drawing selected specific subsidies granted from the state budget, and correct accounting and management of the state funds. Particular controls paid attention to providing investment incentives, and in case of selected foundations, on fulfilment of contracts when drawing the funds provided by the Foundation Investment Fund.

In 2012, the Financial Control Units staff participated in controlling activities related to the correct drawing of funds provided to the Czech Republic by the European Union Solidarity Fund, for the purpose of a partial cost reimbursement relating to elimination of flood consequences in 2010. There were 167 financial controls performed in total, raising suspicion on an unauthorized use or retention of funds provided from the state budget or other state funds amounting approximately to CZK 170 million. In 2012, The Ministry of Finance co-operated with individual Financial Control Units on the revision of economy of the Territorial Self-Governing Entities. In total the economy revisions were carried out in 13 counties and 7 Regional Councils. Furthermore, there were 14 controlling actions focusing on the economy revision of contributory organizations established by the Regional Authorities in the area of social services.

## ADMINISTRATION OF PAYMENTS DUE TO VIOLATION OF BUDGETARY DISCIPLINE

Following the reorganization in 2011, the administration of payments due to violation of budgetary discipline was performed by 14 Tax Offices in 2012. The performance of administration of payments represents a complex set of actions within the tax proceeding, including the retrieval of tax subjects, controls focused on verification of correct treatment of provided funds with respect to a violation of budgetary discipline, assessment and collection of imposed payments and penalties, including the settlement of corrective instruments opposing the decisions issued in tax proceeding.

The performance of administration of payments covers the whole spectrum of subsidies granted to all areas of economic activities of all legal forms of subsidy recipients, which are handled by state organizational bodies and their contributory organizations. In 2012, the Central Subsidy Register kept in total the records of 78,589 funded projects and actions in the total volume of more than CZK 211 billion.

Since 1998 the Tax Offices have been using the information system CEDR as a source of the information on subsidies and their recipients. The Central Subsidy Register stores the data on repayable financial subventions and other similar transfers from the individual budget chapters, state funds, the National Fund and state financial assets.

In 2012, the Tax Offices carried out 9,686 controls and on-the-spot investigations, when checking in total 18,879 funded actions and projects with the total volume of CZK 41.629 billion. Compared to 2011, there was a slight increase in the number of controls and controlled projects, while the volume of controlled assets decreased by 25 %. Out of the total number of controls, 2,549 were completed with finding of the violation of budgetary discipline, while the failure was detected in 3,156 actions or projects worth CZK 5.623 billion.



## STATE CONTROL OVER BETTING GAMES AND LOTTERIES

During 2012, the personnel of the Tax Offices in charge of the state control over betting games and lotteries carried out 24,136 controls in total, focused on adherence to the law on lotteries and conditions implied by the permissions to operate lotteries and other similar games. The Tax Offices imposed 655 penalties totalling CZK 20.728 million. Compared to 2011, the number of controls decreased by 9,888, while the number of administrative proceedings increased by 120. The volume of imposed penalties more than doubled, amounting to CZK 10.645 million. The improved efficiency was triggered by the reorganization commencing in 2011, “centralizing” the performance of the state control in the scope of the Tax Offices seated in counties.

The most common case of violation detected during the controls has been the absence of a person in charge, missing supervision by a person responsible for prevention of entrance to persons below 18 years, failure to post gambling plans, missing signage on the facility, missing technical blocking of gambling machines, operating the facility before the permission would come into force, invalid registration mark on gambling machines, and refusal to co-operate during controls.





# INTERNATIONAL TAX AFFAIRS

Exchange of information on request and providing information spontaneously

Automatic exchange of information

International assistance in recovery of certain financial claims

Taxation of multinational enterprises and transfer pricing issues

International co-operation in the VAT administration

The area of international co-operation in the form of exchange of information, as defined by the Act on International Assistance in Tax Administration, is an efficient tool in the fight against tax evasion. Another significant tool for exchange of information is international treaties for avoidance of double taxation.

In an effort to further geographically expand so-called good administration of taxes, Agreements on Exchange of Information in Tax Matters have been concluded. The characteristic features of the Agreements comprise exchange of tax information, and transparency and support of the fair tax competition. So far there have been 14 treaties concluded, supporting the Tax Administration in the fight against harmful tax practices. The Agreements with the Bermudas, San Marino, Jersey, Guernsey, the Isle of Man and the British Virgin Islands have been ratified. In 2012, the final wording of the Agreements with Monaco, Belize, Sint Maarten, the Cook Islands and Aruba were negotiated.

Another important tool for the international tax co-operation is the working agreement in the form of Memorandum of Understanding and Mutual Administrative Assistance of Tax Administrations. The Czech Republic concluded 14 Memoranda which define practical proceedings in the performance of international co-operation, particularly in the form of automatic exchange of information and simultaneous tax audits. On the basis of concluded Memoranda of Understanding with the Slovak Republic and the Federal Republic of Germany, so-called direct cross-border co-operation takes place in the form of exchange of information on the level of authorized Tax Offices.

Within the framework of the international exchange of information, the Tax Administration makes the full use of all three forms of exchange of information: exchange of information on request, providing information spontaneously (spontaneous exchange of information) and automatic (regular) exchange of information. In 2012, there were registered 1,224 exchanges of correspondence relating to exchange of information on request and spontaneous exchange of information. Since 2010 the international exchange of information has been provided in electronic forms through a secure communication channel, a so-called CCN mail.

## EXCHANGE OF INFORMATION ON REQUEST AND PROVIDING INFORMATION SPONTANEOUSLY

The Czech Republic received in total 301 requests from abroad and sent abroad a total of 203 requests for international exchange of information. A quarter of all requests sent abroad is addressed to Slovakia. The major volume of requests is also sent to Germany, followed by other EU states, the Russian Federation, the USA and Ukraine. In case of requests received from abroad, the major part comes also from Slovakia and Germany. In 2012, the area of co-operation was extended for example to India and New Zealand.

## AUTOMATIC EXCHANGE OF INFORMATION

The regular exchange of information is performed on the basis of signed Memoranda of Understanding or on the principle of reciprocity. This is a one-time transmission of a large volume of certain type of data in order to validate it, which takes place predominantly in an electronic form and in the record structure recommended by the Organisation for Economic Co-operation and Development (OECD).

## INTERNATIONAL ASSISTANCE IN RECOVERY OF CERTAIN FINANCIAL CLAIMS

As against the year before, in 2012 there was a 40 % increase in newly processed requests within the agenda of international assistance in recovery. One domestic request corresponded to two requests from abroad for assistance in recovery of claims. This result can be ascribed to the increased workload in administrative processing of requests for international assistance along with a low knowledge of local tax administrators about possibilities of recovering some claims from abroad. The total number of 3,531 processed submissions relating to individual requests for international assistance in 2012 was comparable with the previous year. The highest number of requests was registered from the neighbouring countries, in particular from Germany (85), Slovakia (74) and Austria (40), followed, in a greater distance, for example by Poland and Great Britain.





## TAXATION OF MULTINATIONAL ENTERPRISES AND TRANSFER PRICING ISSUES

The year 2012 was characterized by the sustained high standard of evaluation and assessment of transfer prices within the Czech Tax Administration with respect to the ongoing globalization of the market increasing the impact of transactions among related subjects on the final tax collection of income taxes. To monitor the managed transactions of related entities, a methodology developed in 2011 was applied. Considering the significance of transfer prices assessment, the Specialized Tax Office (STO) was formed in 2012, supervising large enterprises with the turnover over CZK 2 billion, banks and insurance companies. The STO's task, among others, is to ensure an audit of transfer prices at these large subjects as they often perform more complex and technically sophisticated types of transactions. In 2012, 24 requests were submitted, while during the past seven years, when subjects can apply for issuing decisions on the binding consideration of the method of price creation among related entities, there were 121 requests submitted in total, of which 63 were approved, 30 rejected, 8 revoked and 20 are in the process of revision. The number of tax audits including transfer prices remained on a high level in 2012, and the number of tax audits leading to the increase in the tax base (or decrease in the tax loss) is not declining. Since establishing the Specialized Tax Office, further improvements in the efficiency of considering transfer prices can be expected. The high level is also affected by continuous improvements of professional knowledge and specialization of the tax administration personnel.

## INTERNATIONAL CO-OPERATION IN THE VAT ADMINISTRATION

The exchange of information in the area of VAT is effected by the means of the electronic system VIES (VAT Exchange Information System). Thanks to the exact exchange of information via the system, the number of tax evasions and frauds within the unified EU domestic market is being tied down. The VAT taxpayers have a legal obligation to submit a so-called recapitulative statement on the supply of goods or services provided to another member state (a so-called intra-community supply of goods). In 2012, 77,543 VAT taxpayers submitted a recapitulative statement on the supply of goods or services to another member state, and 104,649 VAT taxpayers declared the acquisition of goods or services from another member state in their tax returns. This year saw again the continuous trend of a high number of requests for information sent to other EU Member States. In total for the period of 2012, 6,605 incoming and outgoing requests for information and spontaneous information, including requests for VAT registration data, were processed. In 2012, there were 4,115 requests for information and spontaneous information sent from the Czech Republic to the EU. From other EU Member States, conversely, 2,490 requests for information and spontaneous information were received. In relation to the procedures defined by the EU regulation on the VAT refunds to taxable persons not established in a member state of the tax refund, but in another member state, an electronic system for processing the tax refund is being operated. Outgoing requests for tax refund applied from the Czech Republic to the EU Member States can be submitted via an interactive application "VAT refund within the EU" that is available

on the Tax Administration's website. The number of received requests sent from the EU to the Czech Republic as a country of tax refund in 2012 was 21,100, and conversely the number of requests sent by Czech applicants to the EU states for the respective year was 27,730. In relation to the VAT regulations for the intra-community transactions, the public has been provided with the service of verification of the Tax Identification Number (DIČ) for taxable persons registered in other EU Member States. The verification can be done by the means of a European Commission's application the web address of which is available on the Czech Tax Administration's website, as well as at a respective department on the central level of the Tax Administration, or at a locally competent Tax Office. The information can be provided by phone, fax, mail, e-mail or in person. In 2012, there were 89,722 foreign tax ID numbers verified by the VIES system within the whole Tax Administration.



# 7

## INTERNATIONAL CO-OPERATION OF TAX ADMINISTRATIONS



The co-operation with the Slovak Tax Administration is traditionally ranked among the basic pillars of the international co-operation. Within the framework of the international treaty "Agreement on Co-operation in the Area of Tax Administration Activity between the Ministry of Finance of the Czech Republic and the Ministry of Finance of the Slovak Republic", a working meeting was organized in October 2012, focusing on the fight against tax evasion.

A negotiation between representatives of the Czech Tax Administration and the French Tax Administration was held in Prague in February 2012, focusing on topics related to deepening mutual co-operation. Subsequently the participants agreed to organize tripartite seminars among the Czech, French and Slovak Tax Administration.

Learning about the tax system of the Czech Republic was a purpose of the visit of a three-member delegation from the Mongolian Tax Ad-

ministration at the General Financial Directorate. The agenda covered, besides other things, the topics of international taxation, tax audit and electronic services provided to taxpayers.

The year 2012 brought out three important events. The first event was an international seminar in May, organized within the Fiscalis programme on the subject of "Administrative co-operation in the area of direct taxes". The main goal of the seminar was to schedule an action plan outlining the actions for the next years to define new mechanisms leading to deepening mutual co-operation in the area of direct taxes among the EU countries. The Czech Republic acted as a host country. In July 2012, the Czech Tax Administration organized a multilateral control, and a so-called "incoming working visit" for 7 tax administration representatives from the EU Member States was held in the Financial Directorate in Hradec Králové. Within the Fiscalis programme, 128 experts of the Czech Tax Administration participated in altogether 85 meetings.

The second important event was a June meeting of the top management of the Tax Administrations from the so-called Visegrad Group six countries (i. e. Czech Republic, Hungary, Poland, Slovakia, Slovenia and Austria), complemented by representatives of the Tax Administration of Germany. The agenda of the 2012 meeting dealt with organizational changes appearing in the individual Tax Administrations.

In October 2012, the IOTA (Intra-European Organisation of Tax Administrations) seminar took place with the subject of using communication as a tool to influence taxpayer's behaviour. The seminar was attended by PR specialists from 46 member countries within the European region.





# PUBLIC RELATIONS

Legal entity award  
Electronic submissions

The Tax Administration provides the full information service for general tax public via media communication, informative letters, and particularly via information published on its website.

The main goal for 2012 was to ensure the information service on the transformation of the Tax Administration into the Financial Administration of the Czech Republic as of 1<sup>st</sup> January 2013. To ensure the goal, the Tax Administration launched a targeted information campaign before all expected changes. A new section on the website called “Financial Administration” was created, bringing in advance information related to changes implemented in the Tax Administration during 2012. Another new chapter called “Pension Savings” was created in order to reflect new competencies of the Financial Administration’s bodies. The section published all information on the pension reform, pension savings in the second pillar, information on new competencies of the Financial Administration bodies in the administration of pension savings within the second pillar, answers to the most frequently asked questions from the public, methodologies, forms, etc. The General Financial Directorate participated in developing the Manual of the Pension Reform in 2012. Simultaneously, a preparation for the new website

of the Financial Administration of the Czech Republic was taking place, including a new graphical layout. The information campaign was carried out in the form of press releases and information provided to the media, newsletters sent out to government and local authorities, interest groups, important institutions, selected tax subjects, as well as in form of presentations in public events.

Another important source of information is the public boards of the territorial financial authorities which can be found both in an electronic form on the Tax Administration’s website as well as in a printed form in the seats of the territorial financial authorities.

A personal contact with the personnel of the tax administrator continues to serve as an important source of information for the public, both within and outside working hours. The working hours were expanded during the period of tax return submissions in 2012 similarly like in previous years. The personnel of the Tax Offices visited selected municipalities in order to facilitate tax return submissions, answer the questions and distribute forms to taxpayers.

Answering written and oral questions plays another indispensable role in informing the public. The General Financial Directorate replied in writing to 2,462 technical questions in total. A so-called eSupport is a source of information used by the Tax Administration to answer questions raised by the public via the application Tax Portal. By means of the eSupport, 4,077 questions were answered in 2012. The Czech Tax Administration in 2012 received in total 242 requests based on the Act on Free Access to Information. The table below summarizes details on the requests for information based on the Act for the year 2012.

During 2012 the questions were asked mostly by media representatives who received 179 written answers. Of the same importance are questions by university students who used the information provided by the Tax Administration in their diploma or bachelor theses. The university students were provided with 49 answered questions in total.

#### ***Overview of the requests for information based on the Act on Free Access to Information in 2012***

<b>Number of</b>	<b>TO</b>	<b>FD</b>	<b>GFD</b>	<b>TOTAL</b>
Requests for information submitted	139	55	48	242
Requests for information suspended	11	4	12	27
Decisions issued on rejection	45	16	6	67
Decisions issued on partial rejection of the request	12	9	5	26
Appeals submitted against the decision on rejection	8	5	4	17
Appeals submitted against decision on partial rejection	1	1	1	3
Complaints	5	4	1	10



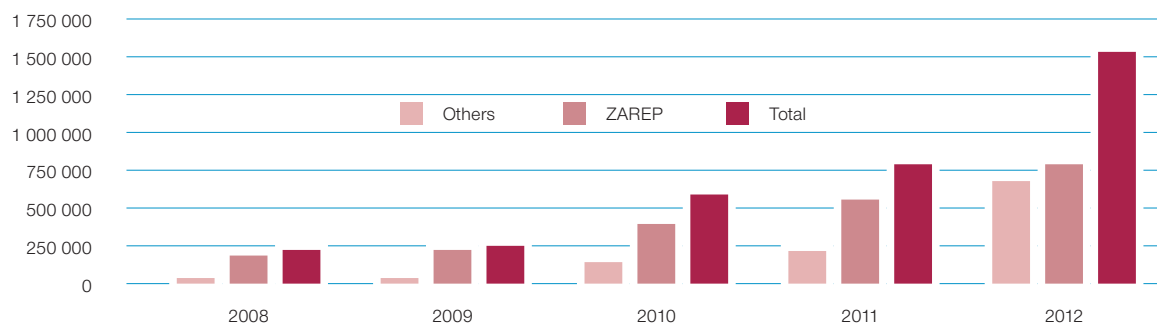
## LEGAL ENTITY AWARD

In 2012, the Ministry of Finance organised a jubilee tenth ceremonial announcement of legal entities which contributed most significantly to the national budget with the legal entity income tax. The ceremony took place traditionally in the representative premises of the Břevnov Monastery on 10<sup>th</sup> May 2012. This symbolic award and acknowledgment for an exemplary fulfilment of tax obligations in 2012 was presented to representatives of twenty legal entities by the Minister of Finance Mr. Miroslav Kalousek and the Director General of the General Financial Directorate Mr. Jan Knížek.

## ELECTRONIC SUBMISSIONS

The number of submissions via the application EPO over the past period of time grew significantly, especially due to the established obligation of electronic submissions particularly for VAT. The growth is illustrated in the graph. Overall, the number of electronic submissions in 2012 grew by 99 % compared to 2011, while the largest part of the growth may be ascribed to electronic submissions applied without the certified electronic signature with a year-on-year increase amounting to 250 %.

**Development in the numbers of electronic submissions in the period 2008–2012**



ZAREP – submissions with certified electronic signature  
Others – electronic submissions without certified electronic signature





HUMAN RESOURCES

The approved number of systemized employees of the territorial financial authorities as of 1<sup>st</sup> January 2012 was 15,248. The number decreased by 20 jobs hired out to the Ministry of Finance to perform the agenda of state supervision. In connection with the creation of the Specialized Tax Office, a successive delimitation of totally 137 systematized jobs from individual Financial Directorates into the Specialized Tax Office took place.

The average age of employees of the territorial financial authorities in 2012 reached 46.46 years. From the long-term perspective the indicator of employee age shows a negative trend. The number of employees aged below 30 and between 31 and 40 is decreasing, while the number of employees aged between 41 and 50 and above 50 years is increasing. In 2012, 864 new employees started an employment relationship, which is by 134 employees less than in 2011. The employment was terminated with 823 employees, which is by 442 less than in the year before. The following tables show the structure of territorial financial authorities employees in 2012 as seen from various perspectives.

#### Overview of the fulfilment of the employee number limit in the period 2008–2012

	2008	2009	2010	2011	2012
Approved number of employees as of 1 <sup>st</sup> January	15 598	15 598	15 598	15 268	15 248
Approved number of employees as of 31 <sup>st</sup> December	–	–	15 117	15 268	15 248
Registered number of employees as of 31 <sup>st</sup> December	15 408	15 391	14 744	14 662	14 762
Fulfilment ratio (%)	98.8	98.7	97.5	96.0	96.8

#### Structure of territorial financial authorities employees in 2012 as seen from various perspectives

BASIC OVERVIEW	Number	Ratio (%)	OVERVIEW OF EMPLOYEES ACCORDING TO AGE	Number	Ratio (%)
<b>Registered number of employees as of 31<sup>st</sup> December 2012</b>	<b>14 762</b>	<b>100.0</b>	<b>Registered number of employees as of 31<sup>st</sup> December 2012</b>	<b>14 762</b>	<b>100.0</b>
a) according to organizational units:			of which were aged:		
– employees of the management unit of the GFD	493	3.3	– below 30	1 034	7.0
– employees of the management unit of the FD	1 142	7.8	– between 31 and 40	3 140	21.3
– employees of the TO	13 127	88.9	– between 41 and 50	4 963	33.6
b) ratio of expertized employees	14 624	99.1	– above 50	5 625	38.1
c) ratio of women	11 640	78.9			
d) ratio of university graduates	5 782	39.2			



**OVERVIEW OF EXPERTIZED EMPLOYEES ACCORDING TO YEARS OF SERVICE**

	Number	Ratio (%)
<b>Registered number of employees in the employment as of 31<sup>st</sup> December 2012</b>	<b>14 624</b>	<b>100.0</b>
of which employed:		
– more than 5 years	11 653	79.7
– between 1 and 5 years	2 427	16.6
– less than 1 year	544	3.7

**OVERVIEW OF NEW AND TERMINATED EMPLOYMENTS**

	2008	2009	2010	2011	2012
<b>Number of employees at the end of the respective period = reg. number of employees as of 31<sup>st</sup> Dec.</b>	<b>15 408</b>	<b>15 391</b>	<b>14 744</b>	<b>14 662</b>	<b>14 762</b>
New employments	1 278	1 237	627	998	864
Terminated employments	1 389	1 245	1 278	1 285	823
of which:					
– Unscheduled leaves	616	425	543	669	413
– Other leaves	773	820	735	616	410
Fluctuation ratio (%)	4.9	2.8	3.7	4.6	2.8

## REMUNERATION

In connection with the government's cost-saving measures, the tariff salary in 2012 decreased to the level of the year 2009. An average tariff salary in 2012 reached CZK 20,443, and an average monthly salary reached CZK 25,404.

**Salary development in the period of 2008–2012**

<b>PLAN, REALITY AND SALARY STRUCTURE</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Average planned monthly salary (CZK)	24 034	25 159	24 805	23 648	24 508
Average monthly salary	24 376	25 599	25 794	24 601	25 404
Acknowledged average tariff salary (CZK)	19 801	20 553	20 723	19 259	20 443
Ratio of acknowledged average tariff salary to average monthly salary (%)	81.2	80.3	80.3	78.4	80.5
Average monthly salary of personnel in public administration, defence and social security*	26 209	27 045	26 958	26 349	26 124**

\* Details as of 2008 and later were adjusted according to the new concept of ČSÚ, according to classification NACE Rev. 2, source: ČSÚ (<http://www.czso.cz/>).

\*\* Year 2012 – according to results for Q1–Q3/2012.



# ECONOMY OF THE CZECH TAX ADMINISTRATION

Expenses and cost-effectiveness of the Czech Tax Administration



The total budget of revenues in 2012 amounted to CZK 1.502 billion. The real budget fulfilment of the revenues worth CZK 1.437 billion represents an achievement of 95.7 %. The fulfilment of tax revenues as one of the binding indicators in the amount of CZK 1.107 billion represents 82.1 % of the budget. The fulfilment of non-tax revenues, capital incomes and transfers received in total (binding indicator) in the amount of CZK 330.196 million represented the overrun of an adjusted budget by CZK 175.703 million. The budget fulfilment of non-tax revenues was influenced chiefly by penalty payments as well as by important incomes from property lease.

The approved budget of expenses (binding indicator) for 2012 amounted to CZK 8.812 billion. The real total budget expenses in 2012 reached CZK 8.335 billion (96.6 % of the total budget). Compared to 2011, the expenses in 2012 were by CZK 363.312 million higher (i.e. by 4.6 %), the current expenses were higher by CZK 71.618 million (i.e. by 1 %), the capital expenditures, compared to 2011, were higher by CZK 291.694 million (i.e. by 37.1 %). The year-on-year comparison of budget spending was significantly impacted by preparations for fundamental changes in the tax administration. The preparation for organizational changes effective as of 1<sup>st</sup> January 2013 induced expenses on transfer of personnel, migration of tax files, construction works, manufacture of rubber stamps, and completion and changes in external and internal information systems. A fundamental effect was also brought about by the Resolution of the Government of the Czech Republic on the proposed measures to secure the approved deficit of the 2012 state budget, on limiting the drawing of claims of organizational state units for unconsumed expenses in 2012, and on the request of the Budget Committee of the Chamber of Deputies of the Parliament of the Czech Republic for an approval of change of a binding indicator of the state budget in the chapter of Academy of Sciences of the Czech Republic in 2012, which increased the spending of the amended budget of expenses for the territorial financial authorities in the amount of CZK 281.883 million.

The approved budget of the total current expenses in the amount of CZK 6.978 billion was raised by CZK 602.794 million during the year, and the adjusted budget amounting to CZK 7.581 billion was spent up to 95.7 %. In comparison, the adjusted budget for the current expenses in 2011 was spent up to 98.9 %. Labour expenses including equipment made up 83.5 % of the current (non-investment) expenses.

### Development of the economy of the Czech Tax Administration in the period 2008–2012

					(in CZK million)
<b>ECONOMY OF THE CZECH TAX ADMINISTRATION</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Total tax revenues	606 664.9	522 237.0	547 975.9	560 923.0	584 681.2
including:					
chapter 398 – VPS	606 664.9	520 934.0	546 662.2	559 712.0	583 574.0
chapter 312 – MF	0	1 303.1	1 313.8	1 211.0	1 107.1
Non-tax revenues					
chapter 312 – MF	50.4	653.2	541.7	307.0	330.2
<b>TOTAL REVENUES</b>	<b>606 715.2</b>	<b>522 890.3</b>	<b>548 517.7</b>	<b>561 230.0</b>	<b>585 011.4</b>
<b>TOTAL EXPENSES</b>	<b>7 928.8</b>	<b>7 983.7</b>	<b>7 424.1</b>	<b>7 972.0</b>	<b>8 335.3</b>
of which: current expenses	7 440.0	7 732.9	7 223.8	7 185.2	7 256.8
<b>EXPENSES (without creating RF)</b>	<b>7 928.8</b>	<b>7 983.7</b>	<b>7 424.1</b>	<b>7 972.0</b>	<b>8 335.3</b>
of which: current expenses	7 440.0	7 732.9	7 223.8	7 185.2	7 256.8

Note: Possible aggregated differences result from rounding.



EXPENSES AND COST-EFFECTIVENESS  
OF THE CZECH TAX ADMINISTRATION

The indicators of expenses and cost-effectiveness of the public service are influenced by many external factors. The development of expenses and cost-effectiveness of the territorial financial authorities is illustrated in the following tables.

Table 2 shows adjusted expense indicators of the Tax Administration, which are fully comparable with other countries (the total amount of the adjusted tax collection of the Tax Administration reflects also excessive deductions, and VAT and consumption tax refunds).

*Development in the expenses and cost-effectiveness in the period 2008–2012*

Table 1

(in CZK)

<b>EFFECTIVENESS – IN RELATION TO EXPENSES WITHOUT CREATING THE RESERVE FUND</b>					
<b>Incomes compared to</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Expense of CZK 1	76.52	65.49	73.88	70.40	70.18
1 employee	39 450 889	34 108 954	37 142 312	38 238 738	39 769 637
<b>EXPENSES – IN RELATION TO EXPENSES WITHOUT CREATING THE RESERVE FUND</b>					
<b>Expenses compared to</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Income of CZK 100	1.31	1.53	1.35	1.42	1.42
1 employee	515 562	520 789	502 718	543 164	566 644
<b>Current expenses per</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
1 employee	483 779	504 431	489 151	489 557	493 327

Table 2

(in CZK thousand)

<b>INDICATORS OF COST-EFFECTIVENESS OF THE TAX ADMINISTRATION</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>TOTAL INCOME</b>	<b>606 715 224</b>	<b>522 890 259</b>	<b>548 517 669</b>	<b>561 229 957</b>	<b>585 011 353</b>
excessive VAT deductions	261 624 000	216 776 596	230 864 533	257 249 910	266 359 178
consumption tax refunds	2 000	2 386	620	105	531
<b>ADJUSTED INCOME</b>	<b>868 341 224</b>	<b>739 669 241</b>	<b>779 382 822</b>	<b>818 479 972</b>	<b>851 371 062</b>
<b>EXPENSES</b> (without creating RF)	<b>7 928 825</b>	<b>7 983 688</b>	<b>7 424 143</b>	<b>7 972 021</b>	<b>8 335 333</b>
<b>COST-EFFECTIVENESS (IN CZK) – IN RELATION TO EXPENSES WITHOUT CREATING THE RESERVE FUND</b>					
<b>Expenses per CZK 100 of adjusted income</b>	<b>0.91</b>	<b>1.08</b>	<b>0.95</b>	<b>0.97</b>	<b>0.98</b>

Note: Possible aggregate differences result from rounding.

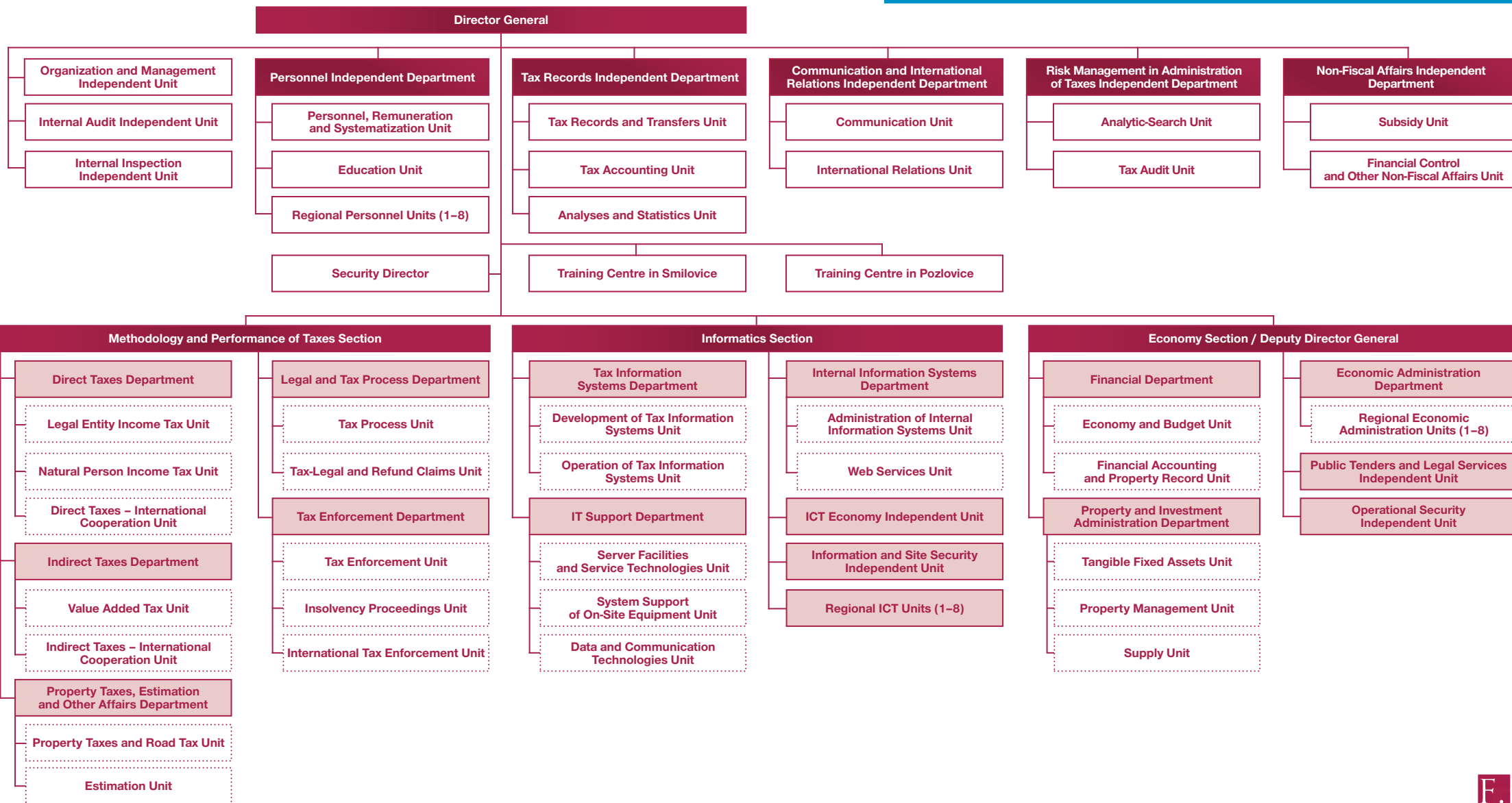


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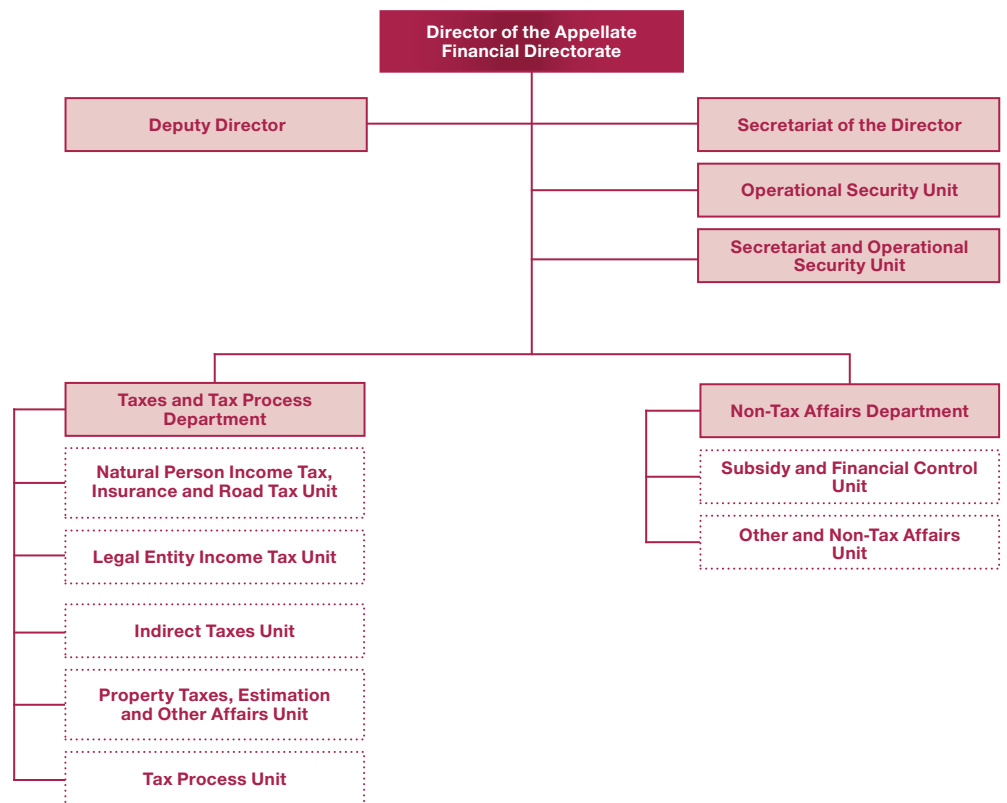
## ORGANIZATIONAL STRUCTURE

- Organizational structure of the General Financial Directorate
- Organizational structure of the Appellate Financial Directorate
- Organizational structure of the Specialized Tax Office
- Organizational structure of the Tax Office

Organizational structure of the General Financial Directorate

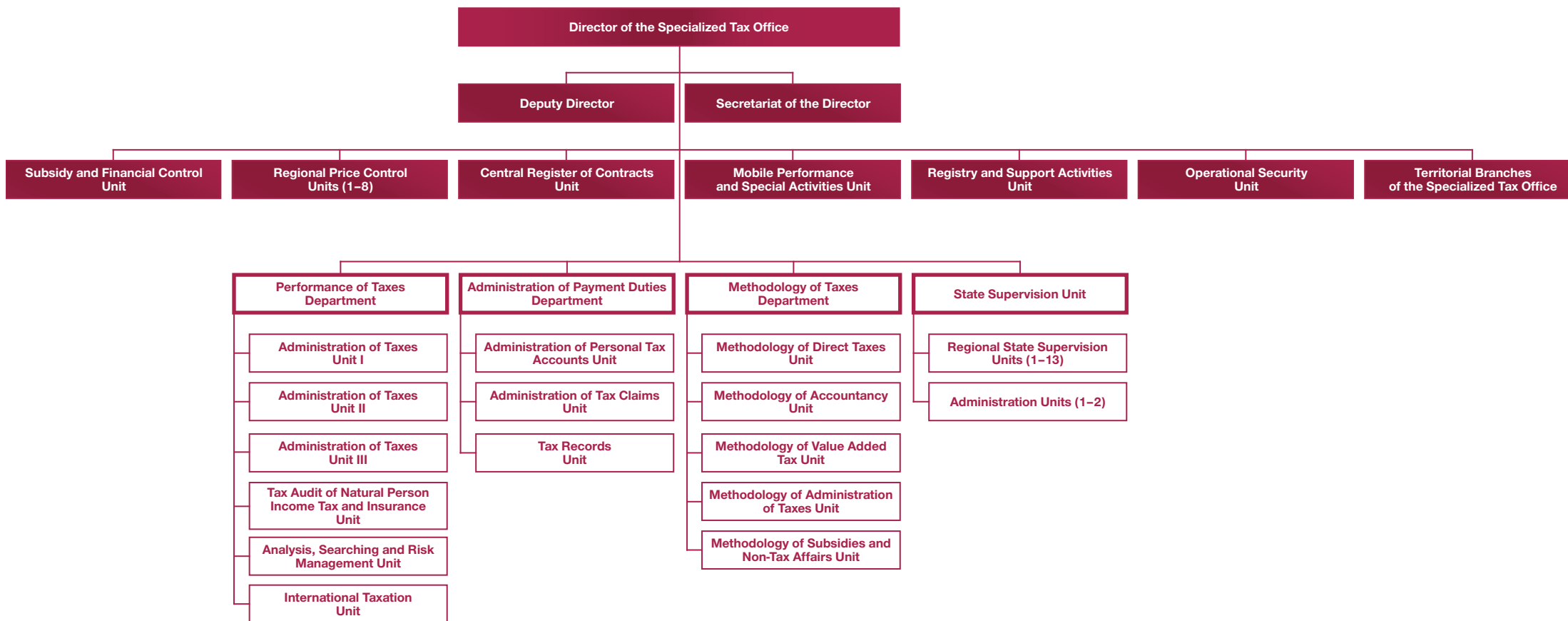


Organizational structure of the Appellate Financial Directorate

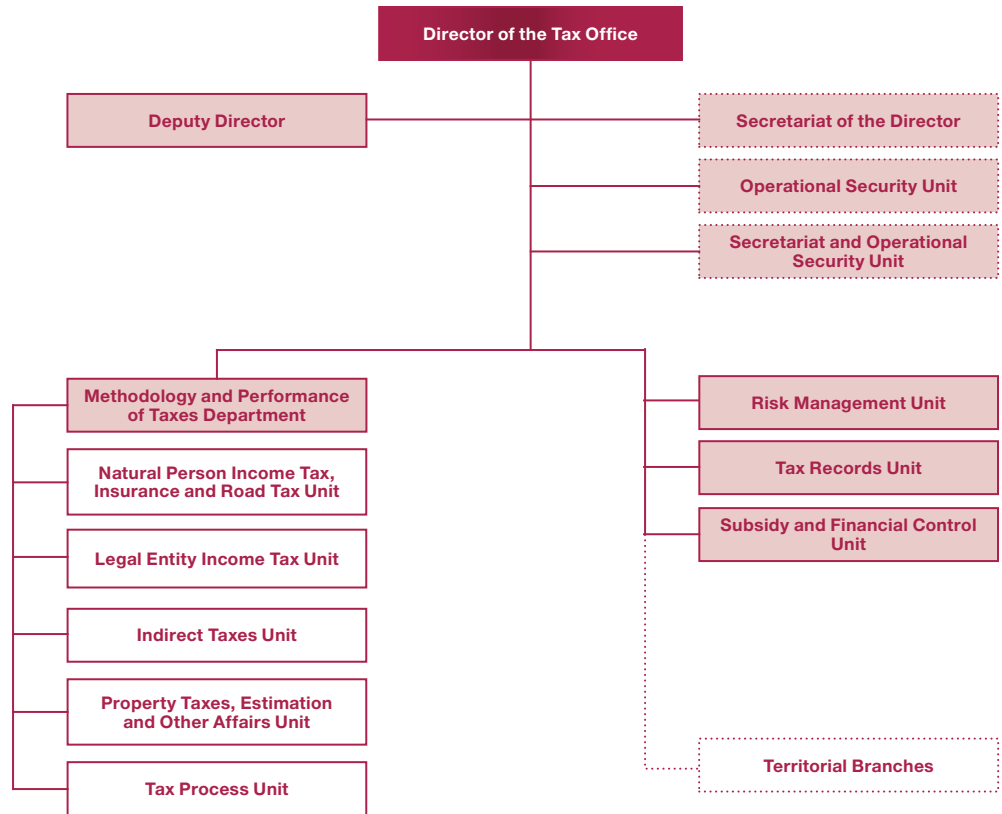


\* Note: Secretariat and Operational Security Unit can be established unless Secretariat of the Director and Operational Security Unit are in place

Organizational structure of the Specialized Tax Office



Organizational structure of the Tax Office



\* Note: Secretariat and Operational Security Unit can be established unless Secretariat of the Director and Operational Security Unit are in place.

TOP MANAGEMENT  
OF THE FINANCIAL ADMINISTRATION OF THE CZECH REPUBLIC  
IN 2013

12



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PUBLISHER

General Financial Directorate

EDITOR

Communication and International Relations Independent Department

CONCEPT

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DESIGN

Alena Sroková

AGENCY

IMPRESS ART DESIGN s. r. o.

DTP

Martin Klug

EDITION

Monika Horsáková

PRODUCTION

Alena Sroková, IMPRESS ART DESIGN s. r. o.

WEBSITE OF THE MINISTRY OF FINANCE OF THE CZECH REPUBLIC

[www.mfcr.cz](http://www.mfcr.cz)

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ACKNOWLEDGEMENT

We wish to thank all Financial Directories, Tax Offices and respective departments of the General Financial Directorate for information provided on the basis of which this publication was prepared.

Prague 2013

ISBN 978-80-85045-38-3



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