



The Annual Report of the Financial Administration of the Czech Republic in 2015

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of the Czech Republic in 2015



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Preface
by the Director General

Ladies and gentlemen,

let me introduce the Annual Report of the Financial Administration of the Czech Republic in 2015 that summarizes the results of our organisation in all areas of its activity. The Financial Administration of the Czech Republic had gone through a number of major changes for the past a few years and the last year was no exception. I am pleased that we succeeded to collect higher revenue to the state budget without raise of tax rates.

The year of 2015 was characterized by preparing for the launch of the VAT Control Statement and also by the necessary work on the project of Electronic Records of Sales. These projects are important tools in the fight against the tax evasion in the Czech Republic. Therefore, the main attention was given to their preparation. These tools, which are in connection with current ones and newly prepared, will head to more efficient collection of taxes and reduction of tax evasions.

In 2015, a significant improvement in fight against the most serious tax evasion was assisted by extension of cooperation of individual authorities of the Tax Cobra on the national wide as well as on regional level.. Due to an increase of efficiency and operativeness of the Financial Administration of the Czech Republic it was approached to the changes in capacity of the workplaces and reduction in the “non-district” territorial tax offices. An important benefit was an assistance of tax auditors from local level in administration of taxes in Prague..

For majority of employees of the Financial Administration of the Czech Republic was the year of 2015 when they became the state employees in accordance with the Civil Service Act. The Civil Service Act newly adjusted relations between the state employees and the administrative bodies. Selection procedures, employee evaluation, organization and implementation of clerical exams will guarantee higher objectivity and transparency in the whole state administration in the future.

Finally, I would like to thank to all our employees for their persistence, very valuable and important work, which they carry out for the state. In my opinion the year of 2015 was successful.





Tax Subjects

The Financial Administration of the Czech Republic statistically monitors number of tax subjects “registered” at the tax administrators’ records and the number of entities that were economically active in the reporting period. In 2015, the tax administrators registered 8,292,793 unique tax subjects. The numbers of tax subjects in 2015, assorted by the individual types of tax, are shown in the following table.

Overview of tax subjects in 2015 according to the individual types of taxes as of 31. 12. 2015

Type of tax	Number of tax subjects	
	registered	active
Value added tax	839 236	563 736
Legal entity income tax	574 074	567 865
Real estate acquisition tax	292 064	210 418
Natural person income tax from tax returns	3 404 197	2 147 274
Natural person income tax from employment	673 100	540 273
Income tax – special rate (§ 36)	554 640	462 326
Road tax	1 110 097	819 694
Inheritance tax, gift tax and real estate transfer tax	625 568	6 319
Real estate tax	4 714 829	3 893 619
Levies from solar energy electricity	12	5
Levies from lotteries	910	477
TOTAL	12 788 727	9 212 006

Note.: Compared to previous years, adjusted terms of selection for „Levies from solar energy electricity“ were used for 2015.



Information on Tax Revenues from the Most Significant Taxes

In 2015, the imposed tax obligation in the Czech Republic (of the old and new tax system) totalled CZK 673.115 billion, while the collected revenue reached the total of CZK 670.216 billion, which represents the yield of 99.6 %. The basic data on tax obligations and revenues of the selected types of taxes in 2015 are summarized in the following table.

In comparison with 2014 when the total revenue of old and new tax system reached CZK 639.007 billion, the national revenue of taxes collected by the tax

offices increased by CZK 31.209 billion, which represents a year-on-year growth of 4.9 %. During the year-on-year comparison of yields of individual taxes was found out that the most significant increase was brought by the legal entity income tax with CZK 14.961 billion, i.e. by 12.1 % and then by the value added tax with 8.942 billion, i.e. 2.8%.

Overview of tax obligations and tax revenues as of 31. 12. 2015 in CZK million

Type of revenue	Tax obligation	Tax revenue	Difference	Yield (%)
	col. 1	col. 2	col. 2 - col. 1	col. 2 / col. 1
VAT – tax obligation	649 445	642 388	-7 057	98,9
VAT – excessive deduction and tax refund	-309 788	-310 784	-996	100,3
VAT - TOTAL	339 657	331 604	-8 053	97,6
Consumption taxes - TOTAL	-77	20	97	*
Legal entity income tax	136 850	138 140	1 290	100,9
Income tax – special rate (§ 36)	25 176	25 099	-76	99,7
Road tax	5 537	5 814	276	105,0
Inheritance tax	28	31	3	108,8
Gift tax	-4 588	-4 434	154	*
Real estate transfer tax	308	210	-98	68,2
Real estate acquisition tax	10 297	10 982	685	106,7
Natural person income tax from tax returns	1 376	2 498	1 122	181,6
Natural person income tax from employment	135 458	136 125	667	100,5
Real estate tax	10 250	10 313	63	100,6
Levies from solar energy electricity	1 858	1 932	74	104,0
Levies from lotteries § 41b art. 1	1 940	1 938	-3	99,9
Levies from lotteries § 41b art. 2, 3, 4	6 166	6 162	-4	99,9
Other incomes, levies and fees	2 851	3 749	898	131,5
NEW TAXES IN TOTAL	673 087	670 183	-2 904	99,6
OLD TAXES IN TOTAL	28	33	5	118,6
TOTAL	673 115	670 216	-2 899	99,6
PREMIUMS TOTAL	1 431	1 428	-3	99,8

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

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

Legal entity Income tax

The total yield of legal entity income tax from tax returns reached the amount of CZK 138.1 billion in 2015, which is CZK 15.0 billion more than in 2014, i.e. 12.1 %.

The highest revenue of CZK 173.590 billion was reached in 2008 on this tax. On the contrary, as a consequence of the global financial crisis and some legislative changes based on reduction of the basic tax rate from 24 % to 19 %, a rapid decrease followed from 2009 to 2011. The level of revenue in 2015 is the se-

cond highest since the new tax system has come into force in 1993. This favourable development resulted chiefly from economic boost that started in the course of year 2013.

Development of the collection of legal entity income tax in the period 2011 – 2015 in CZK million

Year	2011	2012	2013	2014	2015	Index (%) 15/14	Difference 15-14
Tax revenue	109 312	120 461	113 052	123 179	138 140	112,1	14 961
Imposed	111 365	123 914	111 959	114 819	136 850	119,2	22 031
Yield (%)	98,2	97,2	101,0	107,3	100,9	-	-

Natural person income tax from tax returns

Nationwide figure of tax revenue reached the amount of CZK 2.498 billion in 2015. The yearly increase of tax revenue on natural person tax from tax returns was by CZK 1.370 billion.

The main reason of increase of the revenue was the economic recovery in most sectors of the Czech economy. In 2015, the tax revenue got closer to the values of the revenue from 2013. The positive effect on the increase of the tax revenue was caused by the following factors:

- continuing influence of the solidarity tax increase,
- continuing influence limiting the amount of so called lump sum expenses (expenses set by the percentage of income),
- the continuing impact of the restriction to draw the tax credit for spouse with no income in case of using the flat spending,
- the continuing impact of the restriction to draw the tax credit for a depend child in case of using the flat spending, or
- stricter conditions for the deduction of contributions paid to pension and additional pension savings from the tax base.

On the other hand, the negative impact on the tax revenue was caused by the implementation of the new tax credit for placing a child into care faci-

ties for preschool children including kindergarten in the amount of expenses demonstrably incurred by the taxpayer. Taxpayers were able to apply for this discount for the first time in a tax return for the taxable period 2014 to 2015, amounting to 8,500 CZK. The negative impact on collection has been quantified in the amount of 0.45 billion CZK. Another negative impact is caused by the constantly increasing number of taxpayers who are eligible for the refundable overpayment.

Within the client-oriented approach to the taxpayers, the employees of the Financial Administration of the Czech Republic has been providing service to taxpayers for several years. After the agreements with the representatives of towns and villages they visit selected municipalities at the time of submission of tax returns and collect tax returns and answer questions of the taxpayers on the spot. Also the extension of working hours at the tax office should increase the comfort of the taxpayers. Although the application for electronic submission of tax returns is still improving, and this method would optimize working effort of the local financial authorities, relatively small number of taxpayers has been using this option. In 2015 there was electronically submitted over 145,000 tax returns, only less than 54,000 returns had certified electronic signature.

Development of the collection of natural person income tax from tax returns in the period 2011 – 2015 in CZK million

Year	2011	2012	2013	2014	2015	Index (%) 15/14	Difference 15-14
Tax revenue	2 939	3 261	2 680	1 128	2 498	221,5	1 370
Imposed	2 920	2 828	1 180	-1 767	1 376	-	3 143
Yield (%)	100,7	115,3	227,1	-	181,6	-	-

Natural person income tax from employment

Compared to previous year, there was a growth of revenue of the natural person income tax from employment by CZK 5.258 billion in 2015. The Financial Administration of the Czech Republic collected CZK 136.125 billion. The annual growth of revenue from natural person income tax from employment was caused by increasing of the economic development and related increasing amount of wages and slightly increase of employment rate which is the highest

in the history of the Czech Republic. The general unemployment rate of 15 – 64 year olds seasonally adjusted fell last December to 4.5 %.

Development of the collection of natural person income tax from employment in the period 2011 – 2015 in CZK million

Year	2011	2012	2013	2014	2015	Index (%) 15/14	Difference 15-14
Tax revenue	119 373	119 787	126 134	130 867	136 125	104,0	5 258
IMPOSED	118 302	117 623	122 721	135 207	135 458	100,2	251
Yield (%)	100,9	101,8	102,9	96,8	100,5	-	-

Value added tax

In 2015, the revenue of the VAT reached the amount of CZK 331.8 billion (of which CZK 331.6 billion was collected by tax offices and CZK 0.2 billion was collected by customs offices). In comparison with the last year it increased by CZK 8.9 billion. The year of 2015 is the third year, when the state budget incomes were filled in the area of value added tax. According to the budget tax allocation, 71.31 % of the nationwide VAT collection has to be allocated to the state budget, 20.83 % to municipalities and 7.86 % to regions since 1. 1. 2013.

The revenue of the VAT positively influenced the stimulation of economy and related increase of consumption. Another important factor is the reverse charge procedure introduced in 2012. Especially in the area of building industry this procedure prevents tax evasions in form of non-payment of the tax obligation by the provider of taxable supply. In 2015 the Government Regulation

no. 361/2014 Coll., expanded the commodities for which the reverse charge applies.

The institute of unreliable taxpayer, publishing of accounts in VAT-payers registry and the obligation of deposit for fuel traders have undoubtedly positive preventive impact; however the fiscal effect is difficult to quantify.

Development of the collection of VAT in the period 2011 – 2015 in CZK million

Year	2011	2012	2013	2014	2015	Index (%) 15/14	Difference 15-14
Imposed	541 462	553 605	595 833	604 287	649 445	107,5	45 158
Tax revenue	532 438	544 411	571 726	618 273	642 388	103,9	24 115
Yield (%)	98,3	98,3	96,0	102,3	98,9	-	-
Excessive deduction	-257 250	-266 359	-263 426	-295 611	-310 784	105,1	-15 173
Total	275 188	278 052	308 300	322 662	331 604	102,8	8 942

Real estate tax

Compared to the previous year, in 2015 there was an increase in the imposed amount of the real estate tax by CZK 422 million, that is in total CZK 10.250 billion. The real estate tax revenue rose from CZK 9.910 billion up to CZK 10.313 billion, i.e. by CZK 403 million. After a slight decline in 2014, this represents a return to long-term growth trend of the prescribed tax and its collection. It is the most significant annual increase since 2010 when there has been a doubling of most of the tax rates.

Increase of the prescribed amount of tax is partly due to an increase in average prices per 1 m² of agricultural land, which was incorporated into a law by the Ministry of Agriculture's Decree no. 298/2014 Coll., and partly by using new control functions in ADIS system that facilitate the search for undeclared or improperly granted immovable property. The growth of the tax collection was also caused by the intensification of the recovery of taxes.

Development of the collection of real estate tax in the period 2011 – 2015 in CZK million

Year	2011	2012	2013	2014	2015	Index (%) 15/14	Difference 15-14
Tax revenue	8 568	9 541	9 847	9 910	10 313	104,1	403
IMPOSED	8 676	9 576	9 855	9 828	10 250	104,3	422
Yield (%)	98,8	99,6	99,9	100,8	100,6	-	-

Inheritance tax, Gift tax, Real estate transfer tax, Real estate acquisition tax

On 1. 1. 2014, a Senate's legal provision no. 340/2013 Coll., on Real Estate Acquisition Tax came into force and cancelled Act on Inheritance Tax, Gift Tax and Real Estate Transfer Tax. In cases, when the subject of tax arose before 31. 12. 2013, the inheritance tax, gift tax and real estate transfer tax shall proceed in accordance with the transitional provision. Therefore, the total revenue of property taxes comprises the sum of real estate acquisition tax, real estate transfer tax, gift tax and inheritance tax. Revenue of the real estate transfer tax is reducing since the tax proceeding has been completed at the majority of the real estate transactions. On the other hand there is an increase of the collection of the real estate acquisition tax that it has existed since 1. 1. 2014.

Incorporation of the inheritance tax and the gift tax into income tax took place as of 1. 1. 2014. Revenue of the gift tax compared to 2014, when it was CZK 74 million, decreased in 2015 to the amount CZK 4.434 billion due to the refunds of overpayments of the gift tax for the free transfer of allowances to emit the greenhouse gases for the electricity production. Since 2009 the revenue of the inheritance tax has decreased below CZK 100 million due to tax exemption of a free-of-charge acquisition of property by persons included in the first and second category and in 2015 it is CZK 31 million.

Development of the collection of inheritance tax in the period 2011 – 2015 in CZK million

Year	2011	2012	2013	2014	2015	Index (%) 15/14	Difference 15-14
Tax revenue	78	71	76	59	31	52,5	-28
Imposed	76	75	72	62	28	45,2	-34
Yield (%)	102,6	94,7	105,6	95,2	108,8	-	-

Development of the collection of gift tax in the period 2011 – 2015 in CZK million

Year	2011	2012	2013	2014	2015	Index (%) 15/14	Difference 15-14
Tax revenue	4 279	3 368	108	74	-4 434	-5 991,9	-4 508
Imposed	4 269	3 359	93	63	-4 588	-7 282,5	-4 651
Yield (%)	100,2	100,3	116,1	117,5	-	-	-

Development of the collection of real estate transfer tax in the period 2011 - 2015 in CZK million

Year	2011	2012	2013	2014	2015	Index (%) 15/14	Difference 15-14
Tax revenue	7 362	7 660	8 894	3 686	210	5,7	-3 476
Imposed	6 900	7 365	8 581	4 607	308	6,7	-4 299
Yield (%)	106,7	104,0	103,6	80,0	68,2	-	-

Collection of the real estate acquisition tax in 2014 – 2015 in CZK million

Year	2014	2015	Index (%) 15/14	Difference 15-14
Tax revenue	5 600	10 982	196,2	5 382
Imposed	3 506	10 297	293,7	6 791
Yield (%)	159,7	106,7	-	-

Levies from lotteries and other similar games

In 2015, the tax revenue from levies was in total CZK 8.100 billion, which is CZK 178 million more than in 2014. It consists of levy of lotteries and other similar games, where 70 % is the income of state budget and 30 % is the income of municipal budget. Further, it is composed of levy from gaming machines and other technical gaming devices, where 20 % of tax revenue is the income of the state budget and 80 % is the income of municipal budget.

In 2015 taxpayers provided financial gifts to the Czech Olympic Committee on sports and sporting purposes in the total amount of CZK 527.8 million, in 2014 it was CZK 430 million which is by 19 % less than this year. Providing these gifts, which can be used to reduce partial levy from lotteries by 25 %, enabled an amendment of the Act that came into force from the levy period of 2014.

Development of levies from lotteries and other similar games in the period 2014 – 2015 in CZK million

Year	2014	2015	Index (%) 15/14	Difference 15-14
Tax revenue	1 713	1 938	113,1	225
Imposed	1 764	1 940	110,0	176
Yield (%)	97,1	99,9	-	-

Development of levies from gaming machines and other technical gaming devices in the period 2014 – 2015 in CZK million

Year	2014	2015	Index (%) 15/14	Difference 15-14
Tax revenue	6 209	6 162	99,2	-47
Imposed	6 062	6 166	101,7	104
Yield (%)	-	99,9	-	-

Pension savings premiums

Pension savings premiums collected and administered by the tax offices were introduced as the second pillar of the pension reform in 2013.

A new register of participants has been established, a new Automated Tax Information System (ADIS) module has been prepared, new processing procedures have been solved and new insurance forms have been issued. However, the efforts towards the smooth functioning of the administration of insuran-

ce pension savings didn't bring the expected effect and the second pillar will be abolished by the end of 2016 based on the decision made by the expert committee of the Government of the Czech Republic.

Pension savings premiums in CZK million

Year	2015
Tax revenue	1 428
Imposed	1 431
Yield (%)	99,8



Procedures of Administration of Taxes

Search activity

The search activity is an integral part of the administration of taxes and it's carried out not only during the tax proceedings but often also before its launch. Its results are mainly used for the preparation of the tax audit and have a direct impact on the operations and procedures in tax proceedings that are focused on risk areas. The search activity primarily focuses on increasing of the efficiency and yield of the administration of taxes, including the reduction of time needed for implementation of the tax audit and rationalisation of the processes in the field of finding proceedings.

In 2015 the search activity of the tax administrator was mostly used in verifying the accuracy of the data included in the applications for registration, in the tax returns of the taxpayers, in verifying of the actual residence of the taxpayers, in searching for evidence at the third parties (particularly at the suppliers and customers of the audited taxpayers), in authentication of the inputs from other

state institutions and the public, in validation of the data from registries and databases for other tax offices. The collected information about taxpayers (including their analysis) were used for the needs of individual tax administrators, not only for the creation of tax audit plan, but also for detection of chains, searching of large tax evasions or identifying risk areas within the administration of taxes.

Registration and assessment unit began to put more emphasis on the search activity than in previous years, especially in connection with verification of the facts relating to the registration of new VAT payers.

The extent and importance of the search activity in new and more complicated types of tax evasions is still growing and has a positive impact on the fiscal benefit. It also acts as prevention against risky behaviour in a wide range of administration of taxes.

On-the-spot investigations

On-the-spot investigation is used as a fast and efficient process to search for evidence and for the verification of facts and irregularities, which arises from statutory registers, and not only in the search activities, but also during other procedures and tax proceedings. Also this year, the employees of audit units used mostly local investigation.

In 2015, the local survey conducted in the framework of the activities of Financial Administration of the Czech Republic, and specifically in relation to each of the procedures (e.g. in the context of search activities before starting of tax

proceedings, during a tax audit and procedure to remove doubts), and then in finding, registration proceedings and proceedings of paying of taxes. Through on-the-spot investigations, it was verified (in relation to the cancellation of registrations for VAT) if the legal conditions have been fulfilled for their cancellation. The significance of on-the-spot investigation has been seen in the area of securing taxes (e.g. in issuing of secure orders) and in seizure proceedings (e.g. to identify assets and circumstances of taxpayers or to find out the residence of tax debtor), and in verifying the correctness of the application of the reverse charge procedure within VAT administration.

Procedure to remove doubts

The procedure to remove tax administrators' doubts in the administration of taxes is used when there is a specific doubt about the correctness, conclusiveness, completeness or veracity of the submitted tax statement and other submitted documents. If the tax administrator finds in tax returns any irregularities, the taxpayer is contacted via SMS, phone call or e-mail. The procedure to remove doubts is used especially in cases, when the informal way of removing the deficiencies in the tax returns of the tax subjects fails. From the achieved results it is evident that the procedure to remove doubts was a very important tool for the administration of taxes in 2015.

The procedure to remove doubts was used and finished at 24,062 cases last year. Of this total 11,970 procedures to remove doubts ended with a difference from the value declared by taxpayers in the tax claims. Therefore the tax administrator discovered irregularities in nearly half of the examined cases.

As in previous years and in 2015 the procedure to remove doubts was mainly used in the field of VAT because 73.4 % of cases were taken just under the VAT. Therefore, in 2015 the tax administrators focused its attention mainly on checking of doubts associated with tax subject which deal with risky commodities (e.g. with coloured and precious metals, meat, fuel, etc.). Increase of tax obligations was recorded not only in the area of VAT, but also in the area of income taxes, which compared to 2014 increased by 46.7 %.

Overview of number and results of procedures to remove doubts as of 31. 12. 2015

Tax	Number of concluded	Number of concluded with a difference	Change as a result of procedure to remove doubts (in CZK thousand)		
			Tax obligations	Excessive deduction	Loss
VAT	17 672	10 011	7 459 754	-3 105 244	
CIT	1 362	419	488 167		-8 051
PIT	5 028	1 540	14 369		3 892
TOTAL	24 062	11 970	7 962 290	-3 105 244	-4 159

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

Tax audit

In 2015, the total amount of supplementary taxes from the tax audits reached CZK 15.721 billion that represents an increase by 63.5 % compared to 2014. The largest part was the supplementary tax of VAT that represents 86.9 % from the total amount of supplementary taxes. Compared to 2014, there was an increase on VAT supplementary taxes about CZK 5.402 billion, which in this tax represents an increase by 65.4 % compared to 2014. The same as in the previous year there was an increase of effectiveness of the tax audits also in 2015. The supplementary tax per tax audit has increased to the value of CZK 572,000, which represents an increase by 121 % compared to 2014.

Detecting and checking of the tax subjects suspected of possible involvement in fraudulent chains places high demands on the tax audit employees, not only professionally or psychologically, but it also has a significant influence on the amount of time necessarily spent on the tax audit. During the tax audits there have been identified more and more complicated tax frauds. Therefore, it is necessary to highlight positive impact of the deepening cooperation

between tax offices, the Customs Administration and the Police of the Czech Republic and also the active co-operation in international scope.

Compared to 2014 there was a significant increase in the amount of supplementary tax of VAT. To this fact significantly contributed the revelation of the large fraudulent chains of traders and service providers (e.g. precious metals, metallurgical material, tobacco products, printing machines, fuel, telecommunications services, advertising services, etc.). Subsequently, after finding that a particular commodity (or service) is the subject of trade within fraudulent VAT chain stores, Financial Administration of the Czech Republic (among others) initiates legislative amendments on the reverse charge procedure. Taxpayers involved in the fraudulent chains react to VAT changes flexibly and delegate their activities (burdened by tax fraud) to other commodities. Also other kinds of goods, e.g. rape oil, mineral oil, meat, electricity, gas and more are considered as risky commodities.

Overview of number and results of tax audits as of 31. 12. 2015 in CZK thousand

Type of revenue	Number of subject *	Number of audits	Additional assessment from audits	Change of loss
Value added taxes	542 101	10 130	13 660 791	
Legal entity income tax	567 865	4 396	1 761 077	-992 677
Natural person income tax from tax returns	1 305 647	5 714	178 242	-265 748
Natural person income tax from employment	540 273	3 479	66 314	
Income tax – special rate (§ 36)	462 326	1 223	43 021	
Real estate tax	3 893 619	370	576	
Inheritance tax, gift tax and real estate transfer tax	6 319	0	0	
Real estate acquisition tax	210 418	1	0	
Road tax	819 694	2 134	11 294	
CELKEM	8 348 262	27 447	15 721 315	-1 258 425

*Data on the number of subjects represents a number of registered tax subjects in the respective period of time.

Incentives handed over to authorities active in criminal proceedings

The co-operation of Financial Administration of the Czech Republic with the individual authorities active in criminal proceedings can be characterized and evaluated as positively evolving, meaningful and correct with increasing of effectiveness. In 2015, the Financial Administration of the Czech Republic dealt with 4,100 requests for the Police of the Czech Republic, of which 585 requests were for the special units of the Police of the Czech Republic. On the contrary the Financial Administration of the Czech Republic gave 135 requests addressed to the special units of the Police of the Czech Republic. In 2015, the cooperation in the field of mutual learning and coordination of particular activities was intensified.

On 11th April 2014, the Minister of Finance and Minister of the Interior signed an agreement on co-operation, exchange of information and co-ordination - the „Tax Cobra“. Tax Cobra should increase the efficiency of fight against the major tax evasion thanks to the co-operation between the individual authorities and interdepartmental co-operation of Financial Administration of the Czech Republic, Police of the Czech Republic and the Customs Administration of the Czech Republic. Individual authorities can effectively co-operate in solving major cases. They can provide each other relevant information and use analytic and data resources in an accelerated mode. Co-operation between the different stages of the tax and criminal proceedings allows adoption of effective measures of the tax administrators and authorities active in criminal pro-

ceedings to protect the state budget, early detection of infringement with the possibility to prevent damage and implementation of prosecution of crimes already in its course, with a primary focus on the main organizers, thereby disruption of the whole structure of organized crime. Based on feedback from the public, the publicized results of the Tax Cobra have preventive effects.

From 1st January 2015, based on the positive experience with the project Tax Cobra and its nationwide character, it was newly established structured model. This model is divided into Central Cobra, built by the Unit for Combating Corruption and Financial Crime, the General Financial Directorate and the General Directorate of Customs, and the newly formed Regional Cobra with participation of regional police directorates, regional authorities of Financial Administration of the Czech Republic and regional authorities of the Customs Administration of the Czech Republic. The Tax Cobra secured or prevented damage in the amount of CZK 2.735 billion in 2015. Since 11th April 2014 the Tax Cobra has saved the amount of CZK 4.1 billion for the state budget.

Agreement on co-operation between the representatives of the Financial Administration and Customs Administration was signed for further strengthening of the co-ordination for the protection of the state budget on 16th December 2015.

Development of the number of incentives handed over by tax offices to authorities active in criminal proceedings in CZK million

Criminal offence	Number of cases						Amount					
	2011	2012	2013	2014	2015	Difference 15-14	2011	2012	2013	2014	2015	Difference 15-14
tax evasion (§ 240)	1 325	1 555	1 164	1 294	1 512	218	6 452	9 367	4 886	7 034	10 603	3 569
other (§ 241)	107	156	130	182	187	5	351	80	94	100	103	3
TOTAL	1 432	1 711	1 294	1 476	1 699	223	6 803	9 447	4 980	7 134	10 706	3 572

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



Other Affairs

Price control

The price control, carried out by 48 employees of the Specialized Tax Office (STO), was aimed at verification of the compliance with regulatory rules laid down by the Price Act and follow-up pricing assessments of the Ministry of Finance and the Ministry of Health. Another issue the price control was aimed at the assessment whether in the application of non-regulated prices does not abuse the economic position of the seller or buyer. Moreover, they were also checking whether the sellers of particular kind of goods fulfill the registration and information obligation determined by the Price Act.

The price control in the area of maximum prices were focused on a rent of land not used for tenant's business, primarily rents of land to public burial ground, also on the prices of dairy products for pupils and also on the prices of health care services covered by public health insurance.

The majority of price controls were conducted in complicated fields of substantive pricing regulation – in the field of drinking water and sewage disposal, prices of public domestic regular bus transport, prices of separate waste collection, price of collection, transport, sorting and disposal of municipal waste.

Administration of levies due to breach of budgetary discipline

One of the tax offices' principal activities in administration of levies due to breach of budgetary discipline is a control. When the control finds out breach of budgetary discipline, the levy and a delay penalty is imposed. Controls are carried out based on searching activity and received incentives. If there is sufficient evidence available, the tax office initiates the tax proceedings and subsequently the assessment of levies due to breach of budgetary discipline without preceding control in order to reduce the administrative burden of tax subjects. There were 31.5 % less controls in 2015 than in 2014. This trend is

In accordance with price assessment of the Ministry of Health price controls of medical treatments not covered by health insurance in the areas of ophthalmology, gynecology, plastic surgery, dentistry and dental hygiene were carried out. The most time-consuming were the price controls regarding the Price Act in the matter of abuse of economic position. The most frequent finding was the failure to comply with a binding procedure for calculation of price and negotiation of price whose amount and calculation was not in accordance with terms of substantive pricing regulation of the Price Act due to inclusion of costs higher than economically justified and not related with the regulated service.

During 2015 there were 250 price controls finalized and 117 imposing fines decisions issued in total CZK 153.6 million, which represents increase by CZK 146 million in comparison with 2014. This huge increase was caused by CZK 150 million fine imposed to a single one controlled subject for abuse of economic position. Breach of price regulation was found in 47 % of control actions. During 2015, 21 incentives of 55 handled were found out as justified.

related to the increase in tax proceedings conducted without control by 232 %. In 2015, 5,184 price controls and 711 tax proceedings without control were carried out. During these actions 8,892 projects amounting CZK 68.787 billion were checked. There is a positive trend in increasing share of price controls with a finding (2 182 controls), which reaches 42 %. Thus, nearly every second price control was finalized with finding of a breach of budgetary discipline.

In 2015, there were 344 appeals submitted against the decisions of tax offi-

ces totaling CZK 4.723 billion. From the total amount of submitted appeals, 81 cases were completely or partially successful and in remaining 261 cases the appeals were totally rejected.

State control over betting games and lotteries

In 2015, the employees of the State Control of the Specialized Tax Office carried out in total 11,074 controls, which were focused on the compliance with the Lotteries and Other Similar Games Act and conditions resulting from the permissions to run lotteries and other similar games issued by the Ministry of Finance of the Czech Republic. Compared to 2014, there was a decrease in number of controls by more than 3,500 because of increased use of operations preceding the control and the controlling activity was intentionally aimed at risky areas at the expense of global routine controls. The Specialized Tax Office dealt with 642 breaches of the Lotteries and Other Similar Games Act. In total, CZK 33.3 million was levied, which is about CZK 700,000 less compared to 2014.

The most common breach of Lotteries and Other Similar Games Act was an operation of lotteries and other like games without permission, not reporting the responsible person to the authority of the state control, missing supervision by a person responsible for prevention of entrance of persons under 18 years of age and deficiencies emerging from monitoring of live games in casinos.

Similar to 2014, the detection of illegal operation of technical equipment, in particular the so-called “quiz-machines”, was a priority for the Specialized

The administration of levies due to breach of budgetary discipline was carried out by all 15 tax offices, specifically 486 employees, and other 8 employees at the Appellate Financial Directorate.

Tax Office because this type of illegal activity increased again in 2015. About 1,700 non-permitted technical devices in more than 500 places of business were found across the whole Czech Republic during many control actions. The most extensive controls were performed in Prague, Brno, České Budějovice and Zlín Region. All finds were handled in large amount of administrative proceedings and also passed as criminal complaints to the Police of the Czech Republic. Fines imposed to the operators of non-permitted technical devices totaled more than CZK 31 million. Another principal aim of the state controlling activities was operation of live games in casinos.

Attention of the Specialized Tax Office was also focused on continuous control of financial flows of operators of local lottery systems and electromechanical roulettes. Results of continuous monitoring are used for analysis of next aims of control activities and to check the correctness of amounts levied from lotteries and other similar games.



International Tax Affairs

Nowadays the Directive on administrative cooperation in the field of taxation for the area of administrative cooperation is in force. The Directive contains many changes related primarily to the use of standardized forms, time limits for providing of information and the mandatory automatic exchange of information.

The Czech Republic is constantly active in the fight against harmful tax practices and in streamlining of the international cooperation in the field of taxation for the support of the European Union (EU) and the Organisation for Economic Co-operation and Development (OECD) and the G 20. In 2015 within the framework of a nationwide audit of the Financial Administration of the Czech Republic between selected Czech taxpayers made dozens of inquiries focused on relationships and transactions with subjects in jurisdictions with preferential tax regime. This led to a subsequent determination of tax obligation of CZK 50 million; a number of cases will be completed in 2016.

A new basis for cooperation between tax administrations is from 1st January 2015 the Convention on Mutual Administrative Assistance in Tax Matters, which regulates international administrative cooperation not only in taxes, but also in social and health insurance. It is a multilateral agreement of the competent authorities of the automatic exchange of information about financial accounts (i.e. Global Standard), which was signed by representatives of states,

Exchange of information on request and providing information spontaneously

The Czech Republic received a total of 226 cases of exchange of information on request and spontaneous exchange of information from abroad and sent 198 requests. The largest part of cooperation remains with Slovakia, Germany, Poland, Austria and France and outside the European Union with Belarus and

that would count on using of the Global Standard for the exchange of information in order to have the first exchange of information for the year 2016 already in 2017.

Another important tool in the international tax cooperation are working arrangements in the form of Memoranda of Understanding on mutual administrative cooperation between tax administrations, involving especially the automatic exchange of information and simultaneous tax audits. The Czech Republic has concluded 15 of such memoranda so far. On the basis of two closed memoranda with the Slovak Republic and the Federal Republic of Germany, the so called direct cross border cooperation in the form of exchange of information takes place on the level of authorized tax offices.

The Financial Administration of the Czech Republic uses all three forms of exchange of information: exchange of information on request, providing information on its own initiative (spontaneous exchange of information) and automatic (regular) exchange of information. In 2015, it was reported 1,098 exchanged correspondences related to the exchange of information on request and spontaneous exchange of information on the central level of the General Financial Directorate. The direct cooperation with Slovakia on the level of the tax offices was in the number of 68 exchanged correspondences and with Bavaria and Saxony it was 67 exchanged correspondences.

Ukraine. In terms of the bilateral Tax Information Exchange Agreement "TIEA", the largest part of cooperation was with the British Virgin Islands.

Automatic exchange of information

Unlike the information provided on request or spontaneous exchange of information where there is specific suspicion relating to a particular tax entity in automatic or regular exchange of information, there are particular type of in-

formation exchanged in bulk, while there is a verification of all relevant taxpayers. In 2015, compared with the previous year, no major changes occurred in this area.

FATCA

In 2014, an Agreement between the Czech Republic and the United States of America to improve international tax compliance was signed, commonly known as the Foreign Account Tax Compliance Act (FATCA). Based on this Agreement, the Act on Exchange of Information about Financial Accounts with the United States for Tax Administration Purposes was adopted. It regulates the exchange of information under this Agreement, including the procedures for collecting relevant information by financial institutions and transfers this

information to the tax administrators. The Tax Administration of the Czech Republic and USA received first information from their financial institutions about income tax of the residents of another country in September 2015. Then they exchanged this information each other. The Czech Republic has received about 7,000 records on incomes of the Czech tax residents.

International assistance in recovery of certain financial claims

Data analysis of 2015 shows an extraordinary growth of international assistance in recovery of claims. Since 2011, when 225 applications were handled, every year the number of applications slightly increases. In 2015, in comparison with 2014, there was 74 % increase in new requests, when the number of new requests to be processed increased from 377 to 657. The growth was mainly caused by more than triple increase in the number of outgoing requests for recovery of claims abroad. The decisive share (62 %) was caused by the applications of the Financial Administration of the Czech Republic for the recovery of VAT refunds recorded by domestic taxpayers in other European Union countries. Another increase in these types of applications can be expected in 2016 in connection with the adoption and entry into force of the relevant legislation in the Slovak Republic. The total amount of VAT refunds from abroad

that was recovered in 2015 is CZK 9.2 million. The amount of the outgoing requests for information increased by 61 % and of the incoming requests for recovery of claims increased by 44 %. Outgoing and incoming requests for delivery increased as well. The total number of processed submissions related to particular requests for international assistance was 6,422 in 2015, which is an increase by 51 % compared to 2014 (4,253). The increase of agendas which relates to the providing of information on the domestic refundable overpayment to another EU Member State in which the taxpayer is resident or seated continued. The most information was provided to the United Kingdom (27), Germany (15) and newly to Austria (11). For the first time since 2012, when the exchange of information has started, the Czech Republic received this information from the EU Member State - Sweden.

Taxation of multinational enterprises and transfer pricing issue

The issue of transfer pricing is globally perceived as very risky area, which is often used by multinational groups to tax planning and tax evasion. In 2015, Financial Administration of the Czech Republic focused on transfer pricing more than before, and this trend will continue in 2016.

In 2015, work was completed on the program BEPS, processed under the auspices of the OECD, which has been largely focused on the taxation of multinational groups. Because of the constantly increasing number of transactions between related parties and because of the significant part of the market is affected by relationships in groups, the Financial Administration of the Czech Republic continually adjusts its administrative practice in order to correspond to the conclusions on transfer pricing. Since 2014 a new annex to the tax return for legal entity income tax (separate annex to item 12 of section I. - a list of transactions with related parties) has been introduced for audit purposes

where the tax subjects, who fulfil defined criteria, are obliged to declare the transaction between related parties. In 2015 the Financial Administration of the Czech Republic worked with the outputs of this annex for the first time.

Data obtained from the mandatory annex of tax returns allow the Financial Administration of the Czech Republic to target better on the tax audits of potentially risky tax subjects and transactions. Thanks to this preparing for a transfer pricing audit and audit itself is more efficient and less burden on taxpayers, who set the transfer prices in accordance with the Act and internationally accepted arm's length principle.

In 2015, 20 cases were solved by an agreement according to the avoidance of double taxation or by the Arbitration Convention.

International co-operation in the VAT administration

International administrative co-operation in the VAT administration is realized particularly on the basis of exchange of information with the foreign tax administrations with an emphasis on prevention of the tax evasions and frauds within the internal market of the European Union. The exchange of information on realized supply of goods and provided services to another EU Member State run through electronic system VIES (VAT Information Exchange System).

If the VAT payer supplied goods or provided services to another EU Member State and at the same time is obliged to declare the acquisition of service, then they have a legal obligation to submit so called recapitulative statement. On the other hand, the identified person has the obligation to submit a recapitulative statement only in case that he provided the service in a place of fulfilment

in another EU Member State and at the same time the recipient is obliged to declare the acquisition of service. In 2015, 84,628 VAT payers and 3,232 identified entities submitted the recapitulative statement on the supply of goods or services. 115,230 VAT payers and 1,506 identified entities declared in their tax returns the acquisition of goods or services from another EU Member State.

In 2015, there were processed 8,948 of incoming and outgoing requests for information and spontaneous information, including inquiries on data registration of the VAT payers and identified persons. From the Czech Republic to the EU 4,439 requests for information and spontaneous information was sent. On the contrary, 4,509 requests for information and spontaneous information

were received from other EU Member States. During the automatic exchange of information without previous request there is communicated information between the EU Member States that is immediately available, no later than three months after the end of calendar quarter in which it was obtained.

The specific type of administrative cooperation is delivering administrative acts and decisions that are related to the application of VAT legislation on the territory of one EU Member State, while the document is delivered to the recipient in another EU Member State by a competent authority of this EU Member State. In 2015, there were received 79 requests for delivery, of which 59 were outgoing requests and 20 incoming requests. Further the parallel multilateral controls are carried out, which are initiated by the tax administrators of several EU Member States.

In relation to the procedures defined by the EU regulation on the VAT refunds to taxable persons established in the EU Member State different from the EU Member State of the tax refunds, an electronic system for processing the tax refund is being operated. The number of received requests from the EU to the Czech Republic as a country of tax refund was 23,698 in 2015, and conversely, the number of requests sent by Czech applicants to the EU Member States was 29,410.

For the intra-community transactions, the public has been provided with servi-

ce of verification of the Tax Identification Number (TIN) for taxable persons registered in other EU Member States. The verification can be done through a European Commission's application; the web address is available on the Czech Financial Administration's website. The verification may be carried out also at a respective department on the central level of the Financial Administration of the Czech Republic, or at a locally competent tax office via phone call, postal mail, e-mail, or in a personal visit. In 2015, there were 95,357 foreign tax ID numbers verified by the VIES system within the whole Financial Administration of the Czech Republic.

From 2015 the taxable persons could newly fully use the special scheme called Mini-One-Stop-Shop (MOSS). 423 taxable persons used this possibility, who declared through the Czech Republic a providing of selected services to other Member States in a total amount of EUR 2,795,291.70. From the other EU Member States to the Czech Republic there was declared the providing of selected services in the amount of EUR 32,503,754.54.

In relation to the third countries, the international administrative co-operation in the VAT is carried out on the basis of international treaties concluded with the third countries, i.e. double taxation treaties, Agreements on Exchange of Information on Tax Matters or on the basis of Convention on Mutual Administrative Assistance in Tax Matters.



International Co-operation of Tax Administrations

An excellent co-operation between the Financial Administration of the Czech Republic and the Slovak Republic is quite unique thanks to the common historic roots, non-existence of a language barrier and similar development of countries after their split. Several reciprocal meetings focused on specific issues of the tax administration activities take place every year on the basis of "Agreement on Co-operation in the Area of the Tax Administration Activity between the Ministry of Finance of the Czech Republic and the Ministry of Finance of the Slovak Republic". In 2015, the working meetings were focused on e.g. fight against tax evasions on VAT, VAT control statement or control of chain trading with risky commodities.

In the late May 2015 the Financial Administration of the Czech Republic arranged a prestigious meeting of the Executive Council of the Intra-European Organisation of Tax Administrations (IOTA). The Executive Council of the IOTA is represented by 9 members elected for one-year period. Its agenda is usually a decision-making on issues that have a major impact on operation of the Organization, e.g. budget, work programme, etc. Nevertheless, this Executive Council was exceptional also because of interviews with candidates for position of the Executive Secretary of the IOTA.

During the IOTA General Assembly held in early July 2015 in Rotterdam, the Netherlands, the Czech Republic defended its third mandate in the Executive Council for the period 2015 - 2016. It means that the Czech Republic keeps its competence to receive and decide on matters that are directly related to the activities of IOTA and take a stand on proposals submitted by IOTA member countries.

The scope of Fiscalis Programme was marked by an arrangement of two major events in the Czech Republic during 2015.

The first event took place in March and it was a meeting of the working group „Eurofisc“, which is focused on identifying new risks in the area of VAT. These meetings are held only twice a year, so the Czech Republic had not only an opportunity to organize this meeting, but also a chance to share our experience in the field of the VAT with other EU Member States. In total, the event was attended by 53 representatives from EU Member States and representatives of the European Commission.

The second Fiscalis event took place at the beginning of November 2015 and its topic was the taxation of energy products used in metallurgical and mineralogical processes. In total the event was attended by 37 representatives from EU Member States and representatives of the European Commission.

In addition to these events the Financial Administration of the Czech Republic carried out five so-called "Incoming working visits", which were organized by the General Financial Directorate, the Specialized Tax Office, the Tax Office for the Central Bohemian Region and the Tax Office for the South Moravian Region.

In total, all the Fiscalis events were attended by 129 employees of the Financial Administration of the Czech Republic in 2015.



Public Relations

In 2015 the Financial Administration of the Czech Republic provides full information service for the wide range of tax public through communication with media, information leaflets, e-mails, website (www.financnisprava.cz) and also through information published on YouTube, Facebook and Twitter. Emphasis was put on increasing the client-oriented approach and speeding transition of information to the public. For these reasons in 2015 a new profile of press agent of General Financial Directorate on Twitter, whose aim is not only to inform about past events, but also to draw attention to what will take place in the near future, was created.

New instructional videos that show current information about how to fill in the tax return and the possibilities how to pay taxes were added on YouTube channel and in the video gallery on the website of the Financial Administration of the Czech Republic. Videos from press conferences and control-seizure actions from the field are also available to watch.

Due to the implementation of new tools such as VAT control statement and electronic records of sales, Financial Administration of the Czech Republic focused on intensive informing about upcoming tax obligations. In this context

Public inquiries

The employees of the Financial Administration of the Czech Republic from the whole country responded to thousands of telephone and e-mail inquiries from the public. In 2015, the General Financial Directorate replied in writing to almost 4,000 technical inquiries in total. Also worth mentioning is the technical support of Financial Administration of the Czech Republic applications and a source of information for taxpayers, the so-called “ePodpora” (i.e. “eSupport”). Through the “ePodpora”, the Financial Administration of the Czech Republic answers public inquiries concerning the taxation portal. Using this way, 8,000 inquiries were answered, which it was the most in the last seven years. The Fi-

a series of conferences and seminars for professionals and the general public took place.

The Financial Administration of the Czech Republic also began to pay more attention to the issue of „tax literacy.“ Besides lectures in schools and universities an interesting cooperation with future journalists was successfully developed. Through workshops the possibilities of access to objective information about tax issues and about the activities of the Financial Administration of the Czech Republic at all were presented to them. It is one of the ways how to improve the level of tax information presented in the media.

Last year on the website of the Financial Administration of the Czech Republic it was managed to clarify information about upcoming auctions of seized movable and immovable property of tax debtors, which are frequently visited by the public. There was also the gradual expansion and improvement of the information available in English on the website of the Financial Administration of the Czech Republic.

Financial Administration of the Czech Republic has received totally 312 inquiries according to Act on Free Access to Information in 2015.

During 2015, the inquiries were also asked by media representatives, who received a total of 529 written answers and hundreds of telephone responses. Another important group of questioners were university students, who used the gained data from the Financial Administration of the Czech Republic for their master and bachelor theses. In 2014, dozens of inquiries from university students were answered.

Overview of the requests for information based on the Free Access to Information Act in 2015

Number of	TO	AFD	GFD	TOTAL
Requests for information submitted	202	14	96	312
Requests for information suspended	22	1	8	31
Decisions issued on rejection	47	1	4	52
Decisions issued on partial rejection of the request	19	3	9	31
Appeals submitted against the decision on rejection	12	2	3	17
Appeals submitted against decision on partial rejection	3	3	2	8
Complaints	5	1	4	10

Legal entity award

The Ministry of Finance of the Czech Republic in cooperation with the General Financial Directorate organized 13th ceremonial announcement of legal entities which contributed most significantly to the budget with the legal entity income tax. The ceremony traditionally took place in the representative premi-

ses of the Břevnov Monastery on 28th May 2015. Awards in the form of glass plaques took „TOP 20 payers of 2014,“ by the Minister of Finance Mr. Andrej Babiš and the Director General of the General Financial Directorate Mr. Martin Janeček.

Charity events

In 2015, the Financial Administration of the Czech Republic organized two internal charity events in the whole republic. Due to the first one, which was based on collection and purchase of caps from plastic bottles and voluntary financial allowance was received over 120,000 CZK for seriously ill children of two employees of the Financial Administration of the Czech Republic. In the second charity event, the employees of the Financial Administration of the Czech Re-

public gave over 200 bags full of toys to Czech Red Cross. Part of plush toys was passed on at the theatre performance for children on the theme of first aid. The remaining toys were sold at the Christmas market at a symbolic price of 5 - 10 CZK. The Czech Red Cross used the profit from the sale of toys to improve the quality of life of seniors.

Electronic submissions

Within the client-oriented approach of the Financial Administration of the Czech Republic, the application for electronic submissions “EPO” is adjusted and developed every year. This application underwent new modifications in 2015. On the basis of interfacing with authentication service portal of public administration is newly in EPO enabled to submit tax return electronically with vali-

dated identity of the applicant in a way that the entities subscribe to their data box. In 2015, the growth of electronic submissions was reported again (17.2 % more compared to 2014). In total, there were 3,643,697 electronic submissions in 2015. The increase of interest in the application “EPO” is evident from the table.

Development of numbers of electronic submissions in the period 2011 – 2015

	2011	2012	2013	2014	2015	Index (%) 15/14
ZAREP ¹⁾	576 113	829 329	1 089 269	1 435 147	1 634 874	113,9
ISDS ²⁾	0	0	0	65 350	637 341	975,3
Other ³⁾	207 344	725 911	965 040	1 608 021	1 371 482	85,3
Total⁴⁾	783 457	1 555 240	2 054 309	3 108 518	3 643 697	117,2

1) ZAREP; submissions with certified electronic signature,

2) ISDS; tax return submitted with validated identity,

3) Other; electronic submissions without certified electronic signature,

4) Total EPO; total amount of electronic submissions.



Human Resources

The employees of the territorial branches and tax offices providing comprehensive performance of activities within their competence make up the largest share of the total number of employees, i.e. 79.2 %. Only 0.9 % from this number is “unskilled” employees. As in previous years, there is a predominance of women working in the Financial Administration of the Czech Republic, i.e. 80.1 %.The long term trend shows a positive increase in the number of university educated employees. In 2015, there was an increase by 1.6 % compared to 2014.

The age structure of employees did not change very much in 2015. The average age of employees was 46.4 years. The largest age group is still in the category over 50 years. The age structure of employees is also reflected in the length of employment. In 2015, the highest proportion was represented by employments lasting longer than 5 years, i.e. 76 %.

Development of the fulfilment of the employee number limit in the period 2011 - 2015

	2011	2012	2013	2014	2015
Approved number of employees as of January 1 st	15 268	15 248	15 245	15 305	15 816
Approved number of employees as of December 31 st	15 268	15 248	15 245	15 216	15 766
Registered number of employees as of December 31 st	14 662	14 762	15 031	15 062	15 282
Fulfilment ratio (%)	96,0	96,8	98,6	99,0	96,9

Fluctuation rate in the entire Financial Administration of the Czech Republic reached 7.3 % as of 31. 12. 2015, which means an increase by 2.6 % compared to 2014. The reason of the increase of fluctuation was mainly the implementation of the Civil Service Act, which showed some vacancy of systemized positions. Recruitment on vacant systemized positions was carried out through public tenders. Following the implementation of the transitional provisions of the Civil Service Act the leadership positions were also re-tendered. Announcement of each public tender is associated with a high administrative burden.

In 2015, the Financial Administration of the Czech Republic recruited 1,350 new employees. The employment was terminated with 1,117 employees. The unplanned termination of employment reached 58.1 % of the total number of termination and 256 employees left because of the retirement.

Overview of registered number of employees as of 31st December 2015

	Number	Ratio %
Registered number of employees	15 282	100
a) according to organizational units:		
Employees of the GFD	1 020	6,7
Employees of the AFD	246	1,6
Employees of the TO	1 907	12,5
Employees of the territorial branches of TO	12 109	79,2
b) ratio of expertized employees	15 143	99,1
c) ratio of women	12 248	80,1
d) ratio of university graduates	6 601	43,2

Overview of employees according to age as of 31st December 2015

		Number	Ratio (%)
Registered number of employees		15 282	100
of which were aged	below 30	1 399	9,1
	between 31 and 40	2 750	18
	between 41 and 50	5 241	34,3
	above 50	5 892	38,6

Overview of professional employees according to years of service as of 31st December 2015

		Number	Ratio (%)
Registered number of expertise employees in the employment		15 143	100
of which employed	more than 5 years	11 504	76
	between 1 and 5 years	2 699	17,8
	less than 1 year	940	6,2

Development of new and terminated employments in the period 2011 - 2015

	2011	2012	2013	2014	2015
Number of employees at the end of the respective period = reg. number of employees	14 662	14 762	15 031	15 062	15 282
New employments	998	864	1 184	1 141	1 350
Terminated employments	1 285	823	957	1 136	1 117
of which					
Unscheduled leaves	669	413	502	710	649
Other leaves	616	410	455	426	468
Fluctuation ratio (%)	4,6	2,8	3,3	4,7	7,3

Note: Data as of 31. 12. 2015

Remuneration

At the date of 1st November 2015 the Government Regulation no. 278/2015 Coll., about Salaries of Employees in Public Services and Administration, and the Government Regulation no. 279/2015 Coll., about the Salaries of State Employees came into force. These regulations constitute a new salary tariffs increased by 3 % compared to the tariffs valid until the end of October 2015.

The average tariff salary from the beginning of 2015 to October 2015 was CZK 22,033, after application of new tariffs in the period November - December 2015 increased to CZK 22,837. Mentioned indicator for the entire period of 2015 amounted to CZK 22,167.

Development of salaries in the period 2011 - 2015

Plan, reality and salary structure	2011	2012	2013	2014	2015
Average planned monthly salary (CZK)	23 648	23 250	24 206	25 904	27 305
Average monthly salary (CZK)	24 601	25 404	25 830	26 657	28 754
Acknowledged average tariff salary (CZK)	19 259	20 443	20 579	21 011	22 167
Ration of acknowledged average tariff salary to average monthly salary (%)	73,2	76,5	76,9	77,8	77,0
Average monthly salary of personnel in public administration, defence and social security according to the CZSO*	26 328	26 711	26 752	26 992	27 990*

Note: Data as of 31. 12. 2015

Note: Details as of 2011 and later were adjusted according to the new concept of the Czech Statistical Office (CZSO), according to classification NACE Rev. 2.

*according to results for Q1 – Q3/2015



Economy of the Financial Administration of the Czech Republic

Approved budget of incomes amounted to CZK 220.538 billion in 2015 it was not modified as of 31. 12. 2015. The real budget fulfilment of the total incomes in the amount of CZK 1.681 billion represents an achievement of 762.3 %. The tax revenues are a part of the income budget of the territorial financial authorities. The fulfilment of tax revenues as one of the binding indicators in the amount of CZK 27.881 billion represented 185.6 % of their budget as of 31. 12. 2015. The fulfilment of non-tax revenues, capital incomes and transfers received in total (binding indicator) in the amount of CZK 1.653 billion represented the overrun of an adjusted budget by CZK 1.447 billion. The budget fulfilment of non-tax revenues was influenced particularly by penalty payments as well as by important incomes from property lease.

The approved budget of expenses of the General Financial Directorate (binding indicator) in the amount of CZK 9.000 billion was increased by budgetary provision, the involvement of entitlements from unused expenses, received indemnities and extra budgetary resources by the amount of CZK 995.476 million to

the amount of CZK 9.963 billion. The real total budget expenses reached CZK 9.217 billion (i.e. 92.5 % of the total budget) in 2015. Compared to 2014, the expenses were by CZK 897.276 million higher (i.e. by 10.8 %) in 2015, the current expenses were higher by CZK 975.379 million (i.e. by 12.6 %) and the capital expenses were lower by CZK 78.103 million (i.e. by 14.1 %) compared to 2014.

The approved budget of the total current expenses of the General Financial Directorate in the amount of CZK 8.581 billion was reduced by CZK 39.218 million during the year. The total budget in the amount of CZK 8.919 billion was spent up to 98.0 % as of 31. 12. 2015, which is by 3 % more than the last year. Spending of current expenditure in the fourth quarter of 2015 amounted to 35.8 % of the annual drawing of current expenditure. In 2015, the total budgetary means on the salaries of employees in the employment and other payments for done work were spent in the amount of CZK 5.267 billion (i.e. 99.6 % of the total budget).

Overview of incomes and expenses in the period 2011 - 2015 in CZK thousand

Year	TOTAL INCOMES	EXPENSES			
		TOTAL	Capital (investment)	Current (non-investment)	One employee
2011	1 517 961	7 972 021	786 792	7 185 229	543
2012	1 437 312	8 335 333	1 078 486	7 256 847	566
2013	505 961	8 490 509	969 363	7 521 146	569
2014	506 991	8 320 465	553 924	7 766 541	554
2015	1 681 091	9 217 741	475 821	8 741 920	604

Development of the economy of the Financial Administration of the Czech Republic in the period 2011 - 2015 in CZK thousand

	2011	2012	2013	2014	2015
Total tax revenues including:	560 922 994	584 681 157	610 258 245	638 593 633	668 614 779
Revenues of chapter 398 - VPS	559 711 996	583 574 041	610 149 727	638 556 101	668 586 897
Revenues of chapter 312 - MF	1 210 998	1 107 116	108 518	37 532	27 882
Non-tax revenues of chapter 312 - MF	306 963	330 196	397 443	469 459	1 653 209
TOTAL REVENUES	561 229 957	585 011 353	610 655 688	639 063 092	670 267 988
TOTAL EXPENSES	7 972 021	8 335 333	8 490 509	8 320 465	9 217 741
Of which: current expenses	7 185 229	7 256 847	7 521 146	7 766 541	8 741 920
EXPENSES*	7 972 021	8 335 333	8 490 509	8 320 465	9 217 741
Of which: current expenses	7 185 229	7 256 847	7 521 146	7 766 541	8 741 920

* without creation of reserve fund

Cost-effectiveness and expenses of the Financial Administration of the Czech Republic

The indicators of cost-effectiveness and expenses of the public service are influenced by many external factors. The development of cost-effectiveness and expenses of the Financial Administration of the Czech Republic is illustrated in the following table.

The second table shows adjusted indicators of expenses of the Financial Administration of the Czech Republic, which are fully comparable to other countries (the total amount of adjusted tax collection of the Financial Administration of the Czech Republic reflects also excessive deductions, VAT and consumption tax refunds).

Development of cost-effectiveness and expenses in the period 2011 - 2015 in CZK

Cost-effectiveness – in relation to expenses without creation of reserve fund					
Incomes compared to:	2011	2012	2013	2014	2015
Expense of CZK 1	70,40	70,18	71,92	76,81	72,71
1 employee	38 238 738	39 769 637	40 931 409	42 561 644	43 946 236
Expenses (in CZK) – in relation to expenses without creation of reserve fund					
Expenses compared to:	2011	2012	2013	2014	2015
Income of CZK 100	1,42	1,42	1,39	1,30	1,38
1 employee	543 164	566 644	569 107	554 145	604 363
Current expenses per	2011	2012	2013	2014	2015
1 employee	489 557	493 327	504 132	517 252	573 165

Development of adjusted indicators of expenses in the period 2011 - 2015 in CZK thousand

	2011	2012	2013	2014	2015
TOTAL REVENUES	561 229 957	585 011 353	610 655 688	639 063 092	670 267 988
excessive VAT deductions consumption tax refunds	257 249 910	266 359 178	263 426 231	301 982 378	310 783 831
ADJUSTED REVENUES	818 479 972	851 371 062	874 084 708	941 045 470	981 051 819
EXPENSES	7 972 021	8 335 333	8 490 509	8 320 465	9 217 741
Expenses (in CZK) – in relation to expenses without creation of reserve fund					
	2011	2012	2013	2014	2015
Expenses per CZK 100 of adjusted revenues	0,97	0,98	0,97	0,88	0,94

Note: Possible differences result from rounding.



Contacts



General Financial Directorate

Director General:
Ing. Martin Janeček
Lazarská 15/7
117 22 PRAGUE 1
Tel.: +420 296 852 222
E-mail: podatelna@fs.mfcr.cz



Tax Office for the Central Bohemian Region

Director:
Ing. Josef Kuklík
Žitná 12
120 00 PRAHA 2
Tel.: +420 257 004 111
E-mail: podatelna2100@fs.mfcr.cz



Appellate Financial Directorate

Director:
Mgr. Tomáš Rozehnal
Masarykova 427/31
602 00 BRNO-STŘED
Tel.: +420 542 191 100
E-mail: podatelna5000@fs.mfcr.cz



Tax Office for the South Bohemian Region

Director:
Ing. Pavel Fantyš
Mánesova 1803/3a
371 87 ČESKÉ BUDĚJOVICE
Tel.: +420 387 722 111
E-mail: podatelna2200@fs.mfcr.cz



Specialized Tax Office

Director:
Ing. Martin Bortlík
nábř. Kpt. Jaroše 1000/7
170 00 PRAHA 7
Tel.: +420 220 361 111
E-mail: podatelna4000@fs.mfcr.cz



Tax Office for the Plzeň Region

Director:
Ing. Roman Kasl
Hálkova 14
305 72 PLZEŇ 3
Tel.: +420 377 160 111
E-mail: podatelna2300@fs.mfcr.cz



Tax Office for the Capital of Prague

Director:
Ing. Tatjana Richterová
Štěpánská 619/28
111 21 PRAHA 1
Tel.: +420 224 041 111
E-mail: podatelna2000@fs.mfcr.cz



Tax Office for the Karlovy Vary Region

Director:
Ing. Čestmír Kubera
Krymská 2011/2a
360 01 KARLOVY VARY
Tel.: +420 353 101 111
E-mail: podatelna2400@fs.mfcr.cz



Tax Office for the Ústí Region

Director:

Ing. Jan Havlíček

Velká Hradební 61

400 21 ÚSTÍ NAD LABEM-MĚSTO

Tel.: +420 475 252 111

E-mail: podatelna2500@fs.mfcr.cz



Tax Office for the Vysočina Region

Director:

Ing. Oldřich Vydrář

Tolstého 2

586 01 JIHLAVA

Tel.: +420 567 559 111

E-mail: podatelna2900@fs.mfcr.cz



Tax Office for the Liberec Region

Director:

Ing. Ivan Škoda

1. máje 97

460 02 LIBEREC

Tel.: +420 485 211 111

E-mail: podatelna2600@fs.mfcr.cz



Tax Office for the South Moravian Region

Director:

Ing. Martin Komárek

náměstí Svobody 4

602 00 BRNO-STŘED

Tel.: +420 542 191 111

E-mail: podatelna3000@fs.mfcr.cz



Tax Office for the Hradec Králové Region

Director:

Ing. Robert Hofman, MBA

Horova 17

500 02 HRADEC KRÁLOVÉ

Tel.: +420 495 851 111

E-mail: podatelna2700@fs.mfcr.cz



Tax Office for the Olomouc Region

Director:

Mgr. Barbora Bubeníčková

Lazecká 545/22

779 11 OLOMOUC

Tel.: +420 585 541 111

E-mail: podatelna3100@fs.mfcr.cz



Tax Office for the Pardubice Region

Director:

Ing. Ondřej Vašátko

Boženy Němcové 2625

530 02 PARDUBICE I

Tel.: +420 466 713 111

E-mail: podatelna2800@fs.mfcr.cz



Tax Office for the Moravian-Silesian Region

Director:

Ing. Bronislav Kadlubiec

Na Jízdárně 3162/3

709 00 OSTRAVA PŘÍVOZ

Tel.: +420 596 651 111

E-mail: podatelna3200@fs.mfcr.cz



Tax Office for the Zlín Region

Director:

Ing. Josef Langer

třída Tomáše Bati 21

761 86 ZLÍN

Tel.: +420 577 617 111

E-mail: podatelna3300@fs.mfcr.cz