INSTRUCTIONS
for filling out the income-tax return by individuals for the taxable period (calendar year) 2020

"Instructions for filling out the income-tax return by individuals for the taxable period (calendar year 2020)" nos. 26 5405/1 MFin 5405/1 - model no. 28 (hereinafter "Instructions") are instructions for filling out the form "The Income Tax Return by individuals pursuant to Act No. 586/1992 Coll., on Income Tax, as amended, for the taxable period (calendar year 2020)" nos. 25 5405 MFin 5405 - model no. 26 (hereinafter tax return).

The English version relates to the Czech version 25 5405/1 MFin 5405/1 model no. 28 that is under the laws the only valid tax return form.

The English version is a logical interpretation of Act no. 586/1992 Coll., on Income Tax, as amended, (hereinafter Act) and Act nos. 286/1990 Coll., on Administration of Taxes, as amended, (hereinafter the Tax Code), but serve as guidelines for filling out the tax return filed pursuant to Section 38g of the Act or pursuant to Sections 135, 136, 138, 141, 238b, § 234 and 234c of Administration of Taxes Act, and highlight the key principles which need to be adhered to when computing and declaring due tax liability. In the case of the above, the tax administrator shall, in accordance with the above, the tax administrator shall, in accordance with the above, the tax administrator shall, in accordance with the above, the tax administrator shall, in accordance with the above, the tax administrator shall, in accordance with the above, the tax administrator shall, in accordance with the above, the tax administrator shall, in accordance with the above, the tax administrator shall, in accordance with the above, the tax administrator shall, in accordance with the above, the tax administrator shall, in accordance with the above, the tax administrator shall, in accordance with the above, the tax administrator shall, in accordance with the above, the tax administrator shall, in accordance with the above, the tax administrator shall, in accordance with the above, the tax administrator shall, in accordance with the above, the tax administrator shall, in accordance with the above, the tax administrator shall, 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In the following Parts, quote amounts in whole Czech crowns. Figures in these columns are considered to be indicators pursuant to Section 146 row 31 Total of All Income from All Employers (for a taxpayer pursuant to Subsection 2 of the Act including incomes from abroad) – provide information found out for example in the ‘Certification of taxable income from dependent activity and office – holder’s emoluments and of withheld tax attributable to tax period 2020’ (e.g. in case of income from abroad). The compulsory insurance is to be rounded up to whole crowns.

row 37 Total of All Income from All Employers (for a taxpayer pursuant to Subsection 2 of the Act including incomes from abroad) – provide information found out for example in the ‘Certification of taxable income from dependent activity and office – holder’s emoluments and of withheld tax attributable to tax period 2020’ (e.g. in case of income from abroad). The compulsory insurance is to be rounded up to whole crowns.

row 38 Partial Tax Base pursuant to Section 8 of the Act – give the value of gratuitous transaction (donation) which you made according to Subsection 3 of the Act. If you have income from which tax was withheld pursuant to Section 36, Subsection 7 and 8 of the tax return, you are entitled to give all of the income in row 38 and to prove it with the ‘Certification of taxable income from dependent activity and functions benefits.’

row 39 Partial Tax Base from Income Accruing from Capital pursuant to Section 8 of the Act (row 37 + row 38 – row 20) – give the value of gratuitous transaction (donation) which you made according to Subsection 3 of the Act. If you have income from which tax was withheld pursuant to Section 36, Subsection 7 and 8 of the tax return, you are entitled to give all of the income in row 39 and to prove it with the ‘Certification of taxable income from dependent activity and functions benefits.’

row 40 Total Tax Base pursuant to Section 8 of the Act (row 37 + row 38 + row 39) – give the value of gratuitous transaction (donation) which you made according to Subsection 3 of the Act. If you have income from which tax was withheld pursuant to Section 36, Subsection 7 and 8 of the tax return, you are entitled to give all of the income in row 40 and to prove it with the ‘Certification of taxable income from dependent activity and functions benefits.’

row 41 Total of row – give the total of rows (row 37 – row 38, row 39 – row 40).

row 41a Total of the partial tax bases pursuant to Sections 7 to 10 of the Act after adjustment (row 41 – total of the excempted incomes from sources abroad in pursuit of Sections 7 to 10 of the Act) – on this row give distinction of the partial tax bases pursuant to Sections 7 to 10 of the Act after adjustment (row 41 – total of the excempted incomes from sources abroad in pursuit of Sections 7 to 10 of the Act) after the compulsory insurance pursuant to Section 6, Subsection 12 of the Act, from which the compulsory insurance was paid. The total shall be shall be considered as the amount of tax paid from income abroad. The compulsory insurance is to be rounded up to whole crowns.

row 42 Tax Base from Income Accruing from Capital pursuant to Section 8 of the Act (row 37 + row 38 + row 39 – row 20) – give the value of gratuitous transaction (donation) which you made according to Subsection 3 of the Act. If you have income from which tax was withheld pursuant to Section 36, Subsection 7 and 8 of the tax return, you are entitled to give all of the income in row 42 and to prove it with the ‘Certification of taxable income from dependent activity and functions benefits.’

row 43 Total incomes pursuant to § 6 of the Act, from all employers after exemption (row 31 – total exempted incomes from sources in foreign countries from dependent activity) - in the row show difference of incomes from all employers from dependent activity and total exempted incomes from sources in foreign countries from dependent activity. Fill in the row only in case of calculation of a solidarity tax increase.

row 44 Claimed amount of finally determined (res judicata) loss – give the total of claimed finally determined loss for 2020 tax period it is possible to apply finaly determined loss during 5 preceding tax periods, i.e. for tax periods 2015, 2016, 2017, 2018 and 2019, or in the frame of supplementary tax return for 2020 tax period. The amount can be claimed only for the current and the following 2 tax periods, i.e. for tax periods 2021, 2022, and 2023, but only up to the total amount not exceeding 30 million CZK.

row 45 Tax Base after Deduction of Loss (row 42 – row 44) – in this there is the balance between row 42 and row 44.

Regarding Part III

Non-taxable parts of the tax base, Deductible Items and Tax

3. Non-taxable parts of the tax base

3.1. Non-taxable parts of the tax base pursuant to Section 15 of the Act

Fill in the non-taxable parts of the tax base pursuant to Sections 15, 16 and 17 of the Act and deductible items pursuant to Section 34 of the Act.

Regarding the non-taxable parts of the tax base, which may be claimed in dependence on the number of calendar months under Section 15 of the Act, give in the column the number of months corresponding to the amount claimed in the next column (row 47).

row 47 Amount of monthly contributions paid towards your retirement insurance with government subsidy or supplementary pension saving in case of which in the individual calendar months of the tax period which exceeded the amount to which the maximum state contribution belongs. The amount must not exceed the total of 24,000 CZK for 2020.
<table>
<thead>
<tr>
<th>Tax Relief (in CZK)</th>
<th>Column 1</th>
<th>Tax Relief (in CZK)</th>
<th>Column 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>average yearly number of employees with disability (excluding those with severely disability)</td>
<td></td>
<td>average yearly number of employees with severely disability</td>
<td></td>
</tr>
<tr>
<td>row 36 Total Tax Relief pursuant to Section 35b, Subsection 1, Letter b) of the Act</td>
<td>give the amount of CZK 40,680 annually, provided your spouse was entitled to hold a severely disability card. If you supported your spouse in the household for several calendar months in the taxable period, reduce the tax by CZK 1,345 for every calendar month at the beginning of which the relevant conditions were met.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>row 66 Amount pursuant to Section 35b, Subsection 1, Letter f) of the Act 9</td>
<td>give the amount of CZK 4,020 annually. if you prepare for vocational on the basis of daily school attendance or training. This applies until 26 years of age or until completion of PH studies which are provided at universities until 28 years of age. If this condition was fulfilled only in several calendar months in the taxable period, you decrease the tax by the amount of CZK 335 for each calendar month, at whose beginning was the condition fulfilled.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>row 69a Amount pursuant to § 35b subsection 1 letter g) of the Act – give the applied tax relief for child placement in the organisation of preschool age care. The tax relief can be applied in the amount of demonstrably incurred costs, maximally it can be applied CZK 14,600 for each child that you support your spouse.</td>
<td>give the applied tax relief for child placement in the organisation of preschool age care. The tax relief can be applied in the amount of demonstrably incurred costs, maximally it can be applied CZK 14,600 for each child that you support your spouse.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>row 50 Amount pursuant to Section 15, Subsection 7 of the Act – state the claimed amount of payment for exams verifying results of further education pursuant to the act No. 179/2006 Coll. on verifying and recognition of results of further education and on amendments to some laws (the Law on recognition of results of education), as amended (and Guideline No. MF-17), up to the amount CZK 10,000 for the taxable period 2020 (at taxpayer with disability under 28 years of age), or to the amount CZK 13,000 and at the taxpayer with severely disability to the amount of CZK 17,000 pursuant to Section 15, Subsection 7 of the Act – state the claimed amount of payment for exams verifying results of further education pursuant to the act No. 179/2006 Coll. on verifying and recognition of results of further education and on amendments to some laws (the Law on recognition of results of education), as amended (and Guideline No. MF-17), up to the amount CZK 10,000 for the taxable period 2020 (at taxpayer with disability under 28 years of age), or to the amount CZK 13,000 and at the taxpayer with severely disability to the amount of CZK 17,000.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>row 49 Amount pursuant to Section 15, Subsection 6 of the Act – give the amount of payments paid towards your private life insurance as it appears in the statement of the insurance company regarding insurance payments made in the taxable period 2020. The amount must not exceed the total of 24,000 CZK for 2020.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
row 71 Tax after Tax Relief pursuant to Section 35, Section 35a, Section 35b and Section 35ba (row 60 – row 70) – make calculation as instructed. If the result is negative number state zero in the row.

Instructions to table no. 2
Information about children living in the household in a member state of the EU, EEA – If you are claiming tax relief pursuant to Section 35c of the Act, provide information for every dependent child who meets conditions stated in pursuant to Section 35c. Subsection 6 living in the household. Into table state dependent child in case that you do not claim tax relief, relevant data are not entered. In column 1 give the surname and the name of the child, in column 2 give his/her personal identification number given at birth in the Czech Republic. In case the personal identification number was not given, state date of birth in format: day, month, year (DD.MM.YYYY). In columns 3, 4 and 5, give the number of calendar months during which the child was a dependent child or the second child. If the child is entitled to hold a severely disability card, more than four children, provide information on additional sheet of paper and attach to tax return. In the row “Total”, give the total of months from columns 3, 4 and 5. The Act applies to the taxpayer's tax liability, only if he is the tax resident of the Czech Republic. In case the child is in household but not employed, state this fact in household but not employed, state this fact in household but not employed.

row 72 Tax Relief on the maintained child – give the amount of tax credit pursuant to Section 35c of the Act. Claim to tax relief is CZK 15 204 per year or CZK 1 267 per month for the second child and for each additional child (CZK 2 017 monthly). If the child is entitled to hold a severely disability card, the tax credit doubles. Should more taxpayers maintain a child in one household, only one of them may apply tax relief in that case tax relief is paid in keeping the EC legislation. Do not fill in for 2020 tax period. The amount of tax relief is to be stated in Part V of the tax return with minus sign. Otherwise, cross the row.

row 73 Tax Relief (amount from row 72 up to a maximum equaling the amount on row 71) – give the amount of tax relief which you may claim as tax relief to the maximum amount of your tax liability on row 71.

row 74 Tax after Tax Relief pursuant to Section 35c of the Act (row 71 – row 73) – give the amount of tax after relief pursuant to Section 35c, i.e. from row 71 subtract row 73.

row 75 Tax Bonus (row 72 – row 73) – give the balance between tax credit and tax relief which represents a tax bonus. You may claim the tax bonus if terms set forth in Section 35c of the Act are met. The amount of tax bonus must be no less that CZK 100 and no more than CZK 60,300 per annum.

row 76 The total of monthly tax bonuses pursuant to Section 35d of the Act (including possible additional charge of tax bonus) – give the total of monthly tax bonuses from dependent activity and office-holders’ emoluments (after tax relief) which were withheld by all employers. Do so pursuant to Section 5.

row 77 row 87 Tax Withheld pursuant to Section 36, Subsection 6 of the Act (government bonds): if you are a taxpayer pursuant to Section 2, Subsection 2 and if you receive interest from government bonds purchased through an escrow account in a bank in keeping with special regulations and kept in a separate account with the account holder and his address and the currency code of the account.

row 78 Tax Bonus (row 75 – row 76) – give the balance between the tax bonus and total of monthly tax bonuses received.

Regarding Part VI
Supplementary tax return
Fill out this part only if supplementary tax return is filed pursuant to Section 141 of the Administration of Taxes Act. Tax loss on row 81 and row 82 is to be provided (i.e. without any adjustment for tax or other tax liability, state the reason for your supplementary tax return, state the reason for your supplementary tax return). Do so pursuant to Section 141 Subsection 5 of the Administration of Taxes Act.

row 80 row 87 row 79 – row 78: increase (+) – the amount of tax will be higher, decrease (-) – the amount of tax will be lower. Fill out this row together with row 92, if the last known tax amount is offset against the tax loss, then on row 80 give the amount from row 78 with the minus sign (-), or the other way round, if the last known tax amount is offset against the tax loss, then on row 80 give the amount from row 79 with the plus sign (+). In the row “Total”, give the total of months from columns 3 and 4.

row 81 Last Known Tax - tax loss – give your last known tax loss with respect to the tax period, even if the row 79 shows the last known tax liability pursuant to Section 6 of the Act. Otherwise, cross the row.

row 82 Assisted Tax Loss pursuant to Section 141 of the Administration of Taxes Act (row 61) – copy item from row 74, from Part V of tax return, even if the amount of tax was withdrawn either in keeping with the EC legislation or in pursuance to tax relief. Do not fill in for 2020 tax period.

row 83 Tax Relief on the maintained child – give the amount from row 82 with the minus sign (-), or the other way round, if the last known tax loss is offset against the tax amount, then on row 83 give the amount from row 81 with the minus sign (-), or the other way round, if the last known tax loss is offset against the tax amount, then on row 83 give the amount from row 82 with the plus sign (+).

Regarding Part VII
Payment of Taxes
row 84 Total of Withheld Tax Advances from dependent activity and office-holders’ emoluments (after tax relief) – give the total of withheld tax advances from dependent activity and office-holders’ emoluments (after tax relief) which were withheld by all employers.

row 85 Total of Remaining Tax Advances Paid – give the total of tax advances paid during the 2020 tax period or any part thereof for which the tax return is filed, including overpayments applied to tax advance according to Sections 154 and 155 of the Administration of Taxes Act.

row 86 Tax paid ascertained by lump sum pursuant to Section 7a of the Administration of Taxes Act – give the amount of tax paid as lump sum according to Section 7a of the Act, which you will offset against the actual tax liability. If you file tax return pursuant to Section 7a, Subsection 3 of the Act, i.e. in the event your income differs from the projections.

row 87 Tax Withheld pursuant to Section 36, Subsection 4 of the Administration of Taxes Act (government bonds): if you are a taxpayer pursuant to Section 2, Subsection 2 and if you receive interest from government bonds purchased through an escrow account in a bank in keeping with special regulations and kept in a separate account with the account holder and his address and the currency code of the account.

row 88 Tax Withheld pursuant to Section 36 Subsection 6 of the Act – you are the tax resident of the Czech Republic, fill in the amount of deducted income tax related to all income pursuant to § 6 subsection 4 of the Act, or to all income pursuant to § 10 subsection 1 letter h) point 1 of the Act, that are not deductible or only in the case of incomes, from which tax relief is paid. The tax credit is to be stated in Part V of the tax return.

row 89 Tax Withheld pursuant to Section 36 Subsection 7 of the Act – you are a non-resident, tax resident of a member state of the European Union or European Economic Area, fill in the amount of deducted income tax pursuant to § 2 subsection 1 letter b), c), d), f) and g) item 1, 2, 4, 5, 6, 12 to 14 of the Act and only in the case if incomes, for which the tax was withheld, are included in the tax return.

row 88 Tax Withheld pursuant to Section 38b of the Act – give the amount that was withheld pursuant to Section 38b of the Act. If you are a partner in a general partnership or a general partner in a limited partnership, the amount on this row will include tax secured by withholding by the company pursuant to Section 38e, Subsection 3, Letter a) of the Act in connection with the tax period 2020 or any part thereof for which tax return is filed.

row 89 Withholding Tax pursuant to Section 38f, Subsection 12 of the Act – give the amount of tax withheld pursuant to Section 2, Subsection 2 of the Act from interest earned abroad (Section 38fa of the Act). Pursuant to Section 38f of the Act, the tax liability may be reduced by the tax withheld to the extent the withholding tax is higher than the tax paid in accordance with a tax treaty or under the EC legislation. Do not fill in for 2020 tax period.

row 90 Tax Liability Paid (Advance) pursuant to Section 38gb, Subsection 2 of the Act – if you file tax return, give the amount of tax paid as a tax advance in connection in keeping with set terms in Section 38gb of the Act.

row 91 Tax paid to pay – the amount greater than zero means that this amount is not a tax debt as tax. The amount smaller than zero means that more than assessed tax was paid towards tax. If the tax in row 74 does not exceed CZK 200 follow Section 38f of the Act. The calculated amount is the total amount, not partial amounts from different sources of tax liability.

The tax administrator will return the access payment lower than CZK 200 only in exceptional cases in order to meet the principle of procedural economy (§ 155 subsection 4 of the Tax Code). If you wish for the refundable overpayment to be transferred into an account in abroad (or to an account in the Czech Republic maintained in foreign currency) the number of the IBAN account holder and his address is to be found on the Czech National Bank website (www.cnb.cz), go to “Platební styk lBAN” (“System of payment IBAN”). You also need to provide the BIC code of the bank and its address. Further, provide the exact name of the account holder.

Statement regarding true and complete information is to be signed by the taxpayer. In the event the taxpayer has a statutory, appointed or selected proxy, the proxy shall sign the statement. The instructions for filling out of data about the proxy is published on the following websites of the Czech Tax Administration – www.financnisprava.cz.

Application form for a refund of the individuals’ income tax overpayment – fill out if you request refund pursuant to Sections 154 and 155 of the Administration of Taxes Act. If you file the application for a refund at the same time as the tax return before the expiry of the period for submitting the tax return, your application will be considered to be filed on the day when the deadline for submission of the tax return expires. In the separate attachment to an application, please fill in the name and personal identification number of the person on whose behalf you are requesting the tax refund, does not give the proxy an authority to request the tax refund. The authorization excludes that. The application for refund should include the tax administrator will return the access payment lower than CZK 200 only in exceptional cases in order to meet the principle of procedural economy (§ 155 subsection 4 of the Tax Code).