

TAXES IN
THE CZECH REPUBLIC
(2026)

YOUR SAFE HARBOUR



income taxes	personal income tax corporate income tax
consumption taxes	value added tax excise taxes (alcohol, beer, wine, tobacco and tobacco products, fuels and lubes) energy taxes (natural gas, solid fuels, electricity)
property taxes	real estate tax road tax
insurance (taxes)	social security (tax) health insurance (tax)
top-up tax	assigned top-up tax domestic top-up tax

PERSONAL INCOME TAX

Tax rate	
15 %	applies to annual income up to CZK 1,762,812
23 %	applies to annual income exceeding CZK 1,762,812
Selected exemptions	
inheritance	universal
gifts/donations	received from specified family members
sale of real estate	10 years after acquisition (universal) 2 years after acquisition (seller lived in the real estate)
sale of securities	3 years after acquisition or annual total of selling prices < CZK 100,000
sale of shares in companies (except of securities)	5 years after acquisition
Tax base	
employment income	gross salary
income from self-employment	income reduced by expenses or by lump sum deduction
capital income	income
rental income	income reduced by expenses or by lump sum deduction
other income	income reduced by expenses
Lump sum expense deduction	
self-employment income from agricultural production, forestry and water management	80 % of income, CZK 1,600,000 at most
self-employment income from craft	80 % of income, CZK 1,600,000 at most
self-employment income from other trade	60 % of income, CZK 1,200,000 at most
other self-employment income	40 % of income, CZK 800,000 at most
letting property being part of business assets	30 % of income, CZK 600,000 at most
Allowances deductible from tax base	
donations for charitable purposes	2 % of tax base (or CZK 1,000) at least, 30 % of tax base at most*
interest on loans for housing purposes	CZK 150,000 at most*
premiums for specified pension saving products (incl. life insurance)	CZK 48,000 at most*
tax loss carry-forward	up to tax base, 5 years carry-forward, 2 years carry-back (up to CZK 30 million)
Tax reliefs	
personal tax relief	CZK 30,840
spousal tax relief (spouse's income < CZK 68,000, child's age < 3 years)	CZK 24,840*
children tax relief (1st child)	CZK 15,204*
children tax relief (2nd child)	CZK 22,320*
children tax relief (for third and any subsequent children)	CZK 27,840*
relief for disabled persons (1st and 2nd level)	CZK 2,520*
relief for disabled persons (3rd level)	CZK 5,040*
relief for disabled persons (ZTP/P level)	CZK 16,140*

* Individuals being tax residents in other EU countries (or EEA countries respectively) can claim the allowance and the tax relief only if his/her Czech sourced income accounts for at least 90 % of his/her worldwide income.

CORPORATE INCOME TAX

Tax rate	
21 %	standard rate – applies to difference between revenue and tax-deductible expenses
5 %	qualified investment funds
0 %	pension funds
Selected exemptions	
dividends	10 % shareholding for at least 12 months (applies to certain legal forms only)
sale of shares in companies	10 % shareholding for at least 12 months (applies to certain legal forms only)
Selected tax-deductible expenses	
tax depreciation of tangible assets	3 years – IT equipment, computers, certain machinery 5 years – machining and construction equipment, vehicles (limitation of CZK 2 million), office equipment 10 years – turbines, electric motors, metal prefabricated buildings 20 years – wooden and plastic buildings, fencing, silos, pipelines 30 years – manufacturing plants, apartments, communications, buildings 50 years – administrative and commercial buildings, hotels, large department store buildings Depreciation can be calculated on either a straight-line or an accelerated basis.
tax depreciation of intangible assets	accounting depreciation is taken over for tax purposes
interest (related-party financing)	thin capitalisation – interest is fully tax deductible provided that the average amount of related-party loans does not exceed 4-times debtor's equity
interest (exceeding borrowing costs)	borrowing costs are deductible up to 30 % of borrower's EBITDA or CZK 80 million (whatever is higher)
tax adjustments against bad debt	50 % - receivables > 18 months past due 100 % - receivables > 30 months past due 100 % - receivables to bankrupt debtors 100 % - receivables > 12 months past due and < CZK 50,000
tax reserves	reserves for repair of fixed assets with tax depreciation life over 5 years
Allowances deductible from tax base	
R&D allowance	150 % expenses for R&D (up to a limit of CZK 50 million) 100 % expenses for R&D (over the limit of CZK 50 million) The limit of CZK 50 million applies not only to the taxpayer, but to the entire group (the so-called deduction unit)
donations for charitable purposes	CZK 2,000 at least, 10 % of tax base at most (30 % of tax base at most in 2020 through 2026)
students training support allowance	CZK 200 for each hour of training and 50 % or 110 % of assets acquired
tax loss carry-forward	up to tax base, 5 years carry-forward, 2 years carry-back (up to CZK 30 million)
Tax reliefs	
investment incentives tax relief	up to the tax liability over 10 years; cap applies
relief for employing disabled persons	CZK 18,000
relief for employing more disabled persons	CZK 60,000

VAT

VAT rate	
12 %	heat, cold, fresh water, food, medicines, sewage, plants and seeds, medical devices, child car seats, catering services excluding beverages, passenger public regular transport (except for air transport), accommodation, cultural and sport services, home care for children, elderly and disabled people, social housing, funeral services, lending of newspapers or magazines, etc.
21 %	other goods and services (standard rate) if not exempted
exempted goods	printed or electronic books
Special modes	
reverse-charge	- supply of gold - supply of used material - supply of immovable property (in case of option for taxation) - provision of construction and assembly works including also the supply of staff engaged in these activities - the supply of goods provided as a security in execution of that security - the supply of goods following the cession of a reservation of ownership to an assignee and the exercising of this right by the assignee - the transfer of allowances to emit greenhouse gases - supplies of gas and electricity to a taxable dealer - supplies of gas and electricity certificates - provision of electronic communication and telecommunication services - over the limit of CZK 100,000: supply of devices with integrated circuits supply of mobile phones supply of game consoles, tablets and laptops supply of cereals and industrial crops supply of metals
call-off stock simplification	the Czech Republic follows the EU legislation (quick fixes)

SOCIAL SECURITY AND HEALTH INSURANCE

Rates	Social security	Health insurance
employee	7.1 %	4.5 %
employer	24.8 % (27.8 % or 29.8 % for risky employment)	9 %
self-employed individual	29.2 %	13.5 %
Assessment base		
employee, employer	gross salary	
self-employed individual	55 % of tax base from self-employment (i.e., income reduced by expenses or by lump sum deduction)	50 % of tax base from self-employment (i.e., income reduced by expenses or by lump sum deduction)
maximum assessment base	CZK 2,350,416	none

TOP-UP TAX

subject	group of corporations and permanent establishments within groups with turnover exceeding EUR 750 million
tax duty	top-up tax applies if effective tax rate is less than 15 %
types of top-up tax	assigned top-up tax (Income Inclusion Rule, Undertaxed Payment Rule) domestic top-up tax
compliance	obligation to file a separate information report and tax return
safe harbours (permanent and temporary)	- test de minimis - simplified effective tax test rates - routine profit test

DOUBLE TAXATION TREATIES

The Czech Republic has a wide network of double taxation treaties with 95 countries.

The most frequently used treaties are listed below:

Counterparty	Dividends	Interest	Royalties
Germany	5 %* / 15 %	0 %	5 %
Austria	0 %* / 10 %	0 %	5 %** / 0 %***
Switzerland	0 %* / 15 %	0 %	5 %
Luxembourg	0 %* / 10 %	0 %	10 %** / 0 %***
Liechtenstein	0 %* / 15 %	0 %	10 %** / 0 %***
Cyprus	0 %* / 5 %	0 %	10 %** / 0 %***
Netherlands	0 %* / 10 %	0 %	5 %
Poland	5 %	5 %	10 %
Slovakia	5 %* / 15 %	0 %	10 %** / 0 %***
France	0 %* / 10 %	0 %	10 %** / 0 %*** / 5 %****
Russia	10 %	0 %	10 %
U.S.A.	5 %* / 15 %	0 %	10 %** / 0 %***
U.K.	5 %* / 15 %	0 %	10 %** / 0 %***

* certain shareholding (and sometimes also a holding period) required

** industrial royalties

*** copyright royalties

**** letting of equipment

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