

12 COUNTRIES. 12 TAX SYSTEMS.

The year 2024 brings changes in the areas of taxes, duties and social contributions in all CEE and SEE countries. This special newsletter covers essential changes effective as of 2024.

TPA offers an overview of the most important tax innovations of 2024.



Albania
Austria
Bulgaria
Croatia
Czech Republic
Hungary

Montenegro
Poland
Romania
Slovakia
Serbia
Slovenia

Czech Republic

Value Added Tax Amendments

As of 1 January 2024, changes in VAT rates will come into force. The standard VAT rate will stay at 21%, but there is only one reduced VAT rate of 12%. There will be switches from reduced to standard VAT rates and vice versa. A VAT exemption with a right for VAT deduction will be newly introduced for the supply of books (incl. e-books and audio books). Also, a restriction for VAT deduction related to the purchase of a passenger car will be introduced as of 1 January 2024; When purchasing a passenger car that will be considered a fixed asset for accounting and tax purposes, the VAT payer can claim the VAT deduction of maximum CZK 420,000 (EUR 17,241).

Corporate Income Tax

With effect from 1 January 2024, Corporate Income Tax rate will be increased from 19% to 21%. For the payable CIT the new tax rate will apply for the taxable periods starting after the effective date, but for the deferred tax purposes this new tax rate of 21% should be already applied in 2023 Financial Statements. The Income Tax Amendment also stipulates a new limitation for company passenger cars; The tax depreciation can be applied on a maximum of MCZK 2 (EUR 82,102).

Progressive Taxation of Individuals

With effect from 1 January 2024, the threshold for progressive taxation of personal income will be set lower. The tax rate of 23% will apply on the amount of annual taxable income above 36-fold (not 48-fold) of the average wage, i.e., EUR 64,976.

Real Estate Tax

As of 1 January 2024, real estate tax rates will increase 1.8 times on average. In addition, an inflation coefficient will be applied as an automatic indexation of tax liability. For 2024, the inflation coefficient will be the first effect on real estate tax as from 2025 onwards. The maximum annual increase of inflation coefficient is 20%. Furthermore, there is a reduction of lower bound of local coefficients. Each municipality can establish local coefficients of 0.5 to 5 for all land and buildings except selected agricultural lands, permanent grassland, and unusable areas. Those municipalities that are classed as an exception can apply local coefficients of 0.5 to 1.5.

Accounting in Functional Currency

Starting 1 January 2024, companies will have the option to keep their books in functional currency, if the functional currency is EUR, USD or GBP. When determining its functional currency, an entity shall apply criteria in accordance with IAS 21.

Exclusion of Unrealized Exchange Rate Differences from Taxation

New income tax regulation includes an option for taxpayers to exclude unrealised exchange rate differences from the tax base in the period in which they arise and to include them in the tax base in the period when the exchange rate difference is realised. Taxpayers need to inform tax authorities upfront if they intend to use this option.