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The Remission of Tax Sanctions in Correlation with the Current Pandemic

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Abstract: The COVID-19 pandemic has undoubtedly had a great impact on tax policies in different states across the world and that naturally results in slight changes in their tax administrations. These changes in tax administration can be perceived as a government's response to the pandemic which aims to help taxpayers adjust to this new situation, especially by easing tax duties. Every state has its own measures to cope with the problems that have emerged. This article aims to map and evaluate certain steps that the government in the Czech Republic has taken with the purpose of reducing the negative effects of this pandemic. In the Czech Republic, these measures have taken the form of a mass remission of tax sanctions for non-compliance with selected tax duties among selected taxpayers. This text will analyse the mass remission of taxes as a legal instrument, and will also discuss whether such an unusual measure fulfils its purpose, i.e. to mitigate tax duties during the pandemic, as well as striving to present an overview of the various consequences in relation to tax administration.

Keywords: tax law, tax return, tax procedure, tax sanctions, income tax, value added tax, COVID-19, pandemic, tax administration

1. INTRODUCTION

Before considering the various measures that have been taken in the Czech Republic, it is important

to note that for many taxpayers the pandemic could have made the fulfilment of tax duties more difficult than it would have been under usual circumstances. Therefore, one of the areas of tax law, where new regulations have been adopted, is tax administration itself. In specific terms, significant changes in tax administration were related to the evaluation and collection of taxes as well as to sanctions following possible non-compliance with these tax obligations. Accordingly, in the Czech Republic the government aimed to ease the situation for taxpayers during the pandemic with one measure which took the form of a mass remission of selected tax sanctions; this remission resulted overall in extending deadlines for filling out tax returns and paying assessed taxes, and will be explained later on.

Despite these measures being relatively rare to take under normal circumstances, during the pandemic it may be considered an adequate reaction to such a global issue, when in almost every country similar measures have been taken to lessen tax duties for taxpayers during the pandemic.¹ Evidently, it is not only the remission of sanctions that is a key topic of this article, there are also other measures occurring in various forms helping taxpayers to cope with tax duties, e.g. post-

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ponement of payments, application of deductible items, introduction of one-off financial support for those affected by COVID-19, etc. The situation around the virus has affected various areas of tax duties, and therefore, in the authors' opinion, it is not surprising such measures are being taken. It is primarily the easing of legal obligations which is able to mitigate the negative impacts of a pandemic, especially in the field of economics, as this is where the destructive effects appear the most, due to business, conference or product exhibition closures, the reduction of purchases and lower demand. Having considered this, it is the legal easing (for the purpose of this article, the easing of tax duties, e.g. extension of deadlines for tax payment) that can indeed help the economic situation of taxpayers. This opinion is also sustained by recent publications, e.g. the work published as "Ten keys to beating back COVID-19 and the associated economic pandemic".²

Whereas some of these measures might require the adoption of a new law, some need only exceptional circumstances to develop in order to activate the hypothesis of a legal provision that already exists in law and gives certain jurisdiction to state organs to respond to a pandemic, and only exceptional circumstances need to be triggered.³ The former case will include situations when the legal statute does not bank on such a crisis nor does it provide an instrument for solutions to alleviate the impact of a crisis, hence legislative changes are necessary. In the Czech Republic both scenarios have occurred, as legal instruments already established in law were used (e.g. legal instruments of tax law provide relief for taxpayers such as the remission of sanctions for special reasons, the mass remission of sanctions in the form of a Ministry of Finance directive), but also legislative changes were made in various tax statutes, these amendments were consolidated into one particular statute so it ensures greater clarity for subjects of law, and they are therefore are not spread over different legal acts. It was the so called "Lex Covid", which referred in particular to issues in insolvency, execution and criminal proceedings.⁴ In tax law it was the new statute Act No. 159/2020 Coll., on compensation bonus (in

connection with the crisis measures in respect of the new coronavirus SARS CoV-2), which sets rules for receiving the compensation bonus as financial support, especially for self-employed persons. In addition, another enacted statute, which was Act No. 299/2020 Coll., on amendments to some tax statutes in connection with SARS CoV-2, changed the rules, for instance, regarding real estate tax administration (introducing the remission of tax for specific reasons, which is the pandemic, as an exceptional circumstance), rules regarding estimated tax losses from this year as a deductible item from the corporate tax base, which can now be applied in advance ensuring minimum cash-flow issues. Moreover, with this act the rate of a road tax for selected types of vehicle and the reduced rate for VAT were decreased (for the supply of accommodation, cultural services, i.e. services most affected by the crisis).

In the same manner, it can be differentiated whether the remission of sanctions as a measure by the government applies to all taxpayers or only to selected groups. That means only groups of taxpayers affected by the crisis the most benefit from alleviated tax sanctions (e.g. taxpayers who have entrepreneurial income, taxpayers generally affected by COVID-19).⁵ The reason behind this could be that only some groups of taxpayers might face cash-flow issues and hence have problems with the timely compliance of tax duties.

From another point of view, measures take the form of an individual remission of a tax sanction based on an application submitted with individual claims and reasons for avoiding the sanction (e.g. ordered quarantine of employees, income decrease – such reasons need to be proven) or a general remission for every taxpayer within certain groups, without the need for proving the direct influence of COVID-19.

Measures which aim to ease the burden of tax duties for taxpayers can take on many forms, and some of these types of measure have already been mentioned. Noting the vast field of tax administration, the most common measures in various

countries, for example, are the remission of tax sanctions (already imposed in the taxable period during the time of the crisis or previous taxable periods), extending deadlines for filling out a tax return and paying tax, supporting digital communication with the tax administrator, and others.⁶

2. SITUATION IN THE CZECH REPUBLIC

To illustrate the context, the authors have decided to briefly introduce the development of the general situation in the Czech Republic. During the pandemic there was a government decision, which declared a state of emergency, lasting from 12 March 2020,⁷ and subsequently on 17 April 2020 the Ministry of Health Affairs issued an emergency measure, which ordered the closure of retailers for example, with some exceptions, the prohibition of accommodation services, taxi services, etc.⁸ With these measures by the Ministry of Health, the government aimed to prevent the spread of a pandemic in the Czech Republic by limiting people's contact to the minimum necessary. It was assumed that the pandemic would have an impact on taxpayers, and for many of them it was indeed a challenge to deal with the new situation. A number of restrictions had a negative impact on the economy, both due to the closure of some establishments and changes in customer behaviour.⁹ As a consequence, the government resorted to measures aimed at alleviating the COVID pandemic in various areas of law, including taxation. One of the benefits that taxpayers could use after meeting certain conditions was, for example, a compensation bonus in the form of one-off financial support from the government as compensation for difficulties with business activities, etc. That being said, this article focuses on a specific government measure, which alleviated tax obligations related to the assessment of tax, the payment of taxes and the remission of related sanctions. This

measure is a waiver aimed primarily at sanctions, which in the Czech Republic include a fine for the late declaration of tax (especially for the late filing of tax returns), which amounts to 0.05% of the set tax for each subsequent day of delay and interest on the late payment of tax, which amounts to the repo rate increased by fourteen percentage points (i.e. around 14% per annum) and interest on the deferred tax payment, which is simply applied when allowing the deferral of the tax payment in full or allowing the instalment payment (around 7% per annum).¹⁰ It was decided that sanctions following the non-compliance with tax duties, such as the assessment and payment of the tax, would be waived under certain conditions. These decisions were implemented in the form of an administrative act, which can be translated as a mass decision of the Minister of Finance.

3. DECISION OF THE MINISTER OF FINANCE

The remission of the above-mentioned fines and interest was implemented by means of a legal instrument introduced in the Tax Code in 2010, the so-called mass decision of the Minister of Finance pursuant to Section 260 of the Tax Code, which reads as follows:

“The Minister of Finance might exempt, ex officio, in respect of taxes administered by administrative authorities under his control, any tax or related charges.¹

(a) because of irregularities resulting from the application of tax laws; or

(b) in the event of emergencies, in particular natural disasters.”

There was a total of six decisions during the pandemic.¹¹ These forgave sanctions already imposed or expected, without the need to submit individual applications.¹² The Minister of Finance

¹ Related charges for tax in the Czech legal system are called “tax accessories”, which include interest, penalties, fines and costs of proceedings, if they are imposed or incurred in accordance with the Tax Act.

has the power to use this tool in cases of irregularities in the law and in times of extraordinary events. This form of administrative act [Resolution of the Supreme Administrative Court of 17 December 2013, no. 1 Afs 76 / 2013-57, paragraph 51] alleviates tax duties for all taxpayers defined by rather general features (e.g. certain group of taxpayers). Due to the foresight of the possible exceptional events by law, the legislator did not have to modify the wording of the law, but rather chose to use and interpret an indefinite legal concept already in effect, which is “*in the event of emergencies*”. The administrative body must interpret and take adequate decisions to meet the purpose of such a legal norm. Such decision shall mitigate the negative effects of the extraordinary event on selected groups of taxpayers, but a non-discriminatory approach is necessary. It can certainly be confirmed that the COVID-19 pandemic is an unprecedented situation that can be subsumed under the legal concept of “*in the event of emergency*”, as it has affected social and economic relations around the world. The mass tax and related charges exemption previously mentioned is an option similar to the established legal instruments, such as individual applications for the remission of sanctions and requests for deferral of payment. In these cases, the taxpayer must state the reason which allows for the waiver of the sanction, whereas in the case of a general decision of the Minister of Finance, only the conditions specified (if any) must be fulfilled. In our opinion, however, these individual applications also alleviate the so-called “harshness” of the law for excusable reasons, while a mass waiver only responds to an inconsistency in the law or the negative impact of an emergency and is used only exceptionally, as evidenced by the low frequency of use. In general, it can be argued, as concluded by the case-law of the Supreme Administrative Court of the Czech Republic¹³, that *the purpose of the mass tax alleviation is not to remedy an illegal decision of the tax administrator on the assessment of the tax, but to respond to inconsistencies in tax laws*¹⁴ or the impact of extraordinary events. Such a decision of the Minister of Finance is published in the Financial Bulletin, as the range of entities it targets is not specifically stated.¹⁵

In the author’s opinion, the Ministry of Finance proceeded correctly in interpreting the COVID-19 pandemic as an emergency situation with a possible negative impact on taxpayers in the first place. Secondly, it is necessary to adopt these solutions as a part of administrative efforts in order to – and this is important – mitigate these negative effects.¹⁶ The remission of sanctions certainly offers great relief for taxpayers, but to assess in detail the impact of the decisions taken by the Ministry of Finance on taxpayers for the purpose of easing tax duties, it is necessary to analyse the content of these individual decisions, which will be done in the following chapters.

3.1. INCOME TAX

Due to the pandemic, the consequence of the first decision of the Ministry of Finance of 16 March 2020 was extending the deadline for filling out tax returns and paying the tax to 1 July for all income taxpayers.¹⁷ The so-called Tax Liberation Package III provided some exemptions for tax, related charges and administrative fees.¹⁸ This means that taxpayers who do not meet the deadline for filing an income tax return by 1 April, which is the usual deadline, and manage to file it and pay the tax by 1 July, will be forgiven the fine for tax returns filed late and the interest on late tax payments for the tax period of the year 2019.¹⁹ Furthermore, with this decision of the Ministry of Finance the interest on arrears was waived pursuant to Section 252 of the Tax Code, and the interest on the deferral of tax payments under Section 157 of the Tax Code. This was justified by the targeted reduction in taxpayers visiting tax offices and by staffing shortages in smaller companies due to the spread of the pandemic. The second decision waived the income tax advance payments, which fell on 15 June. Thus, the obligation to pay income tax advances, which taxpayers must pay in two or four stages depending on the amount of income, was eliminated. This aimed to solve the problem of insufficient liquidity at taxpayers. *The fifth and most significant decision stated that the fine for the late*

*filing of tax returns, the interest on arrears and the interest on deferrals would be waived if the tax subject assessed and paid the tax by 18 August 2020.*²⁰

3.2. REAL ESTATE TAX, VALUE ADDED TAX AND OTHER WAIVERS

With the second decision of the Ministry of Finance, in the case of tax on acquiring immovable property, the deadline for filing a tax return was extended to 31 August if the original deadline fell between 31 March and 30 November.²¹ The fifth decision changed the extended deadline from 31 August to 31 December.

In the case of VAT, the fine of CZK 1,000 for a control statement²² was firstly waived if it arose from 1 March to 31 July. The fine for the late claim of value added tax was then forgiven for those who were forgiven for not submitting a control statement. The value added tax was then waived on selected transactions related to medical equipment, etc., and later, in the last decision, the deadline for filling out a tax return and paying the tax for some tax periods was “extended” until 31 December.²³

Furthermore, taxpayers who received at least a partial waiver of interest on arrears for reasons related to the spread of the virus on the basis of an individual application pursuant to Section 259b of the Tax Code, and taxpayers who, on the basis of an individual application pursuant to Section 156 of the Tax Code, were allowed to defer payment of the tax or divide the payment into instalments for reasons related to the spread of the virus, are exempt from a fine for the late claim of related tax pursuant to Section 250 of the Tax Code.

Lastly, interest on arrears and interest on deferred payments related to tax advances on road tax in the 2020 tax period was remitted only if these advances are paid no later than 15 October 2020.²⁴ And in the last decision, they were completely eliminated.²⁵

4. ISSUES RELATED TO THE REMISSION OF SELECTED SANCTIONS

The OECD report “Tax Administration Responses to COVID-19: Measures Taken to Support Taxpayers”, which compares the individual steps of selected countries and provides information about the individual measures taken by selected countries, states that the Czech Republic has extended the deadline for filing tax returns by three months. The truth is that this is only a consequence of a government decision, which in fact decided only to waive sanctions arising from the three months which are imposed for filing and paying the tax after the usual deadline, within the extended period. This means that a taxpayer may assess and pay tax three months later than the normal deadline set by the Tax Code without sanctions. That is, however, because sanctions calculated from the original deadline until the end of the extended deadline will be remitted, not because the deadline itself is extended.

Undoubtedly, the remission of fines and interest related to late filing and payments is very helpful for taxpayers. During the pandemic they could then focus on other issues arising from this situation, and at the same time they could use the money they would pay in taxes to overcome the unfriendly economic environment during a pandemic. However, it should be pointed out that theoretically, the deadline for filing a return is not extended, only the sanctions for filing and paying later are remitted (i.e. from the time after 1 April 2020).²⁶ However, the waiver is subject to the taxpayer assessing and paying the tax by the newly set deadline, i.e. 18 August 2020 for income tax. Ultimately though, if they fail to do so, the sanction cannot be waived. This means that if a taxpayer is late and files a tax return and pays the tax only a day later for example, i.e. on 19 August 2020, they will be fined for late filing and be charged interest on the late payment. These sanctions would then be calculated not from 18 August 2020 (new extended deadline)

but from the original deadline for filing the tax return, i.e. 1 April 2020 (in some cases 1 July 2020). Some taxpayers will certainly find themselves in such a situation and will thus face sanctions that will accumulate from as early as April. To avoid this, the above-mentioned decisions would have to specifically extend the deadline for submitting tax returns until 18 August for example.²⁷

This is also related to the increased administration of the tax administrator, who proceeds from now on according to the decision of the Ministry of Finance. The point is that the sanctions will in fact be imposed in the end and assigned to the personal tax account of the taxpayer who managed to assess and pay the tax within the new extended period, and such sanctions will then be debited and written off. Theoretically, this would not be the case with a simple extension of the deadline, as sanctions would not be imposed at all.

5. REMISSION OF SELECTED SANCTIONS AND ITS IMPACT ON TAXPAYERS

It is also worth mentioning that the above-mentioned relief to taxpayers by extending the deadline for the payment of taxes meant sanctions were waived only for selected taxes and selected tax periods, not for all tax arrears. Therefore, the remission of sanctions (fines for late-filing and interest on arrears) relates in particular to income tax for the 2019 tax period, income tax advances due, and to cases where deferral of payment or instalments were allowed for reasons related to the spread of the SARS-CoV-2 virus. In this manner, taxpayers could fulfil their obligations in relation to the public budget after the legal deadline without a penalty. On the other hand, it cannot be disregarded that this selective remission of sanctions could ultimately have led to inequalities between taxpayers.

This possible inequality could have arisen in a situation where a taxpayer duly fulfilled their obligation

to declare and pay the tax, but before a tax waiver decision was issued in the Financial Bulletin,²⁸ and then subsequently got into financial difficulties due to the spread of the SARS-CoV-2 virus. Such taxpayer would not have any possibility to request a refund (albeit only temporary, during the protected period) of the tax already paid, which could possibly be used to fund its activities like the taxpayers who did not pay the tax and which were subject to a later remission of sanctions. This is because the deadline for filing and paying tax is still the usual one – 1 April 2020, and after this date the tax already paid stops being an overpayment (which could be requested back) and a taxpayer cannot make a request after the original deadline. By contrast, those who did not fill out a tax return and did not pay by 1 April 2020 have an advantage in terms of cash-flow. If there were no waivers of tax-related charges, but instead there was specifically an extension of the deadline for filing a tax return and paying the tax, this would result in the possibility for returning tax to a taxpayer which was already paid, as it would still be considered an overpayment of tax until the deadline expires. Taxpayers could then use these returned funds to support activities during the crisis.

At the same time, it is necessary to point out other contexts of the chosen solution of support for taxpayers. Without extending the statutory deadline for paying the tax, the individuals formally became tax debtors after filing a proper tax return and without fulfilling the obligation to pay the tax. In a situation where individuals did not file a proper tax return, they did not fulfil the obligation to file a proper tax return on time. Despite the remission of sanctions, the very fact they violated tax law could have a major impact on taxpayers, both in terms of fulfilling private law obligations (e.g. loan conditions with banks) and meeting other conditions (typically subsidy conditions). Although such individuals may have been exposed to completely identical effects related to the spread of SARS-CoV-2 as others, in these cases the aid was possible, but in fact inapplicable.

Furthermore, it can be pointed out that only sanctions for the above-mentioned situations were

waived, but not for tax arrears as such. Therefore, if the taxpayer was in arrears with the payment of another tax (e.g. from previous tax periods) not subjected to the remission, the arrears would bear interest in full compliance with the applicable legislation, regardless of whether it was affected by the spread of the virus or not. This contributed to the fact that the measures taken were not only aimed at certain groups of taxpayers, but also at selected taxes and selected tax periods.

It cannot be argued that the chosen solution was legislatively simple and fast, the legislation did not have to change, and significant support for taxpayers was provided as a result. On the other hand, it is necessary to point out that a change in the law (extending the deadline for filing proper tax returns and paying tax, or enacting a non-interest period for all taxpayers and all tax arrears) would be a more systematic solution.²⁹ It cannot be overlooked that even tax exemptions must have constitutionally compliant limits of application, so among other things, there must be no unjustified inequality between taxpayers.

6. CONCLUSION

Tax law in the Czech Republic offers many legal instruments that can relieve taxpayers of their tax obligations, one of which, for example, is an individual application for the remission of sanctions or a mass remission of sanctions, which were the topics of this article.

The decision of the Ministry of Finance to waive sanctions for selected taxpayers is a decision that uses legal instruments to mitigate the negative effects of the pandemic, which include, among other things, the waiver of sanctions. This applies to income tax, VAT, road tax, tax on the acquisition of real estate, and more. The characteristics of the approach to remit sanctions in the Czech Republic via a decision of the Ministry of Finance can be summarised as a remission for selected groups of taxpayers without the need to prove the reason or influence by COVID-19. The “waiver of sanctions”, tying the condition of compliance to

a later deadline, does appear to be an extension of the deadline, but it is not. It can only be characterised as a mass remission of sanctions. Even so, it is a helpful step for taxpayers and the purpose of mass immunity from sanctions was achieved.

It is therefore undoubtedly necessary to conclude that the administrative authority proceeded to use the legal instrument of a mass remission of sanctions to alleviate the situation correctly, and a positive impact was achieved. This fulfils the purpose of this extraordinary legal instrument in the tax code, and in the context of dealing with the negative economic consequences, it must be taken into consideration that not only waiving sanctions but also other tax policy measures such as compensatory bonuses, easing excise duty and social and health insurance obligations also alleviate the difficult situation of taxpayers. However, it should be noted that while the correct process of the tax administrator to impose sanctions was calculated from the original deadlines for assessing and paying taxes, taxpayers who expect the deadline to be extended may be surprised to find out that sanctions are calculated from the end of the original deadline. And this can be counterproductive at a time when it is better to aim for alleviation. Sanctions can cause cash-flow problems or stress on taxpayers.

Ultimately though, in an individual request for the remission of a sanction, the taxpayer has the opportunity to prove that the extraordinary circumstances related to the pandemic caused them to file late, even after the extended deadline, and so even after missing the extended deadline for filing tax returns and paying tax they still have the possibility to submit a request to a tax administrator for the remission of sanctions due to crisis-related reasons, which have to be stated in the application. These individual applications should cover situations which the mass remission did not.

With regard to the onset of the next wave of the epidemic, it will be interesting to observe whether the administrative body's approach to tax subjects will change, or whether waiving sanctions will be a typical example of assistance without specific amendments to the law.

Notes

- 1 CIAT/IOTA/OECD (2020), Tax Administration Responses to COVID-19: Measures Taken to Support Taxpayers, OECD, Paris, https://read.oecd-ilibrary.org/view/?ref=126_126478-29c4rprb3y&title=Tax_administration_responses_to_COVID-9_Measures_taken_to_support_taxpayers (May 26, 2021).
- 2 Wei, Shang-Jin (2020) Ten keys to beating back COVID-19 and the associated economic pandemic, In: Baldwin, R., Weder Di Mauro, B. et al. *Mitigating the COVID Economic Crisis: Act Fast and Do Whatever It Takes* (London: CEPR Press), 74., <http://itsr.ir/en/Content/upload/COVIDEconomicCrisis.pdf> (May 26, 2021).
- 3 CIAT/IOTA/OECD (2020), Tax Administration Responses to COVID-19: Measures Taken to Support Taxpayers, OECD, Paris, https://read.oecd-ilibrary.org/view/?ref=126_126478-29c4rprb3y&title=Tax_administration_responses_to_COVID-9_Measures_taken_to_support_taxpayers (May 26, 2021).
- 4 Act No. 191/2020 Coll., on certain measures to mitigate the effects of the SARS CoV-2 pandemic. For more information see, e. g.: <https://home.kpmg/xx/en/home/insights/2020/04/czech-republic-tax-developments-in-response-to-covid-19.html>
- 5 CIAT/IOTA/OECD (2020), Tax Administration Responses to COVID-19: Measures Taken to Support Taxpayers, OECD, Paris, https://read.oecd-ilibrary.org/view/?ref=126_126478-29c4rprb3y&title=Tax_administration_responses_to_COVID-9_Measures_taken_to_support_taxpayers (May 26, 2021).
- 6 Ibid.
- 7 Resolution of the Government of the Czech Republic of 12 March 2020 No. 194.
- 8 Ministry of Health: Extraordinary measure - ban on retail sales and services with exceptions, No. 41/2020.
- 9 Explanatory memorandum on Act No. 299/2020 Coll., on amendments to some tax statutes in connection with the SARS CoV-2.
- 10 In the Czech Republic, there is a self-application system for tax laws, where it is up to taxpayers to evaluate the tax themselves by filing a tax return and submit it to the tax administrator. A fine for the late assessment of a tax is imposed when a taxpayer does not fill out a tax return on time, while interest on the late payment of tax is also imposed, as the deadline for payment ends for most types of tax together with the assessment deadline (filing of the return).
- 11 Resolution issued in Financial Bulletin No. 4/2020 on 16 March 2020, Resolution issued in Financial Bulletin No. 5/2020 on 24 March 2020, Resolution issued in Financial Bulletin No. 6/2020 on 31 March 2020, Resolution issued in Financial Bulletin No. 7/2020 on 15 April 2020, Resolution issued in Financial Bulletin No. 9/2020 on 10 June 2020, Resolution issued in Financial Bulletin No. 22/2020 on 14 October 2020.
- 12 Individual application is regulated in Article 269 of Tax Code.
- 13 Resolution of the Supreme Administrative Court, No. 5 Afs 99 / 2016-28.
- 14 Ibid.
- 15 Resolution of the Supreme Administrative Court, No. 1 Afs 76 / 2013-57.
- 16 Gonsiorová, B. (2017) Proces odstraňování tvrdosti zákona [The Process of Removing the Harshness of the Law], *Právní rozhledy*, 10/2017, 371-374.
- 17 For the sake of completeness, it is necessary to point out that income taxes in the Czech Republic are divided into personal income taxes and corporate income taxes. Natural persons might have income from dependent activity, rent, capital income, business, or income from occasional activities. Legal entities have taxable income from their activities and from the management of their assets. Natural persons and legal entities file tax returns for income tax by 1 April. Those who have a representative or a mandatory audit file tax returns by 1 July. Tax returns must be filed each year for the tax period preceding the period in which the tax return is filed. Thus, in 2020, it was expected that taxpayers would file a tax return by these deadlines for the year 2019.
- 18 More information available at: Mašátová, Z. *Finanční správa 2020*, Termíny pro podání a zaplacení některých daní bez sankcí se posouvají. Tisková zpráva [Deadlines for filing and paying some taxes without penalties are being postponed Press release]), <https://www.financnisprava.cz/cs/financni-sprava/media-a-verejnost/tiskove-zpravy/tz-2020/terminy-pro-podani-a-zaplaceni-nekterych-dani-bez-sankci-10740> (May 26, 2021).
- 19 Ibid. This waiver does not apply to entities that fall under the responsibility of the Specialised Financial Office – i.e. banks, and legal entities with turnover of more than CZK 2 billion.
- 20 Furthermore, pursuant to the Income Tax Act, the fine for failing to report incomes that are exempt from income tax, pursuant to Section 38 of the Income Tax Act, and the fine for the late filing of an additional tax return for the 2018 tax period, are also waived in some cases.

- 21 In Czech Republic there is a real estate tax return filed every year and the tax on an acquisition of immovable property for cases when there is a sale of real estate. Such tax return must be filed 3 months from the sale. Ultimately, though, this tax was cancelled in September 2020.
- 22 The control statement is a report related to the value added tax return which provides detailed information about related transactions.
- 23 Resolution issued in Financial Bulletin No. 22/2020.
- 24 Resolution issued in Financial Bulletin No. 6/2020.
- 25 Resolution issued in Financial Bulletin No. 22/2020.
- 26 Vychopeň, J. (2020) *COVID-19 v účetních a daňových souvislostech [COVID-19 in Accounting and Tax Contexts]* (Praha: Wolters Kluwer ČR).
- 27 With the addition that they already forgive sanctions imposed from previous tax periods.
- 28 The first Resolution on the waiver of tax-related charges and administrative fees due to an extraordinary event, No. MF-7108/2020 / 3901-2, was issued in the Financial Bulletin on 16 March 2020.
- 29 For comparison, in Slovakia there was legislation in relation to COVID-19, which changed a vast group of legal instruments that fall under the jurisdiction of the Ministry of Finance. Act No. 67/2020 Z. z., o niektorých mimoriadnych opatreniach vo finančnej oblasti v súvislosti so šírením nebezpečnej nákazlivej ľudskej choroby COVID-19 (on some extraordinary measures in the finance field in relation to the spread of a dangerous disease), <https://www.zakonypreludi.sk/zz/2020-67> (May 26, 2021).