BDO NEWS

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EDITORIAL

Dear Readers, Friends,

The rapidly improving situation and growing optimism means we are all being confronted with new and unplanned decisions. More than ever, strategic thinking and long-term vision are essential for businesses to not only remain resilient and functioning, but also to find successful new paths.

I sincerely hope that BDO continues to be the place you turn to for expert advice. The May edition of the newsletter has been carefully put together so that you don't miss out on any vital information. I would like especially to draw your attention to the article on the General Financial Directorate's latest memorandum on the impact of the Covid-19 pandemic on transfer pricing and the case law on current tax abuse.

It is the owners and top executives of companies who must prove whether they are true leaders in today's challenging times. That's why I am delighted to introduce BDO's new #timetolead platform, our series of regular meetings and informal discussions on topical issues with guests from successful companies. We will be posing questions together with you to business owners, successful entrepreneurs and executives. Our conversations will become a podcast series. I'd like to recommend the first one, which is about Pilulka's journey to successfully going public six years after its founding. You can listen to it now.

I wish you pleasant listening, good reading and much strength,

Miroslav Jandečka
Managing Partner

CONTENT

BDO CZECH REPUBLIC

- Audit, Tax, Accounting & Payroll Advisory, IT and Valuation
- 450 specialists
- 35 Certified Tax Advisers, 30 Certified Auditors, 5 Certified Appraisers
- 6 offices in the Czech Republic

THE PITFALLS OF PARENT COMPANY COSTS IN RELATION TO HOLDING A SUBSIDIARY, PLUS A LITTLE BIT OF CASE LAW

Any parent company that has established, purchased or otherwise acquired a subsidiary must look very carefully at whether the costs it incurs on an ongoing basis in holding the subsidiary can be claimed as tax-deductible expenses.

The Income Tax Act is relatively strict on this issue and, unfortunately, in many respects quite ambiguous. First, it should be remembered that when talking about the relationship between the parent company and the subsidiary in the context of the Income Tax Act, we must rely on the definition of that relationship in the Income Tax Act. Among other conditions, these are mainly the length of time the share is held, the legal form of the companies and the size of the share. If these characteristics are not fulfilled, the **relationship between parent and subsidiary** will not be a relationship at all in the spirit of the Income Tax Act, which is often forgotten and has other important implications.

The law basically defines two categories of such costs: direct and indirect (overheads). In addition to the interest on credit financial instruments clearly mentioned in the law, these are other direct, clearly attributable costs related to the acquisition of the financial investment. These will include, for example, the costs of subsidiary general meetings, i.e. travel expenses, and the remuneration of the person authorised to exercise shareholder rights. Examples include administrative fees for maintaining property accounts, archive services, etc.

Far more complicated, however, are the indirect (overhead) costs associated with owning a subsidiary. These will be a proportion of the parent company's costs associated with the exercise of shareholders' or members' rights, which relate both to the holding of the shareholding and to the company's other activities, in particular the remuneration of the directors, the travel expenses of those directors, but also a whole range of other overheads, such as telephone calls, rent, etc. It will be up to the taxpayer to prove the actual amount of overheads (indirect costs) by a suitable economically justifiable criterion. The legislator is aware of the difficulty of establishing such calculations and therefore allows taxpayers to choose the alternative of excluding from tax deductible expenses the 5% amount of profit shares paid out by the subsidiary in a given year. The chosen method of applying overheads can be changed from year to year, as the tax administration has previously confirmed, among other things, in one of the Coordination Committees dealing with this issue.

In the course of time, given the complexity and breadth of the subject, the courts have also begun to comment on the related issue. There are many matters to address in this area. For example, in a recent judgment, the Supreme Administrative Court also commented on the exclusion of indirect costs. There, the taxpayer initially sought to argue that it had not incurred any overheads in connection with the holding. It modified this following the call of the tax authorities and claimed indirect expenses to the tune of hundreds of crowns. The tax authorities did not believe this and questioned the economic substance of the calculation submitted. **The tax authorities then proceeded to assess tax at the rate of 5% of the profit shares paid, which was subsequently confirmed by the courts.** This judgment is not only a warning to those who claim that they do not incur any costs in connection with the holding of a subsidiary or that they incur an absolute minimum of such costs. Some of the older judgments also go into more detail on specific costing items that should not be missing from overheads.

In the past, the courts have also dealt with interest costs related to the acquisition of a subsidiary. In particular, there was a well-known judgment of the Supreme Administrative Court in 2013, which dealt with interest costs related to the acquisition of a financial investment when the companies subsequently merged. Here, the deductibility of the costs of this financing was defended, although it should be noted that the specifics of this case were not fully determined on the merits by the court, which remanded the case for further completion, which ultimately did not take place.

Among recent judgments, I would point out one that primarily dealt with so-called crown bonds. **The Supreme Administrative Court uncompromisingly rejected a specific case from the point of view of proving the interest costs of these bonds in terms of the costs of achieving, securing and maintaining income.** The taxpayer did not help himself by arguing that the effectiveness of interest costs was explained by financing the purchase of shares in subsidiaries. As can be seen from the above, this defence was in vain.

Finally, I would **draw your attention to a new judgment that is already pending before the Supreme Administrative Court** and whose final resolution we are waiting for. This case involves a very high-value financial investment for the purchase of a business stake in a subsidiary, where the financing was secured within the group. The essence of the transaction was the establishment of a new holding company in the Czech Republic, which subsequently purchased from the group shares in two manufacturing companies in the Czech Republic, again belonging to the group. The purchase of these shares was financed from abroad also under intra-group financing. The purchased subsidiaries subsequently merged with each other and changed their legal form to a limited partnership, whereupon the parent company became the general partner. This was apparently done, among other things, to avoid the tax consequences of the interest expense on the financing of the parent company's purchases of shares in the subsidiary. In principle, all profits from the hitherto normally operating and profitable companies were passed on to the general partner, which in turn claimed the interest expense on the intra-group financing against those profits. Thus, no tax was levied in the Czech Republic on the previously taxed profits, which went abroad in the form of interest income. The taxpayer

was not helped by arguments along the lines of taxation of interest income abroad, where the taxpayer repeatedly referred to earlier court judgments in which there was no such taxation abroad. **The Regional Court found no economic and rational sense in the whole transaction** and, in the spirit of the now very modern view of so-called **abuse of rights**, upheld the tax assessment requested by the tax administrator. We will certainly continue to follow the case here and await the final decision of the Supreme Administrative Court.

The issue of links and connections between parent and subsidiary companies in the Income Tax Act has been comprehensively addressed in this norm since the Czech Republic joined the European Union in 2004. Nevertheless, in my opinion, taxpayers often neglect and underestimate it. Even the case law is not as rich in this respect, unlike other issues. However, as is clear from the case law cited above, it is not only in larger interconnected groups of companies that there can be complex relationships of considerable value where one must be extremely attentive. Please do not hesitate to contact my colleagues with questions on an ongoing basis to help you untangle these complex issues.

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NEW ACT ON EXPERTS AND OBLIGATIONS OF THE CONTRACTING AUTHORITY

The new Act on Experts (Act No. 254/2019 Coll.), effective from 1 January 2021, has brought many changes and shaken up the practice of providing expert advice. However, the new legislation is not only for us experts. It also makes demands on you, the client.

The law newly requires that the expert report be structured in great detail. The Implementing Decree (No. 503/2020 Coll.) devotes a total of 20 paragraphs to the regulation of expert reports. It also regulates in detail the obligation of you as the contracting authority. Specifically, it describes that the assignment of the expert report should include:

- the technical question posed by the commissioner of the expert report;
- an indication of the purpose for which the expert report is to be used; and
- facts disclosed by the assignor which, in its opinion, may affect the accuracy of the conclusion of the expert report.

In the decree, the Ministry emphasises the word „expertise“: the question should be professional, i.e. not trivial. However, this also means that it should be a professional question and not a legal question (legal issues should be known to the court).

This gives you the opportunity to tell the experts officially important facts. You should therefore use this, because the new cooperation of the contracting authority and the expert in entering an expert question is appropriate. For example, it is important to warn us that „X, Y and Z“ may affect the determination of the amount of damage.

If you do not take the opportunity to disclose the relevant facts, the expert is obliged to make note of this in the report.

Furthermore, the expert's fee must be newly agreed in writing with the client (an e-mail will suffice). This must occur before the expert work begins and cannot depend on the outcome. That is what the law says.

The new expert legislation also requires more professional performance (from the contracting authority and from the expert) in other places. I expect that the differences in the quality of reports between experts will become even greater, which is good for the whole industry, as the writing of reports will become more professional.

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THE VAT RULES ARE CHANGING FROM 1 JULY 2021, ESPECIALLY FOR SALES OF GOODS TO END CUSTOMERS IN THE EU. ARE YOU READY?

If you send goods to other EU Member States („EU MS“) to end customers (B2C), you can look forward to the fact that from 1 July 2021 you will most likely no longer need to register for VAT there.

You will now only be able to report all VAT in the Czech Republic in One-Stop-Shop („OSS“) or Import-One-Stop-Shop („IOSS“). Probably no one knows why the Czech tax administration sometimes calls it the „special one-stop shop regime“.

Reporting in both the OSS and IOSS is voluntary. You can still be registered for VAT in all EU MS and file VAT returns there and pay VAT according to the rules of that EU MS. However, if you do not register in the OSS, the limits for mandatory registration in EU MS that we are accustomed to will no longer apply. There will now be only one limit, namely EUR 10,000. In practice, this will mean that if you start selling goods to a new EU MS in July, you will likely have to register for VAT in that EU MS and pay VAT there from the first transaction. **You will not be able to combine the VAT on these sales in the EU MS and through the OSS.** Either you will pay VAT on all sales via the OSS, or you will pay VAT individually in each EU MS where you send goods to end customers.

From July this year, new European rules on distance selling (sending goods) and the provision of selected services to end customers will come into force. **These rules will apply even under the realistic assumption that the implementing legislation will not be implemented into the Czech VAT Act in time. From 1 April 2021, you can register electronically for the OSS (Union scheme) or IOSS via the tax administration's tax portal.**

The OSS will be used if you sell goods that are already in the EU. The IOSS will only apply to goods up to EUR 150 sold directly to European end customers from third countries (e.g. China).

The tax period for OSS will be quarterly, for IOSS monthly. The VAT on all sales to EU MS will be reported for the period in one return, which will be submitted to the tax office for the South Moravian Region. The resulting VAT will be paid in EUR. The Czech Republic will then distribute the VAT to the EU MS concerned.

If you sell goods up to EUR 150 to EU end customers, e.g. from China via an electronic interface („ER“, e.g. Amazon), the obligation to report

sales in IOSS passes to the ER. If the ER is not registered with IOSS, the VAT will in most cases be paid by the end customer in the EU MS.

Finally, we would like to point out that **as of 1 July 2021 the exemption for imports of so-called small consignments from third countries will no longer apply.** In the Czech Republic, this limit was EUR 22. In practice, this means that VAT will have to be paid on each shipment from third countries. For shipments up to EUR 150, this VAT will be paid by your company or ER via IOSS. If VAT is not paid via IOSS, it will be charged mostly to the end customer.

If you are interested in this topic and want to know more details, we invite you to a seminar on 4 June 2021. More information here.

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PRIVATE USE OF A COMPANY CAR AND PAYMENT OF VAT IN ANOTHER COUNTRY

Long-term provision of a car to an employee residing outside the Czech Republic may lead to VAT registration in another Member State. This was recently confirmed by the Court in its judgment C-288/19, which dealt with the case of two employees of a Luxembourg company resident in Germany.

The possibility to use a company car for private travel is a popular and widespread benefit. As the private use of business property without payment prevents the deduction of VAT on the purchase price of the car, you need to take a decision on the scheme under which you will provide the car to the employee.

The first option is for the employer, **when purchasing the car, to estimate the proportion in which the employee will use the car for business and private purposes.** The employer can then claim a VAT deduction on the purchase of the car in the same proportion and monitor over the next five years whether the actual proportion differs by more than 10% from the original assumption. For income tax purposes, the increase in the employee's income by 1% of the value of the car does not affect the VAT regime. From a VAT perspective, such a car is provided to the employee free of charge.

The second option is **to use a company car for a fee, which can be in the form of a payroll deduction.** The private use of the vehicle is then treated as a service rendered, which, if it lasts longer than 30 days, is considered a long-term rental. This is where the complication of registering and paying tax in another country can arise. According to the Council Regulation, which is also referred to in the Czech VAT Act, the place of taxation of long-term rentals is the recipient's residence or the place where they usually reside, if this place is not their residence. In practice, this can lead to a situation where an employee residing in Germany is provided with a car by a Czech company on a long-term basis, even for private travel, in return for a consideration. The place of taxation of such a rental will be shifted to Germany according to the employee's residence and the Czech company will have to register for VAT in Germany and pay VAT on the rental there. The same applies to a German company that provides a car to its Czech employee residing in the Czech Republic. In this case, the long-term provision of a car for a consideration will also lead to VAT registration in the Czech Republic and the obligation to file tax returns and pay tax there.

However, to be a lease, the main feature of this relationship must be met, which is the exclusion of other persons from using the car. If it is to be a lease, the employer cannot use the car to send an employee on a business trip other than the employee who is paid a certain amount of money from their wages in return for the possibility to use the car privately.

As the Court of Justice has stated, the concept of rent presupposes the existence of a rent in cash. The absence of payment cannot be compensated by a payment in kind. Where two employees working in the same position with the same workload have different rates of pay because one of them has a company car at their disposal for private use, there is no rent in relation to the employee with the car, since a benefit in kind cannot replace a rent in cash. In this case, the reporting of private travel would only result in an input VAT deduction adjustment for the employer.

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Q&A: EMPLOYER'S OBLIGATIONS WHEN TESTING EMPLOYEES

We have been undergoing mandatory regular antigen testing in companies for several weeks now. Yet there are still areas where the approach is not entirely clear. We have compiled answers to the most common questions.

1. Does the employer have to provide the tests in-house or can it send the employees to a testing centre?

The following can be used for testing:

The POC network of antigen collection centres, where testing is fully covered by health insurance.

A secondary provider network consisting of contracted and non-

contracted health care providers who are interested in participating in widespread testing of individuals, are linked to electronic ISIN tools and comply with all mandatory and uniform reporting requirements, and arrange for testing through a POC antigen test by a health care professional. These may be on-site or off-site occupational health providers, non-contract health providers who must apply to health insurance companies for a facility identification number and site identification number, or providers who do not perform occupational health services for the employer. These must meet other criteria in addition to the authorisation from the regional authority. If the criteria are met, the examination is also fully covered by health insurance.

Self-testing with antigen tests at the employer's premises. The basic obligations of the employer in such a case include purchasing tests from a distributor with an exemption from the Ministry of Health, allowing testing, setting aside a suitable place in the workplace, selecting authorised employees, keeping records (overview) of the tests carried out and safe handling of the tests used. The contribution from the health insurance company is CZK 60 per test, up to a total of CZK 240 per employee per month.

2. Does the time required for testing count as working time?

In our opinion, taking the test is not work performance and does not count as working time. Working time under the Labour Code means the time during which the employee is required to perform work for the employer and the time during which the employee is at the workplace ready to perform work as instructed by the employer. However, the obligation to test should not be borne by the employee and testing should take place within working hours. In such a case, we believe it should be another important impediment to work on the part of the employee falling under the so-called paid impediments. If the testing is carried out outside working hours, the law does not attach any additional entitlements to it in respect of time worked or wage compensation.

3. Is it possible to give the tests to employees to take at home before they arrive at the workplace?

The employer has multiple options for testing. If it chooses to self-test, the Department of Health's emergency measure implies that it should test employees in the workplace. Off-site testing is expressly permitted by the measure if the employee has worked off-site for the past seven days. This may include sales representatives making rounds to customers or employees on business trips. However, the emergency measure does not explicitly contemplate the possibility that employees should routinely test themselves at home before coming to work.

However, some employers have in practice implemented routine testing at home. The argument for this practice is most likely based on the fact that the employee will test himself at home and, if positive, will not go to work and thus not endanger colleagues or fellow commuters. On the other hand, there is a risk that if antigen tests are routinely performed at home, they may not be administered correctly (thoroughly enough), which may lead to more false negatives without the employees being aware of it. At the same time, it must be stressed that it is the employer, not the employee, who is primarily responsible for occupational health and safety, as well as for the correct procedure for the performance and subsequent handling of the test.

4. How to proceed if an employee refuses testing?

If an employee refuses to be tested, he or she may not be allowed into the workplace by the employer. The consequences for employees vary among professions. The interpretation advocated by the Ministry of Labour and Social Affairs favours an unpaid obstruction of work on the part of the employee, among other things because the testing interferes with the employee's physical integrity. At the same time, however, it draws attention to the fact that if an employee refuses testing, they commit an offence under the Pandemic Act, for which they could be fined up to CZK 50,000.

However, we find a contradiction in the interpretation of the Ministry of Labour and Social Affairs. On the one hand, according to the Ministry, an obligation with which the employee was familiarised is being violated, for which in other cases the employer would face legal consequences under the Labour Code. On the other hand, according to the Ministry, such a breach is to be treated by the employer as an excused absence. It should be noted that the Ministry's interpretation is not binding, and if an employer proceeds to terminate an employee on these grounds, it will be for the court to decide whether it was justified. In any event, caution and consideration of all relevant circumstances is advised when contemplating such steps. It is unlikely, for example, that an employee who frequently has nosebleeds would be terminated for refusing to undergo a nasal swab test.

5. How to report on employee testing in compliance with the GDPR?

When collecting personal data, the employer is in the position of a data controller within the meaning of the GDPR. Special categories of personal data containing information about the health status of the employee are also processed for reasons of important public interest in the field of public health protection. Therefore, records on the performance of tests can only be used in the direct context of performing obligations imposed by an emergency measure of the Ministry of Health.

The test records themselves may only contain the employee's basic identifying information (first name, surname, insurance number), the employee's health insurance company, the time of the test, and the result of the test, as stated by the Office for Personal Data Protection. The same applies if the employee falls into a category that is exempt from testing, e.g. if they have contracted Covid-19 in the previous three months and show no symptoms. In this case, only the employee's identifying information and the reason for granting the exemption are recorded.

At the same time, care must be taken to ensure that the physical or software security of personal data is such that only authorised persons have access to the data. Employees should also be informed about the type and nature of the tests, the processing of personal data for the purpose of testing, the legal basis for the processing, the possible transfer of the data to public health authorities as recipients and the period of storage of the data.

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NEW METHODOLOGICAL INFORMATION OF THE GFD ON THE IMPACT OF COVID-19 ON TRANSFER PRICING

In December, we informed you about the recommendations issued by the Organisation for Economic Co-operation and Development (OECD) in response to the impact of the Covid-19 pandemic on transfer pricing. At the end of March, the General Financial Directorate (GFD) issued methodological information summarising the most important guidelines in the OECD material from the perspective of the Czech financial administration.

The methodological information of the GFD focuses mostly on the pandemic's impact on the results of enterprises referred to as routine entities. These are enterprises that, within a multinational group, carry out their activities mainly based on orders from a superior entity. Routine entities are typically engaged in simple production or distribution activities and are not exposed to common market risks, such as the loss of a customer/supplier. Given the lack of decision-making power in the area of business strategy (e.g. product portfolio management, pricing, customer/supplier portfolio management), routine entities usually have long-term guaranteed terms on which they deliver.

In the context of a pandemic, the GFD acknowledges that even routine entities may suffer losses, but stresses the need for a thorough functional and risk analysis, which should be an integral part of the routine entity's local documentation. **Losses should only be to the extent that they are attributable to the functions performed and risks borne. At the same time, it is always necessary to analyse how independent entities behave in similar conditions.**

Benchmarking will continue to be used to analyse the behaviour of comparable independent entities in transfer pricing documentation. The way in which the benchmarking analysis is set up should correspond to the contractual terms based on which the remuneration of the routine entity was negotiated.

For example, a routine producer that has been guaranteed remuneration determined by the cost+ method under a production contract for a long period of time should continue to test the level of the arm's length profit premium on a regular annual basis, based on data available for comparable undertakings for the previous period (average of three to five years).

Commenting on the timing of the availability of data on the pandemic's impact on the results of companies doing business in the same sector as the routine entity, the GFD states that there will be a delay in making up for any declines in profitability by maintaining continuity in the compilation of comparative analysis based on historical data. In practice, this means that **the operating results of routine entities will be tested for any tax base adjustments in the 2020 tax return based on data from 2017 – 2019, when no pandemic impact was experienced, while the 2021 results will be tested based on data from 2018 – 2020, when 2020 was already a pandemic year.**

If the contractual arrangements for routine entity remuneration are set up in the short term in the group to allow flexibility to respond to the market situation, the GFD accepts the possibility of making comparability adjustments. The methodological information does not provide any specific example of a price comparability adjustment. Therefore, we can only assume that the development of price indices for the sector in the current year 2020 can be used as one of the possible criteria for such adjustments.

Please note that if the entity was a recipient of government support at the time of the 2020 pandemic, it will be necessary to reflect the costs that should have been compensated by the support, as well as the level of risk that the routine entity was actually exposed to in relation to incurring and covering those costs, for comparability adjustments.

The most important guidance contained in the GFD's methodological information, which is a binding methodology for all tax authorities, is the reference to the existing GFD Instruction D-34, according to which cumulatively loss-making companies are still to be excluded for the purposes of the comparability analysis. These are companies that have had a sustained negative operating result in previous periods (3-5 years).

We therefore recommend that the benchmarking analyses, which are part of the local documentation, continue to be updated on a regular basis once a year.

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LUMP-SUM MEAL ALLOWANCE IN LIGHT OF NEW INFORMATION FROM THE GFD

From 2021, employers can use the cash allowance for meals (the so-called lump-sum meal allowance) as one of the alternatives to the tax-advantaged meal voucher benefit. The General Financial Directorate (GFD) has now issued a memorandum explaining some of the provisions of the new legislation which, in our experience, have caused uncertainty in practice and complicated the introduction of the meal allowance by employers.

According to the Labour Code, employers are obliged to provide their employees with meals. In addition to its legal obligations, an employer may decide to provide a benefit to its employees in the form of a certain meal allowance. As with other types of benefits, employers try to use tax-advantaged forms of contributions as much as possible. In addition to the previously tax-advantaged options of a non-monetary contribution (typically meal vouchers) or subsidised meals as part of company meals, a cash contribution will also be added from 2021.

The following table compares the conditions of the tax-favoured meal voucher and meal allowance schemes

	Meal vouchers	Meal allowance
Exemption of income for an employee	No limit on the value of the meal voucher.	Up to CZK 75.60 (2021) per shift according to the Labour Code; if the conditions are not met or exceed CZK 75.60, the non-exempt contribution is taxable and subject to compulsory contributions.

Tax deductibility of expenses by the employer	Max. 55% of the value of the meal voucher or CZK 75.60 (2021), presence at work during the shift according to the Labour Code for at least 3 hours.	No limit on the amount if the presence at work during the shift according to the Labour Code lasts at least 3 hours.

The text of the law regulating the tax benefits of the lump-sum meal allowance is unclear in many points, and therefore the GFD has issued a memorandum in which it explains the meaning and purpose of some of the controversial provisions. I summarise these below and include our recommendations, if any, to the points.

- For shifts longer than 11 hours, the cash allowance, unlike the meal voucher, can only be provided exempt once, up to CZK 75.60 per shift;
  Therefore, if a shift lasts, for example, 12 hours and the employer used to provide two tax-free meal vouchers to the employee concerned, the cash allowance will now be exempt only up to CZK 75.60. The remainder of the allowance will be subject to income tax and mandatory deductions. However, unlike the meal voucher, the full amount of the cash allowance will be tax deductible.
- Even if the employee is present at work for only part of the shift, the allowance will be exempt.
  For example, if an employee has an eight-hour shift, but only works five hours of that shift because of a doctor's appointment, the cash allowance is exempt under the same conditions as if the employee had worked the entire scheduled shift.
- Exemption of the cash allowance for employees working under agreements (agreement to complete a job and agreement to perform work) is possible if a shift is specified beyond the mandatory provisions, ideally directly in the agreements. Subsequently, the relevant time within the shift must also be worked and recorded in the attendance register. This is also important to prove the condition of being present for three hours within the shift for the tax deductibility of the cost on the employer's side.
  In our view, in the case of agreements, it is necessary to consider whether it is more important for employers and employees to have flexibility in that shifts do not have to be scheduled by law, or whether they prefer to adjust their shifts to obtain a tax-advantaged regime.
- Executive directors of limited liability companies are considered employees for income tax purposes. For this reason, the tax-advantaged employee benefits regime may also apply to executives.
  If the intention is to apply the meal allowance exemption on the executive's side and the related tax expense on the company's side, in addition to the entitlement to the meal allowance itself, a certain part of the working time must also be regulated as a shift in the executive service agreement. At the same time, records must be kept showing that the executive has worked the relevant part of the shift. The wording in the contract should then be chosen appropriately also from a corporate law perspective.
- When working from home, a tax-advantaged meal allowance can be provided, provided that the place of residence is contracted as a workplace and adequate records of the hours worked during the shift are kept.
  We also recommend that it is agreed in the related employment documentation that the employer determines the shift schedule even when working from home.
- According to the GFD, a combination of several meal schemes provided by one employer is generally possible. However, each employee can only use one of these at a time under the tax-advantaged scheme.
  If an employer wishes to offer different meal schemes to its employees, it is recommended that it leaves the choice to each employee to avoid any complaints of unequal treatment.

In our opinion, the use of the lump-sum meal allowance may be a welcome change for some employers and the clarification of its tax conditions by the GFD will certainly help. Employers will have the opportunity to enjoy for more substantial administrative savings, particularly where they will provide a contribution up to the exempt limit. In any case, we recommend that the possible **transition to a cash allowance be properly treated legally and tax-wise, as the potential additional assessments from an incorrectly set meal voucher package are considerably higher than in the case of the provision of meal vouchers.**

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MARK IN YOUR CALENDARS: EVENTS AND WEBINARS

We regularly prepare professional trainings for you, where you will learn the latest news in the field of technology, cybersecurity, finance, tax, accounting or auditing. Join our online training courses from anywhere or expand your knowledge at seminars we organise with our partners.

WEBINAR BDO: CYBERSECURITY - CURRENT TRENDS AND CHALLENGES

- 2 June 2021

Dynamic development, the increasing volume of technology in our daily operations and advancing digitisation are putting more and more pressure on security in the online world. According to experts, cyberattacks are currently the second-biggest threat to business after a pandemic. How will cybersecurity develop and what are the most pressing issues and trends in this field in the Czech Republic? Join our webinar to find out how the pandemic has affected cybersecurity management in companies and what its prospects are for the near future. At this online seminar, we will present the results of a survey of the cybersecurity situation in more than 200 Czech and international companies and suggest possible solutions to minimise these threats.

Lecturer

- Martin Hořický, Partner

WEBINAR BDO: GDPR IN ACCOUNTING, FINANCIAL STATEMENTS AND TAXATION: FROM IMPLEMENTATION TO THE PRESENT DAY

- 9 June 2021

The General Data Protection Regulation (GDPR) has been in force for almost three years. What has changed in that time and what have we learned? We invite you to a webinar in which we will introduce you to important experiences, lessons learned, and common problems that have occurred with the implementation of the GDPR in companies since its introduction. We will present specific examples with suggestions for solutions and corrective actions.

Lecturer

- Stanislav Klika, Director – Risk Advisory Services

FURTHER TRAINING IN COOPERATION WITH PARTNERS:

TRAINING 1. VOX a.s.: E-COMMERCE: NEW RULES FOR THE IMPORTATION OF SMALL SHIPMENT GOODS, FOR THE SHIPMENT OF GOODS AND FOR THE PROVISION OF ELECTRONIC SERVICES TO END CUSTOMERS IN THE EU FROM 1 JULY

- 4 June 2021

Learn about significant changes in VAT not only for sending goods to end customers within the EU and from third countries for small value shipments up to EUR 150. You will also learn about other parts of this amendment, including the abolition of the VAT exemption for the import of consignments up to EUR 22 intended for end customers and the extension of the Mini-One-Stop-Shop - now only the One-Stop-Shop regime for other services intended for final consumers (currently only radio, television and electronic services). Using specific examples, we will present the new VAT regimes from 1 July 2021 for the shipment of goods, i.e. One-Stop-Shop and Import-One-Stop-Shop.

Lecturer

- Petr Linx, Manager

WEBINAR ČIIA: RISK MANAGEMENT

- 8 June 2021

A functional risk management system helps you keep current threats at bay and turn challenges into opportunities. Risk management is the key to your company's success. The Czech Institute of Internal Auditors webinar will introduce you to the basic principles of risk management and provide you with the skills to prepare and evaluate risk analysis in a comprehensible way.

Lecturer

- Stanislav Klika, Director - Risk Advisory Services

WEBINAR KCÚ: NEW OBLIGATIONS FOR COMPANIES: WHAT LIES AHEAD AND HOW TO PREPARE

- 10 June 2021

The year 2021 has brought an amendment to the Money Laundering Act and a new Whistleblower Protection Act. These changes introduce new obligations for most companies. We have prepared a brief and practical overview of what these obligations are and how to comply with them without drowning in paperwork and regulations.

Lecturer

- Stanislav Klika, Director – Risk Advisory Services

WEBINAR ČIIA: SYSTEMS THINKING OR IDENTIFICATION OF THE PROBLEM IN THE CONTEXT

- 11 June 2021

We will introduce you to the principles of systems thinking, where the linear view of our surroundings changes to a system view. Part of the training is also critical thinking, leading to the ability to perceive individual processes and problems in a broader context and in relation to the environment. Systems thinking will make it possible to clarify the problem in a broader context, identify the broader scope of its impacts and propose different solutions or policies.

Lecturer

- Jakub Matějů, Senior Consultant

SEMINAR ČIIA: MS EXCEL AS A USEFUL AUDIT TOOL

- 18 June 2021

The training will introduce you to the basic tools and functions of MS Excel and their effective use in editing and processing large amounts of data. During the seminar, the individual findings and acquired knowledge will be applied on sample documents. We will also introduce you to the theory of Benford's Law, its use in the internal auditor's work and its application in MS Excel.

Lecturers

- Roman Mrkvička, Senior Consultant
- Michael Zentrich, Senior Consultant

CONFERENCE CAFIN: CFO FUTURE

- 22 June 2021

Digitalisation is changing the world, and not only in finance. We invite you to the CFO Future Conference, a professional and inspiring meeting aimed at developing debate and networking among financial professionals, all in a relaxed and friendly atmosphere. You will learn interesting opinions from professionals, best practices from case studies and be inspired by stories directly from Czech practice in several lecture blocks or in a panel discussion.