

## **How to List Donations Made in 2022 in Your Tax Return**

2022 saw a huge wave of solidarity related to the situation in Ukraine. Did you donate? If you did, with the tax return's deadline approaching, you might be wondering how to list the donations you made in your tax return in accordance with the Act of Income Taxes. We have prepared for you a brief overview of when and how you can deduct the donations from the tax base.

Donations you make can generally be deducted from the tax base, which also reduces the final tax. How much can be deducted depends on who received the donation and for what purpose. The receivers can be municipalities, districts, legal persons based in the Czech Republic, and even political parties or natural persons. The purposes can include humanitarian, charitable, medical, and others. As a response to the war in Ukraine, the scope of both possible donation receivers and donation purposes was expanded. For 2022, you can deduct up to 30% from the tax base, increased from 15% (for donations made by natural persons) and 10% (for donations made by legal persons) previously.

### **How to List Donations Made as Natural Persons**

As a natural person, you are allowed to deduct donations from the tax base if their value exceeds 2% of the tax base in total or if they total a minimum of 1,000 CZK. Also, by law, you generally cannot deduct more than 15% of the tax base. However, as a result of the Covid pandemic and the war in Ukraine, the limit is set at 30% for the taxation periods of 2020, 2021 and 2022.

### **How to List Donations Made as Legal Persons**

Legal persons are only allowed to deduct donations worth more than 2,000 CZK, and the donations cannot be added up (as opposed to donations made by natural persons). Generally, no more than 10% can be deducted from the tax base. However, for the taxation period between March 1, 2020, and February 28, 2023, the limit is also set at 30%.



## **Donation Certificates**

To deduct a donation you made from the tax base, you need a donation certificate or a contract of donation, clearly stating the receiver of the donation, its worth, purpose, and the object the donation was used for.

## **Donations Made in Connection With the Situation in Ukraine**

In May 2022, the Act No. 128/2022 Coll. on measures in the field of taxation in connection with the armed conflict in Ukraine came into effect, adjusting the conditions for deducting donations from the tax base in connection with the situation in Ukraine. According to the act, natural persons can deduct donations they made in 2022. Legal persons can deduct donations they made in the taxation period between March 1, 2022, and February 2, 2023.

According to the act, you can newly make a donation to the following receivers (and still deduct it from the tax base):

- the state of Ukraine
- territorial-administrative units of Ukraine
- legal persons based in Ukraine
- natural persons based in Ukraine.

The donations are to be made to help Ukraine defend itself.

If you made a donation directly to the Embassy of Ukraine's public account no. 304452700/0300, you can use a bank statement or a snip of the corresponding money order.

Ukraine's tax residents can also deduct donations they made from the tax base, provided that their taxable income in the Czech Republic accounts for a minimum of 90 % of their total taxable income. If that is the case, the same rules apply as for EU tax residents.

## **Tax Deductible Expenses vs. Amounts Deductible From the Tax Base**



As a result of the Act 128/2022 Coll., you can also list the donations you made directly as deductible expenses (not amounts deductible from the tax base), provided that the following conditions are simultaneously met:

- the donations must be non-pecuniary
- the donations must be paid to support Ukraine
- the donations' purpose meet the requirements for tax base deduction (see above)
- the donations' receivers are the state of Ukraine itself, territorial-administrative units of Ukraine, natural persons based in Ukraine, or legal persons based in Ukraine
- donations can only be listed as deductible expenses provided that they are not simultaneously being deducted from the tax base.

It depends on the particular companies whether they deduct their donations from the tax base or list them as deductible expenses. The latter is the more convenient option, since there are no minimum or maximum limits to be met (as opposed to donations deducted from the tax base), and no certificates or contracts of donation are needed. Furthermore, deductible expenses can be listed even in the case of the company's tax loss.

## **ASB Group Tax Team**

**Lucie Bártová**  
Head of Tax Team

**Martina Jagrová**  
Senior Tax Consultant

E: [lbartova@asbgroup.eu](mailto:lbartova@asbgroup.eu)

T: +420 224 931 366