

## DECLARATION OF THE TAXPAYER

The declaration of the taxpayer liable to personal income tax from dependent activity for a taxable period, a form needed to claim a tax relief, is no longer just the characteristic pink form it used to be. From 2021, the form is divided into two separate forms – one for reliefs claimed on a monthly basis and one for annual tax settlement. Many employers also already allow you to complete it electronically.

Considering claiming most tax reliefs requires additional documentation, from our perspective, electronic processing is an indisputable advantage. Since employees (taxpayers) always have these documents on hand, they can verify their validity and make changes as they occur.

If an employee wants to claim monthly tax reliefs, they must sign the declaration of the taxpayer every year. If they do not change their job, the deadline for signing the declaration for the new year is February 15 of the given year. If they change employers during the year, they can sign the declaration within 30 days of starting the new job. However, it is always necessary to remember that it is possible to sign the declaration with only one employer within the given month. If you start working for a new employer on a day other than the first day of the month, you must also declare that you did not sign the declaration with the former employer for the given month. In the event of having two employers concurrently (e.g. part-time workers), you need to choose only one of the employers to claim reliefs with.

### Taxpayer's Relief

Signing the declaration allows you to claim the taxpayer's relief, which is currently 2,570 CZK. Claiming monthly reliefs is not a duty but an option, so if you do not claim them, you will also be entitled to a relief of 30,840 CZK in the annual settlement.

### Relief for Dependent Children

The second most commonly claimed relief is the relief for dependent children living in the same household. We distinguish 3 basic monthly rates according to the order of children. Thus, the relief is 1,267 CZK for the 1<sup>st</sup> child, 1,860 CZK for the 2<sup>nd</sup> child, and 2,320 CZK for the 3<sup>rd</sup> and each additional child. For a child with severe health disability (*ZTP/P*), the relief is always doubled. Only one parent can

claim child relief, and for claiming it, it is necessary to provide additional documents, which are:

- Children's birth certificates
- Confirmation from the other parent's employer that the other parent does not claim tax reliefs (in the case of self-employment or unemployment, an honor declaration can be used instead)
- For children over 18, entitlement is proven by confirmation of the child's study. These confirmations are issued for a certain period; the employee must remember to provide new confirmations. Some electronic portals already consider this and send employees automatic messages about the expiration of the documents.
- For children with *ZTP/P*, it is necessary to provide a *ZTP/P* card or a document on the child's disability.

Another commonly claimed relief is the study relief, which currently amounts to 335 CZK per month and is conditional on providing a confirmation of study. However, it can only be claimed up to 26 years of age, or up to 28 years of age for doctoral studies. The currently discussed recovery tax package could change everything as the government plans to abolish the study relief entirely.

### Disability Reliefs and *ZTP (ZTP/P)* Cardholders

The disability relief depends on the degree of disability granted; for first and second-degree disability, the relief is 210 CZK per month, for third-degree disability, it is 420 CZK, and *ZTP/P* cardholders can claim a relief of 1,345 CZK. In this case, it is necessary to provide a decision on granting a disability pension and a current document on the payment of such pension.

Whenever there is a change affecting the claiming of reliefs, e.g. the end of the taxpayer's or their child's studies, or the transfer of claimed child reliefs to the other spouse, it is necessary to report this change to the payroll accountant as soon as possible. From this perspective, the option of electronic completion of the declaration and entering changes into this declaration is a significant benefit. It reduces the amount of administration for employers and facilitates communication for employees if they do not have direct access to the payroll department.



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