

SUPPLEMENTARY INSTRUCTIONS

1. Calculations and workings need to be made to the nearest CZK if the law does not require otherwise.
2. All apportionments should be made to the nearest month.
3. All workings should be shown in Section B.

TAX RATES AND ALLOWANCES

The following tax rates and allowances for 2018 are to be used in answering the questions.

| Corporate income tax rate | |
|----------------------------------|-----|
| Rate | 19% |

| Corporate income tax credits (CZK) | |
|---|---------------|
| Disabled employees | 18,000/60,000 |

| Personal income tax rate | |
|---|-----|
| Rate | 15% |
| Solidarity surcharge on income over CZK 1,438,992 | 7% |

| Personal income tax credits – annual amounts (CZK) | |
|---|----------------------------|
| Personal tax credit | 24,840 |
| Dependent spouse credit | 24,840 |
| First child credit | 15,204 |
| | (maximum bonus CZK 60,300) |
| Second child credit | 19,404 |
| Third and further child credit | 24,204 |
| Student credit | 4,020 |
| Credit for expense in preschool facility | 12,200 |
| Disabled employees | 18,000/60,000 |

Social security and health care contributions

Cap for social security purposes CZK 1,438,992

Employment

| | | |
|-----------------|--------------------------|-------|
| Health care | Employee's contributions | 4.5% |
| | Employer's contributions | 9.0% |
| Social security | Employee's contributions | 6.5% |
| | Employer's contributions | |
| | Pension scheme | 21.5% |
| | Illness insurance | 2.3% |
| | Unemployment insurance | 1.2% |
| | Total | 25.0% |

Private entrepreneur

| | | |
|---|-----------------------|------------|
| Health care contributions | | 13.5% |
| Minimum monthly/annual assessment base | CZK 14,989.50/179,874 | |
| Social security contributions | | |
| Social security | | 29.2% |
| Illness insurance | | 2.3% |
| Minimum monthly/annual assessment base for the main activity | CZK 7,495/89,940 | |
| Minimum monthly/annual assessment base for the secondary activity | CZK 2,998/35,976 | |
| Threshold limit for obligatory participation in social security in the case of the secondary activity | | CZK 71,950 |

Value added tax (VAT)

| | | |
|------------------------------|--|---------------|
| Standard rate | | 21% |
| Reduced rate | | 10% and 15% |
| Threshold registration limit | | CZK 1,000,000 |

Repo interest rate

Applicable on 1 January 2018 0.5%

Minimum wage

CZK 12,200

Tax depreciation

Tax depreciation periods for tangible assets

| | |
|---------|----------|
| Group 1 | 3 years |
| Group 2 | 5 years |
| Group 3 | 10 years |
| Group 4 | 20 years |
| Group 5 | 30 years |
| Group 6 | 50 years |

Tax depreciation periods for intangible assets

| | |
|--------------------------|-----------|
| Audiovisual work | 18 months |
| Software and R&D results | 36 months |
| Other intangible assets | 72 months |

Depreciation rates under the straight-line method

| | 1st year | following years | for increased input price |
|---------|----------|-----------------|---------------------------|
| Group 1 | 20 | 40 | 33.3 |
| Group 2 | 11 | 22.25 | 20 |
| Group 3 | 5.5 | 10.5 | 10 |
| Group 4 | 2.15 | 5.15 | 5.0 |
| Group 5 | 1.4 | 3.4 | 3.4 |
| Group 6 | 1.02 | 2.02 | 2 |

Where the depreciation rates for the first three groups are increased by 10% in the first year:

| | 1st year | following years | for increased input price |
|---------|----------|-----------------|---------------------------|
| Group 1 | 30 | 35 | 33.3 |
| Group 2 | 21 | 19.75 | 20 |
| Group 3 | 15.4 | 9.4 | 10 |

Depreciation rates under the accelerated method

| | 1st year | following years | for increased input price |
|---------|----------|-----------------|---------------------------|
| Group 1 | 3 | 4 | 3 |
| Group 2 | 5 | 6 | 5 |
| Group 3 | 10 | 11 | 10 |
| Group 4 | 20 | 21 | 20 |
| Group 5 | 30 | 31 | 30 |
| Group 6 | 50 | 51 | 50 |

Tax deductible provisions limits valid from 2015

Due time after the maturity date of a qualifying provision

| | |
|-----------|------|
| More than | |
| 18 months | 50% |
| 30 months | 100% |

Tax reserves

Creation of tax reserves – maximum number of years for creation

| | |
|---------|----------|
| Group 2 | 3 years |
| Group 3 | 6 years |
| Group 4 | 8 years |
| Group 5 | 10 years |
| Group 6 | 10 years |