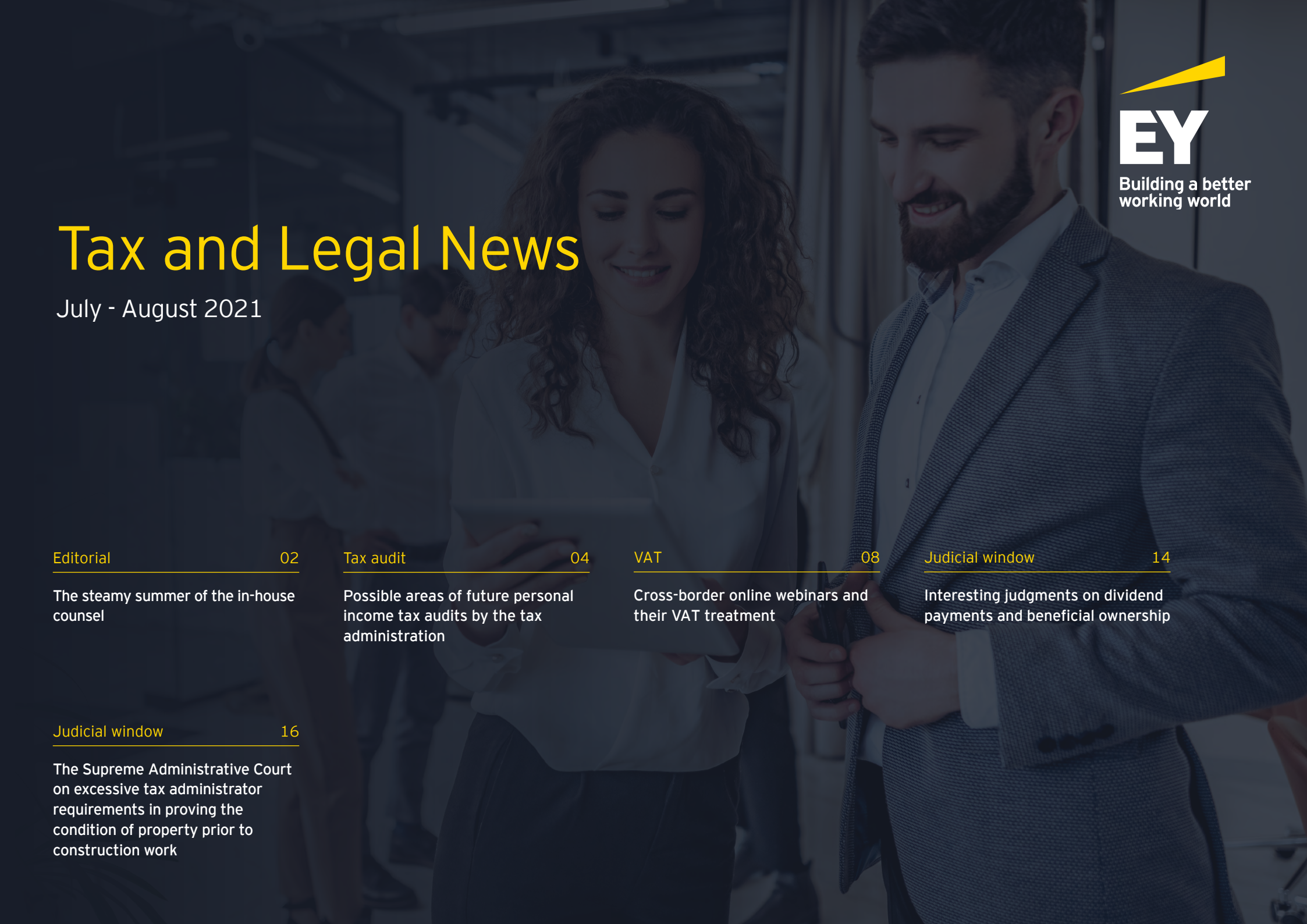

# Tax and Legal News

July - August 2021

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# The steamy summer of the in-house counsel

In my more than 20 years of law practice (yes, it flies by), I have repeatedly observed a slight disdain for the work of in-house counsel in discussions with some of my fellow attorneys. It may have been expressed in various ways, such as: "When I want to slow down, I'll leave the Bar and find an "in-house" position with one of my well-performing clients."

In all the years I've been practicing law, I have of course met many corporate lawyers. I'm fortunate to have a very good working and often friendly relationship with some outstanding members of this legal profession, though I wouldn't utter the above sentence in front of these friends of mine. Not so much because I'm afraid of a voluminous bundle of Beck commentary flying towards my head, as because I just don't think that way. On the contrary, after all these years of recurring self-doubts as to whether I'm keeping up with the ever-changing legislation and rampant jurisprudence of the Czech courts as part of my legal self-education, I can only bow to the in-house counsel. It is a real challenge having to cope with all of this without being able to consult with colleagues in the office every day and in so doing alleviate the insecurity and troubled sleep.

From this perspective, the first half of 2021 provided no respite for the in-house counsel, but rather confirmation of the fact that they really don't have an easy life. In addition to dealing with the impact of any special COVID legislation on company operations, they had to deal with questions from their statutory bodies, questions like "What are we going to do about the new beneficial owner registration system"?

By early spring, Board of Directors members or executives of Czech companies had probably read in cautionary articles that an unregistered or incorrectly registered UBO (Ultimate Beneficial Owner) can mean a ban on dividend payments and on voting rights at the General Meeting. Checking adherence to the rules for the payment of profits and the correct exercise of voting rights at the General Meeting is the responsibility of the statutory bodies and falls under their statutory duty of care. However, I know from experience that everything falling under this agenda is usually handled by in-house counsel.

If we have clearly defined Czech owners who proudly claim their position as beneficial owners and have therefore already been registered in the non-public register of beneficial owners maintained under previous legislation, then life is not that complicated. However, a worse and in practice quite frequent situation arises if, in response to an earlier inquiry about the identification of the beneficial owner, our foreign parent replied that it couldn't identify anyone in the relationship structure. Now, let's leave aside whether it can't because it's a publicly traded company with hundreds of shareholders at the end of the pyramid,

or because the beneficial owner is someone in the family of the original founders who doesn't wish to be so identified anywhere. In this case, the obedient in-house counsel had the executive of his Czech company registered under previous Czech law, and much of his efforts were probably consumed by discussions with the executive as to whether this really had to be the case.

However, according to the new Czech law on the registration of beneficial owners, persuasion and subsequent registration of a Czech executive will not suffice in such a situation. The law expressly states that if the registering company is unable to determine the beneficial owner even after making all efforts that may reasonably be required of it, it must register persons in the top management of the legal entity with ultimate influence, i.e. the company at the top of the holding pyramid, as a so-called substitute beneficial owner. What does this mean for the in-house counsel, who's likely to be tasked with ensuring that the company is not subject to the aforementioned sanctions of prohibited dividend payments and voting bans? First, he'll be compelled to make all reasonably required efforts to identify the beneficial owner in the relationship structure. However, since he already had Czech executives (or board members) registered as surrogate beneficial owners under previous legislation, he'll likely get the same response to his emails, i.e. "we can't identify anyone".

In this situation, the explanatory memorandum to the new law is at least of some help to the in-house counsel in his predicament, confirming that a negative answer also counts, i.e. in legal parlance, the failure of the controlling persons to cooperate will be understood as a fact wherein, even with the use of all reasonable efforts, counsel is unable to ascertain the identity of the beneficial owner. It will just be necessary to keep and archive this correspondence with the parent company. However, the attentive reader has already understood that more difficulties actually arise at this point. Indeed, someone has to be entered in the register of beneficial owners. And the new law now states that if I'm unable to identify the individual at the end of the control pyramid, I should list the individuals in the top management of the legal entity with ultimate influence, i.e. the directors or officers of the companies at the top of the corporate pyramid. So the beleaguered in-house counsel will write another email to the holding company's management explaining that the members of the American board are supposed to be registered in a public register of beneficial owners in a small country somewhere in Central Europe. Yes, and if he then writes in his email that it's necessary to enter a residential address and date of birth in addition to a name, he'll probably have a 'hot' summer, whatever the weather.

And we've only just dealt with one new law. Another agenda is being thrust upon in-house counsel by the European Union through the newly introduced whistleblower protection, which every employer with more than 25 employees will have to implement in the form of a company-specific system as of this autumn. And even if the in-house counsel could manage this, more work and worries await as a result of a recent Czech Supreme Court judgment according to which the traditional free trade "production, trade and services not listed in Annexes 1 to 3 of the Trade Licensing Act" is insufficiently specific and an object of business thus specified in the articles of association and the commercial register should be specified in more detail.

We've written about all these legal news in our Tax and Legal News throughout the year and hopefully contributed at least a little to the timely informing of in-house counsel (and others) who've received our news. For this summer, I wish for my in-house colleagues and all our clients that they manage to handle the new legal agenda with ease and that the only place they sweat is on a beach by the sea, and not over new Czech laws and case law.

**An unregistered or incorrectly registered UBO (Ultimate Beneficial Owner or beneficial owner) can mean a ban on dividend payments and a ban on voting rights at the general meeting.**

# Tax audit

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# Possible areas of future personal income tax audits by the tax administration

The tax administration is intensively preparing to use freed-up staff capacity from the EET (electronic records of sales) audit area for increased control activities in the area of direct taxes. In connection with the taxation of the income of individuals, and hence directly of employees, the following topics could be addressed, according to the tax administration:

## Invoicing partner

A shareholder carrying out activities for a company is very often in a so-called dependent position in relation to the company for income tax purposes. The income paid to him for this work is then subject to monthly payments of income tax from dependent activity. This topic and an overview of the related case law were discussed in detail in the article "10 for 10: Assessing the (non-)dependence of the performance of the activity for the employer/customer" in the March 2021 issue of Tax and Legal News.

In these cases, we must assess whether the corporate-law relationship between the shareholder and the company prevails over the supplier-customer relationship or vice versa. It is therefore necessary to examine and take account of all the facts of the case. In the light of recent judgments, the SAC has in some cases accepted that the supplier-customer nature of a relationship may prevail over the corporate-legal nature (see, for example, "Sales representatives" 1 Afs 413/2017, or the SAC judgment "Surveyors" 6 Afs 116/2014, which we wrote about in the above summary in March).

Control reports submitted by invoicing shareholders may also be used as indications for a possible tax administrator inspection.

## Shares granted to employees

If the employer or the employer's parent company uses some form of preferential stock sales as a long-term employee incentive compensation plan, a process for taxing the employee benefits should be assessed and set up.

The tax administration has long examined whether shares granted by an employer or its parent company to employees are properly reflected in the local employer's payroll records or, in some cases, whether they are taxed through the employees' tax returns. Both in the correct amount and at the correct time.

The timing and manner of taxation cannot be freely chosen and are entirely dependent on the substance of the operation of such compensation plan.

Where the employer is not responsible for the taxation of such income, but the employee is responsible for this in their own tax return, we recommend the employee be informed of the tax aspects of such a plan.

The employer is generally not responsible for the taxation of this income in cases where the incentive plan is provided and fully administered by a foreign company. Employees are then often lacking necessary information, e.g. that the point of taxation of the income in the form of the benefit conferred by the receipt of the shares at a below-market price occurs at the time the shares are acquired, not when the shares are sold in the future. A future sale of shares is then another event that may trigger an obligation to declare and tax income.

## Large donations

The tax administration will also focus on checking the purpose of large provided donations claimed as tax-deductible items, and compliance with other conditions stipulated for these purposes by the Income Tax Act.

In this context, we recall the past judgment "Divers" 1 Afs 107/2004 in which the Constitutional Court concluded that "a 'tax deductible' donation must meet two basic characteristics: voluntariness in its provision and its focus (targeting) on support and development in an area of general public interest, for the benefit of a set of unspecified recipients for whose benefit the donation will be used; in other words, it must be the case that the voluntary provision of a 'tax deductible' donation here is principally for the 'benefit of others' and not for one's own benefit". A special-purpose subsidy for one's own activities cannot be recognised as a donation reducing the tax base.

## "Declared" employees

The term "declared" employees covers the issue of artificially creating work performance agreements with fictitious (that is, non-existent) employees. The remuneration from these agreements is then redistributed to the real persons. In such situations, it will no longer be a case of omission or misunderstanding of tax and insurance regulations, but is likely to be a deliberate activity that may have financial as well as serious criminal consequences.

## Concurrent employment and work performance agreements

In practice, it is also sometimes the case that employment and work performance agreements coincide. In a situation where there are two completely different activities of one employee, such a set-up is not ruled out, e.g. a cook from a factory canteen will earn extra money by cleaning the office area in the evening. In some cases, however, this involves artificially dividing up activities that would normally fall within the employee's duties under the employment relationship in order to reduce the amount of statutory contributions. The line between the definition of an employee's obligations under a regular employment

relationship and the obligations already covered by a performance agreement is very thin. We therefore recommend carefully considering whether there is a genuine reason for entering into an agreement to perform work outside the employment relationship and whether these are two different activities. This assessment should be made not only within a single company but also, for example, within a group of companies.

If any of the above issues apply to you, we recommend a thorough review of the correct set-up in that area and proper tax treatment. Controls are often very effective and the additional assessments significant.

If you have any questions about the above, please contact the article's authors or your usual EY team.

**The tax administration is intensively preparing to use freed-up staff capacity from the EET (electronic records of sales) audit area for increased control activities in the area of direct taxes.**

# VAT

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# Cross-border online webinars and their VAT treatment

The current era favours the digitalisation of all kinds of training courses, workshops and seminars. This trend has of course been accelerated by the coronavirus pandemic. One can hardly expect a return to traditional training sessions with the physical presence of participants at some exotic location. With this has come tax issues – where is the place of supply, anyway?

As illustrated by the following matrix, several variations can occur in practice depending on the degree of training automation and the position of the supply recipient:

| | Online training **B2B**<br>Place of supply | Online training **B2C**<br>Place of supply |
|---|---|---|
| 1) Automated distance learning without the presence of a teacher/trainer (limited or no human intervention) | ▸ § 9(1) of the VAT Act – country where the recipient has its registered office or place of business<br><br>(= article 44 of the VAT Directive) | ▸ § 10i – country of the service recipient<br><br>(= article 58 of the VAT Directive) |
| 2) Distance learning in the presence of a teacher/ trainer | ***Basic rule***<br>▸ § 9(1) – place where the **recipient** has its registered office or place of business (=article 44 of the VAT Directive)<br>*or*<br>***Special rule***<br>▸ §10b(a) – place **where the event actually takes place**<br>(=article 53 of the VAT Directive) | ***Basic rule***<br>▸ § 9(2) – place where the **provider** has its registered office or place of business (=article 45 of the VAT Directive)<br>*or*<br>***Special rule***<br>▸ §10b(a) – place **where the event actually takes place**<br>(=article 54 of the VAT Directive) |

### 1. Automated training

Where the training is fully automated and requires no (or only minimal) human intervention, the determination of the place of supply is uncontroversial because it is an electronic service in the form of the provision of a distance learning service [1]. In the B2B regime, the electronic service is taxed in the country where the recipient of the supply is established. In the B2C regime, services are taxed at the place of the recipient determined in accordance with Articles 24a, 24b and 24f of Council Regulation No. 282/2011. To declare and pay VAT, the service provider can choose between registering for VAT in the recipient's country or using the special One-Stop-Shop scheme.

### 2. Non-automated training

If the trainer only uses the internet as a communication tool and is physically present during the online training, then it is not an electronic service [1]. In this situation, however, there are disputes as to whether it is a general service subject to the basic rule for determining the place of supply [2], or a special service consisting in the authorisation to gain admission to an educational event [3]. Each of the options leads to a different tax result in the case of B2B and B2C [4]. The application of the special rule would lead to taxation at the place "where the event actually takes place". However, this immediately raises the question of how to determine such a place in the case of online training.

The VAT Directive lays down a special rule on the place of supply for educational events in two articles, the wording of which differs depending on whether the services are B2B or B2C . In the case of B2B, the special rule includes "admission to the event" and ancillary services, whereas for B2C, the wording is somewhat more general and includes "services and ancillary services" related to educational activities.

### 2.1 Court of Justice of the EU (CJEU) case law

Only two CJEU judgments have thus far dealt with the organisation of events and training: C-568/17 Geelen and C-647/17 Srf konsulterna AB. Unfortunately, neither of these judgments can be universally applied to online webinars, as they both dealt with specific situations. Still, they are often argued.

### C-568/17 Geelen

In this dispute, a Dutch businessman, Mr. Geelen, provided interactive erotic video-chat services featuring models in the Philippines. The customers were also from the Netherlands. The CJEU concluded that the service was a complex "entertainment activity", which is taxed under the special rule for the place of supply [5] at the place it actually takes place, which, according to the CJEU, is the place from which Mr. Geelen organises the video chats, i.e. in the Netherlands. In that judgment, it was held, inter alia, that there was no reason to distinguish between

1 Refer to Item 5) of Annex I of Council Regulation No. 282/2011

2 § 9 of VAT Act, Articles 44 and 45 of VAT Directive

3 § 10b(1)(a) of the VAT Act, Articles 53 and 54 of Council Directive No. 2006/112/ES

4 Article 53 (B2B) – English wording – "The place of supply of services **in respect of admission** to cultural, artistic, sporting, scientific, educational, entertainment or similar **events**, such as fairs and exhibitions, and of ancillary services related to the admission, supplied to **a taxable person**, shall be the place where those events actually take place" Article 54 (B2C) – English wording – "The place of **supply of services and ancillary services**, relating to cultural, artistic, sporting, scientific, educational, entertainment or similar **activities**, such as fairs and exhibitions, including the supply of services of the organisers of such activities, supplied to **a non-taxable person** shall be the place where those activities actually take place"

5 Article 9(2)(c) of then valid Directive No. 77/388/EHS

online events and events with the physical presence of participants [6], which could lead to the conclusion that online training should, across the board, be taxed where the event actually takes place.

This judgment has a very specific context. First, it is based on the old text of the Sixth Directive [7], where the basic rule was taxation in the country of the supplier and a special rule applied not to events but to services relating to "cultural, artistic, sporting, scientific, educational, entertainment or similar activities ('activities' versus 'events')." It is also clear from the judgment that the Court sought a simple solution and took into account the potential administrative complications of taxation at the customer's location (there was no One-Stop-Shop simplification at that time).

### C-647/17 Srf konsulterna AB

The Swedish company Srf konsulterna AB provided B2B accounting, management and payroll seminars with a predetermined agenda and dates. Participants were physically present at the seminars. Some of the seminars took place in other EU countries and therefore a dispute arose as to whether the place of supply should be determined, according to the special rule, in the country where the event actually takes place or according to the general rule in the place where the recipient is established. The CJEU concluded that Article 53 of the VAT Directive applies and the service is taxed in the country where the event takes place. The judgment dealt primarily with the question of whether the fact that the seminars were addressed to a specific group of listeners or to the general public played a role in determining the place of performance. The judgment did not address the question of whether the educational event requires the physical presence of the participant. Nonetheless, the Advocate General stated, beyond the main dispute, that in her view an "event" presupposes physical participation [8].

### 2.2 VAT Advisory Committee

The VAT Advisory Committee also addressed the issue of taxation of non-automated online seminars. The views of this Advisory Committee are not binding on Member States, but are often followed by Member States and have been cited by the CJEU in the past [9].

As a result of negotiations in 2012 [10], Member States almost unanimously agreed to tax B2B online training under the basic rule at the place of residence or establishment of the recipient. In contrast, for non-automated B2C online training, there is almost unanimous agreement on taxation at the "place where the event actually takes place", which should be the place where the trainer is physically present.

Another Advisory Committee meeting on the subject was held this year[11] and the European Commission noted in the minutes that the Geelen judgment indeed had a specific background and that in the case of a B2B

6 Refer to item 42 of the judgment

7 Sixth Directive of the Council No. 77/388/EHS – wording of Article 9(2)(c) *"the place of supply of services connected with cultural, artistic, sporting, scientific, educational, entertainment or similar activities, including the activities of the organisers of such activities and, where appropriate, the supply of ancillary related services, shall be deemed to be the place where such services are actually supplied"*

8 Refer to Item 40 of the opinion GA ELEANOR SHARPSTON regarding Judgment C-647/17 Srf konsulterna AB. The Court did not repeat this view in its judgment.

9 For example, Item 48 of Judgment C 593/19 SK Telecom Co. Ltd

10 GUIDELINES RESULTING FROM THE 97TH MEETING of 7 September 2012 DOCUMENT B – taxud.c.1(2013)1512595 – 744 (1/1) 5.

11 Findings

online seminar, the place of supply would be determined according to the basic rule in the country of the recipient of the supplied services. For B2C online seminars, it confirms taxation at the place where the event actually takes place. However, unlike Geelen and the previous 2012 conclusion, the view here was that the event actually takes place where the listener is physically present (i.e. where the service is used). The Commission justified this shift on the grounds that after the introduction of the new e-commerce rules and the possibility to pay VAT via the One-Stop-Shop, there is no longer any reason to tax the service in the teacher's country and taxation in the country of actual consumption should no longer cause administrative difficulties.

## 3 Conclusion

Summarising the above with simple examples, we should arrive at the following taxation:

- a Czech company organizing training in Slovakia with the physical presence of participants will have to pay Slovak VAT in the case of B2C (via local registration or via a One-Stop-Shop) and, in the case of B2B, will have to check whether reverse-charge applies in Slovakia for non-established providers, or will have to register for VAT there;

- a Czech company providing **automated online training** to employees of a Slovak company will not tax this service domestically and will only report it in the Summary Report. If it provides the same training to a Slovak citizen, it must pay Slovak VAT (via Slovak VAT registration or a One-Stop-Shop). However, if a Slovak listener connects via Wi- Fi from a Czech internet café, the Czech company will pay VAT in the Czech Republic.

- a Czech company providing **non-automated online training** to employees of a Slovak company will not tax this service domestically and will only report it in the Summary Report. If it provides the same training to a Slovak citizen, it probably has to pay Slovak VAT again (again via Slovak VAT registration or a One-Stop-Shop). Let's add here that there is still a slight uncertainty with this interpretation as to whether such a service should not be taxed in the Czech Republic. The case law of the CJEU may still evolve.

Finally, we would like to point out that if a service is incorrectly taxed by one country, this does not affect the obligation to tax the service correctly at the actual place of supply [12], even though there may be double taxation of the service.

If you have any questions about the above, please contact the article's authors or your usual EY team.

**The current era favours the digitalisation of all kinds of training courses, workshops and seminars. With this came tax questions – where is the place of supply for VAT purposes?**

12 See analogy of Article 16 Council Regulation No. 282/2011

# Judicial window

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# Interesting judgments on dividend payments and beneficial ownership

In this issue, we bring you interesting rulings from Denmark on dividend payments and beneficial ownership [13]. This is a continuation of Danish cases dealt with by the Court of Justice of the EU (CJEU) two years ago, which we have reported on in the past.

The Danish court has issued decisions in two cases concerning the (non-) application of withholding tax on dividends, with an appeal to the Danish Supreme Court expected.

- The first case – NetApp case (C-117/16 Y Denmark) – concerned the distribution of dividends from a Danish subsidiary to a Cypriot parent, which then used the funds to repay a loan to a Bermudian parent, which then paid dividends to an American parent.

  The Danish court ruled that the Cypriot company was not the beneficial owner because it had no disposition over the dividends received and the only reason for the insertion of the Cypriot entity was to avoid withholding tax.

  However, the Danish court granted the protection of the US-Danish treaty in one of the dividend distributions on the basis that the companies were able to prove that the beneficial owner of the dividend was in fact the ultimate US company (in another distribution, this could not be proved and a reduction in Danish withholding tax was denied).

- The second case – TDC case (C-116/16 T Danmark) – concerned the payment of dividends by a Danish company to a Luxembourg company, which was owned by another Luxembourg company and subsequently by foreign Private Equity (PE) funds.

  It appears that the Court did not have precise information about the form and timing of the disbursement of funds along the chain,

13 This brief summary was prepared on the basis of an alert from our foreign colleagues – more details here:

but nevertheless concluded that the Luxembourg companies were not the beneficial owners of the disbursement in question and also failed to show that the PE funds or their investors qualified for treaty protection; thus, the reduction in withholding tax under the Directive or the Treaty could not be applied.

If you have any questions about the above, please contact the article's author or your usual EY team.

**These are interesting judgments from Denmark regarding dividend payments and the issue of beneficial ownership. These are a continuation of Danish cases that were decided by the CJEU two years ago.**

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# The Supreme Administrative Court on excessive tax administrator requirements in proving the condition of property prior to construction work

Following a series of rulings by the Supreme Administrative Court ("SAC") on proving the condition of property prior to construction work, which frightened many taxpayers, the SAC recently issued a decision [14] in which, for a change, it argued in the taxpayer's favour in this regard.

## Background

The taxpayer carried out construction work consisting of the improvement of a courtyard road. Within the framework of this work, the taxpayer also incurred costs for additional work (modification of the sewerage system, septic tank and fencing of the site). The tax administrator assessed the entire construction operation as a single unit representing a technical improvement and assessed the taxpayer for tax.

There was no dispute about the nature of the modifications to the courtyard itself in this case; the taxpayer recorded them as technical improvement. However, the tax administrator also considered the above-mentioned additional work to be technical improvement. The taxpayer objected to this, arguing that it was a simple replacement or necessary commissioning due to the state of disrepair. The taxpayer supported its claims with a contract for the work, a related invoice including an itemized budget, a construction diary and photo documentation from the construction contractor's archives. The taxpayer also proposed the testimony of two persons, namely the division manager of the company that carried out the construction in question and the former building manager.

14 SAC judgment of 27 November 2020, No. 2 Afs 335/2019 – 32, available at

However, according to the tax administrator and the Appellate Financial Directorate, the taxpayer failed to document the specific technical parameters of the property before the modification. They then considered the examination of the witnesses to be unnecessary, arguing that their statements could not be regarded as an accurate record of the technical condition, nor could they be confronted with an objective basis for assessing the nature of the construction work in question. The Regional Court subsequently upheld the decision of the Appellate Financial Directorate.

## Legal assessment of the SAC

The SAC agreed with the tax administrator that the taxpayer generally bears the burden of proof to establish the condition of the property. The SAC also confirmed that the reason for the construction or the intended purpose of the construction is not relevant to the assessment of whether the construction work constitutes technical improvement or repair. Similarly, the SAC agreed that the evidence provided did not prove the exact form and technical parameters of the property prior to the construction project.

Nonetheless, the SAC concluded that the prior condition of the items affected by the modifications described could be logically deduced from the evidence submitted and fundamentally disagreed with the conclusion that the original condition must always be proven by detailed technical documentation or an expert's report. It is the view of the SAC that the scope of evidence required by the Appellate Financial Directorate and the Regional Court in this case is so extreme, difficult to meet in practice and administratively burdensome that it cannot be accepted.

The taxpayer is obliged to prove (by any means of evidence) the basic functional parameters of the equipment to be affected by the modifications with regard to the original condition. According to the SAC, minor changes in design (without a substantial change in the functional parameters of the item) do not preclude the assessment of the work as a repair. Thus, in such a case, it does not matter if the new or repaired parts are "better" than the original ones.

Furthermore, the SAC recalled that the tax administrator must allow the taxpayer to prove the relevant facts, i.e. it must generally carry out the proposed means of proof. The tax administrator cannot refuse out of hand to take evidence on the basis that it cannot be expected to prove the facts alleged, as the tax administrator would be assessing the evidence in this way without having taken it at all. Similarly, a proper assessment of the presented evidence (even if it is a witness interview) cannot be conditioned on whether the information obtained from it can be compared with other evidence. Witness testimony is a fundamental and often decisive means of evidence used to clarify facts under investigation.

The SAC also upheld the taxpayer's argument referencing earlier SAC case law [15], which shows that even in the context of a single investment project aimed at changing the use of an asset (and thus the technical improvement of the asset), some construction work may be assessed as a repair.

To fully illustrate the situation, it is also worth mentioning that one of the proposed witnesses died during the proceedings. According to the SAC, however, this fact is to the detriment of the Appellate Financial Directorate in subsequent proceedings. The Supreme Administrative Court thus overturned the judgment of the Regional Court and the

15 SAC judgment of 21 May 2013, No. 2 Afs 17/2012 – 26, available at

decision of the Appellate Financial Directorate and outlined how the Appellate Financial Directorate is to proceed in the case – it will question the witness, taking due account of the fact that it is no longer possible to question the second witness, and it will proceed on the basis of the normal standard of proof of the baseline condition of the property involved in the construction project.

If you have any questions about the above, please contact the article's author or your usual EY team.

**The burden of proof is generally on the taxpayer; proving the original condition of property prior to construction work is no exception. However, according to the SAC, the tax administrator must adhere to certain standards regarding the requirements for evidence. The repair must always be seen primarily in functional terms; if there is no substantial change in the functional parameters of the item, it is no obstacle to the assessment of the work as a repair if the new or repaired parts are better than the original ones.**

For further information please contact either your usual partner or manager.


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ED None

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## Did you know?

- The General Financial Directorate issued information on a VAT Act amendment concerning e-commerce?
- The Ministry of Labour and Social Affairs has proposed major restrictions on the use of agency employees?
- The Czech National Bank has issued comments on overvalued properties and their taxation?
- The Supreme Administrative Court has commented on flat-rate expenses for professional athletes?
- US billionaires' taxes are in the media spotlight?
- The Business Corporations Act provides for two alternatives to the "classic" General Meeting in which the physical presence of the participants is not required?