

INSTRUCTIONS

for filling out the income-tax return by individuals

for the taxable period 2006 (calendar year)

„Instructions for filling out the income-tax return by individuals for the taxable period 2006 (calendar year)“ no. 25 5405/1 MFin 5405/1 – model no. 14 (hereinafter „Instructions“) are instructions for filling out the form „The Income Tax Return by individuals pursuant to Act no. 586/1992 Coll., on Income Tax, as amended, for the taxable period 2006 (calendar year)“ no. 25 5405 MFin 5405 – model no. 13 (hereinafter tax return).

Instructions are not to replace the methodological interpretation of Act no. 586/1992 Coll., on Income Tax, as amended, (hereinafter Act) and Act no. 337/1992 Coll., on Administration of Taxes, as amended, (hereinafter Administration of Taxes Act), but serve as guidelines for filling out the tax return filed pursuant to Section 40 (or Section 41) of Administration of Taxes Act, and highlight the key principles which need to be adhered to in order to calculate due tax liability. In view of the above, the taxpayer needs to be familiar with the relevant provisions of the legal regulations referred to you. Tax return form is designed for individual income-tax payers (physical persons) in keeping with law, and serves as a basis for computation of tax from income of individuals, i.e. income from dependent activity and office-holders' emoluments (Section 6 of the Act), from business activity and other independent gainful activity (Section 7 of the Act), accruing from capital (Section 8 of the Act), from lease (Section 9 of the Act) and other income (Section 10 of the Act), generated both in the Czech Republic and abroad. Income is understood to include both monetary income and non monetary income in-kind as well as that generated by exchange. Expense is understood to include the expense (cost) to generate, assure and maintain income pursuant to the Act.

Only rows and fields with white background are to be filled out by the taxpayer (those with pink background are used by the tax administrator). The form is to be filled out on a type-writer, computer or in capital letters by hand. Please, be advised that the form may be short of space for all possible entries as the individual situations of taxpayers differ greatly. Should the space be insufficient in the form, please, provide additional information on a separate A4 sheet and provide the number of attached sheets in the Part Attachments, row „Number of Attachments Not Stated Above“. Cross out rows or parts that are not filled, and if entire attachments (1 through 5) remain not filled, do not attach them.

tax return, including attachments, may be filed electronically via data transfer with or without the certified electronic signature and in a format and under terms published by the Ministry of Finance in the application „Electronic Filings for the Tax Administration“ to be found at <http://www.mfcr.cz>, in the rubric Taxes, EPO – electronic filing.

Instructions for Filling out tax return Front Page of the Form

To Tax Administration Office in, at, for – fill in the official name of the relevant Tax Administration Office (the Tax Administrator), in whose jurisdiction you permanently reside at the time of the filing. If you are registered, fill in the name of the Tax Administration Office having jurisdiction according to the registration certificate.

row 01 Tax Identification Number – fill in your Tax Identification Number provided you have received one.

row 02 Identification Number given at Birth – provide your identification number given at birth. If your number consists of only three digits after the slash, leave the last space blank. If you are a taxpayer without the identification number given at birth, provide your date of birth.

row 03 tax return – cross the relevant type of tax return. The form may be used for a regular tax return or corrective tax return, which may be filed prior to the regular tax return time-limit, or supplementary tax return, which is to be filed in case you have established after the regular tax return time-limit that your tax liability is higher (lower) or your tax loss higher (lower) than declared by you or assessed by the tax administrator. In the supplementary tax return, provide actual figures not only mathematical differences between the original and newly declared numbers. In the corrective tax return, provide the date when the reasons thereof were established pursuant to Section 41 of the Administration of Taxes Act.

row 04 Classification Code for type of tax return – cross the relevant code for tax return (adjudication of bankruptcy order, cancellation of bankruptcy, death – filing of the return on behalf of a deceased). Provide a date when the event occurred.

row 05 tax return has been Prepared and submitted by a Certified Tax Advisor – cross „yes“ provided the power of attorney has been filed with the tax administrator prior to regular time-limit, i.e. before March 31, 2007. Otherwise, cross „no“.

row 05a Statutory Obligation to Have the Financial Statement verified by an auditor – cross „yes“ if you have a legal obligation to have the financial statement verified by an auditor. Otherwise, cross „no“.

row 05b Joint Tax Return of Spouses under Section 13a of the Act – cross „yes“ if you compute tax from a joint tax base with your spouse under Section 13a of the Act. Otherwise, cross „no“.

Taxable Period – give the calendar year for which the tax return is filed. For the relevant code for type of tax return (adjudication of bankruptcy order, cancellation of bankruptcy, death), give the relevant part of the calendar year.

Regarding Part I Information about a Taxpayer

row 06 Surname – give your present surname.

row 07 Ne / nee – give your surname as it appears in your birth certificate.

row 08 First Name – give your first name as it appears in your birth certificate.

row 09 Title – give your academic title.

row 10 Nationality – give your citizenship.

row 11 Passport Number – if you are a non-resident, i.e. taxpayer defined in Section 2, Subsection 3 of the Act, give your passport number.

row 12 through row 18 Residence Address (of permanent residence) as at the date of the filing of tax return – give your address as indicated as at the date of the filing of tax return in the Czech Republic or abroad. Number: building number slash street number.

row 19 through row 22 Residence Address (of permanent residence) as at the last date of the calendar year for which the tax is assessed – give your address as at 31. 12. 2006 in fields as indicated in the event the address is different from that as at the date of the filing of tax return (i.e. different than in rows 12 through 18). Number: building number slash street number.

row 23 through row 28 Address in the Czech Republic where is your habitual abode – provide this information if you are not a permanent resident in the Czech Republic, but you spend time in the Czech Republic. (This concerns those taxpayers who stay in the Czech Republic at least 183 days, either continuously or in several periods. The period includes every (even partial) day of such stay, i.e. including weekends and holidays). Number: building number slash street number.

row 29 Country Code – if you are a taxpayer pursuant to Section 2, Subsection 3 of the Act, i.e. a non-resident in the Czech Republic who has a tax liability in connection with income generated in the Czech Republic, provide the country code of the state where you are a resident (List of codes see Attachment Commission Regulation (ES) no. 2081/2003 of 27 November, 2003 on the nomenclature of countries and territories for the external trade statistics of the Community and statistics of trade between Member States, to be found at <http://cds.mfcr.cz>, go to Taxes and Duties/Taxes/Income Taxes/Country Codes).

row 29a Total Worldwide Income – if you are a taxpayer pursuant to Section 2, Subsection 3 of the Act and if you claim joint taxation with your spouse pursuant to Section 13a of the Act, or a tax relief in keeping with Section 35ab, Subsection 1, Letter b) through e), or a tax credit in keeping with Section 35c of the Act, provide the total of all income generated in the Czech Republic and abroad. Quote in CZK and convert foreign currency according to Section 38, Subsection 1 of the Act.

row 30 Affiliation with Foreign Persons – Cross „yes“ if you are a person affiliated through equity (Section 23, Subsection 7, Letter a) of the Act) or otherwise (Section 23, Subsection 7, Letter b) of the Act) with a foreign person, an individual with permanent residence or a legal entity with a seat outside the Czech Republic (Section 21, Subsection 2 of the Commercial Code). Otherwise, cross „no“. Affiliation with a foreign person does not include close persons or persons with whom the legal relationship has elements set forth in Section 23, Subsection 7, Letter b), item 5 of the Act.

In the following Parts, quote amounts in whole Czech crowns. Figures in these columns are considered to be indicators pursuant to Section 46a, Subsection 3 of the Administration Taxes of Act, and are to be rounded to two decimal points.

Regarding Part II PART II – Tax Base, Loss

1. Instructions regarding calculation of the partial tax base from personal income from dependent activity and office-holders' emoluments (Section 6 of the Act)

According to Section 6 of the Act, income from dependent activity and office-holders' emoluments includes income in both the Czech Republic and from abroad, converted into CZK. For the purpose of the Act, income from abroad shall mean income from sources abroad minus related expenses set forth in keeping with the Act. Deductible items in keeping with foreign legislation cannot be applied to determine the tax base. Insurance paid

abroad can be considered an expense only if such insurance meets the requirements for allowable tax expense under Czech legal regulations. For taxpayers pursuant to Section 2, Subsection 2 of the Act (tax residents), who incur income from abroad with which the Czech Republic has concluded a Double Taxation Agreement, the tax base is the income minus tax paid on this income.

Please, note that to exclude double taxation, the respective Double Taxation Agreement is applied solely on cases when income from foreign countries is incurred.

row 31 Total of All Income from All Employers – provide information found for example in the certification form (hereinafter „Certification“) issued by each employer as per your request pursuant to Section 38j, Letter 3 of the Act. State income pursuant to Section 5, Subsection 4 of the Act.

row 32 Total Insurance – give the total insurance withheld by individual employers (can be established e.g. from the Certification) and insurance paid by the employee (e.g. by employees of foreign embassies in the Czech Republic). Quote insurance pursuant to Section 5, Subsection 4 of the Act.

row 33 Tax Paid Abroad pursuant to Section 6, Letter, 13 of the Act – if you are a taxpayer pursuant to Section 2, Subsection 2 of the Act (tax resident) and if you have income from a foreign country with which the Czech Republic has not concluded the Double Taxation Agreement, provide the tax paid abroad from this income as set forth in Section 6, Subsection 13 of the Act.

row 34 Partial Tax Base pursuant to Section 6 of the Act (row 31 - row 32 - row 33) – subtraction of the relevant rows gives the partial tax base in connection with income from dependent activity and office –holders' emoluments.

row 35 Total Income from Abroad Reduced by Insurance – give the income from row 31 reduced by relevant insurance amounts for which the payer of taxes had no obligation to withhold under Section 38h of the Act, (e.g. income of employees of foreign embassies in the Czech Republic under Section 38c of the Act, income from sources abroad). The total income is provided in order to determine the tax advance payment pursuant to Section 38a of the Act. If you are a taxpayer defined in Section 2, Subsection 2 of the Act (tax resident) and if you have income from a foreign country with which the Czech Republic has no Double Taxation Agreement, then state the total income from row 31 reduced by relevant insurance and tax from row 33.

2. Partial individuals' income tax base pursuant to Section 6, Section 7, Section 8, Section 9 and Section 10 of the Act, Tax Base and Loss

row 36 Partial Tax Base from Dependent Activity and Office-holders' Emoluments pursuant to Section 6 of the Act (row 34) – copy the figure from row 34.

row 37 Partial Tax Base or Loss from Business Activity and Other Independent Gainful Activity pursuant to Section 7 of the Act (row 113 of the Attachment no. 1 of tax return) – copy the figure from row 113 of Attachment no. 1 of tax return.

row 38 Partial Tax Base from Income Accruing from Capital pursuant to Section 8 of the Act – give the total income from income accruing from capital under Section 8 of Act including income from sources in both the Czech Republic and abroad, converted into CZK, which is not subject to taxation by special tax rate pursuant to Section 36 of the Act.

row 39 Partial Tax Base or Loss from Lease pursuant to Section 9 of the Act – copy the figure from row 206 of the Attachment no. 2 of tax return.

row 40 Partial Tax Base from Other Income pursuant to Section 10 of the Act – copy the figure from row 209 of the Attachment no. 2 of tax return.

row 41 Total of row – give the total of rows (row 37 + row 38 + row 39 + row 40). If the number is greater than zero, it can be applied against the loss from previous tax periods pursuant to Section 34, Subsection 1 of the Act. If the number is smaller than zero, you have incurred a tax loss under the Act. If you only generate income from sources in the Czech Republic, copy the amount on row 61, unless you compute tax base pursuant to Section 13a of the Act.

row 42 Tax Base (row 36 + amount greater than zero from row 41) – the total is a tax base in keeping with the Act and with the Tax Administration of Taxes Act. If the amount on 41 is negative, give the amount from row 36 only. This means that the tax base is in fact a partial tax base according to Section 6 of the Act.

If you claim calculation of spouses' joint tax base pursuant to Section 13a of the Act, copy from row 36, row 37, row 38, row 39, row 40 in Attachment no. 5, and leave rows 43 through 54 blank. In the event the amounts in row 37 and row 39 are negative, they combined represent a tax loss which, if you do not have income from abroad for which you claim an exclusion, should be copied on row 61 of the main tax return.

row 43 Minimum Tax Base – fill out this row only if the provisions of Section 7c of the Act on minimum tax base apply to you. Give the number of calendar months during which you did business under Section 7, Subsection 1, Letter a), b) or c) of the Act, and the amount of the minimum tax base computed according to the formula $(17,882 \times 1,0532 \times \text{number of calendar months of conducting business})$ rounded to whole hundreds down and divided by 2. If you conducted business during the entire period of 2006, the minimum tax base is CZK 112,950. Copy this amount on row 45.

row 44 Claimed Loss – give the total of tax loss you claim (in the taxable period of 2006, you may claim loss incurred and assessed in 1999, 2000, 2001, 2002, 2003, 2004 and 2005), however no more than the amount on row 41 (the amount on row 41 represents the total of partial tax bases determined from different types of income according to Section 7 through Section 10 of the Act and pursuant to Section 5, Subsection 3 of the Act). The amount of loss which is greater than the amount on row 41 represents that part of the loss which cannot be claimed in this tax period but may be claimed in the future taxable periods under Section 34, Subsection 1 of the Act. The taxpayer may claim losses from previous taxable periods under Section 34, Subsection 1 of the Act, the taxpayer shall state in a separate attachment the following information: 1. Taxable period in which the tax loss was incurred / was claimed, 2. The total of tax loss assessed (incurred) or declared for the taxable period mentioned under 1., 3. The part of the tax loss deducted in previous taxable periods, 4 The part of tax loss claimed in this tax period (row 44 of Part II of the regular taxable return, page 2). 5. The part of the tax loss that may be deducted in the future tax periods. A specimen of the recommended format of the attachment for claiming a tax loss on income may be found on the Ministry of Finance web site: <http://www.mfcr.cz>, under Taxes and Duties/Taxes/Download forms.

row 45 Tax Base after Deduction of Loss (row 42 - row 44), or the minimum tax base (row 43) – in this line give the balance between row 42 and row 44, or the minimum tax base (row 43) pursuant to Section 7c of the Act.

Regarding Part III

Tax allowances, Deductible Items and Tax

3. Tax allowances pursuant to Section 15 of the Act

Fill in Part III if you claim tax allowances pursuant to Section 15 of the Act and deductible items pursuant to Section 34 of the Act.

Regarding the tax allowances, which may be claimed in dependence on the number of calendar months under Section 15 of the Act, give in the column the number of months corresponding to the amount claimed in the next column.

row 46 Amount pursuant to Section 15, Subsection 1 of the Act – give the value of donation (donations) which you made according to Section 15 Subsection 1 of the Act. The total value of the donation (donations) in a given taxable period must exceed 2% of the tax base on row 42 (or row 43, if you are subject to provisions of Section 7c of the Act on the minimum tax base) or the sum of row (row 42 + row 111), if you are subject to provisions of § 14 of the Act on calculation of income generated over two or more taxable periods, or must be at least 1 000 CZK. No more than a total of 10% of the tax base on row 42 (or row 43, if you are subject to provisions of Section 7c of the Act on the minimum tax base) may be deducted, or sum of rows (row 42 + row 111) if you are subject of provision § 14 of the Act on calculation of tax generated over two or more taxable periods.

row 47 Amount pursuant to Section 15 Subsection 3 and 4 of the Act – give the amount of interest paid in the taxable period 2006 on loan granted in connection with building savings program or with mortgage credit line as it appears in the statement issued by the building society, bank, branch office of a foreign bank or a foreign bank. The total amount of interest deducted in keeping with these Subsections from all loans in one household must not exceed 300 000 CZK. If interest was paid only during a part of the calendar year, the amount claimed must not exceed one-twelfth of the maximum amount for each month in which interest was paid.

row 48 Amount pursuant to Section 15, Subsection 5 of the Act – give the amount of payments paid towards your retirement insurance with government subsidy as it appears in the statement of the pension fund regarding payments made in the taxable period 2006. The amount is to be reduced by 6,000 CZK, and must not exceed the total of 12,000 CZK for 2006.

row 49 Amount pursuant to Section 15, Subsection 6 of the Act – give the amount of payments paid towards your private life insurance as it appears in the statement of the insurance company regarding insurance payments made in the taxable period 2006. The amount must not exceed the total of 12,000 CZK for 2006.

row 50 Amount pursuant to Section 15, Subsection 7 of the Act – give the amount of trade union contributions which according to its by-laws protects economic and social interests of employees to the extent defined by special regulation (Section 18 et seq. of the Labor Code). Up to 1.5% of taxable income (except for income taxed by withholding and on the basis of a special tax rate) may be deducted, however, no more than 3,000 CZK for taxable period 2006.

row 51 This row is to be left blank for taxable period 2006 (School Act no. 561/2004 Coll.)

row 52 Amount pursuant to Section 34, Subsection 4 of the Act (research and development) – give the amount of expenses claimed for research and development (D-288).

row 53 Other amounts – give for instance deduction claimed pursuant to Section 34, Subsection 10 of the Act. Name the type of claimed deduction in the white field.

row 54 Total of Tax Allowances and Deductible Items (row 46 + row 47 + row 48 + row 49 + row 50 + row 51 + row 52 + row 53) – give the total of tax allowances and deductible items according to the Act.

row 55 The Tax Base Reduced by Tax Allowances and Deductible Items (row 45 - row 54) – make the computation according to the instructions. If you calculate tax pursuant to Section 13a of the Act, copy on this row half of the joint tax base, i.e. amount on row 520 of Attachment no. 5, from which you compute the tax. If the row item is less than a zero, fill in zero.

row 56 Tax Base Rounded down to Whole Hundreds of CZK – give the tax base from row 55 rounded down to whole hundreds of CZK (for instance 93 235 CZK round down to 93 200 CZK) pursuant to Section 16 of the Act.

row 57 Tax according to Section 16, Subsection 1 of the Act – calculate tax pursuant to Section 16, Subsection 1 of the Act from the tax base on row 56 and in keeping with the following table:

Tax Base		Tax	From Tax Base which overcome
From CZK	to CZK		
0	121,200	12 %	
121,200	218,400	CZK 14,544 + 19 %	CZK 121,200
218,400	331,200	CZK 33,012 + 25 %	CZK 218,400
331,200	and above	CZK 61,212 + 32 %	CZK 331,200

Regarding Part IV Total Tax, Loss

row 58 Tax According to Section 16, Subsection 1 of the Act (row 57) or amount from row 330 of Attachment no. 3 of tax return – copy the amount from row 57 (tax under Section 16, Subsection 1 of the Act), or in case you have income for two or more taxable periods, income from sources in abroad, or if you claim a tax relief, copy on this row the item from row 330 of Attachment no. 3 of tax return – Calculation of income incurred for several tax periods, of tax from sources abroad.

row 59 Tax from Separate Tax Base pursuant to Section 16, Subsection 2 of the Act (row 418 of Attachment no. 4 of tax return) – if you incur income pursuant to Section 8, Subsection 4 and Section 10, Subsection 8 of the Act, which represent a separate tax base for tax rate pursuant to Section 16, Subsection 2 of the Act, copy the amount from row 418 of Attachment no. 4 of tax return – “Calculation of Tax from Separate Tax Base”.

row 60 Total Tax Rounded up to whole CZK (row 58 + row 59) – give the total of tax according to instructions therein pursuant to the Act and the Administration of Taxes Act.

row 61 Tax Loss – copy the row item from row 41 if you have income from sources in the Czech Republic only. If you have income from abroad, copy the row item from row 312 if it is less than zero. Fill in the amount without the minus sign. Only if you claim joint taxes with a spouse, give the negative amount of Section 7 (row 37) and Section 9 (row 39) of the Act. If you have income from abroad and if you claim joint taxes with a spouse, the loss is comprised of negative amounts on row 2 and row 4 from the taxpayer's column in table no. 3 of Attachment no. 3 of tax return.

Regarding Part V Tax Relief and Tax Credit

row 62 Total Tax Relief pursuant to Section 35, Subsection 1 of the Act – on row 62 give the total tax relief (Column 1 + Column 2 of the table below) which represents the total relief for employees with disability (excluding those with severely disability handicap) (item a), Column 1 below) and for employees with severely disability (item b), Column 2 below) according to calculation formula that is available at: <http://www.mfcr.cz>, go to Taxes and Duties/Taxes.

a) average yearly number of employees with disability (excluding those with severely disability)	Column 1 Tax Relief in CZK	b) average yearly number of employees with severely disability	Column 2 Tax Relief (in CZK)

row 63 Tax Relief pursuant to Section 35, Subsections 6 up to 8 of the Act (cash register) – give the tax relief in connection with the purchase price of the cash register or with the price of a technical upgrade of the cash register pursuant to Section 35, Subsections 6 through 8 of the Act. **If you claim a tax relief pursuant to Section 35a or Section 35b of the Act (investment incentives), include those in the total of tax relief on row 70.**

Instructions regarding table no. 1

Information about old-age pension – provide the whole amount of old-age pension (Act no. 155/1995 Coll., on Retirement Insurance, as amended) or of old-age pension from a foreign mandatory retirement insurance which you received in 2006. Provide the relevant amount only if you are a recipient of the retirement pension as at 1. 1. 2006 or such retirement pension was assessed retroactively as at that date and if you claim a tax relief pursuant to Section 35ba, Subsection 1, Letter a) of the Act.

Information about the spouse – fill out particulars about your spouse with whom you live in one household (Section 115 of the Civil Code). Give this information only in the event you seek a tax relief for your spouse under Section 35ba, Subsection 1, Letter b) of the Act. Pursuant to Section 35ba, Subsection 1, Letter b) of the Act, your spouse's own annual income must not exceed CZK 38,040.

row 64 Amount under Section 35ba Subsection 1 Letter a) of the Act – give the amount CZK 7,200. If you are a recipient of the old-age pension from social security or of old-age pension from foreign social security in excess of CZK 38,040, cross this row out. If your old-age pension is not in excess of CZK 38,040 annually (without other social benefits), give the amount CZK 7,200. If you became a recipient of the old-age pension during the course of the tax period and the old-age pension was granted retroactively as at the beginning of the taxable period, give the amount CZK 7,200.

row 65a) Amount under Section 35ba, Subsection 1, Letter b) – give the amount of CZK 4,200 annually, provided your spouse was not during the taxable period or any part thereof in the third group of handicapped persons (extremely serious physical handicap with a need of personal assistance) - severely disability card (here after severely disability), lives in the same household and has no own income (pursuant to Section 35ba, Subsection 1 Letter b) of the Act) in excess of CZK 38,040 per year. If you supported your spouse in the household just for several calendar months in the tax period, reduce tax by CZK 350 for every calendar month at the beginning of which you supported your spouse.

row 65b) Amount under Section 35ba, Subsection 1, Letter b) of the Act – give the amount of CZK 8,400 annually, provided your spouse is the severely disability card holder. If you supported your spouse in the household just for several calendar months in the tax period, reduce tax base by CZK 700 for every calendar month at the beginning of which you supported your spouse.

row 66 Amount pursuant to Section 35ba Subsection 1, Letter c) of the Act – give the amount of CZK 1,500 annually, if you are a recipient of a partial disability pension. Do so even if your claim to partial disability pension has terminated due to a joinder of claims for old-age pension and partial disability pension. If you were a recipient of the disability pension just for several calendar months in a tax period, reduce the tax by CZK 125 for every calendar month at the beginning of which the relevant conditions were met.

row 67 Amount pursuant to Section 35ba, Subsection 1, Letter d) of the Act – give the amount of CZK 3,000 annually, if you are a recipient of a full disability pension or another pension from the retirement insurance which is conditioned upon full disability, if your claim to full disability pension lapsed due to a joinder of claims for old-age pension and full disability pension or if you are fully disability according to special law but your application for full disability pension was denied for reasons other than that of lack of full disability. If the conditions were met for several calendar months in a tax period, reduce the tax by CZK 250 for every calendar month at the beginning of which the relevant conditions were met.

row 68 Amount pursuant to Section 35ba Subsection 1, Letter e) of the Act – give the amount of CZK 9,600 annually, if you are a severely disability card holder. Do so even in the event you are not a recipient of partial or full invalid pension. If the above condition was met for several calendar months in a tax period, reduce the tax by CZK 800 for every calendar month at the beginning of which the relevant conditions were met.

For taxpayers defined in Section 2, Subsection 3 of the Act the tax for the tax period shall be reduced by amounts given on rows 63a) up to 66, provided the total of his income from the sources in the Czech Republic (Section 22 of the Act) represents at least 90% of all income, except for income which is not subject to tax pursuant to Section 6 of the Act, or which is tax-exempt pursuant to Section 4, Section 6 or Section 10 of the Act, or for income which is subject to withholding tax with a special rate.

row 69 Amount pursuant to Section 38ba, Subsection 1, Letter f) of the Act 9 – give the amount of CZK 2,400 annually, if you prepare for vocation on the basis of daily school attendance or training. This applies until 26 years of age or until completion of PhD studies which are provided at universities until 28 years of age. If the conditions were met for several calendar months in a taxable period, reduce the tax by CZK 200 for every calendar month at the beginning of which the relevant conditions were met.

row 70 Total of Tax Relief under Section 35 and Section 35ba of the Act (row 62 + row 63 + row 64 + row 65a + row 65b + row 66 + row 67 + row 68 + row 69) – give the total of tax relief that you claim pursuant to Section 35 and Section 35ba of the Act.

row 71 Tax after Tax Relief pursuant to Section 35 and Section 35ba (row 60 - row 70) – make calculation as instructed. If the result is negative number state zero in the row.

Instructions regarding table no. 2

Information about dependent children in the household – Provide information if you claim tax credit under Section 35c of the Act. Give required information for every child dependent in pursuant to Section 35c, Subsection 6 of the Act. In column 1 give the surname and the name of the child, in column 2 give his/her identification number given at birth. In columns 3 and 4, give the number of calendar months during which the child was a dependant and for which you claim the tax credit. If you claim tax credit for more than four children, provide information on additional sheet of paper and attach to tax return. In the row „Total“, give the total of months from columns 3 and 4 for all dependant children.

row 72 Tax Credit – give the amount of tax credit pursuant to Section 35c of the Act. If you meet the conditions for the entire taxable period 2006, you will receive a tax credit in the amount of CZK 6,000 per child. If the child is the severely disability card holder, the tax credit doubles.

row 73 Tax Relief (up to a maximum equaling the amount on row 71) – give the amount of tax credit which you may claim as tax relief to the maximum amount of your tax liability on row 71.

row 74 Tax after Tax Relief pursuant to Section 35c of the Act (row 71 - row 73) – give the amount of tax after relief pursuant to Section 35c, i.e. from row 71 subtract row 73.

row 75 Tax Bonus (row 72 - row 73) – give the balance between tax credit and tax relief which represents a tax bonus. You may claim the tax bonus if terms set forth in Section 35c of the Act are met. The amount of tax bonus must be no less that CZK 100 and no more than CZK 30,000 per annum.

row 76 The total of monthly tax bonuses pursuant to Section 35d of the Act – give the total of monthly tax bonuses which you received from the employer during the taxable period 2006. The information is to be found in „Certification“ issued by individual employers.

row 77 Tax Bonus Balance (row 75 - row 76) – give the balance between the tax bonus and total of monthly tax bonuses received.

Regarding Part VI Supplementary tax return

Fill out this part only if supplementary tax return is filed pursuant to 41 of the Administration of Taxes Act. Tax loss on row 81 and row 82 is to be provided in absolute values, i.e. without the minus sign.

row 78 Last Known Tax Liability – give your last known tax liability with respect to the taxable period, even if the row 81 will show the last known tax loss pursuant to Section 7 up to 10 of the Act. Otherwise, cross the row out.

row 79 Ascertained Tax Liability pursuant to Section 41 of the Administration of Taxes Act (row 74) – copy item from row 74, from Part V of tax return, even if the row 82 will show the last known tax loss pursuant to Section 7 through 10 of the Act. Otherwise, cross the row out.

row 80 row 79 Minus row 78 (row 79 - row 78) - increase (+) – the amount of tax will be higher, decrease (-) – the amount of tax will be lower – fill out this row together with row 82, if the last known tax amount is offset against the tax loss, then on row 80 give the amount from row 78 with the minus sign (-), or the other way round, if the last known tax loss is offset against the tax liability, then on row 80 give the amount from row 79 with the plus sign. In the event the newly ascertained tax liability on row 79 is related only to income pursuant to Section 6 of the Act or tax liability under Section 16, Subsection 2 of the Act included in the separate tax base, then give this amount on the row.

row 81 Last Known Tax Loss – give your last known tax loss with respect to the tax period, even if the row 79 shows the last known tax liability pursuant to Section 6 of the Act or tax liability pursuant to Section 16, Subsection 2 of the Act included in the separate tax base. Otherwise, cross the row out.

row 82 Ascertained Tax Loss under Section 41 of the Administration of Taxes Act (row 81) – copy item from row 81 in Part IV of the tax return, even if the row 79 shows tax liability pursuant to Section 6 of the Act or tax pursuant Section 16, Subsection 2 of the Act included in the separate tax base. Otherwise, cross the row out.

row 83 (row 82 - row 81) : increase (+) – the amount of loss will be higher, decrease (-) – the amount of loss will be lower – fill out this line together with row 80, if the last known loss is offset against the tax amount, then on row 83 give the amount from row 81 with the minus sign (-), or the other way round, if the last known tax liability is offset against the tax loss, then on row 83 give the amount from row 82 with the plus sign (+).

Regarding Part VII Payment of Taxes

row 84 Total of Withheld Tax Advances from dependent activity and office-holders' emoluments (after tax relief) – give the total of withheld tax advances from dependent activity and office-holders' emoluments (after tax relief) which were withheld by all employers. Do so pursuant to Section 5, Subsection 4 of the Act.

row 85 Total of Remaining Tax Advances Paid – give the total of tax advances paid during the 2006 tax period or any part thereof for which the tax return is filed, including overpayments applied towards tax advance according to Section 64, Subsection 2 of the Administration of Taxes Act.

row 86 Paid tax ascertained as lump sum pursuant to Section 7a of the Act – give the amount of tax paid as lump sum according to Section 7a of the Act, which you will offset against the actual tax liability. If you fill tax return pursuant to Section 7a, Subsection 3 of the Act, i.e. in the event your income differed from the projections.

row 87 Tax Withheld pursuant to Section 36, Subsection 7 of the Act (government bonds): if you are a taxpayer pursuant to Section 2, Subsection 2 and if you receive interest from government bonds purchased through an escrow account in a bank in keeping with special regulations 22a) and kept in a separate account with the Czech National Bank, with the Securities Center or in a central depository, then give the amount of tax withheld.

row 88 Tax Secured by a Payer of Taxes pursuant to Section 38e of the Act – give the amount that was withheld pursuant to Section 2, Subsection 3 of the Act by the payer of taxes pursuant to Section 38e of the Act to secure tax. If you are a partner in an general partnership or a general partner in a limited partnership, the amount on this row will include tax secured by withholding by the company pursuant to Section 38e, Subsection 3, Letter a) of the Act in connection with the taxable period 2006 for which tax return is filed.

row 89 Tax Withheld pursuant to Section 38f, Subsection 10 of the Act – give the amount of tax withheld pursuant to Section 2, Subsection 2 of the Act from interest earned abroad (Section 38fa of the Act). Pursuant to Section 38f of the Act, the tax liability may be reduced by the tax withheld to the extent the withholding is higher than set forth in the respective international agreement and was withheld in keeping the EC legislation.

row 90 Tax Liability Paid (Advance pursuant to Section 38gb, Subsection 5 of the Act) – if you file tax return, give the amount of tax paid as a tax advance in connection with adjudication of a bankruptcy order or cancellation of bankruptcy in keeping with terms set forth in Section 38gb, Subsections 2, 3 and 4 of the Act in case set forth in Section 38gb Subsection 5 of the Act.

row 91 rest to pay – The amount greater than zero means that this amount is due as tax. The amount smaller than zero means that more than assessed was paid towards tax in the 2006 tax period. The taxpayer may ask the tax administrator for a refund of the tax overpayment by filling out an application form attached to tax return, Attachments - tax return contains attachments on provided forms. Give the number of sheets of attachments. Taxpayers who keep accountancy shall attach the financial year-end statement pursuant to Section 18, Subsection 1 of the Act No. 563/1991 Coll., on the Accountancy, as amended. Respective statutory regulations through which the Accounting Act is implemented stipulate the organization and content of the balance sheet, the profit and loss statement and the attachments.

Statement regarding true and complete information is to be signed by the taxpayer. In the event the taxpayer has a statutory, appointed or selected proxy, the proxy shall sign the statement. Information about the proxy and the scope of authorization provided by the taxpayer does not substitute the information required by the D-219 guideline.

Application form for a refund of the individuals' income tax overpayment – fill out if you request refund pursuant to Section 64 of the Administration of Taxes Act. If you apply for such refund but no refundable overpayment is ascertained within 60 days of the application, the application shall be denied by the tax administrator. The entire amount of the overpayment will be refunded unless you specify a different sum. Note that a power of attorney given to a proxy (tax preparer) to prepare and file tax return on behalf of the taxpayer, and filed with the tax administrator, does not give the proxy an authority to request refund. The authorization excludes that. The application for refund may be made separated from tax return. If you fill joint taxes with your spouse pursuant to Section 13a of the Act, and one of the spouses has a claim to income tax refund and has no underpayments with respect to other taxes, the overpayment may be applied towards income tax underpayment of the other spouse (amount greater than zero on row 86) on the basis of the same application form. In part 2 of the application, give the amount of overpayment, the Tax Administrator Office where the overpayment should be transferred to, account number (721 = code of individuals' income tax) and the elective code, i.e. the identification number of the spouse against whose income tax the overpayment is to be applied.

The balance of the overpayment may be refunded by filling out part 1 of the application form. If you wish for the refundable overpayment to be transferred into an account in abroad, give the IBAN number of the account. Details regarding IBAN numbers are to be found on the Czech National Bank website (www.cnb.cz), go to „Platební styk IBAN“ („System of payment IBAN“). You also need to provide the BIC code of the bank and its address. Further, provide the exact name of the account holder and his address and the currency code of the account.