

7 January 2021

ORGANIZATION OF CONGRESSES IN THE CZECH REPUBLIC AND RELATED VALUE ADDED TAX CONSEQUENCES

OUTPUT TRANSACTIONS

As stipulated by the EU VAT Directive and also by the Czech VAT Act, registration fees related to congresses and trade fairs are taxable in the country where the respective congresses or trade fairs take place. Provided that the congress or the trade fair is held in the Czech Republic, then the place of the taxable supply is in the Czech Republic and **registration fees are generally subject to the Czech VAT.**

The registration fees charged to **participants who are not VAT registered in the Czech Republic** are subject to the standard Czech VAT rate, i.e. 21 %. As a result, the foreign entity organizing a congress or a trade fair **is obliged to register for VAT in the Czech Republic.** There is also an obligation to file VAT reports and to pay the respective VAT liability to the Czech Tax Authorities.

In a case that the registration fees are charged by the foreign entity not established in the Czech Republic to participants who are already registered or identified for VAT in the Czech Republic, then the registration fees would be subject to the reverse charge mechanism and the output VAT would be self-assessed by these participants.

As regards the provision of a stand location at a congress or a trade fair together with other related services to enable the exhibitor to display items, such as the design of the stand, transport and storage of the items, the provision of machines, cable laying, insurance and advertising, these should be considered as standard B2B services, i.e. the place of the taxable supply is in the country where the recipient (taxable person) of the respective service is established. In such a case, the output VAT is self-assessed by the recipient of these services.

Incomes from advertising and sponsorship are usually treated also as incomes for standard B2B services, i.e. the same rules as stated above apply.

INPUT TRANSACTIONS

A significant part of costs incurred in relation to organizing of the congresses and the trade fairs will be charged by the suppliers with the Czech output VAT. The rental of space and other services provided by a conference centre would be subject to the standard VAT rate, i.e. 21 %. Catering services are subject to the reduced VAT rate, i. e. 10 %, the accommodation services are subject to the reduced rate of 10 %. Other services such as bus transfers (not regular public transport) are subject to the standard VAT rate, i.e. 21 %. The foreign entity would be also entitle to claim the input VAT deductions from the received taxable supplies within its Czech VAT return provided that the general conditions stipulated by the Czech VAT Act are met.

In a case that the foreign entity would not be registered for VAT in the Czech Republic, there is still possibility to **request for refund of the incurred input VAT from the purchased services through the EU VAT refund scheme.** This request for the VAT refund could be submitted only by foreign entities established in one of the EU member states or in Norway or Switzerland (based on mutual reciprocity recognition, expected for the UK also). It is possible to request for VAT refund of costs incurred in the Czech Republic such as costs related to transportation, accommodation, beverage etc. provided that these are related to the economic activity of the foreign entity. The minimal VAT amount, which could be claimed within the VAT refund request for the respective calendar year or remaining two months of the respective year, is EUR 50. If the request is submitted for a shorter period of the respective year, i.e. from 3 up to 11 months, then the minimal VAT amount is EUR 400.

Furthermore, the VAT refund request for the respective calendar year has to be submitted by 30 September of the following year at the latest. Foreign entities established in third countries have to submit the VAT refund request already by 30 June of the following year. The same rules apply for the participants of the congresses.

CHARITABLE ORGANISATIONS

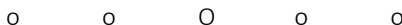
There are no special rules in the Czech VAT legislation that would be applicable for charitable organisations.

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