

Calculation and declaration of tax incentives

CALCULATION OF TAX INCENTIVES

If the period of making the expense (receiving the benefit) and payment for it are on different times, the employer must choose the way to keep records: whether the records are kept based on the expense (activity) or the payment made in a year. The employer must use the chosen method consistently throughout the year and for all employees.

DECLARATION

The amount exceeding the tax-exempt limit is declared on Annex 4 of form TSD at code 4120. The form is submitted by the 10th day of each following month. The tax liability on fringe benefits is paid based on form TSD, as usual.

The total of tax-exempt health improvement expenses covered or reimbursed during the calendar year in the extent of the threshold (**subsection 5⁵ of § 48 of the Income Tax Act**) and the number of employees for whom expenses have been covered or reimbursed during the calendar year are declared **in part III of form INF 14**.

Mandatory expenses arising from **subsection 1 of § 13 of the Occupational Health and Safety Act** are not indicated in the form INF 14, because these expenses are related to business and are not declared there.

TAX LIABILITY

The price of the fringe benefit is calculated from the part exceeding the limit.

Example

The employer has concluded a contract for the use of the sports club in the amount of 500 euros per month (i.e. 6000 euros per year). 10 employees use the offered possibility. The annual tax-exempt limit for 10 employees is $10 \times 400 \text{ euros} = 4000 \text{ euros}$. $6000 - 4000 = 2000 \text{ euros}$ is subject to taxation with both income tax and social tax.

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