

Calculation of taxable gains

- ✘ Before taxation with income tax, **documented expenses directly related to the acquisition and transfer of property may be deducted** from the income received from the sale or exchange of property. In the absence of documentary evidence, the expenses made cannot be taken into account for tax purposes.
- ✘ General expenses related to the management of the property (for example, administrative expenses, utility costs, electricity bills, etc. of an apartment to be transferred) cannot be deducted from the gains.

The gains or loss from the transfer of property mean:

- ✓ in case of sale – the difference between the sales price of the property and the acquisition cost, from which expenses directly related to the sale of the property have been deducted;
- ✓ in case of exchange – the difference between the market price of the property received by exchange and the acquisition cost of the property exchanged, from which expenses directly related to the exchange of property have been deducted.

The acquisition cost of property is:

- ✓ the expenses made for the acquisition of property (e.g., purchase price);
- ✓ the expenses made to improve (e.g., renovate a house) or supplement property (e.g., repair, built-in furniture);
- ✓ brokerage fees and levies paid on acquisition of property (for example, notary fee paid by the buyer, state fee, or other cost included in the contract and related to the contract);
- ✓ in the case of property acquired under a finance lease (leasing), the total amount of lease or down payments actually paid, excluding interest;
- ✓ in the case of a self-manufactured item, the total amount of costs incurred in manufacturing the item (for example, the construction cost of a building);
- ✓ the amount added to business income in the event that a person transfers property that has previously been taxed as property taken into personal consumption by him or her as a self-employed

- ✓ person;
- ✓ documented monetary compensation paid by a successor to the other successors under a notarial agreement on division of an estate (**subsection 4 of § 159 of the Law of Succession Act**), provided that it has been paid from the payer's personal funds and not out of the estate.

Expenses directly related to the transfer of property are:

- ✓ expenses inevitable for concluding a transaction of transfer of property (for example, the notary fee paid by the seller, state fee, or other fee related to the contract);
- ✓ expenses for the purpose of making the transaction more successful (e.g. a broker's fee, property valuation fee);
- ✓ in case of the right to cut standing crop and felled timber, expenses relating to forest management;
- ✓ in case of the sale of felled timber, service fees paid for harvesting the forest and transportation of timber.

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