Global Template Configuration

Czech Republic

Last Updated: January 2019
# Revision History

<table>
<thead>
<tr>
<th>Date</th>
<th>Revision Notes / Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>02-Jan-2019</td>
<td>Update to travel allowance and mileage rates effective Jan-01-2019</td>
</tr>
<tr>
<td>03-Jan-2018</td>
<td>Update to travel allowance and mileage rates effective Jan-01-2018</td>
</tr>
<tr>
<td>10-Jan-2017</td>
<td>Update to travel allowance and mileage rates effective Jan-01-2017</td>
</tr>
<tr>
<td>05-Jan-2016</td>
<td>Update to travel allowance rates effective Jan-01-2016</td>
</tr>
<tr>
<td>05-Jan-2016</td>
<td>Update to mileage rate effective Jan-01-2016</td>
</tr>
<tr>
<td>13-Apr-2016</td>
<td>Updated section on Central Bank Exchange Rates tool</td>
</tr>
</tbody>
</table>
Disclaimer

The Concur Global Template consists of Expense configurations designed to support the most commonly known configuration and statutory requirements for supporting T&E best practices. The system includes support for specific statutory requirements based on our understanding of “common interpretation” gathered from our experience of in-country legislation through the deployment of Concur into this market. The Country Template represented in this guide is intended to provide customers with a starting point to aid in the deployment of their T&E solution, and should in no way be construed as tax or compliance advice for your business. The template configuration may need to be adjusted to match the requirements of your business, and any legal or statutory requirements should be confirmed with your company’s tax accounting and/or compliance departments before being authorized for configuration into your Concur Expense system.

Updates

Rates and/or regulatory requirements provided as part of the Templates are not guaranteed to be up to date, so any information provided should always be verified by the customer against the current government regulations. Updates are applied through on-going partnership with in-country Concur product marketing teams, liaison with implementing customers, and through collaboration across the various Concur implementation teams deploying in these countries.

The timing of updates can vary by country and feature. For example, certain countries provide regular annual updates to statutory travel allowance and mileage rates, while the rates in other countries are less frequently updated. VAT rate updates are typically less frequent or predictable and can occur at any time and are quite often dependent on broader economic situations. Tax authorities do however typically provide advanced warning where VAT rate or rule changes come into effect to allow businesses time to prepare.

Every effort is made to ensure that where updates are known to Concur that these are applied to the latest version of the template in a timely fashion. Where updates have been applied these will be reflected in any available template documentation.
# Table of Contents

**Best Practice VAT Configuration Options** .................................................. 5  
VAT Considerations .............................................................................................. 5  
Expense Types with Special VAT Handling ...................................................... 6  
Expense Types without Special Handling .......................................................... 8  
Exclusions .............................................................................................................. 9  
Expense Types Not Activated ............................................................................ 10  

**Travel Allowance** ............................................................................................ 11  
Common Practice .................................................................................................. 11  
Allowance Rates .................................................................................................. 11  
Allowance Rules Overview .................................................................................. 12  
Special Considerations ......................................................................................... 14  
Exclusions .............................................................................................................. 14  

**Mileage Rates** .................................................................................................. 15  
Personal Car Mileage ............................................................................................ 15  
Company Car Mileage .......................................................................................... 15  
Exclusions .............................................................................................................. 15  

**Other Known Legislative Requirements** ....................................................... 16  
Central Bank Exchange Rates ............................................................................. 16
Best Practice VAT Configuration Options

VAT Considerations

The intention is to pre-configure the VAT within the Template environment using pre-configured elements to support the statutory VAT requirements in the Czech Republic. This will assist with ensuring that users enter the correct information before auditing to ensure compliance with the tax regulations for reclaiming VAT.

Concur will provide recommended best practices for configuring the environment for the Czech Republic based on the following model:

- Best Practice configuration options - specific data entry fields and audit rules (where applicable) to control compliance before the expense claim is audited or processed
- 3 Receipt Types (Tax Receipt, Receipt and No Receipt)
**Expense Types with Special VAT Handling**

Special VAT conditions and data entry requirements for which we include special pre-configured tax handling in the template system.

**Airfare / Public Transport / Train**

VAT is only applicable on Airfare/Public Transport/Train expenses where the destination is domestic and the ticket is purchased within the Czech Republic. Even if the City of Purchase selected by the user is within the Czech Republic, if the trip is overseas (International) then no VAT is applied. In order to assist in providing the necessary information to calculate VAT on Airfare/Public Transport/Train the user will be required to select from the following options in a drop-down field:

- Domestic Trip
- International (No VAT)

Based on the selection of the value the system will calculate the VAT. Based on the selection of the Receipt Status the system will calculate whether the VAT is reclaimable.

**Non-Reclaimable Expenses**

Staff Gifts, Entertainment and Laundry expenses have VAT applied however these are non-reclaimable. These expense types will be setup in separate VAT Groups which set the reclaim to 0% irrespective of the Receipt Type is selected.

**Client Gifts**

The rules for VAT on Client Gifts in the Czech Republic are relatively complicated. The rules handling reclaimable VAT differs depending on whether the amount exceeds 500 CZK (net of VAT). This equates to 600 CZK gross where Standard 21% VAT applies and 570 CZK gross where Reduced 15% VAT applies.

Due to this complexity the system does not reclaim VAT on all Gifts (irrespective of amount) because of the requirement to track the limit of 500 CZK (net). Therefore the system will only calculate reclaimable VAT on individual Gift expenses up to a maximum of 500 CZK (net) supported by a Tax Receipt.

Users will also be required to provide information on which rate of VAT the expense was subject to (i.e. the receipt includes Standard or Reduced VAT). This takes the form of a simple drop down field which is required for the user to complete that includes the following values:

- Standard VAT
- Reduced VAT
**Miscellaneous**

For Miscellaneous expenses users will also be required to provide information on which rate of VAT the expense was subject to (i.e. the receipt includes Standard or Reduced VAT). This takes the form of a simple drop down field which is required for the user to complete that includes the following values:

- Standard VAT
- Reduced VAT

Based on the selection the system will calculate the VAT. Based on the selection of the Receipt Status the system will calculate whether the VAT is reclaimable.
Expense Types without Special Handling

**Standard 21%**
- Breakfast
- Car Maintenance/Repairs
- Car Rental
- Courier/Shipping/Freight
- Dinner
- Fuel
- Individual Meals
- Lunch
- Marketing/Promotional Costs
- Mobile Phone
- Office Equipment/Hardware
- Office Supplies/Software
- Online Fees
- Parking
- Passports/Visa Fees
- Printing/Photocopying/Stationery
- Seminar/Course fees
- Taxi
- Telephone/Fax
- Tuition Reimbursement

**Reduced 15%**
- Hotel
- Newspapers/Magazines/Books
- Professional Subscriptions

**Zero/Exempt 0%**
- Airline Fees
- Bank Fees
- Currency Exchange Fees
- Daily Allowance - Fixed Meals
- Personal Car Mileage
- Postage
- Tips/Gratuities
- Tolls/Road Charges
**Exclusions**

Special VAT conditions for which we do not include special tax handling conditions:

**None**
Expense Types Not Activated

The following are a list of standard Expense Types not activated for the Czech Republic:

- Alcoholic Beverages
- Company Car Mileage
- Ex Pat Expenses
- Fixed Lodging
- Medical fees
- Non Reimbursable Expense
- Relocation Expenses

Customers who wish to activate these expense types must request this via their Readiness Consultant or Implementation Project Manager.
Travel Allowance

Common Practice

The Czech Republic travel allowance system is based on the duration (number of hours) the traveller is away from his home location during each day of the trip.

The travel allowance reimbursement can have tax implications and any reimbursement above travel allowance may be viewed as income by the taxation authorities. If a company elects to pay above the government allowance rates, the company should also track the amount above the allowance as taxable income for the employee.

Our standard template for Travel Allowances includes the following additional features:

- Fixed Meals Allowances based on Government Published Tax Free Rates
- Inclusive of Provided Meal Deductions
- Option of Pocket Money Rate - see the section Special Considerations

For more information please see the section Allowance Rules Overview

Allowance Rates

The Czech government publishes the lodging and meals allowance amounts on an annual basis for all domestic locations and specific international countries and cities. The rates for foreign locations are often published in a foreign currency; the daily exchange rate applicable to the expense date is used in converting the foreign rate to the reimbursement currency of the employee.
Allowance Rules Overview

The following is a brief overview of the core rules and calculations provided as part of the standard Czech Republic travel allowance solution. For further information, or to review the rules in greater detail, please refer to the Travel Allowance Configuration Guide for the Czech Republic.

- All Czech travel allowance calculations are based on the number of hours for that day of travel.

- All domestic meals travel allowance rates within the Czech Republic are the same for all locations but vary depending on how long the trip lasts.

- If the total hours for a Domestic trip meet the minimum 5 hours duration the employee is entitled to an allowance.

- Domestic allowance rates vary based on the number of hours travelled
  - 5-12 hours = 97 CZK
  - Over 12 hours up to 18 hours = 150 CZK
  - Over 18 hours = 233 CZK

It is understood that the above amounts represent the upper tax free limit. There are also lower bands published with amounts of 82 CZK, 124 CZK and 195 CZK respectively. For Public Sector companies these represent the minimum and maximum amounts that can be paid. For Business Sector companies the lower bands represent the minimum allowances, however any company that wishes to pay higher amounts can do so without limitation – although any amounts paid that exceed the upper tax free limit are subject to personal income tax.

**NOTE:** By default, the upper band amounts are pre-configured in the template. If customers wish to configure travel allowance to support higher or lower rates this will require working with your Concur Implementation Consultant to scope the additional configuration work required.

- The definition of a “Day” for Allowances is based on the Calendar Date method (i.e. a new allowance day commences on/after midnight).

- All international meals travel allowance rates vary based on the location visited.

- International allowance rates vary based on the number of hours travelled
  - 1-12 hours = 1/3rd Full Allowance
  - 12-18 hours = 2/3rd Full Allowance
  - Over 18 hours = Full Allowance

- International rates are declared using a variety of currencies: EUR, GBP, USD and CHF.

- For foreign trips, the allowance location is the place where the employee spent most of his time during the day. The foreign location commences at the
point of departure from a domestic location where the arrival location is foreign. The foreign location ends at the arrival time in a domestic location.

- If the foreign travel is less than 1 hour, the travel is treated as domestic.

- If there is domestic time on the date of departure to or arrival from a foreign location, the traveller receives a domestic allowance for this time, based on the number of hours of domestic time for the date. The amount of this domestic allowance is added to the foreign allowance for the date and a single expense entry is created for that date.

- The itinerary must reflect the correct time for the commencement of a foreign trip. This time will be set based on the border-crossing time field on the itinerary row where the traveller goes between a domestic and foreign location. This field will default to be the same as the departure time for the row, and needs to be adjusted on the return journey or on any trip where the traveller is driving across the border. This provides the system with the information necessary to calculate the domestic and foreign allowances.

- If several countries were visited during the same day, the last country visited that day determines the travel allowance rate.

- If multiple trips occur on the same day, each trip is calculated independently of the other based on the number of hours travel for that trip and day.

- For each provided meal, the system subtracts the provided meal amount from the calculated allowance. For a partial day of travel (single day, first day or last day) there is an applicable % deduction per meal. Deductions are not based on the type of meal (i.e. Breakfast, Lunch or Dinner) but are calculated as a fixed % for each meal depending on the number of hours travelled).

- Domestic Provided Meal Deductions are calculated as follows:
  - 70% Deduction Per Meal for Trips 5-12 Hours
  - 35% Deduction Per Meal for Trips 12-18 Hours
  - 25% Deduction Per Meal for Trips over 18 Hours

- International Provided Meal Deductions are calculated as follows:
  - 70% Deduction Per Meal for Trips up to 12 Hours
  - 35% Deduction Per Meal for Trips 12-18 Hours
  - 25% Deduction Per Meal for Trips over 18 Hours
Special Considerations

Pocket Money

The employer can provide pocket money up to 40% of the meals allowance as an additional allowance tax-free for an international trip. This is a voluntary contribution by the employer, so the percentage varies by company and can be configured in the system properties.

The pocket money is calculated as a percentage of the resulting meals allowance before deductions for provided meals and added to that day's allowance.

**NOTE:** By default no Pocket Money functionality is activated. If customers wish to configure travel allowance to support pocket money this will require working with your Concur Implementation Consultant to scope the additional configuration work required.

Exclusions

None
Mileage Rates

Personal Car Mileage

Personal Car Mileage in Czech Republic is pre-configured with the following rates:

<table>
<thead>
<tr>
<th>Vehicle Type</th>
<th>Rate Per KM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Car</td>
<td>4.10 CZK</td>
</tr>
</tbody>
</table>

Update as of January 1\textsuperscript{st} 2019

**Important:** The reimbursement amount above does not include Fuel costs, as it is solely as wear and tear of the vehicle. Fuel is claimed separately either per receipt and actual price per litre. If receipt is not provided than average fuel price for given year is used which in 2018 is:

- Natural 95 33.10/l Kc
- Natural 98 37.10/l Kc
- Diesel 33.60/l Kc

**NOTE:** By default no special calculation exists for fuel costs based on average price per litre – this is handled by a regular expense type. If customers wish to configure special calculation support for fuel this will require working with your Concur Implementation Consultant to scope the additional configuration work required.

Company Car Mileage

No statutory Company Car Mileage rates are configured as part of the Template for the Czech Republic.

Exclusions

Personal Car Mileage (Additional Vehicle Types)

A single rate Personal Mileage configuration exists to support only the vehicle type of Car. Rates for additional vehicle types are published by the government however these are not commonly used. These are:

- Motorcycle or Tricycle = 1.10 CZK/km

**NOTE:** If customers wish to configure these additional vehicle rates this will require working with your Concur Implementation Consultant to scope the additional configuration work required.
Other Known Legislative Requirements

Central Bank Exchange Rates

It is common that the exchange rates used for international travel must be based on the published rates from the central bank. This means that external exchange rate providers or company defined exchange rates are usually not accepted for calculations.

A standalone application has been developed by the Concur EMEA Technical team with the intent of helping clients overcome regional issues with Bank exchange rates. Currently there are applications available that retrieve Central Bank Government Exchange rates for specific countries (Poland, Russia and the Czech Republic).

There is a separate application for each country, although they each work in a similar way. The general process is as follows:

- The application reads the source XML file posted by the National Bank. For Czech Republic the source is:


- The application processes the information in the source file and transforms it into data elements required by the Concur Exchange Rate Import.
- The application creates a text file according to the Concur Exchange Rate Import specification.

Requirements and restrictions

- It is a Microsoft Windows application and requires internet access when executed to retrieve the data from the website of the National Bank.
- The source for the daily rates is currently hard-coded in the application. If this changes, the application will not work.
- The application does not run by itself. It needs to be scheduled or manually executed daily to produce the exchange rate files.
- The output of the application is a text file according to the Concur Exchange Rate Import specification. It DOES NOT encrypt the file or transfer it via FTP to Concur.

Disclaimer

The tool is not available as part of the core Concur solution and is not integrated as standard. The application can only be provided to each client after they have signed a disclaimer.

NOTE: Customers who wish to discuss the use of the exchange rate tool in more detail should reach out the Concur Implementation Consultant and/or Technical Consultant.