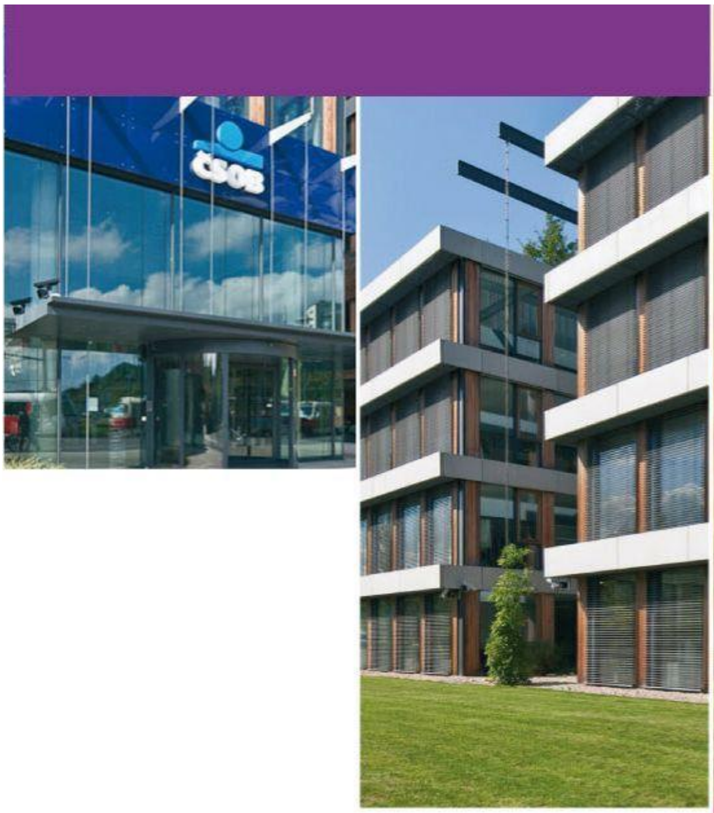

Ceskoslovenska obchodni banka, a.s.

The Czech Republic

CSOB Custody Bulletin

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Contents

Changes in taxation applicable from 2024

The Capital Gains Tax (CGT) increased from the previous **19%** to **21%** from the beginning of 2024 in the Czech Republic.

Non-resident companies are generally subject to Czech tax on the capital gain from the sale of Czech securities, in cases where the counterpart of the deal is a Czech tax resident. However, according to the majority of international double taxation treaties, the income from the sale of securities is taxable only in the country of residence of the seller and is exempt from tax in the source country of the income (i.e. the Czech Republic). Therefore, no tax liability generally arises in the Czech Republic provided the beneficiary of the proceeds from securities sales is resident in a treaty country.

Under the Czech Income Tax Act, Czech tax residents are required to withhold a 1% tax securement (pre-payment) from the gross payment on the purchase of securities from non-resident companies and individuals when the trade is settled. In general, the tax authority considers the Czech tax liability of the non-resident settled by the 1% tax securement if the non-resident does not submit a tax return to the Czech tax authority.

Membership in EU/EEA or a double taxation treaty eliminates the tax liability in the Czech Republic. The 1% securement does not need to be withheld and the income can be repatriated gross, free of any Czech tax.

Local reduced **Value-added tax (VAT)** for certain goods and services has been unified from **15%** (e.g. food, medical aid) and **10%** (e.g. infant nutrition, medicaments, books, heating, public transport) to **12%**.

Impact on foreign investors:

For information purposes.

Source: CSOB, Ministry of Finance