



Real estate transaction costs and taxes in Czech Republic

1. Due diligence costs for the purchase of real estate

1.1 Municipal search

Cost

Variable

VAT

N/A

1.2 Utility search (each service)

Cost

N/A (usually carried out as part of survey/valuation).

VAT

N/A

1.3 Land registry search (per search)

Cost

Unofficial online search free of charge. Official extracts: EUR 2 per page through remote net access, EUR 4 per extract at Land Registry, EUR 5 per extract at notary. Copies of documents filed with the Land Registry: EUR 1 per page (non-verified copy), EUR 2 per page (verified copy). On average, the fees for official extract are around EUR 10- EUR 20.

VAT

Nil

1.4 Company search, per company

Cost

Online search free of charge. Downloaded PDF (i.e. electronic) extract free of charge and treated as

official. Official hard copy extract: EUR 2.5 per extract at some public authorities (e.g. courts), EUR 3 per extract at notary.

VAT

21% (if applicable)

1.5 Survey/Valuation fee, approx

Cost

Negotiable

VAT

21% if company is VAT-registered

1.6 Phase 1 Environmental survey

Cost

Depends on locality (e.g. Prague more expensive) and proposed use of land and is not always necessary. Average cost: EUR 3,500.

VAT

21% if company is VAT-registered

2. Costs associated with a contract for purchase of real estate and registering title

2.1 VAT on price

Cost

1. General rule is that: Sale of land for which no construction permit has been issued (and no structure and utility lines are constructed on it) is VAT-exempted; transfer of other land is subject to VAT (five-year test).
2. Sale of structures (and other real estate) within first five years after issuing occupancy permit is subject to VAT; transfers after the five-year period is VAT-exempted.

VAT

21% (15% for transfer of smaller residential properties)

2.2 Transfer duty

Cost

4% transfer tax on purchase price or valuation of real estate asset. Normally payable by seller (buyer is guarantor), but by buyer if agreed by parties. No duty on first ever transfer where the building has not yet been used.

As of 1 November 2016, the tax is payable by the buyer and the parties cannot agree differently.

3. Tax or duty on the acquisition of shares in a company owning real estate

Nil

4. Capital gain taxation on future disposal of real estate or shares in a company owning real estate

4.1 Tax on capital gains on the disposal of the real estate itself

Proceeds subject to income tax. Individuals exempted if time period between buying and selling exceeds five years.

Income tax rate: 19% (corporations), 15% (individuals).

4.2 Tax on capital gains on the disposal of shares in a company owning real estate

Proceeds subject to income tax. Individuals exempted if time period between buying and selling of shares exceeds five years. Income tax rate: 19% (corporations), 15% (individuals).

Companies (tax residents of the Czech Republic and the EU) exempted if selling at least 10% share on the transferred company owned by the selling company continuously for at least 12 months.

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