

Fundamentals Level – Skills Module

# Taxation (Czech)

Thursday 10 December 2015



**Time allowed**

Reading and planning: 15 minutes

Writing: 3 hours

This question paper is divided into two sections:

Section A – ALL 15 questions are compulsory and **MUST** be attempted

Section B – ALL SIX questions are compulsory and **MUST** be attempted

**Tax rates and allowances are on pages 2–5.**

**Do NOT open this question paper until instructed by the supervisor.**

**During reading and planning time only the question paper may be annotated. You must NOT write in your answer booklet until instructed by the supervisor.**

**Do NOT record any of your answers on the question paper.**

**This question paper must not be removed from the examination hall.**

The Association of Chartered Certified Accountants

Paper F6 (CZE)

**ACCA**

## SUPPLEMENTARY INSTRUCTIONS

1. Calculations and workings need to be made to the nearest CZK if the law does not require otherwise.
2. All apportionments should be made to the nearest month.
3. All workings should be shown in Section B.

## TAX RATES AND ALLOWANCES

The following tax rates and allowances for 2015 are to be used in answering the questions.

### Corporate income tax rate

19%

### Corporate income tax credits (CZK)

Disabled employees	18,000/60,000
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### Personal income tax rate

15%

Solidarity surcharge on income over 1,277,328	7%
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### Personal income tax credits – annual amounts (CZK)

Personal tax credit	24,840
Dependent spouse credit	24,840
First child credit	13,404
	(maximum bonus CZK 60,300)
Second child credit	15,804
Third and further child credit	17,004
Student credit	4,020
Credit for expense in preschool facility	9,200
Disabled employees	18,000/60,000

<b>Social security and health care contributions</b>		
Cap for social security purposes		CZK 1,277,328
<b>Employment</b>		
Health care	Employee's contributions	4·5%
	Employer's contributions	9·0%
Social security	Employee's contributions	6·5%
	Employer's contributions	
	Pension scheme	21·5%
	Illness insurance	2·3%
	Unemployment insurance	1·2%
	Total	25·0%
<b>Private entrepreneur</b>		
Health care contributions		13·5%
Minimum monthly/annual assessment base		CZK 13,305/159,666
Social security contributions		
	Social security	29·2%
	Illness insurance	2·3%
Minimum monthly/annual assessment base for the main activity		CZK 6,653/79,836
Minimum monthly/annual assessment base for the secondary activity		CZK 2,662/31,944
Threshold limit for obligatory participation in social security in the case of the secondary activity		CZK 63,865

#### **Value added tax (VAT)**

Standard rate	21%
Reduced rates	10% and 15%
Threshold registration limit	CZK 1,000,000

#### **Repo interest rate**

Applicable on 1 January 2015	0·05%
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#### **Minimum wage**

CZK 9,200

## Tax depreciation

### Tax depreciation periods for tangible assets

Group 1	3 years
Group 2	5 years
Group 3	10 years
Group 4	20 years
Group 5	30 years
Group 6	50 years

### Tax depreciation periods for intangible assets

Audiovisual work	18 months
Software and R&D results	36 months
Start-up costs	60 months
Other intangible assets	72 months

### Depreciation rates under the straight-line method

	1st year	following years	for increased input price
Group 1	20	40	33·3
Group 2	11	22·25	20
Group 3	5·5	10·5	10
Group 4	2·15	5·15	5·0
Group 5	1·4	3·4	3·4
Group 6	1·02	2·02	2

Where the depreciation rates for the first three groups are increased by 10% in the first year:

	1st year	following years	for increased input price
Group 1	30	35	33·3
Group 2	21	19·75	20
Group 3	15·4	9·4	10

### Depreciation rates under the accelerated method

	1st year	following years	for increased input price
Group 1	3	4	3
Group 2	5	6	5
Group 3	10	11	10
Group 4	20	21	20
Group 5	30	31	30
Group 6	50	51	50

### **Tax deductible provisions limits**

#### **Limits valid up to the end of 2013**

<b>Due time after the maturity date of a qualifying provision</b>	
More than 6 months	20%
More than 12 months	33%
More than 18 months	50%
More than 24 months	66%
More than 30 months	80%
More than 36 months	100%

#### **Limits valid for 2014**

<b>Due time after the maturity date of a qualifying provision</b>	
More than 18 months	50%
More than 36 months	100%

#### **Limits valid from 2015**

<b>Due time after the maturity date of a qualifying provision</b>	
More than 18 months	50%
More than 30 months	100%

### **Tax reserves**

#### **Creation of tax reserves – maximum number of years for creation**

Group 2	3 years
Group 3	6 years
Group 4	8 years
Group 5	10 years
Group 6	10 years

**Section A – ALL 15 questions are compulsory and MUST be attempted**

Please use the grid provided on page two of the Candidate Answer Booklet to record your answers to each multiple choice question. Do not write out the answers to the MCQs on the lined pages of the answer booklet.

Each question is worth 2 marks.

- 1 In 2015, Veronika inherited a family house from her deceased father with an expert valuation of CZK 3,000,000. Also in 2015 she received monetary gifts of CZK 20,000 from her cousin and CZK 12,000 from a friend.

**What is the income tax payable by Veronika as a result of the above receipts?**

- A CZK 3,000
- B CZK 0
- C CZK 4,800
- D CZK 453,000

- 2 Pavel lives with Jana but they are not married. They live in a common household with Jana's child from her previous marriage, Lukas, and with the couple's own common child, Frantisek. Frantisek attends a kindergarten. In 2015, the annual expenses paid to the kindergarten amounted to CZK 9,000. Jana does not work but received a CZK 70,000 parent subsidy in 2015.

**What is the total amount of tax credits which Pavel can claim in 2015?**

- A CZK 88,088
- B CZK 72,284
- C CZK 72,084
- D CZK 47,244

- 3 In 2015, Material, a.s. paid liquidation proceeds of CZK 950,000 to Material-UK, a UK tax resident. Material-UK had acquired a 50% share in Material, a.s. for CZK 500,000 in 2000. According to the Income Tax Act, a withholding tax of 15% applies to liquidation proceeds. According to the double tax treaty between the Czech Republic and the UK, the rate of withholding tax is also 15% but reduced to 5% if the recipient is a company which holds more than 25% on the equity of the paying company.

**What is the amount of tax which should have been withheld from the payment made by Material, a.s. to Material-UK?**

- A CZK 47,500
- B CZK 67,500
- C CZK 22,500
- D CZK 142,500

- 4 Softproduct, s.r.o. (Softproduct) uses a special technology in its production. This special technology was developed by Softproduct in 2014 and the expenses incurred in the development (research project) qualifies for the R&D allowance under the Income Tax Act. In 2014, Softproduct incurred a tax loss and so did not apply the R&D allowance.

**What is the last year in which Softproduct, s.r.o. will be able to apply the R&D allowance?**

- A 2018
- B 2017
- C 2019
- D 2016

**5 For which of the following can the tax year be a fiscal year which is different from a calendar year?**

- A** Corporate taxpayers only
- B** Corporate taxpayers and individual taxpayers who keep accountancy records and are subject to an obligatory audit
- C** All corporate taxpayers and individual taxpayers
- D** Corporate taxpayers and individual taxpayers who are also value added tax (VAT) payers

**6 In which of the following circumstances can a taxpayer apply to the tax authority for a tax ruling?**

- (1) Setting up a transfer price in operations between associated enterprises
- (2) Determining the value added tax (VAT) rate applicable to a particular supply
- (3) Deciding whether the reverse charge mechanism is applicable for a particular supply
- (4) Deciding whether a particular item of income is exempt from income tax

- A** 1, 2, 3 and 4
- B** 2 and 3 only
- C** 1, 2 and 3 only
- D** 1 and 4 only

**7** Vladimir is a Ukraine tax resident. He was employed with the Czech firm Prace, s.r.o. (Prace) from 15 June to 31 December 2015. He signed the declaration on tax discounts with Prace and asked Prace for an annual tax reconciliation. In 2015, Vladimir's income from Prace was CZK 180,000; the employment tax base was CZK 241,200 and the tax advances withheld by Prace were CZK 23,760.

**Which of the following correctly describes Vladimir's year-end annual reconciliation position?**

- A** The reconciliation is 0 because as Vladimir is not a EU resident, the employer will neither pay nor return him any amount
- B** The employer will return CZK 12,420 to Vladimir, being tax overpaid
- C** Vladimir has to return the personal tax credit for the month of June because he did not work in the Czech Republic for the whole of that month
- D** Vladimir has to return CZK 12,420 because as a non-EU resident he is not allowed any personal tax credits

**8** Petr acquired a flat in November 2011 for CZK 1,600,000. He rented out the flat from December 2011 to December 2014 inclusive and taxed this income as rental income under s.9 Income Tax Act using percentage expenses. Petr sold the flat in January 2015 for CZK 1,500,000. In 2015, Petr also had a taxable business profit of CZK 254,000.

**Which of the following correctly describes Petr's income tax position on the sale of the flat?**

- A** The sale proceeds will be exempt from income tax because the flat has been held for the necessary period
- B** No income tax is payable and the loss of CZK 100,000 can be offset against Petr's 2015 business profit
- C** Petr will pay income tax at 15% on CZK 1,050,000
- D** No income tax is payable but the loss of CZK 100,000 cannot be offset against Petr's 2015 business profit

- 9 Kovomat, a.s. includes the provision of the following fringe benefits to its employees in its internal regulations:
- (1) Preventative medical check-ups
  - (2) Mobile telephones, which can be used for both business and private purposes
  - (3) Coffee, tea and lemonade available at the working place for all the employees
  - (4) Contributions to the employees' pension and life insurance schemes of up to CZK 35,000 annually for each employee

**The cost of which of these employee benefits can Kovomat, a.s deduct for corporate income tax purposes?**

- A 1, 2, 3 and 4  
B 1, 2 and 4 only  
C 2 and 4 only  
D 1 and 3 only
- 10 In 2015, Sklovyroba, a.s. (Sklovyroba) received dividends from GLAS, a joint stock company, which is a tax resident in Bahrain. Sklovyroba has held 45% of the shares in GLAS continuously since February 2012. No corporate income tax is levied in Bahrain. The double tax treaty between the Czech Republic and Bahrain stipulates that tax of 5% will be withheld from the dividends paid to a tax resident of the other state.

**Which of the following statements correctly describes the tax treatment of dividends received from GLAS by Sklovyroba, a. s. in their 2015 Czech corporate income tax return?**

- A The dividends will be tax exempt as they flow from a shareholding of more than 10%, held for more than 12 months and the 5% tax withheld will be credited against the statutory tax liability  
B The dividends will be taxed at 15% within a separate tax base and the 5% tax withheld and paid in Bahrain will be credited against this tax liability  
C The dividends will be tax exempt because they have already been taxed in Bahrain  
D The dividends will be taxed at 15% separate tax base but the 5% tax withheld and paid in Bahrain cannot be credited against this tax liability as there is no corporate income tax levied in Bahrain
- 11 **By when is an employer obliged to send advances of social security insurance to the account of the social security authority?**
- A 15th day of the current month  
B 20th day of the current month  
C 15th day of the following month  
D 20th day of the following month
- 12 **What is the annual threshold above which a value added tax (VAT) payer is obliged to file an Intrastat declaration for both the sending and acceptance of goods?**
- A CZK 1 million  
B CZK 8 million  
C CZK 5 million  
D CZK 4 million



- 13** Marie is employed part-time and her monthly wage is CZK 7,000. In addition, she earns business income on an occasional basis. In 2015 her business income averaged CZK 10,000 per month.

**Which of the following statements correctly describes Marie's 2015 position regarding payment of minimum health insurance premiums?**

- A** She does not have to make a minimum payment as the total of her two sources of income amounts to more than the minimum wage
- B** She must decide on which source of income (employment or business) minimum health insurance has to be paid. If she decides on her employment income, her employer will pay the difference
- C** She must decide on which source of income (employment or business) minimum health insurance has to be paid. If she decides on her employment income, she, herself, will pay the difference via her employer
- D** She does not have a choice and must pay minimum health insurance on her business income

- 14** Montera, s.r.o., a value added tax (VAT) payer, had the following output transactions in 2015:

- sales of goods to Czech customers of CZK 450,000;
- sales of goods to customers in other EU countries of CZK 670,000;
- sale of a fixed asset to a Czech customer of CZK 125,000;
- lease payments received for houses rented to non-VAT payers of CZK 300,000;
- loan to a Czech entity of CZK 560,000 (Montera, s.r.o. does not regularly provide loans);
- sale of services to USA customers of CZK 340,000.

**What will be Montera, s.r.o.'s value added tax (VAT) coefficient at the end of 2015?**

- A** 0.83
- B** 0.84
- C** 0.63
- D** 0.82

- 15** In 2015, Jiří had the following income:

- employment income of CZK 420,000;
- occasional income from independent services of CZK 111,000, for which he uses lump sum expenses of 60%; and
- CZK 12,000 from a contract on work done (*dohoda o provedení práce*) paid in June 2015

**What are the amounts of social security insurance and health care insurance premiums which will be paid by Jiří on his employment and social security premiums paid from business activity?**

	Employment		Business activity
	Social security insurance	Health care insurance	Social security insurance
	CZK	CZK	CZK
<b>A</b>	27,300	18,900	0
<b>B</b>	27,300	18,900	6,483
<b>C</b>	28,080	19,440	6,483
<b>D</b>	28,080	19,440	0

**(30 marks)**

**Section B – ALL SIX questions are compulsory and MUST be attempted**

Please write your answers to all parts of these questions on the lined pages within the Candidate Answer Booklet.

- 1 (a) Victoria, s.r.o. (Victoria), a producer of sport equipment, has 200 employees. Victoria is a monthly value added tax (VAT) payer and its tax year is a fiscal year commencing on 1 March. The company has a tax adviser who prepares and files its tax returns.

**Required:**

**State the dates by which Victoria, s.r.o. should file the following tax returns:**

- (i) its value added tax (VAT) return for May 2015;
- (ii) its 2015/2016 corporate income tax return;
- (iii) the reconciliation of the tax withheld from its employees' wages in 2015 if it is filed:
  - in a paper form; and
  - electronically.

(4 marks)

(b) In each of the following cases, state, giving reasons, whether the tax filing is valid:

- (1) Helena is an art goldsmith, and a value added tax (VAT) payer. Her 2014 turnover was CZK 6,450,000. She does not have a data box and filed her January 2015 VAT tax return in a paper form through the postal service.
- (2) Flokera, s.r.o. filed its 2015 income tax return in an 'xml' format through its data box. The income tax return was not electronically signed by the executive director. The company does not have a tax adviser.
- (3) Modera Ltd is a UK tax resident, which has a production plant in the Czech Republic which is registered in the commercial register as a branch. Modera Ltd filed the 2015 income tax return for the branch in 'pdf' format through its data box.

(4 marks)

- (c) Petr is a monthly value added tax (VAT) payer. He filed his February VAT return on Wednesday, 25 March 2015 and paid the tax due of CZK 76,400 on Monday, 20 April 2015.

**Required:**

**Calculate the default interest which will be levied by the tax authority for the late payment of the value added tax (VAT).**

(2 marks)

**(10 marks)**

- 2** Jakub is an executive director (*jednatel*) of Rotar, s.r.o. (Rotar). He lives in Brno but his main office is in Prague, where he regularly works three days per week. Jakub has signed the declaration for personal tax credits with Rotar. Jakub is married to Anja and they have two children: a nine-year-old daughter, Kata, and a 12-year-old son, Jiri. Anja works from home and has a regular monthly income of CZK 5,000. Anja has no other income.

The following information is applicable to the calculation of Jakub's January 2015 payroll tax:

- (1) He received remuneration as executive director of CZK 95,600.
- (2) He has at his disposal a business car which he can use for personal purposes as well as business journeys. The acquisition price of the car in 2012 was CZK 650,000; its residual book value in 2015 is CZK 200,000. In June 2015, Jakub made no personal journeys in the car.
- (3) He received travel allowances totalling CZK 2,500, of which only CZK 1,200 met the conditions according to the Labour Code.
- (4) He has the use of a flat in Prague which Rotar leases for him at a monthly rental of CZK 15,000.
- (5) He received CZK 3,400 as a wage compensation for his December absence due to illness. The compensation meets all the criteria according to the Labour Code and illness insurance regulations.
- (6) Rotar makes contributions to Jakub's life insurance and pension insurance of CZK 1,000 per month and CZK 1,500 per month respectively.

**Required:**

**Calculate the payroll tax payable by Jakub in January 2015.**

**(10 marks)**

- 3 (a) Jan, a sole entrepreneur, has not previously been a value added tax (VAT) payer. In the first six months of 2015 Jan's turnover from his business activity was as follows:

	CZK
January	220,000
February	300,000
March	190,000
April	90,000
May	115,000
June	290,000

In addition to his business activity, Jan rented out a part of his business premises from March to December 2015 for a monthly rent of CZK 30,000.

**Required:**

**Determine when in 2015 Jan become liable to register as a value added tax (VAT) payer. State when he is obliged to register and when he became a VAT payer.** (2 marks)

- (b) Favorit, s.r.o. (Favorit) is a quarterly value added tax (VAT) payer. In the quarter January to March 2015, Favorit had the following VAT inputs and output (all amounts are stated excluding VAT at the standard rate, where applicable):

- (1) Sold goods to Czech customers for CZK 355,000.
- (2) Exported goods to the USA for CZK 254,000.
- (3) Exported goods to a customer in Poland, who is registered for VAT in the Czech Republic, for CZK 160,000.
- (4) Provided a business car for the personal use of its limited partner (shareholder) Mr Zubek, and later disposed of this car from business assets. The acquisition price of the car in 2012 was CZK 340,000, the market price at the time of the disposal was CZK 80,000, and the tax residual value was CZK 54,400.
- (5) Received contractual penalties from its customers for the late payment of invoices of CZK 40,000.
- (6) Received rental payments from leasing out three storage warehouses. One of the warehouses is rented to a VAT non-payer, Mr Platner, for a quarterly rental payment of CZK 120,000. The other two warehouses are rented to VAT payers for a quarterly rental payment of CZK 180,000 each.
- (7) Purchased goods for CZK 450,000, from Czech suppliers who are VAT payers.
- (8) Purchased materials for CZK 290,000, from German suppliers who are registered for VAT in Germany.
- (9) Purchased spare parts from a USA supplier for CZK 95,000. The customs office assessed duty of CZK 12,000 on these spare parts.
- (10) Purchased materials from Czech suppliers (VAT payers) for CZK 220,000; these materials were used to maintain all three storage warehouses.

Favorit's 2015 advanced VAT coefficient was 0.89.

For all stated situations Favorit has all necessary VAT documents.

**Required:**

**Calculate the value added tax (VAT) payable by Favorit, s.r.o. for the quarter January to March 2015.**

(8 marks)

**(10 marks)**

- 4 Forma, s.r.o. (Forma) had the following assets in its business in 2015. Forma uses the accelerated method of tax depreciation for all of its assets except the business car (item (2)) which is depreciated using the linear method of tax depreciation.
- (1) A printer (group 1), which commenced in business usage on 17 September 2015. The input price of the printer was CZK 30,000. The accounting depreciation charge for 2015 was CZK 10,000.
  - (2) A business car (group 2), which commenced in business usage on 1 October 2013. The input price of the car was CZK 450,000. The accounting depreciation charge for 2015 was CZK 112,500.
  - (3) Machine A (group 2) which commenced in business usage on 2 February 2015. The input price of Machine A was CZK 150,000 and Forma was the first owner of the machine. The accounting depreciation charge for 2015 was CZK 35,000.
  - (4) Software, which commenced in business usage on 2 September 2015. The input price of the software was CZK 340,000. The accounting depreciation charge for 2015 was CZK 30,000.
  - (5) A factory (group 5), which commenced in business usage on 1 January 2013. Forma built the factory in 2012, for a total cost of CZK 6,780,000. The valuation price of the factory on 1 January 2013 was CZK 8,000,000. Forma modernised the building in 2014, the price of the technical appreciation amounted to CZK 5,000,000. The accounting depreciation charge for 2015 was CZK 300,000.
  - (6) Machine B (group 2) which was contributed as equity by a partner of Forma in March 2015. The market value of Machine B at that time was CZK 120,000. The partner had acquired the machine in 2014 for CZK 200,000; he was the first owner of the machine and had depreciated it using the accelerated method. The accounting depreciation charge for 2015 was CZK 40,000.

**Required:**

**Calculate the adjustments to be made by Forma, s.r.o. in respect of the business assets (1) to (6) when preparing its 2015 corporate income tax return.**

**(10 marks)**

- 5** Ludvik is married to Ludmilla. The couple live in Prague with three children: 20-year-old Tomas, who is Ludmilla's son from her first marriage, and their own two children, 12-year-old Marianna and 16-year-old Stepan. Tomas studies at the Charles' University and during 2015 he spent a half-year at a university in France through the Erasmus programme.

Ludvik is employed by Tetris, s.r.o. as a manger and is also a partner in Duplos, s.r.o., a consultancy firm. In 2015 Ludvik had the following income:

**From Tetris, s.r.o. (Tetris):**

- (1) A monthly salary of CZK 45,000 except in March. In March Ludvik was ill so his March salary was only CZK 15,000. He also received sick benefit (employer's wage compensation and state sick leave computed in accordance with Labour Code and social security regulations) of CZK 6,200.
- (2) Tetris pays a monthly contribution of CZK 500 to Ludvik's pension insurance, to which Ludvik himself contributes CZK 1,000 per month. In October Tetris also paid a CZK 15,000 contribution to Ludvik's life insurance.
- (3) In February, Tetris provided Ludvik with an interest free loan of CZK 150,000 to assist his moving to a new flat, and its reconstruction. This move was necessary to the working needs of his employer, Tetris. The annual interest on such a loan taken from a local bank would amount to CZK 15,000.

**From Duplos, s.r.o. (Duplos):**

- (4) A monthly amount of CZK 3,000 for the consultancy services Ludvik renders as a partner of Duplos.
- (5) On 23 August a share on profit from Duplos of CZK 20,000.

**From other sources:**

- (6) Ludvik leases a flat in Ceske Budejovice where he lived before he moved to Prague. In 2015, the rental income is CZK 11,000 per month and the advanced payment for services is CZK 2,000 per month . In July he received clearance of the 2014 payments for services of CZK 3,400. Ludvik uses lump sum expenses for tax purposes.
- (7) On 1 February 2013, Ludvik had purchased 50 shares (0.5% of the equity) in company ADA, a.s. for CZK 400 per share. On 1 March 2015, he sold 30 of these shares for CZK 15,000.
- (8) On 5 January 2015, Ludvik had purchased 100 shares (6% of the equity) in company CAD, a.s. for CZK 600 per share. On 1 December 2015, he sold 90 of these shares for CZK 75,000.

Ludmila did not work until March 2015 when she started her own business. In 2015, she incurred a business loss of CZK 20,000, based on sales proceeds of CZK 100,000 and tax deductible expenses of CZK 120,000. Ludmilla had no other sources of income in 2015.

**Additional information:**

- (i) Ludvik and Ludmila have taken out a mortgage loan to buy a house in Prague. In 2015, the interest paid on this loan amounted to CZK 98,000.
- (ii) During 2015 Ludvik donated blood twice on charity days organised by his employer.
- (iii) Ludvik and Ludmila have agreed that Ludvik will use all of the child allowances.
- (iv) The advanced tax payment deducted by Ludvik's employers in 2015 amounted to CZK 67,150.

**Required:**

- (a) Calculate the tax payable/tax bonus receivable by Ludvik on submission of his 2015 income tax return.**  
(13 marks)
- (b) Calculate Ludmila's 2015 social security and health care insurance contributions in respect of her business activity.**  
(2 marks)

**(15 marks)**

- 6 NABYTEK, a.s (NABYTEK) is a Czech resident company seated in Liberec. The company's tax return is prepared by a tax adviser. In 2015 NABYTEK recorded an accounting profit of CZK 5,456,700. All transactions were accounted for in accordance with the accounting regulations in the relevant revenue and expenses accounts.

The following information is relevant for the preparation of NABYTEK's 2015 corporate tax return:

- (1) In March 2015 NABYTEK received CZK 750,000 based on inheritance proceedings.
- (2) NABYTEK has the following receivables as of 31 December 2015:

Debtor	Type of supply	Nominal value CZK	Originally payable on	Additional information
Model house	Furniture	180,000	24 May 2013	Court proceedings have been initiated; a 50% tax provision was created in 2014.
Studion	Services	450,000	12 January 2014	No court proceedings have been initiated; no accounting provision has been created.
Education centre	Furniture	250,000	23 February 2015	A 20% accounting provision has been created in 2015.
Model house	Contractual penalty	12,000	25 January 2014	100% of this amount was written off in 2015.

- (3) NABYTEK acquired 100% of the shares in STOLY, s.r.o. in January 2013 for CZK 500,000. In March 2015, it sold the shares for CZK 900,000.
- (4) In 2015, NABYTEK donated CZK 250,000 to a secondary school as a contribution to build a school sports ground.
- (5) In 2015, NABYTEK incurred entertainment expenses for clients (refreshments, etc) of CZK 380,000 and CZK 205,000 for cups and pencils bearing the logo of NABYTEK. The price of one cup was CZK 250 and of one pencil CZK 200.
- (6) In 2015, NABYTEK incurred CZK 120,000 for protective health drinks for the use of employees in its factory and CZK 98,000 for the coffee and tea provided to all of its employees.
- (7) NABYTEK's 2015 accounting depreciation charge was CZK 1,950,000. The equivalent tax depreciation charges have been calculated at CZK 1,785,000.
- (8) In June 2015, NABYTEK sold a plot of land which it had owned since 2012. The acquisition price of the land was CZK 4,700,000 and the sales price CZK 4,000,000.
- (9) On 23 February 2015, NABYTEK paid social security insurance in respect of its employees' December 2014 wages of CZK 34,000. This amount was treated as tax non-deductible in the company's 2014 corporate income tax return.
- (10) NABYTEK has an aggregate tax loss available for use in 2015 of CZK 230,000.

**Required:**

(a) Calculate NABYTEK a.s.'s 2015 corporate income tax liability. (13 marks)

(b) Calculate NABYTEK a.s.'s 2016 advanced corporate income tax payments and state the due dates. (2 marks)

**(15 marks)**

**End of Question Paper**