

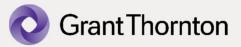
### The top-up tax from 2024

Does your company belong to a group of companies with consolidated revenues exceeding EUR 750 million?

From 1<sup>st</sup> January 2024, you should generally pay income tax with an effective 15% tax rate at least. This is stipulated by the Council Directive (EU) 2022/2523 and the bill of Czech Act on Top-up Taxes, which is expected to be approved by the end of 2023.

If you are required to submit a notification or the proper Country-By-Country Report, one could assume that this appplies to you.





## Why to deal with it now

Calculation complexity



The top-up tax calculation is very complicated and differs significantly from the domestic calculation (tax base according to IFRS, the group information, exemptions, special deductions, transitional periods, etc.) - i.e., it may actually apply to you although you are subject to the standard 19% (21% from 2024) corporation income tax. Even if your effective tax rate is higher than 15%, you will be required to fulfill the administrative obligations for the top-up tax (submission of an information overview, submission of notification of short-term, medium-term and long-term decisions, submission of a tax return).



# Complexity

If you are the parent company (or if the group has not paid the top-up tax by the parent company), the obligations can be much more complex (including top-up tax for other members).

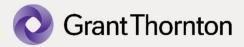


If you are the recipient of significant investment incentives or tax deductions (typically for research and development), this regulation will probably have a real impact on your company. The possibility of using socalled safe harbours, i.e., simplified rules for transitional periods, when the administrative burden can be significantly reduced.





Appropriate and timely structuring can significantly simplify your future position.



### The top-up tax from 2024

Let your top-up tax obligations be handled by our specialists (we have dozens of clients subject to this tax) and significant expertise including Grant Thornton's worldwide network support.

#### What can we help you with?

- We will analyze the current situation of your group, i.e., whether you are subject to topup tax and how.
- We will carry out an analysis of possible group structuring with an emphasis on the positive/negative impact on the top-up tax.
- We will analyze the possible application of so-called safe harbours, which postpone a significant administrative burden for a transitional period.
- We will assess other administrative duties associated with the new legislation.
- We will approximately calculate the effective tax rate, tax base, and any possible top-up tax.
- We can analyze your current IT system setup, i.e., whether the necessary data are available, or we can help you with identifying the key data.
- And last but not least, if needed for your foreign companies within the group, we will provide you with an assistance of the foreign offices of Grant Thornton.

