

# Money & Finance

## Banks

If you're living or working in Prague, you're probably going to want to set up a Czech bank account. Thankfully, it's fairly easy, especially compared to some of the other bureaucratic processes here.

Generally, to open an account you'll need your passport and one other form of ID, although some institutions require a third document proving residence in the Czech Republic. You'll also need an initial deposit (not a fee, just the amount of money you need to put in the account to start with) to open an account, which can range from 200 to 2,000 CZK.

Some banks will send a representative to you to help you set up an account. Others make things startlingly simple by asking you to fill in an online form. They'll call you the next day to arrange an appointment and have your account prepared so you just sign the contract. Many head offices, usually in the center of Prague, also have foreigner's desks to facilitate the process.

All banks charge a bewildering number of fees for just about every kind of transaction you can imagine, from closing a bank account to using an ATM (*bankomat*). The fees can change every few months, which makes it difficult to find the best options. **The Expat Center at Česká spořitelna**, however, eliminates all transaction fees – in exchange for a flat monthly rate.

More information: [www.expats.cz/bank-comparisons](http://www.expats.cz/bank-comparisons)

When it comes to transferring money from a foreign account into a Czech one, be warned: all banks charge a commission on foreign transfers, their exchange rates usually aren't the best, and they're known to take longer than is necessary to get the money into your account. Therefore, for large transfers it's better to use a specialist foreign exchange center such as **Aktiv Change** (NOT one of the exchange stands that flood the streets of Prague 1). The best exchange rates are only good for certain amounts (usually 50,000 CZK or 30,000 CZK), which usually make it better to go to an ATM for smaller amounts.

## Banks

### Expat Center of Česká spořitelna

Rytišská 29, Praha 1 110 00

+420 224 101 630

[expatcenter@csas.cz](mailto:expatcenter@csas.cz) [www.csas.cz](http://www.csas.cz)

Epat Center is a specialized branch of Česká spořitelna, the largest retail bank, offering world class banking services in English, French, and German specifically to expatriate professionals living in the Czech Republic.

### HSBC Bank plc - Prague Branch

V Celnici 10, Prague 1, 117 21

+420 221 033 500

[www.hsbc.cz](http://www.hsbc.cz) [info@hsbc.cz](mailto:info@hsbc.cz)

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<b>BAWAG</b>	<a href="http://www.bawag.cz">www.bawag.cz</a>
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<b>CITIBANK</b>	<a href="http://www.citibank.cz">www.citibank.cz</a>
Rytišská 24, Prague 1	+420 233 062 355
<b>GE Money Bank</b>	<a href="http://www.gemoneybank.cz">www.gemoneybank.cz</a>
Vyskočilova 1a, Prague 4	+420 224 443 636
<b>Komerční Banka (KB)</b>	<a href="http://www.kb.cz">www.kb.cz</a>
Na Příkopě 33, Prague 1	+420 800 111 055
<b>mBank</b>	<a href="http://www.mbank.cz">www.mbank.cz</a>
Anglická 8, Prague 2	+420 222 119 005
<b>Raiffeisen</b>	<a href="http://www.rb.cz">www.rb.cz</a>
Národní třída 9, Prague 1	+420 800 900 900
<b>Volksbank</b>	<a href="http://www.volksbank.cz">www.volksbank.cz</a>
Vinohradská 40, Prague 2	+420 222 922 811
<b>Unicredit Bank</b>	<a href="http://www.unicreditbank.cz">www.unicreditbank.cz</a>
Na Příkopě 20, Prague 1	+420 800 144 441

## Exchange Centers

<b>Aktiv Change</b>	<a href="http://www.aktivchange.com">www.aktivchange.com</a>
Národní 24, Prague 1	+420 224 934 290
<b>Camfex</b>	<a href="http://www.camfexgroup.com">www.camfexgroup.com</a>
Vladislavova 16, Prague 1	+420 222 524 404

More information: [www.expats.cz/banks](http://www.expats.cz/banks)

## Credit Cards

Credit card culture has developed fast in the Czech Republic. You can use your credit card from your home country here and it's also easy enough to apply to a local bank for one. You usually have to have a monthly income of at least 8-10,000 CZK to apply.

Remember that there is sometimes a little confusion here between a debit card (*debetní karta*) and a credit card (*kreditní karta*), mainly because the Czech term payment card (*platební karta*) can mean both – so make sure your intentions are clear. As with most countries, you can now type in your PIN into the machine and/or sign a receipt depending on the shop.

When applying for a card you must produce ID, sometimes two forms, as well as proof of residency, which must be long term if you are a non-EU citizen. Some banks will ask you for your last three bank statements so it's a good idea to take them along just in case, to save another trip.

If you work solely on the basis of a trade license (*živnostenský list*), you must produce it, and depending on your circumstances you may be asked to produce tax returns.

More information: [www.expats.cz/credit](http://www.expats.cz/credit)

## Social Security

If you are an EU citizen, you're obliged to pay social security as the Czech Republic is an EU member and part of an EU-wide reciprocal system. This means, for example, that if you have worked in the UK and move to the Czech Republic and live here until you retire, you are eligible to draw a Czech pension. But what if you're already paying contributions in your home country and want to continue? Even the UK Department of Social Security was unable to give a definitive answer, although this was probably due to uncertainty in the post-accession period. In theory, if you pay contributions anywhere in the EU that should be sufficient to claim a pension, but you do need to check with the relevant authorities.

If you are non-EU citizen you may not need to pay social security contributions because your home country doesn't have a social

security arrangement with the Czech Republic. If you are not sure about this consult your local branch of the Czech social security authority (*Česká správa sociálního zabezpečení*) or a tax adviser. If you are self-employed in certain trades (for example an artist, musician or journalist) you may also avoid payment.

If you work as an employee your company should sort the paperwork out for you and deduct contributions from your salary. However, it can be a long process.

Once you have obtained your trade license, you should inform your local social security office and it should set up all the arrangements for you to pay your contributions. Remember to take all relevant documents with you – trade license, residence permit, passport, etc. You will then be issued with a social security number, basically an eight-digit '*variabilní symbol*', one of the numbers you often have to fill out when paying contributions at the bank or elsewhere.

If your situation changes you must always re-register with the local social security office; for example, if you were an employee and are now starting work on the basis of a trade license (self-employed). Again, the office should let you know the procedures.

Contributions are paid on the basis of the previous year and you should have your completed tax declaration (*Přehled za rok* or Social Security Overview) for the previous year on hand. For EU citizens working on a freelance basis, you should be paying monthly deposits anyway (assuming you have to) to the local social security office. Then, when you submit the declaration, you will pay the difference between the contributions paid and the final amount due (*doplatek*) or (the pot of gold at the end of the rainbow) be entitled to a refund (*příplatek*).

If you are a non-EU citizen you will pay all your contributions for the previous year in one go, on the basis of the declaration, with the amount being either a *doplatek* or *příplatek*. And whether you are an EU citizen or not, you should submit the declaration, together with the amount due, by 30 March. You can submit your declaration by 30 June, but you must first produce power of attorney (*plná moc*) from a registered tax adviser bearing his/her stamp by 30 March. If you submit after these dates a fine will be incurred. The declaration form will be posted to you automatically, or you can pick up a copy at your local social security office.



For US citizens working in the Czech Republic on a trade license, an agreement is supposed to be reached by the end of 2008 whereby you can pay social security contributions to the US as opposed to the Czech Republic. For the time being, however, you are required to file and pay these contributions to the Czech Republic.

## Income Tax

There are two main factors to take into account when paying tax as a private individual in the Czech Republic. Assuming you are obliged to pay in the first place, you have to establish where your residence in the Czech Republic is for tax purposes. Secondly, you should consider your status – are you working solely as an employee or on the basis of a trade license (*živnostenský list*) or both?

With regard to residence, the situation is quite straightforward: if you are living in the Czech Republic for 183 or more days in a calendar year then you are liable to pay tax in this country. But this becomes more complex if you earn outside the Czech Republic. In principle you should pay tax in the country where the work is performed, but the situation is complicated by factors such as where the company you work for is based and any tax agreements between the Czech Republic and your home country. It's therefore advisable to clarify these issues with your company or, if necessary, a tax adviser.

Then there is the issue of work done in the Czech Republic for a foreign/international organization or company, i.e. one which is based abroad. For example, if you are based entirely in the Czech Republic and do work for an organization which is based abroad then you will pay tax to the Czech authorities because the work was done on Czech territory. For example, a freelance journalist who works for British or American publications but who writes the articles entirely in the Czech Republic would pay taxes to the Czech authorities because the work is done here. But again, if you are in doubt about your situation, consult a tax adviser.

**Tax Registration:** Once you have sorted out where you will be paying tax, you should also make sure that you are registered properly. If you are working solely as an employee the tax arrangements are fairly simple because everything will be taken care of for you. Your employer will inform the relevant authorities and you will be registered to pay tax, with contributions being automatically deducted from your salary. Obviously, there will be a certain level of paperwork at the beginning, and when you start a job you'll be asked to fill out a form with all the usual details: name, address etc. But once this has been done there shouldn't be much more bureaucracy to deal with.

If you are working as a sole trader, i.e. on the basis of a trade license, the situation is more complicated because you have to arrange your contributions yourself.

Within 30 days of receiving your trade license you should inform the relevant financial office (*finanční úřad*), which deals with tax payments, and it will set up all the arrangements for you. It can take some time for the paperwork to be processed, so be prepared for a wait. Remember to take all the relevant documents, such as your trade license, residence permit, passport, etc. Once everything has been arranged you will be issued with a tax identification number (*daňové identifikační číslo*), which is written as CZ followed by a 10-digit number (your birth registration number) and a registration number (*identifikační číslo*). Not all freelance work is carried out on the basis of a trade license: if you are a self-employed artist based here, your income comes from 'royalties' from your works as opposed to money from jobs based on a trade license. Of course, you still have to pay tax on whatever income you make, and if you have any doubts about whether a trade license forms the basis of your work, you should check with the financial office.

If you are employed and you also work on the basis of a trade license, then you should register with the financial office within 30 days of the license being issued. Alternatively, if you are working on a freelance basis and you then become an employee (while continuing to work as

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The **Expat Center of Česká spořitelna** provides products and personal banking services designed to meet the individual financial needs of foreign clients. Come see us in the bank's beautiful historic branch at Rytiřská 29, Praha 1 (near metro station Můstek), tel.: **224 101 630**, e-mail: **expatcenter@csas.cz**

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- specialized banking packages in one of these languages
- mortgages for EU as well as non-EU citizens

a freelancer) you should inform your employer about this change of situation as well as the relevant financial office, as soon as possible.

Finding your financial office can be complicated, although in Prague you should go to the office for the district where you live, e.g. Prague 4. Note that the districts Prague 11-20 all come under one of the 10 municipal districts, so if, for example, you live in Letňany, which is located in Prague 9, you should go to the financial office for Prague 9. Outside of Prague establishing where to go can be more complicated.

The Czech Republic formerly taxed individuals on a progressive scale, whereby those with larger incomes had to pay a higher percentage. However, a new tax code has been introduced from January, 2008 which effectively replaces the old progressive system and introduces a new 15% flat tax for all individuals. The 15% individual income tax will remain in effect throughout 2009.

More information: [www.expats.cz/taxes](http://www.expats.cz/taxes)

## Accountants, Auditors, & Tax Advisers

If you've ever had to fill out a Czech tax return (*daňové přiznání*) you'll know that getting somebody else to act on your behalf in accounting matters is a good idea. And at some stage you'll need to use the services of an accountant, auditor or tax adviser anyway. The accountancy profession is not regulated in the Czech Republic, although it has a professional body, the **Union of Accountants (Svaz účetních)**, and a reputable accountant will have a government license as evidence of competence. In contrast, the auditing and tax advisory sectors are regulated and there are also separate professional bodies representing them; the **Chamber of Auditors of the Czech Republic (Komora auditorů ČR)** and the **Chamber of Tax Advisers of the Czech Republic (Komora daňových poradců ČR)**.

Although there is obviously a considerable deal of overlap between these professions, an accountant may not necessarily be authorized to act as a tax adviser or auditor. In particular, if you use the services of smaller firms or self-employed accountants you should find out what they are qualified to do.

As with law firms, the accountancy sector in the Czech Republic consists of the large international firms as well as many local companies. The process for finding an accountant, auditor or tax adviser is basically much the same as that for lawyers, as described on page 35.

### Accountants

#### CFO2GO, s.r.o.

Václavské náměstí 19/832, 110 00 Praha 1

+420 739 006 688

[www.cfo2goeurope.com](http://www.cfo2goeurope.com) [info@cfo2goeurope.com](mailto:info@cfo2goeurope.com)



CFO2GO puts the knowledge and experience of an international finance manager in your back pocket. We specialize in accounting outsourcing, financial & statutory management, financing, US and Czech tax reporting for companies and expatriates.

#### Accountancy Marlow

Wolkerova 270, Čivkov ..... +420 732 160 535

#### BlueQ

Na Příkopě 15, Prague 1 ..... +420 272 143 515

#### Chamber of Auditors of the Czech Republic

Opletalova 55, Prague 1 ..... +420 224 212 670

#### Chamber of Tax Advisers of the Czech Republic

P.O. Box 121, Brno ..... +420 542 422 311

#### Consulatio

Korunní 129, Prague 3 ..... +420 272 732 320

#### Ernst & Young

Karlovo nám. 10, Prague 2 ..... +420 225 335 111

#### KPMG

Pobřežní 1a, Prague 8 ..... +420 222 123 111

#### LERIKA

Na Příkopě 15, Prague 1 ..... +420 736 766 878

#### Pavel Sobol

Petrýrkova 1954, Prague 4 ..... +420 603 461 659

#### PriceWaterhouseCoopers

Kateřinská 40, Prague 2 ..... +420 251 151 111

#### Union of Accountants

Štěpánská 28, Prague 1 ..... +420 224 041 015

More information: [www.expats.cz/taxes](http://www.expats.cz/taxes)

## Financial Advisors

#### Asstute Finance

Revoluční 2, Prague 1 ..... +420 222 211 772

#### Caratfin Insurance Advisors Ltd.

384 Šalvějová, Jesenice ..... +420 604 171 006

#### SCAMO

Skalsko 140, Skalsko ..... +420 737 258 848

#### Tributum

Washingtonova 5, Prague 1 ..... +420 222 212 322

### PAYING THE BILLS

When you sign your utilities contract with Pražská energetika or Pražská plynárenská, you will be asked to specify your preferred method of payment. Bills can be paid in the following ways:

- Direct debit: amount due is automatically deducted from your bank account. A limit can be placed on the deductible amount to protect your account against unexpectedly large payments.
- Single transfer order: a one-time bank payment initiated by the customer after receipt of the bill.
- By cash or credit at the PP cash desk: at Jungmannova 31. They accept Visa, Mastercard, and Eurocard as well as cash. No fee.
- In cash using Postal Form A: a common method of paying various bills. The form attached to your bill is taken to the post office and the amount due is paid for in cash. A small service fee is added to your bill.
- SIPO: a combined bill which can include your rent, basic utilities, and television fees. You can sign up for it at the post office, where the bill is paid for in cash; alternatively, you can agree with your bank to allow the post office to deduct the sum by debit.

## Utilities: Electricity

Depending on your rental agreement, you may have a utilities fee included in the rental price; in that case, your landlord will handle payments. If, however, you own your apartment or the utilities have been registered in your name, you'll have to take care of paying

the bills. Here is a primer on accessing that all-important physical phenomenon: electricity.

### How do I sign up for electricity/put my name on the bill/report a technical problem/etc?

The site [www.spoluproprahu.cz](http://www.spoluproprahu.cz) has a great deal of advice and technical information in English about all utility services in Prague, including how to sign up for service, how to troubleshoot a broken meter, and payment methods.

The company that runs the electricity in Prague and Rostoky is called **Pražská energetika, a.s.**, and they seem to be quite customer-service-friendly. If you need to speak with someone directly, PRE has several customer centers, in Pragues 1, 4, and 9. Your best bet is the Prague 1 center if you require English-language service:

**Pražská energetika, a.s.**  [www.pre.cz](http://www.pre.cz)  
Na Hroudě 1492/4, Prague 10  +420 267 055 555

### How often will my meter be checked?

Your electricity meter is inspected once every four months to determine how much you've used. If you live in an apartment building, there will be notices posted in the hallway a few days before the inspector comes. Your bill will also indicate on the bottom left-hand corner of the first page under **Zpráva pro zákazníka** the estimated date of the next inspection.

### How do I know which plan to choose?

PRE has six different payment plans. Choosing the one best for you depends on the kind of electricity usage you have in your home. If your home has an electrical heating system, the amount you pay will be calculated based on two different tariffs: the high tariff (**vysoký tarif**) is implemented during peak hours and is mostly for standard electricity usage, and the low tariff (**nizký tarif**) is used at off-times and generally applies to electrical heating. The home's accumulator or storage heater is automatically set to store up heat energy at night when the tariff is low. By encouraging consumers to use more energy at off-peak hours, the electrical company can curb heavy electricity consumption during times of high demand. Essential to picking a plan is knowing what kind of heating system you have. For some, you will also need to choose between a high or low distribution rate (**distribuční sazba**), depending on the amount of electricity you use.

### How does pricing work?

Electricity is paid in advance, in the form of a deposit. The amount of the deposit is determined according to the size of your home and the number of inhabitants. Once your bill arrives (once every four months), it will specify how many crowns' worth of electricity was actually used. Any difference between the actual sum and the deposit will be added to or subtracted from your next deposit payment.

## Utilities: Natural Gas

The company that provides natural gas to Prague is called **Pražská Plynárenská (PP)**. The only appliances you're likely to run on natural gas are an oven range and a boiler (for heat and/or hot water), but to receive service, both appliances must be reported to the gas company.

### How do I sign up for natural gas service?

To set up a new gas supply point, you'll need to fill out an application, available at Pražská Plynárenská's customer service center:

**PP Customer Service**  [www.ppas.cz](http://www.ppas.cz)  
Národní 37, Prague 1  +420 840 555 333

An application is to be filled out whenever a property is being newly supplied with gas, new appliances that consume gas are added to your home, or if you replace any old appliances with new ones that consume more gas.



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### What documents will be needed by the gas company?

To ensure the smooth startup of the gas supply system at your home, you should have the following documents prepared upon signing of the contract with PP:

- Personal identification (or power of attorney if representing another person)
- The written consent of the owner of your property
- Proof of your right to use the property (lease/sale contract, inheritance certificate)
- If installing new appliances, an initial inspection report issued by a certified technician (this will be arranged upon submission of your application)
- Your bank information

The site [www.spoluproprahu.cz](http://www.spoluproprahu.cz) provides links to various electronic forms in English, including change of address, power of attorney, etc.

### How does billing work?

When your meter is first inspected, you will be given an estimate of how much gas you will consume per payment cycle. You will then be expected to pay a záloha, or deposit, according to this number. Once a year, you'll receive a summary bill which indicates whether you have consumed more or less gas than the initial estimate; the difference will be settled accordingly. If there is a large discrepancy between the estimate and the actual amount of gas used, the gas company will reset the deposit rate for the following year.

You can choose how often you pay your deposit: monthly (only if your annual consumption exceeds 180 m<sup>3</sup>), quarterly (either in Jan/Apr/Jul/Oct or Feb/May/Aug/Nov), biannually (Jan/Jul or Apr/Oct), or annually. If you pay monthly, deposits must be paid by the 15th of every month.

### What if I have a gas leak?

If you suspect your gas is leaking, call 1239 immediately.