

## [CZ] Deduction of VAT of public service broadcasters

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*Jan Fučík*  
*Česká televize*

The Czech Parliament has approved an amendment to the VAT Act. This amendment clearly defines the rules for the calculation of a deduction coefficient for VAT in the public media and finally brings to an end a long period of legal uncertainty and conflicting interpretations of the law. At the same time, it opens the door to an important development for television and radio broadcasting. Czech Television and Czech Radio welcome the parliament's decision to support the amendments to the law on VAT. In the past, the interpretation of the law on VAT was exclusively in the hands of the financial authorities. It was not clear whether public service media could deduct VAT, and if so, how much. The new law sets out a clear procedure for the calculation of deductible VAT. In future, this change will avoid new problems emerging, caused in the past by the vague legal definition. At the same time, the adjustment of the VAT Act opens up opportunities for the essential development of television and radio broadcasting. Czech Television has declared that it intends to use the funds raised from the partial deduction of VAT first and foremost for the implementation of the second wave of digitization.

Czech Radio, for example, intends to use the revenue generated for the development of digital radio broadcasting; digitalization has been one of its priorities. Thanks to the technology of DAB, it will be possible for listeners to access additional services and receive broadcasting in a more stable manner and of a higher quality. Furthermore, Czech Radio wants to strengthen the development of new formats, original creation and the area of production in general.

The approved amendment is in accordance with EU law, which leaves the VAT question within the competence of the member states. Specific solutions in the individual countries of the European Union are therefore different; there are also states where the public service media are entitled to full deduction of VAT (the BBC in the United Kingdom and RAI in Italy). This question was also the subject of a case at the European Court of Justice (C-11/15).

***Zákon č. /2017 Sb. , z 4.4.2017, kterým se mění některé zákony v oblasti daní***

<http://www.sbirka.cz/POSL4TYD/NOVE/17-170.htm>

*Act Nr. /2017 Coll., from 4.4.2017 modifying some tax laws*

