ATTACHMENT No. 3

Personal identification number: [＿＿＿ ／ ＿＿＿]

**is a part of an income tax return by individuals
in the taxable period 2020 – 25 5405 MFin 5405 model no. 26 (hereinafter „tax return")**

Fill in the amounts in whole Czech crowns. Figures used to calculate the tax liability are considered to be indicators pursuant to § 146 of the Act no. 280/2009 Coll., on Administration of Taxes, as amended and they are to be rounded to two decimal points. Sequential rounding in two or more stages is forbidden.

Calculation of tax on income from sources in abroad (§ 38f of the Act)

Income from sources in abroad – method of credit to tax paid in abroad

The method of simple (basic) tax credit is aplied separately for each country pursuant to § 38f subsection 8 of the Act. So if you have income from more countries, use for calculation of each country Free sheet of the Attachment no. 3. It is available for download from www.financnisprava.cz.

Country code [＿＿＿]

	Fill in whole Czech crowns	
	Taxpayer	Tax office
321 Income from sources in abroad to which the method of tax credit is applied		
322 Expenses		
323 Tax paid in abroad		
324 Coefficient of the tax credit (row 321 – row 322) divided by row 42 multiply the result by one hundred		
325 From the amount of the tax paid in abroad may be credited the amount up to [(row 57 + row 59) multiplied by row 324, divided by 100]		
326 Tax allowed to credit (row 323 up to the amount of row 325)		
327 Difference of rows (row 323 – row 326)		
328 Tax allowed to credit (total of rows 326 and also from separate sheets)		
329 Tax not allowed to credit (total of rows 327 and also from separate sheets)		
330 Calculated amount – [(row 57 + row 59) – row 328]		

The English version relates to the Czech version 25 5405/P3 MFin 5405/P3 – model no. 16 that is under the laws the only valid tax return form.

INSTRUCTIONS TO ATTACHMENT No. 3

State the amounts in whole CZK. The numbers computed in the course of tax liability are indicators as per the provision of Section 146 of the Tax Administration Act; they are to be rounded to two decimal points. Sequential rounding in two or mores stages is forbidden.

Income from sources in abroad

If any of your activities generate foreign income, you declared the total of such income and related expenses in the main tax return or in the Attachments to tax return, respectively, including any other income from the Czech Republic and related expenses. To eliminate double taxation of foreign income in the Czech Republic, the relevant international agreement is used, which always provides (most typically in Article 22 or 23) how double taxation is eliminated. Please note, that if you have incomes from dependent activity abroad, you can act at elimination of double taxation upon the Section 38f Subsection 4 of the Act. The list of international double taxation agreements is available on: **www.financnisprava.cz.**

To prevent double taxation of a foreign income pursuant to Section 38f of the Act, Section 33 will be applied to currency conversion, as follows:

– If you keep accountancy, use the foreign exchange rates published by the Czech National Bank for use in accountancy.
– If you do not keep accountancy, use the standardised exchange rate pursuant to Section 38 Subsection 1 of the Act, unless you use the foreign exchange rates published by the Czech National Bank for use in accountancy.

The following rows instruct how to eliminate double taxation by method of a simple credit for tax paid in abroad.

Income from sources in abroad – method of credit to tax paid in abroad

The method of simple credit pursuant to Section 38f Subsection 8 of the Act is used separately for each country. So, if you have income from more foreign countries, use a Free sheet of **Attachment no. 3** for each country. It is available for download from **www.financnisprava.cz**.

row 321 **Income from source in abroad to which is applied credit** – on this row state the total of income from sources in abroad to which the method of credit is used according to Double Taxation Agreement. State the incomes pursuant Section 6 in accordance with Section 6 Subsection 12 of the Act.

row 322 **Expenses** – state the total of expenses related to the income declared on row 321.

row 323 **Tax paid in abroad** – state the amount of tax paid in abroad, but only to a limit which could be collected in the foreign country as per the relevant provisions of the Double Taxation Agreement. The tax amount used for the credit must be proven by a foreign tax authority receipt (Section 38f Subsection 5 of the Act).

row 324 **Coefficient of the tax credit** – state the result of your computation of the portion of tax which can be credited in percent: (row 321 – row 322) divided by row 42, multiply the result by one hundred. The amount may be in the range from 0 to 100. If the result is negative, insert zero on row 324.

row 325 **Maximum amount of the credit to tax paid abroad (row 57 multiplied by row 324 divided by one hundred)** – state the result of your calculation of the maximum amount of tax paid in the foreign country which can be credited. The tax in the calculation is the tax liability relating to income from sources in abroad and from sources in the Czech Republic i.e. tax under Section 16 of the Act (row 57 of tax return). Solidarity tax increase pursuant to §16a of the Act (row 59).

row 326 **Tax allowed to credit** – state the amount of tax paid in abroad (row 323), but to a limit of the amount allowed to credit (row 325).

row 327 **Difference of rows** – state the result (only positive) which is the amount of tax which you can claim as expense (cost) in the following taxable period, according to Section 24 Subsection 2 Letter ch) of the Act (row 323 – row 326). If the balance is negative, cross out the row.

row 328 **Tax allowed to credit (total of row 326)** – state the sum of values shown on rows 326 of Attachment no. 3 and free sheets of Attachment no. 3, where you credit the tax paid abroad separately for each country, as per Section 38f Subsection 8 of the Act. Section 38f Subsection 2 of the Act provides that on row 328 may be entered an amount to the limit of the tax liability (row 57 + row 59).

row 329 **Tax not allowed to credit (total of rows 327)** – state the sum of values shown on row 327 from Attachment no. 3 and free sheets of Attachment no. 3 Part IV, where you credit the tax paid abroad separately for each country, pursuant to Section 38f Subsection 8 of the Act. The amount of tax can be applied as expenses (cost) in following taxable periods under conditions stipulated in Section 24 subsection 2 letter ch) of the Act.

row 330 Calculated amount [(row 57 + row 59) – row328]. Copy the item to row 58, Part IV of the main tax return page 2 for further calculation. ATTENTION, further calculation should be done without using the row 59, just copy the figure from row 58 to row 60 (without adding row 59).