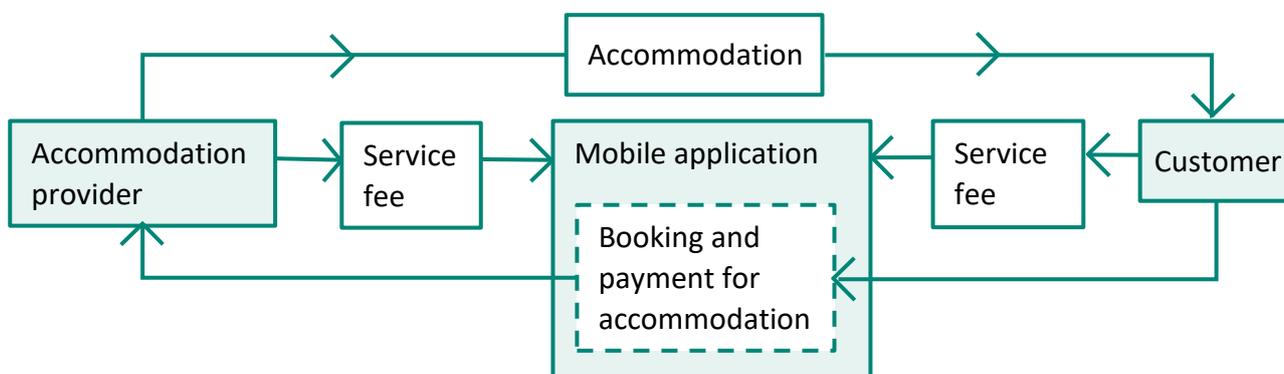


# Shared economy: I rent a flat via Airbnb, Booking, ...

In this leaflet, we describe the obligations of people who earn extra money by renting their flat (house) on a short-term basis through on-line “shared economy” platforms (e.g. Airbnb, Booking ...). We explain the difference between an accommodation service and a lease. We clarify when you need a trade licence and how to obtain it, which taxes you need to pay, whether you have to pay contributions towards social security, etc.

## ? Do I provide accommodation services in the “shared economy” regime?

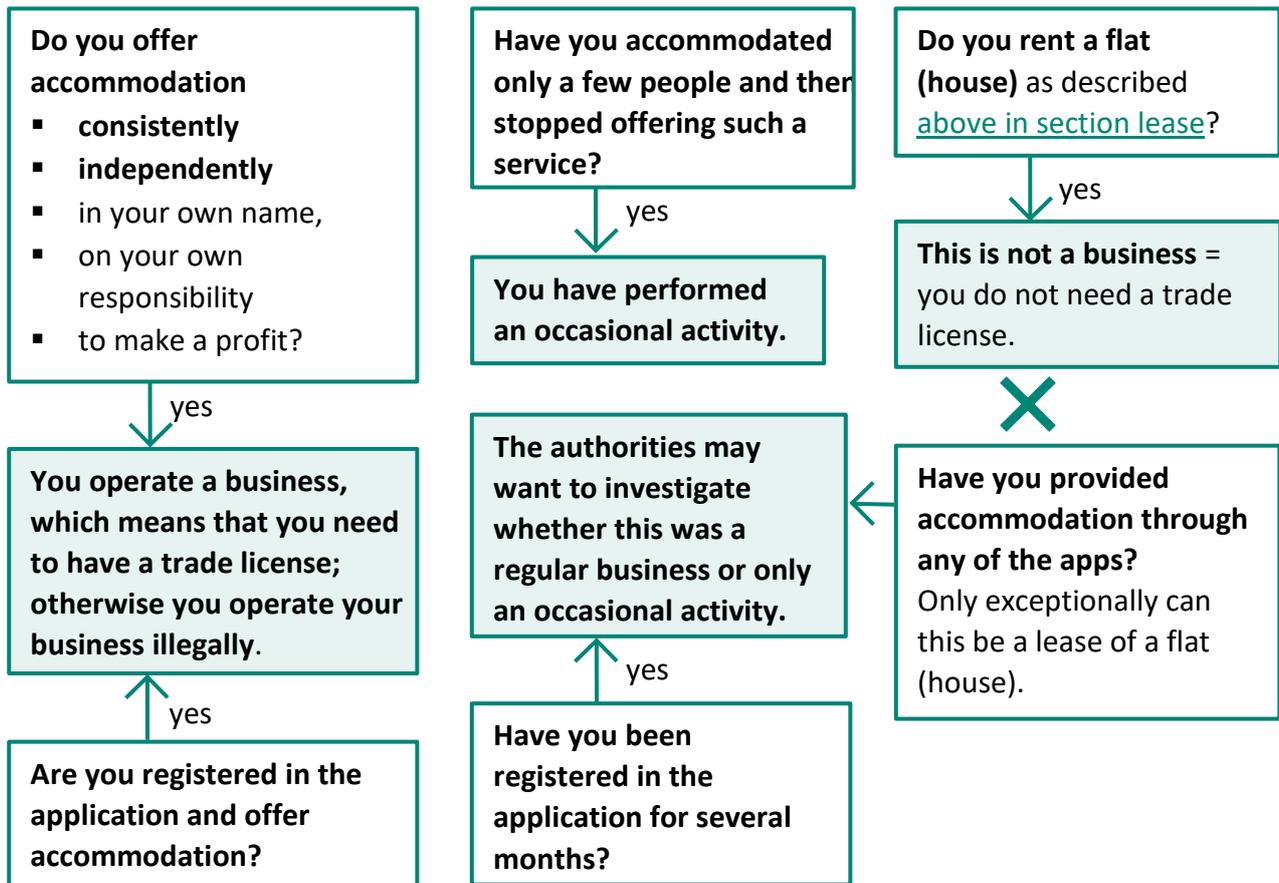
Yes, if you approach your customers (guests) through certain applications for smartphones (and other devices) and if you get paid for the accommodation (the payments for booking, accommodation and payment usually take place by cashless transfer in the app). The host (you), the customer or both must pay a “service fee” to the app operator. The amount of the fee usually depends on the price of the accommodation. This is summarised in the following chart:



## i Do I provide accommodation services or do I rent a flat (house)? What is the difference?

Accommodation service	Lease
You accommodate <b>repeatedly</b> a number of different customers <b>for short periods of time</b> (usually days, weeks).	You agree on a lease <b>with one customer for a longer period of time</b> (months, year).
The customer came <b>for leisure or short-term work</b> .	The tenant (with family) <b>needs more permanent housing</b> .
You offer <b>additional services</b> (bed linen and its replacement, cleaning, breakfast or grocery shopping).	You do not provide any <b>additional services</b> .
The customer <b>does not carry out</b> (ensure) <b>regular maintenance and minor repairs</b> of the flat (house).	The tenant <b>carries out</b> (ensure) <b>regular maintenance and minor repairs</b> of the flat (house).
Your offer usually shows a <b>price per day or week</b> (which may vary in and out of season).	In your offer, you state <b>the rent for a month or longer</b> .

## Is my activity classified as a business, occasional activity or lease?



## What do I have to do if I am “just” renting a flat (house)?

- You will pay **income tax** on the rent pursuant to [Section 9 of the Income Tax Act](#), specifically on the difference between the income and the actual expenses, or flat-rate expenses set in the amount of 30% (but not exceeding CZK 600,000).
- In the case of a **short-term lease** (up to 48 hours), you will pay **VAT**, [just like the providers of accommodation services](#). Long-term rent is exempt from VAT. For more [information, see the relevant Information issued by the Tax Administration](#).
- In the case of a **short-term lease for up to 60 days** where the tenant does not have a registered address in the given municipality and the municipality has introduced a **local accommodation fee**, you have to collect this [fee](#) from the tenant and pay it to the municipality.
- You **will not pay contributions towards social security and health insurance** from the rent.
- In relation **to the Immigration Police**, you have [the same duties](#) as the providers of accommodation services.
- The flat (house) must be **used for its intended (approved) purpose**.



## How do I obtain the correct trade licence?

You need a trade licence to **operate unqualified trade** designated “Manufacture, trade and services not listed in Annexes 1 to 3 to the Trade Act”, **field 55 – Accommodation services**;

You do not need any professional training. It is sufficient to enjoy **full legal capacity and have no criminal record**.

Fill in the form “**Notification of an unqualified trade**” and submit it to any [trade licensing authority](#). You can download the form from the website of the Ministry of Industry and Trade ([here](#)).

You will pay an **administrative fee of CZK 1,000** for submitting the notification. If you already have a trade licence for other activities, you will only pay CZK 500.

If everything is in order, the trade licensing authority will **issue you with an extract from the Trade Register**.

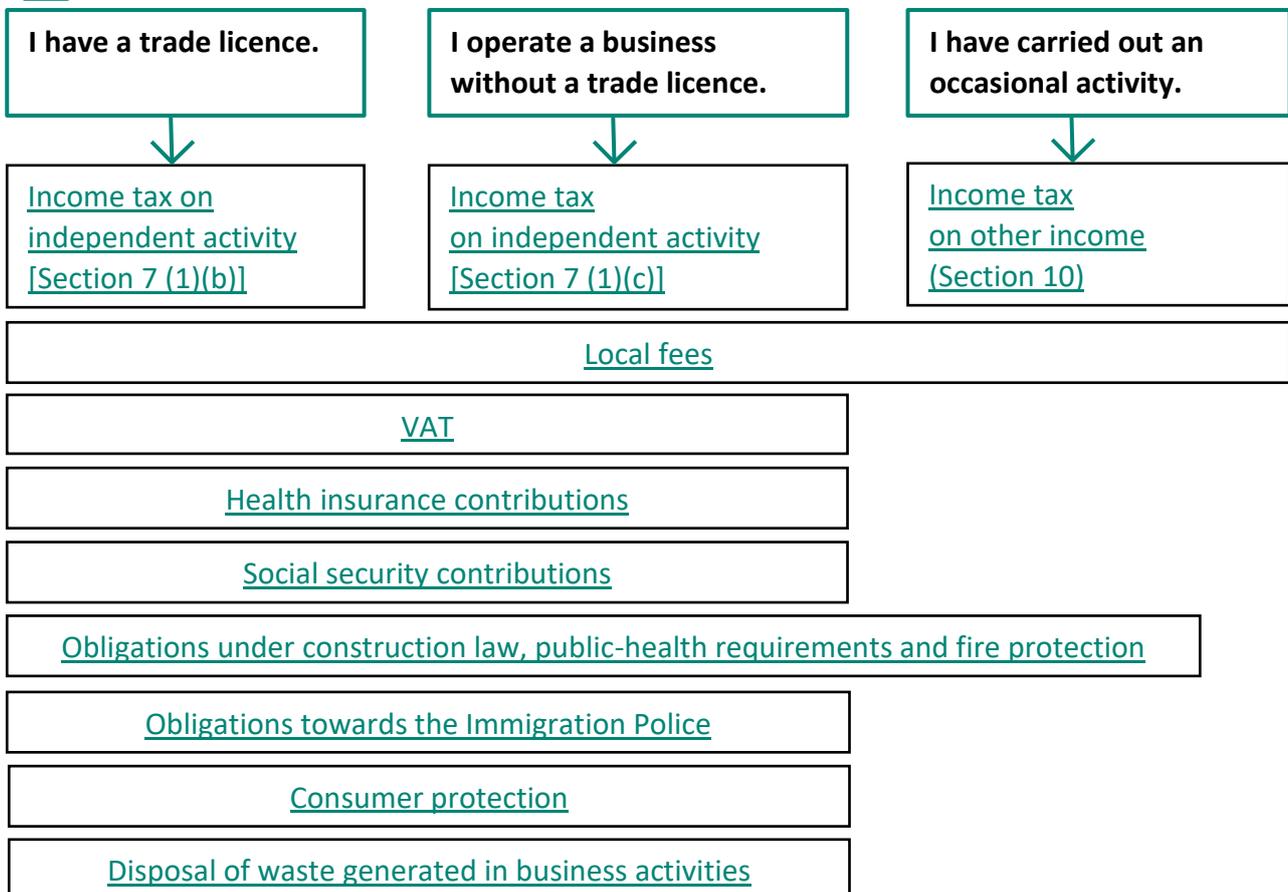


If you do not have a trade licence, **you operate your business illegally**. You still have **the same obligations as entrepreneurs**, but you put yourself at **risk of penalties** and cannot enjoy certain benefits.

For more information, see [the Trade Act](#) and the [Guide for \(not only incipient\) entrepreneurs](#).



## What do I need to arrange for besides a trade licence?



## Income tax

The payment for accommodation is your **income**, which usually is subject to **income tax**.

**If you operate a business (with or without a trade licence)**, you must tax this income as income from business if you have earned more than CZK 6,000 per year in addition to your employment or more than CZK 15,000 per year together with other income.

You can reduce your income from business by **actual** or **flat-rate expenses**. **Limits** for flat-rate expenses:

	2018	since 2019
You <b>have</b> a trade licence income pursuant to Section 7 <b>(1)(b)</b>	60%, but not more than CZK 600,000	<b>60%</b> , but not more than <b>CZK 1,200,000</b>
You <b>do not have</b> a trade licence income pursuant to Section 7 <b>(1)(c)</b>	40%, but not more than CZK 400,000	<b>40%</b> , but not more than <b>CZK 800,000</b>

You are also required to:

- (1) register for income tax (with the [tax authority according to](#) the place of your permanent residence);
- (2) keep accounts or tax records;
- (3) keep records of income and receivables if you claim flat-rate expenses.

You also have **to pay advances on tax** if your last **annual tax assessed exceeded CZK 30,000**. You need not make advance payments if you only earn a little extra money as an employee (if the income from employment constitutes more than half of the tax base). You are also not required to make advance payments if you no longer provide accommodation.

**Income from occasional activities up to CZK 30,000 per year is exempt from tax.** If your income exceeds this amount, it is taxed as **other income** ([Section 10 of the Income Tax Act](#)). You can reduce your income only by **actual expenses** (e.g. buying cleaning supplies for the flat/house).



If **you do not pay the tax in due time**, you will be charged with **default interest**. The rate was slightly over 14% per year in 2020. From 2021, default interest is **8% per year plus the repo rate** set by the Czech National Bank for the first day of the calendar half-year in which the tax was due.

If you **fail to comply with other obligations** (registration, filing a tax return), you may be **fined**.

For more [information, see the Income Tax Act](#) and the [Information issued by the Tax Administration](#).



## Value added tax (VAT)

Even if your activity was carried out only occasionally, you will have to pay VAT either as a **VAT payer** or as a **person identified for VAT**.

**How do you become a person identified for VAT?** The application operator arranges (seeks) customers for you. You pay a service fee for each such service. **If the application operator has the registered office abroad, you become a person identified for VAT once you receive the mediation service (a customer is found for you).** You must therefore pay VAT in the Czech Republic. Contact the local tax authority and **register** as a person identified for VAT. You will have to file tax returns and pay VAT.

Comparison of the situation of a VAT payer and that of a person identified for VAT:

	Are you a VAT payer?	Are you a person identified for VAT?
<b>Do you have to pay VAT?</b>	Yes, if <b>your turnover exceeds CZK 2,000,000</b> in 12 months or if you <b>register for VAT voluntarily</b> .	Yes, if you, as the accommodation provider, <b>use an application</b> whose operator is located outside the Czech Republic and you paid a service fee to this operator.
<b>What is the basis for the amount (calculation) of VAT?</b>	<b>Payments for accommodation and service fees.</b>	<b>Only the service fee</b> you paid to the app operator.
<b>Are you required to submit VAT control reports?</b>	<b>Yes.</b>	<b>No.</b>



To ensure correct application of VAT, **provide your tax identification number** assigned to you by the tax authority upon registration for VAT to the operator of the application.



If you do not pay the **tax in due time**, you will be charged with **default interest**. The rate was slightly over 14% per year in 2020. From 2021, default interest is **8% per year plus the repo rate** set by the Czech National Bank for the first day of the calendar half-year in which the tax was due.

If you **fail to comply with other obligations** (registration, filing a tax return), you may be **fined**.

For more information, see the [Value Added Tax Act](#) and the [Information issued by the Tax Administration](#).

## Local fees (accommodation and municipal waste)

You will only pay a fee **if the municipality has introduced such a fee** through a municipal decree (it need not do so). For more details, see the relevant decree. You can find it in the [Collection of Legal Regulations of Local Self-Government and Certain Administrative Authorities](#) and usually also on the municipality's website.

### Local accommodation fee

If **you accommodate someone for a period not exceeding 60 days**, you must collect the accommodation fee (from everyone [not exempt from the fee by law](#) or decree) and pay it to the municipal authority. The fee is paid for each, even incomplete, day, except for the date of arrival. You also have **to keep a book of records** (guest book).

### Local fee for municipal waste

In general, if there **is no one registered for residence** in the flat (house), you must pay a fee for municipal waste to the municipal authority for one person a year. For more information, see the leaflet [Municipal Waste](#).



If **you fail to pay any of the fees in due time**, you may be required to pay up to three times the amount of the fee.

For more information, see the [Local Fees Act](#).



## Contributions towards public health insurance

The health insurance company may receive information from the tax authority.

If **you operate a business** (with or without a trade licence), you are a self-employed person and **have to pay public health insurance contributions** (you have to calculate their amount yourself). Each year, you must **submit an overview** of income and expenses for the calendar year. If you continue to provide accommodation, ask your health insurance company whether you are required **to make any advance payments**.

You **do not have to pay contributions with regard to occasional activities**.



If **you fail to pay the contribution in due time**, you will have to pay a **penalty** in the amount of 0.05% of the outstanding amount for each day of delay (i.e. 18.25 % p.a.). You may be fined if you fail to perform any other obligations.

For more information, see the [Public Health Insurance Act](#) and the [Public Health Insurance Contributions Act](#).



## Social security contributions

The social security administration authorities may receive information from the tax authority.

**If you operate a business** (with or without a trade license), you are a self-employed person. Under certain conditions (described below), your participation in pension insurance is compulsory and you have to **pay pension insurance contributions and the contribution towards the State employment policy**.



The law **does not require that you pay contributions towards sickness insurance** – participation of self-employed persons in sickness insurance is voluntary (you can still sign up for it).

If your business is your **major gainful activity**, you must **pay advances towards pension insurance contributions and the contribution for the State employment policy**. Ask your district social security administration about the amount of the advance payments.

If your business is only an **subsidiary gainful activity** (e.g. an additional income to employment), you are required to pay social security contributions only if

- your **income for the previous year reaches** the decisive amount (i.e. **CZK 83 603** in 2020; **CZK 85 058** in 2021, **CZK 93 387** in 2022, **CZK 96 777** in 2023); ask the district social security administration about the amount of the advance payments; **or**
- you sign up to participate in pension insurance **voluntarily**.

You have the following obligations towards the competent **district social security administration** body according to your registered address:

- report the commencement of self-employment;
- pay advances towards pension insurance contributions and the contribution for the state employment policy according to the nature of performance of these activities (as major or subsidiary gainful activity);
- submit on an annual basis an “Overview of income and expenses of a self-employed person for the calendar year”.

**You do not have to pay contributions with regard to occasional activities.**



If **you fail to pay the contribution in due time**, you will have to pay a **penalty** in the amount of 0.05% of the outstanding amount for each day of delay (i.e. 18.25 % p.a.). You may be fined if you fail to perform any other obligations.

For more information, see the [Social Security Act](#), the [Pension Insurance Act](#), the [Sickness Insurance Act](#) and the [Act on Organisation and Implementation of Social Security](#).



## Obligations under construction law, public-health requirements and fire protection rules

**The construction authority** (the municipal authority of a municipality with extended competence) is not interested in your trade licence and “only” evaluates whether **you use the structure for its permitted purpose**. The purpose of a structure is defined by the use permit, notice of use of the structure or occupancy permit. The purpose specified in the construction permit will apply if the given structure does not require an occupancy permit. You can ask the construction authority for more information.

You can provide accommodation services in a structure approved for use as an “[accommodation facility structure](#)”. If this is a “[residential building](#)” (typically an apartment building or single-family home), **you are violating the law and you are liable to a fine** of up to CZK 500,000. The purpose of use of the structure can only be changed with the consent or permission of the construction authority.



In order to unify the practice of construction authorities in assessing shared or short-term accommodation, the Ministry for Regional Development has issued a **methodological guideline** [Provision of accommodation services in buildings intended for housing](#).

The **regional public health station** can advise you on **the public health requirements**.

For details on the **fire protection rules**, contact the [regional fire rescue service](#).



For more information, see the [Act on Spatial Planning and the Construction Procedure \(the Construction Code\)](#), the [Public Health Act](#), the [Fire Prevention Decree](#) and the [Decree on Technical Conditions of Fire Protection of Structures](#).



### Do I have to report anything to the Immigration Police?

If you provide accommodation to **foreigners for a fee** or if you **accommodate more than 5 foreigners** (except for close relatives), you must **notify the Immigration Police of their stay within three business days** of their arrival at the place of accommodation. A citizen of a country other than the Czech Republic is considered a foreigner. That includes not only third country nationals but also citizens of the EU, Iceland, Lichtenstein, Norway and Switzerland.

The **accommodation must be of a reasonable standard** (size and hygiene conditions for the number of people staying).

You also **have to keep a guest book** (and keep it for a period of 6 years since the last entry).



You can make the **notification electronically** – fill in the form via the [Ubyport application](#) (mandatory for accommodation businesses) or by **submitting a paper form**.

If you **fail** to comply with the notification duty, you may be **fined up to CZK 50,000**.

If you need assistance, contact the **Immigration Police Department** [of the Regional Police Directorate](#) according to the address of the accommodation (registered address of the foreigner).

For more information, [see the Residence of Foreign Nationals Act](#).



## Do I have to comply with the duties under the Consumer Protection Act?

**Yes**, you must comply with the consumer protection rules **if you operate a business** (with and without a trade license). The consumer is your customer (in simple terms, a natural person not operating a business). For example, you must:

- provide true and complete information on the price of the service offered and charge the price correctly;
- provide information on the nature of the services provided;
- issue a receipt to the customer if he/she asks for it;
- advise the customer of the conditions of raising complaints and accept and handle the complaints properly;
- inform the customer which authorities can settle any possible dispute with you out of court (the Czech Trade Inspection Authority and the Czech Consumer Association);
- avoid unfair commercial practices (for more information, see the [Consumer Protection](#) leaflet).

**You also must not discriminate against customers.** This means that you must not refuse to accommodate and otherwise disadvantage certain customers, especially on the grounds of their *race, ethnic origin, nationality, sex, sexual orientation, age, disability, religion or citizenship*.

**Insulting customers** and other inappropriate conduct, sexual harassment and even refusal to help people with disabilities so that you could accommodate them are also considered discrimination.

If you perform an **occasional activity**, you do not have to comply with the duties under the Consumer Protection Act, but you must not discriminate against anyone.



**Compliance with the duties** under the Consumer Protection Act and the prohibition of discrimination against consumers is **monitored** by the [Czech Trade Inspection Authority](#). You could be fined for a breach of these duties.

For more information, see the [Consumer Protection Act](#), the [Anti-Discrimination Act](#), the [“Consumer Protection”](#) leaflet and the [Information for Providers of Goods and Services](#).



## Do I have to provide for waste collection?

**Yes.** When you provide accommodation to your guests (i.e. when you run your business), waste will inevitably be generated in your flat (house). You must enable the guest to separate paper, plastic, glass, metal and biological waste.

You can then ensure waste disposal by

- (1) **entering into a contract with the municipality** and using its municipal waste management system if your municipality allows it; or
- (2) **entering into a contract directly with the waste management company.**



If you fail to ensure proper waste disposal, you can be **fined up to CZK 10,000,000**.

You **should take up the situation with the municipality** where the flat (house) in which you offer accommodation is located.

For more information, see [the Waste Act](#).