Determining Tax Residency

An employer must always resolve the issue of tax residency with employees from abroad. A foreign national is considered a Czech tax resident if the person **has permanent residence in the Czech Republic or stays longer than 183 days during the calendar year in the Czech Republic**. A resident is a tax payer who has in the Czech Republic an unlimited tax obligation – i.e. from global incomes. A non-resident has a tax obligation only for incomes that come from sources in the Czech Republic.

If a tax payer fulfils the criteria of residence in more than one country, there is a risk of **double taxation**. For such cases, treaties relating to double taxation have been concluded – see the country overview . Determining tax residency is important even for acquiring **tax advantages**.

The basic tax rebate can be applied to tax residents and tax non-residents (including those who worked in the Czech Republic only for part of the year). In addition, a tax resident of the Czech Republic may claim deductible items and rebates under the same conditions as citizens of the Czech Republic. Tax residents of EU and EEA Member States can claim rebates only in tax returns, and to claim all deductions in accordance with Section 15 of the Income Tax Act, the criterium of 90% of all incomes from sources in the Czech Republic must be fulfilled. Other tax non-residents are not entitled to these deductions.

If an employee is a tax resident in both of the contracting states, then other criteria are applied to determine residency – where the person has permanent residence, where the centre of the person's interests lies, where the person customarily lives, what is the person's nationality, or according to an agreement of the contracting states.