

# Czech Republic

## Transfer Pricing Country Profile<sup>1</sup>

October 2025

		SUMMARY	REFERENCE
<b>The Arm's Length Principle</b>			
1	<b>Does your domestic transfer pricing framework<sup>2</sup> make reference to the arm's length principle?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<a href="#">The Czech Income Tax Act 586/1992 Coll., Section 23 para 7</a>
2	<b>Does your domestic transfer pricing framework give the OECD Transfer Pricing Guidelines any role or status (e.g. legal binding effect, subsidiary application in the absence of domestic legislation, source of interpretation of domestic legislation and/or treaty provisions, other)?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>The OECD Transfer Pricing Guidelines (TPG) are a source of interpretation and binding for domestic and international transactions. The reference to the OECD TPG is in on Guidance D-59. It is the methodological explanation of the Income Tax Act generally used by taxpayers and binding for tax administration.</p>
3	<b>Does your domestic transfer pricing framework provide for a definition of related parties applicable for transfer pricing purposes? If so, please provide</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<a href="#">The Czech Income Tax Act 586/1992 Coll., Section 23 para 7</a>
		Persons associated through capital:	

<sup>1</sup> Information in transfer pricing country profiles is provided directly by jurisdictions. By publishing the transfer pricing country profiles on the OECD website, the OECD does not certify the accurateness of the information provided therein. Importantly, transfer pricing country profiles published on the OECD website are made available to stakeholders for information purposes only, and are not intended to be used in substitution to a jurisdiction's legal instruments, jurisprudence, or administrative guidance or practice nor relied on as an accurate and complete description of domestic law.

<sup>2</sup> For purposes of transfer pricing country profiles, the term "domestic transfer pricing framework" refers to a jurisdiction's domestic legislation, regulations, administrative guidance or practice, jurisprudence or governing general principles in the jurisdiction.

<p><b>the definition contained under your domestic transfer pricing framework.</b></p>	<p>1. where one person directly participates in the capital or voting rights of the other person, or where one person directly participates in the capital or voting rights of several persons; and where, simultaneously, this share constitutes at least 25 % of the registered capital or 25 % of the voting rights of such persons, then all such persons are persons directly mutually associated through capital,</p> <p>2. where one person indirectly participates in the capital or voting rights of the other person or where one person directly or indirectly participates in the capital or voting rights of several persons; and where, simultaneously, this share constitutes at least 25 % of the registered capital or 25 % of the voting rights of such persons, then all such persons are persons mutually associated through capital,</p> <p>b) persons otherwise associated which are persons</p> <p>1. where one person participates in the management or control of another person,</p> <p>2. where identical persons or close persons participate in the management or control of other persons, then such other persons are persons otherwise mutually associated. Persons otherwise associated shall not be deemed to be persons where one person is a member of the supervisory boards of two persons,</p> <p>3. controlling and controlled and also persons controlled by the same controlling person,</p> <p>4. related persons, [as defined in Civil Code, e.g. relatives in the direct line, siblings, spouse, persons related by marriage, or persons who live together permanently]</p> <p>5. that created a legal relationship predominantly for the purpose of reducing a tax base or increasing a tax loss.</p>	
--	---	--

## Transfer Pricing Methods

<p>4</p> <p><b>Does your domestic transfer pricing framework provide for transfer pricing methods to be used in respect of transactions between related parties?</b></p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>If affirmative, please check those provided for in your legislation:</p> <table border="1" data-bbox="669 1192 1529 1335"> <thead> <tr> <th>CUP</th><th>Resale Price</th><th>Cost Plus</th><th>TNMM</th><th>Profit Split</th><th>Other (If so, please describe)</th></tr> </thead> <tbody> <tr> <td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td></tr> </tbody> </table> <p>Czech domestic provisions are consistent with the TPG and use the same transfer pricing methods.</p>	CUP	Resale Price	Cost Plus	TNMM	Profit Split	Other (If so, please describe)	<input checked="" type="checkbox"/>	<p><a href="#">Guideline GFR D-34</a></p>					
CUP	Resale Price	Cost Plus	TNMM	Profit Split	Other (If so, please describe)									
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>									

		<p>The methods themselves are incorporated into the binding methodological guidelines, not in the Act itself. See answer to question 2.</p> <p>Other method may be used if none of the five TP methods can be applied. This other method must be based on logical and rational reasoning.</p>	
5	<p><b>Which criterion is provided for in your domestic transfer pricing framework for the application of transfer pricing methods?</b></p>	<p>Please check all that apply:</p> <p><input type="checkbox"/> Hierarchy of methods</p> <p><input checked="" type="checkbox"/> Most appropriate method</p> <p><input type="checkbox"/> Other (<i>if so, please explain</i>)</p>	
6	<p><b>Does your domestic transfer pricing framework contain specific guidance on commodity transactions?</b></p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> For controlled transactions involving commodities, the guidance contained in paragraphs 2.18-2.22 of the TPG is followed.</p> <p><input type="checkbox"/> Domestic transfer pricing framework provides for the use of a specific method for controlled transactions involving commodities (<i>if so, please explain</i>)</p> <p><input checked="" type="checkbox"/> No</p>	<p>OECD TPG guidance is followed even though there is no specific legislation or regulation.</p>

### Comparability Analysis

7	<p><b>Does your jurisdiction follow (or largely follow) the guidance on comparability analysis outlined in Chapter III of the TPG?</b></p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	
			<p>Czech domestic legislation is consistent with Chapter III of the TPG.</p>
8	<p><b>Is there a preference in your jurisdiction for domestic comparables over foreign comparables?</b></p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	<p>Guideline GFR D-34 establishes the preference for domestic comparables. However, in some cases, there is not enough independent comparable data within</p> <p><a href="#">Guideline GFR D-34</a></p>

		the Czech Republic and therefore transactions that take place outside of the Czech Republic can also be accepted as comparables.		
9	<b>Does your domestic transfer pricing framework permit the use of secret comparables for transfer pricing assessment purposes?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
		The tax administration must acquaint the taxpayer with all evidence that is used in tax proceedings, this evidence must be reviewable by the court.		
10	<b>Does your domestic transfer pricing framework allow or require the use of an arm's length range and/or statistical measure (e.g. the interquartile range or other percentiles) for determining arm's length remuneration?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
		Czech domestic legislation is consistent with Chapter I of the TPG.		
11	<b>Are comparability adjustments required under your domestic transfer pricing framework?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
		Czech domestic legislation is consistent with the TPG.		
<b>Intangible Property</b>				
12	<b>Does your domestic transfer pricing framework contain guidance specific to the pricing of controlled transactions involving intangibles?</b>	<input checked="" type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow (or largely follow) the guidance in Chapter VI of the TPG? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (please provide further explanations below) <input type="checkbox"/> No		
13	<b>Are there any other rules outside your transfer pricing framework that are relevant for the pricing of controlled transactions involving intangibles?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

## Hard-to-Value Intangibles<sup>3</sup>

14	<b>Does your domestic transfer pricing framework contain guidance specific to hard-to-value intangibles (HTVI)?<sup>4</sup></b>	<input checked="" type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow the guidance on HTVI in Chapter VI of the TPG? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (please provide further explanations below) <input type="checkbox"/> No	
15	<b>If your jurisdiction applies the HTVI approach, what are the conditions for the application of the HTVI approach?</b>	The tax administration follows the guidance in Chapter VI of the TPG.	
16	<b>Are transactions falling within the scope of the HTVI approach subject to a transfer pricing analysis different from the one established in Chapters I and VI, or to other compliance requirements specifically applicable to transfer prices (e.g. domestic anti-abuse rules)?</b>	No, Chapter I and VI are used for the transaction falling within the scope of the HTVI.	
17	<b>What is the statute of limitations applicable to transactions falling within the scope of the HTVI approach in your domestic transfer pricing framework? Does this statute of limitations differ from those applicable to other transactions?</b>	There is no specific statute of limitations.	
18	<b>Can taxpayers request a bilateral or multilateral advance pricing agreement (“APA”) for transactions falling within the scope of the HTVI approach under your domestic transfer pricing framework?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

<sup>3</sup> Please note that questions in this section are imported from the HTVI questionnaire and integrated into this TPCP to centralise all jurisdiction-related transfer pricing information.

<sup>4</sup> In the case of jurisdictions that do not apply the HTVI approach (i.e. they responded “no” to question 14), it is not necessary to respond to the remaining questions in the HTVI section and these questions will not be published as part of jurisdiction’s transfer pricing country profile.

19	<b>What measures exist or approaches have been adopted to avoid the use of hindsight (e.g. training of tax administrators, internal circulars/informative notes)?</b>	Czech Republic provides training for tax auditors (systematic training on transfer pricing are organized four times a year) and holds methodological meetings twice a year on current TP topics with tax officials who specialize in transfer pricing.	
20	<b>Is it possible for your tax administration to make adjustments under the HTVI approach in open years amounts pertaining to closed years?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
21	<b>Does your domestic transfer pricing framework allow the tax administration to make corresponding adjustments under the HTVI approach in open years for amounts pertaining to closed years?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
22	<b>Is it possible for your tax administration to make several adjustments for one single HTVI transaction under the HTVI approach?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

### Intra-group Services

23	<b>Does your domestic transfer pricing framework provide guidance specific to intra-group services transactions?</b>	<input type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow (or largely follow) the guidance in Chapter VII of the TPG? <input type="checkbox"/> Yes <input type="checkbox"/> No (please provide further explanations below) <input checked="" type="checkbox"/> No	
24	<b>Does your domestic transfer pricing framework provide for or allow the application of a simplified approach for low value-adding intra-group services?</b>	<input checked="" type="checkbox"/> Yes. If so, does it follow (largely follow) the low value-adding services approach in Chapter VII? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (please provide further explanations below) <input type="checkbox"/> No	<a href="#">Guidance GFD D-10 on low value-added services provided between related parties/associated enterprises</a>

25	Are there any other rules outside your transfer pricing framework for pricing intragroup services?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>Financial Transactions</b>			
26	Does your domestic transfer pricing framework provide guidance specific to financial transactions?	<input checked="" type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow (or largely follow) the guidance in Chapter X of the TPG? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (please provide further explanations below) <input type="checkbox"/> No	
27	Are there any other rules outside your transfer pricing framework that are relevant for the tax treatment of financial transactions? (e.g. whether your jurisdiction has implemented the measures in BEPS Action 4 to limit interest deductions and other financial payments or any similar rules)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>The Czech Tax Act has special provision to limit interest deduction according BEPS Action 4 in Section 23e.</p>
<b>Cost Contribution Arrangements</b>			
28	Does your jurisdiction allow cost contribution arrangements?	<input checked="" type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow (or largely follow) the guidance in Chapter VIII of the TPG? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (please provide further explanations below) <input type="checkbox"/> No	

## Transfer Pricing Documentation

29	<p><b>Does your domestic transfer pricing framework require the taxpayer to prepare transfer pricing documentation?</b></p> <p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p><i>If affirmative, please check all that apply:</i></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Master file consistent with Annex I to Chapter V of the TPG</li> <li><input type="checkbox"/> Local file consistent with Annex II to Chapter V of the TPG</li> <li><input type="checkbox"/> Country-by-country report consistent with Annex III to Chapter V of the TPG</li> <li><input type="checkbox"/> Specific transfer pricing returns (separate or annexed to the tax return)</li> <li><input type="checkbox"/> Other (specify):</li> </ul>	<p><a href="#"><u>Ministry of Finance Guidance D-334 on the scope of documentation of pricing methods between related parties</u></a></p>
30	<p><b>Please briefly explain the relevant requirements related to each transfer pricing documentation requirement (i.e. timing for preparation or submission, languages, etc.)</b></p> <p>Master File and Local File is not currently regulated by law, but only Ministry of Finance recommends having them in the Guidance D-334 according to the TPG.</p> <p>CbC report is regulated since 2017 by the Act 164/2013, with the amendment No.: 305/2017. Multinational groups that qualify for CbCR publish their reports within 12 months of the end of the reporting accounting period of the multinational group of companies.</p>	
31	<p><b>Does your domestic transfer pricing framework provide for specific transfer pricing penalties and/or compliance incentives regarding transfer pricing documentation?</b></p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>A penalty may be applied for non-submission of the CbCR based on the Czech law. See below the relevant provision of the law:</p> <p>Section 13zp</p> <p><b>Fines</b></p> <p>(1) The tax administrator may also impose a fine on the Czech member entity of a multinational group of enterprises for failure to fulfil an obligation of a non-monetary nature if it breaches the obligation</p> <ul style="list-style-type: none"> <li>a) to keep documents,</li> <li>b) to request the ultimate parent entity of such a group for assistance.</li> </ul> <p>(2) The tax administrator may impose a disciplinary fine up to CZK 1 500 000 on the Czech member entity of a multinational group of enterprises which is the ultimate parent entity of such a group if such an entity breaches an obligation in reporting.</p>	<p>Act no. 164/2013 Coll. Section 13zp</p>

	<p>(3) The tax administrator may impose a disciplinary fine up to CZK 1 500 000 on the Czech member entity of a multinational group of enterprises which is the representative entity of such a group if such an entity breaches an obligation in reporting.</p> <p>(4) The tax administrator may impose a disciplinary fine up to CZK 600 000 on the Czech member entity of a multinational group of enterprises if it breaches an obligation in reporting.</p> <p>(5) A disciplinary fine under Subsection 4 may not be imposed on the Czech member entity of a multinational group of enterprises which</p> <ul style="list-style-type: none"> <li>a) proves that it has not obtained or received from the ultimate parent entity of such a group the information which is necessary for the fulfilment of the obligation to submit the country-by-country report for such a group, although such information was requested from such an ultimate parent entity,</li> <li>b) states, in the country-by-country report for such a group, all the information that is available to it and that was obtained or received by it, and</li> <li>c) states in the report that the ultimate parent entity of such a group refused to provide assistance to it.</li> </ul>	
--	--	--

32 **Does your domestic transfer pricing framework provide for exemption from transfer pricing documentation obligations?**

Yes  
 No

### Administrative Approaches to Avoiding and Resolving Disputes

33 **Which mechanisms are available in your jurisdiction to prevent and/or resolve transfer pricing disputes?**

Please check those that apply:

Rulings  
 Enhanced engagement or cooperative compliance programmes  
 Advance Pricing Agreements (APA)
 

- Unilateral APAs
- Bilateral APAs
- Multilateral APAs

 International Compliance Assurance Programme (ICAP)  
 Mutual Agreement Procedures

[Czechia's MAP Profile](#)

	<p><input type="checkbox"/> Other (please specify):</p> <p>Domestic APA is regulated by the provision of 38nc and 38nd of the Czech Income Tax Act.</p> <p>MAP is regulated by Double Tax Treaty, by Arbitration Convention or by the Act no. 335/2020 implementing EU Directive 2017/1852 on 22.7.2020.</p> <p>For further information, see Czech Republic's OECD MAP profile.</p>	
--	---	--

### Simplified and Streamlined Approach for Baseline Marketing and Distribution Activities

34	<p><b>Does your domestic transfer pricing framework allow the application of the simplified and streamlined approach for baseline marketing and distribution activities in the relevant Annex of Chapter IV of the TPG?</b></p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p><input type="checkbox"/> Other (please elaborate)</p> <p>Czechia has a political commitment to accept Amount B if it is used by a covered jurisdiction, through a bilateral agreement between the competent authorities.</p>	
35	<p><b>If your domestic transfer pricing framework allows the application of the simplified and streamlined approach, how is it implemented?</b></p>	<p><input type="checkbox"/> In-scope tested parties resident within the jurisdiction can elect to apply the simplified and streamlined approach (i.e. safe harbour)</p> <p><input type="checkbox"/> In-scope tested parties resident within the jurisdiction are required to follow the simplified and streamlined approach for in-scope qualified transactions and tax administrations are allowed to impose the application of the simplified and streamlined approach to in-scope qualified transactions of tested parties resident within their jurisdiction (i.e. rule)</p> <p><input checked="" type="checkbox"/> N/A</p>	
36	<p><b>If your domestic transfer pricing framework allows the application of the simplified and streamlined approach, what is the operating expense to sales (OES) upper bound chosen by your jurisdiction regarding scoping criterion 13.b?</b></p>	<p><input type="checkbox"/> 20%</p> <p><input type="checkbox"/> 30%</p> <p><input type="checkbox"/> Other (please specify)</p> <p><input checked="" type="checkbox"/> N/A</p>	

37	Does your jurisdiction respect the outcome of the application of the simplified and streamlined approach by a covered jurisdiction in line with the Inclusive Framework political commitment?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
38	If your domestic transfer pricing framework allows the application of the simplified and streamlined approach for resident in-scope tested parties, does your jurisdiction respect the outcome of the application of such approach by another jurisdiction that is not a covered jurisdiction?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>Safe Harbours and Other Simplification Measures</b>			
39	Does your jurisdiction provide for any safe harbours or other simplification measures in respect of certain industries, types of taxpayers, or types of transactions (not listed in other sections of this questionnaire)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>Other Legislative Aspects or Administrative Procedures</b>			
40	Does your domestic transfer pricing framework allow downward corresponding adjustments in the absence of a mutual agreement procedure (e.g. unilateral corresponding adjustments)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
41	Does your domestic transfer pricing framework allow or require taxpayers to make year-end adjustments?	<input type="checkbox"/> Yes. Year-end adjustments are required. <input checked="" type="checkbox"/> Yes. Year-end adjustments are allowed. <input type="checkbox"/> No	

42	<b>Does your domestic transfer pricing framework provide for secondary adjustments?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Attribution of Profits to Permanent Establishments</b>			
43	<b>Which version of Article 7 of the OECD Model Tax Convention on Income and on Capital do your tax treaties contain?</b>	<input checked="" type="checkbox"/> Article 7 as it read before 2010. <input type="checkbox"/> If so, please indicate in how many treaties: in all tax treaties. <input type="checkbox"/> Article 7 as it reads after 2010. <input type="checkbox"/> If so, please indicate in how many treaties: <input type="checkbox"/> Other (please provide additional details)	
44	<b>For tax treaties containing Article 7 as it read before 2010, does your jurisdiction apply the authorized OECD approach (AOA)?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (please explain the approach used and which tax treaties are concerned)	Double tax treaties concluded by the Czech Republic have Article 7 in the wording of the Model OECD Convention of 2008 – non-AOA approach. Despite the fact that the AOA approach is not applied, it is possible to make an adjustment of the profit after the end of the taxation period in order to provide a true picture (a fair value of profit) respecting the real situation (functions and risks borne by the individual parts of the company (PEs) and the company itself).
45	<b>Does your domestic transfer pricing framework contain specific guidance for the attribution of profits to permanent establishments of non-resident entities? If so, please provide a summary of the main features of this guidance.</b>	<input type="checkbox"/> Yes, they follow the AOA as described in the 2008 Report on the Attribution of Profits to Permanent Establishments <input type="checkbox"/> Yes, they follow the AOA as described in the 2010 Report on the Attribution of Profits to Permanent Establishments <input checked="" type="checkbox"/> Yes, they do not follow the AOA (please provide a summary of the main features of these rules) <input type="checkbox"/> No	Czech Income Tax Act 586/1992 Coll., Section 23 para 11 Methodical Instruction on the Procedure for Taxation of Income of Tax Non-Residents from Activities Carried out through a Permanent Establishment no. 79599/19 from 17.12.2019
Main features are specified in the Czech Income Tax Act 586/1992 Coll., Section 23 para 11, which is worded as follows: (11) For a permanent establishment (Section 22 Subsection 2), the tax base may not be lower or the tax loss higher than the base or loss that would be reached from the			

	<p>same or similar activity performed under similar conditions by a payer with its registered office or residence in the territory of the Czech Republic. For determining such fact, it is possible to use the proportion of the profit or loss to the costs or gross income of comparable payers or activities, a comparable amount of trade margin (commission), and other comparable data. It is also possible to use the method of distributing the total profit or loss of the establisher of the permanent establishment between/among its parts.</p> <p>Some rules are also in Methodical Instruction on the Procedure for Taxation of Income of Tax Non-Residents from Activities Carried out through a Permanent Establishment no. 79599/19 from 17.12.2019.</p> <p>The Czech Republic does not invoice management fees, licence fees and interests (except banks) between the enterprise and its PE. However, interests and licence fees paid to third parties can be attributed to a PE if they are connected to the PE's activities. The business results of a PE must be at arm's length and adjustments can be made to the PE's accounts to reflect arm's length results.</p>	
<b>Other Relevant Information</b>		
46	<b>Other legislative aspects or administrative procedures regarding transfer pricing</b>	N/A
47	<b>Other relevant information (e.g. whether your jurisdiction is preparing new transfer pricing regulations, or other relevant aspects not addressed in this questionnaire)</b>	N/A

For more information, please visit: <https://www.oecd.org/en/topics/sub-issues/transfer-pricing/transfer-pricing-country-profiles.html>