

# SHORT GUIDEBOOK

on the VAT classification of items sold in the  
Czech Republic for the Sellers to be registered on  
Allegro

The purpose of this GUIDEBOOK is to present general information regarding classification of items offered on Allegro from the perspective of VAT treatment in the Czech Republic. The GUIDEBOOK contains some general guidelines and practical tips for the Sellers which may be helpful during analysis of particular cases. Nevertheless, this GUIDEBOOK should not be treated as any sort of individual tax advice regarding assessment of the tax position in individual Sellers' cases. Whenever required, the Seller should perform a relevant analysis to assess VAT treatment of particular goods and/or services supplied.

This guidebook is relevant mostly for those Sellers, whose sales is:

- i. subject to the VAT eCommerce Package and from whom Allegro is obliged to collect VAT from the B2C sales and for those, who
- ii. are interested in conducting local B2B sales from and to the Czech Republic.

All Sellers are entitled to voluntarily declare:

- i. an entitlement or a possibility to apply reduced VAT rate on their sales in respect to the particular offer
- ii. a classification of their offer as goods or services
- iii. a basis for excluding offer from the scope of the VAT eCommerce Package.

Note that you most probably sell goods subject to the standard CZ VAT rate (21%). In such a case, you do not need to take any steps in this respect.

If you do not provide any information in the relevant section, for the purposes of the VAT eCommerce Package we will assume you sell goods subject to the standard 21% VAT rate.

Note that you can check guidelines on classification of goods for VAT purposes in all the EU countries in the respective database available under:

[https://ec.europa.eu/taxation\\_customs/tedb/vatSearchForm.html](https://ec.europa.eu/taxation_customs/tedb/vatSearchForm.html)

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# 1. Introduction

If you are a Seller in the middle of the registration process on Allegro, you probably already know that you can offer different Items for listing. They may cover goods, services and rights which are listed on Allegro (remember there are Items which are forbidden or restricted from being sold on Allegro, as determined in the Allegro Terms & Conditions). Determining Item specifics and their classification is required for proper listing. However, you should also be aware that the classification of Items is also crucial to determine a correct VAT treatment of offered/supplied Items in the Czech Republic (and, in certain cases, also within the EU).

This GUIDEBOOK provides general guidelines regarding classification of Items for VAT purposes and determination of general rules of VAT treatment in the Czech Republic, which is important from the perspective of VAT obligations in the Czech Republic for both the Sellers and Allegro.

Note: This GUIDEBOOK will not help you determine the Item classification for purposes other than related of VAT treatment in the Czech Republic (e.g. it cannot be used to determine which Items are forbidden or restricted from listing on Allegro– for this purpose, read the Allegro Terms & Conditions

## **VAT treatment in the Czech Republic**

As a rule, entrepreneurs who supply goods and/or render services in the territory of the Czech Republic within the scope of their business activity are generally obliged to register for VAT purposes in the Czech Republic, charge VAT on the supply (i.e. add VAT to each transaction performed, especially when goods or services are supplied to private individuals), use a proper VAT rate, and collect the tax for onward payment to tax authorities through VAT filling. Only in selected cases VAT registration is not required. There are also certain types of operations which are not covered by VAT treatment in the Czech Republic. Moreover, there are special EU-wide procedures for limiting the VAT registrations obligations (e.g. VAT OSS or VAT IOSS – depending on the Sellers status and the transaction scheme). There are also certain types of operations which are not covered by VAT treatment in the Czech Republic.

Those general rules are applicable also in the case of sale transactions performed by Sellers within their business activities, via Allegro.

Depending on specifics of the transactions performed via Allegro, either the Supplier or Allegro is obliged to collect VAT for those transactions and declare it to the Czech VAT authorities in relevant Czech VAT reporting. Proper information regarding Items offered by the Sellers and nature of those transactions, including Items value, country of origin, as well as VAT classification described below, will help to determine who and how should settle and collect VAT in the Czech Republic for particular supplies.

## **When Allegro is obliged to collect and declare VAT in the Czech Republic (instead of the Seller)?**

Such situations refer generally to distance sales transactions where the Sellers supply goods in business to consumer relations (B2C) and where the transaction is concluded via Allegro.

Under the VAT regulations which came into force in the European Union (including the Czech Republic) on July 1, 2021, in case of distance sales of goods to individuals (B2C relation) facilitated by electronic platform such as Allegro, VAT may be due in the Czech Republic or other EU countries for such supplies. If Allegro facilitates such sales transactions between the Sellers and consumers located in the Czech Republic or within the EU, it will be obliged to collect and pay VAT to the tax authorities.

Those rules (Allegro's obligation to collect VAT due on distance sales of goods to customers in B2C relation) refer only to situations where Allegro facilitates the supply of:

- goods which were already released into free circulation in the EU, and goods which are located in the EU which are supplied to customers in the EU, irrespective of their value, when the Seller is not established

in the EU (this case refers to situation where the Seller has no seat or fixed establishment within the EU, even if such Seller has registered for VAT in any EU country).

In those cases, Allegro will be obliged to apply relevant VAT rate for the goods supplied by the Seller via the platform (depending on where the customer is located or receives the supplied goods; e.g. if the customer receives the goods in Germany, the VAT rate will be applied according to VAT rules applicable in Germany), collect VAT, and pay that to the tax authorities (instead of the Seller). If the Seller provides supplies to customers in the Czech Republic, Allegro will apply Czech VAT rates (please see points 1.2, 2 and 3 to check which VAT rates are applicable in the Czech Republic).

### **When the Suppliers will be obliged to collect and declare VAT in the Czech Republic?**

The Sellers need to calculate, collect, and declare VAT to Czech tax authorities in case of supply of Items classified as goods or services other than mentioned above if the supply is performed within the scope of the Seller's business activity (if the Seller is the VAT taxpayer), and the transaction is subject to VAT in the Czech Republic.

This may refer to both B2C (business to customer) and B2B (business to business) relations if the goods are supplied or services are provided in the Czech Republic.

### **Why classification of Items is important for VAT purposes?**

Regardless of who – the Seller or Allegro – is obliged to declare the VAT to Czech tax authorities, for correct VAT treatment of supplied Items it is crucial to determine:

- (i) the subject of the sale (whether these are goods or services, or other Items which are outside the scope of VAT),
- (ii) whether the VAT is due on the supply in the Czech Republic or in another country,
- (iii) what VAT rate is applicable for that sale in the Czech Republic, and
- (iv) how and in what amount the VAT should be settled to the Czech tax authorities.

In this regard, as of July 1, 2021, a review of the nature of given transaction and matching appropriate VAT rates may have relevant consequences both for Allegro and for the Seller themselves. Additional aspects and specifics of transaction need to be analysed to determine correct VAT treatment in the Czech Republic (for that reason Allegro will ask an additional question to the Sellers while listing Items on the platform). This GUIDEBOOK provides practical guidelines in this respect.

NOTE: VAT treatment in the Czech Republic depends on what you sell. You need to consider:

- whether you are supplying goods or services
- what categories of goods or services you provide
- whether there are any specific Items listed which may have specific VAT treatment (e.g., exemptions).

## 1.1. What am I selling - goods or services?

Generally, under the Czech VAT regulations (reflecting VAT rules applicable within the European Union), transactions performed in the Czech Republic may be classified as sales of goods or services. There are also Items which could fall outside the scope of VAT or which have a specific VAT treatment. For the needs of listing Items on Allegro, it is crucial to determine if they fall in one of the 3 major groups:

### ❖ GOODS

Supply of goods - “goods” are defined as tangible things (except for money and securities), the right to construct, live animal, human body and part of the human body, gas, electricity, heat and cold.

Examples: books, clothes, toys, household equipment, gas.

Important: Vouchers, tickets, or discount coupons are generally not considered to be goods and their sale requires special attention. Coins and banknotes that are not used as legal tender or that have a numismatic value are not considered as “money” and fall under the definition of goods. For more information about delivery of goods, see [point 2](#).

### ❖ SERVICES

Supply of services is defined as any supply which is not treated as a supply of goods.

Examples: software licenses, selling accesses (subscriptions) to music and entertainment platforms, selling licenses, gaming accounts, transportation, catering and restaurant services, advisory, accountancy services, etc.

For more information about provision of services, see [point 3](#).

### ❖ EXCLUSIONS / SPECIFIC TREATMENT

#### a. VAT exclusions

Items which are not subject to VAT as goods or services.

Examples: money equivalents, such as prepaid cards or cards for safe internet payments, etc.

For more information about VAT exclusions, see [point 4](#).

#### b. Specific exclusions and VAT treatment connected with excise goods.

**IMPORTANT:** In some specific cases, the nature of transaction imply a special treatment on the grounds of VAT regulations. Example: if you sell vouchers (gift vouchers, book tokens, electronic vouchers, etc.), see [point 5](#).

## 1.2. VAT rates in the Czech Republic

In Czech VAT regulations, particular groups of goods and services are generally assigned to specific VAT rates. The VAT rates in the Czech Republic are: 21% (standard rate concerning vast majority of products) and 12% (reduced rate). For specific transactions, Czech VAT regulations provide also 0% (books and e-books) and VAT exemption.

Goods and services which may be subject to a reduced VAT rate in the Czech Republic are strictly determined and listed in the Czech VAT regulations.

In case your goods or services are not directly stipulated in the Czech VAT regulations as subject to a reduced rate (or VAT exemption), the standard 21% VAT rate should be applied for goods and services provided to Czech customers or in the Czech Republic (unless the transaction is fully excluded from VAT treatment).

Additionally, the Czech VAT regulators introduced a dedicated instrument – Binding Rate Assessment (Czech: “Závazné posouzení sazby DPH”) – which enables taxpayers to confirm a proper VAT rate for goods and services applicable in the Czech Republic with the Czech tax authorities (note that Binding Rate Information cannot be used to determine VAT rates in countries other than the Czech Republic). If in doubt, a taxpayer (also foreign) may apply to the tax authorities (within specific procedure) for a Binding Rate Assessment to confirm what VAT rate is applicable to a specific product or service provided.

NOTE: While listing Items on Allegro, remember to analyse and provide classification of Items you offer (goods vs. services vs. other items) to ensure that the VAT treatment in the Czech Republic is correctly applied. Secondly, determine if the Items are subject to the standard VAT rate (21%), the reduced VAT rate (12%), 0% VAT rate or if they are covered by VAT exemption. In this respect, check the guidelines presented in points 2 and 3 below.

## 2. Items classified as GOODS for VAT purposes

### 2.1. What may be classified as goods for VAT purposes

As determined above, “goods” are defined as tangible things (except for money and securities), the right to construct, live animal, human body and part of the human body, gas, electricity, heat and cold.

Examples: books, clothes, toys, household equipment, gas.

### 2.2. I am selling goods in the Czech Republic via Allegro. How to check which VAT rate is applicable?

To check how the goods you sell are taxed in the Czech Republic, you need to determine:

- i. the category or type of goods you sell, and
- ii. how it is classified for the purposes of the Combined Nomenclature (i.e., with consideration of so called CN codes).

### 2.3. What you should know about CN codes and how they are used for purposes of VAT treatment

CN codes are used for classifying goods. They are set up to meet the requirements of both the Common Customs Tariff, and the EU's external and intra-community trade statistics. The CN codes are assigned based on the nature or type of goods.

In order to determine a correct CN code, identify the category of the goods you sell and find a corresponding CN code on the list of Combined Nomenclature available on the European Commission website under this link: [CN codes](#).

In order to facilitate proper classification, also check explanatory notes for the Combined Nomenclature: [CN explanatory notes](#).

When possessing the aforementioned information (category of product and a CN code), in majority of cases you should be able to assess if goods you sell are subject to the standard or the reduced VAT rate in the Czech Republic. This is because Czech VAT regulations generally determine the reduced VAT rate for goods classified by specific CN codes (note that there are also cases where the reduced VAT rate is applicable to specific types of goods, regardless of CN codes, if they have certain characteristics or meet certain conditions). However, please note that in order to apply the reduced rate the specific goods should match not only the prescribed CN code but also the wording description for the given category (see below).

If you know CN codes of the goods you sell, see points 2.4 and 2.5 below to check the general information on the tax rate applicable to your goods.

Note that generally all goods covered by the same CN code should be taxed with the same tax rate. Only in some cases, goods that potentially should be assigned to particular group (which is taxed according to one VAT rate) are taxed with different VAT rate as an exception – however, such situations are clearly indicated in the Czech VAT regulations. In such cases, there exist a clear exclusion (e.g. for some goods within one CN group which cannot be taxed with a given reduced VAT rate as other goods within the same CN group).

If you use a reduced VAT rate, you should check the CN code of goods you sell at least once a year, as possible changes in the CN classification and the Czech VAT regulations may affect VAT treatment.

### 2.4. What VAT rates are applicable on goods in the Czech Republic

In the Czech Republic, supply of goods can be subject to following VAT rates:



|                                                                           |                                                                                                                                                                                                                                                                                                                      |
|---------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p style="text-align: center;"><b>21%</b><br/><b>BASIC VAT RATE</b></p>   | <p>Applicable to vast majority of products (all goods that could not be identified as subject to the reduced VAT rate of 12% rate, or the VAT exemption).</p> <p>Examples: clothes, furniture, kitchenware, jewelry, car accessories, electronic devices, toys, household equipment, beverages etc.</p>              |
| <p style="text-align: center;"><b>12%</b><br/><b>REDUCED VAT RATE</b></p> | <p>Examples: selected foods, selected healthcare goods, some products for disabled people, periodicals etc.</p> <p>To check whether the goods you sell should be subject to the reduced 12% VAT rate, see table A below.</p>                                                                                         |
| <p style="text-align: center;"><b>0%</b><br/><b>VAT RATE</b></p>          | <p>From January 1, 2024 the VAT rate of 0% applies to books, picture books, drawing templates, coloring books, brochures, cartographic products, including audio recordings of the presentation of their content and e-books.</p>                                                                                    |
| <p style="text-align: center;"><b>VAT exemption</b></p>                   | <p>The VAT exemption more often applies to services (such as financial or insurance services, etc.) than to goods.</p> <p>Other goods exempted from VAT in the B2C relation may cover e.g., a supply of postal stamps (for nominal value) used in the Czech Republic or supply of selected immovable properties.</p> |

To avoid making mistakes in classification of Items, you need to carefully verify the nature of your Item, as well as check which VAT rate is applicable - sometimes Items which seem to be similar may have different VAT classifications and be applicable to different VAT rates.

**Example 1:**

Transactions, including banknotes and coins used as legal tender are VAT-exempt. However, under the Czech VAT regulations, collectible banknotes and coins, as such considered to be coins of gold, silver, or other metal and banknotes which are not normally used as a legal tender or are of a numismatic value are subject to the basic 21% VAT rate or the special procedure for traders with used goods, collectibles or investment gold.

2.5. Which goods are subject to the reduced 12% VAT rate and 0% VAT rate based on CN codes?

Below you will find table A with listed goods which are subject to the reduced VAT rate of 12% and 0% (depending on their CN codes and wording descriptions). In the Czech Republic, the reduced VAT rate is applicable for specific goods, as presented in table A.

**Table A**

| CN code symbol                 | Name of Goods (group of goods)                                                                                                                                                                                                                                                                                                                                                                                                     | REDUCED VAT RATE |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>Goods with 12% VAT rate</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                    |                  |
| 01-05, 07-23, 25               | Food (excluding beverages) and animal feed; live animals, seeds, plants and ingredients, usually intended for food preparation; products usually used as a food supplement or substitute.                                                                                                                                                                                                                                          | 12%              |
| 2201                           | Drinking water supplied by the waterworks.                                                                                                                                                                                                                                                                                                                                                                                         | 12%              |
| 0601, 0602                     | Live trees and other plants; onions, roots and the like; cut flowers and decorative foliage                                                                                                                                                                                                                                                                                                                                        | 12%              |
| 07-12                          | Plants and seeds                                                                                                                                                                                                                                                                                                                                                                                                                   | 12%              |
| 28-30                          | Radiopharmaceuticals, sorbitol for diabetics, aspartame, saccharin and its salts, antibiotics, pharmaceutical products - only intended for health services, disease prevention and treatment for human medical purposes.                                                                                                                                                                                                           | 12%              |
| 4902, 8523                     | Newspapers, magazines and periodicals, including sound recordings of their contents, if it is not a product for which advertising represents more than 50% of the content or which exclusively or mainly consists of musical sound content or audiovisual content.                                                                                                                                                                 | 12%              |
| 01-96                          | Medical devices or accessories of medical devices according to the legal regulation governing medical devices and diagnostical medical devices in vitro based on the EU regulations.                                                                                                                                                                                                                                               | 12%              |
| 9001, 9003, 9004               | Contact lenses, spectacle lenses and glasses.                                                                                                                                                                                                                                                                                                                                                                                      | 12%              |
| 9021                           | Orthopedic aids and appliances, including crutches, surgical belts and hernia belts; splints and other means for the treatment of fractures; artificial body parts; aids for the deaf and other devices worn in the hand or on the body or implanted in the body to compensate for the consequences of a defect or incapacity, namely only medical devices or accessories of medical devices                                       | 12%              |
| 48, 64, 66, 84, 85, 87, 90, 91 | Goods for personal use by sick or disabled persons to treat illness or disability or to mitigate their consequences, which is not a medical device or an accessory to medical devices according to the legal regulation governing medical devices (Braille paper, Typewriters and word processing machines, Electronic calculators with voice or tactile output, Telephones and videophones designed for use by deaf persons, ...) | 12%              |
| 94                             | Children's car seats                                                                                                                                                                                                                                                                                                                                                                                                               | 12%              |
| <b>Goods with 0% VAT rate</b>  |                                                                                                                                                                                                                                                                                                                                                                                                                                    |                  |
| 4901, 4903-4905, 4911 and 8523 | Books, brochures, picture books, drawings, coloring books, music and cartographic written products, including sound recordings of lectures of their contents, if it is not a product for which advertising represents more than 50% of the content or which exclusively or mainly consists of musical sound content or audiovisual content                                                                                         | 0%               |

### 3. Items classified as SERVICES for VAT purposes

As mentioned in the introduction, identifying the given transaction's nature (supply of goods vs. supply of services) is crucial for proper determination of VAT obligations arising for both Allegro and Sellers.

#### 3.1. I am not selling goods. Does it mean I am selling services in the Czech Republic?

According to the Czech VAT regulations, as a rule, if you are performing business activity in the Czech Republic and you are not selling goods (defined in point 2 above), you are probably selling services.

Examples: transportation, catering and restaurant services, advisory, accountancy services, as well as electronic services.

Doubts regarding proper identification of service will usually arise in case of electronic services or discount coupons, due to intangible nature of provided products.

If you sell electronic services, please see [point 3.3.1](#).

If you sell tickets to concerts or other cultural events, please see [point 3.3.2](#).

**IMPORTANT:** There may be situations where the sale of an Item constitutes neither a delivery of goods nor provision of services.

**EXAMPLE:** Sale of particular types of vouchers or prepaid cards (or cards for safe payments on the Internet) may not necessarily constitute provision of services. Please check [point 4](#) below to see examples.

### 3.2. VAT rates applicable to services in the Czech Republic

If the services you supply via the Allegro platform are taxed in the Czech Republic, note that most of services are subject to the 21% VAT rate. However, there are specific situations when the reduced VAT rate or 0% VAT rate (and potentially VAT exemption for strictly determined service types) could be applied to the provided services. The services falling to the reduced rates have to match the respective code of [CZ-CPA \(standard classification of services kept by the Czech Statistic Office\)](#) and the wording description.

A reduced VAT rate is applicable to:

**Table B**

| CZ-CPA code                       | Name of Goods (group of goods)                                                                                                                                                                                                                                               | REDUCED VAT RATE |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>Services with 12% VAT rate</b> |                                                                                                                                                                                                                                                                              |                  |
| 36.00.2                           | Treatment and distribution of water through networks                                                                                                                                                                                                                         | 12%              |
| 37                                | Sewage water removal and treatment                                                                                                                                                                                                                                           | 12%              |
| 49                                | Land transport of passengers and their luggage and passenger transport by ski lifts                                                                                                                                                                                          | 12%              |
| 50                                | Water transport of passengers and their luggage                                                                                                                                                                                                                              | 12%              |
| 55                                | Accommodation services                                                                                                                                                                                                                                                       | 12%              |
| 56                                | Restaurant/catering services except beverages (except drinking water and selected non-alcoholic beverages, milk or soy beverages).                                                                                                                                           | 12%              |
| 59.14, 90, 91, 93                 | Granting permission to enter performances, theaters, circuses, amusement parks, concerts, museums, zoos, cinemas, exhibitions and similar cultural events or similar cultural facilities; granting permission to enter botanical gardens, nature reserves and national parks | 12%              |
| 77, 85, 91                        | Lending or renting of newspapers, magazines and periodicals if it is a public library and other services provided under the Library Act or similar services provided under another legal regulation                                                                          | 12%              |
| 86                                | Health care (unless exempted)                                                                                                                                                                                                                                                | 12%              |

|                                         |                                                                                                                                                                                                                                                                                                                                        |     |
|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| 87                                      | Social care (unless exempted)                                                                                                                                                                                                                                                                                                          | 12% |
| 88.10, 88.91                            | Home care for children, elderly, sick and disabled citizens                                                                                                                                                                                                                                                                            | 12% |
| 93.11, 93.12, 93.13, 93.29.11, 93.29.19 | Granting permission to enter sports events; use of indoor and outdoor sports facilities for sports activities; services related to the operation of recreational parks and beaches                                                                                                                                                     | 12% |
| 96.04                                   | Turkish bath, sauna, steam bath and salt cave services                                                                                                                                                                                                                                                                                 | 12% |
| 96.03                                   | Funeral and related services other than funeral services for animals                                                                                                                                                                                                                                                                   | 12% |
| <b>Services with 0% VAT rate</b>        |                                                                                                                                                                                                                                                                                                                                        |     |
|                                         | Electronically provided service consisting of the provision of a book (i.e. e-book), the supply of which would be taxed at 0%, if it were contained on a material carrier, including services as part of public library and other services provided under the Library Act or similar services provided under another legal regulation. | 0%  |
|                                         | Borrowing or renting a book if it is a public library or other services provided under the Library Act or similar services provided under another legal regulation.                                                                                                                                                                    | 0%  |

IMPORTANT: In some cases, the supply of services shall be exempt from VAT. VAT-exempt services usually cover financial services, insurance services, lease of immovable property and certain educational or medical services.

IMPORTANT: It is necessary to differentiate between a provision of services and a sale of “items” (like particular types of vouchers) which may not necessarily constitute services.

EXAMPLE: In case of provision of:

- SPV vouchers, their supply should be treated as supply of the services to which the voucher relates. To check if you sell vouchers, see [point 5.1](#)
- money equivalents, such as prepaid cards (or cards for safe payments on the Internet), they should not trigger charging VAT. To check if you sell money equivalents, see [point 4.1](#).

### 3.3. Selected examples of specific types of services often supplied via the Allegro platform

Below you will find examples of categories of specific services that the Sellers might sell via the Allegro platform. Comments below could be helpful if you have any doubts regarding proper classification of products you offer.

#### 3.3.1. Electronic services

##### 3.3.1.1. What the rules regarding their taxation are

If you render electronic services, you should:

- check the status of recipient (whether it is a taxpayer or not)
- determine whether it is you that provides services in favor of a final beneficiary
- potentially register for VAT in the Czech Republic (if necessary) – note that most of the EU countries allow to apply simplifications (settlements via OSS in the country of identification)
- account for VAT accordingly.

Ask your tax advisor for details.

**IMPORTANT:** Make sure what is the subject of your sale (e.g. whether it is an electronic service instead of a voucher). To check if you sell vouchers, see [point 5.1](#).

### 3.3.1.2. What electronic services are

By electronic services, the VAT regulations understand services which are delivered over the Internet or an electronic network, and the nature of which renders their supply automated and involving minimal human intervention, and impossible to ensure in the absence of information technology.

Examples of electronic services are: accessing or downloading software, accessing ready-made accounts in gaming platforms, accessing or downloading photographs, subscription to online newspapers and journals, and so on.

Generally, electronic services should be subject to the 21% VAT rate.

### 3.3.1.3. Examples of electronic services

Examples of electronic services and services which are similar but are not treated as electronic services can be found below:

**IMPORTANT:** Make sure what is the subject of your sale (e.g., whether it is an electronic service instead of a voucher).

|     | Examples of electronic services                                                                                                                                                                                                                                                                                                                                   | Examples of non-electronic services                                                              |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| 1.  | the supply of digital products generally, including software and changes to or upgrades of software                                                                                                                                                                                                                                                               | radio and television broadcasting services                                                       |
| 2.  | services providing or supplying business or personal presence on an electronic network, such as a website or a webpage                                                                                                                                                                                                                                            | telecommunications services                                                                      |
| 3.  | services automatically generated from a computer via the Internet or an electronic network, in response to specific data input by the recipient                                                                                                                                                                                                                   | goods where the order and processing is done electronically                                      |
| 4.  | the transfer for consideration of the right to put goods or services up for sale on an Internet website operating as an online market on which potential buyers make their bids by an automated procedure and on which the parties are notified of a sale by electronic mail automatically generated from a computer                                              | CD-ROMs, floppy disks and similar tangible media                                                 |
| 5.  | Internet Service Packages (ISP) of information in which the telecommunications component forms an ancillary and subordinate part (i.e., packages going beyond a mere Internet access and including other elements such as content pages giving access to news, weather forecasts, or travel reports; playgrounds; website hosting; access to online debates etc.) | printed matter, such as books, newsletters, newspapers, or journals                              |
| 6.  | website hosting and webpage hosting                                                                                                                                                                                                                                                                                                                               | CDs and audio cassettes                                                                          |
| 7.  | automated, online, and distance maintenance of programs                                                                                                                                                                                                                                                                                                           | video cassettes and DVDs                                                                         |
| 8.  | remote system administration                                                                                                                                                                                                                                                                                                                                      | games on a CD-ROM                                                                                |
| 9.  | online data warehousing where specific data is stored and retrieved electronically                                                                                                                                                                                                                                                                                | services of professionals such as lawyers and financial consultants who advise clients by e-mail |
| 10. | online supply of on-demand disc space                                                                                                                                                                                                                                                                                                                             | teaching services where the course content is                                                    |

|     |                                                                                                                                                                                                       |                                                                                                            |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
|     |                                                                                                                                                                                                       | delivered by a teacher over the Internet or an electronic network (namely via a remote link)               |
| 11. | accessing or downloading software (including procurement or accountancy programs and anti-virus software), together with later updates                                                                | offline physical repair services of computer equipment                                                     |
| 12. | software to block banner adverts showing, otherwise known as Bannerblockers                                                                                                                           | offline data warehousing services                                                                          |
| 13. | downloading drivers, such as software that connects computers with peripheral equipment (such as printers)                                                                                            | advertising services, in newspapers, on posters, and on television                                         |
| 14. | online automated installation of filters on websites                                                                                                                                                  | telephone helpdesk services                                                                                |
| 15. | online automated installation of firewalls                                                                                                                                                            | teaching services purely involving correspondence courses, such as postal courses                          |
| 16. | accessing or downloading desktop themes                                                                                                                                                               | conventional auctioneers' services reliant on direct human intervention, irrespective of how bids are made |
| 17. | accessing or downloading photographic or pictorial images or screensavers                                                                                                                             | telephone services with a video component, otherwise known as videophone services                          |
| 18. | the digitised content of books and other electronic publications                                                                                                                                      | access to the Internet and World Wide Web                                                                  |
| 19. | subscription to online newspapers and journals                                                                                                                                                        | telephone services provided through the Internet.                                                          |
| 20. | weblogs and website statistics                                                                                                                                                                        |                                                                                                            |
| 21. | online news, traffic information, and weather reports                                                                                                                                                 |                                                                                                            |
| 22. | online information generated automatically by software from specific data input by the customer, such as legal and financial data, (such data as continually updated stock market data, in real time) |                                                                                                            |
| 23. | the provision of advertising space including banner ads on a website                                                                                                                                  |                                                                                                            |
| 24. | use of search engines and Internet directories                                                                                                                                                        |                                                                                                            |
| 25. | accessing or downloading of music to computers and mobile phones                                                                                                                                      |                                                                                                            |
| 26. | accessing or downloading of jingles, excerpts, ringtones, or other sounds                                                                                                                             |                                                                                                            |
| 27. | accessing or downloading films                                                                                                                                                                        |                                                                                                            |
| 28. | downloading games to computers and mobile phones                                                                                                                                                      |                                                                                                            |
| 29. | accessing automated online games which are dependent on the Internet access, or other similar electronic                                                                                              |                                                                                                            |

Source: COUNCIL IMPLEMENTING REGULATION (EU) No 282/2011 of 15 March 2011 laying down implementing measures for Directive 2006/112/EC on the common system of value added tax) Article 7 and Annex I ([link](#))

Note that there are a lot of Items sold via Allegro platform (especially those related to gaming) of which a correct identification as an electronic service could raise doubts. Doubts may arise in case of:

- ✓ an access to account (along with the game) or a game available on gaming platform – both new or developed to certain level – in particular if access is granted by providing a key code
- ✓ an access to account available on gaming platform (along with the game – both new or developed to certain level) – in particular if access is granted by providing a login and a password
- ✓ access to game currency – where access is granted by providing a key code
- ✓ access to game currency – in particular if the access is granted via game characters, during the game etc.

Note that the sale of the above Items could be potentially treated as delivery of unspecified item, for example a voucher enabling to purchase items, or provision of services regarding granting access to specified content. If the assessment of VAT consequences regarding the supply of particular products raises doubts, contact your tax advisor to verify relevant VAT treatment.

### 3.3.2. Sale of tickets to cultural, artistic, sports, scientific, educational, entertaining or similar events

Note that on the grounds of VAT, sale of tickets to cultural artistic, sports, scientific, educational, entertaining, or similar events is generally treated as provision of services.

The ticket is an identity card confirming that a holder or a person named on a ticket has the right to use the service offered by the entrepreneur using the ticket (and therefore obliges the entrepreneur to perform the service and not only to accept the document as remuneration for the service).

Remember that sale of tickets via the Allegro platform may be subject to specific rules (specific listing).

## 4. Exclusions – items which are not classified as Goods or Services for VAT purposes

As mentioned before, situations arise where the sale is not treated as a supply of goods or provision of services. Such situation takes place, for example, if you sell paysafe or prepaid cards, coins and banknotes that are not used as legal tender or that have numismatic value.

### 4.1. I am selling money equivalents in the Czech Republic – how is it taxed?

By prepaid cards or cards for safe payments (such as paysafe cards) we understand the cards which enable exchanging cash or money deposited in a bank account into “electronic money”, to be used in the form of a prepaid card. The money collected in a prepaid card let the customer use it to make electronic purchases e.g. on the Internet, using them to pay for the purchased goods or services to several selected entities. Neither the issuer of prepaid cards nor the distributor has any knowledge of how the customer will use their prepaid card, i.e. for which goods or services they will pay and which entity they will buy from.

According to VAT regulations, supplying prepaid cards should not be considered as either the supplying of goods or the provision of services, because:

- a) prepaid cards and electronic money do not meet the definition of goods (as they represent monetary value)
- b) in general the prepaid cards provided to customers do not constitute benefit as such, but only entitle them to use prepaid cards effectively as money equivalent.

Thus, if you sell prepaid card or electronic money, such supply should generally remain outside the scope of the VAT treatment.

On the other hand, some transactions, including agency or concerning currency, banknotes, and coins used as legal tender are subject to VAT (still, are VAT exempted). Additionally, banknotes and coins which are collectors' items, considered to be coins of gold, silver, or other metals, and banknotes which are not normally used as legal tender or are of a numismatic value are subject to VAT (the basic 21% VAT rate or a special procedure of VAT margin is applicable).



## 5. Exclusions or a special VAT treatment – unspecified items

In some situations, assignment of an Item to one of the groups described above could be problematic. In that event, check whether your Item should not be treated, for example, as a voucher, a discount coupon or a ticket. If in doubt, contact your tax advisor.

### 5.1. Supply of vouchers, cards, tokens, coupons, etc.

Note that it is crucial to determine whether the Item you sell on Allegro should not be identified as a voucher – as there are special rules of voucher taxation. Additionally, in certain cases, delivery of a voucher could remain outside the scope of VAT treatment.

### 5.2. What is a voucher?

If you sell, for example:

- ✓ telephone cards
- ✓ prepaid phone credit
- ✓ tokens
- ✓ certain types of discount vouchers or instruments
- ✓ credits that can be used online

you need to check if it is not a voucher in the meaning of the VAT regulations.

A voucher is an instrument in an electronic or a physical form where:

- there is an obligation to accept it as remuneration or partial remuneration for a supply of goods or services, and
- the goods or services to be supplied or the identities of their potential suppliers are either indicated on the instrument itself or in related documentation, including the terms of use of such instruments.

The name or title of the instrument is not decisive. Instead, it must meet the criteria above to be considered a voucher for VAT purposes.

Tickets to cinemas or museums, postage stamps, and the like are not considered vouchers. If you sell tickets, go to point 3.3.2.

Discount instruments that entitle the holder to a discount upon the purchase of goods or services but carry no right to receive such goods or services are not considered vouchers.

### 5.3. The types of vouchers

There are two types of vouchers: single-purpose vouchers (SPV) and multi-purpose vouchers (MPV). Taxation of vouchers depends on the kind of voucher that is sold.

**IMPORTANT:** It is important to determine what type of voucher you sell.

| Single-purpose vouchers (SPV)                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Multi-purpose vouchers (MPV)                                                                                                                                                                                                                                                                                                                            |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>A single-purpose voucher is a voucher for which the following is known at the time of issuing the voucher:</p> <ul style="list-style-type: none"><li>- the place of supply of the goods or the services to which the voucher relates, and</li><li>- the VAT rate due on those goods or services.</li></ul> <p>A voucher meeting those conditions can only be considered an SPV where the underlying supply to which the voucher relates is liable at a single rate of VAT.</p> | <p>Any voucher that is not a SPV is considered to be a multi-purpose voucher for VAT purposes.</p> <p>MPVs can be used to purchase many different goods and services that are liable to different rates of VAT and can have different places of supply. A voucher is a MPV where either the underlying supply or the VAT which is due is not known.</p> |

|                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>For example, where the underlying goods or services are taxed at the same rate (standard or reduced), the voucher is an SPV. When different VAT rates apply to the underlying supplies, then the voucher should be treated as a multi-purpose voucher</p>                                                                            |                                                                                                                                                                                                                                                                                                                                                                            |
| <p>The issuing of SPV and each subsequent transfer of an SPV are subject to VAT at the rate that applies to the goods or services to which the voucher relates.</p> <p>Effectively, the underlying supply and applicable VAT rate is known at the time of issuing of the SPV. The VAT is due in the VAT period in which it is sold.</p> | <p>VAT is only chargeable when an MPV is redeemed for the underlying supply of goods or services. The handing over of the goods or actual provision of the services in return for an MPV is a supply for VAT purposes.</p> <p>The transfer or issuing of an MPV (the sale of an MPV) by a taxable person to another taxable person should be outside the scope of VAT.</p> |
| <p>The rate of VAT on the issue, transfer or supply of a SPV is the rate applicable to the underlying goods or services.</p> <p>An SPV can also be exempt from VAT if the underlying goods or services are VAT-exempted.</p>                                                                                                            | <p>No VAT is due on the issuing, transfer or supply of an MPV. The VAT only becomes due when an MPV is redeemed.</p> <p>The rate of VAT applicable on redemption of an MPV is the rate applicable to the underlying goods or services supplied.</p>                                                                                                                        |

#### 5.4. Examples of vouchers with the manner of their taxation

| EXAMPLES |                                                                                                                                                                                                                    |               |                                                                      |
|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|----------------------------------------------------------------------|
| 1.       | a key code giving the access to specified operating system (license) in the Czech Republic                                                                                                                         | voucher (SPV) | taxable – 21% VAT                                                    |
| 2.       | a key code giving the access to a specific gaming platform in the Czech Republic                                                                                                                                   | voucher (SPV) | taxable – 21% VAT                                                    |
| 3.       | a gift card worth 50 USD enabling the purchase of specific good or services in specific shop, subject to one specific VAT rate (e.g. a car part) in the Czech Republic                                             | voucher (SPV) | taxable – one VAT rate appropriate for the specified good or service |
| 4.       | a gift card worth 50 USD enabling the purchase of different (unspecified) goods or services in a specific shop or platform, potentially subject to different VAT rates (e.g. different types of food or groceries) | voucher (MPV) | outside of VAT at the moment of supplying such a gift card           |

## 6. Exclusions and special VAT treatment – goods subject to excise tax

When checking the above, you should also verify whether your Item may be subject to excise duty (usually tobaccos, alcohols, fuel, and others). This is also important in view of the fact that excise tax goods do not fall under the standard regulations regarding the distance sale of goods, especially if performed via platforms such as Allegro, and may be taxed separately based on specific regulations. Bearing that in mind, you should verify if the goods you sell are subject to excise duty or not.

### 6.1. What are the goods subject to excise duty?

Under the term “excise goods”, there are particular energy products, alcoholic beverages, and tobacco products, as defined by the EU legislation. Below you can find definitions and examples of products included in each category of excise goods.

| CATEGORY OF EXCISE GOODS           | DEFINITIONS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>ENERGY PRODUCTS</b>             | The term “energy products” covers the following products: <ol style="list-style-type: none"> <li>falling within CN codes 1507 to 1518 if these are intended for use as heating fuel or motor fuel</li> <li>falling within CN codes 2701, 2702, and 2704 to 2715</li> <li>falling within CN codes 2901 and 2902</li> <li>falling within CN code 2905 11 00 which are not of synthetic origin if these are intended for use as heating fuel or motor fuel</li> <li>falling within CN code 3403</li> <li>falling within CN code 3811</li> <li>falling within CN code 3817</li> <li>falling within CN code 3824 90 99 if these are intended for use as heating fuel or motor fuel</li> <li>any product intended for use, offered for sale, or used as motor fuel, or as an additive or extender in motor fuels</li> <li>any other hydrocarbon, except for peat, intended for use, offered for sale, or used for heating purposes.</li> </ol> |
| <b>ALCOHOLIC BEVERAGES</b>         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| a/ beer                            | The term 'beer' covers any product falling within CN code 2203 or any product containing a mixture of beer with non-alcoholic drinks falling within CN code 2206, in either case with an actual alcoholic strength by volume exceeding 0.5 % vol.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| b/ ethyl alcohol                   | The term 'ethyl alcohol' covers: <ul style="list-style-type: none"> <li>all products with an actual alcoholic strength by volume exceeding 1.2 % volume which fall within CN codes 2207 and 2208, even when those products form a part of a product which falls within another chapter of the CN</li> <li>products with CN codes 2204, 2205 and 2206 which have an actual alcoholic strength by volume exceeding 22 % vol.</li> <li>products containing diluted or undiluted spirit.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| c/ still wine                      | The term 'still wine' covers all products falling within CN codes 2204 and 2205, except for sparkling wine: <ul style="list-style-type: none"> <li>having an actual alcoholic strength by volume exceeding 1.2 % vol. but not exceeding 15 % vol. provided that the alcohol contained in the finished product is entirely of fermented origin</li> <li>having an actual alcoholic strength by volume exceeding 15 % vol. and not exceeding 18 % vol. provided they have been produced without any enrichment and that the alcohol contained in the finished product is entirely of fermented origin.</li> </ul>                                                                                                                                                                                                                                                                                                                          |
| d/ sparkling wine                  | The term 'sparkling wine' covers all products falling within CN codes 2204 10, 2204 21 10, 2204 29 10 and 2205 which: <ul style="list-style-type: none"> <li>are contained in bottles with mushroom-shaped stoppers held in place by ties or fastenings, or have an excess pressure due to carbon dioxide in solution of three bar or more</li> <li>have an actual alcoholic strength by volume exceeding 1.2 % vol. but not exceeding 15 % vol. provided that the alcohol contained in the finished product is entirely of fermented origin.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                 |
| f/ other still fermented beverages | The term 'other still fermented beverages' covers all products falling within                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

|                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                        | <p>CN codes 2204 and 2205 (other than wine) and products falling within CN code 2206, except other sparkling fermented beverages, as defined below, and beer:</p> <ul style="list-style-type: none"> <li>- having an actual alcoholic strength by volume exceeding 1.2 % vol. but not exceeding 10 % vol.</li> <li>- having an actual alcoholic strength by volume exceeding 10 % but not exceeding 15 % vol. provided that the alcohol contained in the product is entirely of fermented origin.</li> </ul>                                                                                                                                                                                                                                                                             |
| g/ other sparkling fermented beverages | <p>The term “other sparkling fermented beverages” covers all products falling within CN code 2206 00 91, as well as products falling within CN codes 2204 10, 2204 21 10, 2204 29 10 and 2205 (other than wine), which:</p> <ul style="list-style-type: none"> <li>- are contained in bottles with 'mushroom stoppers' held in place by ties or fastenings, or have an excess pressure due to carbon dioxide in solution of three bar or more,</li> <li>- have an actual alcoholic strength by volume exceeding 1.2 % vol., but not exceeding 13 % vol.</li> <li>- have an actual alcoholic strength by volume exceeding 13 %, but not exceeding 15 % vol. provided that the alcohol contained in the product is entirely of fermented origin.</li> </ul>                                |
| f/ intermediate products               | <p>The term 'intermediate products' covers all products of an actual alcoholic strength by volume exceeding 1.2 % vol., but not exceeding 22 % vol. and falling within CN codes 2204, 2205 and 2206 (not included in the groups listed above).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>TOBACCO PRODUCTS</b>                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| a/ cigarettes                          | <p>The term cigarettes means:</p> <ul style="list-style-type: none"> <li>a) rolls of tobacco that can be smoked as they are and which are not cigars or cigarillos</li> <li>b) rolls of tobacco which by simple non-industrial handling are inserted into cigarette paper tubes</li> <li>c) rolls of tobacco which by simple non-industrial handling are wrapped in cigarette paper.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                          |
| b/ cigars and cigarillos               | <p>The term “cigars and cigarillos” covers the following products if they can be and, given their properties and normal consumer expectations, are exclusively intended to be smoked, as they are:</p> <ul style="list-style-type: none"> <li>a) rolls of tobacco with an outer wrapper of natural tobacco</li> <li>b) rolls of tobacco with a threshed blend filler and with an outer wrapper of the normal color of a cigar, of reconstituted tobacco, covering the product in full, including, where appropriate, the filter but not, in the case of tipped cigars, the tip, where the unit weight, not including filter or mouthpiece, is not less than 2.3 g and not more than 10 g, and the circumference over at least one third of the length is not less than 34 mm.</li> </ul> |
| c/ smoking tobacco                     | <p>The term “smoking tobacco” means:</p> <ul style="list-style-type: none"> <li>a) tobacco which has been cut or otherwise split, twisted or pressed into blocks and is capable of being smoked without further industrial processing</li> <li>b) tobacco refuse put up for retail sale (other than cigarettes, cigars, cigarillos) and which can be smoked.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                  |

## 7. Still not sure?

In some cases, determination of the correct VAT rate could be difficult and raise multiple questions. Remember that this guidebook is not a tax advice. It should not be treated as any sort of advice regarding classification of the VAT rates of performed transactions or assessment of tax position in individual Sellers' cases. In particular situations, the Seller should perform relevant analysis on their own.

Remember that incorrect taxation of sale of goods and services in the Czech Republic may trigger relevant risks for Allegro, but especially for the Seller, as well as his clients.