

## COUNTRY REPORT: CZECH REPUBLIC

### 1. DESCRIPTION OF THE INDIRECT TAX SYSTEMS

This section describes the indirect tax system for Czech Republic. First we explain the value added tax rates, which goods and services they apply on, and which exemptions there are to the standard rates. We then summarize excises for each product category. Information generally refers to June 30th in a given year, unless specified otherwise. Information is presented up to the latest available year.

#### 1.1 Value Added Tax

In the Czech Republic, the standard VAT rate was 20% until the end of 2012, when it went up one percentage point. The reduced rate was 10% in 2011, 14% in the next year, and from 2013 onwards 15%. In 2015 a second reduced rate was introduced of 10%, applying to a selection of products including baby food, selected bakery products, medicaments, books and musical instruments.

**Table 1: Overview of changes in VAT rates (2011-2016)**

	2011	2012	2013	2014	2015	2016
Standard	20%	20%	21%	21%	21%	21%
Reduced 1	10%	14%	15%	15%	15%	15%
Reduced 2					10%	10%

Source: Zákon o dani z přidané hodnoty č. 235/2004 Sb.

The reduced VAT rates apply to specific product categories, specified in Table 16 in the appendix.

Over the years 2010 to 2015 VAT revenue amounted to approx. 19-20% of government revenues and to 7% of GDP. As the rates have increased the importance of VAT revenues have equally increased.

**Table 2: VAT revenue 2010-2015**

	2010	2011	2012	2013	2014	2015
% of government revenues	18.6	18.8	18.2	19.4	19.9	
% of GDP	6.8	6.8	6.9	7.5	7.5	7.3

Source: Czech Statistical Office, Ministry of finance and General financial directorate of the Czech Republic.

#### 1.2 Excise duties and prices

Excise duty is an indirect, consumption tax applied to a purchase of certain types of goods. Excise duties are applied in most countries, including the Czech Republic. Excise duty in the Czech Republic is imposed on, in the order of government revenue magnitude: mineral oils (most importantly motor fuels, petrol and diesel), tobacco products (cigarettes, cigars and other products) and alcoholic beverages (beer, spirits and other alcoholic beverages; still wine is

excluded). Additionally, there are deductions from lotteries, from 2008 there are so called energy taxes, on gas, electricity and solid fuels and, from 2011, there is a new deduction related to solar electricity.

Excise duties form an important part of government revenues for all European Union members and in the Czech Republic they made up 14.3% of the total tax revenue of the central government in 2012 (130.1 billion CZK out of the total tax revenue of 912.3 CZK) according to Ministry of Finance of the Czech Republic (2013). As shown by Crawford et al. (2010), the Czech Republic ranks below average but not at the bottom in terms of the amount of excise duties when compared to other European Union members. Excise duties are obviously important for the Czech government and to study their microeconomic aspects I need both detailed data and in-depth knowledge of what excise rates apply.

### 1.2.1 Alcoholic beverages

Alcoholic beverages are subject to a specific excises, except for wine, which is exempt. The rate for beer is defined its degree Plato, for sparkling wine the excise is determined per hectolitre, and beverages containing ethyl alcohol, the excise is determined by the percentage of pure alcohol. The excises on alcoholic beverages are listed in Table 3. All excises have remained unchanged since 2011.

**Table 3: Excises on alcoholic beverages (CZK per unit, 2011-2016)**

	2011	2012	2013	2014	2015	2016	Units
Beers (standard excise)	32	32	32	32	32	32	hl/°Plato
Wine	0	0	0	0	0	0	
Sparkling wine	2340	2340	2340	2340	2340	2340	hl
Ethyl alcohol	28500	28500	28500	28500	28500	28500	hl pure alc.

Source: European Commission 2011-2016

Note: Reduced rates are in place for beer brewed in independent small breweries

### 1.2.2 Tobacco

Tobacco products are all subject to specific excises, whereas cigarettes are also subject to ad valorem excises. Specific excises are applied either on 1000 units (for cigarettes, cigars and cigarillos) or per kg (fine-cut smoking tobacco and other smoking tobacco products). In the case of cigarettes, the ad valorem excise is calculated as a percentage of the retail price, while the specific excise is expressed in CZK per 1000 units.

Excises on all products have increased considerably since 2011: excises on cigars and cigarillos increased—in nominal terms- by 43%, 60% on fine-cut tobacco, and the specific excises on cigarettes increased by 30%, further reinforced by the increase in ad valorem rate from 31.5% to 34.7%,

**Table 4: Excises on tobacco products (2011-2016)**

	2011	2012	2013	2014	2015	2016
<u>Specific excises</u> (€ per 1000 units, or per kg)						
<i>Cigarettes</i>	1070	1120	1160	1190	1290	1390
<i>Cigars and cigarillos</i>	1150	1250	1300	1340	1420	1640
<i>Fine-cut smoking tobacco</i>	1340	1400	1635	1800	1896	2142
<u>Ad valorem excises</u> (% of retail price)						
<i>Cigarettes</i>	31.5	33.0	33.5	32.3	33.7	34.7
<i>Cigars and cigarillos</i>	0.0	0.0	0.0	0.0	0.0	0.0
<i>Fine-cut smoking tobacco</i>	0.0	0.0	0.0	0.0	0.0	0.0

Source: European Commission 2011-2016

### 1.2.3 Energy products

Other energy products can become excisable as well if used as fuel or for heating, in which case the level of the excises is that applied for the equivalent fuel or heating product.

**Table 5: Excises on energy products (CZK per unit, 2011-2016)**

	2011	2012	2013	2014	2015	2016	Units
Petrol (super 95)	13710	13710	13710	13710	13710	13710	1000 l
Gas oil (propellant)	10950	10950	10950	10950	10950	10950	1000 l
LPG	3933	3933	3933	3933	3933	3933	1000 kg
Butane/propane	0	0	0	0	0	0	
Natural gas	8.5	8.5	8.5	8.5	8.5	8.5	GJ
Coal/coke	8.5	8.5	8.5	8.5	8.5	8.5	GJ
Electricity	28.3	28.3	28.3	28.3	28.3	28.3	MWh
Heating gas oil	849.4	660.0	660.0	660.0	660.0	660.0	1000 l

Source: European Commission 2011-2016

### 1.2.4 Tax revenue from excise duties

Excises represented 10.1% of total government revenue in 2015, and 3.4% of GDP. Revenue was slightly higher in the period 2010-2013, but experienced a sudden drop in 2014. Excise revenue recovered partly in 2015 again.

**Table 6: Proceeds from excise duties (2010-2015)**

	2010	2011	2012	2013	2014	2015
% of government revenue	10.8	11.2	11.1	10.7	8.7	10.1
% of GDP	3.5	3.7	3.7	3.7	2.9	3.4

Source: OECD Revenue Statistics

### 1.2.5 Prices

Table 7 lists consumer prices at the most detailed level of commodity groups available in HBS, and for which there are data available for the period 2011-2016.

**Table 7: Average consumer prices of items subject to excises (CZK per unit, 2011-2016)**

	2011	2012	2013	2014	2015	2016	Units
Spirits and liqueurs	27853	27061	26728	26303	27691	28515	100l (Vodka)
Draft beer, bright, bottled	1956	2088	2112	2086	2102	2216	100l
Lager beer - branded, bright bottled	3696	4030	4042	4218	4264	4140	100l
Cigarettes	3250	3250	3400	3600	3600	3950	1000 cigarettes
Electricity	4051	4140	4216	3560	3809	3859	MWh
Natural gas and town gas	369	456	446	391	439	440	GJ
Petrol	34580	36680	36170	36160	31370	29500	1000l
Gas oil	34250	36460	36110	36310	31210	28600	1000l

Source: Eurostat, HBS, Sydos.cz, own calculations

## 2. DATA

### 2.1 Description of HBS

The Household Budget Survey is organised by the Czech Statistical Office. The survey sample covers the whole territory of the Czech Republic and consists of private households (i.e. collective households such as homes for elderly, hospitals, student hostels, and other types of collective households are not covered by the survey sample). Data on most non-durable expenditures are derived from diaries filled in by respondents over a period of one month. Data on other kinds of spending is collected through face-to-face interviews and cover longer periods. All socio-demographic characteristics of households reflect the situation at the time of the interview.

### 2.2 Sample descriptives

Table 8 presents the distribution of expenditure in the HBS data across income deciles. We can see from the table that *Food and non-alcoholic beverages* (23.1% of total non-durable expenditures), *Home fuels, electricity and water*, and *Recreation and culture* are the most important non-durable expenditures. Other goods and services, education expenditures, alcoholic beverages, and tobacco are all smaller than 2% of total nondurable expenditures.

**Table 8: Mean (unequalised) household disposable income and expenditure by income decile and expenditure category, CZK/month**

Expenditure category	1	2	3	4	5	6	7	8	9	10	All
1. Food & non-alcoholic beverages	2332	2537	3089	4050	4359	4721	4963	5196	5947	6557	4374
2. Alcoholic beverages	138	148	158	332	348	331	373	402	460	528	322
3. Tobacco	116	136	261	251	321	456	442	453	358	336	313
4. Clothing & footwear	364	426	707	785	884	1069	1329	1578	1980	2605	1172
5. Home fuels, electricity & water	2076	2462	2727	2940	3255	3425	3363	3694	3776	3979	3170
6. Housing & rents	990	1254	1490	1291	1107	1327	1266	1208	1064	1584	1258
7. Household goods & services	652	766	1082	1355	1729	1769	2242	2338	2761	3571	1826
8. Health	330	451	532	639	663	651	627	654	767	922	624
9. Private transport	156	193	431	672	900	1060	1368	1655	1913	2234	1058
10. Public transport	156	178	266	231	202	292	363	383	482	588	314
11. Communication	660	885	1042	1120	1178	1402	1562	1660	1872	2027	1341
12. Recreation & culture	463	828	1076	1234	1469	1841	2113	2798	3513	4820	2015
13. Education	48	67	106	127	97	182	283	432	535	613	249
14. Restaurants & hotels	173	307	381	430	442	628	776	924	1262	1544	686
15. Other goods & services	77	163	141	172	177	207	209	236	262	363	201
Durables	327	446	586	927	2061	1722	2352	3738	5455	8005	2561
Mean household income	9699	12518	16307	20397	23073	26127	30160	34740	40608	56587	27014
Mean total expenditure	9059	11248	14075	16554	19190	21082	23630	27350	32405	40277	21482

Notes: deciles are constructed on the basis of household disposable income equalised with the modified OECD scale, allocating the same number of households to each decile.

Source: HBS 2011

### 2.3 Comparison of variable distributions in HBS and EUROMOD input data

Table 9 compares the HBS and the EUROMOD input data. The validation process confirms that the covariates used for the estimation/imputation process are very similar in HBS and SILC.

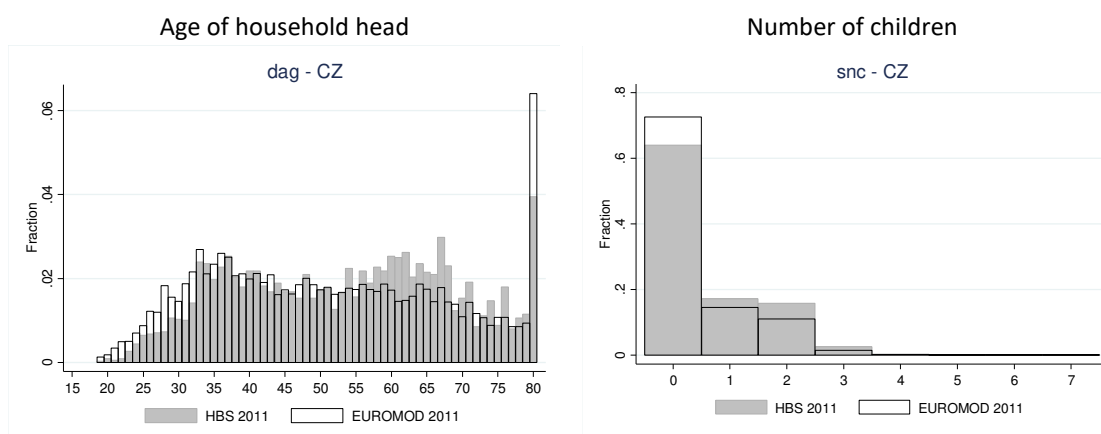
**Table 9: Sample descriptives**

	HBS	SILC
<b>Household heads</b>		
Mean age	53.4	51.0
Share of men	68.0	63.3
Employed	61.3	64.2
Unemployed	4.5	3.3
Retired	33.1	29.6
<b>Households</b>		
Disposable income (CZK per month)	27219.1	28672.5
Household size, mean	2.26	2.42
Number of children, mean	0.58	0.43
Number of active persons	1.00	1.07
Urban area	38.0	33.1
Medium density area	23.5	31.6
Rural area	38.5	35.3
Region 1: Prague	13.3	13.4
Region 2: Central Bohemia	11.1	11.7
Region 3: Southwest	11.5	11.6
Region 4: Northwest	11.6	10.8
Region 5: Northeast	14.2	14.2
Region 6: Southeast	15.1	15.4
Region 7: Central Moravia	11.2	11.1
Region 8: Moravskoslezsko	12.0	11.8
Car ownership	65.5	66.6
Computer ownership	70.2	68.7

Note: variables presented in the table are self-reported

Source: HBS 2011, SILC 2012

In Figure 1 we present a number of histograms to further assess the covariates used for the Engel curve estimations. The covariates in both datasets have very similar distributions.

**Figure 1: Household head/household characteristics, HBS vs SILC**

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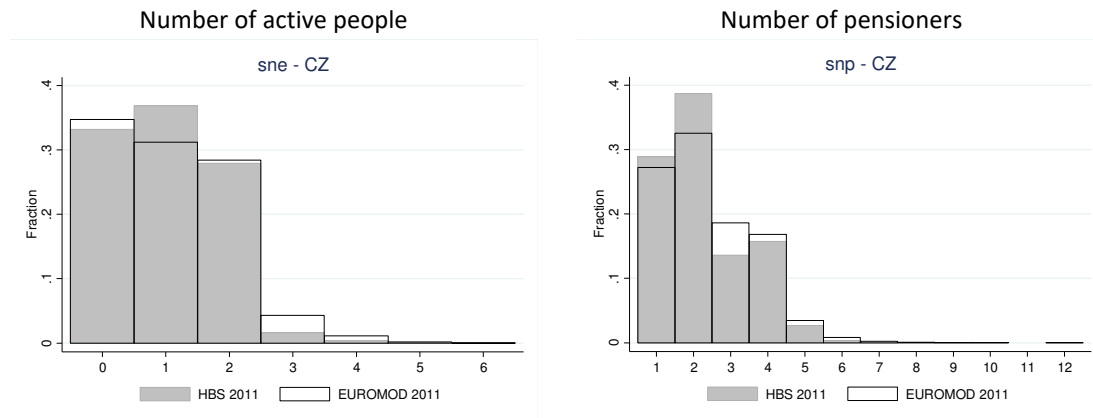
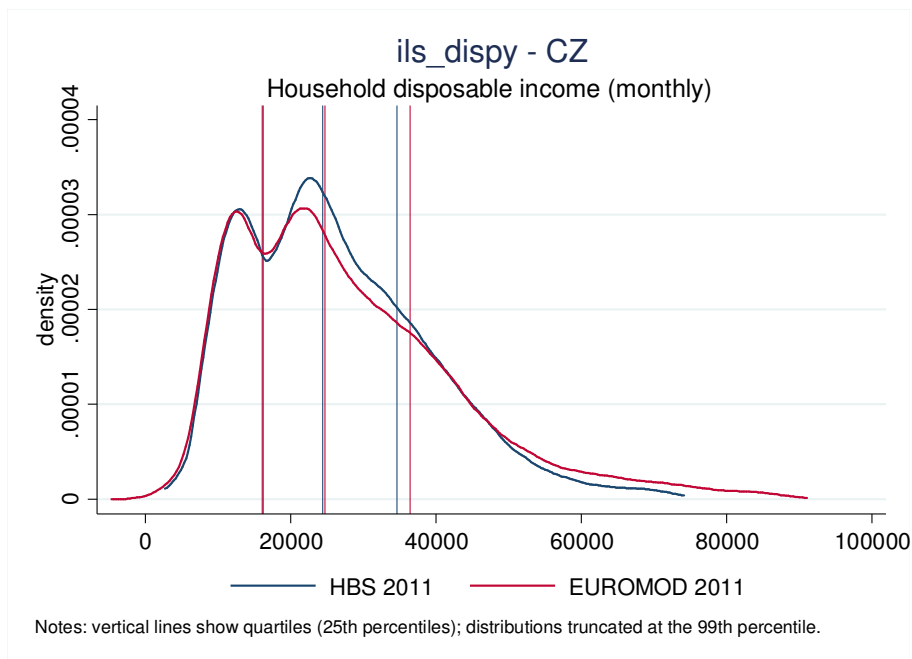


Figure 2 shows that household disposable income follows a similar pattern in the HBS and the SILC dataset, but contains more households with a disposable income between 20000 and 50000 CZK in the HBS, whereas it contains more incomes of 50000 CZK and higher in the EUROMOD output.

**Figure 2: Household disposable income, HBS vs SILC**



### 3. VALIDATION OF ESTIMATED ENGEL CURVES AND EXPENDITURES IMPUTED INTO EUROMOD

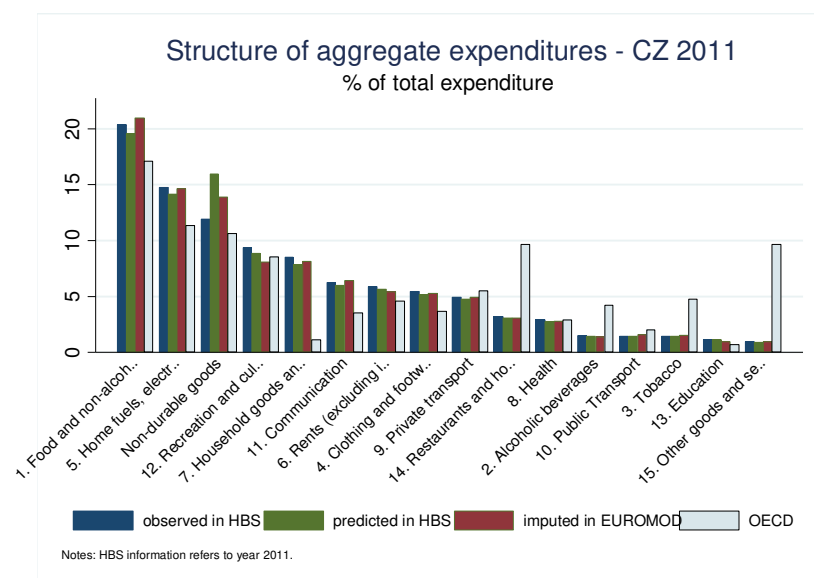
Table 10 presents the total expenditure and expenditures by category as observed in HBS, and simulated in EUROMOD. The HBS results cannot be aggregated to the national level, as the weights provided do not allow so. Looking at the shares, we can conclude that –on aggregate– EUROMOD imputed expenditures are very close to the expenditures observed in HBS. The three largest expenditure groups according to HBS and EUROMOD are *food & non-alcoholic beverages; home fuels, electricity & water* and *durable goods*. The numbers differ quite strongly from the OECD statistics. Total expenditures in the national accounts statistics is only captured for 63% by the imputation. Some categories perform poorly, most notably *Household goods & services* (overprediction), other goods & services, alcoholic beverages and tobacco (underprediction).

**Table 10: Total annual expenditure by category: HBS (2011) and EUROMOD (2011 simulations)**

Expenditure category	Annual expenditure, million CZK			Share, %		
	HBS	EUROMOD	Nat.Acc.	HBS	EUROMOD	Nat.Acc.
1. Food & non-alcoholic beverages		238677	300609	20.4	21.0	17.1
2. Alcoholic beverages		15800	74258	1.5	1.4	4.2
3. Tobacco		17322	83759	1.5	1.5	4.8
4. Clothing & footwear		59879	64369	5.5	5.3	3.7
5. Home fuels, electricity & water		166549	199635	14.8	14.6	11.4
6. Housing & rents		61693	80651	5.9	5.4	4.6
7. Household goods & services		92573	19472	8.5	8.1	1.1
8. Health		31418	50826	2.9	2.8	2.9
9. Private transport		56036	96478	4.9	4.9	5.5
10. Public transport		18097	34863	1.5	1.6	2.0
11. Communication		73124	62224	6.2	6.4	3.5
12. Recreation & culture		92107	150543	9.4	8.1	8.6
13. Education		10827	12232	1.2	1.0	0.7
14. Restaurants & hotels		34844	169757	3.2	3.1	9.7
15. Other goods & services		10506	169555	0.9	0.9	9.7
Durable goods		158422	186885	11.9	13.9	10.6
Total non-durables		979451	1600000	88.1	86.1	89.4
Total expenditures		1137872	1800000	100.0	100.0	100.0

Sources: HBS 2011, SILC 2011, EUROMOD, OECD

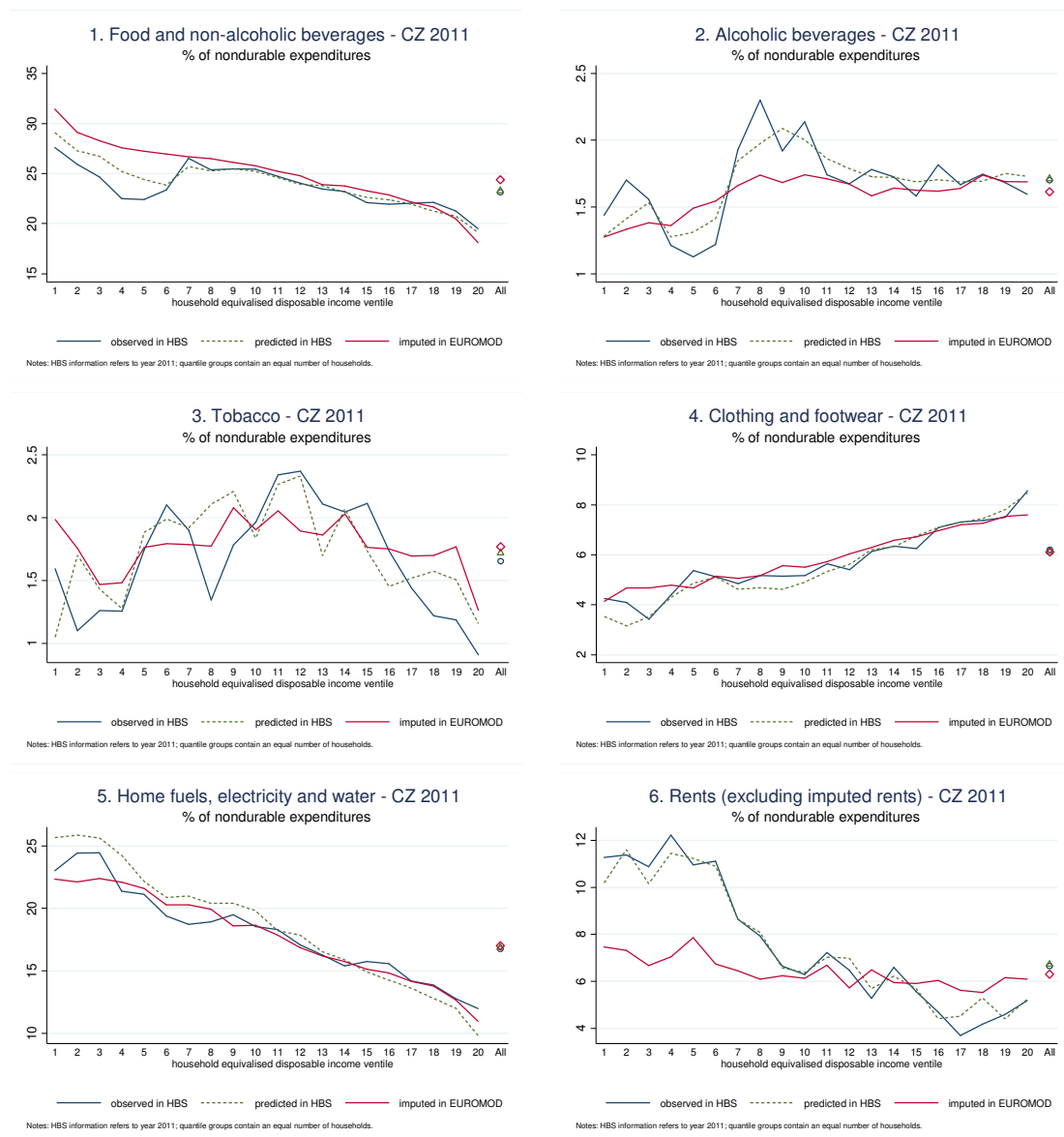
**Figure 3: Aggregate observed and imputed household expenditures by category (% of total expenditures)**



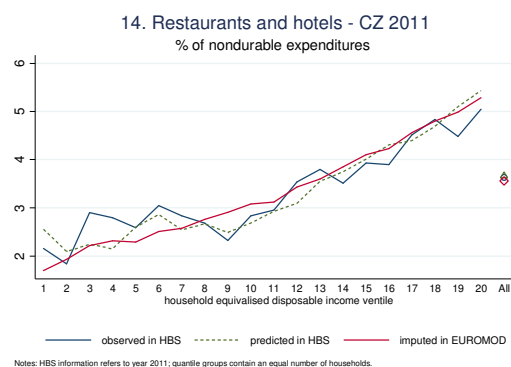
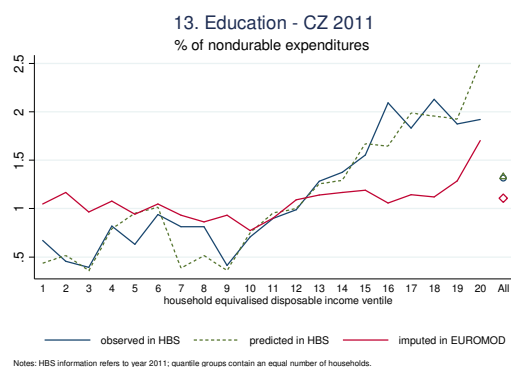
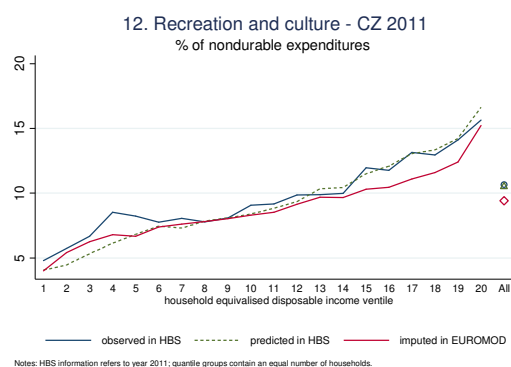
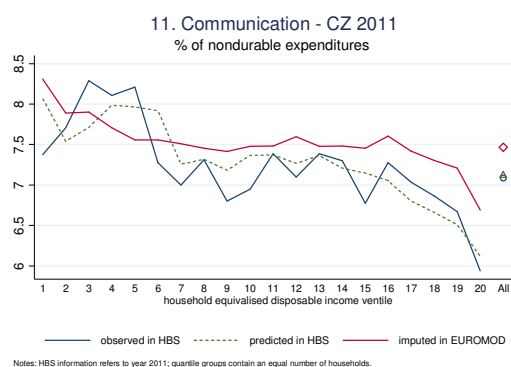
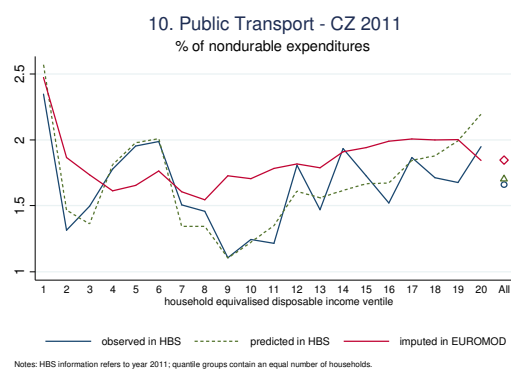
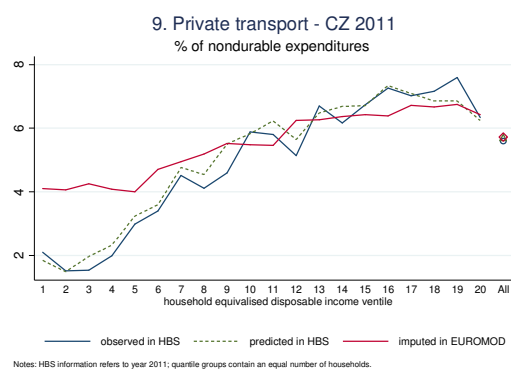
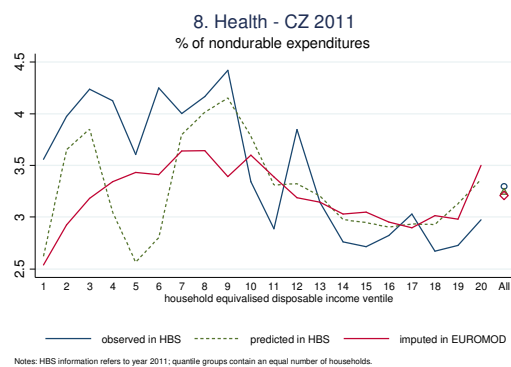
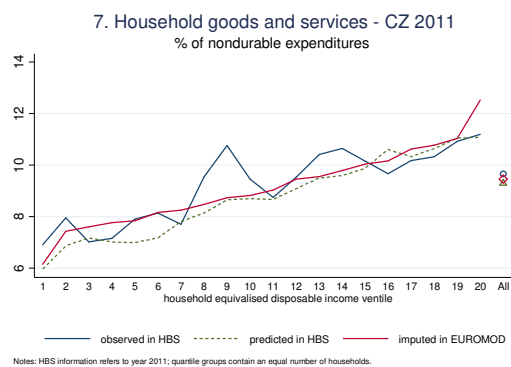


In Figure 4 we show the budget shares for each commodity by ventile of household equivalised disposable income, comparing observed and predicted values in HBS 2011 with imputed values in SILC. We conclude that overall imputed expenditures in SILC follow very similar levels and patterns across the income distribution for each of the commodities, as the HBS does. The commodities for which the Engel curve imputation perform least good are *rents*, for which the imputation under-predicts at the bottom and over-predicts at the top; *health expenditures* which are under-imputed on the bottom of the distribution; and *education services* which are over-imputed at the bottom, and under-predicted at the top of the income distribution.

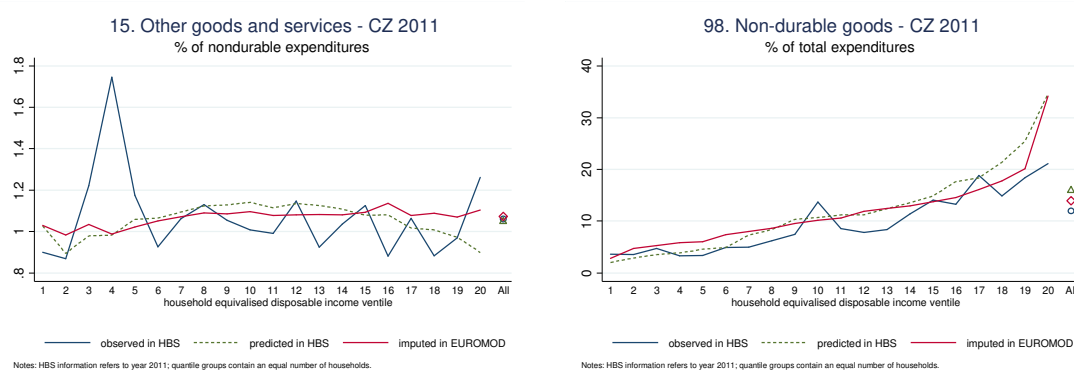
**Figure 4: Observed, predicted and imputed expenditure shares by ventiles of household equivalised disposable income, %**



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Source: authors' calculations

#### 4. VALIDATION OF INDIRECT TAX SIMULATIONS IN EUROMOD

Table 11 presents the implicit tax rates by expenditure category. The highest taxed commodity was tobacco, and private transport is second. There are strong increases in the implicit tax rates of *food & non-alcoholic beverages* (from 10.3 to 15.2%), *tobacco* (from 428.8 to 648.0%), *home fuels, electricity & water* (17.8 to 20.2%), *public transport* (10.4 to 15.2%) and *recreation and culture* (from 17.0 to 18.9%). The implicit tax rate for *health* expenditures rose from 6.1% (2011) to 9.0% in 2014, to then again be lowered to 6.1%.

**Table 11: Implicit indirect tax rate by expenditure category, %, 2011-2016**

Expenditure category	2011	2012	2013	2014	2015	2016
1. Food & non-alcoholic beverages	10.3	14.2	15.2	15.2	15.2	15.2
2. Alcoholic beverages	36.7	37.2	38.7	39.0	38.0	37.5
3. Tobacco	428.8	530.1	565.5	478.4	662.7	648.0
4. Clothing & footwear	20.0	20.0	21.0	21.0	21.0	21.0
5. Home fuels, electricity & water	17.8	19.1	20.1	20.3	20.2	20.2
6. Housing & rents	0.0	0.0	0.0	0.0	0.0	0.0
7. Household goods & services	19.5	19.7	20.7	20.7	20.7	20.7
8. Health	6.1	8.4	9.0	9.0	6.1	6.1
9. Private transport	117.3	107.5	112.5	112.3	140.6	159.0
10. Public transport	10.4	14.2	15.2	15.2	15.2	15.2
11. Communication	20.0	20.0	21.0	21.0	21.0	21.0
12. Recreation & culture	17.0	18.1	19.1	19.1	18.9	18.9
13. Education	0.5	0.7	0.7	0.7	0.5	0.5
14. Restaurants & hotels	20.1	20.1	21.0	21.1	21.0	21.0
15. Other goods & services	4.7	4.7	4.9	4.9	4.9	4.9
Durable goods	13.2	13.2	13.8	13.8	13.8	13.8

Source: EUROMOD

Table 12 compares the total simulated VAT and excise revenues, with the official government revenues per tax instrument. Modelled VAT revenues account for 50 to 54 % of total recorded VAT revenues in the period 2011-2015. The coverage rate is considerably lower for excises: between 24% and 28% over the period 2011-2015. Coverage rates of indirect taxes, as defined as the sum of VAT and excises, varies between 41 and 45%. There are some factors that can

explain for the shortfall in revenues: It is not possible to break the official tax revenue statistics down into taxes paid by the household sector and those paid by other sectors. Moreover low coverage of alcohol and tobacco excises can be explained by the underreporting of alcohol and tobacco expenditures, and by cross-border shopping. Low coverage of energy excise most likely is the result of a larger share paid by businesses and by foreigners.

**Table 12: Indirect tax amounts 2011-2015, million CZK**

		2011	2012	2013	2014	2015
VAT	EUROMOD	139.5	155.5	165.2	165.9	165.4
	Actual	276.5	286.1	303.8	319.5	333.3
	Coverage	0.50	0.54	0.54	0.52	0.50
Excises	EUROMOD	35.5	35.9	36.7	36.6	40.6
	Actual	149.8	151.7	149.8	128.9	153.8
	Coverage	0.24	0.24	0.24	0.28	0.26
Total indirect taxes	EUROMOD	175.0	191.4	201.9	202.5	206.0
	Actual	426.3	437.8	453.6	448.4	487.1
	Coverage	0.41	0.44	0.45	0.45	0.42

Sources: EUROMOD, OECD

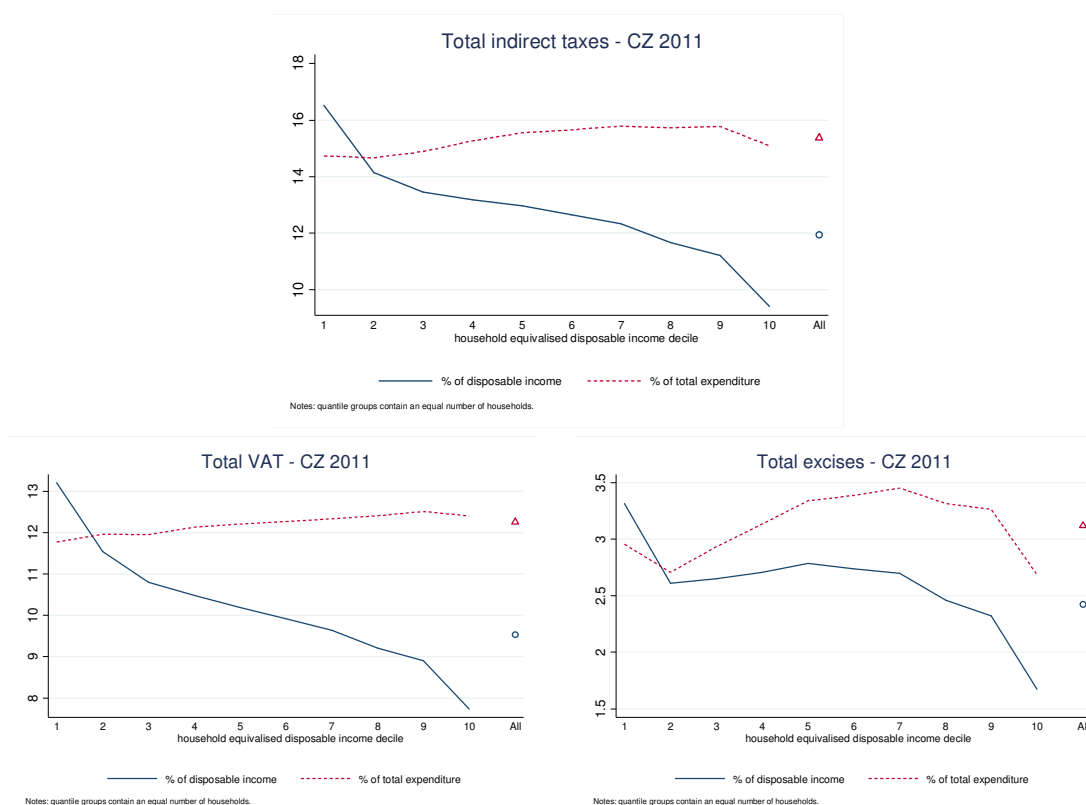
Table 13 depicts the distribution of income, expenditure and indirect taxes across income deciles. Indirect taxes are regressive: the households in the bottom decile pay 16.5% of their income on either VAT or excise, whereas the richest 10% only pays 9.4% of their income on indirect taxes. presents the same information by expenditure deciles and relative to total expenditure. We can see from the table that the share of VAT in expenditure is near uniform across the expenditure distribution while the share of excises in expenditure increases around 2.5 times from 1.8% for the low spenders to 4.5% for the highest spenders. Figure 6 to Figure 8 show the incidence of indirect taxes graphically. Surprisingly, the VAT is more regressive/less progressive than the excises, the latter clearly being progressive both as a function of income and expenditures. Due to the dominance of the VAT, total indirect taxes are regressive with respect to income, and slightly progressive in terms of total expenditures.

**Table 13: Mean household income, expenditure and indirect taxes by income decile, in 2011 CZK/month**

Income decile	Disposable income	Expenditure	VAT	Excises	Share of exp. in income (%)	Share of VAT in income (%)	Share of excises in income (%)
1	11878.5	13326.5	1568.7	393.9	112.2	13.2	3.3
2	15297.1	14760.3	1765.3	399.5	96.5	11.5	2.6
3	18180.7	16428.2	1963.4	481.8	90.4	10.8	2.7
4	20879.3	18035.4	2187.9	565.3	86.4	10.5	2.7
5	24018.2	20036.7	2446.1	669.3	83.4	10.2	2.8
6	27446.4	22179.6	2720.9	751.4	80.8	9.9	2.7
7	31054.7	24268.4	2992.9	838.0	78.1	9.6	2.7
8	35248.6	26149.9	3244.8	867.1	74.2	9.2	2.5
9	40774.2	29000.7	3628.4	946.8	71.1	8.9	2.3
10	61977.2	38686.0	4797.4	1039.2	62.4	7.7	1.7
All	28672.6	22285.7	2731.4	695.2	77.7	9.5	2.4

Notes: deciles are constructed on the basis of household disposable income equalised with the modified OECD scale, allocating the same number of households to each decile.

Source: EUROMOD

**Figure 5: Incidence of indirect taxes by income decile, % of income and expenditure**

Notes: deciles are constructed on the basis of household disposable income equivalised with the modified OECD scale, allocating the same number of households to each decile.

Source: EUROMOD

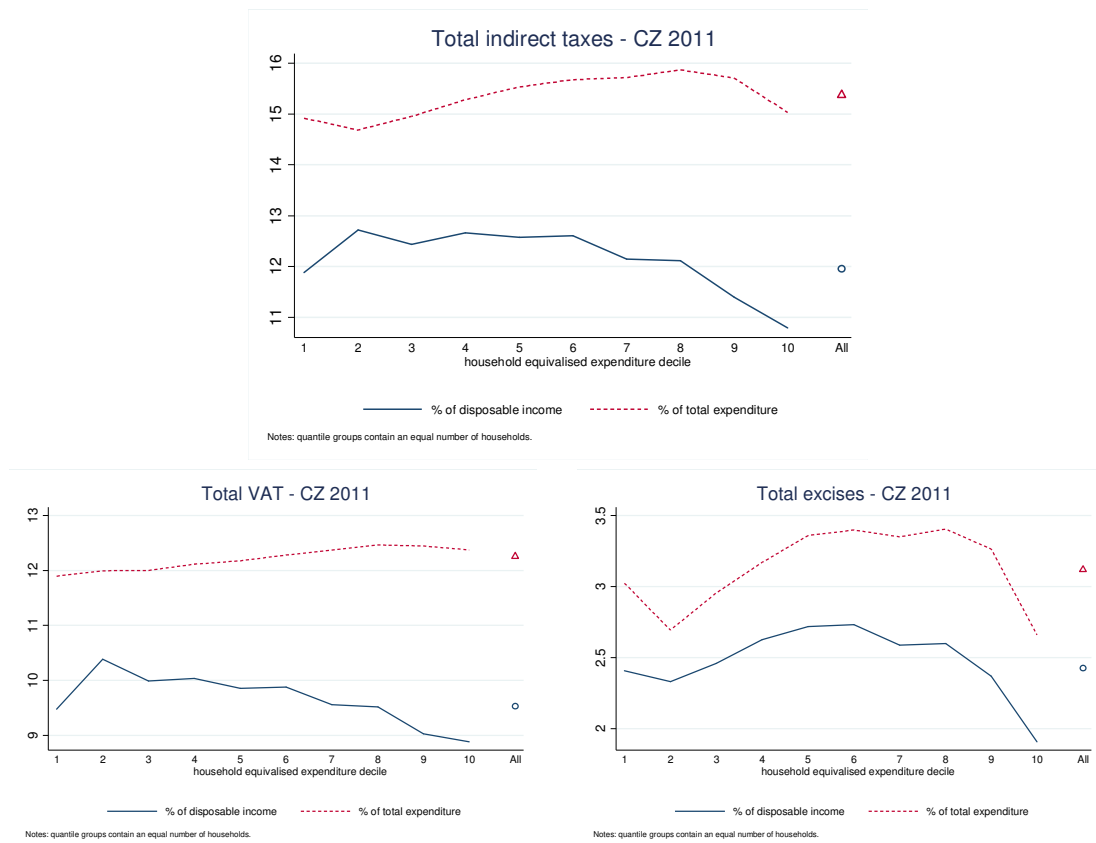
**Table 14: Mean household income, expenditure and indirect taxes by expenditure decile, in 2011 CZK/month**

Expenditure decile	Disposable income	Expenditure	VAT	Excises	Share of VAT in expenditure (%)	Share of excises in expenditure (%)
1	18611.2	14818.7	1762.7	448.0	11.9	3.0
2	18107.5	15676.5	1880.1	422.1	12.0	2.7
3	20320.3	16905.1	2028.6	499.5	12.0	3.0
4	22463.9	18607.4	2254.0	589.8	12.1	3.2
5	25138.1	20337.2	2476.1	683.2	12.2	3.4
6	26857.6	21596.0	2652.1	733.8	12.3	3.4
7	30938.2	23896.8	2955.8	800.5	12.4	3.3
8	33148.9	25294.7	3152.8	861.3	12.5	3.4
9	37986.3	27554.0	3429.0	899.3	12.4	3.3
10	53178.0	38185.8	4724.6	1015.0	12.4	2.7
All	28672.6	22285.7	2731.4	695.2	12.3	3.1

Notes: deciles are constructed on the basis of household total expenditure equivalised with the modified OECD scale, allocating the same number of households to each decile.

Source: EUROMOD

**Figure 6: Incidence of indirect taxes by expenditure decile, % of income and expenditure**



Notes: deciles are constructed on the basis of household total expenditure equivalised with the modified OECD scale, allocating the same number of households to each decile. Source: EUROMOD

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**Annex****Table 15: Index factor used for imputing expenditures**

Year	Index factor (2005=100)
2005	100.0
2006	102.5
2007	105.4
2008	112.1
2009	113.3
2010	114.9
2011	117.1
2012	121.0
2013	122.7
2014	123.2
2015	123.6
2016	123.6



**Table 16: Overview of reduced VAT product categories (2011)**

Standard rate	All goods not listed under reduced
Reduced 1	<ul style="list-style-type: none"> <li>- Food and beverages (excluding alcohol, designated special předpisem70) and animal feed live animals, seeds, plants and ingredients normally intended for food preparation; products normally used to supplement or substitute foodstuffs; water.</li> <li>- Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage</li> <li>- Plants and Seeds.</li> <li>- Radiopharmaceuticals, sorbitol for diabetics, aspartame, saccharin and its salts, antibiotics, pharmaceutical products - only intended for health services, prevention and therapy for human medical purposes.</li> <li>- Books, brochures, flyers, brochures, newspapers and magazines, scrapbooks, picture books, drawing and colouring books, music printed or handwritten, cartographic products of all kinds, including atlases, wall maps, topographical plans and globes, in addition to prints full or substantially intended for advertising. Outside of printed fully or substantially intended for advertising.</li> <li>- Medical means the act regulating medical devices, which are usually intended for the exclusive personal use of the disabled to treat disability or mitigating its consequences when it comes to medical devices, which can be classified into the categories listed in Section A of Annex no. 3 law on public health insurance or which are listed in Annex no. 4 of the Act on public health insurance, except for medical devices that are included in these species (types) of medical devices, Sections B and C of the Annex no. 3: all kinds (types) of medical devices listed in Section B; wound swabs; cotton cellulose; means ostomy; deodorizing; wig.</li> <li>- Medical means the act regulating medical devices, which are usually intended for the exclusive personal use of the disabled to treat disability or mitigating its consequences when it comes to medical devices manufactured by prescription of a qualified health worker whom the worker gives specific design characteristics medical device intended to be used only for a particular patient.</li> <li>- Orthopaedic appliances, including crutches, surgical belts and trusses; splints and other fracture appliances; artificial body parts; hearing aids and other appliances which are worn or carried on the body or implanted in the body to compensate for a defect or disability, and only the medical devices under the law governing medical devices, they are usually intended for the exclusive personal use of the disabled to treat disability or mitigating its consequences.</li> <li>- Goods for personal use sick to alleviate the effects of disease, which is not a medical device under special legislation, namely: <ul style="list-style-type: none"> <li>- Braille paper</li> <li>- Personal and kitchen scales with voice output for the blind and partially sighted people</li> <li>- Typewriters and word-processing machines (word processor) adapted for use by the blind and partially sighted persons or persons with an amputated or paralyzed upper extremity</li> <li>- Electronic calculators with voice or tactile output for the blind and partially sighted people and electronic calculating machines with voice or tactile output for the blind and partially sighted people</li> <li>- Computers specially adapted for blind and partially sighted people with voice or tactile output or hardware adapter for enlarging fonts and image, and their units and additional devices with voice or tactile output or hardware adapter for enlarging fonts and image</li> <li>- Braille computer printer for the blind and partially sighted people, a keyboard for blind and partially sighted people and other input and output drive of the computer processing of tactile fonts</li> <li>- Units of computers and peripheral equipment for computers allowing them to control people with reduced fine motor or amputee</li> <li>- Cell phones and videophones designed for deaf people</li> <li>- Magnifier television image for the blind and partially sighted people</li> <li>- Special acoustic or visual devices for deaf, blind and partially sighted people</li> <li>- Manual control foot pedals, the hand lever with the gear lever for the disabled</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>- Watch for the blind and partially sighted people with tactile or voice output with the case other than precious metals and vibration and luminous watches for deaf people</li> <li>- Vibration and light alarms for deaf people and alarms with voice or tactile output for the blind and partially sighted people</li> <li>- Parts of the products for which the affidavit evidence that the goods belong to a particular above-mentioned commodity.</li> <li>- Children's car seats.</li> <li>- Fuel wood, in logs, twigs, fagots or similar forms; wood chips or particles, sawdust and wood waste and scrap, whether or not agglomerated in logs, briquettes, pellets or similar forms, designated as fuel.</li> </ul>
Reduced 2	<ul style="list-style-type: none"> <li>- Initial and follow-on formulas and foods for young children.</li> <li>- Radiopharmaceuticals, vaccines, drugs, contrast agents for X-ray examinations, diagnostic reagents designed to be administered to patients, chemical hormonal contraceptive preparations based - designed for medical and veterinary services, prevention and treatment of human and veterinary medical purposes.</li> <li>- Printed books, picture books for children; music, printed or in manuscript, whether bound or illustrated (except for goods, where advertising covers more than 50%).</li> <li>- Milling products, namely: <ul style="list-style-type: none"> <li>- From cereals, which are listed under the nomenclature codes Customs Tariff Chapter 10</li> <li>- The products listed under nomenclature codes Customs Tariff chapters 8 and 12</li> <li>- Potato</li> <li>- The dried leguminous vegetables of heading 0713, of sago or of roots or tubers of heading 0714 or of the products of Chapter 8.</li> <li>- Blends of these mill products.</li> <li>- Malt, starches, wheat gluten, and mixtures of these products.</li> <li>- Processed cereal products and ready-mix for the preparation of food for people intolerant to gluten.</li> </ul> </li> </ul>
Exempted	<ul style="list-style-type: none"> <li>Post service.</li> <li>TV and radio services.</li> <li>Financial, insurance and pension services.</li> <li>Education.</li> <li>Purchase and rental of immovable properties.</li> <li>Lotteries.</li> <li>Social care.</li> <li>Health care.</li> </ul>