



ACCOUNTING & TAXATION TERMINOLOGY IN PRACTICE

*Odborná účetní a daňová
terminologie
nejen pro studenty*

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SOLUTIONS



Chapter 1: Taxation

1.4.1. Definitions

1 – to increase tax, 2 – tax exempt, 3 – tax bracket, 4 – tax avoidance, 5 – tax evasion, 6 – to impose tax

1.4.2. Quiz question

1B, 2C, 3A, 4B

1.4.3. Crossword

TAX – SYSTEM

1.4.4. Advanced Text Comprehension

1 – tax system, 2 – direct, 3 – indirect, 4 – income taxes, 5 – property taxes, 6 – value added tax, 7 – energy taxes, 8 – tax base, 9 – tax period, 10 – tax return, 11 – liability, 12 – overpayment, 13 – tax code, 14 – fiscal, 15 – stimulatory

Chapter 2: Direct taxes – individual income tax

2.11.1 Crossword

TAXATION

2.11.3. Determine the Category of Income

Sec. 6 – 1, 4; Sec. 7 – 2; Sec. 8 – 6; Sec. 9 – 5; Sec. 10 – 3

2.11.4 Determine the Way of Taxation

Aggregated in tax base – 2, 3, 4, 6, 7

Separate tax base – 1, 5, 8, 9

2.11.5 Classification of Incomes and Partial Tax Bases

Sec. 6 – income from the performance of dependent activities; **Sec. 7** – income of an expert, an interpreter, an arbitrator of collective disputes, profit share of general partners in general and limited partnership; **Sec. 8** – interest on loans, late payment interest, interest on business bank accounts, and yields on bills of exchange; **Sec. 9** – income from movable lease, excluding occasional lease; **Sec. 10** – income from the sale of movable non-business property

2.11.6. Quiz question

1B, 2A, 3A, 4B, 5B

2.11.7. Calculation of Partial Tax Bases

Sec. 6 – income 4, partial tax base 35,000 CZK

Sec. 7 – nothing

Sec. 8 – income 3, partial tax base 2,000 CZK

Sec. 9 – income 2, partial tax base 14,000 CZK

Sec. 10 – income 1 and 5, it is higher than 50,000 CZK, therefore it must be taxed, partial tax base 43,000 CZK

2.11.8. Tax liability calculation

Tax base of Mr. Novák = 30,000 CZK

Tax bonus of Mr. Novák = 1,197 CZK

Net income of Mr. Novák = 22,717 CZK

2.11.9 Advanced Text Comprehension

1 – income tax, 2 – lump-sum deduction, 3 – employment income, 4 – total aggregate tax base, 5 – deductible items, 6 – flat rate, 7 – tax credits, 8 – tax bonus, 9 – final individual income tax, 10 – underpayment, 11 – overpayment, 12 – tax return

Chapter 3: Direct taxes – corporate income tax

3.6.1. Crossword

CORPORATION

3.6.3. Calculation of the Corporate Tax Liability

Profit or Loss = 1,000,000 CZK

Non-deductible expenses = 70,000 CZK

Difference between depreciation

= 50,000 CZK (+)

Tax base after deductions under §34

= 1,110,000 CZK

Tax base after all deductions

= 1,060,000 CZK

Tax liability = 204,600 CZK

3.6.4. Quiz question

1C, 2B, 3B, 4C, 5B

3.6.5 Advanced Text Comprehension

1 – income tax, 2 – resident, 3 – calendar, 4 – non-deductible expenses, 5 – allowed expenses, 6 – gifts, 7 – deductions, 8 – loss-carry back, 9 – tax rate, 10 – tax credit, 11 – tax return, 12 – underpayment

Chapter 4: Other direct taxes

4.4.2. Crossword

TAX ON LAND

4.4.3. Crossword

PROPERTY TAX

4.4.4. Quiz question

1C, 2A, 3C, 4 – YES, 5B

4.4.5. Advanced Text Comprehension

1 – tax on land, 2 – real estate tax act, 3 – Czech Republic, 4 – real estate cadastre, 5 – tax base, 6 – taxable period, 7 – tax return, 8 – road tax act, 9 – trucks and its trailers, 10 – operator of motor vehicle, 11 – weight in tonnes, 12 – axles, 13 – combined

Chapter 5: Indirect taxes – Value Added Tax

5.3.1 Calculation of VAT

Tax base	10,000 CZK	20,000 CZK	30,000 CZK
VAT 12%	1,200	2,400	3,600
VAT 21%	2,100	4,200	6,300

Price including VAT	10,000 CZK	20,000 CZK	30,000 CZK
VAT 12%	1,071	2,143	3,214
VAT 21%	1,736	3,471	5,207

5.3.2. Calculation of VAT tax base

A + B + C + G

5.3.3. Calculation of VAT liability

VAT input = 5,250 CZK

VAT output = 8,400 CZK

VAT liability = 3,150 CZK

5.3.4. VAT calculation – Tax liability

February – input 63,000 CZK, output – 52,500 CZK, VAT refund 10,500 CZK

March – input 2,100 CZK, output – 25,200 CZK, VAT liability – 23,100 CZK

5.3.5. Definition of Persons Involved in VAT System

1 – person identified to VAT, who has to register to VAT, 2 – person registered to VAT in EU, 3 – person liable to VAT from third country, 4 – person registered to VAT in the Czech Republic (VAT-payer), 5 – person not liable to VAT (non-taxable person), 6 – person liable to VAT

5.3.6. Crossword

VALUE ADDED TAX

5.3.7. Quiz question

1B, 2C, 3B, 4B, 5B

5.3.8. Advanced Text Comprehension

1 – taxable supply, 2 – value added tax act, 3 – Czech Republic, 4 – tax base, 5 – standard tax rate, 6 – reverse charge, 7 – tax period, 8 – VAT return, 9 – VAT control statement, 10 – EC sales list

Chapter 6: Selective consumption taxes

6.6.1. Definitions

1B, 2E, 3A, 4F, 5C, 6D

6.6.2. Excise Duty Taxpayer

YES – Mr. Prak, a distillery, Mr. Kadlčík

NO – Mr. Karhánek, store KOTVA, a driver

6.6.3. Energy Taxes – Taxable Products

YES – Mr. Hanuš (tax on solid fuels), Mr. Lubik (tax on electricity), Mr. Rídl (tax on gas and other gases)
NO – Mr. Brabec, Mr. Kadlec

6.6.5. Advanced Text Comprehension

1 – health, 2 – customs offices, 3 – excise duties act, 4 – tax warehouse, 5 – free tax, 6 – Czech Republic, 7 – calendar, 8 – energy taxes, 9 – gas, 10 – solid fuels, 11 – consumer

Chapter 7: Accounting

7.3.2 Puzzle Maker

GOING CONCERN

7.3.3. Quiz question

1C, 2A, 3B, 4B, 5C, 6B

7.3.4. Crossword

ACCOUNTING

7.3.5. Definitions

1 – bank charge, 2 – balance sheet, 3 – accounting, 4 – equity, 5 – accountant, 6 – budget

7.3.6. True of false

1 – true, 2 – true, 3 – false, 4 – true, 5 – false

7.3.7. Advanced Text Comprehension

1 – twelve-month, 2 – calendar year, 3 – fiscal year, 4 – records, 5 – accounting period, 6 – basis, 7 – ledger, 8 – trial balance, 9 – financial statements, 10 – closing, 11 – new

Chapter 8: Balance Sheet – Assets, Equity and Liabilities

8.8.1. Definitions

1 – accounts payable, 2 – assets, 3 – creditor
4 – inventory, 5 – provisions, 6 – tangible assets, 7 – trade payables, 8 – receivables, 9 – accrued revenues

8.8.2. Classification of Assets I

Fixed assets – 2, 3, 4, 7, 14, 15

Current assets – 1, 5, 6, 8, 9, 10, 11, 12, 13

8.8.3. Classification of Assets II

1 – krátkodobé pohledávky z obchodních vztahů, current assets, receivables, 2 – samostatné movité věci, fixed assets, tangible, 3 – zboží, current assets, inventories, 4 – zvířata (v chovu), fixed assets, tangible, 5 – bankovní účty, current assets, short term financial assets, 6 – patenty, fixed assets, intangible, 7 – hotovostní peněžní prostředky, current asset, short term financial assets, 8 – materiál, current assets, inventories, 9 – software, fixed assets, intangible

8.8.4. Classification of Assets III

1 – fixed assets, 2 – current assets, 3 – fixed assets, 4 – current assets, 5 – no

8.8.5. Classification of Equity and Liabilities I

Owner's Equity – 4, 6, 7, 11

Liabilities – 1, 2, 3, 5, 8, 9, 10, 12, 13, 14, 15

8.8.6. Classification of Equity and Liabilities II

1 – dlouhodobé bankovní úvěry, liabilities, bank loans and financial borrowings, 2 – rezerva na daň z příjmů, liabilities, provisions, 3 – změny základního kapitálu, equity, 4 – kapitálové fondy, equity, 5 – závazky ze sociálního zabezpečení a zdravotního pojištění, liabilities, short term, 6 – krátkodobé finanční výpomoci, liabilities, bank loans and financial borrowings, 7 – závazky z obchodních vztahů, liabilities, short term, 8 – výnosy příštích období, accruals and deferrals, 9 – vydané dluhopisy, liabilities, short term, 10 – závazky vůči zaměstnancům, liabilities, short term

8.8.7. Compilation of Balance Sheet

Fixed assets = 1,380,000 CZK

Current assets = 300,000 CZK

Owner's equity = 1,430,000 CZK

Liabilities = 250,000 CZK

8.8.8. Depreciation calculation

A) Car – 8,500 CZK per month, Total = 68,000 CZK

B) Printer machine – 0.068 CZK per copy, Total = 442 CZK

8.8.9. Quiz question

1B, 2C, 3A, 4A, 5B

8.8.10. Advanced Text Comprehension

1 – equity, 2 – valuable, 3 – current assets, 4 – liabilities, 5 – long-term, 6 – registered capital, 7 – gross, 8 – adjustments, 9 – accounting, 10 – total assets

Chapter 9: The Changes of Balance Sheet Items

9.1.1. The Changes of Balance Sheet Items

1 – A⁺, E&L⁺; 2 – A⁺, E&L⁺; 3 – A⁺, A⁻; 4 – A⁺, E&L⁺; 5 – A⁺, A⁻; 6 – A⁻, E&L⁻; 7 – A⁺, A⁻; 8 – A⁻, E&L⁻; 9 – E&L⁻, E&L⁺; 10 – A⁺, E&L⁺; 11 – A⁺, A⁻; 12 – A⁺, E&L⁺; 13 – A⁻, E&L⁻; 14 – A⁺, A⁻; 15 – A⁺, A⁻

9.1.2. The Changes of Balance Sheet Items – Complex Example

Task 1 – total assets 3,112,000 CZK, total equity and liabilities 3,112,000 CZK

Task 3 – total assets 3,659,800 CZK, total equity and liabilities 3,659,800 CZK

Task 5 – total assets 4,159,800 CZK, total equity and liabilities 4,159,800 CZK

Chapter 10: Profit and Loss Statement

10.6.1. Classification of Profit and Loss Items

1 – ostatní provozní výnosy, revenues, 2 – nákladové úroky, costs/expenses, 3 – tržby z prodeje materiálu, revenues, 4 – tržby z prodeje zboží, revenues, 5 – mzdové náklady, costs/expenses, 6 – daně a poplatky, costs/expenses, 7 – tržby z prodeje vlastních výrobků a služeb, revenues, 8 – náklady na sociální a zdravotní pojištění, costs/expenses, 9 – mimořádné výnosy, revenues, 10 – odpisy dlouhodobého hmotného majetku, costs/expenses

10.6.2. Definitions

Task 1: 1 – sale margin, 2 – depreciation, 3 – tax return, 4 – profit, 5 – interest, 6 – cost of goods sold, 7 – value-added, 8 – sales, 9 – production and production consumption, 10 – taxes and fees, 11 – personal expenses, 12 – changes of balance in provisions and adjustments

Task 2: 1 – profit or loss from financial operations, 2 – ordinary profit or loss, 3 – operating profit or loss, 4 – extraordinary profit or loss, 5 – profit or loss

10.6.3. Quiz Question

1A, 2B, 3B

10.6.4. True or False

1 – false, A⁺, A⁻; 2 – false, A⁺, E&L⁺; 3 – true, 4 – true; 5 – false, A⁺ R⁺; 6 – true; 7 – false, A⁻, C&E⁺; 8 – false, A⁻, E&L⁻; 9 – true; 10 – false, A⁺, A⁻; 11 – false, E&L⁻, E&L⁺; 12 – false, A⁻, C&E⁺; 13 – false, A⁺, E&L⁺; 14 – false, C&E⁺, A⁻; 15 – false, C&E⁺, E&L⁺; 16 – false, C&E⁺, E&L⁺; 17 – true; 18 – false, A⁺, R⁺; 19 – false, C&E⁺, A⁻; 20 – false, A⁺, A⁻

10.6.5. Changes in the Balance Sheet and Profit and Loss Items

Task 1: Fixed assets = 339,000 CZK, Current assets = 1,152,000 CZK, Equity = 1,260,000 CZK, Liabilities = 231,000 CZK

Task 2: Registered capital = 1,186,000 CZK

Task 3: 1 – A⁺ (bank), R⁺ (interest); 2 – C&E⁺ (bank fee), A⁻ (bank); 3 – A⁺ (cash), A⁻ (bank account); 4 – 40 000, E&L⁻ (liability employee), A⁻ (cash); 5 – A⁺ (goods), E&L⁺ (liability to supplier); 6 – 95 000, C&E⁺, A⁻ (goods); 7 – A⁺ (receivables), R⁺ (sales of goods); 8 – C&E⁺ (energy), E&L⁺ (liability to supplier); 9 – E&L⁻ (long-term bank loan), A⁻ (bank account); 10 – C&E⁺ (interest), A⁻ (bank account)

Task 4: Fixed assets = 339,000 CZK, Current assets = 1,246,300 CZK, Equity = 1,289,300 CZK, Liabilities = 296,000 CZK

Task 5: Economic result: Profit or Loss: 29,300 CZK (profit)

10.6.6. Advanced Text Comprehension

1 – revenues, 2 – profitability, 3 – cash-flows, 4 – nature, 5 – accruals, 6 – equation, 7 – sales, 8 – income, 9 – ordinary, 10 – extraordinary

Chapter 11: The Theory of Account and Double-entry Bookkeeping

11.2.1. Complex Example on Practising of Double-entry Bookkeeping I

Task 1: Fixed assets = 1,500,000 CZK, Current assets = 1,175,000 CZK, Equity = 1,425,000 CZK, Liabilities = 1,250,000 CZK

Task 3: 1 – 321/221; 2 – 400,000, 221/311; 3 – 562/221; 4 – 501/112; 5 – 211/221; 6 – 20,000, 331/211; 7 – 311/602; 8 – 112/211; 9 – 022/321; 10 – 311/604; 11 – 300,000, 504/132; 12 – 550,000, 221/311; 13 – a) 25,000, 431/421, b) 250,000, 431/364, c) 225,000, 431/428; 14 – 022/321; 15 – 321/461; 16 – 461/221; 17 – 521/331

Task 4: Profit and Loss Account = 278,000 CZK (profit), Closing Balance Sheet Account = 278,000 CZK (profit)

11.2.2. Complex Example on Practising of Double-entry Bookkeeping II

Task 1: Summary: Closing Balance (Dr. and Cr.) = 12,990 CZK

Task 2: Profit or loss via 710 account = 20; Profit or loss via 702 account = 20

Chapter 12: Other Financial Statements

12.5.2. Definitions

1 – contract, 2 – liabilities, 3 – transactions, 4 – shareholder, 5 – debt, 6 – lease, 7 – gearing, 8 – intangible, 9 – total liability, 10 – common receivables, 11 – retained earnings, 12 – financial statements

12.5.3. Cash-flow

Task 1 and 2: 1 – 042/321, none; 2 – 042/321, none; 3 – 022/042, none; 4 – 221/461, financial; 5 – a) 4,200,000, 321/221, investing, b) 261/221, transfer; 6 – 211/261, transfer; 7 – 461/221, financial; 8 – 562/221, operating

Task 3:

Activities	Transactions	Summary
Opening Cash balance	–	2,000,000 CZK
Operating	8	-40,000 CZK
Investing	5a	-4,200,000 CZK
Financial	4, 7	+2,600,000 CZK
Summary activities		-1,640,000 CZK
Closing Cash balance		360,000 CZK

Task 4: Assets = 4,560,000 CZK, Equity and Liabilities = 4,560,000 CZK, Profit or Loss = - 40,000 CZK

12.5.4. Advanced Text Comprehension

1 – notes, 2 – equity, 3 – valuation, 4 – movements, 5 – outflows, 6 – investing, 7 – indirect, 8 – balance

Chapter 13: Accounting Summary – Revision

13.2.1. True or False

True – 1, 4, 5, 7, 11

False – 2, 3, 6, 8, 9, 10

13.2.2. Quiz Questions

1B, 2C, 3B, 4C, 5A, 6C

13.2.3. Definitions

1 – accruals expenses, 2 – deferred taxes payable, 3 – provisions, 4 – current liabilities, 5 – net income

13.2.4. Balance Sheet and Profit and Loss Statement

Balance Sheet	
Assets	Equity and Liability
	shareholder's equity
fixed assets at cost	registered capital
	retained earnings
current assets	
inventory	
accounts receivable	long-term debt

Balance Sheet	
cash	current liabilities
	accountants payable
other assets	

Income statement
sales
cost of goods sold
sales margin
value added
personal expenses
taxes and fees
other operating revenues
other operating expenses
operating profit or loss
profit or loss from financial activities
ordinary profit or loss
profit or loss before taxation

13.2.5. Text Comprehension

1 – tangible fixed assets, 2 – assets, 3 – receivables, 4 – formation expenses, 5 – tangible fixed assets under construction, 6 – inventories, 7 – long-term receivables, 8 – bank account, 9 – accrued income, 10 – registered capital

13.2.6. Advanced Text Comprehension

1 – 589,788 CZK, 2 – 2,786,000 CZK, 3 – Ostrava, 4 – development of software including Apps and the sale of IT and hardware, 5 – 15, 6 – no, 7 – 200,000 CZK, 8 – 41,466,600 CZK, 9 – accelerated method, 10 – 6,878,400 CZK, 11 – loss -8,491,000 CZK, 12 – no, 13 – equipment, 14 – tax liability, 15 – 32,456,000 CZK

13.2.7. Comprehensive Examples – Financial Statements

Assets:

1 – decrease → by 19,026 th. CZK, i.e. by 6.29%; 2 – Equipment (by 16,497 th. CZK or by 6.26% decrease) and Current Assets (by 1,512 th. CZK or 6.29% decrease) → both explained approx. 95% of the change of point 1; 3 – 621 th. CZK; 4 – decrease → by 6.26%, adjustments are 76,934 th. CZK; 5 – no; 6 – value → 1,768 th. CZK, increase by 21.76%; 7 – line No. 58, particularly No. 60 → cash at bank, decrease by 8.12%; 8 – deferrals (prepaid expenses)

Equity and Liabilities:

1 – decrease by 6.29% (19,026 th. CZK); 2 – equity (increase by 266.75%) and liabilities (decrease by 20.4%); 3 – registered capital; 4 – no; 5 – in line No. 097, the company had this kind of liability in 2023 (35,225 th. CZK); 6 – no, it is reported in line No. 105; 7 – accumulated losses (-5,935 th. CZK), retained profit (1,171 th. CZK); 8 – line No. 075 → Other Capital Funds and line No. 081 → Reserve fund; 9 – profit 4,866 th. CZK (increased by 10,851 th. CZK); 10 – yes, long-term in line No. 119 (decreased by 4.87%) and short-term in line No. 120 (increased by 6.11%); 11 – line No. 110 liabilities to shareholders 2,974 th. CZK → highest value, line No. 112 liabilities for social security and health insurance 18 th. CZK → lowest value

Profit and loss statement:

1 – Line no. 05, increased by 2.21% (1,020 th. CZK); 2 – Increased by 74% influenced mainly by Taxes (taxes decreased by 10,455 th. CZK, by 87.5%); 3 – Determination: line 04 minus 08. Reported in line no. 11, value 43,423 th. CZK (increased by 0.56%); 4 – Line no. 12, increased by 675%. The effect on the operating P/L is negative.; 5 – Line no. 43, decreased by 19.45%; 6 – Value -18,900 th. CZK (loss), line no. 48. Increased (as the previous loss is partly eliminated) by 17.12%. Items affected this result → decreased interest expenses and other financial expenses; 7 – Yes, line no. 51 (1,141 value); 8 – Determination: line no. 30 + 48 – 49. Increased by 181.30%. Both profit/loss are same as the Extraordinary P/L is missing (in the Czech Republic abolished this part); 9 – Line no. 55, increased by 14,498 th. CZK (by 170.74%). Items: increased operating P/L by 74% and increased financial P/L by 17.12%; 10 – Line no. 18, value: 16,497 th. CZK in 2024

Additional questions:

1 – Yes, the company was able to eliminate the previous loss. But the positive result (profit) is mainly affected by decreased Taxes. The production increased only by 2.21% and added value just only by 0.56%. Moreover, personal expenses increased very significantly.; 2 – There is potential; 3 – Decreasing trend (decreased by 20.4%); 4 – Debt-to-Equity is 3.65 (i.e., 222,198/60,832). Portion is not good as it presents to higher level of debt and company shall pay attention to that. The bank will do it as well.; 5 – Current ratio → current assets to short-term liabilities is 4.07. It means that for every liability there is 4.07 CZK of current assets → the company is solvent.; 6 – Increasing trend → by 2.21%