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Abolition of Tax on Acquisition of Immovable Property: A Tool to Suppress the Negative Consequences of Covid-19 or a Politicum?

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Abstract: The tax on acquisition of immovable property was abolished on September 26, 2020 in the Czech Republic. One of the reasons mentioned in the explanatory report to the Act was the statement that the abolition deals with the effects of this virus on society. The main aim of the article is to answer the question of whether the abolition of the tax on acquisition of immovable property is a tool to suppress the negative consequences of Covid-19 or a *politicum.* To get the answer, it is necessary to shortly describe the tax on acquisition of immovable property and its structural components and make a basic comparison with the other EU Member States. We also summarise the pros and cons of the tax and related findings of the Constitutional Court. As the property transfer tax is connected with the income tax and there were several amendments in the proposal, it is needed to analyse these changes. Based on the research, it is possible to conclude that the abolition of the tax on acquisition of immovable property is definitely not a tool to suppress the negative consequences of Covid-19; it is just a *politicum:* political parties believe that the abolition of the transfer tax brings them more voices in the elections.

Keywords: tax on acquisition of immovable property, transfer tax, tax, Covid-19, personal income tax

1. Introduction, literature overview and research

Property transfer tax is a traditional direct tax. It is a part of many tax systems worldwide; however, the national legislators use different titles: transfer tax, acquisition tax, registration tax, transaction tax, tax on sale, etc. In several countries, the stamp duty is being collected. (Radvan, 2017) According to Bahl (2004, p. 1), the stamp duty is a charge for certifying documents but also has taken on the role of a sales tax on certain transactions. The property transfer tax is levied on the disposal of properties, i.e. on the passing of ownership or title to property from one person to another, no matter if these persons are natural persons or legal entities. The disposal usually means the sale of the property; however, free of charge transfers (donations, inheritance) might be the object of taxation, too. These taxes are usually called inheritance tax and gift tax. The property is mostly immovable property (real estate); however, shares or bonds are to be taxed, too.

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In Central and Eastern European countries, there is a visible trend to abolish property transfer taxes, especially inheritance tax (estate tax, death tax, succession tax) and gift tax (donations tax) (e.g. Slovakia in 2004, the Czech Republic in 2014). Property transfer taxes were also cancelled, e.g. in Estonia, Lithuania, Romania and Slovakia. (Radvan, 2017) In the Czech Republic, the tax on acquisition of immovable property was abolished on September 26, 2020. One of the reasons mentioned in the explanatory report to the Act was the statement that the abolition deals with the effects of the virus SARS-CoV-2 on society. (Chamber of Deputies, 2020, p. 9) As more tax law bills are dealing (according to the government) with the harmful effects of the virus (e.g. the abolition of the super gross wage), the primary research question is whether the proposed amendments are tools to suppress the negative consequences of Covid-19 or a *politicum*.

The main aim of the contribution is to answer this question concerning abolishing the tax on acquisition of immovable property. Historically, before the virus SARS-CoV-2, many political parties in the Czech Republic aimed to abolish both super gross wage and the tax on acquisition of immovable property. That is why the main hypothesis of this article is that the abolition of tax on acquisition of immovable property is not a tool to suppress the negative consequences of Covid-19 but a politicum. In the following text, we bring arguments to confirm or disprove this hypothesis. To achieve the aim of the article and confirm or disprove the hypothesis, we briefly introduce the tax on acquisition of immovable property in the Czech Republic. In this part, we present the list of transfer taxes collected in the EU Member States and we compare the structural components of these taxes, namely subject of the tax, object of taxation, tax base and tax rate, correction components, etc. Later, we critically analyse the legal regulation and bring the pros and cons of the property transfer tax generally and the tax on acquisition of immovable property in the Czech Republic concretely. We also analyse the related findings of the Constitutional Court. As the original bill of the act abolishing the tax on acquisition of immovable property in the Czech Republic was different from the final version of the act, we critically analyse the history of parliamentary proceedings and we compare the final act abolishing the tax on acquisition of immovable property and related amendments of the personal income taxation with the original bill. At the end of the article, using the synthesis method, we summarise our findings, answer the research question and deal with the hypothesis.

2. Property transfer tax

In many EU Member States, property transfer taxes are currently the subject of economic and political discussions. Especially inheritance tax and gift tax were abolished in several countries in the last two decades.

Table 1.
Typical transfer taxes in the EU Member States

Country	Inheritance tax	Gift tax	Property transfer tax
Belgium	yes	yes	yes
Bulgaria	yes	yes	yes
The Czech Republic	no	no	no
Denmark	yes	yes	yes
Estonia	no	no	no
Finland	yes	yes	yes
France	yes	yes	yes
Croatia	yes	yes	yes
Ireland	yes	yes	yes
Italy	yes	yes	yes
Cyprus	no	no	yes
Lithuania	no	no	no
Latvia	no	no	yes
Luxembourg	yes	yes	yes
Hungary	yes	yes	yes
Malta	no	no	yes
Germany	yes	yes	yes
The Netherlands	yes	yes	yes
Poland	yes	yes	yes
Portugal	no	no	yes
Austria	no	no	yes
Romania	yes	no	no
Greece	yes	yes	yes
Slovakia	no	no	no
Slovenia	yes	yes	yes
Sweden	no	no	yes
Spain	yes	yes	yes

Source: Compiled by the author based on European Commission (2020).

Both inheritance tax and gift tax in the Czech Republic have been abolished in connection with the recodification of private law since 2014. As inheritance and gifts are incomes at the same time, it was necessary to amend the income taxation rules. As a result, inheritance is exempt from both personal and corporate income taxes. In case of gifts, only natural persons are exempted if they are relatives or living in the same household with the donor. Other gifts up to 15,000 CZK per year are also exempted. In countries where inheritance tax and gift taxes still exist, the rates may be extremely high. For example, in Slovenia, the inheritance of property applicable to the first class of recipients is exempted from taxation, while in case of the other categories, the applicable legislation stipulates an inheritance tax varying from 5% to 39%. (Lowtax, 2020) The inheritance and gift tax in Hungary used to

have a maximum rate of 40%. They are now levied at a flat rate of 18%, with a reduced rate of 9% applying to acquisitions of residential property. (Bencze, 2020)

As stated in the introduction, there are many titles used for property transfer taxes: transfer tax, acquisition tax, registration tax, transaction tax, tax on sale, stamp duty, etc. Property transfer taxes are closely connected with other taxes, such as primarily inheritance tax and gift tax, secondarily recurrent property tax, value added tax, or income taxes. There might be additional taxes sensu lato on property transfers, e.g. property value increasement tax and registration taxes.

Table 2.
Property transfer taxes in the EU Member States

Title of the tax	**Country**
Transfer tax	AUS, CRO, GER, FIN, GRE, HUN, NETH, POL, PORT, SLO
Registration tax	BEL, FRA, ITA, LUX
Acquisition tax	BUL
Capital Tax	CYP (capital gains), SPA (capital transfers)
Stamp duty	GB (land tax), IRL, SWE
Tax on sale	DEN
Duty	LAT (for consolidation of ownership), MAL (property transfers)
No transfer taxation	CZK, EST, LIT, ROM, SVK

Source: Compiled by the author based on European Commission (2020), Radvan (2017).

Like any legal relationship, tax (tax relationship) is made up of structural components: taxpayer, object of taxation, tax base, tax rate, correction components, payment conditions, tax administration and budget destination. (Radvan, 2020, pp. 25–26)

There are two kinds of entities in tax relations, one in the position of the entitled entity, that is, the state or municipality which are represented by the relevant tax authority, and the other in the position of the obligated entity to which the tax liability is attached – the taxpayer. The property transfer tax is mostly paid by the acquirer (usually the buyer). The same is true for all EU Member States, except for states mentioned below. The seller pays the tax in Denmark, Cyprus, or Slovenia. In Austria, Germany and Italy, the tax is paid by both seller and buyer at the same time. However, in Germany as well as in Bulgaria, the contract parties are free to set the taxpayer in the contract. Bulgarian regulation ensures payment of the tax by the buyer being the surety. In the Czech Republic, the tax on acquisition of immovable property is a kind of transformation of an earlier tax on transfer of immovable property. This tax was paid by the seller, while the buyer was the surety. Adopting the tax on acquisition of immovable property effective since January 1, 2014, the taxpayer was (surprisingly and contrary to the government's bill) still the seller, even if the title of the tax was including the word "acquisition" and the object was defined as the acquisition of immovable property. It was confusing for the contract parties and on 1 November 2016, the buyer became the taxpayer.

The object of taxation generally copies the official title of the property transfer tax. Therefore, generally, it is the transfer or the acquisition of the property. In the Czech

Republic, the tax on acquisition of immovable property was a one-off tax paid after the real estate had been acquired, i.e. after the real estate title had been acquired. The object of taxation was an acquisition of property right on immovable property (land, structure/building, unit – flat, non-residential premise, the right of construction burdening the land, and shares on the immovable property) located in the territory of the Czech Republic for consideration. Unfortunately, the transfers of company shares (including the immovable property) did not fall within this definition and very often, this rule was used for tax avoidance.

For the property transfer tax, an ad valorem tax base is being used. It might be set by the contract parties, by the state, by an independent expert, or as a comparison of several approaches. Mostly, it is possible to deduct expenses connected with the acquisition of the property.

Table 3.
Property transfer tax base in the EU Member States

Tax base	Country
Contract price	AUS, BEL, DEN, GB, GER, IRL, LAT, MAL, SLO, SPA, SWE
Price vs. taxable value	PORT
Assessed value	BUL
Market value	CRO, ITA, LUX, POL

Source: Compiled by the author based on European Commission (2020), Radvan (2017).

In the Czech Republic, there were several possibilities of setting the tax base, depending on the type of transfer. Generally, the tax base was the acquisition value reduced by the eligible expenses (costs of the expert's report). To get the acquisition value, it was necessary to compare the contract price and 75% of the comparative tax value. The comparative tax value might have been the indicative value self-assessed by the taxpayer using the bylaw or the price determined by an expert.

The property transfer tax rates might be linear or progressive. There might be one rate for all types of transfers, or different rates depending on the type of property, relations between the contract parties, or legal status of the taxpayer. In the Czech Republic, the tax rate was linear of 4%.

Table 4.
Property transfer tax rates in the EU Member States

Country	Tax rate	Note
Austria	3.5%	2% for relatives
Belgium	5–12.5%	depends on region
Bulgaria	0.1–3%	
Croatia	5%	
Cyprus	20%	income tax
The Czech Republic	N/A	

Country	Tax rate	Note
Denmark		taxed by income taxes
Estonia	N/A	N/A
Finland	4%	
France	3.8–4.5%	depends on departments + 1.2% additional local tax
Germany	3.5%	
Greece	3%	
Hungary	2–4%	degressive
Ireland	1–2%	
Italy	3%	
Latvia	2–6%	depends on type of property, discounts for relatives
Lithuania	N/A	
Luxembourg	6%	
Malta	3–5%	degressive
The Netherlands	6%	2% for dwellings
Poland	2%	
Portugal	0–8%	depends on type of property and location
Romania	N/A	
Slovakia	N/A	
Slovenia	2%	
Spain	6–7%	depends on location
Sweden	1.5% 4.25%	for natural persons for legal persons

Source: Compiled by the author based on European Commission (2020), Radvan (2017).

The property transfer tax rate is mostly set by the central authority; in Belgium, Spain and Portugal it is set by the central and regional authorities, in Germany by the regional authority, in Bulgaria by the local authority, and in France by the central, regional and local authorities.

The correction components are set mainly for relatives. Very often, they respect public interest (exemptions for public institutions, charities, public benefits associations, churches, Red Cross, etc.) and protection of the environment. In several countries, there are tax minimums for the low-value properties, primarily used as permanent residences. The correction components are mostly set in the act. Some are also defined by the regional authorities (Belgium, Spain) or local and regional authorities (France, Portugal). In the Czech Republic, there was a special exemption for newly constructed family houses and units in the apartment buildings (in case of the first acquisition of title for consideration if it occurred within five years of the date of their completion or commencement of use).

The state tax offices generally administrate property transfer taxes. However, in France and Germany, the tax is administered at the regional level, in Bulgaria and Spain by the local authorities. Belgian property transfer tax is administered by professional intermediaries like notaries. In Latvia, it is the land register responsible for the tax administration.

The property transfer tax revenue usually goes to the central budget. However, there are several exceptions:

Table 5.
Property transfer tax budget destination in the EU Member States

Country	**Tax rate**
Austria	State and municipality
Belgium	State and region
Bulgaria	Municipality
Croatia	State and municipality
Cyprus	State
The Czech Republic	N/A
Denmark	State
Estonia	N/A
Finland	State
France	Municipality
Germany	Region
Greece	State and municipality
Hungary	State
Ireland	State
Italy	State and region
Latvia	State
Lithuania	N/A
Luxembourg	State
Malta	State
The Netherlands	State
Poland	Municipality
Portugal	Municipality
Romania	N/A
Slovakia	N/A
Slovenia	Municipality
Spain	Region
Sweden	State

Source: Compiled by the author based on European Commission (2020), Radvan (2017).

3. Pros and cons of property transfer taxation

Transfers of immovable property might be expensive. The OECD has constructed indicators of transaction costs based on property transfer taxes, registration fees (registration of property title and details of the owner of the property in the land registry), notary or other legal fees (in some countries, a notary must verify the signatories), and real estate agent

fees. Gayer and Mourre (2012, p. 33) state that transaction costs are comparatively high in Belgium, France and Greece (14% or more) and significantly lower in some Nordic countries and the United Kingdom. High transaction costs also reduce labour market mobility.

There are several other disadvantages of property transfer tax. (Bahl, 2004, p. 39–40; Radvan, 2017; Franzsen & McCluskey, 2017, p. 45; Bahl, 2009, p. 22) Taxpayers argue that there are multiple taxations of property transfers. From any income, including the bank interests and incomes from the sale of the property (if the time tests are not fulfilled), the (personal or corporate) income tax should be paid. There is a value added tax increasing the price of the property. The property transfer has to be paid when buying the property. Even if this tax is paid by the seller, it is taken into account and the selling price is higher as it includes the transfer tax. Finally, every year the recurrent property tax is collected.

As the tax base is usually the market value or at least the market value is usually considered when setting the tax base, some taxpayers are trying to minimise the transfer tax undervaluing the property in the contracts. Undervaluation of property might be dangerous for the seller if the buyer is willing to pay the price in the contract and not the actual, verbally agreed price. Undervalued price also deforms the property market.

Another way to avoid taxation is the usage of other legal acts which are not the object of taxation. Typically, inheritance or gifts are to be mentioned here. In the Czech Republic, very often higher value assets are invested in the special-purpose business corporations (becoming commercial assets) and the company or the share on that is being sold. Such a procedure is legal and there is no property transfer tax on such a sale. Moreover, transfers of the shares of housing cooperatives are not liable to tax, even the share is connected with the flat.

One might argue why the transfers of immovable property are taxed, while transactions with a movable property are tax free. In our opinion, the answer is in the tax administration effectiveness: it would be difficult to find transfers of many movable assets and it would be difficult to set the value (i.e. the tax base). In the case of movables, it would be easy to avoid taxation and the administrative costs would be too high.

As evident from the text mentioned above, the property transfer tax is not a perfect tax and many taxpayers find this tax unfair. Some may find it even unconstitutional, e.g. the Supreme Administrative Court (2009). This Court submitted a petition to declare the unconstitutionality of the property transfer tax to the Constitutional Court. In the opinion of the Supreme Administrative Court, the tax does not pass the minimum rational basis test, as the chosen solution does not lead to the objective pursued. The Court sees the reasons for illegitimacy and irrationality in several ways. Above all, this is a discriminatory tax, as only one of the cases of property transfers is subject to this property type tax. The Court completely lacks knowledge why the legislator chose to tax the transfer of this single type of property. In the spirit of the rule of law, the legislator cannot act arbitrarily but must have a strong and rational reason for its activity. The Court states that the regulatory function is precluded by the fact that the property transfer tax causes the price of this real estate to increase by the amount of this tax. Nor can the property transfer tax have a redistributive function, the essence of which lies in the establishment of social peace, as this tax does not only burden luxury property. Nor can a rational and legitimate reason for the existence of this tax be inferred from the fiscal policy of the state. The relevant reason is not

even the easy way of controlling property transfers and payment enforcing. There is no reason why the state should impose public payments on the immovable property transfers twice: using the property transfer tax and the fee for deposit in the real estate cadastre. The Court brings several other arguments, including multiple taxations of property transfers. The Supreme Administrative Court concludes that the property transfer tax is "an antisocial, demotivating tax, unequal in terms of ownership of various types of property, limiting flexibility in the immovable property market and, as a result, hampering the flexibility of the labor market, and in its consequences negatively affecting family life". (Constitutional Court, 2009, Article 4–12)

The Constitutional Court generally stated that the power of the state to tax under certain, precisely defined conditions is institutionalised precisely to raise funds for the security of public goods and services. The legitimacy of taxation follows, among other things, from the fact that the results of taxation are also used to protect and create conditions for the development of the property. Such protection and creation of conditions must, of course, be paid for something. But this purpose of taxation is not the only one; tax interference in the property and legal sphere of an individual acquires justification precisely by the even distribution of these burdens. Dealing with the principle of equality, the Constitutional Court took into account the accessory principle prohibiting discrimination against persons in the exercise of their fundamental rights and the non-accessory principle consisting of excluding the legislature's discretion in distinguishing between specific groups (i.e. the principle of equality before the law). Assessing the unconstitutionality of taxes in terms of the three basic functions of taxes (allocation, distribution and stabilisation functions) falls within the competence of the democratically elected legislator. The Constitutional Court cannot assess the unconstitutionality of taxes in terms of basic functions of taxes, as it would enter the field of individual policies. The rationality of individual policies cannot be assessed well enough from the point of view of constitutionality. The Constitutional Court also generally does not review the effectiveness of taxes (except for cases where the inefficiency of a certain tax would establish an obvious inequality in the tax burden of taxpayers). The Constitutional Court may only examine whether the given tax measures do not interfere with the constitutionally guaranteed ownership, respectively, whether the given tax measures cannot be considered unreasonable contrary to the principle of equality, i.e. arbitrary. In its judgment on the appropriateness of public policies, the Constitutional Court will not replace the judgment of a democratically elected legislator, who has broad discretion in the field of public policies, and also bears political responsibility for the possible failure of the chosen solution. In other words, the legislator can also take irrational steps in the field of taxation, which, however, is not yet a reason for the intervention of the Constitutional Court. The Constitutional Court will only intervene if the right of ownership is limited in the intensity of the so-called suffocating effect, or if the principle of equality is violated, both in its accessory or non-accessory form. (Constitutional Court, 2009)

To summarise the explanation of the Constitutional Court, it is up to the state to define the tax policies and adopt tax law regulation, i.e. it is a politicum. The role of the Constitutional Court in tax issues is only to protect the right of ownership and intervene if

the principle of equality is violated. There is no place at the constitutional level to answer whether the property transfer tax is a good or bad, fair or unfair tax.

As the cons were discussed earlier, what might be the pros of the property transfer tax? Primarily it is an easy tax in the perspectives of tax administration and administration costs. The immovable property is fixed in location and it is not possible to move it from one country to another to avoid the tax or optimise the tax duty. As in many countries, there are real estate cadastres. Then the property is registered and it is impossible to hide the immovable property; transfers of property are public and registered; it is easy to identify the taxpayer. The registration protects the owner and the owner's property rights. In several, especially the developing countries, the property is transferred only if the property transfer tax is paid (emphasis on taxation), while in developed countries, the tax is to be paid only after the transfer is registered in the cadastre (emphasis on registration). Contrary to movable property, immovable property has definitely certain positive value: it is relatively easy to set the tax base and applying the tax rate to collect the tax. The value is mostly registered (or at least the contracts are registered) what might be a tool for an effective administration of other taxes: if the recurrent property tax is assessed according to the value, the value might be used to set the recurrent property tax base. The value might be useful for income taxes administration, too, mainly when taxing the income from sold property or the profit from real estate trading. (Radvan, 2017; Almy, 2001, p. 1; Franzsen & McCluskey, 2017, p. 44)

4. Parliamentary proceedings to abolish property transfer tax in the Czech Republic

It was not only in the context of the coronavirus (SARS-CoV-2) crisis and its impact on society that, the government proposed the bill abolishing the tax on acquisition of immovable property as the only surviving transfer tax. The other reasons for cancelling the property transfer tax were the simplification and clarification of the tax system, lowering the motivation to establish special-purpose business corporations owning real estate and transfer shares in them, which is not the object of taxation. Still another objective was to grow investment in immovable property (lower initial costs) and ease the administrative burden of the cessation of the obligation to file a tax return on the acquisition of immovable property. (Chamber of Deputies, 2020, pp. 9–10) The government bill abolishes the tax on acquisition of immovable property with a retroactive effect: the decisive date is March 31, 2020. It means that the tax will no longer be paid by anyone to whom a cadastre deposit has been made in December 2019 and later, as the deadline for filing a tax return has expired on March 31, 2020 and later.

In the area of personal income tax, the proposal further governs the extension of the time test for income from the sale of immovable property not intended for own housing from 5 to 10 years. The extension of the time test will be effective for the immovable property acquired after January 1, 2021.

In connection with the proposal to abolish the tax on acquisition of immovable property, the government proposed to cancel the tax allowance on mortgage interests. This

personal income tax correction component allows deducting from the tax base the amount equal to the interest paid on a loan provided from a housing saving scheme or the amount equal to the interest on a mortgage loan or the amount equal to the interest on a loan provided by a housing savings bank (300,000 CZK at maximum per household per year). The proposed changes intend that taxpayers keep the amount originally earmarked for property transfer tax immediately, and not as a result of partial tax allowances for several decades. This amendment should only be applied to taxpayers who acquire housing needs on credit from January 1, 2022.

The Chamber of Deputies accepted the government's proposals to abolish the tax on acquisition of immovable property and to extend the time test. However, it did not accept the proposal to cancel the tax allowance on mortgage interests; it only lowered the yearly limit to 150,000 CZK. The proposal, as prepared by the Chamber of Deputies, had a lot of legislative-technical mistakes. The Senate made technical corrections and set a new date when the maximum tax allowance on mortgage interests is to be changed; the maximum of 150,000 CZK shall be applied to taxpayers who acquire housing needs on credit from January 1, 2021. This version of the bill was adopted by the Chamber of Deputies and signed by the President. The tax on acquisition of immovable property in the Czech Republic was officially abolished on September 26, 2020.

As the abolition of the tax on acquisition of immovable property is retroactive (if the cadastre deposit has been made in December 2019 and later), the taxpayers who have already filed their tax returns and paid the tax have to ask the tax office to send the paid tax back. If the taxpayer did not file the tax return and did not pay the tax, there is no penalty or other sanctions. (Financial Administration, 2020a)

5. Conclusions

In the many EU Member States, property transfer taxes are currently the subject of economic and political discussions. Especially inheritance tax and gift tax were abolished in several countries in the last two decades. The abolition of the property transfer tax is currently a discussed topic in several other countries. In the Czech Republic, the tax on acquisition of immovable property was abolished, i.a. in the context of the virus SARS-CoV-2 crisis. One may argue that the real estate market has slowed dramatically due to the pandemic and the abolition of the tax on acquisition of immovable property can undoubtedly have a positive effect on its relaunch. However, there is no research confirming these expectations, answering how immediate and significant the overall effect might be.

Several other tax law measures were adopted in the Czech Republic to eliminate the negative consequences of the virus SARS-CoV-2 crisis. The most important in the substantive tax law are:

- a reduction in the VAT rate from 15% to 10% for accommodation services, admission to cultural and sports events, sports grounds, saunas and other similar facilities
- measures allowing resident personal and corporate income taxpayers to use estimated 2020 losses to offset income declared in 2018 and 2019

- an expansion of the scope of the recurrent property tax exemption for municipalities that might be applied retrospectively
- a 25% reduction in the road tax for vehicles weighing more than 3.5 tones;
- exemption from customs duties and VAT on imports of goods necessary to combat the consequences of the virus SARS-CoV-2 (CCH Global Content Assets Team, 2020; Financial Administration, 2020b)

In the procedural tax law, some measures were adopted by the Parliament, some by the Ministry of Finance. The most important are:

- extension of the deadlines for filing a tax return and tax payments (personal and corporate income tax, VAT, social and health contributions, etc.)
- waiver of advance payments
- waiver of tax accessories and certain administrative fees
- waiver of fines for late submission of inspection report
- deferment or instalment payment of taxes and tax advance payments (Financial Administration, 2020b)

Historically, before the virus SARS-CoV-2, many political parties in the Czech Republic aimed to abolish the tax on acquisition of immovable property. Finally, it was abolished on September 26, 2020 by all political parties in the Parliament, who mostly argued with the negatives of the property transfer taxation. Based on all the arguments mentioned above, we believe that the statement that the abolition deals with the effects of this virus SARS-CoV-2 on society was only a pretext. The main hypothesis, that the abolition of tax on acquisition of immovable property is not a tool to suppress the negative consequences of Covid-19 but a politicum, is confirmed. The politicians are just trying to exploit this crisis for their own benefits, to please voters, to be re-elected.

The negative consequences of this virus SARS-CoV-2 force the governments to adopt measures to eliminate these consequences; however, at the same time, they offer to approve legislative changes to make the tax system more manageable, more transparent and more effective. The property transfer tax is definitely not an ideal tax. Nevertheless, cancelling this tax and losing 14 billion CZK for public budgets (Žurovec, 2020) was an excellent chance to accept other proposals and ideas closely connected with property taxation. E.g. the cancelation of the tax allowance on mortgage interests would keep the budget revenues from the long-term perspective on the same level. The taxpayers would get the cashflow necessary at the time of crisis. The abolition of the tax on acquisition of immovable property might have meant the increase of the recurrent property tax rates (as the Czech tax on immovable property is one of the lowest in OECD countries) so that the municipal budgets would get missing sources of their revenues caused by the crisis. Even if there is a crisis, we should be aware of public finance and extremely deficit public budgets.

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