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Tax accounting

START-UP

There are some types of tax in the boxes below, but some letters are missing. Can you complete the words?

TAX

1 inc_m_

4 c_rp_r_te

6 v_l__dd_d

2 s_l_s

5 pr_p_rty

7 _xc_s_

3 inh_rit_nc_

Which taxes in the boxes above are you familiar with?

What do foreign companies and individuals need to know about the taxation system in your country?

- 1 A Czech manager has asked his accountant to explain depreciation. First make a list of some typical methods. Then read the following conversation. Are the same methods given?

Václav So could you just go over depreciation again?

Jill Sure. I've prepared a quick list of the different types like you asked.

Václav Great.

Jill OK, let's see. Well, you know that the normal accounting treatment means that a fixed asset has to be written off over its useful life. Basically we look at the cost of the item, and take away its estimated scrap value. Then we use a depreciation method to write it off.

Václav Yes, of course. It's five years for computers, I think.

Jill Right. Well, as you say, there are different ways of doing this. Er, let's see, straight line, declining balance, sum-of-the-year's digits, unit of production, hours of use. If you look at this list, you can see a description of each of these methods.

Václav Oh yes, I see. Yes, that's very useful.

Jill OK. Let's start with straight line ...

VOCABULARY ASSISTANT

depreciation *amortizace, odpisy*
 scrap value *zbytková hodnota*
 to write off *odepsat*

DID YOU KNOW?

In the US and Britain accounting methods for income tax and financial reporting are independent of each other. This means that there can be large differences between the profit recorded in the financial statements and the profit for the income tax calculation.