

Filing capital gains tax return for second quarter income (3/25/20)

In an earlier article, we wrote that the Electronic Declaration System offers a convenient wizard for calculating capital gains and we explained how it works. As the deadline for filing the capital gains tax return for the second quarter of 2020 is approaching, this is a reminder that individuals whose income from capital gains in the second quarter exceeds EUR 1,000 have to file their tax return by 15 July.

The definition of capital assets

Under section 11.9(2) of the Personal Income Tax (PIT) Act, capital assets are –

- shares and investments in a partnership and other financial instruments specified by the Financial Instruments Market Act;
- investment fund certificates and other transferable securities confirming participation in investment funds or in equivalent undertakings for collective investment;
- debt instruments (promissory notes, certificates of deposit, short-term debentures issued by companies) and other money instruments traded on money markets;
- real estate (including the right to acquire it);
- an undertaking as defined by the Commercial Code;
- intellectual property items;
- investment gold and other precious metals, as well as items traded on a stock exchange or on a commodity exchange;
- virtual currency as defined by the Anti Money Laundering and Counter Terrorist and Proliferation Financing Act.

Under the PIT Act, a capital gain is the selling price of your capital asset less its acquisition cost and any amount you have invested in it.

Filing deadlines

The deadline for filing a capital gains tax return is determined according to the amount of capital gains income arising in each quarter. Under section 19(3.2) of the PIT Act, the person must pay the PIT charge within 15 days after the statutory filing deadline.

| Total income from quarterly dealings in capital assets | Deadline for filing capital gains tax return | Deadline for paying tax |
|--|---|---|
| < EUR 1,000 | 15 January in the following year | 30 January in the following year |
| | First quarter – 15 April | First quarter – 30 April |
| | Second quarter – 15 July | Second quarter – 30 July |
| ≥ EUR 1,000 | Third quarter – 15 October | Third quarter – 30 October |
| | Fourth quarter – 15 January in the following year | Fourth quarter – 30 January in the following year |

Accordingly, a person that has earned any capital gains income totalling EUR 1,000 or more over the period from 1 April to 30 June 2020 has to file the tax return by 15 July 2020 and pay tax on their capital gains income by 30 July 2020.