



# A comparative analysis of doing business in Australia verses Czech Republic



**Fergus Cunningham**

6th April

# Content

## **Macroeconomic overview**

### **Business relationship Czech Republic - Australia**

- Foreign trade between Czech Republic and Australia
- Czech export/import with Australia
- Czech companies doing business in Australia

### **Start business in Australia**

- Key steps to register your business
- Business structures
- Education location
- Industry location
- Legal requirements
- Taxation consideration
- Corporate – Tax credit and incentives
- Visa options
- Employing people
- Authorities

## **Q&A**

# Macroeconomic overview

# Czech republic



# Australia

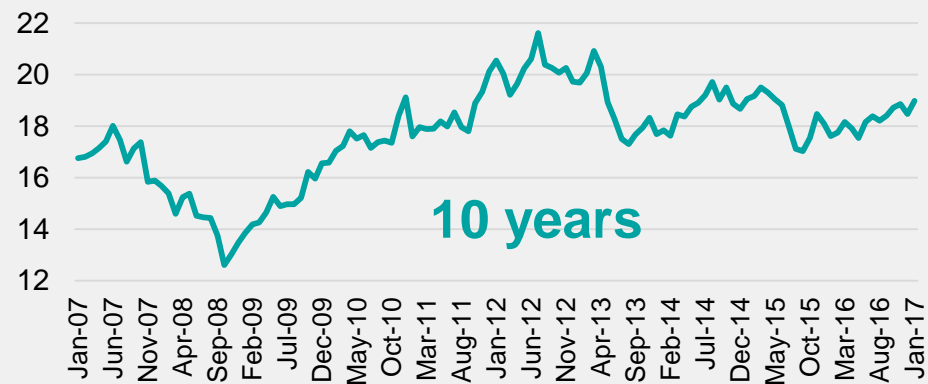
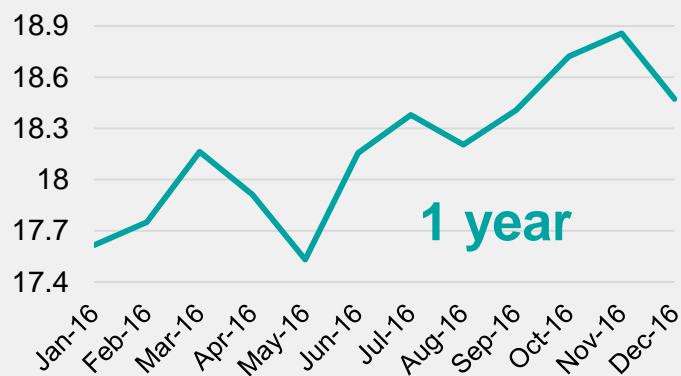


## Exchange rate

CZK/AUD

19.37

(22 March 2017)



# Business relationship Czech Republic - Australia

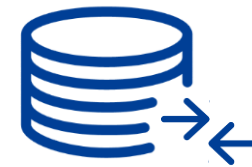
# Foreign trade between Czech Republic and Australia



**Export**



**Import**



**Total trade**

**2015**

**CZK 15.0 B**

**CZK 3.8 B**

**CZK 18.8 B**

**2010**

**CZK 5.7 B**

**CZK 2.1 B**

**CZK 7.8 B**

Source: [http://www.mzv.cz/canberra/cz/vzajemne\\_vztahy/bilateralni\\_vztahy\\_s\\_australii/bilateralni\\_vztahy\\_ceske\\_republiky\\_s.html](http://www.mzv.cz/canberra/cz/vzajemne_vztahy/bilateralni_vztahy_s_australii/bilateralni_vztahy_ceske_republiky_s.html),  
<http://www.businessinfo.cz/cs/clanky/australie-obchodni-a-ekonomicka-spoluprace-s-cr-19121.html>

# Czech export/import with Australia

#1

#2

#3

#4

#5

## EXPORT



**Motor vehicles**



**Toys & models**



**Wood**



**Jet engines, gas turbines**



**Mobile devices**

## IMPORT



**Wool**



**Drugs**



**Wine**



**Motor vehicle parts**



**Mobile devices**

Source: <http://www.businessinfo.cz/cs/clanky/australie-obchodni-a-ekonomicka-spoluprace-s-cr-19121.html>

# Some of the Czech companies doing business in Australia

**ŠKODA**



**AUSTIN POWDER**  
INTERNATIONAL

**TEDOM**



Source: <http://www.businessinfo.cz/cs/clanky/australie-obchodni-a-ekonomicka-spoluprace-s-cr-19121.html>



# Start Business in Australia

# Key steps to register your business

## ASIC

Apply for a business name for your company (ASIC check your business name availability).  
Cost is \$34 for one year, \$80 for three years.

## ACN

Register a company and get Australian Company Number  
Cost is \$469 for a proprietary limited company.

## ABN

Apply online for ABN (Australian Business Number) from the Australian Business Register.  
Registering and obtaining an ABN is free.

## Local Agent

Appointment of local agent (an individual or an Australian company authorised to accept, on behalf of the foreign company, service of process and notices) for service of notices.

## Office

Creation of a registered office in Australia.

## Resident director

Appointment of Australian resident directors.

## ARBN

When registered, you'll receive a unique nine digit number known as the Australian Registered Body Number (ARBN).



One of the easiest places in the world to start a business.  
**Register your company in 2 days average.**

# Business structures

	 <b>Czech Republic (s.r.o.)</b>	 <b>Australia (Ltd.)</b>
<b>Description</b>	The <b>s.r.o. (LLC)</b> is a <b>separate legal entity with its own legal capacity</b> and therefore can <b>enter into contracts and conduct any legal acts on its own behalf.</b>	The <b>private company equivalent in Australia</b> is the Proprietary Limited company ( <b>Pty. Ltd.</b> ).
<b>Registered capital</b>	<b>Min. CZK 1.</b> The maximum amount is not limited.	<b>Standard authorised capital = AUD 1,000.*</b> Minimum capital, which must be paid on incorporation = AUD 1.*
<b>Timeframe for incorporation</b>	<b>5-8 weeks.</b>	<b>5/8 working days.</b> A complete set of company documents can be <b>delivered in 6/7 weeks.</b>
<b>Corporate income tax rate</b>	<b>19 %</b>	<b>30 %</b>

\* AUD 1 = CZK 19.37, 22 March 2017

# Education location

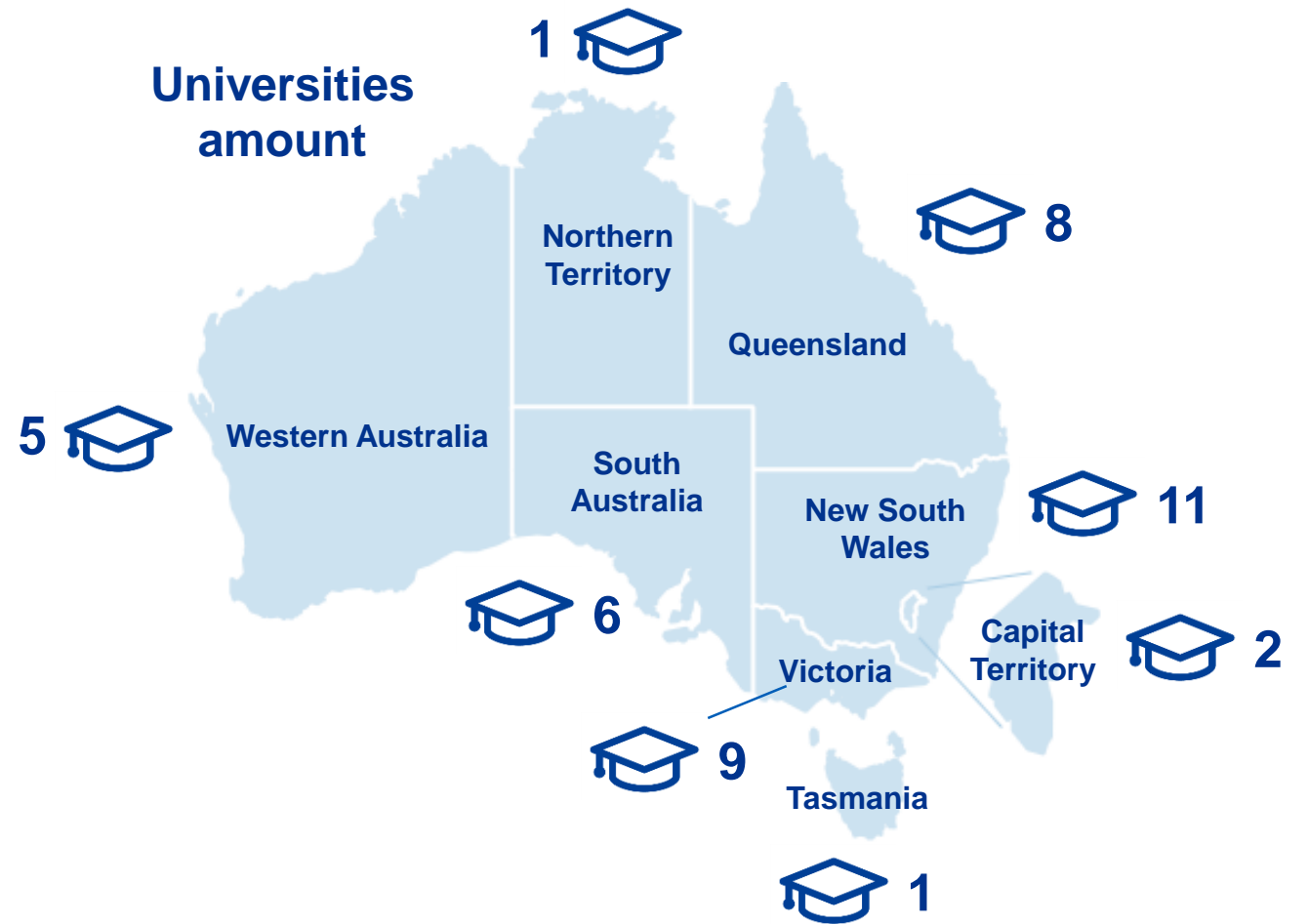
43 **Universities** in Australia (2016)

712,884 **Total enrolled students** (2016)

11,931 **CEE students** (2016)

2,707 **Czech students** (2016)

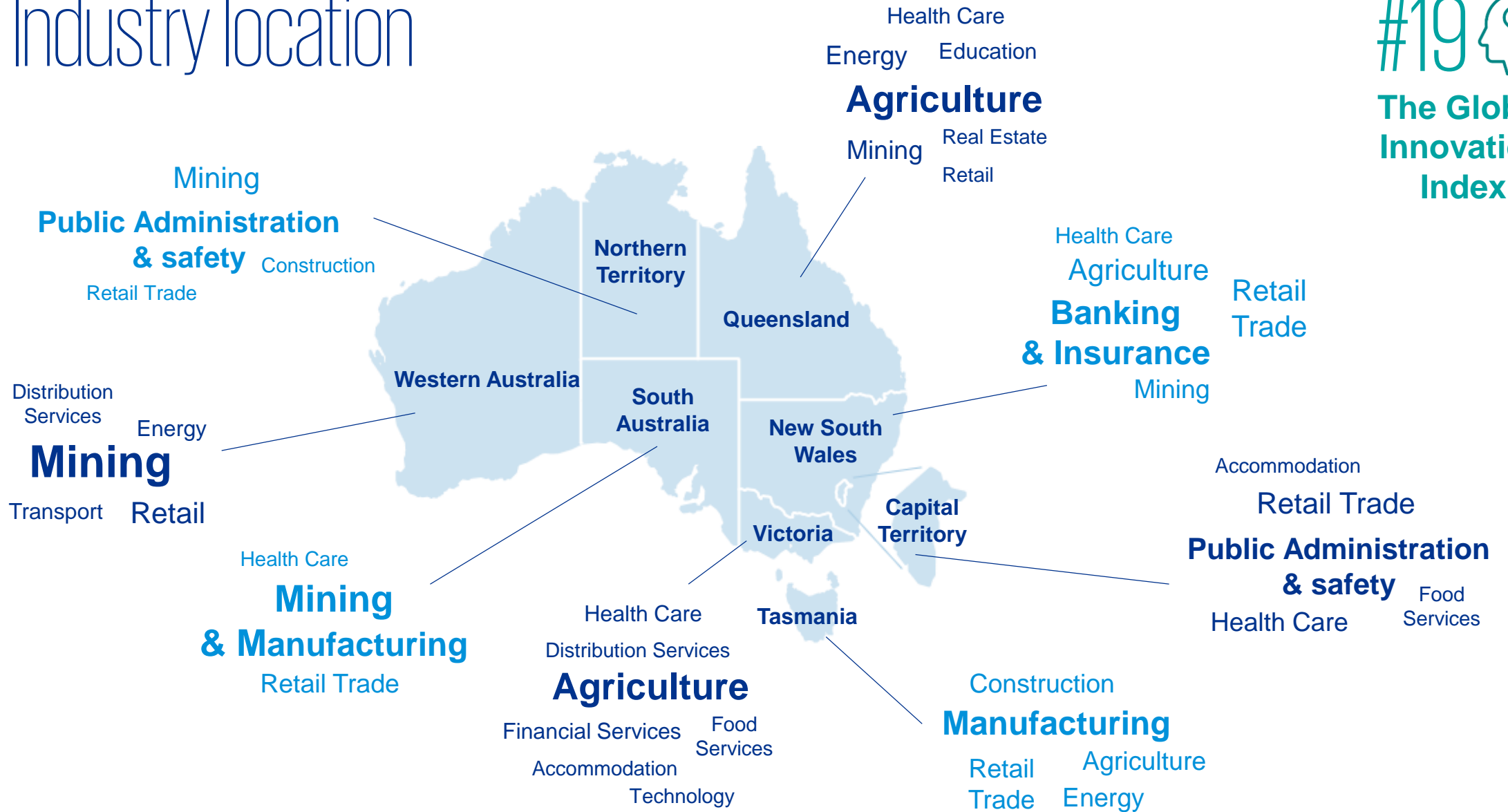
**#1** Amount of **Czech students** enrolled in education courses in Australia accross CEE



Source: <http://www.studyinaustralia.gov.au/global/australian-education/universities-and-higher-education/list-of-australian-universities>,  
[https://internationaleducation.gov.au/research/International-Student-Data/Pages/InternationalStudentData2016.aspx#Time\\_Series](https://internationaleducation.gov.au/research/International-Student-Data/Pages/InternationalStudentData2016.aspx#Time_Series)

# Industry location

#19   
The Global  
Innovation  
Index



# Protection of Intellectual property

## IMD World Competitiveness Report 2015

#8

**Private property protection and personal security system**

#15

**Intellectual property rights are adequately enforced**



**Intellectual Property Laws Amendment (Raising the Bar) Act 2012**



**Experimental use exemption from patent infringement**



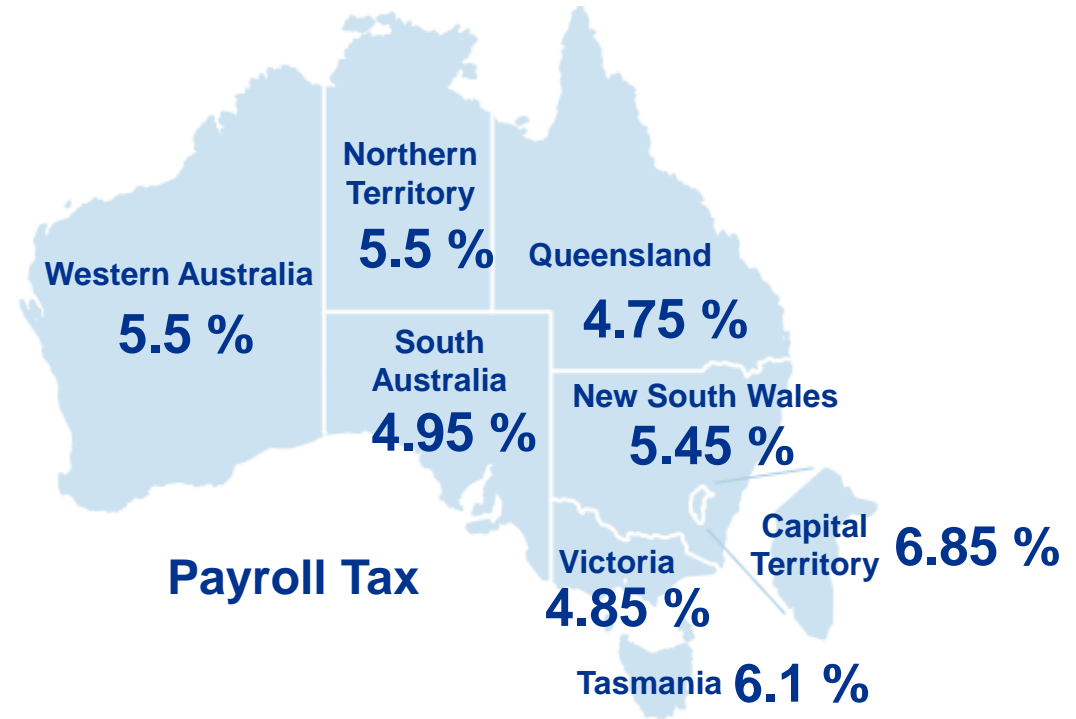
### **Australian Business Licence & Information Service (ABLIS)**

— Information about business licences, permits, registrations and certificates

Source: IMD World Competitiveness Report 2015

# Taxation consideration

- 30% **Corporate Tax**
- 10% **Value Added Tax**
- 9.5% **Superannuation guarantee**
- Capital Gains Tax**



## INDIVIDUAL INCOME TAX RATE

AUD 0 – 18,200	AUD 18,201 – 37,000	AUD 18,201 – 37,000	AUD 18,201 – 37,000	AUD 18,201 – 37,000
0	19% for each AUD 1 over AUD 18,200	AUD 3,572 plus 32.5% for each AUD 1 over AUD 37,000	AUD 19,822 plus 37% for each AUD 1 over AUD 87,000	AUD 54,232 plus 45% for each AUD 1 over AUD 180,000

The above rates do not include the **Medicare levy of 2%**: Temporary Budget Repair Levy; payable at a rate of 2% for taxable incomes over \$180,000

\* AUD 1 = CZK 19.37, 22 March 2017

Source: <https://www.ato.gov.au/rates/individual-income-tax-rates/>

# Corporate - Tax credits and incentives



## Foreign income tax offsets (FITO)

FITOs allows to **avoid double taxation**.

**From 1995 for Czech companies.**



## Capital investment incentives

Australian Early Stage Innovation Company (ESIC) offer to innovations companies **20% of non-refundable tax offset**

**Venture capital tax concession** applicable to an 'early stage venture capital limited partnership' (ESVCLP). Capital must be AUD 10-200 M.

**Income derived from offshore banking transactions** by an authorised unit in Australia is taxed at the rate of **10%**.



## Inward investment incentives

According to size of the investment project, state governments may give **rebates from payroll, stamp, and land taxes** on an ad hoc basis and for limited periods.



## R&D tax credit

**45 % refundable tax offset** for companies with **turnover < 20 M USD p.a.**

Source: Australia Unlimited



# VISA options



## Business visa

Business Visa allows business people to visit Australia **for work reasons** for **up to 3 months** to conduct business.



## Temporary work (subclass 457) visa

The most common visa for employers to **sponsor overseas genuinely skilled workers** to work in Australia on a temporary basis.

Allows businesses to employ overseas workers for **up to 4 years** in skilled occupations only.



## Significant Investor Visa (SIV)

A visa for business migrants who invest a minimum **AUD 5 M** for **four years** in complying investments.



## Premium Investor Visa (PIV)

A visa for investors with **min. investment AUD 15 M** into complying premium investments in Australia.

Applicants must be nominated by Austrade on behalf of the Australian Government.

Source: Australia Unlimited

# Employing people



**Working  
Occupation**

**12 M**



**Unemployed  
Persons**

**0.7 M**



**Unemployment  
Rate**

**5.7 %**



**Maternity  
Leave**

**12 months**



**Retirement  
Age**

**65**



**Minimum  
Wage**

**2,692 AUD/month**

[52,095 CZK/MONTH]



**Average  
Wage**

**4,656 AUD/month**

[90,107 CZK/MONTH]



**Wages Highly  
Skilled**

**21,400 AUD/month**

[414,084 CZK/MONTH]



**Termination  
Period**

**EMPLOYEE'S PERIOD OF  
CONTINUOUS SERVICE (YR)**

**<1** 1 WEEK  
**1-3** 2 WEEKS  
**3-5** 3 WEEKS  
**<5** 4 WEEKS

# Potential future challenges

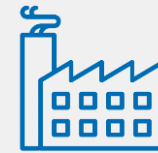
## Czech Republic



**Lack of  
workforce**



**Political  
environment**



**Manufacturing  
efficiency**



**CNB  
intervention**

## Australia



**Cost of  
people**



**Distance to  
market**



**End of  
mining boom**



**Highly educated  
workforce**

# Authorities



The Czech Trade Promotion Agency/CzechTrade was **established by the Ministry of Industry and Trade of the Czech Republic in May 1997.**

The agency is an official contact partner **for those foreign companies looking for qualified Czech-based suppliers of products, providers of services or investors.**

CzechTrade operates **worldwide via 47 foreign representatives.**

## Australian office

**Ing. Vojtěch Helikar**

T: +61 280 956 374  
M: +61 474 135 224  
[www.czechtrade.cz](http://www.czechtrade.cz)

101 Grafton St.  
Sydney  
Australia



## Australian Government

### Australian Trade and Investment Commission

The Australian Trade and Investment Commission–Austrade–contributes to Australia’s economic prosperity by **helping Australian businesses, education institutions, tourism operators, governments and citizens** as they:

- develop international markets and promote international education
- win productive foreign direct investment
- strengthen Australia’s tourism industry
- seek consular and passport services.

## Austrade Prague

+420 221 729 260  
[www.austrade.gov.au](http://www.austrade.gov.au)

Australian Honorary  
Consulate 6th Floor  
Solitaire Building  
Klimentská 10 Prague  
Czech Republic

Q&A





Thank you



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