

The corporate tax dilemma

Petr Nečas has made a sacred cow of not raising corporate tax. It would be absolute political murder to raise corporate income tax or social & health charges, he said on [OVM](#). It makes no sense economically, he added, because it would hardly raise any revenue and would smother economic growth and company development. By no means does the Final Word mean to defend an increase in any tax before efforts are made to root out waste and corruption, but we're willing to bet that the planned hikes in VAT and personal income tax will "smother growth and company development" much more than an increase in corporate tax. Almost all Czech employees will feel the pain from these two tax increases and will decrease their out-of-pocket spending and put pressure on employers to raise wages. Managers earning more than Kč 100,000/month will be particularly hard-hit. Some well-paid foreigners will leave the country entirely. In the end, [Nečas](#) will have neither a low-wage economy, nor a knowledge-based economy.



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