

Michal RADVAN\*  
New Charges on Communal Waste in the Czech Republic\*\*

*Abstract*

*The aim of this contribution is to confirm or dispute the hypothesis that the new system of charges for municipal waste management in the Czech Republic is suitable for both taxpayers and municipalities. To achieve this aim, the article critically describes the old and new methods of communal waste charging, compares the two, and highlights their weaknesses and strengths. In addition, it summarizes the opportunities and threats of new options so that municipalities receive more valuable information when deciding whether to tax communal waste and what charge is most effective in their territories.*

**Keywords:** communal waste, charge, charge on communal waste, Czech Republic.

## 1. Introduction

Until the end of 2021, there were two (with a contract system, three) possible ways to collect charges for municipal waste management in the Czech Republic. Both charges had pros and cons. It was up to the municipality to choose a better charge on communal waste according to local conditions. This is why the capital city of Prague chose the waste act charge: many individuals work there but have their permanent residence in another municipality. The primary problem in Prague's charge administration was identifying payers – that is, persons producing communal waste. On the other hand, the second-largest city, Brno, has chosen a local charge because it is very easy to identify all taxpayers due to existing public registries of individuals and real estate. However, in practice, it might happen that an individual had to pay twice (this person has a permanent residence in Brno but actually lives, works, and produces waste in Prague) or does not pay at all (if s/he has a permanent residence in Prague and lives in Brno). Regarding rates, only the local charge on communal waste had maximal rates in the act: a maximum of CZK 1,000 per person per year. The waste act charge did not have a maximal rate, and it was up to the municipality to determine the concrete rate in the bylaw for the calendar year. The conditions of payment (e.g., when and how to pay) had to be set in both cases in the bylaw. Even if the taxable period was formally one calendar year, the actual tax period would be one month.

A new regulation dealing with charges for municipal waste management was adopted at the end of 2020. However, it was too late for municipalities to adopt the local

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bylaw. The transitional provisions allowed the use of current charges in 2021. From the beginning of 2022, all Czech municipalities, if willing to collect charges on communal waste, must use one of the new local charges on communal waste: the charge for the municipal waste management system or the charge for the disposal of municipal waste from immovable property.

The charge for the municipal waste management system is a modernized version of the abolished local charge. It is paid by persons with a permanent residence in the municipality. The charge rate is fixed and the same for all inhabitants. The municipality is free to set correction components. In short, if the municipality does not want to change the existing communal waste management in its territory, charging for the municipal waste management system is the best solution.

The charge for the disposal of municipal waste from immovable property is an entirely new form of communal waste charging but, to a certain extent, inspired by the waste act charge. This is based on the pay-as-you-throw principle. It is paid by those who truly live in the municipality, that is, produce communal waste. The municipality may choose the tax base: the weight in kilograms, the volume of waste, or the capacity in liters of the waste bin. It is also possible to define a minimal tax base so that people do not throw communal waste somewhere else than to concentrate on immovable waste. The tax rates are fixed.

The aim of the contributions is to confirm or dispute the hypothesis that the new system of charges for municipal waste management in the Czech Republic is suitable for both taxpayers and municipalities. To achieve this aim, it is necessary to critically describe the old and new methods of communal waste charging, compare them, and highlight their weaknesses and strengths. In addition, it is necessary to summarize the opportunities and threats of new options so that municipalities obtain more valuable information when deciding whether to tax communal waste and what charge is more effective in their territories.

## 2. Methodology and Literature Background

To achieve the aim of this contribution and to confirm or disprove the hypothesis, it is necessary to describe and critically analyze all possibilities for collecting charges for municipal waste management in the Czech Republic before 2022 and in the following years. Moreover, the comparison between all old (the waste act charge, the local charge on communal waste, and the contract) and new possibilities (the charge for the municipal waste management system and the charge for the disposal of municipal waste from immovable property) is carried out in the research part of this contribution. Based on the critical analysis, comparison, and evaluation of the practical experience of selected municipalities, the pros and cons of individual charges are defined in the discussion. The conclusion then summarizes the findings and provides suggestions for different types of municipalities in the Czech Republic regarding what charge better suits their circumstances and needs. Moreover, the *de lege ferenda* suggestions are included.

Regarding the literature background, the state of scientific legal literature in this area is rather weak in the Czech Republic (though not only). The most frequent author addressing charges on communal waste from a legal perspective is Radvan. He has analyzed the economic autonomy of the local self-government units in the Czech

Republic, focusing on local taxation (Radvan 2008; Radvan 2012; Radvan 2016a), and he specifically explored the taxation of communal waste (Radvan 2010; Radvan 2016b). As communal waste charges belong to the group of local taxes, he also pointed out the possibility for municipalities to choose between recurrent property tax and charges on communal waste (Radvan 2019), and he described ways to get taxpayers to pay local charges (Radvan 2017). Certain portions of these materials were also used (and cited) in this contribution. The other Czech lawyers mentioned here are Czudek and Mrkývka (Czudek & Mrkývka 2017). The situation in other Visegrad countries is not better, and there is also a lack of legal literature dealing with communal waste taxation issues. Popławski from Poland (Popławski 2012; Popławski 2013) and Babčák from Slovakia (Babčák, 2005) should be mentioned in particular.

In the economic literature concerning charges on communal waste, the scientific literature situation is much better in the Czech Republic. There are several case studies (Slavík & Pavel 2013; Mikušová Meričková, Nemeč & Soukopová 2014; Soukopová & Vaceková 2015; Soukopová, Struk & Hřebíček 2017), analytical articles (Šauer, Pařízková & Hadrabová 2008; Nemeč, Soukopová & Mikušová Meričková 2015), and specific studies addressing the efficiency and effectiveness of waste management at the local level (Soukopová, Klimovský & Ochrana 2017).

### 3. Research

#### 3.1. Abolished regulation

By the end of 2021, municipalities in the Czech Republic had three possibilities for collecting sources to cover municipal waste management costs. The Waste Act<sup>1</sup> stated that the municipality might collect a levy for the gathering, collection, transport, sorting, recovery, and disposal of municipal waste from natural persons on the basis of a contract. The contract had to be in writing and include the payment amount. The act also stated that if the municipality collects such a levy, it may not impose a waste act charge or a local charge on communal waste.

The second possibility was also stated in the Waste Act.<sup>2</sup> By generally binding ordinance, a municipality could assess and collect a charge on municipal waste (waste act charge) generated in its territory. The charge could not be simultaneously assessed as a local communal waste charge. The taxpayer was defined as any natural person whose activity generated municipal waste (waste producer). The property owner or the community of unit owners (in the case of blocks of flats) on the property where municipal waste was generated was the payor (paying agent). The payor had to apportion the charge to individual taxpayers. If the taxpayer failed to pay the charge to the payor on time or in the correct amount, the payor had a duty to notify the municipality, which assessed the charge through a tax assessment. The maximum amount of the charge had to be determined according to the municipality's estimated justified costs resulting from the municipal waste management scheme. No exemptions were defined directly in the act.

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<sup>1</sup> Sec. 17/6 of the Act no. 185/2001 Sb., Waste Act, as amended.

<sup>2</sup> Sec. 17a of the Waste Act.

The third option for the municipality was to manage the system of gathering, collection, transport, sorting, recovery, and disposal of municipal waste (local charge on communal waste) regulated by the Local Charges Act.<sup>3</sup> In addition, this charge had to be assessed by the generally binding ordinance. The charge was paid primarily by registered natural persons (with a permanent residence) in the municipality. However, a natural person owning a building intended for individual recreation, an apartment, or a family house in which no natural person was registered had to pay the charge in the amount corresponding to the charge for one natural person. One person could pay the charge on behalf of natural persons forming a household or persons living in a family or apartment. The exemptions defined directly in the act were applied to children in children's homes, persons placed in homes for persons with disabilities, homes for older adults, and sheltered housing. The maximal tax rate was set directly in the act. It was created using the fixed (up to CZK 250 per person per calendar year) and the variable portions (up to CZK 750 per person and calendar year, determined based on the actual costs incurred by the municipality in the preceding calendar year for the gathering and collection of unsorted municipal waste).

Municipal offices administered both waste act charges and local charges on communal waste. The taxable period was formally one calendar year, but the actual tax period was one month.

### 3.2. De Lege Lata Regulation

A new regulation regarding charges for municipal waste management was adopted at the end of 2020 as an amendment to the Local Charges Act. However, it was too late for municipalities to adopt the local bylaw. The transitional provisions allowed the use of current charges in 2021. From the beginning of 2022, all Czech municipalities, if willing to collect charges on communal waste, must use one of the new local charges on communal waste: a charge for the municipal waste management system or a charge for the disposal of municipal waste from immovable property. Both are assessed using the general binding ordinance.

The charge for the municipal waste management system is paid by natural persons registered (with a permanent residence) in the municipality or the owner of immovable property comprising an apartment, a family house, or a building for family recreation in which no natural person is registered and that is situated in the territory of the municipality. Persons exempt by the act are those liable for charges for the disposal of municipal waste from immovable property in another municipality, children placed in specific facilities of immediate assistance, people placed in homes for the disabled or older adults, those placed in sheltered housing, and those restricted in terms of personal liberty by law. The municipality is free to set additional exemptions. The charge rate is fixed and cannot exceed CZK 1,200 per year.

The charge for the disposal of municipal waste from immovable property is paid by the natural person who resides in that immovable property (waste producer) or the owner of immovable property in which no natural person resides. The payor (paying agent) who has a duty to collect the charge from the taxpayer is a unit owners' association

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<sup>3</sup> Sec. 10b of the Local Charges Act, as amended.

(for blocks of flats) or the owner of the immovable property. The municipality must specify the tax base in the ordinance. This might be the weight of the waste in kilograms, the volume of the waste in liters, or the capacity of the waste bin in liters, always attributable to the taxpayer for one month. The municipality may set a minimum monthly tax base of 10 kilograms/60 liters. The tax rate is fixed and cannot exceed CZK 6 per kg if the tax base is the weight of the waste or CZK 1 per liter if the tax base is the waste volume or the waste bin capacity.

Generally, the self-application principle is used for both charges: the taxpayer and payor are responsible for the announcement to the tax administrator (municipal office) and the payments. Time limits must always be set in the binding ordinance. The municipality may further regulate through a generally binding ordinance other exemptions from the charges, charge reductions, the exclusion of the announcement obligation, and a longer time limit for notification of changes than that set in the Local Charges Act. The taxable period is one calendar year, and the act concerns a partial tax period of one month.

If the charges are not paid on time or in the correct amount, the tax administrator assesses the charge by means of a tax assessment or collective prescription list. If a municipality has established a charge for the disposal of municipal waste from immovable property and has selected the weight of the waste in kilograms or the volume of the waste in liters as a tax base, the self-application principle cannot be used. The tax administrator assesses the charge to the payor through a tax assessment or a collective prescription list. The charge is payable within 30 days of the delivery date of the tax assessment or collective prescription list. If the charge is not paid on time, the tax administrator may increase the unpaid charges or part thereof by up to three times. Sanctions set in the Tax Code<sup>4</sup> cannot be used (except for orderly fines and fines for failure to fulfill an obligation of a non-monetary nature).

### 3.2. Comparison

Table 1 summarizes the research on communal waste charges. This provides the fundamental differences between the charges on communal waste available to municipalities up to 2022 and in the following years. A discussion based on these findings follows.

	Through 2021			2022 and after	
	Levy on the basis of a contract	Waste act charge	Local charge on communal waste	Charge for the municipal waste management system	Charge for the disposal of municipal waste from immovable property
Set in	Contract	Ordinance	Ordinance	Ordinance	Ordinance
Taxpayer	Contractor	Waste producer	Resident	Resident	Waste producer
Payor	Possible	Yes	No	No	Yes

<sup>4</sup> Act no. 280/2009 Sb., Tax Code, as amended.

Exemptions in the act	No	No	Yes	Yes	Yes
Exemptions in the ordinance	N/A	Yes	Yes	Yes	Yes
Empty property subject to charges	Possible	No	Yes	Yes	Yes
Tax base	N/A	Person	Person	Person	Weight of the waste/volume of the waste/waste bin capacity
Minimum tax base	N/A	No	No	No	Yes
Tax rate	Unlimited	Limited, unspecified	Limited, CZK 250 + 750	Limited, CZK 1,200	Limited, CZK 6/1
Sanctions set in	Contract, Civil Code	Tax Code	Local Charges Act	Local Charges Act	Local Charges Act
Tax administrator	N/A	Municipal office	Municipal office	Municipal office	Municipal office

**Table no. 1**

**Structural Components of Charges on Communal Waste (based on research by the author)**

#### **4. Discussion**

As evident from Table 1, all charges had to be introduced by the generally binding ordinance issued by the municipality except for the levy on the basis of a contract. The constitutional principle is that taxes (*sensu largo*, including charges) can be imposed only by acts, not merely by the local bylaw. In the Czech Republic, the principle *nullum tributum sine lege* is included in the Charter of Fundamental Rights and Freedoms (Article 11/5), which is part of the Czech Constitution *sensu largo*, together with the constitution *sensu stricto* (Radvan 2016, Radvan 2019).

Despite the fact that the Czech Ministry of Finance has no statistics concerning the ratios, an educated guess is that approximately 80% of municipalities were using the local charge on communal waste and 19% were using the waste act charge until 2021 (Drahovzal, 2009). The levy on the basis of a contract was used only exceptionally. There were also municipalities that did not collect any payments for communal waste. The reasons were typically either inadequate (legal, economic, personal) capacity to prepare the relevant ordinance or political-economic in nature: while any charge on communal waste must be administered and paid by the municipality itself, other taxes are administered by the central tax offices. Typically, in the case of a recurrent property tax, the municipality has several options to increase the basic tax rate and the tax itself (even five times more than the legal regulation sets). Several municipalities do not collect charges on communal waste, and their waste management is financed by increased property tax (Radvan 2019). Although there are no statistical data, the situation is likely the same with the new regulation effective from the beginning of 2022: most municipalities are employing a charge for the municipal waste management system, and

far fewer have chosen to charge for the disposal of municipal waste from immovable property, as this is a more complicated system (see below).

The levy on the basis of a contract was never a good solution. The fact that it was not possible to combine the contract system with the two existing charges on communal waste, also confirmed by the courts<sup>5</sup>, rendered the levy obsolete. Considering the civil law principle of freedom to enter into a contract, it is certain that there was never a situation in which all of the inhabitants of a particular municipality would have entered into a communal waste management contract with the municipality. Conversely, the combination of the levy on the basis of a contract and a local charge on communal waste or a waste act charge might have been a very effective solution to force people to behave more ecologically: those who want to sort the waste could have signed the contract, while others would have paid the charge according to general bylaws applicable to the rest of the population in the municipality. In this situation, the levy on the basis of a contract could have had not only a fiscal function but also regulative and stimulatory effects on waste sorting (Radvan 2016). Moreover, in terms of the legislative-technical aspects, the title 'levy' is unclear (as there are only regular taxes *sensu stricto* with no direct consideration and irregular charges/fees with certain direct consideration for taxpayers), especially in connection with the 'contract'.

In addition, the taxpayer's identification was unclear concerning the levy on the basis of a contract; the contract could have been signed with every household member, with one member of the household, with the owner of the property, etc. All four other possibilities tax each person individually. The person liable to tax (taxpayer) could be set as the taxpayer with respect to the real production of communal waste (the waste producer – the waste act charge and the charge for the disposal of municipal waste from immovable property) or according to the administrative place of permanent residency (the resident – the local charge on communal waste and the charge for the municipal waste management system). Such a difference has meant – and, in certain situations, still means – that some people have to pay the communal waste charge twice (they have a residence in a municipality where residents are set as taxpayers but actually live and work in another one where waste producers are liable for charges), and some do not pay at all (the opposite situation). The solution might be exemption from payment in another municipality. However, this exemption is set only in the legal regulation concerning the charge for the disposal of municipal waste from immovable property. In all other cases, it is up to the municipality to set an exemption in the ordinance (Radvan 2019).

From the tax administrator's perspective, the local charge on communal waste and the charge for the municipal waste management system provide an easy way to identify taxpayers, as the tax administrator has direct access to all registries, including the real estate cadaster. In the case of waste act charges and charges for the disposal of municipal waste from immovable properties, it is much more difficult to identify persons liable for tax. On the other hand, the revenues might be higher as the charge is paid by all producers of communal waste, including students and workers. Taxing people without a residence in the municipality is impossible using the local charge on communal waste or the charge for the municipal waste management system.

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<sup>5</sup> Supreme Administrative Court, 2 Afs 107/2007-168.

In practice, there were many issues with unpaid charges by minor taxpayers. The Local Charges Act (i.e., concerning an abolished local charge on communal waste and current charge for the municipal waste management system and charge for the disposal of municipal waste from immovable property) has a specific rule stating that if tax arrears arise with respect to a taxpayer who is a minor on the due date and has not acquired full legal capacity, the tax liability of that taxpayer shall pass to their legal representative, and the tax administrator shall assess the charge to the legal representative of the taxpayer.

Taxpayers (except for the waste act charge) are also owners of empty properties (no natural person is registered or resides there). They have to pay for every empty property. In the case of co-ownership, joint owners are obliged to fulfill the charge duty jointly and collectively. Concerning the levy on the basis of a contract, in my opinion, it was also possible to tax an empty property.

The role of the payor (paying agent) of the charge for the disposal of municipal waste from immovable property might be beneficial for the tax administrator, as the payor (the unit owners' association or owner of the property) has a duty to collect charges from taxpayers living in the block of flats or on the property and send money to the tax administrator. However, for the payor, the regulation is imperfect: if the taxpayer does not pay the charge to the payor, the payor still has to pay, and tax debt may be recovered from the taxpayer through the courts. A very specific and, in my opinion, unconstitutional is Sec. 5/4 of Prague's ordinance<sup>6</sup> stating that if there is no payor, the tax is payable by the taxpayer. Such a rule goes beyond the law and might be considered unconstitutional. Concerning the local charge on communal waste and the charge for the municipal waste management system, legal regulation allows one of the taxpayers living on the same property to pay the charge on behalf of the others. However, the tax duty remains with the taxpayer. For the levy on the basis of a contract, the details concerning more persons in one household should be specified in the contract unless there is a specific contract for every waste producer.

Concerning exemptions, the Waste Act charge alone does not have a statutory exemption directly in the Act. The same applies to the levy on the basis of a contract, but there is no need to set exemptions; the municipality would not have concluded the contract. A positive aspect is that the number of exemptions in the act is limited, and municipalities are free to set additional tax exemptions for all charges in their ordinances, respecting their needs, experience, and local circumstances. Often, there are exemptions for young babies, pensioners, people living abroad for a long time, etc. A handy tool for tax administrators is the rule that if the taxpayer fails to comply with the obligation to declare information relevant to the exemption (and to the reduction – see below) of the tax within the time limit, the entitlement to exemption or reduction of the tax shall be terminated.

Municipalities may also (with the exception of the waste act charge) set so-called reductions of the charge. Unfortunately, this term is highly unclear; tax theory does not know this, and it is not used in other places in Czech tax law. It would be better to use full or partial exemption or set specific lower tax rates rather than reduction.

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<sup>6</sup> Generally binding ordinance of the City of Prague no. 17/2021 on the local charge for the disposal of municipal waste from immovable property.

In addition to the definition of the taxpayer, the most important difference is the tax base. Until the end of 2021, all charges used (in fact, not statutory) a person as the tax base. The 'tax on head' still exists with the charge for the municipal waste management system. From this perspective, the charge for the disposal of municipal waste from immovable property seems to be a new form of communal waste charging, as it is based on the pay-as-you-throw principle. However, inspiration from the waste act charge is still apparent. The municipality has three new options for the tax base: the weight of communal waste in kilograms, the volume of communal waste in liters, or the capacity of the waste bin in liters. The last option is the most frequent one,<sup>7</sup> and is usually connected to the collection frequency, as this is the easiest option for the tax administration. The weight of communal waste in kilograms is used by only one municipality, whereas the volume of communal waste in liters is the tax base for two municipalities in the Czech Republic.<sup>8</sup> The reason for this is the need to measure every collection of communal waste, which is technically challenging to implement as well as time consuming. In every case, the charge for the disposal of municipal waste from immovable property may be the best way to motivate people to sort the waste, such that only the minimum necessary amount of unsorted waste remains in their waste bin. People are expected to attempt to minimize the amount of payable unsorted waste by throwing it into other people's waste bins or illegal waste dumps. To avoid such behavior, municipalities can introduce a minimal tax base, assuming that every person necessarily produces a certain amount of unsorted communal waste.

The amount to be paid is set in the contract (for the levy on the basis of a contract) or in the generally binding ordinance (all four charges). The tax rate for all charges was and remains limited. However, there was no fixed amount for the highest possible tax rate for the waste act charge, only the general approach to setting the tax rate. All three other charges have the maximal possible tax rate directly in the Local Charges Act. The tax rate might differ for specific groups of taxpayers (pensioners, children, etc.), but the principle of non-discrimination must always be considered.

When paying charges, the principle of self-application is applied. Time limits are generally set in the binding ordinance. Only if the charges are not paid on time or in the correct amount will the tax administrator assess the charge by means of a tax assessment or collective prescription list. However, such an approach is impossible for the disposal of municipal waste from immovable property if the weight or volume of the waste is chosen as a tax base. The tax administrator must assess the charge to the payor by means of a tax assessment or a collective prescription list according to kilograms or liters of communal waste produced. The charge is then payable within 30 days of the delivery date of the tax assessment or collective prescription list. This is likely why these tax-based possibilities are so rarely used. Until 2021, all municipalities collected waste charges during the taxable period (calendar year) and used them immediately. However, the weight or volume of the waste is known only after the end of the taxable period, and the charge can be assessed afterward. The possible solutions to obtain this revenue sooner are either to collect the charge multiple times during the year for specific partial tax

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<sup>7</sup> Used in 86 municipalities, according to ASPI (the legal information system operated by Wolters Kluwer).

<sup>8</sup> According to ASPI.

periods (calendar months) or to introduce an advance payment accountable after the end of the year. Both solutions are less effective from the perspective of the tax administration.

If the charges are not paid on time, according to the Local Charges Act, the tax administrator may increase the unpaid charges or part thereof by up to three times. Sanctions set in the Tax Code cannot be used. For failure to pay the levy on the basis of a contract, sanctions should have been set in the contract, and the general rules stated in the Civil Code<sup>9</sup> should have been applied. Generally, it is better to have other specific tax administration procedures for local charges, including charges on communal waste. However, these specific rules are set only in the Local Charges Act (i.e., for the abolished local charge on communal waste, current charge for the municipal waste management system, and charge for the disposal of municipal waste from immovable property). The waste act charge was administered only by the general Tax Code, while the levy on the basis of a contract had no procedural rules.

Table 2 summarizes the pros and cons of individual charges on communal waste, including the levy on the basis of a contract.

Charge	Pros	Cons
Levy on the basis of a contract	<ul style="list-style-type: none"> <li>- regulative and stimulation effects for waste sorting</li> </ul>	<ul style="list-style-type: none"> <li>- impossible to combine with other charges on communal waste</li> <li>- impossibility to force persons to sign a contract</li> <li>- unclear title</li> <li>- undetailed legal regulation, including the taxpayer</li> <li>- unlimited tax rate</li> <li>- no tax administration procedures</li> </ul>
Waste act charge	<ul style="list-style-type: none"> <li>- waste producer pays</li> <li>- possibility to tax all waste producers</li> <li>- possibility to add exemptions in the ordinance</li> </ul>	<ul style="list-style-type: none"> <li>- difficult identifying the taxpayer</li> <li>- impossible to tax empty properties</li> <li>- no specific rules for minor taxpayers' tax debts</li> <li>- administered by Tax Code without specifics for such a charge, including sanctions</li> </ul>
Local charge on communal waste	<ul style="list-style-type: none"> <li>- easy to identify the taxpayer</li> <li>- specific rules for minor taxpayers' tax debts</li> <li>- possibility to add exemptions in the ordinance</li> <li>- specific rules for the tax administration</li> </ul>	<ul style="list-style-type: none"> <li>- double payments</li> <li>- people without residency do not pay</li> <li>- unclear term reduction of the charge</li> </ul>
Charge for the municipal waste management system	<ul style="list-style-type: none"> <li>- easy to identify the taxpayer</li> <li>- exemption if the charge for the disposal of municipal waste from immovable property is paid elsewhere</li> <li>- specific rules for minor taxpayers' tax debts</li> <li>- possibility to add exemptions in the ordinance</li> <li>- specific rules for tax administration</li> </ul>	<ul style="list-style-type: none"> <li>- people without residency do not pay</li> <li>- unclear term reduction of the charge</li> </ul>

<sup>9</sup> Act no. 89/2012 Sb., Civil Code, as amended.

<p>Charge for the disposal of municipal waste from immovable property</p>	<ul style="list-style-type: none"> <li>- waste producer pays</li> <li>- possibility to tax all waste producers</li> <li>- specific rules for minor taxpayers' tax debts</li> <li>- possibility to add exemptions in the ordinance</li> <li>- follows pay-as-you-throw principle</li> <li>- motivation for waste sorting</li> <li>- minimal tax base</li> <li>- specific rules for tax administration</li> </ul>	<ul style="list-style-type: none"> <li>- difficult identifying the taxpayer</li> <li>- the payor's role in the case of taxpayers' debts</li> <li>- unclear term reduction of the charge</li> <li>- the construction of the tax base is difficult for the tax administration</li> <li>- cannot be collected during the year if the weight of the waste or the volume of the waste is used as a tax base</li> </ul>
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**Table no. 2**  
**Pros and Cons of Charges on Communal Waste (based on research by the author)**

## 5. Conclusion

Summarizing the knowledge gained and having collected all of the advantages and disadvantages of payments on communal waste in one table, it is possible to state that the legal regulation valid until the end of 2020 and effective until the end of 2021 was imperfect. Even if the municipalities had three options for introducing payments for communal waste collected in their territory, only two of those options were used in practice. The levy on the basis of a contract might have been an excellent tool to encourage people to sort their waste more effectively; however, the impossibility of combining the levy with other charges on communal waste in combination with the impossibility of forcing persons to sign a contract meant that the levy was not used at all in practice. Moreover, the legal regulation was not detailed, especially concerning the definition of the taxpayer, tax rates, and tax administration procedures.

Both the waste act charge and the local charge on communal waste had their pros and cons, often opposite of each other. This provided municipalities the chance to choose a charge that was better suited to local conditions. The capital city of Prague was using the waste act charge to tax those working or studying in Prague but having their permanent residence in another municipality. However, this also meant difficulties in identifying all waste producers – that is, the taxpayers. The second-largest city, Brno, preferred the local charge on communal waste as it was easy for the administration, especially when looking up the taxpayers in public registries of individuals. The differences in the definition of taxpayers meant that some people had to pay twice and some did not have to pay for communal waste at all.

For these reasons, and also because of the need to unify the tax administration's procedures, the legislator approved the amendments, and two new charges on communal waste were created, both regulated by the Local Charges Act. The charge for the municipal waste management system is, to a certain extent, a modernized version of the local charge on communal waste. The added exemption if the charge for the disposal of municipal waste from immovable property is paid elsewhere means that nobody should pay the charge twice for communal waste.

The charge for the disposal of municipal waste from immovable property is a new form of communal waste charging based on the pay-as-you-throw principle; that is, all waste producers have to pay the charge, no matter where their residence is. Many structural components are inspired by the waste act charge.

Thus, it is still difficult to identify waste producers, even if this obligation is more or less delegated to payors. The charge seems to be a good motivation for waste sorting, especially in combination with a minimal tax base and three possibilities for the tax base (the weight in kilograms, the volume of waste, and the capacity in liters of the waste bin). It is a bit challenging for municipalities to prepare a generally binding ordinance so that they obtain revenue during the taxable period, if they chose the weight or the volume of communal waste as a tax base. Possible solutions might be advance payments or partial payments after several partial periods, that is, calendar months.

According to the legal information system ASPI operated by Wolters Kluwer, a charges for the municipal waste management system are more common in Czech municipalities; it is collected in 416 municipalities, while 86 municipalities prefer the charge for the disposal of municipal waste from immovable property. Although there are 6,258 municipalities in the Czech Republic, more than 500 municipalities included in the ASPI show that the ratio between charges effective through the end of 2021 and those effective today remains almost unchanged. The reason is primarily that the basic structural components copy those of the abolished communal waste charges. Of the regional cities, only Karlovy Vary, Plzeň, and Prague as a capital city use a charge for the disposal of municipal waste from immovable property, while in Brno, Ostrava, Olomouc, Zlín, Jihlava, České Budějovice, Liberec, Pardubice, and Hradec Králové, a charge for the municipal waste management system is collected. Ústí nad Labem is the only regional city in which no charge on communal waste has been introduced.

The numbers show that most municipalities prefer easy administration to increased revenue caused by additional taxpayers – that is, waste producers without residency in the municipality's territory. However, there is a solution to attract people actually living but not having a permanent residence in the municipality to move their residence to the municipality. A good example is Brno: every person who has proven that they paid the charge on communal waste gets one-quarter of the price of the annual ticket for public transport in the city back as a subsidy.

To conclude, amendments to the legal regulations concerning communal waste payments have been useful. There are only two possibilities for collecting waste charges in the Czech Republic, and every municipality may choose which charge better suits its circumstances and needs. Nobody is taxed twice. The possibilities for exemptions at the local level are substantial. Both charges are administered under the same procedural rules, including specific rules for minor taxpayers' tax debts or ex offa waivers for emergencies and natural disasters.<sup>10</sup> Notably, the charge for the disposal of municipal waste from immovable property should be the preferred charge in most municipalities, as it follows the pay-as-you-throw principle and motivates waste sorting (in connection with the minimal tax base). The hypothesis that the new system of charges for municipal waste management in the Czech Republic is suitable for both taxpayers and municipalities was confirmed.

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<sup>10</sup> At the request of the taxpayer, the tax administrator may also waive the charge for the municipal waste management system in whole or in part to reduce the harshness of the legislation.

However, several structural components remain to be amended to increase the effectiveness of communal waste charge administration. Primarily, the term 'reduction of the charge' should be abolished; municipalities may use full or partial exemptions or different tax rates to achieve the same effects. In addition, the payor should not be responsible for the taxpayers' debts. All other shortcomings of the charge for the disposal of municipal waste from immovable property (the complicated construction of a tax base, the impossibility of collecting the charge during the year if the weight or the volume of the waste is used as a tax base) might be resolved by the sample general binding ordinance prepared by the Ministry of Finance.

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