

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Czech Republic

Post: Prague

Czech Farmers Protest

Report Categories:

Agricultural Situation

Agriculture in the Economy

Wine

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Report Highlights:

On May 23 hundreds of farmers across the country took to their tractors to protest against cancellation of the fuel tax benefit and introduction of an excise tax on still wines.

General Information:

On May 23, 2012, hundreds of farmers slowed traffic on roads across the Czech Republic with over two thousand pieces of agricultural machinery, mainly tractors. The country-wide farmers' protest was sparked by proposed new austerity measures which include two particular onerous changes in the tax system: cancellation of the fuel subsidy and introduction of an excise tax on still wines. The austerity package, approved by the Prime Minister on May 23, moves now to the Czech Chamber of Deputies for vote and then to the President for a signature. If authorized, provisions would enter into force in January 2013.

Currently, Czech farmers are eligible for a refund of 60 percent of the excise tax paid on diesel fuel purchased for agricultural use. Cancellation of this tax benefit will result in farmers paying approximately 11 CZK (US \$0.55) more per 1 liter of diesel. Annualized, the lost benefit to the farmer community would amount to between 1.6 to 1.8 billion CZK (US \$80.5 to \$90.6 million). According to Jan Veleba, President of Agrarian Chamber, all other EU states except for Slovakia have tax benefits for fuel in place.

The package of austerity measures approved by the Prime Minister also introduces an excise tax on still wines of 10 CZK (US \$0.5) per liter. Currently wines are exempt from such tax. Small wine producers, which create approximately one quarter of the country's wine production, will be exempt from the tax.