

Lowering state subsidy for building savings

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The deputies have approved an amendment lowering state subsidy to the building savings accounts in summary proceedings. According to the government, this form of saving doesn't meet its original purpose and the proposal will save the state an amount in the order of billions of crowns. But the opposition Czech Social Democratic Party sees some provisions of the proposal as retroactive, and if they become valid, they want to seek a remedy from the Constitutional Court. Finance Ministry claims that the amendment is in accordance with the law.

Under the proposal, the state subsidy for this year, awarded next year, will be taxed at 50 %. In the following years, the state subsidy should decrease from the current 15 to 10 % of annual deposits by the savers, nevertheless, a maximum of CZK 2,000 a year. The amendment also intends to tax yields from the building savings accounts. Finance Minister, Miroslav Kalousek (TOP 09), said that this is only a change in parameters, he intends to present a new amendment of the building savings next year. "We should discuss the concept of whether the building savings should be purpose-oriented, and whether they should be provided only by building savings banks," he said.

Secretary of the Association of Czech Building Savings Banks, Jiří Šedivý, has previously said, that limiting of building savings accounts can decrease the ability of building savings banks to grant housing loans in today's numbers and volumes. According to head analyst of Fincentrum Josef Rajdl, the intended steps will subdue the whole system of building savings accounts; savings banks will probably need to cut down significantly on the provision of bridging loans and they will not be able to compete with mortgages.

The budget for next year makes allowance for a subsidy of CZK 13.1 bill., whereas it is 13.3 bill. for this year. The government expects that by decreasing the subsidy, only 6.5 bill. CZK will be paid out in subsidies in 2012 instead of the planned 11.4 bill. CZK.

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