

# Doing Business in the Czech Republic: Overview

Jakub Lichnovský, Jaroslav Škubal, Monika Mašková, Michal Matějka, Jan Bürger, Zbyněk Loeb, Martin Frolík, Kateřina Hájková, Robert Reiss and Ivan Sviatkin, PRK Partners

[global.practicallaw.com/4-500-5788](https://global.practicallaw.com/4-500-5788)

## OVERVIEW

### 1. What is the general business, economic and cultural climate in your jurisdiction?

The Czech Republic offers an interesting mix of advantages for foreign investors. A large share of the population has secondary and tertiary education and notably, a highly qualified, flexible and innovative workforce available at a fraction of the cost of Western economies. The country has a long history of industrial production, a strategic location and a mentality, culture and attitudes similar to those of Western countries.

#### Economy

The Czech Republic is one of the most successful transition economies, and its economy is considered highly developed and open as well as heavily dependent on foreign demand. Its main business partners are EU countries, the destination of 85% of Czech exports (33% of which go to Germany). The main export commodities are machinery, computer technology and transportation vehicles.

The country is popular among foreign investors thanks to its central location (as it is close to major EU markets), developed manufacturing sector (especially automotive), favourable labour costs (recently rising due to a shortage of skilled workers), well-educated and skilled workforce, fair business environment, and easy to secure supply chain.

For future prosperity, it will be crucial for Czech producers to find new export markets outside the EU. The Ministry of Industry and Trade has prepared a new export strategy, in co-operation with local exporters and the general business public. It concluded that a wider stratification of Czech industry will be beneficial to avoid further dependence on the automotive and engineering sectors. Chemical and chemical-technological industries are promising in this respect.

#### Dominant Industries

Originally, the Czech Republic attracted foreign direct investments mainly into the engineering sector. New, large greenfield projects in the automotive sector were realised in the northeast and central regions. These investments especially benefited from lower labour costs (compared with Western countries), a strong tradition of engineering, as well as a convenient location in Central Europe.

The Czech Republic desires to become a destination for investments with high added-value, requiring less invested capital. For this reason, the country is focused on negotiating with investors interested in research and development (R&D) and services, to which it can offer an optimal combination of favourable investment factors. Spending on R&D has increased from 0.95% of GDP in

1995 to over 2% of GDP in 2019. Total R&D spending in the Czech Republic has more than doubled over the past ten years.

In 2019, FDI inflow totalled EUR6.743 billion, concentrated in the automotive-components sector, while software, IT and financial services industries were the second-largest beneficiary. The most important investors are Germany, the US, Japan, the UK and Austria. The current top destinations for inward foreign direct investment include the South Moravian region, the Ústecký region, the Central Bohemian region and Prague.

#### Population and Language

The Czech Republic has approximately 10.7 million inhabitants as of 2020. The majority of inhabitants are ethnically Czech. National minorities include Ukrainians, Slovaks, Vietnamese, Russians, Poles, Germans, among others. The official language is Czech, which is spoken by 96% of the population.

#### Business Culture

A working week consists of a maximum of 40 working hours, with certain exceptions.

The Czech Republic currently has 13 statutory public holidays.

Generally speaking, the business hours for most services and offices are from 8/9 am to 17/18pm on Monday through to Friday.

### 2. What are the key recent developments affecting doing business in your jurisdiction?

#### Key Business and Economic Events

The Czech Government approved the proposed National Recovery Plan for nearly CZK200 billion, agreed contingent on further easement of the 2019 novel coronavirus disease (COVID-19) control measures. Once the crisis triggered by the pandemic has subsided, the Czech economy will be revived and substantially modernised, with the help of the National Recovery Plan. Through the National Recovery Plan, the Czech Republic will absorb funding from the newly established EU fund, the Recovery and Resilience Facility. The Plan, together with the state budget contribution, will provide nearly CZK200 billion to invigorate the Czech economy through investment. Funds will be directed towards greener modes of transport, healthcare, high-speed internet networks as well as constructing new pre-school childcare facilities.

As the country aims to be a destination for investments with high added-value, requiring less invested capital, it is focused on negotiating with investors interested in R&D and services. To such investors it can offer an optimal combination of favourable investment factors.

---

## Political Events

In October 2021, parliamentary elections were held in the Czech Republic. For the first time since the Velvet revolution in 1989 the Communist party was not elected in to the Czech Parliament. Two coalition groups of the current opposition parties (SPOLU and Piráti a Starostové) have gained a majority in parliament and are negotiating the formation of a government. The current ruling movement ANO is moving into opposition. No changes are expected that would substantially affect the current investment outlook.

## New Legislation

As of 1 January 2021, Act No 33/2020 Coll. came into force. It made significant changes to the Business Corporations Act (Act No 90/2012 Coll.), mainly with regard to limited liability companies and joint stock companies (for example, affecting regulations on the establishment of limited liability companies and on the monistic structure in joint stock companies). The amendment also clarifies some uncertainties in commercial law that arose on the effectiveness of the Business Corporations Act.

The Act No 37/2021 on Register of Ultimate Beneficial Owners goes into effect from 1 June 2021. It will provide a new definition of "Ultimate Beneficial Owner" (UBO), along with several other minor changes. Business corporations that registered their UBO in the register under the legislation that was in effect before 1 June 2021, must review the information listed in the UBO Register and update it in accordance with the new definition of UBO under the AML Act. Companies that have not fulfilled the obligation to register their UBO under the old legislation must do so without delay in accordance with the AML Act, before it goes into effect.

The Czech Republic is one of the most open economies in the world and is a desired investment location for foreign investors who significantly contribute towards the development of Czech companies. An attractive investment environment needs effective defensive tools in place against harmful investors, who may endanger the country's security or public order and disrupt the health of the economy. As a result, many European countries have implemented or strengthened their national systems to screen selected investments on national security grounds. In addition, they are participating in the European co-operation and information exchange mechanism, established in October 2020 in accordance with the FDI Screening Regulation ((EU) 2019/452). The Czech Republic implements its national screening mechanism under Act No. 34/2021 Coll., on Screening of Foreign Investments, effective from 1 May 2021. The law applies to foreign investors with UBOs from non-EU countries, in particular those whose investment represents a 10% or higher share in a Czech company active in a sector that is important for the security, public, or internal order of the Czech Republic. Investors into businesses active in the production of military materials, selected dual-use goods, or in critical or critical information infrastructure will have to ask for consent from the Ministry of Industry and Trade before the investment is completed. Moreover, other national security-relevant investments that have not been scrutinised and do not affect one of the sensitive sectors could be subject to ex post facto screening retroactively up to five years from the date of completion of the investment.

The Czech Parliament recently passed a new Building Act, which should speed up the building permitting procedure, digitalise the related permitting procedure and restructure the permitting office to make it more efficient. The new Building Act will come into force as of 1 July 2023.

---

## LEGAL SYSTEM

---

### 3. What is the general legal system in your jurisdiction?

---

The Czech Republic has a statute-based civil law system. Although case law is not binding, decisions of the appeals courts can affect how laws are interpreted. The Czech Republic is a member of the EU and a signatory to a number of international treaties that supersede national legislation.

---

## FOREIGN INVESTMENT

---

### 4. Are there any restrictions on foreign investment, ownership or control?

---

#### Government Authorisations

Generally, there are no laws that would discriminate against foreign investors apart from laws governing specific acts and a new Act on Screening of Foreign Direct Investments (FDI Act) effective from 1 May 2021. The FDI Act was adopted in accordance with the FDI Screening Regulation ((EU) 2019/452). It introduces screening mechanisms for third-country investments that are likely to affect the security interests of the Czech Republic. The FDI Act sets out several sensitive sectors where FDI will always be subject to a mandatory screening, for example, production and research and development of military equipment or operation of any element of any critical infrastructure. The Act also enables foreign investors to submit a request for a consultation with the Ministry of Industry and Trade in order to prevent a retroactive ban on the investment because a security threat is discovered later.

Third-country investments that have not been screened and that do not affect one of the sectors classified as sensitive under the FDI Act can still be reviewed retroactively for security and violation of the internal or public order of the Czech Republic, up to five years from the date of completion of the investment.

If the screening of the foreign investment results in the finding of a security risk, the investor will then enter into negotiations with the Ministry of Industry and Trade in order to set conditions for the investment so as not to threaten the security and strategic interests of the Czech Republic. Security objections can be raised not only by certain governmental bodies of the Czech Republic but also by other EU member states or the European Commission.

Prohibition of the FDI can be in the form of a restriction or ban on the voting and other equity rights of the foreign investor, or a requirement that the investor divest by a given deadline.

The FDI Act is in line with recent developments in other European countries and in the US that aim to protect national (or European, as the case may be) interests, including security of the infrastructure, safety of people and independence of various industry sectors. Existing or contemplated investments may need to be internally reviewed and appropriate steps undertaken.

#### Restrictions on Foreign Shareholders

Foreign shareholders can legally hold a majority interest in Czech companies.

Under the FDI Act a foreign shareholder (or investor) is any person who

- Is not a national of an EU member state.
- Is not seated (with a registered seat) in an EU member state.
- Is controlled by a person who meets the abovementioned conditions.

#### Restrictions on Acquisition of Shares

Transactions will be subject to screening if the foreign investor

- Controls at least 10% of the voting rights.
- Is appointed to the company's corporate body.
- Has the ability to exercise ownership rights.
- Has access to information or technology which is considered sensitive to the security of the Czech Republic.

### Specific Industries

There are no general restrictions on foreign investments. However, certain limitations or registration requirements apply to some sectors, including, for example, banking or trading in military equipment. In addition, foreign entities must register their official branches in the Czech Commercial Register. In some cases, investors have to contact respective ministries. This applies to setting up a company active in the national defence, nuclear energy or healthcare sectors.

### 5. Are there any restrictions or prohibitions on doing business with certain countries, jurisdictions, entities, organisations or individuals?

The Czech Republic is a member of the EU Customs Union, which applies a uniform trade relations regime to third countries that is binding on all EU member states. The EU closely monitors compliance with international trade rules and, in cases of violations, takes measures to protect its interests, for example, through embargos and bans on investments.

A list of sanctions imposed by the EU is accessible via <https://sanctionsmap.eu/#/>.

### 6. Are there any exchange control or currency regulations or any registration requirements under anti-money laundering laws?

There are no substantial restrictions imposed on persons operating on the foreign exchange market. The only exceptions are reporting duties in relation to financial operations, and certain requirements on currency exchange activities. In addition, special restrictions can be adopted in a state of emergency.

The Czech National Bank (CNB) grants permission for the performance currency exchange activities on request of the person or entity intending to carry out the activities. Currency exchange officers that obtain this permission are registered in the Currency Exchange Officers Register, maintained by the CNB, which also oversees administration of the foreign exchange market and regulates exchange activities.

Recently there was also a change in anti-money laundering legislation, effective from 1 June 2021. Every legal entity is obliged to register its Ultimate Beneficial Owner (UBO) under newly revised conditions. Every natural person who can obtain, either directly or indirectly, at least a 25% share of earnings, or who has a significant share of the voting rights or controls or otherwise exercises a decisive influence on the company will have to be registered as a UBO in a public register.

The new legislation brings forth certain limitations (such as administrative fines or a ban on profit distribution, limitation of execution of shareholders' rights) and related potential harm that could result from failing to register duly and timely.

## 7. What grants or incentives are available to investors?

### Grants and Incentives

The Czech Republic offers various investment incentives, for example, full or partial corporate income tax relief, financial support for the creation of new jobs and for training/retraining of employees, as well as transfers of public land for discounted prices.

The provision of investment incentives to foreign investors began in 1998 and culminated in 2002 with the adoption of the Act on Investment Incentives. Investment incentives were initially directed towards the manufacturing industry.

Under amendments to Act no. 72/2000 Coll. on investment incentives, from 2019 several new general conditions went into effect to support investment projects, including creating projects with "higher added-value". This condition applies to projects developed in the manufacturing industry and relating to centres for strategic services (*Governmental regulation no. 221/2019 Coll., on the implementation of several provisions of the Act on Investment Incentives*). The meaning of "higher added-value" varies from project to project. For example, data centre projects (which are considered strategic services) are deemed to be of higher added-value if they store, sort and administer data using the centre's computer systems, and these services are provided in at least three countries.

Nowadays, there are three main supported sectors, manufacturing, technology centres, and business support services centres. The eligibility criteria vary for each type of investment incentive.

The current forms of investment incentives are:

- Corporate income-tax relief for up to ten years for new companies, or partial corporate income-tax relief for up to ten years for existing companies.
- Job creation grants.
- Training and retraining grants.
- Cash grants for capital investments (for strategic investment projects).
- Property tax exemption for up to five years.
- Transfers of public land including related infrastructure at a favourable price.

### Foreign Investors

State aid is provided up to the maximum amount stipulated in the Regional Development Strategy of the Czech Republic 2021+. The maximum amount of state aid that can be provided, (with certain exceptions) is 25% of total eligible costs for large enterprises, 35% for medium-sized companies and 45% for small companies. State aid is understood to be tax incentives, job creation grants, transfers of land at favourable prices, property tax exemptions and cash grants for capital investment. Training and retraining grants are not counted towards the maximum state aid intensity, as this aid is provided as extra cash.

Project funding can also be found through programmes at ministries or regional councils of cohesion financed by the EU or the Czech Republic (for example, the infrastructure development programme at the Ministry of Industry and Trade to support business and innovation, efficient energy management, information and communication technology (ICT) development, as well as the programme of the Ministry of Labour to support employment and requalification).

---

## BUSINESS VEHICLES

---

### 8. What are the most common forms of business vehicle used in your jurisdiction?

---

#### Main Business Vehicles

The most common business vehicles are the private limited liability company (LLC) (*společnost s ručením omezeným*) and joint stock company (JSC) (*akciová společnost*). An LLC is a very popular legal form for small and medium-sized businesses because it requires a lower minimum capital investment and fewer corporate governance requirements than a JSC.

The Czech trust fund (*svěřenský fond*) functions similarly to trusts of Western EU countries.

#### Foreign Companies

Foreign companies typically establish a subsidiary in the Czech Republic in the form of an LLC or a JSC. Foreign companies that do not want to establish a separate legal entity in the Czech Republic may consider doing business through a branch (*odštěpný závod zahraniční osoby*).

---

### 9. In relation to the most common form of corporate business vehicle used by foreign companies in your jurisdiction, what are the main registration and reporting requirements?

---

#### Registration and Formation

Both an LLC and a JSC must be registered in the Commercial Register, which is maintained by the regional courts. Before registering an LLC, a memorandum of association or foundation deed must be executed as a notarial deed. The company comes into existence (is incorporated) on registration in the Commercial Register. To carry out business activities a company must obtain the relevant trade licence for the activities it intends to undertake, or some other form of business authorisation. In general, it takes few weeks to create a company and get it ready for conducting business. It is also possible and quicker to buy a ready-made company.

A company's name must be unique, distinctive and not misleading. Furthermore, a company's name must include an indication of the company's form (for example, all LLC's must include in its name the words "*společnost s ručením omezeným*" or an abbreviation "*spol. s r.o.*" or "*s.r.o.*").

Information about registrations in the Commercial Register is available at [www.justice.cz](http://www.justice.cz).

#### Reporting Requirements

The following documents, among others, must be filed with the Commercial Register's Collection of Deeds:

- Any changes to the memorandum of association, foundation deed or articles of association.
- Reports on intragroup relations.
- Annual reports.
- Regular, irregular or consolidated financial statements.

The filing process itself is free of charge. The information filed is publicly available. Failure to comply can result in civil, administrative or criminal liability.

Companies must also register their beneficial owners in the Register of Beneficial Owners. Since mid-2021 some information from the register is accessible to the public (notably name, month and year of birth, nationality and country of residence of each

beneficial owner). The register as a whole is also accessible to selected authorities.

#### Share Capital

The minimum required share capital is as follows:

- CZK1 per shareholder in an LLC,
- CZK2 million for a JSC.

There is no maximum share capital.

#### Non-Cash Consideration

Non-cash consideration for shares is permitted. However, consideration in the form of performance of work or services is not permitted. Apart from a few exceptions, non-cash contributions must be formally assessed by an independent expert.

#### Rights Attaching to Shares

**Restrictions on Rights Attaching to Shares.** The memorandum of association, or foundation deed of a LLC can provide for different types of shareholdings and different capital contributions to be attached to the shareholdings. A JSC can issue ordinary shares, shares with attached priority dividend rights, limited voting rights or other specific rights. Shares or shareholdings of the same type must be accorded the same rights.

**Automatic Rights Attaching to Shares.** Shareholders have the right to:

- Be involved in the management of the company by attending and voting at the general meeting.
- Share in the company's profits and any assets on liquidation.
- Participate in any increase in the company's capital.
- Receive information and rights connected with transformations of the company.

The scope of legal rights can be adjusted by the articles of association, foundation deed or by a memorandum of association.

---

### 10. What is the standard management structure and key liability issues for the most common form of corporate business vehicle used by foreign companies in your jurisdiction?

---

#### Management Structure

An LLC must have at least one managing director.

A JSC must have one of the following:

- A board of directors and supervisory board (dualistic structure).
- A managing board (monistic structure).

#### Management Restrictions

Management rights can be restricted by the corporate documents of the company or decisions of the general meeting. Restrictions are not effective on third parties, so any breach only gives rise to managers' liability. There are no specific restrictions on foreign managers or their place of residence.

#### Directors' and Officers' Liability

Directors and board members must:

- Act with the duty of care (*péče řádného hospodáře*).
- Act in the best interests of the company.
- Exercise loyalty, diligence and knowledge in their work at the company.



- Keep the shareholders informed about matters related to the company.

Directors/board members can be personally liable for:

- Damage caused to the company resulting from a violation of their duties.
- Administrative or criminal offences.

Directors cannot limit liability by an agreement with the company. Any such arrangement is null and void.

### Parent Company Liability

A parent company is only liable for the debts of its LLC subsidiary up to the amount of its subscribed but unpaid capital contribution as recorded in the Commercial Register. The parent company can be liable for exercising control over the subsidiary if the control was found to be detrimental. A parent company can also be liable for criminal offences.

*(Act No. 418/2011 Coll., on the Criminal Liability of Legal Entities and Proceedings Against Them.)*

## ENVIRONMENT

### 11. What are the main environmental regulations and considerations that a business must take into account when setting up and doing business in your jurisdiction?

The main environmental regulations that a business must take into account in the Czech Republic are the following:

- Act No. 17/1992 Coll., on Environment, as amended.
- Act No. 541/2020 Coll., on waste and its implementing legal regulations (Waste Act).
- Act No. 477/2001 Coll., on Packaging, as amended (which sets out rules for reducing waste from products packaging).
- Act No. 406/2000 Coll., on Energy Management, as amended (which aims to improve regional energy planning and in accordance with EU law, also sets minimum energy performance standards for buildings).
- Act No. 383/2012 Coll., on Conditions of Greenhouse Gas Emission Allowance Trading, as amended.
- Act No. 458/2000 Coll., on Business Conditions and Public Administration in the Energy Sectors and on Amendment of Other Laws, as amended (the Energy Act).
- Act No. 165/2012 Coll., on Promoted Energy Sources, as amended (which promotes the use of renewable energy resources).
- Act No. 201/2012 Coll., on Air Protection, as amended (which aims to reduce air pollution and set lower limits for biofuel use).
- Act No. 100/2001 Coll., on Environmental Impact Assessment, as amended.
- Act no. 76/2002 Coll., on Integrated Pollution Prevention and Control and on the Integrated Pollution Register, as amended.
- Act no. 254/2001 Coll., on Waters and Amendments to some acts (Water Act), as amended.

**Protection of Air.** Generally speaking, protection of air ensures that the air is not polluted above the stated level. The operators of stationary sources (excepting operators of small stationary sources) must, among other obligations, comply with emission limits. They are also obliged to pay pollution fees. Special treatment applies to smog situations, and regulatory measures may be announced, meaning that the production or operation of stationary (or mobile) sources is reduced for a specified length of time.

**Protection of Water.** Surface and underground water is subject to legal protections. Use of water for other than personal use is regulated by the water authority. Wastewater may only be discharged into surface and underground water with permission and for a fee. Certain hazardous substances cannot be discharged at all. Rivers are also protected, for example, it is forbidden to change their course.

**Protection of Climate.** The climate is also subject to legal protection (regulated by international, European and national laws), especially due to climate change and the impact and results connected therewith, for example, the massive increase in atmospheric concentrations of greenhouse gases (emissions). The EU ETS scheme is one of those efforts to reduce emissions. It is regulated by Act No. 383/2012 Coll., on the conditions of greenhouse gas emissions allowance trading, as amended. Another tool for improving the environment and reducing greenhouse gases is promoting the use of energy from renewable sources (for example, energy from biomass, water, wind, solar and geothermal).

**Soil Protection.** All land is subject to protection, although the form and intensity varies. Agricultural land, which represents more than 50% of the area of the Czech Republic, is protected through the Agricultural Land Fund. Use of agricultural land for anything other than agricultural purposes is possible only with the consent of the competent authority and for a fee. Additionally, forest lands (which accounts for more than 30% of the land in the Czech Republic) are protected similarly to agricultural land.

**Waste Management Regulation.** Regulation of waste management is threefold, constituted by the waste management plan of the Czech Republic, the waste management plan of each district and finally the waste management plan of each waste producer. Generally, the most important obligation is to prevent waste generation. Where waste generation cannot be prevented, the waste producer is obliged to use and/or dispose of waste in a way that does not endanger human health and the environment. On 1 January 2021, a new regulation on waste management went into legal force, Act No. 541/2020 Coll., on waste and its implementing legal regulations (Waste Act). The main legislation further specifying the New Waste Act is Decree No. 8/2021 Coll., on the waste catalogue and assessment of waste properties (effective from 27 January 2021). The main changes are as follows:

- A regulation on waste deposits in landfills.
- Obligations for waste collection operators (surveillance camera system, stricter conditions for waste collection using mobile equipment).
- Provisions on illegal dumping, stipulating procedures for identifying the person responsible for illegal dumps.
- Procedures for reclassifying waste as not waste.
- Provisions reclassifying waste trading as a separate trade activity.

## EMPLOYMENT Laws, Contracts and Permits

### 12. What are the main laws regulating employment relationships?

The main law regulating employment relationships in the Czech Republic is the Labour Code (Act No. 262/2006 Coll., as amended). It regulates in detail most aspects of employing employees, for example:

- Working.
- Safety.
- Remuneration and travel expenses.

- Holidays.

Some specific aspects are also regulated by separate acts, for example collective bargaining (Act No. 2/1991 Coll., as amended) and the employment of handicapped employees or agency (temporary) employees (Act. No. 435/2004 Coll.).

The above laws also apply to foreign employees if employed under Czech law (this is a common approach if the foreign national has been hired by a local Czech company). In addition, the laws should apply to employees posted abroad (that is, to work on a temporary basis). Finally, mandatory rules stemming from these laws (that is most rules that protect employees) should apply even if the parties have chosen a foreign law, but the employee habitually works in the Czech Republic.

---

### 13. Is a written contract of employment required?

---

#### Main Terms

Employees (workers performing dependent work) must sign a written employment contract in which the following elements must be agreed:

- The type of work (usually a specific position or positions).
- The place of work (usually a city, village or similar).
- The date work commenced.

In addition, employment contracts typically stipulate the employee's other conditions related to work and remuneration. This includes, in particular, employment contract clauses dealing with:

- Remuneration (basic salary plus any variable (discretionary) components, including bonuses, premiums and allowances).
- Benefits including holiday entitlement.
- Mutual rights and obligations, including working time (number of weekly working hours and/or details about their schedule).
- Overtime work.
- Travelling.

These terms can also be set out unilaterally by the employer in its internal policies.

#### Implied Terms

Many terms are implied in the employment contract, mainly by the Labour Code. These include, for example:

- Entitlement to allowances, for example, salary supplements for overtime or night work.
- The maximum duration of the probationary period, which is three months, or six months for managerial employees.
- Terms relating to notice periods.
- Access to certain information relating to the employer.

#### Collective Agreements

In addition, collective agreements (both company-level collective agreements and higher-level collective agreements, if declared binding on a relevant sector) also apply to individual employment relationships. Collective agreements usually provide employees with higher and/or additional entitlements.

#### Limited Extent Work

In addition to employment contracts, the Labour Code recognises more flexible agreements for "limited-extent work" (of up to 20 hours a week on average). Unlike standard employees, employees

working on the basis of these specific agreements can be dismissed, without reason and without severance.

---

### 14. Do foreign employees require work permits and/or residency permits?

---

#### Work Permits and Residency permits

The principles of free movement of labour apply to all EEA citizens and employees from Switzerland working in the Czech Republic, and their relatives. Employees from these countries do not require any permits, provided they have a travel document or an identity card.

Citizens from a third country (that is, non-EU citizens) without permanent residency in the Czech Republic must obtain an employee card. Some exemptions apply, which can significantly shorten the application process. An employee card is a permit for long-term stay in the Czech Republic where the purpose of the foreign national's stay (longer than three months) is employment. An employee card therefore combines/covers both work and residency permits (there is only one decision/proceeding). A foreign national who has an employee card is entitled to:

- Reside in the Czech Republic.
- Work in the job for which the employee card was issued.
- Work in the job for which the Ministry of the Interior granted consent (where the employee has changed employers or jobs or taken up employment with an additional employer or an additional job).

An employee card is issued for the duration of the employment relationship but not for more than two years, with an option to repeatedly extend its validity.

The deadline for deciding on an application for an employee card is 60 days (or 90 days in especially complicated cases). However, the whole process, which starts with a mandatory labour-market test, generally takes up to five months.

#### Termination and Redundancy

---

### 15. Are employees entitled to management representation and/or to be consulted in relation to corporate transactions (such as changes in control, redundancies and disposals)?

---

Employees of large JSCs with more than 500 employees are entitled to appoint one-third of the supervisory board's members. Employees in smaller JSCs (and employees in all LLCs) do not have this right.

All employees (employees of all companies and other legal entities) are entitled to be consulted in respect of:

- Probable economic development of the employer.
- Envisaged structural changes within the employer, rationalisation or organisational measures, any measures having an impact on employment, in particular measures in connection with mass layoffs.
- The latest number and structure of employees, and envisaged employment development.
- Fundamental issues concerning working conditions and changes to them.

If a trade union is established, the employer must consult with it on every individual notice of termination and/or summary dismissal.

---

## 16. How is the termination of an individual's employment regulated?

---

### Termination

The concept of at-will employment is not recognised in the Czech Republic.

### Fair Dismissal

Employees are protected against termination because employers can serve a notice of termination only on the following grounds:

- The employer's undertaking (or a part of it) shuts down.
- The employer's undertaking (or a part of it) relocates.
- The employee in question is made redundant based on a decision by the employer to effect organisational change (that is, a change of technology or reduction in the number of employees, to enhance work efficiency).
- The employee is no longer able to perform work tasks due to their state of health because of either an occupational disease or a work-related injury, or other health reasons.
- The employee does not meet conditions set out by law for performance of the agreed work, or, through no fault of the employer, the employee does not meet the requirements (provided by the employer) for proper performance of the work, including poor performance.
- The employee has seriously breached work discipline (or less seriously but repeatedly).
- The employee has seriously breached their obligations during sickness.

However, employees may terminate their employment at any time and for any reason (without the need for a specific reason).

**Statutory Minimum Notice.** A statutory notice period is two months, which starts on the first day of the next calendar month following delivery of a written notice to the other party. This notice period may be prolonged by agreement.

In extraordinary situations (for example, for theft, embezzlement, alcohol abuse, physical assault and other cases of gross misconduct), an employer can dismiss an employee with immediate effect (summary dismissal).

**Severance Payment.** Employees who are made redundant (including those made redundant because the employer or part of it shuts down or relocates), are entitled to a severance payment of up to three monthly average salaries, depending on the length of service. If an employee is dismissed for work-related health reasons, they are entitled to a severance payment of 12 average monthly salaries.

### Unfair Dismissal

**Grounds for Unfair Dismissal.** Termination for any other ground (if challenged in court) is considered unfair/unjustified and therefore invalid. The same applies to termination if an employer fails to meet any (even formal) requirements set by the Labour Code, for example, if notice for a breach of work discipline is delivered after the end of mandatory deadline or if the notice is not properly delivered.

**Remedies.** Employees are entitled to their full salary for the entire duration of the court proceedings (there is no cap). Moreover, they are entitled to reinstatement if they succeed in court.

### Class of Individuals

There are additional protective regulations, for example, redundancies cannot be made during "protective periods", for example, during sickness or pregnancy.

---

## 17. Are redundancies and mass termination regulated?

---

### Redundancies and Mass Termination

Redundancies and mass terminations are regulated by the Labour Code.

In individual redundancies, employees are entitled to their salary during the two-month notice period in addition to severance pay (see *Question 16*).

The regulation of mass terminations is based on the Collective Redundancies Directive (98/59/EC). The relevant provisions apply only where a certain number of employees are dismissed within a period of 30 days. This number varies depending on the size of the employer's undertaking:

- Where ten or more employees are terminated in a company of 20 to 100 employees.
- Where 10% of employees are terminated in a company of 101 to 300 employees.
- Where 30 or more employees are terminated in a company of 301 or more employees.

### Procedural Requirements

At least 30 days before notices are given to individual employees, employee representatives (that is, the works council and/or trade union) must be informed about the planned mass layoffs and consulted about them. If there are no employee representatives, all affected employees must be consulted directly. In addition, the employer must also inform the relevant Labour Office (public authority) about the planned mass layoff 30 days before delivery of the first notice of termination. However, neither employee representatives nor the Labour Office can refuse the layoffs.

### TAX

#### Taxes on Employment

---

## 18. In what circumstances is an employee taxed in your jurisdiction?

---

### Tax Residence

The scope of taxation depends on the tax residency status of the individual. Czech tax residents are taxed on their worldwide income, while Czech tax non-residents are taxed on their Czech source income only.

Unless an applicable double-tax treaty (see *Question 27*) provides otherwise, the following individuals are considered to be Czech tax residents:

- Foreign employees present in the Czech Republic for at least 183 days in a calendar year.
- Persons with a permanent home/address in the Czech Republic.

The taxable period for all individuals is a calendar year.

### Other Methods to Determine Residency

The Czech Republic does not have any other methods to determine tax residency.

---

## 19. What income tax, social security and other tax or contributions must be paid by the employee and the employer during the employment relationship?

---

### Tax-Resident Employees

Tax-resident employees must pay the following:

- **Personal income tax.** This is levied at a progressive tax rate of 15% and 23% on the employee's gross employment income. The higher tax rate applies to that part of the individual's total tax base (including not only the employment income) exceeding CZK1,867,728 (for 2022).
- **Social security contributions.** These contributions are 6.5% of the employee's gross salary, up to a cap of 48 times the average salary, that is, CZK1,867,728 in 2022.
- **Health insurance contributions.** These contributions are 4.5% of the employee's gross salary. No cap applies.

### Non Tax-Resident Employees

For personal income tax and social security/health insurance contributions non tax-resident foreign employees (if they are subject to the Czech mandatory social security and public health insurance systems) are liable to pay personal income tax on their Czech source income at the same progressive tax rates as tax-resident employees.

Both tax resident and non-tax-resident individuals are obliged to file on their own behalf an annual personal income tax return if they received employment income concurrently from more than one employer, or if they earned various types of income exceeding CZK 6,000 other than:

- Employment income from one employer that was subject to monthly payroll tax withholdings.
- Income subject to a final withholding tax.
- Tax-exempt income.
- Personal income tax liability is payable by the same deadline as for filing the tax return.

### Employers

Employer contributions to social security are 24.8% of the employee's gross taxable employment income, up to a cap of 48 times the average salary (CZK1,867,728 in 2022). The employer's health insurance contributions amount to 9% of the employee's gross pay. There is no cap.

### Business Vehicles

---

## 20. When is a business vehicle subject to tax in your jurisdiction?

---

### Tax Resident Business

Tax resident companies are those situated in the Czech Republic or managed and controlled from a place within the Czech Republic. (Their place of effective management is in the Czech Republic.)

The place of effective management is any place where key management and commercial decisions that are necessary for the conduct of the entity's business as a whole are made.

Tax-resident business vehicles are taxed on their worldwide income, unless they are expressly tax-exempt. Relief is normally granted to foreign-source income under double-tax treaties (see *Question 27*).

### Non Tax-Resident Business

Non tax-resident businesses are liable for corporate income tax on Czech source income as defined in Act No. 586/1992 Coll., on Income Taxes, as amended and subject to the provisions of any applicable double-tax treaty. Typically, non tax-resident businesses having a permanent establishment in the Czech Republic are liable for corporate income tax on profits attributable to the permanent establishment. Depending on the circumstances, the income of non tax-resident businesses may be liable to file a corporate tax return by the statutory deadlines.

---

## 21. What are the main taxes that potentially apply to a business vehicle subject to tax in your jurisdiction?

---

The main taxes that potentially apply to a tax-resident business vehicle include the following:

- **Corporate income tax.** This applies to tax-resident companies as well as to non-tax residents. The standard corporate tax rate is 19%, with a reduced rate of 5% applicable to income received by selected types of investment funds and 0% applicable to income generated by specific pension funds of pension insurance institutions. Dividends received by Czech companies from abroad create a separate tax base subject to 15% tax.
- **Value added tax (VAT).** This is payable by all commercial enterprises (both individuals and legal entities) whose turnover exceeded CZK1 million in the previous 12 consecutive calendar months. The VAT rate in 2020 is either 21%, 15% or 10%, depending on the type of goods delivered or services provided.
- **Excise tax.** This applies at different rates to certain defined kinds of goods (for example, alcohol, tobacco and petrol).
- **Energy taxes.** These are levied on electricity, natural gas, coal and solid fuels. The tax rate on electricity is CZK28.30 per megawatt hour (MWh). The tax base on natural gas ranges from CZK30.60 per MWh to CZK264.80 per MWh. The tax rate on solid fuels is CZK8.50 per gigajoule.
- **Real estate tax.** This applies to owners or users of real estate situated in the Czech Republic. The rate depends on the type and location of the real estate. The tax rates on buildings range from CZK2 to CZK20 per square metre depending on the building's purpose. Land tax rates range from CZK0.2 to CZK5 per square metre.
- **Transfer taxes.** Real estate acquisition tax was abolished with retroactive effect on all real estate transfers carried out from 1 December 2019. Gift and inheritance taxes were abolished from January 2014. However, gifts may be subject to the 15% and 23% personal income tax, if they are not exempt.
- **Road tax.** This applies to road motor vehicles which are used in the Czech Republic for business purposes and cargo vehicles weighing more than 3.5 tonnes. The annual tax rate on the tax base ranges from CZK1,200 to CZK4,200 for personal motor vehicles, based on the engine cylinder capacity and from CZK1,800 to CZK37,800 for trucks and other vehicles depending on the weight and number of axles.
- **Personal income tax on wages.** This is deducted from the employee's monthly wages and withheld by the employer as an advance payment along with the employer's contribution (payroll tax advances). Employers must also pay compulsory social insurance and health insurance contributions (see *Question 19*). Individual businesses are responsible for filing their own income tax returns and for paying taxes.
- **Withholding tax.** This applies to specified types of income at 5%, 15% or 35%, unless an applicable double-tax treaty provides otherwise (see *Question 22*).



---

## **Dividends, Interest and IP Royalties**

---

### **22. How are the following taxed:**

- **Dividends paid to foreign corporate shareholders?**
  - **Dividends received from foreign companies?**
  - **Interest paid to foreign corporate shareholders?**
  - **Intellectual property (IP) royalties paid to foreign corporate shareholders?**
- 

#### **Dividends Paid**

Withholding tax is generally levied at 15% on dividends. Double-tax treaties and EU directives can reduce (or eliminate) this.

Under the Czech implementation of the Amended Parent-Subsidiary Directive (2003/123/EC) dividends paid by Czech tax-resident subsidiaries to their parent companies (as defined in the directive) located in other EU/EEA member states are exempt from both withholding taxes (on payment) and corporate income tax (on receipt) if the parent company holds at least 10% of the distributing subsidiary for an uninterrupted period of at least 12 months (although this condition can also be fulfilled subsequently).

#### **Dividends Received**

Dividends received by Czech-resident parent companies from foreign subsidiary companies that are tax resident in other EU member states are exempt from tax under the Czech implementation of the Amended Parent-Subsidiary Directive. Dividends from subsidiaries outside the EU are taxed at 15%, except where the subsidiary meets certain criteria, including:

- The subsidiary complies with the conditions for dividend exemption under the Czech implementation of the Parent-Subsidiary Directive.
- It is subject to similar corporate income tax of at least 12% in the country of residence.
- There is a double-tax treaty with its country of residence.

#### **Interest Paid**

Interest on foreign loans (and some other debt instruments) paid by a Czech tax-resident company (or by a Czech branch of a company incorporated in another EU member state) abroad is subject to 15% withholding tax. This can generally be reduced or eliminated through an applicable double-tax treaty, or exempted under the Interest and Royalties Directive (2003/49/EC), which has been incorporated into the Income Taxes Act.

#### **IP Royalties Paid**

IP Royalties paid by a Czech tax-resident company (or by a Czech branch of a company incorporated in another EU member state) abroad are subject to 15% withholding tax, which can generally be reduced or eliminated by an applicable double-tax treaty, or exempted under the Interest and Royalties Directive, which has been incorporated into the Income Taxes Act.

It is possible to exempt both royalties and interest income paid to EU/EEA tax residents from Czech tax residents (that is, pay no withholding tax) under the Interest and Royalties Directive, subject to certain conditions:

- The receiving company resident in the EU/EEA is listed in the appendix to the Directive.
- The paying company is a Czech JSC, LLC, limited partnership, unlimited partnership, co-operative or a Czech permanent establishment of a foreign EU company (provided the interest is not attributable to the Czech permanent establishment of the receiving company).

- Both the paying and receiving companies are directly related via capital (minimum share of 25%) for an uninterrupted period of at least 24 months (this condition may also be fulfilled subsequently).
- The recipient is the beneficial owner of the interest/royalty payment and the interest/royalty payments are not attributable to a Czech or third-country permanent establishment.
- Exemption of the interest/royalty income is subject to special approval by the Czech tax authorities, issued in the form of a decision.

Dividends, interest and IP royalties paid to tax residents in offshore locations that have not concluded a double-tax treaty or agreement on exchange of information on income tax matters with the Czech Republic are subject to a final withholding tax of 35%.

#### **Groups, Affiliates and Related Parties**

---

### **23. Are there any thin capitalisation rules (restrictions on loans from foreign affiliates)?**

---

When an entity has loans from related entities (Czech or foreign), there are debt-to-equity ratios over which the interest and similar expenses paid cannot be deducted for corporate tax purposes. Interest paid on credits and loans, where the creditor is a related person to the debtor, is not recognised as a tax-deductible expense if the debt-to-equity ratio exceeds 6:1 in the course of a taxable period for the recipient of credits and loans if this recipient is a bank or insurance company, or 4:1 for other recipients.

Interest paid on profit participating loans is not tax-deductible.

Also, there is an additional rule limiting the deduction of interest on related as well as unrelated debt financing. The limit is 30% of the tax-adjusted EBITDA of the debtor and applies to debt financing expenses in excess of CZK80 million per annum. There are a number of exceptions to the application of these limitations which mainly apply to financial institutions.

### **24. Must the profits of a foreign subsidiary be imputed to a parent company that is tax resident in your jurisdiction (controlled foreign company rules)?**

---

A foreign subsidiary's profits do not need to be imputed to a parent company that is a tax resident, unless the foreign subsidiary qualifies as a "controlled foreign corporation". If so, the local controlling company's Czech corporate income tax base is increased by its share in the Czech-tax base-adjusted profits. Generally, a company qualifies as a "controlled foreign corporation" if it does not carry substantial business activity, that is it mainly generated passive income and pays foreign tax that amounts to less than one-half of the tax that would be due by a similar Czech entity generating similar income and expenses. Control exists if the Czech company controls directly or indirectly (including through associated persons) 50% or more in the registered capital, voting rights or the shares in profits of the foreign corporation.

However, companies managed and controlled from the Czech Republic are considered to be Czech tax residents (see *Question 20*).

### **25. Are there any transfer pricing rules?**

---

If related parties agree on a transfer price that is different from that which would be agreed in an independent business relationship, the tax authority can amend the tax base by looking at the arm's-

length value of the transaction. To avoid this, the reasons for the different pricing must be satisfactorily proved to the tax authority by means of a transfer pricing analysis or an expert's valuation statement.

### Customs Duties

## 26. How are imports and exports taxed?

**Customs Duties.** Imports into the Czech Republic from non-EU locations are subject to customs duties determined by EU tariff schedules. There are no customs duties on exports.

**VAT.** Exports of goods to a taxable person inside or outside the EU are exempt from Czech VAT (see *Question 21*). Imports of goods from outside the EU are subject to Czech VAT. Imports from another EU member state will also be subject to VAT if they are made by a Czech taxable person. There are exceptions to these general VAT rules.

**Excise Tax.** See *Question 21*. The customs procedure is treated separately from the excise duty procedure. If goods are placed in any customs duty regime, they cannot also be under an excise duty suspension procedure.

### Double Tax Treaties

## 27. Is there a wide network of double-tax treaties?

The Czech Republic has concluded double-tax treaties with about 90 countries including the majority of EU member states, China, Japan, Canada and the US.

## COMPETITION

## 28. Are restrictive agreements and practices regulated by competition law? Is unilateral (or single-firm) conduct regulated by competition law?

Competition rules in the Czech Republic are primarily governed by Act No. 143/2001 Coll., Act on the Protection of Competition, as amended (Competition Act), which regulates protection of competition in the market for products and services. It aims to protect competition from being eliminated, restricted or otherwise distorted by:

- Agreements between undertakings (restrictive agreements).
- Abuse of dominant position (unilateral conduct/single firm conduct), among other types of abuse.

The Competition Act also applies to any actions abroad by a company that results or may result in a distortion of competition in the Czech Republic. On the other hand, it does not apply to restrictive agreements or abuse of the dominant position of an undertaking when such effects take place solely in a foreign market, unless an international treaty binding in the Czech Republic provides otherwise.

### Restrictive Agreements and Practices

Section 3 of the Competition Act prohibits agreements between undertakings, decisions by associations of undertakings as well as concerted practices (jointly referred to as agreements) that are intended to distort competition. This especially includes agreements on:

- Direct or indirect price-fixing or other business terms and conditions.
- A limitation or control of production, sales, research and development, or investments.

- A division of markets or sources of supply.
- Making the conclusion of a contract subject to the acceptance of additional performance, which, by its nature or according to commercial use and fair business practices, has no connection with the object of the contract.
- The application of dissimilar conditions to identical or equivalent transactions with other undertakings, thereby placing them at a competitive disadvantage.
- An obligation of the parties to the agreement to refrain from trading or other economic co-operation with undertakings that are not party to the agreement, or to otherwise harm such undertakings (group boycott).
- If the reason for prohibition relates only to a part of an agreement, only that particular part will be prohibited and considered null and void. However, if such part cannot be severed from the remaining content (the nature of the agreement, the content or purpose of the agreement, or the circumstances in which the agreement was concluded), the entire agreement will be prohibited and considered null and void.
- The prohibition described above does not apply if the agreements:
  - Contribute to the improvement of production or distribution of goods or to the support of technical or economic development and providing consumers with a fair share of the resulting benefit.
  - Do not impose unnecessary restrictions on undertakings in order to achieve the goals stated in the point above.
  - Do not enable undertakings to exclude competition in a substantial part of the market for goods that are the subject-matter of the agreement.
- In addition, the prohibition does not apply to agreements that cannot affect trade between member states of the EU, in accordance with Article 101 of Treaty on the Functioning of the European Union (TFEU) but that do fulfil other conditions laid down in block exemptions adopted by relevant Commission or Council Regulations.
- Agreements with a negligible impact on competition are not unlawful (save for "hard-core" restrictions, for example, price-fixing or market sharing).

### Unilateral Conduct

One or more undertakings are deemed to jointly have a dominant position in the relevant market if their market power enables them to behave, to a significant extent, independently of other undertakings or consumers (*section 10, Competition Act*). Undertakings, acting alone or in concert with others, are deemed not to be in a dominant position so long as their share of the relevant market is not more than 40%, unless other reasons prove the contrary.

Having a dominant position is not unlawful, but abusing that position (to the detriment of other undertakings or consumers) is prohibited. Abuse of a dominant position could, in particular, include:

- Direct or indirect enforcement of unfair conditions in agreements with other participants in the market (particularly, enforcing the fulfilment of contractual obligations that are disproportionate at the time the agreement is signed).
- Making the conclusion of a contract subject to an agreement of one or more parties to a supplementary performance when the nature of that performance or, according to commercial usage, has no connection with the subject of the contract.

- Applying different conditions on identical or equivalent transactions based on the particular trading parties, and this places one or more of them at a competitive disadvantage.
- Terminating or limiting production, sales or research and development to the prejudice of consumers.
- Consistently offering or selling goods for unfairly low prices, which results or may result in a distortion of competition.
- If the dominant undertaking(s) refuse(s) to grant other undertakings access to its/their own infrastructure facilities for a reasonable reimbursement, when the undertaking/s in the dominant position own/s or use(s) them based on other legal grounds, provided that the other undertakings are unable, because of legal or other reasons, to operate in the same market as the dominant undertaking(s) without being able to jointly use such facilities, and the dominant undertaking(s) fail to prove that joint use is unfeasible for operational or other reasons, or that they cannot be reasonably requested to enable such use. This also applies, in due proportion, to the refusal of access, for a reasonable reimbursement, to other undertakings to access intellectual property or to networks owned or used on other legal grounds by the undertaking(s) in a dominant position.

### Competition Office, Proceedings and Penalties

The Office for the Protection of Competition (Competition Office) is the central authority of the Czech state administration that oversees compliance with competition rules in the Czech Republic. It has *ex officio* powers to initiate proceedings concerning prohibited agreements and abuse of dominant position.

The Competition Office has broad powers to investigate possible abuses, and all undertakings are obliged to submit to such investigation, providing any requested information and documents. It is further entitled, subject to certain limitations and conditions, to enter a business or other related premises.

The Competition Office is entitled (after a preliminary investigation and in some specific cases) not to initiate proceedings if it finds that they are not in the public interest due to the minimal adverse effect on competition.

Before issuing a decision, the Competition Office issues a statement of objections which includes information about the case along with a legal assessment, primary evidence and the amount of the fine it intends to impose. After it issues the statement of objections it must enable parties to become acquainted with the basis of the decision and provide a reasonable deadline (at least 15 days) for them to propose additional evidence.

It is possible to appeal decisions of the Competition Office. The Chairman of the Competition Office decides on the appeal.

Instead of issuing a decision, the Competition Office can also decide to halt the proceedings if participants have jointly proposed commitments towards restoring effective competition, provided that:

- The commitments sufficiently protect competition and that by fulfilling them the harmful situation is eliminated.
- The prohibited agreement did not result in a material distortion of competition.
- For participating in a prohibited agreement or for abusing its dominant position the Competition Office can fine the undertaking up to CZK10,000,000 or 10% of the net turnover achieved by the undertaking in the last accounting period. For participating in a prohibited agreement in connection with a public procurement, the Competition Office can ban the undertaking from participating in public tenders for up to three years (along with a fine).

- Subject to certain conditions, participants to proceedings on abuse of dominant position can take advantage of a leniency programme (*program shovívavosti*) as well as a settlement procedure (*procedura narovnání*), which can lead to a waiver or reduction of the fine.

In addition to administrative proceedings, criminal proceedings can be initiated against an individual who enters into a prohibited agreement with a competitor. If found guilty, the individual can be punished by a prison sentence of up to eight years (depending on the severity and method of the offence), punishment by disqualification, or forfeiture of items. (section 248 (2), Act 40/2009 Coll., the Criminal Act).

Separately, Act No. 262/2017 Coll., on Competition Damages (Competition Damages Act) regulates in particular the:

- Obligation to compensate damage caused by an infringement of competition law of the Czech Republic, EU member states or the EU.
- Right of any claimant (natural or legal person) harmed by certain types of infringement of competition law to claim compensation in the proceedings.
- Rules of proceedings (initiation, limitation periods and penalties).

Under the Competition Damages Act, damages cannot be reduced or mitigated by a judge, using their discretionary powers (under the Civil Code). Compensation in full means actual loss, loss of profit and payment of interest. The Competition Damages Act only applies to prohibited agreements between competitors and abuse of a dominant position. It does not regulate other types of infringement of competition law.

## 29. Are mergers and acquisitions subject to merger control?

### Transactions Subject to Merger Control

A concentration between undertakings arises:

- On the merger of two or more previously independent undertakings.
- When one or more undertakings acquire/s the possibility to control another previously independent undertaking, or its part (for example, a business enterprise) directly or indirectly, especially through either an:
  - acquisition of shares;
  - agreement or other means that enables them to determine or influence the competitive conduct of the controlled undertaking.
  - These consequences can also occur when sole control over a company is changed into joint control and vice versa.
  - establishment of an undertaking that is jointly controlled by other undertakings and which performs, on a lasting basis, all the functions of an autonomous economic entity (full-function joint venture).

Under Czech law, only a permanent change in the nature of the control over an undertaking (on a lasting basis) is deemed to result in the formation of a concentration. A temporary acquisition of control is expressly excluded from notification obligations of the Competition Act if such temporary acquisition is by either:

- A bank during a rescue operation or financial reconstruction.
- An investment services provider, who acquires shares, if the shares in question are acquired for the purposes of their sale, and the related voting rights are not exercised.

---

When a concentration between undertakings occurs, a duty to have the transaction approved by the Competition Office can arise if either of the following turnover thresholds are met (provided that the given concentration does not have an EU dimension):

- The combined net (aggregate) turnover achieved in the last accounting period on the Czech market exceeded CZK1.5 billion for all the undertakings concerned and at least two of the undertakings each achieved a net (aggregate) turnover on the Czech market of more than CZK 250 million in the last accounting period.
- The net (aggregate) turnover achieved on the Czech market in the last accounting period exceeded CZK1.5 billion, by:
  - at least one of the parties to the merger if the concentration takes the form of a merger by absorption or amalgamation;
  - the undertaking or part of the undertaking (for example, an enterprise), over which control is acquired if the concentration takes the form of an acquisition of control;
  - at least one undertaking creating the joint venture if the concentration takes the form of a full-function joint venture (see above).
- Additionally, the worldwide net (aggregate) turnover achieved in the last accounting period by at least one other of the undertakings concerned must exceed CZK1.5 billion.

To determine whether (aggregate) net turnover thresholds have been exceeded, the net turnovers generated by the following persons must be combined:

- The undertakings concerned.
- All persons controlled directly or indirectly by these undertakings (subsidiaries).
- All persons that will directly or indirectly control the undertakings after the completion of the concentration (parent companies after the completion).
- All persons controlled directly or indirectly by the same person who will control the undertakings after completion of the concentration (sister companies).
- All persons jointly controlled by two or more persons referred to in the points above.

The term net turnover means the net (exclusive of any taxes and rebates) sales (amounts derived from the sale of products and provision of services) from ordinary activities of all members of the respective group of undertakings concerned, irrespective of the sector in which the turnover is achieved (however, intra-group sales should be deducted from the overall figures). A specific list of items to be used for calculating the turnover of banks, credit and other financial institutions is set out by the Competition Act (see below).

In general, the turnovers need to be attributed to the place where the customer is located.

Concentration approval proceedings are initiated by filing a notification. There is no time limit within which the filing must be made. However, the Competition Act stipulates a standstill obligation. It means that, as a general rule, the undertaking(s) cannot implement the rights and obligations arising out of the concentration until the concentration has been cleared by the Competition Office. For breaching the standstill obligation, a fine of up to CZK10 million, or 10% of the net turnover achieved by the undertaking(s) in the last accounting period, can be imposed.

When deciding whether to clear a concentration, the Competition Office assesses in particular the:

- Need to preserve and further enhance effective competition.
- Structure of all markets affected by the contraction.

- Undertakings' shares of those markets, as well as their economic and financial power.
- Legal and other barriers to other undertakings entering the market.
- The alternatives available to suppliers and customers of the undertakings.

The Competition Office cannot approve a concentration if it will result in a substantial distortion of competition on the relevant market, particularly because it would result in (or strengthen) the dominant position of one or more of the undertakings concerned. If the joint market share of all undertakings in the concentration is not more than 25%, it is presumed that their concentration will not result in a substantial distortion of competition.

The Competition Office may stipulate in its decision additional conditions and restrictions in order to maintain effective competition.

### Foreign-to-Foreign Acquisitions

- The Competition Act stipulates that its provisions apply to conduct in the Czech Republic as well as to concentrations occurring abroad if these have or could have an impact on the domestic market.
- If the local turnover thresholds specified above are met, the Competition Office takes the view that a foreign-to-foreign concentration may affect the Czech market and must therefore be notified to the Competition Office.

### Specific Industries

Specific rules for calculating net turnover in credit institutions and insurance companies apply. As regards banks, credit and other financial institutions (except for insurance companies), the net turnover is deemed to mean the sum of income items, in particular income from interest securities and asset shares, fees and commissions and profits from financial operations.

As regards insurance companies, the net turnover is deemed to mean the sum of insurance premiums prescribed under all concluded insurance contracts.

No specific rules of procedure apply to specific industries.

For concentrations in the financial sector approval of the Czech National Bank is necessary.

## ANTI-BRIBERY AND CORRUPTION

### 30. Are there any anti-bribery or corruption regulations affecting business in your jurisdiction?

Czech legislation sets out criminal liability for both natural persons (Act. no 40/2009 Coll., *Criminal Code*), and legal persons (Act. no. 418/2011 Coll., *on Criminal Liability of Legal Persons*). The crime of bribery is defined as constituting either of the following:

- Direct or indirect bribery related to matters conducted in the general interest (especially giving or accepting a bribe by an official or civil servants).
- Bribery related to the business activities of the bribe giver or receiver.
- Bribe given in order to distort competition (bribery between competitors).

As a practical effect, many companies have gift and hospitality policies including the following:

- A limit on the value of acceptable gifts or hospitality to be given or accepted (usually less than EUR100).



- A list of unacceptable gifts regardless of value, such as cash or cash substitutes (for example, vouchers and coupons with a fixed value), goods of an illicit or ethically questionable nature (such as adult entertainment).

Under the Code of Conduct related to public servants, civil servants and public officials are forbidden from doing the following:

- Accepting or demanding gifts in connection with their official activities and decision making.
- Accepting any gift that could compromise their impartiality or where they would feel obliged to return the favour.

## INTELLECTUAL PROPERTY

### 31. What are the main IP rights that are recognised in your jurisdiction?

#### Patents

**Definition and Legal Requirements.** Patents can be granted for new technical inventions that are the result of inventive activity and capable of industrial application, unless expressly excluded from protection.

**Registration.** Patents must be registered with the Industrial Property Office (IP Office). Its website ([www.upv.cz](http://www.upv.cz)) provides guidance on the application procedure. An application for a European patent can be made either at the IP Office or through the European Patent Office. Guidance on how to make an application can be found at [www.epo.org](http://www.epo.org). In addition, applications for international registration of patents through the Patent Cooperation Treaty (PCT), with the possibility of patent protection in almost 150 countries worldwide, can be made at the IP Office. If the registrant is a Czech national residing in the Czech Republic, the international registration fee is lowered by 90%.

**Enforcement and Remedies.** The patent owner, a licensee or any professional organisation for the protection of rights that is entitled to represent its owners, can file an action against a violator. A violator can be ordered to:

- Stop the infringement.
- Compensate the owner for damages.
- Provide for appropriate satisfaction (that is, compensation of non-pecuniary damage). Satisfaction can be provided in monetary form or by other means, for example, by publication of the court decision.

Protection is also provided under criminal laws.

**Length of Protection.** National protection lasts for 20 years from the date of application. Annual maintenance fees start at CZK1,000 for the first year up to CZK24,000 for the last year.

#### Trade Marks

**Definition and Legal Requirements.** The recent transposition of the Directive (EU) 2015/2436 to approximate the laws of the member states relating to trade marks (New Trade Marks Directive) brought several changes to trade mark law, including that graphic representation of the trade mark is no longer required. Instead, to qualify as a trade mark, a mark must be capable of distinguishing the goods or services of one undertaking from those of other undertakings and of being represented on the register in a way that enables the respective authorities and the public to determine the clear and precise subject matter of the protection afforded to its proprietor.

**Protection.** Trade marks must be registered with the IP Office. Its website ([www.upv.cz](http://www.upv.cz)) provides guidance on the application procedure. An application for an international trade mark through the Madrid system or an EU trade mark can be submitted at the IP

Office or through international authorities, for example, the EU Intellectual Property Office (EUIPO) (previously the Office for Harmonisation in the Internal Market (OHIM)). Well-known trade marks (within the meaning of the World Trade Organisation provisions) are also protected. Unregistered trade marks can be protected through the concept of prior trade mark use, similarly to the common law tort of passing off. Additional protection can be sought under unfair competition regulations.

**Enforcement and Remedies.** This is the same as for patents (see above, *Question 31*).

**Length of Protection and Renewability.** National protection lasts for ten years from the date of application and is renewable every ten years. The renewal fee is CZK2,500 for an individual trade mark and CZK5,000 for a collective trade mark.

#### Registered Designs

**Definition.** A design is the appearance of all or part of a product resulting from certain features of the product or its ornamentation. A design is capable of protection if it is new and distinct.

**Registration.** Designs must be registered with the IP Office. Its website ([www.upv.cz](http://www.upv.cz)) provides guidance on the application procedure. A design can also be registered as EU-wide as a Registered Community Design (RCD).

**Enforcement and Remedies.** This is the same as for patents (see above, *Patents*).

**Length of protection and renewability.** National protection lasts for five years from the date of application and is renewable every five years up to a maximum of 25 years. The renewal fee starts at CZK3,000 for the first renewal and rises every renewal period by this amount.

#### Unregistered Designs

**Definition and Legal Requirements.** Unregistered designs are not specifically regulated.

**Enforcement and Remedies.** In certain cases, unregistered designs can be protected by trade mark law, specifically through the concept of prior use, in a similar way to "passing off" in common law. Additional protection is available under unfair competition regulations.

**Length of Protection.** Not applicable.

#### Copyright

**Definition and Legal Requirements.** All literary, artistic and scientific works that are the unique results of their authors' creative activity and are expressed in an objectively perceptible form are protected by copyright. Computer programs, photographs and databases are also protected.

**Protection.** Protection applies automatically following the first publication of the work.

**Enforcement and Remedies.** This is the same as for patents (see above, *Patents*).

**Length of Protection and Renewability.** Protection lasts for the author's life plus 70 years after their year of death.

#### Other

Other IP rights protected by law include rights relating to:

- Topographies of semi-conductor products.
- Confidential information including trade secrets.
- Geographical indications and designations of origin.
- Business names.
- Rights of performing artists.
- Rights of publishers.

- Rights of producers of audio performances.

## MARKETING AGREEMENTS

### 32. Are marketing agreements regulated?

#### Agency

In line with relevant EU legislation, in particular the Self-employed Agents Directive (86/653/EEC), the Civil Code regulates commercial agency agreements, which must be entered into in writing. An agent seeks potential customers interested in contracting with the principal and can be authorised to make contracts with those potential customers on behalf of the principal. The principal must pay a commission to the agent. Commercial agency can either be exclusive or non-exclusive. Unless agreed otherwise, the agency applies to the territory of the Czech Republic or a territory of the country of the registered location of the agent. In certain cases, termination of the agency entitles the agent to additional remuneration.

The Civil Code regulates five different mandate-type contracts:

- Mandate.
- Brokerage.
- Undisclosed mandate.
- Forwarding.
- Commercial agency.

Certain provisions regulating mandates can also apply to commercial agency.

#### Distribution

Czech private law has no specific regulations on distribution, although public law regulation applies to the distribution of certain financial and insurance services and distribution of regulated goods, for example, medicines and gas. Competition regulations are usually relevant to distribution (see *Question 28 and Question 29*).

#### Franchising

There are no specific laws relating to franchising. However, the Civil Code regulates licence contracts, including industrial property licence contracts. Competition regulations are usually relevant (see *Question 28 and Question 29*).

#### Advertising

Advertising is generally regulated by the Advertising Act, which restricts certain types of advertising (for example, disparaging or subliminal advertising) and advertising in certain industries (for example, medicines, tobacco and alcohol). Several other restrictions also apply to advertising in print media, radio and TV. False advertising can also be regarded as unlawful unfair competition or commercial practice. Major advertising agencies are also members of the Council for Advertising and are bound by its code of ethics. The Arbitration Committee can recommend withdrawal of the advertising if it violates the code of ethics.

There are no regulations specific to PR agencies apart from the general advertising regulations described above.

## E-COMMERCE

### 33. Are there any laws regulating e-commerce?

The Civil Code regulates commercial contracts concluded at a distance between suppliers and consumers. There are specific provisions regulating distance selling in financial services.

Electronic signatures are regulated by the Electronic Identification Regulation ((EU) 910/2014) and the two pieces of Czech legislation associated with it, Act No. 297/2016 Coll. as amended on Trust-Creating Services in Electronic Transactions and Act No. 250/2017 Coll. on Electronic Identification.

The provision of services by electronic means and the promotion of commercial communications are regulated by Act No. 480/2004 Coll. as amended, on Certain Services in Information Society.

Consumer disputes are regulated by Act No. 634/1992 Coll., as amended, on the Protection of Consumers, which also implements provisions of the ADR Directive (2013/11/EU).

### 34. Are online platforms regulated in relation to their use for marketing/sales purposes?

There are no specific Czech laws at present regulating the framework of legal conduct of online platforms in their business dealings with traders who use the platform to market or sell to consumers or other businesses. General provisions of Czech competition law must therefore be applied and have been applied by traders when they proceed against suspected unfair practices of online platforms and/or abuse of their dominant position on the market.

## ADVERTISING

### 35. How is advertising regulated in your jurisdiction?

Act No. 40/1995 Coll., on Advertising regulates advertising in general, by prohibiting certain unfair advertising practices. An advertisement cannot be deceptive, discriminatory, against morality, nor can it use elements of fear or violence or diminish human dignity. A special regulation on advertising applies to the advertising of certain products, for example, alcohol, tobacco, gambling, pharmaceuticals and medical devices.

#### Digital Advertising

The regulation provides for some specifics of digital advertising (for example, emails, see below). Nevertheless, digital advertising must foremost follow general rules on advertising, and other regulations, such as those on consumer protection, may also apply.

To give an example in relation to influencer marketing, influencers must make it clear that their content is sponsored, and undeclared advertising of products is considered an unfair business practice. Furthermore, influencers should consider their target audience, since advertising cannot, among other things, exploit the trust of children towards third persons (that is, in relation to their idols/influencers).

#### Direct Marketing

Direct marketing is permissible provided that the consumer granted consent to such action (that is, the consumer can voluntarily sign up to receiving commercial communication, typically in connection with the purchase of a product). However, the consumer must always (that is, in every single email or message) have a clear and simple option, free of charge, to unsubscribe from any such marketing. Any direct marketing must be clearly and unambiguously marked as a commercial communication and disclose its sender.

### 36. How are sales promotions regulated in your jurisdiction?

In general, sales promotions must follow rules for advertising and protection of consumers, otherwise they may be considered unfair commercial practices. To give an example, an offer that would

promote a product but is not available for purchase (at all or due to deliberate minimum stock, that is, bait-and-switch advertising) is prohibited.

Consumer competitions are permissible, but their definition allows only for a limited scope of such activities. The competition must be directly related to a product or service promoted. The prize (cash or non-monetary) must be paid out to a winner selected by random selection. And the consumer may enter the competition only through participation in a marketing event or based on previous purchase of a product or service of the promoter.

## DATA PROTECTION

### 37. Are there specific data protection laws? If not, are there laws providing equivalent protection?

#### Data Protection Laws

As in other EU member states, most aspects of personal data protection are currently regulated by the General Data Protection Regulation ((EU) 2016/679) (GDPR). Act no. 110/2019 Coll., on personal data processing aims to fill in the gaps EU decision-makers left to the discretion of the member states, for example, the conditions for data processing when exercising freedom of speech, conducting scientific and historical research, processing for statistical purposes and data processing for the defence and security of the country. In addition, the act also regulates personal data processing in criminal proceedings.

The Czech Republic is a party to the Strasbourg Convention for the Protection of Individuals with Regard to Automatic Processing of Personal Data 1981 (Strasbourg Data Processing Convention).

#### Consumer Privacy Laws

See above *Data Protection Laws*.

## PRODUCT LIABILITY

### 38. How is product liability and product safety regulated?

The legal framework for product liability in the Czech Republic is in line with relevant EU legislation, in particular the Directive 99/34/EC on liability for defective products (Product Liability Directive) which has been implemented into the Civil Code.

Liability applies to manufacturers and importers of defective products, is objective and covers damage to life, health and property damage, except for the product itself, and property damage predominantly used for business purposes. Property damage caused by a defective product is only covered if the damage exceeds EUR500.

The manufacturer or importer can also be exempted from liability for damage caused by a defective product, for example, if it can reasonably be assumed that the defect did not exist at the time the product was placed on the market or the defect occurred later. The right of the injured party to claim compensation for damage caused by a defective product is time-barred after three years from the date the injured person learned or, with regard to the circumstances, could have learned of the damage, the defect and the identity of the manufacturer or importer. The right to compensation under the law expires ten years after the date of the manufacturer's introduction of the defective product that caused the damage.

## REGULATORY AUTHORITIES

### 39. What are some of the key regulatory authorities relevant to doing business in your jurisdiction?

#### Competition

**Main Activities.** The Office for the Protection of Competition (*Úřad pro ochranu hospodářské soutěže*) (Competition Office) is the central authority of the Czech state administration that:

- Creates conditions for promotion and protection of economic competition in the Czech Republic.
- Supervises procedures of awarding public procurement and concessions.
- Secures compliance with Act no. 395/2009 Coll, on Significant Market Power.
- Provides guidance in and monitors state aid in the Czech Republic to ensure compliance with applicable EU legislation.

W [www.uohs.cz](http://www.uohs.cz)

#### Environment

**Main Activities.** The Ministry of the Environment of the Czech Republic together with competent regional authorities regulate environmental issues. The scope of their main activities depends on the specifics of each administrative proceedings (for example, EIA, building/zoning proceedings and IPPC).

W [www.mzp.cz/en](http://www.mzp.cz/en)

#### Financial Services

**Main Activities.** The Czech National Bank (CNB) supervises the banking sector, the capital market, the insurance industry, pension funds, credit unions, currency exchange offices, payment system providers and e-money institutions and providers and intermediaries of consumer credit. The CNB adopts rules safeguarding the stability of the banking sector, the capital market, the insurance industry and the pension scheme industry. It systematically regulates, supervises and, where appropriate, issues penalties for non-compliance with these rules. In addition, the CNB has certain other responsibilities, including activities related to money laundering and compliance with the rules on takeover.

W [www.cnb.cz/en/](http://www.cnb.cz/en/)

#### Other

##### Personal Data Protection

**Main Activities.** The Office for Personal Data Protection supervises observance of the legal obligations laid down for the processing of personal data. It maintains the register of notified data processing operations, deals with initiatives and complaints from citizens concerning breaches of law, and provides consultancy in personal data protection.

W [www.uoou.cz/en/](http://www.uoou.cz/en/)

##### IP Protection

**Main Activities.** The Industrial Property Office operates an automated system for trade mark procedures and a search system using random criteria and carries out a formal examination of the application, to determine whether the application includes all the necessary requirements as stipulated by law, and subsequently it conducts a substantive examination to determine whether the trade mark being applied for is eligible for registration.

W <https://upv.gov.cz/en>

---

## OTHER CONSIDERATIONS

---

### 40. Is there anything else that is important relating to doing business in your jurisdiction?

---

#### Public Procurement

Certain types of foreign investment are subject to the rules on public procurement procedure in the Czech Republic. Act No. 134/2016 Coll., on public procurement procedure (Public Procurement Act), effective from 1 October 2016, was adopted in April 2016 and regulates the public procurement procedure in the Czech Republic. The Civil Code regulates other cases not specifically regulated by the Public Procurement Act.

Public procurement procedure under Czech law involves the process of selecting the most eligible candidate for the delivery of a particular subject of performance being requested, that is, the specific process for entering into an agreement.

In the Czech Republic the public procurement procedure is quite a strict process in which even a minor mistake can result in the applicant being disqualified. However, despite a certain rigidity, the contracting authority should always comply with the principles of effectiveness, economy and efficiency (also resulting from EU legislation) and to achieve the purpose of the Public Procurement Act, that is, to select the most suitable bid. For this reason, it is possible for a supplier to rectify certain failures when submitting a bid, to a certain extent. However, it is left to the discretion of the contracting authority whether the supplier will be allowed to rectify or clarify any ambiguities in the bid. It also depends on legislation, which may, in certain cases, exclude this possibility (most frequently in the case of inconsistencies/ambiguities in the tender (bid) price).

#### COVID-19

Restrictions on entering the Czech Republic have been put in place, especially with regards to more lethal or faster spreading variants of the virus. Current information can be found at

[www.mzv.cz/jnp/en/index.html](http://www.mzv.cz/jnp/en/index.html) (under the section "Entry & Residence").

In response to the COVID-19 outbreak in the Czech Republic, a number of institutions are involved in prominent initiatives and support programmes. They include the following:

- **Ministry of Labour and Social Affairs (MPSV).** The MPSV Antivirus programme was one of the first programmes against COVID-19 to be adopted. Its main goal is to protect employment levels and prevent further dismissals of employees due to COVID-19 restrictions.
- **Export Guarantee and Insurance Corporation (EGAP).** The EGAP provided the COVID Plus programme, which is designed to provide support to large export-oriented businesses affected by the COVID-19 outbreak.
- **Ministry of Industry and Trade (MPO).** The MPO provided for the COVID-Rent programme. This aimed to help entrepreneurs who have been prohibited from selling goods or providing services in their establishments due to the government's extraordinary measures and are therefore limited in their ability to pay rent.
- **Czech\_Moravian Guarantee and Development Bank, together with the Ministry of Industry and Trade (CMZRB).** Under the COVID III programme a total of CZK150 billion has been allocated for state guarantees on loans (guaranteed loans for operating expenses, such as salaries, rent, energy payments, commercial invoices and other supplies) to entrepreneurs and companies with up to 500 employees.
- **CzechInvest (Business and Investment Development Agency).** The agency is involved in the crisis management team of the Ministry of Industry and Trade, which aims to mitigate the economic impact of the COVID-19 pandemic.
- **Czech Chamber of Commerce.** This organisation informs businesses, investors and employees about the latest related to the COVID-19 situation in the country.



---

## Practical Law Contributor Profiles

---

### Jakub Lichnovský, Partner

PRK Partners

**T** +42 022 143 0111

**E** jakub.lichnovsky@prkpartners.com

**W** www.prkpartners.com

**Professional Qualifications.** Attorney, Czech Republic, 2003

**Areas of Practice.** Projects and investments (complex development and investment projects especially in CEE regions including acquisitions and long-term investment projects); real estate law; environmental law and energy; commercial law; labour law; public procurement and state aid.

#### Recent Transactions

- Advising a consortium of engineering companies regarding the public procurement procedure for consultation services related to the envisaged construction of new blocks at the Temelín and Dukovany Nuclear Power Plants.
- Developing strategic industrial zones and handling related environmental and construction law issues including permitting.
- Advising a development company on building a retail centre and a brownfield real estate development in the Czech Republic. Advising on acquisitions of land, construction projects, transactions and asset transfers, various permission-seeking procedures (including at the mining office), including court disputes and negotiations on all aspects of the project. Assisting with leasing and premises operation.
- Undertaking extensive employment-related reorganisation projects, including outsourcing, management relations, personal data protection, investment incentives, compensation-benefit and collective-bargaining issues.

**Languages.** Czech, English

**Professional Associations/Memberships.** Association for Foreign Investment (<https://afi.cz/>); the Energy Law Group (<http://energylawgroup.eu/index.php>); International Bar Association; Randa's Foundation.

**Publications.** *Get the best out of European funds, Investor's Guidebook: How to Succeed in the Czech Republic*, Association for Foreign Investment, Prague, February 2017.

### Jaroslav Škubal, Partner

PRK Partners

**T** +42 022 143 0111

**E** jaroslav.skubal@prkpartners.com

**W** www.prkpartners.com

**Professional Qualifications.** Attorney, Czech Republic, 2004; Attorney, Slovakia, 2006

**Areas of Practice.** Labour and employment law; personal data.

#### Recent Transactions

- Advising a Czech bank on all employment and data privacy aspects of a transfer of employees to a newly established branch (responsible for IT activities of the whole group).
- Advising a producer and distributor of coffee products on all labour-related matters in connection with the creation of a joint venture with another company.
- Audit of all procedures and documents relating to employee personal data for a car producer.

**Languages.** Czech, English

**Professional associations/memberships.** International Bar Association; European Employment Lawyers Association (EELA); the Collegium of Experts of the Association for Development of Collective Bargaining and Labour Relations.

---

**Monika Mašková, Partner**

PRK Partners

**T** +42 022 143 0111  
**E** monika.maskova@prkpartners.com  
**W** www.prkpartners.com

**Michal Matějka, Partner**

PRK Partners

**T** +42 022 143 0111  
**E** michal.matejka@prkpartners.com  
**W** www.prkpartners.com

**Professional Qualifications.** Attorney, Czech Republic, 2008

**Areas of Practice.** General corporate; M&A; life sciences.

**Recent Transactions**

- Providing comprehensive legal advice to a private investor setting up an aesthetic medicine clinic in the Czech Republic.
- Advising the owner of a real estate leased to an operator of a first-class restaurant, in a divestment transaction involving a demerger of the real estate, related assets and contracts and their merger with a company established by the acquiring investor and refinancing of an existing debt.
- Advising a pharmaceutical services and drug development company operating globally in over 50 countries, in relation to the acquisition of a specialised provider of pharmacovigilance and regulatory services.

**Languages.** Czech, English, German

**Publications.** *Mergers and Acquisitions in Europe: Selected Issues and Jurisdictions, Comparative Law Yearbook of International Business*, Wolters Kluwer, 2011.

**Professional and Academic Qualifications.** Attorney, Czech Republic, 2004; Master's degree, University of Economics Prague, 2001

**Areas of Practice.** IT law; intellectual and industrial property law; commercial contract law; international trade and related dispute resolution.

**Recent Transactions**

- Representing a large multinational bank in a major information system and infrastructure acquisition project.
- Representing several clients in high-profile IP infringement/domain name disputes.
- Advising several domestic and international clients on data protection issues and cybersecurity.

**Languages.** Czech, English

**Publications.** *Internet Law, Computer Press, Prague 2016* (co-author).

---

### Jan Bürger, Tax Advisor

PRK Partners

**T** +42 022 143 0111  
**E** jan.burger@prkpartners.com  
**W** www.prkpartners.com

**Professional Qualifications.** Tax advisor, Czech Republic, 1999

**Areas of Practice.** Personal income tax and social security; corporate income tax; tax planning and compliance; tax services in relation to international assignments.

#### Recent Transactions

- Assisting a Czech company to obtain a ruling from the Ministry of Finance on the application for a participation exemption in respect of subsidiaries held through transparent entities.
- Realising a de-merger of accounting and back-office functions for a regulated securities trader.
- Advising a client on Czech tax aspects of refinancing business activities.
- Representing a client in a VAT audit (filing complaints and appeals, assistance in international request for information).
- Consulting on tax services related to an asset division agreement for two individuals owning a variety of real estate projects and operating a large hotel in the Czech Republic.
- Providing tax advice in relation to the purchase of a portfolio of performing and non-performing loans by a foreign investor.

**Languages.** Czech, English, German

**Professional associations/memberships.** Czech Chamber of Tax Advisors.

### Zbyněk Loebel, Of Counsel

PRK Partners

**T** +42 022 143 0111  
**E** zbynek.loebel@prkpartners.com  
**W** www.prkpartners.com

**Professional and Academic Qualifications.** Czech Republic, Of Counsel, 1994; LLM, University of London, 1995; Master's degree, Masaryk University Brno, 2002

**Areas of Practice.** Internet law; IP; protection of personal data; online security; online dispute resolution.

#### Recent Transactions

- Representing a number of large Czech companies during GDPR compliance projects.
- Representing a founder of a successful international online media firm in a de-merger project with a strong IP component.
- Advising a leading Czech artificial intelligence firm on processes the firm has been working on in the healthcare sector.

**Languages.** Czech, English

**Professional Associations/Memberships.** Fellow, National Center for Technology and Dispute Resolution (NCTDR); founding member, the International Council for Online Dispute Resolution (ICODR).

---

### Martin Frolík, Senior Compliance Counsel

PRK Partners

**T** +42 022 143 0111  
**E** martin.frolík@prkpartners.com  
**W** www.prkpartners.com

**Professional qualifications.** Master's in law (Mgr.), University of West Bohemia in Plzeň, 2004; Bachelor's (Bc.) degree in Japanese studies, Charles University Prague, 2009 Tokyo University of Foreign Studies, 2008; holder of a Certified Risk and Compliance Management Professional (CRCMP) certificate and PRINCE2® Foundation Certificate in Project Management.

**Areas of Practice.** Compliance, regulatory, reputational and other types of non-financial risk management in business corporations, as well as administrative proceedings; ICT; banking; capital markets and securities law.

- Recent Transactions
- Implementing partial as well as comprehensive compliance programmes, ranging from the monitoring of legislative changes and gap analyses to ad-hoc and regular effectivity monitoring.
- Supporting the activities of effective risk management systems, including managing implementation teams, preparing IT business requirements and setting-up and implementing in-group projects, programme and control reporting activities.
- Representing organisations during regulatory inspections, sanctions and administrative proceedings, as well as in crisis management coordination.

**Languages.** Czech, English, intermediate command of Japanese

### Kateřina Hájková, Attorney

PRK Partners

**T** +42 022 143 0111  
**E** katerina.hajkova@prkpartners.com  
**W** www.prkpartners.com

**Professional qualifications.** Attorney, Czech Republic, 2011; LL.M. degree in International and European Commercial Law from Tilburg University in the Netherlands, 2007; Master's degree (Mgr.), Faculty of Law of Masaryk University in Brno, 2005.

**Areas of practice.** Competition law; mergers and acquisitions; IP law; general corporate law.

#### Recent Transactions

- Representing a Czech IT company in bid-rigging proceedings involving settlement negotiations.
- Representing a Czech IT company in bid-rigging proceedings.

**Languages.** Czech, English



---

### Robert Reiss, Attorney

PRK Partners

**T** +42 022 143 0111  
**E** robert.reiss@prkpartners.com  
**W** www.prkpartners.com

### Ivan Sviatkin, Attorney

PRK Partners

**T** +42 022 143 0111  
**E** ivan.sviatkin@prkpartners.com  
**W** www.prkpartners.com

**Professional qualifications.** Attorney, Czech Republic, 2019; postgraduate study of the protection of industrial property at the Industrial Property Office, 2017-2019. Master's degree (Mgr.), Faculty of Law at University of West Bohemia, Plzeň, 2015; one-year research fellowship at Yeditepe University in Istanbul, 2012-2013; internships at the law firms C&G Law Office, 2014, and Kaya & Partner, 2015.

**Areas of Practice.** Intellectual property law; real estate law; public procurement law and general corporate law.

#### Recent Transactions

- Comprehensive legal advice regarding an IT conglomerate merger of two existing entities, HCL TECHNOLOGIES CZECH REPUBLIC s.r.o. and Hönigsberg & Düvel Datentechnik Czech s.r.o. under HCL TECHNOLOGIES CZECH REPUBLIC s.r.o. to unify their operations.
- Advising a client on public procurement procedure for consultation services related to a nuclear power plant construction regarding preparation of a complex request to participate in the public tender, the registration of the client to el. tool - National Electronic Tool (NEN), a formal and partially material review of documentation forming the request to participate in the public tender, a submission of the request to participate via NEN.
- Comprehensive legal advice regarding a real estate development project of a multifunctional building based on an innovative and unique 3D construction printing technology developed by the client (first of its kind in the Czech Republic).

**Languages.** Czech, English

#### Publications

- Nové druhy ochranných známek (*New Types of Trademarks*), EPRAVO.CZ, a.s., November 2019.
- Povinnost vlastníka užívat ochrannou známku po novele zákona o ochranných známkách (*Article on the obligation of an owner to use a registered trade mark in the light of the amendment to the Trade Mark Act*), EPRAVO.CZ, a.s., January 2019.

**Professional Qualifications.** Attorney, Czech Republic, 2019

**Areas of Practice.** General corporate; banking and finance; space law.

#### Recent Transactions

- Providing legal services on loan documentation to the leading bank in the Czech Republic.
- Representing a Russian creditor at court proceedings on enforcement of a judgment of the Russian court in the Czech Republic.
- Providing legal services to a Swiss-based pharmaceutical company as a part of its in-house law department.

**Languages.** Czech, English, Russian, Ukrainian, German