

## Automatic transcriptions of beneficial owners do not work as they should - Czech Republic



The new Act on the Register of Beneficial Owners introduced a useful novelty that was supposed to simplify the life of registrants: automatic transcriptions of beneficial owners.

Although the law came into force on 1 June 2021, automatic transcriptions still do not work properly. Registrants are often threatened with penalties even if they have not made any mistakes.



### Who is affected by automatic transcriptions?

Automatic transcriptions apply to certain registrants listed in the Act. These are limited liability companies with natural persons registered in the Commercial Register with a shareholding exceeding 25% or joint-stock companies with a sole shareholder.



### How are automatic transcriptions supposed to work?

If the registrant does not have their beneficial owner already registered, the persons designated by law (e.g. the aforementioned members or shareholders) should automatically be registered as their beneficial owners.

Registrants who have a previously registered beneficial owner may request that they continue to be automatically registered. This may save time and money in the future, for example, when a member or shareholder changes. In fact, unlike registration, there is no fee for automatic transcription.



### How do automatic transcriptions work in reality and what are the risks?

For some registrants, for whom automatic transcription should have been carried out as early as 1 June 2021, this has not happened to date. The system is not working as it should. Moreover, the courts will not even grant automatic transcription upon request in such cases.

Unfortunately, the fact that the system is not working properly does not affect the legal obligation to have a duly registered beneficial owner. We recommend that you do not rely on automatic transcriptions for the time being and that you check the data entered in the register and resolve the situation by registration.

## Contact our team of experienced attorneys



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