

Prohibition on payment of profit shares, voting at general meetings or participation in public procurement - Czech Republic



The new Act on the Register of Beneficial Owners is already in force since 1 June. However, some companies and other registrants have still not complied with their obligations. Now, when financial statements and profit payments are being approved, this topic is more pressing than ever. Read on to find out what the risks of noncompliance with the new requirements are.



Who is affected by the legislation and what does it require?

The new act applies to many legal entities (including, for example, companies, associations, foundations) and trusts. Among other things, it provides for the obligation to register the beneficial owner.

Attention should be paid to companies that have members of the statutory body registered as their beneficial owners as so-called substitute beneficial owners, but especially to registering entities that do not have a beneficial owner registered at all.



What risks do you face if you fail to register correctly?

The act has introduced a system of direct sanctions, which can be significant. For example, a fine of up to CZK 500,000, the inability to vote at the general meeting, a ban on the payment of profits or the inability to participate in public procurement. All this is possible if you fail to register.

Furthermore, without proper registration, the notary will not certify the decision of the general meeting, you will be excluded from the possibility of obtaining subsidies or other support, and your bank will probably not like it either.



What needs to be done?

Check the registration of the beneficial owner and modify it if necessary. Those who have duly registered their beneficial owner within the legal deadlines under the previous law have until 1 December 2021. Others should have everything done by 1 June 2021.

If you have not registered your beneficial owner at all, act immediately.

Contact our team of experienced attorneys



Petra Kratochvílová

Principal Associate

T: +420 255 706 561

M: +420 724 593 617

petra.kratochvilova@
eversheds-sutherland.cz



Jakub Verlík

Senior Associate

T: +420 255 706 556

M: +420 723 499 589

jakub.verlik@
eversheds-sutherland.cz



Eversheds Sutherland, advokátní kancelář, s.r.o.

Pobřežní 394/12, 186 00 Prague 8

T: +420 255 706 500

E: praha@eversheds-sutherland.cz

www.eversheds-sutherland.cz