



What will 2018 be like?

CZ: Beneficial owner
and public procurement

SK: Watch out for
"exit taxation"

CZ: "Comeback" of the pre-
emption right of co-owners
of immovable property

The main topic at the start of the new year was the presidential election, which made waves in politics and beyond. While we are not expecting any revolutionary legislative changes, for a number of our clients the start of the year will be associated with the introduction of the "GDPR". And if that weren't enough, companies will have to contribute to the fight against money laundering by registering their so-called beneficial owners in a newly established (non-public) register. For many statutory representatives (especially foreign companies), this can be a rather challenging task. Nevertheless, we believe that 2018 will go down in history as a time of growth and prosperity, not as a year of regulation, registers and the GDPR.

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In summary

CZ: Ineffectiveness of usage rights towards pledgees

A usage right (e.g. rent, lease or servitude) established by the pledger without pledgee's consent is not effective towards the pledgee under the law, unless the pledger and the pledgee have agreed that consent is not required. (VO)

CZ: The end of anonymity for trust funds

A new register of trust funds was created on 1 January 2018, establishing a registration obligation for trust funds as at that date. Funds created prior to 31 December 2017 must be registered by 1 July 2018. An exception is funds established in the event of death, which arise upon the death of the testator and are registered later. (HM)

SK: Cutting down on bureaucracy

A draft law seeking to abolish the obligation to submit extracts from title deeds, the Commercial Register, the Trade Register or the Criminal Register to state authorities if the state already has these documents at its disposal is currently in the legislative process. (MSA)

CZ: Paternity leave

From 1 February 2018, fathers participating in a sickness insurance plan may exercise the right for paternity leave. This short-term allowance is intended to enable fathers to stay at home for the first few weeks after the birth of their child to help the mother care for the baby. (KD)

CZ: Beneficial owner and public procurement

On 1 January 2018, a Beneficial Ownership Register ("BOR") was established. The register contains data identifying the beneficial owners of companies and trust funds as well as information about the facts on which this position is based.

The BOR is not public and can only be accessed by a limited circle of persons, such as courts, but also contracting authorities in public procurements. If a contractor participating in the public procurement is selected by the contracting authority as the winner, the contracting authority must ascertain information about its beneficial owner in the BOR. If the contracting authority is unable to ascertain this information, it shall ask the selected contractor to provide it. If the contractor does not do so even upon being requested, it shall be excluded from the procurement procedure. That is why companies participating in public procurements should be especially prudent when complying with their registration obligation in relation to the BOR.

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SK: Watch out for "exit taxation"

An amendment to the Income Tax Act, effective from 1 January 2018, introduces a special kind of tax on entrepreneurs, known as exit taxation.

It involves taxation on the transfer of the taxpayer's assets abroad, in the event of the transfer of the registered office or place of effective taxation abroad, or the transfer of the taxpayer's business or part thereof abroad. If one of the above occurs, the entrepreneur will be required to pay tax of 21% of the tax base, which is the real value of the transferred assets and liabilities at the time of leaving. In the case of transfer of assets, tax expenses will be taken into account in the tax base. In these cases, we recommend consulting with a tax advisor.

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CZ: Good reputation and satisfaction

According to the Czech Supreme Court, so-called "bullying" insolvency petitions (ones containing untrue information) can damage the good reputation of the legal person against whom they are directed, causing damage for which compensation may be sought. This is also the case when information on the initiation of insolvency proceedings is not published in the press or other media. (JK)

CZ: New explanatory guidelines for the GDPR

Important explanatory guidelines were published in December 2017 by Working Group WP29 regarding the consent of data subjects as well as guidelines regarding the transparency and provision of information on personal data processing. The guidelines can also be found on the website of the ÚOOÚ (www.uoou.cz). (RM)

CZ: Criminal liability of legal entities when selling a business

The Constitutional Court confirmed the possibility of "inheriting" the criminal liability of a legal entity when selling its business. For the buyer, this means more careful due diligence and better contractual protection against related risks is required. (JV)

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CZ: "Comeback" of the pre-emption right of co-owners of immovable property

An amendment to the Civil Code ("CC") effective from 1 January 2018 returned the legal pre-emption right of the co-owners of immovable property to Czech law in practically the same intensity as it was applied under the "old" Civil Code.

The legislator has justified this step, which for many can mean significant interference with existing property-law relations and numerous disputes, by the need to return to the supposedly embedded and proven earlier state. Starting on 1 January 2018, i.e. on the basis of Section 1124 of the CC, if the co-owner transfers (sells, donates, contributes to a company) his share in the property, whether for free or for a consideration, the other co-owners have a pre-emption right in respect of it, unless the transfer is to a close person. Under Section 1125 of the CC, however, the pre-emption right may be waived, and with effect for the legal successor, whereas this waiver may be entered in the Land Register.

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CZ: Invitation

Dvořák Hager & Partners would like to cordially invite you to a specialized seminar :

GDPR in practice

- When:** 23. 2. 2018, 8:30 am.
Where: Conference centre - hotel Alwyn, Vítkova 26/151, Prague 8
Lecturers: Lukáš Zahrádka
 Radek Matouš
Registration: michaela.rutova@dhplegal.com
Price: 800 CZK / person (without VAT)

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