

Legal News

Overview of important legislative changes in the Czech Republic and Slovakia

November 2022

Articles

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- More changes to the rules on registration of beneficial owners

Slovakia

- New laws on construction and spatial planning





More changes to the rules on registration of beneficial owners

An amendment to the Act on the Registration of Beneficial Owners entered into force on 1 October 2022, again changing the existing legislation on beneficial owners. The amendment no longer differentiates between the end recipient and the person with ultimate influence and expands the scope of obliged entities. The beneficial owner is now defined as any natural person who ultimately owns or controls a legal entity or legal arrangement. In the case of a business corporation, the beneficial owner is now defined as a person who:

- (i) has a share in the corporation or a share of voting rights of more than 25%,
- (ii) has a right to a share of the profits, other equity or liquidation balance of more than 25%,
- (iii) exercises decisive influence in the corporation or corporations that individually or jointly own more than 25% of the corporation, or
- (iv) exercises decisive influence in the corporation by other means. The existing method of determining the "substitute" beneficial owner does not change in any way.

The obligation to register the beneficial owner also newly applies to political parties and movements, churches and religious societies, trade unions and employers' organisations, hunting societies and associations of unit owners.

For persons who have not yet been required to register, a period of six months applies for registration. The same deadline applies to registrants who, because of the changes described above, need to modify their entry in the register.

For most companies, however, the new data will be entered into the register automatically by 1 November 2022 (this does not apply where the entity has a different beneficial owner as a result of the amendment).

Jakub Verлік | Senior Associate





In brief

House of Representatives approves amendment to the Act on Consumer Protection

Among other things, the amendment will introduce new obligations for sellers when selling discounted goods and completely new obligations for e-shop operators.

Ondřej Beneš | Counsel

The Supreme Administrative Court (SAC) admitted traffic camera recordings as evidence in tax proceedings

In a VAT assessment procedure, the tax administrator requested traffic camera records from the Police of the Czech Republic. In its assessment, the SAC stated that these are records taken during the performance of the tasks of the Police of the Czech Republic, and therefore a legal means of evidence for the purposes of tax proceedings.

Jiří Brabec | Senior Associate

Company transformations

The prepared amendment to the Act on Transformations of Business Companies and Cooperatives expands the possibilities of corporate transformations in relation to foreign countries. It will now be possible, for example, to relocate the headquarters to/from a country outside the EU. The amendment is to take effect from 2023.

Stanislav Dvořák | Partner

Fine of 1% of annual turnover for obstructing a dawn raid

The Office for the Protection of Competition will not hesitate to impose a fine of 1% of annual turnover for obstructing a dawn raid. This happened again in the case of a competitor who stopped cooperating an hour after the raid began. The obstruction occurred after consultation with a lawyer. All cases are fined, however, so even a poorly trained team can trigger an astronomical fine.

Michal Hrabovský | Counsel

NS 21 Cdo 1960/2021 dated 28 February 2022 –Termination of two job positions

Due to the nature of the matter, it is impossible for the termination of employment to be found invalid in relation to one job position (as in this case) while being found valid in relation to another job position held by the same employee.

Tomáš Jelínek | Senior Associate

Decision 23 Cdo 1056/2020 - limits of interpretation

The interpretation of a legal act can only be aimed at clarifying what was expressed in it. The interpretation of a legal act serves to remove doubts about what intention was expressed by it; the interpretation can therefore only determine the content of the legal act, but it cannot replace, change or supplement the expression of intent.

Maroš Kandrík | Associate

Overtime pay agreements are OK

If the employer and the employee agree that the employer will pay the employee an additional payment for overtime work only after the employee has not used up compensatory time off work in the following three months, there is no violation of the law.

Šárka Kuchařová | Senior Associate

Right to compensation for flight delays even in the event of a strike

The Supreme Court ruled that if a flight is delayed due to an employee strike, the airline still has an obligation to compensate passengers for the delay in accordance with the relevant European regulation.

Eliška Miklíková | Senior Associate

Intentionally feigning work

Employees who use their working hours to deal with private matters may be immediately terminated. According to the Supreme Court, even leaving work 16 minutes early to manage one's own affairs could be all that it takes.

Ondřej Šudoma | Senior Associate

Reduction in the price of real estate

Even if there is no actual physical damage to the property, its usual price may still be reduced, e.g. due to a change in the surroundings (construction of a motorway in the vicinity). The price will be reduced at the time the damaging event occurred.

Martina Vodičková | Associate



New laws on construction and spatial planning

On 1 April 2024, new construction regulations will enter into force, which will significantly change the legislation in force in the field of construction law, specifically the law on spatial planning and the law on construction. These two laws will replace the currently valid construction law.

Among other things, the new building regulations aim to simplify and speed up construction, as well as increase transparency in this area.

One of the biggest innovations is that the powers of the previous construction authorities, which were the municipalities, will be transferred to the construction authorities, which will be the regional offices in whose territorial district the construction work will be carried out.

Another change that should simplify processes is the digitisation and electronification of permitting procedures.

According to the new legislation, construction will be possible in principle on the basis of a building permit decision (a kind of zoning decision with some aspects of building permits), which will be followed by verification of the construction project (similar to a building permit).

Mária Sadloňová | Senior Associate

In Kürze

Changes in share transfers after 17 July 2022

The latest amendment to the Commercial Code removed the concept of a majority shareholding. Registration in the Commercial Register is not currently required for the transfer of a share to be effective, only delivery of the share transfer agreement.

Daša Derevjaniková | Associate

Increase in meal allowance for employee business trips

As of 1 September 2022, the meal allowance has been increased according to the duration of the business trip: from 5 to 12 hours – from EUR 6 to EUR 6.40; from 12 to 18 hours – from EUR 9 to EUR 9.60; over 18 hours – from EUR 13.70 to EUR 14.50.

Filip Kozoň | Associate



Change in the definition of insolvency

Until now, a debtor who had at least two creditors and was unable to repay their debts for at least 30 days was considered insolvent. Under the new law, the debtor can be in arrears for up to 90 days, and even a temporary inability to pay does not have to lead to a declaration of bankruptcy.

Ján Macej | Senior Associate

A new entity on the electricity market

Electricity storage devices (so-called battery storage) are new entrants to the electricity market. The amendment to the Act on Energy defined their new legal status and conditions for entering the market.

Katarína Majtášová | Senior Associate

Price adjustments in the construction industry

The Slovak Ministry of Transport and Construction issued an updated methodological instruction on the price adjustment mechanism as a result of cost changes in repair and maintenance projects, in the construction, modernisation and reconstruction of engineering structures and buildings no. 27/2022.

Petra Marková | Counsel

Company assets for the purposes of additional liquidation must be proven

Additional liquidation can only be carried out if the existence of assets is discovered after the company's winding up. The assets identified must be real, not assumed.

Andrea Mochorovská | Associate

Home office during an emergency

Where there are no generally binding measures that would condition the entry of an employee to the employer's workplace or limit the gathering of people, there is no reason for the employee or the employer to be able to exercise the right to work from home without the consent of the other party, as long as the employee is not ordered to quarantine or undergo mandatory isolation.

Štefan Palkovič | Senior Associate

Electronic PN (ePN)

The electronic PN (ePN) will gradually replace the five-part paper form confirming incapacity for work that employees must deliver to their employers. From 1 June 2022, doctors can confirm temporary incapacity for work electronically by recording in NCZI.

Jana Sapáková | Counsel

New type of agreement in the Labour Code

From January 2023, the latest amendment to the Labour Code introduces the possibility of concluding a new type of agreement on work performed outside of employment, namely an agreement on work activities for the performance of seasonal work. This agreement will simplify the employment of workers performing seasonal work and, thanks to the introduction of a tax-deductible item as an exception to the payment of insurance premiums, the tax burden on both the employer and the employee will also be reduced.

Ján Ščerba | Associate

An amendment to the Labour Code effective from 1 January 2023 introduces employer contributions to employee rental housing

According to the newly enacted institute, employers can provide employees with a subsidy for state rental housing in the amount of no more than EUR 4/m² of floor area of the apartment, while the total amount of the contribution cannot exceed EUR 360 per calendar month. The contribution is voluntary and in practice applies mainly to state rental apartments in accordance with Act No. 222/2022 on State Support for Rental Housing.

Paulína Šlauková | Associate

New schedule of calls from the Recovery Plan for the energy sector

The Slovak Ministry of Economy modified the original schedule of calls, but the calls are not published as planned. There is currently a call for modernisation (repowering) of biogas stations, and a call for hydropower plants and battery systems is pending.

Annamária Tóthová | Partner





EU

A revolution in highway vignettes in the EU

The European Union ordered the introduction of one-day highway vignettes, which Member States must implement by 25 March 2024. The price of a one-day vignette may not exceed 9% of the value of an annual vignette.

Michal Růžička | Senior Associate

Commission adopts new vertical block exemption regulation and vertical guidelines

The revised rules will provide companies with simpler and clearer guidance for assessing whether their supply and distribution contracts comply with competition rules. The new rules mainly respond to market changes due to the expansion of e-commerce.

Barbora Šafaříková | Senior Associate

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