



We have prepared the second issue of this year's Business Bulletin in a new design. We hope that it will be clearer, easier to read and more user-friendly. We have also added links to our Facebook and LinkedIn pages. We believe that news which we regularly add there will help you to better understand the world of law and keep track of current events. Of course, the most important are the news in the field of law – the legislation news is about simplifying the process of liquidation of legal entities and the proposal of a new digital tax for providers of digital services in our territory. In the case law section, we have chosen a court decision on the representation of a legal entity by its employee. As a practical tip we draw attention to the new search functionality in the international TMview database, where it is now possible to use visual search.

### **BENEFICIAL OWNERS REGISTER – REMINDER**

As of 1 January 2018, all legal entities registered with the public registers shall arrange for registration of their beneficial owners in the Beneficial Owners Register. The deadline for compliance with this obligation for entities registered with the Commercial Register expired on 1 January 2019, but many companies have failed to do so. Although there is no financial penalty for companies which do not have their UBOs registered, failure to comply with this obligation may adversely affect, for example, company's ability to participate in tenders for public contracts.

Until the end of 2018, the application for registration had been exempted from court fees. Even after 1 January 2019, legal entities not entered in the Commercial Register (associations, associations of owners of units, etc.), trust funds and records of certain data are exempted from the fee. Otherwise, the fee for registration of the beneficial owners is CZK 1,000.

### **LEGISLATION NEWS**

#### **Czech Ministry of Health proposes to legally restrict the alcohol ads**

The Ministry of Health decided to fight high consumption of alcohol and cigarettes. For this purpose, the Ministry prepared a bill to increase the excise duty on alcohol by 13% and on cigarettes by 10% and a bill on advertising of alcohol is currently being prepared. It should be completed by the end of this year and subsequently submitted for approval. The bill should cover both TV and digital media.

#### **Planned introduction of digital tax in the Czech Republic**

The Ministry of Finance is planning to introduce a so-called digital tax. According to the Minister of Finance, Ms. Alena Schillerová, the Ministry will shortly submit to the government a bill introducing a digital tax of 7%. This bill targets the activities of digital service providers in our country, mainly global companies such as Google or Facebook. The tax should target their profits from placing targeted advertising on web portals, using multilateral digital interfaces, or selling user data.

Conceptually, it will be similar to the tax model originally proposed by the European Commission. Tax shall be imposed upon entities with an annual global turnover of at least € 750 million which, at the same time, generated a turnover exceeding CZK 50 million for taxable services performed in the Czech Republic.

The planned effective date of the new tax is mid-2020, but everything will depend on whether and how quickly the bill goes through the legislative process.

More information is available in the [press release of the Ministry of Finance](#) (in Czech only).

## Amendment to the Regulation on the Commercial Bulletin

The Ministry of Justice has simplified the process of liquidation of legal entities, who will no longer have to announce the entry into liquidation and a call to creditors twice in a row in the Commercial Bulletin.

In the case of legal entities registered in other than the Commercial Register (e.g. associations), the obligation to publish the notice of entry into liquidation (and the call to creditors) can only be fulfilled by notification in the public register for at least 3 months and two weeks.

In the case of business corporations, the obligation of at least one publication of the entry into liquidation in the Commercial Bulletin remained.

The amendment to the Regulation of the Ministry of Justice on the Commercial Bulletin comes into effect on 1 August 2019.

## Amendment to the Consumer Protection Act

An amendment to the Consumer Protection Act was recently published in the Collection of Laws. The amendment addressed the implementation of the European Regulation on Unjustified Geo-Blocking.

The amendment added to the Consumer Protection Act in particular a penalty for prohibited discriminatory practices in the framework of electronically provided services (newly regulated by the above-mentioned Regulation) and also entrusted supervisory powers to the relevant Czech authorities (European Consumer Center of the Czech Republic, Energy Regulatory Office and in particular the Czech Trade Inspection Authority). The above-mentioned prohibited practices include:

- blocking access to the web interface of the provider;
- automatic redirection of customers from one version (version for one country) to another version (version for other country) of the web interface;
- refusing to sell the goods or applying different conditions when the goods in question are not delivered to the customer's Member State;
- refusing to provide a service or applying different conditions to services with electronic content; and
- refusing to provide the service or applying different conditions if the service is provided at the trader's establishment or at the place where the trader operates.

A seller who violates such a prohibition may be subject to a fine of up to CZK 3 million.

More information can be found in the [Collection of Laws](#) and on the [EUR-Lex website](#).

## CASE LAW

Acting of employee for employer on the basis of power of attorney - decision of the Supreme Court of the Czech Republic, file No. 21 Cdo 2972/2018

In one of its recent rulings, the Supreme Court of the Czech Republic confirmed that employees can represent employers not only on the basis of their employment (then they represent their employer to the extent usual due to their position or function), but also based on an agreement on power of attorney (where the employee proves his authorization by a power of attorney).

In the case before the court, an HR director was granted a power of attorney, which was duly and in accordance with the Articles of Association signed by the members of the statutory body. This power of attorney entitled her, inter alia, to terminate an employment relationship during the trial period. The HR director signed the termination of the employment relationship during the trial period and the employee challenged the validity of this conduct in court because the company's internal regulations (competence rules) stated that similar documents may only be signed on behalf of the company by other persons. In compliance with our opinion, the Supreme Court confirmed the validity of the termination of the employment relationship during the trial period, saying that the power of attorney did not necessarily have to be granted in order for the termination in the trial period to be valid. The Supreme Court then also

stated that even the absence of authorization (in any of the above-mentioned ways) does not itself imply the invalidity of such legal action. Even such conduct obliges the employer if he approves such lack of authorization without undue delay (even if a person who is not authorized to do so legally acts for another).

Details can be found in the decision itself, which is available on the [website of the Supreme Court of the Czech Republic](#).

**Dissolution of the business corporation due to overwhelming contradictions between shareholders – decision of the Supreme Court of the Czech Republic, file No. 27 Cdo 3081/2017**

In this case, the Supreme Court dealt with a case of conflict between shareholders in the company (each with a 50% share) who had not communicated or communicated through their attorneys for several years, even because of bad family relationships. The shareholders even filed a criminal complaint against each other. In the past, each of the shareholders tried to offer the purchase of his share to the other shareholder, but failed. One of the shareholders therefore sought the dissolution of the company.

The courts dissolved the company with liquidation because they found that the relations of the shareholders were deeply disrupted and that the plaintiff and the defendant were unable to “exist” as shareholders in the company. For this reason, the decision-making activity of the company's general meeting is completely paralyzed, since it cannot, in the long term (in the presence of both shareholders at the general meeting) make decisions requiring a simple majority of the shareholders present, let alone decisions of a conceptual and fundamental nature, for which the law requires a qualified majority of all shareholders' votes.

The long-term dysfunction of the company's general meeting, caused by disrupted relationships between the shareholders, in itself leads to the conclusion that the company cannot pursue its activity due to overwhelming conflicts between the shareholders, and, as a rule, constitutes the reason for dissolution of the company and its liquidation pursuant to Section 93 lett. c) of the Business Corporations Act.

The full text of the decision is available on the [website of the Supreme Court of the Czech Republic](#).

## TIPS

### Visual search of trademarks

Since June, the Czech Republic has joined the list of countries that will allow users to search trademarks from selected countries through a visual search in the TMview database. Since 2010, this database has served as an online search tool for trademarks and offers unified access to the data of all participating national offices free of charge. Currently, it is possible to find more than 50 million trademarks from over 60 national offices plus data provided by EUIPO and WIPO.

The Industrial Property Office has now provided its image trademark database for TMview graphical searches, ranking it among the 14 national offices and EUIPO (European Union Intellectual Property Office), whose trademarks support this type of TMview search. By uploading an image, such as jpg or png, users can search for identical or similar figurative marks to evaluate in advance whether their intended trademark could potentially conflict with an existing trademark.

The search is available [here](#).

## RANDLS TRAINING

**“Švarcsystém” alias service contracts and outsourcing (22.10.2019, 9:00 - 13:00) – only in Czech**

The provision of services and various types of cooperation with other entrepreneurs in their own operations are popular and frequent. However, they also entail certain legal risks, especially in situations where business concepts meet labor-law limits. We will provide you with practical recommendations and instructions on how not to violate the law and how to implement cooperation in operation at all.

**A director or an employee? – concurrent functions, contracts to perform an office and remuneration of business corporations' bodies in 2019 (12.11.2019, 9:00 - 13:00) – only in Czech**

The aim of this training is to summarize, in practice and on examples, the legal regulation of contracts to perform an office, current and constantly changing case law in this area, answer questions about the remuneration of statutory bodies and teach you what to focus on negotiating and contracting with statutory bodies of business companies.

**Everything you need to know about contracts and the functioning of a company (the basics of commercial and corporate law) (18.11.2019, 9:00 - 15:00)**

Whether you are about to enter into a lease agreement on provision of premises for your company or to negotiate an important contract for the supply of goods or services, you need to know how such a contract is concluded, what such a contract should include, and who is entitled to sign it for your company. Exactly for this reason we have prepared our training on the topic of commercial minimum.

**Personal data protection in the HR field from A to Z for 2019 (25.11.2019 9:00 - 15:00)**

Every HR employee is in contact with personal data every day, and therefore the aim of our training is to introduce you to the basic principles of processing and protection of personal data in HR environment.

We will focus on the TOP 12 areas you are most interested in in the HR environment, namely personal files of employees (what belongs to personal files of employees and how to keep them), payroll agenda (how to process documentation in payroll accounting and cooperate with suppliers services in this area), benefits (how to inform employees about personal data processing when providing benefits and how to cooperate with benefit suppliers), information on personal data processing (how to prepare the information, how to present it to employees or job candidates and what it should contain), consents (when to use, when it is not appropriate and when prohibited), archiving (how long it is necessary to keep documents in HR environment and how to set up procedures within the filing agenda and prepare shredding index), cameras (when it is possible to use cameras in the workplace and how to prepare proper camera documentation).

You can apply for this and other trainings at our [Randls Training website](https://randls.com).



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