



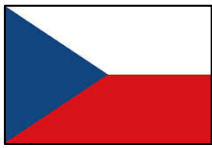
Fall | 24



INTERNATIONAL LAWYERS NETWORK



PETERKA & PARTNERS
ESTABLISHING A BUSINESS ENTITY IN THE
CZECH REPUBLIC



This guide offers an overview of legal aspects of establishing an entity and conducting business in the requisite jurisdictions. It is meant as an introduction to these marketplaces and does not offer specific legal advice. This information is not intended to create, and receipt of it does not constitute, an attorney-client relationship, or its equivalent in the requisite jurisdiction.

Neither the International Lawyers Network or its employees, nor any of the contributing law firms or their partners or employees accepts any liability for anything contained in this guide or to any reader who relies on its content. Before concrete actions or decisions are taken, the reader should seek specific legal advice. The contributing member firms of the International Lawyers Network can advise in relation to questions regarding this guide in their respective jurisdictions and look forward to assisting. Please do not, however, share any confidential information with a member firm without first contacting that firm.

This guide describes the law in force in the requisite jurisdictions at the dates of preparation. This may be some time ago and the reader should bear in mind that statutes, regulations, and rules are subject to change. No duty to update information is assumed by the ILN, its member firms, or the authors of this guide.

The information in this guide may be considered legal advertising.

Each contributing law firm is the owner of the copyright in its contribution. All rights reserved.



ESTABLISHING A BUSINESS ENTITY IN THE CZECH REPUBLIC



“Establishing a Business Entity in the Czech Republic”

Ms. Adéla Krbcová

Partner

PETERKA & PARTNERS – Prague

1. Types of business entities

Investors may choose from the following forms of corporate structure:

- Limited liability company
- Joint-stock company
- Limited liability partnership
- General partnership
- Cooperative
- Branch

1.1 Limited liability company

A limited liability company (LLC) is the most frequent corporate structure used in the Czech Republic. An LLC is founded by a Memorandum of Association if there is more than one founder; or a Foundation Deed if there is a sole founder. No minimum



registered capital is required by law for an LLC; the law only requires the minimum contribution of each shareholder in the amount of CZK 1. However, it is advisable to

count on a reasonable starting amount for the registered capital for financing the launch of the business and thus avoid the application of the insolvency test from the very beginning.

Monetary or non-monetary (in-kind) contributions are allowed, namely real or personal property, certain intangible assets, and existing and documented due debts. The value of in-kind contributions is subject to an official valuation. Generally, before applying for incorporating a company, the premium and at least 30 percent of each monetary contribution must be paid up. The outstanding amount must be paid up upon agreement between the shareholders within five years at the latest. Contributions in-kind must be paid up in full before the company is incorporated.

The company is owned by one or more individuals or corporations. Each shareholder holds an "ownership interest" which corresponds to a percentage of the total registered capital. An LLC with a sole shareholder can also be the sole shareholder or founder of another limited liability company.

The company itself is wholly liable with all its assets for any breach of its obligations. The liability of a shareholder for the company's obligations is limited to the unpaid amount of the shareholder's contribution.

Consequently, shareholders in a limited liability company are not liable for the company's debts provided they have paid up their contributions in full. The "qualified" shareholders may exceptionally become liable for a company's debts by application of the rules on company groups, namely in insolvency, e.g., if they, through their control



or influence, significantly affect the conduct of the company to the detriment of the company.

1.2 Joint-stock company

A joint-stock company (JSC) is established by adopting by-laws. The minimum registered capital is CZK 2,000,000, or EUR 80,000 if the company chooses to keep accounts in EUR. There are no requirements for a minimum shareholder contribution. The company is owned by one or more individuals or corporations.

Both monetary and non-monetary (in-kind) contributions are allowed, namely real or personal property, certain intangible assets, and existing and documented debts owed to the founders. The value of in-kind contributions is subject to an official valuation. Before incorporating a new JSC, the premium and at least 30 percent of the nominal value of shares must be paid up. The outstanding amount must be paid up in line with the by-laws within one year from the incorporation of the company at the latest.

The company itself is wholly liable with all its assets for any breach of its obligations. Shareholders in a joint-stock company are not liable for the company's debts. Certain "qualified" shareholders may exceptionally become liable for a company's debts by applying the rules related to company groups, namely in insolvency, e.g., if they, through their control or influence, significantly affect the conduct of the company to the detriment of the company.

Every joint stock company must have a website providing information about the company's name, registered seat, business identification number and incorporation data with the Commercial Register including the section and file and publish various

documents such as invitations to general meetings.

1.3 Limited liability partnership

A limited liability partnership is a less frequently used corporate form. It must be founded by at least two individuals or companies, at least one of which ("limited partners") must contribute to the registered capital an amount set by the foundation document. Limited partners are liable for the company's debts up to the unpaid amount of their contribution. However, if the name of a limited partner appears in the name of the company, the limited partner's liability for the company's debts is unlimited.

On the other hand, the other partners ("general partners") are not obliged to contribute to the registered capital. However, their personal liability for all the company's undertakings is unlimited.

1.4 General partnership

A general partnership must also be founded by at least two individuals or companies. Registered capital is not created, and all shareholders have an equal interest in the company, unless agreed otherwise in the partnership agreement. All partners are fully and personally liable for all the company's undertakings.

In addition to monetary and non-monetary (in-kind) contributions, partners can also contribute to the company's capital by providing work or services if agreed in the foundation document.

1.5 Cooperative

This legal form is not suited to the purposes of commercial undertakings. It is a traditional legal form frequently used for the ownership of private residential property.



1.6 Branch

A branch, although it can be registered in the Czech Commercial Register, is not a legal entity. As it is not treated as a legal entity all legal acts taken by a branch are considered to be taken on behalf of its founder, which may be a foreign company. This may complicate the branch's operations and day-to-day business.

A branch is established upon the execution of a founding document known as the resolution of foundation. Its form depends on the requirements set by the law governing the founder. Having at least officially certified signatures on the document is always advisable. A branch must obtain the corresponding trade licences or other permits necessary to do business which correspond to the activities of the founder.

A branch must have a director who is an individual, generally registered in the Commercial Register, and who executes all legal acts relating to the maintenance of the branch on behalf of the founder. There is no requirement under Czech law regarding a branch's registered capital.

1.7 Entities under European law

A European Company or *Societas Europea* (SE) and European Economic Interest Grouping (EEIG) are also considered as business entities which may operate in the Czech Republic.

2. Steps and timing for establishment

Generally, a company is established in two steps: 1. founding the company by adopting a foundation document, and 2. registering the company with the Commercial Register.

Founding a company does not mean it legally exists. In the period between its foundation and establishment, the company does not have legal

personality (it cannot acquire rights or obligations), and its statutory bodies do not yet exist. Company shareholders are only in the position of founders and not shareholders.

The Company's founders must authorize a person to administer the paid-up capital before incorporating the company. The administrator, often one of the founders or a bank, is obliged to take custody of the founders' contributions. In addition, they are obliged to provide a written statement on how much capital has been paid up, which must be attached to the application for registration in the Commercial Register. If the amount of all cash deposits into the limited liability company does not exceed CZK 20,000, it is possible to repay a cash deposit in a way other than through a special bank account, for example, by using a deposit manager to accept cash or through current accounts. This change makes it cheaper and faster to set up and create low-cap limited liability companies. Upon establishing the company, these deposits become the property of the company, which may from that moment on freely dispose of them.

The company must obtain a business licence (such as a trade or other licence). The trade licence is certified by an extract from the Trade Register held by the Trade Licensing Office. The company acquires the trade licence, in the extent of the registered scope of business, from the date it was established at the earliest. The business licence can be notified even after registration. The description of the business must be clear; a reference to a free licence is not sufficient.

A newly founded company must be registered with the regional Commercial Register before it can become a legal entity. Commercial Registers in the Czech Republic are kept by Regional Courts or the Municipal Court of Prague. Corporate information on existing companies



such as business name, address, authorized representatives, registered capital, and certain other information can be found in these registers (accessible online).

In general, if an application to register a company in the Commercial Register fulfils all the requirements and all necessary documents are supplied, then the company will be registered within five working days of the application being filed. If the registration is done directly by a notary public, the company may be registered within one day.

3. Governance, regulation, and ongoing maintenance

3.1 Corporate governance

Corporate governance is vested in the company's bodies and varies by the type and size of company.

For capital companies, the supreme body is always the general meeting of shareholders.

In a limited liability company, the obligatory company bodies are the general meeting and one or more executive directors or board of executive directors if allowed by the foundation documents; establishing a supervisory board is optional. Executive directors must act with due diligence and care and follow the principles and resolutions passed by the company's general meeting in compliance with law and the Memorandum of Association or Foundation Deed. They may not disclose sensitive and confidential information to third parties. If they breach these obligations, they are personally liable for all damage caused by the breach. They must also respect the non-competition clause envisaged by the Act on Business Corporations. The Memorandum of Association or Foundation Deed may however extend the list of prohibited activities or, conversely, shorten it, to exclude all restrictions altogether, or to

determine the conditions under which their exercise will be prohibited. Joint-stock companies may choose between the dualistic model and the monistic model of corporate governance. The dualistic model requires the establishment of a board of directors and a supervisory board, whereas the monistic model means only a board of administrators. Business management is therefore executed either by a board of directors (in the dualistic model) or by an administrative board (in the monistic model), which also performs a supervisory role and decides on the strategic orientation of the business management.

The supreme body of a partnership (both a limited liability partnership and a general partnership) is constituted of all partners, who are all equal and hold one vote each, unless stated otherwise in the partnership agreement. Business management is generally executed by either every partner in a general partnership, or every partner with unlimited personal liability in a limited liability partnership. Establishing a supervisory board is voluntary.

Corporate governance rules are rigid in the Czech Republic. Members of statutory bodies are obliged to perform their offices with the required loyalty, knowledge, and care – with due diligence. A corrective to the strict rules of due diligence, called the business judgment rule, states that a member of the statutory body is acting with due care and with necessary knowledge if he/she can in good faith reasonably assume when making his/her business decisions that he/she has acted in a well-informed manner and in the defensible business interests of the business corporation.

If a member of the statutory body breaches his/her obligations, he/she must return any profit obtained in connection with such breach or, as the case may be, provide



indemnification of material and non-material damage in cash.

There is an obligation of the member of the statutory body to return the profit obtained under a contract on the performance of the office and all other profits from the company received in the two years preceding a decision on bankruptcy, if he/she was aware or should and ought have to been aware of the fact that the business corporation was under imminent threat of bankruptcy, and contrary to acting with due diligence did not take all the necessary and reasonable steps to avert bankruptcy.

Under certain conditions a member of the statutory body can be excluded by the court from his/her office in any business corporation in the Czech Republic, and during this exclusion cannot be appointed to any such position.

If a statutory body member fails to settle damages to the business corporation caused by breach of obligation in the performance of his/her duties, he/she is liable for the debt of the business corporation towards the creditor to the amount of non-settled damages if the creditor cannot satisfy its debt from the business corporation. Apart from liability for damage pursuant to the Insolvency Act when failing to submit an insolvency petition or for its late submission, a member of the statutory body might be under certain circumstances liable for fulfilling all the obligations of the business corporation if a legal decision on bankruptcy was issued.

Members of a company's bodies also have several other obligations, such as notification duties. For example, they must inform the supervising or supreme body if their interest conflicts with the company's interests, or if they intend to conclude a contract with the company.

Special attention is to be attached to the contract executed between the member of the statutory body and the company to avoid a situation where his/her performance of the office will be for free which is generally the case when no contract on performance of office has been concluded and approved by the general body of the company.

If such contract is invalid or ineffective or no contract for the performance of office has been concluded for reasons on the side of the company, vis maior or generally another reason independent of the will of the member of the statutory body, the member is entitled to the usual remuneration.

A company's problem-free existence is also ensured by what is known as an insolvency test which prohibits the company to pay out the profit if it caused its own bankruptcy.

3.2 Reporting requirements

An existing company must regularly publish in the Collection of Deeds held by the Commercial Register, in particular the following documents:

- (i) annual reports,
- (ii) annual, extraordinary, and consolidated financial statements (if not included in the annual report),
- (iii) proposal for distributing profit and its final form or settling losses, if not included in the ordinary financial statement,
- (iv) auditor's report certifying the financial statement, and
- (v) report on relations between related parties.

The annual reports and financial statements must be certified by an auditor before being published if the conditions of the accounting act are fulfilled.



3.3 Requirements for local shareholdings/directors

For shareholders, there are no requirements in respect of their nationality – they may be either Czech or a foreign individual or company.

As for the executive directors and members of various boards, they may be either a Czech or foreign individual or a company. Individuals must meet several requirements, for example, they must be 18 years of age, have a clean criminal record, consent with their registration, and fulfil other conditions imposed by law. Companies are in the performance of their function in a company's body represented by an authorized individual representative who must fulfil the abovementioned requirements as well.

Foreign nationals do not need a residence permit in the Czech Republic to be registered with the Commercial Register in a Czech company, though this may subsequently be required for non-EU nationals for living or working in the Czech Republic.

3.4 Protection of minority shareholders

In a JSC, minority shareholders are those who own at least 3 percent of the registered capital if the registered capital is more than CZK 100,000,000, 5 percent of registered capital if the registered capital is CZK 100,000,000 or less, or at least 1 percent of the registered capital if the registered capital is CZK 500,000,000 or more. They are granted several minority rights, such as the right to ask the board of directors or the statutory director to summon an extraordinary general meeting to discuss issues proposed by them, or to have an issue proposed by them included in an ordinary general meeting, and the right to ask the supervisory board to examine the performance of the board of directors in matters determined by request.

They may, either through the board of directors or directly, require the payment of the outstanding part of the issue price from shareholders in default, or seek compensation for damage caused by members of the statutory body who have not acted with due diligence. They can also ask for the appointment of an expert to examine the report on relations between connected persons.

They also have several rights during transformation procedures and squeeze-outs.

The minority shareholders' position may also be strengthened during elections of company's bodies by "cumulative voting." For the purposes of the election, each shareholder's vote is multiplied by the number of elected members of the company's bodies. A shareholder may then give all his/her votes to a single candidate or divide the votes among more candidates which gives minority shareholders a greater possibility of influencing the body's composition.

Additionally, shareholders in LLCs have similar rights, though the percentage limit may differ, and in certain cases each LLC shareholder is entitled to act so.

3.5 Registration of beneficial owners

All business corporations are obliged to register their beneficial owners with the Register of Beneficial Owners ("**Register**").

The beneficial owner of the company is a natural person who ultimately owns or controls the company, i.e., each person who, directly or indirectly through another person or legal entity:

- (i) has an interest in the company or an interest on voting rights in the company exceeding 25%;



- (ii) has a right to a share of profit, other of its own resources or the liquidation balance of the company exceeding 25%;
- (iii) exercises a controlling influence in a company or legal entity which individually or collectively has/have a shareholding in that company of more than 25%; or
- (iv) exercises decisive influence in the company by other means.

Moreover, when there is no natural person who meets the criteria described above, all members of top management of (i) the company, or (ii) if the company belongs to a group of business or legal entities, of the ultimate parent legal entity, shall be identified and registered with the Register as its beneficial owner(s) (known as “spare beneficial owners”).

The members of the statutory body of the company are responsible for identification and registration of beneficial owner(s) with the Register as well as keeping internal records on them. They shall also proceed with any changes therein without undue delay. The beneficial owners as well as other legal entities in the ownership structure are obliged to provide the company with all necessary support for the registration.

The following data of the beneficial owners of companies are to be registered with the Register (i) full name, residency address, nationality and birth date of the beneficial owner, (ii) detailed description of his/her position as beneficial owner within the company, (iii) amount of his/her direct/indirect share or other information, if the position of beneficial owner is not based on his/her share (iii) description of the relations in the structure of the group of legal entities, if such structure exists and (iv) the day since when the person became beneficial owner and the day when the person ceased to

be the beneficial owner. There are several types of access to the data registered with the Register. In general, only the full name, nationality, month and year of birth and the country of the beneficial owner, the day since he/she became beneficial owner and a brief description of his/her position are available to the public, other data can only be obtained based on particular authorization or a justified request.

If the company fails to register its real beneficial owner(s), the public authority may initiate proceedings against it in order to eliminate discrepancies.

Various sanctions such as fines up to CZK 500,000 (approximately EUR 19,500) may be imposed on the company, beneficial owner(s) or even on entities in the ownership structure. The exercise of voting rights and of the right to receive distributions is prohibited to a beneficial owner who is not registered with the Register and/or to shareholders of a legal entity with no duly registered beneficial owner(s).

The Act on the Registration of Beneficial Owners is frequently updated, and companies must regularly review their compliance with the latest amendments.

4. Foreign investment, thin capitalization, residency, and material visa restrictions

4.1 Thin capitalization rule

Thin capitalization rules govern the maximum amount of tax-deductible interest and other related financial costs (such as credit processing) paid on credits and loans in situations where they exceed the limits imposed by the Income Taxes Act (ITA). Thin capitalization rules apply to credits (loans) involving related parties.



4.2 Related parties' transactions

Transactions between related parties must comply with the arm's-length principle (that is, by applying fair market prices). Otherwise, the tax administrator may adjust the tax base of the party involved in the transaction by the difference between the price actually charged and the fair market price and may assess additional tax and impose related penalties (including late payment interest on the additionally assessed tax). Certain exceptions to this rule relate to the interest on credits and loans.

According to the Guidelines of the Czech Ministry of Finance, OECD Transfer Pricing Guidelines apply in the Czech Republic.

4.3 Permanent establishment

Income derived through a permanent establishment of a foreign company located in the Czech Republic is regarded as Czech-source income.

A permanent establishment is defined as a "fixed place of business through which the business of an enterprise is wholly or partly carried on." A place of management, a branch, an office, a factory, a workshop and a mine, an oil or gas well, a quarry or any other place of extraction of natural resources are always considered fixed places of business.

Providing services such as consultancy or management will create a permanent establishment if the services are rendered in the Czech Republic for more than six months in any consecutive 12-month period (unless a Double Taxation Treaty states otherwise). Similar rules generally apply to a construction site, an assembly line and other installation projects (but Double Taxation Treaties often impose specific conditions as far as construction sites are concerned).

A foreign company or individual who has a permanent establishment in the Czech Republic is obliged to register with the Czech Financial Authority and to file annual income tax returns.

4.4 Withholding taxes

Withholding tax is applied to certain types of income earned by Czech tax residents and to a number of Czech-sourced types of income earned by Czech tax non-residents. The tax rate is 15 percent. However, the withholding tax rate applicable to the Czech sourced income of Czech tax non-residents as stipulated by the ITA may be reduced by the relevant Double Taxation Treaty. In case of income from Czech sources paid to taxpayers who are tax residents from countries that are not EU and EEA members, did not conclude a DTT with the Czech Republic, and did not conclude a bilateral agreement on exchange of information concerning income tax with the Czech Republic or a similar agreement on a multi-national basis, the withholding tax rate is increased to 35 percent.

Taxpayers and EU residents can file an income tax return in which related expenses can be applied and withholding tax is considered an advance payment. However, this is only possible for certain types of income, namely royalties, interest, income from contractual penalties and remuneration for members of statutory bodies.

No withholding tax is applied to dividends if the payer and recipient qualify as a subsidiary and a parent company within the meaning of the EU Parent Subsidiary Directive (for further details see Harmonisation with EU Tax Legislation below) and in certain cases of interest payments under the conditions stipulated by the ITA.



4.5 Avoidance of double taxation

To date the Czech Republic has concluded approximately 90 Double Taxation Treaties which closely follow the wording of the OECD Model Tax Convention. Double Taxation Treaties, among other things, can reduce the withholding tax rate applicable to Czech tax non-residents' income from Czech sources and stipulate the method for the avoidance of double taxation to be used with respect to particular types of income. The Double Taxation Treaties usually stipulate the application of either the exemption (exemption with progression) or simple credit methods. If no Double Taxation Treaty has been concluded between the Czech Republic and the respective country, the Czech sourced income of foreign tax residents will be subject to Czech taxation under Czech tax law.

4.6 Harmonization with EU tax legislation

In relation to the accession of the Czech Republic to the EU on 1 May 2004, EU Directives concerning direct taxation (income taxation) were incorporated into the ITA.

Based on the Parent Subsidiary Directive (and related amending Directives), dividends and other profit share distributions between Czech and EU companies which meet the definition of a parent company, and its subsidiary are not subject to corporate income tax. To qualify as parent and subsidiary companies, companies must fulfil the following conditions:

- the companies must take a legal form listed in the respective EU Directives,
- the minimum capital holding in the subsidiary is 10 percent and is held by the parent company for an uninterrupted period of at least 12 months (can be fulfilled subsequently),
- the companies must be EU member state tax residents,
- the companies must be subject to corporate income tax as stated in the respective EU Directives.

Similar conditions also apply if dividends are paid by a Czech subsidiary to its parent company if it is a tax resident of Switzerland, Norway, Iceland, or Lichtenstein.

4.7 Further corporate tax exemptions

Tax exemptions for dividends and other profit share distributions have been extended to profit share distributions paid to a Czech tax resident (and to a Czech permanent establishment of a tax resident of another EU member state) by a subsidiary which is a tax resident of a state which has concluded a Double Taxation Treaty with the Czech Republic. Besides conditions like those already stipulated for the tax exemption of share distributions paid between companies within the EU, subsidiaries from third states must also meet further conditions, such as being subject to a minimum 12 percent tax rate in their home country.

Under similar conditions as for shares in profit, the tax exemption further applies to the income of a parent company, being a beneficial owner, which is a tax resident of the Czech Republic or a Czech permanent establishment of a Czech tax non-resident from another EU member state, from the sale of a share in the subsidiary (which is a tax resident of the EU or a third state which has concluded a Double Taxation Treaty with the Czech Republic).

4.8 Residency and visas

The majority of Czech immigration regulations are contained in the Act on the Residence of Aliens in the Czech Republic No. 326/1999 Coll., as amended, and Regulation (EC) No. 810/2009 of the European Parliament and of the Council of 13 July 2009, establishing a



Community Code on Visas (Visa Code). The basic rules regarding EU and non-EU nationals are as follows:

4.8.1 Residency of EU nationals

All EU nationals who work or live in the Czech Republic enjoy equal treatment, the same as Czech nationals, in regard to commencing work or taking up a position as a statutory body member with a Czech company. For such purposes neither a work permit nor a visa is required for an EU member state national. If an EU national is employed with a Czech employer only a notification form must be filed and passed over for statistical purposes to the local labour office. An EU member state national does not need a temporary or permanent residence permit to reside in the Czech Republic. An EU member state national is only obliged to register with the Local Office of the Foreign Police if they expect to stay in the Czech Republic longer than 30 days.

A similar regime applies to family members of EU nationals who reside in the Czech Republic with an EU national and who hold a valid temporary or permanent residency permit issued by another EU/EAA/EFTA member state. The family members of EU nationals, who intend to reside in the Czech Republic with the EU national for a period longer than three months, are however obliged to apply for a temporary residence permit within three months of entering the Czech Republic.

4.8.2 Third-country nationals

Regulation (EU) 2018/1806 of the European Parliament and of the Council lists the third countries whose nationals must be in possession of visas when crossing external borders and those whose nationals are exempt from that requirement. Some further exceptions applicable to the territory

of the Czech Republic are also set in the national legal regulations.

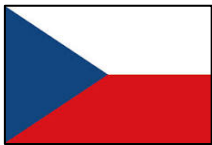
Third-country nationals not subject to the visa obligation may stay in Schengen states for up to 90 days within a 180-day period from their first entry. The duration of individual stays in different Schengen states cumulates.

Third-country nationals subject to the visa obligation may enter and stay in the Schengen area only on the basis of a uniform visa for stays up to 90 days (short-term Schengen visa) which allows the holder to stay on the Schengen territory for the period stipulated in the visa, which does not exceed 90 days within a 180-day period. The 90-day period starts from the date of first entry into Schengen territory.

Those who have already stayed in Schengen states for 90 days within a 180-day period must leave the Schengen area unless they are in possession of a Schengen visa with limited territorial validity or a national residency title issued by a Schengen member state, such as a long-term visa or a long-term residence permit.

Long-term visas are granted for the specific period of the stay corresponding to the purpose of the stay and the validity of the submitted documents but have a maximum duration of one year. Generally, if the validity of a long-term visa is shorter than one year and if the purpose of the stay still applies, the long-term visa can be extended repeatedly, but no more than for one year. The application to extend the long-term visa must be submitted at the earliest 90 days and at the latest before the long-term visa expires.

Third-country nationals who hold long-term visas are entitled to file an application for a long-term residence permit if they intend to



reside in the Czech Republic for a period longer than one year and if the purpose of stay is the same as indicated on their long-term visa. A long-term residence permit can be continuously extended. The application for a long-term residence permit and the application to extend the long-term residence permit must be submitted at the earliest 120 days before the long-term visa or the long-term residence permit expires and at the latest before the long-term visa or the long-term residence permit expires.

Applicants can apply for a visa at the Czech embassy in their country of origin (for certain third countries the application can be filed at any Czech embassy) and for a long-term residence permit, with certain exceptions, at the relevant department of the Ministry of the Interior. The applications to have a long-term visa or a long-term residence permit extended can be submitted at the relevant department of the Ministry of the Interior. The application should be decided within 15-30 days (short-term Schengen visa), 90 days (or 120 days in complicated cases) for a long-term visa, or 60 days for a general long-term residence permit.

With certain exceptions, long-term visas and long-term residence permits for employment purposes are no longer granted. All non-EU nationals applying for work in the Czech Republic and intending to reside in the Czech Republic for more than 3 months are required to obtain an employment card, a blue card, or an intra-corporate transferee card. These are specific residential titles allowing a non-EU national simultaneously to reside and work in the Czech Republic. The employment card is a general residence title for employment purposes whereas the blue card is intended for highly skilled employees, as a university education and

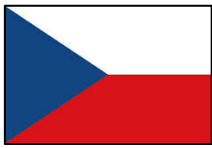
relatively high salary are required and the intra-corporate transferee card is intended for selected employees, namely managers, specialists and trainee employees who are subject to an intra-corporate transfer to the Czech Republic. With certain exceptions, applications for an employment card, a blue card or an intra-corporate transferee card must be submitted, in person, by an applicant at a Czech embassy.

In certain cases, such as when a non-EU national intends to reside in the Czech Republic for fewer than 3 months, he/she is posted by his/her foreign employer to perform work in the Czech Republic, or he/she is employed as a seasonal worker, a work permit is required in addition to a Schengen visa (residence up to 3 months); or a long-term visa (such as a seasonal worker whose residence exceeds 3 months) or an employment card (posting of an employee, other cases) is required. In these cases, a non-EU national applies for a work permit and subsequently for an appropriate residence permit. Applications for a work permit are submitted by the applicant, or by an attorney authorized under a power of attorney, to the relevant Labour Office, generally before his/her arrival in the Czech Republic. A work permit is usually issued within 30-60 days of the application being submitted. Under specific conditions, such as when a non-EU national has completed his/her education in the Czech Republic, the obligation to obtain a work permit may be avoided.

* * *

This memorandum is for information purposes only and reflects the law on 1 August 2024.

Under no account can it be considered as either a legal opinion or advice on how to proceed in particular cases or on how to assess them. If you need any further information on the issues covered by this memorandum, please contact Ms Adela Krbcová (krbcova@peterkapartners.cz).



PETERKA & PARTNERS is a full-service law firm operating in Central and Eastern Europe providing one-stop access to an integrated regional service.

The firm provides legal services to the multinational companies active in the region as well as leading local groups, providing them with complex legal solutions with an exceptional commercial value.