

The current wording of the amended provisions of the Acts in connection with the development of the capital market, indicating the proposed amendments

Note: Words in italics reflect Act No. 119/2020 Coll., Amending certain laws in the field of regulation of business in the financial market, which is to be effective as of 1 May 2020. Sections affected by this Act are marked with an asterisk. The new text in the section headings is underlined for clarity.

The current wording of the amended provisions of Act No. 229/1992 Coll., on Commodity Exchanges, as amended, indicating the proposed changes and amendments

Section 28

Exchange Arbitration Court and ~~arbitration of disputes from exchange trades~~

~~(1) The Stock Exchange Arbitration Court may act as a permanent independent body for arbitration of disputes referred to in Subsection (3) by independent arbitrators of~~ **property disputes uder the Act regulating the arbitration proceedings.**

(2) deleted

~~(3) Disputes from stock exchange transactions (Section 2), which are otherwise competent to adjudicate by courts, ⁶⁾ shall be decided, if the parties agree, in arbitration proceedings before the stock exchange arbitration court. This also applies to trade disputes ⁶⁾ from over the counter trades, the subject of which are commodities traded on the stock exchange.~~

⁶⁾ Section 9 (3) of Act No. 99/1963 Coll., The Code of Civil Procedure (full version No. 70/1992 Coll.).

The current wording of the amended provisions of Act No. 586/1992 Coll., on Income Tax, as amended, indicating the proposed changes and amendments

Section 4

Tax exemption

(1) Exemption shall be exempt from tax

- (a) income from the sale of a family house and a plot of land, or a unit that does not include a commercial space other than a garage, cellar or pantry, and related plot if the seller has resided there for at least 2 years immediately by sale, income from the sale of a house, a unit other than a commercial space other than a garage, a cellar or a storage room and associated land, provided that the seller has resided there for less than two years immediately before the sale and uses the funds ~~obtained to meet~~ **arranged for meeting** his own housing needs, in order to exempt the spouses' income from their joint property, it is sufficient that only one of the spouses fulfills the conditions for exemption if the property to which the exemption relates is not or has not been included in the commercial property of one of the spouses, the exemption does not apply to income from
1. the sale of such immovable property, if it is or has been included in commercial property, within 2 years of its disposal from the commercial property,
 2. the future sale of such immovable property within 2 years of the acquisition of title to the immovable property,
 3. the future sale of such immovable property within 2 years of its disposal from the commercial property, even if the contract of sale is concluded only 2 years after the acquisition or 2 years of the disposal,
- (b) income from the sale of immovable property or from the settlement of co-ownership of immovable property not exempted under point (a) if the period exceeds a period of five years between the acquisition of title to the immovable property and its sale or settlement, the period of ~~5~~ **10** years; **income from the sale of immovable property or from the settlement of co-ownership of immovable property not exempt under (a), provided that the period between the acquisition of ownership of such immovable property and the sale or settlement of co-ownership of it does not exceed 10 years and where the taxpayer uses the funds raised to procure his own housing need; the period of 10 years shall be reduced** by the period for which the immovable property has been demonstrably in the possession of the deceased in the case of the sale of immovable property acquired by inheritance from the deceased, by inheritance from such testator or by the period during which the seller or venturer has owned the land subject to exchange in the event of sale or settlement of co-ownership of the land acquired in exchange from the Land Office, this period shall also be included in the period running from decommissioning the replaced land from commercial property, the exemption does not apply to income from
1. the sale of such immovable property which is, or in the period of ~~5~~ **10** years before the sale, has been included in commercial property or the settlement of co-ownership of such immovable property,
 2. the future sale of such immovable property within ~~5~~ **10** years of the acquisition of the title to the immovable property, even if the purchase contract is concluded after ~~5~~ **10** years of such acquisition,

3. the future sale of such immovable property within 510 years of its disposal from commercial property, even if the purchase contract is concluded after 510 years of such disposal,
 4. sale of the right of construction or settlement of co-ownership to the right of construction, unless a construction complying with the right of construction is established,
- (c) income from the sale of tangible movable property, with the exception of income from the sale
1. a security,
 2. a motor vehicle, aircraft or ship, provided that the period between its acquisition and sale does not exceed one year,
 3. movable assets which are or have been included in commercial assets during the five years preceding the sale,
- (d) compensation for material or non-material damage received, property insurance, indemnity insurance, travel insurance indemnity, the exemption does not apply to:
1. compensation for loss of income,
 2. compensation for damage caused to property that has been included in business assets for the purpose of carrying out an activity which results in income from independent activity at the time the damage occurs,
 3. compensation for damage caused to property serving at the time of the occurrence of the damage,
 4. indemnification from liability insurance for damage caused in connection with an activity giving rise to income from the independent activity, the taxpayer,
 5. compensation for damage caused by the taxpayer in connection with the lease,
- (e) proceeds from reserve funds deposited in a special tied account in a bank pursuant to the Act on Provisions for Determining the Income Tax Base, if it becomes an income of a special tied account,
- (f) income in the form of
1. prizes from public tenders and similar prizes from abroad, provided they are fully donated by the beneficiary for the purposes specified in Section 15 (1),
 2. awards in the field of culture under other legislation,
 3. prizes from the public tender, from the advertising competition or from the draw, the prizes from the sports competition, with the exception of the prize from the sports competition for taxpayers whose sport activities are business, in the value not exceeding CZK 10 000,
 4. prizes from a ticket lottery with a value not exceeding CZK 1 000 000,
- (g) income in the form of
1. compensation received in connection with the correction of certain property injustices,
 2. remuneration for the sale of goods issued in connection with the correction of certain property injustices under the legislation on property restitution, this exemption shall also apply if, in the period between the acquisition and the sale of the immovable property, there has been settlement between the venturers by the division of the property according to the size of their shares or where units have been created in the immovable property, the exemption does not apply to a thing which is or has been included in commercial assets during the period of 5 years before the sale,
 3. a supplement or pension contribution under other legislation,
 4. interest on the government bond issued in connection with the rehabilitation procedure for rectifying injustices,
- (h) income received in the form of sickness insurance benefit or service, pension insurance under the Act on pension insurance, financial assistance to victims of crime under the Act on the provision of financial assistance to victims of crime, social security, fulfillment of state employment policy instruments and public health insurance, benefits from the insurance

contract on pension insurance according to the law regulating pension savings and payments from foreign compulsory insurance of the same type, if it is not a regular income in the form of a pension or pension is exempt from tax on such income exceeding the total amount of EUR 36-multiple minimum wage, which is valid on January 1 of the calendar year, for the tax period to which, however, does not include the a supplement or pension contribution under other legislation,

- (i) Disability benefit, Assistance benefit in material need, Social service, State social support benefit, Foster care benefit other than foster parent benefit, Public budget contribution and State benefit or contribution under other legislation or equivalent benefit from abroad, income arising from care for a relative or other person who is entitled to a care allowance under the Social Services Act, up to the amount of the provided care provided that such care is performed by a natural person who is not required to register under the Social Services Act services, however, in the case of care for a person other than a close person, the maximum amount of the allowance for a person with IV. degree of dependence according to the law governing social services,
- (j) income in the form of compensation for purposefully, economically and demonstrably incurred expenses related to donation and collection of blood and its components, tissues, cells or organs, if such compensation is provided under other legislation,
- (k) income in the form of
 1. scholarships from the state budget, from the budget of the municipality, from the budget of the region, from the resources of a university, a public research institution or a legal entity carrying out activities of a secondary school or a higher professional school,
 2. support or contribution from the funds of a foundation or association, with the exception of a family foundation, unless it is a taxpayer who is a member or employee of such legal persons or a person close to that taxpayer and is a taxpayer who is a member or employee of these legal persons, or a person close to this taxpayer, income in the form of support or contribution provided exclusively to compensate for disability or social exclusion,
 3. support or contribution from trade union resources,
 4. non-monetary benefits or social assistance provided by the employer from the cultural and social needs fund to the nearest survivors or social assistance to the closest survivors under similar conditions with an employer for whom this fund is not established,
- ~~(l) income from~~
 - ~~1. First pension paid from a pension scheme with state contribution, board of supplementary pension savings, pensions from pension schemes and pension insurance for survival with the payment of pensions, and insurance on survival, p ro death or survival and the pension insurance, for which there is no definite period of receiving or at least 10 years,~~
 - ~~2. Invalidity pension from supplementary pension insurance with state contribution for a definite period of time, disability pension for a specified period and one-off pension insurance under the Act regulating supplementary pension savings,~~
 - ~~3. payment of the pension savings participant's funds upon termination of pension savings pursuant to the Act on termination of pension savings,~~
 - ~~4. other benefits from personal insurance, with the exception of lump sum, surrender or surrender benefits and pension and life insurance, whether in the case of life, death or survival, pension insurance and supplementary pension savings, for which the period of their receipt is defined, and with the exception of other income from personal insurance, which is not an insurance benefit and does not constitute termination of the insurance contract,~~

(l) income from

- 1. a survivor's pension for which a period of receipt of at least 10 years is defined, or which is paid for life, and other than survivor's pensions paid from a supplementary**

pension with a government contribution under the Act governing supplementary pension with a government contribution,

2 retirement pension for which a period of at least 10 years is defined, or which is paid for life, disability pension and one-off pension premiums paid from supplementary pension savings under the law governing supplementary pension savings,

3. pension benefits other than one-off benefits, outlets, redemptions and pensions, for which a period of receipt of less than 10 years, other than disability, is defined,

4. personal insurance benefits, except for one-off benefits and a pension, for which a period of income of less than 10 years is defined, paid out of life or life-sustaining insurance of a specified age or earlier death, or pension insurance;

- (m) supplies provided by the armed forces to pupils of schools who are not soldiers in active service ³⁾, to reserve soldiers called to perform military active service, with the exception of official and special allowance pursuant to special legislation ^{3a)},
- (n) disciplinary remuneration provided to members of the armed forces and security forces under special legal regulations ³⁾,
- (o) the service requirements and service allowance for housing for professional soldiers and the service requirements for members of the security corps pursuant to special legal regulations ³⁾,
- (p) benefits provided in kind to the President of the Republic under other legal regulations and to the former President of the Republic under the Act regulating the security of the President of the Republic after his term of office,
- (q) performance provided in connection with the performance of volunteer service pursuant to the Act on Volunteer Service,
- (r) maintenance obligations,
- (s) income from the transfer of a shareholding in a business corporation, with the exception of income from the transfer of a security for consideration, where the period between its acquisition and the transfer for consideration exceeds 5 years, the period of 5 years between the acquisition and the remuneration of a share shall be reduced by the period during which the taxpayer has been a member of that business corporation before the business corporation is transformed, or by the period for which it has been demonstrably owned by the principal the transfer of a share acquired by inheritance from a testator who was a direct relative or a spouse, if the conditions set out in Section 23b or 23c are fulfilled, the period of 5 years between the acquisition and the transfer of a share for consideration shall not be interrupted when the shares are exchanged or the business corporation is transformed, in the case of a distribution of a unit in connection with its transfer for remuneration, the period of 5 years between the acquisition and the remuneration of the unit in a business corporation with the same taxpayer shall not be interrupted if the total amount of the unit is retained, the exemption does not apply to:
 - 1. income from consideration transfer of a share in a business corporation, if it was acquired from the taxpayer's business assets, within 5 years after the termination of its activity, which results in income from independent activity,
 - 2. income that the taxpayer derives from a future transfer of a shareholding in a business corporation for a period of up to 5 years after its acquisition, even if the transfer agreement is not concluded until 5 years after its acquisition,
 - 3. income from a future transfer of a share in a business corporation acquired from a taxpayer's business assets, provided that the income from such transfer is within 5 years of the taxpayer's cessation of activity, which results in a separate activity, even if the contract for transfer will be concluded only after 5 years from the acquisition or termination of this activity,
 - 4. income from transfer of shares for consideration in a business corporation corresponding increase in purchase prices of the shares of members completing a non-cash benefit of

equity trading corporation or acquisitions from other member when the úplatnému transfer occurred within 5 years of performance or acquisition of shares,

- (t) contribution to a natural person provided under the Act on Building Savings and State Support of Building Savings,
- (u) subsidies from the state budget, from the budget of a municipality, region, state fund, National Fund, regional council of the Cohesion Region, support from the Wine Fund, from the allocated grant or contribution from the state budget which is state expenditure according to the law regulating budgetary rules or subsidies , grant and contribution from European Union funds, for the acquisition of tangible assets, for their technical improvement or for the elimination of the consequences of a natural disaster, with the exception of grants and contributions, which are posted to income or revenues under the Act regulating accounting,
- (v) income acquired by acquiring ownership of a unit that does not include non-residential space other than a garage, cellar or storage room as compensation for the release of a flat or unit that does not include non-residential space other than a garage, cellar or storage room, a flat or unit that does not include a commercial space other than a garage, cellar or storage room, paid to the user of that unit or flat, provided that the taxpayer has used or used the compensation (severance pay) to satisfy his own housing needs no later than 1 year following he accepted the compensation (severance pay), this income shall be exempt even if the amount corresponding to the compensation (severance pay) **will be arranged for** ~~was spent on the provision of his / her own housing needs during the period of one year before its receipt, the taxpayer shall notify the tax administrator of the receipt of compensation (severance pay) by the end of the tax period in which it was received, if the conditions for exemption (severance pay) are not fulfilled, this income is an income according to Section 10 in the last tax period in which the conditions for exemption could be met, a similar procedure shall be applied to income from the transfer~~ **the income from** of rights and obligations connected with membership in a cooperative for consideration, if the lease of the flat is terminated in connection with this transfer, if the taxpayer uses the funds **arranged for the satisfaction of** ~~obtained to satisfy his / her own housing needs, the proceeds of the sale of a family house, a unit that does not include non-residential space other than a garage, cellar or storage room, including related land, shall be treated similarly if the seller has resided there for less than 2 years and satisfaction of own housing needs,~~
- (w) income from the transfer of securities for consideration and income from units attributable to unit certificates upon cancellation of a mutual fund, provided that their total amount at the taxpayer does not exceed CZK 100 000 in the tax period, the exemption shall not apply to income from capital assets and to income from the transfer of securities for consideration or from units attributable to unit certificates upon winding up of a unit trust, which are or have been included in commercial assets, within 3 years from the date of termination of income from independent activity flows , if it is a master certificate, the period is 5 years,
- (x) income from the transfer of a security for consideration if the period between the acquisition and the transfer of such security for a transfer of money for a period of more than 3 years and the share income per unit upon cancellation of the mutual fund, the participation certificate and the date of payment of the share period of 3 years, the period of 3 years shall be reduced by the period for which the security or the share attributable to the unit certificate upon the cancellation of the mutual fund is owned by the testator, in the case of a consideration transfer of the security or the proportion attributable to the unit from a testator who was a direct relative or a spouse, the period of 3 years between the acquisition and the remuneration of a security for the same taxpayer shall not be interrupted when the unit trusts are merged or merged or the closed-end unit trust is converted into an open-end unit trust, the exemption shall not apply to income from the transfer of a security which is or has been included in a commercial asset for a period of three years following the cessation of activity resulting in an

income from a self-employed activity and income from capital assets, the exemption shall not apply to income from a share attributable to a unit certificate upon the winding up of a unit trust which has been or is included in commercial assets, within three years of the cessation of activity resulting in income from its own activity, in the case of an exchange of shares by the issuer for another share of the total nominal value, the period of 3 years between the acquisition and the transfer of the security for consideration by the same taxpayer shall not be interrupted, a similar procedure shall apply to the exchange of shares, the merger of companies or the division of a company if the conditions set out in Section 23b or Section 23c are met, the exemption does not apply to income that accrues to a taxpayer from a future transfer of a security for a period of up to 3 years from the date of acquisition, and from a future transfer of a security which is or has been included in business assets within 3 years of cessation, from which it follows income from independent activities, although purchasing a contract will be concluded only after 3 years from the acquisition or 3 years after the termination of which implies adoption from independent activities, the same applies to income arising as consideration for a minority shareholder as a result of the forced transfer of participating securities, if it is a master certificate, the term is 3 years instead of 3 years,

- (y) income from the acquisition of title to a unit that does not include a non-residential premises other than a garage, cellar or chamber if owned by a legal person created to become the owner of the unit house and a natural person who owns the unit acquires,
 1. is the lessee of this unit,
 2. is a member of that legal person, and
 3. involved or its legal predecessor contributed, in cash or in kind, to the acquisition of a house with units,
- (z) interest income from overpayments caused by the tax administrator, social security authority and penalties from premium overpayments, which the relevant health insurance company returned after the expiry of the deadline set for the decision on overpayment of premiums,
- (za) interest income of non-residents that they receive from bonds issued in foreign tax payers based in the Czech Republic or the Czech Republic,
- (zb) the incomes of the acquirer of the unit received in connection with the mutual settlement of the rental funds intended to finance the repair and maintenance of the flat, house and unit under the law governing the transfer of units of certain housing cooperatives,
- (zc) revenue accruing in the form of a legal deposit by special legislation and in the form of copyright reproduction, in the usual number of cases, received in connection with the use of the subject-matter of copyright or related rights,
- (zd) income arising as a substitute for servicing arising from a law or a decision of a state authority under other legal regulations and income resulting as a substitute for expropriation under other legal regulations,
- (ze) exchange rate gains on the exchange of money from an account denominated in a foreign currency, unless they are included in commercial assets, except exchange rate gains on the exchange of money from an account denominated in a foreign currency on a European regulated market or a similar foreign regulated market, in which these currencies are traded,
- (zf) income from the acquisition of title to a thing on the basis of its transfer or passage under the law governing transfers of title to units of certain housing cooperatives, if the acquirer is an authorized member of the cooperative,
- (zg) income from the acquisition of title to a family house or unit that includes a cooperative apartment or cooperative non-residential space which is a garage, cellar or chamber, and does not include other non-residential space if the acquirer is a natural person who is a member of a housing cooperative is the tenant of the family house or unit owned by the cooperative and who himself or his legal predecessor participated in its acquisition by membership fee,

- (zh) income resulting from a supplement to the settlement when a company is transformed or a company shares are exchanged, to which a shareholder is entitled in accordance with the law governing the transformation of companies and cooperatives, if it relates to
1. a share in which the period between the acquisition and the effective date of the transformation of the company or the exchange of shares in the company has exceeded 3 years, the exemption shall not apply to a share which is or has been included in commercial assets for a period of 3 years from the cessation of activity which results in income from a separate activity,
 2. a share in a trading company for which the period between the acquisition and the decisive date of the transformation of the trading company or the exchange of shares in the trading company exceeds 5 years, the exemption shall not apply to a share which is or has been included in commercial assets for a period of 5 years from the cessation of activity giving rise to income from a separate activity,
- (zi) reimbursement of subsistence expenses or subsistence allowance granted by the institutions of the European Union to staff or national experts seconded to the institution of the European Union,
- (zj) income accruing in the form of a tax bonus,
- (zk) remuneration, severance allowance, retirement pension, pension, allowance, benefits in kind and reimbursement of expenses provided from the budget of the European Union to a Member or former Member of the European Parliament elected in the Czech Republic, provision and reimbursement of expenses provided from the budget of the European Union to a surviving spouse and dependent children in the event of the death of a Member of the European Parliament elected in the Czech Republic,
- (zl) income according to Section 4a.

(2) The period between acquisition and sale pursuant to Subsection (1) (a) or (b) shall not be interrupted if, in the period between acquisition and sale,:

- (a) settlement between co-owners of real estate by division according to the size of their shares,
- (b) the formation of units in the house,
- (c) the settlement of the joint property of the spouses, or
- (d) division of land.

(3) deleted

(4) For the purposes of income tax, the business property of a natural person income taxpayer is the part of the taxpayer's property that has been or is accounted for or is or has been recorded in the tax records. The date on which a certain component of assets is removed from the taxpayer's business assets is the date on which the taxpayer last entered or last entered the taxpayer for that component of assets.

³⁾ Act No. 221/1999 Coll., on Professional Soldiers, as amended by Act No. 155/2000 Coll., Act No. 129/2002 Coll. and Act No. 254/2002 Coll.

Act No. 361/2003 Coll., on the Service Relationship of Security Corps Members.

^{3a)} Act No. 221/1999 Coll., on Professional Soldiers, as amended.

Section 6

Income from employment

(1) The income from employment is

- (a) transactions in the form of
 - 1. income from a current or former employment, service or membership relationship and a similar ratio in which the taxpayer is obliged to obey the payer's orders when performing work for the income payer,
 - 2. functional enjoyment,
- (b) labor income
 - 1. team member,
 - 2. a member of a limited liability company,
 - 3. limited partnerships of limited partnerships,
- (c) remuneration
 - 1. a member of the body of a legal person,
 - 2. the liquidator,
- (d) income received in connection with the current, future or prior performance of the activity that generated the income under points (a) to (c), regardless of whether they arise from a payer, at which the taxpayer carries on the activity of which implies adoption em from employment activity, or from a payer for which the taxpayer does not carry out this activity

(2) A taxpayer with income from employment is further referred to as an “employee”, a payer of income as an “employer” . An employer is also a taxpayer referred to in Section 2 (2) or Section 17 (3), for which employees perform work according to his orders, even though the income for such work is paid by a person domiciled or resident abroad. In terms of other provisions of the Act thus paid income deemed income paid by the taxpayer referred to in Section 2 (2) or Section 17 (3). In the event that the employer reimbursements person established em or residing abroad with the exception of persons residing or resident in another EU member state or a state of the European economic area, which is the Czech Republic, a branch whose activity is the mediation of employment subject to authorization under the law governing the employment is contained and the amount of the mediation, it shall be deemed income of the employee at least 60 % of total payment.

(3) Income pursuant to Subsection (1) shall mean regular or one-time income regardless of whether it is a legal claim or not, whether it is received from the employer by an employee or other person and whether it is paid or credited or consists of another form of performance performed by or on behalf of the employer. The employee's income also means the performance according to (1) (d) and (e) provided by the employer to the member of the staff member's family. When accepting the also means the amount by which the payment of the employee to the employer for the performance provided, in addition to a unit that does not include non-residential premises other than the garage, basement or chamber, apartment or house in which the employee resides for a period of 2 years immediately prior to his purchase, lower than the price

- (a) determined according to the law regulating the valuation of property or the price charged to other persons,
- (b) determined in accordance with Subsection (6), in the case of the provision of a motor vehicle for both professional and private use.

(4) Revenue recognized or paid by the taxpayer shall, after an increase under Subsection (12), constitute a separate tax base for taxation withheld at a special rate unless the employee has made a tax declaration with the taxpayer pursuant to Section 38k (4), (5) or (7).

if the procedure pursuant to Section 36 (7) or (8) and in the case of income pursuant to Subsection (1)

- (a) based on an agreement to perform work, the total amount of which for the same taxpayer does not exceed CZK 10 000 per calendar month, or
- (b) decide on an aggregate amount not exceeding for the same taxable person a calendar month for the participation of employees in sickness insurance.

(5) If the income referred to in Subsection (4) flows from sources abroad, it shall be the tax base (partial tax base) pursuant to Section 5 (2).

(6) If the employer provides the employee with a motor vehicle free of charge for use for both business and private purposes, the employee's income shall be deemed to amount to 1% of the entry price of the vehicle for each commenced calendar month of the vehicle provision. In the case of a vehicle hired or acquired under a finance lease, the entry price of the vehicle at the original owner shall be taken into account, even if the vehicle is subsequently purchased. If value added tax is not included in the entry price, it shall be increased for the purposes of this provision. If the amount considered as an employee's income for each commenced calendar month of providing the vehicle is less than CZK 1 000, the employee's income is considered to be CZK 1 000. If the employer grants more than one motor vehicle to the employee free of charge during the calendar month for use for both business and private purposes, the employee's income is considered to be 1% of the maximum entry price of the motor vehicle. If the employer provides the employee with more than one motor vehicle at the same time free of charge during the calendar month, the employee's income is considered to be 1% of the total entry price of all motor vehicles provided for both business and private purposes. For the purposes of this provision, the entry price of a vehicle shall mean the entry price referred to in Section 29 (1) to (9).

(7) The following shall not be considered as income from dependent activity and shall not be subject to tax, except for income not subject to tax pursuant to Section 3 (4):

- (a) reimbursement of travel expenses provided in connection with the performance of an activity giving rise to income from dependent activity, up to the amount stipulated or allowed by a special legal regulation ⁹⁾ for the employer's employees referred to in Section 109 (3) of the Labor Code, meals provided by the employer on business trips, other and higher refunds than stipulated by a special legal regulation are taxable income pursuant to Subsection (1),
- (b) the value of personal protective equipment, work clothes and footwear, washing, cleaning and disinfectants and protective drinks provided to the extent stipulated by a special regulation, including the costs of maintaining personal protective equipment, work clothes and footwear, as well as the value of uniforms provided, including maintenance allowances, and the value of work clothes as determined by the employer for the performance of the employment, including the maintenance allowance,
- (c) the amounts received by the employee in advance from the employer to issue them on his behalf, or the amounts payable by the employer to the employer for proven expenses incurred by the employer on their own behalf as if they were incurred directly by the employer,
- (d) compensation for wear and tear of own tools, equipment and objects necessary for the performance of work provided by employees pursuant to the Labor Code,
- (e) the employer's statutory obligations for the creation and observance of working conditions for the performance of work laid down by law.

(8) If the employer pays to the employee expenses (compensation) according to Subsection (7) (b) to (d) as a lump sum, such expenditure shall be deemed to have been established up to the amount of the lump sum provided for by special legislation or the lump sum contract specified in the employer's internal regulation, employment or other contract, actual expenditure. The employer shall proceed in the same way when setting the flat rate in cases where the conditions under which the flat rate was set are changed. If it is a lump sum using its own tools, equipment and items necessary for the employee's performance, which would otherwise be depreciated, it shall be recognized only to the extent that the employer would depreciate comparable tangible assets on a straight-line basis in subsequent depreciation years.

(9) In addition to the income specified in Section 4, they shall be exempt from tax

- (a) non-monetary benefits paid by the employer for the professional development of employees related to the subject of the employer's activity or non-monetary benefits paid by the employer for the retraining of employees under other legislation regulating employment ¹³³⁾, this exemption shall not apply to income accruing to employees in this context as wages, salaries, remuneration or compensation for income foregone, as well as other monetary benefits provided to employees in this context,
- (b) the value of the meals provided as non-monetary benefits provided by the employer to employees for consumption at the workplace or in the context of catering provided through other entities,
- (c) the value of non-alcoholic beverages provided as a non-monetary benefit from the social fund, from profits (income) after tax, or from expenses (costs) that are not expenses (costs) to achieve, secure and retain income by the employer for consumption at the workplace,
- (d) non-monetary benefits provided by the employer or a family member of the fund cultural and social needs, the social fund, profit (income) after taxation or charged to expenses (costs) to are exercised are not expenses (costs) for achieving, securing and keeping income in form
 1. the purchase of goods or services of a medical, therapeutic, hygienic or similar nature from medical facilities, the acquisition of medical devices on medical prescription and the use of educational or recreational facilities, when providing recreation and a trip, the employee is exempt from the value of non-monetary performance in total no more than CZK 20 000 per tax period,
 2. the use of pre-school childcare facilities, including kindergarten in accordance with the Education Act, employer's library, physical education and sports facilities,
 3. contribution to cultural or sporting events,
 4. a contribution to printed books, including children's picture books, excluding books in which the advertisement exceeds 50% of the area,
- (e) advantages granted by an employer operating public passenger transport to his employees and their family members in the form of free or reduced tickets,
- (f) income from dependent activity carried out in the territory of the Czech Republic, accruing to income taxpayers of non- resident natural persons from employers resident or resident abroad, provided that the period related to the activity does not exceed 183 days in any period 12 months in a row, excluding revenue from
 1. personally and publicly performed activities of an artist, athlete, artist or co-performer, and
 2. activities carried out in a permanent establishment,
- (g) the value of non-monetary gratuitous benefits provided from the cultural and social needs fund pursuant to the relevant regulation, ^{6a)} for employers not covered by this regulation, the value of non-monetary gratuitous benefits provided under similar conditions from social funds or from profit (income) after its taxation, or to expenses (costs), which are not expenses

(costs) for achieving, securing and maintaining incomes, up to the total amount of 2000 CZK per year for each employee,

- (h) monetary benefits for equipment and provisional requisites provided to members of the armed forces and in-kind requisites provided to members of security forces under special legislation, ³⁾ special benefits provided to members of security forces under special legal regulation ^{6b)} and compensation for material damage under special legislation, ^{6c)}
- (ch) Compensation for loss of service income provided to members of the security forces under the legislation in force until 31 December 2005,
- (i) the value of temporary accommodation, unless it is a business trip, provided as non-monetary performance by the employer to employees in connection with the performance of work, unless the municipality of temporary accommodation is the same as the municipality where the employee resides, up to CZK 3,500 per month ,
- (j) wage compensation paid under special regulations ^{6d)} in the amount of the difference between sickness insurance benefits,
- (k) compensation for loss of pension awarded under the Labor Code for the period before 1 January 1989 and paid after 31 December 1992,
- (l) incomes for work of pupils and students from practical education and practical training,
- (m) special surcharge or surcharge for service abroad provided to soldiers and members of security forces ^{6e)} sent within the unit of multinational forces or international security forces outside the territory of the Czech Republic for the period of activity abroad,
- (n) severance pay pursuant to Decree No. 19/1991 Coll., on employment and material security of mining workers unfit for long-term incapacitated work, paid to workers reassigned or released for health reasons for work risk, occupational disease, work injury or illness arising, with the worsening influence of the working environment,
- (o) income up to CZK 500 000 provided by employer as social assistance to employees in direct connection with bridging it is extremely difficult due to natural disasters, environmental or industrial accidents in areas where emergency state was declared, ^{6s)} provided that the income is paid from the cultural and social needs fund or from the social fund under similar conditions for employers that are not covered by the regulation on the cultural and social needs fund or from the profit (income) after its taxation or to the expense expenditure (costs) to achieve, secure and maintain revenue,
- (p) ~~payment of the employer in the total total of not more than CZK 50 000 per year as~~
 - 1. ~~a contribution to the supplementary pension insurance with a state contribution credited to his employee's account with a pension company, the employer's contribution to the supplementary pension savings credited to his employee's account with a pension company;~~
 - 2. ~~Second contribution to the pension insurance remitted in favor of its employees in pension insurance with pension institutions, under an agreement between the employee and the pension insurance institutions or by otherwise agreed to participate in employee pension insurance, provided that the fulfillment of the agreed payment pension insurance only after 60 calendar months and at the same time at the earliest in the age of 60, provided that the employee has the right to benefit from the pension insurance and, in the event of the employee's death, a person other than the employer who paid the pension contribution or~~
 - 3. ~~contribution to the insurance premium paid by the employer to the insurance company on behalf of the employee for his or her survival or death or survival insurance, or for pension insurance, even in the case of an earlier benefit in the event of entitlement to a retirement pension or disability pension or in the event that the insured becomes disabled in the third degree under the Pension Insurance Act or in the event of death (hereinafter referred to as "private life insurance"), provided that the payment of the insurance indemnity is agreed in the insurance contract only after 60 calendar months from the conclusion of the contract~~

~~and at the same time at the earliest in the calendar year during which the insured reaches the age of 60 that under the terms of the insurance contract no other income is provided that is not an insurance benefit and does not constitute termination of the insurance contract, between for an employee as an policyholder and an insurance company authorized to carry on insurance business in the Czech Republic pursuant to the Insurance Act, or another insurance company established in the territory of a Member State of the European Union or a State constituting the European Economic Area, private life insurance, the insured employee, and if the insured event is the death of the insured, a person designated under the insurance contract law, except for the employer who paid the contribution to the insurance premium, if before the end of the period of 60 calendar months from the conclusion of the contract or before the year in which the insured reaches the age of 60, the payment of insurance from private life insurance, other income that is not insurance benefit and does not constitute termination of the insurance contract, or of the contract, exemption expires and the income according to Section 6 in the taxable period in which this occurred, the amounts of contributions to the insured in the year of payment or early termination of the contract and in the past 10 years, this shall not apply in the case of benefits in which the entitlement to a retirement pension or invalidity pension for third grade invalidity arose or if the insured becomes invalid in the third stage under the Pension Insurance Act or in the event of death and with the exception of insurance contracts, for which no indemnity or surrender is paid and, at the same time, the provision, capital value or surrender is directly transferred to another private life insurance contract qualifying for the tax exemption of the employer's contributions, this income is not an income paid by the taxpayer of income from employment, the employee is obliged to notify his employer at the latest on the last day of the calendar month in which the change occurred that the entitlement to tax exemption of contributions paid by the employer for his private life insurance has expired,~~

- (p) income in the form of a contribution paid by the employer to the tax-supported savings product for the employee's old age of up to CZK 50 000 per year,**
- (r) benefits in kind provided pursuant to special legal regulations ^(6g) to representatives of state power and certain state bodies and judges,
- (s) reimbursement of proven expenses provided under special legal regulations ^(6g) to representatives of state power and certain state bodies and judges in case of
 1. air travel expenses on domestic journeys connected with the performance of duties (hereinafter referred to as "domestic journey"),
 2. Expenditure on transport on foreign journeys connected with the performance of duties (hereinafter referred to as "foreign trip"),
 3. catering expenses on domestic journeys,
 4. catering expenses and certain other expenses when traveling abroad,
 5. expenditure on accommodation on domestic journeys,
 6. accommodation expenses when traveling abroad,
 7. expenditure on temporary accommodation at the seat of the institution in which it is acting,
 8. Expenditure on professional and administrative work,
 9. expenditure on the activities of a guide or personal assistant,
 10. transport expenses by public mass remedies by judges on domestic journeys,
- (t) income earned in the form of wage, salary or remuneration or reduced salary or reduced remuneration for the period of temporary incapacity for work or quarantine pursuant to special legal regulations ^{47a)}, up to the minimum entitlement determined by a special legal regulation regulating labor relations ^{47b)},

- (u) the amounts paid by the employer to cover the cost of paying wages and salary deductions to the employee, paying the insurance contribution to the employee, as well as the amounts spent by the employer to cover the costs of providing the employee in kind,
- (v) income from the same employer from employees in the form of property benefits for interest-free loans up to the aggregate amount of principal of CZK 300 000 from these loans, asset benefits from interest-free loans exceeding the principal amount of CZK 300 000 calculated for individual calendar months shall be valued in accordance with Subsection (3) and included in the tax base at least once for the taxation period, at the latest when the salary is cleared for December.

(10) Functional benefits are:

- (a) functional salaries and benefits provided in the context of the current or previous duties, the amount of which is determined by the law regulating wages and other matters related to the duties of representatives of state power, some state bodies and judges ¹³⁸⁾, with the exception of the salary for the President and compensation for the performance of his duties,
- (b) remuneration for performance of his duties and performances provided in connection with his current or former duties in the
 1. bodies of municipalities and other bodies of territorial self-government,
 2. public authorities,
 3. associations and interest associations,
 4. trade unions,
 5. chambers,
 6. other institutions and bodies.

(11) The income of experts and interpreters, collective litigation mediators and arbitrators for activities performed pursuant to special regulations shall not be regarded as a functional benefit.

(12) The taxable amount (the partial taxable amount) shall be, for the income from employment, with the exception of Subsections (4) and (5), increased by the amount corresponding to social security contributions and the national employment policy and public health insurance contributions, the employer (hereinafter referred to as “compulsory insurance”) is obliged to pay from this income according to special legal regulations ²¹⁾, when calculating the tax base, the amount corresponding to the compulsory insurance premium is added to the income from the dependent activity also for the employee for which the employer is not obliged to pay the compulsory insurance premium. An employee for whom an employer is not obliged to pay compulsory insurance is an employee for whom the payment of compulsory insurance is not governed by the legislation of the Czech Republic, or an employee who is wholly or partially covered by compulsory foreign insurance of the same type. An employee for whom an employer is not obliged to pay compulsory insurance shall not be deemed to be an employee if it is shown that he is wholly or partially covered by compulsory foreign insurance of the same type governed by the legislation of another Member State or European State space than the Czech Republic or the Swiss Confederation, in such a case, the taxable amount shall be the income from employment dependent on the employer's contribution to that compulsory foreign insurance and such foreign contributions shall be considered compulsory insurance premiums for income tax purposes. Mandatory premiums are rounded up to whole crowns. When calculating the taxable amount referred to in the first sentence, discounts or extraordinary discounts on the employer's premiums or other

amounts by which the employer reduces the compulsory premium payments shall not be taken into account in determining the amount of compulsory insurance premiums.

(13) In the case of income from sources abroad, the taxpayer referred to in Article 2 (2) shall be taxable on his income from employment in a State with which the Czech Republic has not concluded a double taxation treaty, increased by compulsory insurance premiums pursuant to Subsection (12) and reduced by the tax paid on such income abroad. If the activity giving rise to income from employment is carried on in the State with which the Czech Republic has concluded a double taxation treaty, the taxpayer referred to in Section 2 (2) shall be taxable on his income from employment activity pursued in that State, increased by the compulsory premium pursuant to Subsection (12), such income may be reduced by the tax paid on such income in the State with which the Czech Republic has entered into a double taxation treaty only to the extent that it has not been offset against domestic tax liability pursuant to Section 38f in the immediately preceding tax period. This must be an unaccounted income tax, which is included in the tax base.

(14) In the case of income from dependent activity accruing to a taxpayer referred to in Section 2 (3) from sources in the territory of the Czech Republic (Section 22), from which the tax is levied at the rate of tax pursuant to Section 36, the taxes referred to in Subsection (12).

(15) The income from dependent activity settled by an employer in favor of an employee during the taxation period and paid to or received by the employee after 31 January after the end of that taxation period shall be increased by compulsory insurance premiums included in the tax base pursuant to the employer was obliged to pay these revenues at the time of their clearing.

~~(16) For the purposes of this Act, an institution of pension insurance means a provider of financial services authorized to operate pension insurance regardless of its legal form, which is~~

- ~~(a) operated on the principle of fund management,~~
- ~~(b) established for the purpose of providing retirement benefits beyond the mandatory retirement system¹³⁶⁾ on the basis of contract or otherwise, on the basis of the agreed participation in pension insurance and carries out activities arising therefrom and~~
- ~~(c) authorized and operates pension insurance in a Member State of the European Union or a State constituting the European Economic Area and subject to the supervision of the competent authorities in that State.~~

³⁾ Act No. 221/1999 Coll., on Professional Soldiers, as amended by Act No. 155/2000 Coll., Act No. 129/2002 Coll. and Act No. 254/2002 Coll. Coll.

Act No. 361/2003 Coll., on the Service Relationship of Security Corps Members.

⁵⁾ For example, Part Seven, Title Three, of the Labor Code.

^{6a)} Decree No. 114/2002 Coll., on the Fund of Cultural and Social Needs, as amended by Decree No. 510/2002 Coll.

^{6b)} Article 139 of Act No. 361/2003 Coll.

^{6c)} Article 66 (2) of Act No. 361/2003 Coll.

^{6d)} Article 7 (2) of the Decree of the Federal Ministry of Labor and Social Affairs No. 19/1991 Coll., On the employment and material security of workers in the mining industry who were not fit for work in the long term.

- ^{6c)} For example, Section 11 (3) of Act No. 143/1992 Coll., on Salary and Remuneration for On-call Time in Budgetary and Some Other Organizations and Bodies, as amended, Section 119 of Act No. 361/2003 Coll., on the Service Relationship of Members of the Staff of the Security Corps, as amended.
- ^{6e)} For example, Act No. 236/1995 Coll., on Salary and Other Requirements Related to the Performance of the Office of Representatives of State Power and Certain State Authorities and Judges, as amended, Act No. 201/1997 Coll., on Salary and Some Other Requirements of Public Prosecutors and amending and supplementing Act No. 143/1992 Coll., on Salary and Remuneration for On-call Time in Budgetary and Some Other Organizations and Bodies, as amended.
- ²¹⁾ Act of the Czech National Council No. 589/1992 Coll., on Social Security and Contribution to the State Employment Policy, as amended.
Act of the Czech National Council No. 592/1992 Coll., on Premiums for General Health Insurance, as amended.
- ^{47a)} For example, Sections 192 to 194 of the Labor Code, Sections 34 (4) of Act No. 236/1995 Coll., on Salary and Other Requirements Related to the Exercise of the Office of Representatives of State Power and Certain State Authorities and Judges and Members of the European Parliament, as amended 73 (4) of Act No. 128/2000 Coll., on Municipalities (Municipal Establishment), as amended, Section 48 (3) of Act No. 129/2000 Coll., on Regions (Regional Establishment), in 53 (4) of Act No. 131/2000 Coll., on the Capital City of Prague, as amended.
- ^{47b)} Section 192 (2) of the Labor Code.
- ⁶⁵⁾ Art. 5 of the Constitutional Act No. 110/1998 Coll., on the Security of the Czech Republic.
- ¹³³⁾ Act No. 435/2004 Coll., On employment.
- ¹³⁶⁾ Regulation (EC) No 883/2004 of the European Parliament and of the Council on the coordination of social security systems, as amended by Regulation (EC) No 988/2009.
- ¹³⁸⁾ Act No. 236/1995 Coll., on Salary and Other Particulars Related to the Performance of the Office of Representatives of State Power and Certain State Bodies and Judges and Deputies of the European Parliament, as amended.

Section 8

Income from capital assets

(1) Revenues from capital assets, unless they are revenues according to Section 6 (1) or Section 7 (d), are

- (a) shares in the profits of a business corporation or unit trust, where the share is a security, and interest on the holding of securities,
- (b) shares in the profits of the silent partner from participation in the business,
- (c) interest, winnings and other earnings on deposits on passbooks, interest on funds in an account that is not intended for business under the terms of the account holder,
- (d) the return on a lump sum deposit and a deposit equivalent to it,
- ~~(e) supplementary pension insurance benefits with state contribution^{3a)}, supplementary pension savings and pension insurance benefits after reduction pursuant to Subsection (6),~~
- ~~(f) benefits from private life insurance or other income from insurance of persons, which is not an insurance benefit and does not constitute the termination of the insurance contract, after reduction pursuant to Subsection (7),~~

- (e) benefits from supplementary pension insurance with state contribution according to the Act regulating supplementary pension insurance with state contribution, supplementary pension savings and pension insurance,**
- (f) benefits from life insurance or from life insurance of a specified age or earlier death, or from pension insurance and benefits from other insurance of persons that is not insurance benefit,**
- (g) Interest and other income from loans, or loans, default interest, after a slice of default interest on the rights of the Match, interest on deposit accounts other than those referred to in point (c), except pursuant to Section 7a and interest on the value of the paid deposit the agreed the amount of members of business corporations,
- (h) interest and other income on promissory notes (eg discount on the bill amount, interest on the bill amount),
- (i) benefits from the trust or family fund.

(2) In addition, the difference between the nominal value of a bond, including the certificate of deposit or equivalent, and the issue rate on issue, shall be deemed to be income from capital assets, in the case of early redemption, the redemption price is used instead of the nominal value.

(3) Revenue referred to in Subsection (1) (a) to (f) and (i) and in Subsection (2) and interest income and other income on the promissory note issued by the Bank to secure the claim arising from the creditor's deposit (Subsection 1 (h)], arising from sources in the Czech Republic, are a separate tax base for taxation by a special tax rate (Section 36).

(4) If the income referred to in Subsection (1) (a) to (d) and (i) and in Subsection 2 from sources abroad are not reduced by expenditure on the basis of the tax (partial tax base). If the revenue referred to in Subsection (1) (e) and (f) from abroad, they are the tax base (partial tax base).

(5) Interest income from bonds issued abroad by a taxpayer with its registered office in the Czech Republic or the Czech Republic flowing to the taxpayers referred to in Section 2 (g) and (h) not deducted for expenses are the tax base (partial tax base), with the exception of interest and other income on the bill issued by the bank to secure the receivable arising from the creditor's deposit, which are a separate tax base for taxation by special tax (Section 36). For interest income on the loan or loan, the expense is the interest paid on the amounts used to provide the loan or loan, up to the amount of income.

~~(6) Supplementary pension insurance with state contributions shall be considered as the taxable amount after deduction of contributions paid and state contributions to supplementary pension insurance. The pension benefit is treated as the taxable amount after deduction of contributions paid. The dose of supplementary pension savings is considered a tax base after deducting the contributions paid and state contributions to supplementary pension savings. In the case of retirement, spread out pension insurance contributions, state contributions to pensions director's insurance contributions for pension insurance, supplementary pension contributions s savings and state contributions to supplementary pension savings for a fixed period of receiving pensions. Lump-sum settlement or surrender values of pension insurance with a state contribution for determining the tax base deduction of contributions paid to pension companies mixtures are known tnavatelem for employees after 1. January 2000. The one-off payment from the pension insurance wall or consideration paid in the early termination of a pension scheme for determining the tax base it does not reduce~~

~~the contributions paid by the employer to the pension insurance institution for the benefit of the employee. The lump-sum settlement or surrender of supplementary pension savings shall not be reduced by the employer for the employee's contributions to the tax base, except for the supplementary pension contributions with the state contribution paid by the employer for the employee before 1 January 2000 in the event of transfer of the participant's funds from supplementary pension insurance with a state contribution to the supplementary pension savings of the participant from which the lump-sum settlement or surrender is paid.~~

(6) Benefits from the Supplementary pension insurance with state contribution pursuant to the Act on Supplementary Pension Insurance with State Contribution, Supplementary Pension Savings and Pension Insurance shall be the taxable amount after deduction of contributions paid and state contributions paid by the Czech Republic, in the case of benefits in the form of a pension, contributions paid and state contributions shall be spread over a defined period of retirement. Personal insurance benefits are the tax base after deduction of premiums paid, in the case of benefits in the form of a pension, the premiums paid shall be spread over a defined period of retirement.

~~(7) Private life insurance benefits shall be considered as the taxable amount after deduction of premiums paid. Other income from personal insurance, which is not an indemnity and does not constitute the termination of the insurance contract, is considered as the taxable amount after the reduction of the paid premiums on the day of payment up to the amount of this income. If other income from the insurance of persons flows, which is not insurance indemnity and does not create the termination of the insurance contract repeatedly during the term of the insurance contract, this income cannot be reduced by the previously paid premium. For benefits in the form of an agreed pension (pension), the insurance benefit less the premiums paid, divided equally into the two pension receipts, shall be considered as the taxable amount. For the purpose of determining the tax base, the benefit from private life insurance is not reduced by the premium paid, which was previously claimed in connection with other income from the insurance of persons, which is not an insurance benefit and does not constitute termination of the insurance contract. Surrender for determining the tax base reduced by the premiums paid excluding the premium that was before e applied in connection with other income from personal insurance, which is not insurance benefit and does not constitute a termination of the insurance contract and with the exception of insurance contributions for the private life of the insurance employees which paid by the employer on behalf of the employee for his private insurance after 1 January 2001 and which were not taxed due to the payment of insurance benefits from private life insurance, other income that is not insurance benefit and does not constitute termination of the insurance contract, or premature termination of the insurance contract before 60 months after the conclusion of the contract or before the year in which the insured reaches 60 years.~~

~~(8)~~**(7)** In the case of income pursuant to Subsection 1 or Subsection 2 flowing into the joint property of the spouses from a source which is invested in the commercial property of one of the spouses, it shall be taxed only with that spouse. In the case of income under Subsection 1 or 2 arising from the joint property of the spouses from a source which is not contributed to the commercial property of either spouse, it shall be taxed on only one of them.

^{9a)} Act No. 42/1994 Coll., On Supplementary Pension Insurance with State Contribution and on Amendments to Some Acts Related to Its Introduction.

Section 15

Non-taxable part of the tax base

(1) From the tax base it is possible to deduct the value of gratuitous performance provided to municipalities, regions, state organizational units, legal entities established in the territory of the Czech Republic, as well as legal entities organizing public collections under a special law, ^{14e)} . education, research and development , culture, education, police, fire protection, youth support and protection, animal and animal health, social, health and ecological, humanitarian, charitable, religious for registered churches and religious companies, physical education and sports, and political parties, political movements, European political parties or European political foundations for their activities, as well as natural persons resident in the Czech Republic who provide health services or operate schools and school facilities and care facilities stray or abandoned animals or for the care of individuals of endangered animal species, to finance these facilities, to natural persons resident in the territory of the Czech Republic who are in disability pension or were disability pension beneficiaries on the day of retirement or are minors dependent on care of another person pursuant to a special legal regulation ^{4j)} , for medical devices ¹¹⁴⁾ up to the amount not paid by health insurance companies or for special aids under the Act regulating the provision of benefits to persons with disabilities up to the amount not paid from the state budget, and employment if the total value of free of charge supplies in the taxation period exceeds 2 % of the tax base or is at least CZK 1 000. A similar procedure shall apply to gratuitous supplies to finance the elimination of the consequences of a natural disaster occurring in the territory of a Member State of the European Union or of a State forming the European Economic Area. In total, a maximum of 15% of the tax base can be deducted. As a gratuitous performance for medical purposes, the value of one sample of blood or its components donors that did not receive financial reimbursement of expenses related to the collection of blood or its components under the act governing specific health services, excluding reimbursement of documented travel costs associated with the collection, valued amount of CZK 3 000 , the value of an organ donation from a living donor is valued at CZK 20 000, and the value of one hematopoietic stem cell donation, except for the payment of proven travel expenses associated with the donation, is valued at CZK 20 000. The provisions of this Subsection shall also apply to free of charge performance provided to legal or natural persons domiciled or resident in the territory of another Member State of the European Union or a State constituting the European Economic Area other than the Czech Republic, provided the recipient of free performance fulfills the conditions stipulated by this Act. If the spouses provide gratuitous services from the joint property of the spouses, one or both of them may claim the deduction.

(2) Free of charge performance provided by a public company or limited partnership shall be considered as free of charge provided by individual partners of a public limited company or general partner of a limited partnership and shall be distributed in the same way as the tax base pursuant to Section 7 (4) or (5).

(3) The amount equal to the interest paid during the taxation period on the building savings loan shall be deducted from the tax base , ^{4a)} interest on the mortgage loan provided by the bank, reduced by the state contribution granted under special legislation, as well as the loan provided by the building society , ⁵⁶⁾ b Anka in connection with a loan from a savings or a mortgage loan, and used to finance housing needs, unless it is a building site, maintenance, or a change in the construction of a residential building or unit that does not include non-residential premises other than the garage, basement or a chamber carried out in the course of

an activity giving rise to income from a separate activity or for the purpose of hiring. Housing needs for the purposes of this Act shall be understood

- (a) the construction of an apartment building, a detached house, a unit which does not include a commercial space other than a garage, a cellar or a storage room, or a change in construction,
- (b) the purchase of land, provided that the construction of the housing needs referred to in point (a) begins within 4 years of the date of the conclusion of the credit agreement or the purchase of land in connection with the acquisition of the housing needs referred to in point (c),
- (c) purchase
 - 1. residential building,
 - 2. family house,
 - 3. dwellings under construction of an apartment house or family house,
 - 4. a unit which does not include a commercial space other than a garage, cellar or storage room,
- (d) repayment of the deposit to a legal person by its member for the purpose of obtaining the right to lease or other use of the flat or family house,
- (e) maintenance and alteration of the construction of a residential building, a detached house, a rented or used apartment or a unit that does not include a commercial space other than a garage, cellar or storage room,
- (f) settlement of joint property of spouses or settlement of co-heirs in case the subject of settlement is payment of share connected with acquisition of unit, which does not include non-residential space other than garage, cellar or storage room, family house or apartment building,
- (g) remuneration for the transfer of a share in a business corporation by its member made in connection with the transfer of the right of lease or other use of the flat,
- (h) repayment of the loan or loan used by the taxpayer to finance the housing needs referred to in points (a) to (g), provided that the conditions for such housing needs are met.

Where the use of the housing needs under (a) to (h) or part thereof is used or used for an activity giving rise to income from a self-employed activity or for hire, the interest deduction may be claimed for the duration of the use only in proportional amount.

(4) Where more than one adult is involved in the credit agreement for the financing of the housing needs, either one of them or each of them shall apply the deduction equally. In the case of the subject of housing needs referred to in Subsection 3 (a) to (c) and (e), the taxable amount may be reduced only in the taxable period for which the taxpayer is the subject of the housing needs referred to in Subsection 3 (a) to (c) owns and objects of the housing needs referred to in Subsection 3 (a), (c) and (e) used the spouse, descendants, parents or grandparents of both spouses for their own permanent residence or permanent residence and in the case of construction, alteration of construction or purchase of a building under construction used the item of housing for their own permanent residence or from spouses, descendants, parents or grandparents of both spouses after fulfilling the obligations stipulated by a special legal regulation for the use of buildings. ⁶³ In the case of the subject of housing needs referred to in Subsection 3 (b), where the condition of commencement of construction of housing needs within four years from the moment of conclusion of the credit agreement is not met, the right to deduct the non-taxable part of the tax base ceases and the income according to Section 10 in the taxation period in which this occurred by which the tax base was reduced in the relevant years due to interest paid on loans. However, in the year of acquisition of ownership it is sufficient if the taxpayer owned the object of housing at the end of the tax period. In the case of the subject of housing needs referred to in Subsection 3 (d),

(f), (g), the taxable amount may be reduced only in the taxable period when the taxpayer is rented or used a unit that does not include non-residential space other than a garage, cellar or storage room, according to Subsection 3 (d), (f), (g) used both spouses, descendants, parents or grandparents of both spouses for their own permanent residence or for permanent residence. The aggregate amount of interest for which the tax base pursuant to Subsection 3 is reduced on all taxpayers' loans in the same jointly managed household may not exceed CZK 300 150 000. When paying interest for only part of the year, the amount applied may not exceed one twelfth of that maximum amount for each month of interest payment.

~~(5) Contribution in the total total of not more than CZK 24 000 paid by the taxpayer for its~~

- ~~(a) State contribution supplementary pension insurance pursuant to the State contribution supplementary pension insurance contract concluded between the taxpayer and the pension company, the amount that can be deducted in this way is equal to the sum of the parts of the monthly contributions which exceeded the amount of the maximum state contribution in each calendar month of the tax period,~~
- ~~(b) pension insurance under a pension insurance contract concluded between the taxpayer and the pension insurance institution or on the basis of an otherwise agreed participation of the taxpayer in the pension insurance institution with the pension insurance institution, provided payment of the pension insurance benefits has been agreed up to 60 calendar months and in the age of 60, the amount that can be deducted in this way is equal to the total of contributions paid by the taxpayer for his pension insurance for the tax year, or~~
- ~~(c) supplementary pension savings under the supplementary pension savings contract concluded between the taxpayer and the pension company, the amount that can be deducted in this way is equal to the sum of the parts of the monthly contributions which, in each calendar month of the tax year, exceeded the amount of the maximum State contribution, in the case of transferring the participant's funds from the transformed fund to the participating funds, the amount equal to the sum of the monthly contributions paid by the taxpayer for his supplementary pension insurance with the state contribution for the part of the taxation period and the monthly contributions paid by the taxpayer for his supplementary pension savings the taxable period, which in individual calendar months of the taxable period exceeded the amount from which the maximum state contribution belongs.~~

~~If the taxpayer's supplementary pension insurance with the state contribution, pension insurance or supplementary pension savings ceased without pension entitlement, one-off settlement or one-off payment from the pension insurance and at the same time the surrender or other benefits related to termination of pension insurance were paid, of the tax base expires and the income according to Section 10 in the tax period in which this cessation occurred are the amounts of taxpayer in the past ten years due to contributions paid to his supplementary pension with state contribution or pension insurance or supplementary pension savings taxes reduced.~~

~~(6) From the tax base for the taxation period, the taxpayer may pay the premiums paid during the taxation period for his private life insurance under an insurance contract concluded between the taxpayer as the policyholder and the insured in one person and an insurance company authorized to carry on insurance business or other insurance company established in the territory of a Member State of the European Union or a State constituting the European Economic Area, provided that the payment of the insurance benefit (pension or lump sum) is stipulated in the insurance policy only 60 calendar months after the calendar year during~~

~~which the taxpayer reaches the age of 60 and that under the terms of the insurance contract does not allow for payment of other income that is not nezakl claims and asks termination of the insurance contract, and at poj a cleaning contract with fixed sum insured pr of survival extra for the assumption that the insurance contract with the firm agreed POJIST Nou amount for survival with the insurance period of 5 to 15 years inclusive has agreed sum to at least 40 000 CZK and the insurance contract with fixed the agreed sum insured for survival with an insurance period of more than 15 years has an agreed sum insured of at least CZK 70,000. For pension insurance, the agreed sum insured is the corresponding one-off indemnity. In the case of single premiums, the premiums paid are pro rata budgeted for the taxation period according to the duration of the insurance with the accuracy of days. The maximum amount that can be deducted for the taxation period is CZK 24,000 in total, even if the taxpayer has concluded several contracts with several insurance companies. If before the end of the period of 60 calendar months from the contract or a year ago, when the insured reaches 60 years to claim payment from private life insurance, other income that is not insurance benefit and does not constitute a termination of the insurance contract or premature termination TIO Insurance contracts, the claim to the non-taxable portion of the tax base expires and the income pursuant to Section 10 in the taxable period in which this occurred occurred are the amounts by which the taxpayer was reduced in the past 10 years due to the paid tax base, this shall not apply in the event of a claim for retirement pension or disability pension for third degree disability or if the insured becomes invalid in the third degree under the Pension Insurance Act or in the case of death and with the exception of insurance contracts, where the indemnity or surrender is not paid and at the same time the provision, capital value or surrender is directly transferred to another private life insurance contract qualifying for the non-taxable portion of the taxable amount.~~

(5) Contributions totaling not more than CZK 48,000 paid by the taxpayer in the tax period for his tax-supported old-age savings product may be deducted from the tax base.

(6) In the case of contributions to supplementary pension insurance with state contribution pursuant to the Act regulating supplementary pension insurance with state contribution and to supplementary pension savings, only the portion of the monthly contribution exceeding the amount for the highest state contribution under the Act on supplementary pension insurance or the Act on Pension Insurance, may be deducted under Subsection 5. In the case of the payment of a single premium for private life insurance, for the purposes of Subsection 5, the contribution paid during the taxable period of insurance shall be the pro rata part of the single premium attributable to that taxable period, determined to the day.

(7) The membership fees paid during the taxation period by a member of a trade union to a trade union, which according to its statutes defends the economic and social interests of employees to the extent defined by a special legal regulation, can be deducted from the tax base. ⁸²⁾ In this way, it is possible to deduct an amount of up to 1.5% of taxable income pursuant to Section 6, with the exception of income pursuant to Section 6 taxed by deduction at a special tax rate, up to a maximum of CZK 3,000 per tax period.

(8) Reimbursement for examinations of further education results pursuant to the Act on Verification and Recognition of Further Education Results ^{82a)} may be deducted from the tax base in the tax period if they were not paid by the employer or were not claimed as an expense pursuant to Section 24 by a taxpayer with income pursuant to Section 7, but not more than

CZK 10,000. Up to CZK 13,000 can be deducted for a taxpayer who is a disabled person and up to CZK 15,000 for a taxpayer who is a disabled person.

(9) In the case of a taxpayer referred to in Article 2 (3), the taxable amount referred to in Subsections 1 to 8 shall be reduced for the taxation period only if the taxpayer is a tax resident of a Member State of the European Union or a State constituting the European Economic Area, income from sources in the Czech Republic pursuant to Section 22 of at least 90% of all income except income not subject to tax under Section 3 or 6, or are from tax exempt under Section 4, 6 or 10, or the income of which is tax withheld at a special tax rate. The taxpayer proves the amount of income from sources abroad by the confirmation of the foreign tax administrator.

⁴⁾ Act No. 108/2006 Coll., On social services.

^{14e)} Act No. 117/2001 Coll., On Public Collections and on the Amendment of Certain Acts (Public Collections Act).

⁵⁶⁾ Section 2 of Act No. 96/1993 Coll.

⁶³⁾ Section 76 et seq. Act No. 50/1976 Coll.

Section 119 et seq. Act No. 183/2006 Coll., on Land-use Planning and Building Code (Building Act).

⁸²⁾ Section 18 et seq. of the Labor Code.

^{82a)} Act No. 179/2006 Coll., on Verification and Recognition of Further Education Results and on Amendment to Certain Acts (Act on Recognition of Further Education Results).

¹¹⁴⁾ Act No. 123/2000 Coll., on Medical Devices, as amended.

Section 15a

Product for saving for old age

(1) For the purposes of income taxes, the product of savings for old age is understood

- (a) supplementary pension insurance with state contribution according to the Act regulating supplementary pension insurance with state contribution,**
- (b) supplementary pension savings,**
- (c) pension insurance with a pension insurance institution,**
- (d) private life insurance,**
- (e) a long-term investment account and a similar account held by a person in the territory of a Member State of the European Union or a State constituting the European Economic Area entitled to provide the customer evidence of financial instruments or to accept deposits from the public.**

(2) For the purposes of income tax, an institution of pension insurance means a provider of financial services entitled to

- (a) operate on the principle of fund management,**
- (b) established for the purpose of providing retirement benefits beyond the mandatory retirement system¹³⁶⁾ on the basis of contract or otherwise, on the basis of the agreed participation in pension insurance and carries out activities arising therefrom and**

(c) authorized and operates pension insurance in a Member State of the European Union or a State constituting the European Economic Area and subject to the supervision of the competent authorities in that State.

(3) For the purposes of income taxation, private life insurance means living till death insurance, or living till stated age or pension insurance where the claim is originate since the 60 years of age of the payer of the insurance with an insurance company authorized to carry on insurance business in the territory of a Member State of the European Union or a State constituting the European Economic the space in which the sum insured for living till death is agreed

(a) at least CZK 40,000 if the insurance period is at least 5 and at most 15 years, or

(b) at least CZK 70,000 if the insurance period is more than 15 years.

Section15b

Tax support of product savings for old age

An old - age savings product is tax - supported if it is agreed or otherwise determined that the disbursement, benefits or transfer of funds and services from this product or similar product shall only be made to the

(a) taxpayer who negotiated the product

1. after 60 calendar months from the date of origin of the product, but at the earliest in the calendar year in which the taxpayer reaches the age of 60, and in the case of supplementary pension savings benefits to which the supplementary pension savings law entitles, than his / her retirement age under the Pension Insurance Act, at the earliest when he / she reaches the age of 5 years below his / her retirement age under the Pension Insurance Act,

2. in the case of the third-level invalidity of the taxpayer,

3. after the end of the product savings for old age.

(b) another taxpayer

1. after the death of the taxpayer, or

2. payments to the provider of this product for its management or related services,

3. the transfer of assets from this product or similar product for reasonable consideration provided to that account; or

4. fulfillment of an obligation stipulated by another legal regulation.

(2) For the purposes of exempting an employee's income in the form of a contribution paid by an employer to his tax-supported old-age savings product, the old-age savings product shall not be tax- supported even if it is agreed or otherwise determined that from this product to this employer.

(3) Employees shall notify their employer that their old-age savings product has ceased to be tax-supported by the end of the calendar month in which this occurred.

(4) The tax refund of the savings product for retirement shall be refunded in the taxable period in which the taxpayer reaches the age of 60 before the expiry of 60 calendar months from its origin,

(a) there has been a payment of funds or performance from this product or a transfer of assets from a long-term investment account or similar account to the taxpayer who arranged the product, unless it is

- 1. the payment of funds or benefits due to the invalidity of a third-level taxpayer,**
- 2. payment, performance or transfer due to the termination of the provider of this product or withdrawal of authorization to provide this product to the provider, if the received funds and assets within 1 month of their receipt are invested in the taxpayer's tax supported savings product of the same type or in the case of supplementary pension insurance with a state contribution according to the law regulating supplementary pension insurance with a state contribution to its tax-supported supplementary pension savings according to the law regulating supplementary pension savings, or**
- 3. benefits from supplementary pension savings to which the supplementary pension savings law was entitled to attain an age of 5 years below its retirement age under the pension insurance law, or**

(b) there has been a payment of funds or performance from this product or a transfer of assets from the long-term investment account or a similar account of the taxpayer to a taxpayer other than the one who arranged the product, unless

- 1. payment, performance or transfer after the death of the taxpayer who arranged the product,**
- 2. payment to the provider of this product for its management or related services, or**
- 3. the transfer of assets from a long-term investment account or similar account for reasonable consideration provided to that account,**

(c) the product ceases to exist without the payment or withdrawal of funds or the transfer of assets from the long-term investment account or a similar account of the taxpayer, unless the product is terminated

- 1. due to the death of the taxpayer, or**
- 2. due to the termination of the provider of this product or the withdrawal of the authorization to provide this product to the provider, or**
- 3. with the simultaneous transfer of the saved funds to a tax-supported savings product of the same type or, in the case of a supplementary pension scheme with a state contribution, with the simultaneous transfer of the saved funds to a tax-supported supplementary pension savings.**

(d) income from assets held in a long-term investment account or a similar account outside that account has been paid out.

(5) Returning the tax support of a savings product to old age means

(a) income accruing according to Section 10 in the amount of the total taxpayer contributions paid for this product, which were deducted from the tax base for the immediately preceding 10 taxation periods,

(b) the impossibility of deducting from the tax base contributions paid by the taxpayer to his tax-supported old-age savings product,

- (c) **the fact that, for the purposes of exempting an employee's income in the form of a contribution paid by the employer to his tax-supported old-age savings product, that product is not tax-supported,**
- (d) **income accruing pursuant to Article 6 in the amount of the total contributions paid by the employer for that product, which were exempted during the tax year in which the tax aid is repaid and in the 10 immediately preceding tax periods, this income is not considered to be paid by the taxpayer of income from employment ,**
- (e) **the impossibility of reducing the benefits of that product by the contributions paid by the employer for that product for the purposes of determining the taxable amount, except**
 - 1. contributions in the amount of income accruing pursuant to Section 6,**
 - 2. contributions not exempt from personal income tax,**
 - 3. Contributions paid by the employer before 1 January 2000 to the supplementary pension insurance with a state contribution under the Act governing the supplementary pension insurance with a state contribution, and**
 - 4. contributions paid by the employer before 1 January 2001 for private life insurance.**

Section 17

Corporate income tax payers

(1) The corporate taxpayer shall be

- (a) legal person,
- (b) State organizational unit,
- (c) mutual fund pursuant to the law governing investment companies and investment funds,
- (d) a sub-fund of a ~~joint-- stock company with a variable share capital of an investment fund~~ pursuant to the law governing investment companies and investment funds,
- (e) a fund of a pension company, which for the purposes of this Act means a fund managed by a pension company pursuant to a law regulating supplementary pension savings,
- (f) trust fund according to the Civil Code,
- (g) a unit which, under the law of the State in which it is established or constituted, is a taxpayer,
- (h) fund managed by the Financial Market Guarantee System according to the law regulating recovery and resolution of the financial market.

(2) Taxpayers are tax residents of the Czech Republic or non-residents.

(3) Taxpayers are tax residents of the Czech Republic if they have their registered office or place of management in the Czech Republic, which is the address of the place from which the taxpayer is controlled (hereinafter referred to as “registered office”). Tax residents of the Czech Republic have a tax liability, which applies both to income from a source in the Czech Republic and to income from sources abroad. If a taxpayer who is not a legal person is incorporated or constituted under the legislation of the Czech Republic, it shall be deemed to have its registered office in the Czech Republic.

(4) Taxpayers are non-resident taxpayers unless they have their registered office in the territory of the Czech Republic or are stipulated in international treaties. Non-residents have a tax liability that applies only to income from sources in the Czech Republic.

Section 17b

Basic investment fund

(1) For the purposes of this Act, a basic investment fund shall be understood

- (a) an investment fund under the law regulating investment companies and investment funds whose shares are admitted to trading on a European regulated market if:
 - 1. no corporate taxpayer with the exception of the World Bank, the International Monetary Fund, the European Investment Bank, any other international financial organization, a State, a central bank or a legal person controlled by them shall have a 10% or more holding in the capital of that investment fund, for the purposes of meeting this condition, the interests of related parties which are corporate taxpayers shall be deemed to be one taxpayer, and, this condition shall be deemed to be fulfilled even if the permitted amount of the share in the registered capital is exceeded for less than half of the tax period or the period for which the tax return is filed, or for less than 6 months if the tax period is longer more than 12 months, and
 - 2. does not operate a trade under the conditions laid down in the Trade Licensing Act ¹³⁹⁾.
- (b) mutual fund pursuant to the law governing investment companies and investment funds,
- (c) an investment fund and a sub-fund of a ~~public limited company with variable capital of the~~ **investment fund** pursuant to the law governing investment companies and investment funds investing more than 90% of the value of their assets in accordance with their statutes
 - 1. investment securities,
 - 2. securities issued by an investment fund or a foreign investment fund,
 - 3. participation in capital companies,
 - 4. money market instruments,
 - 5. financial derivatives under the law governing investment companies and investment funds,
 - 6. the rights arising from the registration of the goods referred to in points 1 to 5 in the register and enabling the beneficiary to dispose of this value, directly or indirectly, in at least a similar way as the authorized holder,
 - 7. receivables for payment of funds from the account,
 - 8. loans and borrowings granted by the investment fund,
- (d) a foreign investment fund comparable to that referred to in points (a) to (c), provided that:
 - 1. according to the law governing investment companies and investment funds, its home State is a Member State of the European Union or a State constituting the European Economic Area,
 - 2. proves that it is managed on the basis of an authorization comparable to that of an investment fund issued by the Czech National Bank and that the manager is subject to supervision comparable to that of the Czech National Bank,
 - 3. it has a statute or document comparable to that of a foreign fund comparable to that referred to in points (a) to (c), and
 - 4. proves that, under the law of his home State, his or her income is not partly attributed to other persons.

¹³⁹⁾ Act No. 455/1991 Coll., the Trade Licensing Act, as amended.

Section 19

Tax exemption

(1) They shall be exempt from tax

- (a) the membership fee received in accordance with the statutes, statute, instruments of incorporation or incorporation
 1. an association of legal entities, for which membership is not a necessary condition for the pursuit of the business or activity,
 2. an association which is not an employer organization or a European political foundation,
 3. trade union,
 4. a political party, political movement or European political party, or
 5. a professional chamber with optional membership, with the exception of the Czech Chamber of Commerce and the Agrarian Chamber of the Czech Republic,
- (b) proceeds of church collections, incomes from church operations and members' contributions to registered churches and religious societies,
- (c) income from the rental of a cooperative apartment or cooperative non-residential premises and the consideration for the services provided with the use of that apartment or non-residential premises under a rental agreement between a housing cooperative and is a member, the same applies to a limited liability company and its partner and to the association and its member,
- (d) income from which the tax is levied at the special rate of taxation accruing
 1. a pension fund,
 2. a pension insurance institution which is actually the taxable income referred to in Subsection 6, with the exception of a pension company or similar company managing funds similar to pension funds,
- (e) revenues of state funds stipulated by special regulations, ¹⁹⁾
- (f) the income of the Czech National Bank, the income of the Financial Market Guarantee System and the income of the Fund under the administration of the Financial Market Guarantee System pursuant to the Act on Financial Market Recovery and Resolution,
- (g) income from financial market operations with special pension fund reserves under the budgetary rules,
- (h) income resulting from the write-off of debts in debt relief or reorganization carried out pursuant to a special legal regulation ^{19a)}, if they are booked to revenues in accordance with a special legal regulation ²⁰⁾,
- (i) interest income of the taxpayers referred to in Article 17 (4), which they receive from bonds issued abroad by taxpayers domiciled in the Czech Republic or the Czech Republic,
- (j) income of the Support and Guarantee Farm and Forestry Fund, as, arising from the sale of securities owned by the Fund,
- (k) shares in the profits of a silent partnership shareholder, provided they are used to replenish the contribution less the shares in losses up to the original amount,
- (l) income arising in connection with privatized assets kept by the Ministry of Finance in special accounts pursuant to a special legal regulation ¹²⁵⁾ and income arising from the use of funds of these special accounts in the financial market, and income arising from rights that consolidation agencies to the state under a special legal regulation, and income from rights that passed from the defunct Česká inkasní, sro, or from the canceled Credit union hedge fund to the state,
- (m) income of the Securities Traders Guarantee Fund,

- (n) income from interest on overpayments caused by the tax administrator ⁴⁹⁾ and interest on overpayments caused by social security authorities, ⁵⁰⁾
- (o) the income of the Hedge Fund,
- (p) proceeds from operations with nuclear account funds on the financial market under the Atomic Act,
- (r) the income of the foundation, which is a public benefit taxpayer, from the assets deposited in the endowment principal and income from its sale, if this income serves only the purpose for which the foundation was established and if it is not income that was used by the foundation with the law,
- (s) contributions to the Czech Liability Insurance Bureau,
- (t) interest income accruing to a health insurance company established by a special legal regulation or pursuant to a special legal regulation ¹⁷⁶⁾ on deposits with banks, if the deposited funds are obtained from public health insurance sources,
- (u) the income of the Regional Council of the Cohesion Region stipulated by special legislation ¹²⁴⁾,
- (v) the revenue of the Energy Regulatory Office's fund from the contribution to cover the demonstrable loss of the licensee performing an obligation to supply in excess of the license, ⁸⁵⁾
- (w) interest income of the Czech-German Future Fund,
- (x) interest income accruing to the State administration, self-government and the body entrusted by the Ministry of Finance with ensuring the implementation of European Community assistance programs, on deposit in a deposit account opened for depositing funds provided to the Czech Republic by the European Communities, deposit in a deposit account opened for depositing funds provided to the Czech Republic by the World Bank, the European Bank for Reconstruction and Development and the European Investment Bank,
- (y) interest income from public collection funds ^{14e)} organized for the purposes defined in Section 15 (1) and Section 20 (8),
- (z) the income of the Wine Fund provided for by the Act on Viticulture and Viticulture,
- (za) income from support from the Wine Fund,
- (zb) income accruing in connection with the performance of voluntary service provided pursuant to a special legal regulation, ^{4h)}
- (zc) contributions from producers or operators of solar power plants under the Waste Management Act to operators of a collective system for the collection, treatment, recovery and disposal of electrical and electronic equipment or separate collection, treatment, recovery and disposal of electrical waste, if registered under the Waste Management Act, the exemption may apply subject to the use of contributions only for the treatment of electrical waste and solar panel waste and the necessary costs related to that purpose, with the exception of the costs of setting up a collection point for the operator of the solar power plant,
- (zd) awards in the field of culture pursuant to special legal regulations ^{12a)},
- (ze) income from
 1. a share in the profits paid by a subsidiary that is a taxpayer referred to in Article 17 (3) to the parent company,
 2. the transfer of the parent company's shareholding in a subsidiary to a taxpayer referred to in Article 17 (3) or a company resident in a Member State of the European Union other than the Czech Republic,
- (zf) income of the parent company when the share capital of the subsidiary is reduced, up to the amount by which the shareholder contribution or the nominal value of the share was increased when the share capital was increased from the company's own resources under special legislation, or a fund created from profit, the same applies to the income of the parent company from the dissolution of the reserve fund or a similar fund of the subsidiary,

- (zg) income arising as a substitute for service arising from a law or a decision of a public authority under other legal regulations and income derived as a substitute for expropriation under other legislation,
- (zh) the income of the Czech Republic from treasury liquidity management and state debt management operations under the Act on Budgetary Rules,
- (zi) income from profit-sharing from a subsidiary that is a tax resident of a Member State of the European Union other than the Czech Republic, a parent company that is a taxpayer referred to in Article 17 (3), and a permanent establishment of the parent company that is a taxpayer in Section 17 (4) and is located in the Czech Republic, this does not apply to shares in the liquidation balance, settlement shares, profit shares paid by a liquidating subsidiary and profit shares, if the subsidiary has the possibility to reduce the tax base by them,
- (zj) royalties arising from a commercial corporation resident in a Member State of the European Union other than the Czech Republic from
 1. a business corporation resident in the Czech Republic, or
 2. Permanent establishments of a business corporation in the territory of the Czech Republic which is a tax resident of a Member State of the European Union other than the Czech Republic,
- (zk) interest on a credit financial instrument from a business corporation that is a tax resident of a Member State of the European Union other than the Czech Republic, from a business corporation that is a tax resident of the Czech Republic, or from a permanent establishment of a business corporation that is tax resident Union than the Czech Republic, located in the Czech Republic, for the purposes of this Act, a credit financial instrument is a contractual legal relationship with the object of returning the money transferred or provided, A credit financial instrument is always
 1. credit,
 2. Loan
 3. bond,
 4. the certificate of deposit, certificate of deposit and deposit equivalent to them, and
 5. a bill of exchange by the issuance of which the promissory note borrower receives funds.
- (zl) proceeds from reserve funds deposited in a special tied account in a bank pursuant to a special legal regulation ^{22a)} and proceeds from government bonds purchased from funds of a special tied account in a bank pursuant to a special legal regulation ^{22a)} and kept in a separate account with the Czech National Bank, securities or in the central depository to which the Czech Republic acting through the Ministry of Finance transfers the records of the Securities Center (hereinafter referred to as the “central depository”), if they become a special escrow account pursuant to a special legal regulation ^{22a)}.
- (zk) revenue from the State Institute for Drug Control and the Institute for State Control of Veterinary Biologicals and Drugs arising from operations performed pursuant to a special legal regulation, ¹¹²⁾
- (zn) Income in the form of a prize from a lottery whose value does not exceed CZK 1,000,000.

(2) Exemption pursuant to Subsection (1) (a) and (b) does not apply to Subsections 8 to 10

- (a) profit shares paid by a subsidiary in liquidation to a parent company, unless the parent company is a company resident in a Member State of the European Union other than the Czech Republic,
- (b) income from the transfer of the parent company's shareholding in the subsidiary, provided that the subsidiary is a taxpayer referred to in Article 17 (3) and is in liquidation.

(3) For the purposes of this Act:

- (a) a company which is a tax resident of a Member State of the European Union other than the Czech Republic, a commercial corporation which is not a taxpayer referred to in Article 17 (3), and
 - 1. takes one of the forms provided for in the regulations of the European Communities, ⁹³⁾ these forms shall be published by the Ministry of Finance in the Financial News and in the remote access information system, and
 - 2. under the tax laws of the Member States of the European Union, shall be considered a tax resident and shall not be considered a tax resident outside the European **Union under an international agreement governing the avoidance of double taxation of all types of income with a third party third State**, and
 - 3. is subject to any of the taxes listed in the relevant legislation of the European Communities ⁹³⁾ which have the same or similar charter as income tax. The list of these taxes shall be published by the Ministry of Finance in the Financial Bulletin and in the remote access information system, a corporation subject to such taxes shall not be considered to be a corporation which is exempt or may choose to exempt,
- (b) the parent company of a business corporation, if it is a taxpayer referred to in Section 17 (3) and takes one of the forms listed in European Union regulations ⁹³⁾ or a cooperative, trust fund, family foundation, municipality, voluntary association of municipalities, region, Czech Republic or a company which is a tax resident of a Member State of the European Union other than the Czech Republic, provided that their business assets consist of at least 10% of the registered capital of another business corporation for at least 12 months,
- (c) a subsidiary of a business corporation, if the taxpayer is an entity referred to in Section 17 (3) and takes one of the forms specified in European Union regulations ⁹³⁾ or a cooperative, or a business corporation resident in a Member State of the European Union other than the Czech Republic in which the parent company has a continuous holding of at least 10% interest for at least 12 months,
- (d) third State means a State which is not a Member State of the European Union.

(4) Exemption pursuant to Subsection (1) (ze), (zf) and (zi) and pursuant to Subsection (9), the condition of 10 % of the share capital may be exercised even before the condition of 12 months of continuous duration pursuant to (3) is met, but this condition must subsequently be met. If the minimum 10 % share of the share capital is not met continuously for at least 12 months, the exemption shall be assessed in accordance with:

- (a) Subsection (1) (ze) (2.), (zf) and (zi) applied after the taxpayer referred to in Section 17 (3) as a failure to fulfill his tax liability in the taxation period or the period for which the tax return for which the exemption was claimed,
- (b) Subsection (1) (ze) (1.) and (zf) applied by the taxpayer as a failure to fulfill the obligation of the taxpayer and proceed according to Section 38s.

(5) Exemption pursuant to Subsection (1) (zj) and (zk) may be applied if:

- 1. the payer of the interest on the credit financial instrument or the royalty and the recipient of the interest on the credit financial instrument or the royalty shall be persons directly linked by capital for at least 24 consecutive months, and
- 2. the recipient of the interest on the credit financial instrument or royalties is the beneficial owner thereof, and

3. interest on the credit financial instrument or royalties shall not be attributable to a permanent establishment situated in the territory of the Czech Republic or of a State which is not a Member State of the European Union, a State constituting the European Economic Area or a Swiss Confederation,
4. the recipient of interest on the credit financial instrument or royalties was issued a decision pursuant to Section 38nb.

The exemption may apply even before the condition referred to in point 1 is fulfilled, but subsequently that condition must be fulfilled. Failure to comply with this condition shall apply *mutatis mutandis* to Subsection (4).

(6) The recipient of the profit-sharing, the proceeds from the transfer of the parent's share in the subsidiary, the interest on the credit financial instrument and royalties shall be the beneficial owner if it receives these payments for its own benefit and not as intermediary, agent or agent .

(7) The license fee shall mean the payment of any kind which represents compensation for the use or granting of the right to use copyright or other similar rights to literary, artistic or scientific work, including film and film works, computer program (software), for a patent, trademark, industrial design, design or model, plan, secret formula or manufacturing process, or for technical and commercial knowledge (know-how). The license fee shall also include income from rental or any other use of industrial, commercial or scientific equipment.

(8) Exemption pursuant to Subsection (1) (ze) (1.), (zj) and (zk) under conditions in Subsections (3) and (7), for a company which is a tax resident of a Member State of the European Union other than the Czech Republic, it may be applied *mutatis mutandis* to income paid by a business corporation that is a taxpayer referred to in Section 17 (3), a business corporation resident in the Swiss Confederation, Norway, Iceland or Liechtenstein, while exemption under Subsection (1) (zj) may be applied as of 1 January 2011. When using the exemption pursuant to this Subsection, the provisions of Section 25 (1) (zk).

(9) Exemption pursuant to Subsection (1) (ze) and (zi) shall apply also to income accruing to the taxpayer referred to in Section 17 (3) and to a company resident in a Member State of the European Union other than the Czech Republic, from the share in profits paid by the business corporation and business corporations

1. is a resident of a third country with which the Czech Republic has an effective double taxation treaty, and
2. it has a legal form with comparable legal characteristics to a limited liability company, a joint-stock company or a cooperative under a special legal regulation, and
3. is in a similar relationship to a taxpayer receiving income from a profit-sharing or a transfer of a share in a business corporation as a subsidiary vis-à-vis the parent under the conditions set out in Subsections (3) and (4), and
4. shall be subject to a similar corporate income tax for which the tax rate is not less than 12 %, at least in the tax period in which the ashtray referred to in Article 17 (3) on income from profit-sharing or the the corporation is accounted for as a receivable in accordance with a special legal regulation ²⁰⁾, and in the tax period preceding that tax period, yet if there has been in the business for corporate dissolution without liquidation, assessing the fulfillment of this condition at the legal predecessor, a business corporation which is exempt from tax is not considered to be a corporation liable to such tax , or it may opt for an exemption or similar relief from that tax.

Exemption pursuant to Subsection (1) (ze) and (zi) and this Subsection may be applied if the recipient of the income from the profit-sharing or the transfer of the interest is their beneficial owner. Expenditure incurred on the income referred to in Subsection (1) (ze) (2.) is always the acquisition price of this share determined in accordance with this Act. For the determination of expenses (costs) incurred on income (revenues) exempted under this Subsection, the provisions of Section 25 (1) (zk) apply appropriately. Exemption under Subsection (1) (ze) (2.) and pursuant to this Subsection may not be applied to shares in a business corporation acquired in connection with the purchase of a business establishment [Section 23 (15)].

(10) Exemption pursuant to Subsection (1) (ze) (2.) and (zi) and subject to Subsection (9), under the conditions set out in Subsections (3), (4) and (6), a business corporation which is a tax resident of a Member State of the European Union other than the Czech Republic may apply mutatis mutandis to a business corporation which is a tax resident of Norway, Iceland or Liechtenstein. When using the exemption pursuant to this Subsection, the provisions of Section 25 (1) (zk).

(11) Exemption pursuant to Subsection (1) (ze) and (zi) and under Subsection (10) may not be applied if a subsidiary or parent company

- (a) is exempt from corporation tax or equivalent tax,
- (b) may opt for an exemption or equivalent relief from corporation tax or equivalent, or
- (c) is subject to corporation tax or equivalent at a rate of 0%.

(12) In the case of a joint-stock company with ~~variable share capital constituting the~~ sub-funds, the conditions pursuant to Subsection (3) (b) and (c) shall be considered as joint stock company and sub-funds separately.

^{4h)} Act No. 198/2002 Coll., on Volunteer Service and on Amendments to Certain Acts (Act on Volunteer Service), as amended by Act No. 436/2004 Coll.

^{12a)} For example, Government Decree No. 5/2003 Coll., On Culture Awards, awarded by the Ministry of Culture, as amended by Government Decree No. 98/200 6 Coll., Act No. 130/2002 Coll., on Research and Development Support on public funds and amending certain related acts (the Act on the Support of Research and Development), as amended.

^{14e)} Act No. 117/2001 Coll., on Public Collections and on Amendments to Certain Acts (Public Collections Act).

^{17e)} Act No. 551/1991 Coll., on the General Health Insurance Company of the Czech Republic, as amended.

Act No. 280/1992 Coll., on Departmental, Professional, Business and Other Health Insurance Companies, as amended.

¹⁹⁾ Eg. Act of the Czech National Council No. 388/1991 Coll., on the State Environmental Fund of the Czech Republic.

^{19a)} Act No. 182/2006 Coll., on Insolvency and Methods of its Resolution (Insolvency Act), as amended.

²⁰⁾ Act No. 563/1991 Coll., on Accounting, as amended.

^{22a)} Act of the Czech National Council No. 593/1992 Coll., on Reserves for Determining the Income Tax Base, as amended.

⁴⁹⁾ Section 64 (6) of the Czech National Council Act No. 337/1992 Coll., on Administration of Taxes and Fees, as amended.

- ⁵⁰⁾ Section 17 (3) of the Czech National Council Act No. 589/1992 Coll., on Social Security Premiums and Contributions to the State Employment Policy, as amended.
- ⁸⁵⁾ Article 14 of Act No. 458/2000 Coll., on Business Conditions and State Administration in the Energy Sectors and on amendments to certain acts (the Energy Act).
- ⁹³⁾ Council Directive 2011/96 / EU.
Council Directive 2009/133 / EC.
Council Directive 2003/49 / EC.
- ¹¹²⁾ Act No. 79/1997 Coll., on Pharmaceuticals and on amendments and supplements to certain related acts, as amended.
- ¹²⁴⁾ Act No. 248/2000 Coll., on Regional Development Support, as amended.
- ¹²⁵⁾ Act No. 427/1990 Coll., on Transfers of State Ownership to Certain Things to Other Legal or Natural Persons, as amended.
Act No. 500/1990 Coll., on the Competence of the Authorities of the Czech Republic in Matters of Transfers of State Ownership to Certain Things to Other Legal or Natural Persons, as amended.
Act No. 178/2005 Coll., on the Dissolution of the National Property Fund of the Czech Republic and on the Competence of the Ministry of Finance in the Privatization of the Property of the Czech Republic (Act on the Dissolution of the National Property Fund), as amended.
- ¹³⁶⁾ Regulation (EC) No 883/2004 of the European Parliament and of the Council on the coordination of social security systems, as amended by Regulation (EC) No 988/2009. 988/2009.

Section 23f

Exceptions to the regime of limiting the eligibility of excessive borrowing expenditure

Adjustments to profit or loss due to restrictions on the eligibility of excessive borrowing expenses are not applied to a corporate taxpayer who is

- (a) by the bank,
- (b) savings and credit cooperatives,
- (c) an management company,
- (d) insurance company,
- (e) a reinsurance undertaking,
- (f) pension insurance institutions,
- (g) by a pension fund,
- (h) an investment fund or a sub-fund of a ~~joint-stock company with a variable share capital of the~~ **investment fund** pursuant to the Act on Investment Companies and Investment Funds or a similar foreign fund,
- (i) an investment company that manages an investment fund,
- (j) a CCP according to a directly applicable European Union law governing OTC derivatives, central counterparties and trade repositories,
- (k) a central depository in accordance with a directly applicable European Union law regulating the improvement of the settlement of securities transactions in the European Union and a central securities depository, or
- (l) a taxpayer who does not
 1. an associate designated for the purposes of taxation by a controlled foreign company,
 2. a permanent establishment, and

3. the obligation to submit consolidated financial statements under accounting legislation and is not a consolidating entity under accounting legislation.

Section 35ba

Tax rebates for personal income taxpayers

- (1) Taxpayers referred to in Section 2, the tax calculated in accordance with Section 16, or reduced in accordance with Section 35, 35a or Section 35b for the tax period, shall be reduced by
- (a) a basic discount of CZK 24,840 per taxpayer,
 - (b) a discount per spouse in the amount of CZK 24,840 for a spouse living with the taxpayer in a jointly managed household, if he / she does not have his / her own income exceeding CZK 68,000 for the tax period; if the husband is granted the right to a ZTP / P card, the amount of CZK 24,840 is doubled. The spouse's own income does not include state social support benefits, foster care benefits with the exception of foster carer's remuneration, benefits for the disabled, benefits in material need, care allowance, social services, state contributions to supplementary pension insurance with state ~~contribution~~^{9a)}, ~~state contributions for supplementary pension savings with a contribution according to the Act regulating supplementary pension insurance with state contribution, state contributions for supplementary pension savings according to the Act regulating supplementary pension savings~~, state contributions under the Building Savings Act and on state support for building savings^{4a)} and scholarships provided to students constantly preparing for future occupations and income resulting from care for a close relative or other person who is entitled to a care allowance under the Social Services Act^{4j)}, is exempt from tax pursuant to Section 4. In the case of spouses who have property in the joint property of the spouses, the income of the other spouse or for the purposes of income tax is considered to be the income of the other spouse,
 - (c) a basic disability discount in the amount of CZK 2,520, if the taxpayer is granted a first or second degree invalidity pension from the pension insurance pursuant to the Pension Insurance Act⁴³⁾ or if the right to a first or second degree invalidity pension has expired due to concurrence of entitlement to the payment of this invalidity pension and the old-age pension,
 - (d) extended disability discount in the amount of CZK 5,040, if the taxpayer is granted a third-degree invalidity pension or another pension from the pension insurance pursuant to the Pension Insurance Act⁴³⁾, one of the conditions of which is that he is invalid in the third degree , if the right to a third-degree invalidity pension has lapsed due to the concurrence of the right to the payment of a third-degree invalidity pension and a retirement pension or the taxpayer is invalid at the third degree according to special regulations, but his application for a third-degree invalidity pension has been rejected for reasons other than that he is not disabled at third instance,
 - (e) a discount on the holder of a ZTP / P card in the amount of CZK 16,140, if the taxpayer is granted the right to a ZTP / P card,
 - (f) a discount per student in the amount of CZK 4,020 for the taxpayer for the period during which he / she is constantly preparing for a future profession by study or prescribed training, up to the age of 26 or for the full-time form of study in a doctoral study program education until the age of 28. The period of continuous preparation for a future profession by study or prescribed training means the period specified in accordance with special legal regulations^{14d)} for the purposes of state social support,

- (g) a discount for placing a child,
- (h) discount on sales records.

(2) In the case of a taxpayer referred to in Section 2 para. 3, the tax shall be reduced for the tax period by the amounts specified in paragraph 1 letter g) a písm. b) to e), only if it is a taxpayer who is a tax resident of a Member State of the European Union or a state forming the European Economic Area and if the sum of his income from sources in the Czech Republic under Section 22 is at least 90% of all his income except income which is not subject to tax pursuant to Section 3 or 6, or is exempt from tax pursuant to Section 4, 6 or 10, or income from which tax is levied by deduction according to a special tax rate. The amount of income from sources abroad is proved by the taxpayer by confirmation from the foreign tax administrator.

(3) The taxpayer may apply for a tax reduction pursuant to paragraph 1 letter b) to f) by an amount of one twelfth for each calendar month at the beginning of which the conditions for claiming a tax reduction were met.

(4) In the tax return for common income and expenses in the community of property, the taxpayer may apply a tax rebate for the period of the community of property, with the exception of the community of heirs' property, to which he was entitled and which was not applied.

~~9a) Act No. 42/1994 Coll., On Supplementary Pension Insurance with State Contribution and on Amendments to Certain Acts Related to Its Introduction.~~

Section 36

Special tax rate

(1) The special rate of income tax for taxpayers referred to in Section 2 (3) and Section 17 (4), with the exception of a permanent establishment [Section 22 (2) and (3)] and with the exception of Subsection (5), shall be:

(a) 15 %, namely:

1. from income stated in Section 22 (1) (c), (f) and (g), points (1.), (2.), (6.), (12.) to (14.), with the exception of income for which the specific rate of tax in Subsection 2 (e) is fixed,
2. income from rental of movable property or its part located in the territory of the Czech Republic,
3. from free income referred to in Section 22 (1) (d), (h) and (i) in the case of income derived from tax residents of the Czech Republic or from permanent establishments of tax non-residents located in the territory of the Czech Republic,

(b) 15 %, namely:

1. from income stated in Section 22 (1) (g) (3.) and (4.), whereas the income from the settlement share, the share in the liquidation balance and other income from the holding of capital assets in the form of return of share premium, surcharge outside the registered capital or similar transactions is reduced by the acquisition price of the share in the business corporation,

2. in the case of taxpayers of personal income tax on the share attributable to the participation certificate upon cancellation of the mutual fund, reduced by the purchase price ²⁰⁾ of the participation certificate, if the taxpayer proves it to the taxpayer,
3. from the income of a shareholder of a limited liability company or a public limited company with a reduction in the share capital up to an amount by which the shareholder's contribution or the nominal value of the share has been increased when the share capital is increased, however, for this income, the share capital shall always be reduced first by that part which has been increased from the profit of the company or the fund created from profit.

For the purposes of this Act, the amounts used from profit after tax to increase the contribution of a limited partner in a limited partnership or to increase the membership contribution of a cooperative member are also considered to be profit shares. Shares in profits shall not be deemed to be an increase in share capital if the source of the increase was the profit of the company or the profit-generating fund,

- (c) 35 % of the income referred to in points (a) and (b) for non-resident taxpayers
 1. another Member State of the European Union or another State constituting the European Economic Area, or
 2. a third State or jurisdiction with which the Czech Republic has concluded a valid and effective international double taxation treaty regulating the taxation and elimination of international double taxation of all possible types of income, a valid and effective international treaty or tax information exchange agreement in the field of taxation income or which are parties to a multilateral international treaty containing provisions on the exchange of tax information in the field of income taxes, which are valid and effective for them and for the Czech Republic,
- (d) 5 % of the finance lease payment.

(2) Unless otherwise specified in Subsections (1) or (5), the special rate of income tax for taxpayers referred to in Sections 2 and 17 shall be 15%, namely:

- (a) a share of the profits of a participation in a company or of a common fund, if the latter is represented by a security, and of the profits of the trust or family fund, taxpayers under Section 2 of the difference between the paid nominal value and issue price of bonds, deposit certificates and deposit on the same footing, or in the event of repurchase the difference between the price of the redemption and issue price, the interest income from bonds ^{35a)} from bills of exchange issued by a bank to secure a receivable arising from a creditor's deposit, certificate of deposit or equivalent, except for interest income from a bond issued abroad by a taxpayer domiciled in the Czech Republic or the Czech Republic flowing to the taxpayer referred to in Section 2 (2),
- (b) share of profits from participation in limited liability companies, participation of limited partners in limited partnerships,
- (c) profit-sharing and similar benefits from membership in a cooperative,
- (d) a share in the profits of a silent partner or a taxpayer other than a member of a business corporation,
- (e) the settlement interest in the termination of the participation of a partner in a limited liability company, limited partners in a limited partnership and in the termination of membership in a cooperative, the return of share premium, surcharge outside the registered capital or similar benefits, this income is reduced by the acquisition price of the share in the business corporation, if the taxpayer proves it,

- (f) share in the liquidation balance of a partner in a joint stock company or limited liability company, limited partners in a limited partnership and a cooperative member in a cooperative, reduced by the acquisition price of the share in a business corporation, if proven by the payer,
- (g) in the case of taxpayers of personal income tax on the share attributable to the unit certificate upon cancellation of the unit trust, reduced by the purchase price ²⁰⁾ of the unit certificate, if the taxpayer proves it to the taxpayer,
- (h) from the income of a shareholder of a limited liability company or a public limited company with a reduction in the share capital up to an amount by which the shareholder's contribution or the nominal value of the share has been increased when the share capital is increased, for this income, the share capital shall always be reduced first by that part which has been increased from the profit of the company or from the fund created from profit, the same applies to the income of a member of a business corporation from the dissolution of a reserve fund or similar fund,
- (i) receipts in the form of a receipt lottery prize, income to individuals from advertising competitions and promotional draws, prizes from public competitions, sports competitions and competitions in which the range of competitors is limited by the terms of the competition or are selected competitors organizer of the competition [Section 10 (ch)] and income in the form of a lottery and raffle prize,
- (j) income accruing to natural persons from interest, winnings and other earnings on deposits on passbooks, interest on funds on registered deposit certificates and registered deposits on an equal footing with the natural person throughout the deposit, the duration of the deposit relationship under the Civil Code, on interest on deposits on accounts that are not intended for business, such as giro accounts, foreign exchange accounts, under the terms of the account holder [Section 8 (c)],
- ~~(k) state supplementary pension insurance benefits, supplementary pension savings benefits and pension insurance reduced pursuant to Section 8 (6) and benefits from private life insurance or other insurance income of persons who are not insurance benefits and do not constitute termination of the insurance contract reduced according to Section 8 (7),~~
- (k) benefits from supplementary pension insurance with state contribution pursuant to the Act on Supplementary Pension Insurance with State Contribution, Supplementary Pension Savings, Pension Insurance and Personal Insurance, life insurance or life insurance of a specified age or earlier death or pension insurance and benefits from other insurance of persons that is not insurance benefits,**
- (l) from the paid-up share in the transformation of cooperatives pursuant to a special legal regulation ¹³⁾, even if it is paid to a member of the transformed cooperative upon termination of membership or a partner of a limited liability company and limited partnership in a limited partnership created under the transformation project, upon termination of their participation as part of the settlement share or as part of the liquidation balance in the liquidation of a cooperative, joint stock company, limited liability company and limited partnership in the case of limited partners,
- (m) from the income specified in Section 6 (4),
- (n) income from a one-off compensation of rights with the nature of repeated payments based on an agreement between the injured party and the insurer,
- ~~(o) from the income accruing to a natural person upon termination of a supplementary pension insurance contract with a state contribution, a pension insurance contract and a private life insurance contract in the form of surrender or other benefits related to the termination of pension insurance or surrender, reduced pursuant to Section 8,~~
- ~~(p)~~**(o)** income of authors pursuant to Section 7 (6),

~~(r)~~-(p) the income of the general partner of a limited partnership and a partner of a public company resulting from the profit after tax of a public limited company or limited liability company after the transformation of a public limited company or limited liability company into a limited partnership or public company.

For the purposes of this Act, the amounts used from profit after tax to increase the contribution of a limited partner in a limited partnership or to increase the membership contribution of a cooperative member are also considered to be profit shares. Shares in profits shall not be deemed to be an increase in share capital if the source of the increase was the profit of the trading company or the profit- generating fund.

(3) The tax base for the special tax rate shall be income only, unless otherwise provided in this Act. The tax base is determined separately for individual securities, even in the case of holding of securities of the same type from one issuer. The tax base is not reduced by the non-taxable portion of the tax base (Section 15) and is rounded down to whole Czech crowns, except for income arising from a share in the profits of a company or mutual fund, if the share is represented by a security, where the tax base is rounded down to the nearest pennies. Where interest is accrued in a foreign currency on an account not designated for business under the terms of the account holder and on the certificate of deposit, the foreign currency tax base shall be determined, without rounding. Income tax levied at a special rate is rounded down to whole crowns. For income arising from a share in the profits of a participation in a company or unit trust, if the share is a security, the withholding tax (Section 38d) per individual security is not rounded, but the total amount of tax withheld by the payer on all Revenue accruing to a single taxpayer from an equity investment in a single company or from the holding of unit certificates of a common fund is rounded down to whole crowns. For the income referred to in Subsection 2 (a): (a) or (j) with the exception of income derived from a share in the profits of a participation in a company or a common fund, where the share is a security, the tax base and withholding tax shall not be rounded and the total amount withheld by the taxpayer from each type of income natural person taxpayer or corporate taxpayer is rounded down to whole crowns. In the case of incomes mentioned in Section 22 Subsection (g) point 4, the value of the underlying instrument or asset shall not be included in the taxable amount for the withholding tax at the special rate.

(4) In the case of income arising from a share in the profits of participation in a basic investment fund, the taxable amount for the withholding tax pursuant to a special tax rate shall be the income reduced by the proportional part of the income subject to the withholding tax pursuant to a special tax rate or which accrued on that tax base, which were charged to the income of the investment fund in the tax year to which that income relates. If the above income has been charged to income, including tax, the tax base for the withholding tax at the special tax rate is reduced only by the amount less the tax. The pro rata portion of this tax base shall be determined in the same proportion as the distribution of the profit to be paid out to the shareholders or unit holders. A similar procedure applies to income from a share in the liquidation balance of an investment fund or from a settlement share upon the termination of the participation of a partner in a limited liability company or limited partners in a limited partnership that is an investment fund.

(5) The special rate of income tax shall be 19% of interest income on account and deposit with banks and credit unions for

(a) a public benefit taxpayer who is not a municipality, a region or a taxpayer specified in Section 18a (5),

(b) the association of unit owners.

Gas (6) If the taxpayer referred to in Section 2 Subsection 2 interest income from government bonds, which the taxpayer bought through an escrow account in a bank under special legislation ^{22a)} and kept in a separate account at the Czech National Bank, the Central Depository book-entry securities, the withholding tax is included in the total tax liability. If the withholding tax or part thereof cannot be set off against the total tax liability because it has been incurred by the taxpayer at zero or has reported a tax loss or its total tax liability is lower than the tax withheld, an overpayment will arise.

(7) If a taxpayer who is a tax resident of the Czech Republic includes all income specified in Section 6 Subsection 4 or all income specified in Section 10 Subsection h) point 1, which were a separate tax base for taxation at a special tax rate pursuant to Section 36, not reduced by expenses until the tax return for the tax period in which the income was paid, the tax deducted from this income shall be offset against its tax.

(8) If a taxpayer who is not a tax resident of the Czech Republic and who is a tax resident of a Member State of the European Union or a state constituting the European Economic Area is included in the tax return, all income referred to in Section 22 Subsection (b), (c), (d), (f), (g) 1., 2., 4., 5., 6., 12. to 14., (h) and (i), withholding tax shall be counted against its total tax liability relating to the territory of the Czech Republic for which it submits a tax return in the Czech Republic. If the withholding tax or part thereof cannot be offset against this total tax liability because the taxpayer has incurred a tax liability of zero or has reported a tax loss or its total tax liability is lower than the withholding tax. If the taxpayer does not include the income specified in Section 22 (b), (c), (d), (f), (g) 1., 2., 4., 5., 6., 12. to 14., (h) and (i) until the tax return by the end of the period stipulated by a special legal regulation.

³⁾ Act No. 221/1999 Coll., on Professional Soldiers, as amended by Act No. 155/2000 Coll., Act No. 129/2002 Coll. and Act No. 254/2002 Coll. Coll.

Act No. 361/2003 Coll., on the Service Relationship of Security Corps Members.

^{4a)} Act No. 96/1993 Coll., on Building Savings and State Support of Building Savings and on the amendment of Act No. 586/1992 Coll., On Income Tax, as amended by Act No. 35/1993 Coll.

¹³⁾ Act No. 42/1992 Coll., as amended.

²⁰⁾ Act No. 563/1991 Coll., on Accounting, as amended.

^{22a)} Act of the Czech National Council No. 593/1992 Coll., on Reserves for Determining the Income Tax Base, as amended.

^{35a)} Act No. 530/1990 Coll., on Bonds, as amended.

Section 37e

~~The provisions of this Act relating to an open end unit trust and unit certificate shall apply mutatis mutandis to the sub-fund of a joint stock company with variable share capital and investment share.~~

Section 37d

The provisions of this Act relating to a limited partnership and a limited partnership share shall apply mutatis mutandis to a limited partnership on investment certificates, **its sub-fund** and investment certificate.

Section 38g

Individual income tax return

(1) The tax return shall be submitted by everyone whose annual income, which is subject to personal income tax, exceeded CZK 15,000, unless it is an exempt income or income from which the tax is collected by deduction at a special tax rate. . The tax return is also required to be submitted by the person whose annual income, which is subject to personal income tax, did not exceed CZK 15,000 but shows a tax loss.

(2) The tax return shall not be submitted by a taxpayer who has income from dependent activity pursuant to Section 6 only from one or gradually from several taxpayers, including the payment of wages from these taxpayers [Section 38ch (4)]. The condition is that the taxpayer has made tax declarations under Section 38k for all these taxpayers for the relevant taxation period and, with the exception of tax exempt income and income from which the tax is deducted under Section 36, has no other income under Section 7 to 10 higher than CZK 6,000. It is also not obliged to file a tax return with a taxpayer who receives only income from dependent activities from abroad, which are exempt from taxation pursuant to Section 38f. However, the tax return for the taxation period must be submitted by the taxpayer referred to in Section 2 (3), who applies the tax credit pursuant to Section 35ba (1) (b) to (e) and (g), or a tax advantage or a non-taxable portion of the taxable amount. The tax return shall also be filed by the taxpayer to whom it was paid or who otherwise received income from dependent activity for previous years, which was not considered pursuant to Section 5 (4) as his income during the tax period when it was cleared by the taxpayer for his benefit, and further surch Towel with income from employment, which claims to reduce the taxable value of gratuitous benefits provided abroad under the terms of Section 15 (1).

(3) In the tax return, the taxpayer shall state all income that is subject to tax, with the exception of tax-exempt income, income from which the tax is levied at a special tax rate, unless the taxpayer uses the procedure under Section 36 the amount of the tax credit pursuant to Section 35ba and the tax advantage pursuant to Section 35c and 35d. If the taxable income also includes income from dependent activity, the taxpayer shall document it by a document issued pursuant to Section 38j (3).

(4) The tax return shall be filed by the taxpayer for whom the tax is increased by a solidarity increase of the tax.

(5) The tax return shall also be filed by the taxpayer whose taxpayer reported the amount due on the tax or the amount unduly paid on the tax bonus incurred by the taxpayer due to the tax administrator and submitted the documents necessary to recover the difference according to Section 38i (b).

~~(6) The tax return shall be filed by the taxpayer who has paid the insurance benefit from private life insurance, other income, which is not insurance benefit and does not constitute termination of the insurance contract, or premature termination of the private life insurance insurance contract, the obligation to tax income from employment.~~

(6) The tax return shall be filed by the taxpayer who incurred income pursuant to Section 6 as part of the refund of the tax support for the old-age savings product.

Section 38k

Application of non-taxable amounts on the basis of the personal income tax from employment, tax credit pursuant to Section 35ba and tax relief

(1) The taxpayer is obliged to prove to the taxpayer the facts decisive for granting the monthly tax credit pursuant to Section 35ba and the monthly tax advantage when calculating advances no later than the end of the calendar month in which these circumstances occurred. The submitted documents shall be taken into account by the taxpayer starting from the calendar month following the month in which the taxpayer proves these facts, but not earlier than from the calendar month at the beginning of which the facts decisive for the recognition of the tax credit pursuant to if the taxpayer simultaneously declares the declaration pursuant to Subsection (4) or in the already made declaration. However, the taxpayer shall take account of the submitted documents confirming that the taxpayer or the dependent child is a student or pupil who is systematically preparing for his / her future profession by studying or prescribed training from the calendar month in which these facts are proved to the taxpayer. The time limit shall be complied with on commencement of employment if the taxpayer proves these facts within 30 days from the date of commencement of employment.

(2) However, if a taxpayer is born a child, the taxpayer shall take this fact into account in the calendar month in which it was born, if the taxpayer proves his birth to the taxpayer within 30 days after the child's birth.

(3) If a taxpayer receives wages simultaneously or gradually from several taxpayers for the same calendar month, only one taxpayer to whom the taxpayer claims a claim pursuant to Subsection (1) shall take into account the monthly tax credit pursuant to Section 35ba and make a monthly tax advantage Subsection (4).

(4) The taxpayer shall withhold the advance pursuant to Section 38h (4) and shall take into account the monthly tax credit pursuant to Section 35ba and the monthly tax advantage if the taxpayer demonstrably within 30 days of entering the employment and annually by 15 February at the latest Declaration period

- (a) what facts are given to him for granting the tax credit pursuant to Section 35ba, resp. when and how they changed,
- (b) that he is not claiming a tax credit pursuant to Section 35ba for another taxpayer for the same taxation period or for the same calendar month of the taxation period and that he has not made a tax declaration for another taxpayer for the same period of the calendar year,
- (c) what is the number of children a dependent of the taxpayer within his co-operating household and beyond
 1. what facts are given to him for granting a tax allowance to a dependent child,
 2. whether he / she applies a tax advantage to this child in the amount of pursuant to Section 35c (1) to one child or to the amount belonging to the other child or to the third and every other dependent child,
 3. whether, within the same jointly-managed household, the same dependent children of the taxpayer and another taxpayer are maintained, whether they benefit from a tax advantage and whether they are employed,
 4. when and how the operative event for the granting of the tax advantage has changed, if any, and

5. in the case of an adult student who is not granted a disability pension for third degree invalidity,

(d) that, at the same time, for the same taxation period and for the same calendar month of the taxation period, he does not apply a tax relief to a dependent child to another taxpayer and that another person does not apply a tax advantage to the same dependent child for the same taxation period or the same calendar month.

(5) The taxpayer for whom the taxpayer has made a declaration pursuant to Subsection (4) shall carry out the tax calculation, annual settlement of advances and tax advantages, while taking into account the non-taxable amounts from the tax base pursuant to Section 15 and the tax credit pursuant to Section 35ba (1) (b) and (g) for the immediately past tax period, if the taxpayer demonstrably makes a statement by 15 February for that period,

(a) that he is not obliged to file a tax return,

(b) whether and from which taxpayers received income from employment during the previous tax period,

(c) that the wife (spouse) living in a jointly-managed household to whom she applies a tax credit pursuant to Section 35ba (1) (b), did not have (in the past tax period) own income exceeding CZK 68,000 annually,

(d) in what value has he provided free of charge performance pursuant to Section 15 (1),

(e) in what amount were paid in the past tax period interest on the building savings loan, mortgage loan or other loan provided in connection with these loans building society or bank and used to finance housing needs in accordance with Section 15 (3) and (4), a

1. whether and in what amount another person is entitled to deduct interest on the tax base,

2. that the subject of the housing needs referred to in Article 15 (3), to which the deduction of interest on the granted credit is applied, is used in accordance with Article 15 (4),

3. that the amount of interest, by which the tax base pursuant to Section 15 (3) and (4) is reduced, in total for all participants in lending contracts with a taxpayer in a co-operating household, did not exceed CZK 300,000 in the previous tax period,

~~(f) in what amount he paid contributions to his supplementary pension insurance, supplementary pension savings or pension insurance pursuant to Section 15 (5);~~

~~(g) in what amount he paid the premium for his private life insurance pursuant to Section 15 (6);~~

(f) in what amount it deducts from the tax base pursuant to Section 15 (5) the contributions paid for its supplementary pension insurance with the state contribution pursuant to the Act governing the supplementary pension insurance with the state contribution, supplementary pension savings or pension insurance,

(g) in what amount it deducts from the tax base pursuant to Section 15 (5) the contributions paid for its private life insurance,

(h) in what amount it deducts from the tax base pursuant to Section 15 (5) funds transferred to its long-term investment account or similar account,

~~(h)~~**(i) in what amount, as a member of the trade union, in the previous tax period paid membership fees pursuant to Section 15 (7),**

~~(i)~~**(j) in what amount he paid reimbursement for examinations verifying the results of further education according to Section 15,**

~~(j)~~**(k) how much he / she spent on placing the child in a pre-school facility.**

(6) A taxpayer may make a declaration under Subsection (4) for the same period of a calendar year with only one payer.

(7) If the taxpayer fails to prove facts decisive for granting a monthly tax credit pursuant to Section 35ba or a monthly tax advantage pursuant to Section 35d or fails to make a declaration pursuant to Subsection (4) within the stipulated period, the taxpayer shall prove such decisive facts and at the same time demonstrably make a declaration pursuant to Subsection (4). In addition, the payer shall take such facts into account in the annual clearing of advances, even if the personal income tax on dependent employment has been deducted at a special rate, if the taxpayer proves decisive facts for granting the tax credit pursuant to Section 35ba or to the tax advantage by 15 February of the year following the end of the taxation period at the latest and proves the tax declaration pursuant to Subsections (4) and (5) within this period.

(8) If during the year the facts decisive for the calculation of tax and tax advances are changed or the conditions for granting the tax credit pursuant to Section 35ba and the tax advantage change, the taxpayer is obliged to notify them to the tax payer demonstrably (eg at the latest on the last day of the calendar month in which the currency occurred or the change was decided. The taxpayer registers a change in the payroll.

Section 381

Method of proving entitlement to deduction of the non-taxable part of the tax base, tax credit pursuant to Section 35ba and tax relief of natural persons from dependent activity at the taxpayer

(1) The taxpayer shall prove the entitlement to the non-taxable part of the tax base

- (a) confirmation of the recipient of the free of charge performance or of his / her legal representative or the organizer of the public collection of the amount and purpose of the free of charge performance,
- (b) loan agreement and annually confirmation of the building savings bank of the amount of interest paid in the previous calendar year on the building savings loan or another loan provided by the building society in connection with the building savings loan or the bank's confirmation of the amount of interest paid in the previous calendar year a mortgage loan and reduced by the state contribution, or from another loan provided by the relevant bank in connection with the mortgage loan,
- (c) in the case of a loan granted for the purposes referred to in Section 15 (3) (a) a building permit, a joint permit to place and permit a building, or a building notification and, after completion of a building, by an extract from the ownership certificate,
- (d) in the case of a loan granted for the purposes specified in Section 15 (3) (b) and (c) an extract from the ownership certificate and, in the case of a loan granted for the purchase of land, after 4 years from the date of conclusion of the credit agreement by building permit, joint permit to place and permit the building, or
- (e) in the case of a loan granted for the purposes referred to in Section 15 (3) (e) an extract from the ownership deed, if the apartment building, house or unit that does not include non-residential premises other than the garage, basement or chamber in ownership or lease agreement, if the apartment or unit that does not include commercial a space other than a garage, a cellar or a storage room in the lease, or a permanent residence document in the case of an apartment or a unit that does not include a non-residential space other than a garage, a cellar or a storage room in use,
- (f) in the case of a loan granted for the purposes specified in Section 15 (3) (d) and (g), confirmation of the legal entity that it is a member,

- (g) in the case of a loan provided for the purposes specified in Section 15 (3) (f), an extract from the certificate of ownership, in the case of an apartment building, family house or unit that does not include a non-residential space other than a garage, cellar or chamber owned, or confirmation of legal entity membership if the subject is with the right to use the apartment,
- (h) a supplementary pension insurance contract with a state contribution or a supplementary pension savings contract and annually confirming the pension company with part of the monthly contributions paid by the taxpayer to its supplementary pension insurance or supplementary pension savings, which exceeded the amount to the maximum state contribution is due, a pension insurance contract or a confirmation of a pension insurance institution on the participation of a taxpayer in a pension scheme and, on an annual basis, a confirmation of a pension insurance institution of contributions paid by a taxpayer to its pension insurance for the previous tax year,
- (i) a private life insurance contract or an insurance policy pursuant to the law governing the insurance contract and annually confirming the insurance undertaking of the premium paid by the taxpayer for his private life insurance in the past taxable period or of the pro rata portion of the single premium attributable to the previous taxable period,
- (j) a contract on a long-term investment account or similar account and annually confirming the person maintaining the account of the funds transferred to the account by the taxpayer during the previous tax period,**
- ~~(j)~~ **(k)** Confirmation of the trade union of the amount of the membership fee paid in the past tax period,
- ~~(k)~~ **(l)** confirmation of the amount of reimbursement paid for the examination verifying the results of continuing education in accordance with the Act on Verification and Recognition of Continuing Education Outcomes, in the case of a person with a severe disability, confirmation or decision of the social security authority that he was recognized as being disabled in the third instance, and in the case of a person with disability, confirmation or decision of the social security authority that he was recognized as disabled in the first or in the second instance or by a decision of the Labor Office of the Czech Republic that it has been recognized as disadvantaged by health.

(2) The taxpayer shall prove the entitlement to the tax credit pursuant to Section 35ba when determining the tax or advances to the taxpayer

- (a) a document proving the identity of the wife (spouse) if he / she fulfills the tax credit pursuant to Section 35ba (b) and the ZTP / P card, if the spouse is the holder of the card, or the decision to grant the card,
- (b) by a decision on the granting of an invalidity pension and annually by a proof of payment of a pension, if he / she applies a tax credit pursuant to Section 35ba (c) or (d) on the grounds that he is granted a disability pension of the first or second degree or disability Important running for third-degree disability.
- (c) confirmation of the tax administrator responsible according to the place of residence of the taxpayer that the taxpayer receives another pension from pension insurance ⁴³⁾, which is one of the conditions of the return is that he is disabled in the third degree or that he / she has lost his entitlement to disability pension for first, second or third degree due to overlapping entitlement to disability pension and old-age pension, or if the taxpayer is disability in third degree, but his claim for disability for third degree disability was rejected for reasons other than that he is not disabled in the third instance,
- (d) ZTP / P card, if the taxpayer is its holder, or a decision on granting this card, if he applies a tax credit pursuant to Section 35ba (e),

- (e) Confirmation of the school that it is systematically preparing for the future profession by study or prescribed training, if applying the tax credit pursuant to Section 35ba (f),
- (f) confirmation of the pre-school establishment of the amount of expenditure incurred for the placement of the taxpayer's dependent child in such establishments, the certificate shall contain:
 - 1. the name of the dependent child of the taxpayer,
 - (2) the total amount of expenditure incurred by the taxpayer during the tax year in question, and
 - 3. the date of registration of this facility in the school register or register of providers or the date of its trade license.

(3) The taxpayer shall prove the entitlement to the tax advantage when determining the advances or tax to the taxpayer

- (a) an official document proving the identity of the child (own, adopted or in care, replacing the care of the parents, the other spouse and grandchildren),
- (b) the production of a ZTP / P card, if the dependent child is the holder, or a decision granting such a card,
- (c) if the taxpayers supporting children in one household are employed, a confirmation from the employer of the other taxpayer stating in which taxpayer the children of the other taxpayer benefit from the tax advantage and how much, or if they do not,
- (d) confirmation by the school that the adult child living with a taxpayer in a co-operating household is constantly preparing for future occupation by studying or prescribed training,
- (e) confirmation by the tax authority responsible for the place of residence of the taxpayer that the taxpayer maintains a minor in the household, up to the age of 26, who is not entitled to a third-degree invalidity pension and who cannot systematically prepare for future employment or activity due to illness or injury or due to long-term unfavorable state of health is unable to carry out a continuous gainful activity.

(4) If the taxpayer or adult child, to which the taxpayer applies a tax advantage, is studying at a secondary school or university abroad, the right to claim a tax credit pursuant to Section 35ba (f) or a tax credit proves taxpayer in determining advance or tax for the taxpayer a certificate of studies issued by a foreign school for a certain period and in accordance with special legislation on state social support ¹³⁰⁾ by the Ministry of Education, Youth and Sports that such studies to A school abroad is placed on an equal footing with secondary schools or universities in the Czech Republic.

(5) If the facts decisive for granting the non-taxable part of the tax base pursuant to Section 15, the tax credit pursuant to Section 35ba or the tax advantage have changed, the taxpayer shall submit new documents proving the validity of the right to deduct.

⁴³⁾ Act No. 155/1995 Coll., On pension insurance.

¹³⁰⁾ Section 12, (1) (c) of Act No. 117/1995 Coll., on State Social Support, as amended.

**The current wording of amended provisions of Act No. 120/2001
Coll., on Execution and Enforcement Activities and on
amendments to other Acts (Enforcement Code), as amended,
indicating proposed amendments and amendments**

Section 34

(1) For the purposes of distraintment proceedings, the distrainor may request the assistance of a third party pursuant to Section 33 and they shall be obliged to provide it free of charge. The persons referred to in Section 33 (4) to (9) and the commodity exchange, regulated market operator ²⁷⁾, the Central Depository and other persons authorized to keep records of financial instruments shall have the right to reimbursement of reasonably incurred cash expenses when providing data.

(2) Third parties shall be obliged to provide the distrainor with assistance pursuant to Section 33 without undue delay and, if technically possible, in electronic form, if they fail to comply with this obligation, they are obliged to compensate the authorized person and the distrainor for the damage suffered by the authorized person or the distrainor. If a state authority, a legal or natural person in the exercise of public administration entrusted to them or a territorial self-governing unit in the exercise of state administration, which was transferred to them by law or in the exercise of self-government, regulation. ⁸⁾

(3) A distrainor asks ~~the financial institution synergies money institution or financial institution~~ electronic data file and a ~~financial institution synergies money institution or financial institution~~ electronic data file provided. ~~Financial institution is not required or financial institutions are not required~~ provide synergy distrainor, unless a request for cooperation made by electronic data file or not the prescribed content requirements or not, if the data set file format or structure. The Ministry shall stipulate by decree the format and structure of this data file and the content requirements of the request for cooperation.

(4) The distrainor may impose a disciplinary fine on third parties for failure to fulfill the obligations specified in Section 33. ⁹⁾

(5) The provisions of Section 33 to 33e and Subsections (1) to (3) shall apply also to detect or details of the property husband compulsory in connection with the implementation of the execution, which is to pry debt, which belongs to the joint marital property or which can cause execution to property in the joint property of the spouses, the debtor's account at the financial institution was affected.

⁸⁾ Act No. 82/1998 Coll., as amended by Act No. 120/2001 Coll.

⁹⁾ Section 53 of the Code of Civil Procedure.

²⁷⁾ Article 37 (1) of Act No. 256/2004 Coll., on Capital Market Business, as amended by Act No. 230/2008 Coll.

The valid wording of the amended provisions of Act No. 229/2002 Coll., on the Financial Arbiter, as amended, indicating the proposed changes and amendments

Section 1

(1) The Financial Arbiter (hereinafter referred to as the “Arbiter”) shall also have jurisdiction to settle a dispute that is otherwise within the jurisdiction of Czech courts, in the case of a dispute between a consumer and

- (a) a payment service provider in offering and providing payment services,
- (b) the issuer of electronic money in the issue and redemption of electronic money,
- (c) the lender or intermediary in offering, providing or intermediating a consumer credit or other credit, loan or similar financial service,
- (d) a person managing or administering a collective investment fund or offering investment in a collective investment fund or a comparable foreign investment fund when managing or administering a collective investment fund or offering investments in a collective investment fund or a comparable foreign investment fund,
- (e) by the insurer or insurance intermediary in the distribution of life insurance or in the exercise of rights and fulfillment of life insurance obligations,
- (f) a person engaged in an exchange office in the execution of an exchange office,
- (g) building society or intermediary in offering, providing or mediating building savings,
- (h) a person providing investment services in the provision of investment services,
- (i) a person who maintains a payment account other than a payment account,
- (j) the recipient of a one-time deposit upon receipt or return of that deposit –,
- (k) a person providing a currency exchange service who, before the commencement of a payment transaction, is offered to the payer through an ATM or at the point of sale of goods or provision of services, when providing this currency exchange service,
- (l) administrator of the account of long-term investment in the maintenance of such account.**

(2) The Arbitration Agreement shall not preclude the Arbiter's powers.

(3) The Arbitrator shall seek in particular to settle the dispute amicably.

Section 3

(1) For the purposes of this Act, an institution shall be understood

- (a) payment service provider,
- (b) electronic money issuer,
- (c) the lender or intermediary in offering, providing or arranging a consumer credit or other credit, loan or similar financial service,
- (d) a person managing a collective investment fund, administering a collective investment fund or offering investment in a collective investment fund or a comparable foreign investment fund,
- (e) the insurer or insurance intermediary in the distribution of life insurance or in the exercise of rights and the fulfillment of life insurance obligations,
- (f) a person engaged in currency exchange activities,

- (g) building society and intermediary in offering, providing or mediating building savings,
- (h) person providing investment services in the provision of investment services,
- (i) a person who maintains a payment account other than a payment account,
- (j) the recipient of a one-time deposit upon receipt or return of that deposit →,
- (k) a person providing a currency exchange service who, before the commencement of a payment transaction, is offered to the payer through an ATM or at the point of sale of goods or provision of services, when providing this currency exchange service,
- (l) administrator of the account of long-term investment in the maintenance of such account.**

(2) The petitioner for the purposes of this Act may be only the consumer.

(3) For the purposes of this Act, a durable medium shall mean any instrument which enables the user to retain information intended for him personally so that it can be used for a period appropriate to the purpose of such information and which enables reproduction of such information in unaltered form.

Valid wording of amended provisions of Act No. 190/2004 Coll., on Bonds, as amended, indicating proposed changes and amendments

Section 6 *

Particulars of the bond

(1) The bond shall contain at least:

- (a) the designation "bond", unless it is a covered bond, treasury or Czech National Bank voucher,
- (b) an indication of the type of bond, which may also be provided by reference to the terms of issue, unless it is a bond that does not have any special right attached,
- (c) information identifying the issuer,
- (d) the nominal value as the amount due,
- (e) the bond yield, or an indication that the yield is determined by the difference between the nominal value of the bond and its issue rate, or it is clear from the bond and it is clear that the bond is without yield or where it is possible to get to know how the yield is determined,
- (f) the date or other moment of repayment (hereinafter referred to as the "due date") of the amount due (repayment of the bond), or information that the amount due is to be repaid,
- (g) data identifying the ~~owner of the~~ **first acquirer of the** bond, unless it is a book-entry bond,
- (h) signature of the issuer, unless it is a book-entry bond,
- (i) the numerical designation of the bond, unless it is a book-entry bond ,
- (j) the issue date, *and*
- (k) *the identification number of the bond under the International Securities Numbering System.*

(2) For a book-entry bond, it is sufficient that the data referred to in (a) to (f) and (j) shall be ascertainable from the relevant register of financial instruments.

(3) If a collective bond has been issued, this bond shall also contain information on how many bonds and what type of bonds it replaces.

(4) The assessment whether a bond is properly issued does not affect whether it contains the particulars referred to in Subsection (1), if it contains at least the particulars referred to in Subsection (1) (c) to (h) *and (k)*, or where such data can be ascertained from the relevant register of financial instruments, Subsections (2) and (3) are without prejudice to this.

~~Section 9 *~~

~~**Particulars of the terms of issue**~~

~~(1) The terms of issue shall always contain at least a reference to the information contained in the prospectus-~~

- ~~(a) facts stated in Section 6 (1) (a) to (f) and (j),~~
- ~~(b) whether it is a physical bond, an immobilized security or a book-entry security,~~
- ~~(c) the period for subscription of the bond issue,~~
- ~~(d) the issue rate and, if applicable, the method of its determination,~~

- ~~(e) information on how the bond yield is determined or that the bond is without yield,~~
- ~~(f) method and place of underwriting of the bond, method and time of delivery of bonds to individual underwriters and method and place of payment of the issue rate of the subscribed bond,~~
- ~~(g) information on how and where the bond is to be repaid, including, where applicable, the due date and the amount of each installment, if the amount due is to be repaid,~~
- ~~(h) data on taxation of bond yield,~~
- ~~(i) data necessary to identify the persons involved in securing the issuance of the bond, repayment of the bond and payment of the bond yield, stating the manner in which they participate in these activities,~~
- ~~(j) the identification number of the bond under the international numbering system for the identification of securities, if assigned,~~
- ~~(k) the method of announcing the meeting of bondholders (hereinafter referred to as the “meeting of owners”) and the manner of publishing and making available other information about the bond,~~
- ~~(l) information on who, when and with what result the rating was granted, if this information is known to the issuer, and~~
- ~~(m) determination of the date which is decisive for attendance at the owners' meeting,~~
- ~~(n) information on whether and to what extent the Czech National Bank supervises the issue of bonds and their issuer, and~~
- ~~(o) information that if the prospectus is approved by the Czech National Bank,
The first is the prospectus reviewed by the Czech National Bank only in terms of the completeness of data in contained therein,
2. In its approval, the Czech National Bank shall not consider the financial results or the financial position of the issuer a
3. The Czech National Bank, by approving the prospectus, does not guarantee the issuer's future profitability or its ability to repay the yields and nominal value of the bond.~~

~~(2) The terms of issue according to the issuer's intentions shall further include at least proof of the information contained in the prospectus-~~

- ~~(a) the issuer's decision that the bond issue will be issued gradually (in tranches) within the subscription period,~~
- ~~(b) the issuer's right to proceed pursuant to Section 7 (b), or the issuer's right to proceed pursuant to Section 7 (e),~~
- ~~(c) information on when, how and where the bond yield should be paid, unless the yield is determined by the difference between the nominal value of the bond and its issue rate,~~
- ~~(d) an indication that the repayment of the bond or the payment of its yield is ensured by itself, and an indication of where the contract arranging the collateral is available to investors,~~
- ~~(e) information on the lien on the bond for which repayment of the bond or payment of its yield is ensured by the pledge and the manner in which the lien will be exercised, including any information pursuant to Section 20,~~
- ~~(f) the method of drawing lots for a bond whose yield is linked to the bond that is drawn,~~
- ~~(g) an indication of other rights attached to the bond,~~
- ~~(h) an indication that the issuer has decided pursuant to Section 17,~~
- ~~(i) information that the information pursuant to this Act will be published and made available in a language other than Czech,~~
- ~~(j) information on who will keep records of book-entry bonds,~~
- ~~(k) information on the issuer's decision to exclude the possibility to separate the right to the payment of the bond yield from the bond,~~

- ~~(l) the issuer's authorization to repay the bond before the maturity date, including the pro-rata yield, defining the conditions and method of early repayment as well as the method of calculating the value of outstanding coupons under Section 19 (4),~~
- ~~(m) the authorization of the bond holder to request the repayment of the bond and / or the pro-rata yield before the maturity date and the definition of the conditions under which it is authorized to do so,~~
- ~~(n) the wording of the arbitration clause if disputes on rights and obligations associated with the bond are to be resolved in arbitration proceedings,~~
- ~~(o) in the case of a convertible bond, the method of notification of the date from which the right to exchange for another bond or other bonds or shares or shares may be exercised and the place and time limit for exercising that right, where convertible bonds are dematerialized bonds, the date which is relevant to the determination of the person entitled to exercise the rights under those bonds,~~
- ~~(p) in the case of a senior bond, the method of notification of the date from which the right to preferential subscription of shares may be exercised and the place and time limit for the exercise of that right, if the senior bonds are dematerialized bonds, the date which is decisive for the determination of the person entitled to exercise the rights from those bonds,~~
- ~~(q) in the case of a subordinated bond, an arrangement that the claim corresponding to the rights attaching to that bond will be satisfied only after all other claims have been satisfied, with the exception of claims which are subject to the same or comparable condition of subordination in the case of
 1. the issuer's entry into liquidation,
 2. issuing a decision on the issuer's bankruptcy, or
 3. if the issuer is a foreign person, also of another similar measure,~~
- ~~(r) for a subordinate bond, a different order of satisfaction of subordinated debt claims, including in relation to the satisfaction of other claims, including claims on other subordinated bonds, or differently in relation to a claim corresponding to the right to redeem the bond and other rights attached to the bond.~~

Section 9

Particulars of the terms of issue

(1) The terms of issue shall always contain at least a reference to the information contained in the prospectus

- (a) facts stated in Section 6 (1) (a) to (f) and (j),**
- (b) whether it is a physical bond, an immobilized security or a book-entry security,**
- (c) the period for subscription of the bond issue,**
- (d) information on how the bond yield is determined or that the bond is without yield,**
- (e) information on how and where the bond is to be repaid , including, where applicable, the due date and the amount of each installment, if the amount due is to be repaid in installments,**
- (f) the method of notifying the holders of a bond meeting (the 'owners' meeting') and the method of publishing and making available additional information on the bond, and**
- (g) determination of the date which is decisive for attendance at the owners' meeting.**
- (h) information on whether and to what extent the Czech National Bank supervises the issue of bonds and their issuer, and**
- (j) information that if the prospectus is approved by the Czech National Bank,
 1. assess it only for the completeness of the data contained therein,**

2. it does not assess the economic results or financial position of the issuer; and
3. the approval of the prospectus does not comment on the issuer's future profits or its ability to repay the nominal value of the bond or its relative yield.

(2) If the prospectus is not published at the latest on the issue date , the terms of issue shall, in accordance with the issuer's intentions, also contain

- (a) the issue rate and, where appropriate, the method of its determination,
- (b) method and place of subscription of the bond,
- (c) the manner and time limit for the transfer of bonds to individual underwriters ,
- (d) the method and place of payment of the issue rate of the subscribed bond , if it is paid by means of a cash payment , or other way of its settlement ,
- (e) information on taxation of bond yield,
- (f) data necessary to identify persons involved in securing the issue of the bond, repayment of the bond and payment of the bond yield, stating the manner of their participation in these activities,
- (g) identification marking bond according to the international numbering system for securities identification and
- (h) information on who, when, and with what result the rating pursuant to Article 3 (1) (a) (a) Regulation (EC) No 1060/20091 of the European Parliament and of the Council), if this information is known to the issuer, was granted, if this information is known to the issuer.

(3) The terms of issue shall further contain at least a reference to the information contained in the prospectus as intended by the issuer

- (a) the issuer's decision that the bond issue will be issued gradually (in tranches) within the subscription period,
- (b) the issuer's right to proceed pursuant to Section 7 (1) (b), or the issuer's right to proceed pursuant to Section 7 (1) (c),
- (c) information on the lien on the bond for which repayment of the bond or payment of its yield is ensured by the pledge and the manner in which the lien will be exercised, including any information pursuant to Section 20,
- (d) the method of drawing lots for a bond whose yield is linked to the bond that is drawn,
- (e) an indication that the issuer has decided pursuant to Section 17,
- (f) information that the information pursuant to this Act will be published and made available in a language other than Czech,
- (g) information on the issuer's decision to exclude the possibility to separate the right to the payment of the bond yield from the bond,
- (h) the issuer's authorization to repay the bond before the maturity date, including the pro-rata yield, specifying the conditions and method of early repayment as well as the method of calculating the value of outstanding unpaid coupons pursuant to Section 19 (4),
- (i) the authorization of the bond holder to request repayment of the bond or, as the case may be, the pro-rata yield before the maturity date, and to define the conditions under which it is authorized to do so,
- (j) the wording of the arbitration clause if disputes on the rights and obligations associated with the bond are to be resolved by arbitration,
- (k) in the case of a convertible bond, the method of notification of the date from which the right to exchange for another bond or other bonds or share or action can be exercised

and the place and time limit for exercising that right, where convertible bonds are dematerialized bonds, the date which is relevant to the determination of the person entitled to exercise the rights under those bonds,

- (l) in the case of a senior bond, the method of notification of the date from which the right to preferential subscription of shares may be exercised and the place and time limit for the exercise of that right, if the senior bonds are dematerialized bonds, the date which is decisive for the determination of the person entitled to exercise the rights from those bonds,
- (m) the subordinated bond conditions and the degree of subordination upon according to Section 34 and
- (n) for a subordinate bond, a different order of satisfaction of subordinated debt claims, including in relation to the satisfaction of other claims, including claims on other subordinated bonds, or differently in relation to a claim corresponding to the right to redeem the bond and other rights attached to the bond.

(4) If the prospectus is not published at the latest on the issue date, the terms of issue shall, in accordance with the issuer's intentions, also contain

- (a) information on when, how and where the bond yield should be paid, unless the yield is determined by the difference between the nominal value of the bond and its issue rate,
 - (b) an indication that the repayment of the bond or the payment of its yield is secured by a third party and an indication of where the contract arranging the collateral is available to investors,
 - (c) an indication of the other rights attaching to the bond, and
 - (d) an indication of who will keep the register of dematerialized bonds. "
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¹⁾ Regulation (EC) No. 1060/2009 of 16 September 2009 on credit rating agencies, as amended.

Section 9a

Particulars of the terms of issue of below-the-limit bonds

(1) A bond is issued within the below-the-limit of a public marketing, if

- (a) its issuer is a legal entity,
- (b) is offered to the public in accordance with Article 2 (a). d) Regulation (EU) 2017/1129 of the European Parliament and of the Council, which is to be published when securities are offered to the public or admitted to trading on a regulated market,
- (c) no prospectus is published at the latest on the date of issue; and
- (d) the total consideration for the bonds offered is more than EUR 100 000 and less than EUR 1 000 000; this amount is calculated for bonds offered in the Member States of the European Union during a 12-month period.

(2) In addition to the information specified in Section 9, the terms of issue of the bond shall include information pursuant to Subsection (2) if:

- (a) the bond is publicly offered,
- (b) the prospectus is not published at the latest on the issue date, and

(c) the total value of the consideration of the bond issue is greater than EUR 100 000 and less than EUR 1 000 000 , this amount is calculated for bond issues offered in the Member States of the European Union over a 12-month period.

(2) The terms of issue of a marketed bond pursuant to Subsection (1) shall also contain beside conditions stipulated in Section 9

- (a) the issuer's registered office,
- (b) the month and year of the issuer's commencement of business, if the commencement date of the activity is identical with the issuer's incorporation, the issuer's commencement date shall be stated instead,
- (c) the principal activity of the issuer,
- (d) the amount of the minimum investment, if the amount of the minimum investment is equal to the nominal value as the outstanding amount by u, the nominal value shall be entered instead,
- (e) the anticipated volume of the issue,
- (f) a description of the purpose of the issue,
- (g) the planned ratio of external funds to equity,
- (h) information that the prospectus has not been approved by the Czech National Bank or the supervisory authority of another Member State of the European Union,
- (i) the annual reports and financial statements of the issuer for the last 2 financial years or the earliest beginning of the issuer, whichever is shorter, whether the financial statements are fully prepared, whether they contain a cash flow statement, whether they are audited, whether the auditor's opinion is unqualified, annual reports and financial statements may be attached by means of a link to the issuer's website,
- (j) in the case of an issuer that is part of a consolidation group, also the annual reports and financial statements for the last 2 accounting periods or the period beginning with the establishment of the entity required to prepare consolidated financial statements (hereinafter the "consolidating entity"), whichever is shorter, also in relation to the consolidation group, otherwise the issuer shall state that it is not part of the consolidation group; annual reports and financial statements may be attached by reference to the consolidating entity's website or to a collection of documents that is part of the public register,
- (k) in the case of the existence of a legal entity which is the guarantor for the debts of the issuer from the bonds, also the annual reports and financial statements for the last 2 accounting periods or periods beginning with the origin of the guarantor, whichever is shorter, also in relation to the guarantor, otherwise the issuer shall state, that the guarantor for his debts on the bonds is not a legal person; annual reports and financial statements may be attached by reference to the guarantor's website or to a collection of documents which is part of the public register,
- (l) name, registered office and identification number of persons offering bonds,
- (m) information on how the repayment of the amount due is ensured or that the repayment of the amount due is not ensured,
- (n) of all control persons of the issuer indicating their names, including titles, mark the position of the issuer, the name of the entity, which was obtained important work experience , and the beginning of t u years of relevant experience and
- (n) where the issuer is controlled by a legal person, information in a graphical form on the structure of the consolidation unit, including data identifying the beneficial owner of the consolidating entity pursuant to Section 4 (4) of the Act on Certain Measures against Money Laundering and Terrorist Financing.

(3) The issuer of a bond pursuant to Subsection (1) shall publish on its website no later than the issue date the terms of issue containing the information pursuant to Subsection (2); the second sentence of Section 3 (2) shall apply mutatis mutandis.

(4) The person offering the bond pursuant to Subsection (1) shall publish on its website no later than the issue date the terms of issue containing the information pursuant to Subsection (2); and ensure that these terms and conditions are made available on this website free of charge and unchanged at all times for at least the duration of the offering and for 12 months from the end of the offering and are in the form of a downloadable data file in a commonly used format.

2) Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71 / EC, in force wording.

Section 10

Change of terms of issue

(1) The prior approval of the owners' meeting is required to change the terms of issue.

(2) The consent of the owners' meeting is not required

(a) a change directly caused by a change in legislation,

~~(b) a change that does not affect the position or interests of bondholders, or~~

(b) a change that does not adversely affect the position or interests of bondholders, or

(c) in the event that none of the bonds issued to which em abdominal conditions apply, not the property of a person other than the issuer.

(3) The issuer shall, without undue delay after the change of the terms of issue, make available to investors in the manner in which the terms of issue have been made available this change in the terms of issue and the full text of the terms of issue after the change.

(4) An investor who before disclosing changes in terms of issue to which requires the prior consent of the meeting of owners, has agreed to purchase or subscribe for the bond, and this bond has not yet acquired the property right, is entitled to purchase or subscribe to resign within 5 working days what is made available by a change in the terms of issue, unless the issuer specifies a longer period in the terms of issue.

Section 11

Bond program

(1) Common issuance conditions for an unspecified number of bond issues are referred to as a bond program.

(2) A bond program and a supplement to a bond program for a given issue shall be considered to be the terms of issue of an individual issue within the debt program debt.

(3) The bond program supplement shall contain at least:

- (a) supplementing the requirements of the terms of issue ~~pursuant to Article 9~~ **required under Articles 9 or 9a**, which are not included in the bond program,
- (b) a reference to the bond program and information on where to become acquainted with it, and
- (c) the specific bond terms of issue to which the bond program supplement applies.

Section 21a

The day decisive for attending the owners meeting

(1) The issuer shall determine for the bondholders the date which is decisive for their participation in the meeting of the bondholders. This day cannot precede the date of the event by more than 30 days.

(2) Where bonds are admitted to trading on a European regulated market, on a foreign market similar to a regulated market or in the multilateral trading system of an operator established in a Member State of the **European Union or another State constituting the European Economic Area (hereinafter referred to as "Member State")**, is the day which is decisive for participation in the owners meeting, always the seventh day preceding the owners meeting.

Section 23

Course of owners meeting

(1) A meeting of holders shall have a quorum if it is attended by bondholders whose nominal value represents more than 30% of the nominal value of the outstanding part of the bond issue at the record date for the shareholder meeting. A joint meeting of shareholders shall have a quorum if it is attended by bondholders whose nominal value represents more than 30% of the nominal value of the outstanding part of each issue issued so far at the date relevant to the shareholder meeting. Unless the issue is common to all issues, the participation of owners of 30% of the nominal value of the outstanding portion of those issues affected is necessary, unless the terms of issue determine otherwise.

(2) If the meeting of owners, which is to decide on the change of terms of issue, is unable to reach a quorum, the convener shall convene, if necessary, a substitute meeting of owners so that it is held within 6 weeks of the day for which the original was convened owners meeting. The holders of a substitute meeting of owners with an unchanged agenda shall be notified to the bond owners no later than 15 days from the date on which the original meeting of the owners was convened. The substitute meeting of the owners shall have a quorum regardless of the conditions referred to in Subsection (1).

(3) Prior to the beginning of the owners' meeting, the convener is obliged to provide information on the number of all bonds entitling to attend the meeting in order to check attendance at the meeting. Own bonds owned by the issuer at the date which is decisive for attending the owners' meeting shall not be counted for the purposes of Subsections (1) and (4).

(4) The meeting of holders shall be decided by a simple majority of votes of the present bondholders present. The number of votes of each bond owner corresponds to its share in the total nominal value of the outstanding part of the bond issue. The approval of three quarters of the votes of the present bondholders is required to change the terms of issue, supplement the bond program or to establish and remove a joint representative of bond holders.

(5) If the owners 'meeting has agreed to changes of a fundamental nature, the person who was the owner of the bond at the record date for attending the owners' meeting and voted at the meeting against the proposal ~~or did not attend the meeting~~ may request early repayment of the bond's nominal value including revenue, **unless the terms of issue determines otherwise**. If the yield was determined by the difference between the nominal value of the bond and its issue rate, the issuer is obliged to repay the bond owners the issue rate and the relative yield. An application for early repayment shall be made within 30 days of the opening of the resolution of the owners 'meeting or the joint owners' meeting referred to in Subsection (7). Upon expiry of this period, the right of early repayment shall lapse. The issuer is obliged to pay this amount within 30 days from the delivery of the application in a manner and at a place which stipulates the terms of issue for the repayment of the bond.

(6) The right referred to in Subsection (5) shall not be held by the bond owner who is to represent it under the terms of issue or the prospectus

- (a) tool included in Tier 2 over pursuant to Art. 63 of the Regulation of the European Parliament and Council Regulation (EU) no. 575/2013³⁾,**
- (b) tool included in a Tier 2 instrument as referred to in Article 3(2) 72 to 75 Commission Delegated Regulation (EU) 2015/35⁴⁾,**
- (c) an instrument of eligible liabilities over pursuant to Art. 72b Regulation (EU) no. 575/2013, or**
- (d) the eligible obligation to be taken into account for the purposes of fulfilling the obligation to maintain capital and depreciable liabilities of at least the minimum requirement or the internal minimum requirement under the Financial Market Recovery and Resolution Act .**

~~(6)~~ (7) If the owners' meeting does not agree with the changes of a fundamental nature referred to in Section 21 (1) (b) to (d), it may at the same time decide that, if the issuer proceeds in violation of its resolution, it is obliged to repay early to the bondholders who so request their nominal value, including the relative yield, if the yield was determined by the difference between the nominal value of the bond and its issue rate, the issuer is obliged to repay the bond owners at their request the issue rate and the relative yield. An application for early repayment shall be made within 30 days of the opening of the resolution of the owners 'meeting or the joint owners' meeting referred to in Subsection (7). Upon expiry of this period, the right of early repayment shall lapse. The issuer is obliged to pay this amount within 30 days from the delivery of the application in a manner and at a place which stipulates the terms of issue for the repayment of the bond.

~~(7)~~ (8) convener shall prepare minutes of the meeting of holders within 30 days from the date of the meeting. If the meeting discussed any major change, a notarial deed must be recorded . If the owners 'meeting has agreed to any of those changes, the notarial record shall include the names of those bondholders who have agreed to the change and the number of bonds each of these owners holds at the record date for the owners' meeting [Subsection (1)]

in your property. The issuer is obliged to publish all decisions of the owners' meeting within 30 days of the date of the meeting of the owners in the manner in which they published the terms of issue.

3) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 575/2013 648/2012, as amended.

4) Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138 / EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), in force wording.

Section 25

(1) Bonds issued by the Czech Republic as well as similar securities representing the right to repayment of the outstanding amount issued by the Czech Republic under the law of a foreign state are government bonds. The Czech Republic may issue government bonds in the Czech Republic and abroad.

(2) Government bonds are issued on the basis of:

- (a) another government bond program law, or
- (b) another law that authorizes the Ministry to issue government bonds or allows it to issue government bonds.

(3) Pursuant to the Act pursuant to Subsection (2), it is possible to issue individual issues of bonds with different terms of issue.

(4) The Government of the Czech Republic is obliged to submit to the Chamber of Deputies of the Parliament of the Czech Republic an opinion of the Czech National Bank on the government bill on the government bond program and on another government bill authorizing the ministry to issue government bonds or allowing it to issue government bonds, this does not apply if this other law is a law regulating budgetary rules.

(5) Government bonds with maturity up to and including one year are referred to as treasury bills. Bonds issued by the Czech National Bank with a maturity of up to and including one year are referred to as Czech National Bank vouchers.

(6) The provisions of Subsections (2) to (5) shall also apply to government bonds issued abroad.

(7) The provisions of Section 3, Section 9 (1) ~~(k) to (m)~~ **(f) to (i)**, Section 9 (2) **(h)**, Section 10 and Section 21 to 24a do not apply to government bonds and bonds issued by the Czech National Bank.

Section 26

~~(1) The Czech Republic issues government bonds through the Ministry. Issuance conditions of government bonds are determined by the Ministry. The Ministry may determine common terms of issue that are the same for an unspecified number of Treasury bills. The~~

~~Ministry announces the terms of issue of government bonds and the common terms of issue of treasury bills in the Collection of Laws and International Treaties, unless the terms of issue are government bonds issued abroad or under the law of a foreign state. The common terms of issue of T-bills are supplemented for individual issues with data pursuant to Section 6 (1) (d), (f) and (j) and pursuant to Section 9 (1) (g) and (j), which are not announced in the Collection of Laws and International Treaties, but are published by the Ministry in a manner allowing remote access.~~

(1) The Czech Republic issues government bonds through the Ministry. Issuance conditions of government bonds are determined by the Ministry. The Ministry may determine common terms of issue that are the same for an unspecified number of Treasury bills. The Ministry publishes the issuance conditions of government bonds and common issuance conditions of treasury bills in a manner allowing remote access, unless they are the issuance conditions of a government bond issued abroad or under the law of a foreign state. The common terms of issue of T-bills are supplemented for individual issues with data pursuant to Section 6 (1) (d), (f) and (j), Section 9 (1) (e) and Section 9 (2) (g) which are published by the Ministry on its website.

(2) The terms of issue of bonds issued by the Czech National Bank shall be published in the Bulletin of the Czech National Bank and shall be published in a manner allowing remote access. The Czech National Bank may determine common terms of issue that are the same for an unspecified number of issues of Czech National Bank vouchers. The joint terms of issue are published or published according to the first sentence and are supplemented for individual issues with data according to Section 6 (1) (d), (f) and (j) ~~and pursuant to Section 9 (1) (g) and (j)~~, **Section 9 (1) (e) and Section 9 (2) (g)**, which are not published in the Bulletin of the Czech National Bank but are published by the Czech National Bank in a manner allowing remote access.

(3) The Ministry may not change the terms of issue of government bonds, unless these are the requirements pursuant to Section 9 (1) (f) and (i) ~~and Section 9 (2) (j) (2) (b) to (d) and (f) and Section 9 (4) (d)~~. The Czech National Bank may not change the terms of issue of bonds issued by the Czech National Bank.

~~(4) Government bonds issued under Czech law shall be sold through the Czech National Bank. Government bonds whose transferability is restricted or excluded and government bonds issued under the law of a foreign state are sold through the Czech National Bank, the Ministry, a legal entity established by the Ministry under another law in connection with state debt management or under an agreement with the Ministry is authorized to perform such an activity.~~

(4) Government bonds issued under Czech law shall be sold through the Czech National Bank or through a person or persons authorized to perform such activity. Government bonds whose transferability is limited or excluded, and government bonds issued under foreign law are sold by the Czech National Bank, the Ministry, or by agreement with the Ministry through a person or persons, who are to perform such activities are authorized.

(5) Activities related to the administration and repayment of government bonds shall be provided by the Ministry or a person authorized by the Ministry.

(6) The transferability of government bonds may exclude the terms of issue. The transferability of sovereign debt may also limit the terms of issue if it also determines the conditions under which their transferability is permissible. Restricting or excluding the transferability of a government bond is binding on everyone.

(7) If the transferability of sovereign debt is excluded or restricted, the terms of issue may also exclude the possibility of establishing a lien on sovereign debt or, if it also determines the conditions under which the establishment of a lien is permissible, also restrict this possibility. Restricting or excluding the possibility of establishing a lien on government bonds is binding on everyone.

(8) The transfer of a government bond in violation of Subsection (6) or the establishment of a lien on a government bond in violation of Subsection (7) shall not be taken into account.

Section 34

~~(1) A subordinated bond is a bond where the~~

- ~~(a) the issuer's entry into liquidation,~~
- ~~(b) issuing a decision on the issuer's bankruptcy, or~~
- ~~(c) if the issuer is a foreign person, also of another similar measure,~~

~~the receivable corresponding to the rights attached to this bond shall be satisfied only after all other receivables have been satisfied, with the exception of those which are subject to the same or similar condition of subordination.~~

~~(2) The fact that it is a subordinate bond must be clearly indicated on the paper bond or in the relevant records and in all promotional messages concerning the subordinated bond.~~

~~(3) Receivables from all subordinated bonds and other receivables that are bound by the same or similar condition of subordination shall be satisfied in the cases referred to in Subsection (1) in their order. The terms of issue may determine a different order of satisfaction of subordinated debt receivables, including in relation to the satisfaction of other receivables, including receivables from other subordinated bonds, or differently in relation to the receivable corresponding to the repayment right and other rights attached to the bond.~~

Section 34

(1) A subordinated bond is a bond where, in the event of the issuer entering into liquidation or issuing a decision on the issuer's bankruptcy or, if the issuer is a foreign person, of another similar measure, the receivable corresponding to the right to repayment terms of issue otherwise, and other rights that bond associated satisfied after satisfaction of all other claims or, if so stipulated terms of issue specified terms and conditions of debt.

(2) Claims from subordinated bonds pursuant to Subsection (1) shall be satisfied

- (a) after the satisfaction of all claims to be satisfied, and**

(b) in respect of any other claims of the issuer subordinated in accordance with Subsection (1), according to their established or agreed level of subordination, otherwise they are satisfied pro rata.

(3) The fact that it is a subordinated bond must be clearly indicated on the paper bond or in the relevant records and in all promotional messages concerning the subordinated bond.

PART FOUR

BREACHES IN RELATION TO COVERED BONDS AND BONDS MARKETED IN THE UNDER THE THRESHOLD PUBLIC MARKETING OF BONDS

Section 40a

(1) The issuer of a bond marketed in the under the threshold public marketing of bonds commits an offense by failing to comply with its obligation under Section 9a (3).

(2) A person offering a bond marketed in the under the threshold public marketing of bonds commits an offense by failing to comply with the obligation under Section 9a (4).

(3) A fine of up to CZK 1 000 000 may be imposed for an offense under Subsection (1) or (2).

Section 41

Jurisdiction to deal with offenses

Infringements pursuant to Sections 40 and 40a shall be dealt with by the Czech National Bank.

Valid wording of amended provisions of Act No. 256/2004 Coll., on Capital Market Business, as amended, indicating proposed changes and amendments

Section 54

Permanent arbitration court of the regulated market operator

(1) A regulated market operator may establish a permanent arbitration tribunal.

~~(2) The Permanent Court of Arbitration shall adjudicate on disputes arising from transactions on a regulated market organized by the founder and from the settlement of such trades, as well as disputes arising from trades in the multilateral trading system operated by the founder and from the settlement of such trades. The Permanent Court of Arbitration shall also resolve disputes arising from commodity transactions and disputes arising from other transactions on the financial market, provided that such transactions result from further business activities of the founder registered by the Czech National Bank pursuant to Section 39 . or commodities, capital market, money market, supplementary pension savings, insurance and supplementary pension markets disputes , if the parties so agree.~~

(2) The Permanent Court of Arbitration shall adjudicate property disputes according to the Act on arbitrary disputes.

(3) Proceedings before a permanent arbitration court shall be governed by the law governing arbitration and the enforcement of arbitration awards ⁹⁾ . The procedure and decision-making, the method of appointing arbitrators, their number, organizational structure of the permanent arbitral tribunal, the list of arbitrators' fees, rules on costs and other issues related to the activities of the permanent arbitral tribunal and its economic provision are governed by the statute and rules of the permanent arbitration.

Section 163 *

(1) A natural or legal person conducting business shall commit an offense by:

- (a) fails to fulfill any of the reporting obligations referred to in Section 122 (1) as a person pursuant to Section 122 (1), or
- (b) as a person who has applied for admission of investment securities for trading on a regulated market without the issuer's consent, fails to fulfill any of the obligations under Section 127 (2).

(2) A legal entity or natural person doing business as a forced trustee or insolvency trustee of an management company or a person holding such documents shall commit an offense by failing to provide the Guarantee Fund with documents pursuant to Section 130 (11).

(3) A legal or self-employed natural person commits an offense as a forced administrator of an management company who is not a bank, an operator of a regulated market, a settlement system operator with an irrevocable settlement domiciled in the Czech Republic, or a central depository. Article 139 (7).

(4) As a manager of a long - term investment account, a legal person commits an offense by:

- (a) executes the instruction of the long-term investment account holder in violation of Section 193b (4),**
- (b) does not hold in custody physical securities kept in the long-term investment account in contravention of Section 193b (5) , or**
- (c) keeps assets in the long-term investment account in violation of Section 193c.**

~~(4)-(5)~~ A fine may be imposed for an offense of a legal person under Subsection (1)

- (a) CZK 300,000,000,
- (b) the amount of 5% of the total annual turnover of this legal entity according to its last regular or consolidated financial statements, if the amount of the fine thus determined exceeds CZK 300,000,000, or
- (c) the amount of double the unlawful benefit obtained by committing this offense, if the amount of the unlawful benefit can be ascertained and if the amount of the fine thus determined exceeds CZK 300,000,000.

~~(5)-(6)~~ A fine may be imposed for an offense of a natural person doing business pursuant to Subsection (1) above

- (a) CZK 60 000 000, or
- (b) the amount of double the unlawful benefit obtained by committing this offense, if the amount of the unlawful benefit can be ascertained and if the amount of the fine thus determined exceeds CZK 60,000,000.

~~(6)-(7)~~ An offense according to Subsection ~~(2) or (3)~~, **(2), (3) or (4)** can be fined to 5 000 000 CZK.

PART TWELVE

FINAL SETTLEMENT

Section 193

(1) Final settlement is the arrangement of a contract concluded under Czech or foreign law,

- (a) which can be substantiated in writing or, where appropriate, by a record allowing reproduction in the same form,
- (b) which relates to the claims of the contracting parties, including the accessories of such claims, which can be secured by financial collateral under the Act on Financial Security ²⁶⁾, and to claims, including the accessories of such claims , from financial collateral or a similar legal relationship under foreign law,
- (c) where, in the event of an agreed circumstance, the debts corresponding to the claims referred to in point (b) are extinguished and set off, or the debts referred to in point (b) are still outstanding or payable so as to result in a single claim of one Contracting Party and the corresponding debt of the other Contracting Party to pay the resulting amount.

(2) The method of valuation of receivables pursuant to Subsection (1) (a) or (b), the time at which this valuation must be carried out and the manner and time of performance of the resulting single receivable must be the content of the final settlement and must not conflict with the practices in the relevant financial market.

(3) A decision or other act of a court or administrative authority affecting the rights of third parties and taken to maintain or restore the financial situation of a contracting party or to prohibit or restrict the execution of certain transactions or the transfer of funds by a contracting party ^{27→}, does not affect final settlement if the final settlement was concluded before a decision or other action was taken.

(4) Subsection (3) shall not apply to the effects of actions connected with the opening of insolvency proceedings, the entry into liquidation or the imposition of forced administration or the application of resolution measures or the write-off and conversion of depreciable capital instruments under the Financial Market Recovery and Crisis Management Act, comparable foreign legislation, the exclusion of these effects is regulated by other laws.

²⁶⁾ Section (2) (a) and Section 6 (1) of Act No. 408/2010 Coll., on Financial Security.

^{27→} ~~For example, Section 28 (1) (a) to (e) of Act No. 87/1995 Coll., on Savings and Credit Cooperatives and Certain Related Measures and on Amendment to Act of the Czech National Council No. 586/1992 Coll., on Income Taxes, as amended, as amended by Act No. 100/2000 Coll., Act No. 280/2004 Coll., Act No. 57/2006 Coll. and Act No. 120/2007 Coll., Section 43 (1) of Act No. 42/1994 Coll., on Supplementary Pension Insurance with State Contribution and on amendments to some acts related to its introduction, as amended by Act No. 170/1999 Coll., Act No. 36/2004 Coll. and Act No. 57/2006 Coll.~~

PART THIRTEEN

LONG - TERM INVESTMENT ACCOUNT

Section 193a

(1) By a long-term investment account contract, the long-term investment account manager, as an entrepreneur, undertakes to maintain a long-term investment account according to this Act for its owner. The manager of a long-term investment account may provide related services to the owner of this account in accordance with his entrepreneur licence, relevant other legal regulations and the agreement with the owner of this account.

(2) Maintain long-term investment account can only person authorized in the Czech Republic to provide the main investment service or person authorized to accept deposits under the law regulating the activities of banks from the public.

(3) If the manager of a long-term investment account is not authorized to accept deposits from the public under the law governing banks, he may deposit customer funds in their favor with a person authorized to accept deposits from the public under the law governing banks and record the amount of such receivables in his long-term investment account.

Section 193b

Obligations of the manager of the long-term investment account

(1) A long-term investment account manager must not transfer assets from a long-term investment account to another person without legal reason.

(2) The manager of a long-term investment account must not transfer assets from a long-term investment account to another person without adequate consideration under Section 240 (1) of the Insolvency Act, unless he fulfills an obligation imposed on him by law or executes the owner's instruction to transfer assets from that account to another long-term investment account of the same owner.

(3) The manager of a long-term investment account shall not execute the instruction of the owner of this account if it is in conflict with legal regulations or with the obligation under the long-term investment account contract.

(4) The manager of a long-term investment account shall not execute an instruction by the account holder that would result in a refund of the tax aid for that account unless the account manager informs the holder of these impacts in text form and the account holder in text form declares that he is aware of these impacts. The text form is retained if the information is communicated in such a way as to allow the holder of the long-term investment account to retain it and display it repeatedly.

(5) The manager of a long-term investment account must keep in custody securities in the long-term investment account. The delegation of another custody shall not affect the long-term investment account manager's obligation to compensate the long-term investment account holder for the damage suffered by the breach of his obligation under Subsection (3).

Section 193c

Assets held in the long-term investment account

(1) The assets held in the long-term investment account may only constitute

- (a) cash,
- (b) financial instruments,
- (c) collective investment securities,
- (d) money market instruments
- (e) derivatives that are entered into solely for the purpose of hedging assets held in a long-term investment account if the value to which the value of the instrument refers is an interest rate, exchange rate or currency.

(2) If the manager of the long-term investment account is not authorized to keep records of investment instruments, the assets kept in the long-term investment account may only consist of cash.

(3) If the financial instrument is sold, repurchased or repaid pursuant to Subsection (1) (b) to (d), or a cash settlement is provided from a derivative under Subsection (1) (e) is provided. The cash received remains part of the assets kept in the long-term investment account. This also applies to funds obtained as a result of the

termination of the issuer of a financial instrument or securities acquired in exchange for other securities held in the long-term investment account.

PART ~~THIRTEEN~~ FOURTEEN

PROVISIONS COMMON, TRANSITIONAL AND FINAL

Valid wording of amended provisions of Act No. 634/2004 Coll., on Administrative Fees, as amended, indicating proposed changes and amendments

Item 65 *

1. Acceptance of the grant application	
(a) a bank license to a bank domiciled in the Czech Republic	CZK 200 000
(b) a banking license to a foreign bank having its registered office in a Member State other than a Member State of the European Union that intends to establish a branch in the Czech Republic	CZK 200 000
(c) authorization to pursue insurance business by a domestic insurance undertaking or reinsurance activity by a domestic reinsurance undertaking	CZK 200 000
(d) authorization to carry on insurance business by an insurance company from a third country in the Czech Republic under the right to establish its branches	CZK 200 000
(e) authorization to conduct reinsurance business by a reinsurance undertaking from a third country on the territory of the Czech Republic under the right to establish its branches	CZK 200 000
2. Acceptance of an application for authorization	
(a) the activities of the CSD	CZK 200 000
(b) the activities of an management company pursuant to Section 8a (1) of the Capital Market Undertakings Act	CZK 100 000
(c) the activities of an management company pursuant to Section 8a (2) of the Capital Market Undertakings Act	CZK 50 000
(d) the activities of an management company pursuant to Section 8a (3) or (4) of the Capital Market Undertakings Act	CZK 20 000
(e) for the provision of investment services in the Czech Republic through a branch of a foreign person having its registered office in a non-member state of the European Union	CZK 100 000
(f) the activities of the regulated market operator	CZK 100 000
(g) to operate a settlement system with settlement finality	CZK 100 000
(h) the activities of an investment company pursuant to Section 479 of the Act on Investment Companies and Investment Funds	CZK 100 000
(i) for the activity of a foreign person pursuant to Section 481 of the Act on Investment Companies and Investment Funds	CZK 100 000
(j) for the activity of a self-governing investment fund pursuant to Section 480 of the Act on Investment Companies and Investment Funds, if it is to become a retail AIF or a UCITS fund	CZK 100 000
(k) the operation of a payment settlement system with settlement finality	CZK 100 000
(l) the creation and business of a credit union	CZK 100 000
(m) the activities of the pension management company	CZK 100 000
(n) the creation of a government bond pension fund, a conservative pension fund, a balanced pension fund and a dynamic pension fund	CZK 100 000
(o) the activities of the payment institution	CZK 50 000
(p) the activity of the payment account information manager	CZK 25 000
(q) the activities of a small-scale payment service provider	CZK 10 000

(r) the activities of an electronic money institution	CZK 50 000
(s) the activities of a small-scale electronic money issuer	CZK 10 000
(t) the activities of an investment company pursuant to Section 479 of the Investment Companies and Investment Funds Act, if it intends to manage only qualified investor funds or foreign investment funds comparable to the qualified investors fund and does not intend to provide investment services	CZK 50 000
(u) the activity of a foreign person pursuant to Section 481 of the Act on Investment Companies and Investment Funds if he intends to manage only qualified investor funds or foreign investment funds comparable to the qualified investors fund and does not intend to provide investment services	CZK 50 000
(v) the activities of a self-governing investment fund pursuant to Section 480 of the Act on Investment Companies and Investment Funds, if it is to become a fund of qualified investors	CZK 50 000
(w) the activity of the Central Administrator	CZK 20 000
(x) the activity of an investment intermediary	CZK 10 000
(y) the activity of the administrator referred to in Article 34 (1) (a), (a) Regulation (EU) 2016/1011 of the European Parliament and of the Council 84)	CZK 100 000
3. Acceptance of the application for registration	
(a) currency exchange activities	CZK 10 000
(b) the administrator referred to in Article 34 (1) (a), (b) and (c) of Regulation (EU) 2016/1011 of the European Parliament and of the Council 84)	CZK 50 000
4. Acceptance of an application for a license for the activity of a processor of domestic banknotes and coins	
	CZK 10 000
5. Acceptance of the request for amendment	
(a) a bank license of a bank domiciled in the Czech Republic	CZK 70 000
(b) a banking license of a branch of a foreign bank having its registered office in a Member State other than a Member State	CZK 70 000
(c) to the extent permitted by the domestic insurance or reinsurance undertaking	CZK 70 000
(d) to the extent permitted by the branch of a third-country insurance or reinsurance undertaking	CZK 70 000
(e) a Central Depository license	CZK 70 000
(f) a license for the activity of an management company consisting in the fact that an management company pursuant to Section 8a (3) or (4) of the Capital Markets Act becomes an management company pursuant to Section 8a (2) of the Capital Markets Act	CZK 30 000
(g) a license for the activity of an management company consisting of an management company pursuant to Section 8a (3) or (4) of the Capital Markets Act becoming an management company pursuant to Section 8a (1) of the Capital Markets Act	CZK 70 000
(h) a license for the activity of an management company consisting in that an management company pursuant to Section 8a (2) of the Capital Market Undertaking Act becomes an management company pursuant to Section	

8a (1) of the Capital Market Undertaking Act	CZK 50 000
(i) an authorization to engage in an management company consisting of another change	CZK 35 000
(j) authorization to provide investment services in the Czech Republic through a branch of a foreign person having its registered office in a non-member state of the European Union	CZK 35 000
(k) a license to operate a regulated market operator	CZK 35 000
6. Acceptance of an application for approval of a change in the rules of the settlement system	CZK 35 000
7. Acceptance of the request for amendment	
(a) an management company license	CZK 35 000
(b) a license for the activity of a foreign person pursuant to Section 481 of the Act on Investment Companies and Investment Funds	CZK 35 000
(c) authorization to operate a self-governing investment fund	CZK 35 000
(d) authorization to act as principal administrator	CZK 35 000
(e) the rules of the payment settlement system	CZK 35 000
(f) a license to operate a credit union	CZK 35 000
(g) authorization to operate a small-scale payment service provider	CZK 5 000
(h) authorization to operate as a small-scale electronic money issuer	CZK 5 000
(i) authorization to operate a payment institution	CZK 20 000
(j) authorization to operate an electronic money institution	CZK 20 000
8. Acceptance of the application	
(a) approving the transfer of an insurance portfolio or parts thereof	CZK 20 000
(b) approving the transfer of the portfolio of reinsurance contracts or parts thereof	CZK 20 000
(c) granting consent to the disposal of the assets of a branch of a third-country reinsurance undertaking as a principal deposited for an account specifically established for that purpose	CZK 20 000
9. Receipt of application for	
(a) granting authorization to operate as an independent intermediary under the Act on Supplementary Pension Savings	CZK 10 000
(b) accreditation under the Act on Supplementary Pension Savings	CZK 25 000
(c) extension of accreditation under the Act on Supplementary Pension Savings	CZK 10 000
(d) the registration of an investment fund with a legal personality that is not a self-governing fund pursuant to the law governing investment companies and investment funds	CZK 2 000
(d) enrollment an investment fund that is not autonomous investment fund or the UCITS investment fund, or enrollment of such a sub-fund of the investment fund in the list maintained by the Czech National Bank	CZK 1 0 000
(e) the enrollment of the UCITS fund or the data of the UCITS fund sub-fund pursuant to the law governing investment companies and investment funds	CZK 2 0 000
(f) the registration of an investment fund depository pursuant to the law governing investment companies and investment funds	CZK 2 000

	CZK 35 000
(g) the entry of a liquidator or a liquidator in accordance with the law governing investment companies and investment funds	CZK 2 000
(h) additional authorization to perform activities corresponding to investment services of an investment company or a foreign person pursuant to Section 481 of the Act on Investment Companies and Investment Funds, which is not comparable to a self-governing investment fund	CZK 35 000
(i) authorization for the purposes of designating a unit trust and a trust entry of the person referred to in Section 15 (1) of the Act on Investment Companies and Investment Funds in the list pursuant to Section 596 letter e) of the Act on Investment Companies and Investment Funds	CZK 10 000
(j) determining whether the Czech Republic is the sole reference country of a foreign person under the law governing investment companies and investment funds	CZK 20 000
(k) granting authorization to operate a non-banking consumer credit provider	CZK 50 000
(l) the granting of an authorization to act as an independent intermediary under the law governing consumer credit	CZK 10 000
(m) accreditation under the Consumer Credit Act	CZK 25 000
(n) extension of accreditation under the Consumer Credit Act	CZK 10 000
(o) accreditation under the law regulating business activities on the capital market	CZK 25 000
(p) <i>extension of accreditation under the law regulating business on the capital market</i>	CZK 10 000
(q) granting authorization to operate as an independent intermediary under the law governing the distribution of insurance and reinsurance	CZK 10 000
(r) accreditation under the law governing the distribution of insurance and reinsurance	CZK 25 000
(s) extension of accreditation under the Act on Insurance and Reinsurance Distribution	CZK 10 000
<i>10. Write</i>	
(a) a license to operate a tied agent under the law governing consumer credit	CZK 2 000
(b) authorization to act as a tied consumer credit intermediary for the represented person	CZK 2 000
(c) a license to operate a tied agent under the law governing the distribution of insurance and reinsurance	CZK 2 000
(d) authorization to engage in the activity of supplementary insurance intermediary under the law governing the distribution of insurance and reinsurance	CZK 2 000
(e) <i>a license to operate a tied agent under the Act on Supplementary Pension Savings</i>	CZK 2 000
(f) <i>a license to operate a tied agent under the law governing capital market business</i>	CZK 2 000

11. Extension

<i>(a) authorization to operate a non-banking consumer credit provider</i>	CZK 25 000
<i>(b) an authorization to act as an independent intermediary under the law governing consumer credit</i>	CZK 2 500
<i>(c) authorization to operate a tied agent under the law governing consumer credit</i>	CZK 500
<i>(d) authorization to act as a tied consumer credit intermediary for the represented person</i>	CZK 500
<i>(e) an investment intermediary license pursuant to the law regulating business on the capital market</i>	CZK 2 500
<i>(f) a license to operate a tied agent under the law governing capital market business</i>	CZK 500
<i>(g) authorization to operate as an independent intermediary under the law governing the distribution of insurance and reinsurance</i>	CZK 2 500
<i>(h) a license to operate a tied agent under the law governing the distribution of insurance and reinsurance</i>	CZK 500
<i>(i) authorization to engage in the activity of supplementary insurance intermediary under the law governing the distribution of insurance and reinsurance</i>	CZK 500
<i>(j) authorization to act as an independent intermediary under the Act on Supplementary Pension Savings</i>	CZK 2 500
<i>(k) authorization to operate a tied agent under the Act on Supplementary Pension Savings</i>	CZK 500
(l) extension of the registration of a person referred to in Section 15 (1) of the Act on Investment Companies and Investment Funds to the list pursuant to Section 596 (e) of the Act on Investment Companies and Investment Funds	CZK 10 000

Note-Notes

1. The fee payer shall be entitled to receive an application for registration pursuant to point 10 or to renew an authorization pursuant to point 11 (a), (c), (d), (f), (h), (i) or (k) shall be represented. The accreditation, permit or authorization renewal fee shall be payable no later than 3 months before the date of termination of the accreditation, permit or authorization and no later than 30 days before the date of termination of the accreditation, permit or authorization.

2. Fee for prolongation of the registration of a person referred to in Section 15 (1) of the Act on Investment Companies and Investment Funds in the list pursuant to Section 596 e) of the Act on Investment Companies and Investment Funds is always due no later than 30 days prior to the expiry of the registration.

Item 66

1. Acceptance of the grant application

(a) prior consent to acquire or increase a qualifying holding in a bank or to become a person controlling the bank	CZK 20 000
(b) prior consent to acquire a qualifying holding or to increase a holding in a domestic insurance company or to control it	CZK 20 000
(c) prior consent to acquire a qualifying holding or to increase a holding in a domestic reinsurance undertaking or to control it	CZK 20 000
(d) prior consent to acquire or increase a qualifying holding in a regulated market operator or to become a person controlling a regulated market operator	CZK 20 000
(e) prior consent to acquire or increase a qualifying holding in an management company or to become a controlling entity of an management company	CZK 20 000
(f) prior consent to acquire or increase a qualifying holding in the CSD or to become persons controlling the CSD	CZK 20 000
(g) consent to acquire or increase a qualifying holding in the investment company, the general manager or the autonomous investment fund or to become persons controlling the investment company, the general administrator or the autonomous investment fund	CZK 20 000
(h) consent to the acquisition or increase of a qualifying holding of an investment company in another legal person or to control another legal person	CZK 20 000
(i) prior consent to acquire or increase a qualifying holding in a pension company or to become persons controlling a pension company	CZK 20 000
(j) prior consent to acquire or increase a qualifying holding in a credit union or to become persons controlling a credit union	CZK 20 000
2. Acceptance of the grant application	
(a) prior consent to the change in the person of the head of the third country insurance or reinsurance undertaking	CZK 5000
(b) prior consent to the performance of the post of manager of the regulated market operator	CZK 5 000
(c) prior consent to the performance of the office of supervisor of an management company	CZK 5 000
(d) prior consent to perform the function of a manager of a branch of a foreign person providing investment services in the Czech Republic and having its registered office in a non-member state of the European Union	CZK 5 000
(e) prior approval to perform the function of the Central Depository's manager	CZK 5 000
(f) prior consent to perform the function of a senior manager of an investment company, a self-governing investment fund, a senior administrator or a foreign entity with a license pursuant to Section 481 of the Act on Investment Companies and Investment Funds	CZK 5 000
(g) prior approval to perform the function of a manager of a pension company	CZK 5 000
(h) prior approval to perform the function of a manager of a financial holding person	CZK 5 000
(i) prior consent to perform the function of a person who is not the	

manager of an investment fund manager or of a foreign investment fund who effectively directs the activity of that manager or investment fund	CZK 5 000
3. Acceptance of an application for approval of a person in the management of a savings and credit cooperative	CZK 5 000
4. Acceptance of the grant application	
(a) the consent of the Bank to the conclusion of a contract that results in any disposal with the business or part thereof	CZK 20 000
(b) consent to the merger or division of a bank or the transfer of assets to a bank as a partner	CZK 20 000
(c) consent to a reduction in the bank's capital or to the payment of a loss	CZK 20 000
(d) prior consent to the conversion of a domestic insurance undertaking or a domestic reinsurance undertaking	CZK 20 000
5. Acceptance of an application for authorization	
(a) a merger, division of an investment company or transfer of assets to a shareholder in accordance with the law governing investment companies and investment funds	CZK 20 000
(b) the merger or division of a collective investment fund with a legal personality or the transfer of assets to a shareholder, which is that fund, under the law governing investment companies and investment funds	CZK 20 000
(c) the merger of a pension company	CZK 20 000
(d) for the merger, for the division or for the change of the legal form or for the transfer of the assets of an management company to its shareholder or partner or for the transfer of the assets of another person to an management company	CZK 20 000
(e) the merger, the division or transfer of the assets of a regulated market operator to its shareholder or the change in legal form or the transfer of the assets of a regulated market operator to its shareholders or partner or the transfer of the assets of another person to the regulated market operator	CZK 20 000
(f) for the merger of the CSD with the settlement system operator or for the transfer of the assets of another person to the CSD	CZK 20 000
(g) for the merger, division, transfer of assets to a partner or change of the legal form of the Principal Administrator pursuant to the law governing investment companies and investment funds	CZK 20 000
6. Acceptance of the grant application	
(a) consent to the merger or division of a credit union	CZK 20 000
(b) consent to the conclusion of a contract whereby there is any disposal with the business or part of a credit union	CZK 20 000
(c) consent to the transfer of membership rights of a member of a credit union	CZK 20 000
(d) approval of the decision of the member meeting to reduce the amount of the basic membership contribution of the savings and	

credit cooperative	CZK 20 000
7. Acceptance of the application	
(a) for a merger of an investment fund or a sub-fund pursuant to the law governing investment companies and investment funds	CZK 20 000
(b) a license to merge an investment fund or a sub-fund under the law governing investment companies and investment funds	CZK 20 000
(c) to permit the conversion of an investment fund or a sub-fund pursuant to the law governing investment companies and investment funds	CZK 20 000
(d) permission to transfer the management of pension funds to another pension company	CZK 20 000
(e) authorizing the merger of pension funds	CZK 20 000
(f) authorizing the transfer of the management of participating funds or transformed funds to another pension company	CZK 20 000
(g) authorizing the merger of participating funds or transformed funds	CZK 20 000
8. Acceptance of the application	
(a) consent to change the status of the UCITS fund	CZK 10 000
(b) on the authorization to create a participation fund pursuant to the Act on Supplementary Pension Savings	CZK 30 000
(c) approving an amendment to the statute of a pension fund	CZK 10 000
(d) approving an amendment to the fund rules	CZK 10 000
(e) approving the amendment of the statute and pension plan of the transformed fund	CZK 10 000
(f) approving or amending the Auctioneer's Auction Rules	CZK 3 000
(g) consent to change the manager or depository of a UCITS fund	CZK 5 000
(h) approving a change in the depository of a participating fund pursuant to the Act on Supplementary Pension Savings	CZK 5 000
(i) approving a change in the depository of a pension fund pursuant to the Act on Pension Savings	CZK 5 000
(j) approving a change in the depository of a pension fund	CZK 5 000
9 . Acceptance of the request	
(a) approving the security prospectus	CZK 10 000
(b) approving the amendment to the prospectus of the security	CZK 5 000
(c) authorizing the narrowing of the prospectus of the security	CZK 5 000
(d) granting consent to the publication of an offer document for a mandatory takeover bid	CZK 5 000
(e) granting consent to the publication of an offer document in the course of the fulfillment of an additional offer obligation	CZK 3 000
(f) postponing the fulfillment of the obligation to publish information on the decision to make a takeover bid or the emergence of a bid obligation	CZK 1 000
(g) to extend the deadline for the submission of a draft tender document	CZK 1 0 00
(h) to extend the deadline for publication of the tender document	CZK 1 000
(i) approving the extension of the binding period of the takeover	

bid	CZK 1 000
(j) granting an exemption from the prohibition on legal acts aimed at the contractual acquisition or the theft of the participating securities of the target company for the duration of the takeover bid	CZK 3 000
(k) granting an exemption from the prohibition on the acquisition of participating securities of the target company after the expiry date of the takeover bid	CZK 3 000
(l) shortening or waiving the 1-year period during which the prohibition to make another takeover bid applies	CZK 3 000
(m) to issue a decision authorizing the exercise of voting rights by a person who did not acquire a decisive interest in the voting rights of the target company as a result of its own conduct and could not reasonably expect to acquire a decisive interest in the target company	CZK 3 000
(n) to issue a decision on the termination of the bidding obligation	CZK 3 000
(o) to issue a decision authorizing the exercise of voting rights by a person in default	CZK 3 000
(p) to give prior consent to the justification of the amount of consideration for the purchase of participating securities admitted to trading on a regulated market	CZK 10 000
(q) assessing the comparability of a foreign investment fund with a retail AIF	CZK 5 000 CZK 20 000

Exemption

1. From fees in point (9) (a) to (p), banks domiciled in the Czech Republic are exempted in respect of the issue of covered bonds.
2. From fees in point (9) (a) to (p) the Czech Export Bank is exempt.

Valid wording of changed provisions of Act no. 182/2006 Coll., on Insolvency and Its Resolution (Insolvency Act), as amended, with the proposed amendments and additions

Section 172

(1) Subsequent claims and claims of partners or members of the debtor arising from their participation in a company or cooperative may also be settled in the insolvency proceedings after all claims relating to insolvency proceedings, with the exception of claims referred to in Section 170, have been fully settled.

(2) A subordinated receivable is a receivable that is to be settled under the contract after the satisfaction of another receivable or other receivables of the debtor, in particular if a decision on the debtor's bankruptcy is issued, a subordinated receivable is also a receivable from a subordinated bond pursuant to a special legal regulation ²⁶⁾ **or another similar subordinated security representing the right to repayment of the outstanding amount issued under the law of a foreign state**. If the method of solving bankruptcy is debt relief, subordinated receivables shall include, with the exception of receivables referred to in Section 170, also interest, default interest and default fee on receivables of registered creditors and a contractual penalty agreed in case of default in fulfilling the registered receivable, contractual fine by business debt, in the amount in which they exceed in total the principal of the registered claim at the time of its occurrence.

(3) Subordinated receivables shall be satisfied in accordance with the procedure referred to in Subsection 1, depending on the agreed or determined level of their subordination, they are satisfied relatively. Lastly, the claims of shareholders or members of the debtor resulting from their participation in the company or cooperative are always satisfied, in proportion.

(4) Claims of shareholders or members of the debtor arising from their participation in a company or cooperative are not claimed in the insolvency proceedings, but only reported to the insolvency administrator, who keeps their records.

The current wording of the amended provisions of Act No. 427/2011 Coll., on Supplementary Pension Savings, as amended, indicating the proposed changes and amendments

Section 94

(1) A pension company shall always create and manage 1 obligatory participant fund, namely a mandatory conservative fund (Section 98).

(2) In addition to the obligatory conservative fund, a pension company may create and manage other participating funds.

(3) If the participating fund creates and manages the pension company, that is an alternative participating fund (Section 108a to 108c), must be simultaneously created and manage subscriber fund, which is not an alternative to participating fund or mandatory conservative fund. This shall be without prejudice to the obligation under Subsection (1).

Title VI

Alternative Participation Fund

Section 108a

Exemption for the payment of a pension company in relation to an alternative participation fund

(1) Section 60 (3) and (4) shall not apply to an alternative participation fund.

(2) The amount of fee pursuant to Section 60 (1) (a) in the case of an alternative participation fund, shall not exceed 2.5% of the average annual value of the fund's equity in the alternative participation fund. The fee thus determined shall be reduced by the cost of buying, selling and holding securities issued by the investment fund or by the foreign investment fund. The average annual value of the fund's equity in each participating fund shall be determined at the last day of the relevant period as the simple arithmetic mean of the values of the fund's equity of the participating fund for each day of the relevant period.

(3) The amount of fee pursuant to Section 60 (1) (b) in the case of an alternative participant fund shall not exceed 25% of the difference of the average values of pension units in the relevant period, and the highest annual average retirement unit during the period preceding the formation of the local pool multiplied by the average of the number of pension units in the relevant period.

Section 108b

Asset composition in an alternative participant fund

(1) An alternative participant fund shall invest the participant's funds in the assets specified in Section 100 (1) (a) to (h) and in Subsection (2), while respecting the principles of risk-spreading of investment.

(2) An alternative participation fund shall also invest in:

- (a) investment securities that are not specified in Section 100 (1) (a) and (b)**
- (b) securities issued by an investment fund or a foreign investment fund that can be publicly offered in the Czech Republic under the law governing investment companies and investment funds,**
- (c) commodities or certificates representing them,**
- (d) derivatives of commodities,**
- (e) immovable property including accessories,**
- (f) shares in a legal person whose principal activity is the acquisition of immovable property, the management of immovable property and the transfer of title to immovable property for profit for the purpose of profit,**
- (g) public infrastructure pursuant to the Building Act,**
- (h) intellectual property rights,**
- (i) vessels, aircraft, railway vehicles or machinery,**
- (j) claims on cash benefits ,**
- (k) shares in a trading corporation not incorporated in a security.**

(3) For the purposes of this Act, a commodity means a substitutable thing that can be the subject of a physical delivery, the value of which is ascertainable and with which it can be traded.

(4) For the purposes of this Act, a commodity derivative means a derivative whose underlying asset is a commodity.

Section 108c

Investing of an alternative participation fund in collective investment securities

(1) Section 105 shall not apply to an alternative participation fund.

(2) A pension company may invest no more than 10 % of the value of the assets in an alternative participant fund in securities issued by one investment fund or one foreign investment fund.

Title ~~VI~~VII

Transfer of management of all participating funds

Title ~~VII~~VIII

Cancellation of participant fund and merger of participant funds

Title ~~VIII~~IX

Another duty of a pension company in the management of assets in a participant fund

Title ~~IX~~X

Obligations of information in the management of the participation fund

Section 115

Valuation of assets in participant fund and liabilities of participant fund

(1) Financial instruments owned by a Sub-Fund must be valued on a regular basis within the period specified in the Statute of the Sub-Fund, this period shall not exceed 1 week.

(2) Assets not mentioned in Subsection (1) and obligations arising from contracts concluded for the account of the participation fund must be regularly valued within the time limits specified in the statute, but at least once a year.

(3) During the accounting period, the participating fund shall value its assets and liabilities at least as of the date of determining the current value of the pension unit, without compiling the financial statements.

(4) Assets and liabilities arising from the management of assets in a participant fund shall be valued at their ~~fair value in~~ **accordance with a special legal regulation governing accounting**.

~~(5) The method of determining the fair value of the assets and liabilities of a participating fund shall be laid down in an implementing legal regulation.~~

Section 136

(1) Before concluding a supplementary pension savings contract, a pension company shall obtain from the participant the necessary information about its

- (a) knowledge and experience in the field of finance,
- (b) knowledge and experience of the financial instruments in which the participating funds invest,
- (c) tolerance and preferences in relation to investment risk, and
- (d) supplementary pension savings objectives and preferences in relation to the savings strategy.

(2) The pension company is obliged to obtain information pursuant to Subsection (1) to the extent that it enables it to evaluate whether the conclusion of a supplementary pension savings agreement and the agreed savings strategy correspond to the participant's supplementary pension savings goals, expertise and experience necessary for understanding the related risks .

(3) If the pension company evaluates the information obtained so that the conclusion of the supplementary pension savings contract or the participant's required savings strategy does not correspond to the information provided under Subsection (1), the participant's supplementary pension savings goals, expertise or experience necessary for understanding risks, notify the participant of such findings and recommends a more appropriate savings strategy. If the participant insists on the choice of another savings strategy, the pension company shall instruct the participant about the risks associated with this other choice and

shall comply with the participant's choice; **the pension company will not satisfy the participant's choice if it is a savings strategy involving an alternative participant fund.**

(4) In the event that a participant refuses to provide the information referred to in Subsection 1 or provides information that is manifestly incomplete, inaccurate or false, the pension company shall instruct the participant that such an attitude will not allow it to assess whether the conclusion of a supplementary pension savings contract or the savings strategy corresponds to the participant's objectives within the supplementary pension savings scheme, his / her expertise or experience needed to understand the associated risks, and recommends that he / she become a participant in a more appropriate participant fund or recommend not to conclude a supplementary pension savings agreement. If the participant insists on the conclusion of a supplementary pension savings contract and its choice of savings strategy, the pension company will comply with it; **the pension company will not satisfy the participant's choice if it is a savings strategy involving an alternative participant fund.**

Section 170

Authorizing provisions

(1) The Czech National Bank shall issue a decree pursuant to Section 33 (3), Section 35 (5), Section 39 (4), Section 44 (1), Section 52, Section 54 (2), Section 59, Section 65 (1), Section 69 (4), Section 70 (8), Section 81, Section 82 (1), Section 84 (4), Section 86 (1) and (7), Section 89 (3), Section 91 (6), Section 96 (5), Section 97 (8), Section 100 (6), Section 102 (6), Section 109 (6), Section 111 (2), Section 112 (4), Section 113 (8), ~~Section 115 (5)~~, Section 118 (3), Section 119 (4), Section 130 (3), Section 133 (3), Section 143 (2), Section 148 (4) and Section 189.

(2) The Government shall issue a decree pursuant to Section 134 (5).

Section 188

Transformed fund accounting

(1) A pension company shall account for the state and movement of assets and other assets, liabilities and other liabilities, as well as expenses and income, and the profit and loss of assets in a transformed fund separately from its accounting and other funds.

(2) In accordance with the accounting methods pursuant to a special legal regulation regulating accounting, the pension company shall ensure the accounting of the subject of accounting in the books kept separately for the transformed fund so as to enable it to prepare the financial statements for the transformed fund.

(3) Assets and other assets and liabilities and other liabilities in the transformed fund shall be valued according to the ~~Act on Supplementary Pension Insurance and, if the Act on Supplementary Pension Insurance does not contain the corresponding rules, then according to a special legal regulation regulating accounting.~~

(4) The financial statements of the transformed fund must be audited and published within the time limit set by this Act to the participating fund.

(5) For the purposes of consolidation, the assets and liabilities recorded in the accounts of the transformed fund shall not be taken into account .

~~Section 190~~

~~(1) It is not possible at the same time to be a participant in supplementary pension savings pursuant to Section 2 and a participant in the transformed fund, except when the participant of the transformed fund has started paying benefits and no longer pays contributions to the transformed fund, however, not earlier than on the first day of the calendar month immediately following the date on which the payment of the benefit begins.~~

~~(2) The rights and obligations of the participant in the transformed fund and the beneficiary of the supplementary pension insurance benefit from the transformed fund shall be governed by the Act on supplementary pension insurance, the agreed pension plan and the supplementary pension insurance contract. Their entitlements shall, with the exception of restrictions on the right to transfer funds to another fund, be maintained.~~

Section 190

(1) A participant in supplementary pension insurance may acquire supplementary pension savings at the earliest from the first day of the calendar month immediately following the day of commencement of payment of the benefit from the last pension, or after the day when the supplementary pension insurance was interrupted.

(2) A participant in a supplementary pension savings may pay contributions to supplementary pension insurance only if he has interrupted the payment of the participant's contribution pursuant to Section 11 (3) and (4) and before the interruption, has paid the supplementary pension savings contribution for at least 36 calendar months or at least 12 calendar months in a row since the last interruption of the contribution to the same pension company, or if the payment of the benefit from all funds has been initiated; however, not earlier than the first day of the calendar month immediately following the date on which payment of the participant's contribution was suspended or the date on which payment of the benefit begins.

(3) A participant in supplementary pension insurance who is at the same time a participant in supplementary pension savings may pay contributions to supplementary pension savings only if his supplementary pension insurance has been interrupted or the payment of his last pension benefit has begun; however, at the earliest from the first day of the calendar month immediately following the day on which the supplementary pension insurance was interrupted or after the date on which the benefit payment began.

(4) The rights and obligations of a participant in a transformed fund and a recipient of a supplementary pension insurance benefit from a transformed fund shall be governed by the Act on Supplementary Pension Insurance, the agreed pension plan and the supplementary pension insurance contract. Their claims remain with the exception of the restriction of the right to transfer funds to another fund.

Section 191

(1) New participants may not enter the transformed fund on the basis of conclusion of a supplementary pension insurance contract pursuant to the Act on Supplementary Pension Insurance, with the exception of transfer of the participant's funds

- (a) from the canceled pension fund,
- (b) from the disappearing fund of another pension company, and
- (c) from a transformed fund that merges with another transformed fund.

(2) Transfers of funds pursuant to Subsection (1) (a) and (b) shall be free of charge. For the transfer of funds pursuant to Subsection (1) (c) does not apply to the determination of Section 24 (4) of the Act on Supplementary Pension Insurance, if the application for transfer of funds is submitted within 6 months from the date on which the decision of the Czech National Bank to approve the merger of transformed funds pursuant to Section 195 (4).

(3) The transfer of the participant's funds from the transformed fund to the participant funds may be made free of charge on the basis of the conclusion of a supplementary pension savings contract ~~with the pension management company of the transformed fund~~. The savings period also includes the achieved insured period according to the Pension Insurance Act. The participant's funds may be transferred between the transformed funds only if the participant has concluded a supplementary pension insurance contract with both pension companies that provide supplementary pension insurance through the transformed fund before the creation of the transformed fund, this shall be without prejudice to Subsection (1). **It shall not be possible to transfer funds from a participating fund to a transformed fund.**

(4) When transferring a participant's funds from a transformed fund to a participant fund, the pension company shall record the transferred funds in a breakdown of participant's contributions, contributions provided by the employer, state contributions and profit shares of the transformed fund in accordance with the obligation under Section 121, the contributions of third parties initially kept shall be recorded under the participant's contributions, with the exception of the employer's contributions, which shall continue to be kept separately. In the case of this transfer of funds, the achieved insured period according to the Pension Insurance Act is included in the savings period.

(5) The savings period includes the insured period in the pension fund, the transformed fund and the savings period in the participant fund for the purposes of the participant's fees pursuant to Section 61.

(6) The provision of state contribution in favor of the pension scheme with e governed by this Act. A participant whose contribution to the supplementary pension insurance paid for the calendar month in which this Act comes into effect does not reach at least CZK 300 is not entitled to the state contribution. This does not affect claims for state contributions arising under the Act on Supplementary Pension Insurance until the entry into force of this Act.

Section 192

Fees

(1) A pension company shall be entitled to remuneration for the operation of supplementary pension insurance through a transformed fund, Section 60 shall apply mutatis mutandis.

(2) The pension fund shall be paid from the assets of the transformed fund.

(3) The amount of remuneration is the highest

(a) 0,8% of the average annual balance sheet total in the transformed fund, and

(b) 10% of the profit recognized in the financial statements of the transformed fund, **profit reported in the financial statements of the transformed fund is the sum of the profit for the accounting period and retained earnings from previous periods less the loss for the accounting period and the accumulated loss for the previous period.**

(4) The method of payment of the fee pursuant to Subsection (3) (a) shall be determined the statute of the transformed fund.

(5) The average annual balance sheet total value in the transformed fund shall be determined at the last day of the relevant period as a simple arithmetic mean of the balance sheet total values of the transformed fund for each day of the relevant period.

Section 193

(1) The provisions concerning the participation fund and the relationship between the pension company and the depositary to the participation fund shall apply mutatis mutandis to the transformed fund.

(2) Unless provided otherwise by this Act, the rules on the composition of assets and the management of assets in a transformed fund shall be governed by the Act on Supplementary Pension Insurance.

(3) Investments in immovable property may be invested only on condition that the income from them in the proper management falls into the assets of the transformed fund.

~~(4) When valuing a security held by a transformed fund, the provisions relating to the valuation of securities held by a participating fund shall apply, with the exception of bonds held to maturity, up to a maximum of 35% of the transformed fund's assets, whose issuer is seated in a member state of Organisation for cooperation and development and whose rating issued by a credit rating agency registered or certified under a directly applicable regulation of the European Communities on credit rating agencies achieves a comparable rating category as that of the Czech Republic.~~

~~(5)~~ (4) Informing the participants about the amount of their funds are governed by the pension scheme.

~~(6)~~ (5) The supplementary pension plan is subject to the Supplementary Pension Insurance Act.

~~(7)~~ (6) Except in cases where the provisions of this Act refer to the application of the provisions of the Act on Supplementary Pension Insurance, the Act on Supplementary Pension Insurance does not apply from the date this Act comes into force . The Czech National Bank shall proceed in compliance with the provisions of the Act on Supplementary Pension Insurance Regulating Supervision and Misdemeanors in the exercise of supervision

over compliance with the obligations stipulated in the Act on Supplementary Pension Insurance, the observance of which is required by the Act.

~~(8)~~(7) The provisions of the Supplementary Pension Insurance Act shall apply to the activity of a supplementary pension insurance intermediary.

Valid wording of amended provisions of Act No. 240/2013 Coll., on Management Companies and Investment Funds, as amended, indicating proposed changes and amendments

Section 11

The business activities of an investment company and a foreign person with a Czech National Bank license that is not comparable to a self-governing investment fund

(1) An investment company and a foreign person with a license pursuant to Section 481 that is not comparable to a self-governing investment fund may, to the extent specified in the license granted by the Czech National Bank

- (a) to manage investment funds or foreign investment funds,
- (b) to administer investment funds or foreign investment funds,
- (c) to manage the assets of the customer, which includes an financial instrument, on the basis of discretion under contractual arrangements (portfolio management),
- (d) custody and administration of financial instruments, including related services, but only in relation to securities and dematerialized securities issued by an investment fund or a foreign investment fund,
- (e) receive and transmit instructions relating to financial instruments, and
- (f) to provide investment advice on financial instruments.

(2) An investment company and a foreign person authorized pursuant to Section 481, which is not comparable to a self-governing investment fund, may not carry out activities pursuant to Subsection (1) (d) to (f), unless it is authorized to carry out the activity referred to in Subsection (1) (c). Nor can a foreign person authorized under Section 481 manage a European long-term investment fund.

(3) An investment company authorized to manage UCITS funds or comparable foreign investment funds shall not manage a foreign investment fund that is comparable to a UCITS fund unless it manages at least one UCITS fund.

(4) An investment company authorized to manage only UCITS funds or comparable foreign investment funds may not carry out the activities referred to in Subsection (1) (e) and Subsection (6).

(5) An investment company or a foreign person authorized pursuant to Section 481, which is not comparable to a self-governing investment fund, may, as an entrepreneur, only engage in activities directly related to the management of its own assets or ~~some of the activities involving management or administration of the investment fund or a foreign investment fund~~ **activities referred to in Subsection 1**. To carry out an individual activity involving the management or administration of an investment fund or a foreign investment fund, an investment company or a foreign person authorized pursuant to Section 481, which is not comparable to a self-governing investment fund, **for an investment fund or a foreign investment fund by delegation shall be treated as an activity under points (a) or (b) of Subsection 1; this shall be without prejudice to Section 6 (1) and Section 40 (2).** ~~for a person who observes prudential rules comparable to prudential rules those under European~~

~~Union law, and subject to supervision by the supervisory authority, no other authorization is required.~~

~~(6) An investment company authorized to exceed the limit that is authorized to provide investment services pursuant to Subsection (1) (e), and a foreign person with a license pursuant to Section 481, who is authorized to provide investment services pursuant to Subsection 1 (e) can as an entrepreneur also~~

- (a) be a trustee of a trust that is not an investment fund **and which does not include an financial instrument, including the valuation of such assets and the keeping of accounts of such assets**, or
- (b) to manage the assets of a customer that does not include an financial instrument on a discretionary basis under a contractual arrangement, including the valuation of such assets and the accounting of such assets.

(7) An investment company authorised to provide an investment service in accordance with Subsection 1 (c) may, as an entrepreneur, be a trustee of a trust which is not an investment fund and which includes an investment vehicle, including the valuation of such assets and the keeping of accounts of such assets.

Section 15

(1) A legal person who is not authorized to manage investment funds and in the Czech Republic manages or intends to manage assets consisting in the collected funds or money-valued things from investors or acquired for such funds or money-valued things, for the purpose of its joint investment on the basis of a determined strategy for the benefit of these investors, it must submit an application for entry in the list maintained by the Czech National Bank pursuant to Section 596 (f) and be entered in that list. The first sentence shall not apply to the management of investment fund assets. A person registered in the list maintained by the Czech National Bank pursuant to Section 596 (f) not be authorized to exceed the applicable limit.

(2) Entry in the list maintained by the Czech National Bank pursuant to Section 596 (f) last until the end of the calendar year following the calendar year in which the entry was made.

(3) Entry in the list maintained by the Czech National Bank pursuant to Section 596 (f) shall be renewed for a further 12 months by payment of the administrative fee. The Czech National Bank shall confirm to the legal entity referred to in Subsection 1 the payment of the administrative fee without undue delay.

(4) The Czech National Bank shall delete from the list pursuant to Section 596 (f) on expiry of the registration.

(5) A person registered in the list maintained by the Czech National Bank pursuant to Section 596 (f) may, as an entrepreneur, be a trustee of a trust fund that is not an investment fund.

~~(2)~~**(6)** The administration of assets pursuant to Subsection (1), first sentence, shall apply if the legal entity that manages or intends to manage it has its registered office in the Czech Republic.

~~(3)~~**(7)** The court shall, upon a proposal of the Czech National Bank or a person having a legitimate interest, cancel a legal person not registered in the relevant list and order its liquidation or decide that the trust or other trust the facility shall be terminated if it is a trustee or other trustee not listed in the relevant list pursuant to Subsection (1). The court shall give the legal person or the trustee a reasonable period of time to remedy the decision.

(8) In carrying out the activities referred to in paragraphs 6 and 7, the investment company shall comply, mutatis mutandis, with the rules of conduct with clients when providing the investment service referred to in Section 4(2)(d) of the Capital Market Entrepreneurship Act and is required to hold additional capital of 0,02 % of the value of the assets managed in accordance with subsections (6) and (7).

Section 21

Personnel ~~equipment~~ resources

(1) The personal ~~equipment~~ **resources** of a manager of investment fund or a foreign investment fund must be appropriate to the nature, scale and complexity of the activities it performs.

(2) The manager of an investment fund or a foreign investment fund shall ensure that the persons through whom it conducts business are trustworthy and have sufficient knowledge and experience necessary for the proper performance of the tasks assigned to them, in particular knowledge of the procedures and regulations necessary to carry out their performance duties, this activity.

(3) The manager of an investment fund or a foreign investment fund shall ensure that the scope and nature of the activities performed by the persons referred to in Subsection 2 do not prevent the proper performance of individual activities.

(4) A manager of an investment fund or a foreign investment fund must have at least 2 executives (Section 624) who have sufficient experience with the management of assets targeted by the investment strategy [Section 93 (3)] of a managed investment fund or a foreign investment fund and the performance of activities necessary for the proper performance of this function.

(5) If the investment strategy of an investment fund or a foreign investment fund differs substantially from the investment strategy of most other investment funds or foreign investment funds managed by the same manager, the condition under Subsection 4 shall be met in relation to this fund even if a manager of this fund of at least 2 persons who effectively manages the activities of the manager in relation to the fund and who have sufficient experience in managing the assets targeted by the investment strategy of the fund and in carrying out the activities necessary for the proper performance of this function.

Administration

(1) The administration of an investment fund or a foreign investment fund in respect of that fund shall be the following:

- (a) accounting,
- (b) the provision of legal services,
- (c) compliance and internal audit,
- (d) handling of complaints and claims of investors,
- (e) valuation of its assets and debts,
- (f) calculation of the current value of a security and dematerialized security issued by this fund,
- (g) fulfillment of obligations related to taxes, fees or other similar monetary performance ,
- (h) maintaining a list of owners of securities and dematerialized securities issued by this fund ,
- (i) the distribution and payment of income from the assets of this fund,
- (j) arranging for the issue, exchange and redemption of securities and dematerialized securities issued by this fund ,
- (k) drawing up and updating the annual report and the half-yearly report of the Fund,
- (l) drawing up and updating the key information document of this fund or a comparable document under the law of a foreign State and making changes thereto ,
- (m) drawing up a promotional communication relating to this fund,
- (n) publishing, making available and making available data and documents to unit-holders, beneficiaries or members of this fund and other persons,
- (o) reporting data and providing documents, in particular to the Czech National Bank or the supervisory authority of another Member State,
- (p) engaging in other activities related to the management of the assets of the Fund, for example
 1. Advisory on the structure of capital, industrial strategy and related matters to persons in which the Fund has an equity interest,
 - (2) the provision of services relating to the transformation of companies or the transfer of businesses to persons in which the Fund has an equity interest, and
 3. maintenance of an individual item owned by this fund,
- (q) the distribution and payment of cash payments in connection with the winding-up of this fund,
- (r) keeping records on the issue and redemption of securities and dematerialized securities issued by this fund ,
- ~~(s) carrying out or procuring the activities referred to in Subsection (2), and~~
- (s) safekeeping of securities and keeping records of dematerialized securities issued by this fund,**
- (t) offering investments in this fund, and**
- ~~(#) (u) other activities directly related to the activities referred to in points (a) to (s).~~

~~(2) The following activities may also be administered by an investment fund or a foreign investment fund:~~

- ~~(a) safekeeping of securities and keeping records of dematerialized securities issued by this fund,~~
- ~~or~~
- ~~(b) offering investments in that fund.~~

~~(3) (2)~~ Activities referred to in Subsection 1 (c) and (p) shall be exercised by the administrator of an investment fund or of a foreign investment fund in respect of that fund only if so agreed in the management contract.

~~(4)~~**(3)** The administration of an investment fund or a foreign investment fund shall also include the administration of its sub-funds or comparable facilities. Where this Act uses the term “administration of an investment fund or a foreign investment fund”, it also means the administration of its sub-funds or comparable facilities. Where this Act uses the term “administrator of an investment fund or a foreign investment fund”, it also means the administrator of its sub-funds or comparable facilities. All sub-funds of a single investment fund must have the same administrator.

~~(5)~~**(4)** Administer investment fund, no person shall without a permit issued under this Act, the Czech National Bank, unless this Act or another law provides otherwise.

Section 39

Requirement for other business authorizations

(1) Individual activities, which include the administration of an investment fund or a foreign investment fund, may also be performed on the basis of an authorization other than the relevant authorization granted by the Czech National Bank pursuant to this Act, however, the activities carried out in this way are not the administration of the investment fund or the foreign investment fund.

(2) No other authorization is required for the administration of an investment fund or a foreign investment fund by a person with the appropriate authorization granted by the Czech National Bank pursuant to this Act, ~~this shall be without prejudice to Subsections (3) and (4). A different authorization to carry out an individual activity involving the administration of an investment fund or a foreign investment fund, an investment fund manager or a foreign investment fund for a person who complies with prudential rules comparable to prudential rules under European Union law and is subject to supervisory authority does not require, this shall be without prejudice to Subsections (3) and (4).~~

~~(3) The performance of activities pursuant to Section 38 (1) (a) requires authorization for the provision of investment services safekeeping and management of financial instruments, including related services, or permission to perform activities pursuant to Section 11 (1) (d).~~

~~(4) The performance of activities pursuant to Section 38 (1) (b) requires authorization to provide investment service, acceptance and transmission of instructions concerning financial instruments or permission to perform activities pursuant to Section 11 (1) (e).~~

(3) The performance of activities pursuant to Section 38 (1) (s) by a person who is not authorised to administer an investment fund or a foreign investment fund, authorisation to provide an investment service for the safekeeping and management of financial instruments, including related services, or authorisation to carry out activities in accordance with Section 11 (1) (d).

(4) The performance of activities pursuant to Section 38 (1) (t) by a person who is not authorised to administer an investment fund or a foreign investment fund, authorisation to provide an investment service for the receiving and transmission of

instructions relating to investment vehicles or authorisations to carry out activities in accordance with Section 11 (1)(e).

(5) A license pursuant to Subsection (3) or (4) shall not be required for the pursuit of individual activities involving the administration of an investment fund or a foreign investment fund by the manager in relation to its managed investment funds or foreign investment funds. If the manager of an investment fund or a foreign investment fund carries out its activities pursuant to Section 38 ~~(1)(b)~~ **(1)(t)** without the authorization referred to in Subsection (4), it shall carry out this activity with due care and shall, mutatis mutandis, comply with the rules of the management company's dealings with customers regarding the provision of investment services.

(6) A person authorized to perform the administration of retail AIFs may also perform individual activities, which include the administration of UCITS funds or comparable foreign investment funds.

Section 48

Personnal ~~equipment~~ resources

(1) The staffing ~~of an~~ investment fund manager or a foreign investment fund's resources shall be appropriate to the nature, scale and complexity of the scope of the activities it performs.

(2) The administrator of an investment fund or a foreign investment fund shall ensure that the persons through whom it carries on its activities are trustworthy and have sufficient knowledge and experience necessary for the proper performance of the tasks assigned to it, in particular knowledge of the procedures and regulations necessary for the proper performance of their duties performing this activity.

(3) The administrator of an investment fund or a foreign investment fund shall ensure that the scope and nature of the activities performed by the persons referred to in Subsection (2) do not prevent the proper performance of individual activities.

(4) The administrator of an investment fund or a foreign investment fund must have at least 2 managers who have sufficient experience in performing the activities necessary for the proper performance of this function.

Section 71 *

Custody, custody and registration of fund assets

(1) Within the framework of the depositary's activities, the depositary of a collective investment fund

- (a) has in its custody replaceable financial instruments owned by the collective investment fund by recording them in the owner's account kept by the depositary of the collective investment fund for the fund in the central register of dematerialized securities, in the separate register of financial instruments, conducted under the law of a foreign state, the depositary agreement of the depositary of a collective investment fund entitles the custodian of replaceable financial

instruments also by setting up a holding account for that fund with a central depository of dematerialized securities or comparable equipment established or created under the law of a foreign state, Subsection (3) not applicable in this case,

- (b) hold in custody financial instruments ~~and other assets of a collective investment fund whose nature permits, and~~
- (c) provide evidence of the assets of the collective investment fund, the nature of which allows it.

(2) Within the scope of the depository's activities, the depository of the collective investment fund shall also keep records of the assets of the collective investment fund held or authorized by the prime broker of this collective investment fund.

(3) Which substitutable financial instruments pursuant to Subsection (1) (b) shall the depository is to have custody as well as the manner in which the depository of the collective investment fund is to fulfill the obligations referred to in Subsection (1) as defined in Articles 88 to 90 of *Commission Delegated Regulation (EU) No 231/2013*, implements the directives of the European Parliament and of the Council regulating the coordination of the rules on collective investment in relation to depositaries of UCITS funds ⁸⁾.

(4) Subsection (1) shall not apply to assets held or authorized to be held by the principal proprietors of the collective investment fund concerned.

⁸⁾ Commission Regulation (EU) implementing Directive 2009/65/EC of the European Parliament and of the Council as regards UCITS depositaries.

Section 83 *

(1) A qualified investor fund must have at least one depository, however, a qualified investor fund managed by a manager authorized to exceed the decisive limit may only have one depository **and a qualified investor fund pursuant to Section 96 (a) and (b) need not have a depository.** For the depositaries of a qualified investor fund, Sections 69 to 82 shall apply *mutatis mutandis*, with the exception of Section 73 (1) (f) *and Section 73 (2)* and with the exception of references to the directly applicable EU legislation implementing the Directive of the European Parliament and of the Council coordinating regulations governing collective investment in relation to the UCITS fund depositaries ⁸⁾. For depositaries of a qualified investor fund whose manager is not authorized to exceed the relevant limit, the directly applicable European Union regulation implementing the Directive of the European Parliament and of the Council regulating alternative investment fund managers ⁹⁾ in the case of the manner of performance of obligations pursuant to Section 71 (3), Section 72 (5), Section 73 (4) and Section 74 (4), shall not apply.

(2) If permitted by the statutes qualified investor fund the creation of a sub-fund, the custodian of the fund carries on business as depository and for these sub-funds.

(3) The depository of a qualified investor fund shall also be obliged to compensate for damage pursuant to Section 80 (1) even if it causes it to a shareholder or other shareholder than the shareholders of this fund.

(4) Section 82 shall not apply to depositaries of the European long-term investment fund in which investments are offered to customers who are not professional customers under the law regulating business on the capital market.

(5) The Custodian of the Qualified Investors Fund shall inspect the orders pursuant to Section 73 (2) after their execution, unless otherwise agreed with the Management Company.

⁶⁾ Commission Delegated Regulation (EU) No 231/2013.

⁸⁾ Commission Regulation (EU) implementing Directive 2009/65 / EC of the European Parliament and of the Council as regards UCITS depositaries.

Section 112

Equal treatment

~~(1) The Management Company and the Mutual Fund Administrator shall treat all unit holders equally under the same conditions.~~

~~(2) Legal acts whose purpose is unjustified advantage to any shareholder at the expense of mutual fund or other shareholders shall be disregarded, unless this Act stipulates otherwise or would be detrimental to third parties who relied on such legal acts in good faith.~~

Section 162

(1) The investment share is accompanied by the right to purchase it at the request of its owner on behalf of the company or the sub-fund for which it was issued. Investment shares are extinguished by redemption.

(2) If the law requires voting at the general meeting according to the type of shares, the owner of the investment share without voting rights is entitled to vote at the general meeting.

(3) There shall be no voting right attached to the investment share, unless otherwise specified in the statutes. **For owners of investment shares without the right to vote, Section 406(a) Tthe first sentence of the Commercial Corporations Act does not apply.**

Section 169 *

Statute and key information communication

(1) Each sub-fund must have a Statute. ~~The Sub-Fund's Statute may be incorporated into the Investment Fund's Statute provided that this does not reduce the readability of the Statute for investors.~~ **An investment fund that creates sub-funds must have a statute only in relation to these sub-funds and the first sentence of Article 189 shall not apply to it.**

(2) The key investor information document of the collective investment fund whose articles of association have permitted the creation of a sub-fund is prepared for each sub-fund

Part 5

Special provisions on joint stock companies

Section 169b

(1) The business name of an investment fund, which is a joint-stock company and is not a joint-stock company with variable share capital, contains the designation “investment fund with fixed share capital”, which may be replaced by the abbreviation “SICAF”.

(2) Provisions of Section 156 (1)(a) to (e), Section 156 (2) and (3), Section 157, Section 165 to 169 shall apply mutatis mutandis to a joint-stock company which is not a joint-stock company with variable share capital; when these provisions are invoked by a public limited liability company with variable share capital, this means a public limited company which is not a public limited company with variable share capital.

PART 56

Limited partnership for investment certificates

Section 170

(1) A limited partnership for investment certificates is a limited partnership in which only one partner is liable for its debts indefinitely (hereinafter referred to as the “general partner”) and at least one partner is not responsible for its debts (hereinafter referred to as the limited partner). Shares of limited partners of a limited partnership in investment certificates are represented by investment certificates.

(2) The business name shall include the designation “limited partnership for investment certificates”, which may be replaced by the abbreviation “kom. spol. na invest. listy” or “KSIL”.

(3) A limited partnership for investment certificates may only be an investment fund or a person pursuant to Section 15 (1).

(4) An investment fund which is a limited partnership for investment certificates may create sub-funds.

(5) The provisions of Sections 165 to 169 shall apply mutatis mutandis to a limited partnership on investment certificates that creates sub-funds. If these provisions are invoked by a joint-stock company with a variable share capital, it means a limited partnership for investment certificates. When referring to a shareholder, this is understood as a shareholder. If they invoke investment shares, they are investment certificates. If they invoke the statutes, it means memorandum of association.

(6) The Memorandum of Association of all shareholders may provide for a different distribution of profit and loss between a company and general-partner.

Part ~~(6)~~ 7

Special provisions for limited partnership

Section 187

Audit of financial statement

The financial statement of the investment fund and its individual sub-funds are audited.

Section 187a

Principle of equal treatment

(1) The manager and the administrator of the investment fund shall treat all investors equally under the same conditions.

(2) Legal acts, the purpose of which is to unjustifiably favor any investor to the detriment of the investment fund or other investors, shall not be taken into account, unless this Act provides otherwise or it would be to the detriment of third parties who relied on such legal actions in good faith.

Section 193 *

(1) The current value of a participation certificate, investment share or other investment fund share shall be calculated within the period specified in the Statute.

(2) This time limit shall not exceed

- (a) 2 weeks in the case of a UCITS fund,
- (b) 1 month in the case of a retail AIF which is not invested in real estate or participations in a real estate company, **and**
- (c) 1 year, if it is a qualified investor fund **that is not included in letter (d) that does not invest or if it is a retail AIF that invests** in real estate or participations in a real estate company ; ~~and.~~
- (d) 2 years in the case of an ~~investment~~ **fund of qualified investors** investing in real estate or participating in a real estate company; **and whose manager is not entitled to exceed the decisive limit.**

(3) The administrator is not obliged to compensate for damage caused by incorrect calculation of the current value if:

- (a) the amount of the damage is negligible and the cost effectively incurred in reimbursing it would clearly exceed the amount of compensation, or*
- (b) the deviation from the correct calculation of the actual value does not exceed*
 - 1. 0,25% of the value of the funded capital of an investment fund that invests as a money market fund,*
 - 2. 0.5% of the value of the funded capital of other investment funds.*

(4) An administrator who is not a self-governing investment fund may compensate for damage caused by an incorrect calculation of the current value from the investment fund's assets if the investment fund has enriched due to incorrect determination of the current value and only up to the amount of such enrichment.

(5) The current value shall not be calculated within the time limit pursuant to Section 130 (2) and Section 133.

(6) During the period specified in the statute of the investment fund investing in real estate or interests in real estate companies, but not later than 2 years from the date on which the investment fund was created, the current value of a unit, investment shares or other share of the investment fund does not calculate it, if an investment fund whose manager is not authorized to exceed the relevant threshold.

Section 193a

Issuance of participating securities of investment fund with legal personality

For the issuance of the securities of the investment fund with legal personality the Section 130 (1) to (3) shall apply mutatis mutandis.

Section 196

~~(1) Investment fund assets and liabilities arising from investment activities shall be valued at fair value according to international accounting standards regulated by European Union law⁽⁴⁰⁾, provided that:~~

- ~~(a) the average price between the best binding offer and demand (central price) may be used to determine the fair value of the bond or the equivalent or book-entry security representing the right to repayment of the amount due, and~~
- ~~(b) for the determination of the fair value of a share or similar security or book-entry security representing an interest in a company or other legal person, the value declared on the European regulated market or on a foreign market similar to the regulated market and that declared at the time not later than the moment of valuation and the most approaching moment of valuation.~~

~~(2) By decree, the Czech National Bank shall establish procedures for determining the fair value of assets and debts of an investment fund to the extent specified in Subsection (1).~~

~~⁽⁴⁰⁾ Commission Regulation (EC) No 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council.~~

Section 196

The assets and debts of the investment fund from investment activities are valued according to international accounting standards regulated by the law of the European Union¹⁰⁾.

¹⁰⁾ Commission Regulation (EC) No 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council, as amended.

Section 283b

Possibility to use the abbreviation “SICAR”

A fund of qualified investors which, according to its statute, invests more than 90% of the value of the fund's assets in securities or book-entry securities representing a share in a company or other legal entity, by participating in companies or other legal entities or in intellectual property rights, may use the abbreviation “SICAR” in its name or other designation used in the course of business, including the appendix to the name.

Section 295a

Offering publicly and other than publicly

(1) Investments in an investment fund or a foreign investment fund may be publicly offered in the Czech Republic only under the conditions laid down in this Act and only if the fund is registered in the relevant list maintained by the Czech National Bank, this is without prejudice to Section 305 (1) **and Section 325a**.

(2) In the Czech Republic, investments into an investment fund or a foreign investment fund may be offered to those who are not qualified investors other than public placement only if such investments in the Czech Republic can be offered publicly or the number of these persons does not exceed 20.

Section 315

In the case of a manager established in another Member State entitled to exceed the relevant limit in the case of marketing in the Czech Republic

(1) Investments in a retail AIF, a fund of qualified investors or a comparable foreign investment fund whose home country is a Member State managed by a manager established in another Member State authorized to exceed the relevant limit may be offered in the Czech Republic to persons referred to in Section Article 2a (1) or (2) of the Capital Market Undertaking Act and persons deemed by the Capital Market Undertaking Act to be a professional customer in respect of investments in the Fund from the date on which the Management Company of the Fund receives the communication from the Authority Supervision of another Member State in which it has its registered office comparable to the communication of the Czech National Bank pursuant to Article 313 (3) ~~(e)~~**(d)** without undue delay after receiving from the supervisory authority of another Member State documents comparable to documents pursuant to Article 313 (2).

(2) Investments pursuant to Subsection (1) may be publicly offered in the Czech Republic from the date when this fund is registered in the list maintained by the Czech National Bank pursuant to Section 597 (a), (b), (c) or (d).

Section 316 *

(1) Investments in a foreign investment fund comparable to a retail AIF or qualified investor fund whose home State is another Member State managed by a manager that exceeds the reference limit and whose registered office is in a non-Member State may only be established in the Czech Republic to offer from the day when this fund is registered in the list maintained by the Czech National Bank pursuant to Subsection (2).

(2) The Czech National Bank shall record the foreign investment fund referred to in Subsection (1) in the list pursuant to Section 597 (d) ~~or (e)~~ at the request of its manager, within 20 working days if:

- (a) the supervisory authority of another State that has authorized the fund manager to manage this fund, and the Czech National Bank, in accordance with Articles 113 to 115 of *Commission Delegated Regulation (EU) No 231/2013*, have agreed to exchange the information necessary to performance of supervision under this Act,
- (b) the supervisory authority of the other State which has authorized the fund manager to manage this fund, and the supervisory authority of the fund's home country, have agreed in accordance with Articles 113 to 115 of *Commission Delegated Regulation (EU) No 231/2013* to: the exchange of information necessary for the exercise of supervision under the law of the home country of this Fund implementing the Directive of the European Parliament and of the Council regulating AIFMs ⁵⁾, and
- (c) the country in which the fund manager is established is not included in the list of non-cooperating countries and territories drawn up by the Financial Action Task Force on Money Laundering of the Organization for Economic Cooperation and Development.

(3) When offering investments pursuant to Subsection (1), the manager of the foreign investment fund concerned shall, in relation to this fund, the Czech National Bank and investors domiciled or resident in the Czech Republic fulfill the obligations imposed on the manager authorized to exceed the decisive limit under Sections 34 to 37, Sections 233 to 235, Sections 241, 290, 291, 293, 463, 464 and 557, respectively.

(4) The obligations set forth in Subsection (3) shall continue to be fulfilled even after the investments referred to in Subsection (1) have ceased to be offered in the Czech Republic until settlement of liabilities towards persons in a comparable position with shareholders, beneficiaries, founders, partners or silent partners of the foreign investment fund having their registered office or domicile in the Czech Republic and, in the case of equipment comparable to the trust fund, those who have increased the assets of that facility as the foreign investment fund concerned, and have their registered office or domicile in the Czech Republic.

(5) It shall be prohibited to offer in the Czech Republic investments referred to in Subsection (1) after the date designated by the act under delegated powers adopted by the European Commission under Article 68 (6) of the European Parliament and of the Council regulating alternative investment fund managers ⁵⁾ as the day on which the it must end the national regimes provided for in Articles 36 and 42 of this Directive and the passport regime provided for in Articles 35 and 37 to 41 of this Directive will become the only mandatory regime applicable in all Member States.

(6) An application pursuant to Subsection (2) may only be submitted electronically, the application must contain data and documents proving the fulfillment of the conditions laid down by this Act. The Czech National Bank shall determine by a decree the requisites of an application certifying compliance with the conditions laid down by this Act, its form and manner of filing.

⁵⁾ Directive 2011/61 / EU of the European Parliament and of the Council.

In the case of an investment company authorized to exceed the decisive limit in the case of bidding only in the Czech Republic

(1) Investments in a foreign investment fund whose home country is not a Member State that manages an investment company authorized to exceed the decisive limit may only be offered in the Czech Republic from the date that the fund is registered in the list maintained by the Czech National Bank pursuant to Section 597 (d) ~~or (e)~~.

(2) The Czech National Bank shall record the foreign investment fund referred to in Subsection (1) in the list pursuant to Section 597 (d) ~~or (e)~~ at the request of its manager, within 20 working days if:

- (a) the supervisory authority of the Fund's home State and the Czech National Bank, in accordance with Articles 113 to 115 of *Commission Delegated Regulation (EU) No 231/2013*, have agreed to exchange the information necessary for the exercise of supervision under this Act, and
- (b) the home State of this Fund is not included in the list of non-cooperating countries and territories drawn up by the Financial Action Task Force on the Money Laundering of the Organization for Economic Cooperation and Development.

(3) When offering investments pursuant to Subsection (1), the manager of the foreign investment fund concerned shall comply with the obligations imposed on the manager authorized to exceed the applicable limit under this Act, under this Act or under directly applicable European Union legislation implementing the European Parliament Directive. Councils governing Alternative Investment Fund Managers ⁶⁾, with the exception of Sections 60 to 84, however, the manager of the foreign investment fund concerned shall ensure that the activities of the depositary pursuant to Articles 71 to 73 in relation to that fund are carried out by other persons. The Management Company of the foreign investment fund concerned shall notify the Czech National Bank of the data necessary to identify the persons carrying out the activities of the depositary of that fund pursuant to Sections 71 to 73, as well as any changes thereto.

(4) Section 316 (4) shall apply mutatis mutandis to the obligations set forth in Subsection (3).

(5) It shall be prohibited to offer in the Czech Republic investments referred to in Subsection (1) after the date designated by the act under delegated powers adopted by the European Commission under Article 68 (6) of the European Parliament and of the Council regulating alternative investment fund managers ⁵⁾ as the day on which the it must end the national regimes provided for in Articles 36 and 42 of this Directive and the passport regime provided for in Articles 35 and 37 to 41 of this Directive will become the only mandatory regime applicable in all Member States.

(6) An application pursuant to Subsection (2) may only be submitted electronically, the application must contain data and documents proving the fulfillment of the conditions laid down by this Act. The Czech National Bank shall determine by a decree the requisites of an application certifying compliance with the conditions laid down by this Act, its form and manner of filing. In addition, the Czech National Bank shall determine by decree, to the extent necessary for the exercise of effective supervision of the capital market, the scope,

structure, form and manner of reporting data and provision of documents pursuant to Subsection 3 to the Czech National Bank.

⁵⁾ Directive 2011/61 / EU of the European Parliament and of the Council.

⁶⁾ Commission Delegated Regulation (EU) No 231/2013.

Section 319 *

In the case of a manager established in another Member State authorized to exceed the relevant limit, if the marketing is only in the Czech Republic

(1) Investments in a foreign investment fund whose home country is not a Member State that manages a manager authorized to exceed the relevant limit established in another Member State may only be offered in the Czech Republic from the date that the fund is entered in a list maintained by the Czech National 597 (d) ~~or (e)~~.

(2) The Czech National Bank shall record the foreign investment fund referred to in Subsection (1) in the list pursuant to Section 597 (d) ~~or (e)~~ at the request of its manager, within 20 working days if:

- (a) the supervisory authority of the home State of the Fund and the supervisory authority of the other Member State in which the fund manager is established have agreed to exchange the information necessary in accordance with Articles 113 to 115 of *Commission Delegated Regulation (EU) No 231/2013*, to exercise supervision under the law of that other Member State implementing a Directive of the European Parliament and of the Council regulating AIFMs ⁵⁾, and
- (b) the condition under Section 318 (2) (b).

(3) When offering investments pursuant to Subsection (1), the manager of the foreign investment fund concerned shall comply with the obligations imposed on the manager authorized to exceed the relevant limit under the directly applicable regulation of the European Union implementing Directives of the European Parliament and of the Council governing alternative investment fund managers ⁶⁾, and under the law of the State in which it has its registered office, pursuant to a Directive of the European Parliament and of the Council regulating alternative investment fund managers ⁵⁾, with the exception of Article 21 thereof, however, the manager of the foreign investment fund concerned shall ensure that other persons carry out the activities of the depositary pursuant to Article 21 (7), (8) and (9) of the Directive of the European Parliament and of the Council regulating AIFMs ⁵⁾. The manager of the foreign investment fund concerned shall send to the supervisory authority of the other Member State in which it has its registered office the data necessary to identify the persons carrying out the activity of depositary of that fund pursuant to Article 21 (7), (8) and (9) of the Directive. ⁵⁾ as well as their changes.

(4) Section 316 (4) shall apply mutatis mutandis to the obligations set forth in Subsection (3).

(5) It shall be prohibited to offer in the Czech Republic investments referred to in Subsection (1) after the date designated by the act under delegated powers adopted by the European Commission under Article 68 (6) of the European Parliament and of the Council regulating alternative investment fund managers ⁵⁾ as the day on which the it must end the

national regimes provided for in Articles 36 and 42 of this Directive and the passport regime provided for in Articles 35 and 37 to 41 of this Directive will become the only mandatory regime applicable in all Member States.

(6) An application pursuant to Subsection (2) may only be submitted electronically, the application must contain data and documents proving the fulfillment of the conditions laid down by this Act. The Czech National Bank shall determine by a decree the requisites of an application certifying compliance with the conditions laid down by this Act, its form and manner of filing.

⁵⁾ Directive 2011/61 / EU of the European Parliament and of the Council.

⁶⁾ Commission Delegated Regulation (EU) No 231/2013.

Section 320

In the case of an investment company authorized to exceed the decisive limit for bidding in the Czech Republic

(1) Investments in a foreign investment fund whose home country is not a Member State that manages an investment company authorized to exceed the decisive limit may be offered in the Czech Republic from the date that the fund is registered in the list maintained by the Czech National Bank pursuant to Section 597 (d) ~~or e~~.

(2) The Czech National Bank shall record the foreign investment fund referred to in Subsection (1) in the list pursuant to Section 597 (d) ~~or (e)~~ at the request of its manager, within 20 working days if:

- (a) the conditions under Section 318 (2) (a) and (b),
- (b) the home State of the Fund has concluded an agreement with the Czech Republic which complies with the principles set out in Article 26 of the Model Tax Convention of the Organization for Economic Cooperation and Development on Income and Assets and provides for the exchange of information in tax matters,
- (c) the date on which they are to be investments offered, prior to the date that determines the prescription of the European Union issued under Article 67 (6) of the European Parliament and of the Council regulating alternative investment fund managers ⁵⁾ as the effective date of Art. 35 and 37 to 41 of this Directive.

(3) An application pursuant to Subsection (2) may only be submitted electronically, the application must contain data and documents proving the fulfillment of the conditions laid down by this Act. The Czech National Bank shall determine by a decree the requisites of an application certifying compliance with the conditions laid down by this Act, its form and manner of filing.

⁵⁾ Directive 2011/61 / EU of the European Parliament and of the Council.

Section 322

In the case of a manager established in another Member State entitled to exceed the relevant limit in the case of marketing in the Czech Republic

(1) For the offering of investments in the Czech Republic to a foreign investment fund whose home country is not a Member State that manages the management company authorized to exceed the relevant limit established in another Member State to persons referred to in Section 2a (1) or (2) of the Act Article 315 (1) shall apply mutatis mutandis to the market and to persons who are deemed to be a professional customer in relation to investments in the fund under the Act regulating business on the capital market.

(2) Investments under Subsection (1) may be offered in the Czech Republic only if:

- (a) the conditions under Section 318 (2) (b), Section 319 (2) (a) and Section 320 (2) (b) and (c) a
- (b) the home State of the fund has concluded an agreement with another Member State in which the fund's manager is established which complies with the principles set out in Article 26 of the Organization for Economic Cooperation and Development Model Tax Treaty on Income and Assets and provides for the exchange of information in tax matters.

(3) Investments pursuant to Subsection (1) may be publicly offered in the Czech Republic from the date when this fund is registered in the list maintained by the Czech National Bank pursuant to Section 597 (d) ~~or (e)~~.

(4) The Czech National Bank shall record the foreign investment fund referred to in Subsection 1 in the list pursuant to Section 597 (d) ~~or (e)~~ at the request of its manager within 20 working days, if the conditions under Section 318 (2) (b), Section 319 (2) (a), Section 320 (2) (b) and (c) and Subsection (2) (b).

(5) An application pursuant to Subsection (4) may only be submitted electronically, the application must contain data and documents proving the fulfillment of the conditions laid down by this Act. The Czech National Bank shall determine by a decree the requisites of an application certifying compliance with the conditions laid down by this Act, its form and manner of filing.

Section 324 *

Marketing only in the Czech Republic

(1) Investments in a foreign investment fund whose home State is not a Member State that manages a manager exceeding the vesting limit established in a non-Member State may only be offered in the Czech Republic from the date that the fund is entered in a list maintained by: By the Czech National Bank pursuant to Section 597 (d) ~~or (e)~~.

(2) The Czech National Bank shall record the foreign investment fund referred to in Subsection 1 in the list pursuant to Section 597 (d) ~~or (e)~~ at the request of its manager, within 20 working days if:

- (a) the conditions under Section 318 (2) (a) and (b),
- (b) the supervisory authority of another State which has authorized the manager of this fund to authorize him to manage the fund, and the Czech National Bank, in accordance with Articles 113 to 115 of Delegated Commission Regulation (EU) No 231/2013 , have agreed to exchange information necessary, to exercise supervision under this Act, and

(c) the country in which the fund manager is established is not included in the list of non-cooperating countries and territories drawn up by the Financial Action Task Force on Money Laundering of the Organization for Economic Cooperation and Development.

(3) Article 316 (3) to (5) shall apply *mutatis mutandis* to offering investments pursuant to Subsection (1).

(4) An application pursuant to Subsection (2) may only be submitted electronically, the application must contain data and documents proving the fulfillment of the conditions laid down by this Act. The Czech National Bank shall determine by a decree the requisites of an application certifying compliance with the conditions laid down by this Act, its form and manner of filing.

Section 325 *

Offering in the Czech Republic

(1) Investments in a foreign investment fund whose home country is not a Member State that manages a foreign person authorized pursuant to Section 481 may be offered in the Czech Republic from the date that the fund is registered in the list maintained by the Czech National Bank pursuant to Section 597 (d) ~~or (e)~~.

(2) The Czech National Bank shall register the foreign investment fund referred to in Subsection (1) in the list pursuant to Section 597 (d) ~~or (e)~~ at the request of its manager within 20 working days, if the conditions under Section 318 (2) (a) and (b) and Section 320 (2) (b) and (c).

(3) Investments in a foreign investment fund whose home State is not a Member State managed by a person established in a non-Member State having a license granted by a supervisory authority of another Member State comparable to that under Article 481 may be made in the Czech Republic offer persons referred to in Section 2a (1) or (2) of the Capital Markets Act and persons deemed to be a professional customer under the Capital Markets Act or under the law of another Member State in relation to investments in the Fund, from the date on which the manager of this fund receives a notification from the supervisory authority of another Member State that has granted it an authorization comparable to that under Article 481, comparable to that of the Czech National Bank pursuant to Article 313 (3). Similarly. Investments pursuant to the first sentence may be offered in the Czech Republic only if the conditions pursuant to Section 318 (2) (b) and Section 320 (2) (b) and (c) the supervisory authority of the home State of the Fund and the supervisory authority of another Member State that has granted an authorization to the manager of that fund comparable to that referred to in Article 481 shall be *delegated* in accordance with Articles 113 to 115 of *Commission Delegated Regulation (EU) No. 231/2013*, agreed to exchange information necessary for supervision under the law of another Member State, implementing Directive of the European Parliament and of the Council regulating alternative investment fund managers⁵⁾, and b) the home state of the fund concluded with another Member State, the supervisory authority has granted to the manager of this fund an authorization comparable to that under Section 481, an agreement which complies with the principles set out in Article 26 of the Organization for Economic Cooperation and Development Model Tax Convention on Income and Assets and provides for the exchange of information in tax matters.

(4) Investments pursuant to Subsection (3) may be publicly offered in the Czech Republic from the date when this fund is registered in the list maintained by the Czech National Bank pursuant to Section 597 (d) ~~or (e)~~.

(5) The Czech National Bank shall register the foreign investment fund referred to in Subsection (3) in the list pursuant to Section 597 (d) at the request of its manager within 20 working days, if the conditions under Section 318 (2) (b), Section 320 (2) (b) and (c) and Subsection (3) (a) and (b).

(6) An application pursuant to Subsections (2) and (5) may be submitted only electronically, the application must contain data and documents proving the fulfillment of the conditions laid down by this Act. The Czech National Bank shall determine by a decree the requisites of an application certifying compliance with the conditions laid down by this Act, its form and manner of filing.

⁵⁾ Directive 2011/61 / EU of the European Parliament and of the Council.

Section 325a

In the case of a manager established in a non-Member State, unauthorized to exceed the relevant threshold or the applicable limit not exceeding in the case of public offering in the Czech Republic

Investments in a foreign investment fund whose home State is not a Member State managed by a management company established in a non-Member State that does not have a permit under Section 481 or a comparable permit granted by a supervisory authority of another Member State the Czech Republic to offer to the public ~~from the day when this fund is registered in the list maintained by the Czech National Bank under Section 597 (d)~~.

Section 362a

Special provisions in the event of the bankruptcy of a joint stock company with variable share capital

(1) If a decision on the bankruptcy of a joint-stock company with variable share capital has been issued, the insolvency administrator or a person who performs tasks comparable to those of an insolvency administrator under foreign law shall transfer all assets and debts from investment activities. variable capital that has not created a sub-fund, or the transfer of all sub-funds, in the case of a joint stock company with variable capital that has created a sub-fund, to another joint stock company with variable capital (hereinafter *převod transfer of assets*) having the same manager or administrator, if possible with regard to the proper and prudent performance of these activities. The transfer of assets must also be approved by the general meeting of the joint-stock company with variable share capital, which is in bankruptcy, while in the case of voting on the transfer of assets, only shareholders holding investment shares related to the transferred assets have voting rights. The insolvency administrator or a person who, under the law of a foreign state, performs tasks comparable to those of an insolvency administrator also have the right to convene a general meeting of a joint-stock company with variable share capital in bankruptcy for the purpose of voting on the transfer of assets.

(2) If it is not possible to proceed pursuant to paragraph 1, especially if the General Meeting does not express consent, the insolvency administrator or the person who performs tasks comparable to the tasks of the insolvency administrator under foreign law shall transfer the assets to another joint stock company with variable share capital. agree to the transfer of assets if this is possible with regard to the proper and prudent performance of these activities. The second and last sentences of paragraph 1 shall apply mutatis mutandis.

(3) In the event that it will not be able to proceed in accordance with paragraphs 1 and 2, especially if the General Meeting does not give its consent, the insolvency administrator or a person who performs tasks comparable to the insolvency administrator under foreign law shall liquidate assets and debts from investment activities; sub-fund or sub-funds.

(4) The transfer of assets pursuant to paragraph 1 or 2 shall take effect on the contract on the transfer of assets, which requires a written form and contains

- (a) identification data concerning the joint-stock company with variable share capital, the assets of which are transferred (hereinafter referred to as the “transferring company”), and the joint-stock company with variable registered capital to which it is transferred (hereinafter referred to as the “receiving company”)
- (b) identification data concerning the transferred assets,
- (c) in the event that assets are transferred from an investment activity that is not a sub-fund, an indication that these assets will become a sub-fund of the acquiring company and the identification details of the future sub-fund,
- (d) in the event that a sub-fund is transferred, the identification data of the sub-fund after its transfer,
- (e) the share exchange ratio, which must be determined to be equal in order to maintain the share of the shareholder concerned by the exchange in the transferred assets, and thus without prejudice to the rights in relation to the share of profit and the liquidation balance,
- (f) detailed rules for the exchange of shares after the transfer of assets; and
- (g) a description of the change in the rights of shareholders after the transfer of assets, if their rights change.

(5) The transferred assets become a sub-fund of the receiving company on the effective date of the contract on the transfer of assets.

(6) The provisions of the Act governing the transformation of business corporations shall not apply to the procedure pursuant to paragraphs 1, 2, 4 and 5.

Section 376

Liquidation of mutual fund

(1) A manager of a mutual fund monetizes assets in this fund and fulfills the debts in this fund within 6 months from the date of cancellation of this fund.

(2) The Mutual Fund Administrator shall pay to the unit-holders their shares in the liquidation balance within 3 months from the date of the monetization of the assets in this fund and the fulfillment of the debts in this fund.

(3) After the distribution of the liquidation balance of the mutual fund, the administrator of the mutual fund shall, without undue delay, submit an application for deletion of the mutual fund from the list of mutual funds.

Section 381

(1) For the purposes of this Act, the transformation of a mutual fund means

- (a) merger of mutual funds,
- (b) mergers of mutual funds,
- (c) conversion of a mutual fund into a joint-stock company,
- (d) conversion of a fund of qualified investors into a special fund,
- (e) conversion of a closed-end mutual fund into an open-end mutual fund,
- (f) conversion of a retail AIF fund into a UCITS fund, and
- (g) the transfer of the assets of a limited liability company or joint stock company (hereinafter referred to as a “capital company”) to a mutual fund.**

(2) Transformations of a mutual fund other than those referred to in paragraph 1 are not permitted.

Section 7

Transfer of the capital company's assets to a mutual fund

Section 432a

(1) Admissibility of the transfer of assets

- (a) the receiving mutual fund is registered in accordance with Section 105 in the public register as the sole shareholder of the defunct capital company,**
- (b) the transfer of assets does not infringe the status of the receiving unit trust; and**
- (c) the transfer of assets will not harm the interests of the unit-holders of the receiving mutual fund.**

(2) With the effectiveness of the transfer of assets, the terminatign capital company is dissolved without liquidation and its assets are transferred to the mutual fund.

(3) Only the statutory body of the mutual fund manager acting as the sole shareholder within the competence of the general meeting of the merging capital company shall decide on the transfer of assets after the previous statement of the depositary of the receiving mutual fund, unless this decision falls within the competence of the shareholders' meeting. The invalidity of the decision under the first sentence cannot be invoked.

(4) The decision pursuant to Subection 3 shall not be taken into account if the conditions pursuant to Subsection 1 are not met or the depositary of the receiving mutual fund has provided a dissenting opinion on it; the depositary shall state in its statement whether the status of the acquiring mutual fund will not be violated as a result of the takeover of the assets.

(5) The provisions of the Act governing the transformation of companies and cooperatives, which regulate the national transfer of assets to a partner, shall apply *mutatis mutandis* to the transfer of the capital company's assets to a mutual fund, unless this Act provides otherwise; the provisions governing the conversion report, the publication of the conversion project before its approval, the shareholders' right to information and the invalidity of the conversion shall not apply.

(6) The rights and obligations imposed by the Act on the Transformation of Companies and Cooperatives on the receiving partner and its bodies shall be exercised and fulfilled by the manager of the receiving mutual fund, unless otherwise provided by this Act.

Section 432b

The project of asset's transfer

(1) The asset transfer project shall be prepared jointly by the administrator of the receiving mutual fund and the terminating capital company.

(2) The project of transfer of assets includes

- (a) the designation of the receiving mutual fund, its manager, administrator and depositary,
- (b) the designation of the defunct capital company,
- (c) reasons for transfer of assets,
- (d) the likely effects of the transfer of assets on the interests of the unit - holders of the receiving unit; and
- (e) the decisive date of the transfer of assets.

(3) The project of transfer of assets requires a written form. The provisions of the law governing the transformation of companies and cooperatives which require a transformation project in the form of a notarial deed shall not apply.

Section 432c

Permission from the Czech National Bank

(1) The transfer of the capital company's assets to a collective investment fund requires the permission of the Czech National Bank.

(2) The Czech National Bank shall not allow the transfer of assets if the protection of the interests of the unit-holders of the receiving collective investment fund is not ensured.

(3) Section 1 shall not apply to the transfer of the assets of a real estate company to a collective investment fund which invests in real estate or by participating in a real estate company.

Section 432d

Procedure for an application for permission to transfer assets

(1) The application for permission to transfer assets shall be submitted by the administrator of the transformed collective investment fund without undue delay after the adoption of a decision pursuant to Section 432a (3).

(2) Attachment to the application pursuant to Section 1 is a decision pursuant to Section 432a (3), proof of compliance with the conditions pursuant to Section 432a (1), a project for the transfer of assets and a statement of the mutual fund depository.

(3) The participants in the proceedings for the authorization of the transfer of assets are the manager, the administrator and the depository of the transformed collective investment fund.

Section 432e

Entry in the Commercial Register

(1) Before registering the transfer of assets in the Commercial Register, the mutual fund administrator shall publish in the Commercial Gazette a notice to creditors that the transfer of assets will take place and their rights pursuant to Sections 35 to 39a of the Act governing the transformation of companies and cooperatives.

(2) A proposal for the entry of a transfer of assets in the Commercial Register shall be submitted by the jointly terminated capital company and the manager of the receiving mutual fund.

(3) Upon the transfer of assets, an indication shall be entered in the Commercial Register of the terminating capital company that it has ceased to exist with the transfer of assets to the mutual fund and the designation of the receiving mutual fund and information on the manager of this mutual fund.

Section 432f

Obligations following the legal effects of a transfer of assets

(1) The manager of the transformed mutual fund shall send information to the depository of the transformed mutual fund that it has taken a decision pursuant to Section 432a para.

(2) The administrator of the transformed collective investment fund shall publish the project of the transfer of assets and the decision of the Czech National Bank pursuant to Section 432c paragraph 1 without undue delay without undue delay after the day when the legal effects of the transfer of assets occurred.

(3) The administrator of the transformed fund of qualified investors shall make the project of the transfer of assets available to the shareholders of the receiving mutual fund without undue delay after the day when the legal effects of the transfer of assets occurred.

Section 434 *

Duty to prepare financial statements

~~As of the date of cancellation of the mutual fund, its administrator prepares extraordinary financial statements of this fund according to the Act on Accounting, the annual report is not prepared as of the date of cancellation of the mutual fund.~~

Section 434

Duty to prepare financial statements

On the day of cancellation of the mutual fund without liquidation or on the day preceding the day of the mutual fund's entry into liquidation, its administrator shall prepare extraordinary financial statements of this mutual fund according to the Act regulating accounting, the annual report shall not be drawn up on the date of cancellation of the mutual fund without liquidation or on the day preceding the day of the mutual fund's entry into liquidation.

Section 467

Notification of changes

(1) Any person authorized by the Czech National Bank to operate pursuant to Section 479, 480, 481 or Section 482 shall notify the Czech National Bank of any change in the facts on the basis of which it was granted such a license, according to the law governing basic registers. A foreign person authorized in accordance with Article 481 shall notify the Czech National Bank without undue delay that it has been granted a comparable authorization by the supervisory authority of another Member State.

(2) The manager of an investment fund or a foreign investment fund shall notify the Czech National Bank of any change that may significantly deteriorate its economic situation or the economic situation of the investment fund or the foreign investment fund that it manages. The same obligation shall apply to the administrator of an investment fund or of a foreign investment fund in the case of a change that may significantly worsen its economic situation.

(3) The administrator of an investment fund or a foreign investment fund shall notify the Czech National Bank of any change that may significantly affect the value of a participation certificate, investment share or other interest in an investment fund or a foreign investment fund whose current value it calculates.

(4) If the registered fact changes, the registered person or the person imposing it by a legal regulation shall notify the Czech National Bank of the change and the change shall be recorded in the lists pursuant to Sections 596 and 597, registers.

(5) The manager of an investment fund or a foreign investment fund shall notify the Czech National Bank of the change in the person of the administrator.

(6) The mutual fund administrator shall notify the Czech National Bank of the cancellation of the mutual fund with liquidation. The Czech National Bank shall record this fact in the list pursuant to Section 597 (b).

Section 479

Management company

(1) The Czech National Bank shall grant a license to operate a management company at the request of a joint-stock company or at the request of the founder or founders of a joint-stock company before the date of its entry in the Commercial Register, if

- (a) the registered office and the actual registered office is or should be in the Czech Republic,
- (b) the company is trustworthy,
- (c) there are no reasonable concerns that the company will not have the material, organizational and personnel prerequisites for carrying out such an activity, enabling the business plan to be fulfilled, and, in particular, how it will be operational management is ensured, investment strategy is implemented, compliance and internal audit are ensured, risks are managed, financial control and cash flows are performed, the remuneration system is adjusted and procedures are set for entrusting third parties with certain activities, including investment fund management or administration, and for control of the activities of authorized persons,
- (d) its business plan
 1. defines and covers the planned scope of activity,
 2. is based on real economic calculations a
 3. defines the activities which it intends to entrust to another,
- (e) the proper and prudent performance of the company's activities will be managed by at least 2 persons who meet the requirements for the approval of senior executives set out in Section 516 para. 1,
- ~~(f) the share capital is paid up, the initial capital, including the share capital, has a transparent and sound origin and there are no reasonable concerns that the company will not have a transparent and sound capital, in an amount that allows for sound management of investment funds or foreign investment funds which will be located in accordance with the rules for the placement of capital (Section 32),~~
- f) the initial capital of the company in the minimum amount according to Section 29 has a transparent and harmless origin, is located in accordance with the rules for capital placement according to Section 32 and the company has or will have capital no later than the date of commencement of activities in the amount determined according to Section 30 and 31, which enables the proper management of investment funds or foreign investment funds,**
- (g) close links with another person do not prevent the exercise of supervision of the company; in close connection with a person established or effectively domiciled in a State which is not a Member State, the law of that State and the manner in which it is to be exercised, including its enforcement, shall not prevent the supervision of the investment company,
- (h) in the case of funds or corporations which it manages or intends to manage, there are no reasonable fears that it will not make available to investors the data referred to in Section 241 (1) or Section 293,
- (i) only persons fulfilling the preconditions stipulated in Section 522 par. 2 will have a qualified participation in the company,
- (j) certifies the fulfillment of the preconditions pursuant to Section 507 para. 1, if he / she intends to perform any of the activities pursuant to Section 11 para. c) to f),

- (k) meets the requirements of Article 14 (2) of Regulation (EU) No 345/2013 of the European Parliament and of the Council, as amended, if it intends to manage qualifying venture capital funds in accordance with Article 3 (a); (b) of this Regulation or comparable foreign investment funds, and
- (l) meets the requirements of Article 15 (2) of Regulation (EU) No 346/2013 of the European Parliament and of the Council, as amended, if it intends to manage qualified social entrepreneurship funds in accordance with Article 3 (a). (b) of this Regulation or comparable foreign investment funds.

(2) The Czech National Bank shall grant a license to operate an investment company if it intends to manage only qualified venture capital funds pursuant to Article 3 letter (b) Regulation (EU) No 345/2013 of the European Parliament and of the Council, as amended, qualified social entrepreneurship funds as referred to in Article 3 (a); (b) Regulation (EU) No 346/2013 of the European Parliament and of the Council, as amended, or comparable foreign investment funds, also at the request of a public limited company or at the request of its founder or founders before its date of entry in the commercial register; the actual registered office is or is to be in the Czech Republic, and

- (a) if the conditions under Article 14 (2) of Regulation (EU) No 345/2013 of the European Parliament and of the Council, as amended, are met, if it intends to manage qualifying venture capital funds in accordance with Article 3 (a); (b) of this Regulation or comparable foreign investment funds; or
- (b) if the conditions under Article 15 (2) of Regulation (EU) No 346/2013 of the European Parliament and of the Council, as amended, are met, if it intends to manage qualified social entrepreneurship funds in accordance with Article 3 (a). (b) of this Regulation or comparable foreign investment funds.

Section 482

Main Administrator

The Czech National Bank shall grant a license for the activity of the Chief Administrator at the request of a company or at the request of the founder or founders of a company before the date of its entry in the Commercial Register, if

- (a) the registered office and the actual registered office are or should be located in the Czech Republic,
- (b) the company is trustworthy,
- (c) there are no reasonable concerns that the Chief Administrator will not have, to the extent that he / she applies for an activity permit, the material, organizational and personnel prerequisites for carrying out the activity to enable it to comply with its business plan, operational management, compliance and internal audit, and control of the activities of persons that it intends to entrust to the performance of any activity, including investment fund administration or from a border investment fund,
- (d) its business plan
 1. defines and covers the planned scope of activities,
 2. is based on real economic calculations,
 3. defines the activities which it intends to delegate to another,

- (e) the proper and prudent performance of the Company's activities will be managed by at least two persons who meet the prerequisites for the approval of senior management set out in Section 516 (1),
- (f) the share capital is paid up, the initial capital, including the share capital, is of transparent and sound origin and there are no reasonable concerns that the company will not have own capital at an amount which permits sound administration of investment funds or foreign investment funds,
- (g) only persons meeting the conditions set out in Section 522 (2) shall have a qualifying holding in the company ~~,and~~
- ~~(h) is authorized to provide relevant investment services pursuant to Section 39 (3) or (4) if it intends to carry out any of the activities referred to in Section 38 (2) (a), or~~
- ~~(i)~~ **(h)** its further business activity does not prevent or impede the proper administration of the administration.

Section 483

Time limits for decisions

(1) The Czech National Bank shall decide on an application for a permit pursuant to Sections 479 ~~,480 or Sections 481 to~~ **482** within 3 months of the date of submission of the application, which has the required particulars and does not suffer from other defects, this period shall be extended by 3 months if necessary for the proper examination of the application.

(2) In the case of an application for a license pursuant to Article 479 authorizing an investment company to manage UCITS funds or comparable foreign investment funds or an application for a license pursuant to Article 480, if a self-governing investment fund is to be a UCITS fund, within 6 months of the date of submission of the application, which has the required particulars and does not suffer from other defects.

(3) The Czech National Bank need not decide on an application referred to in Article 484 before 1 month has elapsed from the date on which the applicant proves compliance with the prerequisites pursuant to Article 479 (1) (b). c) and i), or from the date on which the opinion of the European Supervisory Authority referred to in Article 489 was delivered to the Czech National Bank.

(4) If the Czech National Bank fails to issue a decision on an application for a permit within the period referred to in Subsections (1) to (3), the court may be required to impose an obligation to issue a decision on the merits, even though protection against inactivity of the administrative authority.

Section 485 *

(1) In the operative part of the decision on the granting of an authorization pursuant to Section 479 or 481, the Czech National Bank shall state whether the manager is authorized to:

- (a) exceed the applicable limit,
- (b) manage
 1. UCITS funds,
 2. foreign investment funds comparable to a UCITS fund,

3. retail AIFs,
 4. foreign investment funds comparable to retail AIFs,
 5. qualified investor funds, with the exception of qualifying venture capital funds as referred to in Article 3 (b) *Regulation (EU) No 345/2013 of the European Parliament and of the Council, as amended*, and qualified social entrepreneurship funds as referred to in Article 3 (b) *Regulation (EU) No 346/2013 of the European Parliament and of the Council, as amended*,
 6. foreign investment funds comparable to a qualified investor fund, with the exception of foreign investment funds comparable to a qualifying venture capital fund referred to in Article 3 (b) *Regulation (EU) No 345/2013 of the European Parliament and of the Council, as amended*, and foreign investment funds comparable to the qualified social entrepreneurship fund referred to in Article 3 (b) *Regulation (EU) No 346/2013 of the European Parliament and of the Council, as amended*,
 7. qualifying venture capital funds as referred to in Article 3 (b) *Regulation (EU) No 345/2013 of the European Parliament and of the Council, as amended*,
 8. foreign investment funds comparable to the qualifying venture capital fund referred to in Article 3 (b) *Regulation (EU) No 345/2013 of the European Parliament and of the Council, as amended*,
 9. qualified social entrepreneurship funds as referred to in Article 3 (b) *Regulation (EU) No 346/2013 of the European Parliament and of the Council, as amended*, or
 10. foreign investment funds comparable to the qualified social entrepreneurship fund referred to in Article 3 (b) *Regulation (EU) No 346/2013 of the European Parliament and of the Council, as amended*,
- (c) administer
1. UCITS funds,
 2. foreign investment funds comparable to a UCITS fund,
 3. retail AIFs,
 4. foreign investment funds comparable to retail AIFs,
 5. qualified investor funds, with the exception of qualifying venture capital funds as referred to in Article 3 (b) *Regulation (EU) No 345/2013 of the European Parliament and of the Council, as amended*, and qualified social entrepreneurship funds as referred to in Article 3 (b) *Regulation (EU) No 346/2013 of the European Parliament and of the Council, as amended*, ~~with a distinction as to whether their manager is entitled to exceed the relevant limit,~~
 6. foreign investment funds comparable to a qualified investor fund, with the exception of foreign investment funds comparable to a qualifying venture capital fund referred to in Article 3 (b) a directly applicable regulation of the European Union governing European venture capital funds ⁷⁾ and foreign investment funds comparable to the qualified social entrepreneurship fund referred to in Article 3 (b) *Regulation (EU) No 346/2013 of the European Parliament and of the Council, as amended*, ~~with a distinction as to whether their manager is entitled to exceed the relevant limit,~~
 7. qualifying venture capital funds as referred to in Article 3 (b) *Regulation (EU) No 345/2013 of the European Parliament and of the Council, as amended*,
 8. foreign investment funds comparable to a qualifying venture capital fund as referred to in Article 3 (b) *Regulation (EU) No 345/2013 of the European Parliament and of the Council, as amended*,
 9. qualified social entrepreneurship funds as referred to in Article 3 (b) *Regulation (EU) No 346/2013 of the European Parliament and of the Council, as amended*, or

10. foreign investment funds comparable to the qualified social entrepreneurship fund referred to in Article 3 (b) *Regulation (EU) No 346/2013 of the European Parliament and of the Council, as amended*, **and**

(d) to perform the activities specified in Section 38 (2) (a) or (b) for another in relation to:

1. UCITS funds,
2. foreign investment funds comparable to a UCITS fund,
3. retail AIFs,
4. foreign investment funds comparable to retail AIFs,
5. qualified investor funds, with the exception of qualifying venture capital funds as referred to in Article 3 (b) and qualified social entrepreneurship funds as referred to in Article 3 b), with a distinction as to whether their manager is entitled to exceed the relevant limit,
6. foreign investment funds comparable to a qualified investor fund, with the exception of foreign investment funds comparable to a qualifying venture capital fund referred to in Article 3 (b) a directly applicable regulation of the European Union governing European venture capital funds and foreign investment funds comparable to a qualifying social fund pursuant to Article 3 (a), b), with a distinction as to whether their manager is entitled to exceed the relevant limit,
7. qualified venture capital funds as referred to in Article 3 (b) *Regulation (EU) No 345/2013 of the European Parliament and of the Council, as amended*,
8. foreign investment funds comparable to the qualifying venture capital fund referred to in Article 3 (b) *Regulation (EU) No 345/2013 of the European Parliament and of the Council, as amended*,
9. qualified social entrepreneurship funds as referred to in Article 3 (b) *Regulation (EU) No 346/2013 of the European Parliament and of the Council, as amended*, or
10. foreign investment funds comparable to the qualified social entrepreneurship fund referred to in Article 3 (b) *Regulation (EU) No 346/2013 of the European Parliament and of the Council, as amended*, and

(e) ~~(d)~~ to perform the activities specified in Section 11 (1) (c) to (f) when applying for authorization to exercise them.

(2) The Czech National Bank may limit the scope of the authorized activity in the operative part of the decision on granting a license pursuant to Section 479 or 481, in particular if it concerns the scope of investment strategy of investment funds or foreign investment funds in accordance with Section 481.

Section 487

~~In the operative part of the decision granting the permit pursuant to Section 482, the Czech National Bank shall state whether the Chief Administrator is authorized~~

(a) administer

1. retail AIFs,
2. foreign investment funds comparable to retail AIFs,
3. qualified investor funds with a distinction as to whether their manager is entitled to exceed the relevant limit, or
4. foreign investment funds comparable to those of qualified investors, with a distinction as to whether their manager is entitled to exceed the relevant limit and, where appropriate,

(b) to perform the activities referred to in Section 38 (2) (a) or (b) in relation to:

1. retail AIFs,
2. foreign investment funds comparable to a retail AIF,

~~(3) qualified investor funds, or~~

~~4. foreign investment funds comparable to those of qualified investors.~~

Section 487

In the operative part of the decision granting the permit pursuant to Section 482, the Czech National Bank shall state whether the main administrator is authorized to carry out

- (a) retail AIFs and foreign investment funds comparable to a retail AIF, or**
- (b) qualified investors' funds and foreign investment funds comparable to the qualified investors' fund.**

Section 506a

(1) The Czech National Bank shall also decide to remove from the list maintained under this Act in the case of an investment fund or a foreign investment fund if:

- ~~(a) the manager of this fund or the person having a legitimate interest in it has so requested, and if the conditions that arise in connection with the termination of his activity in the Czech Republic under this Act are met,~~
- (a) so requested by the manager or administrator of this fund or liquidator, if it is an investment fund with legal personality,**
- (b) has not been operating for more than 6 months,
- (c) an application for registration in the Commercial Register has not been filed within 90 days of the date on which it was entered in the list, or if it has not been granted,
- (d) it appears that the entry in the list has been made on the basis of false or incomplete information,
- (e) does not comply with the conditions arising from this Act,
- (f) it has been withdrawn from the license for the activity of a self-governing investment fund, and this fund should not become an investment fund referred to in Section 9,
- (g) the self-governing investment fund was transformed pursuant to Section 363,
- (h) it became clear that the investment fund referred to in Section 9
 - 1. has no individual statutory body, and
 - 2. its manager has not been authorized to manage this investment fund for more than 6 months,
- (i) ceased to exist,
- (j) shall not be longer than three months in the depositary, or
- (k) for other reasons arising from this Act.

(2) The deletion under Subsection (1) shall be decided by the Czech National Bank

- (a) on the day of termination of the investment fund with legal personality, relocation of the registered office abroad or on the date of change of the subject of business of the investment fund with legal personality,
- ~~(b) on the date of termination of the mutual fund or conversion into a foreign investment fund or on the date of distribution of the liquidation balance,~~
- (c) on the date of cessation of management of the trust, the conversion of the trust into a foreign investment fund, or the date on which the trustee has requested the cessation of the trust's administration,

- (d) as of the date of change of the legal form of the investment fund, as a result of which it is simultaneously entered in another list pursuant to Section 597 (a) to (c), or
- (e) on another date, such as that proposed by the person who requested the deletion.

Section 506b

(1) The Czech National Bank shall decide on the deletion from the list maintained pursuant to this Act, if it has been proven by facts that justify the deletion.

(2) In cases of deletion according to Section 506 (a) to (d) and (f) and Section 506a (a), (c), (f), (g) and (i) the decision is not made in writing.

(3) If the Czech National Bank complies with the request pursuant to Section 506a (1) (a) in full, no appeal is admissible against this decision and the decision takes legal effect at the time of deletion. The Czech National Bank shall immediately inform the applicant electronically of the deletion.

Section 510

(1) The Czech National Bank shall enter a person in the list of investment fund depositories upon request if it has the prerequisites to fulfill the duties of the investment fund depository under this Act and directly applicable European Union regulation implementing the European Parliament and Council Directive collective investment in relation to depositories of UCITS funds ⁸⁾ or directly applicable regulation of the European Union implementing Directive of the European Parliament and of the Council regulating managers of alternative investment funds ⁹⁾.

(2) The investment fund depository shall be entered in the list of investment fund depositories.

(3) The Czech National Bank shall make the registration pursuant to Subsection (1) within 3 months of the date of the submission of the application, which has the required particulars and does not suffer from other defects, this period shall be extended by 3 months if necessary for the proper examination of the application.

⁸⁾Commission Delegated Regulation (EU) No 231/2013.

Section 517

(1) When assessing the facts referred to in Section 516 (1) (e) to (h), the Czech National Bank shall take into account, in particular, the scope of powers associated with the exercise of the office of manager, the organizational structure and the overall personnel of the **source of the** investment company, the self-governing investment fund, foreign persons authorized under Section 481 or the Central Administrator.

(2) The fact that the assessed person acts as an employee or an elected member of the body of another person within the group is disregarded when assessing the facts stated in Section 516 (1) (g).

~~Section 532 *~~

Request for

- ~~(a) the granting of an authorization pursuant to Sections 479, 480, 481, 482 and 507,~~
- ~~(b) granting consent pursuant to Section 508, 509, 515, 520, 525, 527 and 529,~~
- ~~(c) withdrawal of the permit pursuant to Section 551 (1) (d) and Section 646 (1),~~
- ~~(d) change of the permit according to Section 647 and~~
- ~~(e) entry in the list pursuant to Section 596 and 597, as well as the change of data entered in these lists,~~

~~can only be submitted electronically, the application must contain data and documents proving the fulfillment of the prerequisites stipulated by this Act. The Czech National Bank shall determine by a decree the requisites of an application certifying the fulfillment of the prerequisites stipulated by this Act, its form and manner of filing.~~

Section 532

(1) Application for authorization pursuant to Sections 479, 480, 481, 482 and 507, granting consent pursuant to Sections 508, 509, 515, 520, 525, 527 and 529, designation permit pursuant to Section 531, withdrawal of authorization pursuant to Section 551 (1) (d) and Section 646 (1), the change of authorization pursuant to Section 647 and the entry in the list pursuant to Section 596 and 597, as well as the change of data entered in these lists, can only be submitted electronically.

(2) The application pursuant to Subsection (1) shall contain data and documents proving the fulfillment of the prerequisites stipulated by this Act.

(3) The Czech National Bank shall stipulate by a regulation the requisites of an application pursuant to Subsection (1) certifying compliance with the conditions laid down by this Act, its form and manner of filing.

Section 597

The Czech National Bank also maintains lists

- (a) investment funds with legal personality,
- (b) mutual funds,
- (c) investment funds having the legal form of a trust fund,
- (d) foreign investment funds, ~~to which investments may be publicly offered in the Czech Republic, except in the case referred to in point (e), and~~
- (e) ~~foreign investment funds comparable to a retail AIF or a fund of qualified investors, whose manager is entitled to exceed the decisive limit and in which the investment in the Czech Republic is intended to be offered only other than publicly.~~
- (e) UCITS funds,**
- (f) retail AIFs, and**
- (g) qualified investors' funds.**

Section 599 *

An investment fund manager or a foreign investment fund shall commit an offense by:

- (a) fails to comply with any of the obligations or breaches any of the prohibitions laid down by the directly applicable European Union regulation on the management of investment funds ²⁾ pursuant to Articles 3 to 38 of Commission Regulation (EU) No 583/2010, Article 1 and Annex I to the Commission Regulation (EU) No 584/2010, Articles 2 to 111 of Commission Delegated Regulation (EU) No 231/2013, as amended, Articles 5, 6, 7 (a) 12 (14a) of Regulation (EU) No 345/2013 of the European Parliament and of the Council, as amended, Articles 5, 6, 7 (a) or (b) or Articles 12 to 14a of Regulation (EU) No 345/2013, as amended, or Articles 13 to 15a of Regulation (EU) No 346/2013 of the European Parliament and of the Council, as amended, Articles 3 to 31 of Regulation (EU) 2015/760 of the European Parliament and of the Council, Article 13 or 14 of Regulation (EU) 2015/2365 of the European Parliament and of the Council, Articles 2 to 24 of Commission Delegated Regulation (EU) No 438/2016, as amended, or pursuant to Articles 4 to 6, 9 to 21 or Art. 23 to 36 of Regulation (EU) 2017/1131 of the European Parliament and of the Council, as amended in relation to the conduct of business, which includes management of an investment fund or a foreign investment fund,
- (b) does not manage this fund with professional care in contravention of Section 18 ,
- (c) in violation of Section 19 (1), does not perform its activities properly or prudently,
- (d) failing to introduce, maintain or apply the management and control system in violation of Section 19 (2) ,
- (e) fails to ensure that its management and control system meets the requirements of Section 20 (1), (2) or (3),
- (f) does not act pursuant to Section 20 (4),
- (g) does not introduce, maintain or apply the sword of hanism for reporting under Section 20a,
- (h) fails to ensure that its personnel ~~equipment meets the~~ **sources meet** requirements arising from Section 21,
- (i) violates some of the rules of conduct arising from Section 22,
- (j) entrusts another performance of an individual activity, which includes the management of this fund, in contravention of any of the conditions specified in Sections 23 to 25,
- (k) in the performance of any of the activities referred to in Section 11 (1) (c) to (f) fails to comply with any of the obligations arising from Section 33 (1) or breaks the prohibition under Section 33 (2),
- (l) disposes of funds of this fund in contravention of Section 74 (2) or (3),
- (m) fails to fulfill any of the obligations specified in Section 76 or 673 after the custody agreement has ceased to exist ,
- (n) fails to inform the relevant depository of the occurrence or termination of an obligation under the contract referred to in Section 88 (1) , in violation of Section 88 (3) ,
- (o) fails to provide the Czech National Bank with any of the documents pursuant to Section 455 (1), or
- (p) fails to notify the Czech National Bank of any of the data or facts pursuant to Section 458, Section 459 (1), Section 460 (1), Section 461 (3) or Section 4, Section 462, 463, Section 464 (1), Section 466 , Section 467 (2), first sentence, Section 467 (5), Section 468, Section 471 (1), Section 473 or Section 475 (1).

(2) A manager unauthorized to exceed the decisive limit, which only manages qualified investor funds and comparable foreign investment funds, commits a misdemeanor by failing to comply with any of the obligations set out in Section 28, Section 291 (2) or Section 293 (2). Articles 7 to 10 or Articles 12 and 13 of the ~~directly applicable European Union regulation governing European venture capital funds~~ ⁷⁾ *Regulation (EU) No 345/2013 of the European Parliament and of the Council, as amended* .

(3) The manager referred to in Section 34 (1) commits an offense by:

- (a) fails to ensure the availability of any of the data referred to in Section 34 (1) and (2) and Section 35 (1) (a) to (e),
- (b) does not request the statutory body of the controlled legal entity under Section 36 (1), (3) or (4),
- (c) fails to ensure the inclusion of the data referred to in Section 34 (2) in the annual report of the investment fund managed by it, if it proceeds under Section 234 (2) (d) or
- (d) fails to notify the Czech National Bank of any of the data pursuant to Section 471 (2).

(4) The manager referred to in Section 34 (1) or Section 35 (3) commits an offense by:

- (a) fails to ensure that any of the data referred to in Section 35 (1) (f) to (h),
- (b) does not request the statutory body of the controlled legal entity pursuant to Section 36 (2),
- (c) fails to prevent acts or facts pursuant to Section 37 (1), or
- (d) fails to notify the Czech National Bank of any of the data pursuant to Section 471 (3).

(5) An investment fund manager commits an offense by:

- (a) becomes a depositary of this fund in violation of Section 61,
- (b) failing to issue or update the statutes of this fund in violation of Section 189,
- (c) measures assets or debts of this fund without having created the organizational prerequisites pursuant to Section 195,
- (d) in contravention of Section 634 (5), does not mention the word 'fund' in the name of this fund, or
- (e) fails to ensure that its name or the name of this fund meet the requirements of Section 635.

(6) For the offense referred to in Subsection (1) (g), (k), (l), (m), (n), (o) or (p) or Subsection (3), (4) or (5) a fine may be imposed

- (a) 150 000 000 CZK.
- (b) the amount of 10 % of the total annual turnover of the legal entity according to its last regular financial statements or consolidated financial statements, if the amount of such determined amount exceeds CZK 150 000 000, or
- (c) the double of unfair advantage being obtained by committing this offense, if it is possible to determine the amount of unfair advantage and exceeds the thus determined amount of the fine amount of 150 000 000 CZK.

(7) For the offense referred to in Subsection (1) (a), (b), (c), (d), (e), (f), (h), (i) or (j) or Subsection (2) may be subject to a fine of:

- (a) 300 000 000 CZK.
- (b) 10 % of the total annual turnover of a legal entity according to its last annual financial statements and consolidated financial statements, exceeds the thus determined amount of 300 000 000 CZK, or
- (c) the double of unfair advantage being obtained by committing this offense, if it is possible to determine the amount of unfair advantage and exceeds the thus determined amount of the fine amount of 300 000 000 CZK.

(8) For an offense under Subsections (1), (2), (3), (4) or (5), the publication of information on the nature of the infringement and which person has acted in this way may be ordered instead of or together with the fine.

Section 604

An administrator of an investment fund or a foreign investment fund commits an offense by:

- (a) fails to comply with any of the obligations or breaches any of the prohibitions laid down by directly applicable European Union regulation in the field of management of investment funds²⁾ in relation to the performance of activities involving the administration of an investment fund or a foreign investment fund,
- (b) in contravention of Section 45, does not administer this fund with professional care,
- (c) fails to carry out its activities properly and prudently, in violation of Section 46 (1) ,
- (d) fails to introduce, maintain or apply the management and control system in violation of Section 46 (2) ,
- (e) fails to ensure that its management and control system complies with the requirements of Section 47 on dst. 1, 2 or 3
- (f) does not act pursuant to Section 47 (4),
- (g) fails to introduce, maintain or apply the us mechanism for reporting pursuant to Sections 47a and 20a,
- (h) fails to ensure that its personnel **resources** meet-**the** requirements of Section 48,
- (i) violates some of the rules of conduct arising from Section 49,
- (j) entrusts another performance of an individual activity, which will include the administration of this fund, in contravention of any of the conditions set out in Sections 50 to 52,
- (k) failure to keep records pursuant to Section 54,
- (l) fails to provide the Czech National Bank with any of the documents pursuant to Section 455 (2) or Section 457,
- (m) fails to notify the Czech National Bank of any of the data or facts pursuant to Sections 456, 457, 459 (2), 460 (2), 467 (2), second sentence, 467 (3) **or (6)** , 469 or Section 475 (2), or
- (n) does not inform the consumer before the conclusion of the contract or before the consumer makes a binding offer, in the text form of the fact pursuant to Section 1843 of the Civil Code.

(2) The administrator of a fund of qualified investors or a comparable foreign investment fund managed by the manager referred to in Article 28 commits an offense by failing to comply with any of the obligations to the extent of its administration in violation of Articles 56, 291 (2) or 293 (2). provided for in Articles 7 to 13 of a directly applicable European Union regulation of venture capital funds³⁾.

(3) The Mutual Fund Administrator commits an offense by:

- (a) does not keep a list of shareholders pursuant to Section 109, Section 110 (2) or Section 111,
- (b) keeps accounts in violation of Section 11 4,
- (c) fails to ensure publication of any of the documents or facts pursuant to Section 137 (1) or Section 138,
- (d) fails to pay to the unit-holders their shares in the liquidation balance pursuant to Section 376 (2),
- (e) fails to submit an application pursuant to Section 376 (3),**
- ~~(e)-(f)~~ **does not disclose information pursuant to Section 428 (3), or**

~~(f)~~(g) does not prepare extraordinary financial statements pursuant to Section 434.

(4) An investment fund administrator commits an offense by:

- (a) entrusts another valuation of assets or debts of this fund in violation of Section 197 (1), Section 198 (1) or Section 199,
- (b) does not disclose information pursuant to Section 432 (3),
- (c) fails to notify the Czech National Bank of the fact referred to in Section 465, or
- (d) does not ensure that his name meets the requirements of Section 635.

(5) An administrator of a collective investment fund commits an offense by:

- (a) fails to publish any of the documents or particulars pursuant to Section 222, Section 233 (1) or Section 237 (1),
- (b) fails to provide the investor with any of the documents or particulars pursuant to Section 224 (1), Section 225, 226, 231, 232 or Section 233 (3),
- (c) fails to prepare the key information document pursuant to Sections 227 to 230, the annual report of this fund pursuant to Section 234 or the semi-annual report of this fund pursuant to Section 238,
- (d) failing to update any of the information contained in the key information document, contrary to Section 228, or
- (e) fails to provide the unit-holder or shareholder of this fund with any of the documents pursuant to Section 233 (2) or Section 237 (2).

(6) For the offense referred to in Subsection (1) (g), (l), (m) or (n), Subsections (2), (3), (4) or (5) may be fined by

- (a) CZK 150,000,000,
- (b) the amount of 10% of the total annual turnover of the legal entity according to its last regular financial statements or consolidated financial statements, if the amount of such determined amount exceeds CZK 150 000 000, or
- (c) the amount of double the unlawful benefit obtained by committing this offense, if the amount of the unlawful benefit can be ascertained and if the amount of the fine thus determined exceeds CZK 150,000,000.

(7) For the offense referred to in Subsection 1 (a), (b), (c), (d), (e), (f), (g), (h), (i), (j) or (k) may be subject to a fine of:

- (a) CZK 300,000,000,
- (b) the amount of 10% of the total annual turnover of the legal entity according to its last regular financial statements or consolidated financial statements, if the amount of such determined amount exceeds CZK 300,000,000, or
- (c) the amount of double the unlawful benefit obtained by committing this offense, if the amount of the unlawful benefit can be ascertained and if the amount of the fine thus determined exceeds CZK 300,000,000.

(8) For an offense under Subsections (1), (2), (3), (4) or (5), the publication of information on the nature of the infringement and which person has acted in this way may be ordered instead of or together with the fine.

Section 611

(1) An investment company authorized to exceed the limit and a foreign person authorized pursuant to Article 481, which is not comparable to the investment fund itself, commits an offense by placing capital in violation of Article 32 (1).

(2) A self-governing investment fund authorized to exceed the decisive limit and a foreign person authorized pursuant to Section 481, which is comparable to the proper investment fund itself, commits an offense by placing property by which capital was increased in breach of Section 32 (2).

(3) The Principal Administrator commits an offense by failing to ensure that its capital does not fall below the minimum amount of initial capital laid down in Article 57.

(4) An investment company authorized to manage UCITS funds and comparable foreign investment funds or authorized to exceed the limit and a foreign person authorized pursuant to Section 481, which is not comparable to the investment fund itself, commits an offense by failing to notify the Czech National Bank of Section 331 (1) or (2) or Section 335 (1) or (2).

(5) A legal entity that is authorized Czech national Bank's for operations in accordance with Section 479, 480, 481 or Section 482, commits an offense by failing to report a change of the Czech National Bank pursuant to Section 467 (1), first sentence.

(6) A foreign person authorized under Section 481 commits an offense by failing to notify the Czech National Bank of the fact referred to in Section 467 (1), second sentence.

~~(5)-(7)~~ A fine may be imposed for an offense under Subsections (1) to ~~(46)~~

- (a) CZK 150,000,000,
- (b) the amount of 10% of the total annual turnover of the legal entity according to its last regular or consolidated financial statements, if the amount of the fine thus determined exceeds CZK 150,000,000, or
- (c) the amount of double the unlawful benefit obtained by committing this offense, if the amount of the unlawful benefit can be ascertained and if the amount of the fine thus determined exceeds CZK 150,000,000.

~~(6)-(8)~~ For an offense under Subsections (1), (2), (3) or ~~(4)-(4)~~, **(5) or (6)** can be used instead of the fine, or with a fine ordered publication of information about what is the nature of the infringement and that the person acted in this way.

Section 614

(1) A legal or entrepreneurial natural person commits an offense by:

- (a) unlawfully performs or offers an activity pursuant to this Act, which requires a permit from the Czech National Bank, entry in a list maintained by the Czech National Bank, consent of the Czech National Bank or notification to the supervisory authority of a Member State,

- (b) states incorrect data or conceals a fact in connection with an application for a decision, appointment, granting of a permit, granting of consent, permit for designation, entry in a list, change of data entered in lists or withdrawal of a permit pursuant to this Act,
- (c) collects or attempts to collect funds or valuables in violation of Section 98 or 205,
- (d) in contravention of Section 99, enables or facilitates another prohibited activity,
- (e) offers investments in a fund of qualified investors in violation of Section 272 (1) or (4), Article 6 of Regulation (EU) No 345/2013 of the European Parliament and of the Council, Article 6 of Regulation (EU) No 346/2013 of the European Parliament and of the Council or Article 30 (3) of Regulation (EU) 2015/760 of the European Parliament and of the Council or without complying with the requirements of Article 28 (2) or Article 30 (1) of Regulation (EU) 2015/760 of the European Parliament and of the Council,
- (f) offers investments in a special fund, a fund of qualified investors or a comparable foreign investment fund before any of the facts pursuant to Section 309, 311, Section 315 para. 1, Section 316 para. 1, Section 317 para. 1, 2 occur or 3, Section 318 para. 1, Section 319 para. 1, Section 320 para. 1, Section 320 para. 2 let. c), Section 324 para. 1 or Section 325 para. 1 or 3, contrary to the prohibition according to Section 314 para. 3, second sentence, Section 316 para. 5 or Section 319 para. 5 or without making available or updating data according to Section 241,
- (g) publicly offers an investment in an investment fund or in a foreign investment fund before any of the facts pursuant to Section 300 (1), Section 301 (1), Section 305 (1), Section 308, 310, Section 315 (2) occur, Section 317 para. 4, Section 322 para. 3, Section 323, Section 325 para. 4 or Section 325a, or in conflict with the prohibition pursuant to Section 300 para. 2 or Section 305 para. 2,
- (h) does not provide co-operation to the liquidator in violation of Section 353,
- (i) performs the function of a manager in violation of Section 515,
- (j) fails to notify the Czech National Bank of any of the facts pursuant to Section 524 para. 1,
- (k) in violation of Section 634 (1), uses the words “investment company” in its name,
- (l) in violation of Section 634 para. 2, uses the words “main administrator” in his name,
- (m) in violation of Section 634 (3), uses the words “investment fund” in its name,
- (n) in violation of Section 634 para. 4, uses the words “mutual fund” in his name, or
- (o) in contravention of Section 636 para. 1 or 3, uses the designation “mutual fund”, “standard fund”, “special fund”, “collective investment fund”, “**SICAR**”, “ETF” within the meaning of Section 50f par. 3 of the Capital Market Business Act, “EuVECA” within the meaning of Article 4 of Regulation (EU) No. 345/2013 of the European Parliament and of the Council, “EuSEF” within the meaning of Article 4 of Regulation (EU) No. 346 of the European Parliament and of the Council / 2013 or "qualified investors' fund" or a form derived from any of these designations, as well as designations capable of creating a likelihood of confusion with any of these designations.

(2) A legal or entrepreneurial natural person, as a person who has been entrusted with the performance of an individual activity, or as a person who has been entrusted with the performance of an act or certain acts from this activity, commits an offense by

- (a) entrusts the performance of an act or certain acts to another in violation of any of the conditions specified in Section 26 para. 1 or Section 53 para. 1, or
- (b) does not control the performance of an act or acts which he or she has entrusted with the performance of another, pursuant to Section 26 (2) or Section 53 (2).

(3) A legal or entrepreneurial natural person, as a foreign person referred to in Section 14 par. 1, commits an offense by:

- (a) in violation of Section 44,
- (b) manages a standard fund without any of the conditions pursuant to Section 338 (2) or Section 339 being met, or
- (c) fails to fulfill any of the obligations specified in Section 340.

(4) A legal or entrepreneurial natural person, as a foreign person referred to in Section 14 para. 2, commits an offense by:

- (a) in violation of Section 44, Paragraph 2, administers a special fund or a fund of qualified investors, which it does not manage,
- (b) manages a special fund or a fund of qualified investors without the condition pursuant to Section 342 or 343 being met, or
- (c) fails to fulfill any of the obligations specified in Section 344.

(5) A legal or entrepreneurial natural person, as a person not listed in Section 69 or Section 666, commits an offense by becoming a depositary of an investment fund in violation of Section 69 or Section 666.

(6) A fine may be imposed for an offense under paragraph 1, 2, 3, 4 or 5 until

- (a) CZK 150,000,000,
- (b) the amount of 10% of the total annual turnover of the legal entity according to its last regular financial statements or consolidated financial statements, if the amount of the fine thus determined exceeds the amount of CZK 150,000,000, or
- (c) the amount of twice the unjustified benefit obtained by committing this offense, if the amount of the unjustified benefit can be determined and if the amount of the fine thus determined exceeds the amount of CZK 150,000,000.

(7) An offense under paragraph 1, 2, 3, 4 or 5 may be replaced by a fine or together with a fine

- (a) order the publication of information on the nature of the infringement and which person did so; or
- (b) impose, instead of the publication of the information referred to in point (a) or together with the publication of the information referred to in point (a), a ban on activities for up to 5 years in the case of an offense under paragraph 1 (a), (b) or (i).

Section 625

Relationship to the terminology of directly applicable European Union regulations in the field of investment funds management

(1) If he / she applies a directly applicable European Union regulation in the field of investment fund management ²⁾ in relation to the performance of activities which pursuant to Article 5 (1) includes management of an investment fund or a foreign investment fund, the terms “manager”, “management company”, “investment company” means, as appropriate, the manager of an investment fund or of a foreign investment fund.

(2) If it applies directly applicable European Union regulation in the field of management of investment funds ²⁾ in relation to the performance of activities, which

according to Section 38 Subsections (1), ~~(2) and (3)~~ **and (2)** includes administration of investment fund or foreign investment fund, “management company” or “investment company” means, as applicable, the investment fund administrator or the foreign investment fund administrator.

Section 633

Investment fund assets and debts in relation to a common fund, a trust fund and a sub-fund

(1) When used in this Act, the term “assets of investment fund”, is meant to cover in relation to a unit trust ~~assets in the~~ **assets of the** mutual fund, in relation to svěřenskému fund ~~assets in the~~ **assets in the** Trust Fund ~~and~~, in relation to a sub-fund the ~~assets in that~~ **asset in that** sub-fund **and in relation to an investment fund with the legal personality of the assets of that fund** .

(2) Where this Act uses the term “investment fund debts”, it refers to debts in this mutual fund in relation to a mutual fund, debts in this trust fund in relation to a trust fund and debts in this sub-fund towards a sub-fund.

Section 636

Special protection for certain designations

(1) Without prejudice to the directly applicable regulation of the European Union in the field of investment fund management²⁾, who is not a manager or administrator of a given investment fund may not use the designation "mutual fund", "UCITS fund" in his business, for example in promotional or other communications, “retail AIF fund”, “collective investment fund”, “**SICAR**”, “ETF” within the meaning of Section 50f (3) of the Capital Markets Business Act, “EuVECA” within the meaning of Article 4 of Regulation (EU) No 1095/2010 of the European Parliament and of the Council 345/2013, “EuSEF” within the meaning of Article 4 of Regulation (EU) No 346/2013 of the European Parliament and of the Council or “Qualified Investors Fund”.

(2) Whoever offers investments in an investment fund or a foreign investment fund may, in connection with the offer of such investments, for example in promotional or other communications, use the designation used by this fund.

(3) The prohibition under paragraph 1 shall also apply to word forms derived from designations, as well as designations capable of creating a risk of confusion with the designations referred to in paragraph 1.