

202/1990 Coll.

**ACT
of the Czech National Council**

of 17 May 1990

on Lotteries and Other Like Games,

Amendment: 70/1994 Coll.

Amendment: 149/1998 Coll.

Amendment: 149/1998 Coll. (partly)

Amendment: 63/1999 Coll.

Amendment: 63/1999 Coll. (partly)

Amendment: 353/2001 Coll.

Amendment: 320/2002 Coll.

Amendment: 284/2004 Coll.

Amendment: 377/2005 Coll.

Amendment: 254/2008 Coll.

Amendment: 300/2011 Coll. (partly)

Amendment: 300/2011 Coll., 420/2011 Coll.,

Amendment: 458/2011 Coll.

The Czech National Council has resolved on the following Act:

Introductory provisions

Article 1

1. The operation of lotteries and other like games is prohibited, except as provided herein. The purpose of this Act is to establish a framework for lawful business activities in the area of lotteries and other like games, and for their operation, contribute to the protection of persons participating in lotteries and other like games, and reduce the social risks of such participation.

2. A lottery or other like game is considered to be such game, in which any physical person who paid a deposit (wager), the return of which is not guaranteed to the participant, may take part in on voluntary basis. The win or loss is by the virtue of a random chance or any circumstance or event unknown beforehand, which, however, is specified by the operator in advance in the game terms and conditions (referred to as the "Gambling Scheme" henceforth). It does not matter whether the game is played with the use of mechanical, electromechanical, electronic or other devices.

3. The circumstances determining the winnings (the outcome of the drawing of lots, sport matches, horse races or other events to be run) may not be known to anyone in advance and they must be of such nature that they cannot be influenced by either the operator or the bettor.

4. The probability of winnings, with lotteries pursuant to Article 2 a) and d) and with tombolas pursuant to Article 2 b), may not be less than 1 : 200.

5. A lottery or a like game of chance shall be deemed a contest, survey and any other activity for prizes, where the operator undertakes to pay the participants, determined by a draw or some other random selection method, prizes in cash, deposit books, securities, insurance etc., and real estate, and in which participation is conditional upon purchase of specific goods, services, or buying some other product and documenting the purchase to the operator, or entering into a contract relationships with a provider of goods, services or some other product, or participation in a promotion or advertisement events organised by the provider or operator, also indirectly through a third party (hereinafter "consumer lotteries"). Consumer lotteries shall also include contests, surveys and other activities for prizes in which the operator, under the aforementioned conditions, undertakes to provide to the participants performance in kind, services or prizes comprising goods and products, etc., provided the sum total of all in-kind prizes in all games organised by the operator exceeds CZK 200,000 in any calendar year and the value of a single prize exceeds the amount of CZK 20,000. Organisation of consumer lotteries is forbidden. Contests, surveys and other activities for prizes pursuant to either of the sentences one or two above, organised by a single operator, in which the sum total of in-kind prizes in a given calendar year does not exceed the amount of CZK 200,000 and the value of a single prize does not exceed the amount of CZK 20,000 shall be reported to the financial office of jurisdiction. The applicable procedure shall be specified by the Ministry of Finance (hereinafter "Ministry") by a Decree.

6. Lotteries and other like games of chance that do not provide to all participants equal conditions, including the possibility to win, are banned.

7. Only a legal entity, which has its registered office on the territory of the Czech Republic, and which was granted a licence to operate a lottery or other like game by the competent authority, may run a lottery or other like game.

8. Only a physical person who is over eighteen years of age and has paid the deposit (wager) to the operator in advance, either in cash or non-cash, in accordance with the Gambling Scheme, may become a participant (the "bettor" henceforth) in a lottery or other like game. Persons under eighteen years of age are prohibited to participate in lotteries or other like games. The operator of a lottery or other like game must adopt such measures so that such persons cannot participate in game. To this end, the operator is entitled to ask such a person to prove his identity by showing his/her identity card.

9. It is prohibited to promote, advertise and support the sale of lotteries and other like games not licensed or reported under this Act. Violation of this provision is subject to a penalty in the amount set by another legal regulation¹).

Article 2

Lotteries and other like games mainly include:

- a. Monetary lotteries or lotteries for prizes in kind, in which a given number of tickets bearing serial numbers are issued by the operator according to the Gambling Scheme. If the tickets are divided into a number of series, then each series must include the same number of lottery tickets and each ticket must bear the indication of both the serial number and the series. The sale price of the ticket of each series must be the same in every series. All tickets, which have been issued are included in drawing;
- b. Tombolas, in which only the tickets that were sold are included in drawing. The tickets are sold and the prizes are given on the day and at the place of drawing;
- c. Numerical lotteries, in which neither the number of participants nor the amount of game surety is specified beforehand, with the amount of the game surety being taken as the multiplication of the issued tickets and the sale price per one ticket. The prize is calculated from the number of winners and the aggregate deposits (wagers) by means of a ratio determined in advance, or alternately, it can be calculated by means of a multiple of the deposit (wager), according to what number of digits were guessed by a participant from the limited number of digits that was drawn according to the Gambling Scheme;
- d. Instant lotteries, in which, after paying the deposit, a participant learns, at the periods prescribed by the operator, whether he has won or not after removing the indicated section of the lottery ticket or lot that had been covered until the time of purchase;
- e. Betting games that are operated by means of electronic or electromechanically controlled gaming machines or other like devices (referred to as the "gaming machines" henceforth);
- f. Betting games, in which the prize is conditional on successfully guessing the outcomes or order of sporting competitions, races, and the amount of the prize depends on the ratio between the number of winners and the total amount of the deposit (wager) and the prize ratio that is set in advance;
- g. Betting games that are operated with the use of special types of token bearing the combination of fifteen digits in a numerical series from one up to ninety, with neither the number of participants nor the game surety amount being known in advance. The drawing of lots takes place publicly with the use of a mechanical device and consists of the gradual drawing of lots with digits from one up to ninety. The prize is calculated

from the aggregate amount of deposits - accordingly to the type of the winning, and in each round depending on the outcome of the drawing of lots. The terms and conditions of the game are stipulated in detail in the Gambling Scheme;

- h. Betting games, in which the prize is conditional on successfully guessing the outcomes or order of sporting competitions, races, or the successful guessing of the outcome of other events of public interest, providing that betting on such events is not in defiance of any ethical principles. The prize is directly proportional to the prize ratio at which the bet was accepted and the wager amount (referred to as the "odds bets" henceforth);
- i. Betting games operated in gambling parlours specifically established for this purpose (casinos), including those operated with the use of mechanical devices, in which neither the number of participants nor the amounts wagered during any one run of the game is known beforehand, such as roulette, dice and card games, when the bettors play against the casino operator, or other games approved in the Gambling Scheme, as well as variations of these games. The prize is calculated from the deposited amounts or according to the terms and conditions that are set forth in the Gambling Scheme. Betting games under this provision cannot be operated in mobile gambling parlours (casinos);
- j. Lotteries and other like games that are run by means of technical devices operated directly by the bettor or operated over the telephone, with neither the number of participants being determined in advance nor is known beforehand the amount that was wagered. The prize is calculated from the amount of the deposits or according to the terms and conditions set forth in the Gambling Scheme;
- k. Betting games in which a win depends on guessing the order in which racehorses arrive at the post (hereinafter "horse betting") and the win depends on the proportion of the winners to the sum total of collected deposits (bets) and the proportion of wins determined in advance, or the win is proportional to the odds at which the bet was made and the amount of the bet;
- l. Betting games operated by means of a functionally indivisible technical device of a central lottery system, which is an electronic system consisting of a central control unit, local control units and an unlimited number of connected interactive video-lottery terminals. The central control unit controls all the gaming processes, draws the results on the basis of chance, decides on all winnings and immediately displays these winnings on an interactive video-lottery terminal, manages bettors' deposits and performs all the administration connected with the course of the game. The central control unit must always be located in the Czech Republic. The interactive video-lottery terminal is operated directly by the bettor and serves merely as a display unit of the central lottery system. This system cannot be used to operate lotteries and games pursuant to letters a), c), d), f), g), h), m) of point 1 and n);

- m. Tournament or cash betting games operated using playing cards, where there is no predetermined number of participants and where the amounts bet are not known, and where the participants pay a deposit (wager) or starting fee, the return of which to the participant is not guaranteed. The winnings are calculated according to the terms and conditions set forth in the Gambling Scheme. Betting games under this provision cannot be operated in mobile gambling parlours (casinos). These games are operated
1. as board games during which bettors play against one another on gaming tables on the basis of a permit issued pursuant to letter i), or
 2. via devices operated directly by the bettor (e.g. via the internet, interactiven video-lottery terminals, local lottery systems, gaming machines);
- n. Betting games operated via a technical device, which is an electronic system consisting of a central control unit with three gaming venues with fixed physical connections operated by bettors, with which it forms a functionally indivisible whole (hereinafter the “local lottery system“). This technical device offers bettors specific reel games displayed via at least three mechanically spun or electronically generated discs with different symbols, complemented by a bonus game. The technical device cannot be expanded by the addition of other gaming venues. The basic winnings are decided upon and the bettors‘ deposits are managed directly on site either via a technical device, or one of the gaming venues. This system cannot be used to operate lotteries and games pursuant to letters a), c), d), f), g), h), l) and m) of point 1.

Article 3

1. The subject of the prize may be:
 - a. solely and exclusively money in cash in the case of monetary, numerical and instant lotteries, and betting games, unless the Ministry exceptionally permits prizes in other movable things;
 - b. movable things with the exception of money in cash, deposit books and securities in the case of lotteries in kind and tombolas.
2. Unless the prize is paid by the operator directly upon the termination of the game, the game operator is obliged pay the prize by the date set in the Gambling Scheme and no later than within sixty (60) days from the date on which the claim was made.

Article 4

1. Lotteries and other like games may be operated only on the grounds of a licence granted by the competent authority. If a lottery or other like game is operated by the government, the Ministry or a state agency thereby appointed shall act on its behalf.

2. A licence is granted if the operation of lotteries or other like games is in compliance with other laws and provided that it does not disturb the peace and order, and provided that a proper operation of the lottery or game is provided for, including the necessary technical devices.

3. The operation of lotteries and other like games is understood to mean the activities aimed at putting such lotteries and other like games into operation, including the mediation, organisational, financial, technical and other services related to arranging for the operation of such games and their due termination and settlement. Moreover, the operation of lotteries is also taken to mean the performance of all other activities that the operator is obliged to perform under other legal regulations.

4. The licence to operate lotteries and other like games may only be granted to a legal entity having its registered office on the territory of the Czech Republic. The licence may not be granted to a Czech legal entity in which a foreign party holds an ownership interest or a legal entity in which such a company has an ownership interest. The provisions of the second sentence shall not apply to betting games pursuant to Article 2 i).

5. If the Ministry licenses a lottery or other like game operated via the internet, the registration of bettors for such a game may only be conducted at places where the applicant, who applies for such a licence, normally receives bets on a lottery or other like game licensed under this Act.

6. Lotteries and other like games pursuant to letters a), c), d), f), h), i), j), l), m), n) of Article 2 and pursuant to Article 50(3) may be operated by

- a. the state,
- b. a joint stock company with its registered office on the territory of the Czech Republic, whose subject of business is the operation of lotteries and other like games, and the shares of which are registered shares in their entirety; if the shareholder of such a company is another joint stock company, all the shares of this other company must also be registered shares. The registered capital of this company must be at least CZK 100,000,000 and must not be reduced below this minimum amount during the validity of the licence. The prescribed amount of registered capital may only be paid in the form of cash contributions. An applicant must prove the origin of the funds used to pay the registered capital as part of proceedings on the approval of a lottery and other like game (e.g. by way of a set of tax returns from the Czech Republic as well as abroad). The

registered capital must be paid prior to the filing of a licence application. Should this not be the case, the licence will not be granted.

7. Betting games pursuant to Article 2 e) may be operated by a joint stock company with its registered office on the territory of the Czech Republic, which has been established to operate these games, and the shares of which are registered shares in their entirety; if the shareholder of such a company is another joint stock company, all the shares of this other company must also be registered shares. The registered capital of this company must be at least CZK 30,000,000 and must not be reduced below this minimum amount during the validity of the licence. The prescribed amount of registered capital may only be paid in the form of cash contributions. The registered capital must be paid prior to the filing of a licence application. Should this not be the case, the licence will not be granted.

8. Betting games pursuant to Article 2 g) may be operated by a joint stock company with its registered office on the territory of the Czech Republic, which has been established to operate lotteries and other like games, and the shares of which are registered shares in their entirety; if the shareholder of such a company is another joint stock company, all the shares of this other company must also be registered shares. The registered capital of this company must be at least CZK 30,000,000 and must not be reduced below this minimum amount during the validity of the licence. The prescribed amount of registered capital may only be paid in the form of cash contributions. The registered capital must be paid prior to the filing of a licence application. Should this not be the case, the licence will not be granted.

9. Betting games pursuant to Article 2 k) may be operated by the state or a joint stock company authorised by the state with its registered office on the territory of the Czech Republic, which has been established to operate these games, and the shares of which are registered shares in their entirety; if the shareholder of such a company is another joint stock company, all the shares of this other company must also be registered shares. The registered capital of this company must be at least CZK 10,000,000 and must not be reduced below this minimum amount during the validity of the licence. The prescribed amount of registered capital may only be paid in the form of cash contributions. The registered capital must be paid prior to the filing of a licence application. Should this not be the case, the licence will not be granted.

10. The operation of foreign lotteries including the sale of foreign lottery tickets, participation in betting abroad, with which the wagers are paid abroad, and the collection of wagers for betting games operated abroad or the mediation of wagers for betting games operated abroad, is prohibited. The operation of the Czech lotteries and other like games, with which the wagers are paid abroad, is prohibited. The Ministry may grant an exemption from this ban in order to ensure mutuality.

Article 4a

1. The applicant for the licence to operate a lottery and other like games (the "Applicant" henceforth), physical persons, who hold the position of a statutory body of the Applicant or are one of its members, and physical persons, if they are shareholders or members of the Applicant, must be persons having criminal integrity. Should the shareholder or member of the Applicant be another legal entity, it must be an entity having criminal integrity; this condition also applies to physical persons who hold the position of this other legal entity's statutory body or are one of its members.

2. For the purpose of this Act, the following shall not be considered to have criminal integrity:

- a. A legal entity effectively sentenced for an intentional criminal act or for a criminal act, the nature of which is related to the operation of lotteries and other like games,
- b. A physical person if effectively sentenced to unconditional imprisonment of at least one year for an intentional crime or a criminal act, the nature of which is related to the operation of lotteries and other like games, if this person is not looked upon as if he/she was not convicted.

3. For the purpose of demonstrating the integrity of the persons referred to in paragraph 1, the licensing body may request, pursuant to a special legal regulations¹³), an Excerpt from the Criminal Register. Foreign nationals, who are not holders of a permanent residence permit in the territory of the Czech Republic, demonstrate their criminal integrity with any corresponding documents issued by the state, of which they are nationals, as well as in which they stayed for at least three uninterrupted months in the last five years (referred to as "foreign document" henceforth), not older than three months. A shareholder or member of the Applicant, which is a legal entity having its registered office outside of the territory of the Czech Republic, also demonstrates its integrity by way of a foreign document issued by the state in which it has its registered office, with this document being not older than three months.

4. The operator is obliged, within one month (at latest) from the date when a change in the physical person or legal entity was made (as referred to in paragraph 1), to notify in writing such a circumstance to the authority which granted the licence; if the position specified in paragraph 1 was acquired by a physical person who is not the holder of a permanent residence permit in the territory of the Czech Republic, or a legal entity having its registered office outside of the territory of the Czech Republic, the operator will also be obliged to enclose with such a notice a foreign document, not older than three months, demonstrating this person's integrity.

Article 4b

1. To secure the receivables towards the government, municipalities and the prizes payable to the bettors, the Applicant is obliged to deposit, in a special bank or savings bank or loan cooperative account, an amount (the "surety" henceforth) of

- a. CZK 50,000,000 in respect of lotteries and games according to Article 2 a), c), d), l), m) of point 2, n) and pursuant to Article 50(3), - for all lotteries and games thereby operated,
- b. CZK 2,000,000 in respect of games according to Article 2 e),
- c. CZK 10,000,000 in respect of games according to Article 2 h),
- d. CZK 5,000,000 in respect of games according to Article 2 f), g) and j),
- e. CZK 20,000,000 in respect of games according to Article 2 i) and m) of point 1.

An Applicant must prove the origin of the funds used to pay the surety (e.g. by way of a set of tax returns from the Czech Republic as well as abroad). The Applicant must not use funds derived from loans and credits for the purpose of paying the surety. The depositing of the surety shall be confirmed by the Ministry or another licensing body. A licence cannot be granted without the depositing of the surety.

2. The Applicant is obliged to enclose to its application the confirmation of the bank or savings bank or loan cooperative about the opened account and the deposition of the surety according to paragraph 1; if the Applicant is one applying for a licence for the operation of gaming machines, then the Applicant is also obliged to present the confirmation of the bank or savings bank or loan cooperative about the opening of the account and the depositing of the surety to the competent financial office^{4a}). For gaming machines, the confirmation about the depositing of the surety is valid 24 months. After the expiration of this time period, the Applicant shall present a new confirmation about the deposition of the surety to the licensing body and the competent financial office.

3. During the time, for which the licence to operate lotteries and other like games was granted, the operator must not dispose with the surety, nor may the surety or part thereof be released. Transfer of the balance of the surety between banks or savings banks and loan cooperatives for the duration of the licence on the basis of a decision of the body which licensed the lottery or other like game is not considered disposal with the surety according to the previous sentence.

4. The surety may only be released for the Applicant's purposes upon the prior consent of the authority specified according to paragraph 3 if the time, for which the licence had been granted, expired, if the licence was withdrawn, or if the operation was terminated and the operation of the lottery or other like game was accounted for. From the surety, the claims payable to the government and municipalities (administration fees, levy on lotteries and other

like games, and fines) shall be paid with priority. If the surety is too low, then these claims shall be paid on a pro rata basis according to respective amounts. After the settlement of the claims by the government and municipalities, the balance of the surety shall be used to pay the prizes to the bettors, if applicable, while such payments shall be made on the proportionate basis depending on their respective amounts.

Article 4c

The operation of betting games according to Article 2 f) to i) is prohibited

- a. on a day which is declared as a national day of mourning,
- b. outside of the business hours set in the customer rules as approved by the licensing body.

Article 4d

Repealed

Article 5

Repealed

PART ONE

Lotteries and tombolas

Article 6

Licensing lotteries and tombolas

1. Lotteries and tombolas are licensed
 - a. by the municipal authority for its administrative district, in the capital city of Prague by the city district councils and statutory cities territorially divided city ward offices or city district (hereinafter referred to as "local authority") under delegated powers, if it is a tombola with a surety of up to CZK 50,000 and material with a lottery game with a surety of up to CZK 200,000.
 - b. by the Ministry in any other cases
2. No lottery or tombola is licensed, the purpose of which is to cover
 - a. the expenses of the operator of lottery or tombola, which (according to their nature) should be covered from the operator's income,

- b. the expenses for the organisation of dance balls, ceremonies and other like events, at which no admittance fee is collected,
 - c. the costs of any project if the poor financial economy is apparent from any previous calculations of both the organisation of lottery or tombola and the planned use of proceeds.
3. The aggregate value of the prizes of lotteries and tombolas may not be less than 20 % and more than 50 % of the game surety. In justified cases, particularly for the purpose of higher attractiveness of specific lottery types, the Ministry may increase the aggregate value of prizes to 70 % of the game surety.
4. With tombolas operated at festivals and dance balls, in which the prizes are partially subsidised from the donations in kind of the members of the organisation holding the tombola, the municipality may exceptionally decide about the terms and conditions of the operation of the tombola according to its own discretion taking into account the local situation.
5. Besides the requirements stipulated by the Administrative Code⁵⁾, the licence to operate a lottery shall namely specify:
- a. the purpose, for which the lottery was licensed,
 - b. the number of lottery tickets that were issued, their price and the aggregate game surety,
 - c. the number and the overall value of the prizes,
 - d. the place and date of the drawing of lots,
 - e. the dates, until which the accounting statement and the profit of the licensed lottery are to be submitted,
 - f. the specification of the authority responsible for the government supervision according to Article 46 (hereinafter referred to as “government supervision authority“),
 - g. the approval of the Gambling Scheme with any modifications and amendments made,
 - h. the date and place at which the prizes can be collected.

Article 7

Lottery operation

The remuneration paid to physical persons for the services of the sale of lottery tickets may not exceed 10 % of the price of the ticket thereby sold.

Article 8

1. With lotteries and tombolas, the game surety for which is not over CZK 50,000, only the tickets printed by the State Printing House ("Státní tiskárna cenin") in Prague may be used when the lots are drawn. Any exception may only be granted by the Ministry, provided that the lottery operator takes the necessary steps to ensure that the printing of the lottery tickets will be secured against any fraud.

2. With tombolas and lotteries with prizes in kind, the game surety for which is under CZK 50,000, the lottery tickets or any securities described as the instruments for drawing may be drawn provided that they are numbered and have the seal of the entity operating the lottery or tombola, and provided that their use was approved by the authority competent to licence such lottery or tombola.

Article 9

1. The text of the lottery tickets is subject to the approval by the government supervision body. The use of state symbols on lottery tickets is not permitted.

2. The text of lottery tickets with a game surety of over CZK 50,000 must include:

- a. the name and the registered address of the operator,
- b. the number of the lottery tickets that were issued and their price, or an indication of the way in which the overall game surety is to be determined,
- c. the number and amount of prizes, or the manner in which the number of prizes is to be determined,
- d. the way, place and date of the drawing of lots, or the specification of the circumstance which determines the win,
- e. the number and the date of the licensing decision,
- f. the specification of how and where the prizes shall be announced,
- g. the specification of the place where the prizes shall be distributed,
- h. the time period, within which the prizes must be collected.

3. Before the issue of the tickets for their sale, their number and the correctness of their numbering must at least be checked at random in the presence of the government supervision body, and a protocol shall be produced on this inspection.

Article 10

The drawing of lots must be open to the public. The drawing of lots for a lottery or tombola:

- a. with a game surety of over CZK 50,000 must be made in the presence of the public notary, who shall verify the drawing of lots, and in the presence of a government supervision body,
- b. with a game surety of under CZK 50,000 must be made in the presence of the government supervision body, which shall verify the drawing of lots in the protocol according to paragraph 6 of Article 11. The presence of the government supervision body is not necessary with tombolas where the game surety is under CZK 20,000.

Article 11

1. The operator who was licensed to operate a lottery is obliged to appoint at least a lottery committee of three members and the operator who was licensed to operate a tombola is obliged to appoint a lottery representative. The operator is obliged to report to the government supervision body the first and last name and domicile addresses of the chairman and other members of the lottery committee and of the lottery representative, if applicable, within seven days from receiving the resolution on the granting of the licence to operate the lottery. The members of the lottery committee and the lottery representative must be persons having criminal integrity. The lottery committee is established by the state (the Ministry or an entity thereby charged) or a joint stock company that has been established for the operation of lotteries or other like games.

2. The lottery committee and the lottery representative arrange for the proper operation of the lottery or tombola. Without the consent of the lottery committee or the lottery representative, the operator who was licensed to operate the lottery or tombola may not interfere with the lottery operation.

3. The lottery committee and the lottery representative are obliged to observe the instructions of the government supervision body and to keep it informed of any and all relevant circumstances that arose and of the measures that were taken.

4. The lottery committee or the lottery representative together with the government supervision body shall check whether the numbers of all lottery tickets issued in lotteries and all tickets sold in tombolas were put in the polling basket.

5. Before the lots are drawn, the lottery tickets, which were not sold, must be secured and kept in sealed packages at a suitable and safe place. At the same time, measures must be taken so that the lottery tickets which were returned by post or otherwise, and which are delivered directly before and during the drawing of lots, could not be misused.

6. A protocol shall be produced by the lottery committee or the lottery representative of the drawing of lots, and shall namely contain data about the technical procedure of the drawing of lots, and a list of the winning lottery ticket numbers.

7. After the drawing of lots is finished, the lottery committee shall secure the amounts due to the unsold lottery tickets and the lottery representative shall secure the prizes of tombola which were not collected.

8. The lottery committee is obliged to make the necessary steps so that the winners list would be issued in print and the public would be notified accordingly. After the drawing of lots, the lottery representative shall notify the public about the winning prizes and with the tombola, the game surety of which is over CZK 20,000, the lottery representative shall make the necessary steps to publish the printed list winning numbers.

Article 12

The time period, during which the right to the prize may be claimed with the lottery operator, may not be shorter than thirty (30) or longer than ninety (90) days from the date that follows the day on which the drawing of lots took place. Should the title fail to be claimed within this time period with the operator, then it shall expire.

Article 13

Accounting statement of lottery and tombolas

1. Within sixty (60) days after the deadline for claiming the prizes, the lottery committee or the lottery representative shall secure the accounting statement for the lottery or tombola, which contains information on the deposits received (bets) and prizes paid out. The operator is obliged to submit an accounting statement to the state supervising body and the copy to the body that licensed the lottery or tombola.

Article 14

The income of the lottery shall also include the prizes related to the lottery tickets which were not sold and the prizes which were not collected within the specified deadline. The income of the tombola shall also include the prizes which were not collected by the specified deadline.

Article 15

Repealed

Article 16

Repealed

PART TWO

Gaming machines

Article 17

1. A gaming machine is meant a compact functionally integral and programme-controlled technical device featuring external control and designed for one bettor only. With a gaming machine with programme control allowing the concurrent play on more gaming locations than one by more bettors than one, then each such gaming venue shall be considered to be a separate gaming machine. This circumstance shall be specified in the capability certificate issued according to Article 19(2) c) and in the excerpt from this certificate.

2. The gaming machine must be placed in such a way not allow gambling to the persons under 18 years of age or the operator must adopt such measures so that such individuals could not participate in gambling. For this purpose, the operator is entitled to request the presentation of the documents on personal identity.

3. One game shall be considered to comprise a finished process in which, after one start-up the gaming machine enters the gaming mode and at latest by the end of this game the wager per game is deducted from the indicator of the wagered money. During the game, no other wagers can be made and one game may not be shorter than one second. Each game must give to the bettor a chance to win and collect a prize or to collect the money wagered by it in excess of the wagers made for the games already run. The manner of collection of the prize or the money paid in excess of the wagers per the games already run is described in the Gambling Scheme and the game instructions. The highest prize is understood to be the aggregate amount of money which the bettor can gain from one game.

4. The highest wager per game is CZK 2; CZK 5 for gaming machines installed in gaming parlours and CZK 50 if the gaming machines are installed in casinos. The highest prize from one game is CZK 300, CZK 750 in gaming machines installed in gaming parlours and CZK 50,000 if the gaming machines are installed in a casino.

5. Only gaming machines, the design of which does not allow the prize ratio to be set under 75 % and over 100 %, may be operated.

6. The highest hourly loss is CZK 1,000; CZK 2,000 for gaming machines installed in gaming parlours and CZK 10,000 if the gaming machines are installed in casinos. The hourly loss is the aggregate amount of money which the bettor can loose when gambling on one gaming machine during one hour. It is the product of the highest wager per game the limit

number of games per hour and one hundredth of the difference between the set prize ratio and one hundred. If the gaming machine is operated in a foreign currency, the highest wager per game, the highest prize per game, the prize ratio and the highest hourly loss are specified by the Ministry in the licence.

7. The gaming machines for Czech Crown (česká koruna) installed in gambling parlours and casinos may be connected to a device allowing an accumulated prize to be won (jackpot), for which the provisions set forth in paragraph 4 above do not apply. The highest jackpot prize in gambling parlours and casinos is CZK 10,000 and 100,000, respectively.

8. Gaming machines may be operated in casinos and gambling parlours. Moreover, they can be operated in catering facilities and other places meeting the terms and conditions of the special operation mode as specified according to paragraph 10 of this Article 17. More than six gaming machines may be operated only in gambling parlours and casinos.

9. A gambling parlour is stood to mean a room (or a set of rooms) intended mainly for the operation of gaming machines. The gambling parlour must be supervised throughout its business hours. Persons under 18 years of age are not allowed to enter a gambling parlour. The operation of a gambling parlour is governed by the approved gambling statutes.

10. The special operation mode requires the supervision by a person responsible for the compliance with the ban of gambling by persons under 18 years of age who, in order to prevent them from participating in the gambling, are prevented from gaining entry to

- a. the whole premises of the gambling parlour, or
- b. a room on the premises intended solely for the operation of the gaming machines, or
- c. a separate section of the premises intended solely for the operation of the gaming machines.

Article 18

1. The licence for the operation of gaming machines is granted upon the application by
 - a. the Municipality Office for its territorial district, acting according to delegated authority,
 - b. the Regional Office for its administration district, if the municipality is to be the gaming machine operator within its own territorial district,
 - c. the Ministry, if a gaming machine for the Czech currency is operated in a casino, and for gaming machines operated for foreign currency.

2. The Applicant is obliged, as part of the application for the licence to operate a gaming machine, to specify the name(s) of the person(s) who is (are) responsible for persons under 18 years of age being banned from entering the gambling parlour.

3. The licence is granted for one calendar year, at most.

4. After the administration fee has been paid, the body which licensed the operation of the gaming machine shall issue the licence and stamp. The operator is obliged to affix the stamp to the gaming machine in a visible place in such a way that the stamp cannot be damaged, and to do so at latest 15 days of the first day of the licence becoming valid. The details concerning the stamp are specified according to a special decree.6)

Article 19

1. The licence to operate a gaming machine namely includes:

- a. the authorisation of the Gambling Scheme (or the jackpot Gambling Scheme as referred to according to paragraph 7 of Article 17) with any changes modifications and amendments, if made,
- b. the authorisation of the permanent installation of the gaming machine,
- c. the setting of the manner and conditions for the manipulation with the gaming machine, particularly when collecting the cash from it and when making repairs to it,
- d. setting the preconditions for the manipulation with the device allowing the jackpot prize (paragraph 7 of Article 17) and with the linked machines, in particular when collecting the cash, with the payment of the jackpot prize and with repairs,
- e. the name(s) of the person(s) who is (are) responsible for persons under 18 years of age being banned from entering the the premises authorised for the permanent installation of the gaming machine. In case of a gambling parlour this person(s) is (are) responsible for banning persons under 18 years of age from the gambling parlour.

2. The licence for the operation of the gaming machine is granted if

- a. the licence application includes all the details as set forth according to this Act and the Applicant met the conditions as set forth according to this Act,
- b. the Applicant demonstrates professional servicing is ensured,

- c. according to the certificate of the competent authorised person⁷), the gambling machine is capable of operation.

3. The certificate referred to in paragraph 2 c) certifies that

- a. no more than five years elapsed from the date of manufacture of the gaming machine,
- b. the gaming includes as an in-built feature a system of at least double control of the deposited and disbursed cash and that the counters of these control devices feature at least six positions,
- c. the gaming machine conforms by its engineering design with paragraphs 3 to 6 of Article 17.

4. The body which granted the licence may change the licence on the grounds of a written application by the operator, as for the place of permanent installation of the gaming machine within the territorial district of such body, or a replacement of the gaming machine for the same model can be authorised by that body in case the gaming machine was demonstrably destroyed by fire or another natural disaster.

Article 20

1. The operator is obliged to prepare the accounting statement for the operation of different gaming machines and to present this statement to the body which granted the licence and the competent financial office within two months after the expiry of the time for which the licence was granted. If the licence was granted by the Ministry, then this statement shall be presented to the authority exercising government supervision over the operation of gaming machine pursuant to Article 46.

2. Any and all accounting transactions executed in connection with the operation of the gaming machines must be accounted for separately from any other business of the operator, if any, and such accounts shall be based upon the records obtained from the readings of the electromechanical and electronic counters which may not be zeroed for this purpose. The costs and revenue as related to the operation of gaming machines form parts of the profit or loss of the operator for the accounting period. The filing of bookkeeping documents is governed by a special regulation⁸).

PART THREE

Odds Betting

Article 21

Licensing of betting

The licence for the operation of odds betting according to Article 2 h) is granted on the grounds of an application by the Ministry for 10 years, at most. In the licence, the terms and conditions for the operation of the odds betting are set forth, the Gambling Scheme is authorised, the object of betting is specified as well as the placement of the bookmaker office.

Article 22

The licence shall be granted to the Applicant if it demonstrates conformity with the terms and conditions for the proper operation of odds betting, in particular, that it has registered capital, in compliance with the provisions of paragraph 6 of Article 4, of at least CZK 100,000,000 and has deposited the surety as per paragraph 1 c) of Article 4b.

Article 23

Repealed

Article 24

Repealed

Operation of bets

Article 25

Bets can be accepted in advance in cash or non-cash.

Article 26

Persons authorised to accept bets may not participate in betting with the operator for whom they are accepting the bets. Persons setting odds may not participate in betting with the operator for whom they are setting the odds; these persons are likewise prohibited from participating in betting with operators licensed under this Act. Persons participating actively in sporting events for which an operator accepts bets pursuant to Article 2 f), h), k) and pursuant to paragraph 3 of Article 50 (e.g. coaches, players, referees, officials of sports clubs, etc.) may not participate in betting on events in sporting competitions of which they are participants of or are otherwise involved in, or those involving a sports club in which they hold a function.

Article 27

The operator may not accept bets for races, matches and competitions in which an animal, individual or team related to the operator (by way of ownership or employment) participates.

Article 28

Accounting statement

1. The operator is obliged to present to the competent financial office^{4a)} an accounting statement for the betting business of the previous calendar year on an annual basis, and to do so within two months of the end of the last calendar year.
2. The accounting statement according to paragraph 1 presents the items about the income from betting games which include the wagered amounts, about the prizes paid to the bettors, and about the costs related to the game operation.
3. The accounting statement as referred in paragraph 2 shall also be presented by the operator within two months of the end of the month in which it discontinued its odds betting business.

Article 29

Repealed

Article 30

Repealed

Article 31

Persons under 18 years of age are not allowed to participate in odds betting. The operator is entitled to request the presentation of a personal identity document in order to verify compliance with this provision.

PART FOUR

Betting games in a casino

Article 32

Licensing of betting games in a casino

1. The licence for operating a gambling business according to Article 2 i) is granted, on the grounds of an application, exclusively by the Ministry and for 10 years, at most.
2. In the licence, the Ministry sets the detailed terms and conditions of the casino gambling operation and, after reviewing the compliance with this Act and other laws, the

Ministry approves the Gambling Scheme, the customer rules and the types of games operated in the casino presented by the Applicant.

3. As a precondition for the issue of the licence, the Applicant must demonstrate for the Ministry that its registered capital is in compliance with paragraph 6 of Article 4 and amounts to at least CZK 100,000,000 and that the Applicant has deposited the surety according to paragraph 1 e) of Article 4b.

4. The Applicant is obliged to apply to the Ministry for approval of any contemplated changes in the Gambling Scheme, customer rules or the types of gambling operated in the casino, and to do so no later than 30 days before their implementation.

Operation of betting games

Article 33

A gambling currency other than the Czech currency is licensed by the Ministry.

Article 34

All accounting transactions⁸⁾ executed in connection with the operation of the casino gambling must be maintained on the accounts separate from other business of the operator and the costs and revenue related to the gambling operations form a part of the profit of the operator for the accounting period.

Article 35

Tokens

1. Cash tokens are used for casino gambling. The face values, size, weight, material, design and other features of the cash tokens are approved by the Ministry. The operator is obliged to present the approved cash tokens specimens to the government supervision body before the casino commences operations.

2. Every casino uses specifically marked cash tokens. Cash tokens of the same design may be used only in casinos operated by one and the same operator. The cash tokens bear the designation of their face value plus the official abbreviation of the gambling currency.

3. The cash tokens are purchased by the bettors at the casino cashier's or at the gambling table. The prizes are paid to the bettors solely and exclusively at the casino cashier's, against the presentation of cash tokens.

4. Gambling tokens are another type of tokens which are used for the roulette game. After finishing the game at the table, the gambling table assistant shall exchange for the better the gambling tokens for the cash tokens.

5. The operator is obliged to keep proper records of all tokens.

6. It is inadmissible to use cash tokens for the settlement of any liabilities other than those arising out of the gambling.

7. It is inadmissible to carry the cash tokens out of the casino. A protocol shall be drawn up by the casino management on any cash tokens that were not returned or were lost, with such a protocol to be made on the day the circumstance was discovered. The copies of the protocols drawn up over the calendar month shall be handed over by the casino management to the government supervision body within seven calendar days of the end of the current month.

Article 36

1. Upon entering the casino, customers are obliged to present a document verifying their identity. No person under 18 years of age or such a person who is not permitted to enter the casino under the customer rules may be admitted to the casino.

2. The casino shall maintain a daily list of the names of its customers. The scope of the identification data in the record files and their keeping shall be governed by Act on Certain Measures against Money Laundering and Financing of Terrorism.

Article 37

The casino must be equipped with security and monitoring systems. The monitoring system shall make a video and audio recording of the whole procedure of all gambling operated as well as the preparatory works (issue of tokens) and finishing works (closing the tables, counting the tokens and cash). The operator is obliged to file the records made by the monitoring system for 90 calendar days and to make these records available to employees of the government supervision body, including their lending outside of the casino premises, if necessary. The monitoring must be accomplished by way of a record made at a regular speed and continuously. Additional details for the monitoring and filling of records are set forth by the Ministry according to a special regulation.

Article 38

1. Only the games specified in the licence and within the prescribed scope may be operated at the casino.

2. The persons employed at the casino are prohibited from participating in gambling at the casino in which they are employed.

Article 39

Article 28 shall be applicable on the pari passu basis with respect to gambling in a casino.

PART FIVE

Horse betting

Article 40

The issue of the licence is conditional on the Applicant namely demonstrating to the Ministry that it has met the conditions contained in paragraph 9 of Article 4 and proving the meeting of the conditions for the due operation of horse betting.

PART SIX

LEVY ON LOTTERIES AND OTHER LIKE GAMES

Article 41

Levy payer

The payer of the levy on lotteries and other like games is the operator of a lottery or other like game.

Article 41a

Subject of the levy

The subject of the levy on lotteries and other like games is the operation of the lottery or other like game.

Article 41b

Partial bases of the levy

1. The partial base of the levy is the amount by which the sum of the amounts wagered exceeds the sum of the prizes paid
 - a. on lotteries operated according to Article 2 a), c) and d), in the case of the partial levy on a lottery,
 - b. on games operated according to Article 2 h) and internet odds bets according to Article 50(3), in the case of the partial levy on odds bets,
 - c. on betting games operated according to Article 2 i), in the case of the partial levy on betting games in a casino,

- d. on games operated according to Article 2 m), in the case of the partial base of the levy on card tournament and cash betting games,
 - e. on operated lotteries or other like games not stipulated in letters a) through d) and paragraph 3, in the case of the partial levy on other lotteries and other like games.
2. The partial base of the levy on gaming machines and other technical gaming devices consists of a proportionate and fixed part.
3. The proportionate part of the partial base of the levy on gaming machines and other technical gaming devices is the amount by which the sum of the bets made exceeds the sum of the prizes paid from the betting games according to Article 2 e), l), n) and Article 50(3) operated via licensed instruments and devices which, for the purposes of this Act, are understood to be an individual gaming venue
- a. of the licensed gaming machine,
 - b. of the licensed interactive video-lottery terminal,
 - c. of the licensed local lottery system,
 - d. of another technical gaming device licensed according to Article 50(3).
4. The fixed part of the partial base of the levy on gaming machines and other technical gaming devices is the sum of the number of days on which each of the licensed machines and devices was licensed.
5. The wagered amount is considered to be the sum of the moneys received by the operator, consisting of the deposit (wager) and any fee or other moneys received in connection with the placement of the deposit (wager).

Article 41c

Levy rate

The levy rate on lotteries and other like games amounts to

- a. 20 % for the partial base of the levy on lotteries,
- b. 20 % for the partial base of the levy on odds bets,
- c. 20 % for the partial base of the levy on betting games in a casino,
- d. 20 % for the partial base of the levy on card tournament and cash betting games,
- e. 20 % for the partial base of the levy on other lotteries or other like games,
- f. 20 % for the proportionate part of the partial base of the levy on gaming machines and other technical gaming devices,
- g. CZK 55 for the fixed part of the partial base of the levy on gaming machines and other technical gaming devices.

Article 41d

Levy calculation

1. The levy on lotteries and other like games is calculated as the sum of the partial levies.
2. The partial levy is calculated as the product of the partial levy and the rate for this partial base of the levy.
3. The partial levy, the partial base of which comprises of the parts of the partial base, shall be calculated as the sum of the parts of the partial levy. The part of the partial levy shall be calculated as the product of the part of the partial base of the levy and the rate for this part of the partial base of the levy.

Article 41da

Discount on the partial levy on lotteries and other like games

1. A discount on the partial levy may reduce
 - a. the partial levy on lotteries,
 - b. the partial levy on odds bets.
2. A discount on the partial levy may be used by a payer up to the amount of the monetary donations granted by the payer in the levy period to the Czech Olympic Committee for physical education and sport purposes provided that the payer publishes their amount and the date of their handover in a manner allowing remote access.
3. The partial levy may be reduced by no more than 25 % of such partial levy.

Article 41e

Levy period

The levy period is a calendar year.

Article 41f

Levy return

A levy return must be submitted within two months of the end of the levy period, at the latest; this period cannot be extended.

Article 41g
Instalments

1. The levy on lotteries and other like games is paid by way of quarterly levy instalments, which are administered as a tax under the Taxation Act. Instalments are not paid in respect of the last quarter of the levy period.
2. A levy instalment shall be calculated for the levy period, which is a calendar quarter, as a levy on lotteries and other like games.
3. The payer of a levy on lotteries and other like games is obliged to file a report on the levy on lotteries and other like games and at the same time to pay the instalment.
4. The provisions of the Taxation Act on tax payer reporting shall be applied to the levy payer's reporting on the levy on lotteries and other like games. Should the payer of the levy on lotteries and other like games discover, up till the date of the filing of the levy return, that the details contained in the report on the levy on lotteries and other like games were incorrect, it is not obliged to file a subsequent report.

Article 41h
Levy administration

1. The levy on lotteries and other like games is administered by financial offices.
2. Pursuant to Article 46, the levy administrator provides the body exercising the state supervision the information obtained during the administration of the levy on lotteries and other like games that this body requires to perform its state supervision duties.
3. The Taxation Act shall be followed when administering the levy on lotteries and other like games.

Article 41i
Budgetary allocation of the levy

1. Allocation of part of the levy on lotteries and other like games in the amount of the partial levy on gaming machines and other technical gaming device is as follows:
 - a) 20 % represents income for the state budget, and
 - b) 80 % represents income for the budgets of municipalities.

2. The percentage by which the individual municipalities share in part of the levy pursuant to paragraph 1 b) of the an individual levy payer shall be determined based on the ratio of the average number of machines and devices licensed to this payer located in the territory of the said municipality on the individual days of the levy or instalment period to the total average number of machines and devices licensed to this payer on these days.

3. Allocation of the levy on lotteries and other like games, save for that part of the levy pursuant to paragraph 1, is as follows:

- a. 70 % represents income for the state budget, and
- b. 30 % represents income for the budgets of municipalities.

4. The percentage by which the individual municipalities share in part of the levy pursuant to paragraph 3 b) shall be determined the same as the percentage by which the municipalities share in part of the percentage part of the nationwide gross tax revenue from corporate tax pursuant to the legislation regulating the budgetary allocation of taxes, with the decree implementing this legislation, effective as of 1 September of the levy period, being followed; the decree currently in effect shall be followed until such time as this decree takes force.

PART SEVEN

Common, transitional and concluding provisions

Common provisions

Article 42

The Gambling Scheme of the lottery and other like games defines in detail the terms and conditions of the game setting in particular the probability of winning a prize, the terms and conditions of the supervision, the method of inspection, the amount of deposit (the price of the lottery ticket), the amount of the game surety, the number of prizes and their individual and aggregate amounts, the manner in which the drawing of lots is accomplished or that in which the circumstance determining the prize winning is ascertained and the method of advertisement of the prize winning.

Article 43

1. The body which licensed the lottery or other like game shall withdraw the licence if there occur or become known any circumstances for which it would not have been possible to licence the lottery or other like game or if it proves later that the data according to which the licence was granted are inaccurate.

2. The body which licensed the operation of a gaming machine shall withdraw the licence for all gaming machines of the operator in the municipality should the operator breach its duties by

- a. allowing in three individual cases occurring at different times persons under 18 years of age to participate in the gambling,
- b. operating a gaming machine which is not licensed,
- c. the gaming machine failing to comply with its engineering design with the provisions set forth according to paragraphs 3 to 6 of Article 17, regardless of whether or not the non-compliance applied for one operated gaming machine only. The licensing body is free to issue another licence for this operator only after three years time.

3. The body which licensed the lottery or other like game may withdraw the licence or to suspend the operation of the lottery or other like game temporarily if either of the preconditions set forth in the licence are not satisfied or the laws and regulations governing the operation of lotteries and other like games are not complied with.

4. The temporary suspension of the operation of a lottery or other like game according to paragraph 3 of this Article 44 may be done for up to 30 calendar days. If there are some material reasons why the operator is unable to rectify the defects due to which the operation of the lottery or other like game was temporarily suspended by the licensing body, this period of grace may be prolonged by another thirty days. With the temporary suspension of the operation of the lottery or other like game the licensing body and, in the case of games licensed by the Ministry, also the financial office which exercises the government supervision authority over the gambling business on the given premises, are free to seal the gaming machines or other gambling devices. The financial office is obliged to advise about the sealing of the gaming machine or another gambling device the licensing body forthwith in writing. The temporary suspension of a lottery or other like game does not exclude the imposition of the fine according to Article 48. Unless the operator rectifies the defects by the dates set forth in this paragraph 4, the licence shall be cancelled by the licensing body.

5. The body which licensed the lottery or other like game may

- a. specify additional preconditions in the licence if it is necessary for the proper operation of the lottery or other like game,
- b. change modify or amend a licence already granted, if it is necessary for the proper operation of the lottery or other like game or in public interest.

6. The body which licensed a lottery or other like game may not set forth in the licence according to Article 5 a) and b) more stringent conditions for the operation of the lotteries and other like games that those established according to this Act.

7. Lotteries and other like games of chance that do not meet the conditions specified in this Act may not be licensed.

Article 44
Repealed

Article 45

1. The Administration Code⁵⁾ shall apply for procedures involving matters of lotteries and other games, unless otherwise specified herein.

2. The licence is not transferable to a third party.

3. The municipality in whose territory the lottery or other like game is to be operated pursuant to Article 2 g), i), j), l) and n) is a party to the proceedings in the case of the first administrative proceeding pertaining to the issue of a licence to operate this lottery or other like games in a premises at a certain address. Proceedings on the licensing of gambling games according to Article 2 l) and n) concern the installation of interactive video lottery terminals or local lottery systems in the territory of the municipality. Should the municipality exercise its right to express itself in these proceedings, it is obliged to justify its statement in terms of the protection of local matters of public order.

State supervision

Article 46

1. The state supervision over the conformity with this Act by the operators of lotteries and other like games, with the exception of Part Six, is exercised by

- a. the municipalities in cases when they grant the licence for the operation of the lotteries and other like games,
- b. the Regional Offices in cases when they grant the licence for the operation of the lotteries and other like games,
- c. the competent financial offices^{4a)} and the financial offices in the territorial districts, in which the gambling premises are situated, in cases when the licence for the operation of the lotteries and other like games is granted by the Ministry,
- d. the Ministry.

2. With gaming machines licensed by the municipalities or Regional Offices, as applicable, the state supervision over the conformity with the Act may be exercised also by the financial offices specified according to above paragraph 1 c). The financial office shall draw up a protocol about the outcome of the inspection which is handed down to the licensing body for additional measures and the operator. Any fine, if applicable, is imposed and collected by the licensing body which shall notify about the measure adopted (the imposition of a fine) the financial office which was exercising the state supervision.

3. If the state supervision over the operation of gaming machines includes also the technical inspection (the inspection of conformity with the specifications as included in the certificate of the technical performance of the gaming machine) the body exercising the state supervision is obliged to invite the appointed authorised entity to participate in the inspection.7)

Article 46a

Official language

1. The official language in procedures before the licensing body and the government supervision body is Czech. Any written communications are presented in Czech and any documents which are not drawn up in Czech shall be presented together with the official translation. The licensing body and the state supervision body may admit a court registered interpreter to participate in the proceedings provided that the presence of such interpreter is secured by the party dealing with such bodies at its own costs.

2. Nationals of the Czech Republic belonging to the national and ethnic minorities may deal with the licensing and state supervision bodies in their own language provided that they arrange for the presence of a court registered interpreter. The expenses for such interpreter shall be born by the body before which the proceedings are carried out.

Article 46b

Duty of confidentiality

1. The operator, the persons who are in an employment or other relationship with the operator, the employees of the state supervision, the Ministry or other administration body are all obliged to observe the confidentiality about the bettors and their involvement in the gambling including their prize winnings or losses.

2. The duty to observe confidentiality does not apply to the situations when the bettor releases of the duty of confidentiality the persons referred in paragraph 1 or of the circumstances, which are subject to the confidentiality obligation are to be conveyed to the competent bodies in the civil court proceedings, to bodies operating in the criminal proceedings and tax administrators for the purpose of the taxation procedure. The fulfilment

of obligations towards the appropriate authority pursuant to the Act on Certain Measures against Money Laundering and Financing of Terrorism or the Act on Carrying out of International Sanctions is not considered a breach of the obligation to observe confidentiality.

3. The breach of the obligation to observe the confidentiality about the bettors and their participation in gambling can be fined with CZK 50,000 (at maximum). By the imposition of the fine, the provisions of special laws governing indemnification for damage are not affected.

4. The fine is imposed by

- a. the financial office exercising the state supervision powers, if the confidentiality is breached by the operator or persons who are in an employment or other like relationship with the operator,
- b. the Ministry, if the confidentiality obligation was breached by an employee of a body of the Financial Administration of the Czech Republic or the Ministry.

5. The body, which imposed the fine, also collects and enforces this fine. The fines represent income for the state budget.

Article 47

1. The body, which granted the licence for the operation of the lottery or other like game, is obliged to check the lottery or other like game. The body exercising the state supervision powers may check at any time whatsoever whether the lottery or other like game are operated according to the terms and conditions specified in the licence and whether the applicable laws are complied with.

2. The operator of the lottery or other like game is obliged to enable the licensing body and the state supervision body to enter the business premises and to present the body with the accounting documents, accounting statement, reports, vouchers and other documents and records on data media and to enable the inspection of the operated games and technical devices and to supply information about the accounting transactions and to co-operate in the inspection. If so required by the nature of the matter, the licensing body and the state supervision body are free to collect the documents and to seize these for the time necessary to investigate and complete the case. The operator shall be issued a confirmation about seizure of the documents and records on data media.

3. In exercising the government supervision powers, a special law is pursued¹²).

Article 48

1. Fine of up to
 - a. CZK 150,000 shall be imposed by the municipality on the legal entity which operates a lottery, tombola or gaming machine in the administration district of the municipality without the licence which the municipality would have been authorised to issue or if such business is carried out in contradiction to this Act, the Gambling Scheme or the terms and conditions set forth in the licence,
 - b. CZK 300,000 shall be imposed by the Regional Office on the legal entity which operates a lottery or tombola in the administration district of the Regional Office without the licence which the Regional Office would have been authorised to issue or if such business is carried out in contradiction to this Act, the Gambling Scheme or the terms and conditions set forth in the licence,
 - c. CZK 10,000,000 shall be imposed by the financial office specified in paragraph 1 c) of Article 46 on the legal entity or physical person operating a lottery, tombola or other like game without the licence which the Ministry would have been authorised to issue or if such business is carried out in contradiction to this Act or violates the provisions of Article 1(5) or Article 4(10).
 - d. CZK 1,000,000 shall be imposed by the financial office specified in paragraph 1 c) of Article 46 on the legal entity or physical person operating a lottery, tombola or other like game in defiance with this the Gambling Scheme or the conditions that were imposed upon it in the licence or violates the provisions of Article 4c a).
 - e. CZK 50,000 shall be imposed by the state supervision body on the legal entity which breached its duties as set forth in Article 4c b) or paragraph 2 of Article 47,
 - f. CZK 50,000 shall be imposed by the state supervision body on the physical person who is in an employment, membership or other like relation with the operator and the participant of odds betting and gambling in a casino if they acted in defiance with this Act or the licence for gambling operation or the Gambling Scheme,
 - g. CZK 50,000 shall be imposed by the state supervision body on the person who is specified in the licence for the operation of a lottery or other like game as a person responsible for the observation of the ban on gambling by persons under 18 years of age in the case of the first provable breach of this ban,
 - h. CZK 500,000 shall be imposed by the state supervision body on the person who is specified in the licence for the operation of a lottery or other like game

as a person responsible for the observation of the ban on gambling by persons under 18 years of age in the case of the second provable breach of this ban which occurred at a time different from the first one.

2. The Regional Office which granted the municipality the licence to operate a tombola or lottery with prizes in kind according to paragraph 1 b) of Article 18, is authorised to impose a fine on the municipality according to the terms and at the rate as set forth in paragraph 1 a). If a licence was granted according to paragraph 1 b) of Article 6 in case when the tombola or lottery with prizes in kind is operated by the government or by the Regional Office, the fine according to the terms and at the rate as specified in paragraph 1 b) may be imposed by the locally competent financial office.

3. The fine may be imposed within one year after the date when the body authorised to impose the fine learned of the breach of the duty or loss of the licence and within up to three years of the date when the breach of the duty or loss of the licence occurred.

4. The fine is payable within one month after the date on which the resolution on its imposition took power.

5. Fines imposed by municipalities represent income for the budget of the municipality which imposed the fine. Fines imposed by Regional Offices represent income for the budget of the Regional Office. Fines imposed by financial offices represent income for the state budget of the Czech Republic. The fines are collected and enforced by the body that imposed them.

6. The municipality, which granted the licence for the operation of a lottery, tombola or gaming machine, and which withdrew such licence according to Article 43, may decide that upon the fulfilment of the tax and other financial obligations of the operator towards the state, the proceeds may be transferred to the budget of such municipality. A likewise procedure may be adopted in case the operator operated a lottery or other like game without the licence and the municipality was authorised to issue such licence.

7. The financial office may decide that the proceeds of the lottery or other like game operated in its territorial district without a licence, which the Ministry was authorised to grant, shall be transferred to the state budget of the Czech Republic.

8. The Ministry which granted the licence for the operation of lottery or other like games and which withdrew such licence according to Article 43 hereof may decide that the proceeds of such games shall be transferred to the state budget of the Czech Republic.

Article 48a

Powers entrusted to the Regional Office, Municipality Office, City Office or to the Office of the municipality district according to this Act represent the exercise of delegated powers.

Article 49

In the Capital City of Prague, the powers of the municipality according to this Act are exercised by the city districts, with the exception of the powers according to the Article 50(4). In territorially-divided cities enjoying special status, the powers of the municipality according to this Act are exercised by city districts or city parts powers, with the exception of the powers according to Article 50(4).

Article 50

Empowering provisions

1. Under its regulation, the Ministry is free to increase the highest wager amount per game and the highest prize per game as set forth in paragraph 4 of Article 17, the highest hourly loss as set forth in paragraph 6 of Article 17 and to amend the details of the stamp as specified in paragraph 4 of Article 18.
2. The Ministry shall set forth by a regulation the details and specific conditions for the monitoring and filing of records as referred in Article 37.
3. The Ministry may licence lotteries and other like games which are not regulated according to this Act in Parts One to Four, provided that all terms and conditions for such operations are specified in detail in the licence. The provisions of Parts One to Four of the Act shall be applied on the *pari passu* basis. In this regard, the Ministry shall instruct the operator to take all measures necessary to prevent the game being played by persons who have not reached 18 years of age and to ensure public order.
4. The municipality may set forth, by way of a generally binding decree, that betting games according to Article 2 e), g), i), l), m) and n) and lotteries and other like games according to Article 2 j) and Article 50(3) may be operated only in places and at times specified in such a decree, or it may specify in what places and at what times in the municipality the operation of lotteries and other like games is prohibited, or it may completely ban the operation of the said lotteries and other like games in the entire municipality.
5. Lotteries and other like games according to this Act may not, with the exception of lotteries and tombolas according to Article 6(1)(a), be licensed at schools, school facilities, in social and medical services facilities, and in buildings in which the activities of government agencies, state administration bodies and registered churches or religious societies are being performed.
6. Operations according to paragraph 4 and 5 are understood to refer to the actual operation of gaming parlours and casinos, gaming machines, interactive video-lottery terminals, local lottery systems and other equipment operated by bettors, including the

acceptance of deposits, payment of prizes and other actions leading to contractual relations between the operator and the bettor. Operations according to paragraph 4 and 5 are not understood to refer to the management and operational activities of the operator, the operation of central servers, the conclusion of contractual relations between the operator and its contractual partners, settlement of claims and other administrative activities related to the operation of lotteries and other like games.

7. A municipality is obliged to inform the Ministry about the adoption of a decree according to paragraph 4 or 5, and to do so within 15 days of its approval by the council.

8. The Ministry may prescribe, by legal regulation, a technical standard for the operated technical devices and systems, particularly as regards the access of state supervision to the data of these devices for the purpose of recording and controlling financial flows.

Article 51

Transitional provisions

1. The licenses for the operation of gaming machines granted for year 1990, appropriately for year 1991, before effectiveness of this Act, shall have remained valid according to the terms determined by the previous rules.

2. Licenses for the operation of other lotteries and betting games granted before effectiveness of this Act are valid without change as of 31 December 1990. The operator shall require for a further licence for operation of lotteries and betting games which validity finishes by the 31 December 1990 at the latest on 30 November 1990.

3. This proceeding also concerns the operator of the state lottery, the enterprise SAZKA and Státní závodiště Praha (State race course Prague).

Article 52

Repealing provisions

The provisions mentioned below are hereby repealed:

- a. The provisions of Article 2, 10 through to 14, paragraph 2 of Article 19, and Article 20, and that part pertaining to lotteries and other like games in Articles 15 through to 18 of the Czech National Council Act No. 37/1973 Coll., on Public Collections, Lotteries and Other Like Games,
- b. The Decree of the Ministry of Finance of the Czech Socialist Republic No. 61/1973, in which the details on lotteries and other like games are prescribed,

- c. The Directive of the Ministry of Finance of the Czech Socialist Republic, on the licensing, recording, operating and control of gaming machines, under reference No. 153/13 700/1973 of 8 June 1973, promulgated in issue 32/1973 Coll.

Article 53

This Act shall come into effect on the date of its promulgation, except for the provisions of Article 18(4), which come into effect on 1 January 1991.

Selected provisions of the amendments

Article XIII of Act No. 254/2008 Coll.

Transitional provision

The provision of sentence two of Article 4(2) of Act No. 202/1990 Coll., as amended by this Act, shall, for accounting purposes, according to Article 28, be applied for the first time as part of accounting envisaged by the operator for the 2008 calendar year.

Article II of Act No. 300/2011 Coll.

Transitional provisions

1. Proceedings on the approval of a lottery and another like games commenced before 1 January 2012 shall be completed according to the Act on Lotteries and Other Like Games, per the wording in force prior to this date. Licences granted for operating lotteries and other like games before 1 January 2012 shall, with the exception of lotteries according to Article 2 c), expire within the period specified in the licence, unless prescribed otherwise below. The Ministry of Finance shall, within six months of 1 January 2012, alter licences granted according to this Act per the wording in force prior to 1 January 2012 so as to correspond to this Act, with the duration of their validity being set according to point 4.

2. Operators who operate lotteries and other like games under a licence granted according to the Act on Lotteries and Other Like Games, per the wording in force before 1 January 2012 or amended pursuant to paragraph 1, shall submit an agreement to the licensing body on the application of part of the proceeds pursuant to paragraph 2 of Article 4d of this Act by 1 January 2013 and shall also demonstrate, by no later than this date, the method of payment and the amount of the registered capital in accordance with paragraph 9 b) and paragraphs 10 to 12 of Article 4 of this Act.

3. Licences to operate lotteries or other like games granted according to the Act on Lotteries and Other Like Games, per the wording in force before 1 January 2012, may be repealed due to illegal conduct committed before 1 January 2012 only under conditions defined by the Act per the wording in force before 1 January 2012.

Article VII of Act No. 458/2011 Coll.

Transitional provisions

1. Act No. 202/1990 Coll., per the wording in force before the effective date of Article VII of this Act, shall be applied to part of the proceeds from lotteries and other like games under Article 4 of Act No. 202/1990 Coll., per the wording in force before the effective date of Article VII of this Act, to accounting in accordance with Article 28 of Act No 202/1990, as amended, per the wording in force before the effective date of Article VII of this Act, and to the levy for state supervision in accordance with Article 29 of Act No. 202/1990 Coll., per the wording in force before the effective date of Article VII of this Act.

2. The first levy period under Article 41e of Act No. 202/1990 Coll., per the wording in force as of the effective date of Article VII of this Act, is the period as of the effective date of Article VII of this Act until 31 December 2012.

3. The first instalment period under paragraph 2 of Article 41g of Act No. 202/1990 Coll., per the wording in force as of the effective date of Article VII of this Act, is the period as of the effective date of Article VII of this Act until the end of the calendar quarter of 2012 during which Article VII of this Act came into force.
