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Act
No 254/2004 Sb.
on Restriction of Cash Payments

The Parliament has adopted the following Act of the Czech Republic:

PART ONE
ACT ON RESTRICTION OF CASH PAYMENTS

Section 1
Purpose of the Act

This Act defines situations in which both natural and legal persons (hereinafter 'persons') are obliged to make payments through authorized payment services providers or through postal vouchers provided by postal services providers (hereinafter the 'money institution') and regulates the supervisory mechanism over this provision.

Section 2
Definitions

(1) For the purposes of this Act, the following definitions apply:

- (a) 'payment' means a handover or a transfer of money from the payer to the payee,
- (b) 'cashless payment' means a payment in Czech or foreign currency conducted through the money institution either in the Czech Republic or from the Czech Republic to another country.

(2) For the purposes of this Act, the following activities are not considered as payments:

- (a) a deposit of cash into an account held at a money institution or a withdrawal of cash from such an account,
- (b) a change of banknotes or coins for different banknotes or coins realized through a money institution,
- (c) a handover of unusually damaged banknotes or coins to the Czech National Bank,
- (d) a retention of banknotes or coins which are suspected to be counterfeit or modified, and their subsequent handover to the Czech National Bank,
- (e) a handover or a transfer of money by a person authorized to provide a currency exchange service,
- (f) a handover or a transfer of money by the person authorized to provide a service of transporting banknotes and coins,
- (g) a handover or a transfer of money by the person authorized to provide a service of processing banknotes and coins.

Cashless Payments

Section 3

(1) Payments shall be carried out as cashless payments if they are conducted

- (a) between natural persons with permanent or temporary residency in the Czech Republic, legal persons based in the Czech Republic and branches of foreign legal persons based in the Czech Republic, or
- (b) by natural persons with permanent or temporary residency in the Czech Republic, legal persons based in the Czech Republic and branches of foreign legal persons based in the Czech Republic in favor of foreign natural or legal persons; and if they exceed the amount established by this Act.

(2) Provisions of subsection (1) do not apply to

- (a) payments of taxes, fees or similar carried out in accordance with the provisions of the Tax Code or the Customs Act, unless provided otherwise in these laws,
- (b) compulsory payments based on the labor-law relationships,
- (c) payments of pension benefits including lump-sum payments and disbursements from pension funds and participating funds operated by pension companies,
- (d) payments carried out during a state of a crisis declared according to a special legislative act,
- (e) payments of private insurance premiums and insurance benefits,
- (f) payments carried out by the Czech National Bank when selling commemorative coins, or
- (g) payments accepted by court bailiffs, courts or administrative bodies during distrains or enforcements of decisions.

Section 4

(1) A payer carries out payments, which exceed the amount of CZK 270 000 (hereinafter the 'limit'), as cashless payments.

(2) A payee is not allowed to accept payments, which exceed the limit, unless these payments are cashless.

(3) Payments in foreign currency are, for the purpose of this Act, converted into CZK using the exchange rate of the foreign exchange market announced by the Czech National Bank and valid on the day of the payment.

(4) All payments in CZK and foreign currencies made by the same payer to the same payee within one calendar day are included in the limit.

Offences

Section 5

(1) A natural person, a legal person or an entrepreneurial natural person who is, according to this Act, obliged to conduct payment without the use of cash, commits an offence by not doing so.

(2) A natural person, a legal person or an entrepreneurial natural person commits an offence by accepting cash payment, which is being conducted in violation of this Act.

(3) A fine up to a CZK 500 000 may be imposed for committing offences under subsections (1) and (2) to natural person and a fine up to a CZK 5 000 000 may be imposed for committing offences under subsections (1) and (2) to legal person or entrepreneurial natural person.

Section 6 derogated

Section 6a

(1) The Customs Administration and the Financial Administration investigate in course of their duties offences committed under this Act.

(2) The competent authority which in course of its duties investigated respective offence committed under this Act imposes fines, collects fines and enforces payments of fines.

Section 7
Transitional provision

If there is a contractual obligation, based on a contract which was concluded before the effective date of this Act, to make a cash payment exceeding limit in Section (4), such a payment must take place no longer than a year after the effective date of this Act.

PART TWO
derogated

Section 8
derogated

PART THREE
EFFECT

Section 9

This Act comes into effect on the first day of the third calendar month following after its promulgation.