



A notary public may make entries in the Commercial Register while you wait

Until recently, only a court could make entries into the Commercial Register, but since May of this year, a notary public may now do the same.

In most cases, businesspeople may choose between the existing model, in which they submit the proposed entry to a court, or using the services of a notary public. This fundamental change has been delayed by almost a year and a half. Act no. 314/2013 Coll. governing the public registers of natural persons and legal entities, which regulates this change, went into effect on January 1, 2014, but has only been applied in practise since May 2015.

The main advantage is that a **notary public may enter the information online while you wait**. After drawing up the necessary notarial deed, the notary public will print out a copy of the Certificate of Incorporation containing the current information.

Conditions for a notary public making a direct entry into the Commercial Register

However, it is not possible for a notary public to make entries into the Commercial Register in all cases. A notary public may only do so if he or she has the basic information for all of the registered facts in the form of an underlying notarial deed. If this is not the case, for example when concluding a business share transfer contract in a limited liability company or when changing the company's authorised representative (if these acts are not realised in the form of a notarial deed), the businessperson has no choice but to change the information in the Commercial Register in the old way by submitting a proposal to the register court.

If any legal acts need to be undertaken after drawing up the underlying notarial deed, another notarial deed of certification needs to be drawn up in order for the notary public to make a direct entry into the Commercial Register. For example, if the Trades Licensing Authority issues a trade licence and the partners pay their investment contributions after establishing a limited liability company (by means of a partner agreement in the form of a notarial deed), the notary public may only enter the newly established company in the Commercial Register after certifying the trade licence and after the investment contributions are paid by means of a notarial deed. The notarial deed of certification must be drawn up by the same notary public who previously drew up the underlying

notarial deed.

A direct entry is usually cheaper

As far as the costs for direct entries, the fees for a notary public to make an entry are significantly less than that for a court to do so. To make an initial entry into the Commercial Register, the fee is 8,000 CZK for a joint stock company (instead of 12,000 CZK), 2,700 CZK for a limited liability company (instead of 6,000 CZK), and 1,000 CZK for any changes or additions to the registered information (instead of 2,000 CZK). These fees do not include the notary's public fee of 300 CZK + VAT. In addition, drawing up the notarial deed of certification will cost the businessperson 1,000 CZK + VAT.

As a result, we see the option of a notary public directly make entries as unequivocally benefitting businesspeople. For a notary public, however, this change means a significant increase in administration, at least in the initial phases, which may mean that an entry may take more than just a couple of minutes, but we expect that direct notarial entries will ultimately be a faster and cheaper variant to court entries.

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New legislation

We recommend that you pay attention to the following selected pieces of new legislation from the second quarter of 2015:

Amendments in the energy sector

Parliament has approved a package of changes in regards to the energy sector to go into effect from January 1, 2016. Based on the amended Energy Act, the period for which the Energy Regulatory Office will issue licences for business activities in the energy sector has been extended. Licences for the distribution of electricity or thermal energy, the transportation of gas or storage of gas, and for activities of a market operator will now be issued for an indefinite period (currently, licenses are issued for a maximum of 25 years). Additionally, the Energy Regulatory Office will now be led by a five-member board instead of the current chairperson. The board will be the Energy Regulatory Office's executive body and will decide on any remedies against Energy Regulatory Office decisions.

Part of the extensive changes in the regulation of energy includes an amendment to the Supported Energy Source Act, including the system of collecting fees from electricity consumers used to support renewable energy sources. The new method for designating these fees does not depend on the amount

of electricity consumed by the customer, but is derived from the size of the negotiated reserved power consumption at the place of consumption. The amendment further simplifies the connection of small photovoltaic power stations with an output of up to 10 kW. A licence will no longer be required to install them, even if this involves a business venture.

An out-of-court solution to consumer disputes

At present, Parliament is discussing introducing free out-of-court solutions for consumer disputes based on purchase contracts and contracts on the provision of services. Out-of-court resolution of disputes would apply to contracts concluded between a businessperson and a consumer (i.e., a natural person who is not acting within the framework of his or her business activities when purchasing goods or services). The Czech Trade Inspection Authority will in most cases be the responsible body for these out-of-court resolution. It has been proposed that sellers will be obliged to inform consumers of the option of using this out-of-court resolution.

A ban on smoking and the use of electronic cigarettes

Parliament is further debating a government proposal for the Health Protection Act against the harmful effects of addictive substances. If adopted and signed by the President, this act will ban smoking and the use of electronic cigarettes in publicly accessible areas, including restaurants, with the exception of structurally separate areas designated for smoking. The owner will be obliged to label any structurally separate areas designated for smoking with a visible graphic sign stating “smoking permitted” and to ensure that individuals younger than 18 years do not enter the area. The ban on smoking and the use of electronic cigarettes will not affect garden restaurants.

An amendment to the Labour Code

A draft amendment to the Labour Code, which changes the method of compensating damages in labour relations, is currently in its third reading. The draft calls for a statutory instrument for designating the amount of compensation for pain and social impairment. (Regulation no. 440/2001 Coll., which designated the amount of compensation for pain and social impairment based on a point-evaluation of individual injuries, was formerly the statutory instrument up to the end of 2013. The injured party was awarded compensation in the amount of 120 CZK for each point. No such similar statutory instrument has existed since January 1, 2014. Currently, courts may use the methodology of the Supreme Court of the Czech Republic, which serves as a guide.)

The amendment to the Labour Code further proposes automatic valorisation of compensation for loss of earnings after the end of a period of incapacity to work and compensation for the living costs of any survivors.

Evidence from a secret recording

In ruling no. II ÚS 1774/14 dated December 9, 2014, the Constitutional Court admitted the possibility of a weaker party in a dispute using a recording of a conversation made by a private individual without the knowledge of the recorded individual as evidence in court proceedings. The weaker party

in the dispute was an employee suing his employer for invalid dismissal from employment. Given the situation where there was no other direct evidence to substantiate the employee's claims with regard to the real reasons for the dismissal in proceedings before the general courts, the Constitutional Court admitted the use of the audio recording as evidence in the court proceedings.

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