

Newsletter



Are you already working on the report on relations?

Please note that the deadline for the preparation of the report on relations is approaching.

Most business companies must until March 31 prepare the report on relations according to the rules of the Business Corporations Act. These rules applied to the report on relations newly for the first time last year. As it appeared in practice, the preparation of the report was more time-consuming than in the past.

The report on relations is prepared by the statutory body of the controlled entity (typically, the Board of Directors or Executive Directors). The obligation of members of the statutory body to perform their office with due managerial care applies also to preparation of the report. Therefore, they are obliged to need to obtain sufficient reference documents and information for the preparation of the report. The report on relations should also include a description of the whole structure of the respective business group and the factual position or roles (functions) of the controlled entity within such business group. Especially in cases of more complex corporate structures, statutory bodies do not have such information available. Therefore, we recommend that in such event the companies request the controlling entity to provide such information well in advance. It is also necessary to pay increased attention to the description of the contractual relations within the business group as well as to the evaluation of advantages, disadvantages or risks resulting for the company from the participation in the business group.

With respect to the approaching deadline and the increased time demands for the preparation of the report on relations, we recommend commencing its preparation as soon as possible.

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