



Approach.
Solution.
Business.

ASB Group

Setting Up a Business in the Czech Republic



SPEAKER

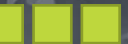


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Most common types of business entities

- Limited liability company (s. r. o.)
- Joint-stock company (a. s.)
- Branch Office (odštěpný závod)



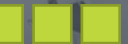
Limited liability company (s. r. o.)

- The most common form of business in the Czech Republic
- The minimum contribution of each shareholder to the share capital is CZK 1
- Suitable for the vast majority of business activities and plans, multiple investors can be easily involved
- Easy transferability of shares
- Simple organizational structure
- Limited liability – shareholders are liable only up to the amount of their outstanding contribution to the company's registered capital as recorded in the Commercial Register



Joint-stock company (a. s.)

- Suitable form of business for a large number of shareholders
- High share capital requirements – CZK 2,000,000 or approx. EUR 85,000
- More complex and costly administration
- Shareholders are not liable for the company's debts or obligations
- Possibility to choose between a 'monistic' and 'dualistic' model of corporate governance
- Ordinary or preference shares



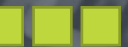
Branch Office (odštěpný závod)

- Short establishment period and no liquidation requirements
- No share capital
- Easy administration
- It does not have legal personality (e.g., all agreements must be concluded through the parent company).



Options to start up a company

- Setting up a brand-new company
 - Fresh start, no history of ownership, business name or executive(s)
 - Takes approx. 14 days to set-up
- Acquisition of a ready-made company
 - Ready to start the business almost immediately (as short as in 2 days)



Setting up a company

Preparation and signing of a memorandum of association - notary assistance

Approximate costs of a notarial deed on the establishment of the company (depending on the amount of registered capital CZK 2 000 - 40 000 or more (EUR 75 - 1 500))

Establishment of the company's office address

It is necessary for the purpose of registration of the company to evidence company's right of use of certain premises as its seat (either by a lease agreement or a written confirmation of the owner of premises)

Statutory declaration of future executive directors

The company needs to have certain executives/board members (foreign nationals permitted). The executives/board members need to sign standardized declaration on their eligibility for the performance of executive/board member position.

Extracts from the police record/criminal register for future managing directors and supervisory board (in case of a.s.)

In the case of EU nationals, the extracts can be obtained through the notary preparing the notarial deed



Setting up a company

Commercial Register Extract of the founder(s)

It is necessary for the purpose of registration of the company to evidence company's founder is duly incorporated entity.

Establishment of a bank account for registered capital deposit

The founder of the company following the execution of a notarial deed shall open a bank account with the bank in the Czech Republic. This applies if the contribution is more than CZK 20,000.

Arrangement for a trade license

Compulsory notification to the Trade Authority through the standard form, no specific requirements for the retail trading, trade license issued within 5 days, costs CZK 1 000 (approx. EUR 40).

Registration in the Commercial Register

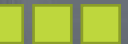
The application to the Commercial Register can be replaced by direct registration by a public notary preparing the notarial deed on the establishment of the company.



Acquisition of a ready-made company

Main advantages of entering the Czech market through acquisition of a ready-made company):

- The way to start business within 2 days
- Established, registered in the Commercial Register and Tax Authorities, registered capital paid, bank accounts and accounting reports maintained
- No previous activities, assets, employees or obligations
- Provider has been the only sole founder/shareholder
- All legal requirements fulfilled
- Contract guarantees by a provider



Acquisition of a ready-made company

Statutory declaration of future executive directors

The company needs to have certain executives/board members (foreign nationals permitted). The executives/board members need to sign standardized declaration on their eligibility for the performance of executive/board member position.

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In the case of EU nationals, the extracts can be obtained through the notary preparing the notarial deed

Commercial Register Extract of the new shareholder(s)

It is necessary for the purpose of transfer of the company to evidence company's new shareholder is duly incorporated entity.

Signing of Share Purchase Agreement and incorporation of required Corporate changes





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