HAVEL & PARTNERS

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Legal News

I/2018

Strategic thinking I Individual approach I Excellent legal team I Long-term partnership

The Largest Czech-Slovak Law Firm with an International Approach

The most successful law firm in the Czech Republic and Slovakia based on the number of nominations and awards in all years of the competition

Ranked by clients as the Best Law Firm in the Czech Republic (2010, 2013, 2015)

Czech Law Firm of the Year (2011–2012, 2014–2017)

M&A Law Firm of the Year in the Czech Republic and Slovakia (2016)

No. 1 legal advisor according to the number of M&A deals in the Czech Republic

(2016–2017)

(2009–2015)

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Introduction

Dear clients and business friends,

Allow me to present you with the latest edition of **Legal News** on behalf of our law firm.

In the opening interview, our colleagues Jan Koval and Josef Hlavička focus on the **nuts and bolts of transaction advisory with an emphasis on public-private partnerships**. Our specialised team is one of the biggest, most experienced and most dynamically growing legal expert teams in the Czech Republic and can boast over two hundred PPP projects implemented in the past five years.

In other articles, our colleagues from other specialised teams look for instance at the following topics: a **judgement of the Supreme Court of the Czech Republic** that is crucial for claiming a VAT deduction, an amendment to the Insolvency Act governing **debt discharge**, advantages and drawbacks of **arbitration commissions in associations**, and issues surrounding the legal institution of **necessary passage** under the Civil Code.

We have also outlined **the most crucial news and achievements of our legal firm**. This year we ranked first in the TOP Employer competition for the **fourth time in a row**, becoming the **most attractive employer among law firms in the Czech Republic**.

We also had excellent ratings in the Slovak Law Firm of the Year Award this year, proving our comprehensive legal service quality also in Slovakia. This issue of Legal News, by the way, focuses on the Slovak legal system, namely the use of compliance programmes that we manage to tailor to individual clients to minimise the risk of criminal liability of legal entities.

I hope you find the information in this issue useful and that you will continue to seek our services.

Happy reading and have a beautiful spring!

Jaroslav Havel

Largest M&A team

From 2006 to 2017, more than

500 transactions

relating to M&A and divestitures and corporate restructuring primarily in Central and Eastern Europe.

Transactions completed
v from 2006 to 2016
worth over

550 CZK billion

Largest M&A team
in the Czech Republic
and Slovakia,
with more than

70 lawyers

14 M&A partners

Our M&A services commonly include:

- detailed transaction structuring advice;
- lead counsel advice for regional acquisitions;
- legal audit (due diligence);
- industry-related expertise in structuring transactions;
- drafting and negotiating transaction documents;
- merger control and compliance;
- post-acquisition advisory services.

We typically advise on approximately forty to seventy mergers, acquisitions, divestitures or similar transactions per year.

Jaroslav Havel
Partner | Prague, Bratislava
jaroslav.havel@havelpartners.cz

Jan Koval
Partner | Prague
jan.koval@havelpartners.cz

Václav Audes
Partner | Prague, Bratislava
vaclav.audes@havelpartners.cz

Ludvík Juřička
Partner | Brno
ludvik.juricka@havelpartners.cz

"Anyone can benefit from public-private partnerships"

An interview with Jan Koval, the partner in charge of the M&A team, and Josef Hlavička, the partner in charge of public law services, on transactions where the private and the public sectors intersect. Provided the risks involved are well-managed, these partnerships can bring the most efficient solutions to both parties.

HAVEL & PARTNERS has been the leading transaction advisor in Central Europe for a long time. What do transaction advisory services usually entail and what is their added value for clients?

Jan Koval: Transaction advisory usually covers acquisitions and sales of companies, their parts, or sets of selected business assets. These transactions typically involve extensive negotiations during which both parties try to get the most beneficial terms. For this reason, it is advisable to consult a specialist in the field in question. Clients should also realise that for a transaction to be successful, skills and expertise in areas other than just law, e.g. taxes and the given industry, are often crucial too. Clients should thus consider whether it might be more effective for them to engage a law firm with a wide range of legal and tax experts. Our legal services usually comprise a detailed design of the structure of the transaction while using expert know-how in the given field; due diligence of the target company to review its present legal, tax and accounting situation and the state of operations; drafting and discussing transaction documentation; and scheduling the execution and settlement of the transaction in compliance with all applicable legal regulations.

What are the most common transaction risks and how to prevent them?

Jan Koval: The expectations that the seller and the buyer may have from the final transaction can differ so much that the parties become unable to arrive at a conclusion even after several months of negotiations, leaving both parties with expenditures and unrealised projects they were planning to push through after the deal was made. During the actual transaction negotiation stage, there may be a whole range of risks. If the company or its assets have not been duly reviewed, if the warranties and representations regarding the situation of the company have not been properly inspected as at the date of the transaction, the buyer may eventually lose a lot of money in what originally seemed like an advantageous purchase. On the other hand, on the seller's side, broadly stipulated guarantees or inappropriate or missing clauses laying down the liability for the company's situation may be detrimental. Underestimated tax aspects of the transaction, for instance, may pose a great risk too.

What is the difference between transactions involving only private entities, as opposed to transactions involving a public sector entity?

Josef Hlavička: Transactions involving public sector entities are often handled in the same way as purely private business deals. But things are more complicated only because in the public sector, the approval procedures laid down by applicable regulations that must be complied with, e.g. by the act on the state property, on municipalities and regions, are much stricter. It also needs to be assessed whether or not the transaction concerned has to be addressed in one of the public procurement procedure forms opened by a public authority. Therefore, it is also necessary to comply with the Public Procurement Act, and that is why you need to have public procurement and public law experts on your team.

What exactly does your team do for the public sector?

Josef Hlavička: We provide legal advisory to contracting authorities as well as to suppliers. We assist contracting authorities with consultations and a comprehensive arrangement of the procurement procedure, we represent them in proceedings before the Office for the Protection of Competition, and we assess and review contracts and internal public procurement guidelines. On the supplier's side, we draft, finalise or review bids and, if necessary, coordinate multiple entities submitting a joint bid. We also draft objections and comments and, subsequently also file proposals with the Office for the Protection of Competition. Moreover, we provide advisory in connection with administrative infractions of suppliers (black list) and public procurement competition rules (bid rigging). Furthermore, for ministries and other entities, we draft bills, opposing motions and motions to amend an act and various analyses. We have unique references from the government's pilot PPP projects and regional PPP projects that we carried out in the Czech Republic and Slovakia. We provide consultancy to providers and recipients of EU subsidies and last but not least, we represent our clients in judicial and other

administrative proceedings, and in proceedings before the Constitutional Court of the Czech Republic.

Can you give us examples of key public sector engagements you were involved in?

Josef Hlavička: In the past five years, we have been involved in over 200 projects. Quite recently, we provided advisory to the town of Pilsen in purchasing shares of Vodárna Plzeň, a.s., operating the town's water management infrastructure. We assisted the town of Liberec in negotiations with a private investor over the usufructuary lease of the town establishment operating the Ještěd ski resort. Recently we also provided comprehensive legal advisory to Sellier & Bellot, a traditional Czech ammunition producer, in relation to a contract signed with the Ministry of Defence of the Czech Republic, on a supply of ammunition worth CZK 3 billion to the Czech Army in the 2017-2021 period. Our teams in the Czech and Slovak branches provided advisory to Ribera Salud, a global developer and operator of hospitals via PPP throughout the world. The advisory concerned the participation of the company in the award procedure (competitive dialogue) announced by the Slovak Ministry of Health for the construction and 30-year operation (concession) of a new teaching hospital in Bratislava. I can name some sector contracting authorities among our key accounts: ČEPS (Czech Transmission System Operator), Správa železniční dopravní cesty (railway infrastructure operator), České dráhy (Czech railways), Česká pošta (Czech post), etc. We also assist public contracting authorities, e.g. ministries, municipalities and regional authorities, in preparing public contracts. Besides standard public contract award procedures, we also focus on the drafting of architectonic design contests and concessions, including PPP projects.

Can you see a bright future for Czech PPP projects, i.e. projects merging the public and the private sectors, or will this merely be a marginal business?

Josef Hlavička: Our company and I have personally participated in a whole range of PPP projects, and I am convinced that their role will rise significantly in the years to come. The Czech Republic's economy is doing well, the investment appetite is high, and the EU subsidies will soon stop flowing. The state will not be able to do without an affluent strategic partner equipped with the necessary know-how from the private sector in some areas like transport infrastructure or the energy sector. This, however, also applies to the construction of municipal flats, houses for the elderly or various smart concepts such as small cities linking the public sector with modern technologies. The cooperation between public and private companies may take various forms: concessions, joint ventures comprising a private investor, entry of an investor into an existing municipal company, usufructuary lease of a municipal company to a private investor, etc.

Is the public sector ready for such innovations? Can it issue an invitation to tender that would attract high-quality contracting authorities?

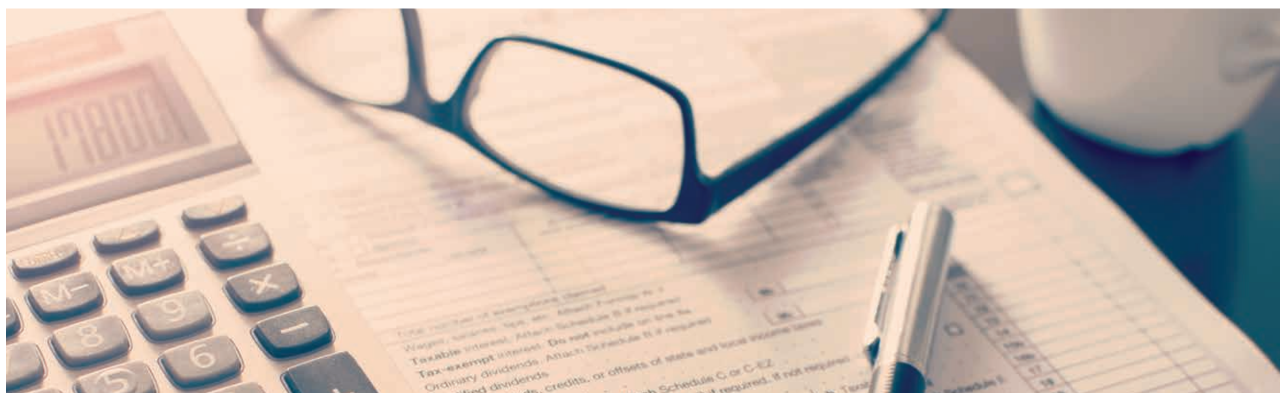
Josef Hlavička: This is the topic of present debates also at the international level. The European Commission, for instance, arrived at the conclusion that contracting authorities are insufficiently aware of the award options and methodologies that would seek out innovative solutions for a whole range of public services. It is therefore the role of law firms to act as a mediator between the contracting authorities and suppliers and assist them in preparing and finalising award procedures. Everyone can eventually benefit from the outcome. The public sector can, in fact, help establish a solution that has not yet been provided commercially and that will require final development, necessary know-how or, in certain cases, also funding.

If you were to highlight a single new provision in the Public Procurement Act that helped increase the quality of public procurement in the Czech Republic, what would it be?

Josef Hlavička: In my opinion, the institute of preliminary market consultation is a major benefit. The new act in fact delineated what was happening under the previous regulation but which was often happening completely non-transparently. Under the new regulation, the contracting authority has the possibility to clarify the subject of the contract with potential suppliers before opening the award procedure. That makes it easier for the contracting authority to specify the bid terms while taking into account the cost effectiveness and minimising the risk that the terms will be disadvantageous to one of the potential suppliers.

Authors:
Josef Hlavička | *Partner*
Jan Koval | *Partner*

Evidence to prove liability for VAT in view of the allegedly fraudulent nature of transactions with business partners



This article looks at the judgment of the Supreme Administrative Court ("SAC") of 30 January 2018 in case no. 5 Afs 60/2017. This judgment is important in terms of determining to what extent the tax administrator bears the burden of proof, when the right to deduct VAT is exercised, regarding the existence or non-existence of the taxpayer's awareness of an alleged fraud.

In general, VAT is charged on the supplier-customer chain, or more precisely on all its elements from primary production to end consumer. In fact, the consumer pays the entire VAT in the price of their purchase (unless a loss occurred in the chain of businesses between the purchase and the sale transaction or unless a discount on the purchase price was granted). The VAT payer is usually the seller.

Beyond the scope of the taxpayer's duty to pay output VAT or to set it off against an input VAT deduction, the importance of the liability for VAT vesting by operation of law in the party opposite the VAT payer has gradually increased since 1 April 2011. When a taxable supply is effected or a consideration is provided for a supply, the recipient of the supply (VAT payer) becomes a guarantor within the meaning of Section 109(1) of the VAT Act if it knew or should and could have known that:

a) the VAT will intentionally not be paid; or
b) the provider of the taxable supply has intentionally got or gets into a position where it cannot pay the VAT; or
c) the tax is evaded or a tax benefit is enticed.

Besides the possibility of using the above concept of liability, the tax authority has an independent **option, or more precisely, a procedural duty** arising from Section 72 of the VAT Act and the judgments of the Court of Justice of the EU ("**CJEU**") and the SAC **to prevent VAT frauds by refusing a taxpayer's right to deduct input VAT if** it reaches a legal conclusion on the basis of facts that **the recipient of the taxable supply is aware of a tax fraud relating to the supply**. (According to the SAC, the liability for output tax and the denial of the right to deduct input tax must be strictly distinguished). On the other hand, if there is no tax fraud, the judgment of the CJEU in case C-437/06 (*Securenta v Finanzamt Göttingen*) shows that the right to deduct VAT is an integral part of the VAT scheme, i.e. that **the right to deduct VAT arises if the substantive-law requirements for the occurrence of the right to a deduction under Section 72 of the VAT Act and the formal requirements for exercising the right to a deduction under Section 73 of the VAT Act are met**. If the tax authority reaches the legal conclusion that all of the requirements have been met, it has no other option but to recognize the right.

> *The interest of the state in obtaining the VAT revenue must be subordinated to the interests of natural and legal persons in the fair collection of the tax.*

In this respect, the judgment of the SAC refers to another judgment of the CJEU, delivered in case C-384/04 (***Federation of Technological Industries***). The taxpayer bears the burden of proof regarding **the existence** of a transaction. However, according to the CJEU, **the burden of proof regarding the taxpayer's awareness** that the transaction under which the taxpayer exercises their right to a deduction was part of a fraud committed by their supplier **shifts to the tax authority alleging that the transaction cannot be allowed for the purposes of a VAT deduction**.

In its judgment, the SAC has similarly deduced that in such cases, it is up to the tax authority to prove that the supplier concerned directly or indirectly participated in the tax fraud, i.e. that the supplier knew or should have known and could have had certain information about the subject of the supply, the supplier, the price or any other 'suspicious' circumstances.

It is up to the tax authority to prove that the supplier concerned directly or indirectly participated in the tax fraud, i.e. that the supplier knew or should have known and could have had certain information about the subject of the supply, the supplier, the price or any other 'suspicious' circumstances.

In the matter at hand, a court of lower instance considered the performance delivered under a tender procedure as part of an ongoing fraud. This, in the opinion of the SAC, was a mere speculative allegation without any evidence. **If the tax authority is to prove the taxpayer's awareness of the tax fraud, it would be required to do so on the basis of formal evidence including an assessment of evidence. Although individual facts could show inconsistencies, it was not clear from the nature of the facts ascertained and the arguments presented by the tax authority how this was related to the fundamental question based on which the right to a deduction was not allowed, i.e. whether or not the taxpayer's awareness of the alleged fraud existed**.

The arguments deployed by the tax authority as well as the court of lower instance were manipulative and thus in conflict with the substantive-law requirements set out in Section 72 et seq. of the VAT Act. As a general consequence, the failure to discharge the burden of proof rendered the decision of the tax authority as well as that of the lower court in the matter unlawful.

In its judgment, the SAC has ruled in more general terms that tax authorities and customs authorities are not allowed to determine tax for any entity according to 'procedural advantageousness'. In general, a tax obligation is linked to a specific person, not to a specific asset or a transaction involving an asset.

If the tax authority is to prove the taxpayer's awareness of the tax fraud, it would be required to do so on the basis of formal evidence including an assessment of evidence.

The interest of the tax authority is of course to maximise the state-wide gross VAT revenue and to provide the state with the highest tax income possible. **However, the SAC has reflected a particular manifestation of the rule of law, i.e. that the interest of the state in obtaining the VAT revenue must be subordinated to the interests of natural and legal persons in the fair collection of the tax (which is based on their more general right to a fair trial under the Charter of Fundamental Rights and Freedoms)**.

Authors:
David Neveselý | *Partner*
Josef Žaloudek | *Managing Associate*
Libor Kyncl | *Legal Expert*

We are the most attractive employer among law firms in the Czech Republic for the fourth consecutive year

Our law firm was voted the most attractive employer among law firms in the Czech Republic and ranked first in the TOP Employer Awards for the fourth consecutive year again in 2018. What's more, the best-performing law students placed our law firm first in the Lawyer category for the second time, a category dominated by international law firms in previous years. "*We highly appreciate the fact that the forthcoming generation of lawyers sees us as a prestigious and attractive employer. When I was a student, the ultimate goal of most students was to work for an international company. I'm glad to hear that we have managed to reverse this long-term trend, even among elite students who gave us the biggest number of preferential votes this year again*," Jaroslav Havel, the law firm's managing partner, comments on the awarded recognition.

Way by necessity in the Czech Civil Code: an inconspicuous menace to development

The concept of right of way by necessity in Section 1029 et seq. of the Czech Civil Code[1] provides for the right of a real estate owner to seek access to their property from a public road, and their ability to secure sufficient connection between the public road and the property for the purpose of its proper use by the owner. In a situation where such sufficient connection of a public road with immovable property is not secured, the Civil Code, contrary to the previous civilist approach, provides more comprehensive and broader rights to the owner to secure such access. However, this concept may pose serious risks to developers and purchasers of large developable areas, which should be thoroughly examined during land acquisition due diligence investigations, and duly reflected in acquisition negotiations.

The right of way by necessity undoubtedly constitutes a restriction of the ownership right of the owners of the affected land plots, and potentially also a major limitation of the ability to freely deal with those land plots. The form and content of way by necessity can of course be always agreed on with the owner of a land plot with no access; however, if the parties fail to privately agree on the establishment of an easement by necessity, it is possible to ask competent courts to order the right of way by necessity based on an action of a property owner who has no access to a public road. The risks entailed in judicial proceedings include a limited ability to influence the extent and form of the easement by necessity granting the right of way across the servient land, as those parameters of the easement by necessity are solely at the court's discretion.

However, the applicable law stipulates rather strict conditions on which the establishment of easement by necessity affecting adjacent land plots can be sought; the fundamental condition here is that the property is not connected to a public road and the property owner is thus prevented from properly using their real estate. Hence, easement by necessity cannot be established by court order in a situation, for example, where a way (access) already exists and the property owner merely seeks a more comfortable and advantageous[2] access.

A situation may occur in practice where, in the middle of an area of interest, small residual land plots are fully surrounded by land owned by a third party, i.e. a person other than the owner of the surrounding land plots. This situation is quite frequent especially in big cities which still offer large areas, that have been unused for a long time, for development. This has become more frequent recently as we witness constant urban building densification coupled by on-going boom and activity in the real estate market. As a rule, such set-up and position of land plots have not been dealt with by owners of land without access to public roads (i.e., owners of residual land), because those owners did not have to overcome any obstacles to be able to use their land as the adjacent land was not developed and in fact allowed them free access (regardless of whether or not they had proper legal title to so use the adjacent land). Such residual land plots are typically owned by various operators of utilities and infrastructure who need access from a public road for the purpose of maintenance of the structures and utilities installed there.

In the case of acquisition of land for development, we recommend examining whether the area of interest does not contain any land plots of this kind which in the future might pose a risk of lack of direct access from a public road, and thus a risk that the owners of the land plots concerned might demand the establishment of easement by necessity. Indeed, the demand to establish an easement by necessity can affect the execution of the contemplated project on the land to be acquired. For example, this may involve a situation where, due to such a demand, the project will need to be modified so that the way by necessity can be established, which may have an

[1] *Act no. 89/2012 Sb., Civil Code, as amended.*
[2] *Judgment of the Czech Supreme Court of 29 April 2014, case no. Cdo 1995/2013.*

impact on the financial yield of the whole acquisition, in particular if the project had to be modified in terms of size or layout. Such an interference may be considerable, due in particular to the rather broadly defined extent of easement by necessity as set out in the explanatory memorandum to the Civil Code, stipulating that "*at present, sufficient connection to a public road can be deemed to exist if access is possible by motor vehicles; way by necessity has to be established at least to an extent allowing the beneficiary to pass through with an automobile*". At this point, however, it is necessary to add that the Civil Code affords strong protections to the owners of the affected land plots against the establishment of easement by necessity, embodied in Section 1032 of the Civil Code, and its letter (a) in particular, stipulating that: "*A court shall not authorise way by necessity if the damage to the neighbour's immovable property apparently exceeds the advantage of the way by necessity*."

In conclusion, we would add that the risk of establishment of way by necessity applies to the land directly adjacent to the property concerned (i.e., for example, land plots in the centre of the area of interest), and also to all land plots across which the way by necessity has to lead in order to connect the property concerned with a public road. **The subject matter of pre-acquisition due diligence investigation should include not only verification of whether the property concerned has access to a public road, but also whether in or near the area of interest there are any immovable properties which might pose the risk that right of way by necessity will need to be established over the property to be acquired**.

Authors:
Martin Fučík | *Partner*
Albert Tatra | *Senior Associate*
Adam Karban | *Associate*

Acquisition International ranks us the best law firm in the real estate and construction

Our law firm was recognised by the UK's Acquisition International magazine published by AI Global Media Ltd. According to the review of legal advisory rendered in Central and Eastern Europe (the CEE region), HAVEL & PARTNERS is the best law firm in the real estate and construction industries (Best Real Estate & Construction Law Firm – CEE). "*Acquisition International's award proves our leading position among providers of legal consultancy aimed at the real estate and construction industries. Thanks to the numerous groups of excellent lawyers equipped with detailed knowledge of the real estate market and the broad range of services offered by our law firm, we are able to assist our clients with the most demanding real estate projects*," Jaroslav Havel, managing partner at HAVEL & PARTNERS, comments on the next award received.

Legal advice to industrial developer Panattoni Europe in a contract with a subsidiary of Japanese metal-working corporation SMIC

Our law firm provided comprehensive legal advisory to Panattoni Europe, the European leader on the logistics and industrial real property market. The advisory concerned a contract in the second stage of the construction of a plant of Senju Manufacturing Europe s.r.o., a member of a leading Japanese metal processor Senju Metal Industry Co., Ltd (SMIC). The team specialising in the real estate and construction industry that worked on the successful transaction was headed by Lukáš Syrový, a partner, and Martin Ráž, a managing associate.

The zero discharge bill is back: What are the risks entailed?

The bill to amend the Insolvency Act is once again undergoing heated debates in the Chamber of Deputies. If adopted, it may dramatically change the concept of debt discharge. MPs will be voting on an almost identical bill for the second time already. The previous bill, submitted to the Chamber of Deputies before the past elections, was not adopted primarily due to its rather controversial nature, namely the zero discharge proposal. The current bill could in fact mean that the debtors may be discharged from their debts even if they do not pay anything to unsecured creditors during the discharge period and only manage to pay fees to insolvency practitioners. As a result, the amendment may quite significantly affect creditors' rights.

Although the principal aim of the bill is to make the discharge accessible also to debtors in a debt trap, it contains a number of other changes too, as discussed below in this paper.

Discharge and liquidation of assets to go hand in hand

The Insolvency Act currently in effect makes a debt discharge possible either through instalment schedules or through the liquidation of the estate. These two methods may be combined with the debtor's consent to achieve a higher satisfaction of the creditors' claims. On the contrary, the proposed bill lays down the **possibility to perform a discharge through the liquidation of the estate alone, or by means of instalment schedules and the liquidation of the estate combined**. The debtor's estate would thus be liquidated in all debt discharge situations if the debtor has any realisable property.

The bill also introduces a rather **controversial protection of the debtor's residence** along with the liquidation of their estate. The debtor's residence will be liquidated only if its value exceeds a certain amount stipulated in a decree. The protection, however, will apply only to real estate that is not encumbered by a mortgage; the proceeds would be used to satisfy unsecured creditors only.

In our opinion, under the above provisions, enforcement proceedings initiated against debtors with unsecured real estate are likely to make these debtors file insolvency applications more frequently as they could already benefit from the residence protection provisions under the Insolvency Act (in the event of commenced insolvency proceedings).

According to the explanatory memorandum to the bill, the purpose of protecting debtors' residences is that by keeping their own real estate, they will save on rent and will be able to distribute the amount saved among unsecured creditors. This, however, may not always be the case. In some cases, the amount saved by the debtor for not paying the rent will often become part of the so-called unseizable amount, which cannot be used to pay off unsecured creditors anyway. At the same time, it may not be fair to creditors (who would receive minimum payments, if any) if debtors were left with valuable and easy-to-liquidate assets such as real estate after the end of the discharge proceedings.

> *"The discharge bill introduces a number of changes in the concept, which may ultimately tip the balance between rights and duties in favour of the debtors."*

New discharge levels

Under current discharge provisions, debts can be repaid over a five-year period provided at least 30% of claims submitted by unsecured creditors are paid off. **The new bill proposes that a debtor could be discharged after just 3 years provided 50% of submitted unsecured claims have been repaid; debtors could also be fully discharged after 7 years with no minimum pay-off level specified**.

In our opinion, the 50% level could, in effect, lower the total average unsecured creditor satisfaction level. Debtors who would otherwise be able to repay 80 to 100% of claims submitted by creditors could have their discharge proceedings terminated after only 3 years upon the repayment of 50% of the claims, even if by means of specific loans. The number of debtors fully paying off their creditors can thus

be expected to drop dramatically. To get an idea, according to available statistics, currently, a total of 16.3% debtors satisfy their creditors fully.

Moral gamble

Lifting the minimum pay-off level for the 7-year period has one major drawback: an increase in the number of dishonest debtors. Knowing that they can be ultimately discharged of all debts, debtors may tend to disregard the consequences of their actions and accumulate new debts.

Despite referring to the German discharge mechanism in the explanatory memorandum, the bill fails to adopt some of its key principles (e.g. mandatory notification of creditors before filing the discharge application). Moreover, the bill imposes new duties upon creditors, e.g. greater responsibility in tackling potential dishonesty of debtors.

Conclusion

The discharge bill introduces a number of changes in the concept, which may ultimately tip the balance between rights and duties in favour of the debtors. Creditors, on the other hand, will have to be more active and cautious when protecting their rights. If adopted, the bill will no doubt have an impact not only on the discharge mechanism but also on the entire segment of loan providers, among others.

Authors:
Petr Sprinz | *Partner*
Jiří Rahm | *Associate*
Petr Chytil | *Junior Associate*

Financial results of HAVEL & PARTNERS for 2017 confirm its position as the leader and the most stable law firm in the Czech and Slovak legal market

Our law firm recorded further economic growth in 2017. Compared to 2016, its turnover for net legal services increased by 8% to a total of CZK 550.8 million. The most successful offices include Prague and Brno, where the net turnover increased by 12% and 6% respectively. The total net turnover of the HAVEL & PARTNERS Group, including the cooperating cash collection agency Cash Collectors, reached CZK 639 million. "*The results for 2017 confirm our position as the leader and the most stable law firm in the Czech and Slovak legal market. Our firm has been growing continuously since its establishment in 2001. Last year, we also managed to put our Bratislava office back in the black. After some stagnation in 2016, the office was restructured, strengthened with new additions to the team and moved to prestigious premises in the new business centre located in the attractive quarter of Zuckermandel below Bratislava Castle. The overall economic growth has been positively affected mainly by the provision of legal services to Czech and Slovak businesses, particularly in respect of real estate projects, mergers and acquisitions, legal and tax structuring of personal property, and commercial disputes. In addition, the criminal law practice has developed very successfully, in the form of close collaboration with SEIFERT A PARTNEŘI,*" says Jaroslav Havel, managing partner.

Arbitration committee of an association

In general, the law of associations is not in the focus of legal professionals, yet its importance cannot be underestimated. There are over 80 thousand associations in the Czech Republic, a number of which manage extensive asset portfolios or decide on important rights for their members (e.g. sports associations, industry organisations of entrepreneurs, influential publicly beneficial organisations, etc.).

So far, much fuss has been made over the new Civil Code (Act no. 89/2012 Sb.), which not only transformed the rather non-extensive regulation of civic associations from the beginning of the 1990s into the standard regulation of corporate legal entities (associations) but also introduced a number of new features. One of them is the re-introduction of an arbitration committee in associations, a concept which was known in our country until 1951 (as a court of arbitration or conciliation for associations), allowing associations to decide their internal disputes upon a binding enforcement title.

This article aims to present the basic characteristics of this new body and summarises key advantages and disadvantages associations should take into account when introducing it.

What's actually new?

Traditionally, the internal structure of the bodies of an association is not bound by any strict rules. Apart from the executive body (such as the committee of an association) and the supreme body (such as the members' meeting) which must be established in all cases, associations are authorised to create basically any body of any designation and scope of competence. Thus, in this respect the provisions of Section 265 of the new Civil Code, which enshrine **the possibility of creating an arbitration committee in an association** for resolving "*contentious matters falling within the scope of an association's self-governance defined by its statutes*", do not seem to be radical at all; as a matter of fact, many associations (in particular sports associations) were creating similar bodies a long time **before the new Civil Code took effect without leaning on any explicit legal ground. However, the potential effects of a decision delivered by this (optional) body** can be seen as radical, as such decision is now deemed to be a **directly enforceable arbitration award**. So far the decisions of arbitration bodies of an association have been enforceable only inside the association by means of the association's own tools (e.g. by prohibiting participation in events organised by the association), but now they can be enforced directly without the necessity of conducting prior proceedings. Thus, if a member of an association owes membership fees to the association, the decision of an arbitration committee of the association in this matter may become an enforcement title, based on which the court bailiff will collect such debt on behalf of the association.

But there are many more advantages. **Filing an action with the arbitration committee of an association has the same effects as filing an arbitration action**. Based on that, limitation periods are suspended, and an obstacle is created preventing the commencement of judicial proceedings in the same matter (plea of *lis pendens*) or preventing a court from dealing with the same matter after it was previously decided upon by the arbitration committee of the association (plea of *res judicata*). Similarly, if a party to a dispute decides to file an action directly in the court, the defendant may object (similarly as in the absence of an arbitration clause) to the lack of the court's jurisdiction to hear the matter, and such proceedings would have to be stayed. Another unquestionable advantage is the **limited possibility for a court to review a decision made by the arbitration committee**. While a decision of any other body of an association can be reviewed (and subsequently cancelled) by a court for its compliance with the law and the statutes only for procedural reasons (e.g. if the matter was decided by a biased judge), such decision can be cancelled only exceptionally with regard to its merits, if it is in contradiction with the principles of ethical behaviour (in Czech: *dobré mravy*) or public order.

How to distinguish an arbitration committee of an association

Although some legal professionals are of the opinion that with the entry into effect of the new Civil Code all bodies of associations having the same (or similar) name or a similar function became arbitration committees, we find this interpretation incorrect.

The basic condition for creating an arbitration committee of an association (if its decisions should have the above-described effects) **is that this body is explicitly enshrined in the statutes of the association**. At the same time, the text of the statutes **may not raise doubts about the creation of an arbitration committee pursuant to Section 265 of the Civil Code**. Where such doubts may occur it is always necessary to support the opinion that an arbitration committee in this sense has not been established. The reason for this restrictive interpretation is the fact that the creation of an arbitration committee substantially limits the constitutional rights of the association members in their access to the courts; their consent to such limitation by means of the statutes must be granted unambiguously. Therefore, basically all bodies of associations having a similar function or designation after 1 April 2014 created at a time when it was not possible yet to envisage the creation of an arbitration committee can be excluded from the classification of an arbitration committee (pursuant to Section 265 of the new Civil Code).

If the arbitration committee is sufficiently embodied in the statutes, it is necessary for its due creation to **enter its name, members and mailing address in the register of associations**. Although such registration is only of a declaratory nature and does not pose a condition for the creation of the arbitration committee, **the potential inexistence of this registration in contentious cases can be interpreted as an expression of the association's will not to create an arbitration committee pursuant to Section 265 of the new Civil Code**.

The last prerequisite for the creation of the arbitration committee is **appropriate staffing**. The committee must consist of at least three persons who have reached the legal age, have full legal capacity and moral integrity and are not members of an executive body of the association. Pursuant to the Arbitration Act, persons that have not been sentenced for criminal offences upon a final and conclusive decision (and/or persons regarded as such) are persons deemed to possess moral integrity. From the practical perspective, it is necessary **to take into account certain qualifications of the members of the arbitration committee, as in their decision-making they must be able to consistently apply the rules of proceedings following from the statutes and from the Arbitration Act**; their work must then result in a decision which should in general contain a reviewable reasoning, advice on remedies and – most importantly – an enforced statement. If it fails to comply with these requirements, an association may face the risk that these decisions will be cancelled at a later point by a court and that such dispute resolution method will become ineffective.

Any disadvantages?

As apparent from the foregoing, **the introduction of an arbitration committee is not an ideal solution for all associations**. In contrast, for a large majority of associations, the introduction of such a body would involve an unnecessary risk, as it would substantially limit their access (and/or access of their members) to an impartial court and set high-level requirements for them for the selection of suitable members (in particular from the viewpoint of their impartiality and professional qualifications). Another particular group of associations would not benefit in any manner from the introduction of this body: they only deal with a minimum number of disputes and/or are able to enforce their decisions in a sufficiently efficient manner with the use of their own internal tools.

However, even those **associations which may find the introduction of an arbitration committee advantageous should duly consider their decision**. This is primarily because of the lack of practical experience with the application of legislation regulating this concept. Although to a certain extent inspiration can be found in this respect in the extensive case-law from the times of the First Czechoslovak Republic, the approach to be taken by judges in the future is completely unpredictable. On the other hand, there are many interpretation questions. For example, the borderline of competencies pertaining to the association's self-governance defining what matters can or cannot be decided by the association's arbitration committee is unclear. If, for example, an association fines its member for failing to show up at a sport match (relating to a sport in which the association is involved), it is apparent that the matter can be covered by the association's self-governance. However, if the same association fined the same member for their failure to fulfil an advisory agreement (relating to a sport in which the association is involved), it is not quite unambiguous whether such a matter should fall within the association's self-governance. Furthermore, it is not completely clear to what extent the courts will insist on the transparent and impartial appointment of the arbitration committee members. Thus, if such members are appointed (and removed) without any limitation solely by the association's executive body, it is questionable whether their sufficient impartiality could be guaranteed when disputes are decided between the association and its members.

In our opinion, the legal uncertainty as to questions of this kind increases the risk that a decision of the arbitration committee will be cancelled at a later point and consequently decreases the efficiency of this dispute resolution method. At the same time, it is necessary to take into account the fact that cancellation of these decisions may be sought for almost an unlimited period of time (although only for limited reasons; see above), as a motion for the cancellation of a decision of the arbitration committee can be filed not only within three months from its delivery to the party to the proceedings but also at a later point during enforcement proceedings. Thus, decisions issued by the arbitration committee could be also threatened at a later point by changes in case-law as was the case of arbitration clauses concluded in the past in favour of *ad hoc* arbitration centres.

Summary

As follows from the foregoing, it is without question that the creation of an arbitration committee in associations substantially strengthens the autonomy of associations and provides them with an instrument combining the advantages of independent decision-making in internal disputes with the possibility of enforcing such decisions. However, if associations decide to introduce such a body, they should expect rather high-level requirements for the quality of its management (and decision-making), but also some uncertainty regarding the future application of the relevant legislation. Thus, we are of the opinion that the introduction of such a body should be based on a thorough analysis of the effects of such a change as well as on discretion as to the scope of the conferred powers.

Authors:
Dušan Sedláček | *Partner*
Adam Forst | *Associate*

A brief comparison of legal regulations applicable to the employment contract in the Czech Republic and Germany

Ever since the beginnings of our modern history, commercial (but not only commercial) ties with Germany have been very close. Germany is the main market for Czech exporters[1] and one of the foremost direct investors in the Czech Republic[2]. The aim of this article is to offer a very general outline of the requirements of, and differences in, the legal regulations applicable to employment contracts in both countries.

The main difference is in the requirement concerning the **form and general contents of the employment contract**. While in the **Czech Republic** the employment contract always has to be executed in writing and has to contain at least three material requisites stipulated by law (i.e. the type of work, the place of work, and the work commencement date)[3], **German law**, on the other hand, allows any form of the employment contract, including **oral** form[4]. In terms of content, the scope of mandatory clauses in Germany depends on multiple circumstances, such as the work performed, applicability of the collective agreement, etc.

On the other hand, however, both Czech and German employers are required, **within one month of formation of the employment, to inform the employee in writing** of certain general aspects of the employment relationship, unless they are provided for in a written employment contract.[5] To comply with this requirement, sending the information electronically is not sufficient; a hard-copy form is always required.[6] However, for evidentiary and administrative reasons, the differences mentioned above are, as a rule, removed and employers produce rather robust employment contracts to employees for signing.

Based on our experience, the **clause on the employee's confidentiality duty** tends to be one of the most important contractual clauses. This covenant has to be expressly agreed upon in both countries (for example, CZ-LC does not contain any provisions concerning the confidentiality duty of employees employed by private employers, i.e. a majority of corporations; in addition, it is impossible to successfully invoke the general provisions contained in the Czech Civil Code either[7]). Unlike the Czech Republic, on the other hand, it is possible under German law to secure a breach of this obligation by contractual fines,[8] which are generally perceived as an efficient instrument to protect the other party to the contract. Czech employers will thus have to be content with asserting their claims by way of damages claims.

Although negotiating employment relationships may appear to be a rather simple task, the employer can, by correctly configuring them, save considerable costs in particular in the case of a change in the employer's financial standing or in the case of terminating an employment contract. In light of the considerations above, it is strongly advisable to consult the contents of an employment contract, prior to its execution, with an expert in this practice area in the jurisdiction concerned.

1. *http://apl.czso.cz/pll/stazo/!presso.STAZO.PRIPRAV_ZOBRAZ.*
2. *http://www.cnb.cz/en/statistics/bop_stat/bop_publications/pzi_books/index.html.*
3. *See § 34(1) of Czech Act no. 262/2006 Sb., Labour Code, as amended ("**CZ-LC**").*
4. *See § 611a Bürgerliches Gesetzbuches in der Fassung der Bekanntmachung vom 2. Januar 2002 (BGBl. I S. 42, 2909; 2003 I S. 738), as amended ("**DE-CivC**").*
5. *Cf. § 37(1) CZ-LC vs. § 2(1) Nachweisgesetz vom 20. Juli 1995 (BGBl. I S. 946), as amended.*
6. *Ibid.*
7. *Czech Act no. 89/2012 Sb., Civil Code, as amended.*
8. *Cf. § 346d(7) CZ-LC vs. § 305 et seq. DE-CivC.*

Authors:
Jan Koval | *Partner*
Veronika Plešková | *Senior Associate*

Tax Code amendment

- The amendment of the Act No. 280/2009 Sb., the **Tax Code**, as amended, and other related laws was published in the Collection of Laws under no. 94/2018 Sb.;
- **Implementation of Council Directive (EU) 2016/2258** of 6 December 2016, amending Directive 2011/16/EU as regards access to anti-money-laundering information by tax authorities;
- **Granting the tax authority access to some data in connection with exercising international cooperation on tax administration**;
- If the person who must give access to data is an attorney, a notary, a tax advisor, a private enforcement agent, or an auditor, these data and documents may be demanded **only by the central contact authority** under the International Cooperation on Tax Administration Act, and **only for the purpose of exercising international cooperation on tax administration**;
- **If the given person provides information to the tax authority** while fulfilling duties imposed by the Tax Code, this **will not constitute a breach of confidentiality**.

The following bills are going to the Senate:

Insurance and Reinsurance Distribution Act

- The **Insurance and Reinsurance Distribution** Bill (Document of the Chamber of Deputies No. 48);
- **Transposing Directive** (EU) **2016/97** of the European Parliament and the Council of 20/10/2016 on insurance distribution into Czech law;
- **Harmonising regulatory principles and consumer protection** throughout the financial market;
- **Ensuring the same level of consumer protection** for various distribution channels;
- **Strengthening the emphasis on intelligibility and comparability of information** on financial products;
- **Raising the professionalism requirements** for persons involved in insurance and reinsurance distribution;
- The new Act is to replace the existing Act No. 38/2004 Sb., on insurance intermediaries and loss adjusters.

Bill on Recovery Procedures and Resolution on the Financial Market

- The bill amending Act No. 374/2015 Sb., **on Recovery Procedures and Resolution on the Financial Market**, as amended by Act No. 183/2017 Sb., and other related laws (Document of the Chamber of Deputies No. 94);
- **Specifying and supplementing some of the implemented provisions of Directive 2014/59/EU** of the European Parliament and of the Council of 15 May 2014, establishing a framework for the recovery and resolution of credit institutions;
- Among other things, extending the framework for changing the conditions of the obligor's obligations during resolution on the financial market by **the power of the Czech National Bank** to suspend the due date of the obligor's eligible capital instruments or eligible liabilities;
- Resolution of partial issues of the existing legal regulation.

The following bills are pending the third reading in the Chamber of Deputies:

Bond Act amendment

- The bill amending Act No. 190/2004 Sb., **on Bonds**, as amended, and other related laws (Document of the Chamber of Deputies No. 93);
- **Revision of the legal regulation of mortgage certificates** and **other types of covered bonds**;
- **Regulation of bond-securing agents** and **revision of the regulation of a joint representative of bond owners**;
- **Regulation of mandatorily convertible bonds**;
- Formal adjustments of the legislation, in particular as regards the current terminology and negative yield bonds.

Amendment to the Act on Accelerating Construction of Transport, Water, Energy, and Electronic Communication Infrastructure

- The bill amending Act No. 416/2009 Sb., **on Accelerating Construction of Transport, Water, Energy, and Electronic Communication Infrastructure**, as amended, and other related laws (Document of the Chamber of Deputies No. 76);
- **Increasing efficiency of permit procedures** for essential structures of the transport infrastructure while retaining the adequate possibilities of all stakeholders to defend their interests;
- **Harmonising administrative practice in permitting selected structures of the transport infrastructure**;
- **Centralising selected activities** in order to ensure a higher degree of specialisation of the competent civil servants;
- **Introducing new legal concepts** enabling preparation work to be initiated as early as possible;
- **Enabling the arrangement of minimum consideration in a contract for an established, modified or terminated right of easement or superficies** without having an expert report made first.

Amendment to the Registration of Sales Act

- The bill amending Act No. 112/2016 Sb., **on Registration of Sales**, as amended by Act No. 183/2017 Sb. (Document of the Chamber of Deputies No. 41);
- **Narrowing down the group of entities subject to registration of sales** only to entrepreneurs with a sufficiently high turnover.

Criminal Code amendment

- The bill amending Act No. 40/2009 Sb., the Criminal Code, as amended, and some other laws (Document of the Chamber of Deputies No. 79);
- Responding to the requirements of the international community;
- The requirements cover six areas: i) money laundering; ii) violence against women and domestic violence; iii) terrorism; iv) thwarting justice; v) bribery; and vi) accelerated storage of data stored in a computer system or an information medium for the purposes of criminal proceedings

The following bills are pending the second reading in the Chamber of Deputies:

Insolvency Act amendment

- The bill amending Act No. 182/2006 Sb., **on Insolvency and Methods of its Resolution** (Insolvency Act), as amended (Document of the Chamber of Deputies No. 71);
- Making the legal concept of discharge of debts accessible to a broader range of debtors, offering a statutory **solution of excessive indebtedness of some persons, potentially resulting in a debt trap**;
- **Making partial changes** to the legal regulation of discharge of debts and removing some flaws of the regulation identified in application practice.

Personal Data Processing Bill

- The **Personal Data Processing Bill** (Document of the Chamber of Deputies No. 138) and a bill amending some laws related to the adoption of the Personal Data Processing Act (Document of the Chamber of Deputies No. 139);

- **Implementing Regulation (EU) 2016/679** of the European Parliament and of the Council of 27 April 2016, on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC ("GDPR"), **and Directive (EU) 2016/680** of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data by competent authorities for the purposes of the prevention, investigation, detection or prosecution of criminal offences or the execution of criminal penalties, and on the free movement of such data, and repealing Council Framework Decision 2008/977/JHA;
- **Personal data processing under the GDPR**;
- Processing personal data by competent authorities for the purpose of preventing, searching for or revealing a criminal activity, prosecuting crimes, service of punishments and protective measures, ensuring security in the Czech Republic or public order and internal security, including search for persons and things;
- Processing personal data while ensuring defence and security interests of the Czech Republic;
- Regulation of the status and powers of the Office for Personal Data Protection;
- The new law is to replace the existing Act No. 101/2000 Sb., on the Personal Data Protection.

Amendment to the Free Access to Information Act and to the Contracts Register Act

- The bill amending Act No. 106/1999 Sb., **on Free Access to Information**, as amended, and Act No. 340/2015 Sb., **on Special Conditions of the Effect of Some Contracts**, on Publication of these Contracts and on the Register of Contracts (Contracts Register Act), as amended (Document of the Chamber of Deputies No. 50);
- **Extending the implemented tools of public administration transparency**, i.e. the duty to provide information and the register of contracts, to ČEZ and other companies controlled by the government.

Bill amending the Trademark Act and the Industrial Property Rights Enforcement Act

- The amendment to **the Trademark Act** and **the Industrial Property Rights Enforcement Act** (Document of the Chamber of Deputies No. 168);
- **Transposing Directive** (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trademarks, and Directive (EU) 2016/943 of the European Parliament and of the Council of 8 June 2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure, into Czech law;
- **Modernising and streamlining the trademark system**;
- **Approximating the national trademark system to the EU trademark system**;
- **Increasing efficiency of trademark law**.

Regulatory analysis of the new Civil Procedure Code

- The Justice Ministry presented **an outline of the proposed Civil Procedure Code** for public discussion;
- The new Civil Procedure Code is to replace the existing 1963 Civil Procedure Code;
- **Concept changes**;
- **Introduction of attorney disputes**;
- **Change of the nature of the appeal review on the point of law**.

New Criminal Procedure Code

- The Justice Ministry published essential parts of the **new Criminal Procedure Code**;
- The new Criminal Procedure Code is to replace the existing 1961 Criminal Procedure Code;
- **Accelerating and simplifying the criminal proceedings**;
- **Electronifying the judiciary**;
- Documenting the course of criminal proceedings in an electronic information system.

Compliance programs and their importance in terms of the criminal liability of legal entities in Slovakia

With effect from 1 July 2016, the criminal liability of legal entities has also been recognised by Slovak law. Slovak Act No. 91/2016 Coll., on Criminal Liability of Legal Entities, was adopted more than four years after Czech Act No. 418/2011 Sb., on Criminal Liability of Legal Entities and Proceedings against Them, took effect. The structure and regulation of the Slovak Act on Criminal Liability of Legal Entities basically corresponds to the regulation of the Czech Act, except for some quite significant differences in the content.

Significant differences in the content include, in particular, **the regulation of conditions a legal entity should meet in order to be released from its criminal liability or, where appropriate, to establish that a committed crime shall not be attributable to it**. These conditions have a major impact on how the so-called compliance programs of legal entities, i.e. a set of measures to foresee, avoid and prevent the criminal liability of a legal entity, are perceived.

Under the Slovak Act on Criminal Liability of Legal Entities, a crime can be attributed to a legal entity if the crime is committed in its favour, on its behalf, within its activities or through them, by the executive body or a member of the executive body of the legal entity, by a person who exercises the control or supervision powers in the legal entity, or by another person who is authorised to represent or make decisions on behalf of the legal entity. It means that a legal entity may in particular be held liable for a crime committed by a natural person exercising the management, control, or decision-making powers in the legal entity.

The Act further allows a crime to be attributed to a legal entity even in cases where the natural person exercising the management, control, or decision-making powers in the legal entity has enabled, even by negligence or by insufficient supervision or control, another person (e.g. an employee) acting within the powers entrusted to him/her by the legal entity to commit a crime.

Insufficient supervision or control means the failure to fulfil the obligation to take reasonable and appropriate measures to prevent the commission of a crime, and this obligation should be fulfilled by natural persons holding the management, control, or decision-making function.

Unlike its Czech equivalent, **however, the Slovak legislation does not allow a legal entity to release itself from criminal liability if it *"has made all the efforts that could be reasonably required from it to prevent an illegal act from being committed (...)"*** (which has been allowed by the Czech legislation since 1 December 2016). The adoption of the above Czech regulation has greatly increased the applicability and relevance of compliance programs. Under the Czech regulation, such programs, provided they are properly set up and functioning, enable a legal entity to release itself from criminal liability, regardless of whether a crime was committed by an employee or a person at a management, control, or decision-making level.

A legal entity's properly set-up and functioning compliance program, which is currently used mainly in large multinational corporations, can undoubtedly play a positive role under the Slovak legislation as well. The importance of a strong, stable and tailor-made compliance program lies above all in the fact that, if it is not proven that a legal entity has neglected supervision or control, the act of a natural person shall not be attributable to that legal entity, i.e. the legal entity shall not be held liable for an employee's individual failure (excess).

Also, if insufficient supervision or control by a legal entity is proven, the Slovak Act stipulates a so-called 'material correction': despite this insufficient internal supervision or control, if the significance of the failure to fulfil the obligation within the supervision or control is minor, the act of the natural person committing the crime shall not be attributable to the legal entity.

Thus, also in Slovakia, a functioning compliance program protects a legal entity considerably from the criminal consequences of the possible unlawful conduct of its employees. But unlike the Czech Republic, the program cannot protect it from **the consequences of the conduct of persons in management, control, or decision-making functions, as the law does not allow a legal entity to be released from criminal liability**.

The strength of an appropriate compliance program lies in a transparent internal set of measures that are tailored

to the parameters of the company, depending on the type of activities the company performs, its size, established business processes, and the structured internal standards. A well-set compliance program can exclude, prevent or substantially reduce the major risks of the potential criminal liability of the company.

In this respect, it should be noted that the legislation regulating the reporting of anti-social activities, i.e. whistleblowing, has already been in force in Slovakia since 2015. Such legislation obliges employers with at least 50 employees to have a mandatory internal complaint handling system, a so-called 'whistleblowing system', in place. This system is also a common part of the compliance programs.

With the introduction of the criminal liability of legal entities, the topic of compliance programs and their significance has also become a subject of both professional and general public interest in Slovakia. The Act indirectly motivates legal entities to properly set, revise, improve and regularly review their internal prevention and control systems (e.g. compliance programs).

Authors:
Ondřej Majer | *Partner*
Anikó Gőghová | *Associate*

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After the extraordinary success last year in the Czech Law Firm of the Year competition, our law firm was also successful this year in the competition in Slovakia. It was rated a "highly recommended" or "recommended" law firm in eight law practice categories. According to the results, HAVEL & PARTNERS in Slovakia is a highly recommended law firm in the categories Development Projects and Real Estate, Telecommunications and Information Technology Law Public Procurement, Tax Law, and Competition. In the categories Corporate Law, Restructuring and Insolvency, and Mergers and Acquisitions, HAVEL & PARTNERS was ranked among the recommended law firms. According to the total number of nominations and titles from all the previous years of the Law Firm of the Year competition held in the Czech Republic and Slovakia, HAVEL & PARTNERS remains the most successful and the most comprehensive law firm in both countries.

Automotive Legal advice to SODECIA Group on acquiring a share in MATADOR Automotive

Our law firm has provided comprehensive legal advice to SODECIA Automotive Europe GmbH from the SODECIA Group on acquiring shares in MATADOR Automotive in the Slovak Republic, the Czech Republic and the Russian Federation, which are the leading suppliers for the automotive industry in the CEE region. The seller was the Cypriot company M.I.L. MATINVESTMENTS LIMITED from MATADOR Group. Both parties have decided not to disclose the value of the transaction. SODECIA took advantage of the long-standing know-how and experience of the M&A team at HAVEL & PARTNERS, in this case represented in particular by partner Pavel Němeček, senior associates Silvie Király and Juraj Steinecker, associate Zuzana Hargašová, and junior associates Ondřej Reiser and Martin Štrbáň.

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PRAGUE

Florentinum, Reception A
Na Florenci 2116/15
110 00 Prague 1
Czech Republic
Tel.: +420 255 000 111

BRNO

Titanium Business Complex
Nové sady 996/25
602 00 Brno
Czech Republic
Tel.: +420 545 423 420

OSTRAVA

Poděbradova 2738/16
702 00 Ostrava
Czech Republic
Tel.: +420 596 110 300

BRATISLAVA

Zuckermandel Centre
Žižkova 7803/9
811 02 Bratislava
Slovak Republic
Tel.: +421 232 113 900