

Private Flash

February 2018

Trust, Reveal Yourself!

The last parts of the amendment of Act No. 89/2012 Sb., Civil Code (the “**Civil Code**”) and of Act No. 304/2013 Sb., on public registers (the “**Public Registers Act**”), which introduces records of trusts in particular (the “**Records**”), became effective on 1 January 2018. As the amendment is bringing about significant changes in the operation of trusts in Czech Republic (the “**trust**”), we recommend you take a closer look.

Why?

By enacting the Records, the legislature seeks to establish a certain degree of transparency in the relationships created by a trust. The interest in raising the transparency has already been articulated on the EU level and is closely connected to efforts to prevent financial system abuse or, more precisely, to curb money-laundering, which potentially benefits from the so far opaque ownership structures.

Who keeps the Records and what is recorded?

The duty to keep the Records lies with the register (regional) courts. The Records include among other things the trust's name, purpose, date of its formation and termination, identification number, the trustee's identification data, number of trustees and the way they act on behalf of the trust, the founder's identification data, and the beneficiary's identification data.

Who has access to the Records?

The Records are only partially public, i.e. the public can only see the trust's name, date of its formation and termination, identification number, the trustee's first and last name and delivery address, the number of trustees and the way they

act. **Further data on the trustee and other registered persons** (founder, beneficiary, person supervising the trust administration and other persons exerting a decisive influence) **will be published only upon their consent**. A full copy containing all recorded data will be provided only to the trustee and the persons who have proved their legal interest. Under given conditions, enumerated entities (public authorities in particular) will be granted remote access to these data for carrying out identifications and checks.

Joyful news to conclude with: fees and time limits

What can be viewed as rather positive news about the Records is the fact that **registration and changes in the Records are exempt from court fees**. On the other hand, a duty has been enacted to submit an application to register **changes in the Records within 15 days from the relevant fact**, and the trustee is responsible for maintaining the trust records in line with reality.

Last, it must be noted that a trust which was formed before this amendment came into effect has the **duty to register in the Records within six months from the date the amendment takes effect**. **If it fails to do so, the trust administration will be terminated**. Naturally, our team of experts specialising in this area is ready to assist you both in forming a new trust under the new regulation and in registering an already existing trust in the newly established Records.

Authors:

David Neveselý | Partner

Martina Zezulková | Junior Associate



HAVEL & PARTNERS

CONNECTED THROUGH SUCCESS

Our team

200 lawyers | 400 employees

Our clients

1,000 clients | 70 of the Fortune 500 global companies
50 companies in the Czech Top 100 league | 7 companies in the Czech Top 10 league

International approach

Legal advice
in more than 80 countries of the world
in 12 world languages
up to 70% of cases involve an international element

www.havelpartners.cz

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

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