

**The valid wording of the amended provisions
of the laws according to the draft law, which
amends some laws in connection with the
development of the financial market and with
the support of old-age insurance, with an
indication of the proposed changes and
additions**

Note: The amendment to the Act has a split effect, when the changes in Section 43f of the Act on the Czech National Bank and the first version of Section 117a of the Act on Consumer Credits take effect on the first day of the fourth calendar month following the day of its announcement. Other amendment points of the Act on Consumer Credit take effect on the first day of the ninth calendar month following the date of its promulgation. The remaining provisions of the amendment take effect on January 1, 2024, with the exception of the amendment to the enforcement order, which takes effect on January 1, 2025.

The valid wording of the amended provisions of Act No. 586/1992 Coll., on income taxes, as amended, with an indication of the proposed changes and additions

Note: Change in italics in Section 6 paragraph 7 letter e) results from the amendment proposed in Parliamentary Press 423.

Section 4

Tax exemption

(1) It is exempt from tax

- a) income from the sale of a single-family house and related land, or a unit that does not include non-residential space other than a garage, cellar or storage room, and related land, if the seller has resided there for at least 2 years immediately before the sale ; income from the sale of a single-family house, a unit that does not include non-residential space other than a garage, basement or storage room, and related land, if the seller has lived there for a period of less than 2 years immediately before the sale, and if he uses the obtained funds to purchase own housing needs; for the exemption of income flowing to the spouses from their joint property, it is sufficient that only one of the spouses meets the conditions for its exemption, if the property to which the exemption relates is not or has not been included in the business property of one of the spouses; the exemption does not apply to income from
 1. the sale of these immovables, if they are or were included in the business property, within 2 years of their removal from the business property,
 2. the future sale of these immovables carried out within 2 years from the acquisition of the ownership right to these immovables,
 3. the future sale of these immovables, carried out within 2 years of their removal from business property, even if the purchase contract will be concluded only after 2 years from this acquisition or after 2 years from this removal from business property,
- b) income from the sale of immovable property or from the settlement of co-ownership of immovable property not exempted under letter a), if the time between the acquisition of the ownership right to these immovable property and their sale or settlement of co-ownership of them exceeds a period of 10 years ; income from the sale of immovable property or from the settlement of co-ownership of immovable property not exempted under letter a), if the period between the acquisition of the ownership right to these immovable property and their sale or settlement of co-ownership of them does not exceed 10 years and if the taxpayer uses the funds obtained for procurement own housing needs; time 10 years is reduced by the time during which these immovables were demonstrably owned by the testator in the case of the sale of immovables acquired by inheritance from the testator who was a direct relative or spouse, or the settlement of co-ownership of immovables acquired by inheritance from such of the testator or for the time during which the seller or co-owner owned the land that was the subject of exchange as part of land improvements, in the case of sale or settlement of co-ownership of land acquired by exchange from the land office, this time is also included in the time that runs from the disposal of the exchanged land from business assets; the exemption does not apply to income from
 1. sales of these immovables, which are or were included in business assets in the period of 10 years before the sale, or settlement of co-ownership of such immovables,
 2. the future sale of these immovables carried out within 10 years from the acquisition of

- the ownership right to these immovables, even if the purchase contract will be concluded only after 10 years from this acquisition,
3. of the future sale of these immovables carried out by 10 years from their removal from the business property, even if the purchase contract will be concluded only after 10 years from such removal,
 4. sale of the right of construction or settlement of co-ownership of the right of construction, if a building complying with the right of construction is not established,
- c) income from the sale of tangible movable property, with the exception of income from the sale
1. security,
 2. motor vehicle, aircraft or ship, if the time between their acquisition and sale does not exceed 1 year,
 3. movable property that is or was included in the business property in the period of 5 years before the sale,
- d) received compensation for property or non-property damage, payment from property insurance, payment from liability insurance, payment from travel insurance; exemption does not apply to
1. compensation for loss of income,
 2. compensation for damage caused to property that was included in the business property for the performance of activities that generate income from self-employment, at the time the damage occurred,
 3. compensation for damage caused to property used for rent at the time the damage occurred,
 4. payment from liability insurance for damage caused in connection with the activity from which income from self-employment of the taxpayer flows,
 5. compensation for damage caused by the taxpayer in connection with the lease,
- e) income from reserves deposited in a special escrow account in a bank in accordance with the law regulating reserves for determining the income tax base, if it becomes income of a special escrow account,
- f) income in the form of
1. prizes from a public competition and similar prizes from abroad, if the full amount is donated by the recipient for the purposes specified in Section 15 paragraph 1,
 2. awards in the field of culture according to other legal regulations,
 3. prizes from a public competition, from an advertising competition or from an advertising raffle, prizes from a sports competition, with the exception of a prize from a sports competition for taxpayers whose sports activity is a business, with a value not exceeding CZK 10,000.
- g) income in the form of
1. compensation received in connection with the rectification of certain property wrongs,
 2. payments for the sale of items issued in connection with the redress of certain property wrongs according to legal regulations on property restitution; this exemption also applies if, in the period between the acquisition and sale of the immovable object, a settlement has taken place between the co-owners by dividing the object according to the size of their shares, or if units have been created in the immovable object; the exemption does not apply to an item that is or was included in business property in the period of 5 years before the sale,
 3. additional payment or pension contribution according to other legal regulations,
 4. interest from a state bond issued in connection with rehabilitation proceedings on the

- redress of grievances,
5. lump sums paid by the state to a person sterilized in violation of the law,
6. Vrbětice ammunition warehouse,
- h) income obtained in the form of a benefit or service from sickness insurance, pension insurance according to the law regulating pension insurance, financial assistance to victims of crime according to the law regulating the provision of financial assistance to victims of crime, social security, benefits from the application of state employment policy instruments and public health insurance, payment from an insurance contract for pension insurance according to the act regulating pension savings and payment from foreign compulsory insurance of the same type; however, if it is income in the form of a regularly paid pension or pension, the total of such income is exempt from tax at most an amount equal to 36 times the minimum wage, which is valid on January 1 of the calendar year, for the tax period, which, however, does not include the above supplement or pension contribution according to other legal regulations,
- i) benefit for a person with a disability, benefit in material need, social service, state social support benefit, foster care benefit with the exception of the foster parent's remuneration, substitute maintenance for a dependent child under the Act on Substitute Maintenance, contribution from the public budget and state benefit or allowance according to other legal regulations or similar performance provided from abroad, income arising from the care of a relative or other person who is entitled to a care allowance according to the Act regulating social services, up to the amount of the provided allowance, if this care is performed physically a person who is not required to be registered under the Act Governing Social Services; however, if it concerns the care of a person other than a close person, a maximum amount up to the amount of the allowance for a person with IV. the degree of dependency according to the law regulating social services,
- j) income in the form of compensation for purposefully, economically and demonstrably spent expenses connected with the donation and collection of blood and its components, tissues, cells or organs, if this compensation is provided according to other legal regulations,
- k) income in the form of
1. scholarships from the state budget, from the municipal budget, from the regional budget, from the funds of a university, a public research institution or a legal entity that carries out the activities of a secondary school or higher vocational school,
 2. support or contribution from the funds of a foundation or association, with the exception of a family foundation, if it is not a taxpayer who is a member or employee of these legal entities, or a person close to this taxpayer and if it is a taxpayer who is a member or employee of these of legal entities, or for a person close to this taxpayer, income in the form of support or contribution provided exclusively to compensate for disability or social exclusion,
 3. support or contribution from the funds of a trade union organization,
 4. non-monetary benefits or social assistance provided by the employer from the cultural and social needs fund to the next of kin, or social assistance to the next of kin under similar conditions at an employer where this fund is not established,
- ~~l) income from~~
- ~~1. pension paid from supplementary pension insurance with state contribution, pension from supplementary pension savings, pension from pension insurance and pension from life insurance with pension payment, namely from life insurance, death or life insurance and pension insurance, whose collection period is not defined or is at least 10 years,~~
 - ~~2. disability pension from supplementary pension insurance with state contribution for a fixed period, disability pension for a specified period and one-off insurance premium for~~

- ~~a pension according to the law regulating supplementary pension savings,~~
- ~~3. payment of funds of a pension savings participant upon termination of pension savings pursuant to the Act on Termination of Pension Savings,~~
- ~~4. other payments from personal insurance, with the exception of one-off payments, redemption or surrender premiums and pensions from pension insurance and life insurance, namely life insurance, death or life insurance, pension insurance and supplementary pension savings, for which the period of their receipt is defined, and with the exception of other income from personal insurance, which is not an insurance payment and does not cause the termination of the insurance contract,~~
- l) income in the form of**
- 1. a survivor's pension for which the collection period is defined as at least 10 years or which is paid for life, or other pensions as benefits paid from supplementary pension insurance with a state contribution in accordance with the Act regulating pension insurance with a state contribution,**
 - 2. old-age pension for which the collection period is defined as at least 10 years or which is paid for life, disability pension or one-off insurance premium for a pension as a benefit paid from supplementary pension savings according to the law governing supplementary pension savings,**
 - 3. benefits from pension insurance, with the exception of one-off benefits, redemption payments, redemption payments or pensions for which the collection period is shorter than 10 years, and which is not a disability pension,**
 - 4. insurance benefits from personal insurance, with the exception of one-off benefits and pensions for which the collection period is shorter than 10 years, paid from life insurance, from life insurance at a specified age or early death, or from pension insurance,**
- m) services provided by the armed forces to school pupils who are not soldiers on active duty ³
- ^{b)} to soldiers in reserve called to perform active military service, with the exception of service and special allowance according to special legal regulations ^{3a)},
- n) disciplinary rewards provided to members of the armed forces and security forces according to special legal regulations ³⁾,
- o) long-service requirements and service allowance for housing for professional soldiers and long-service entitlements for members of the security forces according to special legal regulations ³⁾,
- p) payment in kind provided to the President of the Republic in accordance with other legal regulations and to the former President of the Republic in accordance with the law governing the security of the President of the Republic after the end of his term of office,
- q) performance provided in connection with the performance of volunteer service according to the Act governing volunteer service,
- r) performance from maintenance obligations,
- s) income from the paid transfer of a share in a business corporation, with the exception of income from the paid transfer of a security, if the period between its acquisition and the paid transfer exceeds 5 years; the period of 5 years between the acquisition and the paid transfer of the share is shortened by the time during which the taxpayer was a member of this business corporation before the transformation of the business corporation, or by the time during which this share was demonstrably owned by the testator, in the case of a paid transfer of the share acquired by inheritance from the testator who was a direct relative or spouse; if the conditions specified in Section 23b or 23c are met, the period of 5 years between the acquisition and the payment transfer of the share is not interrupted when shares are exchanged or the business corporation is converted; in the case of the division of a share in connection with its transfer for a fee, the period of 5 years between the acquisition and the

transfer of a share in a business corporation for the same taxpayer is not interrupted, if the total amount of the share is preserved by the division; exemption does not apply to

1. income from the paid transfer of a share in a business corporation, if it was acquired from the taxpayer's business property, within 5 years after the termination of his activity, from which income from independent activity flows,
 2. income that accrues to the taxpayer from the future paid transfer of a share in a business corporation within 5 years from its acquisition, even if the contract for paid transfer will be concluded only after 5 years from its acquisition,
 3. income from the future paid transfer of a share in a business corporation acquired from the taxpayer's business property, if the income from this paid transfer flows within 5 years from the end of the taxpayer's activity, from which he derives income from self-employment, even if the contract on the paid transfer will be closed only after 5 years from the acquisition of this share or from the termination of this activity,
 4. income from the paid transfer of a share in a business corporation corresponding to an increase in the acquisition price of a member's share by non-monetary performance in favour of the equity capital of the business corporation or the acquisition of a share from another member, if the paid transfer took place within 5 years of the performance or acquisition of the share,
- t) contribution to a natural person provided in accordance with the law governing building savings and state support for building savings,
- u) subsidy from the state budget, from the budget of a municipality, region, state fund, National Fund, regional council of the cohesion region, support from the Wine Fund, from an allocated grant or a contribution from the state budget, which is an expenditure of the state budget according to the law governing budget rules, or a subsidy, a grant and a contribution from the funds of the European Union, for the acquisition of tangible property, for its technical evaluation or for the removal of the consequences of a natural disaster, with the exception of subsidies and contributions that are charged to income or revenue according to the law governing accounting,
- v) income received in the form of acquiring ownership of a unit that does not include non-residential space other than a garage, cellar or storage room, as compensation for vacating an apartment or a unit that does not include non-residential space other than a garage, basement or storage room, compensation (severance pay) for vacating an apartment or a unit that does not include a non-residential space other than a garage, cellar or storage room, paid by the user of this unit or apartment on the condition that the taxpayer uses the compensation (severance pay) to procure his own housing needs, and income from the paid transfer of rights and obligations associated with membership in the cooperative, if, in connection with this transfer, the lease agreement for the apartment will be cancelled if the taxpayer uses the funds obtained to procure his own housing needs,
- w) income from the paid transfer of securities and income from shares attributable to unit certificates upon cancellation of a mutual fund, if their total for the taxpayer does not exceed the amount of CZK 100,000 in the tax period; the exemption does not apply to income from capital assets and to income from the paid transfer of securities or from shares attributable to unit certificates upon liquidation of a mutual fund, which are or have been included in business property, within 3 years of the termination of the activity from which the income derives from self-employment; if it is a birth certificate, the period is 5 years,
- x) income from the paid transfer of a security, if the time between the acquisition and the paid transfer of this security exceeds a period of 3 years during its paid transfer, and also income from the share accruing to the share certificate upon cancellation of the mutual fund, if the time between the acquisition of the share exceeds letter and the date of payment of the share for a period of 3 years; the period of 3 years is shortened by the time during which this

security or the share belonging to the unit certificate was in the possession of the testator at the time of cancellation of the mutual fund, in the event that it is a paid transfer of the security or share belonging to the unit certificate upon cancellation of the mutual fund acquired by inheritance from the testator who was a direct relative or spouse; the period of 3 years between the acquisition and paid transfer of a security with the same taxpayer is not interrupted in the event of a merger or merger of mutual funds or when a closed mutual fund is converted into an open mutual fund; the exemption does not apply to income from the paid transfer of a security that is or has been included in business assets within 3 years of the end of the activity from which income from self-employment flows, and to income from capital assets; the exemption does not apply to income from the share accruing to a share certificate upon liquidation of a mutual fund that was or is included in business assets, within 3 years of the termination of the activity from which income from self-employment flows; when a share is exchanged by the issuer for another share of the same total nominal value, the period of 3 years between the acquisition and paid transfer of the security for the same taxpayer is not interrupted; a similar procedure is followed in case of exchange of shares, merger of companies or division of the company, if the conditions specified in Section 23b or Section 23c are met ; the exemption does not apply to the income that flows to the taxpayer from the future paid transfer of a security, carried out within 3 years from the acquisition, and from the future paid transfer of a security that is or was included in the business property, within 3 years from the end of the activity, from which income from independent activity flows, even if the purchase contract will be concluded only after 3 years from the acquisition or after 3 years from the end of the activity from which income from independent activity flows; the same applies to income arising as consideration to a minority shareholder as a result of the forced transfer of participating securities; if it is a birth certificate, the period is 5 years instead of 3 years,

- y) income from the acquisition of the ownership right to a unit that does not include non-residential space other than a garage, cellar or storage room, if it is owned by a legal entity formed for the purpose of becoming the owner of a house with units, and a natural person who owns the ownership right to the unit acquires
 - 1. is the tenant of this unit,
 - 2. is a member of this legal entity and
 - 3. she participated or her legal predecessor participated with monetary or non-monetary performance in the acquisition of a house with units,
- z) income from interest from overpayments caused by the tax administrator, the social security authority and income from penalties from overpayments of insurance premiums, which the relevant health insurance company returned after the deadline set for the decision on overpayment of insurance premiums,
- za) bond yield according to the law governing bonds and income arising from the right to redeem bonds issued by a member state of the European Union or a state forming the European Economic Area,
- zb) income of the purchaser of the unit received in connection with the mutual settlement of funds from the rent intended for financing repairs and maintenance of the apartment, house and unit according to the law governing the transfer of units of certain housing cooperatives,
- zc) income arising in the form of a compulsory copy on the basis of a special legal regulation and in the form of copyright reproduction, in the usual number, received in connection with the use of the subject matter of copyright or rights related to copyright,
- zd) income arising as compensation for servitude arising from the law or by decision of a state authority pursuant to other legal regulations and income arising as compensation for expropriation on the basis of other legal regulations,
- ze) exchange rate gain when exchanging money from an account maintained in a foreign

currency, if it is not an account included in business assets, with the exception of exchange rate gain when exchanging money from an account maintained in a foreign currency on a European regulated market or on a similar foreign regulated market, on in which transactions with these currencies are carried out,

- zf) income from the acquisition of the ownership right to the thing on the basis of its transfer or transition in accordance with the law governing the transfer of ownership rights to units of certain housing cooperatives, if the acquirer is an authorized member of the cooperative,
- zg) income from the acquisition of the ownership right to a family house or a unit that includes a cooperative apartment or cooperative non-residential space that is a garage, cellar or storage room, and does not include other non-residential space, if the acquirer is a natural person who is a member of a housing cooperative that is a tenant of this family house or unit owned by the cooperative and who himself or his legal predecessor participated in its acquisition with a membership deposit,
- zh) income deriving from the additional payment for settlement during the transformation of a business company or the exchange of shares of a business company, to which the partner is entitled in accordance with the law governing the transformation of business companies and cooperatives, if it relates to
 1. a share for which the period between the acquisition and the decisive day of the transformation of the business company or the exchange of shares in the business company exceeded a period of 3 years; the exemption does not apply to a share that is or has been included in business assets for a period of 3 years from the end of the activity from which income from self-employment flows,
 2. a share in a trading company, for which the period between the acquisition and the decisive date of the conversion of the trading company or the exchange of shares of the trading company exceeded a period of 5 years; the exemption does not apply to a share that is or has been included in business property for a period of 5 years from the end of the activity from which income from self-employment flows,
- zi) reimbursement of living expenses or allowance for living expenses provided by the authorities of the European Union to an employee or a national expert sent to work in an institution of the European Union,
- zj) income in the form of a tax bonus,
- zk) remuneration, severance pay, old-age pension, pension, allowance, in-kind payment and reimbursement of expenses provided from the budget of the European Union to a member or former member of the European Parliament, elected on the territory of the Czech Republic, as well as provisions and reimbursement of expenses provided from the budget of the European Union to the surviving spouse and dependent children in the event of the death of a member of the European Parliament elected on the territory of the Czech Republic,
- zl) bond income according to the law regulating bonds and income arising from the right to redeem a bond issued abroad by a taxpayer with a registered office in the Czech Republic, if they accrue to a tax non-resident who is not a person capitally connected with the issuer of the bond, nor has he created a legal relationship with him mainly for the purpose of reducing tax base or tax loss increase,
- zm) income from paid write-off of assets from a long-term investment product provided for the benefit of this product, unless it is write-off for consideration, the usual price of which is significantly lower than the usual price of the depreciated property,**
- ~~zn~~) **stamp**) income according to Section 4a.

(2) The period between acquisition and sale according to paragraph 1 letter a) or b) is

not interrupted if, in the period between acquisition and sale,

- a) settlement between co-owners of immovable property by dividing them according to the size of their shares,
- b) the fact that units were created in the house,
- c) settlement of joint property of spouses or
- d) division of land.

(3) repealed

(4) For the purposes of income tax, the business property of a taxpayer of personal income tax means the part of the taxpayer's property that has been or is accounted for or is or has been entered in the tax records. The date of removal of a certain asset component from the taxpayer's business assets is the day when the taxpayer last accounted for this asset component or last listed it in the tax records.

³⁾ Act No. 221/1999 Coll., on professional soldiers, as amended by Act No. 155/2000 Coll., Act No. 129/2002 Coll. and Act No. 254/2002 Coll. Coll.

Act No. 361/2003 Coll., on the employment relationship of members of the security forces.
^{3a)} Act No. 221/1999 Coll., on professional soldiers, as amended.

Section 6

Income from dependent activity

(1) Income from dependent activity is

- a) performance in the form of
 1. income from a current or former employment, service or membership relationship and a similar relationship, in which the taxpayer, while performing work for the income payer, is obliged to follow the payer's orders,
 2. functional enjoyment,
- b) income for work
 1. member of the team,
 2. a partner of a limited liability company,
 3. limited partners of a limited partnership,
- c) rewards
 1. member of the body of the legal entity,
 2. the liquidator,
- d) income arising in connection with the current, future or previous performance of an activity from which income is derived according to letters a) to c), regardless of whether it is derived from a payer with whom the taxpayer performs an activity that derives income from a dependent activity, or from a payer with whom the payer does not perform this activity.

(2) The taxpayer with income from dependent activity is further designated as "employee", the payer of income as "employer". An employer is also a taxpayer referred to in Section 2 paragraph 2 or Section 17 paragraph 3, for whom employees perform work according to his orders, even if the income for this work is paid on the basis of a contractual relationship through a person with headquarters or residence abroad. From the point of view of other

provisions of the law, the income paid in this way is considered to be income paid by the taxpayer referred to in Section 2, paragraph 2 or in Section 17, paragraph 3. In the event that in the employer's payments to a person with a seat or residence abroad, with the exception of a person with a seat or residence in another member state of the European Union or a state forming the European Economic Area, which has an organizational component on the territory of the Czech Republic, the subject of which is the mediation of employment on the basis of a permit according to the law regulating employment, the amount for mediation is also included, an income of at least 60% is considered an employee from the total payment.

(3) Income according to paragraph 1 is understood as regular or one-off income, regardless of whether there is a legal right to it or not, whether it is received from the employer by an employee or another person and whether it is paid or credited to the good or consists of another form of performance carried out by the employer on behalf of the employee or for his benefit. The employee's income also includes performance according to paragraph 9 letter d) and e) provided by the employer for the employee's family member. Income also means the amount for which the employee is reimbursed by the employer for the performance provided, except for a unit that does not include non-residential premises other than a garage, cellar or storage room, an apartment or a family house in which the employee resided for a period of 2 years immediately before its purchase, lower than the price

- a) determined according to the law governing property valuation or the price charged to other persons,
- b) determined according to paragraph 6 in the case of providing a motor vehicle for use for business and private purposes.

(4) The income accounted for or paid by the taxpayer is, after the increase in accordance with paragraph 12, a separate tax base for taxation of taxes collected by deduction according to the special tax rate, if the employee has not made a tax declaration with this taxpayer according to Section 38k paragraphs 4, 5 or 7 or does not use - if the procedure according to Section 36 paragraph 6 or 7 and if it is income according to paragraph 1

- a) arising on the basis of an agreement on the execution of work, the total amount of which for the same taxpayer does not exceed the amount of CZK 10,000 per calendar month, or
- b) in an aggregate amount not exceeding for the same tax payer per calendar month the amount determined for the participation of employees in health insurance.

(5) If the income referred to in paragraph 4 flows from sources abroad, it is the basis of tax (partial basis of tax) according to Section 5, paragraph 2.

(6) If the employer provides the employee with a motor vehicle free of charge for use for both business and private purposes, the employee's income is considered to be an amount equal to 1% of the entry price of the vehicle or 0.5% of the entry price if it is a low-emission motor vehicle according to the law governing the support of low-emission vehicles through the awarding of public contracts and public services in the transport of passengers for each and every calendar month of vehicle provision. If it is a vehicle hired or purchased on a financial lease, it is based on the entry price of the vehicle with the original owner, even if the vehicle is subsequently purchased. If value added tax is not included in the entry price, it shall be increased for the purposes of this provision. If the amount that is considered as the employee's income for each and every calendar month of providing the vehicle is lower than CZK 1,000, the amount of CZK 1,000 is considered as the employee's income. If the employer provides the

employee with several motor vehicles for use for business and private purposes free of charge during the calendar month, an amount equal to 1% of the highest entry price of the motor vehicle is considered to be the employee's income; if the motor vehicle with the highest entry price is a low-emission motor vehicle, an amount equal to 0.5% of the entry price of this motor vehicle is considered the employee's income. If the employer provides the employee with several motor vehicles at the same time free of charge during the calendar month, the employee's income is considered to be 1% of the total entry price of all motor vehicles, with the exception of low-emission vehicles provided for business and private purposes, and 0.5% of the total entry prices of all low-emission motor vehicles provided for business and private purposes. For the purposes of this provision, the entry price of a vehicle means the entry price specified in Section 29 paragraphs 1 to 9.

(7) They are not considered as income from dependent activity and are not subject to tax, except for income that is not subject to tax according to Section 3 paragraph 4, and are not further

- a) reimbursement of travel expenses provided in connection with the performance of an activity from which income from a dependent activity flows, up to the amount established or permitted by a special legal regulation ⁵ for an employee remunerated with a salary, as well as the value of free meals provided by the employer on business trips; other and higher compensations than those stipulated by this special legal regulation are taxable income according to paragraph 1,
- b) the value of personal protective work equipment, work clothes and footwear, washing, cleaning and disinfecting agents and protective drinks provided to the extent determined by a special regulation, including the costs of maintaining personal protective and work equipment, work clothes and footwear, as well as the value of uniforms provided, including allowances for their maintenance, as well as the value of work clothes, designated by the employer for the performance of the job, including allowances for its maintenance,
- c) sums received by the employee in advance from the employer to be issued on his behalf, or sums with which the employer reimburses the expenses proved by the employee, which he spent from his own account on behalf of the employer as if they were spent directly by the employer,
- d) compensation for the wear and tear of own tools, equipment and objects necessary for the performance of work provided to employees in accordance with the Labour Code,
- e) mandatory obligations of the employer to create and comply with working conditions for the performance of work established by law ; *if the performance is provided in the form of a lump sum to compensate the costs associated with the performance of work from a place other than the employer's workplace, it is not considered income and is not subject to tax up to the amount of the lump sum that can be provided to employees who are remunerated with a salary.*

(8) If the employer reimburses the employee for expenses (reimbursements) according to paragraph 7 letter b) to d) a flat-rate amount, these expenses are considered to be proven up to the amount of the flat-rate amount determined by special regulations or the flat-rate amount specified in the collective agreement, in the internal regulations of the employer, in an employment or other contract, provided that the amount of the flat-rate amount was demonstrably determined by the employer on the basis of calculation actual expenses. The employer proceeds in the same way when determining the flat rate in cases where there is a change in the conditions under which the flat rate was determined. If it is a lump sum for the use of own tools, equipment and objects needed for the performance of the employee's work,

which would otherwise be depreciated, it is recognized only up to the amount in which the employer would apply depreciation of comparable tangible assets with equal depreciation in the following years of depreciation.

(9) Apart from the income mentioned in Section 4, they are also exempt from tax

- a) non-monetary benefits spent by the employer on the professional development of employees related to the employer's business or non-monetary benefits spent by the employer on retraining employees according to another legal regulation governing employment ¹³³⁾; this exemption does not apply to income flowing to employees in this context as a wage, salary, remuneration or as compensation for lost income, as well as to other monetary benefits provided to employees in this context,
- b) the value of meals provided as a non-monetary payment by the employer to employees for consumption at the workplace or as part of meals provided through other entities, or a monetary contribution provided by the employer to employees for meals for one shift according to the Labour Code up to 70% of the upper limit of the meal allowance that can be provided to employees with a salary during a business trip lasting 5 to 12 hours,
- c) the value of non-alcoholic beverages provided as a non-monetary payment from the social fund, from profit (income) after its taxation or against expenses (costs) that are not expenses (costs) for achieving, securing and maintaining income by the employer to employees for consumption at the workplace,
- d) non-monetary benefits provided by the employer to the employee or his family member from the fund of cultural and social needs, from the social fund, from profit (income) after taxation or against expenses (costs) that are not expenses (costs) for achieving, ensuring and maintaining of income, in the form of
 - 1. procurement of goods or services of a medical, therapeutic, hygienic and similar nature from medical facilities, procurement of medical devices on medical prescription and use of educational or recreational facilities; when providing recreation and a trip, the value of the non-monetary payment is exempt from tax for the employee in the total amount of no more than CZK 20,000 per tax period,
 - 2. use of childcare facilities for pre-school children, including a kindergarten in accordance with the Education Act, the employer's library, physical education and sports facilities,
 - 3. contribution to cultural or sports events,
 - 4. allowance for printed books, including picture books for children, except for books in which advertising exceeds 50% of the surface,
- e) benefits provided by an employer operating public transport to its employees and their family members in the form of free or discounted tickets,
- f) income from a dependent activity carried out in the territory of the Czech Republic, flowing to taxpayers from the income of natural persons who are tax non-residents, from employers with headquarters or residence abroad, if the time period related to the performance of this activity does not exceed 183 days in any period of 12 months consecutive, with the exception of income from
 - 1. personally and publicly performed activities of artists, athletes, artists or co-performers^a
 - 2. activities carried out in a permanent establishment,
- g) the value of non-monetary gratuitous services provided from the cultural and social needs fund according to the relevant regulation, ^{6a)} for employers not covered by this regulation, the value of non-monetary gratuitous services provided under similar conditions from social funds or from profit (income) after taxation, or to debit expenses (costs) that are

not expenses (costs) for achieving, securing and maintaining income, up to a total amount of CZK 2,000 per year for each employee,

- h) monetary payment for equipment and supplies provided to members of the armed forces and in-kind items provided to members of the security forces according to special legal regulations, ³⁾ special benefits provided to members of the security forces according to special legal regulation ^{6b)} and compensation for property damage according to special legal regulation, ^{6c)}
- ch) compensation for loss of official income provided to members of the security forces according to legal regulations effective until December 31, 2005,
- i) the value of temporary accommodation, if it is not accommodation during a business trip, provided as a non-monetary payment by the employer to employees in connection with the performance of work, if the municipality of temporary accommodation is not the same as the municipality where the employee resides, up to a maximum of CZK 3,500 per month,
- j) wage compensation paid in accordance with special regulations ^{6d)} in the amount of the difference between sickness insurance benefits,
- k) compensation for loss of pension awarded under the Labour Code for the period before January 1, 1989 and paid after December 31, 1992,
- l) income for the work of pupils and students from practical teaching and practical training,
- m) special supplement or supplement for service abroad provided in accordance with special legal regulations to soldiers and members of the security forces ^{6e)} sent as part of a unit of multinational forces or international security forces outside the territory of the Czech Republic for the period of service abroad,
- n) severance pay in accordance with Decree No. 19/1991 Coll., on the employment and material security of workers in mining who are long-term unfit for their current work, paid to workers reassigned or released for health reasons due to occupational risk, occupational disease, occupational accident or illness arising or deteriorating due to the influence of the work environment,
- o) income of up to CZK 500,000 provided by the employer as social assistance to the employee in direct connection with bridging his extremely difficult circumstances as a result of a natural disaster, ecological or industrial accident in territories where a state of emergency has been declared, ⁶⁵⁾ provided that these incomes are paid from the cultural and social needs fund or from the social fund under similar conditions for employers not covered by the regulation on the cultural and social needs fund, or from profit (income) after taxation or against expenses (costs) that are not expenses (costs) for achieving, securing and maintaining income,
- ~~p) — payment by the employer in the total amount of no more than CZK 50,000 per year as~~
 - ~~1. contribution to supplementary pension insurance with state contribution transferred to the employee's account at the pension company, employer's contribution to supplementary pension savings transferred to the employee's account at the pension company,~~
 - ~~2. pension insurance contribution remitted in favour of his employee to pension insurance at a pension insurance institution, on the basis of a contract concluded between the employee and the pension insurance institution, or on the basis of otherwise agreed participation of the employee in pension insurance, on the condition that the payment of performance from pension insurance up to 60 calendar months and at the same time no earlier than in the year of reaching the age of 60, and further on the condition that the employee has the right to benefit from the pension insurance, and in the event of the employee's death another person, except the employer who paid the pension insurance contribution, or~~
 - ~~3. contribution to the insurance premium paid by the employer to the insurance company~~

~~for the employee's life insurance or in the event of death or life insurance, or for pension insurance, including when arranging earlier payment in the event of entitlement to a retirement pension or disability pension due to disability of the third degree, or in the event that the insured becomes disabled in the third degree according to the Act on Pension Insurance, or in the event of death (hereinafter referred to as "private life insurance"), on the condition that the payment of the insurance benefit is agreed in the insurance contract only after 60 calendar months from the conclusion of the contract and at the earliest in the calendar year during which the insured person reaches the age of 60, that according to the terms of the insurance contract, payment of other income that is not an insurance benefit and does not constitute the termination of the insurance contract is not permitted, and that the insurance contract is concluded between by an employee as a policyholder and an insurance company that is authorized to carry out insurance activities in the territory of the Czech Republic according to the law governing the insurance industry, or another insurance company established in the territory of a member state of the European Union or a state forming the European Economic Area, and further on the condition that the right to performance from insurance contracts private life insurance is held by the insured employee and, if the insured event is the death of the insured, by a person designated according to the law governing the insurance contract, except for the employer who paid the contribution to the insurance premium; if, before the end of 60 calendar months from the conclusion of the contract or before the year in which the insured person reaches 60 years of age, payment of insurance benefits from private life insurance, other income that is not insurance benefits and does not cause the termination of the insurance contract, or early termination of the insurance premium contract, the exemption ceases and income according to Section 6, in the tax period in which this fact occurred, the amounts of contributions to insurance premiums that were exempted from income tax from dependent activity for the insured in the year of payment or early termination of the contract and in the past 10 years; this does not apply in the case of performance when the right to an old-age pension or disability pension for third-degree disability has arisen or if the insured person becomes disabled in the third degree according to the Act on Pension Insurance or in the event of death and with the exception of insurance contracts, in for which no insurance benefit or redemption will be paid and at the same time the reserve, capital value or redemption will be directly transferred to another private life insurance contract meeting the conditions for tax exemption of employer contributions; this income is not income paid by the payer of income tax from dependent activity; the employee is obliged to notify his employer no later than the last day of the calendar month in which the change occurred, that the right to tax exemption for contributions paid by the employer for his private life insurance has ceased,~~

- p) income in the form of a contribution paid by the employer to the tax-supported retirement savings products of his employee up to a total amount of CZK 50,000 per year,**
- r) payment in kind provided according to special legal regulations ^(6g) to representatives of state power and certain state bodies and judges,
- s) reimbursement of proven expenses provided in accordance with special legal regulations ^(6g) to representatives of state power and certain state bodies and judges, if
 1. expenses for air transport for domestic travel connected with the performance of the function (hereinafter referred to as "domestic travel"),
 2. transport expenses for foreign trips connected with the performance of the function

- (hereinafter referred to as "foreign trip"),
3. expenses for meals during domestic trips,
 4. expenses for meals and some other expenses during foreign trips,
 5. accommodation expenses during domestic trips,
 6. accommodation expenses during foreign trips,
 7. expenses for temporary accommodation at the seat of the authority in which he performs his duties,
 8. expenses for professional and administrative work,
 9. expenses for the activity of a guide or personal assistant,
 10. expenses for transport by public mass transport for judges during domestic trips,
- t) income received in the form of compensation for wages, salary or remuneration or reduced salary or reduced remuneration for the period of temporary incapacity for work or quarantine in accordance with special legal regulations^{47a)}, up to the minimum entitlement determined by a special legal regulation governing labour legal relations^{47b)}.
- u) sums spent by the employer for the payment of expenses associated with the payment of wages and with deductions from wages to employees, with the payment of contributions to insurance premiums (additional insurance) for the benefit of the employee, as well as sums spent by the employer for the payment of expenses associated with the provision of non-monetary benefits to employees,
- v) income from the same employer accruing to the employee in the form of property benefit in the case of an interest-free loan up to the total principal amount of CZK 300,000 from these loans; capital gains from interest-free loans exceeding the principal amount of CZK 300,000 calculated for individual calendar months are valued in accordance with paragraph 3 and included in the tax base at least once per tax period, at the latest during the payroll for the month of December.

(10) Functional pleasures are

- a) functional salaries and benefits provided in connection with the current or previous performance of the function, the amount of which is determined in accordance with the law regulating salaries and other requirements connected with the performance of the functions of representatives of state power, certain state bodies and judges 138), with the exception of the salary belonging to the President of the Republic and compensation associated with the performance of his function,
- b) remuneration for the performance of the function and performance provided in connection with the current or previous performance of the function v
1. municipal authorities and other territorial self-government authorities,
 2. state authorities,
 3. associations and interest associations,
 4. trade unions,
 5. chambers,
 6. other authorities and institutions.

(11) The income of experts and interpreters, mediators of collective disputes and arbitrators for activities carried out in accordance with special regulations are not considered functional benefits.

(12) The tax base (partial tax base) is income from dependent activity.

(13) In the case of income derived from sources abroad, the basis of tax for a taxpayer

of income tax of natural persons who is a tax resident of the Czech Republic is income from a dependent activity performed in a state with which the Czech Republic has not concluded an international agreement regulating the avoidance double taxation of all types of income that is carried out and reduced by the tax paid on this income abroad. If the activity from which the income from a dependent activity flows is carried out in a state with which the Czech Republic has concluded an international agreement governing the avoidance of double taxation of all types of income, which is carried out, is the basis of the tax of a taxpayer from the income of natural persons who is a tax resident of the Czech Republic, is income from a dependent activity carried out in this state; this income can be reduced by the tax paid on this income in the state with which the Czech Republic has concluded an international agreement governing the avoidance of double taxation of all types of income that is carried out, only to the extent that it could not be counted against the tax liability in the country according to Section 38f in the immediately preceding tax period. In this case, it must be an unaccounted income tax that is included in the tax base. Income from a dependent activity arising from sources abroad cannot be reduced by tax paid abroad to the extent that it exceeds the amount specified in an international treaty or in the legal regulation of another state.

~~(14) For the purposes of this Act, a pension insurance institution means a provider of financial services authorized to operate a pension insurance regardless of its legal form, which is~~

- ~~a) — operated on the principle of fund management,~~
- ~~b) — established for the purpose of providing pension benefits outside the mandatory pension system¹³⁶⁾ on the basis of a contract or on the basis of otherwise agreed participation in pension insurance and carries out activities resulting therefrom and~~
- ~~c) — is authorized and operates pension insurance in a member state of the European Union or a state forming the European Economic Area and is subject to the supervision of the competent authorities in this state.~~

³⁾ Act No. 221/1999 Coll., on professional soldiers, as amended by Act No. 155/2000 Coll., Act No. 129/2002 Coll. and Act No. 254/2002 Coll. Coll.

Act No. 361/2003 Coll., on the employment relationship of members of the security forces.

⁵⁾ For example, part seven, chapter three of the Labour Code.

^{6a)} Decree No. 114/2002 Coll., on the cultural and social needs fund, as amended by Decree No. 510/2002 Coll.

^{6b)} Section 139 of Act No. 361/2003 Coll.

^{6c)} Section 66 paragraph 2 of Act No. 361/2003 Coll.

^{6d)} Section 7, paragraph 2 of the decree of the Federal Ministry of Labour and Social Affairs No. 19/1991 Coll., on employment and material security of workers in mining who are long-term unfit for work.

^{6e)} For example, Section 11 paragraph 3 of Act No. 143/1992 Coll., on salary and remuneration for on-call work in budgetary and certain other organizations and bodies, as amended, Section 119 of Act No. 361/2003 Coll., on employment relationship of members of the security forces, as amended.

^{6g)} For example, Act No. 236/1995 Coll., on salary and other requirements connected with the performance of the function of representatives of state power and certain state authorities and judges, as amended, Act No. 201/1997 Coll., on salary and some other requirements of public prosecutors and on the amendment and addition of Act No. 143/1992 Coll., on salary and remuneration for on-call work in budgetary and certain other organizations and bodies,

as amended.

21) CNR Act No. 589/1992 Coll., on insurance premiums for social security and contribution to state employment policy, as amended.

CNR Act No. 592/1992 Coll., on premiums for general health insurance, as amended.

47a) For example Section 192 to 194 of the Labour Code, Section 34 paragraph 4 of Act No. 236/1995 Coll., on salary and other requirements connected with the performance of the functions of representatives of state power and certain state bodies and judges and members of the European Parliament, as amended regulations, Section 73 paragraph 4 of Act No. 128/2000 Coll., on municipalities (municipal establishment), as amended, Section 48 paragraph 3 of Act No. 129/2000 Coll., on regions (regional establishment), in as amended, Section 53 paragraph 4 of Act No. 131/2000 Coll., on the capital city of Prague, as amended.

47b) Section 192 paragraph 2 of the Labour Code.

65) Art. 5 of Constitutional Act No. 110/1998 Coll., on the security of the Czech Republic.

133) Act No. 435/2004 Coll., on employment.

136) Regulation of the European Parliament and the Council (EC) No. 883/2004 on the coordination of social security systems, ~~as amended by Regulation of the European Parliament and the Council No. 988/2009~~ **as amended.**

138) Act No. 236/1995 Coll., on salary and other requirements connected with the performance of the functions of representatives of state power and certain state bodies and judges and members of the European Parliament, as amended.

Section 8

Income from capital assets

(1) Income from capital property, if it is not income according to Section 6 paragraph 1 or Section 7 paragraph 1 letter d), are

- a) shares in the profit of a business corporation or mutual fund, if the share in it is represented by a security, and interest from holding securities,
- b) shares in the silent partner's profit from participation in the business,
- c) interest, winnings and other income from deposits in passbooks, interest from funds in an account that is not, according to the conditions of the person keeping the account, intended for business,
- d) income from a one-time deposit and from a deposit equal to it,
- e) ~~benefits of supplementary pension insurance with state contribution^{9a)}~~ **benefits of supplementary pension savings and pension insurance after reduction according to paragraph 6,**
- f) ~~payment from private life insurance or other income from personal insurance, which is not insurance payment and does not constitute the termination of the insurance contract, after reduction according to paragraph 7,~~
- e) **payment from supplementary pension insurance with state contribution according to the law governing supplementary pension insurance with state contribution, from supplementary pension savings according to the law regulating supplementary pension savings and from pension insurance,**
- f) **benefits from life insurance, from life insurance at a specified age or earlier death and from pension insurance and benefits from other personal insurance that is not an insurance benefit,**
- g) interest and other income from loans or borrowings, interest on arrears, late fee, interest on the right to call, interest on deposits on accounts not mentioned in letter c) with the

- exception of the income of the taxpayer whose tax is equal to the flat tax, and interest from the value of the paid deposit in the agreed amount of members of business corporations,
- h) interest and other income from holding promissory notes (e.g. discount on the promissory note amount, interest on the promissory note amount),
 - i) performance from the profit of a trust fund or family foundation.

(2) Income arising from the right to repayment is also considered to be income from capital assets

- a) a bond, which for the purposes of personal income tax means the positive difference between the nominal value of the bond paid upon its repayment or the amount paid upon its early repayment and the price for which the taxpayer purchased the bond, or the price determined in accordance with the law regulating property valuation as of its gratuitous acquisition, and
- b) a deposit slip issued as a security or a security equivalent to a deposit slip, which, for the purposes of personal income tax, means the positive difference between the nominal value of a deposit slip issued as a security or a security equivalent to it paid out when they are redeemed, or the amount paid upon their early repayment and the price for which the taxpayer acquired the security, or the price determined according to the law governing the valuation of property on the day of its free acquisition

(3) Income referred to in paragraph 1 letter a) to f) ai) and interest income and other income from holding a bill issued by a bank to secure a claim arising from a creditor's deposit [paragraph 1 letter h)], arising from sources in the territory of the Czech Republic, are a separate tax base for taxation at a special tax rate (Section 36).

(4) If the income referred to in paragraph 1 letter a) to d) and a) from sources abroad, are not reduced by expenses in the tax base (partial tax base). If the income referred to in paragraph 1 letter e) and f) from sources abroad, are the tax basis (partial tax basis).

(5) Income referred to in paragraph 1 letter g) ah) and in paragraph 2 not reduced by expenses are the tax base (partial tax base), with the exception of interest and other income from a bill of exchange issued by a bank to secure a claim arising from a creditor's deposit, which are a separate tax base for taxation at a special tax rate (Section 36). In the case of income from interest from a loan or credit, the expense is the interest paid on the amounts used to provide the loan or credit, up to the amount of income.

~~(6) The benefit of supplementary pension insurance with a state contribution is considered the tax base after reduction by contributions paid and state contributions to supplementary pension insurance. The pension insurance benefit is considered the tax base after reduction by the contributions paid. The benefit from supplementary pension savings is considered to be the tax base after reduction by paid contributions and state contributions to supplementary pension savings. In the case of a pension, contributions to supplementary pension insurance, state contributions to supplementary pension insurance, contributions to pension insurance, contributions to supplementary pension savings and state contributions to supplementary pension savings are spread over a defined period of pension receipt. A one-off settlement or withdrawal from a supplementary pension insurance with a state contribution is not reduced by the contributions paid to the pension company by the employer for the employee after January 1, 2000, for the purpose of determining the tax base. contributions paid to the pension insurance institution by the employer for the benefit of the employee. A one-off settlement or withdrawal from supplementary pension savings is not reduced for the purpose of~~

determining the tax base by contributions paid to the pension company by the employer for the employee, with the exception of contributions to supplementary pension insurance with a state contribution paid to the pension fund by the employer for the employee before January 1, 2000 in the event that there was a transfer of the participant's funds from the supplementary pension insurance with a state contribution to the participant's supplementary pension savings, from which the one-time settlement or withdrawal is paid.

(6) Payments from supplementary pension insurance with a state contribution according to the Act regulating supplementary pension insurance with a state contribution, from supplementary pension savings according to the Act regulating supplementary pension savings and from pension insurance are the basis of tax after reduction of the contributions paid and state contributions paid by the Czech Republic, if these state contributions were not returned; in the case of these payments in the form of a pension, the paid contributions and state contributions are spread over the defined period of receiving the pension. Benefits from life insurance, from life insurance at a specified age or early death and from pension insurance and benefits from other personal insurance that are not insurance benefits are subject to tax after reduction by the premium paid; in the case of these benefits in the form of a pension, the premium paid is spread over the defined period of receiving the pension.

~~(7) Payment from private life insurance is considered the tax base after reduction by the premium paid. Other income from personal insurance, which is not an insurance payment and does not constitute the termination of the insurance contract, is considered the tax base after reduction by the paid insurance premium on the date of payment, up to the amount of this income. If there is other income from personal insurance that is not an insurance payment and does not cause the termination of the insurance contract repeatedly during the duration of the insurance contract, this income cannot be reduced by previously applied and paid insurance premiums. In the case of payment in the form of an agreed pension (pension), the tax base is considered to be the payment from insurance reduced by the paid insurance premium, equally divided over the period of receiving the pension. Payment from private life insurance is not reduced for determining the tax base by paid premiums that were previously applied in connection with other income from personal insurance, which is not insurance payment and does not constitute the termination of the insurance contract. In order to determine the tax base, the redemption fee is reduced by the premium paid, with the exception of premiums that were previously claimed in connection with other income from personal insurance, which is not insurance performance and does not constitute the termination of the insurance contract, and with the exception of premium contributions for the employee's private life insurance, which were paid by the employer for an employee for his private insurance after January 1, 2001 and which were not taxed due to the payment of an insurance benefit from a private life insurance, other income that is not an insurance benefit and does not constitute the termination of the insurance contract, or early termination of the insurance contract before the end of the period of 60 calendar months from conclusion of the contract or before the year in which the insured reaches 60 years of age.~~

~~(8)~~ **(7) If it is income according to paragraph 1 or paragraph 2 flowing into the joint property of the spouses from a source that is invested in the business property of one of the spouses, it is taxed only for this spouse. If it is income according to paragraph 1 or 2 flowing into the joint property of the spouses from a source that is not included in the business property of either spouse, it is taxed only for one of them.**

~~(9)~~ **(8) Income according to paragraph 4 or interest or other income from a promissory**

note issued by a bank to secure a claim arising from a creditor's deposit arising from sources abroad can be included in a separate tax base taxed at the tax rate according to Section 16a. If such income is included in this tax base, all income according to the first sentence will be included in this tax base. These revenues are not reduced by expenses, with the exception of the revenues specified in paragraph 1 letter e) and f), which are processed similarly according to ~~paragraphs 6 and 7~~ **of paragraph 6.**

^{9a)} Act No. 42/1994 Coll., on pension insurance with state contribution and on changes to certain laws related to its introduction.

Section 15

The non-taxable part of the tax base

(1) The value of gratuitous services provided to municipalities, regions, state organizational units, legal entities with their headquarters in the territory of the Czech Republic, as well as legal entities that are organizers of public collections pursuant to a special law, 14e) can be deducted from the tax base, namely ^{for science} and education, research and development purposes, culture, education, for the police, for fire protection, for the support and protection of youth, for the protection of animals and their health, for social, health and environmental purposes, humanitarian, charitable, religious for registered churches and religious societies, physical education and sports, and to political parties, political movements, European political parties or European political foundations for their activities, as well as natural persons residing in the territory of the Czech Republic who are providers of health services or operate schools and school facilities and facilities for the care of strays or abandoned animals or for the care of individuals of endangered animal species, for the financing of these facilities, as well as to natural persons residing in the territory of the Czech Republic who are recipients of a disability pension or were recipients of a disability pension on the date of granting the old-age pension or are minor children dependent on the care of another persons according to special legal regulation ^{4j)}, for medical devices ¹¹⁴⁾ up to the amount not covered by health insurance companies or for special aids according to the law governing the provision of benefits to persons with disabilities up to the amount not covered by a contribution from the state budget, and for property facilitating the education and inclusion of these persons into employment if the total value of gratuitous services in the tax period exceeds 2% of the tax base or amounts to at least CZK 1,000. The procedure is similar for gratuitous payments to finance the elimination of the consequences of a natural disaster that occurred on the territory of a member state of the European Union or a state forming the European Economic Area. In total, no more than 15% of the tax base can be deducted; this does not apply to the tax periods of the calendar years 2020 and 2021, for which no more than 30% of the tax base can be deducted in total. As a gratuitous performance for medical purposes, the value of one collection of blood or its components by a donor who has not been provided with financial reimbursement of the expenses associated with the collection of blood or its components in accordance with the law regulating specific health services, with the exception of the payment of proven travel costs associated with the collection, is valued at the amount of CZK 3,000, the value of organ collection from a living donor is valued at CZK 20,000, and the value of one collection of hematopoietic cells, with the exception of the payment of proven travel costs associated with the collection, is valued at CZK 20,000. The provisions of this paragraph shall also apply to gratuitous services provided to legal or natural persons with headquarters or residence in the territory of another member state of the European Union or a state forming the European Economic Area other than the Czech Republic,

if the recipient of the gratuitous service and the purpose of the gratuitous service meet the conditions established by this law. If the spouses provide gratuitous performance from the spouses' joint property, one of them or both of them can claim the deduction in proportion.

(2) Gratuitous performance provided by a public trading company or a limited partnership is assessed as a gratuitous performance provided by individual partners of a public trading company or general partners of a limited partnership and is divided in the same way as the tax base according to Section 7 paragraph 4 or 5.

(3) An amount is deducted from the tax base that is equal to the interest paid in the tax period from the building savings loan,^{4a)} the interest from the mortgage loan provided by the bank, reduced by the state contribution provided in accordance with special legal regulations, as well as the loan provided by the building society,⁵⁶⁾ by a bank in connection with a building savings loan or a mortgage loan, and used to finance housing needs, if it is not housing construction, maintenance or a change in the construction of an apartment building or a unit that does not include non-residential space other than a garage, cellar or storage room, carried out as part of an activity that generates income from self-employment, or for rental purposes. Housing needs for the purposes of this Act are understood

- a) construction of an apartment building, a family house, a unit that does not include non-residential space other than a garage, cellar or storage room, or a change in construction,
- b) the purchase of a plot of land, provided that the construction of housing needs will be started on the land according to letter a) within 4 years from the moment of concluding the loan agreement or the purchase of land in connection with the acquisition of housing needs mentioned in letter c),
- c) purchase
 - 1. apartment building,
 - 2. family house,
 - 3. construction of an apartment building or a family house under construction,
 - 4. units that do not include non-residential space other than a garage, cellar or storage room,
- d) repayment of a deposit to a legal entity by its member for the purpose of obtaining the right to lease or otherwise use an apartment or a family home,
- e) maintenance and alteration of the construction of an apartment building, a family house, an apartment rented or in use or a unit that does not include a non-residential space other than a garage, cellar or storage room,
- f) settlement of joint assets of spouses or settlement of co-heirs in the event that the subject of the settlement is the payment of a share associated with the acquisition of a unit that does not include non-residential space other than a garage, cellar or storage room, family house or apartment building,
- g) payment for the transfer of a share in a business corporation made by its member in connection with the transfer of the right to lease or other use of an apartment,
- h) repayment of the loan or loan used by the taxpayer to finance housing needs listed in letters a) to g), if the conditions for these housing needs are met.

If the housing need according to letters a) to h) or a part of it is used or is used for an activity from which income from self-employment flows, or for rent, the deduction of interest for the period of use of the housing need for the stated purposes can only be applied in

proportional amount.

(4) In the event that the parties to the loan agreement for housing needs are more than one adult, either one of them, or each of them, applies the deduction in equal shares. If it is an object of housing needs mentioned in paragraph 3 letter a) to c) and e), the tax base can be reduced only in the tax period, during which the taxpayer the object of housing needs mentioned in paragraph 3 letter a) to c) owned and the object of household goods mentioned in paragraph 3 letter a), c) and e) used for his own permanent residence or the permanent residence of the other of the spouses, descendants, parents or grandparents of both spouses and, in the case of construction, alteration of the building or purchase of a building under construction, used the object of housing for his own permanent residence or for the permanent residence of the other from the spouses, descendants, parents or grandparents of both spouses after fulfilling the obligations established by a special legal regulation for the use of buildings.⁶³⁾ If it is an object of housing needs mentioned in paragraph 3 letter b), for whom the condition of starting the construction of housing needs will not be fulfilled within 4 years from the moment of concluding the loan agreement, the right to apply the deduction of the non-taxable part of the tax base ceases and the income according to Section 10 in the tax period in which this fact occurred is the sums of in which the tax base was reduced in the relevant years due to interest paid on loans. However, in the year of acquisition of ownership, it is sufficient if the taxpayer owned the housing item at the end of the tax period. If it is an object of housing needs mentioned in paragraph 3 letter d), f), g), the tax base can be reduced only in the tax period when the taxpayer rents or uses an apartment, a unit that does not include a non-residential space other than a garage, cellar or storage room, a family house or an apartment building acquired according to paragraph 3 letters d), f), g) used for his own permanent residence or for the permanent residence of the other spouse, descendants, parents or grandparents of both spouses. The total amount of interest by which the tax base is reduced according to paragraph 3 from all loans of taxpayers in the same joint household may not exceed CZK 150,000. When paying interest for only part of the year, the amount applied may not exceed one twelfth of this maximum amount for each month of interest payment.

~~(5) Contributions totaling no more than CZK 24,000 paid by the taxpayer to his~~

- ~~a) — supplementary pension insurance with state contribution according to the contract on supplementary pension insurance with state contribution concluded between the taxpayer and the pension company; the amount that can be deducted in this way is equal to the sum of the parts of the monthly contributions that in the individual calendar months of the tax period exceeded the amount from which the maximum state contribution is due,~~
- ~~b) — pension insurance according to the pension insurance contract concluded between the taxpayer and the pension insurance institution or on the basis of otherwise agreed participation of the taxpayer in pension insurance with the pension insurance institution, on the condition that payment of benefits from the pension insurance was agreed only after 60 calendar months and at the same time at the earliest in the year of reaching the age of 60; the amount that can be deducted in this way is equal to the total contributions paid by the taxpayer to his pension insurance for the tax period, or~~
- ~~c) — supplementary pension savings according to the contract on supplementary pension savings concluded between the taxpayer and the pension company; the amount that can be deducted in this way is equal to the sum of the parts of the monthly contributions that in the individual calendar months of the tax period exceeded the amount from which the maximum state contribution is due; in the event of the transfer of the participant's funds from the transformed fund to the participant funds, an amount equal to the sum of the parts of the~~

~~monthly contributions paid by the taxpayer for his supplementary pension insurance with the state contribution for part of the tax period and the part of the monthly contributions paid by the taxpayer for his supplementary pension savings for the subsequent part of the tax period can be deducted periods that in the individual calendar months of the tax period exceeded the amount from which the maximum state contribution is due.~~

~~If the taxpayer's supplementary pension insurance with state contribution, pension insurance or supplementary pension savings has expired without the right to a pension, one-time settlement or one time payment from the pension insurance and at the same time the taxpayer has been paid a redemption or other payment related to the termination of the pension insurance, the right to apply the deduction of the non-taxable part the tax base ceases and the income according to Section 10 in the tax period in which this termination occurred are the amounts for which the taxpayer was subject to tax in the past ten years due to paid contributions to his supplementary pension insurance with state contribution or pension insurance or supplementary pension savings reduced.~~

~~(6) From the tax base for the tax period, the premiums paid by the taxpayer in the tax period for his private life insurance can be deducted according to the insurance contract concluded between the taxpayer as the policy holder and the insured in one person and an insurance company that is authorized to operate insurance activities in the territory of the Czech Republic according to of a special legal regulation, or another insurance company established in the territory of a member state of the European Union or a state forming the European Economic Area, provided that the payment of the insurance benefit (annuity or one-off benefit) is agreed in the insurance contract only after 60 calendar months from the conclusion of the contract and at the same time at the earliest the calendar year during which the taxpayer reaches the age of 60 and that, according to the terms of the insurance contract, payment of other income that is not an insurance benefit and does not constitute the termination of the insurance contract is not permitted, and in the case of an insurance contract with a fixed sum insured in case of survival, provided that the insurance a contract with a fixed sum insured for the case of survival with an insurance period of 5 to 15 years inclusive has a sum insured of at least CZK 40,000 and an insurance contract with a fixed sum insured for a life insurance period of over 15 years has a sum insured of at least CZK 70,000. In the case of pension insurance, the agreed sum insured is considered to be the corresponding one-time payment during lifetime. In the case of a one-off insurance premium, the paid insurance premium is proportionally calculated for the tax period according to the duration of the insurance to the nearest day. The maximum amount that can be deducted per tax period is a total of CZK 24,000, even if the taxpayer has concluded several contracts with several insurance companies. If, before the end of the period of 60 calendar months from the conclusion of the contract or before the year in which the insured person reaches 60 years of age, the payment of insurance benefits from private life insurance, other income that is not insurance benefits and does not constitute the termination of the insurance contract, or the premature termination of the insurance contract, the right to a non-taxable part of the tax base ceases and the income according to Section 10 in the tax period in which this fact occurred are the amounts by which the taxpayer's tax base was reduced in the past 10 years due to the paid insurance premium; this does not apply in the case of performance when the right to an old-age pension or disability pension for third-degree disability has arisen, or if the insured person becomes disabled in the third degree according to the Act on Pension Insurance or in the event of death and with the exception of insurance contracts, in for which no insurance benefit or redemption will be paid and at the same time the reserve, capital value or redemption will be directly transferred to another private life insurance contract meeting the~~

~~conditions for applying the non-taxable part of the tax base.~~

(5) Contributions totaling no more than CZK 48,000 paid by the taxpayer in the tax period for his tax-supported retirement savings products can be deducted from the tax base. The contribution to the old-age savings product also means premiums for private life insurance and assets credited to the benefit of a long-term investment product.

(6) In the case of contributions to supplementary pension insurance with a state contribution according to the act regulating supplementary pension insurance with a state contribution and to supplementary pension savings according to the act regulating supplementary pension savings, only the part of the monthly contribution that exceeds the amount from which belongs to the highest state contribution according to the law governing supplementary pension insurance with state contribution or the law governing supplementary pension savings. In the case of payment of a one-time premium for private life insurance, for the purposes of paragraph 5, the contribution paid in the tax period of the duration of the insurance is considered to be the proportional part of the one-time insurance premium attributable to this tax period, determined with an accuracy of days.

(7) Paid membership fees paid in the tax period by a member of a trade union to a trade union that, according to its statutes, defends the economic and social interests of employees to the extent defined by a special legal regulation can be deducted from the tax base.⁸²⁾ In this way, an amount up to 1.5% of taxable income according to Section 6 can be deducted, with the exception of income according to Section 6 taxed with deduction according to a special tax rate, but up to a maximum of CZK 3,000 per tax period.

(8) Payments for examinations verifying the results of further education according to the Act on Verification and Recognition of Further Education Results ^{82a)} can be deducted from the tax base in the tax period, if they were not paid by the employer or claimed as an expense according to Section 24 by the taxpayer with income according to Section 7, at most however, CZK 10,000. For a taxpayer who is a person with a disability, up to CZK 13,000 can be deducted for the tax period, and for a taxpayer who is a person with a more severe disability, up to CZK 15,000.

(9) For the taxpayer referred to in Section 2 paragraph 3, the tax base according to paragraphs 1 to 8 is reduced for the tax period only if the taxpayer is a tax resident of a member state of the European Union or a state forming the European Economic Area and if the total of his income from sources in the territory of the Czech Republic according to Section 22 amounts to at least 90% of all his income, with the exception of income that is not subject to tax according to Section 3 or 6, or is exempt from tax according to Section 4, 6 or 10, or income from which tax collected by deduction according to the special tax rate. The amount of income from sources abroad is proved by the taxpayer with the confirmation of the foreign tax administrator.

^{4j)} Act No. 108/2006 Coll., on social services.

^{14e)} Act No. 117/2001 Coll., on public collections and on the amendment of certain laws (Act on Public Collections).

⁵⁶⁾ Section 2 of Act No. 96/1993 Coll.

⁶³⁾ Section 76 et seq. Act No. 50/1976 Coll.

Section 119 et seq. Act No. 183/2006 Coll., on spatial planning and building regulations

(Building Act).

⁸²⁾ Section 18 et seq. the Labour Code.

^{82a)} Act No. 179/2006 Coll., on the verification and recognition of results of further education and on the amendment of certain laws (Act on the recognition of results of further education).

¹¹⁴⁾ Act No. 123/2000 Coll., on medical devices, as amended.

Section 15a

Old age savings product

(1) For the purposes of income taxes, the old age savings product is understood

- a) supplementary pension insurance with state contribution according to the Act regulating supplementary pension insurance with state contribution,**
- b) supplementary pension savings according to the law regulating supplementary pension savings,**
- c) pension insurance with a pension insurance institution,**
- d) private life insurance,**
- e) long-term investment product.**

(2) For income tax purposes, a pension insurance institution means a provider of financial services authorized to operate a pension insurance, which is

- a) operated on the principle of fund management,**
- b) established for the purpose of providing pension benefits outside the mandatory pension system ¹³⁶⁾ on the basis of a contract or on the basis of otherwise agreed participation in pension insurance and carries out activities resulting therefrom and**
- c) is authorized and operates pension insurance in a member state of the European Union or a state forming the European Economic Area and is subject to the supervision of the competent authority in this state.**

(3) For the purposes of income taxes, private life insurance means life insurance, insurance in the event of reaching a specified age or early death, and pension insurance, to which entitlement arises no earlier than in the calendar year in which the taxpayer reaches 60 years of age, negotiated with an insurance company that is authorized to carry out insurance activities on the territory of a member state of the European Union or a state forming the European Economic Area, in which the life insurance sum, if agreed, amounts to at least

- a) CZK 40,000 if the insurance period is at least 10 and at most 20 years, or**
- b) CZK 70,000 if the insurance period is more than 20 years.**

(4) For the purposes of income taxes, the amount corresponding to a one-time payment in the event of survival is considered the sum insured for the case of survival in the case of pension insurance.

(5) For income tax purposes, long-term investment product means a long-term investment product according to the law regulating business on the capital market and a similar product provided by a foreign person authorized to provide such a product in a

member state of the European Union or a state forming the European Economic Area.

Section 15b

Tax support for the old age savings product

(1) An old-age savings product is tax-supported if it is agreed or otherwise determined that the payment of funds or performance from this product or the write-off of assets from a long-term investment product are beneficial

- a) the taxpayer who contracted the product, and that only**
 - 1. after 120 calendar months from the creation of the product, but at the earliest in the calendar year in which the taxpayer reaches 60 years of age, and in the case of benefits from supplementary pension savings, to which, according to the law governing supplementary pension savings, entitlement arises when the taxpayer reaches the age of 5 years younger, than his retirement age according to the law regulating pension insurance, at the earliest at the moment of reaching an age 5 years lower than his retirement age according to the law regulating pension insurance,**
 - 2. in case of his disability of the third degree, or**
 - 3. in connection with the termination of the old age savings product, or**
- b) another taxpayer, and only if**
 - 1. death of the taxpayer who contracted the product,**
 - 2. payments to the provider of this product for its management or services related to it,**
 - 3. write-off of property from a long-term investment product for consideration provided in favour of this product, unless it is a write-off for consideration, the usual price of which is significantly lower than the usual price of the depreciated property, or**
 - 4. fulfillment of an obligation established by another legal regulation.**

(2) For the purposes of exempting the employee's income in the form of a contribution paid by the employer to the employee in the old-age savings product, this product is not tax supported if it is agreed or otherwise determined that in the event of the death of the employee, the payment of funds or performance from this product or a write-off property from a long-term investment product in favour of this employer.

(3) The employee notifies his employer that his retirement savings product is no longer tax-supported or that a fact has occurred which has the effect of returning the tax support of the old-age savings product by the end of the calendar month in which it occurred.

(4) Tax support for the old-age savings product is refunded if, before the expiration of 120 calendar months from its inception or before the calendar year in which the taxpayer reaches 60 years of age,

- a) there has been a payment of funds or performance from this product or a write-off of assets from a long-term investment product in favour of the taxpayer who negotiated the product, if it is not**
 - 1. payment, performance or write-off in the event of third-degree disability of the**

- taxpayer,
2. payment, performance or write-off due to the demise of the provider of this product or withdrawal of permission to provide this product by the provider, if the received saved funds and assets are invested within 1 month from their receipt into the taxpayer's tax-supported retirement savings product of the same type or in the event of supplementary pension insurance with a state contribution according to the law regulating supplementary pension insurance with a state contribution to his tax-supported supplementary pension savings according to the law regulating supplementary pension savings, or
 3. payment from supplementary pension savings according to the law regulating supplementary pension savings, to which the right arose upon reaching an age 5 years younger than the taxpayer's retirement age according to the law regulating pension insurance,
- b) there has been a payment of funds or performance from this product or a write-off of assets from the taxpayer's long-term investment product in favour of a taxpayer other than the one who negotiated the product, if it is not
1. payment, payment or write-off after the death of the taxpayer who arranged the product,
 2. payment to the provider of this product for its management or services related to it, or
 3. write-off of assets from a long-term investment product for consideration provided in favour of this product, unless it is a write-off for consideration, the usual price of which is significantly lower than the usual price of the depreciated property,
- c) this product expires without the payment of funds or performance from it or the write-off of assets from the long-term investment product of the taxpayer, if it is not the demise of the product
1. due to the death of the taxpayer,
 2. due to the demise of the provider of this product or withdrawal of permission to provide this product by the provider, or
 3. with the simultaneous write-off of all saved funds and property on the taxpayer's tax-supported old-age savings product of the same type or, in the case of supplementary pension insurance with a state contribution in accordance with the law governing supplementary pension insurance with a state contribution, to his tax-supported supplementary pension savings in accordance with the law governing supplementary pension savings, or
- d) there was a payment of income from assets within the framework of a long-term investment product outside of this product.

(5) Refund of tax support for the old-age savings product is understood

- a) the creation of income according to Section 10 in the amount of the total of the taxpayer's contributions, which were deducted from the tax base for the immediately preceding 10 tax periods, paid into this product or into an old age savings product of the same type from which all savings and assets have been transferred to this product,
- b) in the case of a long-term investment product, the creation of income according to Section 10 in the amount of the total income that was exempt from tax in the immediately preceding 10 tax periods, from the write-off of property from this product or from a retirement savings product of the same type, from which all savings were cash funds and assets transferred to this product, reduced by the expenses by which such income would have been reduced for determining the tax base in those tax periods

if they had not been exempt from tax; the total does not include income that would have been exempt from tax in the tax period in which it arose even if it had not been a write-off of assets from a long-term investment product that is a tax-supported product for old age and

- c) the creation of income according to Section 6 in the amount of the total amount of contributions paid by the employer for this product or for an old-age savings product of the same type, from which all saved funds and property were transferred to this product, which were in the tax period in which the fact occurred, which results in the return of the tax support of the old-age savings product, and in the immediately preceding 10 tax periods exempt from tax; this income is not considered to be paid by the payer of income tax from dependent activity.

(6) If a fact occurs that results in the return of tax support for the old-age savings product,

- a) this product ceases to be tax supported from
1. the tax period in which this fact occurred, for the purposes of deducting non-taxable parts of the tax base and for the purposes of exempting income from the depreciation of property from a long-term investment product, and
 2. of the calendar month following the calendar month in which this fact occurred, for the purposes of exempting the employee's income in the form of a contribution paid by the employer to his tax-supported retirement savings product and
- b) performance from this product is not reduced by contributions paid by the employer for this product for the purposes of determining the tax base, with the exception of
1. contributions in the amount of which income was generated according to paragraph 5 letter C),
 2. contributions not exempt from personal income tax,
 3. contributions paid by the employer before January 1, 2000 for supplementary pension insurance with a state contribution according to the act regulating supplementary pension insurance with a state contribution and
 4. contributions paid by the employer before January 1, 2001 for private life insurance.

Section 35ba

Tax rebates for individual income tax payers

(1) For taxpayers listed in Section 2, the tax calculated in accordance with Section 16, or reduced in accordance with Section 35, 35a or Section 35b for the tax period, is reduced by

- a) a basic discount of CZK 30,840 per taxpayer,
- b) spouse discount in the amount of CZK 24,840 per spouse living with the taxpayer in a joint household, if he/she does not have an own income exceeding CZK 68,000 for the tax period; if the spouse is granted the right to a ZTP /P card, the amount of CZK 24,840 is doubled. The husband's own income does not include state social support benefits, foster care benefits with the exception of the foster parent's remuneration, benefits for persons with disabilities, benefits for assistance in material need, care allowance, social services, state contributions for supplementary pension insurance with state allowance ~~9a-state contributions to supplementary pension savings~~ a contribution according to the act

- regulating supplementary pension insurance with a state contribution, state contributions to supplementary pension savings according to the act regulating supplementary pension savings, state contributions according to the Building Savings Act and on state support for building savings^{4a)} and a scholarship, a scholarship provided to a student consistently preparing for a future profession and occupation, income arising from caring for a loved one or another person who is entitled to a care allowance according to the Social Services Act^{4j)}, which is exempt from tax according to Section 4, and income which arose as a result of a violation of the conditions of income exemption or application non-taxable parts of the tax base.** In the case of spouses who have property in the common property of the spouses, the spouse's own income does not include income that flows to the other spouse or is considered to be the income of the other spouse for income tax purposes,
- c) a basic discount for disability in the amount of CZK 2,520, if the taxpayer is granted a disability pension for disability of the first or second degree from pension insurance according to the Act on Pension Insurance 43) or ^{if} the right to a disability pension for disability of the first or second degree from the reason for the concurrent entitlement to the payment of this disability pension and old-age pension,
 - d) an extended discount for disability in the amount of CZK 5,040, if the taxpayer is granted a disability pension for disability of the third degree or another pension from pension insurance according to the Act on Pension Insurance 43), for which one of the conditions of ^{the} award is that he is disabled in the third degree, if the right to a disability pension for a third-degree disability has expired due to the concurrent entitlement to a disability pension for a third-degree disability and an old-age pension, or the taxpayer is disabled in the third degree according to special regulations, but his request for a disability pension for a third-degree disability was rejected for reasons other than because she is not disabled in the third degree,
 - e) a discount for ZTP /P card holders in the amount of CZK 16,140, if the taxpayer is granted the right to a ZTP /P card,
 - f) a discount per student in the amount of CZK 4,020 from the taxpayer for the period during which he is consistently preparing for a future profession through study or prescribed training, until he reaches the age of 26 or for the period of full-time study in a doctoral study program that provides a university degree education until the age of 28. The period of continuous preparation for a future occupation through study or prescribed training is understood as the period specified in accordance with special legal regulations^{14d)} for the purposes of state social support,
 - g) discount for placing a child,
 - h) discount on sales records.

(2) For the taxpayer referred to in Section 2 paragraph 3, the tax will be reduced for the tax period by the amounts specified in paragraph 1 letter g) and letter b) to e), only if it is a taxpayer who is a tax resident of a member state of the European Union or a state forming the European Economic Area and if the total of his income from sources in the territory of the Czech Republic according to Section 22 amounts to at least 90% of all his income, with the exception of income that is not subject to tax according to Section 3 or 6, or is exempt from tax according to Section 4, 6 or 10, or income from which tax is collected by deduction according to a special tax rate. The amount of income from sources abroad is proved by the taxpayer with the confirmation of the foreign tax administrator.

(3) The taxpayer may claim a tax reduction pursuant to paragraph 1 letter b) to f) by an amount in the amount of one twelfth for each calendar month, at the beginning of which the

conditions for claiming a tax reduction were met.

(4) In the tax return for joint income and expenses in the community of property, the taxpayer may apply a tax discount for the duration of the community of property, with the exception of the community of property of heirs, to which he was entitled and which was not applied.

~~Act No. 42/1994 Coll., on pension insurance with state contribution and on changes to certain laws related to its introduction.~~

Section 36

Special tax rate

(1) The special rate of income tax for taxpayers referred to in Section 2 paragraph 3 and Section 17 paragraph 4, with the exception of a permanent establishment (Section 22 paragraphs 2 and 3) and with the exception of the provisions of paragraph 5, is

- a) 15%, namely
 1. from the income specified in Section 22 paragraph 1 letter c), f) and g) items 1, 2, 6, 12 to 14, with the exception of income for which a special tax rate is set in paragraph 2 letter E),
 2. from income from the rent of movable property or its part located in the territory of the Czech Republic,
 3. from the gratuitous income referred to in Section 22 paragraph 1 letter d), h) and a), if it concerns income from tax residents of the Czech Republic or from permanent establishments of tax non-residents located in the territory of the Czech Republic,
- b) 15%, namely
 1. from the income specified in Section 22 paragraph 1 letter g) points 3 and 4, with the exception of income arising from the right to redeem a bond, a deposit slip issued as a security or a security equivalent to a deposit slip; whereas the income from the settlement share, from the share in the liquidation balance and other income from the possession of capital assets in the form of a return of share premium, a surcharge outside the share capital or similar payments to these payments is reduced by the purchase price of the share in the business corporation, if it is proved by the taxpayer,
 2. for taxpayers of income tax of natural persons from the share attributable to the share certificate upon cancellation of the mutual fund, reduced by the purchase price^{of 20)} of the share certificate, if the taxpayer proves to the payer,
 3. from the income of a partner of a limited liability company or a joint-stock company when the share capital is reduced up to the amount by which the partner's contribution or the nominal value of the share was increased when the share capital was increased, if the source of this increase was the profit of the trading company or a fund created from the profit; at the same time, it always applies to this income that the capital is reduced first by the part that was increased from the profit of the trading company or the fund created from the profit.

For the purposes of this Act, amounts used from profit after taxation to increase the contribution of a limited partner in a limited partnership or to increase the membership contribution of a cooperative member are also considered to be profit shares. An increase in the share capital is not considered to be a profit share, if the source of this increase was the

- profit of the trading company or a fund created from the profit,
- c) 35% of the income referred to in letters a) and b), for taxpayers who are not tax residents
 1. of another member state of the European Union or another state forming the European Economic Area, or
 2. a third country with which the Czech Republic has concluded an international agreement regulating the avoidance of double taxation of all types of income, which is being implemented, or an international agreement regulating the exchange of information in tax matters for the area of income taxes, which is being implemented, or which is a party to a multilateral international agreements containing provisions regulating the exchange of information in tax matters for the area of income taxes, which is carried out in this state and in the Czech Republic,
 - d) 5% of the payment for financial leasing.

(2) The special rate of income tax for taxpayers referred to in Section 2 and 17, unless otherwise specified in paragraph 1 or 5, amounts to 15%, and

- a) from a share in the profit from participation in a trading company or in a mutual fund, if the share in them is represented by a security, and from performance from the profit of a trust fund or family foundation; for taxpayers according to Section 2 from the yield of the bond according to the law governing bonds, with the exception of the yield determined by the difference between the nominal value of the bond and its issue price, from the yield, from the bill of exchange issued by the bank to secure the claim arising from the creditor's deposit and interest income from the deposit slip issued as a security and a security equal to it,
- b) from a share in the profit from participation in a limited liability company, from a limited partner's participation in a limited partnership,
- c) from profit sharing and similar performance from membership in a cooperative,
- d) from a share in the profit of a silent partner or a taxpayer other than a member of a business corporation,
- e) from the settlement share upon the termination of the participation of a partner in a limited liability company, a limited partner in a limited partnership and upon the termination of membership in a cooperative, from the return of the share premium, an additional payment outside the share capital or similar payments; this income is reduced by the acquisition price of the share in the business corporation, if it is proved by the taxpayer,
- f) from the share in the liquidation balance of a partner in a joint-stock company or a limited liability company, a limited partner in a limited partnership and a member of a cooperative in a cooperative, reduced by the purchase price of the share in the business corporation, if it is proved to the payer by the taxpayer,
- g) for taxpayers of personal income tax from the share attributable to the share certificate upon cancellation of the mutual fund, reduced by the purchase price ^{of 20)} of the share certificate, if it is proved by the taxpayer,
- h) from the income of a partner of a limited liability company or a joint-stock company when the share capital is reduced up to the amount by which the partner's contribution or the nominal value of the share was increased when the share capital was increased, if the source of this increase was the profit of the trading company or a fund created from the profit; at the same time, it always applies to this income that the capital is reduced first by the part that was increased from the profit of the trading company or from the fund created from the profit; the same applies to the income of a member of a business corporation from the dissolution of a reserve fund or a similar fund,
- i) from income accruing to natural persons from advertising competitions and advertising raffles, from prizes from public competitions, from sports competitions and from

competitions in which the range of competitors is limited by the conditions of the competition or the contestants are selected by the organizer of the competition [Section 10 para. 1 letter. ch)] and from income in the form of lottery and raffle winnings,

- j) from income accruing to natural persons from interest, winnings and other income from deposits in deposit books, from interest from funds on registered deposit slips and deposits in the name of equals, when the owner of the deposit is a natural person, throughout the duration of the deposit relationship according to the Civil Code, from interest from deposits in accounts that are not, according to the conditions of the person keeping the account, intended for business, e.g. giro accounts, foreign exchange accounts [Section 8 para. 1 lit. C)],
- ~~k) from benefits of supplementary pension insurance with a state contribution, from benefits of supplementary pension savings and from pension insurance reduced in accordance with Section 8, paragraph 6, and from benefits from private life insurance or other income from personal insurance that is not an insurance benefit and does not result in the termination of the insurance contract, reduced in accordance with Section 8 paragraph 7,~~
- k) from benefits from supplementary pension insurance with state contribution, according to the act regulating pension insurance with state contribution, supplementary pension savings according to the act regulating supplementary pension savings, pension insurance, life insurance, insurance in case of reaching a specified age or early death and pension insurance and from payments from other personal insurance that are not insurance payments,**
- l) from the additional share paid out as part of the transformation of cooperatives in accordance with a special legal regulation ¹³), even if it is paid to a member of the transformed cooperative upon termination of membership or to a partner in a limited liability company and a limited partner in a limited partnership that were created according to the transformation project, upon the termination of their participation as part of the settlement share or as part of the liquidation balance in the liquidation of a cooperative, a joint-stock company, a limited liability company and in a limited partnership in the case of limited partners,
- m) from the income specified in Section 6 paragraph 4,
- n) from income from a one-time reimbursement of rights with the nature of repeated performance based on an agreement between the injured party and the insurer,
- ~~o) from income accruing to a natural person upon the termination of a pension insurance contract with a state contribution, a pension insurance contract and a private life insurance contract in the form of a sale or other payment related to the termination of the pension insurance or a redemption fee, reduced according to Section 8,~~
- ~~p) o) from authors' income according to Section 7 paragraph 6,~~
- ~~r) p) from the income of a general partner of a limited partnership and a partner of a public trading company resulting as profit after taxation in a joint stock company or a limited liability company after the transformation of a joint stock company or a limited liability company into a limited partnership or a public trading company.~~

For the purposes of this Act, amounts used from profit after taxation to increase the contribution of a limited partner in a limited partnership or to increase the membership contribution of a cooperative member are also considered to be profit shares. An increase in the share capital is not considered to be a profit share, if the source of this increase was the profit of the trading company or a fund created from the profit.

(3) The tax basis for the special tax rate is only income, unless otherwise stipulated in this Act. The tax base is determined separately for individual securities, even in the case of holding securities of the same type from one issuer. The tax base is not reduced by the non-

taxable part of the tax base (Section 15) and is rounded down to whole crowns, with the exception of income arising from a share in the profit from participation in a trading company or in a mutual fund, if the share in them is represented by a security, in for which the tax base is rounded down to whole pennies. If interest flows in a foreign currency from an account that is not intended for business according to the conditions of the person keeping the account, and from a deposit slip, the tax base is determined in a foreign currency, without rounding. Income tax collected at a special rate is rounded down to whole crowns. In the case of income arising from a share in the profit from participation in a trading company or in a mutual fund, if the share in them is represented by a security, the withholding tax (Section 38d) attributable to the individual security is not rounded, but the total amount of tax withheld by the payer from all of income accruing to one taxpayer from equity participation in one trading company or from holding unit certificates of one mutual fund is rounded down to whole crowns. For the income mentioned in paragraph 2 letter a) or j) with the exception of income derived from a share of profit from participation in a trading company or mutual fund, if the share in them is represented by a security, the tax base and withheld tax are not rounded and the total amount of tax withheld by the payer from an individual type of income of a natural person taxpayer or corporate income tax payer is rounded down to whole crowns. For the income listed in Section 22 paragraph 1 letter g) point 4, the value of the underlying instrument or asset is not included in the tax base for tax collected by withholding according to the special tax rate.

(4) In the case of income arising from a share of profit from participation in a basic investment fund, the tax base for tax collected by deduction according to a special tax rate is income reduced by a proportional part of income subject to tax collected by deduction according to a special tax rate or the tax rate according to Section 21, paragraph 4 attributable to this tax base, which were settled in favour of the income of the investment fund in the tax period to which this income is related. If the above-mentioned income was settled in favour of income including tax, the tax base for the tax collected by withholding according to the special tax rate is reduced only by the amount reduced by the tax. The proportional part attributable to this tax base is determined in the same ratio in which the profit intended for the payment of income is distributed among shareholders or owners of share certificates. The same applies to income from a share in the liquidation balance of an investment fund or from a settlement share in the event of the termination of the participation of a partner in a limited liability company or a limited partner in a limited partnership that is an investment fund.

(5) The special rate of income tax is 19% on interest income from accounts and deposits with banks and savings and credit cooperatives at

- a) a public utility taxpayer who is not a municipality, region, or a taxpayer listed in Section 18a paragraph 5,
- b) community of unit owners.

(6) If a taxpayer who is a tax resident of the Czech Republic includes all income specified in Section 6 paragraph 4 or all income specified in Section 10 paragraph 1 letter h) point 1, which were a separate basis of tax for taxation at a special tax rate according to Section 36, not reduced by expenses in the tax return for the tax period in which the income was paid, the tax deducted from this income is included in his tax.

(7) If a taxpayer who is not a tax resident of the Czech Republic and who is a tax resident of a member state of the European Union or a state forming the European Economic Area includes in the tax return, all income specified in Section 22 paragraph 1 letter b), c), d), f), g)

points 1, 2, 4, 5, 6, 12 to 14, h) ai), withheld tax shall be deducted from his total tax liability relating to income from sources on the territory of the Czech Republic for which he submits a tax return in the Czech Republic. If the withheld tax or part of it cannot be counted against this total tax liability because the taxpayer incurred a tax liability of zero or reported a tax loss, or his total tax liability is lower than the tax withheld, an overpayment will arise in the amount of the tax liability that cannot be counted. If the taxpayer does not include the income referred to in Section 22 paragraph 1 letter b), c), d), f), g) points 1, 2, 4, 5, 6, 12 to 14, h) ai) to the tax return by the end of the period established by a special legal regulation, Section 38e par. 7.

³⁾ Act No. 221/1999 Coll., on professional soldiers, as amended by Act No. 155/2000 Coll., Act No. 129/2002 Coll. and Act No. 254/2002 Coll. Coll.

Act No. 361/2003 Coll., on the employment relationship of members of the security forces.

^{4a)} Act No. 96/1993 Coll., on building savings and state support for building savings and amending Act ČNR No. 586/1992 Coll., on income taxes, as amended by Act ČNR No. 35/1993 Coll.

¹³⁾ Act No. 42/1992 Coll., as amended.

²⁰⁾ Act No. 563/1991 Coll., on accounting, as amended.

^{22a)} CNR Act No. 593/1992 Coll., on reserves for determining the income tax base, as amended.

^{35a)} Act No. 530/1990 Coll., on bonds, as amended.

Section 38g

Personal income tax return

(1) Anyone whose annual income subject to personal income tax exceeds CZK 50,000 is required to file a tax return, unless it is tax-exempt income or income from which tax is withheld according to a special tax rate. A tax return is also required for those whose annual income, which is subject to personal income tax, did not exceed CZK 50,000, but shows a tax loss.

(2) A tax return is not required to be submitted by a taxpayer who has income from dependent activity according to Section 6 from only one or gradually from several tax payers, including additional wage payments from these payers (Section 38ch para. 4). The condition is that the taxpayer has made a tax declaration according to Section 38k for all these tax payers for the relevant tax period, and with the exception of tax-exempt income and income from which tax is collected by deduction at the tax rate according to Section 36, he has no other income according to Section 7 to 10 higher than CZK 20,000. Also, a taxpayer who only receives income from dependent activities from abroad, which are exempt from taxation according to Section 38f, is also not obliged to file a tax return. However, the tax return for the tax period is required to be submitted by the taxpayer referred to in Section 2 paragraph 3, who applies the tax discount according to Section 35ba paragraph 1 letter b) to e) and g), or a tax advantage or a non-taxable part of the tax base. A tax return is also required to be submitted by the taxpayer to whom they were paid or who otherwise received income from dependent activity for the past years, which were not considered according to Section 5, paragraph 4, to be his income in the tax period when it was settled by the tax payer in his favour, and furthermore, a taxpayer with income from a dependent activity, who applies to reduce the tax base the value of the gratuitous performance provided abroad under the conditions specified in Section 15 paragraph 1.

(3) In the tax return, the taxpayer shall state all income that is subject to tax, except for

tax-exempt income, income from which tax is collected at a special tax rate, unless he uses the procedure according to Section 36, paragraph 6 or 7. In the tax return, the taxpayer also shall state the amount of the tax discount and tax benefit according to Sections 35c and 35d. If the taxable income also includes income from a dependent activity, the taxpayer shall document it with a document issued in accordance with Section 38j, paragraph 3.

(4) A tax return is also required to be submitted by a taxpayer whose tax payer has notified the tax administrator of the amount owed in tax or the amount of tax bonus paid without authorization due to the taxpayer's fault and has handed over the documents required to collect the resulting difference in accordance with Section 38i paragraph 5 letter b).

~~(5) A tax return is required to be filed by a taxpayer who has received payment of insurance benefits from private life insurance, other income that is not insurance benefits and does not constitute the termination of an insurance contract, or premature termination of a private life insurance policy, as a result of which the emergence of the obligation to tax income from dependent activity.~~

(5) A tax return must be submitted by a taxpayer who has received income in accordance with Section 6 as part of the return of tax support for the old-age savings product.

Section 38 k

Application of non-taxable amounts from the tax base on the income of natural persons from dependent activities, tax rebates according to Section 35 paragraph 4 and Section 35ba and tax benefits

(1) The taxpayer is obliged to prove to the tax payer the decisive facts for the provision of a monthly tax discount according to Section 35ba and a monthly tax benefit when calculating advances no later than the end of the calendar month in which these circumstances occurred. The submitted documents will be taken into account by the taxpayer starting with the calendar month following the month in which these facts will be proven to the taxpayer, but first, starting with the calendar month at the beginning of which the decisive facts for the recognition of the tax discount according to Section 35ba or for the tax advantage were fulfilled, he will do- if the taxpayer simultaneously states the declaration according to paragraph 4 or these facts in an already made declaration. However, the taxpayer will take into account the submitted documents confirming the fact that the taxpayer or dependent child is a student or pupil consistently preparing for a future profession through study or prescribed training starting from the calendar month in which these facts are proven to the taxpayer. When taking up employment, the deadline is met if the taxpayer proves these facts within 30 days from the day of taking up employment.

(2) However, if a child is born to the taxpayer, the taxpayer will take this fact into account already in the calendar month in which the child was born, if the taxpayer proves the child's birth to the taxpayer within 30 days after the child's birth.

(3) If a taxpayer receives wages simultaneously or successively from several tax payers for the same calendar month, only one tax payer will take into account the monthly tax discount according to Section 35ba and the monthly tax benefit, for whom the taxpayer claims according

to paragraph 1 and makes a declaration according to paragraph 4.

(4) The taxpayer deducts the advance payment according to Section 38h paragraph 4 and takes into account the monthly tax discount according to Section 35ba and the monthly tax benefit, if the taxpayer makes a demonstrable payment within 30 days after entering employment and no later than February 15 of each year at the relevant tax office declaration period

- a) what facts are given for him to be granted a tax discount according to Section 35ba, or when and how they changed
- b) that at the same time, for the same tax period or for the same calendar month of the tax period, he does not claim a tax discount according to Section 35ba with another taxpayer and that at the same time he did not make a tax declaration with another taxpayer for the same period of the calendar year,
- c) what is the number of children supported by the taxpayer within his jointly managed household and so on
 - 1. what facts are given for him to grant a tax benefit for a dependent child,
 - 2. whether he applies a tax benefit to this child in the amount due according to Section 35c paragraph 1 for one child or in the amount due to the second child or to the third and every other supported child,
 - 3. whether within the same jointly managed household, the same dependent children of the taxpayer are supported by another taxpayer, whether he applies tax benefits to them and whether he is employed,
 - 4. when and how, if applicable, the decisive facts for the granting of a tax benefit changed
 - a
 - 5. if it is an adult student child, that he is not granted a disability pension for a third-degree disability,
- d) that at the same time, for the same tax period or for the same calendar month of the tax period, he does not apply the tax benefit for a dependent child with another tax payer and that another person does not apply the tax benefit for the same dependent child for the same tax period or for the same calendar month of the tax period.

(5) The taxpayer, for whom the taxpayer has made a declaration according to paragraph 4, will calculate the tax, the annual settlement of advances and tax benefits, and at the same time take into account the non-taxable amounts from the tax base according to Section 15 and the tax discount according to Section 35, paragraph 4 and Section 35ba paragraph 1 letter b) and g) for the immediately past tax period, if the taxpayer makes a demonstrable declaration by February 15 for this period that,

- a) that he is not obliged to file a tax return,
- b) whether and from which taxpayers he received income from dependent activity in the past tax period,
- c) that the wife (husband) living in a jointly managed household, to whom (whom) applies the tax discount according to Section 35ba paragraph 1 letter b), did not have (did not have) own income exceeding the annual threshold of CZK 68,000 in the previous tax period,
- d) in what value did he provide gratuitous performance according to Section 15 paragraph 1,
- e) in what amount was interest paid in the past tax period from a building savings loan, from a mortgage loan or from another loan provided in connection with these loans by a building society or a bank and used to finance housing needs in accordance with Section 15

paragraph 3 and 4, a

1. whether and in what amount from such a loan another person simultaneously claims the right to deduct interest from the tax base,
 2. that the housing item listed in Section 15, paragraph 3, to which the deduction of interest from the provided loan applies, is used in accordance with Section 15, paragraph 4,
 3. that the amount of interest by which the tax base is reduced according to Section 15 paragraphs 3 and 4, in total for all participants in credit agreements living with the taxpayer in a joint household, did not exceed CZK 150,000 in the past tax period,
- ~~f) in what amount did he pay contributions to his supplementary pension insurance, supplementary pension savings or pension insurance according to Section 15 paragraph 5,~~
- f) in what amount does he deduct from the tax base the contributions paid to his tax-supported old-age savings product,**
- ~~g) in what amount did he pay the premiums for his private life insurance according to Section 15 paragraph 6,~~
- ~~h) —~~**g)** in what amount did he pay membership fees as a member of a trade union organization in the past tax period according to Section 15 paragraph 7,
- ~~i) —~~**h)** in what amount did he pay the fees for examinations verifying the results of further education according to Section 15,
- ~~j) —~~**i)** what amount he spent for placing the child in a preschool.
- ~~k) —~~**j)** in what amount he was awarded compensation for the suspended execution.

(6) The taxpayer may make a declaration according to paragraph 4 for the same period of the calendar year for only one taxpayer.

(7) If the taxpayer does not prove the facts decisive for the provision of a monthly tax discount according to Section 35ba or a monthly tax benefit according to Section 35d or if he does not make a declaration according to paragraph 4 within the specified period, the payer will take them into account starting from the month following the month in which the taxpayer shall prove these decisive facts and at the same time provably make a statement in accordance with paragraph 4. The payer shall additionally take into account the above-mentioned facts during the annual settlement of advances, even if the tax on the income of natural persons from a dependent activity was collected by deduction according to a special tax rate, prove - if the taxpayer has decisive facts for the provision of a tax discount according to Section 35ba or a tax advantage no later than February 15 of the year following the end of the taxation period and if he makes a demonstrable tax declaration according to paragraphs 4 and 5 within this period.

(8) If during the year there is a change in the facts decisive for the calculation of tax advances and taxes or a change in the conditions for providing a tax discount according to Section 35ba and a tax advantage, the taxpayer is obliged to notify the tax payer demonstrably (e.g. by changing the declaration) no later than the last day of the calendar month in which the change occurred or in which the change was decided. The taxpayer registers the change in the payroll.

Section 38l

The method of proving the right to deduct the non-taxable part of the tax base, the tax discount according to Section 35 paragraph 4 and Section 35ba and the tax benefit

from the income of natural persons from dependent activity for the taxpayer

- (1) The taxpayer proves the claim to the non-taxable part of the tax base to the tax payer
- a) by confirmation of the recipient of the gratuitous performance or his legal representative or the organizer of the public fundraiser about the amount and purpose of the gratuitous performance,
 - b) by a loan agreement and an annual confirmation by the building society of the amount of interest paid in the past calendar year from a building savings loan, or from another loan provided by a building society in connection with a building savings loan, or a bank confirmation of the amount of interest paid in the past calendar year from of the mortgage loan and reduced by the state contribution, or from another loan provided by the relevant bank in connection with the mortgage loan,
 - c) in the case of a loan provided for the purposes specified in Section 15 paragraph 3 letter a) by permission according to the Building Act and, after the construction is completed, by an extract from the title deed,
 - d) in the case of a loan provided for the purposes specified in Section 15 paragraph 3 letter b) and c) by an extract from the title deed and, in the case of a loan granted for the purchase of a plot of land after the expiry of 4 years from the moment of concluding the loan agreement, by a permit according to the Building Act,
 - e) in the case of a loan provided for the purposes specified in Section 15 paragraph 3 letter e) by an extract from the title deed, if it is an apartment building, a family house or a unit that does not include non-residential space other than a garage, cellar or storage room, in the ownership or by a lease agreement, if it is an apartment or a unit that does not include non-residential space other than a garage, cellar or storage room, in rent, or by proof of permanent residence, if it is an apartment or a unit that does not include a non-residential space other than a garage, cellar or storage room, in use,
 - f) in the case of a loan provided for the purposes specified in Section 15 paragraph 3 letter d) and g), by confirmation of the legal entity that he is a member of it,
 - g) in the case of a loan provided for the purposes specified in Section 15 paragraph 3 letter f), by an extract from the title deed, if it is an apartment building, a family house or a unit that does not include non-residential space other than a garage, cellar or storage room in the property, or by a confirmation of membership from a legal entity, if the subject of the settlement is a share or deposit linked with the right to use the apartment,
 - h) a contract on supplementary pension insurance with a state contribution or a contract on supplementary pension savings and an annual confirmation from the pension company of part of the monthly contributions paid by the taxpayer for his supplementary pension insurance with a state contribution or supplementary pension savings, which in individual calendar months of the tax period exceeded the amount to which the maximum state contribution is due; a pension insurance contract or a pension insurance institution's confirmation of the taxpayer's participation in pension insurance and an annual pension insurance institution's confirmation of the contributions paid by the taxpayer to his pension insurance for the past tax period,
 - i) a private life insurance contract or an insurance policy according to the law regulating the insurance contract and an annual confirmation from the insurance company of the premium paid by the taxpayer for his private life insurance in the past tax period or of the paid proportional part of the one-off insurance premium attributable to the past tax period,
 - j) a contract on a long-term investment product and an annual confirmation by the person who provides this product of the property attributed by the taxpayer to the**

benefit of this product in the past tax period,

- j) ~~k)~~ confirmation from the trade union about the amount of the membership fee paid in the past tax period,
- k) ~~l)~~ a confirmation of the amount of the payment for the exam verifying the results of further education in accordance with the Act governing the verification and recognition of further education results; in the case of a person with a more severe disability, a confirmation or decision by a social security authority that they have been recognized as disabled in the third degree, and in the case of a person with a disability, a confirmation or decision by a social security authority that they have been recognized as disabled in the first degree or in the second instance or ~~by decision of the Labour Office of the Czech Republic~~ that she was recognized as medically disadvantaged.

(2) The right to a tax discount according to Section 35, paragraph 4 and Section 35ba, when determining the tax or advances, the taxpayer proves to the tax payer

- a) a document proving the identity of the wife (husband), if she applies the tax discount according to Section 35ba paragraph 1 letter b) and a ZTP /P card, if the wife (husband) is its holder, or a decision to grant this card,
- b) a decision on the awarding of a disability pension and a document on the payment of the pension every year, if he applies the tax discount according to Section 35ba paragraph 1 letter c) or d) for the reason that he is granted a disability pension for disability of the first or second degree or a disability pension for disability of the third degree,
- c) confirmation by the tax administrator responsible for the taxpayer's place of residence that the taxpayer receives another pension from pension insurance ⁴³⁾, for which one of the conditions of recognition is that he is disabled in the third degree, or that he has lost his right to a disability pension for disability of the first, second or third degree due to concurrent entitlement to the payment of a disability pension and an old-age pension, or if the taxpayer is disabled in the third degree, but his application for a disability pension for a disability of the third degree was rejected for reasons other than because he is not disabled in the third degree,
- d) a ZTP /P card, if the taxpayer is its holder, or a decision to grant this card, if he applies the tax discount according to Section 35ba paragraph 1 letter E),
- e) by the school's confirmation that it is consistently preparing for a future profession through study or prescribed training, if it applies a tax discount according to Section 35ba paragraph 1 letter F),
- f) confirmation of the pre-school facility on the amount of expenses incurred for the placement of the dependent child of the taxpayer in these facilities; confirmation must contain
 1. the name of the dependent child of the taxpayer,
 2. the total amount of expenses incurred by the taxpayer for the given tax period and
 3. the date of registration of this facility in the school register or the register of providers or the date of creation of its trade license,
- g) by a resolution on the suspension of execution, if he applies a discount for suspended execution.

(3) The taxpayer proves the right to a tax advantage when determining advances or tax to the tax payer

- a) an official document proving the identity of the child (own, adopted or in care that replaces the care of parents, other spouses and grandchildren),
- b) by presenting a ZTP /P card, if the supported child is its holder, or by a decision to grant

this card,

- c) if taxpayers supporting children are employed in one jointly managed household, by a confirmation from the employer of the other taxpayer, in which the taxpayer states which children the other taxpayer is applying for a tax benefit and in what amount, or that he is not entitled to a tax benefit,
- d) confirmation from the school that an adult child living with the taxpayer in a joint household is consistently preparing for a future profession through study or prescribed training,
- e) confirmation by the tax administrator responsible for the taxpayer's place of residence that the taxpayer is supporting an adult child in a joint household until the age of 26, who is not granted a disability pension for third-degree disability and who cannot consistently prepare for a future occupation or perform gainful employment activity due to illness or injury, or due to a long-term adverse health condition is unable to perform continuous gainful activity.

(4) If the taxpayer or an adult child to whom the taxpayer applies a tax advantage is studying at a secondary school or university abroad, the right to apply a tax discount according to Section 35ba paragraph 1 letter f) or for tax benefits, the taxpayer proves when determining advances or tax with the tax payer by a confirmation of study issued by a foreign school for a certain period and in accordance with a special legal regulation on state social support 130) by a decision of the Ministry of Education, Youth and Sports that ^{such study} at school abroad is put on an equal footing with studies at secondary schools or universities in the Czech Republic.

(5) If the decisive facts for granting a non-taxable part of the tax base according to Section 15, a tax discount according to Section 35 paragraph 4 or Section 35ba or a tax advantage have changed, the taxpayer shall submit new documents proving the validity of the right to deduction.

⁴³⁾ Act No. 155/1995 Coll., on pension insurance.

¹³⁰⁾ Section 12 paragraph 1 letter c) Act No. 117/1995 Coll., on state social support, as amended.

The valid wording of the amended provisions of Act No. 6/1993 Coll., on the Czech National Bank, as amended, with an indication of the proposed changes and additions

Note: In bold italics are the provisions in the wording effective from the first day of the fourth calendar month following the date of promulgation of the proposed amendment.

Section 43f

(1) The Czech National Bank can only provide confidential statistical data

- a) to another member of the European System of Central Banks to the extent and level of detail necessary for the performance of the tasks of the European System of Central Banks,
- b) The European Central Bank to fulfil the statistical reporting obligation for the purposes of creating statistics of the European System of Central Banks,
- c) Eurostat for the purposes of creating European Union statistics,
- d) to another member of the European System of Central Banks or a member of the European Statistical System, if this is necessary for the development, elaboration or dissemination of statistics or to increase their quality,
- e) to the Czech Statistical Office according to Section 43b,
- f) for the purposes of publishing average lending interest rates in accordance with the law regulating consumer credit,***
- ~~g)~~ ***for the purposes of scientific research on the basis of a contract that stipulates the fulfilment of the conditions for the protection of this data and the exact way of its use in accordance with the law of the European Union, namely to legal entities whose basic mission is scientific research; the data will be provided in a form that does not allow direct identification of the reporting person to whom the provided data relates,***
- ~~g)~~ ***h) if the person to whom this data relates has consented to its provision, and if it is not the cases mentioned in letters a) to ~~f)~~ g) ; it must be clear from the consent of this person what confidential statistical data it is and for what purpose and to whom it is to be provided,***
or
- ~~h)~~ ***i) in the event that a directly applicable regulation of the European Union ⁴⁶⁾ so stipulates.***

(2) The Czech National Bank may publish statistical information if it results from the aggregation of individual data for at least 3 reporting persons. If this condition is not met, the Czech National Bank can only provide statistical information as confidential statistical data in accordance with paragraph 1. The Czech National Bank proceeds in the same way even if an individual reporting person can be indirectly identified from the statistical information.

(3) Providing confidential statistical data under the conditions specified in paragraphs 1 and 2 is not a breach of confidentiality under this Act.

Section 46e

Common provisions on offenses dealt with by the Czech National Bank

(1) The Czech National Bank, without initiating proceedings for an offense pursuant to this Act or another legal regulation, may also postpone the matter by resolution, if due to the

significance and extent of the violation or threat to the protected interest affected by the act, the manner in which the act was carried out, its consequences, the circumstances under which the act was committed, or due to the behaviour of the suspect after the act was committed, it is clear that the purpose that could be achieved by conducting proceedings on the offense has been achieved or can be achieved otherwise. The resolution to postpone the matter according to the first sentence is only noted in the file; the provisions of the law regulating responsibility for offenses and proceedings regarding them regarding notification of postponement of the matter shall not be applied.

(2) The Czech National Bank may also impose remedial measures on the offender in proceedings for an offense pursuant to this Act or another legal regulation or withdraw authorization to operate in accordance with the relevant legal regulation.

(3) In the case of an offense for which the Czech National Bank is competent under this or another law or under a directly applicable regulation of the European Union and for which the law determines the rate of the fine, the upper limit of which is at least CZK 1,000,000, or determines the upper limit of the fine according to **multiple of the unauthorized benefit or according to the achieved annual turnover**, the limitation period is 5 years. If the statute of limitations for this offense has been interrupted, liability for the offense shall expire no later than 10 years after its commission.

(4) A circumstance that excludes the illegality of an offense for which the Czech National Bank is responsible for consideration pursuant to this Act or another legal regulation is not the consent of the injured party.

(5) The victim is not a party to proceedings on a misdemeanour for which the Czech National Bank is responsible pursuant to this Act or another legal regulation.

(6) Income from fines imposed by the Czech National Bank is income of the state budget.

(7) At least one authorized official participating in the offense proceedings led by the Czech National Bank at each level must have a university education at least in a master's degree program in the field of law at a university in the Czech Republic. If the authorized official does not have an education according to the first sentence, he must have a university education in another field.

Valid wording of the amended provisions of Act No. 42/1994 Coll., on supplementary pension insurance with state contribution and on changes to certain laws related to its introduction, as amended, with the indication of the proposed changes and additions

Section 2

~~(1) A natural person over the age of 18 with a permanent residence in the Czech Republic can be a participant,~~ who concludes a written contract on supplementary pension insurance with the pension fund (hereinafter referred to as the "contract"). Participation in supplementary pension insurance is voluntary.

~~(2) A natural person over the age of 18 residing in the territory of another member state of the European Union can also be a participant, if he is a participant in pension insurance or is a recipient of a pension from the Czech pension insurance or is a participant in public health insurance in the Czech Republic, which concludes with a pension fund contract.~~

~~(3) The fulfilment of the conditions to be a participant according to paragraphs 1 and 2 is also demonstrated by the participants with the birth number assigned by the competent authority of the Czech Republic^{1ab)} and if not assigned, with the number of the insured person kept in the register of insured persons^{1ac)}.~~

^{1ab)} ~~Act No. 133/2000 Coll., on registration of residents and birth numbers and on the amendment of certain laws (Act on Registration of Residents), as amended.~~

^{1ac)} ~~Section 27 of Act No. 592/1992 Coll., on premiums for general health insurance, as amended.~~

Section 19

(1) The participant's supplementary pension insurance expires on

- a) termination of payment of the last pension,
- b) one-time compensation payments instead of the last pension,
- c) on which the participant and the pension fund have agreed in writing,
- d) for which the supplementary pension insurance was terminated in accordance with Sections 17 and 18,
- e) payments of redemption fees upon the termination of the pension fund, if the obligations of the pension fund have not been taken over by another pension fund,
- ~~f) termination of the participant's permanent residence in the territory of the Czech Republic,~~
- ~~g) loss of residence in the territory of a member state of the European Union or termination of participation in pension insurance or public health insurance in the Czech Republic,~~
- ~~h) f) death of the participant.~~

(2) The participant's supplementary pension insurance is interrupted on the date indicated by the participant in the notice of termination of the supplementary pension insurance, but no earlier than the first day of the calendar month following the delivery of the written notice to the pension fund. The participant can interrupt the supplementary pension insurance

according to the first sentence only if

- a) paid contributions to the supplementary pension insurance for a period of 36 calendar months, or
- b) paid contributions for a period of 12 calendar months in the event of any further interruption of pension insurance with the same pension fund.

If the participant interrupts the supplementary pension insurance, during the period of interruption, he is entitled to a share of the income of the pension fund with which he interrupted the supplementary pension insurance.

(3) Another pension insurance contract can be concluded if

- a) previously established supplementary pension insurance has ceased in the manner specified in paragraph 1 letter a) to e),
- b) the previously established additional pension insurance was interrupted according to paragraph 2, or
- c) a participant who is entitled to supplementary pension insurance benefits pursuant to Section 20, paragraph 1, has requested payment of the benefit; another contract can be concluded no earlier than the first day of the calendar month following the delivery of the written request for payment of benefits to the pension fund.

Section 21

(1) The following pensions can be provided from the supplementary pension insurance:

- a) old-age pension, if the eligibility condition is reaching the age set by the pension plan,
- b) disability pension, if the condition of entitlement is the granting of a disability pension from the pension insurance for third-degree disability,
- c) long-service pension, if the condition of entitlement is the achievement of the period of supplementary pension insurance set by the pension plan,
- d) survivor's pension, if the condition of entitlement is the death of the participant.

(2) The condition for entitlement to a pension is the payment of contributions to the supplementary pension insurance for a certain period determined by the pension plan (hereinafter referred to as the "insured period"), which must be at least 36 calendar months and may not be longer than 60 calendar months, while the period of 36 calendar months cannot be in the pension plan to reduce. However, the condition for entitlement to a retirement pension is that the insured period is at least 60 calendar months, and this period cannot be reduced in the pension plan; the insured period may not be longer than 120 calendar months.

(3) The provisions of paragraph 2 do not apply to long-service pensions and disability pensions determined according to the benefit pension plan; the condition for the right to a long-service pension is that the insured period is at least 180 calendar months, and for the right to the aforementioned disability pension, the insured period is to be at least 60 calendar months, and these lengths of the insured period cannot be reduced in the pension plan.

(4) The age determined for entitlement to a retirement pension pursuant to paragraph 1 letter a) must be the same for women and men, and must not be younger than 60 years; the

pension plan may not set a lower age.

(5) The survivor's pension belongs to the natural person designated by the participant in the contract; the participant can specify more than one person. **If the participant and the person specified in the contract die at the same time or under circumstances that prevent it from being established which of them died first, for the purposes of assessing the entitlement to a survivor's pension, it is considered established that the participant survived this person and the amount calculated according to Section 23 paragraph 3 becomes the subject of inheritance under the conditions according to Section 25.**

(6) Old-age, disability and long-service pensions belong only to the participant.

(7) The pension fund is obliged, at their request, to pay a benefit abroad in the amount and within the time limits set by the pension plan to a participant or a natural person specified in the contract who is entitled to a supplementary pension insurance benefit and who does not have a permanent residence in the territory of the Czech Republic.

(8) To a participant or a natural person specified in the contract who is entitled to a supplementary pension insurance benefit and who does not reside in the territory of a member state of the European Union, the pension fund is obliged, at their request, to pay a benefit abroad in the amount and within the time limits set by the pension plan.

Section 23

(1) The sale belongs

- a) to a participant who has paid contributions for at least 12 calendar months and whose supplementary pension insurance was terminated by notice or agreement, if no pension is paid to him, the supplementary pension insurance lasted for at least 12 calendar months and there was no transfer of funds to the supplementary pension insurance with another pension fund pursuant to Section 24,
- b) natural persons specified in the contract, if the participant died and was not paid a pension or a one-off settlement and if no entitlement to a survivor's pension arose or if all natural persons specified in the contract waived the right to a survivor's pension in writing.

(2) If the participant and the person specified in the contract die at the same time or under circumstances that prevent it from being established which of them died first, for the purposes of assessing the emergence of the right to purchase price, it is considered established that the participant survived this person and the amount calculated according to paragraph 3, it becomes an object of inheritance under the conditions according to Section 25.

~~(2)~~ (3) The amount of the purchase price is determined as the sum of the contributions paid by the participant and the share in the income of the pension fund management corresponding to the amount of the contributions paid by him. The pension fund is obliged to return the amounts of the state contribution to the ministry.

~~(3)~~ (4) The pension fund is obliged to pay the redemption fee within three months from the date of delivery of the request of the participant or natural person specified in the contract for its payment. If the participant requests the payment of the surrender charge before the

termination of the supplementary pension insurance, the pension fund is obliged to pay the surrender charge no later than three months from the date of termination of the supplementary pension insurance.

Section 24

(1) A participant whose supplementary pension insurance has lapsed and who has not been entitled to a pension and has not been paid a withdrawal fee is entitled to transfer contributions, including the state contribution and his share of the pension fund's operating income, to supplementary pension insurance with another pension fund, if this pension fund agrees.

(2) If the participant requests the transfer of funds according to paragraph 1, the pension fund is obliged to transfer them no later than three months from the date of termination of the supplementary pension insurance. The pension fund's consent according to paragraph 1 must be attached to the request for the transfer of funds.

(3) The state contribution, which was not remitted to the pension fund for the period before the funds were transferred according to paragraphs 1 and 2, is remitted to the pension fund to whose pension insurance the funds were transferred, based on its request to the Ministry.

(4) The pension fund may provide the selling price according to Section 23 paragraph 1 letter a) or make the transfer of funds according to paragraph 1 conditional on payment of a fee by the participant. The amount of the fee may not exceed CZK 800. If the fee has not been paid within the period according to paragraph 2 or within the period according to Section 23 paragraph 3-4, the pension fund will provide the redemption fee or transfer the funds within 5 days after its payment.

(5) The fee according to paragraph 4 cannot be requested after 5 years have passed since the date of the supplementary pension insurance.

(6) The pension fund informs the participant in writing of the amount of the fee according to paragraph 4, no later than 5 days from the date of delivery of the participant's request for the provision of a withdrawal fee or for the transfer of funds.

Section 25

If a participant to whom a pension was not paid dies, and if no entitlement to redemption payments has arisen pursuant to Section 23 paragraph 1 letter b) or survivor's pension, becomes the amount calculated according to Section 23 paragraph 2-3 object of inheritance if they are heirs.

Section 27

(1) The amount of the participant's contribution is determined per calendar month; the amount of the allowance must not be lower ~~than the amount establishing the right to a state allowance (Section 29, paragraph 2) of CZK 100.~~

(2) The participant cannot pay a contribution to supplementary pension insurance at

several pension funds at the same time.

(3) Contributions are paid by the end of the calendar month for which they are paid, or if contributions are paid in advance for a longer period, by the end of the first calendar month of this period. The participant's contribution is considered to have been paid by the end of the calendar month if the contribution is credited to the pension fund's account at its depository by the end of the calendar month.

(4) The participant has the right to change the amount of his contribution. The amount of the allowance can only be changed in the future. The pension plan may set a deadline for this change, but it may not be longer than three calendar months from the date of delivery of the notification of the change in the contribution amount.

(5) A third party may pay a contribution or part of it to the pension fund on behalf of the participant with his consent; the participant is obliged to notify the pension fund of this fact in advance. According to the first sentence, the employer can also pay the contribution or part of it for his employees who are participants according to this law. According to the first sentence, employers forming a cultural and social needs fund ^{8b)} may also pay a contribution from this fund or part of it for their employees who are participants according to this law. A state contribution is not provided for the contribution paid by the employer in whole or in part for its employees.

(6) The employer does not influence the employee when choosing a pension fund. An employer may not accept an incentive in connection with the provision of a pension contribution to its employees.

(7) The period of deferment of the payment of contributions, during which the participant paid additional contributions, is included in the insured period. The period of other suspension of payment of contributions is not included in the insured period.

^{8b)} Decree No. 310/1995 Coll., on the cultural and social needs fund, as amended by Decree No. 167/1997 Coll.

Section 29

~~(1) For each calendar month, one state allowance is due for each participant who paid the allowance for that month on time (Section 27, paragraph 3).~~

~~(2) The amount of the state allowance per calendar month is determined according to the monthly amount of the participant's allowance paid for the pension determined according~~

~~to the contributory pension plan as follows:~~

~~the amount of the contribution is the amount of the state participant in CZK contribution in CZK~~

~~100 to 199 50 + 40% of the amount over 100 CZK~~

~~200 to 299 90 + 30% of the amount over 200 CZK~~

~~300 to 399,120 + 20% of the amount over 300 CZK~~

~~400 to 499,140 + 10% of the amount over 400 CZK~~

~~500 and more CZK 150.~~

~~(3) If the participant pays the contribution for a period longer than a calendar month, the amount of the state contribution is determined according to the average monthly amount for this period.~~

~~(4) When the depository is changed, the state contribution according to paragraph 1, even if the participant's contribution was paid within the period specified in Section 27, paragraph 3, to the depository of the pension fund before its change, remains for a period of six calendar months after the expiry of the depository agreement.~~

~~(5) For the purpose of providing the state allowance, the amount of the participant's allowance is rounded down to whole crowns.~~

~~(6) The government can increase the state contribution by regulation.~~

Section 29

The provision of a state allowance for the benefit of a participant in supplementary pension insurance is governed by the law regulating supplementary pension savings.

Section 30

(1) The pension fund submits a quarterly application for the provision of a state allowance collectively for all participants who are entitled to a state allowance ~~according to Section 29~~, electronically via remote access. The application is submitted to the Ministry in the calendar month following the end of the calendar quarter. The application is processed using the information system of the Ministry, operated under the conditions set by special legal regulation ^{8d}). In the event of an incomplete application or incorrect data, the pension fund will correct the application. The correction of the application is submitted at the same time as the application for state allowance for any subsequent calendar quarter. As long as the application is supplemented or corrected, the period specified in paragraph 2 in relation to the participants affected by the correction of the application does not run.

(2) The Ministry is obliged to transfer the state contribution for the calendar quarter to the pension fund account by the end of the second month following the quarter for which the state contribution is requested.

(3) The pension fund is obliged to return the amounts of the state contribution wrongly remitted to the pension fund to the Ministry within 30 days of discovering that these amounts were wrongly remitted, no later than 30 days from the date of the Ministry's decision on the

obligation to return these amounts. The right to recover wrongly remitted amounts expires ten years from the date of their remittance.

(4) Amounts of state contribution remitted to the pension fund pursuant to paragraphs 1 and 2, which were not used to satisfy the claims pursuant to Sections 23, 24 and 25, the pension fund is obliged to return to the Ministry, namely

- a) within six months from the date of termination of the supplementary pension insurance in the event of a right to surrender premiums pursuant to Section 23 and in the case of inheritance pursuant to Section 25,
- b) within 6 months from the date of termination of the supplementary pension insurance in the event that the participant did not have the right to a withdrawal in accordance with Section 23 and did not request the transfer of funds to the supplementary pension insurance with another pension fund in accordance with Section 24.

(5) The pension fund submits a report on the return of state contribution amounts to the Ministry no later than the tenth day of each calendar month in accordance with paragraph 1. The Ministry processes this information using its information system.

(6) If the pension fund drew a higher amount of state contribution than it was due and is in default in fulfilling the obligation to return the state contribution within the time limits specified in paragraph 3, it is obliged to pay a penalty in the amount of 1 per thousand of the wrongly drawn amount of state contribution for each day delay. The penalty is calculated from the day following the expiration of these periods until the day when the amounts of the state contribution that were wrongly drawn were returned to the Ministry. The pension fund is obliged to pay a penalty of 1 per thousand of the amounts of the state contribution that were not used to satisfy the claims for each day of delay, if these amounts of the state contribution were not returned to the Ministry within the time limits specified in paragraph 4. The penalty is calculated from the day following the expiration these periods until the day when the amounts of the state contribution were returned to the Ministry. Penalties are determined by the Ministry by decision.

(7) The Ministry may, by decree, determine the details of the application for the provision of state allowance according to paragraph 1 and the details of the report according to paragraph 5, if the current method is contested by the pension fund.

^{8d}) Act No. 365/2000 Coll., on public administration information systems and on the amendment of some other laws, as amended by Act No. 517/2002 Coll.

Section 45a

(1) The activities of the pension fund and the depository pursuant to this Act are subject to the state supervision of the Ministry to the extent of the obligations stipulated by this Act to the pension fund in connection with the provision and return of the state contribution.

(2) When performing state supervision, the Ministry supervises compliance with this Act and the pension plan and ensures the protection of participants.

(3) When performing state supervision, the ministry checks the lists of participants of

all pension funds so that the state contribution is provided for each participant only once.

(4) When performing state supervision, the ministry is obliged to check whether a natural person who is a participant meets the conditions set out in Section 2, ~~paragraph 1~~, and whether the supplementary pension insurance has not lapsed upon the participant's death. In order to fulfil the aforementioned obligation, the Ministry is entitled to request that the Ministry of the Interior check the information system of the population register

- a) first name, first names, surnames, social security number and date of termination of permanent residence of the participant, if he is a citizen of the Czech Republic,
- b) name, or names, surname, social security number and type of residence of the participant, if he is a foreigner,
- c) date of death of the participant ^{13f}).

(5) Verification of the data referred to in paragraph 4 letter a), b) the ministry is entitled to request four times per calendar year, the verification of the data referred to in paragraph 4 letter c) twice per calendar year. The data referred to in paragraph 4 is provided by the Ministry of the Interior based on the request of the Ministry in electronic form. In order to check the current status of the data to the extent specified in paragraph 4, the Ministry is authorized to obtain data from the population registration information system also in a way that allows remote access.

~~(6) In order to verify that a natural person meets the conditions to be a participant according to Section 2, paragraph 2, the Ministry is obliged to further check whether the natural person is a participant in public health insurance in the Czech Republic. In order to fulfil the aforementioned obligation, the Ministry is authorized to request four times per calendar year the verification of data on the name, if any, names, surnames, number of the insured person and the date of termination of the insured person's participation in public health insurance in the Czech Republic from the register of insured persons, maintained by the Headquarters of the General Health Insurance Company of the Czech Republic in accordance with a special legal of regulation^{14e}. The data mentioned in this paragraph is provided by the General Health Insurance Company of the Czech Republic based on the request of the Ministry in electronic form.~~

~~(7)~~ (6) When performing state supervision, the ministry checks the origination of the participant's entitlement to the supplementary pension insurance benefit and its payment and the origination of the entitlement to the transfer of contributions, including the state contribution according to Section 24.

~~(8)~~ (7) When performing state supervision, the Ministry shall order that the pension fund or the depository eliminate identified deficiencies within a specified period and that they inform the Ministry of the implementation of the measures taken.

~~(9)~~ (8) Employees of the Ministry are obliged to maintain confidentiality about the facts they learn about in the exercise of state supervision; the provisions of Section 7 paragraph 7 of the third sentence apply here similarly.

~~(10)~~ (9) **The provisions of Section 42, paragraphs 4 and 5, shall be applied mutatis mutandis** in the exercise of the ministry's state supervision over the pension fund and the

depository.

^{1ae)} ~~Section 27 of Act No. 592/1992 Coll., on premiums for general health insurance, as amended.~~

^{13f)} Section 8 of Act No. 133/2000 Coll., on registration of residents and birth numbers and on the amendment of certain laws (Act on Registration of Residents).

Valid wording of the amended provisions of Act No. 120/2001 Coll., on bailiffs and execution activities (execution order) and on the amendment of other laws, as amended, with the proposed changes and additions

Note: The wording of Section 49 corresponds to amendment No. 286/2021 Coll. in the version effective from 1/1/2024 (new version marked in italics).

Section 34

(1) For the purposes of enforcement proceedings, the executor may request the cooperation of a third party pursuant to Section 33, and they are obliged to provide it free of charge. The persons listed in Section 33 paragraphs 4 to 10 and commodity exchanges, the organizer of the regulated market ²⁷⁾, the central depository and other persons authorized to keep records of investment instruments have the right to reimbursement of purposefully spent out-of-pocket expenses when providing data.

(2) Third parties are obliged to provide cooperation to the executor in accordance with Section 33 without undue delay and, if technically possible, in electronic form; if they fail to fulfil this obligation, they are obliged to compensate the beneficiary and the executor for the damage that the beneficiary or the executor incurs. If a state authority, legal entity or natural person in the performance of public administration entrusted to them, or a territorial self-governing unit in the performance of state administration that has been transferred to it by law or in the performance of self-government, has caused damage by failing to fulfil this obligation, the procedure shall be carried out in accordance with a special legal regulation. ⁸⁾

(3) The executor will ask the financial institution ~~for cooperation~~ **or financial institution for cooperation** electronically by data file and ~~financial institution cooperation~~ **the monetary institution or financial institution will provide cooperation** electronically with a data file. The financial institution ~~is not obliged~~ **or financial institutions are not obliged** to provide cooperation to the executor if the request for cooperation is not submitted electronically in a data file or if it does not have specified content requirements or if the data file does not have a specified format or structure. The Ministry determines by decree the format and structure of this data set and the content requirements of the request for cooperation. The first and second sentences do not apply if the synergy of data on salary or other income paid by a financial institution or deductions made from this income is concerned.

(4) The executor shall request the payer of wages on a form, the details and model of which are determined by the implementing legislation, for the communication of data pursuant to Section 33, paragraph 5, or for the communication of other data needed to conduct the execution, the necessity of which is justified in the application. The wage payer shall provide the executor with the required information on the form, the details and model of which are determined by the implementing legislation and which is part of the form according to the first sentence. If the executor delivers the request via the public data network to the data box, he will ask the wage payer for the data according to Section 33, paragraph 5, also electronically in a data file. A wage earner whose total annual net turnover according to the Accounting Act for the last accounting period preceding the request for cooperation reached at least CZK 100,000,000, or if he employs at least 50 employees in an employment relationship (hereinafter referred to as "qualified wage earner"), data according to Section 33, paragraph 5, he will

provide the data file electronically. A qualified wage payer is not obliged to provide data to the executor pursuant to Section 33, paragraph 5, if the request for such data is not submitted electronically in a data file on the form according to the first sentence or if the data file does not have a specified format or structure. The Ministry determines the format and structure of the data file by decree.

(5) For non-fulfilment of the obligations specified in Section 33, the executor may impose an administrative fine on third parties.⁹⁾

(6) The provisions of Sections 33 to 33e and paragraphs 1 to 3 shall also be used for ascertaining data on the property of the obligee's spouse in connection with execution of the execution, which is to recover a debt that belongs to the joint property of the spouses or for which an execution can be carried out on the property in joint property of the spouses, the spouse's account with the financial institution is affected.

(7) If this does not prevent the purpose of the execution, the executor shall use in the execution proceedings the data that were provided to him as part of cooperation in other execution proceedings conducted against the same debtor.

⁸⁾ Act No. 82/1998 Coll., as amended by Act No. 120/2001 Coll.

⁹⁾ Section 53 of the Code of Civil Procedure.

²⁷⁾ Section 37 paragraph 1 of Act No. 256/2004 Coll., on doing business on the capital market, as amended by Act No. 230/2008 Coll.

Section 44a

(1) If the executor has not decided otherwise in accordance with Section 44, paragraph 4, the obligee may not dispose of his property, including real estate and property belonging to the common property of the spouses, after receiving the notification, with the exception of ordinary business and operational activities, meeting the basic needs of life for himself and others, to to whom he has a maintenance obligation, and the maintenance and management of property. The legal act by which the obligee violated this obligation is invalid. However, the legal action is considered valid if the objection of invalidity is not raised by the executor, the authorized person, or the registered creditor in order to ensure the satisfaction of the recovered claim. The legal effects of raising an objection of invalidity arise from the effectiveness of the legal action, if an enforcement order or other manifestation of the will of the executor, authorized or registered creditor reaches all participants in the legal proceedings, to which the executor, authorized or registered creditor raised an objection of invalidity.

(2) If the obligee deposits with the executor an amount in the amount of the recovered claim, the costs of the execution and the costs of the beneficiary, the executor shall, at the proposal of the obligee, cancel the ban pursuant to paragraph 1 and pursuant to Section 47, paragraph 6. The executor shall issue a decision pursuant to the first sentence within 7 days from, in which the obligee's proposal was delivered to him, and immediately sends it to the parties to the proceedings and other persons to whom execution orders were delivered as part of the execution pursuant to Section 49, paragraph 8. No appeal is admissible against this decision.

(3) At the request of the obligee, the executor may decide that the prohibition pursuant to paragraph 1 and pursuant to Section 47, paragraph 6, does not apply to the property that the

obligee stated in the proposal, if the obligee also provides evidence that his remaining property is clearly and undoubtedly sufficient to cover recovered receivables including costs of the beneficiary and costs of execution.

(4) With the written consent of the executor, the beneficiary and all registered creditors, the obligee may monetize the property or individual parts of the property to pay the recovered claim, its accessories, execution costs or the costs of the beneficiary, if they are not affected by another execution 16a), but at least at the ^{usual price} determined on the basis of an expert opinion payable at the time of signing the contract to the hands of the executor.

(5) Paragraph 1 does not apply if the obligee is the state or a territorial self-governing unit.

^{16a)} Act No. 119/2001 Coll., which lays down the rules for cases of simultaneous enforcement of decisions.

Section 49

(1) The statement of the enforcement order imposing the payment of a monetary amount must also contain

- a) designation of the person against whom the obligee is entitled to wages (wage payer), *or the imposition of an obligation to pay the wage payer's costs*, if it is a case of enforcement by deductions from the obligee's wages,
- b) designation of the financial institution and account number or other unique identifier ^{7a}
↳ if it is a case of execution by ordering the debtor's claim from the account at the financial institution; if several accounts of the obligee with the same financial institution are marked, the order in which the recovered claim is to be written off from them is also indicated,
- c) designation of the person against whom the obligee has another claim (the debtor of the obligee), if it is a case of execution by commandment of a claim of the obligee other than from an account at a financial institution,
- d) designation of the person against whom the obligee has a right other than that specified under letters a), b) and c), which has a property value and which is not connected to the person of the obligee and is transferable to another, or designation of a share in a trading company or designation membership in a cooperative, in the case of enforcement by affecting other property rights of the obligee,
- e) designation of the things to be sold, or the co-ownership share in them, or the indication that all movable property subject to the law are to be sold, if it is a case of enforcement by selling the debtor's movable property or the debtor's co-ownership share in movable property,
- f) designation of the immovable object to be sold or affected by the administration, or of the co-ownership share in it, if it is a case of execution by sale or administration of the immovable object of the obligee or co-ownership share of the obligee in the immovable object,
- g) designation of the plant or part of the plant of the obligee or the share of the obligee as a co-owner of the plant, which is to be affected, if it is a case of enforcement due to the impairment of the plant or part of the plant of the obligee or the share of the obligee as a co-owner of the plant,
- h) the series and number of the driver's license, the holder of which is obliged, if it is an

execution by suspension of the driver's license.

(2) The attachment to the execution order according to paragraph 1 letter a) and a notification that the conditions according to Section 52 paragraph 3 have been met, if it concerns execution by deductions from other incomes paid by the Labour Office of the Czech Republic or the Czech Social Security Administration, is a data file that contains the data specified in this enforcement order or notification. After receiving the data file, which is an attachment to the execution order according to paragraph 1 letter a), the Labour Office of the Czech Republic or the Czech Social Security Administration will notify the executor in a data file *of the order of the recovered claim* without undue delay.

(3) Unless otherwise stipulated in paragraph 2, the attachment to the execution order according to paragraph 1 letter a) a notification that the conditions according to Section 52 paragraph 3 have been met, or a resolution to change or cancel the execution order according to paragraph 1 letter a), if a data file that contains the data specified in these documents is delivered to the payer via a public data network in a data box. After receiving the data file in accordance with the previous sentence, the qualified wage payer shall, without undue delay, inform the executor of the order of the recovered claim by means of the data file.

(4) The attachment to the execution order according to paragraph 1 letter b) and notification that the conditions according to Section 52 paragraph 3 have been met, *or a resolution to change or cancel the execution order according to paragraph 1 letter b)*, in the case of enforcement by commanding the debtor's claim from an account with a financial institution, is a data file that contains the data specified in this enforcement order or notification or a data file containing data on the change or cancellation of the enforcement order. After receiving the data file, which is an attachment to the execution order according to paragraph 1 letter b), the financial institution shall, without undue delay, inform the executor of *the order of the recovered claim* in a data file.

(5) The attachment to the execution order according to paragraph 1 letter c) and a notification that the conditions according to Section 52 paragraph 3 have been met, or a resolution to change or cancel the execution order according to paragraph 1 letter c), in the case of execution by ordering a claim of the debtor other than from an account with a financial institution, if the debtor is a financial institution, a data file containing the data specified in this enforcement order or notice or a data file containing data on the change or cancellation of the enforcement order. After receiving the data file, which is an attachment to the execution order according to paragraph 1 letter c), the financial institution shall, without undue delay, inform the executor of the order of the recovered claim in a data file.

~~(5)~~ **(6)** The Ministry determines the format and structure of the data files in a decree according to paragraphs 2 to ~~4~~**5**.

~~(6)~~ **(7)** The statement of the execution order on the sale of the pledge must also contain the designation of the movable or immovable thing to be sold.

~~(7)~~ **(8)** The statement of the execution order shall include other prohibitions, orders and calls, which, depending on the chosen method of execution, must contain a resolution ordering

the execution of the decision in accordance with the Code of Civil Procedure.

~~(8)~~ (9) The execution order shall be delivered by the executor to the entitled party, the obligor and other persons to whom, according to the chosen method of execution, the resolution on ordering the execution of the decision is served according to the Code of Civil Procedure.

~~(9)~~ (10) In their own hands with the persons mentioned in paragraph 7 9 delivers in cases in which, according to the chosen method of execution, the Code of Civil Procedure stipulates that the resolution on the order for the execution of the decision is delivered into one's own hands.

~~(10)~~ (11) *The execution order also contains instructions according to Section 54 paragraphs 7, 9 and 10 and Section 67, if it concerns execution by selling the debtor's movable property or the debtor's co-ownership share in the movable property.*

^{7a)} Section 2 paragraph 3 letter h) Act No. 284/2009 Coll., on the payment system.

The valid wording of the amended provisions of Act No. 229/2002 Coll., on the financial arbitrator, as amended, with an indication of the proposed changes and additions

Section 1

(1) The financial arbitrator (hereinafter referred to as the "arbitrator") is also responsible for deciding a dispute otherwise falling within the jurisdiction of the Czech courts, if it is a dispute between a consumer and

- a) payment service provider when offering and providing payment services,
- b) by the issuer of electronic money when issuing and exchanging electronic money,
- c) by a creditor or an intermediary when offering, providing or mediating a consumer credit or other credit, loan or similar financial service,
- d) a person managing or performing the administration of a collective investment fund or offering investments in a collective investment fund or a comparable foreign investment fund when managing or performing the administration of a collective investment fund or offering investments in a collective investment fund or a comparable foreign investment fund,
- e) by an insurer or insurance intermediary when distributing life insurance or when exercising rights and fulfilling obligations from life insurance,
- f) a person operating a foreign exchange business when carrying out a foreign exchange business,
- g) by a building society or an intermediary when offering, providing or mediating a building society,
- h) a person providing investment services when providing investment services,
- i) by a person who maintains an account other than a payment account, when maintaining this account,
- j) by the recipient of a one-time deposit when receiving or returning this deposit,
- k) by a pension company or an intermediary when offering, providing or mediating supplementary pension insurance with a state contribution,
- l) by a pension company or an intermediary when offering, providing or mediating supplementary pension savings,
- m) a person who provides or distributes a pan-European personal pension product, when providing or distributing a pan-European personal pension product,
- n) a person providing a currency exchange service, which is offered to the payer before the start of the payment transaction through an ATM or at the point of sale of goods or provision of services, when providing this currency exchange service.;
- o) by the provider of a long-term investment product when providing this product.**

(2) The conclusion of an arbitration agreement does not exclude the authority of the

arbitrator.

(3) The arbitrator mainly strives for an amicable settlement of the dispute.

Section 3

(1) For the purposes of this Act, an institution is understood

- a) payment service provider,
- b) issuer of electronic money,
- c) creditor or intermediary when offering, providing or mediating a consumer credit or other credit, loan or similar financial service,
- d) a person managing a collective investment fund, administering a collective investment fund or offering investments in a collective investment fund or a comparable foreign investment fund,
- e) insurer or insurance intermediary when distributing life insurance or when exercising rights and fulfilling obligations from life insurance,
- f) a person operating a currency exchange business,
- g) building society and intermediary when offering, providing or mediating building society,
- h) a person providing investment services when providing investment services,
- i) a person who maintains a non-payment account when maintaining this account,
- j) recipient of a one-time deposit when receiving or returning this deposit,
- k) a pension company or an intermediary when offering, providing or mediating supplementary pension insurance with a state contribution,
- l) pension company or intermediary when offering, providing or mediating supplementary pension savings,
- m) a person who provides or distributes a pan-European personal pension product,
- n) a person providing a currency exchange service, which is offered to the payer before the start of a payment transaction through an ATM or at the point of sale of goods or provision of services, when providing this currency exchange service.;
- o) the provider of a long-term investment product when providing this product.**

(2) For the purposes of this Act, only the consumer can be the proposer.

(3) For the purposes of this Act, a permanent data carrier means any tool that allows the user to store information intended for him personally so that it can be used for a period of time appropriate for the purpose of this information, and that allows the reproduction of this information in an unchanged form.

The valid wording of the amended provisions of Act No. 190/2004 Coll., on bonds, as amended, with an indication of the proposed changes and additions

Note: Changes in Section 26, paragraph 1, which will come into effect on January 1, 2024 following the amendment to Act No. 277/2019 Coll.

Section 6

Requisites of the bond

(1) The bond contains at least

- a) the designation "bond", if it is a covered bond, state treasury bill or Czech National Bank bill,
- b) information on the type of bond, which can also be indicated by reference to the issue conditions, if it is not a bond with which no special right is associated,
- c) data identifying the issuer,
- d) nominal value as the amount owed,
- e) the yield of the bond, ~~or the statement that the yield is determined by the difference between the nominal value of the bond and its issue rate; or it is from a bond~~; **if the bond does not contain the yield of the bond, it must** at least be clear from it that the bond is without yield or where it is possible to learn how the yield is determined,
- f) the date or other moment of repayment (hereinafter referred to as the "maturity date") of the owed amount (repayment of the bond), or information that the owed amount is to be repaid in instalments,
- g) data identifying ~~the owner~~ **of the first purchaser** of the bond, if it is not a book-entry bond,
- h) signature of the issuer, if it is a book-entry bond,
- i) numerical designation of the bond, if it is not a book-entry bond,
- j) date of issue and
- k) identification mark of the bond according to the international numbering system for the identification of securities.

(2) For a book-entry bond, it is sufficient that the data specified in paragraph 1 letter a) to f) and j) can be ascertained from the relevant register of investment instruments.

(3) If a collective bond was issued, this bond also contains information on how many bonds and what type it replaces.

(4) For the assessment of whether the bond is properly issued, it does not affect whether it contains the requirements listed in paragraph 1, if it contains at least the requirements listed in paragraph 1 letter c) to h) and k), or if these data can be ascertained from the relevant register

of investment instruments; paragraphs 2 and 3 are not affected by this.

Section 9

Matters of emission conditions

~~(1) The issue conditions always contain at least a reference to the information contained in the prospectus~~

- ~~a) — facts listed in Section 6 paragraph 1 letter a) to f) and j);~~
- ~~b) — information on whether it is a deed bond, an immobilized security or a book entry security;~~
- ~~c) — the deadline for underwriting the bond issue;~~
- ~~d) — issue rate, possibly the method of its determination;~~
- ~~e) — information on how the yield of the bond is determined, or that the bond has no yield;~~
- ~~f) the method and place of subscribing the bond, the method and deadline for handing over the bonds to individual subscribers and the method and place of payment of the issue price of the subscribed bond;~~
- ~~g) — information on how and where the bond is to be repaid, including any information on the maturity date and the amount of individual instalments, if the amount owed is to be repaid in instalments;~~
- ~~h) — data on the taxation of bond income;~~
- ~~i) data necessary to identify the persons who participate in securing the issuance of the bond, the repayment of the bond and the payment of the yield of the bond, indicating the manner of their participation in these activities;~~
- ~~j) identification mark of the bond according to the international numbering system for the identification of securities, if assigned;~~
- ~~k) — the method of announcing the meeting of bond owners (hereinafter referred to as the "meeting of owners"); and the method of publishing and making available other information about the bond;~~
- ~~l) information about by whom, when and with what result the rating was granted, if this information is known to the issuer, and~~
- ~~m) determination of the day that is decisive for participation in the owners' meeting;~~
- ~~n) — information on whether and to what extent the Czech National Bank supervises the issue of bonds and their issuer, and~~
- ~~o) — information that if the prospectus is approved by the Czech National Bank,~~
 - ~~1. this prospectus is assessed by the Czech National Bank only in terms of the completeness of the data contained therein;~~
 - ~~2. When approving it, the Czech National Bank does not assess the economic results or the financial situation of the issuer a~~
 - ~~3. By approving the prospectus, the Czech National Bank does not guarantee the future profitability of the issuer or its ability to repay the proceeds and nominal value of the bond.~~

~~(2) In accordance with the issuer's intentions, the issue terms also contain at least a reference to the information contained in the prospectus~~

- ~~a) — the issuer's decision that the bond issue will be issued gradually (in tranches) within the subscription period;~~
- ~~b) — the right of the issuer to proceed according to Section 7 paragraph 1 letter b), or the right~~

- of the issuer to proceed according to Section 7 paragraph 1 letter C),
- e) ~~information on when, how and where the yield of the bond is to be paid, if the yield is not determined by the difference between the nominal value of the bond and its issue rate,~~
 - d) ~~information on the fact that the repayment of the bond or the payment of its yield is secured by a third party, and information on where the contract for securing is available to investors,~~
 - e) ~~data on the right of lien on a bond in which repayment of the bond or payment of its yield is secured by a lien, and the manner in which the right of lien will be exercised, including any information pursuant to Section 20,~~
 - f) ~~the method of drawing a bond, the yield of which is linked to the bond being drawn,~~
 - g) ~~information on other rights associated with the bond,~~
 - h) ~~information that the issuer has decided according to Section 17,~~
 - i) ~~a statement that information pursuant to this Act will be published and made available in a language other than Czech,~~
 - j) ~~information on who will keep the records of the booked bonds,~~
 - k) ~~information on the issuer's decision to exclude the possibility of separating the right to the payment of the bond yield from the bond,~~
 - l) ~~authorization of the issuer to repay the bond before its maturity date, including the proportional yield, with the definition of the conditions and method of early repayment and also the method of calculating the value of unpaid unreturned coupons according to Section 19, paragraph 4,~~
 - m) ~~authorization of the bond owner to request the repayment of the bond or, where appropriate, the proportional yield before the maturity date and the definition of the conditions under which he is authorized to do so,~~
 - n) ~~the wording of the arbitration clause, if disputes about the rights and obligations associated with the bond are to be resolved in arbitration,~~
 - o) ~~in the case of an exchangeable bond, the method of notification of the date from which the right to exchange for another bond or other bonds or a share or shares can be exercised, and the place and deadline for exercising this right; if the exchangeable bonds are book-entry bonds, the day that is decisive for determining the person authorized to exercise rights from these bonds,~~
 - p) ~~in the case of a priority bond, the method of notification of the day from which the right to preferential subscription of shares can be exercised, and the place and deadline for exercising this right; if the priority bonds are book-entry bonds, the day that is decisive for determining the person authorized to exercise rights from these bonds,~~
 - q) ~~in the case of a subordinated bond, an agreement that the claim corresponding to the rights associated with this bond will be satisfied only after all other claims have been satisfied, with the exception of claims that are bound by the same or comparable condition of subordination in the event~~
 - 1. ~~entry of the issuer into liquidation,~~
 - 2. ~~issuance of a decision on the bankruptcy of the issuer, or~~
 - 3. ~~if the issuer is a foreign person, also of another similar measure,~~
 - r) ~~for a subordinated bond, determining a different order of satisfaction of claims from subordinated bonds, including in relation to the satisfaction of other claims, including claims from other subordinated bonds, or differently in relation to a claim corresponding to the right~~

~~to repay the bond and other rights associated with the bond.~~

Section 9

Matters of emission conditions

(1) The issue conditions always contain at least a reference to the information and data contained in the prospectus

- a) information and data referred to in Section 6 paragraph 1 letter a) to f) and j),**
- b) information on whether it is a deed bond, an immobilized security or a book-entry security,**
- c) deadline for subscribing bonds,**
- d) information on how the yield of the bond is determined, or that the bond has no yield,**
- e) information on how and where the bond is to be repaid, including any information on the maturity date and the amount of individual instalments, if the amount owed is to be repaid in instalments,**
- f) the method of announcing the meeting of bond owners (hereinafter referred to as the "meeting of owners") and the method of publishing and making available other information about the bond,**
- g) determination of the day that is decisive for participation in the meeting of owners,**
- h) information on whether and to what extent the Czech National Bank supervises the issue of bonds and their issuer, and**
- i) information that if the prospectus is approved by the Czech National Bank,**
 - 1. assesses it only in terms of the completeness of the data contained in it,**
 - 2. does not assess the economic results or the financial situation of the issuer. a**
 - 3. the approval of the prospectus does not indicate the future profits of the issuer or its ability to repay the nominal value of the bond or its proportional yield.**

(2) If the prospectus is not published by the issue date at the latest, the issue conditions shall include the following

- a) issue rate, or the method of its determination,**
- b) method and place of bond subscription,**
- c) method and deadline for handing over bonds to individual subscribers,**
- d) method and place of payment or other settlement of the issue rate of the subscribed bond,**
- e) information on the taxation of bond income,**
- f) data identifying the persons who participate in the issuance of the bond, the repayment of the bond and the payment of the yield of the bond, indicating the manner of their participation in these activities,**
- g) identification mark of the bond according to the international numbering system for the identification of securities and**
- h) information about by whom, when and with what result the rating was granted according to Article 3 paragraph 1 letter a) Regulation of the European Parliament and Council (EC) No. 1060/2009 ¹¹⁾, if this information is known to the issuer.**

(3) In accordance with the issuer's intention, the issue conditions also contain, at least by reference to the information and data contained in the prospectus, information

on

- a) the issuer's decision that the bond issue will be issued gradually in parts (in tranches) within the subscription period,
- b) the right of the issuer to proceed according to Section 7 paragraph 1 letter b) or c),
- c) a lien or other security for a bond, for which the repayment of the bond or the payment of its income is secured, and the method of exercising the lien or other security, including any information pursuant to Section 20,
- d) the method of drawing a bond, the yield of which is linked to the bond being drawn,
- e) decision of the issuer according to Section 17,
- f) publishing and making available information pursuant to this Act in a language other than Czech,
- g) the issuer's decision to exclude the possibility of separating the right to the payment of the yield of the bond from the bond,
- h) authorization of the issuer to redeem the bond and the proportional yield of the bond before its maturity date with a definition of the conditions and method of early repayment and the method of calculating the value of unpaid unreturned coupons according to Section 19, paragraph 4,
- i) the authorization of the bond owner to request the repayment of the bond and possibly also the proportional yield before the maturity date and the definition of the conditions under which he is entitled to do so,
- j) the wording of the arbitration clause, if disputes about the rights and obligations associated with the bond are to be resolved in arbitration,
- k) the method of notification of the day from which the right to exchange a convertible bond for another bond or share can be exercised, and the place and time limit for exercising this right; if the exchangeable bond is a book-entry bond, also on the day that is decisive for determining the person authorized to exercise rights from this bond,
- l) the method of notification of the day from which the right to preferential subscription of shares for the priority bond can be exercised, and the place and deadline for exercising this right; if the priority bond is a book-entry bond, also on the day that is decisive for determining the person authorized to exercise rights from this bond,
- m) conditions and degree of subordination according to Section 34 in the case of a subordinated bond a
- n) determination of a different order of satisfaction of debts from a subordinated bond, including in relation to the satisfaction of other debts, including debts from other subordinated bonds, or differently in relation to the debt corresponding to the right to repay the bond and other rights associated with the bond.

(4) If the prospectus is not published by the issue date at the latest, the issue terms, according to the issuer's intention, also contain information on

- a) when, how and where the yield of the bond is to be paid, if the yield is not determined by the difference between the nominal value of the bond and its issue rate,
- b) the fact that the repayment of the bond or the payment of its yield is secured by a third party, and about where the contract by which the security is negotiated is accessible to investors,
- c) other rights that are associated with the bond, and
- d) to the person who will keep the records of the booked bonds.

¹¹⁾ Regulation of the European Parliament and the Council (EC) No. 1060/2009 of

September 16, 2009 on rating agencies, as amended.

Section 9a

Necessities of the issue conditions of the bond offered as part of the sub-limit public offer

(1) The bond is offered as part of a sub-limit public offer, if

- a) its issuer is a legal entity,**
- b) is publicly offered in accordance with Article 2 letter d) Regulation (EU) 2017/1129 of the European Parliament and of the Council ¹²⁾,**
- c) the prospectus is not published by the issue date at the latest a**
- d) the total consideration value of the offered bonds on the issue date is higher than the amount corresponding to EUR 100,000 and lower than the amount corresponding to EUR 1,000,000; this amount is calculated for bonds offered in the member states of the European Union during 12 months.**

(2) In addition to the information and data pursuant to Section 9, the issue conditions of the bond offered as part of the sub-limit public offer include

- a) issuer's registered office,**
- b) month and year of commencement of the issuer's activities; if the date of commencement of activity coincides with the establishment of the issuer, the date of establishment of the issuer shall be indicated instead,**
- c) a description of the main activities performed by the issuer,**
- d) the amount of the minimum investment; if the amount of the minimum investment is the same as the nominal value of the bond as the amount owed, the nominal value of the bond shall be indicated instead,**
- e) expected volume of emission,**
- f) description of the purpose of using the funds obtained from the issue,**
- g) the planned ratio of foreign resources to equity at least up to 12 months before the maturity date,**
- h) information that the prospectus for the bond issue was not approved by the Czech National Bank or the supervisory authority of another member state of the European Union,**
- i) annual reports and financial statements of the issuer for the last 2 accounting periods or the period starting with the establishment of the issuer, depending on which period is shorter, and if the financial statements were verified by an auditor, also the auditor's report on the verification of the financial statements; annual reports, financial statements and auditor's reports on the verification of financial statements can be attached as a link to the issuer's website or to a collection of documents that is part of the public register,**
- j) in the case of an issuer that is part of a consolidated entity, also annual reports and financial statements for the last 2 accounting periods or the period starting with the establishment of the accounting entity obliged to compile consolidated financial statements, whichever period is shorter, also in relation to the consolidated entity, otherwise, the issuer states that it is not part of the consolidated entity; annual reports and financial statements can be attached in the form of a link to the website of the accounting entity obliged to prepare consolidated financial statements or to a collection**

- of documents that is part of the public register,
- k) in the case of the existence of a legal entity that is a guarantor for the issuer's debts from bonds, also annual reports and financial statements for the last 2 accounting periods or the period starting with the formation of the guarantor, whichever period is shorter, also in relation to the guarantor, otherwise the issuer states that the guarantor for his bond debts is not a legal entity; annual reports and financial statements can be attached in the form of a link to the guarantor's website or to a collection of documents that is part of the public register,
 - l) data identifying the person offering the bonds,
 - m) information about how the repayment of the owed amount is secured, or information that the repayment of the owed amount is not secured in any way,
 - n) information on all persons in the top management of the issuer in accordance with the law governing the registration of beneficial owners, stating their name, academic degrees, their job position in the issuer, the name of the legal entity where they gained the most important work experience, and the number of years of their relevant experience in terms of the issuer's activity,
 - o) in the case of an issuer that is part of a consolidated group, information in graphic form about the structure of the consolidated group and
 - p) data identifying the real owner of the issuer according to the law governing the registration of real owners.

(3) The issuer of a bond offered as part of a sub-limit public offer shall publish on its website the issue conditions containing information and data according to paragraph 2 no later than the issue date; Section 3, paragraph 2, sentence two shall be applied similarly.

(4) The person offering the bond as part of the sub-limit public offer shall publish on its website, at the latest on the date of commencement of the offering, the issue conditions containing the information and data according to paragraph 2 and shall ensure that these issue conditions are made available on this website free of charge and in an unchanged form permanently at least for the duration of the offering and 12 months from the end of the offering and were in the form of a data file suitable for download in a commonly used data format.

¹²⁾ Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or accepted for trading on a regulated market, and on the repeal of Directive 2003/71/EC, as amended wording.

Section 10

Change in emission conditions

- (1) Prior consent of the owners' meeting is required to change the emission conditions.
- (2) The consent of the meeting of owners is not required
 - a) to a change directly caused by a change in legislation,
 - ~~b) to a change that does not affect the position or interests of bond owners, or~~
 - b) to a change that does not have a negative impact on the position or interests of

bond owners, or,

- c) in the event that none of the issued bonds to which the issue conditions apply is owned by a person other than the issuer.

(3) The issuer shall, without undue delay, make this amendment to the issuance terms and the full text of the issuance terms after the change made available to investors in the manner in which the issuance terms were made available.

(4) An investor who has agreed to buy or subscribe to a bond and has not yet acquired ownership rights to the bond prior to the release of the change in the issue conditions, for which the prior consent of the owners' meeting is required, is entitled to withdraw from the purchase or subscription within 5 working days after, what is made available to change the issue conditions, if the issuer does not specify a longer period in the issue conditions.

Section 11

Bond program

(1) Common issue conditions for an undetermined number of bond issues are referred to as a bond program.

(2) The bond program and the supplement to the bond program for the given issue are considered to be the issue conditions of the individual issue within the bond program.

(3) The supplement to the bond program contains at least

- a) supplementing the requirements of the issue conditions according to Section 9 **or 9a**, which are not contained in the bond program,
- b) a link to the bond program and information on where it can be found, and
- c) specific conditions of the bond issue to which the supplement of the bond program applies.

Section 16

Bond yield

The yield of the bond can be determined in particular

- a) fixed interest rate,
- b) the difference between the nominal value of the bond and its issue rate,
- c) a drawable premium or a premium depending on the maturity date of the bond, **including any premium payable upon early maturity of the bond**, or
- d) a floating interest rate derived, for example, from other interest rates or interest income, exchange rate movements, financial indices or commodity prices.

Section 20

Bond Collateral and Collateral Agent

(1) Repayment of the bond and payment of the bond yield and other bond-related debts

can also be secured in relation to each bond issue by establishing a lien or other security in favour of the bond owners and, where applicable, also other persons listed in the issue conditions (hereinafter referred to as "authorized persons") on the basis of a written agreement entered into between the collateral agent as a pledgee or beneficiary of other collateral and the issuer or other provider of collateral. Claims secured in this way can be contingent claims or claims to be incurred in the future, as well as claims of a certain type arising at a certain time or different claims arising for the same legal reason. Only one collateral agent may be appointed in relation to one issue of bonds.

(2) The security agent exercises the rights of the creditor, mortgagee or other security beneficiary in its own name for the benefit of authorized persons; this also applies in the event of insolvency proceedings, execution of a decision or execution concerning the pledgee or other security provider or their property. The performance obtained from the collateral (hereinafter referred to as the "obtained performance") belongs to the authorized persons in the ratio specified in the issue conditions; if the collateral agent is a bank or stockbroker, the performance obtained to this extent is considered to be the customer's property according to the Capital Market Business Act.

(3) The issue conditions of bonds secured pursuant to paragraph 1 must contain the information ~~necessary to identify the agent for securing and its designation as agent for securing~~ **or the manner in which a person will be appointed in the future as a collateral agent pursuant to paragraph 1.** If the issuer does not make the contract according to paragraph 1, or at least its essential part, available to investors in the same way as the issue conditions, the issue conditions of bonds secured according to paragraph 1 must contain at least a description of the rights and obligations of the underwriting agent. **In the event that the issue conditions regulate only the method of appointing a person to the position of hedging agent, the issuer shall make available to investors the information and data required under paragraph 4 in the same manner as the issue conditions immediately after the appointment of a person to the position of hedging agent.**

(4) If another legal regulation or legal act requires data on the mortgage creditor or the secured debt, the data ~~necessary for identification shall be provided~~ **identifying** the collateral agent, data identifying the bond, and identifying the secured debt at least by reference to the contract according to paragraph 1 or another document.

(5) The contract according to paragraph 1 shall regulate the conditions and procedure in the event of a change in the person of the security agent.

(6) With a change in the person of the reinsurance agent, the rights and obligations of the reinsurance agent are transferred in full to the new reinsurance agent. The document documenting the legal fact on the basis of which the change in the person of the security agent occurred is the basis for entering the change in the person of the security agent in the public list or public register; a proposal for registration is also always authorized to be submitted by a new collateral agent.

Section 21a

Decisive day for attending the owners' meeting

(1) The issuer shall determine for bond owners the day that is decisive for their

participation in the owners' meeting. This day cannot precede the day of its performance by more than 30 days.

(2) If the bonds are accepted for trading on a European regulated market, on a foreign market similar to a regulated market or in a multilateral trading system of an operator with its seat in a member state of **the European Union or another state forming the European Economic Area (hereinafter referred to as "member state")**, is the day that is decisive for participation in the meeting of owners, always the seventh day preceding the holding of the meeting of owners.

Section 22

(1) Organizationally and technically, the meeting of owners is ensured and the associated costs are borne by the person who convenes the meeting of owners (hereinafter referred to as the "convener"), unless it is a case where the issuer has violated its obligation under Section 21, paragraph 1 and convenes the meeting of owners instead the owner of the issuer himself. In this case, the costs associated with the owners' meeting are borne by the issuer. The costs associated with participation in the owners' meeting are borne by the bond owner.

(2) The place, date and time of the meeting of owners must be determined in such a way as to limit as little as possible the possibility of bond owners to participate in the meeting of owners.

(3) The convenor shall announce the holding of the owners' meeting ~~in the following manner~~ **in the same way as the issue conditions were made available, or in another way** specified in the issue conditions, within a period of at least 15 days before the date of its execution. The notification contains at least

- a) information about the issuer according to Section 6 paragraph 1 letter C),
- b) name of the bond, date of issue and identification mark according to the international numbering system for the identification of securities, if assigned, or other data identifying the bond; in the case of a joint meeting of owners, the following data on all issued and outstanding issues,
- c) place, date and time of the meeting of owners,
- d) program of meetings, including any proposal to change emission conditions and their justification,
- e) the day that is decisive for participation in the owners' meeting.

(4) If the owners' meeting is held at the proposal of the convenor's ~~bond owner~~, **who is not the issuer**, the issuer will provide him with the necessary cooperation.

(5) Matters that were not included in the proposed meeting agenda of the owners' meeting can only be decided at this meeting with the participation and consent of all bond owners.

(6) If the reason for convening the owners' meeting no longer exists, the convenor shall

revoke it in the same manner as it was convened.

Section 23

Proceedings of the owners' meeting

(1) The meeting of owners is able to reach a resolution if it is attended by owners of bonds whose nominal value represents more than 30% of the nominal value of the outstanding part of the bond issue on the decisive day for participation in the meeting of owners. A joint meeting of owners is capable of quorum if it is attended by owners of bonds whose nominal value represents, on the day decisive for participation in the meeting of owners, more than 30% of the nominal value of the outstanding part of each issue issued so far. If the issues common to all issues are not resolved, the participation of the owners of 30% of the nominal value of the unpaid part of the issues that are affected is required, unless the issue conditions determine otherwise.

(2) If the meeting of owners, which is supposed to decide on the change of the emission conditions, is not able to reach a resolution, the convenor shall convene, if it is still necessary, a substitute meeting of owners so that it takes place within 6 weeks from the date on which the original meeting was convened owners meeting. The holding of a replacement meeting of owners with an unchanged agenda will be announced to bond owners no later than 15 days from the day on which the original meeting of owners was convened. A substitute meeting of owners is able to reach a resolution regardless of the conditions specified in paragraph 1. **The deadline for notification of holding a meeting of owners pursuant to Section 22, paragraph 3, is shortened to 5 working days for the purposes of a substitute meeting of owners, unless the terms of issue stipulate a longer period. The convenor is entitled to call a replacement meeting of owners simultaneously with the convening of the original meeting of owners or at any time before the regular meeting of owners, so that it takes place at least 5 working days from the day on which the original meeting of owners was called. No later than on the day following the date of the original meeting, the convenor shall notify the bondholders that the original meeting of owners was unable to reach a resolution, in the same way as the issue conditions were made available, or in another manner specified in the issue conditions.**

(3) Before the start of the meeting of owners, the convenor is obliged to provide, for the purpose of controlling participation in the meeting, information on the number of all bonds entitling to participate in this meeting. Own bonds owned by the issuer on the day that is decisive for participation in the meeting of owners are not counted for the purposes of paragraphs 1 and 4.

(4) The owners' meeting decides by a simple majority of the votes of the bond owners present. The number of votes of each bond owner corresponds to his share of the total nominal value of the outstanding part of the bond issue. The approval of three-quarters of the votes of the bond owners present is required to change the issue conditions, supplement the bond program or to establish and remove a joint representative of the bond owners.

~~(5) If the meeting of owners agreed to changes of a fundamental nature, the person who was the owner of the bond on the decisive day for participation in the meeting of owners and, according to the minutes, voted against the proposal at the meeting or did not participate in the meeting, may request early repayment of the nominal value of the bond, including the~~

~~proportional yield. If the yield was determined by the difference between the nominal value of the bond and its issue rate, the issuer is obliged to repay the bond owners the issue rate and the proportional yield. The request for early repayment must be submitted within 30 days of the resolution of the meeting of owners or the joint meeting of owners being made available in accordance with paragraph 7. After this period, the right to early repayment expires. The issuer is obliged to pay this amount within 30 days from the delivery of the application in the manner and at the place specified in the issue conditions for the repayment of the bond.~~

(5) If the meeting of owners agreed to changes of a fundamental nature, the person who was the owner of the bond on the decisive day for participation in the meeting of owners and, according to the minutes, voted against the proposal at the meeting or did not participate in the meeting, may ask the issuer for early repayment of the nominal value of the bond, including a proportional yield or to buy back the bond at the market price. If the yield was determined by the difference between the nominal value of the bond and its issue rate, the issuer is obliged to repay the bond owner who requested it in accordance with the first sentence, the issue rate and a proportional yield or to buy the bond from him at the market price. A request for early repayment or redemption at the market price must be submitted by the bond owner within 30 days of the resolution of the meeting of owners or a joint meeting of owners being made available pursuant to paragraph 8. After this period expires, the right to early repayment or redemption at the market price expires. The issuer is obliged to pay the relevant amount within 30 days from the delivery of the application in the manner and at the place specified in the issue conditions for the repayment of the bond.

(6) The right according to paragraphs 5 and 7 does not belong to the owner of the bond, which according to the terms of issue or the prospectus is supposed to represent

- a) an instrument included in Tier 2 capital according to Article 63 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council ³⁾,**
- b) an instrument included in Tier 2 capital according to Articles 72 to 75 of Commission Delegated Regulation (EU) 2015/35 ¹⁴⁾,**
- c) eligible liabilities instrument according to Article 72b of Regulation (EU) No. 575/2013 of the European Parliament and of the Council ³⁾, or**
- d) an eligible liability that should be taken into account for the purposes of fulfilling the obligation to maintain capital and depreciable liabilities at least in the amount of the minimum requirement or the internal minimum requirement according to the law regulating recovery procedures and resolution of the financial market crisis.**

~~(6)~~ (7) If the meeting of owners does not agree with the changes of a fundamental nature referred to in Section 21 paragraph 1 letter b) to d) can simultaneously decide that, if the issuer proceeds in violation of its resolution, it is obliged to prematurely repay the bond owners, who request it, their nominal value, including the proportional yield; if the yield was determined by the difference between the nominal value of the bond and its issue rate, the issuer is obliged to repay the bond owners at their request the issue rate and the proportional yield. The request for early repayment must be submitted within 30 days of the resolution of the owners' meeting or the joint owners' meeting being made available in accordance with paragraph 7 8. After this period expires, the right to early repayment expires. The issuer is obliged to pay this amount within 30 days from the delivery of the application in the manner and at the place specified in

the issue conditions for the repayment of the bond.

~~(7)~~ **(8)** The convenor shall draw up the minutes of the meeting of owners within 30 days from the date of its holding. If the meeting discussed any of the changes of a fundamental nature, a notary record must be taken of the meeting. If the meeting of owners agreed to any of these changes, the names of those bond owners who agreed to the change and the number of bond units that each of these owners has as of the decisive day for participation in the meeting of owners (paragraph 1) shall be stated in the notarial record in their ownership. The issuer is obliged to publish all decisions of the owners' meeting within 30 days from the date of the owners' meeting, in the manner in which it published the issue conditions.

(9) If the issue conditions modify the rights and obligations of bond owners in deviation from paragraphs 1 to 8, the issuer must draw attention to this in the prospectus or at the latest on the date of issue in the same way in which it made the issue conditions available.

³⁾ Regulation (EU) No. 575/2013 of the European Parliament and Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012, as amended.

¹⁴⁾ **Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking up and pursuit of insurance and reinsurance activities (Solvency II), in force wording.**

Section 24

Joint representative of bondholders

(1) In relation to each issue of bonds, a joint representative of all bond owners of this issue (hereinafter referred to as "joint representative") may be appointed on the basis of a written agreement concluded no later than the bond issue date between the joint representative and the issuer. For these purposes, the common agent is treated as if it were a creditor of each claim of each bondholder. The meeting of owners can also decide on the appointment or change in the person of the joint representative at any time.

(2) Unless otherwise stipulated in the contract pursuant to paragraph 1, the common representative, in addition to the rights pursuant to paragraph 8, also exercises all the rights of the security agent pursuant to Sections 20 and 20a, unless a person other than the common representative is appointed as the security agent. If the joint representative exercises the rights of the security agent, he also fulfils the obligations of the security agent according to Section 20 and 20a.

(3) If the meeting of owners decides on the appointment or change in the person of the joint representative, the issuer is bound by this decision.

(4) The joint representative performs his activities with professional care, in particular he acts in a qualified, honest and fair manner and in the best interest of bond owners. The joint representative exercises all the rights of the creditor in accordance with the terms of issue or the contract according to paragraph 1 in his own name for the benefit of the owners of the bonds; this applies even after the appointment of a forced administrator of covered blocks

(Section 32a paragraph 1) and in the case of insolvency proceedings, execution of a decision or execution concerning the bond issuer or its assets.

(5) The emission conditions or decisions of the owners' meeting must contain information ~~necessary for identification~~ **identifying** the common representative of the bondholders and his designation as a common representative. If the issuer does not make the contract according to paragraph 1, or at least its essential part, available to investors in the same way as the issue terms, the issue terms must contain at least a description of the rights and obligations of the joint representative.

(6) The joint representative is always bound by the decision of the bond owners adopted at the owners' meeting by at least a simple majority of votes regarding how he should exercise the rights from the relevant bond issue.

(7) The contract according to paragraph 1 or the issue conditions shall regulate the conditions and the procedure for a change in the person of the joint representative. If there is a change in the person of the joint representative, the rights and obligations from the contract according to paragraph 1 and the issue conditions are transferred in full to the new joint representative.

(8) If the issue conditions or the contract according to paragraph 1 do not stipulate otherwise, the joint representative is authorized

- a) exercise all rights associated with bonds in favour of bond owners,
- b) control the issuer's fulfilment of the emission conditions,
- c) perform other actions in favour of bond owners or otherwise protect their interests.

(9) In the exercise of authority pursuant to paragraph 8, the joint representative shall be treated as if he were a creditor of every claim of every bondholder. To the extent that rights attached to the Notes are exercised by a common agent, the Noteholders may not exercise such rights separately; this does not affect the right of bond owners to decide on a change in the person of the common representative.

Section 24b

Decision-making outside the owners' meeting

(1) If the issue conditions of the bonds allow decision-making outside of the owners' meeting, the person authorized to convene the owners' meeting shall notify all bond owners of the draft decision, in the same way as the issue conditions were made available, or in another way specified in the issue conditions.

(2) The draft decision contains

- a) **the text of the proposed decision and its justification,**
- b) **the deadline for delivering the bond owner's statement determined by the issue conditions, otherwise 15 days; the date of notification according to paragraph 1 is decisive for the start of the period,**
- c) **the decisive day for participation in decision-making outside the meeting of owners, which cannot precede the notification according to paragraph 1 by more than**

30 days,

- d) documents necessary for the adoption of a decision a
- e) additional information and data, if so determined by the emission conditions.

(3) If it is a proposal to vote on matters according to Section 21, paragraph 1, an officially verified handwritten signature is required for the vote to be validly counted, or the vote must be made via a data box.

(4) If the owner of the bond does not deliver within the period according to paragraph 2 letter b) the person authorized to convene a meeting of owners consent to the draft decision, it is valid that he does not agree with the draft. A decisive majority is calculated from the total number of votes of all bond owners.

(5) Section 23 shall be applied mutatis mutandis for decisions outside the meeting of owners. The day of the owners' meeting is considered to be the last day of the deadline set for the delivery of bond owners' statements. For the content of the notarial record, Section 80gd paragraph 2 of the Notary Code shall be applied appropriately, with the fact that instead of the data identifying the notarial record of the draft decision, the content of the proposed decision and the statement according to Section 80gd paragraph 2 letter j) of the notary's code is not mentioned.

(6) The decision is adopted on the day on which the statement of the last owner of the bonds was delivered to the proposal, or by the futile expiration of the last day of the deadline set for the delivery of the bond owners' statement, if the number of votes needed to adopt the decision was reached.

Section 25

(1) Bonds issued by the Czech Republic, as well as similar securities representing the right to repay the amount owed, which the Czech Republic issues under the law of a foreign state, are government bonds. The Czech Republic can issue government bonds in the Czech Republic and abroad.

(2) Government bonds are issued on the basis of

- a) of another act on the state bond program, or
- b) another law that authorizes the ministry to issue state bonds or allows it to issue state bonds.

(3) On the basis of the law according to paragraph 2, it is possible to issue individual issues of bonds with different issue conditions.

(4) The Government of the Czech Republic is obliged to submit to the Chamber of Deputies of the Parliament of the Czech Republic the position of the Czech National Bank on the government's draft law on the state bond program and on the government's draft of another law that authorizes the ministry to issue government bonds or enables it to issue government bonds; this does not apply if this other law is a law regulating budgetary rules.

(5) Government bonds with a maturity of up to and including 1 year are referred to as government treasury bills. Bonds issued by the Czech National Bank with a maturity of up to

and including 1 year are referred to as Czech National Bank vouchers.

(6) The provisions of paragraphs 2 to 5 also apply to government bonds issued abroad.

(7) The provisions of Section 3, Section 9 paragraph 1 letter ~~k) to m)~~, ~~Section 10 and Section 21 to 24a do not apply on f) to i)~~, **Section 9 paragraph 2 letter h)**, **Section 9a, 10 and 21 to 24b do not apply** to government bonds and bonds issued by the Czech National Bank.

Section 26

(1) The Czech Republic issues government bonds through the Ministry. The issuing conditions of government bonds are determined by the ministry. The Ministry can determine common emission conditions, which are the same for an unspecified number of issues of treasury bills. ~~The Ministry announces the issuance conditions of government bonds and the joint issuance conditions of government treasury bills in the Collection of Laws and International Treaties, unless they are the issuance conditions of a government bond issued abroad or under the law of a foreign country. The common issue conditions of state treasury bills are supplemented for individual issues with data according to Section 6 paragraph 1 letter d), f) and j) and according to Section 9 paragraph 1 letter g) and j), which are not published in the Collection of Laws and International Treaties, but are published by the Ministry in a way that enables remote access. The Ministry publishes the issue conditions of government bonds and the joint issue conditions of state treasury bills on its website, if it is not the issue conditions of a government bond issued abroad or under the law of a foreign country. The common issue conditions of state treasury bills are supplemented for individual issues with data according to Section 6 paragraph 1 letter d), f) and j), Section 9 paragraph 1 letter e) and Section 9 paragraph 2 letter g), which are published by the ministry on its website.~~

(2) The issue conditions of bonds issued by the Czech National Bank are published in the Journal of the Czech National Bank and are published in a way that enables remote access. The Czech National Bank may determine common issue conditions, which are the same for an unspecified number of issues of Czech National Bank vouchers. Common emission conditions are published or made public in accordance with the first sentence and are supplemented for individual emissions with data according to Section 6 paragraph 1 letter d), f) and j) ~~and according to Section 9 paragraph 1 letter g) and j)~~, **Section 9 paragraph 1 letter e) and Section 9 paragraph 2 letter g)**, which are not published in the Czech National Bank Bulletin, but are published by the Czech National Bank in a way that enables remote access.

(3) The Ministry may not **unilaterally** change the issue conditions of government bonds, unless it concerns the requirements according to Section 9 paragraph ~~1 letter f) ai) and Section 9 paragraph 2 letter j)~~ **2 letters b) to d) and f) and Section 9 paragraph 4 letter d)**. The Czech National Bank may not change the issue conditions of bonds issued by the Czech National Bank.

~~(4) Government bonds issued under Czech law are sold through the Czech National Bank. Government bonds, the transferability of which is limited or excluded, and government bonds issued under the law of a foreign state are sold through the Czech National Bank, the Ministry, a legal entity established by the Ministry under another law in connection with the management of the government debt, or on the basis of an agreement with the Ministry through~~

~~a person who is authorized to perform such activity.~~

(4) Government bonds issued under Czech law are sold through the Czech National Bank or through a person who is authorized to carry out such activities, if the Ministry and the Czech National Bank so agree. Government bonds, the transferability of which is limited or excluded, and government bonds issued under the law of a foreign country are sold through the Czech National Bank, the Ministry or, on the basis of an agreement with the Ministry, through a person who is authorized to perform such activity, if the Ministry and this person they will agree.

(5) Activities connected with the administration and repayment of government bonds are ensured by the ministry or a person authorized by it.

(6) The issue conditions may exclude the transferability of government bonds. The issue conditions can also limit the transferability of government bonds, if they simultaneously determine the conditions under which their transferability is permissible. Limiting or excluding the transferability of a government bond is binding on everyone.

(7) If the transferability of government bonds is excluded or limited, the issue conditions may also exclude the possibility of establishing a lien on the government bonds, or, if they simultaneously determine the conditions under which the establishment of a lien is permissible, limit this possibility as well. The limitation or exclusion of the possibility to establish a lien on government bonds is binding on everyone.

(8) The transfer of a government bond in violation of paragraph 6 or the establishment of a lien on a government bond in violation of paragraph 7 shall not be taken into account.

(9) The legal action by which a minor acquires a government bond from the issuer and the legal action related to its repayment, with the exception of a request for early repayment, and the payment of proceeds to a minor do not require the approval of the court by the minor's legal representative.

Section 28aa

Liquidity reserve of the cover portfolio

(1) The cover portfolio always contains a liquidity reserve consisting of assets according to paragraph 3, which are available to cover the maximum cumulative net outflow of liquidity from the covered block for the next 180 days.

(2) Net liquidity outflow means all outgoing payments due on one day, including payments of principal and interest and payments according to derivatives in the covered block, after deducting all incoming payments due on the same day and related to the assets in the cover portfolio.

(3) The liquidity reserve of the cover portfolio consists of the following types of assets entered in the register of cover assets [Section 32 para. 3 lit. and)]:

a) level 1, level 2A or level 2B assets according to Articles 10 to 12 of Commission Delegated Regulation (EU) 2015/61 ²⁾ which are valued in accordance with this Regulation

and which have not issued

1. the issuer of the covered bonds in question,
 2. the parent company of the issuer of the bonds in question pursuant to Article 4, paragraph 1, point 15 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council ³⁾ (hereinafter referred to as the "controlling person") other than a public sector entity that is not a credit institution pursuant to Article 4, Paragraph 1, Point 1 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council ³⁾ (hereinafter referred to as "credit institution"),
 3. a subsidiary of the issuer of the bonds in question pursuant to Article 4, paragraph 1, point 16 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council ³⁾ (hereinafter referred to as the "controlled person") or another controlled person of its controlling person, or
 4. securitization unit for a special purpose according to Article 2 point 2 of Regulation (EU) 2017/2402 ⁴⁾, with which this issuer has a close connection according to Article 4 paragraph 1 point 38 of Regulation (EU) No. 575 of the European Parliament and Council /2013 ³⁾.
- b) short-term exposures to credit institutions that belong to credit quality level 1 or 2, or short-term deposits with credit institutions that belong to credit quality level 1, 2 or 3 according to Article 129 paragraph 1 letter c) Regulation of the European Parliament and the Council (EU) No. 575/2013 ³⁾.

(4) The liquidity reserve of the cover portfolio does not include receivables from exposures that are considered defaulted receivables according to Article 178 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council ³⁾.

(5) If the issuer of covered bonds is subject to liquidity requirements specified in directly applicable regulations of the European Union, which overlap with the liquidity reserve of the cover portfolio, paragraphs 1 to 4 shall not apply for the period specified in these directly applicable regulations of the European Union.

(6) The degree of credit quality in this Act means the degree of credit quality according to Part Three of Title II of Chapter 2 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council ³⁾.

(7) For the purposes of determining the net outflow of liquidity for a covered bond with an extendable maturity structure, the calculation and amount of the principal payment is determined according to the final maturity date in accordance with the terms of such covered bond with an extendable maturity structure.

²⁾ Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 supplementing Regulation (EU) No. 575/2013 of the European Parliament and of the Council as regards the requirement for credit institutions regarding liquidity coverage, in valid wording.

³⁾ Regulation (EU) No. 575/2013 of the European Parliament and Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No. 648/2012, as amended.

⁴⁾ Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 establishing a general framework for securitization and creating a specific framework for simple, transparent and standardized securitization and amending Directive 2009/65/EC,

2009/138/EC, 2011/61/EU and Regulation (EC) No. 1060/2009 and (EU) No. 648/2012.

Section 30d

Covered block

(1) A covered block is a part of the assets of the issuer of covered bonds that is separated for records, consisting of a cover portfolio and the debts that this cover portfolio serves to cover.

(2) Liquidation, measures of the Czech National Bank pursuant to the Act on Banks, nor measures to prevent crises or measures to resolve crises pursuant to the Act on Recovery Procedures and Crisis Resolution on the Financial Market, nor the appointment of a forced administrator of covered blocks regarding the issuer of covered bonds do not affect the rights and obligations arising from the assets and debts that form the covered blocks of this issuer.

(3) The issuer of covered bonds must have a permit for the covered block granted by the Czech National Bank no later than on the date of issue and for the entire period of issuance of covered bonds. This permission must be granted for each covered block.

(4) The Czech National Bank will grant permission if the following conditions are met:

- a) the plan of business activities defines and covers the issuance of covered bonds,
- b) policies, processes and methodologies for the approval, changes, renewal and refinancing of loans or other cover assets included in the cover portfolio sufficiently ensure the protection of investors,
- c) managers and other employees reserved for the covered block are appointed, who have appropriate qualifications and knowledge in the area of issuing covered bonds and managing covered blocks, **and**
- d) the organizational structure and monitoring of the cover portfolio meets the requirements of this Act ~~and~~.
- e) ~~emission conditions are in accordance with the requirements of this Act.~~

(5) The Czech National Bank may withdraw authorization if

- a) was granted on the basis of false, misleading or incomplete data,
- b) the conditions for its award have ceased to be met, or
- c) the covered bond issuer has repeatedly or seriously violated its obligations set forth in this Act.

Section 34

~~(1) A subordinated bond is a bond where in case~~

- ~~a) entry of the issuer into liquidation,~~
- ~~b) issuance of a decision on the bankruptcy of the issuer, or~~
- ~~c) if the issuer is a foreign person, also another similar measure,~~

~~the claim corresponding to the rights associated with this bond will be satisfied only after all other claims have been satisfied, with the exception of claims that are bound by the~~

~~same or similar condition of subordination.~~

~~(2) The fact that it is a subordinated bond must be clearly indicated on the deed bond or in the relevant records and also in all promotional communications regarding the subordinated bond.~~

~~(3) Claims from all subordinated bonds and other claims that are bound by the same or a similar condition of subordination, in the cases referred to in paragraph 1, are satisfied according to their order. The issue conditions may determine a different order of satisfaction of claims from subordinated bonds, including in relation to the satisfaction of other claims, including claims from other subordinated bonds, or differently in relation to a claim corresponding to the right to repay the bond and other rights associated with the bond.~~

Section 34

(1) A subordinated bond is a bond for which the debt corresponding to the right to repayment of the nominal value of the bond and, unless the issue conditions stipulate otherwise, other rights associated with this bond will be satisfied only after the satisfaction of all other debts or debts determined by the issue conditions.

(2) Debts from subordinated bonds pursuant to paragraph 1 shall be satisfied

- a) until the satisfaction of all debts, after the satisfaction of which they are to be satisfied according to paragraph 1, a**
- b) in relation to any other debts of the issuer subordinated according to paragraph 1, according to another legal regulation or in a similar way according to the law of a foreign country according to their established or agreed degree of subordination; otherwise they are quite satisfied.**

(3) The fact that it is a subordinated bond must be indicated on the paper bond or in the case of a book-entry bond in the relevant register of investment instruments and also in all promotional communications regarding the subordinated bond.

Section 35

~~(1) A collective bond is a bond that represents a collection of individual bonds of a given issue, which are subscribed in the subscription document within the subscription period, and possibly the additional subscription period. Each collective bond is a separate issue. The number of subscribed bonds of each owner represents his share of the collective bond.~~

(1) A collective bond is a bond that represents a separate issue. Owners of collective bond shares subscribe for collective bond shares within the subscription period, and possibly additional subscription periods, subscriptions in the subscription document. The number of subscribed shares in the collective bond of each owner represents his total share in the collective bond.

(2) A collective bond is issued at the moment when the bond issue it represents is fully subscribed, and when it is deposited in accordance with Section 36, paragraph 1. The issue is also considered a fully subscribed bond issue if the issuer used its authorization according to Section 7 paragraph 1 letter and). In the event of an increase or decrease in the total nominal

value of the ~~bond~~-issue, the custodian shall, in accordance with Section 36, paragraph 1, provide information on the decisive event, on the change in the total amount of the issue and, where appropriate, additional information on the issue on the collective bond. These changes will also be made in the relevant register of investment instruments.

(3) The collective bond is the joint property of the owners of shares in the collective bond. The provisions of the Civil Code on co-ownership do not apply to the legal relations between owners of shares in a collective bond.

(4) The owner of a share in a collective bond has all the rights as the owner of the bond, **from the moment of subscribing to the share in the collective bond after the issue date; paragraph 2 governing the issuance of a collection bond is not affected by this.**

Section 36

(1) The collective bond must be deposited with the person in charge of the relevant records of investment instruments, **no later than the date of issue.** A collective bond is an immobilized security. A collective bond is not a collective deed.

(2) The person referred to in paragraph 1 keeps records of the owners of shares in the collective bond.

(3) The record according to paragraph 2 is a list of owners within the meaning of Section 4 paragraph 2.

(4) The owner of a share in a collective bond may, in accordance with the terms of issue, transfer the share in a collective bond to another person, **from the moment of subscribing to the share in a collective bond after the date of issue, regardless of whether the moment of issue of the collective bond has already arrived according to Section 35 paragraph 2.** The legal effects of the transfer occur upon entry in the register according to paragraph 2.

(5) The person referred to in paragraph 1 is obliged to issue to the owner of a share in a collective bond, at his request, an extract from the register of the size of his **total** share in the collective bond.

(6) The person referred to in paragraph 1 is obliged to issue to the issuer of the collective bond at his request a list of owners of shares in the collective bond for the purpose of convening and holding a meeting of owners.

Section 36a

(1) A lien on a share in a collective bond is created by entry in the register pursuant to Section 36 at the behest of the mortgagee. If the order is submitted by the mortgage creditor, personal debtor or pledgee, the lien is entered if the orderer documents the establishment of the lien. **A lien on a share in a collective bond can be established after the relevant share in a collective bond has been subscribed after the issue date, regardless of whether the moment of issue of the collective bond has already arrived pursuant to Section 35, paragraph 2.**

(2) The lien pursuant to paragraph 1 shall be deleted from the register at the order of the lien creditor. If the order is submitted by the mortgagee, personal debtor or pledgee, the lien is

cancelled if the orderer proves that a fact has occurred that is otherwise the reason for the termination of the lien.

PART FOUR

OFFENSES IN RELATION TO COVERED BONDS AND BONDS OFFERED IN SUB-LIMIT PUBLIC OFFERING

Section 40a

(1) Bond issuer offered as part of a below-limit public offer commits an offense by failing to fulfil any of the obligations regarding the publication of the issue conditions pursuant to Section 9a, paragraph 3.

(2) A person offering a bond as part of a below-limit public offer commits an offense by failing to fulfil any of the obligations relating to the publication of the issue conditions pursuant to Section 9a paragraph 4.

(3) A fine of up to CZK 1,000,000 can be imposed for an offense under paragraph 1 or 2.

Section 41

Jurisdiction to hear offences

Offenses according to Section 40 **and 40a** discussed by the Czech National Bank.

The valid wording of the amended provisions of Act No. 256/2004 Coll., on doing business on the capital market, as amended, with an indication of the proposed changes and additions

Section 6a

Other business activity of a non-bank securities trader

(1) A securities trader who is not a bank may only carry out further business activities after its registration by the Czech National Bank.

(2) Further business activity of a stockbroker ~~referred to in Section 8a paragraphs 1 to 3, who is not a bank~~, may only consist in the provision of other services on the financial market, in particular

- a) in activities related to building savings, mortgage or other loans, supplementary pension insurance, supplementary pension savings or insurance, if they consist of mediation, or other procurement activities or consultancy,
- b) in the rental of safety deposit boxes,
- c) in exchange activities and non-cash trade with foreign currency,
- d) in educational activities in the field of the financial market.

(3) A securities dealer ~~referred to in Section 8a, paragraphs 1 to 3, who is not a bank~~, may continue to conduct business activities consisting of activities directly related to the management of own property.

(4) The Czech National Bank shall register the applicant's further business activity and send the applicant a certificate of registration without undue delay.

(5) In the event that the performance of other business activities prevents the proper provision of investment services or the effective performance of supervision over the securities dealer, or the application does not meet the conditions specified in Section 7, Paragraph 3, the Czech National Bank may

- a) refuse registration, or
- b) limit the scope of other business activities, or may establish conditions that the securities trader must fulfil before starting each of the other business activities, or which they must comply with during their performance.

(6) In the case of deciding on the registration of another activity referred to in paragraph 3, if there are no reasons for the registration of this other business activity worthy of special consideration, which the Czech National Bank will assess in particular taking into account whether the registration of this other activity will contribute to improving the quality of the services provided investment services, refusal of registration would cause significant harm to the securities trader, or what is the scope, complexity and nature of this other activity, the Czech National Bank will refuse registration. In the decision on the registration of other activities referred to in paragraph 3, the Czech National Bank may limit the scope of the registered activity, or set the conditions that the securities trader must meet before starting each of the

registered activities, or that he must comply with during their performance.

Section 12e

Protection of customer property

(1) When dealing with the customer's investment instruments, the stockbroker is obliged to implement measures to protect the customer's ownership rights, especially in the case of bankruptcy of the stockbroker, and to exclude the use of the customer's investment tools for transactions on his own account or on the account of another customer, with the exception of the case where the customer has given the securities dealer express consent to such a procedure.

(2) When dealing with the customer's funds, the stockbroker is obliged to implement measures to protect the customer's rights to this asset and, with the exception of deposits with the stockbroker, which is a bank, to exclude the use of this asset for transactions on its own account or to another customer's account.

(3) The securities dealer is obliged to have the adequacy of the measures taken to protect the customer's assets verified by a person authorized to carry out audit activities according to the Act on Auditors (hereinafter referred to as the "auditor"); on the verification of the adequacy of the measures taken by the securities dealer for the purpose of protecting the customer's property, the auditor shall prepare a report **at least once a year** on the verification of the adequacy of the measures taken by the securities dealer for the purpose of protecting the customer's property, which will be provided to the Czech National Bank.

Section 12h

The supervision of the Czech National Bank over remuneration principles

(1) The Czech National Bank collects information made available pursuant to Article 51, first subparagraph letter c) and d) of Regulation (EU) 2019/2033 of the European Parliament and of the Council ⁷²⁾ and information provided by securities traders on the gender pay gap and uses this information as benchmarks for pay trends and practices.

(2) The securities dealer shall submit to the Czech National Bank, no later than 4 months after the end of the accounting period, information for the past accounting period on the number of employees of the securities dealer whose remuneration amounts to at least EUR 1,000,000 in one accounting period, including information on their job duties, relevant field of activity, main salary components, bonuses, rewards tied to the fulfilment of long-term goals and contributions to retirement savings products. The obligation according to the first sentence is considered fulfilled if the securities trader publishes this information in accordance with Article 46, paragraph 1 of Regulation (EU) 2019/2033 of the European Parliament and of the Council ⁷²⁾.

(3) The securities dealer shall submit to the Czech National Bank upon request the total amount of remuneration of each member of the management body or each person in top management.

~~(4) Information pursuant to paragraphs 2 and 3 shall be submitted by the securities dealer~~

~~in electronic form in the form of a data report via the data box of the Czech National Bank or to the electronic address of the Czech National Bank's filing office with a clear indication of the information obligation. The data message sent to the electronic address of the Czech National Bank's office must be provided with a recognized electronic signature of the contact person.~~

(4) The implementing legal regulation shall determine the details, form, method and structure of the fulfilment of information obligations pursuant to paragraphs 2 and 3.

⁷²⁾ Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on prudential requirements for investment firms and amending Regulation (EU) No. 1093/2010, (EU) No. 575/2013, (EU) No. 600/2014 and (EU) No. 806/2014.

Section 12l

The variable component of the reward

(1) The variable component of the remuneration, which the securities trader awards and pays to the categories of workers according to Section 12j, paragraph 1, meets all the following requirements proportionate to its size and internal organization and the nature, scope and complexity of its activities:

- a) if the variable component of the remuneration is linked to results, the total amount of the variable component of the remuneration is based on a combination of the assessment of the results of the employee in question, the business department concerned and the overall results of the securities trader,
- b) financial and non-financial criteria are taken into account when assessing the employee's results,
- c) the assessment of the results according to letter a) is based on a multi-year period, taking into account the business cycle of the securities trader and his business risks,
- d) the variable component of the remuneration does not affect the securities trader's ability to ensure a reliable capital base,
- e) there is no guaranteed variable remuneration component, with the exception of this remuneration component for new employees, and only for the first year of their employment and only if the securities trader has a strong capital base,
- f) payments associated with early termination of employment or the performance of a function reflect the results achieved by the worker in a given period and are not a reward for failure or breach of duties,
- g) remuneration related to compensation or payment from contracts in previous employment or from previous performance of a function must be in accordance with the long-term interests of the securities trader,
- h) the performance measurement used as a basis for calculating the set of variable remuneration components takes into account all kinds of existing and future risks and costs of capital and liquidity required in accordance with Regulation (EU) 2019/2033 of the European Parliament and of the Council ⁷²⁾,
- i) the allocation of variable remuneration components within the securities trader takes into account all types of existing and future risks,
- j) at least 50% of each variable component of remuneration consists of
 1. participating securities or, depending on the legal structure of the given securities dealer,

- equivalent ownership shares,
- 2. instruments linked to participating securities or, depending on the legal structure of the given securities dealer, equivalent non-monetary instruments,
- 3. Additional Tier 1 instruments or Tier 2 instruments or other instruments that are fully convertible into Common Equity Tier 1 instruments or written off and that adequately reflect the credit quality of the securities dealer during its lifetime, or
- 4. non-monetary instruments that reflect the structure of instruments of managed portfolios,
- k) if the securities dealer does not issue any of the instruments under letter j), the Czech National Bank may approve the use of alternative methods of achieving the same objectives,
- l) at least 40% of the variable remuneration component is deferred as needed for a period of 3 to 5 years depending on the securities trader's business cycle, the nature of its activity, the risks associated with it and the activities performed by the employee in question, with the exception of a particularly high variable remuneration component, where the share of the deferred variable component of the remuneration is at least 60%; deferment of the maturity of the variable remuneration component is not granted more quickly than it would be on a pro rata basis,
- m) up to 100% of the variable remuneration component is contractually conditional if the financial results of the securities trader are worse or negative, including the right not to recognize the variable remuneration component or its part or the right to demand the return of the variable remuneration component or its part according to the criteria set by the securities trader, which relate in particular to situations where the worker in question
 - 1. participated in actions that led to significant losses for the securities trader, or was responsible for such actions, or
 - 2. is no longer considered professionally competent and trustworthy, and
- n) special pension benefits are consistent with the business strategy, goals, values and long-term interests of the securities trader.

12j, paragraph 1, natural persons may not use personal insurance strategies or remuneration or liability insurance for the purpose of weakening the principles according to paragraph 1.

(3) The variable component of the remuneration shall not be paid using investment instruments or methods that allow non-compliance with this Act or Articles 1 to 59 of Regulation (EU) 2019/2033 of the European Parliament and of the Council ⁷²⁾.

(4) For the purposes of paragraph 1 letter j) an appropriate retention policy is applied to securities and instruments, which is intended to align employee incentives with the longer-term interests of the securities trader, its creditors and customers. The Czech National Bank may, by decision or measure of a general nature, limit the types and characteristics of securities or instruments pursuant to paragraph 1 letter j) or possibly prohibit the use of certain securities or instruments for variable remuneration components.

(5) For the purposes of paragraph 1 letter n) applies that

- a) in the event that a worker terminates his employment or performance of a function with a securities dealer before reaching the age for the entitlement to a retirement pension, the securities dealer shall withhold special pension benefits in the form of securities or instruments pursuant to paragraph 1 letter j) for a period of 5 years a
- b) if the worker reaches the age for entitlement to old-age pension and retires, this worker

will be paid special pension benefits in the form of instruments according to paragraph 1 letter j)), whereby the worker in question holds these securities or instruments for at least 5 years from the date of retirement.

(6) Paragraph 1 letter j) al) and paragraph 5 apply only to

- a) a stockbroker whose balance sheet and off-balance sheet assets, during the four-year period immediately preceding the accounting period in question, are on average higher than the amount corresponding to EUR 100,000,000, and
- b) a natural person whose annual variable remuneration component exceeds the amount corresponding to EUR 50,000 ~~and does not represent~~ **or represents** more than one quarter of that person's total annual remuneration.

(7) Specification of the class of instruments according to paragraph 1 letter j) point 3 and possible alternative methods according to paragraph 1 letter k) regulates the directly applicable regulation of the European Union, which supplements Article 32 of Directive (EU) 2019/2034 of the European Parliament and of the Council ⁸⁰⁾.

⁷²⁾ Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on prudential requirements for investment firms and amending Regulation (EU) No. 1093/2010, (EU) No. 575/2013, (EU) No. 600/2014 and (EU) No. 806/2014.

⁸⁰⁾ Commission Delegated Regulation (EU) 2021/1833 of 14 July 2021 supplementing Directive 2014/65/EU of the European Parliament and of the Council by specifying the criteria for determining when a certain activity is to be considered complementary at group level to the main business activity.

Section 14a

Certain conditions of activity of a securities trader

(1) When dealing with a customer or potential customer within the scope of the provision of investment services, a stockbroker may only be represented by his employee, investment intermediary or his bonded representative.

(2) The securities dealer shall ensure that its employees, its authorized representatives and the employees of its authorized representatives who deal with customers or potential customers within the scope of the provision of investment services, or who are responsible for dealing with customers, permanently meet the conditions of professional competence (Section 14b) and credibility.

(3) ~~Subsection (2) does not apply to a person~~ **Fulfilment of the condition of professional competence is not required for a person** who, as part of the provision of investment services, deals exclusively with the persons listed in Section 2a paragraph 1 or 2 or in Section 2b.

Section 17

(1) The securities dealer shall keep records and documents relating to investment services and transactions sufficient to enable the Czech National Bank to monitor compliance with the requirements of this Act, the directly applicable regulation of the European Union

regulating market abuse 52) and the ^{directly applicable} regulation of the European Union regulating markets in financial instruments ⁵³), in particular whether the securities trader complies with his obligations towards customers or potential customers and whether he does not disrupt the proper functioning of the market. **Records of telephone calls and electronic communications are kept by the securities dealer only in the cases referred to in paragraph 2.**

(2) Records pursuant to paragraph 1 include records of telephone calls and electronic communications related to trades concluded by the securities trader on his own account and investment services provided to the customer, **which include the receipt, transmission or execution of the customer's instruction.** These records are kept even if their purpose was to close a deal or provide an investment service according to the first sentence, but neither the deal nor the provision of this investment service took place.

(3) Customers may communicate their instructions by other means, but this communication must be recorded on a permanent data carrier, such as letter shipments, fax, e-mail or documentation of customer instructions taken at meetings. By taking a written record or report, the content of the relevant personal calls with the customer can be recorded in particular. These instructions are considered equivalent to telephone orders.

(4) The securities dealer shall take all reasonable steps to

- a) recorded the relevant telephone calls and electronic communications made, sent or received using equipment provided to the employee or supplier, or the use of which was permitted or approved by the employee or supplier, and
- b) prevented the employee or supplier from making, sending or receiving relevant telephone calls or electronic communications using a private device that the securities dealer is unable to record or copy.

(5) The securities dealer keeps the records according to paragraph 1 for at least 5 years; this also applies to a person whose license to operate as a securities dealer has been revoked or expired, as well as to his legal successor, including the insolvency administrator and liquidator. In justified cases, the Czech National Bank may decide that the securities dealer keeps the records in accordance with paragraph 1 for up to 7 years.

(6) The stockbroker shall keep the documents that were agreed upon between the stockbroker and the customer and from which their mutual rights and obligations arise, and other conditions under which the stockbroker provides services to the customer; the mutual rights and obligations of the securities trader and the customer may be indicated by reference to other documents or legal texts. Records of the commitment, including contractual terms, relating to the required investment service shall be kept by the securities dealer for the duration of the contract; this also applies to a person whose license to operate as a securities dealer has been revoked or expired, as well as to his legal successor, including the insolvency administrator and liquidator.

(7) The records and documents according to paragraph 1 also include information on the birth number of the customer and business participants. For this purpose, the stockbroker is authorized to keep the social security numbers of these persons.

(8) The details of the retention of records and documents according to paragraphs 1 to 6 are governed by Articles 35, 43, 56, 58 and Articles 72 to 76 of Commission Delegated

Regulation (EU) 2017/565⁷⁸⁾

⁵²⁾ Regulation of the European Parliament and of the Council (EU) No. 596/2014 of 16 April 2014 on market abuse (Market Abuse Regulation) and on the repeal of Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, as amended.

⁵³⁾ Regulation of the European Parliament and Council (EU) No. 600/2014 of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No. 648/2012, as amended.

⁷⁸⁾ Commission Delegated Regulation (EU) 2017/565 of 5 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards the organizational requirements and operating conditions of investment firms and the definition of terms for the purposes of the directive, as amended.

Section 18

Cancellation or change of the securities dealer's business

(1) If the general meeting of a stockbroker decides to dissolve the company with liquidation or to change the articles of association consisting of a change in the subject of business, the stockbroker is obliged to notify the Czech National Bank of this fact immediately after the decision of the general meeting. If the stockbroker's partners, if it is a limited liability company, decide to dissolve the company with liquidation or to change the articles of association or articles of association consisting of a change in the subject of business, the stockbroker is obliged to notify the Czech National Bank of this fact immediately after decisions of the partners. He has the same obligation even if the general meeting of the limited liability company decides in this way.

(2) From the day a securities trader enters into liquidation or from the day of a change in its subject of business, a person who has entered into liquidation or changed the subject of business may not provide investment services, and if it is not a bank, it may only issue customers' property and settle its claims and debts arising from investment services provided; until such claims and debts are settled, such person shall be deemed to be a stockbroker. Upon entry into liquidation or a change in the subject of business, the permit to operate as a securities trader expires.

(3) In the case of a change in the subject of business, which occurred as a result of a change in the scope of the permit (Section 144) or as a result of the registration of another business activity or a change in its scope pursuant to Sections 6a, **6aa** and 7, the provisions of paragraph 2 shall not apply.

Section 29

Basic provision

(1) An investment intermediary is a person who, on the basis of an investment intermediary's license granted by the Czech National Bank, is authorized to provide only the main investment services listed in Section 4 paragraph 2 letter a) or e).

(2) An investment intermediary may not accept funds or investment instruments from

customers in connection with the provision of investment services.

(3) The investment intermediary is authorized to provide the main investment services listed in Section 4 paragraph 2 letter a) or e) only in relation to

- a) collective investment securities issued by collective investment funds or comparable foreign investment funds,
- b) collective investment securities issued by qualified investor funds or comparable foreign investment funds,
- c) bonds issued by the Czech Republic,
- d) mortgage bonds or
- e) bonds for which a prospectus or a comparable document has been issued.

(4) An investment intermediary may, when providing the main investment service referred to in Section 4 paragraph 2 letter a) or e) give instructions only to a stockbroker, bank, investment company, ~~manager of a collective investment fund or a comparable foreign investment fund that manages this fund based on the permission of the Czech National Bank, or a self-managed collective investment fund~~ **or a self-managed investment fund.**

Section 43

Nomination Committee

The organizer of the regulated market, which is significant in terms of size, internal organization and the nature, scope and complexity of its activities, shall establish a nomination committee similarly according to Section ~~42g~~ **10aa.**

Section 90f

Notification obligation of the settlement system operator with settlement irrevocability and a participant in a foreign settlement system with irrevocable settlement based in the Czech Republic

If the operator of a settlement system with irrevocable settlement or a participant of a foreign settlement system with irrevocable settlement, which has its registered office in the Czech Republic, becomes aware of a decision or other intervention by a public authority pursuant to Section 88, paragraph 2, it shall notify the Czech National the bank; this does not apply if the decision is issued or the intervention is carried out within the framework of insolvency proceedings.

Section 90g

Notification obligations of the Czech National Bank

(1) The Czech National Bank shall, without undue delay, notify the European Securities and Markets Authority of the existence of a settlement system with irrevocable settlement, the operator of which it has granted permission to operate a settlement system with irrevocable settlement. In the notification, the Czech National Bank shall indicate the operator of the settlement system with irrevocable settlement. If there are any changes mentioned in this announcement, the Czech National Bank will inform the European Securities and Markets

Authority without undue delay. If the authorization to operate a settlement system with irrevocable settlement has been withdrawn, the Czech National Bank shall notify the European Securities and Markets Authority of the termination of this settlement system with irrevocable settlement without undue delay after the settlement has been completed based on the orders received before the day of withdrawal of the authorization.

(2) The Czech National Bank may notify the European Securities and Markets Authority of the existence of a securities trade settlement system, which it operates in accordance with the law governing the status and powers of the Czech National Bank, if this system meets the conditions set out in Section 82 paragraph 1 letter a) to c). In the notification, the Czech National Bank will state that it is the operator of this system. For this system and for the Czech National Bank in the performance of its operator's activities, Section 87 paragraph 1 sentence two and paragraph 2, Section 90a, 90b, Section 90c paragraph 1 and paragraph 4 do not apply. The Czech National Bank shall revoke the notification pursuant to the first sentence without undue delay if the system ceases to meet the conditions specified in Section 82 paragraph 1 letter a), b) or c).

(3) If the Czech National Bank receives a notification ~~pursuant to Section 90f~~ **about a decision or other intervention by a public authority according to Section 88, paragraph 2**, which concerns a participant in a foreign settlement system with irrevocable settlement, which has its registered office in the territory of the Czech Republic, shall immediately notify the European Securities and Markets Authority, the European Systemic Risk Board ³⁶⁾ and the competent authority of a member state of the European Union, which notified the existence of this system to the European Securities and Markets Authority.

(4) If the Czech National Bank receives a notification ~~pursuant to Section 90f~~ **about a decision or other intervention by a public authority pursuant to Section 88, paragraph 2** or a similar notification from an authority of a member state of the European Union, which concerns a participant in a settlement system with irrevocable settlement, shall immediately notify the operator of this settlement system with irrevocable settlement.

³⁶⁾ Regulation (EU) No. 1092/2010 of the European Parliament and of the Council of 24 November 2010 on macro-prudential supervision of the financial system at the level of the European Union and on the establishment of the European Board for Systemic Risks.

Section 90 k

The provider of group financing services shall submit financial statements or consolidated financial statements certified by an auditor to the Czech National Bank no later than 4 months after the end of the accounting period.

PART TWELVE

LONG-TERM INVESTMENT PRODUCT

Section 134g

Long-term investment product contract

(1) With the long-term investment product contract, the long-term investment

product provider, as an entrepreneur, undertakes to provide its services as a long-term investment product in accordance with this Act for the owner of this product.

(2) It can only provide a long-term investment product

- a) bank,**
- b) savings and credit cooperative,**
- c) securities trader,**
- d) investment company,**
- e) self-managed investment fund,**
- f) a foreign person with a similar activity as any of the persons under letters a) to e) authorized to provide their services in the Czech Republic.**

(3) If the provider of a long-term investment product is not authorized to receive deposits from the public in accordance with the law regulating the activities of banks and if he offers this service, he is obliged deposit the funds of the owner of the long-term investment product in his favour with a person authorized to accept deposits from the public according to the law regulating the activities of banks and record the amount of rights to the payment of funds within the framework of the long-term investment product provided by him.

(4) If the provider of the long-term investment product is not authorized to keep records of investment instruments maintained within the framework of the long-term investment product and if he offers this service, he is obliged to entrust the keeping of records of the investment instruments of the owner of the long-term investment product for his benefit to a person authorized to keep records of the relevant investment instruments and record the number and type of investment instruments within the framework of the long-term investment product provided by him.

(5) Each long-term investment product may have only one provider; this does not prevent the provider from using the services of another person when providing the long-term investment product.

(6) The conclusion of a contract on a long-term investment product does not affect the rights and obligations arising from contracts on accounts or on property accounts in which funds or investment instruments that constitute assets within the framework of a long-term investment product are registered.

Section 134h

Obligations of the long-term investment product provider

(1) The provider of a long-term investment product may not carry out an instruction of the owner of this product, which would result in the return of tax support for this product, unless the provider of this product informs him in advance on a permanent data carrier about these effects and the owner of this product declares on a permanent data carrier that is aware of these impacts.

(2) The provider of a long-term investment product or a person authorized by him

must have in custody the securities within the long-term investment product.

(3) Depositing funds with another person pursuant to Section 134g paragraph 3, authorizing another person to keep records pursuant to Section 134g paragraph 4, using the services of another person pursuant to Section 134g paragraph 5 or entrusting another person with custody pursuant to paragraph 2 remains in relation to the owner of the long-term investment product is not affected by the obligation of the provider of the long-term investment product to compensate for damage caused by failure to fulfil his obligation.

Section 134i

Assets within a long-term investment product

(1) The provider of the long-term investment product shall ensure that the assets within the long-term investment product consist only of

- a) monetary resources,
- b) investment securities,
- c) collective investment securities,
- d) money market instruments a
- e) derivatives that are not investment securities and that are negotiated solely for the purpose of securing property within a long-term investment product, if the value to which the value of this instrument relates is an interest rate, exchange rate or currency.

(2) If there is a sale, redemption or repayment of an investment instrument pursuant to paragraph 1 letter b) to d) or if settlement in money is provided from the derivative according to paragraph 1 letter e), the provider of the long-term investment product will ensure that the obtained funds remain part of the property within the long-term investment product; this also applies to funds obtained due to the demise of the issuer of the investment instrument, investment instruments obtained in exchange for other investment instruments within the framework of a long-term investment product and for income from assets within the framework of a long-term investment product.

Section 134j

Prohibition of influencing an employee when choosing a provider of a long-term investment product

The employer may not influence the employee in the selection of a long-term investment product provider or accept an incentive that may lead to a violation of this prohibition.

PART ~~TWELVE~~ THIRTEENTH

SUPERVISION AND ADMINISTRATIVE PUNISHMENT

Section 136a

The Czech National Bank may also impose remedial measures pursuant to Section 136 ~~or 156~~ if it has reasonable suspicion that a deficiency in activity may occur during the following

12 months.

Section 158b

(1) As an employer, a natural person commits an offense by influencing an employee in the selection of a provider of a long-term investment product or by accepting a prohibited incentive in violation of Section 134j.

(2) A fine of up to CZK 1,000,000 can be imposed for an offense under paragraph 1.

Section 163

(1) A legal entity or a natural person running a business commits an offense by

- a) **as a person pursuant to Section 122 paragraph 1 fails to fulfil any of the notification obligations pursuant to Section 122 paragraph 1, or**
- b) **as a person who applied for the acceptance of investment securities for trading on a regulated market without the consent of the issuer, fails to fulfil any of the obligations under Section 127, paragraph 2.**

(2) A legal or entrepreneurial natural person, as a forced administrator or an insolvency administrator of a securities dealer or a person who has these documents with him, commits an offense by not providing the Guarantee Fund with documents in accordance with Section 130, paragraph 11.

(3) A legal entity or a natural person running a business, as a forced administrator of a securities dealer who is not a bank, a regulated market organizer, an operator of a settlement system with irrevocable settlement based in the Czech Republic or a central depository, commits an offense by failing to fulfil any of the obligations under Section 139 paragraph 7.

(4) As a provider of a long-term investment product, a legal person commits an offense by

- a) **in violation of Section 134g, paragraph 3, deposits the funds of the owner of the long-term investment product with a person who is not authorized to receive deposits from the public according to the law regulating the activities of banks or does not record the amount of rights to the payment of funds within the framework of the long-term investment product provided by him,**
- b) **in violation of Section 134g paragraph 4, entrusts the keeping of records of investment instruments to a person who is not authorized to keep such records or does not record the number and type of investment instruments within the framework of the long-term investment product provided by him,**
- c) **executes an instruction of the owner of a long-term investment product in violation of Section 134h paragraph 1,**
- d) **does not ensure that the property within the long-term investment product consists only of the items listed in Section 134i paragraph 1, or**
- e) **in violation of Section 134i, paragraph 2, does not ensure that the obtained funds**

remain part of the property within the framework of a long-term investment product.

~~(4)~~ **(5)** For the offense of a legal entity according to paragraph 1, a fine may be imposed up to

- a) CZK 300,000,000,
- b) the amount of 5% of the total annual turnover of this legal entity according to its last regular financial statements or consolidated financial statements, if the amount of the fine determined in this way exceeds the amount of CZK 300,000,000, or
- c) the amount of twice the amount of the unauthorized benefit obtained by committing this offence, if it is possible to determine the amount of the unauthorized benefit and if the amount of the fine determined in this way exceeds the amount of CZK 300,000,000.

~~(5)~~ **(6)** For the offense of a natural person running a business according to paragraph 1, a fine may be imposed up to

- a) CZK 60,000,000, or
- b) the amount of twice the amount of unauthorized benefit obtained by committing this offence, if it is possible to determine the amount of unauthorized benefit and if the amount of the fine determined in this way exceeds the amount of CZK 60,000,000.

~~(6)~~ **(7)** A fine of up to CZK 5,000,000 may be imposed for an offense under paragraph 2 ~~or 3~~, **3 or 4**.

Section 163b

(1) As an employer, a legal entity or a natural person committing a business commits an offense by influencing an employee in the selection of a provider of a long-term investment product or by accepting a prohibited incentive in violation of Section 134j.

(2) A fine of up to CZK 1,000,000 can be imposed for an offense under paragraph 1.

Section 164

Securities dealer offenses

(1) A securities dealer commits an offense by

- a) fails to fulfil the obligation according to Section 6, paragraph 3,
- b) fails to fulfil any of the obligations relating to the leading body pursuant to Section 10 paragraph 3 or Section 10a paragraph 1,
- c) does not ensure the introduction of an appropriate system of administration and management according to Section 12,
- d) fails to fulfil any of the obligations related to the organizational requirements for the activity of a securities dealer according to Section 12a,
- e) in violation of Section 12ba, paragraph 1, does not introduce, maintain or apply procedures for approving an investment instrument or its significant changes,
- f) in violation of Section 12ba, paragraph 2, does not verify or evaluate the procedures for

approving the investment instrument or its significant changes, or does not seek remedial action,

- g) in violation of Section 12ba, paragraph 5, does not verify or evaluate the investment instruments it offers, or does not seek remedial action,
 - h) fails to fulfil the information obligation according to Section 12ba paragraph 6,
 - i) does not implement the procedures according to Section 12bb,
 - j) does not ensure the maintenance of any of the records according to Section 12c,
 - k) authorizes another person to perform the activity without introducing, maintaining or applying the corresponding measures according to Section 12d,
 - l) does not implement measures to protect the customer's property according to Section 12e paragraph 1 or 2,
 - m) has not verified the adequacy of the measures taken for the purpose of protecting the customer's property according to Section 12e paragraph 3,
 - n) does not keep a securities trader's diary according to Section 13,
 - o) does not ensure that its personnel resources meet the requirements according to Section 14,
 - p) in violation of Section 14a paragraph 1, he is represented by another person in his activities,
 - q) in violation of Section 14a, paragraph 2, conducts its activities through persons who do not meet the conditions of professional competence or trustworthiness,
 - r) does not provide investment services with professional care according to Section 15 paragraph 1,
 - s) fails to submit or publish an annual report or related information in violation of Section 16, paragraph 1 or 2,
 - t) fails to fulfil the information obligation according to Section 16, paragraph 6,
 - u) does not keep documents or records according to Section 17,
 - v) does not fulfil any of the obligations according to Section 17c or Section 17d paragraph 1, 2 or 4 during algorithmic trading,
- records in trading systems during high-frequency algorithmic trading in violation of Section 17e,
- x) fails to fulfil any of the obligations according to Section 17f paragraph 1 during algorithmic trading for the purpose of implementing a market-making strategy,
 - y) fails to fulfil any of the obligations pursuant to Section 17g paragraph 1, 3, 4 or 5 or Section 17h paragraph 1, 2 or 4 when providing direct electronic access to the trading system,
 - z) fails to fulfil any of the obligations according to Section 17i when offering settlement services to other persons,
 - za) fails to fulfil the notification obligation pursuant to Section 21 paragraph 1 or 6 or pursuant to Section 22 paragraph 1 or 5,
 - zb) locates the branch in violation of the decision of the Czech National Bank pursuant to Section 21 paragraph 5,
 - zc) as a representative, fails to fulfil any of the obligations under Section 32k letter a), b), d), f) or g),
 - zd) as a person who operates a market-making strategy, does not have a contract pursuant to Section 50g paragraph 1, or
 - ze) does not fulfil the information obligation according to Section 134e paragraph 2.

(2) The securities dealer further commits an offense by failing to ensure the introduction

of an appropriate system of administration and management pursuant to Section 12ab.

(3) A securities dealer further commits an offense by

- a) does not establish, maintain or apply a reporting mechanism pursuant to Section 12i paragraph 1,
- b) fails to comply with the information obligation pursuant to Section 16 paragraph 3 **or 4 or Section 16a**,
- c) as a representative does not terminate the contractual obligation according to Section 32b paragraph 1,
- d) as a representative, fails to fulfil any of the obligations under Section 32k letter c) or e),
- e) as a securities auctioneer, organizes a public auction of securities in violation of Section 33,
- f) fails to pay the contribution to the Guarantee Fund according to Section 129, or
- g) fails to provide the Guarantee Fund with documents in accordance with the first sentence of Section 130, paragraph 11.

(4) For an offense according to paragraph 1, a fine can be imposed up to

- a) CZK 150,000,000,
- b) the amount of 10% of the total annual turnover of the securities trader according to its last regular financial statements or consolidated financial statements, or
- c) the amount of double the unauthorized benefit, if it is possible to determine the amount of the unauthorized benefit.

(5) For an offense according to paragraph 2, a fine may be imposed up to

- a) CZK 20,000,000,
- b) the amount of 10% of the total annual turnover of the securities trader according to its last regular financial statements or consolidated financial statements, or
- c) the amount of double the unauthorized benefit, if it is possible to determine the amount of the unauthorized benefit.

(6) A fine of up to CZK 10,000,000 can be imposed for an offense under paragraph 3.

Section 173b

(1) The provider of group financing services commits an offense by failing to fulfil the information obligation pursuant to Section 90k.

(2) A fine of up to CZK 500,000 can be imposed for an offense under paragraph 1.

PART ~~THIRTEEN~~ FOURTEEN

SPECIAL PROVISIONS REGARDING DIRECTLY APPLICABLE REGULATIONS OF

THE EUROPEAN UNION

PART ~~FOURTEEN~~ **FIFTEEN**

FINAL SETTLEMENT

PART ~~FIFTEEN~~ **SIXTEEN**

COMMON, TRANSITIONAL AND FINAL PROVISIONS

Section 199

Authorization

(1) The Ministry shall issue a decree in accordance with Section 115 paragraph 5 and Section 129b paragraph 3.

(2) The Czech National Bank shall issue a decree pursuant to Section 7 paragraph 5, ~~Section 9aj paragraph 6,~~ Section 12f, Section 12g paragraph 3, Section 12h **paragraph 4, Section 12i paragraph 3,** Section 13 paragraph 3, Section 14h, Section 15 paragraph 7, Section 16 paragraph 7, Section 16a paragraph 9, Section 16b paragraph 2, Section 19 paragraph 4, Section 20 paragraph 4, Section 28a paragraph 4, Section 30 paragraph 6, Section 30a paragraph 3, Section 32 paragraph 7, Section 38 paragraph 4, Section 39 paragraph 7, Section 45 paragraph 4, Section 46 paragraph 4, Section 47 paragraph 2, Section 47 paragraph 5, Section 50 paragraph 8, Section 63 paragraph 5, Section 71 paragraph 5, Section 73f paragraph 7, Section 77 paragraph 3, Section 90a paragraph 5, Section 90c paragraph 4, Section 93 paragraph 4, Section 94 paragraph 7, Section 115 paragraph 5, Section 115a paragraph 4, Section 122 paragraph 8, Section 122b paragraph 6, Section 127 paragraph 3, Section 127d paragraph 1, Section 132 paragraph 5, Section 134f, Section 139 paragraph 11 and Section 198 paragraph 5.

(3) If the Czech National Bank is to establish deadlines or periodicity by decree pursuant to paragraph 2, it shall establish such deadlines or periodicity to the extent necessary for effective supervision pursuant to this Act; this does not apply to periods or periodicity for which their duration or frequency is determined by European Union law.

(4) The Czech National Bank may issue measures of a general nature on the basis of and within the limits of a directly applicable regulation of the European Union regulating prudential requirements for investment companies ⁷²⁾ or a directly applicable regulation of the European Union regulating markets of financial instruments ⁵³⁾ where this directly applicable regulation allows the relevant authority to grant an exception or modify the application of the established rules to securities traders or a group of specified securities traders or other specified persons specified in this directly applicable regulation.

(5) Draft measures of a general nature pursuant to this Act and measures of a general nature pursuant to this Act shall be published by the Czech National Bank only in a manner enabling remote access.

(6) Measures of a general nature according to Section ~~9al, 9am, 9an, 9ao,~~ 134a, 134b, 134d and 137 are issued by the Czech National Bank without proceedings on the draft measure

of a general nature and may become effective upon publication.

⁵³⁾ Regulation of the European Parliament and Council (EU) No. 600/2014 of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No. 648/2012, as amended.

⁷²⁾ Regulation (EU) 2019/2 033 of the European Parliament and of the Council of 27 November 2019 on prudential requirements for investment firms and amending Regulation (EU) No. 1093/2010, (EU) No. 575/2013, (EU) No. 600/2014 and (EU) No. 806/2014.

The valid wording of the amended provisions of Act No. 182/2006 Coll., on Bankruptcy and Ways of Solving it (Insolvency Act), as amended, with an indication of the proposed changes and additions

Section 82

(1) An insolvency court may order a preliminary measure in insolvency proceedings even without a proposal, unless the law provides otherwise. The proposer of a preliminary measure, which the insolvency court could order even without a proposal, is not obliged to post a security. The debtor does not have the obligation to post security as a proponent of a preliminary measure.

(2) The insolvency court may also take preliminary measures until the decision on the insolvency petition is made

- a) appoint a provisional administrator,
- b) limit, for reasons worthy of special consideration, in the manner specified in the preliminary measure, any of the effects associated with the initiation of insolvency proceedings referred to in Section 109 paragraph 1 letter b) and c), if it does not contradict the common interest of the creditors, or
- c) order the insolvency petitioner, who is not an employee of the debtor and whose claim against the debtor does not consist only of labour law claims, to post a security to secure compensation for damages or other harm that the debtor would incur as a result of the unjustified initiation of insolvency proceedings and the measures taken in the course of them.

(3) If it does not contradict the common interest of the creditors, the insolvency court may, for reasons worthy of special consideration, by preliminary measure also

- a) grant consent to set off the mutual claims of the debtor and the creditor during the moratorium, or
- b) grant consent to set off the mutual claims of the debtor and the creditor even after the moment of publication of the proposal for authorization of reorganization in the insolvency register, or
- c) prohibit, for certain cases or for a certain period of time, the offsetting of mutual claims of the debtor and the creditor.

(4) A preliminary measure by imposing the obligation to deposit a guarantee to ensure compensation for damages or other harm that the debtor would incur due to the unjustified initiation of insolvency proceedings and the measures taken in the course of them can only be ordered on the debtor's proposal filed during the first act, which belongs to the debtor after the filing of the insolvency petition, and only if the debtor proves that he is clearly at risk of such damage or other harm. However, if, according to the results of the insolvency proceedings so far, it can be expected that the debtor's bankruptcy will be certified, the insolvency court will reject the proposal to order such a preliminary measure. The provisions of Section 202 paragraphs 5 and 6 and the provisions of the Code of Civil Procedure on security for a preliminary measure shall be applied accordingly. A preliminary measure according to paragraph 3 can only be ordered at the request of the debtor, the insolvency administrator, the

creditor to whom the set-off is concerned, or a person who has a legal interest in it.

(5) Decision on the proposal for a preliminary measure pursuant to paragraph 2 letter b) or c) shall be delivered by the insolvency court to the debtor, the insolvency administrator, the person who submitted such a proposal and the insolvency petitioner. The insolvency court shall hand deliver the preliminary measure pursuant to paragraph 3 to the debtor, the insolvency administrator, the person who filed such a proposal and, in the event that the preliminary measure applies to the claims of individual creditors, to these creditors as well.

~~(6) If the debtor is the operator or participant of a payment system with irrevocable settlement, a foreign payment system with irrevocable settlement, a settlement system with irrevocable settlement or a foreign settlement system with irrevocable settlement, the insolvency court shall notify of the issuance of a preliminary measure pursuant to paragraph 3 at the same time as its publication in the insolvency register of the Czech National Bank.~~

Section 113

(1) If it is necessary to prevent changes in the scope of the property to the detriment of the creditors during the time before the bankruptcy decision is issued, the insolvency court may, even without a motion, order a preliminary measure by which it will order the debtor not to deal with certain things or rights belonging to his property, or decides that the debtor can dispose of the asset or part of it only with the consent of the preliminary administrator. He can also order that persons who have obligations towards the debtor, in the future, do not provide performance to the debtor, but to the provisional administrator. At the same time, he will appoint a provisional administrator, if he has not done so before.

(2) The insolvency court delivers the decision pursuant to paragraph 1 to the debtor and the provisional administrator.

(3) If the restrictions imposed on the debtor relate to that part of his property which is registered in the real estate cadastre, in the Register of Pledges or in other public or non-public lists that certify ownership or other real rights to this property according to special legal regulations, the insolvency court will also deliver a copy of the preliminary measure to the cadastral offices of the relevant cadastral offices (hereinafter referred to as "cadastral offices"), the Chamber of Notaries of the Czech Republic and the body or person who maintains another public or non-public list. ~~If the debtor is the operator or participant of a payment system with irrevocable settlement, a foreign payment system with irrevocable settlement, a settlement system with irrevocable settlement or a foreign settlement system with irrevocable settlement, the insolvency court shall notify the Czech National Bank of the issuance of a preliminary measure simultaneously with its publication in the insolvency register.~~

(4) Only the debtor may appeal against a preliminary measure ordered pursuant to this provision. If it is a resolution by which the insolvency court rejected the proposal for the order of such a preliminary measure, the person entitled to file an appeal is the person who submitted the proposal.

(5) The preliminary measure shall cease to exist

- a) the expiry of the period for which it was supposed to last,
- b) by issuing a decision pursuant to Section 142, if the insolvency court does not determine

in such a decision that the preliminary measure will cease to exist only with the legal force of the decision,

- c) the effectiveness of the moratorium, unless the insolvency court determined otherwise in the decision declaring the moratorium,
- d) issuing a decision canceling the preliminary measure as soon as the reasons for which it was ordered have passed.

(6) Decision according to paragraph 5 letter d) the insolvency court can issue even without a proposal. Paragraphs 2 and 3 apply mutatis mutandis to its delivery; only the person who submitted the proposal for the order of a preliminary measure can appeal against it, if he is not the same as the person who proposed the cancellation of the preliminary measure.

Section 118

Proclamation of a moratorium

(1) The insolvency court shall declare a moratorium if the prerequisites listed in Sections 115 and 116 are met and if no decision has yet been made on the insolvency petition; otherwise, he will reject the moratorium proposal.

(2) An appeal is not admissible against the decision by which the insolvency court declares a moratorium. Only the debtor can appeal against the decision rejecting the moratorium proposal.

~~(3) If the debtor is the operator or participant of a payment system with irrevocable settlement, a foreign payment system with irrevocable settlement, a settlement system with irrevocable settlement or a foreign settlement system with irrevocable settlement, the insolvency court shall notify the announcement of the moratorium at the same time as publishing the resolution in the Czech Insolvency Register national bank.~~

Section 172

(1) After full payment of all claims that are subject to insolvency proceedings, with the exception of claims specified in Section 170, subordinated claims and claims of partners or members of the debtor resulting from their participation in the company or cooperative may also be paid in the insolvency proceedings.

(2) A subordinated claim is a claim which, according to the contract, is to be satisfied only after the satisfaction of another claim or other claims of the debtor, especially if a decision has been issued on the debtor's bankruptcy; a subordinated claim is also considered a claim from a subordinated bond according to a special legal regulation ²⁶⁾ **or another similar subordinated security representing the right to repay the amount owed issued under the law of a foreign country.** If the solution to bankruptcy is debt relief, with the exception of the claims listed in Section 170, interest, late payment interest and a late payment fee from the claims of registered creditors and a contractual penalty agreed in the event of a delay in the payment of a registered claim are also considered subordinated claims, if there is no such contractual penalty due to business debt, in the amount in which, in summary, they exceed the principal amount of the registered claim at the time of its origination.

(3) Subordinated claims are satisfied according to the procedure in paragraph 1,

depending on the agreed or established degree of their subordination; otherwise they are quite satisfied. The claims of partners or members of the debtor resulting from their participation in the company or cooperative are always satisfied as the last, proportionately.

(4) Claims of partners or members of the debtor resulting from their participation in the company or cooperative are not applied in insolvency proceedings, but are only reported to the insolvency administrator, who keeps their records.

~~Section 247~~

~~If the debtor is a participant in a payment system with irrevocable settlement, a foreign payment system with irrevocable settlement, a settlement system with irrevocable settlement or a foreign settlement system with irrevocable settlement, the bankruptcy court will notify the bankruptcy court simultaneously with the publication of the resolution in the insolvency register of the Czech National Bank.~~

Part 4

Informing the Czech National Bank by the insolvency court

Section 388d

The Insolvency Court shall notify the Czech National Bank without undue delay of the initiation of bankruptcy proceedings or of the issuance of a decision on the bankruptcy of a person pursuant to Section 367 paragraph 1, a clearing agent or a clearing institution pursuant to the Act Governing the Payment System, if it is a participant in a payment system with the irrevocability of settlement pursuant to the Act regulating the payment system or a participant in the settlement system with irrevocability of the settlement according to the law regulating business on the capital market.

Section 388e

If the debtor is the operator or participant of a payment system with irrevocability of settlement or a foreign payment system with irrevocability of settlement according to the law governing the payment system, or if the debtor is the operator or participant of a settlement system with irrevocability of settlement or a foreign settlement system with irrevocability of settlement according to the law regulating business on capital market, the insolvency court simultaneously with the publication of the decision in the insolvency register shall notify the Czech National Bank without undue delay of

- a) **issuance of a bankruptcy decision,**
- b) **issuance of a preliminary measure pursuant to Section 82 paragraph 3 or Section 113 paragraph 1,**
- c) **declaration of a moratorium,**
- d) **declaration of bankruptcy.**

The valid wording of the amended provisions of Act No. 427/2011 Coll., on supplementary pension savings, as amended, with an indication of the proposed changes and additions

Section 3

Definitions

For the purposes of this Act,

- a) savings strategy, the method of distribution of the participant's funds in participant funds,
- b) the savings period is the period of payment of the participant's contribution or the contribution paid for the participant by the employer,
- c) participant's funds, participant's contributions, contributions for the participant paid by his employer, state contributions and their appreciation and depreciation,
- d) the beneficiary of the benefit is the participant or the natural person specified in the contract on supplementary pension savings in the event of the death of the participant, who was entitled to a benefit from the supplementary pension savings,
- e) number of the insured person, the number under which the insured person of the public health insurance is kept in the register of insured persons maintained by the Headquarters of the General Health Insurance Company,
- f) identification data of the person
 1. in the case of a legal entity, the business name or name, registered office address and identification number of the person, if assigned,
 2. in the case of a natural person, the name, as the case may be, names, surnames, social security number, or insurance number, if no social security number has been assigned, the address of the place of residence in the Czech Republic or residence outside the territory of the Czech Republic,
 3. in the case of a natural person doing business, the name, registered office address, date of birth and identification number of the person, if assigned to him,
- g) a leading person is a member of a statutory body, a statutory body, an executive director or a person who in some other way actually manages the activities of a pension company, an independent intermediary or a bonded representative,
- h) indirect share means a share held through another person or a group of persons acting in concert,
- i) a qualified participation is a direct or indirect share in the share capital or voting rights of a person or their sum, which represents at least 10% or enables the exercise of significant influence on its management,
- j) close connection, the relationship between persons
 1. of which one person has a direct or indirect share in the share capital or voting rights of another person, which represents at least 20%,
 2. of which one person controls another person, or
 3. controlled by the same person,
- k) a member state is a member state of the European Union or another contracting state of

- the Agreement on the European Economic Area,
- l) another member state means a member state other than the Czech Republic,
 - m) insurance company operating in accordance with the Insurance Act ²⁾,
 - n) by a regulated bank
 - 1. a bank based in the Czech Republic,
 - 2. a foreign bank based in another member state,
 - 3. a foreign bank with its registered office in a state that is not a member state and which requires compliance with prudential rules that the Czech National Bank considers to be equivalent to prudential rules under European Union law,
 - o) a financial derivative
 - 1. options, futures, swaps, forwards and other instruments, the value of which is related to the rate or value of securities, exchange rates, interest rate or interest yield, as well as other derivatives, financial indices or financial quantitatively expressed indicators, and from which it follows the right to settlement in money or the right to delivery of property value to which their value relates,
 - 2. instruments enabling the transfer of credit risk,
 - 3. financial contracts for difference,
 - p) an investment security is an investment security tradable on the capital market, namely
 - 1. shares or similar securities representing a share in a company or other legal entity,
 - 2. bonds or similar securities representing the right to repay the amount owed,
 - 3. securities authorizing the acquisition or alienation of investment securities referred to in points 1 and 2,
 - q) fund equity is the difference between the value of assets and the value of liabilities, whereby the value of assets is determined as the sum of the fair value of assets that are related to investment activity and the value of other assets determined in accordance with the law governing accounting; the value of liabilities is determined as the sum of the fair value of liabilities that are related to investment activity and the value of other liabilities determined in accordance with the law regulating accounting,
 - r) represented by a pension company or an independent intermediary, with whom the bonded representative has a contract, on the basis of which he mediates supplementary pension savings.;
 - s) **a thing that can be replaced by a commodity, which can be the subject of a physical delivery, the value of which is ascertainable and which can be traded,**
 - t) **a commodity derivative is a derivative whose underlying asset is a commodity.**

²⁾ Act No. 277/2009 Coll., on the insurance industry.

Section 13

Entitlement to state allowance

~~(1) A participant who has permanent residence in the territory of the Czech Republic or~~

~~resides in the territory of a member state is entitled to a state allowance, and is~~

- ~~a) participation in pension insurance according to domestic legal regulations³⁾,~~
- ~~b) a pensioner from this pension insurance, or~~
- ~~c) participation in public health insurance in the Czech Republic⁴⁾.~~

(1) The participant is entitled to state allowance,

- a) who was not granted an old-age pension from the pension insurance a**
- b) which has**
 - 1. permanent residence in the territory of the Czech Republic, or**
 - 2. resides in the territory of a member state and participates in pension insurance according to the legal regulations of the Czech Republic³⁾ or participates in public health insurance in the Czech Republic⁴⁾.**

(2) In order to prove that the conditions according to paragraph 1 have been fulfilled, the participant is obliged to inform the pension company of the social security number assigned by the competent authority of the Czech Republic⁵⁾ if the social security number has not been assigned to him, then the number of the insured person kept in the register of insured persons according to the law regulating premiums for general health insurance⁶⁾.

(3) The participant is obliged to notify the pension company in writing of all changes in the facts mentioned in paragraphs 1 and 2 without undue delay.

³⁾ Act No. 155/1995 Coll., on pension insurance, as amended.

⁴⁾ Act No. 48/1997 Coll., on public health insurance and on the amendment and addition of some related laws, as amended.

⁵⁾ Act No. 133/2000 Coll., on registration of residents and birth numbers and on the amendment of certain laws (Act on Registration of Residents), as amended.

⁶⁾ Act No. 592/1992 Coll., on premiums for general health insurance, as amended.

Section 14

Entitlement to state allowance

~~CZK 300~~ within the period specified in Section 9, paragraph 2 **CZK 500**, state allowance. If the participant, in the calendar month during which the supplementary pension savings is created or terminated, met at least one of the conditions set out in Section 13, paragraph 1 for the duration of the supplementary pension savings and paid a contribution in the amount of at least 300 within the period specified in Section 9, paragraph 2 ~~CZK 500 CZK~~, he is entitled to a state allowance.

(2) If the amount of the participant's monthly contribution

- ~~a) 300 to 999 CZK, the amount of the monthly state allowance amounts to 90 CZK and 20% of the amount exceeding 300 CZK,~~
- a) CZK 500 to 1,699, the amount of the monthly state allowance is 20% of the amount of the participant's monthly allowance,**
- (b) 1,700 CZK and more, the amount of the monthly state allowance amounts to 230**

~~CZK~~ 340 CZK.

(3) If the participant pays the allowance for a longer period than per calendar month, the amount of the monthly state allowance is determined according to the average amount of the allowance corresponding to the calendar month for which the state allowance is provided.

(4) For the purposes of determining the amount of the state contribution, the amount of the participant's contribution is rounded to the nearest whole crown.

Section 15

Information system of supplementary pension savings

(1) The Ministry manages and operates the supplementary pension savings information system as a public administration information system, for the purposes of

- a) the exercise of state supervision over compliance with the obligations set out in this Act in connection with the provision and return of the state allowance,
- b) processing of the application for the provision of state allowance and any corrections to this application,
- c) preparation of a report on the return of the state contribution by the pension company to the Ministry,
- d) maintaining data on participants.;
- e) **statistical.**

(2) The following information about the participant is kept in the supplementary pension savings information system:

- a) name, or names, and surname,
- b) social security number or number of the insured person and date of birth of the participant,
- c) zip code of the participant's place of permanent residence in the territory of the Czech Republic,
- d) the name of the Member State in whose territory the participant resides,
- e) business firm of the pension company with which the participant concluded a contract on supplementary pension savings, identification number of the pension company,
- f) the number of the contract on supplementary pension savings, the date of its conclusion and

effectiveness,

- g) date and method of termination of supplementary pension savings,
- h) date of death of the participant,
- i) the date of termination of the participant's permanent residence,
- j) type of residence of the participant, if he is a foreigner,
- k) date of termination of participation in public health insurance in the Czech Republic,
- l) date of grant of old-age pension,
- m) agreed savings period and its duration,
- n) period of deferment or interruption of payment of the participant's contribution,
- o) information on whether the employer's contribution was provided,
- p) the amount of the participant's contribution per calendar month,
- q) amount of state allowance per calendar month.

(3) The Ministry enters into the supplementary pension savings information system the data specified in paragraph 2, which it receives from pension companies, the Ministry of the Interior, the Ministry of Defense, the Ministry of Justice, the Police of the Czech Republic, the General **Health** Insurance Company of the Czech Republic and the Czech Social Security Administration.

(4) Upon request, the Ministry provides the pension company with the data referred to in paragraph 2 maintained in the supplementary pension savings information system about the participant who concluded a supplementary pension savings contract with the pension company, in paper or electronic form. Without a request, the Ministry provides this data to the pension company only in connection with the processing of the application for the provision of state allowance or the processing of the report on the return of the state allowance. The pension company, which thus obtained data from the supplementary pension savings information system, may not collect it, pass it on to other persons or use it beyond the scope established by another legal regulation governing the protection of personal data.

(5) Upon request, the Ministry shall provide the participant with the data referred to in paragraph 2 maintained in the supplementary pension savings information system relating to the participant.

(6) The Ministry provides courts and bailiffs with data from the supplementary pension savings information system in a way that enables remote access to the extent specified by a special law.

(7) In the application according to paragraph 5, the participant shall state in addition to the requirements according to the administrative regulations

- a) birth number or number of the insured person,
- b) the number of the supplementary pension savings agreement, the date of its conclusion, the trade name of the pension company.

(8) The data maintained in the supplementary pension savings information system are kept for the duration of the participant's supplementary pension savings and 10 years after its termination to ensure the tasks according to this Act, for which the data is collected and further

processed.

Section 20

Conditions for entitlement to certain benefits

(1) The condition for entitlement to benefits listed in Section 19 letter a), e) and f) are

- a) reaching the age of 60 or fulfilling the conditions specified in Section 22, paragraph 4 or Section 23, paragraph 6, and
- b) duration of the savings period of at least ~~60~~ **120** calendar months ; ~~the supplementary pension savings contract may stipulate a longer savings period, which, however, may not exceed 120 calendar months.~~

(2) The condition of entitlement to the benefit specified in Section 19 letter b) is receiving a disability pension for third-degree disability from pension insurance²⁾ **insurance**³ and the duration of the savings period of at least 36 calendar months; the supplementary pension savings contract may stipulate a longer savings period, which, however, may not exceed 60 calendar months.

(3) The condition of the participant's entitlement to the benefit specified in Section 19 letter c) is

- a) reaching the age of 60 a
- b) duration of the savings period of at least ~~60~~ **120** calendar months ; ~~the supplementary pension savings contract may stipulate a longer savings period, which, however, may not exceed 120 calendar months.~~

(4) Benefits listed in Section 19 letter a), b), e) and f) belong only to the participant.

(5) When determining the age according to Section 22 paragraph 4 letter c), Section 23 paragraph 6 letter c) and Section 114 paragraph 1, the procedure for women is the same as for men of the same date of birth.

²⁾ Act No. 277/2009 Coll., on the insurance industry.

Section 24

One time settlement

(1) One-time settlement

- a) belongs to the participant under the conditions according to Section 20, paragraph 3, and if the payment of the benefit specified in Section 19 letter a), b), e) or f); the participant can choose a combination of a one-time settlement payment and one of the benefits listed in Section 19 letter a), b), e) or f),
- b) belongs to the designated person, if the participant died after the date on which he became entitled to the benefit specified in Section 19 letter a) to c), e) or f) and before its payment, or if the participant has died and the old-age or disability pension for the specified period has already been paid to him; in such a case, the designated person is entitled to a

one-time settlement in the amount corresponding to the still unpaid part of the participant's funds,

- c) becomes the subject of inheritance if the participant does not designate a designated person for the cases referred to in letter b).

(2) Participant's funds can be divided only once within the framework of the combination of benefits according to paragraph 1, namely when all the funds of a participant who meets the right to a one-time settlement are settled at the same time.

(3) If the participant and the specified person die at the same time or under circumstances that prevent it from being established which of them died first, for the purposes of assessing the emergence of a right to a one-time settlement, it is considered established that the participant survived the specified person and the one-time settlement becomes an object of inheritance.

~~(2)~~ (4) In the event of a right to a one-off settlement and after receiving the participant's written request for payment, the pension company will pay the one-off settlement by the end of the calendar quarter immediately following the month in which the participant's last contribution was paid.

~~(3)~~ (5) In the event of a right to a one-off settlement to a designated person or an heir, the pension company shall pay the one-off settlement within one month from the date of delivery of the written request, if the participant's death is proven.

~~(4)~~ (6) **The pension company shall pay a lump-sum settlement to** a participant who is entitled to a one-time settlement and who, before submitting a request for his payment, interrupted the payment of the participant's contributions in accordance with Section 11 within one month from the date of delivery of the written request for his payment.

Section 25

Purchaseable

(1) The sale belongs

- a) to the participant in the event of termination of supplementary pension savings according to Section 8 letter d) or e), if the savings period lasted at least 24 calendar months and the participant's funds were not transferred to another pension company,
- b) to the participant in the event of cancellation of the participant fund (Section 110), if the participant's funds were not transferred to another participant fund,
- c) to a specified person, if the participant died and was not entitled to a benefit according to Section 19 letter a) to c), e) or f); if the participant did not designate a designated person, the purchase price becomes the subject of inheritance.

(2) If the participant and the designated person die at the same time or under circumstances that prevent it from being established which of them died first, for the purposes of assessing the emergence of the entitlement to the redemption fee, it is considered established that the participant survived the designated person and the

redemption fee becomes the subject heritage.

~~(2)~~ **(3)** The amount of the withdrawal represents the value of the participant's funds on the date of termination of the obligations from the contract on supplementary pension savings specified in the agreement between the participant and the pension company, or on the date of delivery of the notice, after deduction of the provided state contributions.

~~(3)~~ **(4)** The pension company shall pay the premium according to paragraph 1 within one month from the date of delivery of the request of the authorized person for its payment.

~~(4)~~ **(5)** ~~Partial redemption up to one-third of the value of the participant's funds without employer contributions paid for the participant and after deducting the proportional part of the provided state contributions belongs to the participant in the year he reached the age of 18, if the savings period lasted at least 120 calendar months and during the participant's funds have not been transferred to another pension company in the last 24 calendar months. The participant's supplementary pension savings contract does not expire by submitting an application or by paying a partial withdrawal. Unless otherwise stipulated, the provisions of this act on sales charges apply to partial sales.~~

(5) Partial withdrawal up to one-third of the value of the participant's funds without employer contributions paid for the participant and without state contributions belongs to the participant who has reached the age of 18, if the savings period lasted at least 120 calendar months and there was no transfer of the participant's funds during the last 24 calendar months to another pension company. A request for a partial withdrawal can be submitted within the 24 calendar months immediately following the date on which the participant reached the age of 18. The participant's supplementary pension savings does not expire by submitting an application or by paying a partial withdrawal. Unless otherwise stipulated, the provisions of this Act on disposal apply for partial sales.

Section 60

Bribing the pension company

(1) The pension company is entitled to remuneration paid from assets in the participating fund, the amount of which must be determined in the statute of the participating fund; this payment is made up

- a) remuneration for the management of assets in participating funds and
- b) payment for asset appreciation in participating funds.

(2) All costs paid by the pension company in connection with its business in supplementary pension savings to third parties are covered from the remuneration, in particular

- a) remuneration for the performance of the depository of the participating fund and the auditor,
- b) fees paid to the bank,
- c) remuneration to persons other than pension companies offering and mediating supplementary pension savings (Section 74) and managing supplementary pension savings contracts and related activities,
- d) fees paid to the person carrying out the settlement of trades with investment instruments,

- transfer offices, securities dealers and
e) costs of promotion and advertising.

(3) Amount of payment according to paragraph 1 letter a) may not exceed 0.4% in the case of a mandatory conservative fund and 1% in the case of other participating funds of the average annual value of the fund's equity in the participating fund. The remuneration determined in this way will be reduced by the costs of buying, selling and holding securities issued by an investment fund or a foreign investment fund. The average annual value of the fund equity in each participating fund is determined as of the last day of the relevant period as a simple arithmetic average of the values of the fund equity of the participating fund for each day of the relevant period.

(4) Amount of payment according to paragraph 1 letter b) is a maximum of 10% in the case of a mandatory conservative fund and a maximum of 15% in the case of other participating funds of the difference between the average value of the pension unit in the relevant period and the highest average annual value of the pension unit in the years preceding the relevant period since the creation of the participation fund multiplied by the average ~~number of~~ pension units in the relevant period.

(5) The pension company is not entitled to payment according to paragraph 1 letter b) in the event that the average annual value of the pension unit of the participating fund in the relevant period was equal to or lower than the highest average annual value of the pension unit in the years preceding the relevant period since the creation of the participating fund.

(6) The average value of the pension unit of the participating fund is determined as of the last day of the relevant period as a simple arithmetic average of the values of the pension units of the participating fund for each day of the relevant period.

(7) For the purposes of determining the payment according to paragraph 3, the costs of holding securities issued by a collective investment fund are understood in particular as the share of the total amount of costs paid from the assets of the collective investment fund, which corresponds to the investment in this collective investment fund.

Section 77h

Rules of activity control and conflicts of interest

An independent intermediary implements, maintains and applies appropriate to the nature, scope and complexity of its activities

- a) rules for monitoring the activities of persons through whom supplementary pension savings are mediated, in particular with a focus on monitoring proper compliance with the rules of conduct established by this Act and other legal regulations to the extent they relate to the distribution of supplementary pension savings, and monitoring the proper operation of the activity,
- b) rules for remuneration of persons through whom supplementary pension savings are mediated; these rules must not motivate the non-fulfillment of obligations under this Act and other legal regulations to the extent that they relate to the mediation of supplementary pension savings, while they must not motivate participants or those interested in supplementary pension savings to be recommended specific pension products at the expense

- of other products, which would better meet the needs of the customer,
- c) procedures for preventing, detecting and managing conflicts of interest,
 - d) the complaint handling system, which also includes general rules for registering and handling complaints and
 - e) records of mediated contracts on supplementary pension savings, **while the content of the records is determined by implementing legislation.**

Section 94

(1) The pension company always creates and manages 1 mandatory participation fund, namely a mandatory conservative fund (Section 98).

(2) In addition to the mandatory conservative fund, the pension company may create and manage other participating funds.

(3) If a pension company creates and manages an alternative participation fund pursuant to Sections 108a to 108c, it must simultaneously create and manage a participation fund that is neither an alternative participation fund nor a mandatory conservative fund; this does not affect the obligation according to paragraph 1.

Section 98

- (1) The mandatory conservative fund invests only in
- a) bonds or similar securities representing the right to repay the amount owed, the issuer of which is a member state or a member state of the Organization for Economic Cooperation and Development (OECD) and whose rating, or the rating of their issuer, is among the 5 best rating categories of long-term liabilities in the investment grade of a renowned rating agency or among comparable rating categories of another recognized rating agency and is issued by a recognized rating agency or the central bank of such a country,
 - b) money market instruments whose issuer is a member state or a member state of the Organization for Economic Cooperation and Development (OECD) and whose rating, or the rating of their issuer, belongs to the rating categories of short-term liabilities in the investment grade, with the exception of the two worst rating categories of short-term liabilities in investment grade of a reputable rating agency or among comparable rating categories of another recognized rating agency and is issued by a recognized rating agency or the central bank of such a country,
 - c) bonds, similar securities representing the right to repay the amount owed or money market instruments, the issuer of which is the European Financial Stability Fund, the European Central Bank, the European Investment Bank, the World Bank, the International Monetary Fund or another international financial institution whose obligations are guaranteed states that are its members, and which the Czech National Bank will enter in the list it maintains,
 - d) bonds or similar securities representing the right to repay the amount owed, other than according to letter a) or c), whose rating, or the rating of their issuer, is among the 5 best rating categories of long-term liabilities in the investment grade of a renowned rating agency or among comparable rating categories of other recognized credit rating agency and is issued by a recognized credit rating agency,
 - e) money market instruments other than under letter b) or c) whose rating, or the rating of their issuer, belongs to the rating categories of short-term liabilities in the investment grade,

- with the exception of the two worst rating categories of short-term liabilities in the investment grade of a renowned rating agency or among comparable rating category of another recognized credit rating agency and is issued by a recognized credit rating agency,
- f) securities issued by a mutual fund that meets the conditions according to paragraph 2,
 - g) deposits that can be handled freely, or term deposits with a maturity period of no longer than 2 years with a regulated bank.

(2) Mutual fund according to paragraph 1 letter f) must meet the following conditions:

- a) is subject to supervision or has a license to operate from a member state,
- b) its main objective is the preservation of the net asset value without income or at the amount of the investment increased by income; the main goal can also be achieved by additionally investing in deposits with regulated banks,
- c) ensures liquidity by settlement on the same or the following day,
- d) in accordance with the main objective, invest exclusively in money market instruments with a maturity or residual maturity of no more than 397 days and with a weighted average maturity of no more than half a year and
- e) invests only in money market instruments to which a recognized rating agency has assigned a rating that belongs to the rating categories of short-term liabilities in the investment grade, with the exception of the two worst rating categories of short-term liabilities in the investment grade of a reputable rating agency or among comparable rating categories of another recognized rating agency; the condition of rating categories must be fulfilled by each recognized rating agency that has assigned a rating to this money market instrument.

(3) The mandatory conservative fund invests no more than 30% of the value of its assets in the investment instruments listed in paragraph 1 letter d) to f).

(4) The pension company manages the weighted average maturity of the portfolio in the mandatory conservative fund through the selection of such investment instruments, the marginal contribution of which reaches the weighted average maturity of the portfolio in the fund of no more than 5 years.

(5) The compulsory conservative fund uses techniques and instruments used for the efficient management of assets in the participating fund in accordance with Section 102 only to manage currency and interest rate risk. ~~Assets in the mandatory conservative fund must be fully insured against currency risk.~~ **Assets that are not hedged against currency risk can make up no more than 1% of the value of assets in a mandatory conservative fund.**

(6) In the case of bonds and money market instruments referred to in paragraph 1 letter a) and b), whose issuer is the Czech Republic or the Czech National Bank, the rating

requirement does not apply.

Chapter VI

Alternative Participating Fund

Section 108a

Asset composition in an alternative participating fund

(1) The alternative participant fund invests the participant's funds in compliance with the principles of spreading the risk associated with investing in assets pursuant to paragraph 2 and pursuant to Section 100 paragraph 2.

(2) The alternative participation fund invests in

- a) investment securities that are not listed in Section 100 paragraph 2 letter a) and b),**
- b) securities issued by an investment fund or a foreign investment fund that can be publicly offered in the Czech Republic in accordance with the law governing investment companies and investment funds,**
- c) commodities or to certificates that represent them,**
- d) commodity derivatives,**
- e) real estate including accessories,**
- f) shares in a legal entity, the subject of which is mainly the acquisition of immovable property, the management of immovable property and the transfer of ownership rights to immovable property for profit,**
- g) public infrastructure according to the Building Act,**
- h) intellectual property rights,**
- i) vessels, aircraft, railway vehicles or machines,**
- j) rights to payment of funds,**
- k) shares in trading companies that are not embodied in a security.**

Section 108b

Exception for remuneration of the pension company in relation to the alternative participating fund

(1) Amount of payment according to Section 60 paragraph 1 letter a) in the case of an alternative participating fund, it may not exceed 2.5% of the average annual value of the fund's own capital in the alternative participating fund. The average annual value of the fund equity in each alternative participating fund is determined as of the last day of the relevant period as a simple arithmetic average of the values of the fund equity of the alternative participating fund for each day of the relevant period.

(2) Amount of payment according to Section 60 paragraph 1 letter b) in the case of an alternative participation fund, it is no more than 25% of the difference between the average value of the pension unit in the relevant period and the highest average annual value of the pension unit in the years preceding the relevant period since the creation of

the alternative participation fund multiplied by the average number of pension units in the relevant period.

(3) Section 60 paragraphs 3 and 4 shall not apply to the alternative participation fund.

Section 108c

Investment of an alternative participation fund in collective investment securities

(1) A pension company may invest no more than 10% of the value of assets in an alternative participant fund in securities issued by one investment fund or one foreign investment fund.

(2) Section 105 does not apply to an alternative participation fund.

Section 115

Valuation of assets in the participating fund and liabilities of the participating fund

(1) Investment instruments in property in the participating fund must be valued regularly, within the period specified in the statute of this participating fund; this period must not be longer than 1 week.

(2) Assets not listed in paragraph 1 and liabilities arising from contracts concluded on behalf of the participating fund must be valued regularly, within the time limits specified in the articles of association, but at least once a year.

(3) During the accounting period, the participating fund evaluates its assets and liabilities at least as of the date of determining the current value of the pension unit, without drawing up financial statements.

(4) Assets and liabilities resulting from asset management in the participating fund are valued at ~~fair value~~ **according to the law regulating accounting.**

~~(5) The method of determining the fair value of the assets and liabilities of the participating fund shall be determined by an implementing legal regulation.~~

Section 136

(1) Before concluding a contract on supplementary pension savings, the pension company is obliged to obtain from the participant the necessary information about his

- a) knowledge and experience in the field of finance,
- b) knowledge and experience with investment instruments in which participating funds invest,
- c) tolerance and preferences in relation to investment risk and
- d) objectives in the framework of supplementary pension savings and preferences in

relation to the savings strategy.

(2) The pension company is obliged to obtain information according to paragraph 1 to the extent that it enables it to evaluate whether the conclusion of the contract on supplementary pension savings and the agreed savings strategy correspond to the goals of the participant within the framework of supplementary pension savings, his expertise and experience needed to understand the related risks.

(3) In the event that the pension company evaluates the information obtained in such a way that the conclusion of the contract on supplementary pension savings or the saving strategy requested by the participant does not correspond to the information provided pursuant to paragraph 1, the objectives of the participant within the framework of supplementary pension savings, his expertise or experience needed to understand the related risks, alerts the participant to such a finding and recommends a more suitable savings strategy for him. If the participant insists on choosing a different savings strategy, the pension company will inform him of the risks associated with this other choice and will comply with the participant's choice ; **the pension company will not comply with the participant's choice if it is a savings strategy including an alternative participating fund.**

(4) In the event that the participant refuses to provide the information referred to in paragraph 1 or provides information that is obviously incomplete, inaccurate or false, the pension company will inform the participant that such an attitude will not allow it to evaluate whether the conclusion of the contract on supplementary pension savings or the strategy chosen by him savings corresponds to the goals of the participant within the framework of supplementary pension savings, his professional knowledge or experience needed to understand the related risks, and will recommend him to become a participant in a more suitable participant fund for him, or advise him not to conclude a contract on supplementary pension savings. If the participant insists on concluding a supplementary pension savings contract and on his choice of savings strategy, the pension company will comply ; **the pension company will not comply with the participant's choice if it is a savings strategy including an alternative participant fund.**

Section 165b

The provisions of this Securities Act shall also apply to book-entry securities, unless their nature or this Act precludes this.

Section 170

Enabling Clause

(1) The Czech National Bank shall issue a decree in accordance with Section 33 paragraph 3, Section 35 paragraph 5, Section 39 paragraph 4, Section 44 paragraph 1, Section 52, Section 54 paragraph 2, Section 59, Section 65 paragraph 1, Section 69 paragraph 4, Section 70 paragraph 8, Section 77b paragraph 1, **Section 77h letter e)**, Section 84 paragraph 4, Section 86 paragraphs 1 and 7, Section 89 paragraph 3, Section 91 paragraph 6, Section 96 paragraph 5, Section 97 paragraph 8, Section 100 paragraph 6, Section 102 paragraph 6, Section 109 paragraph 6, Section 111 paragraph 2, Section 112 paragraph 4, Section 113 paragraph 8, Section 115 paragraph 5, Section 118 paragraph 3, Section 119 paragraph 4, Section 130 paragraph 3, Section 133 paragraph 3, Section 143 paragraph 2, Section 148 paragraph 4 and

Section 189.

- (2) The Government shall issue a regulation pursuant to Section 134 paragraph 5.

Section 188

Accounting of the transformed fund

(1) The pension company accounts for the state and movement of assets and other assets, liabilities and other liabilities, as well as for costs and revenues and the result of managing assets in the transformed fund separately from the subject of accounting for its own and other funds.

(2) The pension company ensures, in accordance with accounting methods according to the special legal regulation governing accounting, accounting for the subject of accounting in accounting books kept separately for the transformed fund in such a way as to enable it to draw up financial statements for the transformed fund.

(3) Assets and other assets and liabilities and other liabilities in the transformed fund are valued according to the Act ~~on supplementary pension insurance, and if the Act on supplementary pension insurance does not contain corresponding rules, then according to a special legal regulation governing accounting.~~

(4) The financial statements of the transformed fund must be verified by an auditor and published within the period specified by this law to the participating fund.

(5) For consolidation purposes, neither assets nor liabilities recorded in the accounting of the transformed fund are taken into account.

~~Section 190~~

~~(1) It is not possible to simultaneously be a participant in supplementary pension savings according to Section 2 and a participant in a transformed fund, except in cases where the participant of the transformed fund has started receiving benefits and no longer pays contributions to the transformed fund; however, at the earliest on the first day of the calendar month immediately following the date of commencement of benefit payment.~~

~~(2) The rights and obligations of the participant in the transformed fund and the recipient of the supplementary pension insurance benefit from the transformed fund are governed by the Act on supplementary pension insurance, the negotiated pension plan and the contract on supplementary pension insurance. Their rights remain, with the exception of the limitation of the right to transfer funds to another fund.~~

Section 190

(1) A participant in supplementary pension insurance can acquire additional pension savings from the first day at the earliest

a) of the calendar month immediately following the date of commencement of

- payment of benefits from the last pension, or
- b) the first full calendar month when the supplementary pension insurance is interrupted.

(2) A participant in supplementary pension savings may pay contributions to supplementary pension insurance only if the payment of the participant's contribution has been interrupted in accordance with Section 11 paragraphs 3 and 4 and before the interruption he paid contributions to supplementary pension savings for at least 36 calendar months or at least 12 consecutive calendar months starting from the last interruption of the payment of contributions with the same pension company, or if the payment of benefits from all sources has started, but from the first day

- a) of the first full calendar month when payment of the participant's contribution is interrupted, or
- b) of the calendar month immediately following the start date of benefit payment from all funds.

(3) A participant in supplementary pension insurance who is also a participant in supplementary pension savings can only pay contributions to supplementary pension savings if the supplementary pension insurance has been interrupted or the payment of benefits from the last pension has started, but no sooner than on the first day

- a) of the first full calendar month when supplementary pension insurance is interrupted, or
- b) of the calendar month immediately following the date of commencement of payment of benefits from the last pension.

(4) The rights and obligations of the participant in the transformed fund and the recipient of the supplementary pension insurance benefit from the transformed fund are governed by the Act on supplementary pension insurance, the agreed pension plan and the contract on supplementary pension insurance. Their rights remain, with the exception of the limitation of the right to transfer funds to another fund.

Section 191

(1) New participants may not enter the transformed fund based on the conclusion of a supplementary pension insurance contract in accordance with the Act on supplementary pension insurance, with the exception of the transfer of the participant's funds

- a) from the cancelled pension fund,
- b) from the defunct transformed fund of another pension company a
- c) from a transformed fund that merges with another transformed fund.

(2) Transfers of funds according to paragraph 1 letter a) and b) are free of charge. For the transfer of funds according to paragraph 1 letter c) the provisions of Section 24, paragraph 4 of the Act on supplementary pension insurance do not apply, if the request for the transfer of funds is submitted within 6 months from the date of acquisition of legal force of the decision of the Czech National Bank to permit the merger of transformed funds pursuant to Section 195,

paragraph 4.

(3) Participant funds can be transferred from the transformed fund to participant funds on the basis of concluding a supplementary pension savings agreement ~~with the pension company that manages the transformed fund~~, free of charge. At the same time, the achieved insured period according to the Act on supplementary pension insurance is included in the savings period. Participant's funds can be transferred between transformed funds only if the participant concluded a supplementary pension insurance contract with both pension companies that operate supplementary pension insurance through the transformed fund, already before the creation of the transformed fund; this does not affect paragraph 1. **It is not possible to transfer funds from the participating fund to the transformed fund.**

(4) When transferring a participant's funds from a transformed fund to a participating fund, the pension company is obliged to register the transferred funds divided into participant contributions, contributions provided by the employer, state contributions and shares in the management income of the transformed fund in accordance with the obligations under Section 121; contributions of third parties originally kept are registered under the participant's contributions, with the exception of the employer's contributions, which continue to be kept separately. During this transfer of funds, the achieved insured period is included in the savings period according to the Pension Insurance Act.

(5) The insured period in the pension fund, the transformed fund as well as the savings period in the participant fund for the purposes of the participant's fees according to Section 61 are included in the savings period.

(6) The provision of a state allowance for the benefit of a participant in supplementary pension insurance is governed by this Act. A participant whose contribution to the supplementary pension insurance paid for the calendar month in which this law enters into force does not amount to at least CZK 300 is not entitled to a state contribution. This does not affect entitlements to state contributions arising under the Act on Supplementary Pension Insurance until the entry into force of this Act.

Section 192

A bribe

(1) The pension company is entitled to payment for operating supplementary pension insurance through the transformed fund; Section 60 shall be applied mutatis mutandis.

(2) Payment to the pension company is paid from assets in the transformed fund.

(3) The amount of the payment is the maximum

- a) 0.8% of the average annual value of the balance amount in the transformed fund a
- b) 10% of the profit reported in the financial statements of the transformed fund ; **the profit reported in the financial statements of the transformed fund means the sum of the profit for the accounting period and the retained profit from previous periods reduced by the loss for the accounting period and by the unreimbursed loss for the**

previous period.

(4) Method of payment of remuneration according to paragraph 3 letter a) establishes the status of the transformed fund.

(5) The average annual value of the balance amount in the transformed fund is determined as of the last day of the relevant period as a simple arithmetic average of the values of the balance amounts of the transformed fund for each day of the relevant period.

Section 193

(1) The provisions relating to the participating fund and the relationship of the pension company and the depository to the participating fund apply to the transformed fund proportionately.

(2) The rules for the composition of assets and the management of assets in the transformed fund are governed by the Act on Supplementary Pension Insurance, unless this Act provides otherwise.

(3) Investments in immovable property can only be made on the condition that the income from them achieved during proper management belongs to the property in the transformed fund.

~~(4) When valuing securities in the assets of the transformed fund, the provisions on the method of valuing securities in the assets of the participating fund apply, with the exception of bonds held to maturity, up to a maximum of 35% of the assets in the transformed fund, the issuer of which is a member state of the Organization for Economic Co-operation and Development cooperation and development and whose rating issued by a rating agency registered or certified according to the directly applicable regulation of the European Communities on rating agencies reaches a rating category comparable to the rating of the Czech Republic.~~

~~(5)~~ (4) Informing participants about the amount of their funds is governed by the Pension Insurance Act.

~~(6)~~ (5) Changes to the pension plan are subject to the Pension Insurance Act.

~~(7)~~ (6) With the exception of cases where the provisions of this Act refer to the application of the provisions of the Act on Supplementary Pension Insurance, the Act on Supplementary Pension Insurance shall not proceed from the date of entry into force of this Act. When exercising supervision over compliance with the obligations set out in the Act on Supplementary Pension Insurance, the observance of which is imposed by this Act on the pension company or intermediary of supplementary pension insurance, the Czech National Bank proceeds in accordance with the provisions of the Act on Supplementary Pension Insurance governing the performance of supervision and offences.

~~(8)~~ (7) On the activities of the supplementary pension insurance intermediary are subject to the provisions of the Act on supplementary pension insurance.

The valid wording of the amended provisions of Act No. 257/2016 Coll., on consumer credit, as amended, with an indication of the proposed changes and additions

Note: In bold italics are the provisions in the wording effective from the first day of the fourth calendar month following the date of promulgation of the proposed amendment.

Section 2

Consumer loan

(1) Consumer credit is a deferred payment, money loan, loan or similar financial service provided or mediated by consumers.

(2) A consumer loan for housing is a consumer loan

- a) secured by an immovable property or a real right to an immovable property,
- b) specially designed for
 1. acquisition, settlement or retention of rights to immovable property or part of immovable property,
 2. construction of immovable property or parts of immovable property,
 3. payment for the transfer of a cooperative share in a housing cooperative or the acquisition of a share in another legal entity for the purpose of obtaining the right to use an apartment or a family house,
 4. alteration of the building according to the Building Act or its connection to public networks,
 5. payment of costs associated with obtaining a cash loan, credit or other similar financial service with the purpose specified in points 1 to 4, or
 6. repayment of a loan, cash loan or other similar financial services provided for the purposes specified in points 1 to 6, or
- c) provided by the building savings bank in accordance with the law governing building savings.

(3) A tied consumer loan is a consumer loan that is tied to the purchase of goods or the provision of a service, with the exception of a consumer loan for housing. It applies that a consumer loan is tied to the purchase of goods or the provision of a service, if it is exclusively intended to finance the purchase of a certain good or the provision of a certain service and

- a) the seller or the person providing the service is also the provider,
- b) the provider uses the services of the seller or the person providing the service in connection with the conclusion or preparation of a contract in which a consumer loan is negotiated (hereinafter referred to as the "consumer loan contract"), or
- c) specific goods or services are explicitly mentioned in the consumer credit agreement.

(4) If it is partly a consumer loan for housing according to paragraph 2 letter b) and partly on consumer credit other than for housing, decides whether the legal regulation of consumer credit for housing or other than housing, prevailing purpose of consumer credit, is applied to the given consumer credit. If the predominant purpose cannot be determined, the

regulation of a consumer loan other than for housing will be applied to such a consumer loan.

(5) If it is partly a consumer loan for housing according to paragraph 2 letter b) and partly for a consumer loan for housing according to paragraph 2 letter a), which is not purposefully designated according to paragraph 2 letter b), decides whether the given consumer loan for housing is considered a consumer loan for housing in accordance with paragraph 2 letter b) or for a consumer loan for housing according to paragraph 2 letter a), which is not purposefully designated according to paragraph 2 letter b), the prevailing purpose of the consumer loan. If the predominant purpose cannot be determined, the adjustment of the consumer loan for housing according to paragraph 2 letter a), which is not purposefully designated according to paragraph 2 letter b).

Section 5

(1) Only Sections 1 to 4, Sections 122 to 124 and Section 168 shall apply to consumer credit

- a) other than for housing, agreed in the form of a lease or leasing, with the exception of obligations for which the right or obligation to purchase the object of the contract or another possibility of acquiring the right of ownership after a certain period of time is agreed,
- b) provided by the employer to its employees as a secondary activity with an annual percentage rate of costs lower than the annual percentage rate of costs of consumer loans usually offered on the market, and which is not generally offered to the public,
- c) with the exception of a consumer loan for housing according to Section 2 paragraph 2 letter a), in the form of a free postponement of the payment of the existing debt,
- d) other than for housing, provided to a limited circle of persons in the public interest on the basis of another legal regulation interest-free or with a loan at an interest rate lower than usual on the market, or
- e) contained in a settlement concluded before a court or other competent authority.

(2) For a consumer credit for housing provided to a limited group of persons in the public interest on the basis of another legal regulation, interest-free or at an interest rate lower than usual on the market, or under conditions that are generally more favourable than the usual market conditions, unless loan interest rate higher than usual on the market, only Section 1 to 4, Section 90, 91, Section 94 to 100, Section 122 to 124 and Section 168 shall be applied.

(3) Only Sections 1 to 4, Sections 122 to 124 and Section 168 shall apply to consumer credit provided without interest and any payments other than reimbursement of purposefully incurred costs directly connected to securing the consumer credit.

(4) Only Sections 1 to 4 shall apply to an agreement in which, in order to avoid proceedings on the creditor's claims, the payment is postponed due to the consumer's delay or the method of repayment is changed, while the contractual terms are at least as advantageous for the consumer in their entirety as in the original contract, Section 84, Section 88 to 91, Section 94, 97, Section 99 paragraphs 3, 4 and 6, Section 100 paragraph 1 letter b), paragraphs 2 to 4, Section 101 paragraph 2, Section 102 paragraphs 1 and 4, Section 104, 105, 108, 109,

Section 112 to ~~117~~ **117a** and Section 120 to 177.

Section 117

Premature repayment of a consumer loan

(1) The consumer is entitled to repay the consumer loan in whole or in part at any time during the term of the consumer loan. In such a case, the consumer has the right to a reduction of the total costs of the consumer loan by the amount of interest and other costs that the consumer would be obliged to pay in the event that the consumer loan was not repaid early.

(2) In the case of early repayment of a consumer loan, the creditor has the right to compensation for purposefully incurred costs incurred in connection with early repayment.

(3) The creditor may not demand reimbursement of costs for early repayment pursuant to paragraph 2, if early repayment has been carried out

- a) within the scope of insurance payments intended to ensure the repayment of a consumer loan,
- b) for a consumer loan provided in the form of an overdraft facility,
- c) in the period for which a fixed lending interest rate is not set,
- d) in the case of a consumer loan for housing, within 3 months after the provider has informed the consumer of the new amount of the loan interest rate pursuant to Section 102, paragraph 3,
- e) **in the case of a consumer loan for housing, if at least 24 months have passed since the conclusion of the consumer loan agreement, if there has been a transfer of ownership rights to immovable property, a transfer of real property rights to immovable property, a transfer of a cooperative share in a housing cooperative or a transfer of participation in another legal entity to a person establishing the right to use an apartment or a family house, if the consumer loan for housing was secured by this immovable property or if the purpose of the consumer loan for housing referred to in Section 2 paragraph 2 letter b) this immovable object or its part, a cooperative share in a housing cooperative or participation in another legal entity establishing the right to use an apartment or a family house,**
- f) **in the case of a consumer loan for housing, if at least 24 months have passed since the conclusion of the consumer loan agreement, in connection with the settlement of the joint property of the spouses, the object of which was immovable property, a real right to immovable property, a cooperative share in a housing cooperative or participation in another legal entity to a person establishing the right to use an apartment or a family house, if the consumer loan for housing was secured by this immovable property or if the purpose of the consumer loan for housing referred to in Section 2 paragraph 2 letter b) this immovable object or its part, a cooperative share in a housing cooperative or participation in another legal entity establishing the right to use an apartment or a family house,**
- ~~e)-~~ g) in the case of a consumer housing loan as a result of the death, long-term illness or disability of the consumer in the position of borrower from the consumer housing loan agreement, or his spouse or partner, if this fact leads to a significant reduction in the consumer's ability to repay the consumer housing loan, or
- ~~f)-~~ h) for a consumer loan for housing, up to 25% of the total amount of the consumer loan within 1 month before the anniversary of the conclusion of the consumer loan agreement for

housing ; **if the prematurely repaid part of the consumer loan exceeds 25% of the total amount of the consumer loan, the creditor may not demand reimbursement of costs for early repayment according to paragraph 2 from that part of the prematurely repaid part of the consumer loan that does not exceed 25% of the total amount of the consumer loan.**

(4) The amount of reimbursement of costs according to paragraph 2 may not be **for a consumer loan other than for housing and for a consumer loan for housing according to Section 2 paragraph 2 letter a), which is not purposefully designated according to Section 2 paragraph 2 letter b) or is not a consumer loan for housing according to Section 2 paragraph 2 letter C), exceed 1% of the prematurely repaid part of the total amount of the consumer loan, if the time between early repayment and the agreed end of the consumer loan exceeds 1 year. If this period is not longer than one year, the amount of cost compensation may not exceed 0.5% of the prematurely repaid part of the total amount of the consumer loan. The provisions of the previous sentences do not apply to costs that the creditor is entitled to demand in connection with the early repayment of a consumer loan for housing; with the exception of early repayment of a consumer loan for housing in connection with the sale of an immovable property, the acquisition, construction or preservation of rights to this immovable property was financed by this loan, or by which this consumer loan was secured, when the consumer is entitled to repay the housing loan completely prematurely for the condition that the duration of the consumer loan agreement for housing is longer than 24 months, whereby the creditor has the right to demand reimbursement of costs according to paragraph 2, which, however, may not exceed 1% of the prematurely repaid amount of the consumer loan, but a maximum amount of CZK 50,000. In the case of a consumer loan for housing according to Section 2 paragraph 2 letter b) or c) the amount of reimbursement of costs according to paragraph 2 may not exceed 2% of the prematurely repaid part of the total amount of the consumer loan.**

(5) The amount of cost compensation may not further exceed the amount of interest that the consumer would pay for the period from early repayment to the end of the consumer loan, and in the case of a consumer loan for housing, for the period from early repayment to the end of the period for which a fixed lending interest rate is set. **In the case of a consumer loan for housing according to Section 2 paragraph 2 letter b) or c) the amount of reimbursement of costs according to paragraph 2 may not further exceed the amount of purposefully spent costs determined according to Section 117a.**

(6) To a consumer who informs the provider of his intention to repay the consumer housing loan early, the provider will provide without undue delay, in order to consider the consequences of early repayment

- a) calculation of the amount owed, which the consumer will have to pay in case of early repayment, with a breakdown into principal, interest and other costs associated with early repayment,
- b) data on **the expected** amount of reimbursement of the provider's costs according to paragraph 2, indicating all assumptions for its calculation and
- c) information on other consequences of early repayment for the consumer, including information on the conditions under which the creditor may not demand reimbursement of costs for early repayment pursuant to paragraph 3.

(7) If early repayment is to occur in a calendar month other than the one in which the creditor was notified by the consumer of his intention to repay the consumer housing

loan early, for the purpose of providing information on the amount of reimbursement of costs pursuant to paragraph 6 letter b) for a consumer loan for housing according to Section 2 paragraph 2 letter b) or c) the average lending interest rates published by the Czech National Bank in the calendar month preceding the day on which the creditor received the consumer's notification of his intention to repay the consumer housing loan early shall be used for a group of comparable consumer housing loans. The determination of the amount of purposefully incurred costs incurred by the creditor in connection with early repayment for the purposes of reimbursement of costs pursuant to paragraph 2 in accordance with Section 117a is not affected by this.

Section 117a

Determining the amount of purposefully incurred costs for early repayment

(1) For the purpose of reimbursement of costs for early repayment pursuant to Section 117 paragraph 2 for a consumer loan for housing pursuant to Section 2 paragraph 2 letter b) or c) to a creditor who is authorized to provide a consumer loan for housing, the average loan interest rate means the average loan interest rate for consumer loans for housing negotiated in a period of 3 consecutive calendar months, which the Czech National Bank calculates every 3 consecutive calendar months for consumer loans for housing divided into groups according to the comparable length of the period for which a fixed lending interest rate is agreed, and according to whether it is a consumer loan for housing according to Section 2 paragraph 2 letter b) secured by a lien on immovable property or not secured by such a lien or by a consumer loan for housing pursuant to Section 2 paragraph 2 letter c) secured by a lien on immovable property or not secured by this lien.

(2) The Czech National Bank publishes the average lending interest rates on its website monthly in the second calendar month following the period for which the average lending interest rates are calculated, by the tenth day of this month for a period of 10 years from the calendar month following the their publication.

(3) Details of the determination of the comparable length of the period for which a fixed loan interest rate is agreed, and the division of consumer loans for housing into groups according to the comparable length of the period for which a fixed loan interest rate is agreed, and according to whether it is a consumer loan for housing according to Section 2 paragraph 2 letter b) secured by a lien on immovable property or not secured by such a lien or by a consumer loan for housing pursuant to Section 2 paragraph 2 letter c) secured by a lien on immovable property or not secured by this lien, shall be provided by the implementing legislation.

Section 117a

Determining the amount of purposefully incurred costs for early repayment

~~(1) For the purpose of reimbursement of costs for early repayment pursuant to Section 117 paragraph 2 for a consumer loan for housing pursuant to Section 2 paragraph 2 letter b) or c) to a creditor who is authorized to provide a consumer loan for housing, the average loan interest rate means the average loan interest rate for consumer loans for housing negotiated in a period of 3 consecutive calendar months, which the Czech National Bank calculates every 3 consecutive calendar months for consumer loans for housing divided into groups according to~~

~~the comparable length of the period for which a fixed lending interest rate is agreed, and according to whether it is a consumer loan for housing according to Section 2 paragraph 2 letter b) secured by a lien on immovable property or not secured by such a lien or by a consumer loan for housing pursuant to Section 2 paragraph 2 letter c) secured by a lien on immovable property or not secured by this lien.~~

(1) For the purpose of reimbursement of costs for early repayment pursuant to Section 117 paragraph 2 for a consumer loan for housing pursuant to Section 2 paragraph 2 letter b) or c) means a creditor who is authorized to provide a consumer loan for housing

- a) purposefully spent costs incurred by the creditor in connection with early repayment, an amount corresponding to the positive sum of the necessary administrative costs for early repayment, the amount of which may not exceed the amount of CZK 1,000, and the interest difference,**
- b) interest rate difference is the difference between the contractual interest rate and the reference interest rate,**
- c) contractual interest is the amount of interest that the consumer would pay according to the consumer loan agreement for the period from the date of early repayment to the end of the period for which a fixed lending interest rate is agreed,**
- d) the reference interest is the amount of interest that the consumer, using the installment amount agreed in the consumer loan agreement, would pay for the period from the date of early repayment to the end of the period for which a fixed lending interest rate is agreed, if the unpaid part of the total amount of the consumer loan was from on the day of early repayment, interest is paid by the average lending interest rates published by the Czech National Bank in the calendar month preceding the day of early repayment for a group of comparable consumer loans for housing,**
- e) the unpaid part of the total amount of the consumer loan, the part of the total amount of the consumer loan that the consumer would be obliged to repay in the event that there was no early repayment,**
- f) a group of comparable consumer loans for housing means a group of consumer loans for housing whose period for which a fixed lending interest rate is negotiated is comparable to the period from the date of early repayment to the end of the period for which a fixed interest rate is negotiated for the early repayment consumer loan for housing lending interest rate, and which are comparable to a consumer loan for housing that is repaid early, depending on whether it is a consumer loan for housing according to Section 2 paragraph 2 letter b) secured by a lien on immovable property or not secured by such a lien or by a consumer loan for housing pursuant to Section 2 paragraph 2 letter c) secured by a lien on immovable property or not secured by this lien,**
- g) average lending interest rates average lending interest rates for consumer housing loans negotiated in a period of 3 consecutive calendar months, which the Czech National Bank calculates for every 3 consecutive calendar months for consumer housing loans divided into groups according to comparable length the period for which a fixed lending interest rate is agreed, and depending on whether it is a consumer loan for housing according to Section 2 paragraph 2 letter b) secured by a lien on immovable property or not secured by such a lien or by a consumer loan for housing pursuant to Section 2 paragraph 2 letter c) secured by a lien on immovable property or not secured by this lien.**

(2) In the case of partial early repayment of a consumer loan for housing according

to paragraph 1, the proportional part of the contractual and reference interest is used to determine the interest difference. The proportional part of the contractual interest is determined as a multiple of the contractual interest and the share of the prematurely repaid part of the total amount of the consumer loan and the unpaid part of the total amount of the consumer loan. The proportional part of the reference interest is determined as a multiple of the reference interest and the share of the prematurely repaid part of the total amount of the consumer loan and the unpaid part of the total amount of the consumer loan.

~~(2)~~ (3) The Czech National Bank publishes the average lending interest rates on its website monthly in the second calendar month following the period for which the average lending interest rates are calculated, by the tenth day of this month for a period of 10 years from the calendar month following the their publication.

~~(3)~~ (4) Details of the determination of the comparable length of the period for which a fixed loan interest rate is agreed, and the division of consumer loans for housing into groups according to the comparable length of the period for which the fixed loan interest rate is agreed, and according to whether it is a consumer loan for housing according to Section 2 paragraph 2 letter b) secured by a lien on real estate or not secured by such a lien or by a consumer loan for housing pursuant to Section 2 paragraph 2 letter c) secured by a lien on the real estate or not secured by this lien, shall be established by the implementing legislation.

Section 160

Authorization

The Czech National Bank issues a decree in accordance with Section 11 paragraph 5, Section 12 paragraph 3, Section 13 paragraph 3, Section 14 paragraph 3, Section 19 paragraph 4, Section 20 paragraph 3, Section 22 paragraph 3, Section 30 paragraph 4, Section 32 paragraph 6, Section 33 paragraph 4, Section 40 paragraph 4, Section 42 paragraph 5, Section 43 paragraph 4, Section 59 paragraph 5, Section 60 paragraph 6, Section 63 paragraph 3, Section 64 paragraph 4, Section 65 paragraph 4, Section 66 paragraph 2, Section 68 paragraph 4 and ~~Section 69 paragraph 5~~, **Section 69 paragraph 5 and Section 117a paragraph 3.**

Section 160

Authorization

The Czech National Bank issues a decree in accordance with Section 11 paragraph 5, Section 12 paragraph 3, Section 13 paragraph 3, Section 14 paragraph 3, Section 19 paragraph 4, Section 20 paragraph 3, Section 22 paragraph 3, Section 30 paragraph 4, Section 32 paragraph 6, Section 33 paragraph 4, Section 40 paragraph 4, Section 42 paragraph 5, Section 43 paragraph 4, Section 59 paragraph 5, Section 60 paragraph 6, Section 63 paragraph 3, Section 64 paragraph 4, Section 65 paragraph 4, Section 66 paragraph 2, Section 68 paragraph 4, ~~Section 69 paragraph 5 and Section 117a paragraph 3~~ **Section 117a paragraph 4.**