



General Interest

Priorities of the New Czech Government

by Radek Werich

A new pro-western government comprised of a centre-right coalition of 5 parties was sworn in shortly before Christmas in the Czech Republic.

The process of formation of the government was surprisingly smooth, especially in the light of previous comments by president Miloš Zeman who took no scruple to strongly support the incumbent prime minister and populist oligarch Andrej Babiš.

However, both the president and Mr. Babiš had to finally give in in the aftermath of the decisive victory of the democratic parties and severe health issues of the former. Mr. Babiš' new goal is to win the presidential election in early 2023 although he has not yet acknowledged this officially. His advisors nevertheless convinced him to take a less confrontational approach to attract liberal voters.

The new prime minister Petr Fiala, a former university professor and leader of the opposition since 2013, proclaimed the top priorities of the new government: 1) mitigation of inflation, 2) compensation for drastic surge in energy prices, 3) implementation of efficient anti pandemic measures, and 4) adoption of a new state budget providing for substantial

savings and a less dramatic deficit.

Inflation is anticipated to reach a 15-year high of around 10 % in early 2022 and to return to the usual figures between 2 - 3 % by mid-2023. Government savings, reduction of budget deficit and a very active monetary policy of the Czech National Bank (CNB) should be the driving factors to achieve this goal.

CNB considers the current inflation level and related indicators as a paramount issue for the Czech economy and has already taken steps to get the inflation under control. Since August, the CNB has increased its basic interest rate by 300bps to 3.75 % and announced a potential hike of up to 4.50 % in the short term.

The CZK/EUR exchange rate immediately reacted to the substantial spread between the interest rate in Eurozone and Czechia: the Crown (CZK) appreciated to 24.70 CZK/EUR; whereas its further appreciation up to 24.00 CZK/EUR is expected in 2022.

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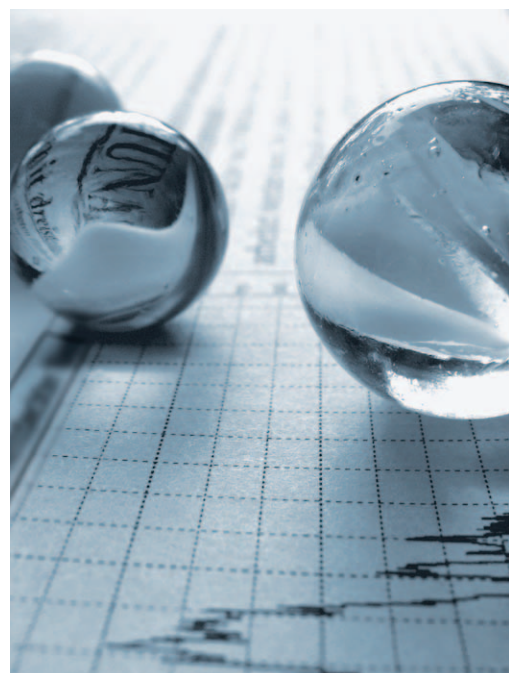
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Minimum, Guaranteed and Average Salary in 2022

by Dagmar Junková

Legislation regarding wages is usually amended at the beginning of the new year. Since 2015 the minimum wage has been regularly increased every year. 2022 is no exception. Below is a basic overview of the minimum, guaranteed and average salary rates for 2022.

MINIMUM SALARY

The minimum monthly salary for 2022 is CZK 16,200 (i.e. approx. EUR 650) and the minimum hourly rate for 2022 is CZK 96.40 (i.e. approx. EUR 3.90). This applies to all jobs with agreed working hours of 40 hours per week, i.e. full-time work. If a shorter working time has been agreed, the minimum salary is reduced proportionately. Compared to 2021, this is an increase in the minimum salary by CZK 1,000 (approx. 6.6 %), while the inflation rate reached only 6.0 % in November 2021.

In case the gross salary, after deduction of:

- ▶ overtime pay,
- ▶ additional payment for work on Saturdays and Sundays or public holidays, night work or work in a difficult working environment (“Extra Payment”),

does not reach the minimum salary, the employer is obliged to provide the employee with a supplement to the salary.

GUARANTEED SALARY

Levels of the guaranteed salary for 2022 were also increased. The amount of the guaranteed salary depends on the complexity of the work, the responsibility of the employee for the work performed and the severity of the work. For the purpose of determining the guaranteed salary, eight categories of work are distinguished.

The current level of guaranteed salaries for full-time work are:

Categories of work	Example of profession	Monthly salary in CZK		Hourly salary
		2021	2022	2022
1.	Kitchen assistant, cleaning lady, ...	15,200	16,200	96.40
2.	Digger, chambermaid, ...	16,800	17,900	106.50
3.	Bricklayer, waiter, hairdresser, cashier, ...	18,500	19,700	117.50
4.	Cook specialist, separate accounting of receivables and payables, ...	20,500	21,800	129.80
5.	Bus driver, nurse, payroll accountant, ...	22,600	24,100	143.30
6.	Sales Officer, administrator of the IT system, independent designer of large and demanding constructions,...	24,900	26,600	158.20
7.	Financial expert, doctor, dentist, marketing expert, ...	27,500	29,400	174.70
8.	Broker on the financial and capital markets, ...	30,400	32,400	192.80

The employer is obliged to provide employees with a supplement to the salary if, after deduction of the Extra Payment, the appropriate level of guaranteed salary is not reached.

AVERAGE SALARY

There was also an increase in the average salary for 2022, which amounts to CZK 38,911 (i.e. approx. EUR 1,570).

AMENDMENT OF EXISTING CONTRACTS

If the employee’s salary was agreed in the employment contract in the amount of the minimum or guaranteed salary, we recommend to conclude an amendment to the employment contract, which will increase the salary accordingly and state the exact amount.

We would also like to draw attention

to the fact that the increase in the minimum salary also affects agreements outside the employment relationship, such as agreement to perform work or an agreement on work activity. However, this does not apply to the guaranteed salary. If an hourly remuneration of less than CZK 96.40 has been agreed with an employee, we also recommend to conclude an amendment that will increase the remuneration to at least CZK 96.40 irrespective of the actual form of the agreement.

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The Virtual Notary

by Denisa Molnár



An important amendment to the Act on Notaries and their Work Activities (Notarial Procedures) entered into force. It aims at digitalization of notarial activities and protection against fraud relating to verification of signatures or notary deeds. The most significant changes are:

ELECTRONIC NOTARY DEEDS

The first novelty is distant execution of notary deeds (with the exemption of inheritance and family matters). Instead of coming to the notary office in person, the meeting can take place virtually through videoconference of the participants. The identification of the involved persons will be done using recognized means of electronic identification, e.g. bank identity, e-ID. The participants will then sign the electronic notary deed with their recognized electronic signatures, the notary with his qualified electronic signature.

This option in combination with the direct registration of changes in the commercial register by the notaries enables the establishment of a company or corporate changes within the company fully on-line.

VERIFICATION OF ELECTRONIC SIGNATURES

Traditionally, verification of signatures is made in person in front of a notary. Now, also electronic signatures may be notarially verified without the need to be physically present in the notarial office.

Further, if requested, the notary can affix to his verification clause a statement confirming that the signatories are actually entitled to act on behalf of the signing entity. This statement is based on a check of the entries in the commercial register.

REGISTER OF VERIFIED SIGNATURES AND COLLECTION OF DEEDS

One of the new tools for avoidance of faking verification of signatures is the

so called Register of Verified Signatures, which records all entries of notarially verified signatures in the Czech Republic. The second newly established list is the Collection of Deeds containing information regarding all notary deeds drawn up in the Czech Republic. The data regarding verification of a signature such as which notary verified the signature as well as data regarding the notary deed, e.g. which notary has drawn up the notary deed, the participants, date of execution, subject-matter, can be checked by anybody via remote access by simply using a QR code. However, the content of the notary deed itself will not be publicly accessible.

APOSTILLATION

All notarial documents that require an apostille when used abroad shall be apostilled by the Notarial Chamber of the Czech Republic instead of the Ministry of Justice. As the apostillation is performed by branch offices of the Notarial Chamber in seven different cities in the Czech Republic, they are much easier to access by entrepreneurs from all over the country than the sole Prague office of the Ministry of Justice.

The amendment of the Act on Notarial Procedures significantly simplifies the process of establishment and corporate changes of all companies without the need to visit a notary office. Also the introduction of the Register of Verified Signatures and the Collection of Deeds, which allow for a check of the authenticity of notary deeds and verification clauses through a publicly accessible database, are positive changes which help to prevent fraudulent transfers of companies or real estates.

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The Fight Against Renewable Energy

by Lenka Charvátová

The amended act on supported energy sources is officially meant to support the development of renewable energy sources in the interest of environmental protection. In reality it does the opposite. The most important change is the new lower internal rate of return (IRR) of 8.4 % to 10.6 %. The exact rate will be set by a government regulation. This rate is decisive for determining whether the support is sufficient for plants put into operation between 1 January 2006 and 31 December 2015.

Also, it introduces a solar tax levy for plants put into operation in 2009. So far, in the interest of gaining energy from renewable sources, these plants were not objects to solar tax. Effectively, the tax burden increased from 0 % to 10 % or 11 %. In case of payment of the levy in the form of a feed-in tariff it amounts to 10 % and in case of payment in the form of a green electricity bonus to 11 %. For solar power plants put into operation in 2010, the amount of the former levy is 20 % or 21 % in case of a green bonus.

The increase of solar taxes has a substantial negative impact on solar power plant's operators as well as on households, entrepreneurs and municipalities that invested into solar power systems based on regulation which was in force in 2009 or 2010.

In summary, the amendment can be regarded as a deviation from the European trend of supporting renewable energy. Rather contrary to this trend, it worsens conditions for the operation of solar plants.

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Less Aggressive Electronic Communication

by Jan Valíček

The latest amendment to the Czech Electronic Communications Act supports the construction of high-speed internet networks and introduces important rules to better protect consumers.

One of the most important changes concerns the rules for telemarketing. Previously, contacting of potential customers was based on the opt-out principle. Telemarketing operators were entitled to contact consumers entered into public lists unless they had expressly stated that they are not interested in being contacted for marketing purposes. This has been changed to the opt-in principle. Now, a prior express statement

that someone wishes to be contacted for marketing purposes is required. Public lists mean, inter alia, randomly created lists of phone numbers without any other identification details. As a result of this change, “cold calls” shall be eliminated or become at least more difficult. The opt-in principle shall apply also to public lists issued prior to the effectiveness of the amendment to the Electronic Communications Act, but only from July 1, 2022. It is important to add that these changes shall not adversely affect already existing relations with current customers. Entrepreneurs should be still able to offer products to their current customers.

The notorious cookies are also affected by a similar change from the opt-out to the opt-in principle. Cookies might be used only with the prior demonstrable consent to the scope and purpose of the processing provided by the respective user. This does not apply to cookies required for the operation of the website.

The changes shall protect consumers from aggressive commercial practices. We expect that the Czech Telecommunication Office will ensure compliance with these rules in the coming period. How effective the enforcement will be, particularly against foreign persons, remains to be seen.

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AirBnB (Almost) Unchained

by Radek Werich

The High Court in Prague found in its recent ruling that the Community of Unit Owners (CUO; in Czech typically abbreviated as “SVJ”) cannot restrict apartment owners who choose to rent out their apartments for short-term rentals, for example through the Airbnb platform. It upheld

the apartment owner’s appeal against the decision of the Municipal Court in Prague, which had ruled in favour of the CUO.

In a nutshell, CUO is a legal entity which shall ensure collective property administration and must be established in every building having at least 5 residential or non-residential units owned by at least 3 different owners. As a result, 90 % of the residential apartment buildings are administered by CUOs. Every owner of a unit in the building is a member of the respective CUO and may exercise voting rights at the assembly of owners which could be characterized as general meeting of the CUO.

The case considered by the High Court concerned an amendment to the by-laws of a Prague CUO which reacted to serious nuisance of the residents caused by short-term rentals to tourists of an apartment in the building. At that time, the assembly of owners decided to add a restriction to its by-laws that

applied specifically to short-term rentals of up to 3 months. Such rentals would newly require the consent of all owners, whereas the consent would not be granted or could be withdrawn if the rental violated the order especially at night in the building.

One of the apartment owners filed a lawsuit against the decision of the assembly; however, the lawsuit was dismissed by the Municipal Court in Prague. It stated that the applicant was exercising his right of ownership in a way that restricted the equally important rights of the other owners. The court also found that the plaintiff’s provision of short-term rentals also violated building and tax regulations.

The Municipal Court held that it was not contrary to the applicable legislation if the other owners, through the assembly as supreme body of the CUO, restricted the petitioner’s property right.

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Slovak Legal News

Don't Let Your Employees Go – New Instrument for Maintaining of Jobs

by Renáta Sedláčková and Valter Pieger



Employers may face obstacles which force them to limit their business activities and reduce the number of employees. Several lockdowns during the Covid-crisis in the past two years are perfect and fresh examples. To avoid this, a new instrument for maintaining of jobs has been introduced as of March 2022.

TROUBLES WHILE CONDUCTING BUSINESS

The newly established instrument focuses on employers whose business activities are limited due to external factors of a temporal nature, such as the state of emergency as repeatedly declared during the coronavirus pandemic, vis major etc. But even if the employer experiences such problems, it does not automatically mean that its business activities are limited. Under the new Act, business activities limitation occurs only in case that the employer cannot assign work to at least 1/3 of employees to the extent of at least 10 % of weekly working time.

CONDITIONS FOR APPLYING FOR FINANCIAL SUPPORT

Provision of financial support is conditioned by fulfilment of specific conditions. It is worth to mention namely those, which relate to employer's previous discipline. Only those employers may apply for financial support who have (i) not violated the ban on illegal employment in the previous two years and (ii) duly paid social insurance premiums and compulsory contributions to pension savings during the entire duration of this obligation. Such period shall however amount to not less than 24 immediately preceding months.

Another prerequisite of applying for financial support is a written agreement with the employees' representatives or directly with the employees. If such agreement cannot be reached, e.g. the employee disagrees to enter into such agreement, this issue can be submitted to an arbitrator. The arbitrator duly examines the whole issue and decides whether the corresponding application for financial

support can be filed or not. Prior to request the arbitrator for assistance, the employer shall consider that the arbitrator is entitled to remuneration which shall be borne by the employer.

AMOUNT OF FINANCIAL SUPPORT

The financial support serves for partial payment of employer's costs related to employee's wage compensation for each hour of business activity limitation. The sum of financial support for such hour amounts to 60 % of the employee's average hourly earnings, but not more than EUR 7.81 per hour (this sum shall apply in 2022). Employees to whom the financial support applies, shall meet specific criteria, including inter alia the following: (i) the respective employment relationship has lasted at least one month, (ii) the employee is not in a termination period and (iii) the employee exhausted the holiday for the previous year.

CONSIDERATION FOR FINANCIAL SUPPORT

As already mentioned, the main idea of the new instrument is to keep jobs. The employee's position, for which the financial support has been provided, shall be maintained for at least two months following the month, for which the financial support has been provided.

TO SUM IT UP

All efforts aimed at "saving" jobs and keeping business going are welcomed by the business community. There are no doubts that the newly established instrument meets these aims. As the whole procedure of applying for financial support as well as the underlying conditions are rather comprehensive, we will gladly provide you with our assistance in this respect.



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Greener Slovakia or Burden to Entrepreneurs?

by Zuzana Tužilová and Veronika Kvašňovská

Slovakia has launched a new mandatory system for single use beverage packaging. The new legislation is inspired by other European countries, where this system is well-established. For many years, it has successfully helped to reduce waste from the streets, CO2 emissions and to facilitate waste separation.

The majority of beverages packed in single use packaging is charged 15 Eurocents per can or bottle. This amount serves as a deposit, which will be returned in full to the consumer after return of the packaging. The beverage packaging is marked with a "Z" and the inscription "ZÁLOHOVANÉ" (in English "DEPOSIT"). The cans and

plastic bottles must not be creased, must have a lid and legible packaging on return. The automatic deposit machine will otherwise not recognise the returned packaging.

Once the packaging is duly recognized, the machine sorts it and issues a voucher for 15 Eurocents to the consumer. This voucher can be either exchanged for money or used as a discount on the purchase in the store, in which the packaging was returned.

Until June 30, 2022, consumers will still be able to buy beverages with unmarked packaging that needs to be separated in compliance with the commonly known (old-school) separation rules.

Entrepreneurs who sell beverages to consumers in stores with an area of at least 300 square meters are mandatorily part of the deposit system. Smaller stores can join the deposit system voluntarily. The involvement of most smaller stores is expected, as the possibility of returning packaging will attract more customers who would otherwise return packaging in larger stores.

The most important obligations imposed on entrepreneurs:

- a deposit machine must be located in the store or within a distance of 150 meters from such store. Smaller stores do not need to have machines (hand-held scanners used by the shop-assistants will be sufficient).
- the amount of deposit as part of the purchase price must be indicated on every price label,
- separate accounting records of deposits shall be kept,
- each entrepreneur shall register itself as a collection point for waste resulting from beverage packaging and keep records of returned packaging etc.

Nevertheless, the deposit system does not include all beverage packaging. For example, packaging bought abroad, provided/sold to passengers within international transport, packaging technically incapable to deposit and packaging for milk, milk drinks, syrups and certain alcoholic beverages are excluded from the deposit system.

We consider the newly introduced act quite ambitious. Practical experience will show whether the good intentions of the legislator will be realized as intended.



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Giese & Partner News

Litigation Team Succeeded Before Czech Constitutional Court

by Ondřej Rathouský and Lenka Charvátová

Giese & Partner has long-standing experience with representation of clients who lost their property in the course of the communist regime. In the last years, Giese & Partner has focused especially on restitutions of the historical property of churches. The churches faced systematic oppression and loss of their property during the communist regime. Many representatives of the churches as well as ordinary believers were victimized just for their beliefs. After the Velvet Revolution in 1989, which brought the 40-year-lasting communist dictatorship to an end, the newly established democratic state obliged itself to compensate the material losses of the churches. However, it took until 2012 to enact special legislation enabling the restitution of the historical property of the churches.

One of the Orders which suffered under the communist regime is the

Sovereign Military Order of Malta – Czech Grand Priory. This Order traditionally focuses on charity, operation of hospitals, supports handicapped and elderly people as well as people in need. Giese & Partner represents the Sovereign Military Order of Malta – Czech Grand Priory in several court proceedings regarding restitution claims. In these proceedings Giese & Partner continuously pursues interests of the Order and demonstrates that it is entitled to the restitution of its historical property. Our litigation team prepared hundreds of submissions and arguments, studied thousands of documents from the archives and analysed relating court decisions. Now, they succeeded and pushed through their arguments in the proceedings before the Czech Constitutional Court. The



Constitutional Court declared that the Sovereign Military Order of Malta – Czech Grand Priory is entitled to request return of its historical property on the basis of the restitution legislation and thus upheld our arguments based on several years of diligent work.

Congratulations!

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Further activities of Giese & Partner lawyers

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