



General

Conflicts of Interest A Three-Layer Problem with Real Money at Stake

by Marie Zámečnicková

With Andrej Babiš back in the Czech Prime Minister's Office, the conflict-of-interest question has returned as well: not as a political slogan, but as a compliance and governance issue with concrete consequences for public procurement, subsidies, and the credibility of public decision-making.

Czech law addresses the issue mainly through the Conflict of Interest Act. In practice, it operates on three layers that differ sharply in what they can realistically achieve.

LAYER 1 – THE GENERAL STANDARD: CLEAR IN PRINCIPLE, SOFT IN ENFORCEMENT

The Act sets a broad expectation that public officials must avoid situations where personal interests could influence the performance of public office. This layer matters normatively, but it is often difficult to “enforce into outcomes” without a specific, clearly provable breach tied to a concrete statutory consequence.

LAYER 2 – RESTRICTIONS ON BUSINESS INVOLVEMENT: NOT THE CORE PRESSURE POINT HERE

A second layer limits certain types of direct business engagement and incompatibilities. In Babiš's case, however, the most acute exposure is not framed around “a general ban on business” in the abstract, but around what happens when a public official is linked to entities interacting with public money and public contracting.

LAYER 3 – THE PUBLIC-MONEY FIREWALL

This is the legally sharpest part and the one that has long been the practical centre of gravity.

Section 4b targets public procurement, requiring exclusion of suppliers tied to a covered public official above the statutory ownership/control threshold (commonly discussed as 25%).

Section 4c addresses subsidies and investment incentives, prohibiting

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their award to entities falling under the same logic.

This is why the “Agrofert problem” does not disappear by rhetoric alone. If the relevant ownership or control link remains, the consequences land on contracting authorities, grant providers, and counterparties – and inevitably invite audits, challenges, and litigation risk.

THE ANNOUNCED SOLUTION – AND WHY IT STILL RAISES DOUBTS

Babiš has again pointed to moving Agrofert away from himself via a trust-type structure (svěřenský fond). But two concerns keep resurfacing.

First, Czech law does not offer a classic Anglo-American “blind trust” as a straightforward domestic instrument. Any structure that is truly “blind” in the common-law sense typically requires careful design and, often, foreign-law solutions; that is not what has been transparently presented so far.

Second, even in the current debate, attention has turned to what is not being included. Multiple reports indicate that the proposed transfer focuses on Agrofert, while Babiš’s other business interests linked to SynBiol / Hartenberg remain outside the arrangement.

That matters because parts of the Hartenberg portfolio operate in heavily regulated sectors, including healthcare, where revenue streams are significantly shaped by public rules and public

reimbursement frameworks. Even if this is not “subsidies” in the narrow sense, it is precisely the sort of environment where perceived conflicts can persist – and where governance optics quickly become governance risk.

WHY THIS WILL KEEP RESONATING

The broader takeaway is uncomfortable but simple: Czech legislation is unevenly “toothed.” The general principles are hard to police, while the public-money firewall is comparatively strict yet operationally complex – particularly for public bodies that must assess ownership/control and defend exclusions or refusals under time pressure.

And this is not only a domestic issue. In February 2026, the European Commission opened a new round of scrutiny through a letter to the Czech Ministry for Regional Development, initiated by senior Commission official Andriana Sukova: it requested detailed information on how the Czech authorities

prevent and address potential conflicts of interest linked to Prime Minister Andrej Babiš, asked for confirmation that no EU subsidies have flowed to Agrofert since his appointment, and sought assurances that Agrofert will not receive EU funding (including cohesion-policy subsidies) until the situation is clearly clarified and fully resolved. The Commission explicitly referred to Article 61 of the EU Financial Regulation and to the Czech Conflict of Interest Act (including Section 4c), set a one-month deadline for a response, and signalled that unsatisfactory answers could lead to a formal audit process – again with direct consequences for the reimbursement of funds.

In short: the legal debate is not about whether conflicts of interest are “good politics” or “bad politics.” It is about whether the rules can reliably separate public power from private benefit – especially where public money is involved – and whether the system can enforce that separation in a predictable, rule-of-law manner.

A Cabinet Minister To Be or Not To Be?

by Marie Zámečnicková

In December 2025, after the October elections to the Czech Chamber of Deputies, President Petr Pavel appointed a new government led by Prime Minister Andrej Babiš. The cabinet rests on a coalition of ANO, Freedom and Direct Democracy (SPD), and Motoristé sobě.

From the outset, coalition talks were dominated by one controversial nomination: Motoristé sobě pushed for their MP Filip Turek to enter the cabinet – at various points floated for the Foreign Ministry and later the Environment Ministry.

The controversy did not come out of thin air. Czech media reported on an archive of Turek’s past social-media posts and comments containing racist, sexist and homophobic statements, including references to Hitler and Mussolini; police opened inquiries into suspected hate speech and related offences. Turek has denied wrongdoing and described the

reporting as a campaign to discredit him, but the reputational and political fallout was immediate.

THE PRESIDENT’S REFUSAL - AND THE CONSTITUTIONAL FAULT LINE

President Pavel made public that he would not appoint Turek as a minister. When the government was appointed in mid-December, Babiš therefore did not submit Turek’s name; instead, Motoristé leader Petr Macinka was tasked, at least temporarily, with running both Foreign Affairs and Environment.

After the New Year, Babiš formally proposed Turek for a ministerial post; Pavel refused and sent the Prime Minister a written explanation, questioning (among other things) Turek’s loyalty to constitutional values and his long-term pattern of statements undermining equality and democratic principles.

Here, the story goes beyond the public drama and raises a constitutional issue with practical consequences for the balance between key institutions.

Article 68(2) of the Czech Constitution provides that the President appoints ministers “on the Prime Minister’s proposal.” In a parliamentary system where the government is accountable to the Chamber of Deputies this is widely read as limiting the President’s discretion to exceptional, narrowly defined circumstances.

This is not the first time the boundary has been tested. Previous presidents, most notably Miloš Zeman, used delays or refusals in ministerial appointments to exert political leverage, triggering sharp criticism and repeated calls for a competence dispute before the Constitutional Court.

In today’s case, the theoretically available legal route would again be a competence dispute; yet Babiš has indicated he does not want to litigate with the President

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over a single nomination – leaving the constitutional question contested in the public sphere rather than settled judicially.

THE “COMMISSIONER” WORKAROUND – AND WHY IT MATTERS

The saga then took a further twist. On 12 January 2026, the government created the post of Government Commissioner for Climate Policy and the Green Deal and appointed Filip Turek into it – an appointment that does not require presidential involvement.

According to the approved statute and subsequent reporting, the role is to be performed through the Ministry of the Environment, potentially via an employment contract or a work agreement. That immediately raised concerns about whether the arrangement

attempts to achieve – informally – what the constitutional appointment mechanism prevented formally: a de facto “ministerial” influence without ministerial responsibility.

It also reopened a separate legal problem: incompatibility with holding a parliamentary mandate. The Czech Conflict of Interest Act explicitly treats an MP’s employment or service relationship with the state at a ministry (in appointed roles or roles involving decision-making in state administration) as incompatible with the mandate; constitutional lawyers cited in the press have warned that an unlawful setup could even trigger loss of mandate once an MP assumes an incompatible function.

As of 23 February 2026, the standoff produced a political compromise: President Pavel appointed Motoristé MP Igor Červený as Minister of the Environment, ending the interim arrangement under which Foreign

Minister Petr Macinka also ran the portfolio. Yet the core rule-of-law concern has not disappeared. Motoristé leaders presented Červený as a minister who will work closely with Turek (now the government’s commissioner for climate policy and the Green Deal within the ministry), and Turek himself quipped that the new minister “will do what he sees in my eyes” – wording that inevitably fuels questions about de facto influence without the constitutional appointment and political accountability of a minister.

The episode is a reminder that the rule of law depends on clear constitutional lines – and on the willingness to respect them even when shortcuts are tempting. Or, as Tomáš Garrigue Masaryk put it: “We already have democracy – now we still need some democrats.”

The Digital Hallucination A CZK 25,000 Lesson in AI Legal Ethics

by Ondřej Rathouský

The rapid integration of Artificial Intelligence brings new risks to the legal profession. The Czech judiciary is now beginning to penalize respective violations of attorney duty of care. A landmark decision by the Constitutional Court (file no. I. ÚS 3004/25) serves as a vital warning for legal professionals who rely on AI-generated content without rigorous verification. In this case, the Court imposed a disciplinary fine of CZK 25,000 on an attorney whose submission was found to be based on “hallucinated” legal authorities.

A lawyer filed a constitutional complaint that appeared, at first glance, to be a standard, professional document. However, upon a detailed review by the Court, it was discovered that a significant portion of the cited jurisprudence was entirely fabricated. Out of the 12 decisions of the Czech Constitutional Court and the European Court of Human Rights referenced in the complaint, several simply did not exist. For instance, the attorney cited specific “judgments” regarding the unconstitutionality of certain procedural codes that the Court had never actually issued. Other citations pointed to real file numbers but were “grossly misinterpreted,” describing legal principles



that were nowhere to be found in the actual rulings.

The Court’s reasoning highlights a critical technological shift. The Court noted that the submission displayed classic symptoms of Large Language Model (LLM) usage: unnatural “Anglicisms,” inconsistent citation formats, and a fundamental failure to distinguish between different types of court rulings, such as a “judgment” (*nález*) versus a “resolution” (*usnesení*). This led the Court to conclude that the attorney had used AI to generate the arguments but failed to perform the essential professional task of verifying the output.

This decision reinforces a fundamental principle of the legal profession: responsibility is non-delegable. Whether an attorney uses a junior lawyer or a generative AI model to draft a brief, the attorney remains fully liable for the

accuracy of the filing. The Court emphasized that the purpose of mandatory legal representation is to ensure communication at a high formal and substantive level, protecting the client from procedural harm. By submitting “hallucinated” arguments, the attorney was found to have grossly obstructed the proceedings by misleading the Court and causing unnecessary delays.

While the maximum fine for such conduct is CZK 100,000, the Court opted for a penalty at the lower end of the spectrum because it was the attorney’s first offense and the defects in the complaint could still be remedied. For legal practitioners this case is a clear signal: while AI can be a powerful assistant, it lacks the professional judgment and factual accuracy required in a courtroom. Every citation generated by a machine must be treated as suspect until manually confirmed against an official legal database.



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Slovakia: Public Sector Partners - Update Your UBOs!

by Renáta Konštiaková

All companies registered with the Register of Public Sector Partners should pay attention now.

The Register of Public Sector Partners is based on the principle of transparency. Its main purpose is to disclose the management and ownership structures of companies that receive public funds or conduct business in specific areas, such as energy. An integral part of the Register is also a list of ultimate beneficial owners (UBOs) for each registered company.

For purpose of reliability, companies are obliged to keep the data about UBOs

continuously up-to-date and to arrange for an updated registration in the event of any changes. However, this is only part of a picture. The legislation goes even further to ensure that the registered information remains up to date.

At the beginning of each calendar year, but no later than on 28 February, the registered companies shall verify their UBOs as of 31 December of the previous year. Let's take a closer look at what that means.

Even if there has been no change to the UBOs or their identification

data, the registration authority must be provided with a confirmation that the registered data is still up to date. Failure to comply with this obligation may lead to unwanted consequences. If a company is in a contractual relationship with the public sector and the public sector fails to fulfil its contractual obligations due to missing UBO verification, this will not be considered a delay in performance.

Therefore, failure to verify the UBOs may result in postponement and other difficulties with contractual performance.

Stay alert and remember to verify your UBOs on time.

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Czech Legal News

Czech FDI Alert Cybersecurity Alignment Expands Screening Scope

by Radek Werich

The definition of a "sensitive asset" in the Czech Republic has shifted significantly from its former focus on critical infrastructure or military defense. An amendment to the Foreign Investment Screening Act (the "FDI Act") introduces technical but far-reaching changes that warrant close attention from the international investment community.

The pivotal development is the complete alignment of FDI screening with the newly adopted Cybersecurity Act. Previously, mandatory FDI clearance was reserved for traditional critical infrastructure targets. Under the new regime, mandatory screening applies to any target entity falling under the "Regime of Higher Obligations".

The scope of these "regulated services" now includes sectors that were previously considered standard commercial activities.

EXPANSION OF REGULATED SECTORS

Qualified foreign investors must now rigorously assess whether a target entity provides a "regulated service" under the Higher Obligations regime.

The most notable expansion affects the manufacturing industry and digital supply chain.

Mandatory screening is now likely to apply if the target operates in:

- **Advanced Manufacturing (CZ-NACE 26–30):** This broad category covers the manufacturing of computers, electronic and optical products, electrical equipment, machinery, motor vehicles, and other transport equipment.
- **Chemical & Pharmaceutical Industry:** Entities involved in the production and distribution of key chemical substances and pharmaceuticals.
- **Digital Infrastructure:** Providers of cloud computing services, data center services, and trust services.



- **Managed Services (MSP/MSSP):** B2B providers of IT security and management services.
- **Energy & Utilities:** Beyond traditional generation, this now captures entities managing digital control systems for water and waste management.

IMPLICATIONS FOR CROSS-BORDER M&A

The classification of a target under the Regime of Higher Obligations triggers a strict suspensory obligation for non-EU investors (including those

from the UK, US and Switzerland). The transaction cannot be closed until approval is granted by the Ministry of Industry and Trade.

The assessment of whether a target falls under this regime is no longer a mere formality but a critical item for early-stage due diligence. The complexity arises because the “sensitivity” of the asset is now defined by technical cybersecurity standards rather than purely economic or strategic factors.

Navigating this intersected regulatory regime - where investment law

meets cybersecurity classifications - requires precise legal analysis. Market participants are advised to map the target’s regulated activities at the onset of the transaction to ensure deal certainty and avoid unexpected regulatory delays.



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Leased Labor Trap Supreme Court Expands “Equal Pay” to Benefits

by Jan Valíček

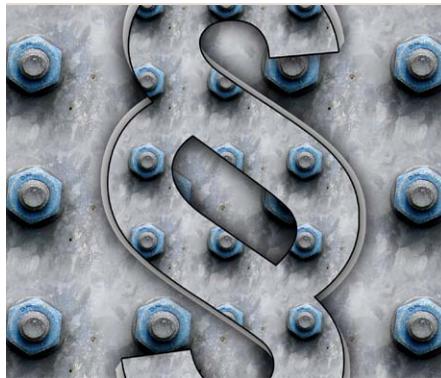
Using agency workers or temporarily assigning employees between group entities has long been a standard flexibility tool. However, a groundbreaking decision by the Supreme Court has significantly increased the price tag of this flexibility. The statutory requirement to provide “comparable conditions” now explicitly extends beyond basic salary to voluntary benefits, such as pension insurance contributions.

CURRENT PRACTICE

Under the Czech Labor Code, employees temporarily assigned to another employer (including agency workers) must enjoy wage and working conditions that are “not worse” than those of comparable core employees. Until now, market practice - supported by previous interpretations from inspection authorities - often excluded specific non-statutory benefits from this comparison.

NEW APPROACH

In its decision, the Supreme Court reviewed the case of an employee temporarily assigned to a sister company within a holding group. The employee discovered that while he performed the same work as the host company’s core



staff, he received a lower hourly wage and a significantly lower pension contribution.

While lower courts agreed to equalize the hourly wage, they rejected the claim regarding the pension contribution, arguing that such voluntary benefits do not constitute “wage conditions” under the Labor Code.

The Supreme Court overturned this restrictive view. It established that the principle of equal treatment applies broadly. It is irrelevant whether a payment stems from a statutory obligation or a voluntary internal policy (such as a collective bargaining agreement or a benefits handbook).

The Court found that if a comparable core employee is entitled to a benefit

- such as a contribution to supplementary pension insurance - the assigned employee must receive it as well. Denying such benefits solely based on the “assigned” status constitutes prohibited discrimination.

IMPLICATIONS FOR EMPLOYERS AND INVESTORS

This decision has immediate practical and financial consequences for two major groups:

Intra-Group Assignments: Holding companies often move staff between entities. If the “host” entity has a more generous benefits package than the “home” entity, the assigned employee must be topped up to match the host’s level.

Agency Employment: Although the specific case concerned intra-group assignment, the legal logic is identical to agency employment regulations. Companies using agency labor must now ensure that agencies are fully informed of all benefits provided to core staff - including cafeteria points, insurance contributions, or bonuses - and that these are reflected in the agency workers’ pay.

Employers should be aware that this interpretation applies retroactively. Employees may claim the difference in benefits for up to three years back (the statute of limitations).



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Equal Pay! Employers Should Prepare for the New Era of Pay Transparency

by Dagmar Junková

The EU Pay Transparency Directive will introduce significant changes to the area of employment law. Although the Czech Republic is required to transpose the Directive by June 2026, the wording of the Czech implementing legislation is not yet available. Employers can therefore use the current period to prepare and reduce future compliance risks.

PAY TRANSPARENCY AS A NEW RISK MANAGEMENT TOPIC

Under the current Czech legal framework, equal pay is largely based on a reactive approach, with issues typically addressed only following an inspection or litigation. The Directive fundamentally changes this model.

Employers will be expected to review their pay structures, identify potential pay gaps and be able to explain them using objective criteria.

REPORTING ON PAY GAPS

Certain employers will be required to prepare regular reports on pay gaps, and it is expected that this obligation will primarily apply to employers with more than 100 employees.

From a practical perspective, it is important to note that:

- six out of seven reported indicators relate solely to the overall pay gap between women and men, regardless of specific job roles, and
- only one indicator concerns pay

differences between employees performing the same work or work of equal value.

A pay gap does not automatically indicate a breach of the law. However, where significant disparities arise, employers will be expected to assess whether these differences can be objectively justified. If not, further steps and corrective measures may be required. For this reason, it is advisable to calculate these figures on a trial basis using existing payroll data to understand how current pay structures would perform under the new reporting framework.

ASSESSING EQUAL PAY AND THE GROUP PERSPECTIVE

What employers should start reviewing now

Even in the absence of Czech implementing legislation, employers can already focus on several key questions:

- **Pay structure**
What elements make up remuneration and which of these may generate disparities (fixed salary, bonuses, variable pay components, benefits)?
- **Pay-setting mechanisms**
How are individual pay components determined and can the criteria used be objectively justified when applied consistently across the organisation?
- **Internal consistency**
Would pay differences withstand comparison between employees

performing the same work or work of equal value?

- **Communication with employees**
At what stage is remuneration communicated to employees and is this practice consistent and adhered to in practice?
- **Group arrangements**
If an employer forms part of a corporate group, is there genuine autonomy in pay-setting or is remuneration centrally determined, and can equal pay for comparable roles across the group be objectively justified?

CONCLUSION

The Pay Transparency Directive does not require employers to equalise all salaries. It does, however, mean that pay differences will become more visible, measurable and subject to scrutiny, and will need to be justified on the basis of clear and objective criteria.

Employers who start reviewing their pay structures and processes now will be better prepared for future reporting obligations and potential scrutiny.

We continue to monitor legislative developments and will keep you informed of any developments.

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New Legal Framework for Czech Family Farms

by Karolína Szturc

At the beginning of 2026, the Czech Republic took an important step in reshaping its agricultural landscape by formally recognising family farms as a distinct legal category. While family-run agricultural businesses have long existed in practice, the new legislation gives them, for the first time, a clear legal identity.

The amendment to the Act on Agriculture introduces the concept of a family farm into Czech law. This status is intended for smaller farms that are owned and run primarily by members of the same family, with a connection to the land and the local community. Until now, “family farm” was more of a descriptive label. Going forward, it becomes a legally protected designation. It can only be used by farms that meet defined conditions and are officially registered with evidence register held by the Ministry of Agriculture and run by the State Agricultural Intervention Fund.

From a policy perspective, the law reflects a broader effort to rebalance Czech agriculture. Large corporate farms continue to play a major role, but lawmakers see family farms as a stabilising force: they tend to be more locally rooted, more resilient

across generations, and often more closely aligned with sustainable land management. The legislation is therefore as much about the future structure of rural areas as it is about farming itself.

To qualify for family farm status, businesses and/or their members must meet several cumulative requirements. Management and key decision-making must remain in the hands of family members, and the farm must fall within size and turnover limits typical of micro enterprises. There must also be a demonstrable link between the family and the location where the agricultural activity is carried out. Once registered, the farm gains the right to present itself and market its products under the protected “family farm” designation.

For businesses, this recognition can carry tangible commercial value. Consumers increasingly associate family-run operations with authenticity, traceability and quality. In supply chains where origin and sustainability matter – such as food processing, retail, hospitality or export – the legal status of a family farm can strengthen branding and negotiating positions. Over time, it may also become relevant for access to targeted public support schemes or EU-level funding



instruments that prioritise smaller, locally embedded producers. However, relevant legislation that would bring additional benefits to family farms beyond marketing advantages still has to be adopted.

In conclusion, the formal recognition of family farms marks a meaningful evolution in Czech agricultural law. It combines legal clarity with broader economic and social objectives, and its impact will extend beyond farming alone. The key takeaway is simple: family farms are no longer just a tradition or a story – they are now a defined legal and commercial category, with rights, obligations and growing strategic importance.



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Good Faith in Czech Acquisitions Two Worlds, Two Rules

by Radek Werich

When acquiring assets in the Czech Republic, the level of due diligence required to protect a title depends entirely on one factor: whether the asset is registered in a public list (official publicly accessible register). Two decisions by the Supreme Court draw a sharp line between real estate and movable assets, establishing a “double standard” that buyers must navigate carefully.

The concept of “acquisition from a non-owner” serves as a critical safety net in

transactions. It allows a purchaser to retain an asset even if the seller’s title later proves invalid, provided the purchaser acted in good faith. However, the Supreme Court has clarified that “good faith” is interpreted very differently depending on whether the asset is a registered building or not.

REAL ESTATE: THE REGISTER PREVAILS

In a landmark decision, the Supreme Court strengthened the position of real

estate investors. The case concerned a buyer who acquired land at a price significantly below market value. Lower courts initially stripped the buyer of the title, arguing that the low price and the non-standard nature of the seller should have triggered an “investigative duty”.

The Supreme Court overruled this approach, reinforcing the principle of Material Publicity. It held that investors are generally entitled to rely on the Real Estate Register. A favorable purchase price alone is

not an objective circumstance that obliges a buyer to investigate the seller's history or title. Unless there are physical discrepancies on site that clearly contradict the register (such as a fence demarcating a different owner), the reliance on the public record is robustly protected.

MOVABLES: A STRICTER STANDARD

Conversely, for non-registered assets - such as machinery, vehicles, inventory or even real property not registered in the Real Estate Register - the standard is significantly higher. In another decision, the Court ruled against a buyer of a luxury vehicle. Although the seller claimed ownership, the vehicle's "small technical license" (registration certificate) listed a different entity as the operator.

The Court established that for movable

assets, buyers bear an active investigative duty. If a document or circumstance casts doubt on the seller's verbal claim, the buyer may not simply remain passive. Failure to verify the underlying chain of title in the presence of such "red flags" is considered reckless, effectively nullifying the good faith protection.

IMPLICATIONS FOR TRANSACTIONAL DUE DILIGENCE

For investors, this judicial dichotomy necessitates a bifurcated due diligence strategy. In both, real estate share and asset deals, the primary focus remains on the status recorded in the Real Estate Register. Absent obvious defects, the registered state provides a high degree of certainty. However, when acquiring movable assets, reliance on representations and warranties

is insufficient. The presence of any discrepancy in operational documentation triggers a legal obligation to conduct a deeper forensic verification of ownership titles.

Navigating this dual regime requires a precise understanding of where the "investigative duty" begins and ends. Distinguishing between standard commercial risks and legal "red flags" that could invalidate a title is essential. Only this can ensure that an acquisition remains secure long after closing.

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Not an Heir, Yet Still in the Case?

A Key Supreme Court Ruling on Inheritance Proceedings

by Jana Kostěncová

The Czech Supreme Court brings an important clarification of procedural rules in inheritance proceedings, with a direct impact on the legal practice.

BACKGROUND OF THE DECISION

During inheritance proceedings, it may become clear that a person initially regarded as an heir does not, in fact, have any inheritance rights - for example due to a will, disinheritance, or statutory succession rules. A recurring practical question is therefore:

When does such a person cease to be a party to the proceedings?

The Supreme Court answered unequivocally: A person remains a party to inheritance proceedings until a decision expressly terminating their participation becomes final and binding. A mere finding that inheritance rights do not exist is not sufficient.

WHY THE RULING MATTERS

The Court clearly distinguishes between:

- the substantive assessment of

- inheritance rights, and
- the procedural status of a party to the proceedings.

Until the termination decision becomes final, a "putative" heir retains full procedural rights, including:

- the right to be informed about the proceedings,
- access to the case file,
- the right to comment on evidence, and
- where applicable, the right to lodge remedies.

PRACTICAL IMPLICATIONS

The ruling has important consequences for the legal practice:

- **Service of documents:** Court commissioners must continue serving documents on the person concerned until the decision becomes final; failure to do so may constitute a procedural defect.
- **Procedural certainty:** A potential heir cannot be excluded informally or prematurely without a formal decision.
- **Disputed estates:** The decision is particularly relevant in disputes over

the validity of wills or inheritance capacity.

- **Legal strategy:** The ruling provides a strong basis for protecting clients' procedural rights and challenging defective court or notarial conduct.

CONCLUSION

With this decision, the Supreme Court reinforces procedural safeguards in inheritance proceedings and confirms that strict compliance with procedural rules is required even in probate matters. For practitioners, it is a key precedent in complex or contested inheritance cases.

So, even if a person is ultimately found not to be an heir, they remain a party to inheritance proceedings until a final decision expressly ends their participation. Courts and notaries must respect their procedural rights throughout this period.

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Slovak Legal News

Redefining Dependent Work

What Does This Mean for Employers and Employees?

by Valter Pieger

The package of legislative changes aimed at consolidating public finances, does not only include the abolition of certain public holidays, but also an amendment to the Labor Code. The amendment concerns the modified definition of dependent work.

This update reflects the legislator's effort to align the legal framework with the realities of the modern labor market, where remote work, hybrid models, and flexible working hours have become the norm rather than the exception. At the same time, the amendment aims to limit practices that circumvent labor law protections.

WHAT IS CHANGING IN THE DEFINITION OF DEPENDENT WORK?

Dependent work is traditionally defined as work performed in a relationship of employer superiority and employee subordination, carried out personally by the employee, according to the employer's instructions, on the employer's behalf, and at a time determined by the employer.

The amendment removes the last element – working time determined by the employer – from the definition. This seemingly technical change has significant practical consequences. It ensures that employees who work from home, under flexible schedules, or in hybrid arrangements continue to fall clearly within the scope of dependent work and remain fully protected by labor law. In other words, flexibility in working hours will no longer create legal uncertainty as to whether an employment relationship exists.



A CLEARER LINE BETWEEN EMPLOYMENT AND SELF-EMPLOYMENT

The revised definition also strengthens the distinction between employment relationships and self-employment. This distinction is crucial, as it determines not only labor law protection, but also social security contributions, health insurance, tax treatment, and entitlement to benefits.

According to the explanatory memorandum, one of the key goals of the amendment is to curb the circumvention of labor law through contractual arrangements that formally appear as business cooperation but, in substance, function as employment relationships (so-called „švarc-systém“).

Although such arrangements may appear financially attractive in the short term, they are illegal and expose both employers and individuals to significant risks, including fines, retroactive payment of contributions and loss of public subsidies or reliefs.

WHY THIS MATTERS BEYOND LEGAL COMPLIANCE

Beyond regulatory sanctions, disguised employment often disadvantages the individual performing the work. A self-employed person operating in what is effectively an employment relationship does not enjoy the same level of protection as an employee, for example in the event of termination, illness, or workplace disputes, despite performing dependent work in practice.

PRACTICAL IMPLICATIONS

Overall, the amendment helps the Labor Code remain relevant in a rapidly changing labor environment. It provides clearer guidance for employers when structuring working arrangements, strengthens employee protection, and equips authorities with a more precise legal tool to identify unlawful subcontracting.

For companies relying on flexible working models or external contractors, the upcoming changes are a timely reminder to reassess existing arrangements and ensure they are aligned with the substance – not just the form – of labor law.

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G&P News

Ernst Giese as Speaker



Ernst Giese, Partner at Giese & Partner, will participate as a speaker in the upcoming **67. Baurechtstagung** of the Arbeitsgemeinschaft Bau- und Immobilienrecht im Deutschen Anwaltverein (**ARGE Baurecht**), taking place on **13–14 March 2026 in Prague**.

This prestigious biennial event offers high-level insights and practical updates in construction law, drawing leading legal experts from across Europe. At the conference, Dr. Giese will present on **“Bauen und Immobilienrecht in Tschechien – ein Überblick,”** sharing his extensive experience in cross-border real estate and construction law.

[More information and registration >>](#)

Martin Holler as Jury Member



Martin Holler, partner at Giese & Partner, has been appointed to the jury of the **CEEQA Awards 2026**. The awards are among the most respected distinctions in the Central & Eastern European and Southeast European real estate markets, recognising excellence in investment, development, finance, and advisory services across 18 countries.

As a jury member, Martin will join a distinguished panel of industry leaders responsible for evaluating submissions and selecting this year's winners. The 2026 awards ceremony will take place in **Warsaw on 20 May 2026**.

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New in Team

Giese & Partner is pleased to introduce a new member of our Prague team:

Mgr. Bc. JAKUB SANKOT
Junior lawyer

Jakub Sankot joined Giese & Partner in November 2025. He graduated from the Faculty of Law at Charles University in Prague and obtained a bachelor's degree from the University of Economics in Prague. Jakub also studied at the University of Iceland in Reykjavík. He speaks Czech, German, and English.

**Further activities of
Giese & Partner lawyers**

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