

Legal News

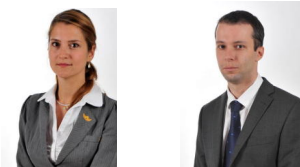
Did your company subordinate to the Business Corporations Act? Only two months left...

31 December 2015 the two years' period expires

Did you know that on **31 December 2015 the two years' period expires** in which the companies are allowed to subordinate themselves to the Business Corporations Act? If a company does not subordinate itself to the Business Corporations Act, the provisions of the old Commercial Code will also apply together with the provisions of the Business Corporations Act. This dual application cause in practise considerable problems of interpretation, increase costs related with administration of the company and could negatively influence transaction in the future or possible exit from the company. We recommend to consider possibility of subordination now, when still possible.

Sanctions

In practice, we are finding out that number of companies failed to follow legal obligation to adapt its founding document to the Business Corporations Act by 30 June 2014 and insert this adapted document in to the Collection of Deeds of the Commercial Register. If in breach of this duty, companies risk incurring a fine of CZK 100,000 (approx. EUR 3,600), which can be imposed repeatedly, as well as dissolution by the court.



Should you require further information, please contact Lýdia Schmidtová or Jiří Absolon at lydia.cadete@deltalegal.cz or jiri.absolon@deltalegal.cz or your contact person in our office.

This document is intended as a general communication and is not an advice in specific circumstances.

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