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성공적인 투자진출을 위한 TIP



대상 부지 매입에 신중 또 신중

공산정권에서 자유화되면서 공산화 이전 토지소유주들에게 소유관계 입증 시 토지를 돌려주었기 때문에 소유권 관계가 복잡하거나 소송중인 경우가 많아 대상 부지에 대한 철저한 사전 검토가 필요하다. 특히 지방정부와 긴밀한 협조 하에 지방정부 추천 부지를 매입하거나 기 조성된 공단에 입주하는 것이 가장 안전하다.



현지 가용 노동력에 대한 철저한 사전 조사

체코인들은 고향을 잘 떠나려 하지 않을 뿐 아니라 장거리 출퇴근에 익숙하지 않고 주택문제 등으로 직장을 위하여 이주 하는데 거부감을 가지고 있다. 따라서 공장 인근에서 노동력을 조달할 필요가 있다.



투자대상지의 투자인센티브 한도에 유의

지역별 실업률에 따라 투자인센티브 수혜 한도가 정해져 있으므로 투자 대상지역의 투자인센티브에 대해 사전 조사하는 것이 필수적이다.



법률회사 등 전문가 이용 필수

각종 계약서 작성 시 체코어와 영어로 동시에 작성할 수 있으나 분쟁이 발생할 경우 체코어 계약서가 우선한다. 이 때문에 기업이 현지법인을 설립하거나 부지를 매입하려면 현지 법률회사나 회계 법인을 이용해야 한다.

I. 투자 여건

1. 투자 환경

■ 유럽의 정중앙에 위치한 지리적 이점

- 독일 및 오스트리아와 국경을 접하면서 중동부 유럽 국가 중 지리적으로 서유럽에 가장 근접하고 유럽의 중앙에 위치하여 물류에 유리
- 2004년 EU 가입으로 거대 EU 시장에 직접 접근 가능

<유럽 주요도시와의 거리>

(단위: km)

구 분	베를린	파리	로마	암스텔담	마드리드	함부르크	모스크바
바르샤바	560	1,569	1,715	1,208	2,783	842	1,245
프라하	336	1,002	1,210	830	2,168	587	1,856
부다페스트	818	1,422	1,142	1,340	2,379	1,096	1,852
브라티슬라바	638	1,244	1,093	1,158	2,321	915	1,881

자료원: ViaMichelin, "Driving Directions"

■ 잘 갖추어진 인프라

- 2007년 경제 자유도 지수 세계 31위로 중동부 유럽 국가 중 최고 수준
- 철도 연장이 9,614km에 달할 정도로 유럽 국가 중 가장 조밀한 철도망
- 2005년 기준 고속도로 연장 564km의 중동부 유럽에서 최고의 고속도로 망을 갖추고 있으며, 2009년말까지 256km에 달하는 신규 고속도로가 건설 완료될 예정

< 교통 인프라 밀집도 >

(단위: km/100km²)

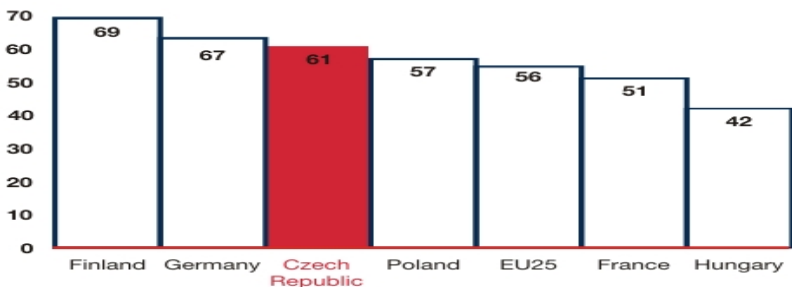
구 분	체코	헝가리	폴란드	슬로바키아	아일랜드	포르투갈
고속도로	0.6	0.2	0.1	0.6	0.1	1.6
일반도로	161.4	32.0	118.8	35.6	136.2	73.6
철 도	12.0	8.2	7.3	7.5	2.7	3.0
내륙수로	0.8	1.5	1.2	0.4	0.0	0.0

자료원: CzechInvest, Transport Infrastructure(2007.2월)

■ 우수한 인적자원

- 문맹률이 거의 제로에 가까우며(세계 최고 수준), 유럽에서 고등교육 인구비율이 가장 높으며 풍부한 외국어 구사 인력 보유
- 유럽 내 핵심 산업국가로서의 오랜 역사에 따라 풍부한 기능인력 보유
- 2004년 OECD 보고서는 체코가 과학 및 기술분야 대학졸업생 비율이 세계에서 가장 높은 것으로 평가

< EU 주요 국가별 외국어 대화가능 비율 >



자료원: EC, Eurobarometer (2006)

■ 우수한 국내 산업기반

- 전통적인 유럽의 공업국으로 부품, 기계 등 기초산업 기반이 우수하여 현지 부품조달에 유리

■ 선진국 수준의 생활여건

- 구 공산권 국가 중 슬로베니아에 이어 가장 높은 소득수준을 보유하고 있으며, 서유럽 주요도시에 버금가는 생활 여건

2. 주요국별 대 체코 투자동향

< 대 체코 국별 외국인 직접투자 >

(단위: 백만 달러)

국 가	2002	2003	2004	2005	2006	2006년말 누계
네덜란드	1,229	-1,056	2,002	920	661	18,043
독 일	4,652	163	758	1,619	1,158	13,502
오스트리아	762	484	439	625	837	7,567
스페인	28	57	68	5,229	-99	3,530
프랑스	142	680	-176	387	271	3,997
미 국	189	154	505	114	243	3,101
벨기에	437	-253	-52	234	-69	2,106
영 국	-220	636	19	58	525	2,453
스위스	271	136	184	85	84	1,392
일 본	116	328	39	63	118	965
한 국	-	5.5	-0.4	300	118	454
총 계	8,483	2,101	4,974	11,658	5,957	66,619

자료원: 체코 중앙은행

- 1998년 5월 투자인센티브법 도입 이후 외국기업의 투자가 본격화
- 2005년에는 국영통신회사 매각 및 제조업 투자의 지속적 유입으로 한 해 동안 116.6억 달러를 유치하여 달러화 기준 사상 최대의 유치실적 기록
- 누계기준 최대 투자국은 네덜란드로 총 180억 달러를 투자하여 전체 외국인투자액의 27%를 점하고 있으며, 다음은 독일로 135억 달러 투자
- 외국인직접투자는 서비스 분야에 집중되어 전체 투자의 54%를 차지하고 있음. 제조업은 38%를 차지하며 이 중 자동차산업이 24%를 점유
- 마쓰시다가 1996년 Plzen에 투자하면서 본격화된 일본의 투자는 2002년 도요타가 투자하면서 급증세를 보이기 시작하여, 2007년 1월 15일 현재 제조업투자 70개사 포함 182개사가 진출해 있음
- 한국의 대 체코 투자는 성우하이텍의 투자와 함께 2005년부터 본격화되기 시작하였으며, 현대자동차의 진출로 급증세를 보임

II. 투자유치 제도

1. 투자유치 제도

■ 투자유치 정책

- 체코는 별도의 외국인투자법을 두고 있지 않으며 국내 상법을 그대로 적용
- 국방 및 안보와 관련된 일부 산업 이외에는 기업 인수나 신규 법인 설립 등 외국인투자에 대하여 투자신고나 정부 승인 등 어떠한 제한도 없으며 일부 분야를 제외하고는 투자액의 규모에도 제한이 없음
- 1998년 4월 처음으로 “투자인센티브법”을 도입한 이후, 2000년 5월 투자인센티브 수혜를 위한 최소 투자액 규모 하향조정을 주 내용으로 하는 “신(新)투자인센티브법”을 제정하였으며, 2002년 초에는 인센티브 대상 투자를 서비스 분야까지 확대하였음
- EU 가입에 따라 2004년 5월부터는 EU 집행위원회와의 협의를 거쳐 동 법을 일부 개정하였으며, 2007년 1월 1일부 EU의 투자인센티브 제도 변경에 따른 개정안은 현재 의회에 계류 중임
- 금융부문에 대한 투자의 경우 체코 중앙은행(Czech National Bank)의 사전승인을 얻어야 하며, 공식적인 승인 절차는 없으나 통상 30일 정도의 기간이 소요됨
- 신설은행 설립 시 최소 자본금은 5억 체코크라운이며, 체코 내 법인이 은행 지분의 10% 이상을 취득할 시에는 중앙은행의 승인이 필요함

■ 중점 투자유치 분야

● 주요 산업 부문

- Electronics
- Precision Engineering and Automobile Industry
- Chemicals and Plastics

● High-Tech 산업

- Microelectronics and Semiconductors
- Biotechnology and Pharmaceuticals
- Optoelectronics

● High-Tech 서비스 분야

- Information and Communication Technologies, Software Development
- Strategic Services: Shared Service Centers, Expert and Solution Provider Centers
- High-Tech Repair Centers

2. 투자 인센티브

가. 제조업에 대한 인센티브

■ 인센티브 지급대상 제외 산업

- 철강산업
- 인조섬유(Synthetic fiber) 제조업

■ 인센티브 종류

• 법인소득세 면제

- 신규 투자기업에 10년간 법인소득세 면제
- 기존 기업의 추가투자에 대하여 10년간 법인소득세 부분 감면
 - ※ 현재 상원에 계류 중인 투자인센티브 개정안(하원 수정안)에는 법인세 면제기간이 5년으로 축소됨

• 고용창출 보조금(Job-Creation Grants)

- 전국 평균 실업률보다 50% 이상 높은 지역 또는 실업률이 20% 이상 높으면서 50% 이상 높은 지역과 인접한 지역(I 지역)에 투자할 경우 종업원 1인당 20만 체코크라운 지원
- 실업률이 전국 평균보다 20% 이상 높은 지역(II 지역)에 투자할 경우 종업원 1인당 10만 체코크라운 지원하고 장애인 또는 3개월 이상 실업자로 등록된 자를 고용 시 2만5천 체코크라운 추가 지원

• 교육 및 재교육 보조금(Training and Retraining Grants)

- 실업률이 전국 평균보다 높은 지역(I, II, III 지역)에 투자할 경우 종업원 1인당 교육 및 재교육 비용의 35% 지원

• 공장부지 지원

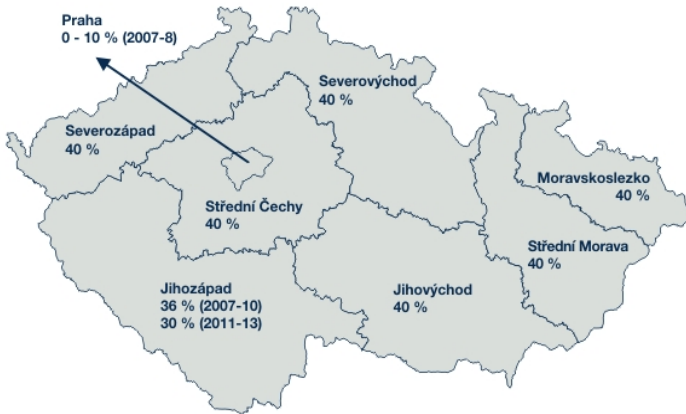
- 정부소유의 토지를 공장 건설 부지로 시세보다 저렴한 가격에 공급

■ 인센티브 수혜 한도

- 인센티브(교육 및 재교육 보조금 제외) 총액은 투자대상 지역별로 유효 투자비의 0~40%로 상이함

- 소기업(종업원 50명 미만, 자산 및 연매출액 1천만 유로 이하)으로 투자규모가 5천만 유로를 초과하는 경우 인센티브 수혜한도가 당초 한도 대비 20% 늘어나며, 중견기업(종업원 250명 미만, 자산 4천3백만 유로 이하, 연매출액 5천만 유로 이하)은 10% 증가

< 지역별 인센티브 수혜 한도 >



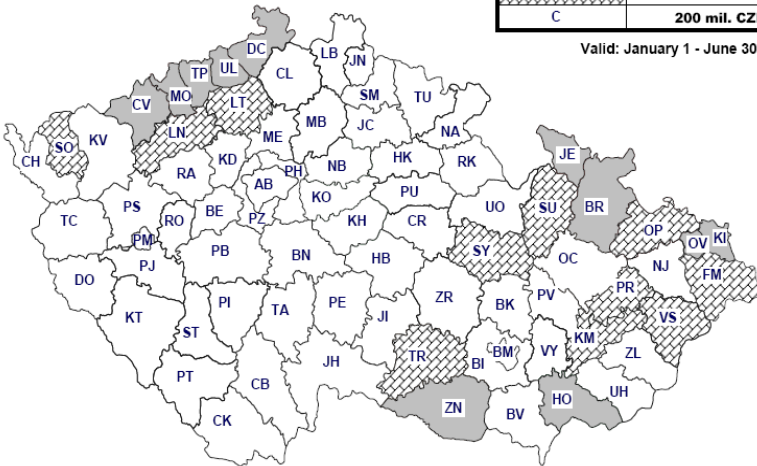
■ 인센티브 수혜조건

• 일반조건

- 신규 생산시설의 건립, 현 생산시설의 확장 및 생산품 또는 생산방식의 근본적인 변경을 위한 현대화 목적의 투자여야 함
- 최소 투자규모는 지역별 실업률에 따라 A지역의 경우 1억 체코크라운, B지역 1억5천만 체코크라운, C지역 2억 체코크라운 이상
- 최소 투자규모의 50% 이상은 자기자본으로 조달
- 총 투자액의 최소 40%는 기계설비 투자여야 하며, 기계설비의 50% 이상은 하이테크여야 함

- ### < 지역별 최소 투자규모 >

Valid: January 1 - June 30, 2007



II. 투자유치 제도 • 13

- 고용창출 보조금을 지급받은 기업은 보조금을 처음 신청한 날로부터 최소 5년간 신규 창출된 종업원 수를 유지해야 함

- 생산시설은 환경친화적이어야 함

- 투자 인센티브 개정안 주요 변경 예정사항

- 투자 인센티브 개정안이 현재 상원에 계류 중으로 금년 중 통과예정

- 최소 투자금액이 실업률이 높은 지역(체코 평균 실업률보다 50% 이상 높은 지역)의 경우 5천만 체코크라운, 기타 지역도 5천만 체코크라운으로 하향조정

- 기계설비에 대한 투자비중이 전체 투자액의 60% 이상으로 상향조정되며, 대신 설비의 50% 이상이 하이테크여야 한다는 조항은 폐지

- 자동차 산업(완성차 및 Tier1 업체)에 대한 투자 인센티브를 인센티브 최대 수혜한도의 30%로 제한하는 규정으로 폐지

나. Technology Centers 및 기업지원 서비스에 대한 투자 인센티브

■ 수혜대상 투자분야

- Technology Centers

아래의 산업분야에 관련된 하이테크 제품 및 생산기술 개발을 위한 R&D 센터로 생산시설에 대한 투자는 해당되지 않음

- Aerospace
- Computers and office equipment
- Electronics and microelectronics
- Telecommunications

- Pharmaceuticals
 - Scientific instrument and professional equipment
 - Automotive
 - Industrial Electrical machinery
 - Chemical products
 - Road transport equipment, engines, turbines and agricultural machinery
- 기업지원 서비스(Business Support Services)
- Customer Contact Centers: 콜센터, 기술지원 등 고객지원센터
 - Shared Services Centers: 다국적기업들에 대한 재무, 마케팅, 홍보, IT 등 일반 업무분야의 아웃소싱 센터
 - ICT Expert Solution Centers: IT 시스템 및 통신망 운영 등 아웃소싱 센터
 - Software Development Centers: 외국기업을 위한 소프트웨어 솔루션 개발센터
 - High-Tech Repair Centers: 컴퓨터, 전기·전자제품, 의료기기, 정밀기기, 광학기기, 항공기 등의 A/S 센터

■ 인센티브 종류

- 영업활동 보조금(Subsidy)
 - 연속 2년간 신규 고용한 근로자의 2년간 평균임금(사회보장세 기업 부담분 포함)에 대하여 지역별 인센티브 수혜한도(0~40%) 내에서 보조금 지급
 - 지역별 인센티브 수혜한도는 제조업과 동일

- 교육 및 재교육 보조금

- 교육 및 재교육에 소요된 비용의 35%(프라하는 30%)
 - 신규 고용창출 100명 미만: 3년간 교육비용의 35%
 - 신규 고용창출 100명 이상(Customer Contact Centers는 150명 이상): 5년간 교육비용의 35%
 - ※ 중소기업은 10% 상향

■ 인센티브 수혜조건

- 일반 조건

- 최소 투자규모 : 1천만 체코크라운(36만 유로, 48만 달러)
- 최소 신규 고용창출
 - Software Development Centers : 20명
 - Expert Solution Centers : 20명
 - Technology Centers : 30명
 - High-Tech Repair Centers : 50명
 - Shared Services Centers : 50명
 - Call-Centers : 100명

- 기타 조건

- 상기 조건을 “프로젝트 지원 결정서(Project Aid Decision)” 획득 후 3년 이내 충족해야 함
- 투자규모 및 일자리를 5년간 유지
- 체코 투자청(CzechInvest)으로부터 “프로젝트 등록확인서(Confirmation of Project Registration)”을 발급받기 전에 투자가 이루어지지 않아야 함
- Business Support Services는 국제적인 프로젝트여야 함

다. 신규 고용창출 인센티브

■ 지원대상 투자

- 실업률이 체코 평균보다 최소 50% 이상 높은 지역에 대한 투자
- 제조업 및 Customer Support Centers, Shared Services Centers에 대한 신규투자 및 추가투자만 해당
- 2007년 6월 30일까지 해당지역은 Decin, Usti nad Labem, Teplice, Most, Chomutov, Jesenik, Bruntal, Karvina, Ostrava, Znojmo, Hodonin 등의 11개 지역임

■ 인센티브 종류

- 고용 보조금
 - 신규고용 종업원 1인당 20만 체코크라운까지 지원
 - 최대 지원한도는 신규 고용된 종업원 2년간 급여의 40%
- 교육 및 재교육 보조금
 - 교육비의 35%까지 보조금을 지급
 - 지급한도는 신규 고용 종업원 1인당 최대 3만 체코크라운

■ 인센티브 수혜조건

- 일반 조건
 - 최소투자액이 리스를 제외한 유·무형 고정자산 기준 1,000만 체코크라운(최소 자기자본 500만 체코크라운) 이상
 - 최소 10명 이상의 신규 고용창출
 - 인센티브 지원협약이 체결된 후 2년 내에 상기조건 충족

- 기타 조건

- 지원조건을 충족한 날로부터 최소 3년간 투자규모 및 신규 고용창출 인원을 유지
- 체코 투자청(CzechInvest)에 투자 인센티브 신청서를 접수하기 전에 투자가 이루어지지 않아야 함
- 투자자는 부동산의 제외한 유형고정자산의 최초 소유주여야 함(즉, 중고기계는 인센티브 대상 투자에 포함되지 않음)
- 생산시설은 환경친화적이어야 함

Ⅲ. 법인 설립

1. 법인 형태

체코에서 법인으로 등록할 수 있는 형태는 4가지 유형이 있으나, 이 중 외국기업이 일반적으로 선호하는 형태는 유한책임회사(s.r.o.; Limited Liability Company)와 주식회사(a.s.; Joint-Stock Company)이며, 주식회사는 프라하 주식시장에 상장할 수 있음

■ 유한책임회사(s.r.o.: Limited Liability Company)

• 설립 요건

- 최소 등록자본금: 20만 체코크라운
(등기이사별 최소투자액은 2만 체코크라운)
- 등기이사의 수: 1인 이상 50명 이하 (외국인도 가능)

• 법적 의무

- 주주는 투자금에 대해서만 유한책임을 짐
- 감사위원회(Supervisory Board)는 의무사항이 아니며 임의 설치 가능
- 주주총회에서 법정 대표자를 선임하여, 1년에 최소 한 번 이상 주주총회를 개최해야 함
- 등록자본금의 증감, 이윤의 배분, 회사 청산, 이사 선임 등은 주주총회를 거쳐야 함
- 연 매출액이 8천만 체코크라운 초과, 총 자산이 4천만 체코크라운 초과, 종업원 수 50명 이상 조건 중 2개 이상을 충족할 경우 회계감사 의무

- 장단점

- 법정 최소자본금이 적고 기업 관리체계가 단순하며 운영에 필요한 행정절차가 간소하여, 외국기업이 체코에 현지법인을 설립할 때 가장 선호
- 주식양도 및 새로운 주주의 수용, 자본금의 증감 시 법적으로 주주의 만장일치를 요구하기 때문에 기업운영에 유연성이 떨어지는 것이 단점

■ 주식회사(a.s.: Joint-Stock Company)

- 설립 요건

- 최소 등록자본금: 2백만 체코크라운 (주식상장 시는 2천만 체코크라운)
- 등기이사의 수 : 3명 이상 (외국인도 가능)

- 법적 의무

- 주주는 투자금에 대해서만 유한책임을 짐
- 주주총회에서 선출된 최소 3명 이상의 감사위원회(Supervisory Board)를 설치하여야 하며, 감사인은 이사회의 일원이 될 수 없음
- 종업원이 50명 이상일 경우 감사인의 1/3은 종업원, 특히 노동조합 소속으로 선출되어야 하며, 감사인의 임기는 5년을 초과할 수 없음(연임 가능)
- 주주총회에서 이사를 선임하며, 이사의 임기는 5년을 초과할 수 없음(연임 가능)

- 1년에 최소 한번 이상의 주주총회를 개최해야 함
- 정관의 변경, 등록자본금의 증감, 이윤의 배분, 회사 청산, 이사회 및 감사위원회의 선임 등은 주주총회를 거쳐야 함
- 연 매출액 8천만 체코크라운 초과, 총 자산 4천만 체코크라운 초과 또는 종업원 수 50명 이상의 조건 중 1개 이상에 해당할 경우 회계감사 의무

● 장단점

- 주식양도가 용이하고 주주가 기업경영에 참여하지 않아도 됨
- 유한책임회사보다 기업관리체계가 복잡하고 주주총회의 소집이나 개최에 대한 법적절차가 까다로움
- 적립기금, 이익배분, 소액주주의 권리 등에 있어서 상업의 규정에 따라 필요한 조건을 충족시켜야 함

2. 유한책임회사 설립절차

■ 영업허가서(Trade License) 발급

● 필요서류

- 신청서(소정 양식)
- 회사설립각서(Memorandum of Association)
- 사업장의 임대계약서 또는 소유를 입증할 수 있는 서류
- 영업활동 대상 영역
- 공인 대표자의 무범죄 증명서(체코 및 지난 3년간 연속 3개월

이상 체류한 국가)

- 공인 대표자의 전문성을 입증할 수 있는 졸업증명서, 각종 자격증 등
- 공인 대표자의 사실확인서(Statement of credibility)
- 소요비용: 1,000체코크라운 + 영업분야별로 각 2,000체코크라운
- 소요기간: 통상 15일
- 허가기관: 각 지방정부의 영업허가소(Trade License Office)

■ 법인 등기

- 필요서류
 - 법인등기 신청서(소정 양식)
 - 회사 설립자(법인 또는 개인)에 대한 법적 근거서류(본국의 법인등기증 등): 3개월 이내에 발급된 서류여야 함
 - 공증된 회사설립각서(Memorandum of Association)
 - 법정 최소 등록자본금이 입금된 은행입금 증명서
 - 체코 영업허가소 발행 영업허가서
 - 법정대표자의 공인 사인 증명서
 - 법정대표자의 법률준수 서약서

- 3개월 이내에 발급된 법정대표자의 무범죄 증명서(본국 및 지난 3년간 연속 3개월 이상 체류한 국가)
- 사업장 임대계약서 또는 소유권을 입증할 수 있는 서류
- 법정대표자의 체코 장기체류비자 또는 체류허가증
- 회사설립 등록절차를 수행하는 사람에 대한 위임장
- 영업허가서 발급 후 90일 이내 등기 신청
- 소요비용: 5,000체코크라운
- 소요기간: 근무일 기준 5일
- 등록기관: 영업장 소재 지방법원의 상업등기소

■ 세무등록 등

- 세무등록
 - 회사설립 후 30일 이내에 세무당국에 등록
- 사회보장세 등록
 - 최초 종업원 고용 후 8일 이내에 각 지역별 사회보장사무소 (Social Security Administration)에 등록
- 의료보험 등록
 - 최초 종업원 고용 후 8일 이내에 VZP(General Health Insurance Company) 등 의무 의료보험기관으로 지정된 의료보험회사에 등록

Ⅳ. 지사(Branch Office) 설립

- 외국기업의 지사(Branch Office)는 체코 법인으로 인정되지 않으나, 외국기업을 대신하여 체코 내에서 부동산 취득을 포함한 회사설립, 합작투자, 기존 기업의 인수 및 판매활동 등 체코 법인이 할 수 있는 거의 대부분의 영업활동을 할 수 있으며 모기업 설립 근거 규정이 지사 내부활동에도 적용됨
- 금융업 등 일부 영업활동의 경우는 지사형태로 영위할 수 없음
- 지사는 영업지사와 비영업지사의 두 가지 종류로 등록할 수 있으며, 세금 적용에만 차이가 있고 등록절차는 동일
- 설립절차는 법인등록과 동일하며 지사 개설을 희망하는 외국기업은 영업허가서 발급 후 지사 설립신청서에 지사의 향후 활동내용을 상세히 기재하여 상업등기소에 등록하여야 함
- 지사 설립신청을 위해서는 지사장이 임명되어야 하며, 지사장은 체코인이나 외국인이 될 수 있음
- 상업등기소에 등록 필요서류
 - 지사의 향후 활동내역 및 최초 지사장을 명기한 체코 내 지사 설립을 승인한 본사 이사회 등의 공증된 결정문
 - 영업내용이 명기된 공증된 사업자 등록증 등 본사 설립 근거 서류
 - 체코 영업허가소(Trade License Office)에서 발행한 영업허가서
 - 지사장의 공인 사인 증명서

- 지사장의 무범죄 증명서(본국 및 지난 3년간 연속 3개월 이상 체류한 국가)
- 사무실 임대계약서 및 당해 건물의 등기증(주거용 건물이 아니어야 함)

V. 조세 제도

1. 법인세(Corporate Income Tax)

- 법인세율은 24%이며, 체코 내에 주 사업장이 있는 기업은 전 세계에서 발생한 수입에 대하여, 외국기업의 자회사나 지사는 체코 내 수입에 대하여 법인소득세를 납부하여야 함
- 의회에 상정되어 있는 “조세제도 개혁안”에 따르면, 법인세율은 2008년 22%, 2009년 20%, 2010년 19%로 하향조정 예정
- 지사의 경우 영업 및 비영업 지사 모두가 과세대상이 되며, 창출한 이윤에서 비용을 뺀 금액을 대상으로 과세됨
- 지사의 세무절차는 체코 내 법인과 동일하며, 지사의 모기업에 대한 이윤 분배는 배당으로 간주되지 않아 과세되지 않음

2. 개인소득세(Personal Income Tax)

- 체코에서 개인소득세를 납부해야 할 납세자는 체코 내 영주 거주자 및 체코에서 연간 183일 이상 거주한 개인들이며 이 밖의 경우에는 체코 내에서 획득한 소득에 대하여만 세금을 납부
- 체코에서 개인소득세 납세자(tax residents)로 등록된 사람은 체코 내 소득뿐 아니라 체코 이외 국가에서의 소득에 대해서도 소득세를 납부해야 함
- 개인소득세율은 연간 과세표준에 따라 12%에서 32%로 누진 과세되며, 소득 구간별 세율은 아래와 같음
- “조세제도 개혁안”에 따르면 개인소득세율은 2007년 1월 1일부로

15% 단일세율로 변경예정(사회보장세 고용주 부담분을 포함한 Super Gross Salary 기준)

과세 표준 (체코크라운)	세 율
0 ~ 121,200	12%
121,201 ~ 218,400	14,544+121,200 초과소득의 19%
218,401 ~ 331,200	33,012+218,400 초과소득의 25%
331,201 이상	61,212+331,200 초과 소득의 32%

3. 부가가치세(VAT)

- 대부분의 재화 및 용역에 대하여 19%의 세율
- 식료품, 의약품, 의료용품, 호텔 및 문화서비스 등에 대해서는 5%의 세율이 적용
- “조세제도 개혁안”에 따르면 2007년 1월 1일부터 5% 할인세율을 9%로 인상할 예정임
- 수출품, 금융 및 우편 서비스, 방송, 복지 및 교육 서비스, 공공 서비스, 토지 및 건물의 매매 또는 임차 등은 부가세 면제

VI. 노무 관리

1. 임금

■ 임금 수준

- 체코의 최저임금은 2007년에 월 8,000체코크라운, 시간당 48.10체코크라운임
- 체코의 임금수준은 2006년 월평균 경상임금이 20,211체코크라운으로 중동부유럽 국가 중에서 높은 수준이며, 한국투자 진출기업의 생산직 근로자 평균 임금은 약 월 14,000체코크라운 수준임

■ 퇴직금

- 근로자 측 사유로 인한 퇴직 시 퇴직금은 없으며, 사용자 측 사유로 인한 해고 시에는 월 평균임금의 3배를 퇴직금으로 지불해야 함

2. 노동 조건

■ 노동 시간

- 법정 근로시간은 주당 5일 40시간이며, 2교대 근로자는 주당 38.75시간, 3교대 근로자는 주당 37.5시간임
- 사용자가 근로자에게 지시할 수 있는 초과 근무시간은 주당 8시간, 연간 150시간 이내이며, 근로자와 합의하에 최대 연간 416시간까지 초과 근무 가능

- 초과근무에 대해서는 시간당 평균임금의 125%, 공휴일 근무에 대해서는 200%를 지급하여야 함

■ 휴가

- 유급휴가는 60일 이상 계속 근무한 경우 연 4주이며, 근무기간이 1년 미만인 경우에는 당해연도 근무일에 비례

■ 해고

- 해고통지는 최소 2개월 전에 서면으로 통보하여야 함

3. 사회보장제도

- 체코에서 일하는 모든 체코인과 외국인은 체코의 사회보장제도에 의무적으로 가입하여야 하며, 근로자 부담분은 회사가 원천징수 후 연금보험, 질병보험, 실업보험의 사회보장보험은 사회보장사무소(Social Security Administration)에 의료보험은 의료보험기관에 납부해야 함
- 체코의 사회보장세율은 상당히 높은 수준으로 연금, 질병, 실업의 3대 사회보장세 34.0%와 의료보험이 13.5%로 구성되어 있고, 고용주가 종업원 급여총액의 35.0%, 종업원이 12.5%를 납부하여야 하며, 세부 납부비율은 다음과 같음

	고용주(%)	종업원(%)	계(%)
의료보험	9.0	4.5	13.5
연금보험	21.5	6.5	28.0
질병보험	3.3	1.1	4.4
실업보험	1.2	0.4	1.6
총 계	35.0	12.5	47.5

※ 질병보험 고용주 부담률은 2009년에 1.4%로 조정 예정

VII. 기타 정보

1. 현지 한국기관

■ 주 체코 한국대사관

- 주소: Slavickova 5, 166 00 Praha 6
- 전화: (420) 234 090 411
- 팩스: (420) 234 090 450
- 이메일: seoul@embassy.mzv.cz
- 홈페이지: www.mofat.go.kr/czech

■ 프라하 한국무역관

- 주소: Václavské nám. 47, 110 00 Praha 1
- 전화: (420) 245 005 650
- 팩스: (420) 245 005 651
- 이메일: kotra@kotra.cz
- 홈페이지: www.kotra.or.kr

2. 현지 투자관련 기관

■ 주한 체코대사관

- 주소: 서울시 종로구 신문로 2가 1-121
- 전화: (02) 720 6453
- 팩스: (02) 734 6452
- 이메일: seoul@embassy.mzv.cz
- 홈페이지: www.mzv.cz/seoul

■ Ministry of Industry and Trade (산업무역부)

- 주소: Na Frantisku 32, 110 15 Praha 1
- 전화: (420) 224 851 111
- 팩스: (420) 234 811 089
- 이메일: posta@mpo.cz
- 홈페이지: www.mpo.cz

■ CzechInvest (체코 투자청)

- 주소: Stepanska 15, 120 00 Praha 2
- 전화: (420) 296 342 500
- 팩스: (420) 296 342 502
- 이메일: marketing@czechinvest.org
- 홈페이지: www.czechinvest.org

■ Economic Chamber of the Czech Republic (체코 상공회의소)

- 주소: Freyova 27, 190 00 Praha 9
- 전화: (420) 595 136 796
- 팩스: (420) 775 336 765
- 이메일: kim@komora.cz
- 홈페이지: www.komora.cz
- 담당자: 김정선 국장

■ Prague Trade License Office (프라하 영업허가소)

- 주소: Staromestske nam. 4/2, 110 01 Praha 1
- 전화: (420) 222 323 171
- 팩스: (420) 236 007 008
- 이메일: ziv@cityofprague.cz

■ Czech Social Security Administration (CSSZ)

- 주소: Krizova 25, 255 08 Praha 5
- 전화: (420) 257 061 111
- 팩스: (420) 257 063 117
- 이메일: posta@cssz.cz
- 홈페이지: www.cssz.cz

■ General Health Insurance Company (VZP)

- 주소: Na Perštýně 6, 110 01 Praha 1
- 전화: (420) 221 668 111
- 팩스: (420) 224 220 969
- 이메일: informace@op19.vzp.cz
- 홈페이지: www.vzp.cz

■ Foreign and Border Police Prague (외국인경찰서)

- 주소: Olsanska 2, 130 51 Praha 3
- 전화: (420) 974 841 356
- 이메일: infoscpp@mvr.cz

3. 법률회사 및 컨설팅 업체

■ KPMG

- 주소: Pobrezni 1a, 180 00 Praha 8
- 전화: (420) 222 123 680
- 팩스: (420) 222 123 100
- 이메일: byoo@kpmg.cz
- 홈페이지: www.kpmg.cz
- 담당자: 유병휘, 유럽 한국부 대표

■ Deloitte

- 주소: Nile House, Karolinska 654/2, 186 00 Praha 8
- 전화: (420) 246 042 353
- 팩스: (420) 246 042 015
- 이메일: jaeyechoi@deloitteCE.com
- 홈페이지: www.deloitte.cz
- 담당자: 최재영 회계사, Korean Desk

■ PricewaterhouseCoopers

- 주소: ul. Sw. Mikolaja 7, 50-125 Wroclaw, Poland
- 전화: (480) 713 561 170
- 팩스: (480) 713 561 174
- 이메일: w.cho@pl.pwc.com
- 홈페이지: www.pwc.com
- 담당자: 조완석 회계사

■ White & Case

- 주소: Na Prikope 8, 110 00 Praha 1
- 전화: (420) 255 771 245
- 팩스: (420) 255 771 122
- 이메일: dkolacek@whitecase.com
- 홈페이지: www.whitecase.com
- 담당자: Mr. David Kolacek, Partner

■ Ambruz & Dark Law Firm

- 주소: Katerinska 40/466, 120 00 Praha 2
- 전화: (420) 251 152 921

- 팩스: (420) 251 157 921
- 이메일: vladimir.ambruz@ambruzdark.com
- 홈페이지: www.ambruzdark.com
- 담당자: Mr. Vladimir Ambruz, Attorney

■ Havel & Holasek

- 주소: Tyn 1049/3, 110 00 Praha 1
- 전화: (420) 224 895 950
- 팩스: (420) 224 895 980
- 이메일: jan.holasek@havelholasek.cz
- 홈페이지: www.havelholasek.cz
- 담당자: Mr. Jan Holasek, Partner

■ Haarmann Hemmelrath

- 주소: Ovocny trh 8, 110 00 Praha 1
- 전화: (420) 224 490 000
- 팩스: (420) 224 490 033
- 이메일: thu-nga.haskovcova@haarmannhemmelrath.com
- 홈페이지: www.haarmannhemmelrath.com
- 담당자: Dr. Thu Nga Haskovcova, Associated Partner

4. 은행

■ Komerční Banka(KB)

- 주소: Václavské nám. 42, 114 07 Praha 1
- 전화: (420) 222 433 014
- 팩스: (420) 224 229 813
- 이메일: hae_in_lee@kb.cz

- 홈페이지: www.kb.cz
- 담당자: 이혜인, Relationship Manager

■ CSOB

- 주소: Radlicka 333/150, 150 57 Praha 5
- 전화: (420) 224 114 166
- 팩스: (420) 224 119 623
- 이메일: phanzelka@csob.cz
- 홈페이지: www.csob.cz
- 담당자: Mr. Premysl Hanzelka, Director, Coporate Sales

■ 외환은행

- 주소: Stepanska 15, 120 00 Praha 2
- 전화: (420) 296 342 902
- 팩스: (420) 206 342 543
- 이메일: kskim21@keb.co.kr
- 담당자: 김광석, 체코 투자청 Korean Desk 실장

■ Tatra Banka

- 주소: Hodzovo nam. 3, 850 05 Bratislava 55, Slovakia
- 전화: (421) 259 192 522
- 팩스: (421) 259 191 878
- 이메일: shin@tatrabanka.sk
- 홈페이지: www.tatrabanka.sk
- 담당자: 신재철 부행장, Head of Korean Desk in CEE

국가 개요

- 국 명: 체코공화국(The Czech Republic)
 - 면 적: 78,864^{km²}(한반도의 1/3)
 - 수 도: 프라하(119만명)
 - 주요도시: Brno, Ostrava, Plzen, Olomouc
 - 행정구역: 1개 특별시(프라하)와 13개 성(Kraj)
 - 인 구: 1,029만명(2006.12월 기준)
 - 산업구조: 제조업(26.3%), 서비스업(64.3%), 건설업(6.7%),
1차산업(2.7%)
 - 민족구성: 체코인(94%), 슬로바키아인(2%), 기타(4%)
 - 언 어: 체코어
 - 종 교: 가톨릭(39%), 개신교(6%), 그리스정교(4%),
무교(40%), 기타(11%)
 - 화폐단위: 체코 크라운(Korun, CZK 또는 Kc로 표기)
 - 환 율: CZK 21.120 / US\$ 1 (2007.5.30일 현재)
 - 기 후: 대륙성 기후와 해양성 기후의 중간 지대
 - 시 차: GMT + 1 (한국보다 8시간 늦음)
- ※ 3월 마지막 일요일~10월 마지막 일요일까지 서머타임 실시

<부록> 투자 법령 및 관련 자료

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Act

No. 72/2000 Coll.

**on Investment Incentives and an Amendment to Certain Acts
(the Investment Incentives Act), as amended by Act No. 453/2001 Coll. and Act No.
320/2002 Coll., as amended by Act No. 19/2004 Coll.**

and

**selected provisions of (ii) Act No. 586/1992 Coll., on Income Tax, as amended, (iii) Act
No. 9/1991 Coll., on Employment and the Responsibilities of Employment Authorities
in the Czech Republic, as amended and (iv) Act No. 337/1992 Coll., on Administration
of Taxes and Fees, as amended**

PART ONE INVESTMENT INCENTIVES ACT

(complete version)

Section 1

(1) This Act shall govern the general conditions for and the procedure to be followed in the granting of investment incentives and the exercise of related state administration for the purpose of supporting economic development and the creation of jobs in the Czech Republic.

(2) Investment incentives shall mean:

- a) Income tax relief pursuant to a separate Act¹⁾,
- b) the transfer of land with technical facilities at a specially reduced price,
- c) financial support for the creation of new jobs pursuant to a separate Act³⁾,
- d) financial support for the retraining or training of employees pursuant to a separate Act³⁾,
- e) the transfer of plots of land pursuant to a separate Act²⁾, recorded in the Real Estate Cadastre^{2a)} as agricultural land and the transfer of other types of land for prices determined pursuant to a separate Act^{2b)} effective as of the date of conclusion of the transfer agreement. Separate laws restricting the transfer of land owned by the Czech Republic are not affected thereby.

Section 2

(1) Legal entities or a natural persons may be granted investment incentives if they prove that they are able to comply with the general conditions established in this Act and the specific conditions established by separate Acts.^{1),3)}

(2) The general conditions shall constitute:

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- a) the launch of new production, the expansion of existing production or its modernization for the purpose of a fundamental change in a product or production process,
- b) allocating funds into sectors of manufacturing industry under the condition that part of the production line is part of the machinery set by a government order and that the acquisition price of that part of machinery is at least 50 % of the total acquisition price of the production line; manufacturing industry does not include mineral extraction, production and distribution of electricity, gas or water, the construction industry, repair of motor vehicles, trade and other services, transport or agriculture,
- c) the acquisition of machinery⁴⁾ amounting to not less than 40 % of the total value of assets, which, pursuant to a separate Act,^{4a)} are long-term tangible and intangible assets ("long-term tangible and intangible assets").
- d) the environmental compatibility of production, activity, processes, constructions and equipment⁵⁾,
- e) the acquisition of long-term tangible and intangible assets worth at least CZK 200,000,000, where no less than CZK 100,000,000 must be covered by the legal entity's equity capital or the natural person's own funds; the expenditure of investment media created from profit attained through an investment project assessed for purposes of providing public support is not deemed to be compliance with this condition⁶⁾,
- f) compliance with the conditions under items (a) to (c) and (e) within 3 years of the issue of the decision on the undertaking pursuant to Section 5; in justified cases the Ministry of Industry and Trade (the "Ministry") may, upon request, extend this period by no more than two years.
- g) the acquisition of long-term tangible and intangible assets as part of an investment project is possible no sooner than from the date of submission of the application form to obtain investment incentives.

(3) The amounts established in Article 2(e) and (f) do not include payments under a lease agreement on the assignment of use of an asset under which the contractual parties agree that the user is entitled to purchase the leased asset.

(4) If the application form to obtain investment incentives shows that the entire investment project is to be implemented in an administrative municipal unit or units accredited by the municipal authority or in a district or districts where at the time the application form is submitted the unemployment rate is at least 25% higher than the average unemployment rate in the Czech Republic as reported in the statistics of the Ministry of Labour and Social Affairs for the previous two half-year periods, the Ministry shall reduce the amount shown in Subsection 2(e) to CZK 150,000,000; one half of this amount must be covered by the equity capital of the legal entity or natural person's own funds. The expenditure of investment media created from profit attained through an investment project assessed for purposes of providing state aid is not deemed to be compliance with this condition.

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(5) If the form of intent to obtain an investment incentive indicates that an entire investment project is to be implemented in a district or districts where at the time the form of intent is submitted the level of unemployment is at least 50% higher than the average rate of unemployment in the Czech Republic as reported in the statistics of the Ministry of Labour and Social Affairs for the previous two half-year periods, the Ministry shall reduce the amount established in Subsection 2(e) to CZK 100,000,000; one half of this amount must be covered by the equity capital of a legal entity or a natural person's own funds. The expenditure of investment media created from profit attained through an investment project assessed for purposes of providing public support is not deemed to be compliance with this condition.

Section 3

(1) The applicant shall submit an application form to obtain investment incentives pursuant to Section 1(2) to the organisation set up by the Ministry (the “appointed organisation”).

(2) The applicant shall include on the application form:

- a) In the case of a legal entity: the business firm or name, registered office, identification number (if assigned), name, address and birth registration number or any other identification of the person who is a statutory representative or a member of the statutory body of the legal entity including information indicating the extent to which such member is authorised to act on behalf of that legal entity; where an applicant is an organisational unit of a foreign person's enterprise, the location and the name and residential address of the head of such an organisational unit shall be added to the above;
- b) In the case of a natural person: his or her name, residential address, date of birth, birth registration number and identification number, if assigned;
- c) The amount of funds planned to be invested for acquisition of long-term tangible and intangible assets during the period in which the investment project is implemented given for each individual year and the purpose of use;
- d) The anticipated initial and final numbers of employees, their professional qualification requirements and the anticipated cost of their retraining programme;
- e) Designation of the cadastral district in which the registered office of the company is to be located and the area where the construction is to be undertaken and the machinery located;
- f) Requirements in terms of technical facilities and the size of the site in square meters given per plot where the manufacturing plant, warehouse, administrative buildings, etc. are to be built;
- g) The machinery to be used for the investment project in accordance with Customs Tariff codes and further subdivided into new machinery and machinery already in use within or outside the Czech Republic, together with the manufacture date;
- h) More detailed information on the planned construction of new buildings or the planned utilisation of lease options for existing buildings or their purchase;

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- i) The investment project schedule and the anticipated date for commencement of production;
 - j) Required investment incentives including the expected amount saved as a result of exemption from customs duties granted pursuant to a separate Act⁷⁾,
 - k) Other information included in the annex to this Act.
- (3) The applicant shall attach to the application form:
- a) In the case of a legal entity: the memorandum of association or other founder's agreement or founder's deed or an officially certified copy thereof; in the case of a joint-stock company, a co-operative or a limited liability company: the articles of association, if any, and an extract from the Commercial Register, in the case of a foreign entity/person, a document analogous to the extract from the Commercial Register, annual reports or financial statements or consolidated financial statements if the applicant is obliged to prepare them pursuant to a separate Act, verified by an auditor for the last three consecutive accounting periods or for one or two accounting periods if the legal entity has conducted business for less than three years;
 - b) In the case of a natural person: a business license; where the natural person is incorporated in the Commercial Register: an extract from the Commercial Register, financial statements or, where the applicant uses single-entry bookkeeping, a report on assets and liabilities and a report on income and expenses, for the last three consecutive accounting periods or for one or two tax periods if the natural person has conducted business for less than three years.

Section 4

(1) The appointed organisation shall prepare an assessment of any such application form to obtain investment incentives pursuant to Section 1(2) and shall present it together with the applicant's application form to the Ministry within 30 days of receipt of the application form. If the assessment indicates that the applicant is able to comply with both the general and specific conditions for granting investment incentives, the appointed organisation shall attach to the assessment a proposal to grant the relevant investment incentives; the appointed organisation shall specify in the proposal the type and amount of investment incentives which may be provided and the conditions under which they shall be applicable. Otherwise, the appointed organisation shall attach to the assessment a proposal to reject the applicant's application form.

(2) The Ministry of Labour and Social Affairs and the Ministry of Finance, each within its area of authority and on the basis of a request by the Ministry, shall approve or reject the grant of investment incentives within its area of authority within 14 days of receiving the request. Within 14 days of receiving the Ministry's request, the Ministry of the Environment shall make a statement on the requirements for complying with the general conditions pursuant to Section 2(2)(d). Upon the request of the Ministry, the municipality in whose cadastral area the building is to be erected and the machinery is to be located shall make a statement on the granting of an investment incentive pursuant to Section 1(2)(b) within 14 days of receiving the request.

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(3) Subsequent to the assessment of the documentation under Subsection 1 and the prior approval of the Ministry of Finance to grant an investment incentive in compliance with Section 1(2)(a), as well as the prior approval of the Ministry of Labour and Social Affairs to grant investment incentives in compliance with Section 1(2)(c) and (d), on the basis of a statement from the Ministry of the Environment on the requirements for meeting the general conditions under Section 2(2)(d) and on the basis of the prior statement from the municipality in whose cadastral area the building is to be erected and the machinery located on granting an investment incentive under Section 1(2)(b) the Ministry in cooperation with the Office for the Protection of Economic Competition (the "Office") shall set the permissible intensity and amount of state aid and issue an offer to grant investment incentives comprising individual types of incentives with values expressed in approximate terms together with the conditions under which investment incentives may be utilised, or it shall issue a decision rejecting the submitted application form. The Ministry shall send the offer to grant investment incentives or a decision rejecting the submitted application form through the appointed organisation to the applicant and it shall send a copy of the offer to the ministries that made a statement on the application.

Section 5

(1) Based on the offer under Section 4(3), a party interested in investment incentives may submit to the Ministry through the appointed organisation an application for the granting of investment incentives within a maximum of 6 months of the date on which the offer was delivered. The party interested may be a person or persons who submitted the application form to obtain investment incentives or a different person, but only on the condition that, at the time of submission, it proves that:

- a) It was established in connection with the receipt of an offer pursuant to Section 4(3) and that the person or persons who submitted the application form own(s) 100% of the registered capital in a newly established legal entity; or
- b) It was established in connection with the receipt of an offer pursuant to Section 4(3) by a subsidiary of the person who submitted the application form to obtain an investment incentive and that this subsidiary owns 100% of the registered capital of the newly established legal entity.

(2) An application submitted by a party interested in investment incentives must include the following:

- a) An extract from the Commercial Register and, where an applicant for investment incentives is a natural person who is not entered in the Commercial Register, a business license;
- b) The interested party's confirmation that information included in the application form pursuant to Section 3(2) is correct;
- c) The interested party's consent to the investment incentives included in the offer;
- d) The interested party's declaration that the financing of the investment project shall begin with the expenditure of funds for the acquisition of tangible or intangible assets which shall take place within 24 months of the date on which the decision to grant investment incentives was delivered and that production

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shall commence within 3 years of the date of delivery of the decision to grant investment incentives.

(3) The Ministry issues the decision to grant investment incentives to the interested party based on the prior approval of the Ministry of Finance in the case of incentives under Section 1(2)(a), based on the prior approval of the Ministry of Labour and Social Affairs in the case of incentives under Section 1(2)(c) and (d), and based on the prior statement of the municipality in whose territory the investment is to be implemented, in the case of an incentive under Section 1(2)(b), and in accordance with the decision of the Office under the Act on Public Support⁶⁾. A copy of the decision shall be sent to the Ministry of Finance, the Ministry of Labour and Social Affairs, the Office, the appropriate tax administrator and the municipality in whose cadastral area the investment is to be realised if the investment incentive under Section 1(2)(b) is applicable.

(4) The decision to grant investment incentives shall include the following:

- a) The identification of the party interested in the investment incentives;
- b) Types of investment incentives granted;
- c) Conditions under which investment incentives may be utilised; and
- d) The permissible intensity and amount of state aid set by the Ministry in cooperation with the Office, and
- e) The conditions under which the state aid is being granted.

(5) Unless the payment of amounts for the acquisition of long-term tangible and intangible assets referred to in Section 2(2) begins within 24 months of the date when the decision to grant investment incentives was delivered or unless the production is commenced within three years of the date when the decision to grant investment incentives was delivered, at the latest, without extending the period pursuant to Section 2(2)(f), the decision to grant investment incentives becomes invalid and everything obtained through the investment incentives must be returned or paid including the respective penalties or other sanctions⁶⁾ pursuant to separate regulations. The same applies if, during an inspection, it is found that the general conditions established in Section 2 are not complied with. Where the specific conditions are not complied with, the relevant legal provision applies^{1),3)}.

Section 6

(1) The permissible intensity of state aid is the proportion of the amount of state aid granted in the form of investment incentives, with the exception of investment incentives pursuant to Section 1(2)(d), to the eligible costs, expressed as a percentage.

(2) The permissible intensity of state aid is the absolute amount calculated from expected eligible costs shown on the application form pursuant to Section 3 with respect to the stipulated permissible intensity of state aid.

(3) The permissible intensity of state aid in individual regions⁸⁾ of the Czech Republic, which cannot be exceeded, is stipulated by an operational legal regulation.

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(4) Sectors in which investment incentives cannot be granted are stipulated an operational legal regulation.

Section 6a

(1) Eligible costs are related to the investment project assessed for purposes of granting investment incentives and consist of

- a) long-term tangible assets in the form of land, buildings and machinery, and
- b) long-term intangible assets up to 25 % of the amount of long-term tangible assets pursuant to letter (a), in the form of licenses or know-how with the prerequisite that they shall be purchased under market conditions from parties other than those economically or personally related^{8a)} and shall be used exclusively by the interested party in the production facility that was supported by investment incentives.

(2) The recipient of state aid in the form of investment incentives (hereinafter the "recipient of investment incentives") pursuant to Section 1(2) is obliged to keep the long-term tangible assets and long-term intangible assets for which state aid in the form of investment incentives were granted,

- a) in the scope corresponding to the actual amount of aid utilized thus far, but at least in the amount pursuant to Section 2(2)(e), or, if applicable, Section 2(4) and (5), and
- b) in the structure corresponding to fulfilment of the criteria pursuant to Section 2(2)(a), (b) and (c),

during the period the investment incentives are applied pursuant to Section 1(2)(a), but at least during the period of the five tax periods following the tax period in which the interested party fulfilled the general conditions pursuant to Section 2(2).

(3) The recipient of investment incentives pursuant to Section 1(2)(c) is obliged to keep the number of newly created jobs and fill these jobs with employees with a stipulated work time^{8b)}, for which the investment incentive pursuant to Section 1(2)(c) will be applied, during a period of at least 5 years from the date the investment incentives pursuant to Section 1(2)(c) is first applied.

(4) The investment project assessed for purposes of granting state aid must be made such that at least 25 % of the total amount of investment must be financed by funds not containing any element of state aid.

(5) Costs pursuant to Subsection 1 may not contain long-term tangible assets and long-term intangible assets for which state aid had already been granted, regardless from which sources they had been granted. The Ministry regularly inspects that the state aid and amount of state aid does not exceed the permissible intensity throughout the period the investment incentives are applied.

(6) The recipient of investment incentives, who was not granted an investment incentive pursuant to Section 1(2)(a), is obliged to inform the Ministry in writing at the latest within 30 days from the date state aid is provided other than aid pursuant to this Act and intended for the investment project assessed for purposes of granting investment incentives. If this obligation is not fulfilled the permissible intensity of state aid pursuant to Section 4(3)

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shall be reduced by the amount of state aid granted, about which the interested party failed to inform the Ministry.

(7) If in the case of an investment incentive pursuant to Section 1(2)(b) the conditions set forth in Subsection 2 are not fulfilled or the general conditions pursuant to Section 2(2) are not fulfilled this investment incentive shall no longer be valid. The recipient of this investment incentive in this case must pay the amount of state aid granted in this manner to the party who performed the technical preparation of the land for the recipient of this investment incentive, including a penalty of 5 % of the amount of state aid granted in this manner for each completed year from the date the decision to grant investment incentives was issued.

(8) If the conditions set forth in Subsection 2 are not fulfilled then effects pursuant to Section 5(5) shall occur. If the conditions set forth in Subsection 3 are not fulfilled then the decision to grant investment incentives in the part relating to the grant of the investment incentive pursuant to Section 1(2)(c) shall lose its validity and everything that was gained by the investment incentive pursuant to Section 1(2)(c) must be returned pursuant to special legal regulations^{8c)}.

Section 7

(1) The application of investment incentives shall be inspected and consequences of a breach of the conditions on which investment incentives were granted shall be drawn subject to separate regulations. The appropriate administrative authorities shall co-operate during inspections and shall provide each other with all data necessary to carry out such inspections, while respecting provisions on the duty to maintain confidentiality.

(2) The recipient of investment incentives shall allow for inspections of the compliance with general and specific conditions, as well as of decisions granting investment incentives. For this purpose, the recipient shall submit the materials and documents required for the assessment of compliance with the above.

(3) Inspections shall be performed by:

- a) The Ministry - in the case of investment incentives stipulated in Section 1(2)(b) and (e) and the general conditions stipulated in Section 2(2)(a) and (b) **and in** the case of the obligations set forth in Section 6a(2) with the exception of inspection of conditions pursuant to Section 2(2)(c),
- b) The Ministry of the Environment - in the case of the general conditions stipulated in Section 2(2)(d);
- c) The Ministry of Labour and Social Affairs - in the case of the investment incentives stipulated in Section 1(2)(c) and (d) and the respective local labour office in the case of the conditions set forth in Section 6a(3),
- d) The Ministry of Finance and the local tax authorities in the case of investment incentives stipulated in Section 1(2)(a) and the general conditions stipulated in Section 2(2)(c), (e), (f) and (g) and the conditions set forth in Section 6a(4).

(4) Inspection under Subsection 3 (a) and (d) must be conducted by the relevant bodies no more than 3 years after the issue of the decision to grant investment incentives under Section 5, with the exception of inspection of fulfilment of the conditions set forth in Section 6a(4).

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(5) Further inspection of compliance with the general condition set forth in Section 2(2)(b) must be performed once a year throughout the period the investment incentives are provided and further inspection of compliance with the general condition set forth in Section 2(2)(a), (c) and (e), together with inspection of compliance with the conditions set forth in Section 6a(4), must be performed after 5 years from the date the investment incentive pursuant to Section 1(2)(a) is first applied, or, if the investment incentive pursuant to Section 1(2)(a) is applied even after this period, in the year following the last year it was applied, but at the latest in the calendar year immediately following the end of the tax period in which it was last possible to apply the investment incentive pursuant to Section 1(2)(a) and, in the case that the investment incentive pursuant to Section 1(2)(a) was not granted, during a period of 5 years from the date the investment incentive pursuant to Section 1(2)(c) was first applied.

(6) Inspection under Subsection 3(b) is performed in accordance with separate legal provisions on environmental protection.⁹⁾

(7) Inspection of the investment incentives set forth in Section 1(2)(c) and (d) is performed after the expiration of the time limit set forth in a written agreement concluded under a special legal provision¹⁰⁾ and inspection of compliance with the conditions set forth in Section 6a(3) is performed after 5 years from the date the investment incentive pursuant to Section 1(2)(c) is first applied.

Section 8

Decision-making under this Act shall follow the Administrative Procedure Code¹¹⁾ unless this Act stipulates otherwise.

Common and Transitory Provisions

Section 9 (repealed)

Section 10

(1) Investment incentives granted before this Act enters into effect shall remain effective under the conditions and within the extent to which they were granted.

(2) The decision to grant investment incentives shall not replace any decision, standpoint, statement, approval, assessment or other measures taken by relevant state administration bodies and required by a separate Act.

Section 11

(1) The government shall issue a regulation establishing the list of machinery referred to Section 2(2)(b)(2).

(2) A specimen application form to obtain investment incentives shall be issued by the Ministry in the form of a Decree.

(3) The Cabinet shall issue a regulation to perform Section 6(3).

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- (4) The Ministry shall issue a decree to perform Section 6(4).

Transitory Provisions to Part One

Procedures in which the Ministry of Industry & Trade prior to the effective date of this Act submitted an application to the Anti-Monopoly Office for an exemption to the ban on state aid shall be completed in accordance with the previous legal regulations.

PART TWO THE INCOME TAX ACT

(selected provisions)

Section 35a

(1) A taxpayer who has been granted an undertaking on investment incentives pursuant to a separate Act⁶⁷⁾, and who has started a business as a result of the provision of this undertaking and registered himself as a taxpayer under the relevant regulation⁴¹⁾, may claim tax relief if he has complied with the general conditions established in a separate Act and the specific conditions established in this Act. This specifically involves the following:

- a) If this taxpayer is subject to corporate income tax, such taxpayer may claim tax relief equal to the product of the tax rate under Section 21(1) and the tax base under Section 20(1), reduced by items under Section 34 and Section 20(8) and by the difference by which the interest income, included in the tax base under Section 20(1) exceeds the expenses (costs) related thereto;
- b) Where a taxpayer is subject to personal income tax, the relief shall equal the amount of tax calculated under Section 16(1) on the partial tax base (Section 7).

Where a higher tax liability^{34d)} is additionally assessed, the total amount of tax relief remains unaltered.

(2) The specific conditions for a claim for tax relief under Subsection 1 are as follows:

- a) The taxpayer shall make the maximum possible use of all provisions of this Act to reduce the tax base, particularly the following:
 - 1. All depreciation and amortisation under Sections 26 to 33; in the period when the taxpayer claims the tax relief depreciation may not be suspended (Section 26(8)), the method of depreciation is to be set by the taxpayer;
 - 2. Adjustments to accounts receivable pursuant to a separate Act^{22a)};
 - 3. Deduction of a tax loss or a proportion of a tax loss under Section 34(1) in the next successive tax year in which a tax base arises;

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- b) Except for immovable assets, the taxpayer shall be the first owner in the Czech Republic in the case of long-term tangible assets²⁰⁾ acquired as part of an investment project for purposes of providing public support; this is not applicable for property acquired in connection with any capitalisation of bankruptcy assets in compliance with the provisions of a separate Act;
- c) In the course of the period in which the taxpayer claims tax relief under Subsection 3, the taxpayer shall not be dissolved, shall not be involved in bankruptcy proceedings, a merger with another entity or assignment of assets to a company that is to be dissolved without liquidation (transfer of assets to a partner)⁶⁹⁾; or, in the case of a natural person, his purpose of business is not to be terminated or suspended;
- d) the taxpayer shall not increase the base for the calculation of tax relief by business transactions with persons stipulated in the provision of Section 23(7) in a manner which is not in accordance with the economic principles of normal business relations, or by the transfer of the property or a part thereof of the aforementioned persons, which would cause the reduction of their tax base or an increase in tax losses.
- e) the taxpayer shall acquire and record in his assets long-term tangible and intangible assets²⁰⁾ at least in the amounts set forth in special legal regulations.⁶⁸⁾
- f) a taxpayer who pursuant to a special regulation⁶⁷⁾ was given more than one promise of investment incentives may claim the tax relief during the taxable period only according to one such promise. If he claims tax relief according to a promise granted later, he may not claim tax relief for all subsequent taxable periods according to promises issued earlier.

(3) The tax relief set out in Subsection 1 may be claimed in ten consecutive tax periods; the first period in which tax relief may apply is the tax period in which the taxpayer complies with the general conditions pursuant to a separate Act⁶⁷⁾ and the specific conditions established in this Act, though no later than the tax period in which three years have elapsed since the issue of the decision to grant investment incentives pursuant to a separate Act. If the period for compliance with general conditions has been extended pursuant to a separate Act,⁶⁷⁾ the commencement of income tax relief is moved forward, though by no more than two years.

(4) Tax relief in individual tax periods must not exceed the level of public support^{67a)} associated with previous actual expenses, which may be supported, and at the same time cannot in total exceed the permissible value of public support established in a decision under a separate Act.⁶⁷⁾

(5) The amount of tax relief shall be rounded down to the nearest whole figure in Czech crowns.

(6) Should the taxpayer fail to observe any of the conditions referred to in Subsection 2, with the exception of the condition referred to in Subsection 2(a) or any of the general conditions established in a separate Act, the right to claim tax relief under Subsection 1 ceases to apply and the taxpayer will have to submit a supplementary tax return^{28b)} for all tax periods in which tax relief was claimed. Should the taxpayer fail to observe the condition referred to in Subsection 2(a), the right to claim tax relief for the tax

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period in which he failed to observe this condition shall be reduced by the amount of the product of double the tax rate pursuant to Section 21(1) and the part of the tax base after being reduced by items pursuant to Section 20(8) and Section 34, which arose by the breach of the condition pursuant to Section 2(a), and the taxpayer is obliged to submit a supplementary tax return for all tax periods in which he failed to observe the condition. The tax relief may not reach a negative value.

Section 35b

(1) A taxpayer who has been granted an undertaking on investment incentives pursuant to the provisions of a separate Act and who is not subject to Section 35a is allowed, if he has complied with the general conditions established in a separate Act and the specific conditions provided by this Act, to claim tax relief calculated using the formula $S1 \text{ minus } S2$, where:

- a) S1 is the amount of the tax liability calculated under Subsection 2 for the tax period for which the tax relief is applied; the amount of the tax liability shall remain the same if a higher tax liability is additionally calculated^{39a)},
- b) S2 is the amount of the tax liability calculated under Subsection 2 for the one of the two tax periods which directly precedes the tax period for which the tax relief may be claimed in which the tax liability so calculated is higher than the other; this amount shall be considered the starting point for tax relief calculations for all tax periods for which the tax relief is claimed; this amount shall be adjusted by the appropriate value of the year-on-year price indexes published by the Czech Bureau of Statistics, starting with the index relating to the tax period for which this amount was calculated; the amount of the tax liability shall not be altered if a lower tax liability is additionally calculated^{34d)}. The procedure is similar when determining the amount S2 should the taxpayer switch to a fiscal year.

(2) The amount of the tax liability for the purpose of Subsection 1 is as follows:

- a) In respect of a taxpayer subject to corporate income tax, shall be calculated by using the tax rate under Section 21(1) and the tax base under Section 20(1), reduced by the items under Section 34 and Section 20(8) and by the difference by which interest income, included in the tax base under Section 20(1) exceeds the expenses (costs) related thereto.
- b) Where the taxpayer is a natural person, the personal income tax equals the amount calculated under Section 16(1) on the partial tax base under Section 7.

(3) Where, in the two tax periods which immediately precede the tax period for which the tax relief can be claimed for the first time, a taxpayer made a loss or no tax liability arose, the tax relief is calculated as stated in Subsection 1(a).

(4) The tax relief under Subsection 1 may be claimed for ten consecutive tax periods and the first period in which the tax relief may be claimed is the tax period in which the taxpayer complied with the general conditions pursuant to the provisions of a separate Act⁶⁷⁾ and the specific conditions determined by this Act, though no later than the tax period in which three years have elapsed since the issue of the decision to grant investment incentives pursuant to a separate Act. If the period for compliance with the general conditions is extended pursuant to a separate Act⁶⁷⁾, the commencement of income tax relief is moved forward, though by no more than two years.

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(5) Tax relief in individual tax periods must not exceed the level of public support^{67a)} associated with previous actual expenses, which may be supported, and which currently cannot in total exceed the permissible value of public support established in a decision pursuant to the provisions of a separate Act⁶⁷⁾.

(6) The provisions of Section 35a(2) and (5) shall be applied in the same manner.

(7) Should the taxpayer fail to observe any of the conditions referred to in Section 35a (2), with the exception of the condition referred to in Subsection 2(a) or any of the general conditions stipulated in a separate Act, the right to claim tax relief under Subsection 1 ceases to apply and the taxpayer will have to submit a supplementary tax return^{28b)} for all tax periods in which tax relief was claimed. Should the taxpayer fail to observe the condition referred to in Section 35(2)(a), the right to claim tax relief for the tax period in which he failed to observe this condition shall be reduced by the amount of the product of double the tax rate pursuant to Section 21(1) and the part of the tax base after being reduced by items pursuant to Section 20(8) and Section 34, which arose by the breach of the condition pursuant to Section 2(a), and the taxpayer is obliged to submit a supplementary tax return for all the tax periods in which he failed to observe the condition. The tax relief may not reach a negative value.

Section 38r

(1) Where an investment incentive has been provided in the form of tax relief, the period within which tax may be assessed^{39c)} is up to 10 years, starting at the end of the tax relief period stated by this Act.

(2) Where it is possible to claim a deduction for a tax loss or part thereof in tax periods subsequent to the tax period when the tax loss occurred, as a tax-deductible item from the tax base, the period for tax assessment^{39c)} for both the tax period when the tax loss occurred and all tax periods in which it is possible to claim the loss or part thereof expires together with the period for the tax assessment for the last tax period when it is possible to apply the loss or its part as a tax-deductible item.

(3) The periods for an additional tax assessment^{39c)} caused by failure to meet the conditions for claiming a tax deduction for lease payments relating to financial leasing with the subsequent purchase of the leased tangible assets as an expense starts at the end of the calendar year in which it was first possible to verify that the conditions were met.

Transitory Provisions on Part Two

The provisions of Section 35a(6) and Section 35b(7) of Act No. 586/1992 Coll., as amended by this Act, also apply in the case of taxpayers who exercised their right to claim tax relief before this Act came into effect. The provisions of Section 35a(4) and 35b(5) of Act No. 586/1992 Coll., on Income Tax, as amended by this Act, also apply in the case of taxpayers who have been issued with a decision to grant investment incentives pursuant to a separate Act⁶⁷⁾ before the date this Act came into effect.

For the tax obligations for the years 1993 to 2003 and the tax periods which began in 2003, the previous legal regulations shall apply, unless this Act stipulates otherwise.

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Explanation: The amended provisions to Sections 35a, 35b and 38r(1) of the Income Tax Act No. 586/1992 Coll., as amended by Act No. 438/2003 Coll., shall thus be applied for the first time for the tax periods that began in 2004.

PART THREE

ACT ON EMPLOYMENT

(selected provision)

§ 111

(1) Investment incentives are a tool of active policy of employment, by which the employer who received the Decision to Grant Investment Incentives in accordance with the specific legal regulation⁵⁵⁾ is granted financial support of

- a) the creation of new jobs,
- b) the retraining or training of new employees.

(2) Training, for purposes of investment incentives, means theoretical and practical education, acquiring knowledge and skills for the employees' work classification which corresponds to the requirements set by the employer. This training may also be ensured by the employer.

(3) The financial support for creation of new jobs shall be granted to the employer, who creates new jobs in a district where the average rate of unemployment for the past two half-year periods prior to the date of submitting the application form to obtain investment incentives⁵⁵⁾ has come to at least the average rate of unemployment in the Czech Republic. Jobs created since the date when the application form to obtain investment incentives is submitted are included into the total number of the newly created jobs.

(4) The financial support for retraining and training of employees shall be granted to the employer for partial reimbursement of costs that will actually be spent on retraining and training of new employees. The condition of the minimum rate of unemployment in the district stated in article 3 holds also for the provision of financial support for retraining and training. Employees retrained or trained since the date when the application form to obtain investment incentives was submitted are included into the total number of retrained or trained employees.

(5) The Ministry provides the financial support for the creation of new jobs and the financial support for the training and retraining of new employees.

(6) The written agreement on the provision of financial support of creation of new jobs must include

- a) the identification data of the parties to the agreement,
- b) the number and profession structure of the jobs which will be created,
- c) the date by which the positions will be filled with an agreed number of employees,
- d) the types of costs for which the funds provided may be utilised,
- e) the amount and period in which is the financial support provided,
- f) the manner in which compliance with the agreed conditions is to be inspected,

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- g) the manner and period of settlement of the funds provided,
- h) the obligation to return the funds provided or its part if the funds are not fully utilised in the agreed period, or if by their fault the funds were ill-gotten or the funds were granted in higher amount than belongs to them and the period and conditions of returning the financial support,
- i) the agreement of denouncement.

(7) The written agreement on the provision of financial support for retraining and training of new employees includes

- a) the identification data of the parties to the agreement,
- b) the number of employees who will be trained or re-trained,
- c) the content of the retraining or training, its method and period of its provision,
- d) the estimated amount of costs for retraining and training,
- e) the date by which the agreed number of employees will be retrained or trained,
- f) the types of costs for which the funds provided may be utilised,
- g) the amount and period in which is the financial support provided,
- h) the manner in which compliance with the agreed conditions is to be inspected,
- i) the manner and period of settlement of the funds provided,
- j) the obligation to return the funds provided or its part if the funds are not fully utilised in agreed period, or if by their fault the funds were ill-gotten or the funds were granted in higher amount than belongs to them and the period and conditions of returning the financial support,
- k) the agreement of denouncement.

- (8) Financial support for creation of new jobs and financial support for retraining and training of new employees are specifically designated and cannot be used for another purpose than stated in the written agreement.

(9) Failure to abide by the conditions given in the Agreement according to Articles 6 and 7 or failure to not return the financial support within the given period is a violation of budgetary discipline and will be punished by levying for violation of budgetary discipline in accordance with the specific legal regulation ⁴⁶⁾.

(10) a 'district area' is understood to be a district¹¹⁾ in which an investment project is located or its catchment area. In addition to the district in which the investment project is located, the catchment area also includes those districts from which the commuting time by public transport to the locality in which the investment project is located does not exceed one hour.

(11) For the purposes of providing financial support, the average rate of unemployment in the catchment area is only used in the case of an employer who creates more than 1,000 new jobs, and only if the average rate of unemployment in the catchment area is higher than in the district in which the investment project is located.

(12) The government determines by a Government Decree the amount of the financial support for one newly created job and the amount of financial support for retraining and training of employees in accordance with the situation on the labour market, expressed in terms of the unemployment rate or other indicators, and the form of providing the financial support.

(13) During the time of virtue of the written agreement concluded by the Ministry an employer who was provided financial support according to article 1 cannot be granted another subsidy from the resources of active policy of employment for the same purpose as the financial support was granted.

PART FOUR ADMINISTRATION OF TAXES ACT

(selected provisions)

Section 24

Duty of Confidentiality

(1) Staff of any tax administrator, as well as third parties who in any way take part in tax proceedings, shall keep in confidence those facts which they learn during the proceedings or in connection therewith, particularly facts concerning the personal (private) and business circumstances of persons liable to tax.

(2) Persons taking part in tax proceedings must be advised of their duty of confidentiality and of the legal consequences of breaching this duty.

(3) Staff of the tax administrator may:

- a) pass on information acquired in tax proceedings to another staff member of the same or another tax administrator, to an appeal authority or court engaged in considering a remedy in a tax matter, or a tax debtor's inheritance, or bankruptcy or composition proceedings involving a tax debtor, or a proposal by the competent tax administrator seeking to determine the invalidity of acts in law undertaken by a particular tax debtor or the execution of distraint (seizure) relating to a tax debt;
- b) provide to superior authorities information about individual cases concerning complaints from persons liable to tax and about individual cases requiring expert opinion, and also information relating to supervision (review) of the tax administrator's activity. Such information is also provided to the authorities, which under a legislative Act are responsible for inspection and supervision of the tax administrator's activity within their statutory authorization relating to administration of taxes. Employees of such authorities are obliged to observe confidentiality and are subject to sanctions (penalties) under section 25 of this Act. These authorities also follow the provisions of section 11;
- c) provide general information acquired during the performance of tax administration procedures to the Ministry without referring to the particular persons liable to tax to whom such information relates; such general information may be provided by the Ministry to another authority if a legislative Act so stipulates;
- d) provide abstracts of data about the amount of tax liabilities, statements of tax arrears, approved deferments of tax payments, instalments and tax exemptions and the amount and timeliness of transfers of individual taxes etc. to their recipients, to whom the proceeds from these taxes accrue in accordance with the statutory budgetary determination.

(4) Third persons taking part in tax proceedings and tax authority staff may be exempted from the duty of confidentiality only by written permission of the person liable to tax, who determines the degree and purpose of such exemption.

(5) The duty to maintain confidentiality cannot be invoked:

- a) against the Supreme Auditing (Inspection) Office (Nejvyšší kontrolní úřad), when it carries on auditing (inspection) according to an approved plan of such activity (Note 9);

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- b) when it is necessary in criminal proceedings to ascertain facts relating to tax proceedings involving the committing of the following crimes: non-levying of a tax, short payment of a tax, fees (charge) or another mandatory payment, or non-compliance with reporting duty connected with tax proceedings. The state prosecutor, and (after a prosecution has begun) the chairman of the (court's) senate may request data, which is subject of confidentiality, if the prosecution concerns such crimes; a tax administrator shall comply with the reporting duty under a special legislative Act (Note 10)ⁱⁱ to the same extent;
- c) when a tax administrator complies with his reporting duty the case of the following crimes (to the extent necessary for the clearing up of such crimes): falsification and alteration of the value duty stamps, falsification and alteration of stamps designating goods for tax purposes, a branch of the regulations stamps designating goods for tax purposes, the uttering of false and altered money, falsification and alteration of public documents, unpermitted production and possession of the state seal and an official stamp, where these directly relate to the committing of tax crimes under letter (b); this condition shall not apply to the reporting duty concerning the uttering of false (counterfeit) and altered money;
- d) when submitting proposals for the prosecution of crimes (to the extent necessary for the clearing up of such crimes) involving breaches of their responsibilities by a state organ or a public representative, carried out crimes by public representatives and bribery, if such crimes were carried out by a tax administrator's employees, and such crimes were related to the administration of taxes.

(6) Staff of tax administrators shall provide information, which they acquired in tax proceedings on request of:

- a) authorities concerned with social security (Note 11)ⁱⁱⁱ to whom they pass lists of persons liable to income tax, and the amount of income and expenditure of individuals whose income is derived from business (entrepreneurial) activity or other independent gainful activity;
- b) authorities which decide on state support grants and allowances (Note 29)^{iv} and to the Ministry of Labour and Social Affairs, and which need data in order to determine, under a legislative Act (Note 29a)^v, the decisive income of taxpayers (based on their income tax returns); with regard to a taxpayer whose income is derived from business activity or some other independent gainful activity, the said authorities shall also be provided with the information about the date of commencement and termination of such taxpayer's activity and the information whether his income tax base is reduced by any non-taxable allowance because of his dependants (a child and/or spouse);
- c) courts which are to decide on the amount of alimony and need information about the tax base relating to a particular individual's income from employment (dependent activity), business and other independent gainful activity, capital, leasing and other sources;
- d) labour offices, if they need information about the income and expenditure of individual persons liable to tax;
- e) statistical authorities, if they ask for data which they need for keeping statistical registers and general information as stipulated in a special law;
- f) cadastral offices, when they need data identifying owners and other persons having rights to real estate for the purposes of administering the Real Estate Cadastre of the Czech Republic;
- g) the appropriate organizational unit of the Ministry (Note 11c)^{vi}, the data identifying whether the person concerned is registered as a taxpayer with the tax administrator

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and in respect of which taxes such person is registered, and possibly also data included in the registration and a tax return;

- h) health insurance companies (Note 12)^{vii}, in the form of a list (summary) of taxpayers of income taxes, including the amount of income and expenses of individual persons involved in entrepreneurial activity and other independent gainful activity;
- i) organs which provided means from budget or funds, data on the amount, and reasons why the levy of used or detained (unauthorized) means from budgets or funds was determined.
- j) the Ministry of Finance the data on the amount of the determined levies of unjustifiably used or kept resources from the state budget or state funds, on the basis of another Act (Note 12a)^{viii}.
- k) the Ministry of Industry and Trade and the Ministry of Finance the data needed for the inspection of investment incentives^{12b}.

Employees of these authorities are bound to maintain confidentiality in accordance with this Act, and are subject to the sanctions stipulated in section 25 of this Act, in respect of data provided to them from information acquired in tax proceedings. These authorities also proceed in accordance with the provisions stipulated in section 11. Staff of tax administrators shall advise the authorized recipients of any changes, which occur in data already supplied to them, without the recipients having to request such information.

(7) Staff of any tax administrator may make public a list of payers (i.e. taxable persons in respect) of value added tax and excise duties.

(8) On termination of their official employment, staff of any tax administrator shall maintain confidentiality to the same extent as third persons taking part in tax proceedings.

(9) Use of knowledge acquired during tax proceedings, or in connection therewith, in dealings benefiting a person bound to confidentiality, or other persons, or its use in dealings, which would be detrimental to someone else, shall be considered as a breach of the duty of confidentiality.

(10) A member of a tax administrator's staff may use general information, excluding concrete data such as names, in his academic, publishing or teaching activity.

(11) Each tax administrator is responsible for creating conditions for the maintenance of confidentiality pursuant to subsection (1). This also applies to the use of, and access to, data stored in data-processing systems.

Amendment

1. Information about the Applicant

a) turnover for the past three years, separately for the Czech Republic, member states of the European Union, countries of Central and Eastern Europe (Bulgaria, Estonia, Hungary, Lithuania, Latvia, Poland, Romania, Slovenia, Slovakia and the Czech Republic), and next for the other states,

b) the number of employees in the past three years partitioned as in the letter a),

c) value of products sold in the past three years partitioned as in the letter a),

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d) contributions of respective persons into the registered capital higher than 10 %, including the percentage and name of the owners, including the economic and personal relations thereof,

e) in the case of membership in a group of economically – and personally – related companies, consolidated data for the entire group.

2. Planned source of investment divided into 5 years and sectioned as follows:

- a) own financial sources,
- b) capital contributions,
- c) loans,
- d) public support (national and regional),
- e) other.

3. Present type of business activity and type of business activity for which purpose the investment is designated.

4. Expected income in the five years following the beginning of the production.

5. Expected requirements for goods delivery and transportation during construction, as well as after the start of production.

6. Planned rise of the new production; year in which the planned extent of production will have been achieved partitioned separately for the Czech Republic and for export; capacity of production per one year separately for individual products.

7. Expected foreign markets where the goods will be imported from the Czech Republic and the way to ensure the sales.

8. Expected yearly incomes from the sale in the five years following the start of production.

9. Quality certificates (ISO, DIN, JIS), if the Applicant has been awarded any.

10. Other data partitioned as follows:

a) employment and education

1. the number of employees in individual years from the start of the investment and the expected number of employees divided into newly created job positions and transfers from current production,

2. the number of newly created jobs and a region, in which the new jobs will be created, as well as the total impact of the investment on employment in the Czech Republic,

3. a) number of persons who will be trained and the type of training, expected training costs and the place where training will take place, including the date of the start and end of the training,

b) environment

1. chemical materials and preparations used in the production,

2. types and quantity of emissions into water and air and produced waste,

3. natural raw materials used for production,

c) Capacity and markets

1. Estimate of the Applicant's share of the market before the start up of the project and after finishing the project,

2. Estimated influence on the market by the future production,

3. Influence of the project on the total implementable capacity in the countries of the European Union and in the countries of Central and Eastern Europe,

4. The form and amount of public support granted by other states and/or international organizations.

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Footnotes to Act No. 72/2000 Coll., on Investment Incentives and the Amendment of Certain Acts (Investment Incentives Act) as subsequently amended

- 1) Section 35a and Section 35b of Act No. 586/1992 Coll., on Income Tax, as amended by Act No. 72/2000 Coll.
- 2) Section 17(3) of Act No. 229/1991 Coll., on the Regulation of Ownership Relations to Land and Other Agricultural Property, as amended by Act No. 183/1993 Coll.
- 2a) Section 2(3) of Act No. 344/1992 Coll., on the Real Estate Cadastre of the Czech Republic (Cadastral Act), as amended by subsequent regulations.
- 2b) Section 11 of Act No. 151/1997 Coll., on the Evaluation of Property and the Amendment of Certain Acts (Property Evaluation Act).
- 3) Act No. 9/1991 Coll., on Employment and the Responsibilities of Employment Authorities in the Czech Republic, as amended by subsequent regulations.
- 4) Chapters 84, 85 and 90 of Government Order No. 318/1999 Coll., promulgating the customs tariff and determining the import duties for goods that originate in developing and less developed countries and the conditions for their imposition (customs tariff).
- 4a) Act No. 563/1991 Coll., on Accounting, as amended by subsequent regulations.
- 5) For example: Act No. 309/1991 Coll., on Air Pollution Control (Clean Air Act), as amended by subsequent regulations, Act No. 334/1992 Coll., on the Protection of the Agricultural Land Fund, as amended by subsequent regulations, Act No. 114/1992 Coll., on the Protection of Nature and the Landscape, as amended by subsequent regulations, Act No. 254/2001 Coll., on Water and the Amendment of Certain Acts (Water Act), Act No. 185/2001 Coll., on Waste Disposal and the Amendment of Certain Acts, Act No. 157/1998 Coll., on Chemical Substances and Chemical Preparations and the Amendment of Certain Acts, as amended by subsequent regulations.
- 6) For example, Act No. 586/1992 Coll. on Income Tax, as amended, Act No. 9/1999 Coll., on Employment and the Responsibilities of Employment authorities in the Czech Republic, as amended.
- 6a) Act No. 72/2000 Coll. on Investment Incentives, as amended (Act on Investment Incentives), as amended by Act No. 453/2001 Coll.
- 6b) Section 4(2) of Act No. 72/2000 Coll., as amended by Act No. 453/2001 Coll.
- 6c) Section 7(1)(r) of Act No. 218/2000 Coll. on Budgetary Rules, as amended.
- 8) Section 15 of Act No. 248/2000 Coll. on Support of Regional Development.
- 8a) Section 23(7) of Act No. 586/1992 Coll., on Income Tax, as amended by Act No. 259/1994 Coll., Act No. 316/1996 Coll., Act No. 210/1997 Coll. and Act No. 492/2000 Coll.
- 8b) Section 83a of the Labour Code.

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- 8c) For example Act No. 218/2000 Coll., on Budgetary Rules, as amended (Budgetary Rules).
 - 9) For example: Act No. 309/1991 Coll., on the Protection of the Atmosphere from Pollution (Clean Air Act), as amended by subsequent regulations, Act No. 254/2001 Coll., on Water and the Amendment of Certain Acts (Water Act), Act No. 185/2001 Coll., on Waste Disposal and the Amendment of Certain Acts.
 - 10) Section 5a(2) of Act No. 9/1991 Coll., on Employment and the Responsibilities of Employment Authorities in the Czech Republic, as amended by subsequent regulations.
 - 11) Act No. 71/1967 Coll., on Administrative Procedures (Administrative Code), as amended by subsequent regulations.

Footnotes to the Act on Income Tax

- 20) Act No. 563/1991 Coll., on Accounting, as amended by subsequent regulations.
Directives concerning the Chart of Accounts and the Principles of a Single-entry Bookkeeping System promulgated in the Collection of Laws.
- 22a) Act No. 593/1992 Coll., on Reserves for the Computation of the Income Tax Base, as amended by subsequent regulations.
- 34d) Section 46 of Act No. 337/1992 Coll., on the Administration of Taxes and Charges, as amended by subsequent regulations.
- 39c) Section 47 of Act No. 337/1992 Coll., on the Administration of Taxes and Charges, as amended by subsequent regulations.
- 41) Section 33 of Act No. 337/1992 Coll., on the Administration of Taxes and Charges, as amended by subsequent regulations.
- 67) Act No. 72/2000 Coll., on Investment Incentives and the Amendment of Certain Acts (Investment Incentives Act), as amended by subsequent regulations.
- 67a) Section 3 f) of Act No. 59/2000 Coll., on Public Support.
- 68) Section 2 (2) e) Act No. 72/2000 Coll., on Investment Incentives and the Amendment of Certain Acts (Investment Incentives Act), as amended by subsequent regulations.
- 69) Section 69b of Act No. 513/1991 Coll., Commercial Code, as amended by subsequent regulations.

Footnotes to the Act on Employment

- 11) Decree No. 564/2002 Coll., on definition of regions of the Czech Republic and districts of the capital city Prague

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| 46) | Act No. 218/2000 Coll., as amended |
| 55) | Act No. 72/2000 Coll., on Investment Incentives and on change of some Acts (Investment Incentives Act), as amended |

Footnotes to the Act on Administration of Taxes

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| 9) | Act on the Supreme Inspection Office, No. 166/1993 Coll., as amended |
| 10) | section 8(1), second sentence of the Criminal Procedure Code, No. 141/1961 Coll. |
| 11) | section 3(3) of the Act on Organization and Implementation of Social Security, No. 582/1991 Coll., as amended |
| 29) | section 63 of the State Social Support Act, No. 117/1995 Coll., as amended |
| 29a) | section 5 of the State Social Support Act, No. 117/1995 Coll., as amended |
| 11c) | Money Laundering Act, No. 61/1996 Coll. |
| 12) | section 40 of the Public Health Insurance Act, No. 48/1997 Coll. |
| 12a) | section 18 of the Act on the Public Administration Financial Control, No. 320/2001 Coll. |
| 12b) | Act No. 72/2000 Coll. on Investment Incentives and the change to certain acts (Investment Incentives Act), as amended. |

**JOB CREATION SUPPORT PROGRAMME FOR
REGIONS WORST AFFECTED BY
UNEMPLOYMENT**

Government Decree from June 2, 2004, No. 566

(the Programme is valid as of June 2, 2004)

Amended by Government Decree from March 22, 2006, No. 287

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Article 1

Introductory Provisions

1.1 The Job Creation Support Programme for Regions Worst Affected by Unemployment (hereinafter "Programme")¹ defines the types of support provided, the provision procedure itself and the performance of the state administration involved. The programme is part of the existing system of investment incentives.

1.2 The aim of the Programme is to support the creation of new jobs by reviving the processing industry² and introducing specific services and economic development in those regions of the Czech Republic which are worst affected by unemployment.

1.3 The Programme does not relate to support involving the rescue and restructuring of businesses in difficulties³.

Article 2

Basic Terms

2.1 The Programme proponent is the Ministry of Labour and Social Affairs of the Czech Republic (hereinafter "MLSA") and the Ministry of Industry and Trade of the Czech Republic (hereinafter "MIT").

2.2 The financial support provider^{3a} is the MLSA or a designated Labour Office, based on an agreement concluded with the Recipient under Articles 5 and 6 (hereinafter "Agreement").

2.3 The bodies involved in the comments procedure are the MIT, MLSA, Ministry of Finance and the Ministry of the Environment (hereinafter "ME"), the Ministry for Local Development, the Economic Chamber and the Confederation of Industry and Transport.

2.4 A region most severely affected by unemployment means a region in which the average unemployment rate, according to MLSA statistics valid for a defined period^{3b}, is at least 50% higher than the average unemployment rate of the CR in the same defined period.

A defined period means the half-year period in which the application for the provision of support of the Project is submitted, or one of the two half-year periods immediately preceding the half-year period in which the application for the provision of support of the Project is submitted.

¹ This is not a programme in the sense of Section 12 of Act No. 218/2000 Coll., on Budgetary Rules and the Amendment of Certain Associated Acts ("Budgetary Rules"), as subsequently amended (hereinafter "Budgetary Rules").

² Czech Statistics Office: Branch Classification of Economic Activities – systematic section in effect as of 1.1.2003 – Section D excluding Branch Classification of Economic Activities 16, 24.70.1, 35.11 and Branch Classification of Economic Activities Part 27 on the steel industry

³ Nor does the Programme apply to support in the steel and coal industries, the synthetic fibers industry, agriculture, transport and the shipbuilding industry.

^{3a} The Employment Act and Section 7 (1) t) of Act No. 218/2000 Coll. on Budgetary Rules, as subsequently amended.

^{3b} The average rate of unemployment according to MLSA statistics means the unemployment rate calculated for each half-year period from the data for the two half-year periods immediately preceding it.

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2.5 Project is understood to mean a project to introduce new production or the provision of specific services, the expansion of existing production or the expansion of the provision of existing specific services, in a region that has been worst affected by unemployment or in regions that has been worst affected by unemployment, focusing on business activity detailed in the Project Support Decision.

2.6 An Applicant is understood to be a domestic or foreign legal entity or natural person (entrepreneur) who intends to realize a Project in the Czech Republic, for which he applies for the provision of support under this Programme.

2.7 A Recipient is understood to be:

2.7.1 a legal entity with registered office in the Czech Republic, to be established in compliance with legal regulations in effect⁴, which is to realize the Project. The legal entity must be at least 90% owned by the Applicant or by a subsidiary wholly owned by the Applicant. If a Support Provision Application is submitted by more than one legal entity, they should together own 100% of the registered capital of the Recipient.

2.7.2 a legal entity with registered office in the Czech Republic, which already carries on business activity in the Czech Republic and which is to realize the Project to expand its activities. In this case the Recipient is identical to the Applicant.

2.8 New jobs are understood to be jobs created in a region worst affected by unemployment or in regions worst affected by unemployment and taken up by employees with permanent residence in the Czech Republic, who are to be employed by the Recipient for an indefinite period, who have never been employed or who are unemployed or who have just terminated their employment.

The number of jobs equals the difference between the average number of employees employed by the Recipient in the Czech Republic for three months following the period of time detailed in Article 3.5 and the average number of employees employed by the Recipient in the Czech Republic for a period of twelve calendar months preceding the calendar month in which the Decisive Date arises, or one calendar month preceding the calendar month in which the Decisive Date arises for the period in which the number of individuals so determined was higher. The number of employees employed in new jobs must be converted to full workloads.

2.9 The Decisive Date is understood in this Programme to mean the date of the Applicant's registration detailed in the Project Registration Document issued by CzechInvest, or the date of delivery of the binding undertaking from the provider to the Applicant.

2.10 Specific services are understood to mean customer support centres and shared services centres.⁵

2.11 An Agreement is understood to mean a contractual arrangement between the MLSA or a designated Labour Office and the Recipient, setting out the rights and

⁴ Act No. 513/1991 Coll., Commercial Code, as subsequently amended

⁵ Customer support centres are understood to be functionally independent units which are responsible for managing relations with customers (customers are deemed to be companies within the group and external clients), while shared service centres are understood to be functionally independent units which take on responsibility for the management, operation and administration of certain in-house functions within the group and for external clients.

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obligations of the contracting parties as regards the provision of financial support for the creation of new jobs, or financial support for the training and retraining of employees, or for just one of these types of support, which is concluded in compliance with this Programme, the MIT Recommendation and the MLSA Decision to support the project.

Article 3 General Conditions

3.1 The Recipient must not start work on a Project before the Decisive Date. The acquisition of tangible and intangible fixed assets and the technical appreciation of tangible fixed assets owned by the Recipient constitute a breach of this condition in cases where property that is part of the Project is involved throughout, as does the conclusion of employment contracts with employees employed in new jobs before the Decisive Date. However, entry into contractual relations⁶, the start of building proceedings⁷ or the employment of a responsible representative in the sense of a special legal regulation⁸ do not constitute a breach of this condition.

3.2 Recipients are to create and fill new jobs for a minimum of **ten** employees.

3.3 The recipient implements, in a region most severely affected by unemployment or in regions most severely affected by unemployment, an investment in manufacturing-industry areas pursuant to NACE section D2 or in specific services in the total amount of at least **CZK 10 million**. Investment is understood to mean the provision of tangible and intangible fixed assets and the technical appreciation of tangible fixed assets owned by the Recipient.

In the case of the acquisition of intangible fixed assets from associated persons⁹ the amount of the investment may include the purchase price for these assets as determined by an independent expert report¹⁰ ordered by the Applicant.

In the case of equipment classed in Chapters 84, 85 and 90 of the Customs Tariff, the Recipient is to be its first user¹¹ within the Czech Republic.

3.4 The Recipient is to provide at least **CZK 5 million** from his own capital. This condition is not deemed to be met by the input of investment funds created from profit attained from an investment action considered to be for purposes of public support provision.

3.5 The conditions of Articles 3.2 to 3.4 must be met within two calendar years of the year in which the Agreement was concluded. In justified cases, the MLSA may extend the period for the fulfillment of these conditions upon the request of the

⁶ E.g. including lease agreements relating to the registered office of the Recipient.

⁷ Act No. 183/2006 Coll., on Land-Use Planning and the Building Code (Building Act), as subsequently amended.

⁸ Act No. 455/1991 Coll., on Trade-Licensed Commercial Activity, as subsequently amended

⁹ Act No. 586/1992 Coll., on Income Tax, as subsequently amended.

¹⁰ Act No. 151/1997 Coll., on the Valuation of Property and the Amendment of Certain Other Acts, as subsequently amended.

¹¹ The first user within the Czech Republic is understood to mean an entity, which uses the equipment in accordance with its technical purpose.

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Recipient to at most three calendar years of the calendar year in which the Agreement was concluded.

3.6. Investments considered to be for purposes of public support provision must be made in such a way that at least 25% of the overall value of the supported investment has been financed by funds which do not contain any element of public support¹².

3.7 The Recipient must retain the minimum number of newly created jobs detailed in Article 3.2 of the Programme and the minimum investment amount detailed in Article 3.3 of the Programme for a period of at least three calendar years from the end of the calendar year in which the conditions of Articles 3.2 to 3.4 of the Programme were first fulfilled.

3.8 The Recipient is to perform the supported activity for a period of at least three calendar years from the end of the year in which the conditions for the provision of support under Articles 3.2 to 3.4 of the Programme were fulfilled. At the end of this period the Recipient must also show that he has created, filled and maintained the number of newly created jobs for which he was provided financial support under Article 5.

3.9 The investment plan is to be environmentally friendly.

3.10 Aid in accordance with this Programme cannot be granted to a recipient that has already utilized tangible aid for the creation of new jobs granted on the basis of measure 10.5 of the approved Decree of the Government of the Czech Republic No. 545 of 4 June 2003 on the National Action Plan of Employment for 2003.

Article 4

Public Support

4.1 Financial support is provided under this Programme for the creation of new jobs, and financial support is also provided for the training and retraining of employees, this being one of the forms of public support. Public support under this Programme is provided in compliance with the relevant EU regulations¹³.

4.2 Financial support for the creation of new jobs and financial support for the training or retraining of employees is provided by the MLSA or a designated Labour Office on the basis of an Agreement as a partial defrayment of costs.

Maximum Amount of Public Support

4.3 The maximum amount of public support is understood to be:

4.3.1 in the case of financial support for the creation of new jobs, the proportion of this public support for recognizable costs actually incurred in accordance with Article 4.5 of the Programme expressed as percentages and determined for individual NUTS II regions of the Czech Republic (see Annex 1b).

¹² Article 4.3 of EC Commission Ruling No. 2204/2002 of 12th December 2002, OJ L 337/3 of 13.12.2002.

¹³ EC Commission Ruling No. 2204/2002 of 12th December 2002, OJ L 337/3 of 13.12.2002, EC Commission Ruling No. 68/2001 of 12.1.2001, OJ L 10, 13.01.2001, pp. 20-29.

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4.3.2 in the case of financial support for the training or retraining of employees, the proportion of this public support for recognizable costs actually incurred in accordance with Article 4.6 of the Programme, expressed as percentages and determined for the entire territory of the Czech Republic at 35%.

4.4 The criteria for the fulfillment of the notification duty¹⁴ by the Support Provider in relation to proposed public support, whose amount is subject to the approval of the Commission¹⁵, are detailed in Annex 2a.

Recognizable Costs

4.5 In the case of public support provided in the form of financial support for the creation of new jobs, the basis for the calculation of the amount of public support is recognizable costs, which comprise the total gross wages and salaries of employees employed in the new jobs together with mandatory deductions for public health insurance, social security and state unemployment insurance for the period from the Decisive Date to two calendar years after the year in which the Agreement was concluded. The number of employees employed in new jobs must be converted to full workloads¹⁶.

4.6 In the case of financial support for the training or retraining of employees, the basis for the calculation of the amount of support is recognizable costs for training and retraining, which may comprise:

4.6.1 services demonstrably associated with the performance of training or retraining¹⁷;

4.6.2 the consumption of material, goods, energy and other unstorable supplies demonstrably consumed during the performance of training or retraining;

4.6.3 the travel expenses of employees undergoing training or retraining, and of employees providing training or retraining;

4.6.4 personal costs¹⁸ of employees providing training or retraining;

4.6.5 book depreciation of intangible and tangible fixed assets corresponding to the extent they are demonstrably utilized for purposes of training or retraining;

4.6.6 personal costs¹⁹ of trained and retrained employees during the period they demonstrably take active part in the training or retraining process to a maximum extent corresponding to the total volume of items 4.6.1 to 4.6.5.

¹⁴ Article 88(3) of the Treaty Establishing the EC (consolidated version) OJ C 325 of 24.12.2002

¹⁵ Article 211 of the Treaty Establishing the EC (consolidated version) OJ C 325 of 24.12.2002

¹⁶ Section 79 (1,2) of Act No. 262/2006 Coll., Labour Code, as subsequently amended.

¹⁷ E.g. payments for training provided by an external agency, external teaching staff, lecturers or the parent company of the Recipient and the like.

¹⁸ The amount of gross wages and salaries of the Recipient's employees who provide training or retraining, including mandatory deductions from the Recipient for public health insurance, social security and state unemployment insurance.

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The basis for calculating public support may also include recognizable costs under Article 4.6 of the Programme, starting on the Decisive Date and ending two or at most three calendar years after the year in which the Agreement was concluded.

4.7 If with respect to recognizable costs detailed in Article 4.5 of the Programme, other forms of public support are provided, based on other support programmes or from national, regional or local resources, or EU resources, none of this public support, including public support provided on the basis of the Programme, may exceed the maximum amount of public support laid down in Article 4.3. of the Programme.

4.8 Financial support for the creation of new jobs also accumulates with other public support provided on the basis of other support programmes or from national, regional or local resources, or from EU resources, provided with respect to costs for investments under which new jobs are created.

The total amount of such accumulated public support must not exceed the maximum amount of regional (investment) public support laid down by the relevant EC regulations and the regional public support intensity map²⁰.

If the conditions laid down in Articles 4.7 and 4.8 of the Programme are breached, under a special legal regulation²¹ the Recipient is to immediately return that part of the public support which exceeds the maximum amount of public support permitted under Article 4.3 of the Programme.

4.9 Public support is not transferable between business entities.

4.10 Public support may be provided in the appropriate calendar year providing that in the previous accounting period²² no bankruptcy proceedings have been declared against the Recipient and the Recipient has met his obligations as regards the state budget and state funds of the Czech Republic.

Article 5

Financial Support for the Creation of New Jobs

5.1 Financial support for the creation of new jobs is an active employment policy instrument²³ and may be provided to any employer who creates new jobs in accordance with Article 3.2. on the basis of an Agreement concluded between the Recipient and the MLSA or between the Recipient and a designated Labour Office.

¹⁹ The amount of gross wages and salaries of the Recipient's employees undergoing training or retraining, including mandatory deductions from the Recipient for public health insurance, social security and state unemployment insurance.

²⁰ Guidelines on National Regional Aid for 2007-2013, OJ C 54 , 4. 3. 2006; Decision of The European Commission N 510/2006

²¹ Section 44 of the budget rules

²² The accounting period is understood to be a calendar year in cases where it is identical to the calendar year; otherwise the financial year ending in the last calendar year.

²³ Section 104 (1) of Act No. 435/2004 Coll., on Employment, as subsequently amended

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5.2 Financial support comes to **CZK 200,000** per newly created job, but it can only be provided up to an amount which does not exceed the maximum laid down in Article 4.3 of the Programme.

5.3 The Agreement must basically include:

- a) identification details of the parties to the Agreement and a specification of the Project,
- b) the minimum number and professional structure of the jobs to be created,
- c) the date by which the jobs are to be filled by the agreed number of employees,
- d) types of costs for which the financial support may be used,
- e) the amount and schedule for the provision and utilization of financial support,
- f) the procedure for checking on the fulfillment of agreed conditions,
- g) procedure and deadlines for financial support accounting,
- h) an undertaking on the part of the employer to return the financial support or a proportionate part thereof if it has not been utilized within the agreed deadline or if through his fault it has been provided wrongfully or an amount higher than that which is due has been provided, together with the deadlines and conditions for the return of the financial support,
- i) arrangements over the termination of the Agreement.

5.4 Financial support is specially allocated to cover costs associated with business activities²⁴, which are incurred by the Recipient in connection with the Project. This involves defrayment of wage and salary costs, including mandatory deductions made by the employer for public health insurance, social security and state unemployment insurance for employees employed in newly created jobs, as well as the purchase of materials, goods, energy and other unstorable supplies and services purchased by the Recipient from business entities with registered office or residence in the Czech Republic, with the exception of representation costs.

5.5 The Recipient is to account for financial support received in accordance with legislation on accounting procedure, which is in effect.

Article 6

Financial Support for the Training or Retraining of Employees

6.1 Financial support for the training or retraining of employees is an active employment policy instrument²³ and may be provided to an employer who performs training or retraining of employees employed in newly created jobs on the basis of an Agreement concluded between the Recipient and the MLSA or between the Recipient and a designated Labour Office.

²⁴ Section 2 (1) of Act No. 513/1991 Coll., Commercial Code, as subsequently amended.

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6.2 Financial support is provided at the rate of 35% of total costs detailed under Article 4.6, up to a maximum of **CZK 30,000** per newly created job.

6.3 The Agreement must basically include:

- a) identification details of the parties to the Agreement and a specification of the Project,
- b) the minimum number of employees to be including in training or retraining schemes,
- c) the anticipated contents of the training or retraining schemes, and the method and duration of their performance,
- d) the anticipated costs of training or retraining,
- e) the date by which the agreed number of employees will be trained or retrained,
- f) types of costs for which the financial support may be used,
- g) the amount and schedule for the provision and utilization of financial support,
- h) the procedure for checking on the fulfillment of agreed conditions,
- i) procedure and deadlines for financial support accounting,
- j) an undertaking on the part of the employer to return the financial support or a proportionate part thereof if it has not been utilized in accordance with this Agreement or if through his fault it has been provided wrongfully or an amount higher than that which is due has been provided, together with the deadlines and conditions for the return of the financial support,
- k) arrangements on termination of the Agreement.

6.4 Financial support is specially allocated to cover costs detailed in Article 4.6 of the Programme.

6.5 The Recipient is to account for financial support received in accordance with legislation on accounting procedure, which is in effect.

Article 7

Obligations of the Public Support Recipient

7.1 The Recipient shall:

7.1.1 ensure that the expenses and revenues associated with the Project are entered in the analytical records of his accounting. It should be demonstrable that a particular expense or income item is recorded for the Project and actually tallies with the implemented Project;

7.1.2 ensure that all documentation, particularly Project bookkeeping, is archived for inspection purposes for a period of five years following completion of Project implementation;

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7.1.3 provide persons authorized to perform inspection activity with all the necessary cooperation in accordance with special legal regulations²⁵;

7.1.4 keep the Support Provider informed during the period in which the public support is utilized and during the period detailed in Article 3.8 of the Programme about any substantial changes in his ownership structure, e.g. company mergers and divisions, changes in legal status, entry into liquidation or the filing of a petition proposing the opening of bankruptcy proceedings; the Recipient is obliged to inform the Support Provider of any such circumstances without undue delay, and no later than within one month of the registration of such facts in the Commercial Register;

7.1.5 inform the Support Provider without undue delay during the period in which the public support is provided and during the period detailed in Article 3.7 of the Programme of any changes to the Project in comparison with the facts given in the Project Support Decision and of any participation in other support programmes funded from domestic sources or from EU sources, as well as the provision of one-off support from any of these resources in relation to the Project.

7.2 The Recipient must set up a special bank account for the receipt of financial support.

Article 8

Programme Organizational Arrangements

8.1 The Applicant is to present the MIT with a Project Support Provision Application through CzechInvest. A Project Support Provision Application is understood to be the relevant printed form (see Annex 1a) together with mandatory attachments with which the Applicant applies for the provision of support and supplies documentary evidence of the likelihood that he will fulfill the Programme conditions. If the Applicant is a legal entity, the Support Provision Application (see Annex 1a) is to include the following officially verified documents: the Applicant's Commercial Register extract, which is no more than two months old (in the case of a foreign legal entity, proof of a similar Commercial Register extract), extracts from the Register of Crimes for members of the Applicant's statutory body, which are no more than two months old, the Applicant's foundation agreement (or foundation charter or articles of association), the Applicant's annual reports or final accounts for at least two consecutive accounting periods verified by an auditor; if the Applicant (as a legal entity) has performed the activity which is the subject of support under this Programme for a period of less than two years, the annual reports or final accounts are to be presented by a person exercising decisive influence in the Applicant's management or operations (see Section 66a of the Commercial Code).

If the Applicant is a natural person, the Support Provision Application (see Annex 1a) is to include the following officially verified documents: a business authorization document, a Commercial Register extract no more than two months old, if the natural

²⁵ Act No. 320/2001 Coll. on Financial Control in Public Administration and on the Amendment of Certain Other Acts (Financial Control Act), as subsequently amended, and Act No. 552/1991 Coll., on State Control, as subsequently amended.

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person is registered in the Commercial Register (in the case of a foreign natural person, proof of a similar Commercial Register extract), the Applicant's extract from the Register of Crimes which is no more than two months old, the final accounts of the natural person for at least two consecutive accounting periods or the final accounts for a company in which the natural person owns a decisive share for at least two consecutive accounting periods.

If the Applicant (as a legal entity) already carries on business activities in the Czech Republic, he is to submit confirmation which is no more than two months old, to the effect that he owes nothing to the Tax Office or the Czech Social Security Office (see Annex 1c/d). The Applicant (whether a legal entity or a natural person) is also to submit a declaration of honour to the effect that work on the Project did not start before the Decisive Date (see Annex 1b), a financial plan and a Project description, which makes a statement inter alia on the benefits that the Project will bring to the Czech Republic and the region in which it is to be implemented, as well as the contribution the Project will make to the development of the economic sector in question and on the technical, economic and personnel arrangements for the Project.

The printed Support Provision Application form will be available from CzechInvest, as well as on MIT, CzechInvest and MLSA web pages.

8.2 CzechInvest will issue the Applicant with a registration document, providing that the received Support Provision Application is correctly and fully completed and the filled-in details demonstrate that the Project meets the Programme conditions. Otherwise a registration document will not be issued.

8.3 After a registration document has been issued, CzechInvest will draw up a report on the prerequisites for the fulfillment of the Programme conditions, as well as a draft Project Support Recommendation, and it will prepare "Background Material for Project Assessment". This material will include the Support Provision Application, the CzechInvest report on the prerequisites for the fulfillment of the Programme conditions and the draft Project Support Recommendation if the prerequisites exist for conditions to be met for the provision of support under Article 3 of the Programme, otherwise a draft Project Support Rejection Recommendation will be drawn up. The "Background Material for Project Assessment" will be referred by CzechInvest to the MIT within **30 days** of the date on which the registration document was issued.

8.4 Within **7 days** of its receipt, the MIT is to refer "Background Material for Project Assessment" to the bodies involved in the comments procedure and invite them to clearly express a written standpoint approving or disapproving the Applicant's Project, particularly as regards the existence of the prerequisites for the fulfillment of the Programme conditions. The bodies involved in the comments procedure have **14 days** from delivery of the "Background Material for Project Assessment" to make a written statement. The bodies involved in the comments procedure may request supplementary information in order to make a proper assessment, in which case the period for their written statement is 14 days from the date of delivery of the supplementary information.

8.5 On the basis of its assessment of the standpoints and recommendations of the bodies involved in the comments procedure and on the basis of the statement made by the MLSA in the form of its approval or disapproval of support provision, the MIT will issue a Project Support Recommendation or a Project Support Rejection Recommendation within **7 days** of receiving the written statement of the last of the bodies involved in the comments procedure and send it to the MLSA and a copy to

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CzechInvest. The Project Support Recommendation includes in particular a list of the individual types of support and the maximum amount of public support.

8.6 On the basis of a Project Support Recommendation the MLSA will issue a Project Support Decision or a Project Support Rejection Decision within **7 days** of receiving a Project Support Recommendation. A Project Support Decision includes in particular a list of the individual types of support, the maximum amount of public support and the conditions on which the support may be utilized.

8.7 The MLSA will send the Project Support Decision together with the draft Agreement, or the Project Support Rejection Decision through CzechInvest to the Applicant, upon request together with all background material, particularly with the Project Support Recommendation and the standpoints of the bodies involved in the comments procedure, and will invite the Applicant to make a written statement on the draft Agreement.

8.8 The Recipient is obliged to make a written statement on the draft Agreement, and on the received background material if applicable, through CzechInvest within **3 months** of the date it is delivered. If the Recipient does not make a statement within this period the Agreement will not be concluded.

8.9 Upon receiving a positive written statement from the Recipient, The MLSA or a designated Labour Office is to directly conclude the Agreement containing the requirements set out in Articles 5.3 and 6.3 of the Programme. The MLSA or a designated Labour Office is to send a copy of the Agreement to the MIT and CzechInvest.

8.10 The mandatory attachments to a positive written statement made by the Recipient comprise: an officially verified copy of the Recipient's income tax return for the last taxation period, the Recipient's officially verified extract from the Commercial Register, which is to be no more than two months old, the confirmation of the locally competent tax administrator and social security administration that obligations towards the state budget have been correctly discharged, and a declaration of honour, which is to be no more than two months old, to the effect that the Recipient does not owe anything to these bodies (see Annex 1d).

Article 9

Participation in Other Programmes

Participation in this Programme does not exclude the possibility of involvement in other Czech or foreign programmes, providing the provisions of Articles 4.7 to 4.8 of the Programme are not thereby affected.

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Article 10

Inspection of the Fulfillment of Conditions for the Provision and Utilization of Public Support

10.1 The performance of checks on the ongoing and final fulfillment of conditions for the provision and utilization of public support is governed by legal regulations in effect²⁶.

10.2 The Recipient shall enable the support provider to check the ongoing and final fulfillment of conditions for the provision and utilization of public support and provide other necessary cooperation to these bodies to ensure the performance of inspection.

10.3 The Ministry of the Environment performs inspections of the fulfillment of conditions in accordance with Article 3.9.

Article 11

Penalties for Failure to Adhere to Programme Conditions

11.1 If the Recipient uses public support in violation of the purpose for which it was provided on the basis of the Agreement, this constitutes unjustified use of state budget funds in the sense of a special legal regulation²¹. In such cases the Recipient is to return funds without delay up to the amount of the financial support provided or up to the extent to which the budget rules were breached, together with a fine under a special legal regulation²¹, to the district financial office within whose jurisdiction the Recipient is based or located.

11.2 If the Recipient has not adhered to the conditions for the provision of financial support set out in Article 3 and Articles 7.1.1 to 7.1.4 of the Programme, and if rectification is possible, the Support Provider is entitled, on the basis of written notification stating the deadline for the performance of the appropriate rectification measures, to stop the Recipient from utilizing the special funds until the rectification measures are implemented. If the Recipient fails to do so, if the rectification measures are insufficient or if rectification is not possible then it is no longer possible to provide further public support and everything that has been provided on the basis of the Agreement must be returned without delay in accordance with a special legal regulation²¹.

11.3 If the number of the Recipient's jobs is lower at the end of the period detailed in Article 3.8 ("the actual number of jobs") than the number of jobs which served as a basis for the calculation of the financial support provided ("the required number of jobs"), the Recipient is obliged under a special legal regulation²¹ to return without delay that proportion of the financial support which corresponds to the difference between the required and the actual number of jobs, if he has already obtained this financial support.

²⁶ Section 15 of Act No. 218/2000 Coll., on Budgetary Rules

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11.4 The Support Provider may only initiate support withdrawal proceedings on the grounds explicitly detailed in a special legal regulation²⁷.

11.5 If the general conditions of the Programme are breached by withdrawal from Project implementation, the Recipient is obliged without delay to return all special-purpose funds to the appropriate Support Provider together with a fine in accordance with a special legal regulation²¹.

Article 12

Transitional And Final Provisions

12.1 There is no legal right to public support under this Programme.

12.2 Amendments to this Programme brought about by amendments to legal regulations relating to this Programme come under the competence of the Programme Proponents.

12.3 The rules for this Programme come into effect on the date they are announced by the Programme Proponents.

12.4 The effective period of the Programme terminates on 31 December 2007. The possibility of utilization of a grant is not affected in those projects where the Applicant submitted the complete Application for Provision of Project Support by 31 December 2007.

12.5 Subsequent to its membership of the European Union, the Czech Republic acquires an obligation to conform to EU legislation. If amendments are made in future to this legislation and they prove incompatible with national legislation, the Czech Republic will conform to EU regulations on the basis of the rule whereby Community law takes priority.

²⁷ Section 15 of Act No. 218/2000 Coll., on Budgetary Rules.

FRAMEWORK PROGRAMME FOR SUPPORT OF TECHNOLOGY CENTRES AND CENTRES OF BUSINESS SUPPORT SERVICES

Government Resolution No. 217 of March 12, 2007
(Framework Programme in effect from April 18, 2007)

Article 1

Introductory provisions

1. The Framework Programme for the Support of Technology Centres and Centres of Business Support Services (hereinafter referred to as the “Programme”)¹ defines the types of provided support, conditions for provision of support, the process through which it is provided and the function of the state administration in connection with this.

1.2 The purpose of the Programme is to support the economic development of the Czech Republic through support for investment projects focused on advanced technologies and activities with high added value and strong export potential, leading to the Czech Republic’s enhanced international competitiveness in the areas of innovation, information technologies and business support services, and support for the creation of new jobs with emphasis on less developed regions of the Czech Republic.

1.3 The Programme is not intended for enterprises in difficulties² or projects in the areas of the mining and steel industries, agriculture, fish production, production of synthetic fibres or shipbuilding.

Article 2

Basic terms

2.1 The Aid Providers are the Ministry of Industry and Trade of the Czech Republic (hereinafter referred to as the “MIT”) and the Ministry of Labour and Social Affairs of the Czech Republic (hereinafter referred to as the “MLSA”).

2.2 The Designated Organisation is understood within this Programme as the Investment and Business Development Agency – CzechInvest, a contributory organisation of the MIT.

2.3 The Commenting Bodies are the MIT, MLSA, the Ministry of Finance (hereinafter referred to as the “MF”), the Ministry for Regional Development (hereinafter referred to as the “MRD”) and, in the case of projects involving technology centres and high-tech repair centres, the Ministry of the Environment (hereinafter referred to as the “ME”).

2.4 Technology centres are understood within this Programme as centres focused on development and innovation of high-tech products and technologies³, including development of specific software and applications that are part of these products and technologies, engaging in the regular modification of products, production lines, production processes, technologies, existing development services and other developed operations, if such modifications represent improvements and there is the expectation that such improvements will be transferred to and used in production.

2.5 Centres of business support services are understood within this Programme as centres engaging in selected activities of companies that are characterised by their close ties to information technologies and a distinct international focus, thus particularly customer contact centres⁴, shared services centres⁵, centres for software development, expert solution centres for information and communications technologies⁶ and high-tech repair centres⁷.

Particularly the following are not considered business support services: travel-industry services; recreational, cultural and sports services; health services and other social services; transportation and shipping, distribution and logistics services; postal and courier services; consulting and advisory services; banking, real estate and leasing services; telecommunications services (voice, data and image transmission); services of data (co-location) centres⁸, audiovisual services; direct marketing; services connected with environmental protection; and services of employment agencies.

2.6 An investment project (hereinafter referred to as the “Project”) within this Programme is understood to be a project of establishment or expansion of a technology centre or a project of establishment or expansion of a centre of business support services that is focused on the business activity stated in the Project Aid Decision.

2.7 An Applicant is understood within this Programme as a Czech or foreign legal entity (entities) or natural person(s) intending to implement on the territory of the Czech Republic a Project which aid is being applied for in accordance with this Programme.

2.8 A Recipient is understood within this Programme as:

2.8.1 a legal entity with its registered seat in the Czech Republic or a branch of a foreign entity located in the Czech Republic, which must be established in accordance with the legal regulations⁹ in force no later than at the time of issuance of the Project Aid Decision and which will implement the Project on the territory of the Czech Republic. The Applicant must have a minimum 90% ownership share. These requirements concerning the ownership structure of the Recipient and Applicant are valid for at least the period between the Application Date and the date of issuance of the Project Aid Decision. In the case that the Aid Application is submitted by several legal entities, these entities must have a minimum 90% combined ownership share in the Recipient.

2.8.2 a legal entity with its registered office in the Czech Republic or a branch of a foreign entity located in the Czech Republic which is already engaged in business activities in the Czech Republic and which will implement the Project in the Czech Republic for the purpose of expansion of its activities.

2.9 The Application Date is understood within this Programmes as the date of issuance of the confirmation that the Project Aid Application is properly filled out and complete, and that it follows from the information stated therein that the Project has the necessary prerequisites for fulfilment of the conditions and purpose of the Programme (hereinafter referred to as the “Confirmation”). This Confirmation is issued by the Designated Organisation (in accordance with Article 8.2 of the Programme).

2.10 A new job is understood within this Programme as position of employment involving the full work duty created directly in connection with the Project after the Application Date and occupied by a new employee. A new employee within this Programme is understood to be a natural person who is a citizen of the European Union or his/her family member and who is employed by the Recipient¹⁰ for an indefinite period.

2.11 Commencement of work on the Project is understood within this Programme as:

- acquisition of long-term tangible and intangible assets¹¹, including lease payments for assets acquired through financial leasing, and acquisition of the technical improvement of long-term tangible and intangible assets;

- execution of the first binding order for the acquisition of machines and equipment¹²;
- conclusion of employment contracts with new employees; this condition is not a breach if the factual day of the employee's entry into work as agreed in the employment contract occurs after the Application Date;
- physical commencement of construction works.

2.12 Investments are understood within this Programme as the acquisition of long-term tangible and intangible assets¹³, leasing payments of long-term tangible assets acquired in the form of financial leasing and the purchase price upon the subsequent purchase of such assets and technical improvement of long-term tangible and intangible assets under the ownership of the Recipient and of leased assets, with the prerequisite that such technical improvement is paid for by the leaseholder and such leaseholder is authorised to amortise the assets on the basis of a written agreement pursuant to a special legal regulation¹⁴.

In the case of financial leasing, the leasing payments of leased long-term tangible assets and the purchase price upon the subsequent purchase of such assets can be figured into the investment amount in the case that the purchase occurs within the period of three calendar years following the year in which the Recipient was issued the Project Aid Decision, and this at the moment of accounting the subject of financial leasing in the Recipient's assets and in the amount that does not exceed the purchase price of the subject of financial leasing (at the leasing company) set forth in the lease agreement. The leasing company's profit (i.e. particularly interest), services, insurance, repairs and other ordinary costs associated with the rental of assets in the form of financial leasing cannot be figured into the investment amount.

In the case of assets classified under Chapters 84, 85 and 90 of the combined nomenclature¹⁵ this must concern new assets, and thus the Recipient will be the first user and these assets will be initially amortised by the Recipient.

2.13 Training and retraining is understood within this Programme theoretical and practical education of new employees leading to their acquisition of knowledge and skills that are useful for the current or future work of the employee at the Recipient or at other employers.

Article 3

State aid

3.1 In accordance with this Programme, state aid is provided in the form of a subsidy¹⁶ for business activity and subsidy¹⁶ for training and retraining¹⁷. State aid pursuant to this Programme is provided in accordance with the relevant European Union regulations¹⁸.

3.2 Subsidies will be provided to the Recipient on the basis of a Decision to Grant a Subsidy.

3.2.1 Business activity subsidies will be provided by the MIT on the basis of the Decision to Grant a Business Activity Subsidy.

3.2.2 Training and retraining subsidies will be provided by the MLSA on the basis of the Decision to Grant a Training and Retraining Subsidy.

3.3 The maximum amount of a business activity subsidy is set forth in the Project Aid Decision (stemming from the data presented in the Project Aid Application) and is calculated as the percentage – stipulated for individual NUTS II regions of cohesion of the Czech Republic (see Annex 1a) – of the actually expended eligible costs pursuant to Article 3.6 of the Programme. In the case of projects that constitute a further phase or expansion of activities that have already received support, state aid will be reduced by 50%¹⁹.

3.4 The maximum amount of a training and retraining subsidy is calculated as the percentage – stipulated for individual NUTS II regions of cohesion of the Czech Republic (see Annex 1b) – of the actually expended eligible costs pursuant to Article 3.7 of the Programme.

3.5 The criteria for fulfilment of the notification obligation²⁰ by the Aid Provider in relation to the proposed state aid, the amount of which is subject to approval by the Commission²¹, are set forth in:

3.5.1 Annex 1a (business activity subsidy) and

3.5.2 Annex 1b (training and retraining subsidy).

Eligible costs

3.6 In the case of state aid provided in the form of a business activity subsidy, eligible costs are comprised of the product of indicator A and indicator B, whereas

- indicator A is understood as the gross wages of the Recipient's new employees and the Recipient's mandatory contributions to the state health insurance, social security and the state employment policy, adjusted by the arithmetical average for one employee for the period of two consecutive calendar years falling within the period beginning with the Application Date and ending with the expiry of the third calendar year following the year in which the Project Aid Decision was issued to the Recipient,
- indicator B is understood as the number of new jobs created by the Recipient in connection with the Project beginning with the Application Date and ending with the expiry of the third calendar year following the year in which the Project Aid Decision was issued to the Recipient.

3.7 In the case of state aid provided in the form of a training and retraining subsidy, deductible costs are comprised of:

3.7.1 services demonstrably connected with the implementation of training and retraining²²;

3.7.2 consumption of materials, goods, energy and other non-storable supplies demonstrably consumed in the implementation of training and retraining;

3.7.3 travel costs of trained and retrained employees and the employees ensuring the training and retraining;

3.7.4 personnel costs²³ of employees ensuring the training and retraining;

3.7.5 book depreciation of long-term intangible and tangible assets in the extent in which such assets are demonstrably used for the purposes of training and retraining;

3.7.6 personnel costs²³ of trained and retrained employees for the time period when such employees demonstrably and actively participate in the process of training and retraining, in the amount maximally corresponding to the aggregate volume of items 3.7.1 to 3.7.5²⁴.

Eligible costs pursuant to Article 3.7 of the Programme expended in the period beginning with the Application Date and ending with the expiry of the **third** calendar year following the year in which the Project Aid Decision was issued to the Recipient can be included in the basis for calculation of a training and retraining subsidy. In the case that the Recipient undertakes to create, by the end of the fifth calendar year following the year in which the Project Aid Decision was issued to the Recipient, 100 or more new jobs (150 or more new jobs in the case of investments in establishment or expansion of a customer contact centre), eligible costs pursuant to Article 3.7 of the Programme expended in the period beginning with the Date of Decision and ending with the expiry of the **fifth** calendar year following the year in which the Project Aid Decision was issued to the Recipient can be included in the basis for calculation of state aid. Information on the duration of utilisation of a training and retraining subsidy will be contained in the Project Aid Decision and will be binding upon the Recipient.

3.8 If, in relation to the deductible costs set forth in Article 3.6 or, as the case may be, Article 3.7 of the Programme, other forms of state aid are provided on the basis of other programmes of support from national, regional or local sources or from EU sources, all of these forms of state aid, including state aid provided on the basis of the Programme, may not exceed the percentage of aid stipulated for individual NUTS II regions of cohesion of the Czech Republic set forth in Annex 1a or, as the case may be, Annex 1b. In the event that this condition is breached, the Recipient is obligated to return, without delay and in accordance with a special legal regulation²⁵, that part of state aid that exceeds this percentage. The rules of accumulation of state aid with *de minimis* aid are governed directly by the applicable regulation of the European Communities²⁶.

3.9 Eligible costs are considered to be costs that are actually expended in direct connection with the Project.

3.10 State aid is non-transferable between business entities.

Article 4

General conditions for provision of state aid

State aid can be provided if the Recipient demonstrates that it is capable of fulfilling the following conditions:

4.1 The Recipient has not begun work on the Project before the Application Date.

4.2 The Recipient carries out an investment in the Project in the minimum amount of CZK 10 million.

4.3 The Recipient creates and fills new jobs for a minimum of

4.3.1 20 new employees in the case of an investment in the establishment or expansion of a software-development centre or expert solution centre;

4.3.2 30 new employees in the case of an investment in the establishment or expansion of a technology centre;

4.3.3 50 new employees in the case of an investment in the establishment or expansion of a high-tech repair centre or centre of shared services;

4.3.4 100 new employees in the case of an investment in the establishment or expansion of a customer contact centre.

The number of newly created jobs in connection with the Project is equal to:

- a) in the case of a Recipient pursuant to Article 2.8.1 of the Programme, the average status of new employees employed within the context of the Project for three concluded calendar months following the expiry of the period of commitment pursuant to Article 4.5 of the Programme converted to full work duty²⁷, or
- b) in the case of a Recipient pursuant to Article 2.8.2 of the Programme, the difference of the average status of employees performing supported activities, employed by the Recipient on the territory of the Czech Republic for three concluded calendar months following the expiry of the period of commitment pursuant to Article 4.5 of the Programme, converted to full work duty and the average status of employees performing activities which will be performed within the context of the Project, employed by the Recipient on the territory of the Czech Republic for a period of 12 calendar months preceding the calendar month in which the Application Date occurred, converted to full work duty²⁷.

4.4 In the case of a Project of establishment or expansion of a technology centre, the prerequisite of implementation of the technology centre's results in production²⁸ shall be fulfilled.

4.5 The conditions of Article 4.2 to 4.4 must be fulfilled no later than within three calendar years following the year in which the Project Aid Decision was issued to the Recipient.

4.6 The Recipient must maintain the minimum investment amount pursuant to Article 4.2 of the Programme and the minimum number of newly created and occupied jobs pursuant to Article 4.3 of the Programme for a period of at least five calendar years from the end of the calendar year in which the conditions of Article 4.2 and 4.3 of the Programme were initially fulfilled.

4.7 The Recipient must maintain the number of newly created and occupied jobs that entered in the basis for calculation of the maximum amount of the business activity subsidy pursuant to Article 3.6 for the entire period of utilisation of state aid, though at least for a period of five years from the date of establishment of the first employment relationship for each supported job. At the same time, the Recipient must demonstrate that it performed economic activity corresponding to the definition of the Project pursuant to Article 2.6 of the Programme for the entire above-mentioned period.

4.8 The investment project shall be environmentally friendly.

Article 5

State aid in the form of a business activity subsidy

5.1 In the relevant calendar year, the Recipient can apply for a business activity subsidy which will be provided to the Recipient based on the Decision to Grant a Business Activity Subsidy²⁹. The Recipient can apply for a business activity subsidy

only once in a given year. A business activity subsidy can be provided at the earliest in the calendar year that follows the year in which the Application Date occurred, providing that the Project Aid Decision was issued no later than on the date of submission of the Subsidy Application.

Specific purpose of a business activity subsidy

5.2 A business activity subsidy is specifically intended for the payment of selected personnel costs expended by the Recipient in a given calendar year on new employees working in direct connection with the Project. Select personnel costs are understood as the gross wages of employees and mandatory contributions to state health insurance, social security and the state employment policy.

Amount of a business activity subsidy

5.3 The amount of a business activity subsidy in the relevant calendar year is the stipulated percentage (see Annex 1a) of eligible costs pursuant to Article 3.6 actually expended from the Application Date to the last day of the calendar month preceding the month in which the Application for Business Activity Subsidy was submitted, and towards which no subsidy had hitherto been provided or towards which a subsidy had been provided but due to its non-utilisation was duly returned to the Provider's account by 31 December of the relevant calendar year.

5.4 In the case that, in a given calendar year, the MIT does not have sufficient financial resources for payment of claimed subsidies for business activity, the available financial resources will be divided among the Recipients in accordance with regulations stipulated by the Provider for the relevant year.

Special condition for provision of a business activity subsidy

5.5 It is possible to provide a subsidy in the relevant calendar year if bankruptcy³⁰ has not been declared against the Recipient by the date of submission of the Application for Business Activity Subsidy.

Accounting procedure for the subsidy and its settlement

5.6 The Recipient shall keep the accounts regarding its obligations arising from the received business activity subsidy in accordance with the applicable accounting standards.

5.7 The Recipient shall execute the financial settlement of the business activity subsidy for the relevant calendar year in which the Recipient was provided the subsidy pursuant to Article 5.1 of the Programme and shall submit it to the MIT by 15 February of the following calendar year. Financial settlement of the subsidy is understood as a summary of the claiming and use of financial resources and the possible return of unused monetary resources to the account of the MIT³¹. In the case that the Recipient does not return the unused monetary resources by the stated deadline, this concerns the unauthorised retention of monetary resources from the state budget pursuant to a special legal regulation²⁵.

5.8 In the case that the Recipient returns the unused part of the subsidy to the MIT's account after 31 December of the relevant calendar year, the eligible costs to which this returned part of the subsidy relates shall be considered to have been subsidised and the Recipient will not be able to obtain aid for these eligible costs in subsequent years.

Article 6

State aid in the form of a training and retraining subsidy

6.1 In the relevant calendar year, the Recipient can apply for a subsidy for the training and retraining of new employees working in newly created jobs in direct connection with the Project, which will be provided on the basis of a Decision to Grant a Training and Retraining Subsidy²⁹. The Recipient may apply for a training and retraining subsidy only once in the given year.

The Recipient can apply for a subsidy for a maximum period of three or, as the case may be, five consecutive following calendar years beginning with the calendar year following the year in which the Project Aid Decision was issued to the Recipient (in accordance with Article 3.7).

A subsidy for training and retraining can be provided at the earliest in the calendar year that follows the year in which the Application Date occurred, providing that the Project Aid Decision was issued no later than on the date of submission of the Application for Training and Retraining Subsidy.

Specific purpose of the training and retraining subsidy

6.2 A training and retraining subsidy is intended for the payment of necessary operating costs associated with the activities of the supported technology centre or centre of business support services. A training and retraining subsidy may not be used for the payment of selected personnel costs, for which a business activity subsidy was used, or for the payment of costs of representation and other non-tax-deductible costs.

Amount of the training and retraining subsidy

6.3 The amount of a training and retraining subsidy in the relevant calendar year is stipulated as a percentage (see Annex 1b) of eligible costs pursuant to Article 3.7 actually expended from the Application Date to the last day of the calendar month preceding the month in which the Application for Training and Retraining Subsidy was submitted, and towards which no subsidy had hitherto been provided or towards which a subsidy had been provided but due to its non-utilisation was duly returned to the Provider's account by 31 December of the relevant calendar year.

6.4 In the case that, in a given calendar year, the MLSA does not have sufficient financial resources for payment of claimed subsidies for the training and retraining of new employees employed within the context of the Project, the principle is applied according to which the Recipient that applied for a training and retraining subsidy earlier is given preference. If several Recipients apply for a subsidy on the same day and it is not possible to pay subsidies to all of them in the full amount, the available

financial resources will be divided among these Recipients pro rata depending on the amount of the requested subsidy. In the following calendar year, preference will be given to those Recipients whose Applications for Training and Retraining Subsidy were not satisfied in the past year due to the MLSA's limited financial resources. However, this does not affect the provision of Article 6.3 of the Programme.

Special condition for the provision of a training and retraining subsidy

6.5 It is possible to provide a training and retraining subsidy in the relevant calendar year if bankruptcy³⁰ has not been declared against the Recipient by the date of submission of the Application for Training and Retraining Subsidy.

Accounting procedure for the subsidy and its settlement

6.6 The Recipient shall keep the accounts regarding its obligations arising from the received training and retraining subsidy in accordance with the applicable accounting standards.

6.7 The Recipient shall execute the financial settlement of the training and retraining subsidy for the relevant calendar year and shall submit it to the MLSA by 15 February of the following calendar year. Financial settlement of the subsidy is understood as a summary of the claiming and use of financial resources and the possible return of the financial resources or a part thereof to the account of the MLSA in accordance with a special legal regulation³¹. In the case that the Recipient does not return the unused monetary resources by the stated deadline, this concerns the unauthorised retention of monetary resources from the state budget pursuant to the special legal regulation²⁵.

6.8 In the case that the Recipient returns the unused part of the subsidy to the MLSA's account after 31 December of the relevant calendar, but not later than 15 February of the following calendar year, the eligible costs to which this returned part of the subsidy relates shall be considered to have been subsidised and the Recipient will not be able to receive aid for these eligible costs in subsequent years.

6.9 In the case that the Recipient does not create and fill, within the period of five calendar years following the year in which the Project Aid Decision was issued, 100 or more new jobs (150 or more new jobs in the case of an investment in the establishment or expansion of a customer contact centre), only those costs expended within the period of three calendar years following the year in which the Project Aid Decision was issued shall be considered eligible costs. In this case, the Recipient is obligated to return that part of the provided subsidy corresponding to the difference between the amount actually paid and the part to which the Recipient is entitled.

Article 7

Responsibilities of the state-aid Recipient

7.1 The Recipient is obligated:

7.1.1 in its accounting to ensure that the selected accounting operations associated with the Project and in connection with the fulfilment of the conditions of the Programme and calculation of state aid are conducted in separate analytical accounts. It must be demonstrable whether the selected

accounting entries are related to the Project and actually correspond to the implemented Project;

7.1.2 for the purposes of audits, to ensure the archiving of all documentation, including accounting of the Project for a period of five years from the finalisation of the Project's implementation;

7.1.3 to provide to persons entrusted with the performance of audit activities the necessary cooperation in accordance with special legal regulations³²;

7.1.4 within the period of utilisation of state aid and, at the same time, within the period pursuant to Article 4.7 of the Programme, to inform the Aid Providers of changes in the ownership structure, merger or split of the company, change of legal form, entry into liquidation, filing of a motion to declare bankruptcy; the Recipient is obligated to inform the Aid Providers of these facts without undue delay, though within a month of the entry of such facts into the Commercial Register;

7.1.5 to submit an affidavit in which workers of auditing bodies are released the obligation vis-à-vis the Aid Providers to maintain confidentiality with regard to facts concerning the utilisation of the subsidy, and this for the purposes of auditing the exertion of state aid;

7.1.6 within the period of utilisation of state aid and, at the same time, within the period pursuant to Article 4.7 of the Programme and without undue delay, to inform the Aid Providers of changes in the Project at variance with the facts stated in the Project Aid Decision and of participation in other programmes of support from domestic sources or EU sources or of the provision of one-off support from these sources in relation to the Project.

7.1.7 to provide, upon request of the Aid Providers, up-to-date information on the implementation of the project. This obligation endures for the entire period of utilisation of state aid, though at least for the period of five calendar years from the end of the calendar year in which the conditions pursuant to Article 4.2 and 4.3 of the Programme were initially fulfilled.

7.2 If a breach of the general and special conditions occurs as a result of abandonment of the implementation of the Project, the Recipient is obligated to return to the relevant Aid Provider the specific financial resources provided to the Recipient, including penalties in accordance with a special legal regulation³³.

7.3 The Recipient must establish its own bank account for receipt and utilisation of state aid.

Article 8

Organisational assurance of the Programme

Project Aid Application

8.1 The Applicant shall deliver the Project Aid Application to the Designated Organisation. The Project Aid Application is understood as the relevant printed form (see Annex 3a), including the financial plan and mandatory appendices, by means of which the Applicant applies for aid and demonstrates the probability of fulfilment of the

conditions of this Programme. The Application shall be delivered in one counterpart in printed form and in seven counterparts on CD-ROM data carriers.

The parts of the Aid Application in the case of both a legal entity and a natural person are always these documents:

- officially notarised affidavit on the non-commencement of work on the Project prior to the Application Date (see Annex 3b),
- in the case that the Applicant (legal entity) is already engaged in business activities on the territory of the Czech Republic, also an officially notarised affidavit that the Applicant is clear of debt (see Annex 3c) toward the state budget, social security administration and health insurance companies,
- officially notarised affidavit on waiving the obligation to maintain confidentiality (see Annex 3d),
- officially notarised affidavit on the fact that the Recipient has (or, as the case may be, will have at the time of issuance of the Project Aid Decision) the status of a small or medium-sized enterprise (see Annex 3e), if such affidavit is relevant (pursuant to Annex 1d),
- description of the Project stating, among other things, the Project's benefit for the Czech Republic and for the region in which the Project is to be implemented, the benefit of the Project to the development of the given economic sector, and the method of securing the Project technically, economically and in terms of personnel,
- Applicant's officially notarised affidavit that the information contained in the Application submitted on CD-ROM data carriers corresponds to the information contained in the Application submitted in printed form (see Annex 3f).

In the case that the Applicant is a legal entity, the following additional officially notarised documents form parts of the Aid Application:

- Applicant's extract from the Commercial Register, not older than 3 months (in the case of a foreign legal entity, a document similar to an extract from the Commercial Register if this exists) ,
- Founding Agreement (or Articles of Foundation, or Deed of Association) of the Applicant,
- annual reports or financial statements of the Applicant for the past two consecutive accounting periods verified by an auditor; in the case that the Applicant (legal entity) has performed the activity which is the subject of aid in accordance with this Programme for a period of less than two years, then the annual reports or financial statements shall be submitted by the entity that owns the Applicant.

In the case that the Applicant is a natural person, the following additional officially notarised documents form parts of the Aid Application:

- business license or a similar document proving authorisation to conduct business,
- extract from the Commercial Register if the natural person is entered in the Commercial Register (in the case of a foreign natural person, a document similar to an extract from the Commercial Register if this exists),

- the natural person's financial statements for at least the past two consecutive accounting periods or financial statements for at least the past two consecutive accounting periods of the company in which the natural person owns a controlling interest,
- in the case that the natural person has not in the past engaged in any business activities or has not owned a controlling interest in any company, he/she is obligated to furnish proof of definite and credible means of financing the Project.

The printed Aid Application form will be available at the Designated Organisation and on the MIT website (www.mpo.cz).

8.2 In the case that the Aid Application is properly filled out and complete and that it follows from the information stated therein that the Project fulfils the conditions and purpose of the Programme, the Designated Organisation shall issue to the Applicant a Confirmation (pursuant to Article 2.9).

8.3 Upon issuing the Confirmation, the Designated Organisation shall prepare an assessment from the perspective of the prerequisites for fulfilment of the Programme's conditions, as well as the Draft Project Aid Decision, and shall prepare the "Documents for Project Assessment" (hereinafter referred to as the "Documents"). The Documents will contain the Project Aid Application, the Designated Organisation's assessment from the perspective of the prerequisites for fulfilment of the Programme's conditions and, in the case that the prerequisites exist for fulfilment of the aid conditions pursuant to Article 4 of the Programme, a Draft Project Aid Decision or, in the opposite case, a Draft Decision on the Refusal of Project Aid. The Designated Organisation shall forward the Documents to the MIT no later than within 20 days following the date of issuance of the Confirmation.

8.4 In the event that the MIT finds that the Documents submitted by the Designated Organisation are inconsistent and incomplete, the MIT shall call upon the Designated Organisation for their supplementation or possibly their completion. The MIT shall submit the complete Documents to the representatives of the Commenting Bodies within seven working days of their receipt and shall call upon such representatives to express in writing their definite consenting or dissenting standpoint on the Applicant's Project, particularly on the existence of prerequisites for fulfilment of the conditions of the Programme. The Commenting Bodies are authorised to request supplemental information to the Documents submitted via the MIT if a standpoint on the Project cannot be reliably issued based on the information stated in the Documents. Authorisation to request supplemental information expires with the elapse of seven working days from the date of delivery of the Documents to the given Commenting Body. Upon the uneventful elapse of this seven-day period, the MIT shall consider that the given Commenting Body has sufficient information for issuing its standpoint. At the same time, it applies that the Commenting Bodies, with the exception of the Aid Providers, have the possibility to request supplemental information only once.

In the case of technology-centre projects, within the circulation of the documents for comments the MIT or other Commenting Body can request that an expert assessment be conducted. The Applicant is obligated to furnish the requested information without delay.

The Commenting Bodies shall issue a standpoint within 20 working days from the day on which the Documents are received or within 15 working days from the day on which the supplemental information is received. The standpoints of the Commenting Bodies

may not contain conditions for granting aid beyond the framework of this Programme. In the case that a Commenting Body, which at the same time is not an Aid Provider, does not issue a standpoint within this time period, the MIT shall consider that the given Commenting Body gives its consent.

8.5 The MIT shall conduct an evaluation of the Commenting Bodies' standpoints. If it so follows from the standpoints of the Commenting Bodies, the executive director of the relevant section of the MIT shall convene an evaluation committee which shall engage in the reconciliation of conflicting standpoints of the Commenting Bodies. The evaluation committee is comprised of the executive directors of the relevant sections of the individual Commenting Bodies and the Designated Organisation. The evaluation committee's course of action and voting method are stipulated by the rules of procedure (see Annex 2).

8.6 Following the assessment of the prerequisites for fulfilment of the Programme's conditions and following the evaluation of the standpoints of the Commenting Bodies (possibly on the basis of the result of proceedings of the evaluation committee) and on the basis of the MLSA's statement in the form of agreement or disagreement with the provision of support within the competence of the MLSA, the MIT shall issue a Draft Project Aid Decision or Decision on the Refusal of Project Aid within seven working days from the receipt of the written statement of the last of the Commenting Bodies. In the event of a meeting of the evaluation committee, this deadline shall be extended by the period necessary for its convening, though by not more than 30 working days. The Draft Project Aid Decision shall contain, in particular, the maximum state aid intensity and conditions under which it is possible to utilise the aid.

8.7 The MIT shall send to the Applicant the Draft Project Aid Decision or, as the case may be, Decision on the Refusal of Project Aid and, upon request, familiarise the Applicant with all bases of the Draft Project Aid Decision or, as the case may be, Decision on the Refusal of Project Aid, particularly the standpoints of the Commenting Bodies. If the MIT prepares a Draft Project Aid Decision, it shall call upon the Applicant to provide a written statement on the Draft Project Aid Decision.

8.8 The Applicant is obligated to furnish a written statement (see Annex 4) on the Draft Project Aid Decision, possibly on the received documents, within three months from the date of delivery of the Draft Project Aid Decision.

In its written statement on the Draft Project Aid Decision, the Applicant can assert objections to the wording of the Draft Decision. The MIT shall take such objections into account, if they are legitimate, and notify the Applicant thereof. Furthermore, if the Recipient and the Applicant are two different entities, the newly created Recipient's extract from the Commercial Register shall be submitted to the MIT. If the Applicant does not provide its statement within the aforementioned time limit, the Project Aid Decision will not be issued.

8.9 Upon receiving the Applicant's affirmative written statement and after taking into account possible objections, the MIT shall immediately issue the Project Aid Decision containing the maximum state aid intensity and the conditions under which it is possible to utilise aid. The MIT will subsequently send the Project Aid Decision to the Recipient and a copy thereof to the Designated Organisation.

Application for Business Activity Subsidy and Application for Training and Retraining Subsidy

8.10 By 30 June of the relevant calendar year, the Recipient shall submit to the MIT the Application for Business Activity Subsidy (see Annex 5a). By 30 June of the relevant calendar year, the Recipient shall submit to the MLSA the Application for Training and Retraining Subsidy (see Annex 5b).

8.11 In the Application for Business Activity Subsidy, the Recipient shall present the calculation of the requested subsidy amount pursuant to Article 5.3 of the Programme. A mandatory appendix to this Application is a summary of the amount of hitherto actually expended eligible costs and hitherto implemented investment. Concurrently with the Application for Business Activity Subsidy, the Recipient shall submit a non-binding estimate of the anticipated amount of the business activity subsidy for the next calendar year.

8.12 In the Application for Training and Retraining Subsidy, the Recipient shall present the calculation of the amount of the requested subsidy pursuant to Article 6.3 of the Programme. A mandatory appendix to this Application is a summary of the amount of hitherto actually expended eligible costs for the training and retraining of new employees in the cumulative amount. Concurrently with the Application for Training and Retraining Subsidy, the Applicant shall submit a non-binding estimate of the anticipated amount of the training and retraining subsidy for the next calendar year.

8.13 The following documents, which must not be older than three months, are mandatory appendices common for both the Application for Business Activity Subsidy and the Application for Training and Retraining Subsidy:

- Recipient's officially notarised extract from the Commercial Register,
- confirmation of the locally relevant Tax Authority on the due fulfilment of obligations toward the state budget,
- confirmation of the locally relevant Social Security Administration on the due fulfilment of obligations toward the state budget,
- a copy of the Recipient's income-tax declaration for the past taxation period.

8.14 As a prerequisite for the fulfilment of the conditions of this Programme, in connection with the Project Aid Decision, the MIT shall issue, in accordance with a special legal regulation²⁹, a Decision to Grant a Business Activity Subsidy, on the basis of which the subsidy will be transferred without undue delay from the MIT's account to the Recipient's special account established for these purposes and specified in the Application for Business Activity Subsidy. The MIT shall send the Decision to Grant a Business Activity Subsidy to the Recipient and a copy thereof to the Designated Organisation.

8.15 As a prerequisite for the fulfilment of the conditions of this Programme, in connection with the Project Aid Decision, the MLSA shall issue, in accordance with a special legal regulation²⁹, a Decision to Grant a Training and Retraining Subsidy, on the basis of which the subsidy will be transferred without undue delay from the MLSA's account to the Recipient's special account established for these purposes and specified in the Application for Training and Retraining subsidy. The MLSA shall send the Decision to Grant a Training and Retraining Subsidy to the Recipient and a copy thereof to the Designated Organisation.

Article 9

Participation in other programmes

9.1 Participation in this Programme does not eliminate the possibility of involvement in other Czech or foreign programmes if the provision of Article 3.8 is not thereby affected.

Article 10

Verification of fulfilment of the conditions for provision and utilisation of state aid

10.1 Performance of the verification of fulfilment of the conditions for provision and utilisation of state aid is governed by the legal regulations in force³².

10.2 The Recipient shall enable the relevant auditing body to verify the fulfilment of conditions for the provision and utilisation of state aid and shall provide further necessary cooperation to such bodies in order to ensure the performance of the verification.

Article 11

Sanctions for non-compliance with the conditions of the Programme

11.1 If the Recipient utilises state aid in contravention of the purpose for which such aid was provided within the meaning of the Decision to Grant a Subsidy, this concerns unauthorised use of monetary resources of the state budget pursuant to a special legal regulation²⁵. In such a case, the Recipient is obligated to turn over, without delay, to the Tax Authority in whose territorial jurisdiction the Recipient has its registered office or its actual location the monetary resources in the amount of the provided subsidy or, as the case may be, in the amount by which the Recipient breached the budgetary rules, including a penalty pursuant to a special legal regulation³³.

11.2 In the event that the Recipient does not comply with the conditions set forth in Article 4.1 through 4.6 and 4.8 of the Programme, and also the conditions stipulated in the Decision to Grant a Subsidy, the Aid Provider, if remedy is possible and on the basis of a written notice stipulating the time limit for performance of appropriate remedial measures, is authorised to block the Recipient's utilisation of the specific financial resources until the remedial measures have been implemented. If the Recipient does not take such measures, its remedial measures are insufficient or remedy is not possible, the possibility of further provision of state aid shall cease to exist and everything that was provided on the basis of the Decision to Grant a Subsidy must be returned without undue delay in accordance with a special legal regulation³³.

11.3 In the event that the Recipient does not comply with the condition set forth in Article 4.7, it is obligated to return, without delay and in accordance with a special legal regulation³³, that part of state aid that relates to the difference between the number of jobs that served as the basis for calculation of the maximum amount of the business activity subsidy pursuant to Article 3.6 and the actual number of newly created and occupied jobs.

11.4 In the event that the Recipient does not fulfil the obligations set forth in Article 7.1.1 through 7.1.5 of the Programme, state aid will not be provided to the Recipient in the given calendar year. If state aid has already been provided in the given calendar year, this shall be deemed unduly provided and must be returned without delay in accordance with a special legal regulation³³.

11.5 As long as the obligation set forth in Article 7.1.7 is not fulfilled, state aid will not be disbursed to the Recipient in the given calendar year.

11.6 In the event that the Recipient does not fulfil its commitments towards the state budget and the state funds of the Czech Republic, state aid will not be provided to the Recipient in the given calendar year. If state aid has already been provided in the given calendar year, this shall be deemed unduly provided and must be returned without delay in accordance with a special legal regulation³³.

11.7 Aid-forfeiture proceedings can be commenced by the Aid Provider only for reasons enumeratively set forth in a special legal regulation³⁴.

Article 12

Transitory and final provisions

12.1 There is no legal entitlement to state aid under this Programme.

12.2 Amendments of this Programme, which will originate on the basis of amendments to legal regulations relating to this Programme, are in the competence of the Aid Providers.

12.3 The legal regime of subsidies provided in accordance with this Programme is laid down by Act No. 218/2000 Coll., on Budgetary Rules and on Amendments of Some Related Acts (Budgetary Rules), as amended.

12.4 This Programme supersedes the Framework Programme for Support of Technology Centres and Centres of Business Support Services that was approved by Government Resolution No. 1238/2003 and came into effect on 17 February 2004.

12.5 The hitherto valid Framework Programme for Support of Technology Centres and Centres of Business Support Services is applied for Projects in the case of which the Application Date occurred prior to this Programme's entry into effect.

12.5.1 For Projects in the case of which the Application Date occurred prior to this Programme's entry into effect and for which the Project Aid Decision was issued after 31 December 2006, the state aid intensity stipulated for individual NUTS II regions of cohesion of the Czech Republic is applied in accordance with the new arrangement (see Annex 1a), and in the case of assets that are entered into the basis for calculation of state aid in the form of a business activity subsidy, with the exception of real estate, a Recipient that is not a small or medium-sized enterprise must be the first user of such assets.

12.5.2 The provision of Article 6.2 of this Programme on the specific purpose of a training and retraining subsidy is applied similarly for Projects in the case of which the Application Date occurred prior to the this Programme's entry into effect, including Projects that are governed by the Framework Programme for Support of Establishment and Expansion of Technology Centres and the

Framework Programme for Support of Business Support Services approved by Government Resolution No. 573/2002.

12.5.3 The provision of Article 8.11 of this Programme is applied similarly for Projects in the case of which the Date of Decision occurred prior to the Programme's entry into effect³⁵.

12.6 The rules of this Programme come into effect on the date of announcement by the Ministry of Industry and Trade in the Commercial Bulletin.

12.7 The provision of Article 3.5.2 and the provision of Paragraph 3 of Annex 1b cease to be valid upon issuance of the decision of the Commission³⁶ on compatibility of state aid in the form of a training and retraining subsidy with the common market.

12.8 In connection with membership in the European Union, the Czech Republic has the obligation to abide by the law of the European Communities. In the event of its future amendment and incompatibility with national law, based on the principle of precedence of community law the Czech Republic shall abide by the regulations of the Communities. In such a case, on the part of the Czech Republic this will not involve a breach of the conditions deriving from the Czech legal order.

Notes

¹ This does not concern the programme in the meaning of Section 12 of Act No. 218/2000, on Budgetary Rules and on Amendments to Some Related Acts, as amended (hereinafter referred to as the "Budgetary Rules").

² In the meaning of the Rules for Protection and Restructuring of Companies in Difficulties, published in the Official Journal C 288, 9 October 1999.

³ Support is focused on the fields (pursuant to the OECD classification – Revision of the High-technology Sector Product Classification published in the STI Working Papers 1997/2) of aviation and aerospace, office and computer equipment, electronics and micro-electronics, telecommunications, pharmaceuticals, scientific instruments and professional equipment, motor vehicles, industrial electrical machinery, production of chemical products, equipment for road transport, motors, turbines and agricultural machinery.

The Framework Programme is not intended for support of costs associated with projects of research and development in the meaning of Act No. 130/2002 Coll., on Support for Research and Development from Public Funds and on the Amendment of Some Related Acts, as amended, which were already applied within deductible items for research and development pursuant to Section 34(4) and (5) of Act No. 586/1992 Coll., on Income Tax, as amended.

⁴ A customer support centre is understood as functionally separate unit that is responsible for the management of relations with customers via telephone, fax, e-mail, the internet, or other form of communication channel. These services are provided on the European/global market.

⁵ A centre of shared services is understood as a functionally separate unit that accepts responsibility for the management, operation and administration of certain internal functions of companies. The centre takes on and combines the performance of these functions from the parent company and/or subsidiaries in a group or from external customers (outsourcing), for which these functions are not the main subject of business. Activities connected with the functions concerned, which are provided on the European/global scale, thereupon become the main subject of its activity. This particularly concerns such internal functions as accounting, finance, administration in the area of human resources, marketing, information-systems management, customer-relations management, data processing, supplier-relations management, and sophisticated creative activities such as the work performed by graphic artists, animators, etc. Printing services, catering services, cleaning services, etc. are not considered internal company functions.

⁶ An expert solution centre for information and telecommunications technology is understood as a functionally separate unit that performs implementation of information and telecommunications systems in subsidiaries in a group, outsourcing of information-systems management, and outsourcing of telecommunications-systems management.

⁷ A high-tech repair centre is understood as a functionally separate unit that performs repair activities of, in particular, office machines and computer technology, electronic machines and instruments, radios, televisions and related devices and instruments, optical and measuring instruments, aircraft and electronic and control systems of rail vehicles. Repairs of automobiles, buses and other means of transport intended for ground transportation are not considered high-tech repair activities.

⁸ The services of a data (co-location) centre primarily include server-housing, server leasing, telehousing, web-hosting, lease of e-business means and others.

Serverhousing allows placement of the customer's server on the provider's premises and its connection to the provider's backbone network. The provider then ensures operation of the server, its technical maintenance, security, air conditioning, etc.

Telehousing (service employed particularly by telecommunications operators) enables the customer to house telecommunications equipment on the premises of a data centre or to lease certain capacity of the provider's telecommunications facilities.

Web-hosting service enables the physical placement and creation of the customer's website on the provider's server.

⁹ Act No. 513/1991 Coll., the Commercial Code, as amended

¹⁰ Act No. 262/2006, the Labour Code, as amended

¹¹ Acquisition of long-term tangible and intangible assets is understood as debiting the relevant accounts of accounting class 04 – Unfinished long-term intangible and tangible assets and acquired long-term financial assets or directly debiting the accounts of accounting class 01 – Long-term intangible assets, 02 – Depreciated long-term tangible assets, or 03 – Non-depreciated long-term tangible assets, if during the acquisition of long-term intangible and tangible assets no costs arose relating to their acquisition.

¹² A binding order specifies the delivery of specific machines and equipment at a given time and for a given price. In the case that a contract on delivery of machines and equipment is concluded between the supplier and the Recipient as the customer supersedes the order, the conclusion of such a contract is considered the commencement of work on the Project.

¹³ Act No. 563/1991 Coll., on Accounting, as amended

¹⁴ Section 28 (3) of Act No. 586/1992 Coll., on Income Tax, as amended

¹⁵ Council Regulation (EEC) No. 2658/87 of 23 July 1987, on tariff and statistical nomenclature and on the Common Customs Tariff

¹⁶ Act No. 218/2000 Coll., on Budgetary Rules

¹⁷ Act No. 435/2004 Coll., on Employment

¹⁸ Commission Regulation (EC) No. 1628/2006 on the application of Articles 87 and 88 of the EC Treaty to national regional investment aid of 24 October 2006, OJ L 302 of 1 November 2006, Commission Regulation (EC) 68/2001 on the application of Articles 87 and 88 of the EC Treaty to training aid of 12 January 2001, OJ L 10 of 13 January 2001, pages. 20-29, as amended, and Commission Regulation (EC) No. 70/2001 on the application of Articles 87 and 88 of the EC Treaty to small and medium-sized enterprises of 12 January 2001, OJ L 10 of 13 January 2001, pages 33-42, as amended.

¹⁹ This concerns activities that have already been supported under this Programme or under the Framework Programme for Support for Establishment and Expansion of Technology Centres or, as the case may be, the Framework Programme for Support of Business Support Services approved by Government Resolution No. 573/2002 or the Framework Programme for Support of Technology Centres and Centres of Business Support Services approved by Government Resolution No. 1238/2003 or under the Memorandum of Understanding.

²⁰ Article 88(3) of the Treaty establishing the European Community (consolidated version) OJ C 325 of 24 December 2002

²¹ Article 211 of the Treaty establishing the European Community (consolidated version) OJ C 325 of 24 December 2002

²² For example, payments for training implemented by an external agency, external pedagogical workers, lecturers or the parent company of the Recipient, etc.

²³ The volume of gross wages of the Recipient's employees ensuring training and retraining and mandatory contributions of the Recipient to the state health insurance, social security and the state employment policy.

²⁴ Commission Regulation (EC) No. 68/2001 of 12 January 2001, on the application of Articles 87 and 88 of the EC Treaty to training aid, OJ L10, 3.1. 2001

²⁵ Section 3 letter e) or f) of the Budgetary Rules

²⁶ Commission Regulation (EC) No. 1998/2006 of 15 December 2006, on the application of Articles 87 and 88 of the EC Treaty to de minimis state aid of, OJ 379, of 28 December 2006

²⁷ Act No. 262/2006 Coll., the Labour Code, as amended

²⁸ Subsequent production, however, is not the subject of support under this Programme.

²⁹ Section 14 of the Budgetary Rules

³⁰ Act No. 328/1991 Coll., on Bankruptcy and Composition, as amended, and Act No. 182/2006 Coll., on Insolvency and the Method of Its Resolution (the Insolvency Act)

³¹ Decree of the Ministry of Finance No. 551/2004 Coll., of 27 October 2004, which sets the principles and deadlines for financial settlement of relations with the state budget

³² Act No. 320/2001 Coll., on Financial Control in Public Administration and on the Amendment of Some Acts (Financial Control Act), as amended, and Act No. 552/1991 Coll., on State Audits, as amended

³³ Section 44 of the Budgetary Rules

³⁴ Section 15 of the Budgetary Rules

³⁵ Submission of binding estimates of utilisation of the business activity subsidy thus will henceforth not be required for projects in the case of which the Date of Decision occurred prior to this Programme's entry into effect.

³⁶ Council Regulation No. 659/1999 of 22 March 1999 laying down detailed rules for application of Article 93 of the EC Treaty, as amended.

ANNEX No. 1c

Government Decree No. 515/2004 Coll.,

of 21 September 2004,

on financial support for the creation of new jobs and the retraining of employees within the framework of investment incentives

Amendment: Act No. 578/2004 Coll., 338/2006 Coll.

Pursuant to the provisions of Section 111(12) of Act No. 435/2004 Coll., on employment policy (hereinafter only the Act), the Government orders as follows:

Section 1

(1) The amount of material support available to employers as part of investment incentives for creating new job positions is:

- a) CZK 200,000 per new job position opened in a region¹⁾ with a rate of unemployment
 - 1. at least 50 % higher than the average unemployment rate in the Czech Republic, or
 - 2. at least 20 % higher than the average unemployment rate in the Czech Republic if the region immediately neighbors a region with an unemployment rate that is at least 50 % higher than the average unemployment rate in the Czech Republic, or
- b) CZK 100,000 per new job position opened in a region with rate of unemployment of at least 20 % above the average unemployment rate in the Czech Republic, plus additional CZK 25,000 for employing a handicapped person²⁾ for one year or longer or for hiring an applicant hitherto registered as unemployed longer than 3 months.

(2) Material support for new job positions shall be provided on the basis of mutual agreement, in accordance with the provisions of Section 111(6) of the Act.

Section 2

Material support available to employers as part of investment incentives for retraining/training of workers³⁾ in a region with an average rate of unemployment that is at least equal to the average unemployment rate in the Czech Republic shall be 35 % of the workers' retraining/training costs.

(2) The amount of material support for workers' retraining/training shall be based on estimated costs specified in the agreement to be signed in accordance with Section 111(7) of the Act.

Section 3

(1) The term *new job position* is understood to be a position of employment:

- a) created by the employer on the basis of a mutual agreement to be made in accordance with the provisions of Section 111(6) of the Act;
- b) for Czech nationals or nationals of other EU member states, or their family members, provided that these persons have signed work contracts for indeterminate time with employers specified under (a);

(2) In cases involving implementation of new production, the number of new job positions is computed on the basis of average adjusted number of employees over a period of 3 months following the time point fixed, on the basis of mutual agreement, as the time limit for creating new job position.

ANNEX No. 1c

(3) In the event of involving expansion of existing production capacity, the number of new job positions corresponds to the difference between the average adjusted number of employees over 3 calendar months following the time limit for creating new job positions and the average adjusted number of employees over a period of 3 calendar months preceding presentation of the investment project by the employer.

(4) Computation of average adjusted number of employees (workforce) is subject to special legislation.⁴⁾

Section 4

For the purposes of this Ordinance, the average rate of unemployment is understood to be the average rate of unemployment during two 6-month periods preceding the date of the employer's presentation of an application for investment incentives, in accordance with special legislation⁵⁾, as follows:

a) the rate of unemployment according to the statistics of the Ministry of Labor and Social Affairs (hereinafter only the Ministry) in a territory administered by a Manpower Office of competence by venue;

b) the rate of unemployment according to the Ministry's analyses of the given subregion.

Section 5

(1) The Ministry provides material support for creation of new job positions and workers' retraining (requalification) or training on the basis of terms to be mutually agreed upon in accordance with the provisions of Section 111(6,7) of the Act, in the form of non-monetary transactions at fixed intervals to the employer's bank account with a financial institution.

(2) In the event that the material support for retraining/training (Section 2) to be provided to an individual employer exceeds the amount of € 1 million per project, at the time of the employer's presentation of an application for investment incentives⁵⁾, prior notification and approval of the Commission of European Communities is required in advance.

Section 6

This Ordinance comes into effect on 1 October 2004.

Prime Minister
JUDr. Gross, m.p.

First Deputy Premier and Minister of Labor and Social Affairs
Ing. Škromach, m.p.

Selected Updated Provisions

Article II of Government Decree No. 338/2006 Coll.

Material support in accordance with Government Decree No. 515/2004 Coll., as amended by Government Decree 578/2004 Coll., applies to investment projects submitted on or following the date on which this Decree comes into effect.

Article III of Government Decree No. 338/2006 Coll.

This Decree comes into effect upon promulgation, i.e., 30 June 2006.

ANNEX No. 1c

- 1) Section 111(10) of Act No. 435/2004 Coll., on employment policy
- 2) Section 67 of Act No. 435/2004 Coll., on employment policy
- 3) Commission Regulation No. 68/2001 of 12 January 2001, on the Application of Articles 87 and 88 of the EC Contract on Support for Education, Official Journal of the European Union of 13 January 2001, L 10/20, as amended by Commission Regulation No. 363/2004 of 25 February 2004, Official Journal of the European Union of 28 February 2004, L 658/20
- 4) Section 11 of Decree No. 518/2004 Coll., implementing Act No. 435/2004 Coll., on employment policy
- 5) Section 3(1) of Act No. 72/2000 Coll., on investment incentives and amendments to certain legislation
- 6) Art. 5 of EC Ordinance No. 68/2001