

A World Bank Group Flagship Report



# Doing Business 2018

## Reforming to Create Jobs

### Economy Profile

### Czech Republic



Comparing Business Regulation  
for Domestic Firms in **190** Economies

## Economy Profile of Czech Republic

Doing Business 2018 Indicators  
(in order of appearance in the document)

<b>Starting a business</b>	Procedures, time, cost and paid-in minimum capital to start a limited liability company
<b>Dealing with construction permits</b>	Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system
<b>Getting electricity</b>	Procedures, time and cost to get connected to the electrical grid, the reliability of the electricity supply and the transparency of tariffs
<b>Registering property</b>	Procedures, time and cost to transfer a property and the quality of the land administration system
<b>Getting credit</b>	Movable collateral laws and credit information systems
<b>Protecting minority investors</b>	Minority shareholders' rights in related-party transactions and in corporate governance
<b>Paying taxes</b>	Payments, time and total tax rate for a firm to comply with all tax regulations as well as post-filing processes
<b>Trading across borders</b>	Time and cost to export the product of comparative advantage and import auto parts
<b>Enforcing contracts</b>	Time and cost to resolve a commercial dispute and the quality of judicial processes
<b>Resolving insolvency</b>	Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency
<b>Labor market regulation</b>	Flexibility in employment regulation and aspects of job quality

## About Doing Business

The Doing Business project provides objective measures of business regulations and their enforcement across 190 economies and selected cities at the subnational and regional level.

The Doing Business project, launched in 2002, looks at domestic small and medium-size companies and measures the regulations applying to them through their life cycle.

Doing Business captures several important dimensions of the regulatory environment as it applies to local firms. It provides quantitative indicators on regulation for starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. Doing Business also measures features of labor market regulation. Although Doing Business does not present rankings of economies on the labor market regulation indicators or include the topic in the aggregate distance to frontier score or ranking on the ease of doing business, it does present the data for these indicators.

By gathering and analyzing comprehensive quantitative data to compare business regulation environments across economies and over time, Doing Business encourages economies to compete towards more efficient regulation; offers measurable benchmarks for reform; and serves as a resource for academics, journalists, private sector researchers and others interested in the business climate of each economy.

In addition, Doing Business offers detailed [subnational reports](#), which exhaustively cover business regulation and reform in different cities and regions within a nation. These reports provide data on the ease of doing business, rank each location, and recommend reforms to improve performance in each of the indicator areas. Selected cities can compare their business regulations with other cities in the economy or region and with the 190 economies that Doing Business has ranked.

The first Doing Business report, published in 2003, covered 5 indicator sets and 133 economies. This year's report covers 11 indicator sets and 190 economies. Most indicator sets refer to a case scenario in the largest business city of each economy, except for 11 economies that have a population of more than 100 million as of 2013 (Bangladesh, Brazil, China, India, Indonesia, Japan, Mexico, Nigeria, Pakistan, the Russian Federation and the United States) where Doing Business, also collected data for the second largest business city. The data for these 11 economies are a population-weighted average for the 2 largest business cities. The project has benefited from feedback from governments, academics, practitioners and reviewers. The initial goal remains: to provide an objective basis for understanding and improving the regulatory environment for business around the world.

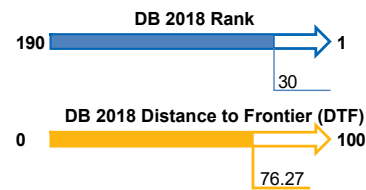
The distance to frontier (DTF) measure shows the distance of each economy to the "frontier," which represents the best performance observed on each of the indicators across all economies in the Doing Business sample since 2005. An economy's distance to frontier is reflected on a scale from 0 to 100, where 0 represents the lowest performance and 100 represents the frontier. The ease of doing business ranking ranges from 1 to 190. The ranking of 190 economies is determined by sorting the aggregate distance to frontier scores, rounded to two decimals.

More about [Doing Business](#) (PDF, 5MB)

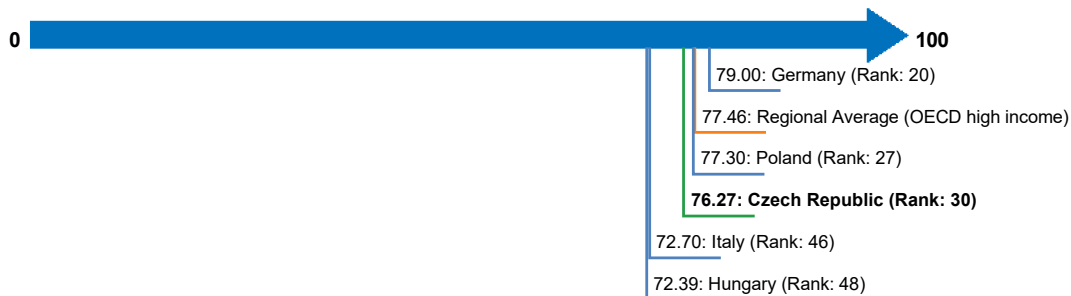
Ease of Doing Business in Czech Republic



Region	OECD high income
Income Category	High income
Population	10,561,633
GNI Per Capita (US\$)	17,570
City Covered	Prague

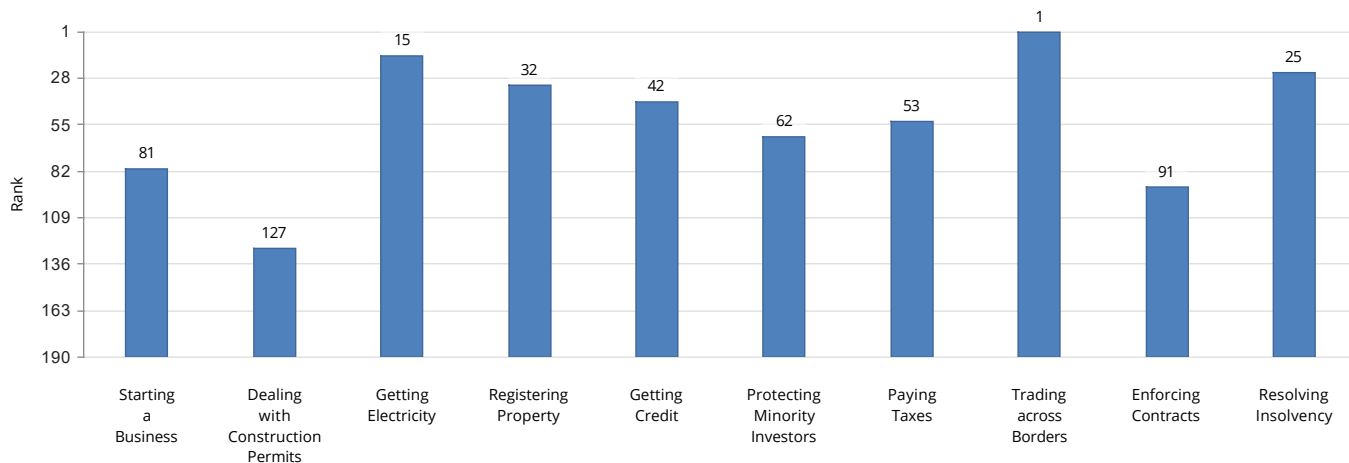


DB 2018 Distance to Frontier (DTF)

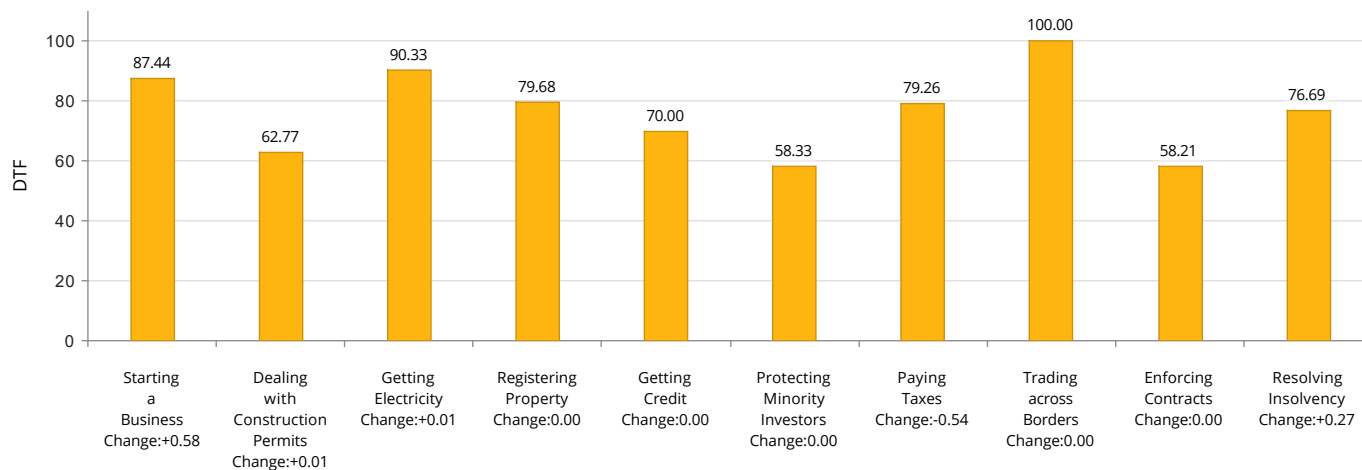


Note: The distance to frontier (DTF) measure shows the distance of each economy to the "frontier," which represents the best performance observed on each of the indicators across all economies in the Doing Business sample since 2005. An economy's distance to frontier is reflected on a scale from 0 to 100, where 0 represents the lowest performance and 100 represents the frontier. The ease of doing business ranking ranges from 1 to 190.

Rankings on Doing Business topics - Czech Republic



Distance to Frontier (DTF) on Doing Business topics - Czech Republic



## Starting a Business

This topic measures the paid-in minimum capital requirement, number of procedures, time and cost for a small- to medium-sized limited liability company to start up and formally operate in economy's largest business city.

To make the data comparable across 190 economies, Doing Business uses a standardized business that is 100% domestically owned, has start-up capital equivalent to 10 times income per capita, engages in general industrial or commercial activities and employs between 10 and 50 people one month after the commencement of operations, all of whom are domestic nationals. Starting a Business considers two types of local limited liability companies that are identical in all aspects, except that one company is owned by 5 married women and the other by 5 married men. The distance to frontier score for each indicator is the average of the scores obtained for each of the component indicators.

The latest round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

### What the indicators measure

#### Procedures to legally start and operate a company (number)

- Pre-registration (for example, name verification or reservation, notarization)
- Registration in economy's largest business city
- Post-registration (for example, social security registration, company seal)
- Obtaining approval from spouse to start business or leave home to register company
- Obtaining any gender-specific permission that can impact company registration, company operations and process of getting national identity card

#### Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day (2 procedures cannot start on the same day)
- Procedures fully completed online are recorded as ½ day
- Procedure is considered completed once final document is received
- No prior contact with officials

#### Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- No professional fees unless services required by law or commonly used in practice

#### Paid-in minimum capital (% of income per capita)

- Funds deposited in a bank or with third party before registration or up to 3 months after incorporation

### Case study assumptions

To make the data comparable across economies, several assumptions about the business and the procedures are used. It is assumed that any required information is readily available and that the entrepreneur will pay no bribes.

#### The business:

- Is a limited liability company (or its legal equivalent). If there is more than one type of limited liability company in the economy, the most common among domestic firms is chosen. Information on the most common form is obtained from incorporation lawyers or the statistical office.
- Operates in the economy's largest business city and the entire office space is approximately 929 square meters (10,000 square feet). For 11 economies the data are also collected for the second largest business city.
- Is 100% domestically owned and has five owners, none of whom is a legal entity; and has a start-up capital of 10 times income per capita and has a turnover of at least 100 times income per capita.
- Performs general industrial or commercial activities, such as the production or sale of goods or services to the public. The business does not perform foreign trade activities and does not handle products subject to a special tax regime, for example, liquor or tobacco. It does not use heavily polluting production processes.
- Leases the commercial plant or offices and is not a proprietor of real estate and the amount of the annual lease for the office space is equivalent to 1 times income per capita.
- Does not qualify for investment incentives or any special benefits.
- Has at least 10 and up to 50 employees one month after the commencement of operations, all of whom are domestic nationals.
- Has a company deed 10 pages long.

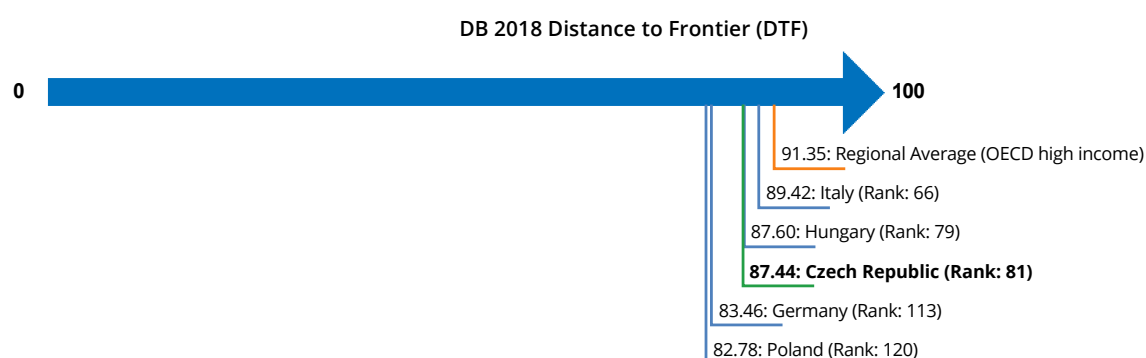
#### The owners:

- Have reached the legal age of majority. If there is no legal age of majority, they are assumed to be 30 years old.
- Are sane, competent, in good health and have no criminal record.
- Are married and the marriage is monogamous and registered with the authorities.
- Where the answer differs according to the legal system applicable to the woman or man in question (as may be the case in economies where there is legal plurality), the answer used will be the one that applies to the majority of the population.

**Standardized Company**

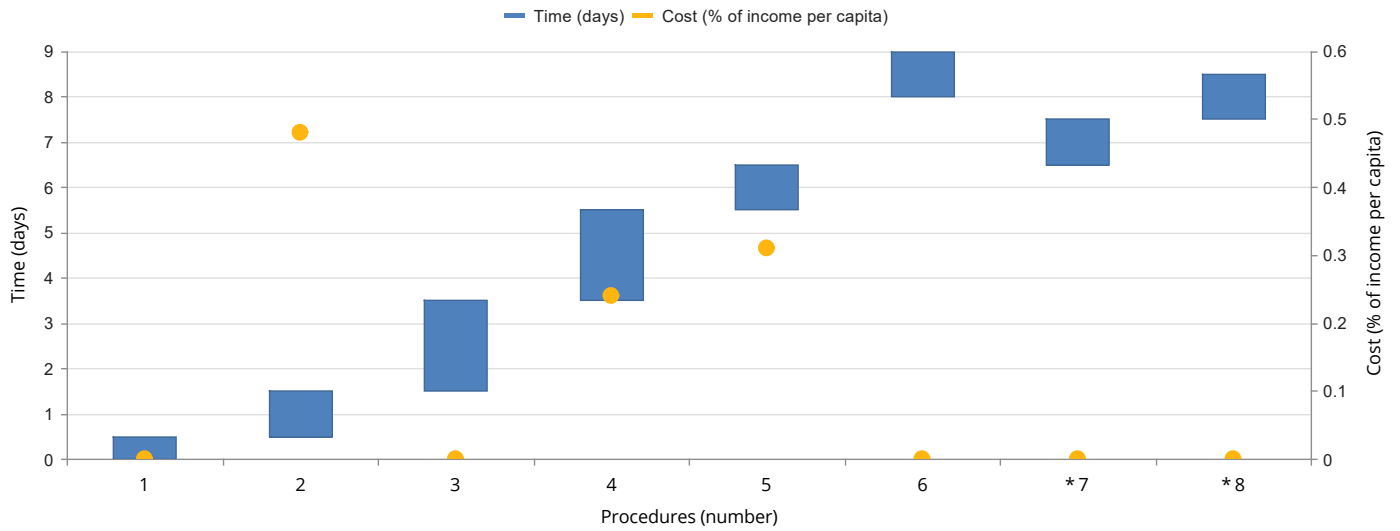
Legal form	Spolecnost s Rucenim Omezenym (SRO)
Paid-in minimum capital requirement	CZK 1
City Covered	Prague

Indicator	Czech Republic	OECD high income	OECD high income	Overall Best Performer
Procedure – Men (number)	8	4.9	4.9	1.00 (New Zealand)
Time – Men (days)	9	8.5	8.5	0.50 (New Zealand)
Cost – Men (% of income per capita)	1.0	3.1	3.1	0.00 (United Kingdom)
Procedure – Women (number)	8	4.9	4.9	1.00 (New Zealand)
Time – Women (days)	9	8.5	8.5	0.50 (New Zealand)
Cost – Women (% of income per capita)	1.0	3.1	3.1	0.00 (United Kingdom)
Paid-in min. capital (% of income per capita)	0.0	8.7	8.7	0.00 (113 Economies)

**Figure – Starting a Business in Czech Republic and comparator economies – Ranking and DTF**


Note: The ranking of economies on the ease of starting a business is determined by sorting their distance to frontier scores for starting a business. These scores are the simple average of the distance to frontier scores for each of the component indicators.

Figure – Starting a Business in Czech Republic – Procedure, Time and Cost



\* This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the Doing Business website (<http://www.doingbusiness.org/methodology>). For details on the procedures reflected here, see the summary below.

## Details – Starting a Business in Czech Republic – Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Check the uniqueness of the company's name</b></p> <p>Agency : Ministry of Justice</p> <p>Business founders can verify the uniqueness of their company's name on a database on the Ministry of Justice's Website (<a href="http://www.justice.cz">www.justice.cz</a>).</p>	Less than one day (online procedure)	no charge
2	<p><b>Notarize Articles of Association and Lease Agreement</b></p> <p>Agency : Public Notary</p> <p>The notary prepares the articles of association according to the founders' requirements, and the notary is responsible for the compliance of the contents of the company's articles of association with Czech law.</p> <p>Certain notaries require the following documents before executing the articles of association:</p> <ul style="list-style-type: none"> <li>• An affidavit from the company managers.</li> <li>• Building lease agreement, or ownership extract from the Real Estate Register, for the premises of the company's headquarters.</li> </ul> <p>For the articles of association of a simple limited liability company, the cost of notarization is CZK 2,000.</p> <p>For the articles of association of a classic limited liability company, total notarization fee is assessed by percentage cost of start-up capital, as set out by the decree no. 432/2013 Coll. For the initial 100,000 CZK in start-up capital, the notary fee is 2% or 2000 CZK; for the subsequent capital up to 500,000 CZK the notary fee is 1.2% (or 4,800 CZK at full amount); for the subsequent capital up to 1,000,000 CZK the notary fee is 0.6% (or 3,000 CZK at full amount); for the subsequent capital up to 3,000,000 CZK the notary fee is 0.3% (or 6,000 CZK at full amount); and for the subsequent capital up to 20,000,000 CZK the notary fee is 0.2% (or 895 CZK at full amount).</p> <p>In addition, if each founder wants their own original copy, then the cost is CZK 100 per page. Alternatively, instead of original copy a founder can ask for a certified copy and the cost would be 30 CZK per page. These costs are optional, and up to each founder to incur.</p> <p>The company must also certify its building lease agreement by a public notary. The cost to certify the lease agreement is CKZ 30 +21% VAT with a notary.</p>	1 day	See procedure details
3	<p><b>Obtain confirmation of the administrator of the capital contribution of the company, along with the confirmation of the bank that the capital contribution is held in the company's special bank account</b></p> <p>Agency : Bank</p> <p>Until the company is registered, the paid-in capital is typically blocked in the special bank account. Opening a special bank account can costs as much as CZK 5,000, though most banks open special accounts for free on the condition that the company will continue to bank with them after the incorporation. Banks typically require notarized articles of association to open a corporate bank account.</p>	2 days	no charge



- 4 **Register with the Trade Licensing Office and obtain extract of the trade license** 2 days CZK 1000

Agency : Trade License Office

The company must register its business activities with the Trade License Office to obtain an extract of its trade license. The required documents are as follows:

- Application for registration;
- memorandum of association if the company has been founded but not yet established (i.e. registered with the Commercial Register);
- proof of legal use of premises (i.e. a notarized copy of the premises lease agreement);
- proof of payment of the administrative fee.

The application form may be accessed online at:  
<http://www.rzp.cz/elpod.html>

The Trade License Office must complete the registration process within 5 working days from the day when all required documents were submitted, and typically does so in 1-2 days. After the completion of the registration process, the Trade License Office issues the excerpt of the trade license register which is either picked-up personally by the applicant at the Trade License Office, delivered by post mail, or delivered to an electronic data box.

Upon company registration, the Trade License Office notifies the Ministry of Interior regarding new company formation triggering automatic set up of an electronic data box pursuant to 1 July 2009 Act No. 300/2008 Coll., "On electronic transactions and authorized conversion of documents." The Act requires all public and private entities to use an electronic data box for encrypted exchange of official documents and information. Pursuant to the Law, the data box for a legal entity (including a limited liability company) registered in the Trade License Office and /or Commercial Register is established automatically and free of charge by the Ministry of Interior, after it receives the information from the relevant registration authority. Alternatively, the company may set up a data box prior to official company registration with government authorities, via in person request at a Czech POINT contact point located in the post office.

In case the company chose to create the electronic data box prior to registration with the Trade License Office, it may apply for the trade license electronically, via the data box. However, most companies prefer to file the application in person, in order to get additional information and explanation regarding starting a business procedures in Czech Republic.

**5 Register in the Business Registry of the Regional Commercial Court through a notary**

1 day

CZK 1,300 for the notary fee about registration.  
No court fee for simple limited liability companies (CZK 2,700 registration fee at the court applies for other limited liability companies).

Agency : Business (Commercial) Registry of the Regional Commercial Court

To register a new company in the Commercial Register, an application must be submitted to the relevant court administering the register. This can be done in person or through a notary.

Notaries are able to register a limited liability company's (s.r.o.) information into the commercial register online, at the cost of CZK 2700. The cost of notary services is about CSK 1300 for this procedure.

Registering the business in person is more costly and takes more time. The registration has a cost of CZK 6000 paid in the form of stamps. The time limit for the court to decide on registration is 5 business days, which stretches to 7 calendar days in the event application is filed after Monday. This application must be completed on a standard form (accessed at: <http://www.rzp.cz/elpod.html> [http://epodatelna.justice.cz/ePodatelna/epo1200new/technicke\\_parametry.jsp](http://epodatelna.justice.cz/ePodatelna/epo1200new/technicke_parametry.jsp)) and signed by all first directors of the company (or their proxy, if applicable) before a notary.

The required documents are as follows:

- application form;
- notarized articles of association;
- notarized lease of the premises in which company headquarters are located;
- a confirmation from the administrator of the contributions into the company's registered capital confirming that each founder paid up at least 30% of his or her monetary capital contribution and that the total paid up capital contribution is at least CZK 1;
- a confirmation from the relevant bank that the capital contributions are held in the company's special bank account for the registered capital;
- biographic data on the company managers/executive.

**6 Register for taxes**

Agency : Tax Office

Less than one day  
(online procedure) no charge

The deadline for income tax registration is 15 days from the company incorporation. Other deadlines are as follows:

- Withholding tax and payroll tax registration: 8 days;
- VAT obligatory registration: 15 days following the end of month in which the conditions are met, or in certain cases, within 15 days following the date when the company automatically becomes a VAT payer;
- VAT voluntary registration: submit the registration at any time.

Upon submitting the application for income tax registration, the company receives a tax identification number (same number as for the VAT and the income tax).

In accordance with Section 6(1) of Act No. 235/2004, on Value Added Tax, a company must register to pay VAT exceeds its turnover exceeds CZK 1,000,000 over the last 12 months.

Pursuant to the amendment to Section 72 (4) of the Tax Code, starting January 1, 2015 companies are required to submit tax registration and tax returns (for income tax and VAT) via the electronic data box. Previously online tax registration was not compulsory. The tax form is accessible online at: [https://adisepo.mfcr.cz/adistc/adis/idpr\\_pub/dpr/uvod.faces](https://adisepo.mfcr.cz/adistc/adis/idpr_pub/dpr/uvod.faces)

**⇒ 7 Register for social security**

Agency : Social Security Administration

1 day  
(simultaneous with  
previous  
procedure) no charge

The company must register for the social security registration (which is referred to in Czech law as "the Register of Employers") within 8 days of the date when the first employee starts work. Application for the Register of Employers may be submitted either online through a data box or in person. After the registration is completed, most of the further documents which are required by the Social Security administration may be submitted online through a data box or a different online platform. The application form is available on the following website:  
<http://www.cssz.cz/cz/tiskopisy/nemocenske-pojisteni.htm>

**⇒ 8 Register for health insurance**

Agency : Health Insurance companies

1 day  
(simultaneous with  
previous  
procedure) no charge

The company must register for the health insurance registration within 8 days of the date when the first employee starts work. It is possible to do so online, although each health insurance company has its own website. Applications can be submitted through the data box, or in person. the most common (state-owned) Health Insurance Provide in the Czech Republic:  
<http://www.vzp.cz/platci/tiskopisy/prihlaska-a-evidencni-list-zamestnavatele>  
<http://www.vzp.cz/platci/tiskopisy/hromadne-oznameni-zamestnavatele>

♀ Applies to women only.

⇒ Takes place simultaneously with previous procedure.

## Dealing with Construction Permits

This topic tracks the procedures, time and cost to build a warehouse—including obtaining necessary the licenses and permits, submitting all required notifications, requesting and receiving all necessary inspections and obtaining utility connections. In addition, the Dealing with Construction Permits indicator measures the building quality control index, evaluating the quality of building regulations, the strength of quality control and safety mechanisms, liability and insurance regimes, and professional certification requirements. The most recent round of data collection was completed in June 2017. [See the methodology for more information](#)

### What the indicators measure

#### Procedures to legally build a warehouse (number)

- Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates
- Submitting all required notifications and receiving all necessary inspections
- Obtaining utility connections for water and sewerage
- Registering and selling the warehouse after its completion

#### Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day—though procedures that can be fully completed online are an exception to this rule
- Procedure is considered completed once final document is received
- No prior contact with officials

#### Cost required to complete each procedure (% of warehouse value)

- Official costs only, no bribes

#### Building quality control index (0-15)

- Sum of the scores of six component indices:
- Quality of building regulations (0-2)
- Quality control before construction (0-1)
- Quality control during construction (0-3)
- Quality control after construction (0-3)
- Liability and insurance regimes (0-2)
- Professional certifications (0-4)

### Case study assumptions

To make the data comparable across economies, several assumptions about the construction company, the warehouse project and the utility connections are used.

#### The construction company (BuildCo):

- Is a limited liability company (or its legal equivalent) and operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is 100% domestically and privately owned; has five owners, none of whom is a legal entity. Has a licensed architect and a licensed engineer, both registered with the local association of architects or engineers. BuildCo is not assumed to have any other employees who are technical or licensed experts, such as geological or topographical experts.
- Owns the land on which the warehouse will be built and will sell the warehouse upon its completion.

#### The warehouse:

- Will be used for general storage activities, such as storage of books or stationery.
- Will have two stories, both above ground, with a total constructed area of approximately 1,300.6 square meters (14,000 square feet). Each floor will be 3 meters (9 feet, 10 inches) high and will be located on a land plot of approximately 929 square meters (10,000 square feet) that is 100% owned by BuildCo, and the warehouse is valued at 50 times income per capita.
- Will have complete architectural and technical plans prepared by a licensed architect. If preparation of the plans requires such steps as obtaining further documentation or getting prior approvals from external agencies, these are counted as procedures.
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

#### The water and sewerage connections:

- Will be 150 meters (492 feet) from the existing water source and sewer tap. If there is no water delivery infrastructure in the economy, a borehole will be dug. If there is no sewerage infrastructure, a septic tank in the smallest size available will be installed or built.
- Will have an average water use of 662 liters (175 gallons) a day and an average wastewater flow of 568 liters (150 gallons) a day. Will have a peak water use of 1,325 liters (350 gallons) a day and a peak wastewater flow of 1,136 liters (300 gallons) a day.
- Will have a constant level of water demand and wastewater flow throughout the year; will be 1 inch in diameter for the water connection and 4 inches in diameter for the sewerage connection.

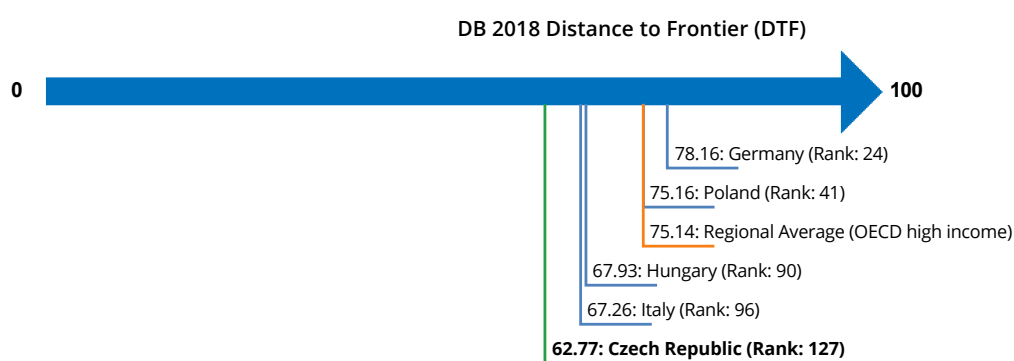
Standardized Warehouse

Estimated value of warehouse CZK 21,036,006.70

City Covered Prague

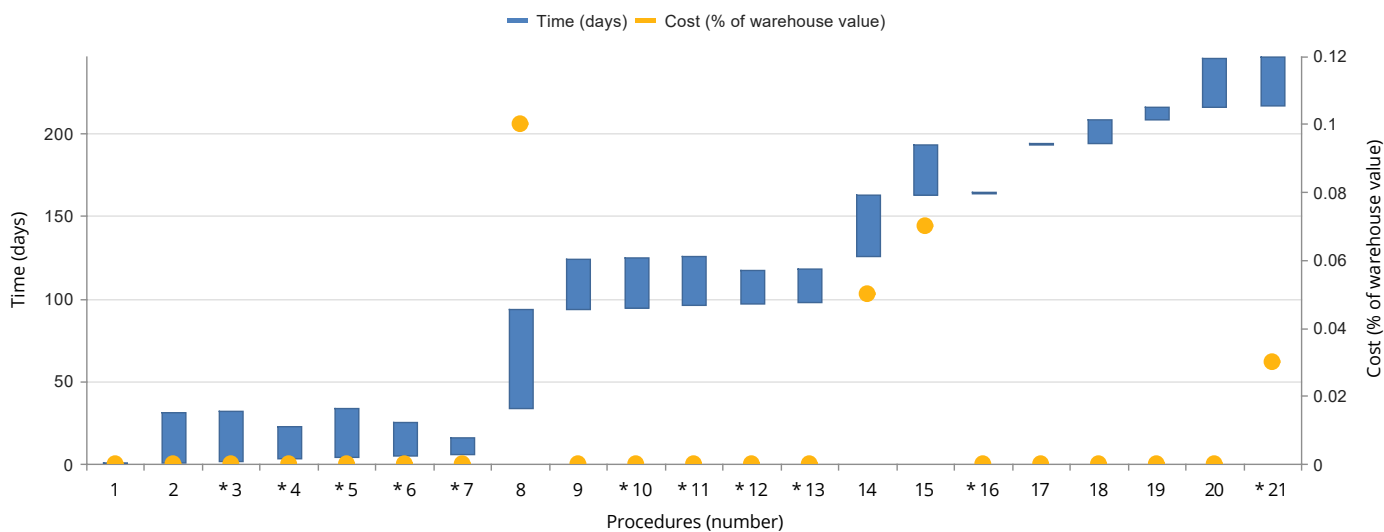
Indicator	Czech Republic	OECD high income	OECD high income	Overall Best Performer
Procedures (number)	21	12.5	12.5	7.00 (Denmark)
Time (days)	247	154.6	154.6	27.5 (Korea, Rep.)
Cost (% of warehouse value)	0.2	1.6	1.6	0.10 (5 Economies)
Building quality control index (0-15)	12.0	11.4	11.4	15.00 (3 Economies)

Figure – Dealing with Construction Permits in Czech Republic and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of dealing with construction permits is determined by sorting their distance to frontier scores for dealing with construction permits. These scores are the simple average of the distance to frontier scores for each of the component indicators.

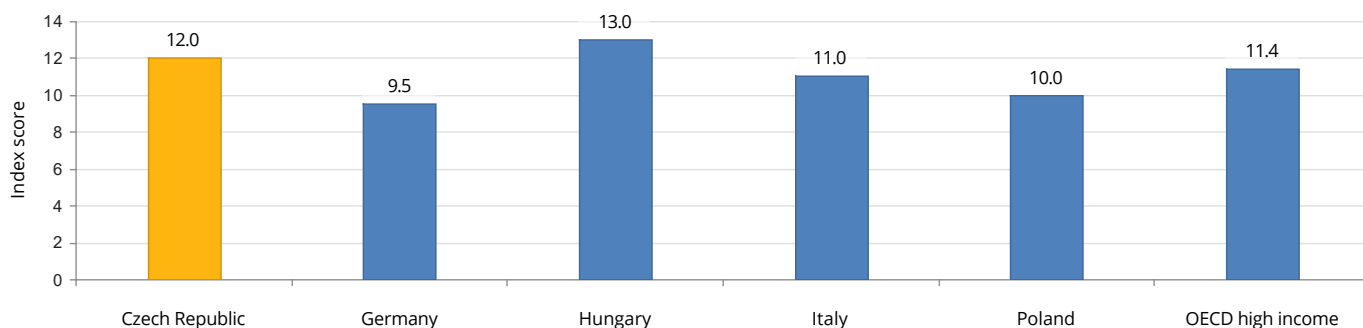
Figure – Dealing with Construction Permits in Czech Republic – Procedure, Time and Cost



\* This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the Doing Business website (<http://www.doingbusiness.org/methodology>). For details on the procedures reflected here, see the summary below.

Figure – Dealing with Construction Permits in Czech Republic and comparator economies – Measure of Quality



## Details – Dealing with Construction Permits in Czech Republic – Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Hold a preliminary meeting with the Environmental Department</b></p> <p>Agency : Environmental Department (Municipality of Prague)</p> <p>The Environmental Department encourages builders to meet with them before notifying them of the project. The department will provide them with all relevant information on how to complete the form and the type of information to be provided. This preliminary meeting has been implemented to reduce the back and forth between this department and the builders due to lack of information.</p>	1 day	no charge
2	<p><b>Obtain project clearance from Hygienic Authority in the Municipality of Prague</b></p> <p>Agency : Municipality of Prague (Hygienic Department)</p> <p>The Hygienic Authority clearance is based on the preliminary project design drawings. This is mostly to assess the impact that noise and the construction itself can have on public health, if any.</p>	30 days	no charge
⇒ 3	<p><b>Obtain project clearance from local provider of water and sewerage services</b></p> <p>Agency : Prazske Vodovody a Kanalizace, a.s.</p> <p>The water and sewerage provider clearance is based on the preliminary project design drawings.</p>	30 days	no charge
⇒ 4	<p><b>Obtain project clearance from local electricity provider</b></p> <p>Agency : ČEZ a.s.</p> <p>The local electricity provider clearance is based on the preliminary project design drawings.</p>	20 days	no charge
⇒ 5	<p><b>Obtain consent of the project from the Environmental Department of the Municipality</b></p> <p>Agency : Municipality of Prague (Environmental Department )</p> <p>The builder informs the Environmental Department that the project is a sub-limit construction by completing a specific form, which can be obtained online. This form can range from 1 to 60 pages, depending on the size of the project. The Doing Business case study is considered low risk and a small project. The department will assess the impact of this sub-limit construction and decide whether the request should be granted or not. It is not automatic that all sub-limit constructions do not require a full Environmental Impact Assessment.</p> <p>This notification will be sent to several departments (pollution, waste, arable land/forest if applicable) to make sure that this project will not have a negative impact on the environment.</p> <p>The statutory time limit is 15 days, but in reality the average time is around 30 days. By law, construction under 6000 sq.m. is considered sub-limit (Environmental Impact Assessment Act 100/2001). This is also a harmonization of the EU regulations.</p>	30 days	no charge

⇒ 6 **Obtain project clearance from Road Management Agency** 20 days CZK 500  
 Agency : Municipality of Prague (Road Management Agency)

This clearance is based on drawings from the preliminary project design. This procedure is required by law – it is for safety reasons. The Road and Management Agency will check that the builder is respecting all the requirements when connecting to the public road and will verify if the project will have an impact on traffic. Even if it is just a small connection to the public road, BuildCo will still require the clearance.

The statutory time limit for completing this procedure is 30 days. The fee for obtaining a decision to connect the site to a first-class road is CZK 1,000.00. The fee for obtaining a decision to connect the site to a second- and third-class road or to a local road is CZK 500.00.

⇒ 7 **Obtain project clearance from Fire Department** 10 days no charge  
 Agency : Fire Department

The Fire Department clearance is based on preliminary project design drawings. The statutory time limit for completing this procedure is 30 days.

8 **Obtain zoning permit** 60 days CZK 20,000  
 Agency : District Authority

A zoning permit grants only the right to build the warehouse on a plot; it does not authorize construction. In order to obtain the location permit, BuildCo must submit the clearances of the preliminary project design by the various agencies.

The zoning permit is valid for 2 years, and it is a prerequisite for construction and building permits. The statutory period for completing the procedure is 60 days. In particular, the District authority should take a maximum of 30 days to assess all the clearances and provide an opinion. Then there is a statutory time limit of 15 days for the participants to receive the opinion from the District authority. Since it is a registered mailed, if the person does not pick it up immediately at the post office , it will be considered received after 15 days, whether or not the person has the letter physically in their hands. Then, the participants ( such as the neighbors) have another 15 days time-limit to appeal this zoning opinion. If no appeal is received within these 15 days, then the zoning permit is considered final and indisputable. However, in more complicated cases that require oral proceedings or local investigations, the statutory period for completing the procedure is 90 days. The zoning permit must be issued for simple structures, installations, and maintenance. However, if a regulatory plan (a more specific document than the master plan) is issued for the area (location), this plan replaces the zoning permit within that area. The regulatory plan is procured and issued by the Local Authority. It determines the detailed conditions for the use of the grounds, for the location and spatial arrangement of structures, for the protection of area’s values and character, and for creating a favorable environment.

9 **Obtain technical conditions from Hygiene Authority of the Municipality of Prague** 30 days no charge

Agency : Municipality of Prague (Hygienic Department)

Technical conditions are based on project design drawings made by an authorized designer.



⇒ 10	<b>Obtain technical conditions from Road Management Agency of the Municipality of Prague</b>	30 days	no charge
	<p>Agency : Municipality of Prague (Road Management Agency)</p> <p>Technical conditions are based on project design drawings made by an authorized designer.</p>		
⇒ 11	<b>Obtain technical conditions from local provider of water and sewerage services of the local service provider</b>	30 days	no charge
	<p>Agency : Prazske Vodovody a Kanalizace, a.s.</p> <p>Technical conditions are based on project design drawings made by an authorized designer. There is no statutory period for completion of the procedure. However, the service providers usually complete the procedure in 30 days.</p>		
⇒ 12	<b>Obtain technical conditions from Fire Department</b>	20 days	no charge
	<p>Agency : Fire Department</p> <p>Technical conditions are based on project design drawings made by an authorized designer. The statutory period for completing the procedure is 30 days (Act. No. 500/2004 Coll., Code of Administrative Procedure, and Act No. 183/2006 Coll., Building Act). In practice, it usually takes one week longer than what the law prescribes.</p>		
⇒ 13	<b>Obtain technical conditions from local electricity provider</b>	20 days	no charge
	<p>Agency : Prazska Energetika, a.s.</p> <p>Technical conditions are based on project design drawings made by an authorized designer.</p> <p>The statutory time limit is 30 days, but in practice it can be done within 20 days.</p>		

14	<b>Obtain building permit</b>	37 days	CZK 10,000
	<p>Agency : District Construction Authority</p> <p>The company must submit to the municipal authority the documents specified in the preceding procedures, project design drawings made by an authorized designer, and additional documents requested by the building authority. The building permit is valid for 2 years. Under the new Building Act (2006), the land planning and the building permit applications can now be submitted simultaneously. Under the new code, the investor may apply for both the land planning permit and the building permit applications, simultaneously, on condition that the regulatory plan for the area was approved. The regulatory plan is procured and issued by the local authority and determines the detailed conditions for the use of the grounds, for the structural location and spatial arrangement, for protection of the area's values and character, and for creating a favorable environment.</p> <p>Most local authorities in the Prague area have already approved a regulatory plan. Thus, in practice, the planning and building permit applications can now be submitted simultaneously.</p> <p>As stated in the Czech Building Act (No. 183/2006, Coll. Section 78), pursuant to the rules of administrative procedure, the building office may merge the planning permission proceedings with the building permit proceedings, if the conditions within the area are clear, especially if there is an approved regulatory plan for the area.</p> <p>The building permit application must include, in triplicate :</p> <ul style="list-style-type: none"> <li>• Documents proving the right of ownership</li> <li>• Design drawings and an accompanying technical summary report, and situation of the building</li> <li>• Construction schedule for inspections</li> <li>• An estimate of the cost of the building</li> <li>• Any binding opinion or decisions by the authorities or other documents required by specific legislation</li> <li>• The opinion of the owners of public transport and technical infrastructure of the possible methods of connection, or the conditions of the trade and safety zones</li> </ul>		
15	<b>Request private geodesic to survey the land after building is constructed</b>	30 days	CZK 15,000
	<p>Agency : Authorized Geodesist</p> <p>An authorized engineer/geodesist will survey the land and draw a new map showing the building and its position on the land.</p>		
⇒ 16	<b>Request final inspection and occupancy permit</b>	1 day	no charge
	<p>Agency : The District Building Authority</p> <p>To obtain the occupancy permit the builder provides the authorities with the design sketches, as well as the binding opinion of the authorities as required by specific legislation. The final inspection will be scheduled within 15 days of the application.</p> <p>Under the Building Act (No. 183/2006 Coll.), effective January 1, 2007, certain buildings that are not used by the public can be used on the basis of a simple occupancy notification, indicating that the investor intends to start occupying it, 30 days in advance. Since the warehouse is used for industry, however, the occupancy permit would likely be required.</p>		

17	<b>Receive final inspection from the Special Commission of the District Authority</b>	1 day	no charge
<p>Agency : The District Building Authority</p> <p>This is a joint inspection done with all the participants: hygiene, fire, sewerage/water, road management. The district will organize this final inspection.</p>			
18	<b>Receive occupancy permit</b>	15 days	no charge
<p>Agency : The District Building Authority</p> <p>Consent is issued on the basis of final inspection during which the building authority examines whether the building was carried out in accordance with the decisions issued by the planning and building permit documentation, in accordance with the decisions of relevant authorities and whether the general requirements for the construction were complied.</p>			
19	<b>Request and obtain evidence number of the building from Municipality</b>	7 days	no charge
<p>Agency : Municipality of Prague</p> <p>Before registration with the Real Estate Registry the owner of the building shall apply for the evidence number of the building with the Municipality Office. The following documents need to be submitted along with the application: occupancy or building permit, geometrical plan (i.e. document on the building's location according to which the building is to be newly registered in the Real Estate Registry), and the evidence on the ownership of the building. According to the law the document must be issued in 30 days; however in practice it takes 1 week on average.</p>			
20	<b>Register the building with the Real Estate Registry</b>	30 days	no charge
<p>Agency : Real Estate Registry</p> <p>BuildCo must apply to register the building and obtain a building identification number with the Real Estate Registry. This procedure is necessary, among other conditions, if the building needs insurance, as would be the case for a new warehouse. The owner of the new warehouse will submit a notification explaining that the building is now part of the plot and should be registered. The owner will submit the geodesic plan as well as the occupancy permit to register the building in the cadaster. This notification can be done online and there is no fees to register the building.</p> <p>Under Act No. 500/2004 Coll. Code of Administrative Procedures, statutory time limits of 30 days have been introduced (60 days for complicated cases).</p> <p>Under Act No. 256/2013 Coll., Cadastral Act effective January 1, 2014 the building is now registered as part of the land, and not as a separate asset.</p>			

⇒ 21	<b>Request and receive water and sewerage connection with "Prazske Vodovody a Kanalizace"</b>	30 days	CZK 5,500
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Agency : Prazske Vodovody a Kanalizace, a.s.

The request is made to the local water and sewerage provider. The costs for establishing a (completely new) water connection is about CZK 2,500.00 – CZK 3,000.00 per sq. m. for the excavation works (depending on the surface material), plus the cost of the actual placing of the new water conduct and coverage of the hole, (together, about CZK 4,500.00 per sq. m.). The costs of establishing a new sewerage connection are based on the same criteria, and they can vary substantially, based on the relevant circumstances (surface material, depth). The costs for establishing the new water connection depends on the time and the number of workers needed. The price is about CZK 2,200.00 plus VAT (21%), calculated on an hourly basis for two workers. It is assumed this would take 5 -- 6 hours.

For the excavation work, a company is responsible for being in contractual relation with the Prague Water Supply and Sewerage Company (Prazske vodovody a kanalizace). The fee for the water and sewerage connection varies, by service provider. However, the approximate cost is about CZK 1,200.00. The cost stated above probably includes the cost for constructing the water and sewerage connection. However, when constructing a warehouse, the constructor also builds a water and sewerage connection.

⇒ Takes place simultaneously with previous procedure.

## Details – Dealing with Construction Permits in Czech Republic – Measure of Quality

	Answer	Score
<b>Building quality control index (0-15)</b>		<b>12.0</b>
<b>Quality of building regulations index (0-2)</b>		<b>1.0</b>
How accessible are building laws and regulations in your economy? (0-1)	Available online; Free of charge.	1.0
Which requirements for obtaining a building permit are clearly specified in the building regulations or on any accessible website, brochure or pamphlet? (0-1)	List of required documents; Required preapprovals.	0.0
<b>Quality control before construction index (0-1)</b>		<b>1.0</b>
Which third-party entities are required by law to verify that the building plans are in compliance with existing building regulations? (0-1)	Licensed architect; Licensed engineer.	1.0
<b>Quality control during construction index (0-3)</b>		<b>2.0</b>
What types of inspections (if any) are required by law to be carried out during construction? (0-2)	Inspections by in-house engineer.	1.0
Do legally mandated inspections occur in practice during construction? (0-1)	Mandatory inspections are always done in practice.	1.0
<b>Quality control after construction index (0-3)</b>		<b>3.0</b>
Is there a final inspection required by law to verify that the building was built in accordance with the approved plans and regulations? (0-2)	Yes, final inspection is done by government agency.	2.0
Do legally mandated final inspections occur in practice? (0-1)	Final inspection always occurs in practice.	1.0
<b>Liability and insurance regimes index (0-2)</b>		<b>1.0</b>
Which parties (if any) are held liable by law for structural flaws or problems in the building once it is in use (Latent Defect Liability or Decennial Liability)? (0-1)	Architect or engineer; Professional in charge of the supervision; Construction company; Owner or investor.	1.0

Which parties (if any) are required by law to obtain an insurance policy to cover possible structural flaws or problems in the building once it is in use (Latent Defect Liability Insurance or Decennial Insurance)? (0-1)	No party is required by law to obtain insurance .	0.0
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**Professional certifications index (0-4)****4.0**

What are the qualification requirements for the professional responsible for verifying that the architectural plans or drawings are in compliance with existing building regulations? (0-2)	Minimum number of years of experience; University degree in architecture or engineering; Being a registered architect or engineer; Passing a certification exam.	2.0
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What are the qualification requirements for the professional who supervises the construction on the ground? (0-2)	Minimum number of years of experience; University degree in engineering, construction or construction management; Being a registered architect or engineer; Passing a certification exam.	2.0
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## ⚡ Getting Electricity

This topic measures the procedures, time and cost required for a business to obtain a permanent electricity connection for a newly constructed warehouse. Additionally, the reliability of supply and transparency of tariffs index measures reliability of supply, transparency of tariffs and the price of electricity. The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

### What the indicators measure

#### Procedures to obtain an electricity connection (number)

- Submitting all relevant documents and obtaining all necessary clearances and permits
- Completing all required notifications and receiving all necessary inspections
- Obtaining external installation works and possibly purchasing material for these works
- Concluding any necessary supply contract and obtaining final supply

#### Time required to complete each procedure (calendar days)

- Is at least 1 calendar day
- Each procedure starts on a separate day
- Does not include time spent gathering information
- Reflects the time spent in practice, with little follow-up and no prior contact with officials

#### Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- Value added tax excluded

#### The reliability of supply and transparency of tariffs index (0-8)

- Duration and frequency of power outages (0-3)
- Tools to monitor power outages (0-1)
- Tools to restore power supply (0-1)
- Regulatory monitoring of utilities' performance (0-1)
- Financial deterrents limiting outages (0-1)
- Transparency and accessibility of tariffs (0-1)

#### Price of electricity (cents per kilowatt-hour)\*

- Price based on monthly bill for commercial warehouse in case study

\*Note: Doing Business measures the price of electricity, but it is not included in the distance to frontier score nor the ranking on the ease of getting electricity.

### Case study assumptions

To make the data comparable across economies, several assumptions are used.

#### The warehouse:

- Is owned by a local entrepreneur and is used for storage of goods.
- Is located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is located in an area where similar warehouses are typically located and is in an area with no physical constraints. For example, the property is not near a railway.
- Is a new construction and is being connected to electricity for the first time.
- Has two stories with a total surface area of approximately 1,300.6 square meters (14,000 square feet). The plot of land on which it is built is 929 square meters (10,000 square feet).

#### The electricity connection:

- Is a permanent one with a three-phase, four-wire Y connection with a subscribed capacity of 140-kilo-volt-ampere (kVA) with a power factor of 1, when 1 kVA = 1 kilowatt (kW).
- Has a length of 150 meters. The connection is to either the low- or medium-voltage distribution network and is either overhead or underground, whichever is more common in the area where the warehouse is located and requires works that involve the crossing of a 10-meter road (such as by excavation or overhead lines) but are all carried out on public land. There is no crossing of other owners' private property because the warehouse has access to a road.
- Does not require work to install the internal wiring of the warehouse. This has already been completed up to and including the customer's service panel or switchboard and the meter base.

#### The monthly consumption:

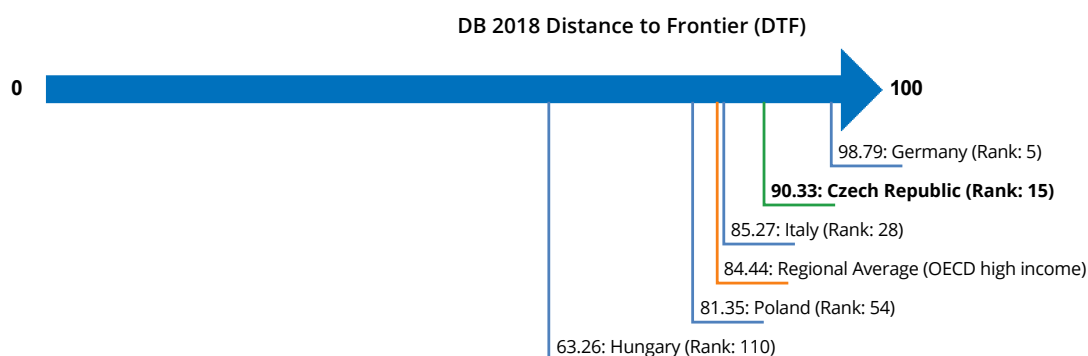
- It is assumed that the warehouse operates 30 days a month from 9:00 a.m. to 5:00 p.m. (8 hours a day), with equipment utilized at 80% of capacity on average and that there are no electricity cuts (assumed for simplicity reasons) and the monthly energy consumption is 26,880 kilowatt-hours (kWh); hourly consumption is 112 kWh.
- If multiple electricity suppliers exist, the warehouse is served by the cheapest supplier.
- Tariffs effective in March of the current year are used for calculation of the price of electricity for the warehouse. Although March has 31 days, for calculation purposes only 30 days are used.

Standardized Connection

Price of electricity (US cents per kWh)	12.1
Name of utility	(PRE) / PREdistribuce a.s.
City Covered	Prague

Indicator	Czech Republic	OECD high income	OECD high income	Overall Best Performer
Procedures (number)	4	4.7	4.7	2 (United Arab Emirates)
Time (days)	68	79.1	79.1	10 (United Arab Emirates)
Cost (% of income per capita)	23.8	63.0	63.0	0.00 (Japan)
Reliability of supply and transparency of tariff index (0-8)	8	7.4	7.4	8.00 (28 Economies)

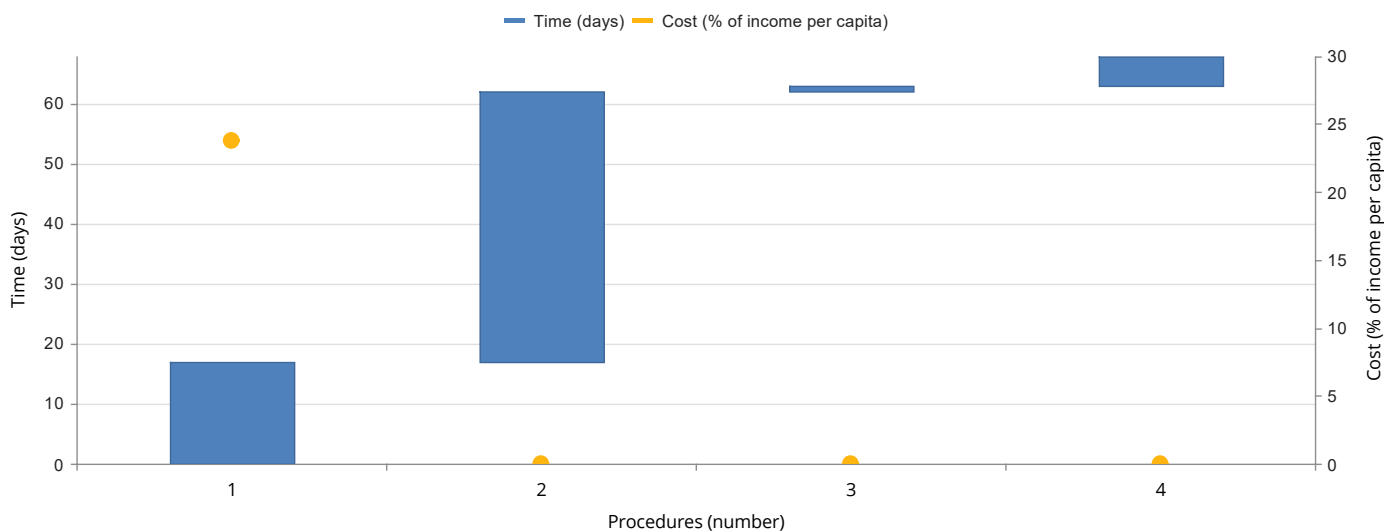
Figure – Getting Electricity in Czech Republic and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of getting electricity is determined by sorting their distance to frontier scores for getting electricity. These scores are the simple average of the distance to frontier scores for each of the component indicators.



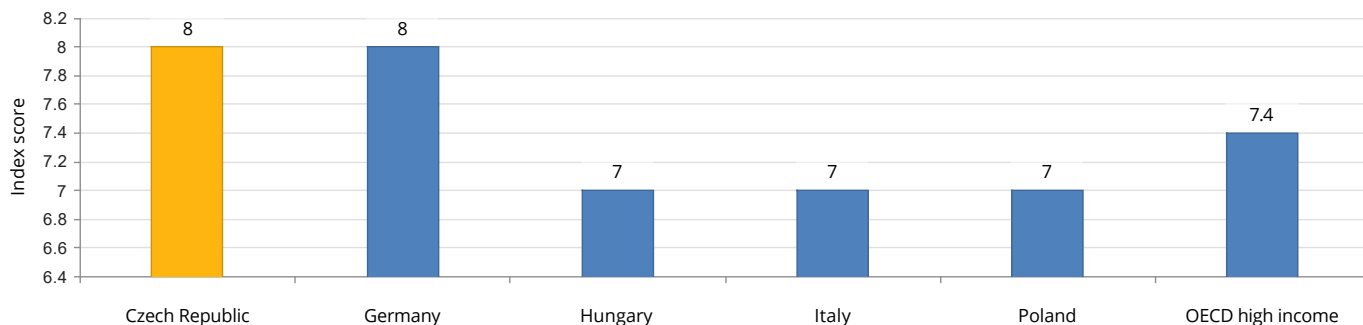
Figure – Getting Electricity in Czech Republic – Procedure, Time and Cost



\* This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the Doing Business website (<http://www.doingbusiness.org/methodology>). For details on the procedures reflected here, see the summary below.

Figure – Getting Electricity in Czech Republic and comparator economies – Measure of Quality



## Details – Getting Electricity in Czech Republic – Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Apply for connection and await binding contract</b></p> <p>Agency : Predistribuce</p> <p>The customer submits an application, which is time-stamped to show the date and time of application. This application will go to the IT support department to be processed. A letter stating the location of the warehouse, required load, type of consumption (electric heating, air conditioning, etc.) and a map of the location of the specified resolution.</p> <p>The utility responds to the application by providing a map/drawing of the proposed connection of the building to the PREDistribuce network.</p> <p>By law, PREDistribuce will send the signed copy of the preliminary binding contract to the customer.</p> <p>There is no external inspection for the preparation of the technical plan.</p> <p>Before the connection works can start the applicant has to pay the connection fee.</p>	17 calendar days	CZK 100,000
2	<p><b>Await completion of external works by PREDistribuce</b></p> <p>Agency : Predistribuce</p> <p>Once the customer has paid the connection fee and prepared the design, PREDistribuce will sub-contract the work to one of its subsidiary to complete the external work. By running final tests and inspections of the completed works, PREDistribuce will verify that the work was well done.</p>	45 calendar days	CZK 0
3	<p><b>Conclude a supply contract</b></p> <p>Agency : Electricity supply company</p> <p>Before the final turn of the power, the customer needs to select an electricity provider among multiple retailers on the liberalized energy market. The customer later comes to PREDistribuce to apply for the meter and provide them with the signed supply contract.</p>	1 calendar day	CZK 0
4	<p><b>Receive meter installation by PREmereni and then electricity flow</b></p> <p>Agency : PREmereni</p> <p>After the supply contract is concluded PREmereni will install the meter and turn on the power.</p>	5 calendar days	CZK 0

⇒ Takes place simultaneously with previous procedure.

## Details – Getting Electricity in Czech Republic – Measure of Quality

	Answer
<b>Reliability of supply and transparency of tariff index (0-8)</b>	8
<b>Total duration and frequency of outages per customer a year (0-3)</b>	3
System average interruption duration index (SAIDI)	0.5
System average interruption frequency index (SAIFI)	0.3
What is the minimum outage time (in minutes) that the utility considers for the calculation of SAIDI/SAIFI	3.0
<b>Mechanisms for monitoring outages (0-1)</b>	1
Does the distribution utility use automated tools to monitor outages?	Yes
<b>Mechanisms for restoring service (0-1)</b>	1
Does the distribution utility use automated tools to restore service?	Yes
<b>Regulatory monitoring (0-1)</b>	1
Does a regulator—that is, an entity separate from the utility—monitor the utility's performance on reliability of supply?	Yes
<b>Financial deterrents aimed at limiting outages (0-1)</b>	1
Does the utility either pay compensation to customers or face fines by the regulator (or both) if outages exceed a certain cap?	Yes
<b>Communication of tariffs and tariff changes (0-1)</b>	1
Are effective tariffs available online?	Yes
Link to the website, if available online	<a href="http://www.eru.cz/en/-/cenove-rozhodnuti-c-3-2014">http://www.eru.cz/en/-/cenove-rozhodnuti-c-3-2014</a>
Are customers notified of a change in tariff ahead of the billing cycle?	Yes

**Note:**

If the duration and frequency of outages is 100 or less, the economy is eligible to score on the Reliability of supply and transparency of tariff index.

If the duration and frequency of outages is not available, or is over 100, the economy is not eligible to score on the index.

If the minimum outage time considered for SAIDI/SAIFI is over 5 minutes, the economy is not eligible to score on the index.

## Registering Property

This topic examines the steps, time and cost involved in registering property, assuming a standardized case of an entrepreneur who wants to purchase land and a building that is already registered and free of title dispute. In addition, the topic also measures the quality of the land administration system in each economy. The quality of land administration index has five dimensions: reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution, and equal access to property rights. The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

### What the indicators measure

#### Procedures to legally transfer title on immovable property (number)

- Preregistration procedures (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration procedures in the economy's largest business citya.
- Postregistration procedures (for example, filling title with municipality)

#### Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day - though procedures that can be fully completed online are an exception to this rule
- Procedure is considered completed once final document is received
- No prior contact with officials

#### Cost required to complete each procedure (% of property value)

- Official costs only (such as administrative fees, duties and taxes).
- Value Added Tax, Capital Gains Tax and illicit payments are excluded

#### Quality of land administration index (0-30)

- Reliability of infrastructure index (0-8)
- Transparency of information index (0-6)
- Geographic coverage index (0-8)
- Land dispute resolution index (0-8)
- Equal access to property rights index (-2-0)

### Case study assumptions

To make the data comparable across economies, several assumptions about the parties to the transaction, the property and the procedures are used.

#### The parties (buyer and seller):

- Are limited liability companies (or the legal equivalent).
- Are located in the periurban area of the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Are 100% domestically and privately owned.
- Have 50 employees each, all of whom are nationals.
- Perform general commercial activities.

#### The property (fully owned by the seller):

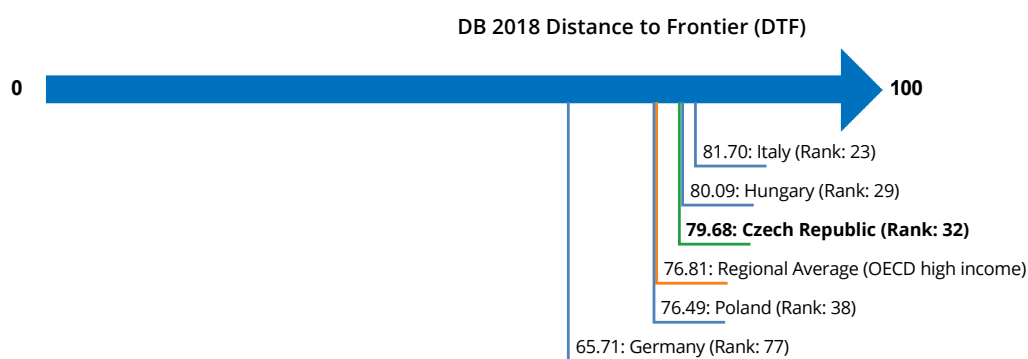
- Has a value of 50 times income per capita, which equals the sale price.
- Is fully owned by the seller.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone, and no rezoning is required.
- Consists of land and a building. The land area is 557.4 square meters (6,000 square feet). A two-story warehouse of 929 square meters (10,000 square feet) is located on the land. The warehouse is 10 years old, is in good condition, has no heating system and complies with all safety standards, building codes and legal requirements. The property, consisting of land and building, will be transferred in its entirety.
- Will not be subject to renovations or additional construction following the purchase.
- Has no trees, natural water sources, natural reserves or historical monuments of any kind.
- Will not be used for special purposes, and no special permits, such as for residential use, industrial plants, waste storage or certain types of agricultural activities, are required.
- Has no occupants, and no other party holds a legal interest in it.

Standard Property Transfer

Property value	CZK 21,036,006.70
City Covered	Prague

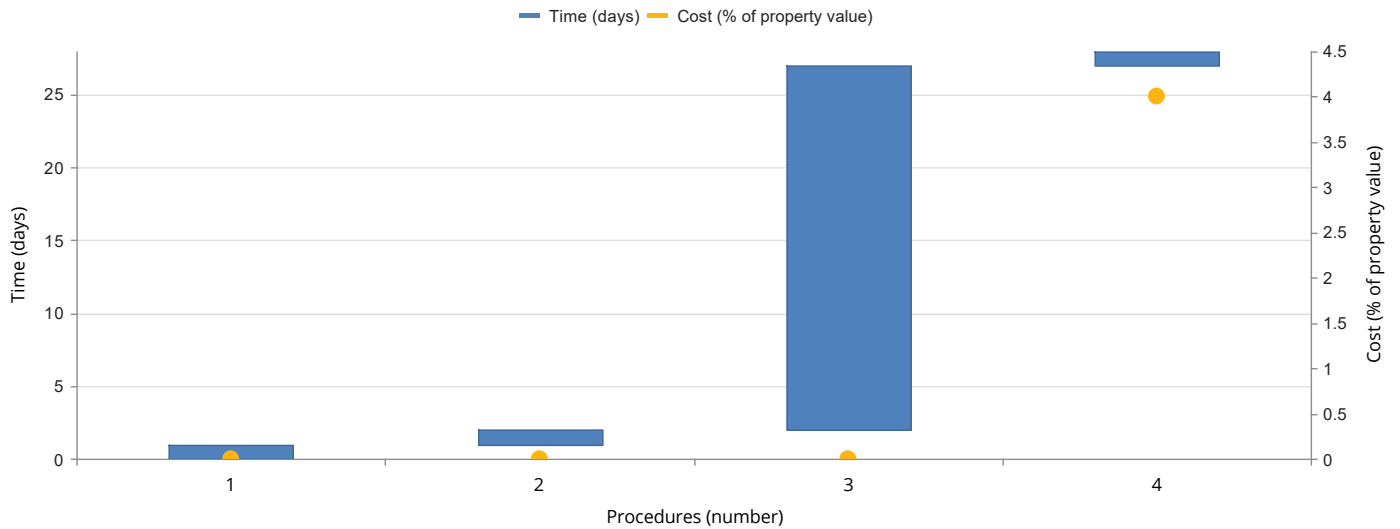
Indicator	Czech Republic	OECD high income	OECD high income	Overall Best Performer
Procedures (number)	4	4.6	4.6	1.00 (4 Economies)
Time (days)	28	22.3	22.3	1.00 (3 Economies)
Cost (% of property value)	4.0	4.2	4.2	0.00 (5 Economies)
Quality of the land administration index (0-30)	25.0	22.7	22.7	29.00 (Singapore)

Figure – Registering Property in Czech Republic and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of registering property is determined by sorting their distance to frontier scores for registering property. These scores are the simple average of the distance to frontier scores for each of the component indicators.

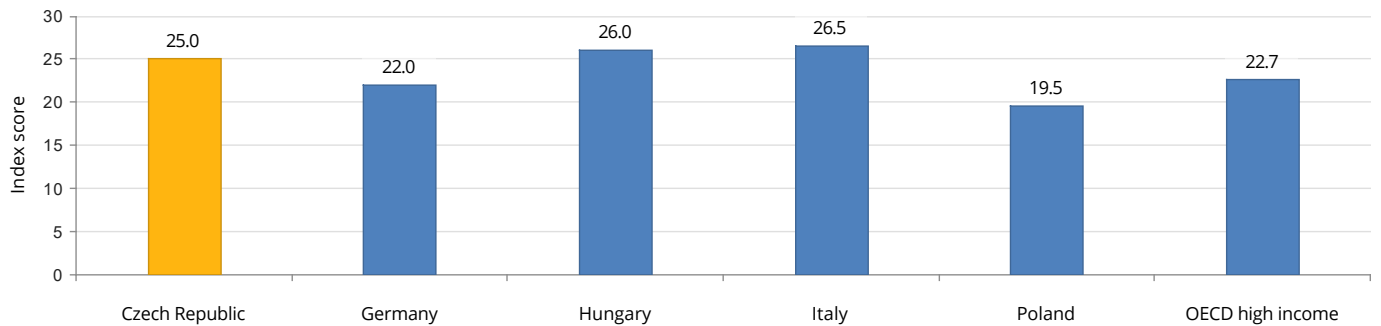
Figure – Registering Property in Czech Republic – Procedure, Time and Cost



\* This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the Doing Business website (<http://www.doingbusiness.org/methodology>). For details on the procedures reflected here, see the summary below.

Figure – Registering Property in Czech Republic and comparator economies – Measure of Quality



## Details – Registering Property in Czech Republic – Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>The buyer checks for encumbrances on the property</b></p> <p>Agency : Cadastral office for Prague-city</p> <p>It is the responsibility of the buyer or a lawyer on behalf of the buyer to verify whether the property has any encumbrances on it. If there are some encumbrances those should be stated in the purchase agreement.</p> <p>The cadastral office also checks on the encumbrances and even if they are not mentioned in the purchase agreement, they will be automatically transferred to the buyer.</p> <p>In previous years not all of the encumbrances could be checked on-line, because some information was solely in documents not available on-line. Nevertheless since 1.1.2016 all encumbrances can be checked on-line, because all the documents are either directly available in electronic form or can be scanned and delivered electronically within one working day.</p>	1 day	CZK 100
2	<p><b>A notary certifies the signatures of the transfer agreement</b></p> <p>Agency : Public Notary, Register Offices, Czech Point and advocates authorized by the bar</p> <p>By law, the transfer agreement does not have to be executed in the form of notarial deed and the signatures of the contractual parties on the transfer agreement do not have to be certified. However, the Cadastral Office must verify (as specified by law) the identity of the parties and manifestation of their will. Therefore, it is useful and common practice to have the signatures certified by a notary public or by an attorney or by public authorities.</p> <p>Notarization (by a notary public) is the most common way. The notarization takes place without delay and costs CZK 30 per each signature + 21% VAT.</p>	1 day	CZK 30 each signature (2 signatures)

**3 Apply for registration at the Cadastral Office**

25 days

CZK 1,000  
(Registration Fee)

Agency : Cadastral office for Prague-city

Parties apply for registration at the Cadastral Office for Prague either in person or electronically.

There is a lump sum fee payable for the registration into the cadastre in the amount of CZK 1000, which can be paid either cash at the desk of the registry, via bank transfer or by credit card - paying by stamps is still possible, but we do not sell them to customers any more.

After the application is delivered 20-day period starts during which nothing can be done with the application and no registration can be performed. This time serves for possible objections from the owner of the property in question regarding its transfer and is given by the Cadastral law. Average time for registration in Prague is now 24-28 days - included the mentioned 20-day delay. It means that this time cannot be shortened. When the procedure is over and the registration has been performed the participants of the proceeding get the information about it either in writing or via data boxes service for those who have this service available.

The required documentation is:

-application for registration (can be completed on-line) see <http://www.cuzk.cz/English/Practical-Information/Information>,

-requests-and-other-Submissions/Information-about-electronic-submission.aspx

-transfer agreement signed by certified signatures (see Procedure 2)

-if the transfer agreement was not signed by the person authorized by law to act on behalf of the companies, powers of attorneys with certified signatures shall be attached

-if the application is filled by proxy, power of attorney shall be attached.

Cadastral office obtains extracts from commercial registries on-line via Czech POINT system ([www.czechpoint.cz](http://www.czechpoint.cz)) free of charge.



**4 Pay the Real Estate Transfer Tax**

1 day

4% of the property price (Real Estate Transfer Tax)

Agency : Tax Authority

The Tax on Real Estate Acquisition must be paid to the tax authority within 3 months following the month of the registration. The Cadastre is responsible for informing the tax authority about the transfer so that they record it and can collect the tax. Registration of the transfer is not conditional upon payment of the tax.

The tax rate is 4 % of the higher of the purchase price and the value (as estimated by an expert to be paid by the parties to the transfer agreement). The Tax on Real Estate Acquisition can be paid at the Tax authority, at a commercial bank, or even online.

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⇒ Takes place simultaneously with previous procedure.

## Details – Registering Property in Czech Republic – Measure of Quality

	Answer	Score
<b>Quality of the land administration index (0-30)</b>		<b>25.0</b>
<b>Reliability of infrastructure index (0-8)</b>		<b>8.0</b>
What is the institution in charge of immovable property registration?	Cadastral office for the Capital City of Prague	
In what format are the majority of title or deed records kept in the largest business city—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Fully digital	2.0
Is there an electronic database for checking for encumbrances (liens, mortgages, restrictions and the like)?	Yes	1.0
Institution in charge of the plans showing legal boundaries in the largest business city:	Cadastral Office for the Capital City of Prague	
In what format are the majority of maps of land plots kept in the largest business city—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Fully digital	2.0
Is there an electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system)?	Yes	1.0
Is the information recorded by the immovable property registration agency and the cadastral or mapping agency kept in a single database, in different but linked databases or in separate databases?	Single database	1.0
Do the immovable property registration agency and cadastral or mapping agency use the same identification number for properties?	Yes	1.0
<b>Transparency of information index (0-6)</b>		<b>4.0</b>
Who is able to obtain information on land ownership at the agency in charge of immovable property registration in the largest business city?	Freely accessible by anyone	1.0
Is the list of documents that are required to complete any type of property transaction made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	<a href="http://www.cuzk.cz/Katastr-nemovitosti/Formulare.aspx">http://www.cuzk.cz/Katastr-nemovitosti/Formulare.aspx</a>	
Is the applicable fee schedule for any property transaction at the agency in charge of immovable property registration in the largest business city made publicly available—and if so, how?	Yes, online	0.5

Link for online access:

<http://www.cuzk.cz/English/Cadastre-of-Real-Estate/Fees/Scale-of-administrative-fees-and-payments.aspx>  
[http://www.cuzk.cz/Katastr-nemovitosti/Poplatky/Sazebnik-uplat-a-spravnich-poplatku-\(1\).aspx](http://www.cuzk.cz/Katastr-nemovitosti/Poplatky/Sazebnik-uplat-a-spravnich-poplatku-(1).aspx)

Does the agency in charge of immovable property registration commit to delivering a legally binding document that proves property ownership within a specific time frame—and if so, how does it communicate the service standard?

Yes, online 0.5

Link for online access:

<http://www.cuzk.cz/English/Cadastre-of-Real-Estate/Registration-into-the-Cadastre-of-Real-Estate/Registration-into-the-Cadastre-of-Real-Estate.aspx#vklad>

Is there a specific and separate mechanism for filing complaints about a problem that occurred at the agency in charge of immovable property registration?

No 0.0

Contact information:

Are there publicly available official statistics tracking the number of transactions at the immovable property registration agency?

Yes 0.5

Number of property transfers in the largest business city in 2016:

45775.0

Who is able to consult maps of land plots in the largest business city?

Freely accessible by anyone 0.5

Is the applicable fee schedule for accessing maps of land plots made publicly available—and if so, how?

Yes, online 0.5

Link for online access:

<http://www.cuzk.cz/Katastr-nemovitosti/Poplatky/Sazby-spravnich-poplatku.aspx#119>

Does the cadastral or mapping agency commit to delivering an updated map within a specific time frame—and if so, how does it communicate the service standard?	No	0.0
Link for online access:		
Is there a specific and separate mechanism for filing complaints about a problem that occurred at the cadastral or mapping agency?	No	0.0
Contact information:		
<b>Geographic coverage index (0–8)</b>		<b>8.0</b>
Are all privately held land plots in the economy formally registered at the immovable property registry?	Yes	2.0
Are all privately held land plots in the largest business city formally registered at the immovable property registry?	Yes	2.0
Are all privately held land plots in the economy mapped?	Yes	2.0
Are all privately held land plots in the largest business city mapped?	Yes	2.0
<b>Land dispute resolution index (0–8)</b>		<b>5.0</b>
Does the law require that all property sale transactions be registered at the immovable property registry to make them opposable to third parties?	Yes	1.5
Is the system of immovable property registration subject to a state or private guarantee?	Yes	0.5
Is there a specific compensation mechanism to cover for losses incurred by parties who engaged in good faith in a property transaction based on erroneous information certified by the immovable property registry?	No	0.0
Does the legal system require a control of legality of the documents necessary for a property transaction (e.g., checking the compliance of contracts with requirements of the law)?	Yes	0.5
If yes, who is responsible for checking the legality of the documents?	Registrar; Notary.	
Does the legal system require verification of the identity of the parties to a property transaction?	Yes	0.5
If yes, who is responsible for verifying the identity of the parties?	Registrar; Notary; Lawyer.	
Is there a national database to verify the accuracy of identity documents?	No	0.0
For a standard land dispute between two local businesses over tenure rights of a property worth 50 times gross national income (GNI) per capita and located in the largest business city, what court would be in charge of the case in the first instance?	District Court	
How long does it take on average to obtain a decision from the first-instance court for such a case (without appeal)?	Between 1 and 2 years	2.0
Are there any statistics on the number of land disputes in the first instance?	No	0.0

Number of land disputes in the largest business city in 2016:

**Equal access to property rights index (-2-0) 0.0**

Do unmarried men and unmarried women have equal ownership rights to property? Yes 0.0

Do married men and married women have equal ownership rights to property? Yes 0.0

## Getting Credit

This topic explores two sets of issues—the strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending. The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

### What the indicators measure

#### Strength of legal rights index (0–12)

- Rights of borrowers and lenders through collateral laws (0-10)
- Protection of secured creditors' rights through bankruptcy laws (0-2)

#### Depth of credit information index (0–8)

- Scope and accessibility of credit information distributed by credit bureaus and credit registries (0-8)

#### Credit bureau coverage (% of adults)

- Number of individuals and firms listed in largest credit bureau as a percentage of adult population

#### Credit registry coverage (% of adults)

- Number of individuals and firms listed in credit registry as a percentage of adult population

### Case study assumptions

Doing Business assesses the sharing of credit information and the legal rights of borrowers and lenders with respect to secured transactions through 2 sets of indicators. The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through a credit registry or a credit bureau. The strength of legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. For each economy it is first determined whether a unitary secured transactions system exists. Then two case scenarios, case A and case B, are used to determine how a nonpossessory security interest is created, publicized and enforced according to the law. Special emphasis is given to how the collateral registry operates (if registration of security interests is possible). The case scenarios involve a secured borrower, company ABC, and a secured lender, BizBank.

In some economies the legal framework for secured transactions will allow only case A or case B (not both) to apply. Both cases examine the same set of legal provisions relating to the use of movable collateral.

#### Several assumptions about the secured borrower (ABC) and lender (BizBank) are used:

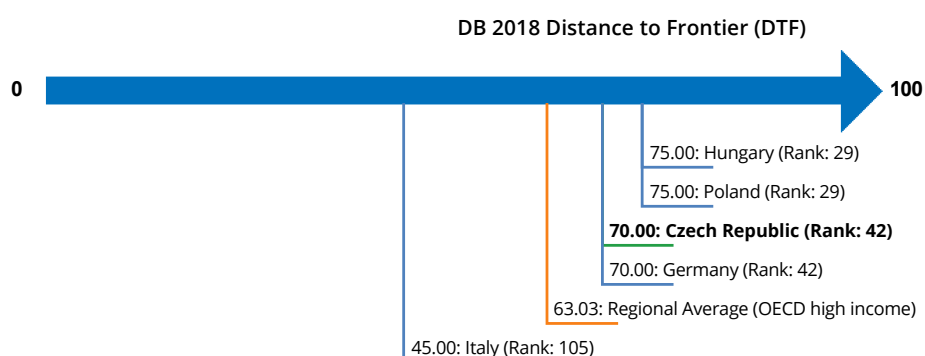
- ABC is a domestic limited liability company (or its legal equivalent).
- ABC has up to 50 employees.
- ABC has its headquarters and only base of operations in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Both ABC and BizBank are 100% domestically owned.

The case scenarios also involve assumptions. In case A, as collateral for the loan, ABC grants BizBank a nonpossessory security interest in one category of movable assets, for example, its machinery or its inventory. ABC wants to keep both possession and ownership of the collateral. In economies where the law does not allow nonpossessory security interests in movable property, ABC and BizBank use a fiduciary transfer-of-title arrangement (or a similar substitute for nonpossessory security interests).

In case B, ABC grants BizBank a business charge, enterprise charge, floating charge or any charge that gives BizBank a security interest over ABC's combined movable assets (or as much of ABC's movable assets as possible). ABC keeps ownership and possession of the assets.

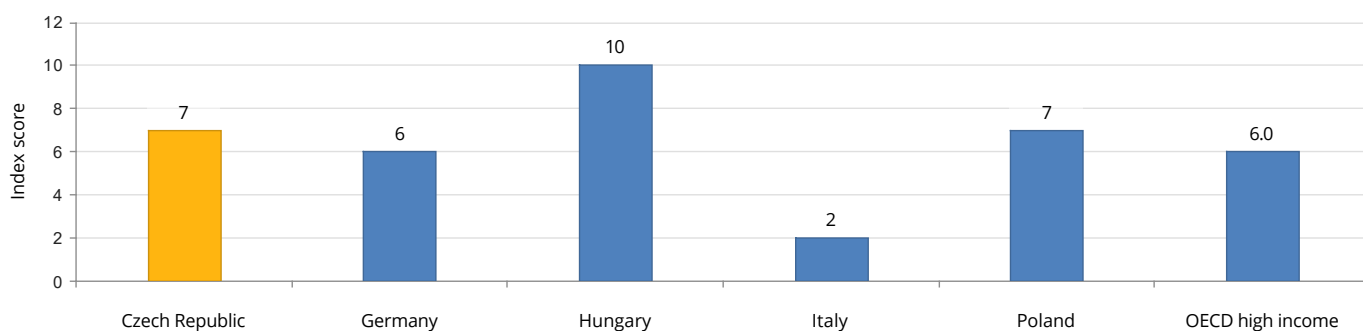
Indicator	Czech Republic	OECD high income	OECD high income	Overall Best Performer
Strength of legal rights index (0-12)	7	6.0	6.0	12.00 (4 Economies)
Depth of credit information index (0-8)	7	6.6	6.6	8.00 (34 Economies)
Credit registry coverage (% of adults)	7.0	18.3	18.3	100.00 (3 Economies)
Credit bureau coverage (% of adults)	79.5	63.7	63.7	100.00 (23 Economies)

Figure – Getting Credit in Czech Republic and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of getting credit is determined by sorting their distance to frontier scores for getting credit. These scores are the distance to frontier score for the sum of the strength of legal rights index and the depth of credit information index.

Figure – Legal Rights in Czech Republic and comparator economies



Details – Legal Rights in Czech Republic

**Strength of legal rights index (0-12)** **7**

Does an integrated or unified legal framework for secured transactions that extends to the creation, publicity and enforcement of functional equivalents to security interests in movable assets exist in the economy? No

Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral? Yes

Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral? Yes

May a security right extend to future or after-acquired assets, and does it extend automatically to the products, proceeds and replacements of the original assets? No

Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered? Yes

Is a collateral registry in operation for both incorporated and non-incorporated entities, that is unified geographically and by asset type, with an electronic database indexed by debtor's name? Yes

Does a notice-based collateral registry exist in which all functional equivalents can be registered? No

Does a modern collateral registry exist in which registrations, amendments, cancellations and searches can be performed online by any interested third party? No

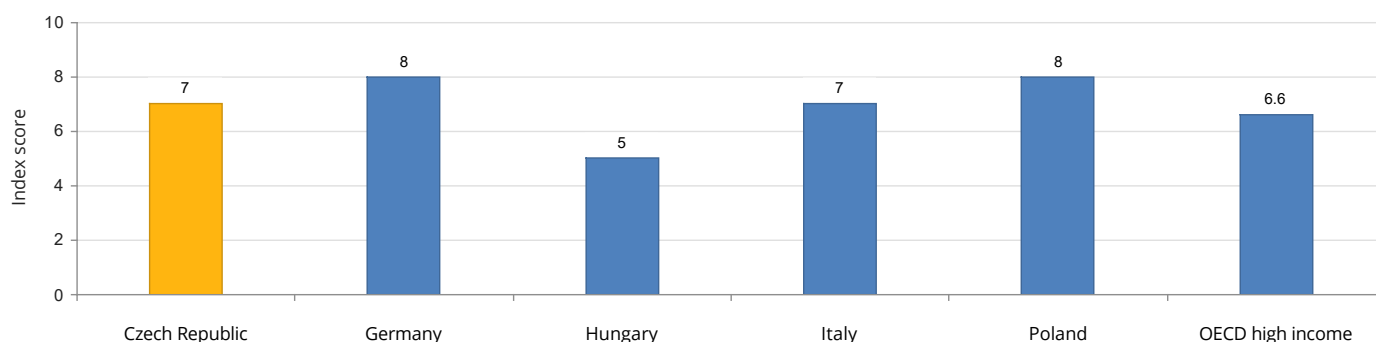
Are secured creditors paid first (i.e. before tax claims and employee claims) when a debtor defaults outside an insolvency procedure? Yes

Are secured creditors paid first (i.e. before tax claims and employee claims) when a business is liquidated? Yes

Are secured creditors subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure? Does the law protect secured creditors' rights by providing clear grounds for relief from the stay and sets a time limit for it? No

Does the law allow parties to agree on out of court enforcement at the time a security interest is created? Does the law allow the secured creditor to sell the collateral through public auction or private tender, as well as, for the secured creditor to keep the asset in satisfaction of the debt? Yes

Figure – Credit Information in Czech Republic and comparator economies





## Details – Credit Information in Czech Republic

Depth of credit information index (0-8)	Credit bureau	Credit registry	Score
Are data on both firms and individuals distributed?	Yes	No	1
Are both positive and negative credit data distributed?	Yes	Yes	1
Are data from retailers or utility companies - in addition to data from banks and financial institutions - distributed?	No	No	0
Are at least 2 years of historical data distributed? (Credit bureaus and registries that distribute more than 10 years of negative data or erase data on defaults as soon as they are repaid obtain a score of 0 for this component.)	Yes	Yes	1
Are data on loan amounts below 1% of income per capita distributed?	Yes	Yes	1
By law, do borrowers have the right to access their data in the credit bureau or credit registry?	Yes	Yes	1
Can banks and financial institutions access borrowers' credit information online (for example, through an online platform, a system-to-system connection or both)?	Yes	Yes	1
Are bureau or registry credit scores offered as a value-added service to help banks and financial institutions assess the creditworthiness of borrowers?	Yes	No	1
<b>Score ("yes" to either public bureau or private registry)</b>			<b>7</b>

Note: An economy receives a score of 1 if there is a "yes" to either bureau or registry. If the credit bureau or registry is not operational or covers less than 5% of the adult population, the total score on the depth of credit information index is 0.

Coverage	Credit bureau	Credit registry
Number of individuals	5,470,000	0
Number of firms	95,000	490,205
Total	5,565,000	490,205
<b>Percentage of adult population</b>	<b>79.5</b>	<b>7.0</b>

## ↗ Protecting Minority Investors

This topic measures the strength of minority shareholder protections against misuse of corporate assets by directors for their personal gain as well as shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse. The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

### What the indicators measure

- **Extent of disclosure index (0-10):** Review and approval requirements for related-party transactions; Disclosure requirements for related-party transactions
- **Extent of director liability index (0-10):** Ability of minority shareholders to sue and hold interested directors liable for prejudicial related-party transactions; Available legal remedies (damages, disgorgement of profits, fines, imprisonment, rescission of the transaction)
- **Ease of shareholder suits index (0-10):** Access to internal corporate documents; Evidence obtainable during trial and allocation of legal expenses
- **Extent of conflict of interest regulation index (0-10):** Simple average of the extent of disclosure, extent of director liability and ease of shareholder indices
- **Extent of shareholder rights index (0-10):** Shareholders' rights and role in major corporate decisions
- **Extent of ownership and control index (0-10):** Governance safeguards protecting shareholders from undue board control and entrenchment
- **Extent of corporate transparency index (0-10):** Corporate transparency on ownership stakes, compensation, audits and financial prospects
- **Extent of shareholder governance index (0-10):** Simple average of the extent of shareholders rights, extent of ownership and control and extent of corporate transparency indices
- **Strength of minority investor protection index (0-10):** Simple average of the extent of conflict of interest regulation and extent of shareholder governance indices

### Case study assumptions

To make the data comparable across economies, a case study uses several assumptions about the business and the transaction.

#### The business (Buyer):

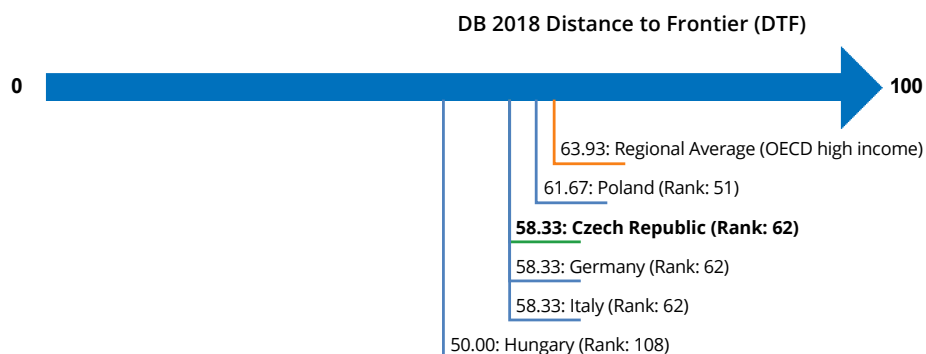
- Is a publicly traded corporation listed on the economy's most important stock exchange. If the number of publicly traded companies listed on that exchange is less than 10, or if there is no stock exchange in the economy, it is assumed that Buyer is a large private company with multiple shareholders.
- Has a board of directors and a chief executive officer (CEO) who may legally act on behalf of Buyer where permitted, even if this is not specifically required by law.
- Has a supervisory board (applicable to economies with a two-tier board system) on which 60% of the shareholder-elected members have been appointed by Mr. James, who is Buyer's controlling shareholder and a member of Buyer's board of directors.
- Has not adopted any bylaws or articles of association that differ from default minimum standards and does not follow any nonmandatory codes, principles, recommendations or guidelines relating to corporate governance.
- Is a manufacturing company with its own distribution network.

#### The transaction involves the following details:

- Mr. James owns 60% of Buyer and elected two directors to Buyer's five-member board.
- Mr. James also owns 90% of Seller, a company that operates a chain of retail hardware stores. Seller recently closed a large number of its stores.
- Mr. James proposes that Buyer purchase Seller's unused fleet of trucks to expand Buyer's distribution of its food products, a proposal to which Buyer agrees. The price is equal to 10% of Buyer's assets and is higher than the market value.
- The proposed transaction is part of the company's ordinary course of business and is not outside the authority of the company.
- Buyer enters into the transaction. All required approvals are obtained, and all required disclosures made (that is, the transaction is not fraudulent).
- The transaction causes damages to Buyer. Shareholders sue Mr. James and the other parties that approved the transaction.

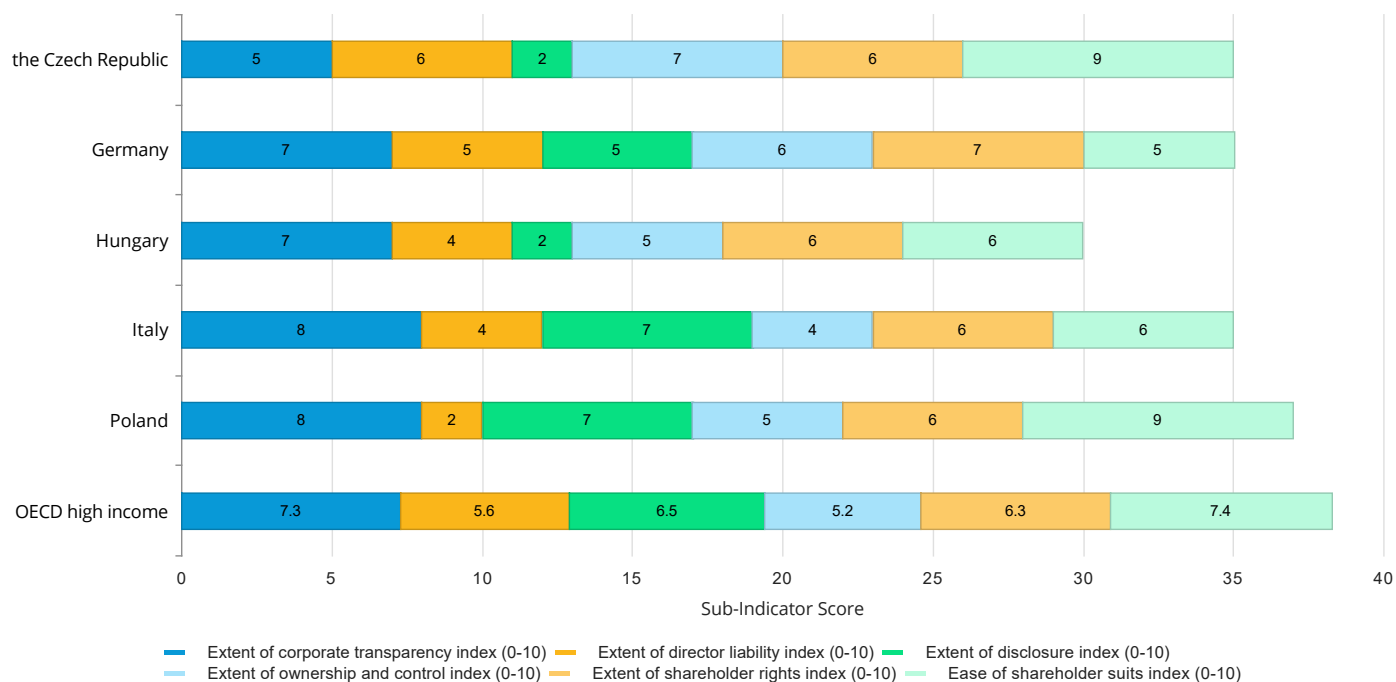
Indicator	Czech Republic	OECD high income	OECD high income	Overall Best Performer
Extent of conflict of interest regulation index (0-10)	5.7	6.4	6.4	9.3 (New Zealand)
Extent of shareholder governance index (0-10)	6	6.4	6.4	9.00 (Kazakhstan)

Figure – Protecting Minority Investors in Czech Republic and comparator economies – Ranking and DTF



Note: The ranking of economies on the strength of minority investor protections is determined by sorting their distance to frontier scores for protecting minority investors. These scores are the simple average of the distance to frontier scores for the extent of conflict of interest regulation index and the extent of shareholder governance index.

Figure – Protecting Minority Investors in Czech Republic and comparator economies – Measure of Quality



## Details – Protecting Minority Investors in Czech Republic – Measure of Quality

	Answer	Score
<b>Extent of conflict of interest regulation index (0-10)</b>		<b>5.7</b>
<b>Extent of disclosure index (0-10)</b>		<b>2</b>
Which corporate body is legally sufficient to approve the Buyer-Seller transaction? (0-3)	Shareholders or board of directors including interested parties	1.0
Must an external body review the terms of the transaction before it takes place? (0-1)	No	0.0
Must Mr. James disclose his conflict of interest to the board of directors? (0-2)	No disclosure obligation	0.0
Must Buyer disclose the transaction in published periodic filings (annual reports)? (0-2)	Disclosure on the transaction only	1.0
Must Buyer immediately disclose the transaction to the public and/or shareholders? (0-2)	No disclosure obligation	0.0
<b>Extent of director liability index (0-10)</b>		<b>6</b>
Can shareholders representing 10% of Buyer's share capital sue directly or derivatively for the damage the transaction caused to Buyer? (0-1)	Yes	1.0
Can shareholders hold the interested director liable for the damage the transaction caused to Buyer? (0-2)	Liable if negligent	1.0
Can shareholders hold the other directors liable for the damage the transaction caused to Buyer (0-2)	Liable if negligent	1.0
Must Mr. James pay damages for the harm caused to Buyer upon a successful claim by shareholders? (0-1)	Yes	1.0
Must Mr. James repay profits made from the transaction upon a successful claim by shareholders? (0-1)	Yes	1.0
Is Mr. James disqualified or fined and imprisoned upon a successful claim by shareholders? (0-1)	Yes	1.0
Can a court void the transaction upon a successful claim by shareholders? (0-2)	Only in case of fraud or bad faith	0.0
<b>Ease of shareholder suits index (0-10)</b>		<b>9</b>
Before suing can shareholders representing 10% of Buyer's share capital inspect the transaction documents? (0-1)	Yes	1.0

Can the plaintiff obtain any documents from the defendant and witnesses at trial? (0-3)	Any relevant document	3.0
Can the plaintiff request categories of documents from the defendant without identifying specific ones? (0-1)	Yes	1.0
Can the plaintiff directly question the defendant and witnesses at trial? (0-2)	Yes	2.0
Is the level of proof required for civil suits lower than that of criminal cases? (0-1)	Yes	1.0
Can shareholder plaintiffs recover their legal expenses from the company? (0-2)	Yes if successful	1.0
<b>Extent of shareholder governance index (0-10)</b>		<b>6</b>
<b>Extent of shareholder rights index (0-10)</b>		<b>6</b>
Does the sale of 51% of Buyer's assets require shareholder approval?	No	0.0
Can shareholders representing 10% of Buyer's share capital call for a meeting of shareholders?	Yes	1.0
Must Buyer obtain its shareholders' approval every time it issues new shares?	Yes	1.0
Do shareholders automatically receive preemption rights every time Buyer issues new shares?	Yes	1.0
Must shareholders approve the election and dismissal of the external auditor?	Yes	1.0
Are changes to the rights of a class of shares only possible if the holders of the affected shares approve?	Yes	1.0
Assuming that Buyer is a limited company, does the sale of 51% of its assets require member approval?	No	0.0
Assuming that Buyer is a limited company, can members representing 10% call for a meeting of members?	Yes	1.0
Assuming that Buyer is a limited company, must all members consent to add a new member?	No	0.0
Assuming that Buyer is a limited company, must a member first offer to sell their interest to the existing members before they can sell to non-members?	No	0.0
<b>Extent of ownership and control index (0-10)</b>		<b>7</b>
Is it forbidden to appoint the same individual as CEO and chair of the board of directors?	Yes	1.0
Must the board of directors include independent and nonexecutive board members?	No	0.0
Can shareholders remove members of the board of directors without cause before the end of their term?	Yes	1.0
Must the board of directors include a separate audit committee exclusively comprising board members?	Yes	1.0
Must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of Buyer?	Yes	1.0

Must Buyer pay declared dividends within a maximum period set by law?	Yes	1.0
Is a subsidiary prohibited from acquiring shares issued by its parent company?	No	0.0
Assuming that Buyer is a limited company, must Buyer have a mechanism to resolve disagreements among members?	Yes	1.0
Assuming that Buyer is a limited company, must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of Buyer?	No	0.0
Assuming that Buyer is a limited company, must Buyer distribute profits within a maximum period set by law?	Yes	1.0
<b>Extent of corporate transparency index (0-10)</b>		<b>5</b>
Must Buyer disclose direct and indirect beneficial ownership stakes representing 5%?	No	0.0
Must Buyer disclose information about board members' primary employment and directorships in other companies?	No	0.0
Must Buyer disclose the compensation of individual managers?	No	0.0
Must a detailed notice of general meeting be sent 21 days before the meeting?	Yes	1.0
Can shareholders representing 5% of Buyer's share capital put items on the general meeting agenda?	Yes	1.0
Must Buyer's annual financial statements be audited by an external auditor?	Yes	1.0
Must Buyer disclose its audit reports to the public?	Yes	1.0
Assuming that Buyer is a limited company, must members meet at least once a year?	Yes	1.0
Assuming that Buyer is a limited company, can members representing 5% put items on the meeting agenda?	No	0.0
Assuming that Buyer is a limited company, must Buyer's annual financial statements be audited by an external auditor?	No	0.0

## Paying Taxes

This topic records the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year, as well as measures the administrative burden in paying taxes and contributions. The most recent round of data collection for the project was completed on June 30, 2017 covering for the Paying Taxes indicator calendar year 2016 (January 1, 2016 – December 31, 2016).

Last year (Doing Business 2017) the scope of data collection was expanded to better understand the overall tax environment in an economy. The questionnaire was expanded to include new questions on post-filing processes: VAT refund and tax audit. The data shows where postfiling processes and practices work efficiently and what drives the differences in the overall tax compliance cost across economies.

The new section covers both the legal framework and the administrative burden on businesses to comply with postfiling processes. [See the methodology for more information.](#)

### What the indicators measure

#### Tax payments for a manufacturing company in 2016 (number per year adjusted for electronic and joint filing and payment)

- Total number of taxes and contributions paid, including consumption taxes (value added tax, sales tax or goods and service tax)
- Method and frequency of filing and payment

#### Time required to comply with 3 major taxes (hours per year)

- Collecting information, computing tax payable
- Completing tax return, filing with agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

#### Total tax and contribution rate (% of profit before all taxes)

- Profit or corporate income tax
- Social contributions, labor taxes paid by employer
- Property and property transfer taxes
- Dividend, capital gains, financial transactions taxes
- Waste collection, vehicle, road and other taxes

#### Postfiling Index

- Time to comply with a VAT refund
- Time to receive a VAT refund
- Time to comply with a corporate income tax audit
- Time to complete a corporate income tax audit

### Case study assumptions

Using a case scenario, Doing Business records taxes and mandatory contributions a medium size company must pay in a year, and measures the administrative burden of paying taxes, contributions and dealing with postfiling processes. Information is also compiled on frequency of filing and payments, time taken to comply with tax laws, time taken to comply with the requirements of postfiling processes and time waiting.

To make data comparable across economies, several assumptions are used:

- TaxpayerCo is a medium-size business that started operations on January 1, 2015. It produces ceramic flowerpots and sells them at retail. All taxes and contributions recorded are paid in the second year of operation (calendar year 2016). Taxes and mandatory contributions are measured at all levels of government.

#### The VAT refund process:

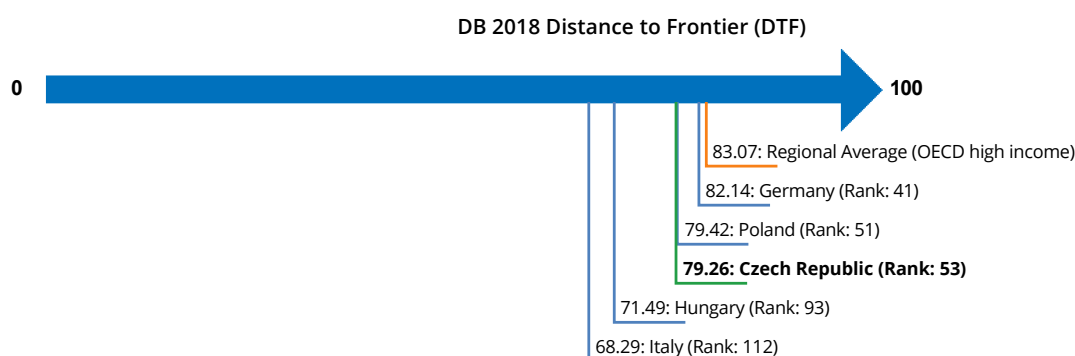
- In June 2016, TaxpayerCo. makes a large capital purchase: the value of the machine is 65 times income per capita of the economy. Sales are equally spread per month (1,050 times income per capita divided by 12) and cost of goods sold are equally expensed per month (875 times income per capita divided by 12). The machinery seller is registered for VAT and excess input VAT incurred in June will be fully recovered after four consecutive months if the VAT rate is the same for inputs, sales and the machine and the tax reporting period is every month. Input VAT will exceed Output VAT in June 2016.

#### The corporate income tax audit process:

- An error in calculation of income tax liability (for example, use of incorrect tax depreciation rates, or incorrectly treating an expense as tax deductible) leads to an incorrect income tax return and a corporate income tax underpayment. TaxpayerCo. discovered the error and voluntarily notified the tax authority. The value of the underpaid income tax liability is 5% of the corporate income tax liability due. TaxpayerCo. submits corrected information after the deadline for submitting the annual tax return, but within the tax assessment period.

Indicator	Czech Republic	OECD high income	OECD high income	Overall Best Performer
Payments (number per year)	8	10.9	10.9	3 (Hong Kong SAR, China)
Time (hours per year)	248	160.7	160.7	50 (Estonia)
Total tax and contribution rate (% of profit)	50.0	40.1	40.1	18.47 (32 Economies)
Postfiling index (0-100)	90.75	83.45	83.45	99.38 (Estonia)

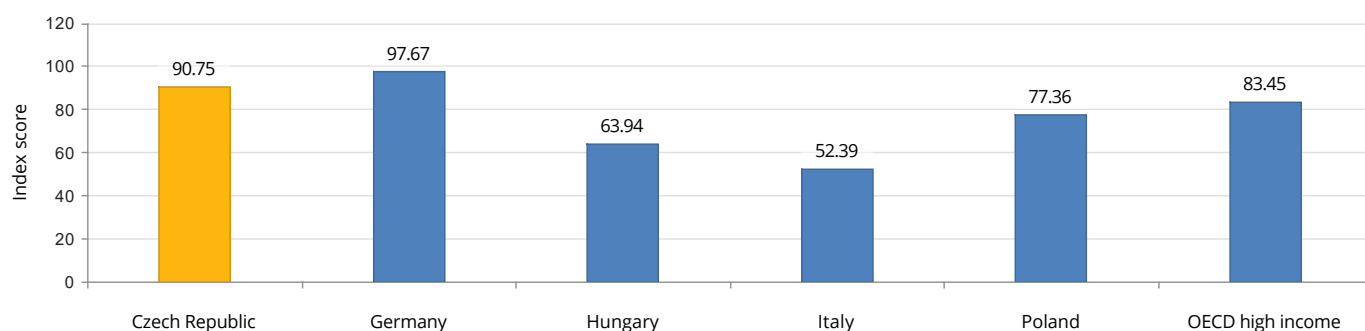
Figure – Paying Taxes in Czech Republic and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of paying taxes is determined by sorting their distance to frontier scores on the ease of paying taxes. These scores are the simple average of the distance to frontier scores for each of the four component indicators – number of tax payments, time, total tax rate and postfiling index – with a threshold and a nonlinear transformation applied to one of the component indicators, the total tax rate. The nonlinear distance to frontier for the total tax rate is equal to the distance to frontier for the total tax rate to the power of 0.8. The threshold is defined as the total tax rate at the 15th percentile of the overall distribution for all years included in the analysis up to and including Doing Business 2015, which is 26.1%. All economies with a total tax rate below this threshold receive the same score as the economy at the threshold.



Figure – Paying Taxes in Czech Republic and comparator economies – Measure of Quality



Details – Paying Taxes in Czech Republic

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax and contribution rate (% of profit)	Notes on TTR
Social security contributions	1.0	online	87.0	21.5%	gross salaries	24.25	
Health Insurance	1.0	online		9%	gross salaries	10.15	
Corporate income tax	1.0	online	53.0	19%	taxable profit	9.05	
Sickness insurance	0.0	jointly		2.3%	gross salaries	2.59	
Property transfer tax	1.0			4%	sale price	2.42	
Unemployment contribution	0.0	jointly		1.2%	gross salaries	1.35	
Road tax	1.0	online		fee scale	depending on type of vehicle	0.12	
Real estate tax	1.0			fee scale and scheme with coefficients	property area	0.01	
Employee paid - Social security contributions	0.0	jointly		11%	gross salaries	0.00	withheld
Fuel tax	1.0				included into the fuel price	0.00	small amount
Value added tax (VAT)	1.0	online	108.0	21%	value added	0.00	not included
<b>Totals</b>	<b>8</b>		<b>248</b>			<b>50.0</b>	

## Details – Paying Taxes in Czech Republic – Tax by Type

Taxes by type	Answer
Profit tax (% of profit)	9.1
Labor tax and contributions (% of profit)	38.4
Other taxes (% of profit)	2.6

## Details – Paying Taxes in Czech Republic – Measure of Quality

	Answer	Score
<b>Postfiling index (0-100)</b>		<b>90.75</b>

## VAT refunds

Does VAT exist?	Yes	
Does a VAT refund process exist per the case study?	Yes	
Restrictions on VAT refund process	None	
Percentage of cases exposed to a VAT audit (%)	50% - 74%	
Is there a mandatory carry forward period?	No	
Time to comply with VAT refund (hours)	4.0	92
Time to obtain a VAT refund (weeks)	17.7	71.93

## Corporate income tax audits

Does corporate income tax exist?	Yes	
Percentage of cases exposed to a corporate income tax audit (%)	0% - 24%	
Time to comply with a corporate income tax audit (hours)	2.0	99.08
Time to complete a corporate income tax audit (weeks)	No tax audit per case study scenario	100

**Notes:** Names of taxes have been standardized. For instance income tax, profit tax, tax on company's income are all named corporate income tax in this table.

The hours for VAT include all the VAT and sales taxes applicable.

The hours for Social Security include all the hours for labor taxes and mandatory contributions in general.

The postfiling index is the average of the scores on time to comply with VAT refund, time to obtain a VAT refund, time to comply with a corporate income tax audit and time to complete a corporate income tax audit.

N/A = Not applicable.

## Trading across Borders

Doing Business records the time and cost associated with the logistical process of exporting and importing goods. Doing Business measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of exporting or importing a shipment of goods. The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

Given the importance of trade digitalization, in Doing Business 2018, the Trading across Borders questionnaire included research questions on the availability and status of implementation of Electronic Data Interchange (EDI) and Single Window (SW) systems. With this information, Doing Business built a comprehensive dataset on the adoption and level of sophistication of electronic platforms in 190 economies. These data are not used to compute the distance to frontier score or ranking of the ease of doing business. The new dataset on EDI and SW systems is available [here](#).

### What the indicators measure

#### Documentary compliance

- Obtaining, preparing and submitting documents during transport, clearance, inspections and port or border handling in origin economy
- Obtaining, preparing and submitting documents required by destination economy and any transit economies
- Covers all documents required by law and in practice, including electronic submissions of information

#### Border compliance

- Customs clearance and inspections
- Inspections by other agencies (if applied to more than 20% of shipments)
- Handling and inspections that take place at the economy's port or border

#### Domestic transport

- Loading or unloading of the shipment at the warehouse or port/border
- Transport between warehouse and port/border
- Traffic delays and road police checks while shipment is en route

### Case study assumptions

To make the data comparable across economies, a few assumptions are made about the traded goods and the transactions:

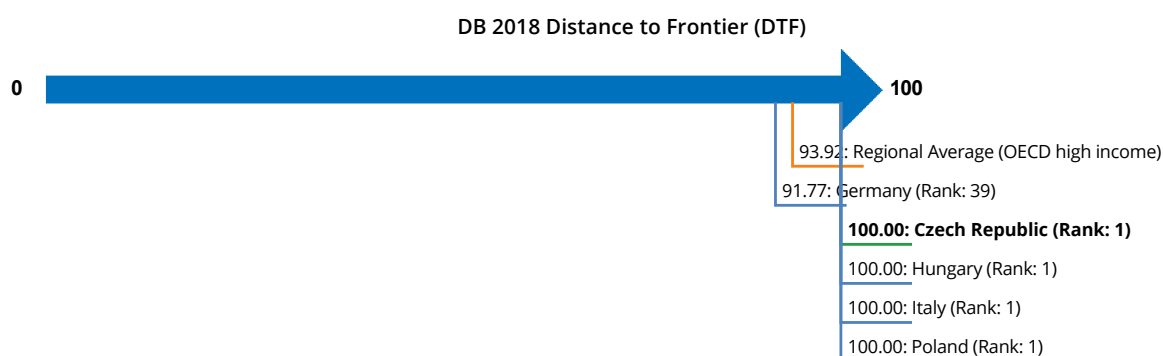
**Time:** Time is measured in hours, and 1 day is 24 hours (for example, 22 days are recorded as  $22 \times 24 = 528$  hours). If customs clearance takes 7.5 hours, the data are recorded as is. Alternatively, suppose documents are submitted to a customs agency at 8:00a.m., are processed overnight and can be picked up at 8:00a.m. the next day. The time for customs clearance would be recorded as 24 hours because the actual procedure took 24 hours.

**Cost:** Insurance cost and informal payments for which no receipt is issued are excluded from the costs recorded. Costs are reported in U.S. dollars. Contributors are asked to convert local currency into U.S. dollars based on the exchange rate prevailing on the day they answer the questionnaire. Contributors are private sector experts in international trade logistics and are informed about exchange rates.

**Assumptions of the case study:** - For all 190 economies covered by Doing Business, it is assumed a shipment is in a warehouse in the largest business city of the exporting economy and travels to a warehouse in the largest business city of the importing economy. - It is assumed each economy imports 15 metric tons of containerized auto parts (HS 8708) from its natural import partner—the economy from which it imports the largest value (price times quantity) of auto parts. It is assumed each economy exports the product of its comparative advantage (defined by the largest export value) to its natural export partner—the economy that is the largest purchaser of this product. Shipment value is assumed to be \$50,000. - The mode of transport is the one most widely used for the chosen export or import product and the trading partner, as is the seaport, or land border crossing. - All electronic information submissions requested by any government agency in connection with the shipment are considered to be documents obtained, prepared and submitted during the export or import process. - A port or border is a place (seaport, airport or land border crossing) where merchandise can enter or leave an economy. - Relevant government agencies include customs, port authorities, road police, border guards, standardization agencies, ministries or departments of agriculture or industry, national security agencies and any other government authorities.

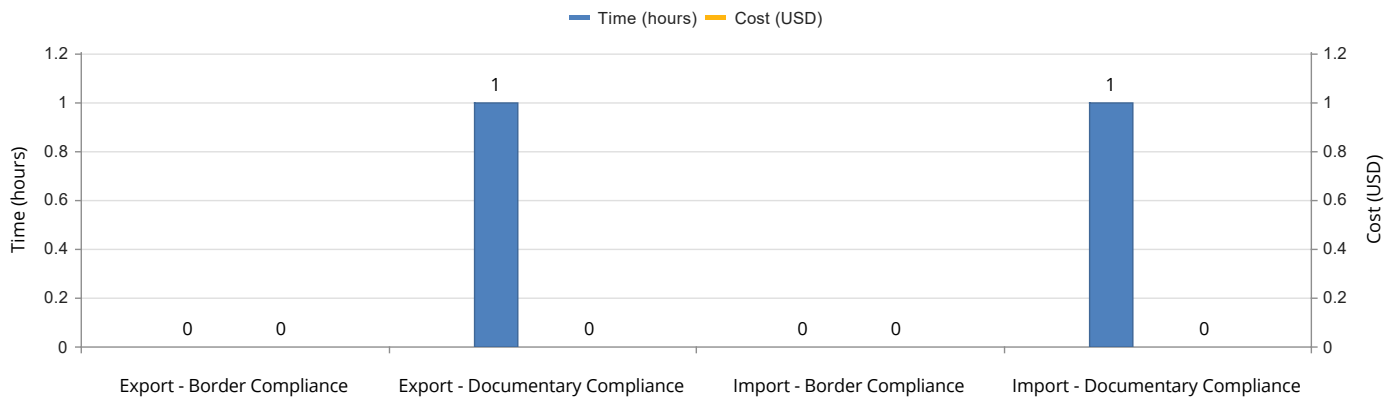
Indicator	Czech Republic	OECD high income	OECD high income	Overall Best Performer
Time to export: Border compliance (hours)	0	12.7	12.7	0 (17 Economies)
Cost to export: Border compliance (USD)	0	149.9	149.9	0.00 (19 Economies)
Time to export: Documentary compliance (hours)	1	2.4	2.4	1.0 (25 Economies)
Cost to export: Documentary compliance (USD)	0	35.4	35.4	0.00 (19 Economies)
Time to import: Border compliance (hours)	0	8.7	8.7	0.00 (21 Economies)
Cost to import: Border compliance (USD)	0	111.6	111.6	0.00 (27 Economies)
Time to import: Documentary compliance (hours)	1	3.5	3.5	1.0 (30 Economies)
Cost to import: Documentary compliance (USD)	0	25.6	25.6	0.00 (30 Economies)

Figure – Trading across Borders in Czech Republic and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of trading across borders is determined by sorting their distance to frontier scores for trading across borders. These scores are the simple average of the distance to frontier scores for the time and cost for documentary compliance and border compliance to export and import (domestic transport is not used for calculating the ranking).

Figure – Trading across Borders in Czech Republic – Time and Cost



Details – Trading across Borders in Czech Republic

Characteristics	Export	Import
Product	HS 84 : Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	HS 8708: Parts and accessories of motor vehicles
Trade partner	Germany	Germany
Border	Czech Republic-Germany border crossing	Czech Republic-Germany border crossing
Distance (km)	125	125
Domestic transport time (hours)	2	2
Domestic transport cost (USD)	208	208

**Details – Trading across Borders in Czech Republic – Components of Border Compliance**

	Time to Complete (hours)	Associated Costs (USD)
Export: Clearance and inspections required by customs authorities	0.0	0.0
Export: Clearance and inspections required by agencies other than customs	0.0	0.0
Export: Port or border handling	0.0	0.0
Import: Clearance and inspections required by customs authorities	0.0	0.0
Import: Clearance and inspections required by agencies other than customs	0.0	0.0
Import: Port or border handling	0.0	0.0

**Details – Trading across Borders in Czech Republic – Trade Documents**

Export	Import
CMR Waybill	CMR Waybill
Commercial invoice	Commercial invoice
Packing list	Packing list
Intrastat	Intrastat

## Enforcing Contracts

The enforcing contracts indicator measures the time and cost for resolving a commercial dispute through a local first-instance court, and the quality of judicial processes index, evaluating whether each economy has adopted a series of good practices that promote quality and efficiency in the court system. The most recent round of data collection was completed in June 2017. [See the methodology for more information.](#)

### What the indicators measure

#### Time required to enforce a contract through the courts (calendar days)

- Time to file and serve the case
- Time for trial and to obtain the judgment
- Time to enforce the judgment

#### Cost required to enforce a contract through the courts (% of claim)

- Attorney fees
- Court fees
- Enforcement fees

#### Quality of judicial processes index (0-18)

- Court structure and proceedings (-1-5)
- Case management (0-6)
- Court automation (0-4)
- Alternative dispute resolution (0-3)

### Case study assumptions

The dispute in the case study involves the breach of a sales contract between 2 domestic businesses. The case study assumes that the court hears an expert on the quality of the goods in dispute. This distinguishes the case from simple debt enforcement.

To make the data comparable across economies, Doing Business uses several assumptions about the case:

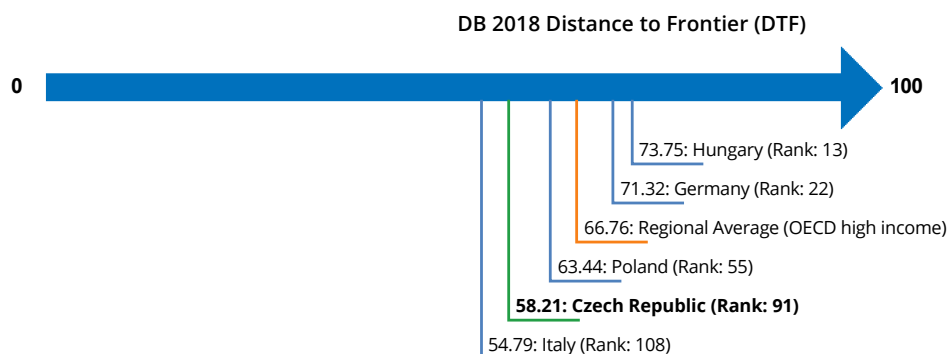
- The dispute concerns a lawful transaction between two businesses (Seller and Buyer), both located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- The buyer orders custom-made goods, then fails to pay.
- The value of the dispute is 200% of the income per capita or the equivalent in local currency of USD 5,000, whichever is greater.
- The seller sues the buyer before the court with jurisdiction over commercial cases worth 200% of income per capita or \$5,000.
- The seller requests a pretrial attachment to secure the claim.
- The dispute on the quality of the goods requires an expert opinion.
- The judge decides in favor of the seller; there is no appeal.
- The seller enforces the judgment through a public sale of the buyer's movable assets.

### Standardized Case

Claim value	CZK 801,410.00
Court name	Prague District Court
City Covered	Prague

Indicator	Czech Republic	OECD high income	OECD high income	Overall Best Performer
Time (days)	611	577.8	577.8	164.00 (Singapore)
Cost (% of claim value)	33.8	21.5	21.5	9.00 (Iceland)
Quality of judicial processes index (0-18)	9.5	11.0	11.0	15.50 (Australia)

Figure – Enforcing Contracts in Czech Republic and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of enforcing contracts is determined by sorting their distance to frontier scores for enforcing contracts. These scores are the simple average of the distance to frontier scores for each of the component indicators.

Figure – Enforcing Contracts in Czech Republic – Time and Cost

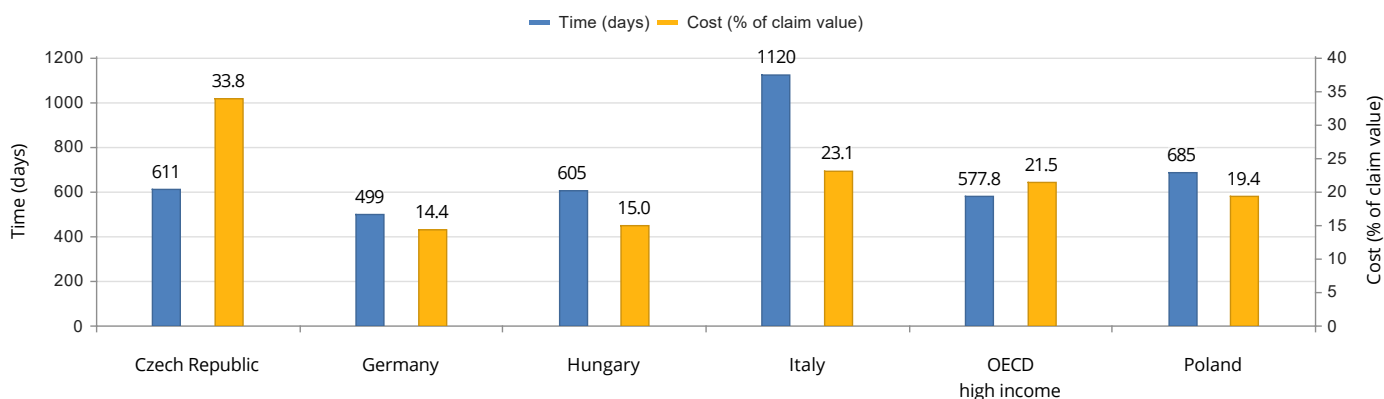
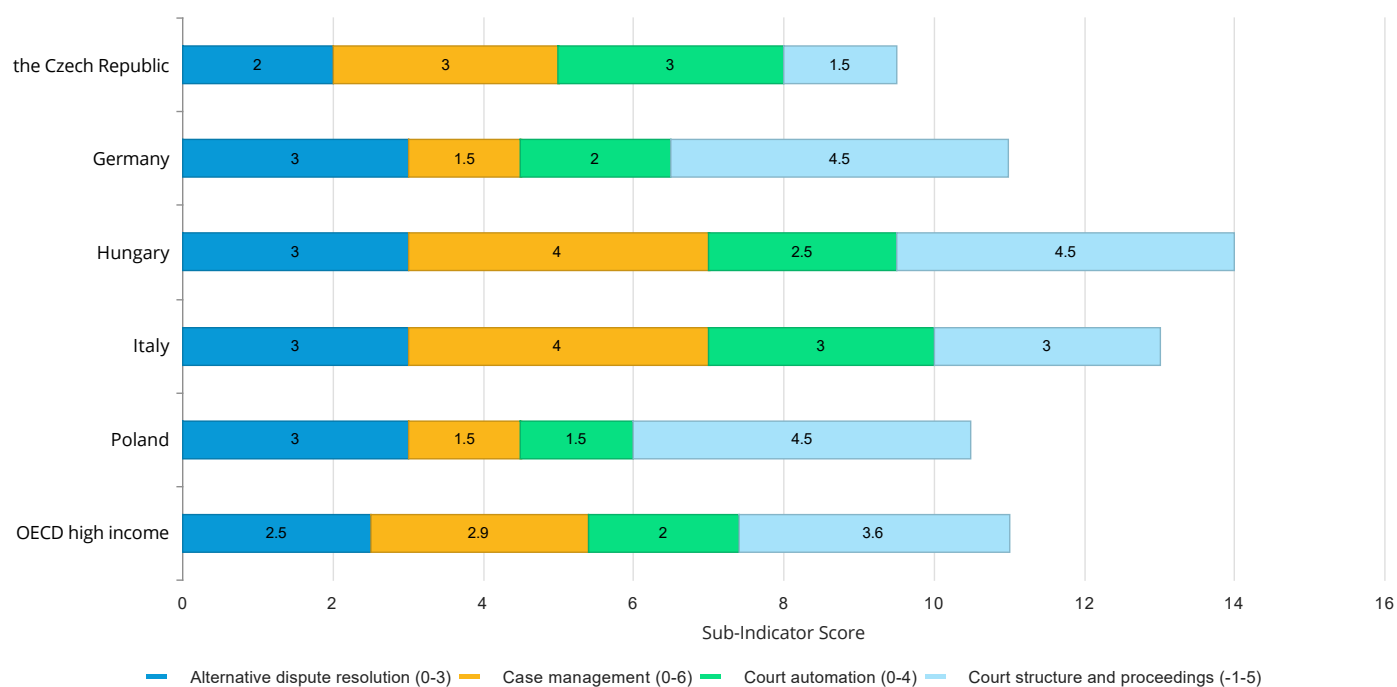




Figure – Enforcing Contracts in Czech Republic and comparator economies – Measure of Quality



Details – Enforcing Contracts in Czech Republic

	Indicator
<b>Time (days)</b>	<b>611</b>
Filing and service	88
Trial and judgment	410
Enforcement of judgment	113
<b>Cost (% of claim value)</b>	<b>33.8</b>
Attorney fees	13.1
Court fees	5.7
Enforcement fees	15
<b>Quality of judicial processes index (0-18)</b>	<b>9.5</b>
Court structure and proceedings (-1-5)	1.5
Case management (0-6)	3.0
Court automation (0-4)	3.0
Alternative dispute resolution (0-3)	2.0

## Details – Enforcing Contracts in Czech Republic – Measure of Quality

	Answer	Score
<b>Quality of judicial processes index (0-18)</b>		<b>9.5</b>
<b>Court structure and proceedings (-1-5)</b>		<b>1.5</b>
1. Is there a court or division of a court dedicated solely to hearing commercial cases?	No	0.0
2. Small claims court		0.0
2.a. Is there a small claims court or a fast-track procedure for small claims?	No	
2.b. If yes, is self-representation allowed?	n.a.	
3. Is pretrial attachment available?	Yes	1.0
4. Are new cases assigned randomly to judges?	Yes, but manual	0.5
5. Does a woman's testimony carry the same evidentiary weight in court as a man's?	Yes	0.0
<b>Case management (0-6)</b>		<b>3.0</b>
1. Time standards		0.0
1.a. Are there laws setting overall time standards for key court events in a civil case?	No	
1.b. If yes, are the time standards set for at least three court events?	n.a.	
1.c. Are these time standards respected in more than 50% of cases?	n.a.	
2. Adjournments		0.0
2.a. Does the law regulate the maximum number of adjournments that can be granted?	No	
2.b. Are adjournments limited to unforeseen and exceptional circumstances?	No	
2.c. If rules on adjournments exist, are they respected in more than 50% of cases?	n.a.	
3. Can two of the following four reports be generated about the competent court: (i) time to disposition report; (ii) clearance rate report; (iii) age of pending cases report; and (iv) single case progress report?	Yes	1.0
4. Is a pretrial conference among the case management techniques used before the competent court?	Yes	1.0
5. Are there any electronic case management tools in place within the competent court for use by judges?	Yes	1.0
6. Are there any electronic case management tools in place within the competent court for use by lawyers?	No	0.0
<b>Court automation (0-4)</b>		<b>3.0</b>
1. Can the initial complaint be filed electronically through a dedicated platform within the competent court?	Yes	1.0

2. Is it possible to carry out service of process electronically for claims filed before the competent court?	Yes	1.0
3. Can court fees be paid electronically within the competent court?	Yes	1.0
4. Publication of judgments		0.0
4.a Are judgments rendered in commercial cases at all levels made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	No	
4.b. Are judgments rendered in commercial cases at the appellate and supreme court level made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	No	
<b>Alternative dispute resolution (0-3)</b>		<b>2.0</b>
1. Arbitration		1.5
1.a. Is domestic commercial arbitration governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all its aspects?	Yes	
1.b. Are there any commercial disputes—aside from those that deal with public order or public policy—that cannot be submitted to arbitration?	No	
1.c. Are valid arbitration clauses or agreements usually enforced by the courts?	Yes	
2. Mediation/Conciliation		0.5
2.a. Is voluntary mediation or conciliation available?	Yes	
2.b. Are mediation, conciliation or both governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all their aspects?	No	
2.c. Are there financial incentives for parties to attempt mediation or conciliation (i.e., if mediation or conciliation is successful, a refund of court filing fees, income tax credits or the like)?	No	

## Resolving Insolvency

Doing Business studies the time, cost and outcome of insolvency proceedings involving domestic legal entities. These variables are used to calculate the recovery rate, which is recorded as cents on the dollar recovered by secured creditors through reorganization, liquidation or debt enforcement (foreclosure or receivership) proceedings. To determine the present value of the amount recovered by creditors, Doing Business uses the lending rates from the International Monetary Fund, supplemented with data from central banks and the Economist Intelligence Unit.

The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

### What the indicators measure

#### Time required to recover debt (years)

- Measured in calendar years
- Appeals and requests for extension are included

#### Cost required to recover debt (% of debtor's estate)

- Measured as percentage of estate value
- Court fees
- Fees of insolvency administrators
- Lawyers' fees
- Assessors' and auctioneers' fees
- Other related fees

#### Outcome

- Whether business continues operating as a going concern or business assets are sold piecemeal

#### Recovery rate for creditors

- Measures the cents on the dollar recovered by secured creditors
- Outcome for the business (survival or not) determines the maximum value that can be recovered
- Official costs of the insolvency proceedings are deducted
- Depreciation of furniture is taken into account
- Present value of debt recovered

#### Strength of insolvency framework index (0- 16)

- Sum of the scores of four component indices:
- Commencement of proceedings index (0-3)
- Management of debtor's assets index (0-6)
- Reorganization proceedings index (0-3)
- Creditor participation index (0-4)

### Case study assumptions

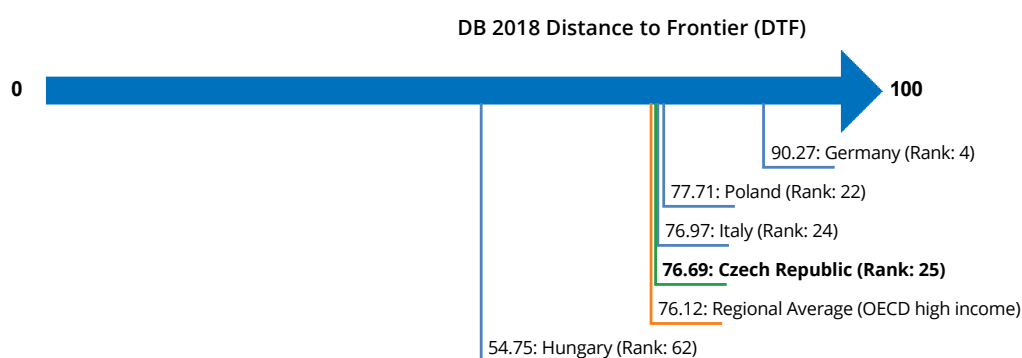
To make the data on the time, cost and outcome comparable across economies, several assumptions about the business and the case are used:

- A hotel located in the largest city (or cities) has 201 employees and 50 suppliers. The hotel experiences financial difficulties.
- The value of the hotel is 100% of the income per capita or the equivalent in local currency of USD 200,000, whichever is greater.
- The hotel has a loan from a domestic bank, secured by a mortgage over the hotel's real estate. The hotel cannot pay back the loan, but makes enough money to operate otherwise.

In addition, Doing Business evaluates the adequacy and integrity of the existing legal framework applicable to liquidation and reorganization proceedings through the strength of insolvency framework index. The index tests whether economies adopted internationally accepted good practices in four areas: commencement of proceedings, management of debtor's assets, reorganization proceedings and creditor participation.

Indicator	Czech Republic	OECD high income	OECD high income	Overall Best Performer
Recovery rate (cents on the dollar)	67.0	71.2	71.2	93.1 (Norway)
Time (years)	2.1	1.7	1.7	0.4 (Ireland)
Cost (% of estate)	17.0	9.1	9.1	1.00 (Norway)
Outcome (0 as piecemeal sale and 1 as going concern)	1	..	..	..
Strength of insolvency framework index (0-16)	13.0	12.1	12.1	15.00 (6 Economies)

Figure – Resolving Insolvency in Czech Republic and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of resolving insolvency is determined by sorting their distance to frontier scores for resolving insolvency. These scores are the simple average of the distance to frontier scores for the recovery rate and the strength of insolvency framework index.

Figure – Resolving Insolvency in Czech Republic – Time and Cost

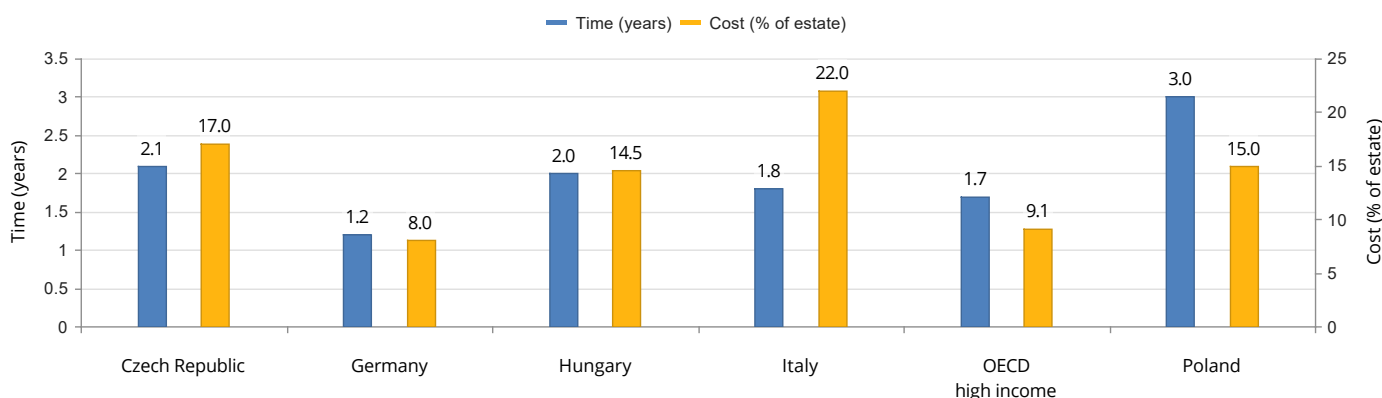


Figure – Resolving Insolvency in Czech Republic and comparator economies – Measure of Quality

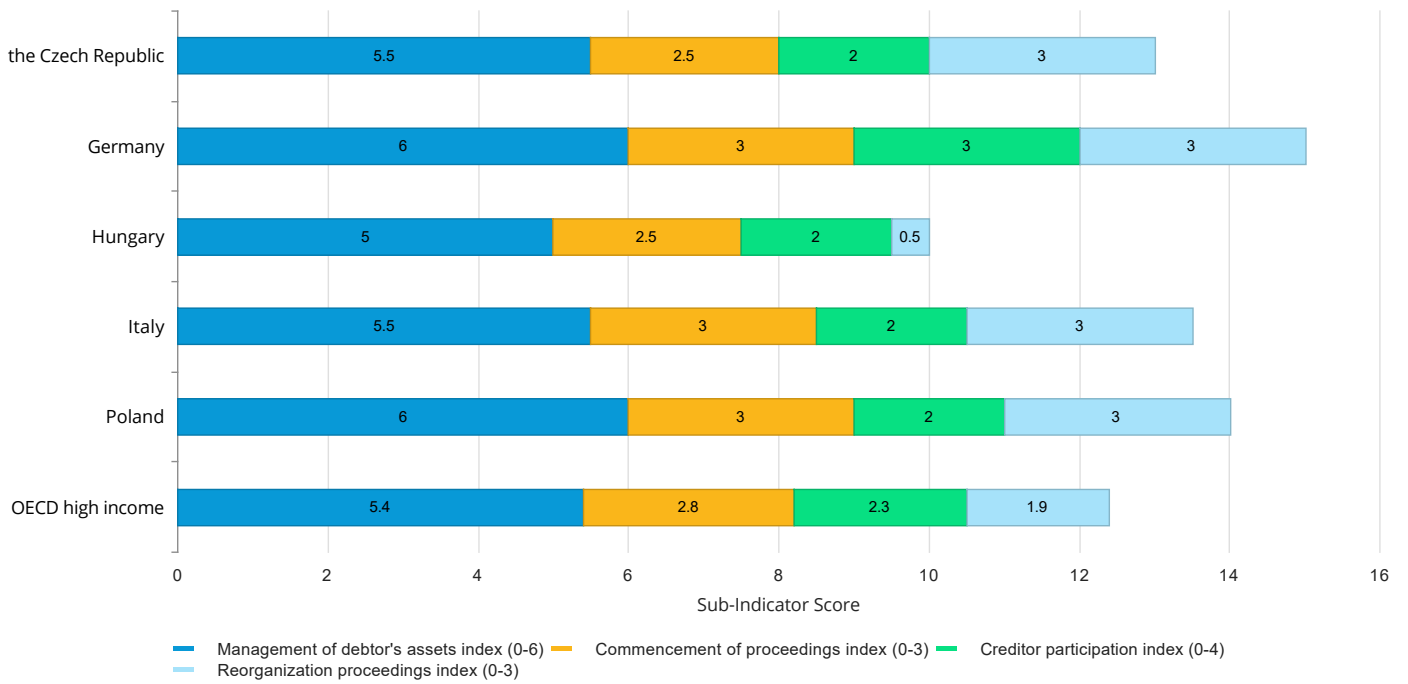
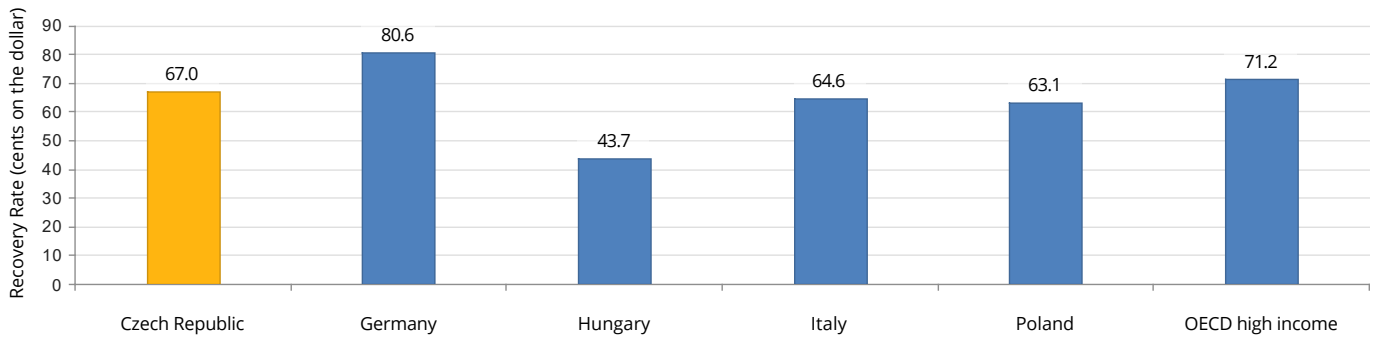


Figure – Resolving Insolvency in Czech Republic and comparator economies – Recovery Rate



## Details – Resolving Insolvency in Czech Republic

Indicator	Answer	Explanation
Proceeding	liquidation (after an attempt at reorganization)	Mirage management is required to initiate insolvency proceedings as soon as Mirage becomes insolvent. The court will then have to decide whether to proceed with reorganization or liquidation. Mirage will likely propose a reorganization plan in order to keep the business operating. However, BizBank, as a secured creditor with 74% of the outstanding debt is not likely to agree to this plan. Instead, the Bank will push for liquidation proceedings, where, as a majority creditor, it can instruct the insolvency representative to sell the hotel as a going concern.
Outcome	going concern	The hotel is likely to be sold as a going concern, because this would maximize the sale value.
Time (in years)	2.1	Mirage's management must initiate insolvency proceedings as soon as it learns that the company is insolvent. Because management is interested in keeping control of the company and continuing operating, it will file a petition for reorganization. The court will decide on state of insolvency, accept the petition, and the creditors will have 2 months for registration of their claims. Mirage's management will have 120 days to prepare a reorganization plan. This period can be extended by the court for another 120 days on debtor's request. After Mirage's management submits a reorganization plan, the court will hold a creditors' meeting where the creditors will vote on whether to approve the plan. The plan will be rejected by BizBank, because it can receive its money quicker through a liquidation sale. The court will then enter the decision rejecting the claim and transforming reorganization proceedings into liquidation and Mirage will be declared bankrupt. An insolvency trustee will be appointed who will administer the hotel. The creditors will register their claims (within 30-60 days) and the court will hold a reviewing hearing to examine the claims (within 60 days). The trustee must prepare a report on the assets and liabilities of Mirage as of the date of the declaration of bankruptcy. He will also prepare interim report on the status of the insolvency proceedings at least every three months. All creditors meetings are convened and chaired by the court. There are no special provisions on how sale of assets must be conducted, so the trustee will decide on the best method, which must be approved by the creditors. Once the sale is completed, the trustee must prepare a report stating all registered claims, the costs of the proceedings and the proceeds of the sale. The court will issue a distribution decision, which must be carried out by the trustee within 2 months.
Cost (% of estate)	17.0	Major expenses include attorneys' fees – around 5% of the value of the estate, remuneration of the administrator – up to 7% of the value of the assets realized by BizBank as a secured creditor, auctioneer's fee – around 5% of the auctioned amount.
<b>Recovery rate (cents on the dollar)</b>	<b>67.0</b>	

## Details – Resolving Insolvency in Czech Republic – Measure of Quality

	Answer	Score
<b>Strength of insolvency framework index (0-16)</b>		<b>13.0</b>
<b>Commencement of proceedings index (0-3)</b>		<b>2.5</b>
What procedures are available to a DEBTOR when commencing insolvency proceedings?	(a) Debtor may file for both liquidation and reorganization	1.0
Does the insolvency framework allow a CREDITOR to file for insolvency of the debtor?	(b) Yes, but a creditor may file for liquidation only	0.5
What basis for commencement of the insolvency proceedings is allowed under the insolvency framework?	(c) Both (a) and (b) options are available, but only one of them needs to be complied with	1.0
<b>Management of debtor's assets index (0-6)</b>		<b>5.5</b>
Does the insolvency framework allow the continuation of contracts supplying essential goods and services to the debtor?	Yes	1.0
Does the insolvency framework allow the rejection by the debtor of overly burdensome contracts?	Yes	1.0
Does the insolvency framework allow avoidance of preferential transactions?	Yes	1.0
Does the insolvency framework allow avoidance of undervalued transactions?	Yes	1.0
Does the insolvency framework provide for the possibility of the debtor obtaining credit after commencement of insolvency proceedings?	Yes	1.0
Does the insolvency framework assign priority to post-commencement credit?	(a) Yes over all pre-commencement creditors, secured or unsecured	0.5
<b>Reorganization proceedings index (0-3)</b>		<b>3.0</b>
Which creditors vote on the proposed reorganization plan?	(b) Only creditors whose rights are affected by the proposed plan	1.0
Does the insolvency framework require that dissenting creditors in reorganization receive at least as much as what they would obtain in a liquidation?	Yes	1.0



Are the creditors divided into classes for the purposes of voting on the reorganization plan, does each class vote separately and are creditors in the same class treated equally?	Yes	1.0
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<b>Creditor participation index (0-4)</b>		<b>2.0</b>
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Does the insolvency framework require approval by the creditors for selection or appointment of the insolvency representative?	Yes	1.0
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Does the insolvency framework require approval by the creditors for sale of substantial assets of the debtor?	No	0.0
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Does the insolvency framework provide that a creditor has the right to request information from the insolvency representative?	No	0.0
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Does the insolvency framework provide that a creditor has the right to object to decisions accepting or rejecting creditors' claims?	Yes	1.0
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**Note:** Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice".

## Labor Market Regulation

Doing Business presents the data for the labor market regulation indicators in an annex. The report does not present rankings of economies on these indicators or include the topic in the aggregate distance to frontier score or ranking on the ease of doing business. Detailed data collected on labor market regulation are available on the Doing Business website (<http://www.doingbusiness.org/data/exploretopics/labor-market-regulation>).

The most recent round of data collection was completed in June 2017. [See the methodology for more information.](#)

### What the indicators measure

#### Hiring

(i) whether fixed-term contracts are prohibited for permanent tasks; (ii) maximum cumulative duration of fixed-term contracts; (iii) length of the probationary period; (iv) minimum wage.

#### Working hours

(i) maximum number of working days allowed per week; (ii) premiums for work: at night, on a weekly rest day and overtime; (iii) whether there are restrictions on work at night, work on a weekly rest day and for overtime work; (iv) whether nonpregnant and nonnursing women can work same night hours as men; (v) length of paid annual leave.

#### Redundancy rules

(i) whether redundancy can be basis for terminating workers; (ii) whether employer needs to notify and/or get approval from third party to terminate 1 redundant worker and a group of 9 redundant workers; (iii) whether law requires employer to reassign or retrain a worker before making worker redundant; (iv) whether priority rules apply for redundancies and reemployment.

#### Redundancy cost

(i) notice period for redundancy dismissal; (ii) severance payments due when terminating a redundant worker.

#### Job quality

(i) whether law mandates equal remuneration for work of equal value and nondiscrimination based on gender in hiring; (ii) whether law mandates paid or unpaid maternity leave; (iii) length of paid maternity leave; (iv) whether employees on maternity leave receive 100% of wages; (v) availability of five fully paid days of sick leave a year; (vi) eligibility requirements for unemployment protection.

### Case study assumptions

To make the data comparable across economies, several assumptions about the worker and the business are used.

#### The worker:

- Is a cashier in a supermarket or grocery store, age 19, with one year of work experience.
- Is a full-time employee.
- Is not a member of the labor union, unless membership is mandatory.

#### The business:

- Is a limited liability company (or the equivalent in the economy).
- Operates a supermarket or grocery store in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Has 60 employees.
- Is subject to collective bargaining agreements if such agreements cover more than 50% of the food retail sector and they apply even to firms that are not party to them.
- Abides by every law and regulation but does not grant workers more benefits than those mandated by law, regulation or (if applicable) collective bargaining agreements.

## Details – Labor Market Regulation in Czech Republic

	Answer
<b>Hiring</b>	
Fixed-term contracts prohibited for permanent tasks?	No
Maximum length of a single fixed-term contract (months)	36.0
Maximum length of fixed-term contracts, including renewals (months)	108.0
Minimum wage applicable to the worker assumed in the case study (US\$/month)	559.6
Ratio of minimum wage to value added per worker	0.3
Maximum length of probationary period (months)	3.0
<b>Working hours</b>	
Standard workday	8.0
Maximum number of working days per week	6.0
Premium for night work (% of hourly pay)	10.0
Premium for work on weekly rest day (% of hourly pay)	10.0
Premium for overtime work (% of hourly pay)	25.0
Restrictions on night work?	No
Whether nonpregnant and nonnursing women can work the same night hours as men	Yes
Restrictions on weekly holiday?	No
Restrictions on overtime work?	No
Paid annual leave for a worker with 1 year of tenure (working days)	20.0
Paid annual leave for a worker with 5 years of tenure (working days)	20.0
Paid annual leave for a worker with 10 years of tenure (working days)	20.0
Paid annual leave (average for workers with 1, 5 and 10 years of tenure, in working days)	20.0
<b>Redundancy rules</b>	
Dismissal due to redundancy allowed by law?	Yes
Third-party notification if one worker is dismissed?	No
Third-party approval if one worker is dismissed?	No
Third-party notification if nine workers are dismissed?	No
Third-party approval if nine workers are dismissed?	No

Retraining or reassignment obligation before redundancy?	No
Priority rules for redundancies?	No
Priority rules for reemployment?	No
<b>Redundancy cost</b>	
Notice period for redundancy dismissal for a worker with 1 year of tenure	8.7
Notice period for redundancy dismissal for a worker with 5 years of tenure	8.7
Notice period for redundancy dismissal for a worker with 10 years of tenure	8.7
Notice period for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure)	8.7
Severance pay for redundancy dismissal for a worker with 1 year of tenure	8.7
Severance pay for redundancy dismissal for a worker with 5 years of tenure	13.0
Severance pay for redundancy dismissal for a worker with 10 years of tenure	13.0
Severance pay for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure)	11.6
<b>Job quality</b>	
Equal remuneration for work of equal value?	Yes
Gender nondiscrimination in hiring?	Yes
Paid or unpaid maternity leave mandated by law?	Yes
Minimum length of maternity leave (calendar days)?	196.0
Receive 100% of wages on maternity leave?	No
Five fully paid days of sick leave a year?	No
Unemployment protection after one year of employment?	Yes
Minimum contribution period for unemployment protection (months)?	12.0

## Business Reforms in Czech Republic

In the year ending June 1, 2017, 119 economies implemented 264 total reforms across the different areas measured by Doing Business. Doing Business has recorded more than 2,900 regulatory reforms making it easier to do business since 2004. Reforms inspired by Doing Business have been implemented by economies in all regions. The following are the reforms for Czech Republic implemented since Doing Business 2008.

✓ = Doing Business reform making it easier to do business. ✗ = Change making it more difficult to do business.

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### DB2018

✓ **Starting a Business:** The Czech Republic made starting a business less expensive by introducing lower fees for simple limited liability companies.

✗ **Paying Taxes:** The Czech Republic made paying taxes more complicated by introducing new requirements for filing VAT control statements.

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### DB2017

✓ **Starting a Business:** The Czech Republic made starting a business easier by reducing the cost and the time required to register a company in commercial courts by allowing notaries to directly register companies through an online system.

✓ **Getting Electricity:** The Czech Republic made getting electricity faster by designating personnel to deal with all incoming connection applications.

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### DB2015

✓ **Starting a Business:** The Czech Republic made starting a business easier by substantially reducing the minimum capital requirement and the paid-in minimum capital requirement.

✓ **Getting Credit:** The Czech Republic improved access to credit by adopting a new legal regime on secured transactions that allows the registration of receivables at the collateral registry and permits out-of-court enforcement of collateral.

✓ **Enforcing Contracts:** The Czech Republic made enforcing contracts easier by amending its civil procedure code and modifying the monetary jurisdictions of its courts.

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### DB2014

✗ **Registering Property:** The Czech Republic made transferring property more costly by increasing the property transfer tax rate.

✓ **Enforcing Contracts:** The Czech Republic made enforcing contracts easier by simplifying and speeding up the proceedings for the execution and enforcement of judgments.

**Labor Market Regulation:** The Czech Republic abolished the minimum wage for young workers.

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### DB2013

✓ **Registering Property:** The Czech Republic made registering property easier by allowing the cadastral office online access to the commercial registry's database and thus eliminating the need to obtain a paper certificate from the registry before applying for registration at the cadastre.

✓ **Paying Taxes:** The Czech Republic made paying taxes faster for companies by promoting the use of electronic facilities.

✓ **Trading across Borders:** The Czech Republic reduced the time to export and import by allowing electronic submission of customs declarations and other documents.

**Labor Market Regulation:** The Czech Republic increased the maximum duration of fixed-term contracts and reduced the severance pay applicable in cases of redundancy dismissals of employees with one year of service.

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### DB2012

✓ **Registering Property:** The Czech Republic speeded up property registration by computerizing its cadastral office, digitizing all its data and introducing electronic communications with notaries.

✓ **Paying Taxes:** The Czech Republic revised its tax legislation to simplify provisions relating to administrative procedures and relationships between tax authorities and taxpayers.

DB2011

✓ **Paying Taxes:** The Czech Republic simplified its labor tax processes and reduced employer contribution rates for social security.

✓ **Resolving Insolvency:** The Czech Republic made it easier to deal with insolvency by introducing further legal amendments to restrict setoffs in insolvency cases and suspending for some insolvent debtors the obligation to file for bankruptcy.

DB2010

✓ **Dealing with Construction Permits:** The Czech Republic streamlined its construction permitting process by reducing the internal processing time for registering new plots.

✓ **Registering Property:** The Czech Republic made registering property easier through ongoing reorganization of the registry combined with computerization.

✓ **Paying Taxes:** The Czech Republic made paying taxes easier for companies by making electronic filing mandatory for all taxes and introducing a single tax institution and unified filing.

DB2009

✓ **Starting a Business:** The Czech Republic reduced the time and number of procedures to start a business by introducing "Project Czech Point," which makes it possible to obtain multiple registration-related documents in one place.

✗ **Getting Credit:** The Czech Republic weakened its secured transactions framework by decreasing secured creditors' rights during reorganization procedures.

✓ **Paying Taxes:** The Czech Republic made paying taxes less costly for companies by reducing the corporate income tax rate.

✓ **Resolving Insolvency:** The Czech Republic strengthened its insolvency process through a new insolvency law introducing reorganization as the preferred method for resolving insolvency, mandating stricter deadlines, establishing an electronic insolvency register and setting new qualification standards for trustees.

**Labor Market Regulation:** Czech Republic amended its Labor Code allowing the performance of more overtime work per week.

DB2008

✓ **Starting a Business:** The Czech Republic reduced the time required to start a business by fully implementing improvements in its company registration process.

✓ **Dealing with Construction Permits:** The Czech Republic reduced the time required for dealing with construction permits by adopting a new building act and implementing several regulations aimed at simplifying the construction permitting process.

**Labor Market Regulation:** : The Czech Republic eliminated the obligation for retraining or reassignment in cases of redundancy dismissals.

*Doing Business 2018* is the 15th in a series of annual reports investigating the regulations that enhance business activity and those that constrain it. The report provides quantitative indicators covering 11 areas of the business environment in 190 economies. The goal of the *Doing Business* series is to provide objective data for use by governments in designing sound business regulatory policies and to encourage research on the important dimensions of the regulatory environment for firms.



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