

Notification of Professional Notifiable Trades: Natural persons with domicile outside the Czech Republic

(Foreign natural persons, excluding citizens of Member States of the European Union, the EEA and Switzerland)

What is a Professional Trade?

Under Section 2 of the Trade Licensing Act, any systematic activity conducted independently, under the conditions stipulated in the Trade Licensing Act by a natural person or a legal person in his (its) own name and on his (its) own responsibility for the purpose of making a profit is considered a trade. In addition to the general conditions for carrying on a trade in order to carry on a professional notifiable trade, an entrepreneur must fulfil the condition of professional qualifications, which are subject to special statutory provisions laid down in Annex No 2 to the Trade Licensing Act. (A list of professional notifiable trades is given in Annex No 2 to the Trade Licensing Act).

Who can carry on a trade?

A natural person whose permanent residential address is outside the territory of the Czech Republic ('foreign natural person') may carry on a trade on the territory of the Czech Republic under the same conditions and to the same extent as a Czech person, unless the Trade Licensing Act or another Act provides otherwise.

Foreign natural persons who intend to carry on a trade on the territory of the Czech Republic and are not who is citizens of a Member State of the European Union or another State party to the Agreement on the European Economic Area or the Swiss Confederation must hold a residence permit on the territory of the Czech Republic unless they intend to carry on a trade in the Czech Republic through an organizational unit.

A natural person granted asylum in the Czech Republic under special regulations may carry on a trade under the same conditions as a citizen of the Czech Republic who is resident in the Czech Republic.

The conditions for carrying on a professional trade:

The general conditions to be met by natural persons for carrying on a trade are:

- ◆ to be at least 18 years of age
- ◆ to have full legal capacity
- ◆ to have no criminal conviction according to the Trade Licensing Act, Section 6(4)
- ◆ a document testifying that the natural person, if he transacts or has transacted business in the Czech Republic, has no tax arrears. This document is issued by the locally competent revenue office. The document must not be older than 3 months.
- ◆ a document testifying that the natural person, if he transacts or has transacted business in the Czech Republic, has no arrears in payment of social security contributions and the state employment policy contribution. The document is issued by the local social security office. The document must not be older than 3 months.

Professional qualifications for professional notifiable trades are subject to separate provisions laid down in Annex No 2 to the Trade Licensing Act. If Annex No 2 stipulates that professional qualifications consist of the completion of an apprenticeship in the field or of a particular secondary-school education concluded by a school-leaving examination. Compliance with this condition is also regarded as proven by a retraining certificate pursuant to Section 22(1)(e) and proof of four years' experience in the field.

Rules of Procedure for notifying a professional trade:

The form 'Notification of a Professional Notifiable Trade' may be obtained from any Trade Licensing Office or is available on the Internet.

Notification may be delivered in person at the competent municipal Trade Licensing Office or may be sent to this office by post.

A foreign natural person who does not establish an organizational unit of his enterprise for the purpose of engaging in business on the territory of the Czech Republic must notify his trade to the local Trade Licensing Office according to the place of his permitted stay in the Czech Republic, or (if such territorial jurisdiction cannot be determined) according to his place of business in the Czech Republic.

A foreign natural person who establishes an organizational unit of his enterprise on the territory of the Czech Republic for the purpose of engaging in business notifies his trade to the Trade Licensing Office competent according to the location of the organizational unit of his enterprise on the territory of the Czech Republic.

After delivering of all the required documents (see below) it is necessary to pay an administrative fee of CZK 1,000 for the issue of a trade certificate (CZK 10,000 for a trade carried on by industrial methods).

The Trade Licensing Office will grant the trade certificate no later than 15 days after receipt of the notification if the entrepreneur satisfies the conditions laid down the Trade Licensing Act and there is no impediment to carrying on the trade.

A trade certificate is issued to foreign persons who are required to register in the Commercial Register prior to entry in this register on fulfilment of the set conditions. The authorization of these persons to carry on a trade arises on the date of registration on the Commercial Register. If these persons fail to file an application for entry into the Commercial Register within 90 days of the day when a trade certificate is delivered to them, or if these persons' application for entry into the Commercial Register is rejected, they must return the trade certificate without delay. The validity of a trade certificate expires if these conditions are not fulfilled.

If an entrepreneur's notification does not contain all particulars, the Trade Licensing Office will call upon the entrepreneur to rectify the defects within 15 days. The Trade Licensing Office will set an appropriate time limit for the rectification of the defects, which will be not be less than 15 days. During this time limit, the period stipulated for the grant of the trade certificate will not run. At the entrepreneur's request (application), the Trade Licensing Office may extend this time limit repeatedly, providing that there is good reason to do so.

If the entrepreneur rectifies the defects within the set time limit or an extended time limit, his notification will be regarded as having been without defects from the beginning. If the

entrepreneur fails to rectify the defects in his notification within the time limit, the Trade Licensing Office will commence proceedings and rule that no authorization to carry on the trade in question arose when the trade was notified, or will rule that the applicant has not complied with the conditions required for the authorization of the trade. If the applicant rectifies the defects during the course of the proceedings and the Trade Licensing Office establishes that the conditions for the authorization of the trade have been complied with, the Trade Licensing Office will conclude the proceedings by granting a trade certificate.

Obligations of the Natural Person after obtaining a trade certificate:

- ◆ Apply for registration at the locally competent tax administration (revenue office - within 30 days of obtaining a trade authorization)
- ◆ Register yourself and employees at the locally competent social security administration (within 8 days)
- ◆ Register yourself and employees at a selected health insurance company (within 8 days)
- ◆ Submit an application form for compulsory accident insurance on behalf of employees (if you employ at least one employee)

What documents does the applicant need to present to the Trade Licensing Office when notifying a professional trade?

- ◆ The form: “Notification of a Trade” (completed in advance or on the spot)
- ◆ A criminal conviction certificate pertaining to the entrepreneur (a criminal conviction certificate pertaining to the professional representative, if appointed) and corresponding documents issued by the State of which the natural person is citizen and States in which he stayed for more than 3 months without interruption in the last three years. These documents must not be older than 3 months.
- ◆ An affidavit made by the professional representative (if appointed) that he agrees with his appointment, with the assumption of obligations to the extent laid down by the Trade Licensing Act and with the disclosure of the identities of entrepreneurs for whom he has already been appointed a professional representative; the signature on the affidavit must be officially authenticated, unless it is made in person before the Trade Licensing Office
- ◆ An extract from the Commercial Register which is not more than three months old, if the natural person is entered therein
- ◆ A document testifying that the natural person, if he transacts or has transacted business in the Czech Republic, has no tax arrears. This document is issued by the locally competent revenue office. The document must not be older than 3 months.
- ◆ A document testifying that the natural person, if he transacts or has transacted business in the Czech Republic, has no arrears in payment of social security contributions and the state employment policy contribution. The document is issued by the local social security office. The document must not be older than 3 months.
- ◆ A document substantiating the professional qualifications of the entrepreneur or the professional qualifications of his professional representative
- ◆ A document regarding the ownership or right of use or other title to buildings and premises in which the place of business is located if that place is different from the permanent residential address of the applicant (if an organizational unit is established, the same documents are required for this organizational unit)

- ◆ If an organizational unit is established, a document proving that the natural person has a business outside the Czech Republic and documents regarding the operation of this business
- ◆ Proof of the payment of an administrative fee of CZK 1,000 per notified trade (or CZK 10,000 where the carrying on of a trade is by industrial methods)
- ◆ If the entrepreneur intends to carry on a trade by industrial methods, documents substantiating the carrying on of a trade by industrial methods
- ◆ A permit to reside on the territory of the Czech Republic in accordance with Section 5(4) of the Trade Licensing Act

All documents issued in a language other than Czech must be presented together with an official translation into Czech (this does not apply to documents in Slovak). The signature and the impression of any stamp on the original documents must be authenticated.

What data are necessary to be shown in the form:

The form 'Notification of a Professional Notifiable Trade' may be obtained from any Trade Licensing Office or is available on the Internet.

- ◆ A notification submitted by a foreign natural person must contain the following information in particular: First name and surname or company name if entered in the Commercial Register; Citizenship; Personal ID number, if allocated, otherwise date of birth
- ◆ A statement on whether a court or administrative authority has prohibited him from an activity related to his trade, whether there is some other impediment to his carrying on such trade, or whether his trade authorization has been cancelled (revoked) within the previous three years under Section 58 (2), (3) or (4) of the Trade Licensing Act
- ◆ If a trade is to be carried on through a professional representative, particulars concerning the professional representative are also supplied (first name and surname, citizenship, permanent residential address, personal ID number, if allocated, otherwise date of birth, a statement on whether a court or administrative authority has prohibited him from an activity, whether there is some other impediment to his carrying on the trade, or whether this natural person's trade authorization has been cancelled (revoked) in the last three years)
- ◆ Permanent residential address outside the territory of the Czech Republic, place of stay in the Czech Republic (if permitted), the location of the organizational unit in the Czech Republic (municipality, district or quarter, registry and street numbers, if allocated, and postcode) and particulars relating to the manager of the organizational unit (first name and surname, citizenship, permanent residential address, personal ID number, if allocated, otherwise date of birth, a statement on whether a court or administrative authority has prohibited him from an activity, whether there is some other impediment to his carrying on the trade, or whether this natural person's trade authorization has been cancelled (revoked) within the previous three years)
- ◆ For a foreign natural person establishing an organizational unit of his enterprise on the territory of the Czech Republic, a document proving that he has a business outside the Czech Republic and documents regarding the operation of this business
- ◆ Objects of business
- ◆ Place of business
- ◆ Registration number (IČ), if allocated
- ◆ The establishment (shop, office) or establishments in which the trade is to be carried on once trade authorization is issued

- ◆ The date of commencement of the carrying on of the trade, if different from the date on which the trade authorization arises
- ◆ The date the carrying on of the trade is to be discontinued, if he intends to carry on the trade for a fixed period, a person subject to the obligation of having a residence permit for business purposes may notify the carrying on of the trade for a maximum period of his permitted stay
- ◆ Information about whether the trade is to be carried on by industrial methods

Source: Trade Licensing Guide from the official website of the Ministry of Industry and Trade of the Czech Republic.