

CORPORATE LAW AND TRANSACTIONS (M&A) FOR CLIENTS WITH CROSS-BORDER REACH

Information as at 15 April 2026



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A. CORPORATE MATTERS

Most common corporate forms

- Limited liability company (společnost s ručením omezeným, s.r.o.) – the most common business form in the Czech Republic; minimum registered capital of CZK 1.
- In a limited liability company, the members are listed publicly in the Commercial Register (personal details – date of birth, residential address, amount of contributions and membership interests – are public).
- Joint-stock company (akciová společnost, a.s.) – minimum registered capital of CZK 2,000,000; shareholders are not typically recorded in the Commercial Register (exception: sole shareholder).
- Other forms (less common in business practice): general partnership, limited partnership, cooperative, and European company (SE).

Company formation step-by-step

- Company formation takes place in two phases: (i) establishment of the company by signing the founding document in the form of a notarial deed, and (ii) creation of the company upon registration in the Commercial Register.
- Usual steps: payment of the registered capital and confirmation of payment by capital contribution administrator; obtaining a trade licence; obtaining consent of the owner of the premises used as registered office; filing an application for registration in the Commercial Register.
- In practice, direct registration by a notary is often used (which can speed up the registration timeline).
- The entire process can be completed within 2 business days, but commonly takes 1–3 weeks due to the time needed to gather the required documents from the founders.
- Subsequent registrations: entry in the Register of Beneficial Owners, corporate income tax registration, further registrations depending on the circumstances (VAT registration, employer registration etc.).

Governing body

- A member of the governing body may be a Czech or foreign individual or legal entity; as a rule, there are no material restrictions for EU or third country-based individuals and entities.
- Third-country nationals performing their role in the governing body physically from the Czech Republic may require a residence permit.
- Registering governing body members in the Commercial Register requires a statutory declaration of eligibility to hold the office and consent to registration (with officially certified signatures, and in some cases also an apostille).

What is publicly accessible: Commercial Register, Collection of Documents and Register of Beneficial Owners

- The Commercial Register and documents filed in the Collection of Documents are publicly accessible.
- Documents typically required to be filed in the Collection of Documents include: founding documents and amendments to them, financial statements, transformation projects (mergers/demergers), annual reports, other documents depending on the nature and obligations of the company.
- Register of Beneficial Owners – all companies with their registered office in the Czech Republic are required to register their beneficial owner in the Register of Beneficial Owners. Data held in the register is not publicly accessible; access is granted only to selected professions (e.g. banks, notaries, attorneys), to courts and public authorities.
- Practical note on the Register of Beneficial Owners: out-of-date beneficial ownership records may complicate bank onboarding and, in extreme cases, lead to banking restrictions or blocking of dividend distributions.

Recurring corporate obligations and deadlines

- The financial statements must be approved by the general meeting within 6 months after the end of the accounting period. Once approved, the company is required to file them in the Collection of Documents of the Commercial Register within 30 days of approval and, in any event, no later than 12 months after the balance sheet date of the financial statements, regardless of whether they have been approved.
- Companies in a corporate group typically also prepare and file in the Collection of Documents a report on relations within the group.
- For accounting periods starting on or after 1 January 2026, only medium-sized and large accounting entities are required to have their ordinary or extraordinary financial statements audited (i.e. entities exceeding at least two of the following thresholds on two consecutive balance sheet dates of their ordinary financial statements; the audit obligation then applies from the following accounting period). The thresholds are: (i) total assets exceeding CZK 120 million; (ii) annual aggregate net turnover exceeding CZK 240 million; (iii) average number of employees exceeding 50. Small and micro accounting entities are not subject to the audit obligation (exceptions apply).

B. MERGERS & ACQUISITIONS

Permits and regulatory aspects of transactions

- Foreign direct investment screening: the Czech Republic has an FDI screening mechanism in place.
- It is aimed primarily at investors whose ultimate owner is established outside the European Union and at investments in selected sensitive sectors; typically triggered upon acquisition of more than 10% of the voting rights.
- The competent authority is the Ministry of Industry and Trade.
- Merger control: certain concentrations require clearance from the Office for the Protection of Competition where the statutory turnover thresholds are met.

Transaction documentation and common practice

- Core document: an agreement on the transfer of membership interests or shares (*Share Purchase Agreement*, hereinafter the "SPA").
- In practice, a two-stage structure is commonly used: a framework SPA followed by a closing SPA. The framework agreement sets out the detailed terms of the transaction, while the closing agreement serves as the instrument of transfer for the membership interest in a limited liability company; in the case of a joint-stock company – where the shares are not held in book-entry form – the transfer is effected by endorsement of share certificates.
- Common related transaction documents: NDA, letter of intent, powers of attorney, general meeting resolutions, escrow agreement.
- Purchase price escrow is most commonly provided by a notary; attorney escrow and bank escrow are also used.
- SPA requires officially certified signatures.

Language of corporate documents

- Most transaction documents may be drawn up in English (or another language); in practice, a bilingual version is frequently used.
- A notarial deed must be in the Czech language (typically when amending founding documents or in corporate transformations).
- Documents submitted to the Commercial Register must be in the Czech language or accompanied by a translation; powers of attorney for Commercial Register filings are often prepared in Czech or in a bilingual version (officially certified signatures are required, and in some cases also an apostille).

Post-closing matters

- Changes must be registered in the Commercial Register (e.g. change of member in a limited liability company; changes to governing bodies; corporate transformations).
- At the same time, entry in the Register of Beneficial Owners must be updated.
- Although the changes generally take effect without registration, filing them in the Commercial Register is still a statutory obligation and matters to third parties, banks, and public authorities.

This overview does not substitute individual legal, tax, or other professional advice. Despite the utmost care taken in preparing this overview, the author assumes no liability for the completeness, correctness, or accuracy of the information provided. Errors and omissions excepted.

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