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**ACT No. 248/1995 Coll.**

**of 28th September 1995**

**on Public Benefit Corporations and on the change and amendment of some laws.**

The Parliament has enacted the following law of the Czech Republic:

**PART ONE**

**CHAPTER ONE**

**Basic Provisions**

**Article 1**

This Act regulates the status and legal relations of the Public Benefit Corporation.

**Article 2**

- 1) The Public Benefit Corporation shall be a legal entity,
  - a) which has been established under this Act,
  - b) which renders generally beneficial services to the general public and to all clients under identical terms and conditions and
  - c) the profit of which may not be used for the benefit of its Founders, members of its bodies or employees and must serve to render the generally beneficial services for which the Public Benefit Corporation was established.
- 2) The name of the Public Benefit Corporation shall have to include the text: 'obecně prospěšná společnost [Public Benefit Corporation]' or its abbreviation 'o.p.s.'. No other persons shall be entitled to use this identification in their name or business name.

**CHAPTER II**

**ESTABLISHMENT AND INCORPORATION OF A PUBLIC BENEFIT CORPORATION**

**Establishment of a Public Benefit Corporation**

**Article 3**

The Founders of the Public Benefit Corporation may include natural persons, the Czech Republic or legal bodies.

**Article 4**

- 1) The Public Benefit Corporation is established by the Agreement on Establishment signed by all Founders. All signatures shall have to be made under office. In the case of a single Founder, the Agreement on Establishment shall be replaced by the Deed of Establishment drawn up in the form of the notarial record.

- 2) The Deed of Establishment or the Agreement on Establishment (hereafter only "the Deed of Establishment") shall include the following specifications:
  - a) the business name and identification number of the Founder if being a legal entity or the name, birth number and permanent address of the Founder if being a natural person,
  - b) the business name and registered address of the Public Benefit Corporation,
  - c) the type of publicly beneficial services the Public Benefit Corporation is envisaged to render,
  - d) the terms and conditions applicable for the rendering of the particular types of publicly beneficial services,
  - e) the time period for which the Public Benefit Corporation is being established, unless it is being established for an indefinite period of time,
  - f) the names, birth numbers and permanent addresses of the members of the Board of Directors,
  - g) the procedural arrangements of the Board of Directors,
  - h) the names, birth numbers and permanent addresses of the members of the Supervisory Board, if such is established,
  - i) the value and description of the assets endowed by individual Founders; in the case of a non-monetary endowment, the specification of the property object and the its evaluation rendered by an authorized expert,
  - j) the manner of publishing the annual report on the activities and business management of the Public Benefit Corporation will be published.
- 3) The Deed of Establishment may determine that a specific number of members of the Board of Directors or the Supervisory Board shall be elected or appointed upon the motion of a specific circle of citizens or a specific legal entity, local self-government body or a body of the national government. Optionally, the Deed of Establishment may specify that specific property endowed upon establishment may not be alienated or mortgaged or that a specific type of the publicly beneficial services rendered may be modified under specific terms and conditions.
- 4) The Deed of Establishment may also specify the Public Benefit Corporation entitled to take over the liquidation balance, which remains after winding-up with liquidation of the Public Benefit Corporation established. The Deed of Establishment may also specify that such a receiving Public Benefit Corporation shall be determined by the Board of Directors in its resolution on winding up the Public Benefit Corporation.

### **Origin of the Public Benefit Corporation**

#### **Article 5**

- 1) The Public Benefit Corporation comes into existence by the date of incorporation in the Public Benefit Corporations Register (hereafter only "the Register"). The court charged with maintaining the Commercial Register (hereafter only "the Registering Court") under the special law<sup>1</sup> shall maintain the Register.
- 2) The Founder or a person therefor empowered by the Founder shall submit in writing the Proposal of Incorporating the Public Benefit Corporation in the Register (hereafter only

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<sup>1</sup> Act No. 513/1991, the Commercial Code, as in subsequent alterations and/or amendments, Article 27.

"the Incorporation Proposal"). The Deed of Establishment shall have to be enclosed with the Incorporation Proposal. The Incorporation Proposal has to be submitted not later than 90 days after the establishment of the Public Benefit Corporation.

- 3) The data entered into the Register upon incorporation shall include the following items:
  - a) the business name, the registered address and the identification number<sup>2</sup> of the Public Benefit Corporation,
  - b) the business name and the identification number of the Founder if being a legal entity or the name, the birth number and the permanent address of the Founder if being a natural person,
  - c) the names, the birth numbers and the permanent addresses of the members of the Board of Directors,
  - d) the procedural arrangement of the Board of Directors,
  - e) the type of publicly beneficial services the Public Benefit Corporation is envisaged to render plus the scope of complementary business if to be pursued (Article 17),
  - f) the names, the birth numbers and the permanent addresses of members of the Supervisory Board, if such is established.
- 4) If the Public Benefit Corporation is envisaged to pursue operations for the pursuance of which special preconditions are required to be met, or the manner in which such operations shall be pursued are required to be specified, the Founder shall be obliged to prove that such preconditions have been met.
- 5) Unless stipulated otherwise by this Law, the relevant Articles of the Commercial Code<sup>3</sup> and the Civil Court Statutes Act<sup>4</sup> regulating the Commercial Register shall apply as appropriate for the maintenance of the Register and administration procedures related thereto.

#### **Article 6**

- 1) The Founder of the Public Benefit Corporation shall act in all matters related to the establishment of the Public Benefit Corporation and on its behalf until its establishment. If there are more than one Founder, they shall act jointly or through the one of them who was empowered in writing therefor.
- 2) The obligations resulting from the acts of the Founder according to above Paragraph 1 shall be taken over by the Public Benefit Corporation from the moment of its incorporation. In less than three months the Public Benefit Corporation may reject such obligations, which would prevent it from fulfilling the purpose for which it was founded. In such a case, the Founder or the Founders shall be made liable for the rejected obligations jointly and severally.

### **CHAPTER III**

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<sup>2</sup> Act No. 89/1995, on the State Statistical Service

<sup>3</sup> Act No. 513/1991, the Commercial Code, as in subsequent alterations and/or amendments, Articles 27 to 33

<sup>4</sup> Act No. 99/1963, the Civil Court Statutes Act as in subsequent alterations and/or amendments, Articles 200a to 200d

# WINDING UP, LIQUIDATION AND CANCELLATION OF THE PUBLIC BENEFIT CORPORATION

## Article 7

- 1) The Public Benefit Corporation shall be considered cancelled beginning from the date it has been erased from the register.
- 2) The cancellation of the Public Benefit Corporation shall precede its winding up with or without liquidation. No liquidation is required if the Public Benefit Corporation is being dissolved by amalgamation, merger or split-up; for the dissolution of the wound-up Public Benefit Corporation and the cession of rights and duties the Article 69 of the Commercial Code shall apply accordingly.
- 3) The Public Benefit Corporation may amalgamate or merge with another public benefit corporation, only. The Public Benefit Corporation may split up to form other public benefit corporations, only.

## Article 8

- 1) The Public Benefit Corporation is wound up
  - a) upon the expiration of the time for which it was established,
  - b) upon accomplishment of the purpose for which it was established,
  - c) by the date specified in the Board of Directors resolution on winding up the Public Benefit Corporation,
  - d) by amalgamation or merger with another public benefit corporation or by splitting-up into two or more public benefit corporations,
  - e) by the date specified in the Court Ruling on the wind up of the Public Benefit Corporation, otherwise by the date such Ruling becomes legally effective,
  - f) by the date of proclamation of bankruptcy or rejection thereof on grounds of insufficient assets.
- 2) The Board of Directors must inform in writing the Founder on the resolution referred to under above Paragraph 1 Letter c) in less then two (2) months before the date on which the Public Benefit Corporation is to be winded up. In the case, when this condition is not met, the aforesaid resolution is considered ineffective. Before the Public Benefit Corporation is wounded up according to the resolution of the Board of Directors, the Founder may modify or cancel that resolution. However, when doing so, the Founder has to make arrangements allowing for the continuation of the operations of the Public Benefit Corporation at least to the extent and the scope, which corresponds to the reasons for which the resolution of the Board of Directors was modified or cancelled.
- 3) If the resolution of the Board of Directors was modified or cancelled by the Founder, after such was reported to the Registering Court, the Court shall have to be notified also of the Founder's decision. Under such circumstances, the previous motions of the Board of Directors of the Public Benefit Corporation for liquidation or appointments of the Liquidating Officer are considered ineffective.

- 4) Acting upon the motion of a governmental agency, the Founder or the person demonstrating legal interest, the Court shall decide on winding up of the Public Benefit Corporation and on its liquidations if:
  - a) no meeting of the Board of Directors of the Public Benefit Corporation took place in the last year;
  - b) no bodies of the Public Benefit Corporation were appointed and the term of office of the lastly appointed bodies of the Public Benefit Corporation had expired by over a year ago;
  - c) the Public Benefit Corporation has failed to render the publicly beneficial services specified in its Deed of Establishment for over six (6) months;
  - d) the quality, scope and availability of the publicly beneficial services for the rendering of which the Public Benefit Corporation was founded has been repeatedly endangered over the last six (6) months by pursuing the complementary operations;
  - e) the Public Benefit Corporation uses the income from its operations and the assets it manages in conflict with this Act;
  - f) the Public Benefit Corporation has violated the provisions of this Act.
- 5) The court may set a date by which the cause for which the motion for winding up the Public Benefit Corporation was made is to be remedied.
- 6) If the Founder ceases to exist, the Founder's legal successor shall assume the Founder's rights and duties.

#### **Article 9**

- 1) For the execution of the liquidation the Board of Directors shall appoint the Liquidating Officer.
- 2) When the Board of Directors fails to appoint the Liquidating Officer, such an officer shall be appointed without unreasonable delay by the Court competent to do it according to the registered address of the Public Benefit Corporation.
- 3) The Liquidating Officer shall start the liquidation by:
  - a) verifying that the Founders of the Public Benefit Corporation had been advised of the liquidation in due time;
  - b) by calling upon the creditors and other persons concerned by the liquidation to claim their respective title rights and receivables by the time which shall not be shorter than three (3) months;
  - c) by advertising the commencement of liquidation of the Public Benefit Corporation in the Bulletin "Obchodni vestnik" [the Official Commercial Journal of the Czech Republic];
  - d) by notifying the municipality in which the Public Benefit Corporation has its registered address and the competent Revenue Office about the beginning of liquidation.
- 4) The procedure of the liquidation shall be designed so that only the assets necessary for meeting the liabilities of the Public Benefit Corporation are turned into cash.
- 5) The property held by the Public Benefit Corporation constitutes the separate estate in the liquidation and it shall be used for satisfying the creditors' claims in the sequence

corresponding to that of liabilities payable after the declaration of bankruptcy<sup>5</sup>. The Liquidating Officer's remuneration shall be settled at the order as defined for the Estate Trustee according to the Bankruptcy and Settlement Act<sup>5</sup>.

- 6) If the situation is other than that referred to under Article 4 Paragraph 4) above, the liquidation balance shall be offered for transfer onto the municipality in which the Public Benefit Corporation in liquidation has its registered address. The property may be transferred onto the municipality free of charge only if the municipality enters into a contract obliging it to use such property in full extent for rendering the publicly beneficial services for provision of which the Public Benefit Corporation had been established.
- 7) If within thirty (30) days from reception of the offer made by the Liquidating Officer the municipality fails to acknowledge in writing its intention to take over the property offered, the said property shall be transferred by the Liquidating Officer onto the District Administration Office competent as of the registered address of the Public Benefit Corporation. The District Administration Office shall use the property for rendering publicly beneficial services.
- 8) Within thirty (30) days after completing the liquidation procedure, the Liquidating Officer shall file the proposal for erasing the Public Benefit Corporation from the Register with the Register Court.

## CHAPTER IV BODIES OF THE PUBLIC BENEFIT CORPORATION

### **Board of Directors**

- 1) The Board of Directors is the statutory body of the Public Benefit Corporation.
- 2) The Board of Directors shall have at least three (3) and at most fifteen (15) members. The number of members of the Board of Directors shall be always divisible by three. At least two thirds of the members of the Board of Directors shall be citizens of the Czech Republic.
- 3) A member of the Board of Directors may be only a natural person of civic integrity capable of legal acts providing neither the person or persons related to the person<sup>6</sup> are employed by or in other like relation with the Public Benefit Corporation.
- 4) For the purpose of this Act, a person of civic integrity shall be any person, which has not been legally effectively sentenced for a willful criminal act.
- 5) The membership in the Board of Directors of the Public Benefit Corporation shall be incompatible with the membership in the Supervisory Board of the same Public Benefit Corporation. The members of these bodies shall not be entitled to receive any royalty for the performance in the capacity. The Public Benefit Corporation shall be entitled to compensate the expenditures of the members of its Board of Directors and Supervisory Board up to the limit set under the applicable regulations<sup>7</sup>.

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<sup>5</sup> Act No. 328/1991, on The Bankruptcy and Settlements, as in subsequent alterations and/or amendments

<sup>6</sup> Act No. 40/1964, the Civil Code, Act as in subsequent alterations and/or amendments, Article 116

<sup>7</sup> E.g. Act No. 119/1992, on Travel Cost Compensation as amended by the Act No. 44/1994

### **Article 11**

- 1) The term of office of the members of the Board of Directors shall be three (3) years.
- 2) No member of the Board of Directors shall serve in the office for over two subsequent terms of office. After having served as a member of the Board of Directors for six (6) years, the same person may become a member of the board again after no less than one (1) year.
- 3) The members of the Board of Directors shall elect from amongst themselves the Chairman of the Board of Directors who shall call and chair the meetings of the Board of Directors.
- 4) In decision-making, the voting rights of all members of the Board of Directors shall be equal. With a drawn vote, the vote of the Chairman of the Board of Directors shall prevail. Unless the Deed of Establishment or the Statutes stipulate otherwise, the Board of Directors shall have reached its quorum if over one half of its members are present and the majority of all present votes shall be necessary for a decision to be passed.

### **Article 12**

- 1) The Founder shall appoint the members of the Board of Directors, unless stipulated otherwise in the Deed of Establishment.
- 2) Following the appointment of the first members of the Board of Directors, the names shall be drawn in lots of one third of the members whose term of office shall be ended after one year and one third of the members whose term of office shall end after two years.
- 3) The membership in the Board of Directors shall expire
  - a) by expiration of the term of office,
  - b) by death,
  - c) by resignation,
  - d) by dismissal.
- 4) The Founder shall dismiss a member of the Board of Directors due to the cessation of the preconditions required by this Act concerning the membership in the Board of Directors.
- 5) If there exists no Founder and if the Founder's rights have not been transferred to another person, the member of the Board of Directors shall be dismissed by the District Administration Office competent to do it, according to the registered address of the Public Benefit Corporation.
- 6) To fill the vacancies in the Board of Directors new members of the Board of Directors shall be co-opted at the nearest next session of the Board of Directors.

### **Article 13**



- 1) The competencies of the Board of Directors shall include:
  - a) to issues in less then six (6) months from the date of incorporation of the Public Benefit Corporation the Statutes of the Public Benefit Corporation whereby the internal organization of the Public Benefit Corporation shall be specified in detail. The data in the Statutes shall have to be identical with those in the Deed of Establishment;
  - b) to approve any change, modification or amendment of the Deed of Establishment in pursuance of Article 4 Paragraphs 3 and 4;
  - c) to decide on the wind up of the Public Benefit Corporation and to appoint the public benefit corporation to which the liquidation balance shall be offered;
  - d) to take any steps necessary so that the purpose for which the Public Benefit Corporation has been established is observed;
  - e) to approve the budget of the Public Benefit Corporation including any changes to it and to approve specifically the administration costs of the Public Benefit Corporation;
  - f) to approve the annual balance sheet of incomes and expenditures and the annual report of the Public Benefit Corporation;
  - g) to decide on the object and scope of the complementary operations of the Public Benefit Corporation beyond the scope set in the Deed of Establishment (Article 4 Paragraph 2 Letter c);
  - h) to grant consent for the alienation or mortgaging of real property of the Public Benefit Corporation or for leasing such property for over one year unless a shorter time limit is stipulated by the Statutes;
  - i) to appoint and dismiss the Manager of the Public Benefit Corporation, to supervise his/her activities and to determine his/her remuneration if the office of Manager is established according to the Deed of Establishment of the Public Benefit Corporation;
  - j) to decide on any matters vested with the Board of Directors under the Deed of Establishment.
- 2) The Board of Directors shall meet at least twice a year.

#### **Article 14**

##### **Manager**

- 1) Only a person of civic integrity may be appointed the Manager.
- 2) While the Manager may not be a member of either the Board of Directors or the Supervisory Board, he/she shall be entitled to attend the meetings of the Board of Directors holding the advisory vote.
- 3) The Manager shall manage the operations of the Public Benefit Corporation unless the management of such operations is vested with the Board of Directors or another body of the Public Benefit Corporation under law, the Deed of Establishment or the Statutes.

#### **Supervisory Board**

##### **Article 15**

- 1) The Supervisory Board shall be the inspecting body of the Public Benefit Corporation.

- 2) The Supervisory Board shall be obligatorily established by the Public Benefit Corporation into the assets of which government or municipal property has been invested; the same holds for the Public Benefit Corporation, which is obliged under law to maintain its bookkeeping records according to the double-entry accounting system. The establishment of the Supervisory Board may be prescribed under the Deed of Establishment, as well.
- 3) The Supervisory Board shall have at least three (3) and at the most seven (7) members. The members of the Supervisory Board shall elect the Chairman, who shall call and chair the meetings of the Supervisory Board.
- 4) The Founder shall appoint the members of the first Supervisory Board.
- 5) Unless otherwise stipulated by this Act, the manner of establishment and performance of the membership in the Supervisory Board shall be regulated accordingly by the provisions stipulated for the Board of Directors in this Act, as appropriate.

#### **Article 16**

- 1) The Supervisory Board
  - a) reviews the annual balance sheet of incomes and expenditures and the Annual Report of the Public Benefit Corporation;
  - b) reports at least once every year to the Board of Directors on the findings obtained by its inspection activities;
  - c) examines, whether the Public Benefit Corporation operates in accordance with the law and the Deed of Establishment of the Public Benefit Corporation.
- 2) The Supervisory Board shall be entitled:
  - a) to make motions to the Board of Directors for the dismissal of the Manager;
  - b) to inspect the accounting books and other documents and to inspect the data therein recorded;
  - c) to call a special meeting of the Board of Directors if required in the interest of the Public Benefit Corporation.

The members of the Supervisory Board shall be entitled to take part on the meeting of the Board of Directors; they must be given floor for a word, when they ask for it.
- 3) The Supervisory Board shall be obliged to notify the Board of Directors of any violation of laws, stipulations of the Deed of Establishment or the Statutes and of any instances of bad business management and/or any other defects or deficiencies in the operations of the Public Benefit Corporation.

### **CHAPTER V BUSINESS MANAGEMENT OF THE PUBLIC BENEFIT CORPORATION**

#### **Article 17**

- 1) Besides the publicly beneficial services for the rendering of which the Public Benefit Corporation has been established, the Public Benefit Corporation may pursue also other operations ("complementary operations"). However, the complementary operations have

to improve the utilization of assets without jeopardizing the quality, scope and availability of the publicly beneficial services rendered by the Public Benefit Corporation.

- 2) The Public Benefit Corporation may not take part in the entrepreneurial activities of other persons and/or to establish its branches outside the territory of the Czech Republic.
- 3) The net profit as reported at the end of the fiscal year shall be transferred by the Public Benefit Corporation to the Reserve Fund in its full amount. The Reserve Fund shall be first used to cover any losses reported in future fiscal years.
- 4) The equity of the Public Benefit Corporation shall be the source for financing the operations of the Public Benefit Corporation. The equity shall comprise:
  - a) the value of assets endowed by the Founders,
  - b) the value of gifts and inheritance received
  - c) the funds created by the Public Benefit Corporation
  - d) the subsidies.

### **Article 18**

- 1) In making the necessary arrangements to pursue its operations, the Public Benefit Corporation may apply for subsidies granted from the governmental budget, from the budget of the District Administrative Office, from the communal budget or from the budget of another territorial body of the public administration<sup>8</sup>, as well as to apply for grants from a fund established by the law.
- 2) The subsidies from the budget of the Government or from the communal budget or from the District Administration Office budget or from the budget of another territorial body of the public administration may be granted to the Public Benefit Corporation for one and the same project or one and the same activity from a single source, only.
- 3) For a subsidy from the governmental budget, the Public Benefit Corporation shall apply to the governmental body competent to it according to the prevailing activity rendered by the Public Benefit Corporation.
- 4) The body through which the subsidy is being granted shall decree the terms and conditions for granting the subsidy and it shall inspect and evaluate the utilization of the subsidy made.

### **Accounting and the Annual Report**

#### **Article 19**

- 1) The double-entry accounting system shall have to be used by the Public Benefit Corporation
  - a) which pursues complementary operations;
  - b) the total receipts (net incomes) of which in the last year were in excess of CZK three million (3,000,000).

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<sup>8</sup> Act of the Czech National Council No. 576/1990, on Budget Management of the Czech Republic and Municipalities within the Czech Republic (the Budgeting Rules of the Republic) as in subsequent alterations and/or amendments

- 2) The Public Benefit Corporation shall be obliged to distinguish clearly in its accounting books the incomes and expenditures related to the complementary operations from those related to the publicly beneficial services, as well as from any incomes and expenditures not rated under the aforesaid groups and/or related to the management of the Public Benefit Corporation.
- 3) The end-of-the year balance sheet of incomes and expenditures shall have to be audited by an authorized auditor for those Public Benefit Corporation which
  - a) are the beneficiaries of subsidies or other incomes from the governmental budget, from the communal budget or from the budget of another territorial body of the public administration or from any governmental fund, the total of which exceeds CZK one million (1,000,000) in the year for which the balance sheet is made;
  - b) have not established the Supervisory Board, or
  - c) have their net turnover exceeding CZK ten million (10,000,000).
- 4) In all other aspects shall be the Public Benefit Corporations regulated by the laws and regulations effecting the accounting procedures<sup>9</sup>.

#### **Article 20**

- 1) By the date set by the Board of Directors which shall not be later than six (6) months after the end of the reviewed period, the Public Benefit Corporation shall compile and publish its Annual Report on its activities and business management. The reviewed period shall be the calendar year. In the Statutes, the reviewed period may be modified to be the academic year for the Public Benefit Corporation whose publicly beneficial services are those in education and training.
- 2) The Public Benefit Corporation shall be obliged to publish its first annual report not later than 18 months from its incorporation.
- 3) The Annual Reports shall have to be made accessible to the general public.

#### **Article 21**

The Annual Report of the Public Benefit Corporation shall include:

- a) the review of operations pursued in the calendar year with specification of the relation to the purpose of establishment of the Public Benefit Corporation;
- b) the annual balance sheet of incomes and expenditures and the critical review of the basic data therein included;
- c) the statement of the auditor to the annual balance sheet of incomes and expenditures, if auditing was made;
- d) the review of money received and spent;
- e) the review of income (revenue) structured by source;
- f) the movements in and the final balances of funds of the Public Benefit Corporation;
- g) the movements and balances of assets and liabilities of the Public Benefit Corporation;

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<sup>9</sup> E.g. Act No. 563/1991, on Accounting Procedures, as in subsequent alterations and/or amendments

- h) the total amount of costs structured by those spent for rendering the publicly beneficial services, for pursuing complementary operations and administration costs of the Public Benefit Corporation;
- i) any changes, modifications and amendments of the Deed of Establishment and changes in the membership of the managerial bodies of the Public Benefit Corporation as occurred throughout the year;
- j) other data specified by the Board of Directors.

## **Article 22**

If the Public Benefit Corporation defaults in its duties under Articles 2, 17 and 20 hereof, it shall be stripped

- a) of the tax benefits set forth by this Act, by the Income Tax Act, and by the Inheritance, Gift and Property Transfer Taxes Act for the year in which such violation occurred<sup>10</sup>,
- b) of the tax benefits set forth under the Property Tax Act<sup>11</sup> for the next tax period following that in which the violation occurred.

## **PART TWO**

### ***[Extending the corporate income tax exemptions to public benefit corporations]***

The Act of the Czech National Council No. 586/1992, on Income Tax, as amended under the Act of the Czech National Council No. 35/1993, the Act No. 96/1993, the Act No. 157/1993, the Act No. 196/1993, the Act No. 323/1993, the Act No. 42/1994, the Act No. 85/1994, the Act No. 114/1994, the Act No. 259/1994, the Act No. 32/1995, the Act No. 87/1995, the Act No. 118/1995 and the Act No. 149/1995, is herewith amended and complemented to read:

1. In Article 18 Paragraph 7 the words "the public benefit corporations" are added to follow the words "the foundations, ".
2. The Article 34 is complemented by Paragraph 12, which reads as follows:  
  
"(12) Paragraphs 1 and 2 shall not apply for public benefit corporations"
3. *[Not related to Public Benefit Corporations]*In the Appendix to the Act, under Item (1-27), the words "instruments for field lengths measurement" are replaced by words "length measuring tools" and the words "instruments for field lengths measurement" are replaced by the words "length measuring tools" also under Item (2-53).

## **PART THREE**

### ***[Not related to Public Benefit Corporations]***

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<sup>10</sup> Act of the Czech National Council No. 586/1992, on the Income Tax as in subsequent alterations and/or amendments. Act of the Czech National Council No. 357/1992, on the Inheritance, Gift and Property Transfer Taxes, as in subsequent alterations and/or amendments

<sup>11</sup> Act of the Czech National Council No. 338/1992, on the Property Tax, as in subsequent alterations and/or amendments

The Act No. 149/1995, whereby the Act of the Czech National Council No. 586/1992, on the Income Tax, as amended under the later legislation, is amended and whereby the Act of the Czech National Council No. 589/1992, on Social Security and Government Employment Policies Contribution Payments, as amended under the later legislation, is amended and the Act of the Czech National Council No. 185/1991, on the Insurance Sector as amended under the later legislation are herewith amended and complemented as follows:

1. In part V Item 1 the text "in the Items 1 and 2" is replaced by the text "in the Items 1,2 and 3".
2. In Part V Item 1 the clause "An analogous procedure may be pursued for a whole set of such receivables" is inserted to follow the second clause.

#### **PART FOUR**

##### ***[Extending the real property tax exemption to public benefit corporations]***

The Act of the Czech National Council No. 338/1992, on the Real Property Tax as amended under Act No. 315/1993, and Act No. 242/1994 is herewith amended to read:

1. In Article 4 Paragraph 1 Letter f) the comma following the text "civic associations" is deleted and the text "and public benefit corporations" is added.
2. In Article 9 Paragraph 1 Letter f) the comma following the text "civic associations" is deleted and the text "and public benefit corporations" is added.

#### **PART FIVE**

##### ***[Extending the inheritance tax, gift tax and property transfer tax exemptions to public benefit corporations and amending the reporting obligations in case of an exempt]***

Act of the Czech National Council No. 357/1992, on the Inheritance, Gift and Property Transfer Tax as amended under Acts of the Czech National Council Nos. 18/1993, 42/1994, 72/1994, 85/19994 and 113/1994 is herewith amended to read:

1. In Article 20 Paragraph 4 at the end of Letter b) the period is replaced by the comma and Letter c) is added reading: '(c) designated by the public benefit corporations for their operations.'
2. In Article 21 Paragraph 1 at the end of Letter c) the period is replaced by the comma and Letter d) is added reading:  
"d) after the end of every six months of the current calendar year, if the transaction is a free of charge property acquisition by legal entities according to the Article 20 Paragraph 4 hereof. The tax return shall include all property so acquired throughout this period."

#### **PART SIX**

This Act comes into effect by 1<sup>st</sup> January 1996.

Signed by Uhde, Havel and Klaus