

# H&P

## magazine

I/2025

**STAGNATION IN GERMANY**  
AN OPPORTUNITY TO EXPAND

**PROTECTING AND**  
GROWING ASSETS

**PLAY IT SAFE**  
ENDOWMENT FUNDS AND TRUSTS

**CHANGES IN VAT**  
WHAT YOU SHOULD KNOW



## CONTENTS

- 6 **REAL ESTATE / CONSTRUCTION**  
Building your dream home – A step-by-step guide to the building permit procedure

---

- 10 **GERMANY**  
The German economy stagnates: An opportunity and time to expand?

---

- 13 **CORPORATE FINANCE**  
International direction – What challenges do Czech and Slovak companies face in acquisitions?

---

- 16 **TRANSACTIONS**  
Overview of selected transactions with the involvement of HAVEL & PARTNERS

---

- 20 **FROM THE MEDIA**  
Architects of family wealth: Protecting and growing assets

---

- 23 **PRIVATE CLIENTS**  
Play it safe: Endowment funds and trusts as a tool for the generation of leaders

---

- 26 **FAMILY LAW**  
Child custody battles – Where do parental rights end and the child's interests begin?

---

- 29 **TAX LAW**  
Changes in VAT – What you should know

---

- 32 **REAL ESTATE / CONSTRUCTION**  
The real estate market in Czechia and Slovakia – Challenges, trends, and opportunities

---

- 34 **SLOVAKIA**  
Safely and according to the rules – Cybersecurity obligations expand to a broader range of companies

---

- 37 **BOOKS**  
World management literature supported by HAVEL & PARTNERS in the Czech Republic and Slovakia

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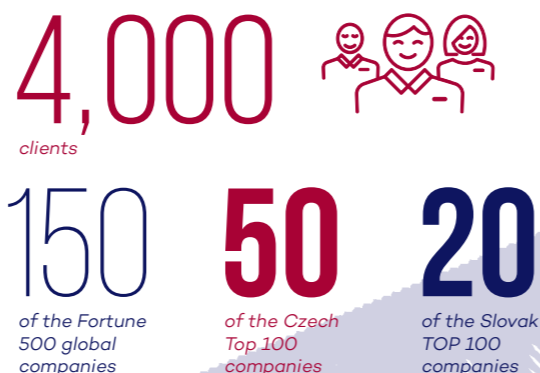
- 38 **PRO BONO**  
H&P helps

## HAVEL & PARTNERS IN FIGURES

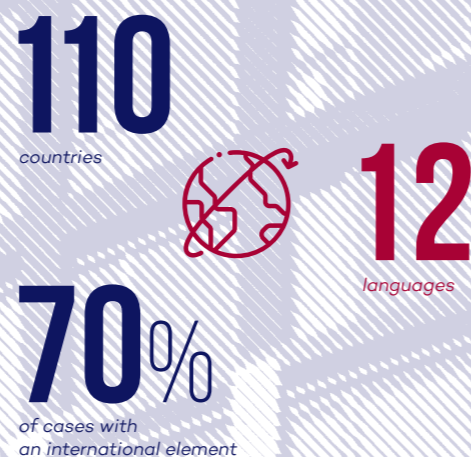
### OUR TEAM



### OUR CLIENTS



### INTERNATIONAL APPROACH



## FOREWORD

Dear Clients and Business Friends,

The year 2024 was a watershed year for our law firm in many ways and we are grateful to have been able to close it with exceptionally successful results.

We opened a direct representation in Frankfurt, Germany. ONE FAMILY OFFICE was established, and after the first year the value of assets under management exceeded CZK 10 billion. HAVEL & PARTNERS once again won the Law Firm of the Year awards for the best domestic law firm and for the best client services. Thanks to our cooperation with you, we have achieved other important milestones. The value of the entire group exceeded CZK 3.3 billion, placing us among the TOP 100 most valuable Czech companies in the Czech Elite ranking.

However, we could not have achieved such an excellent record without your, our clients' and business partners', support. Thank you for your cooperation and support, and we look forward to more challenges together in the new year. The year 2025 stands before us as the next chapter, bringing not only dynamic changes in the legal and business environment, but also increasing demands for innovation and global connectivity.

In the new issue of our H&P magazine, which you are now reading, we would like to help you again to better understand these changes and opportunities. For example, what are your opportunities for expansion in Germany? Colleagues from our Frankfurt office looked at the German market through the lens of a Czech entrepreneur. In an interview on foreign mergers and acquisitions, our M&A and

corporate finance experts discuss how to approach such foreign expansion strategically. In a follow-up interview, I explain why it is advisable to go abroad and why we at ONE FAMILY OFFICE focus on global asset mobility.

You will also find other news from the legal world and business on the pages of the magazine. How does the construction procedure work now? After the entry into force of the new Building Act last year and the escapades with the digitalisation of the entire procedure, our colleagues will guide you step-by-step through how to currently apply for a building permit.

How can endowment funds and trusts work as a tool for the generation of leaders, what news has 2025 brought in the area of VAT, and why do companies need to prepare for the new cybersecurity rules? We address these topics as well. Last but not least, our colleagues from the family law team discuss in their article family disagreements regarding child custody, and situations in which children may be placed in the care of someone other than their parents.

We hope that you will find interesting food for thought in our magazine, not only for your business. The path to success often requires the courage to overcome the pitfalls of a rapidly changing world, and we believe that in 2025 we will continue to be your reliable partner in this regard. We are ready to work with you to turn challenges into opportunities.

Have an inspiring read!



➔ **For the fifth time in a row, HAVEL & PARTNERS named the best domestic and clients' choice law firm in the Law Firm of the Year competition**

In the Law Firm of the Year competition, we won the best domestic law firm and best client service awards in 2024 for the fifth time in a row. We also won in the M&A and Intellectual Property categories. In 18 other categories, we ranked among the most recommended law firms.

“At a time when the business environment is changing rapidly, we want to continue to be the partner for our clients who is best able to anticipate further developments and potential risks, offer solutions that precisely match their needs and the specifics of their business, and provide them with expert advice at the highest possible level. Our teams prove every day that the combination of expertise, an innovative approach and personal commitment is the right way to go,” said managing partner Jaroslav Havel.

Based on the results for the last year and all previous years, HAVEL & PARTNERS has consistently been the most successful and most comprehensive law firm in the Czech Republic in terms of the total number of nominations and awards.



↓ **The worth of the HAVEL & PARTNERS group is over CZK 3.3 billion**

According to an analysis prepared by the consulting company Patria Corporate Finance, the value of the law firm HAVEL & PARTNERS, including the Slovak office and the educational Academy, is around CZK 2.8 billion. The value of the entire group, including also the Cash Collectors collection agency and other specialised entities, was estimated by Patria at more than CZK 3.3 billion. This is more than CZK 1 billion above the valuation from late 2020.

Patria prepared the valuation as of 31 December 2023, so it reflects the value before the formation of ONE FAMILY OFFICE. “The analysis declares our exceptionally strong position on the legal market in the whole of Central Europe. The firm’s continuous economic growth and long-term economic stability are a confirmation for our clients and business partners that they are working with an extremely trustworthy firm with minimal risk,” said Jaroslav Havel.



↑ **HAVEL & PARTNERS among the 100 most valuable companies according to the Czech Elite ranking**

Our law firm is among the TOP 100 most valuable companies under the control of Czech owners according to the Czech Elite ranking, which was compiled for the second time in 2024 by Seznam Zprávy and Deloitte.

“The high numbers that resulted from the 2023 valuation and the position in the TOP 100 of the Czech Elite ranking are proof of our exceptional economic stability and the continuous growth and development of the entire group, both in terms of our service portfolio, technological innovation, and especially economic results,” said Jaroslav Havel, managing partner of the firm.

**After the January and July promotions, HAVEL & PARTNERS has a new equity partner and a total of 5 new partners**

As is tradition, with the start of a new year we promoted a number of colleagues internally in January 2025. Robert Porubský, Petr Tušakovský and Martin Vlk are now new partners. Štěpán Černý, Jan Králíček and Martin Stančík have been promoted to the position of counsel. And an additional 12 attorneys have moved to more senior positions.

Adam Karban, Petra Kašpárková, Martin Pecha and Jakub Vojtěch have joined the firm’s managing associates. Patrik Chrást, Jakub Jireš, Tomáš Mach, Jiří Pokorný, Nikola Pospíšilová Leová, Petr Potůček, Petr Řezníček and Kateřina Trzaska have been promoted to the position of senior associates as of January 2025.

As of 1 July 2024, Jiří Kunášek became a new equity partner, while Veronika Bočanová and Ivan Houfek were promoted to the position of salaried partners. An additional 25 attorneys moved to more senior positions in the summer of 2024. Roman Světnický and Renáta Šínová were promoted to the position of counsel. Róbert Gašparovič, Zuzana Hájková, Tomáš Havelka, Mária Kopecká, Pavlína Petráčková, Dana Prudíková, Radek Riedl, Ivo Skolil and Pavel Zahradníček were promoted to the position of managing associates.

And also in the summer of 2024, Kateřina Bárová, Vladislav Bernard, Jakub Dozbaba, Hana Erbsová, Marta Fantová Argalášová, Barbara Fikarová, Denisa Fuchsová, David Hauser, Kateřina Kabátová, Lenka Ostró, Petra Joanna Pipková, Martin Rott, Dalibor Slavík and Klára Šlégllová were promoted to the position of senior associates.





# BUILDING YOUR DREAM HOME

## A STEP-BY-STEP GUIDE TO THE BUILDING PERMIT PROCEDURE

**WE WILL GUIDE  
YOU THROUGH THE  
ENTIRE PROCESS  
— FROM PROJECT  
DOCUMENTATION, TO  
OBTAINING BINDING  
OPINIONS, SUBMITTING  
THE APPLICATION, AND  
FINALLY SECURING THE  
NECESSARY PERMITS.**

In July 2024, the Czech Republic implemented a new Building Act, heralded as a revolution that would streamline the permitting process and reduce bureaucratic red tape. However, the transition to this new system has been anything but smooth, plagued by significant complications. So what is the current state of applying for a building permit – is it a digital or paper-based process? We will explore this using the example of a family house.

**O**n 1 July 2024, building authorities began accepting new applications to permit construction projects under the new Building Act. However, the promise of a simple, digitised building permit procedure has not materialised. The transition to the modern system was plagued by technical failures, office chaos, and complaints from frustrated applicants – prompting government intervention and the implementation of a "bypass" to replace the dysfunctional aspects of the digitalised procedure and allow for at least the partial processing of applications.

### Project documentation

Before you submit your application for the approval of your construction project, you should have precise and well-prepared project documentation in hand. This documentation is the cornerstone of the entire procedure. You will need it to obtain binding opinions or statements, as well as for the building authority to approve the construction project. You will also use this documentation to secure the necessary consents from neighbours and other parties, which, for instance, is especially important for an accelerated procedure.

For most family houses, the construction will be straightforward, as a family house is deemed to mean a two-storey building, possibly with an attic or a recessed storey, and one underground storey. However, the Building Act requires that the project documentation always be prepared by a designer.

The project documentation's form is dictated by the applicable decree. Designers preparing this documentation must know precisely what the building authority requires. Typically, the project documentation includes an accompanying report, a layout drawing, technical documentation, and other documents as per the decree, including a summary report detailing the technical procedure.

The new Building Act has relaxed the documentation requirements. For example, the act has eased requirements for the projects themselves on the number of parking spaces, sun exposure of apartments, and spacing between buildings. In general, the Building Act still requires that the spacing between buildings must allow for maintenance and comply with urban design, architectural, and other regulatory requirements.

The decree requires family houses to be built with respect to the building line and at least 2 meters from the land boundaries line, excluding lands of public open spaces. However, the decree does allow for exceptions to this distance requirement.

When building a family house in Prague, Brno, or Ostrava, be mindful of the cities' distinct municipal building regulations. Each location has unique requirements that can significantly impact the design and placement of your project. Be sure to thoroughly review and comply with the local building codes to avoid any issues.

### Binding opinions

Once you have the complete project documentation, you have finished the first step and can now move on to the next phase – securing approvals and binding opinions. The individuals or entities from whom you will need stamps, consent, or signatures for your project depend largely on your house's specific design, location, the technology used, and other technical or architectural elements.

The new Building Act imposes an obligation on building authorities to obtain opinions from the competent authorities on their own if applicants fail to provide them. Additionally, authorities cannot consider an application defective if it is missing some opinions, even if the applicant did not submit a complete set of required opinions.

While applying for a building permit, you have the option to let the authorities handle the relevant document collection. However, keep in mind that this will suspend the decision time limits until the authorities provide their binding opinions or the "presumption of consent" occurs. This can result in significant and unpredictable delays. Considering the overburdened building authorities, we do not recommend this procedure in general. Instead, we advise that you obtain all the necessary opinions yourself. This approach will help minimise any delays or surprises from the authorities.

You will usually need a statement from the owner of the access road and from the energy or water company, which for example will give their statements in respect of the connection to the electricity grid or water supply line. While you cannot apply for such statements through the Builder's Portal, these companies usually have online application forms on their own websites.

The introduction of the Unified Environmental Opinion (UEO) is a significant innovation, as it consolidates up to 26 different binding opinions, statements, or decisions under environmental laws into a single binding opinion. However, this unification comes at the cost of extending the time limit for issuing the opinion.

If your construction project requires permits under the Building Act, the Nature and Landscape Protection Act, or an Environmental Impact Assessment under the EIA Act, you must apply for the UEO.



### Application

So you have the necessary documentation, opinions, and approvals lined up – now the question is how to submit the application. Currently, you can apply for the permit of a family house project in either hard-copy form or digitally through the online Builder's Portal.

To submit a hard-copy application, fill in the relevant form and deliver it, along with supporting documents, to the competent building authority. Alternatively, you can send the form by Data Box. However, if you choose a hard-copy application, remember to include the project documentation in the Electronic Documentation Register by the application submission date. Failure to do so will result in the building authority postponing your application.

Applicants can also submit their entire application digitally through the Builder's Portal on the Building Administration Portal website. This option allows you to log in, for example, using your bank identity.

The application allows you to directly upload all required documents. It also prevents formal defects by prohibiting submission without complete details. In general, the application must include basic information about the construction project, such as its scope, purpose, implementation method and timeline, and identification of the building or land location on which you will implement the project.

The application includes the necessary documents that the building authority will assess for the admissibility of the project.

#### To obtain a construction project permit, you will need to provide the following:

- Project documentation;
- Planning agreement, if executed (a new requirement);
- Consent from the owner of the land or the structure on which the project will be implemented;
- Statements, binding opinions, or decisions from the relevant authorities under special legislation;
- Statements from the owners of any public transportation or technical infrastructure shown on the digital technical map.

The building authority will ask you to remove any deficiencies found in your application. This will suspend the time limit for issuing the permit, with a new time limit beginning once a corrected application is submitted. You can complete the application through the Builder's Portal.

Within 7 days of receiving a defect-free application or the removal of any defects, the building authority must notify all involved parties to the procedure, including the main designer, that the proceedings have commenced.

The date of notice for initiating the procedure is crucial, as it marks the start of the objection period for parties or the public. The parties must have at least 15 days to submit their objections.

Beyond you as the builder and your neighbours, the parties to the procedure include the municipality where you plan to build, the landowners or structure owners on which your project will be implemented, and any third parties holding other rights in rem in the land or structure – for example pre-emption rights or easements (such as path usage). Additionally, certain laws may designate other parties, such as environmental associations under the Nature and Landscape Protection Act or the public concerned under the EIA Act, to have standing in the procedure.

For a family house, you typically don't need to undergo an Environmental Impact Assessment under the EIA Act. However, for larger-scale family houses to be permitted near important green spaces or particularly protected areas, if the decision is based on a special permit (UEO) to cut down trees or exemption from particularly protected species, environmental associations can directly participate in the project permit procedure under the Nature and Landscape Protection Act.

### Objections

As outlined above, a 15-day period for objections begins to run from the date of proper delivery of a notice of commencement of the building permit procedure. During this period, individual parties may object only to the extent that the project affects their rights. For instance, a neighbour could object that the building is too close but could not object that it endangers a rare animal. If any objections are received by the building authority within the time limit, the authority will investigate whether they are justified. If grounds

are found, the authority will invite you to make a statement and give you a reasonable period to do so.

### Decision

The building authority will rule on your application within the statutory time limits once they have reviewed all objections from all parties to the procedure and assessed the project documentation and related documents. Or at least they should do so.

The building authority must assess a defect-free application for the permit of a family house that is a simple structure within 30 days of receipt or the removal of any defects in the application. The authority can extend this time limit by only 30 more days, or up to 60 days in special cases defined by law, provided certain conditions are met.

TIME LIMITS FOR A DECISION ON A PROJECT	
Construction project for a simple structure	Construction project for other structures
30 days from the date of commencement of the procedure	60 days from the date of commencement of the procedure
<b>The time limits may be extended by up to 30 days if</b> <ul style="list-style-type: none"> <li>▪ the case is particularly complex,</li> <li>▪ it is necessary to use the request procedure, or</li> <li>▪ an oral hearing or on-site investigation is ordered.</li> </ul>	
<b>The time limits may be extended by up to 60 days if</b> <ul style="list-style-type: none"> <li>▪ the procedure involves a large number of parties, or</li> <li>▪ the notice is served by public notice on persons demonstrably unable to be served directly, or</li> <li>▪ the notice is served on persons located abroad.</li> </ul>	

If the building authority approves your construction project as compliant with the Building Act and other regulations, the land use plan, and the opinions of all the authorities concerned, they will issue the permit. At this stage, you may feel like you have

reached the finish line, but don't celebrate just yet. The permit is not final on the day it is issued. Within 15 days of its delivery, the parties involved have the right to appeal the building authority's decision. But if no one appeals within this time frame, congratulations! You can start building.

### Accelerated building permit procedure

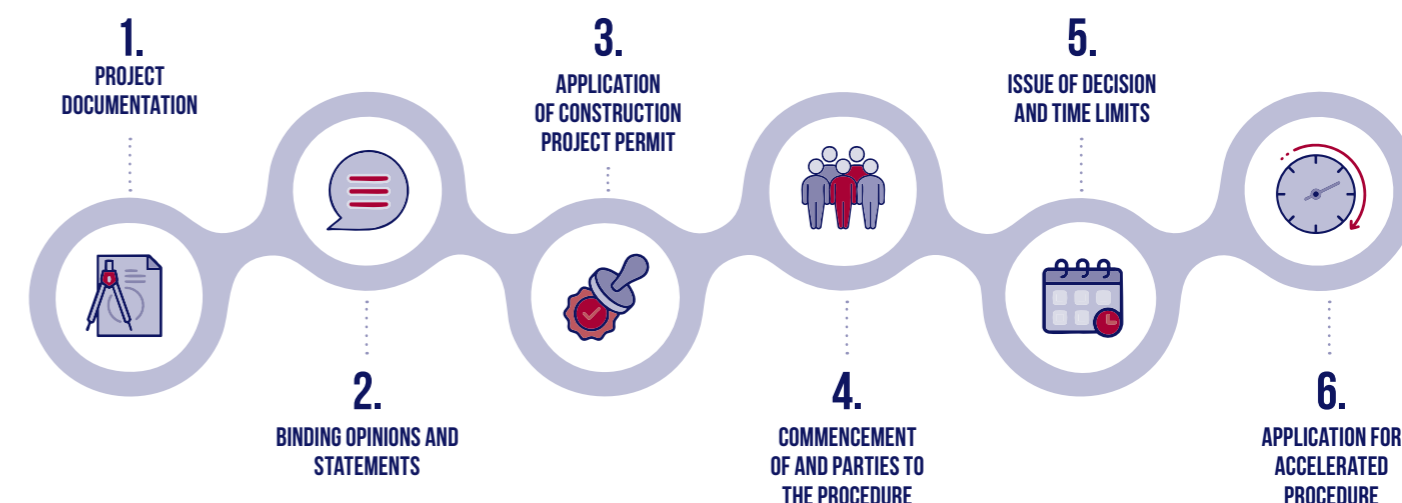
A major innovation in speeding up the building permitting process is the accelerated procedure. Under this approach, the building authority issues a decision on the permit as the first step in the procedure, eliminating the conventional planning permission process. With no submission of objections from the parties to the building permit procedure, this streamlined process allows for faster approvals.

To conduct the accelerated procedure, the building authority requires you to explicitly request it in your application and meet all the necessary conditions. If all potential parties agree, the construction can be approved on an expedited basis without the submission of objections. Therefore, your application for an accelerated procedure must include specific requirements, particularly the consents of all parties involved, which must be indicated on the layout drawing. Be sure not to overlook any parties, as this would negatively impact the accelerated procedure and its outcome.

To qualify for the accelerated procedure, several additional criteria must be met: The municipality where you plan to build

must have an approved land use plan in place. Additionally, your project must not be subject to an Environmental Impact Assessment (EIA) and must not require an exemption under the Nature and Landscape Protection Act. Lastly, your project must fully comply with the requirements outlined in the Building Act.

Failing to meet all the conditions of the accelerated procedure does not result in your application being dismissed or postponed. Instead, the building authority will initiate the "classic" building permit procedure as outlined above.



### Key contacts



#### FRANTIŠEK KORBEL | PARTNER

An expert in public construction law, state administration, administrative justice, legislation, right to information, and information technology law, he received the Czech Architecture Award for preparing the Prague Building Regulations. Currently, he serves as a lecturer at the Department of Administrative Law at the Faculty of Law of Charles University in Prague and as a member of the Legislative Council of the Government.



#### FILIP MILER | JUNIOR ASSOCIATE

He focuses on public construction law and the new Construction Act, which were also the topics of his master's thesis at the Faculty of Law of Masaryk University in Brno. Additionally, he works in the areas of administrative law, energy law, and environmental law.



#### JIŘÍ BURYAN | COUNSEL

Specialising in administrative and construction law, administrative justice and development, he also teaches construction law at the University of Economics in Prague. He lectures and publishes professional articles on topics in the field of development and construction law.

# THE GERMAN ECONOMY STAGNATES: AN OPPORTUNITY AND TIME TO EXPAND?



Stagnation in Germany means the availability of a large number of distressed assets and companies that can be increasingly made use of by foreign investors, including Czech entrepreneurs. Germany offers industrial strength and investment in innovation. The generational turnover among the owners of German “Mittelstand” companies brings many acquisition opportunities. How to use this potential from the perspective of a Czech entrepreneur?

**THE DECISION TO EXPAND INTO GERMANY OR BUY A GERMAN COMPANY MAY BE STRATEGICALLY ADVANTAGEOUS AND CURRENT CONDITIONS OFFER A NUMBER OF OPPORTUNITIES.**

Although the German economy is currently stalling, it is still one of the largest economies in the world and in any case the largest in our region. This opens up a wide range of opportunities for Czech entrepreneurs to join the rising wave of Czech investments in the M&A market in Germany. The stagnating generational turnover in the SME (“Mittelstand”) sector and the considerable range of distressed assets offer ample opportunities on often interesting terms. Besides, many Czech companies are also growing into Germany quite naturally on their own. Czech companies started to invest more after the Czech Republic joined the European Union. In 2020, their investments in Germany totalled 900 million euros. The best known investors are ČEZ, EPH, Agrofert, PPF, Rohlík, Avast, SIKO and Kofola, while other large players are preparing for acquisitions.

From the Czech Republic to Germany, or the other way around? It works both ways. Since the 1990s, Germans have invested heavily in the Czech Republic, especially as part of privatisation. This mainly involved the automotive industry, engineering, infrastructure, telecommunications, and retail chains. According to data from CzechInvest and its German office in Düsseldorf, CzechInvest alone brokered 350 investment projects by German companies in the Czech Republic between 1993 and 2016, worth over CZK 218 billion, which created 58,000 new jobs. The largest ones include Volkswagen, Bosch, Siemens, Rieter, Hartmann, Continental, Linde, and Saint-Gobain. Among the German “Mittelstand” investors in the Czech Republic are Trumpf (engineering), Heberger (construction), and Müller – Die lila Logistik AG (logistics). Logically, this makes Germany a country with which Czech business has a great opportunity to grow.

#### Germany today: stagnation and potential

The German economy has not yet overcome the impacts of recent blows – the covid and energy crises. One of the other factors holding it back is the ageing population and the declining share of the economically active part of the population. Is this an opportunity for Czech entrepreneurs? Absolutely.

A major challenge in Germany is the generational turnover in the backbone of the German economy, “Mittelstand”, which comprises more than 3 million

traditionally family-owned companies. Approximately 100,000 of them, i.e. 5%, change hands every year. Increasingly, existing owners have to find new ones outside their families on the M&A market. This is mainly due to the demographic curve and the declining willingness of the younger generation to take on the burden of doing business. This trend will continue in the coming years. Today, approximately 1.2 million SME owners are over 60 years of age, three times more than 20 years ago. This affects not only the traditional manufacturing sector, but also IT companies, etc.

#### Innovation as the driving force for growth

Innovation is one of the key factors for Germany to maintain and develop its status as an industrial centre in the future. Germany offers various subsidy programmes and maintains a high standard in this respect. In various rankings (for example, the UN Global Innovation Index or the index of the Federation of German Industries and the consultancy firm Roland Berger), Germany ranks around tenth in the world. The country invests EUR 120 billion a year in science, research and innovation, equivalent to 3.1% of GDP. The average for OECD countries is 2.8%. By comparison, it is 2% of GDP in the Czech Republic.

According to a unique joint study by three of Germany’s largest consultancies – McKinsey, Boston Consulting Group, and Roland Berger – ambitiously entitled “Agenda 2035”, Germany’s success in the future will continue to be based on cutting-edge technology, engineering and research. According to the authors of the study, Germany should make its way globally to the top 3 in the following technologies: digitalization and artificial intelligence with cloud computing; cybersecurity solutions and quantum technologies; clean technologies for buildings, the energy sector and industry; future mobility, infrastructure for electric vehicles, autonomous driving and space technologies; (digital) health, Biotech and Pharma with mRNA, cell and gene therapy, telemedicine and Wearables (i.e. wearable devices that control bodily functions). All these are areas where a Czech footprint can potentially be seen.

Targeted investment combined with the public resources of a relatively under-indebted country (Germany’s public debt is only 64% of GDP compared, for example,

to 121% in the US or 111% in France) should help to achieve this. Germany has a strong infrastructure for startups and innovative projects where you can get venture capital support.

#### Improving the ecosystem

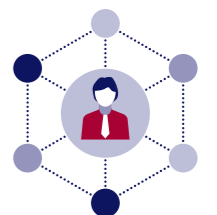
The WIN initiative is one of the steps towards this goal. The German government has teamed up with big investors such as Allianz and Deutsche Bank. Together, they promised a total of EUR 12 billion in venture capital and a major improvement in the ecosystem for German and European startups by 2030. The de:hubs, of which there are already 25 across Germany, are intended to bring mutually beneficial interaction between startups and the established Mittelstand companies.

The prestigious research institution Fraunhofer-Gesellschaft, to name one, is to strengthen technology transfer and increase university spin-offs. Industry and universities have come together to develop Quantum Computing in the QuantumBW initiative of the Baden-Württemberg state, often nicknamed the region of hidden champions. These are all opportunities that are opening up for Czech entrepreneurs. The Czech Republic offers an industrial tradition, top scientific institutions, a creative and innovative startup scene, technology, ambitious capital, and also a great location for nearshoring.

#### What to do?

How to pick up this thrown down gauntlet? We know from our international experience that a reliable network of contacts can most effectively help develop business in a foreign market. Germany prides itself on long-term and trustworthy trade relations. This means that personal contact with and access to local business partners plays a key role.

This will help you better understand the specifics of the German market, tailor your offer to local expectations and gain the trust that is essential in the German business environment. Thanks to our representation in Frankfurt and our extensive international network of contacts, we are





not only directly in touch with clients and foreign law firms that refer clients to us, but we are also closer to foreign private equity and venture capital funds, investment and private banks, family offices and other stakeholders and business partners. In addition, a well-built network facilitates access to useful information, referrals and potential business opportunities, which can be the key to expansion success.

The decision to expand into Germany or to buy a German company can be strategically very advantageous. However, it also includes a number of practical steps and conditions that you should keep in mind. These are, in particular, specifics in the legal, tax and administrative environment.

If you want to expand your Czech business across the border, you need to either set up a branch in Germany (Zweigniederlassung; that, too, is registered in the German Commercial Register), or establish a new legal entity. The typical options available for a new legal entity are a limited liability company (GmbH with a minimum share capital of EUR 25,000) or a joint-stock company (AG with a minimum share capital of EUR 50,000).

Both the new company and the Zweigniederlassung must be registered with the tax authorities for the relevant taxes, typically income tax (Gewerbesteuer) and VAT (Umsatzsteuer),

and the relevant tax registration number must be obtained. Employees must be registered with an insurance company and with the employment authority.

When acquiring an existing German company, it is necessary to first take into account the costs of initial due diligence and legal and tax advice. These of course depend on the company in question and the scope of the necessary due diligence (technical, financial, legal, tax). When buying a company in Germany, you also need to take into account notary public's fees, as even a contract for the purchase of shares in a GmbH must be executed in the form of a notarial deed.

The good news for Czech entrepreneurs who may be concerned about Germany's notoriously excessive and lengthy bureaucracy is that the German government perceives the problem and promises to improve the situation. This is to be facilitated by a special law to eliminate bureaucracy proposed in 2024 ("Bürokratienteilungsgesetz"), which aims to lift the burden of "paperwork" from businesses and the public. This also shows the willingness to improve the situation and open doors for Czech entrepreneurs.

**Are you considering expansion into Germany? We are preparing a workshop for Czech and Slovak entrepreneurs that will focus on the practical aspects of expanding your business to Germany.**

Since last year, we have also been the first law firm from the CEE region to have direct representation in Frankfurt, Germany. We focus on supporting foreign clients heading to the CEE region and also clients from the Czech Republic and Slovakia who want to expand further abroad. We advise on Czech and Slovak legal aspects of corporate and financial transactions with an international element, and also provide strategic advice for the German and Central European markets. We are not in competition with local law firms, but have instead deepened our cooperation with local partners and law firms in Germany. With the opening of our German office, we have further improved the existing infrastructure for our clients and business partners and enable them to access better cooperation there.

**Key contacts**



**PHILIP SMITKA | PARTNER**

Philip is the firm's partner in charge of the German office and HAVEL & PARTNERS' representation in Frankfurt am Main. He provides comprehensive advice on mergers and acquisitions (including real estate transactions). He also focuses on contractual arrangements and international trade, litigation, commercial and investment arbitration, and compliance. Philip has extensive experience as Coordination Counsel in international legal projects involving multiple jurisdictions.

**MARTIN PECKL | PARTNER**

Martin specialises in mergers and acquisitions, real estate, commercial and corporate law. He provides legal services in German (his native language), English and Czech. These include comprehensive services in the areas of strategic investment, establishment and management of joint ventures, delivery of capital investment, and project financing.



**JOSEF BOUCHAL | MANAGING ASSOCIATE**

Josef focuses on acquisitions and divestitures, private equity, venture capital, joint ventures, corporate law, commercial law (with a focus on contract law), legal audits and legal due diligence. He primarily specialises in providing comprehensive advice to investors entering startup projects.

**CORPORATE FINANCE**



Jan Koval

**INTERNATIONAL DIRECTION  
WHAT CHALLENGES DO CZECH AND SLOVAK COMPANIES FACE IN ACQUISITIONS?**

Do mergers and acquisitions serve as a means for Czech and Slovak companies to expand into international markets? Is entering foreign markets complicated for these firms? What is the Family Management Buy-Out model and why is it becoming increasingly popular? In an interview, Jan Koval, a partner at HAVEL & PARTNERS, and Václav Strýhal, the managing partner at NEXIA One Corporate Finance, provide their answers.

**67% OF CZECH COMPANIES WISH TO EXPAND ABROAD BUT 9 OUT OF 10 CONSIDER THE EXPANSION COMPLICATED. WE CARRY OUT DOZENS OF TRANSACTIONS A YEAR, 70% OF WHICH HAVE AN INTERNATIONAL ELEMENT.**



**What role do M&A play today in the growth strategies of companies in the Czech Republic and Slovakia?**

**Václav Strýhal (VS):** Recently, we have observed a growing trend where local companies have reached a significant size and financial stability that allows them to expand into more developed markets. M&A thus play a crucial role in the growth strategies of companies today. Thanks to this, companies from the Czech Republic and Slovakia are gaining new markets, securing production capacities or acquiring technological solutions that strengthen their competitiveness. These strategic acquisitions often occur in countries like Germany, France, Spain or Italy.

**Jan Koval (JK):** However, we still feel that some entrepreneurs consider entering foreign markets complicated. According to a survey conducted by Instant Research for Amazon, 67% of Czech companies wish to expand abroad, but 9 out of 10 see it as a complex process. We carry out dozens of transactions a year, 70% of which have an international element. So in our experience, there is nothing to worry about.

Expanding abroad helps many companies develop their business and gain access to new customers, thereby strengthening their market position.

**Do acquisition strategies differ from company to company?**

**JK:** We typically witness two main strategies. Some companies have already identified a specific acquisition partner in advance. Others cooperate with consulting companies like us – HAVEL & PARTNERS or NEXIA ONE CORPORATE FINANCE. Thanks to our international contacts and our cooperation with Nexia, a member of the NEXIA International global network, we can help companies identify suitable partners abroad. The success of a transaction does not only depend on the right selection of the target but also on understanding the legal conditions of the target country.

**What challenges do companies face in international transactions?**

**JK:** The biggest challenge is often understanding the legal and tax environment of the target country. Cultural differences and industry-specific requirements also

play an important role. An essential initial step is always the due diligence of the target company. We help clients identify risks and reflect them in the transaction – for example, through price adjustments or contractual guarantees.

**VS:** Such analysis includes assessing financial stability, legal risks, and tax aspects. Our goal is to deliver a comprehensive executive summary to clients that includes key findings, risk levels and proposed solutions. The results of this due diligence may therefore affect the price of the transaction, its structure or contractual guarantees.

**Does the valuation of companies in Western markets as opposed to local ones differ in any way?**

**VS:** The differences are significant. In Western markets, companies achieve higher valuations, often expressed as higher multiples of EBITDA. This is due to both the quality of these companies and their growth potential. However, it is important to note that the higher costs of foreign acquisitions are usually outweighed by the strategic

benefits – for example, a stable customer base or access to new technologies. The key is to secure suitable financing and carefully calculate the return on investment.

**Apart from expansion abroad, do other factors play a role in acquisitions?**

**VS:** Other factors include the consolidation of some sectors, both on the side of entrepreneurs and financial investors, who see the potential for effective integration in sectors with a large number of smaller players. Consolidation is thus a response to the fragmentation of certain sectors, especially in Central Europe. Companies, for example, in the construction industry, industrial manufacturing or IT sectors, face pressures for efficiency and increasing competition. Through consolidation, they achieve a greater market share, reduce costs, and improve operational efficiency. This trend is important for medium-sized enterprises, which can increase their market value.

**JK:** A number of industries have already undergone some level of consolidation. For example, in manufacturing and technology companies, there is a demand for vertically integrated firms that provide not only manufacturing services but also development and innovation. However, fragmented sectors such as the construction industry still offer interesting opportunities for investors who can form stronger and more efficient players in these fields.

**In recent years, the trend of handing over companies to the next generation has also been gaining momentum. Is this also reflected in sales of corporations?**

**JK:** Indeed. Handing over family businesses requires careful preparation. From a legal perspective, it is crucial to set up the

right contractual documentation to regulate the transfer of shares, ensure continuity of management and protect the value of the company. As lawyers, we should never overlook the personal relationships within the family, because they are also crucial and play a major role in the final arrangement. It is important to address the issue of property settlement between family members to avoid future disputes.

**VS:** For many family businesses, the priority is to keep the business under leadership of trustworthy people who share and understand the company culture. This is why the Family Management Buy-Out (FMBO) model is becoming increasingly popular, with the original owner handing over management to selected family members or key employees. It is particularly popular among smaller and medium-sized businesses where the family or original owners want the business to remain family-owned, while at the same time they would like to ensure its stability and growth under trustworthy leadership. FMBO is therefore popular in succession processes because it minimises the risk associated with external acquisition.

Current employees and managers have long-standing knowledge of the company, its corporate culture, and have also built relationships with clients and suppliers. Needless to say, the financial aspects of the transaction also play a key role.

**Could you outline what the typical funding structure looks like in these cases? Is it usually influenced by a number of individual factors in particular companies?**

**VS:** An FMBO's financing structure may include a combination of bank financing, equity and external investors, allowing the firm to transition to its new management while stabilising its capital structure. With growing interest in this model, FMBO is expected to play a significant role in the M&A sector in the coming years. When preparing acquisition financing for clients, we provide comprehensive documentation and financial models to help secure approval from banking institutions abroad. Our experience with both local and foreign banks allows us to effectively support clients in a transaction set-up.

HAVEL & PARTNERS and our ONE FAMILY OFFICE have deepened their existing cooperation with advisors from the Czech company Nexia One Corporate Finance CZ. We are responding to the strong demand for integrated legal, tax, accounting and corporate finance advice in the broadest possible scope. Since 2003, the Nexia One Corporate Finance team has successfully completed over 170 business sales, mergers and acquisitions. Senior team members worked on transactions with a total volume of over EUR 7 billion. The Nexia One Corporate Finance team has many years of experience in mergers and acquisitions. Together, we offer comprehensive solutions that cover not only the legal aspects of transactions, but also financial structuring, valuation and investor negotiations. This allows us to serve even the most demanding client requests more effectively and further expand the search for business opportunities abroad for corporate clients as well as business partners of the ONE FAMILY OFFICE.



Václav Strýhal

**Key contacts**



**JAN KOVAL | PARTNER | HAVEL & PARTNERS**

Jan leads the M&A team at HAVEL & PARTNERS. He focuses on comprehensive legal advice in the areas of acquisitions, private equity / venture capital, legal audits, legal due diligence investigations, including employment law aspects. He has extensive experience in M&A and restructuring transactions in the Czech Republic and abroad, both on the sellers' and buyers' sides.

**VÁCLAV STRÝHAL | MANAGING PARTNER | NEXIA ONE CORPORATE FINANCE CZ**

Václav is the founder of Nexia One Corporate Finance CZ. He specialises in corporate finance and advisory services related to project and investment finance, real estate financing and acquisitions. He has more than 21 years of experience in these areas. He spent 11 years in senior management positions at international banks, including Creditanstalt, Bank Austria Creditanstalt and HVB Bank.





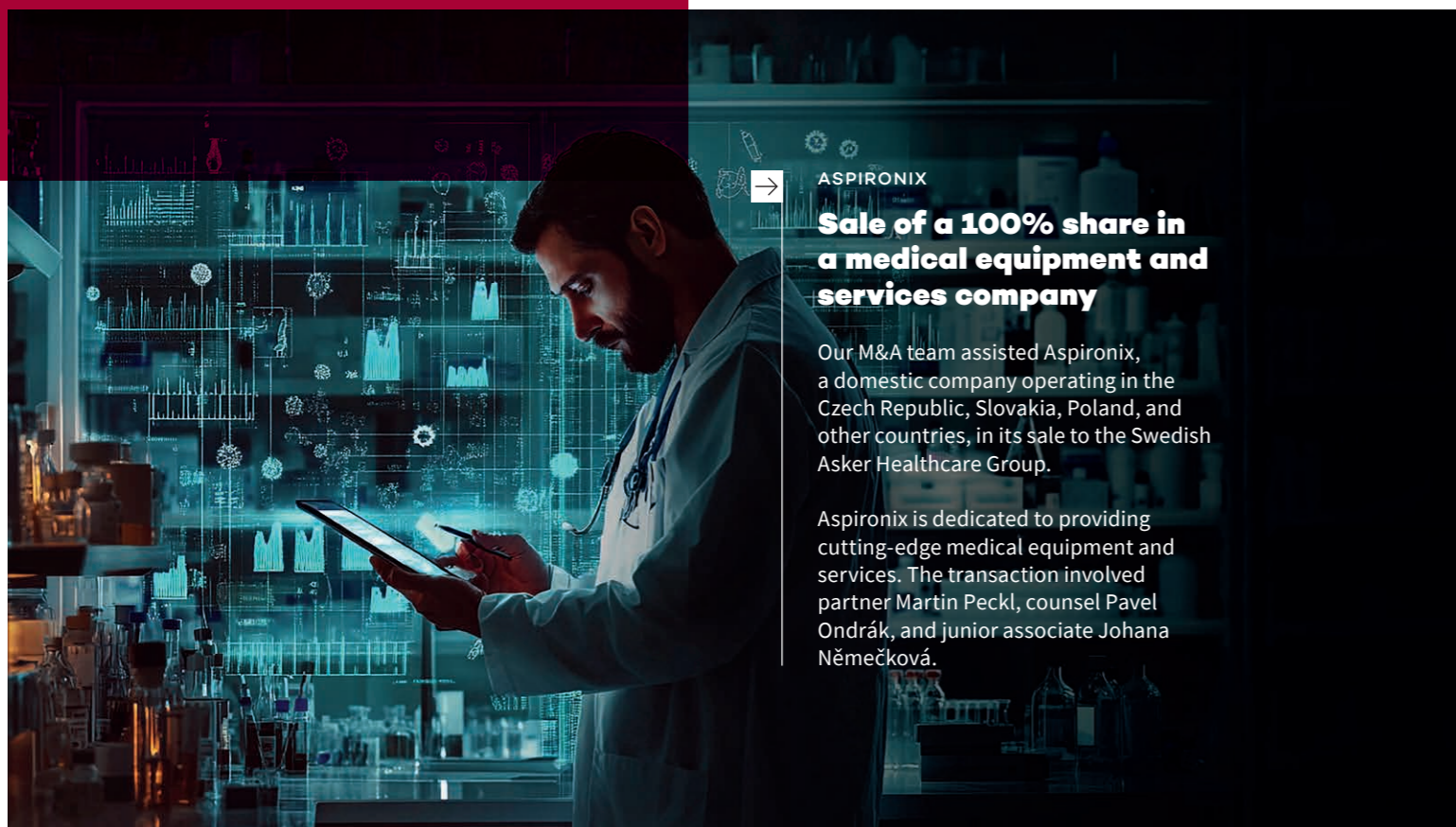
# OVERVIEW OF SELECTED TRANSACTIONS INVOLVING HAVEL & PARTNERS

18  
years

870  
transactions

35  
bn EUR

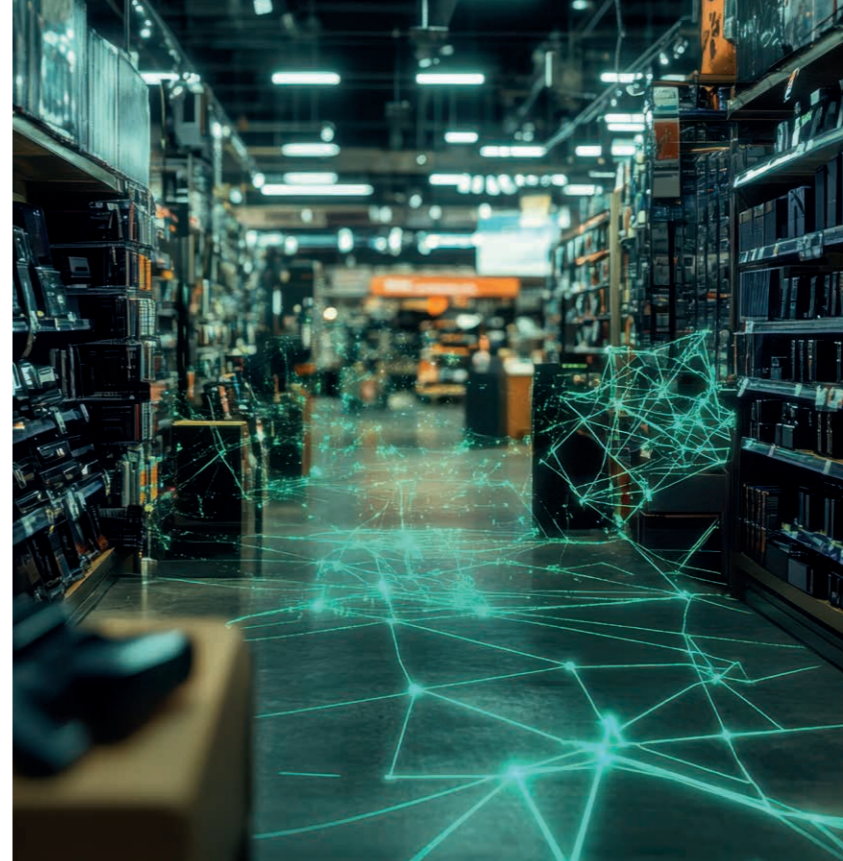
Over the past 18 years, we have been involved in completing over 870 transactions, not only in mergers, acquisitions, divestitures, and restructurings. Their total value exceeds EUR 35 billion. Here is an overview of the most important deals over the latest period.



→ **ASPIRONIX**  
**Sale of a 100% share in a medical equipment and services company**

Our M&A team assisted Aspironix, a domestic company operating in the Czech Republic, Slovakia, Poland, and other countries, in its sale to the Swedish Asker Healthcare Group.

Aspironix is dedicated to providing cutting-edge medical equipment and services. The transaction involved partner Martin Peckl, counsel Pavel Ondrák, and junior associate Johana Němečková.



→ **HP TRONIC / HP INVEST**  
**Integration of electronics retailers HP Tronic and NAY**

We assisted our client, the owner of DATART, a leading domestic network of electrical appliance stores, in its merger with the Slovak group NAY from the same industry.

The transaction was preceded by the purchase of a 25% share in HP Tronic, sold by the Luxembourg-based Genesis Private Equity Fund III. As a result, the DATART chain once again has a single owner, namely HP Tronic / HP Invest. The transaction was led by partner Václav Audes, managing associate Ivo Skolil, and associate Tomáš Jansa.

The competition team represented HP Tronic and NAY in proceedings before the Czech and Slovak antimonopoly authorities for merger clearance. The team was led by partner Robert Neruda and included counsel Roman Světnický, managing associate Dušan Valent and junior associates Robert Nersesjan and Monika Juriková. The merger united the stores in the Czech Republic under the DATART brand and in Slovakia under the NAY brand.

↓ **PERNOD RICARD**  
**Karlovarská Becherovka with a new owner**

As its Czech counsel, we represented the French group Pernod Ricard, one of the world's leading producers of premium wines and spirits, in the sale of the famous Karlovy Vary distillery. Our work included a pre-transaction legal due diligence of Jan Becher – Karlovarská Becherovka, as well as restructuring and the preparation of transaction documentation.

The transaction was led by partners Václav Audes and Ondřej Florián with significant support from managing associate Ivo Skolil, who was the team leader, managing associate Radek Riedl and senior associate Kateřina Trzaska, and associates Ema Černá, Václav Fajkus, and Jan Krejčí.



→ **JSK INVESTMENTS**  
**HAVEL & PARTNERS on the sale of Zásilkovna**

We advised JSK Investments and its partners Simona and Jaromír Kijonka on the sale of their share in Packeta. Packeta is the parent company of Zásilkovna, a major domestic technology and logistics group operating not only in the Czech Republic but also in other EU countries.

Our extensive legal advice primarily covered the corporate and competition law aspects. The advice was provided by a team including partners Václav Audes, Jiří Kunášek, Robert Neruda and Jan Šturm; managing associates Silvie Király and Martin Šimek; senior associates Kateřina Kabátová and Martin Rott; and associate Jan Palacký.





ALBATROS MEDIA

### The largest acquisition in the history of the Czech Republic's leading publishing house

We assisted Albatros Media in its 20<sup>th</sup> acquisition, which was also the largest in its history by value. Our client acquired a 100% share in Libristo Media, a major online bookstore specialising in the sale of foreign language literature.

The team was led by partner Jan Koval and included managing associate Ivo Skolil and senior associate Martin Rott, and associates Simona Tziata and Tomáš Jansa.



WINDYTY

### Acquisition of Swiss Meteoblue by the Czech operator of Windy.com

We assisted in the merger between Windyty, a Czech company and the world's leading provider of high-precision meteorological services, and Meteoblue, a Swiss company in the same field. The legal advice, including due diligence, was provided by partner Václav Audes and managing associate Ivo Skolil.

Windyty operates the Windy.com website and app, which is used by nearly 100 million users each month, including meteorologists, pilots and yachtsmen.



TILIA IMPACT VENTURES, CREDO VENTURES AND PURPLE VENTURES

### Investment in Delta Green

As lead investor counsel, we advised on an investment in Delta Green, a green tech startup focused on delivering electricity at the best spot prices. We represented leading CEE investors Tilia Impact Ventures, Credo Ventures and Purple Ventures.

The advisory services were led by partner Jaroslav Baier and the transaction was also handled by associate Jiří Moravec and junior associate Róbert Košala.



HMH

### Advising on the sale of a Slovak technology company to the German Siemens Group

We represented the sole shareholder of HMH, a Slovak technology company specialising in safety systems for railway transport, in the sale of its 100% share to Siemens Mobility, member of the German Siemens Group.

The legal advisory work, which involved partners Jan Koval and Robert Porubský, along with senior associate Peter Košecký, included vendor due diligence, negotiation of transaction documentation, and successful closing of the transaction.



PHOTONEO

### Unique debt and equity financing

We provided legal advice to the Slovak company Photoneo on securing USD 12 million in funding. The solution, which included a combination of debt and equity instruments, was secured for Brightpick, a division focused on developing robotic warehouse automation systems across industries.

The transaction, described as the largest venture debt financing for startups in the history of Slovakia, was led by partner Jaroslav Baier and his team, consisting of associates Kristína Saktorová and Miriama Podskubová, and junior associate Róbert Košala. Debt financing of EUR 5 million was provided by the EBRD Venture Capital programme, complemented by equity investment from existing investors in the company.

The financing is aimed at supporting Brightpick's expansion into the US market. Photoneo, founded in 2013, specialises in 3D machine vision and robotic technologies for warehouse automation across various industries. Brightpick was formed as a spin-off company in 2021.



LUIGI'S BOX

### Setting up an ESOP incentive programme

We assisted the Slovak startup Luigi's Box in setting up an Employee Stock Ownership Plan (ESOP). The ESOP will enable key associates to participate in the success and growth of the company as co-owners. The legal advice was provided by a team which was led by partner Jaroslav Baier, including managing associate Josef Bouchal, associate Andrea Mochorovská, and junior associate Róbert Košala.

Luigi's Box specialises in developing AI technology for personalised product search and recommendation, which is used by thousands of online stores around the world.



IMPERIAL AUTO

### Acquisition of Biebighäuser Slovakia

We provided advice to Imperial Auto, an Indian automotive supplier, backed by Warburg Pincus, a leading global growth capital investor.

Imperial Auto was acquiring the Slovak company Biebighäuser Slovakia, which specialises in the design, development, and industrial production of power unit components.

The team of experts assisting the client with the legal due diligence and the subsequent transaction was led by partner Ondřej Majer, supported by associate Oliver Benda, junior associate Šimon Greguš, and other experts.





Jaroslav Havel

# ARCHITECTS OF FAMILY WEALTH PROTECTING AND GROWING ASSETS

In our family office, we focus on protecting assets and diversifying investments abroad, said Jaroslav Havel, founder and managing partner of the law firm HAVEL & PARTNERS and the Czech-Slovak family office with an international reach, ONE FAMILY OFFICE.

**MOST WEALTHY INDIVIDUALS IN THE CZECH REPUBLIC HAVE A SIGNIFICANT PORTION OF THEIR ASSETS IN A SINGLE BUSINESS AND DOMESTIC REAL ESTATE, WHICH SIGNIFICANTLY LIMITS THE MOBILITY OF THE ENTIRE FAMILY IN TERMS OF ITS ASSETS AND FAMILY MEMBERS.**

**At the beginning of 2024, you and your partners founded ONE FAMILY OFFICE, specialising in management of assets and their protection. What services does it offer?**

ONE FAMILY OFFICE was created by merging and renaming existing activities developed since 2007 and expanding the team with several new investment professionals. Today, the team consists of approximately fifty lawyers, tax advisors, and accountants, and fifteen investment experts with international experience. It provides comprehensive services for high-net-worth individuals and families. In the area of advisory services, we offer establishing asset protection structures, succession planning, and safeguarding security in the broadest sense, as well as health concierge services and more. For example, in the area of succession matters, our team takes on administrator roles in family foundations and trusts. This way, as asset protection professionals, we can assist the family. As a trusted third party, we can provide our advisory expertise and share our investment experience as partners. In the field of investments, however, we are not asset managers and do not offer our own investment products. We primarily manage our own assets and share the team, costs, experience, and know-how on a club principle.

**Why the name ONE FAMILY OFFICE (OFO)?**

We spent a long time searching for the name of our family office and wanted it to be self-explanatory, so we chose ONE FAMILY. We aim to create a broader business family around OFO. We understand that our services are not typical for large firms, which tend to be more corporate. With our partners, we work individually – in families, men and women are equally represented, as are different generations, and we also work multi-generationally. We cover the needs of successful entrepreneurs who are of retirement age, as well as young children – their descendants and grandchildren. Everything is designed for entire families. Through our concierge services, we also strive to secure fundamental family values – maintaining health and ensuring prevention, family safety in the broadest sense, and the education and upbringing of the next generation.

**You aimed to manage assets worth one billion dollars. How is it going so far?**

The situation is developing very positively, with families owning hundreds of millions or billions in assets gradually joining us. A year after our founding, we should reach

90% ↑

**IF AN ENTREPRENEUR OWNS OVER 90% OF THEIR ASSETS IN THEIR PLACE OF RESIDENCE, THIS DOES NOT PROVIDE THE FAMILY WITH ANY MOBILITY.**



around one billion dollars in assets, and we naturally expect similar or even faster growth in the future. The total capacity can be 25 to 30 families, and at the current growth rate, it will be filled within two to three years. However, we also connect with various investors and wealthy individuals even for individual club investments. Therefore, it is not necessary to be a permanent “member” of ONE FAMILY OFFICE to cooperate with us.

**Who does ONE FAMILY OFFICE cooperate with?**

Our goal, in the spirit of our motto “Connected Through Success,” is to cooperate with high-net-worth families and individuals who share a similar world view, approach to investing, asset management, and intergenerational planning. We typically work with successful entrepreneurs and managers looking for someone to help protect their assets. Our most typical business partner is a mid-sized entrepreneur with assets between CZK 100 and 300 million, often operating outside the capital or regional cities, finding it very difficult to obtain information about co-investment opportunities and lacking access to asset management advice and related mechanisms. For wealthy families, we also address the transfer and preservation of wealth for future generations. Partners of our family office can include top athletes, noble families, but also church institutions, or successful lawyers, tax advisors and other consultants, architects, etc.

**What does such cooperation look like?**

ONE FAMILY OFFICE is a one-stop shop where a business partner can have all its needs handled or select specific services in a catalogue-like manner. Family offices are growing worldwide and are a suitable choice for investments in all asset classes. We differ from traditional banks and asset managers in that I personally accept business partners into OFO as the main investor and a person with long-term advisory, top management, entrepreneurial, and business experience. I provide each partner with a personal approach, which is highly appreciated by our high-net-worth families and middle age and older individuals. This is something no one else offers on the Czech-Slovak market, and given the exceptional position of the HAVEL & PARTNERS Group, it is difficult for anyone else to offer. The terms of cooperation are also very fair, and any fees related to the administration of OFO services are affordable even for mid-sized entrepreneurs with assets in the tens of millions of crowns.

**What investments does ONE FAMILY OFFICE focus on?**

Me and my partners David Neveselý, Kateřina Zychová of Verdi, who previously worked on Wall Street, and Peter Bálint, who has long been based in Dubai, manage our own asset portfolios in the broadest possible scope. We exchange information, which allows us to invest together. This sharing of information and resources can also be utilized by other partners of our family office. We strive to invest money very profitably. One of the ways for us is strategic investments in local private equity funds, particularly focused on intergenerational exchange. This includes Verdi fond farem, managed by Kateřina Zychová and her team. Kateřina Zychová and Peter Bálint are also responsible for the portfolio composition and product development of the Verdi Apex fund, focused on hedge funds.

**What other investment opportunities are available to ONE FAMILY OFFICE partners?**

We invest locally in real estate, provide loans, and regularly purchase distressed assets. We have integrated the existing structure of Czechoslovak Capital Partners, with a successful twelve-year history and projects worth two billion crowns, into ONE FAMILY OFFICE. We also have an extensive venture capital portfolio – thirteen local and foreign funds. I personally invest in four funds in the crypto and blockchain sectors.



Additionally, together with ONE FAMILY OFFICE partners, we invest internationally in global funds and world players, especially in private equity. In the past, these included funds such as KKR and Vista, and now we have the opportunity to invest in Bain Capital. These are opportunities typically unavailable in this region, mainly due to capital requirements.

**How large is your investment team?**

The investment team consists of fifteen senior people and as many as 25 advisors. Fourteen of them form the official Advisory Board on our website. I specialise in private equity – I have had experience since 1997 and of all people in the Czech Republic and Slovakia I have likely worked with the most funds as a lawyer. Other key members include Kateřina Zychová, Peter Bálint, and associate partner Michal Klučár, who has fifteen years of experience from EPH. Most of our investment team members have international experience from long-term positions in the USA, UK, Germany, Switzerland, Poland, and the UAE, working for companies such as Goldman Sachs, J.P. Morgan, Credit Suisse, Erste, J&T, EPH, Penta, and others. We have nine senior professionals who have long been accustomed to working with dollar billionaires in the Czech Republic, Slovakia, and abroad – besides the partners and both associate partners Michal Klučár and Daniel Drahotský, these include Jakub Vrbovský, Petr Dohnal, and Jaroslav Baier.

**How do the investment expectations of the wealthiest Czech families differ from the reality of those who cooperate with you?**

I can see that many people who are billionaires according to Czech rankings still have a large portion of their assets in one main business and also in real estate, often in the same place where they have their business. They often also have smaller portfolios managed by private banks, which include bonds, mostly local. However, our typical partners usually prefer a more active role.

**Why do you believe in diversifying assets abroad?**

Even though wealthy people today have assets worth several billion, most of them are still “tied” to the Czech Republic or Slovakia and think in terms of Czech crowns when it comes to investing. The question remains whether their children, who often study abroad, and many times want to stay there after their studies, will see it the same way. If an entrepreneur

owns over 90% of their assets in their place of residence, this does not provide the family with any mobility. At ONE FAMILY OFFICE, we try to open this discussion, and many people are receptive to it. They realize that their children may not live in the Czech Republic and that the commitments they create may not be attractive to their descendants. This is why we strive for the global mobility of assets and individuals.

**ONE FAMILY OFFICE also focuses on generational exchange and succession. What does that entail?**

At ONE FAMILY OFFICE, we help wealthy families find and create suitable legal, accounting, and tax solutions for family wealth and succession, always according to the individual needs of clients. Most often, it is a combination of a private foundation with an administrative holding or a family bank. This set-up can effectively eliminate the impacts of bad future family scenarios and ensure effective protection, development, and appreciation of assets, as well as the distribution of family wealth to children. The purpose is also to prevent asset fragmentation.

**Where does the risk of asset fragmentation for wealthy people come from?**

When we conducted the NextŽeny survey, which focused on the shift from active wealth building predominantly by men towards women and passive family members, we came to interesting conclusions. Similar to the US, the average super-wealthy man in the Czech Republic has two marriages in his history, with each

woman having an average of two children, statistically balanced between daughters and sons. Men generally die earlier than women, by about six to seven years. After a man’s death in the family, the female element predominates. In such cases, an average of six people gather in the family, and if all property and inheritance matters are not resolved in advance, it complicates reaching an asset division and management agreement. Consequently, the risk of asset division or fragmentation is much higher. This is why we always recommend addressing everything in a preventive and timely manner.

**How can one prepare for such situations?**

For contrast, let’s look back to the era of “Ford-Baťa” capitalism, lasting until the 1960s and 1970s. At that time, the most suitable family member and possibly a CEO were sought to keep the company together. Outside the company, only a fraction of the assets was allocated to other family members, intended more for consumption than investment. It is only in the last ten years that the family office model has begun to prevail, where many companies are held long-term within the portfolio of one family. However, if a suitable successor is not found within the family to take over the business and asset management, our family office is ready to provide the capacity, extensive expertise, and administrative support of a professional fiduciary manager. We have the appropriate team, including staff, experience, and insurance.

PRIVATE CLIENTS

**PLAY IT SAFE:**  
ENDOWMENT FUNDS AND TRUSTS AS A TOOL FOR THE GENERATION OF LEADERS



**ENDOWMENT FUNDS SERVE AS A WAY TO SIMPLY AND CHEAPLY PROTECT YOUR WEALTH, ENSURING THAT IT DOESN'T FALL INTO THE WRONG HANDS.**

How can one safeguard against fragmentation of their assets due to family disputes or failed marriages? How can accumulated wealth be passed on to future generations? Or how can one secure a lifetime annuity? These are questions many successful entrepreneurs ponder. The most effective solution is an endowment fund.



This interview was published in E15 Premium – Elita byznysu, an edition that HAVEL & PARTNERS supports annually. However, the firm does not participate in compiling the ranking of the 100 richest Czechs and Slovaks, which is part of this publication, or in estimating their wealth. By supporting this project, we would like to express our recognition to Czech and Slovak entrepreneurs who have created and cultivated free enterprise since the Velvet Revolution, many of whom are our clients.



Decades of hard work, business development and expansion – with the ultimate goal of providing for yourself and your descendants for the rest of their lives. However, according to an AMBIS College survey of Czech dollar millionaires, four in five of them want to pass the company on to their children, but half of them have no specific succession plan.

That is a huge risk. Imagine a successful businessman who is married and has two children. In the event of his sudden death, if he has failed to execute a testament and to modify the statutory regime of his community property, his assets will be divided as provided for by statutory law in the absence of any other arrangement. Half of the community property goes to his spouse and the other half is divided between his spouse and his children. However, such rule may not necessarily fulfil most people's wishes.

When the property is divided under statutory law, there is a risk that it will be further fragmented. For example, if the widowed spouse marries again or has a new partner, or if the marriage of one of the children fails, a large part of the original assets may end up outside the original family. After all, a Deloitte study surveying entrepreneurs across Europe found out that changes in family relationships were the biggest threat to business.

#### What happens when...

Taken to the extreme, there is another concern that no one wants to even think about. What happens when both parents tragically die at the same time? Who will take care of the children and other family members, who will pass on all the information, ideas, relationships? The good news is, you can prepare for such risks.

For ten years, Czech law has been offering effective options to do so. In 2014, the new Civil Code introduced several tools to manage your property. Although each family's ideas and situation are individual, we have long recommended the combination of a family holding and an endowment fund, which has been tried and tested abroad. These two instruments can be flexibly adapted to the needs and wishes of family members, with the advantage of maintaining a functional family business. The endowment fund is a safety net for the family assets, while the family holding becomes a kind of small private bank.

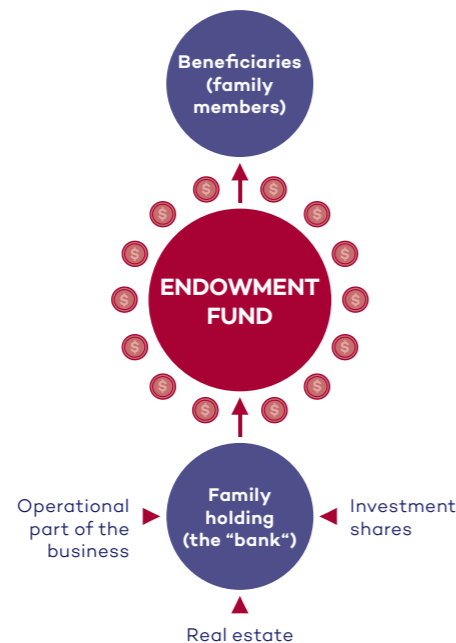
After parking a family business within a holding company, it can sometimes be advantageous to split it into two parts. The first part will continue to develop the primary business, while the second part will consist of non-operational assets, most often the company's real estate. Through dividends, money flows into such a family bank, which can then be reinvested tax-free or used for drawing an annuity. Combined with prudent international risk distribution methods, this creates a robust safety net to overcome various family and business risks.

#### Family constitution and fiduciary management

Everything is then overseen by a family foundation in the form of a trust, endowment fund, or Czech trust fund. Its founding document resembles a family constitution – as its creator, you can incorporate in it the principles and values you wish to preserve for future generations. You can also set rules for drawing money and transferring assets.

Professional fiduciary trustees from HAVEL & PARTNERS and ONE FAMILY OFFICE, with their highly experienced team, can also assist with overseeing compliance with such rules, as they have ample time and extensive expertise in long-term asset management.

The rules that you set forth should always be the result of a discussion between the founding generation and the successors as their views may differ. There is nothing worse for children than being given a few hundred million and being pushed by their parents into getting involved in a business



that is not their cup of tea. We are aware of several cases where this has gone very badly, as a result of one hasty wedding.

We therefore recommend to our clients a solution using endowment funds, which allow you to plan for all scenarios. For example, it may be stipulated that after your death, your children do not become owners outright, but the board will pay them money to secure them a decent life, pay for their education or buy starter homes. As your estate is not distributed all at once, the current assets will support the generations to come, with some funds left for philanthropy. Rules can also be set to prevent certain people outside the family circle from becoming shareholders.

Your children do not have to stand passively by, though. They can decide, for example, about some part of the investments. There are many possibilities and combinations. Moreover, managing family wealth is usually much more attractive to the successor generation than managing the original business, to which they have no connection. Not everyone is attracted by the chance to manage a factory, for example.

The basic piece of advice is to start addressing these issues early. It is quite easy to reconcile your visions and ideas when you have a happy marriage. If your relationship is in crisis, the arrangement is reached in a completely different manner. In addition, no one wants to think about various tragic events and the impacts on the family. Dealing with these matters in advance and with a calm and cool head will definitely save your family a lot of difficult moments in the future.

#### The founder's will that cannot be bypassed

The endowment fund must comply with the principles enshrined in the "family constitution" even after the founder's death. When establishing an endowment fund, clients often want to prevent their children from selling the company at the first opportunity. On the other hand, they don't want to prevent them from exiting the company forever. We often incorporate such measures in "family constitutions". You can, for example, condition the sale on an external valuation and a threshold below which the sale will be prohibited.

An endowment fund always combines permanence and flexibility. The founder's will is immutable. However, within the rules laid down by the founder, changes can be easily executed at a notary. After the founder's death, these are decided by

a board made up of family members and a professional trustee – but always complying with the rules set by the founder.

This flexibility is one of the advantages of a family foundation compared to a trust, a form often considered by wealthy Czechs. The thing is that trusts are generally much more difficult to control. If you go for a trust, your assets are factually locked in, and you can only change the rules of the game later with the court's permission. The trust cannot be headed by its settlor or anyone else who uses funds from it. We therefore use trusts primarily where the client wants to preserve things, without allowing any changes.

We have been active in this practice area since 2008, working for one third of the wealthiest Czechs and Slovaks. We have

created hundreds of trusts and endowment funds that manage more than CZK 180 billion.

**Czech legal solutions and foreign accounts** Another option, often promoted among wealthy Czechs, is to set up a Liechtenstein-based foundation. However, compared to the Czech solution, this option has several disadvantages.

Liechtenstein has a rigid system not allowing a Czech client to manage the foundation on his or her own. Moreover, the client must overcome the language barrier and cannot use global consulting services. The Liechtenstein market is occupied by several smaller law, accounting, and consulting firms. They charge high fees. Conversely, opting for a Czech solution is more cost-effective and simpler.

Establishing endowment funds in the Czech Republic faces almost no barriers. Unlike foreign regulations, there is no minimum asset requirement. Additionally, the law imposes minimal demands on trustees; the founder himself/herself can efficiently govern a domestic foundation and manage foreign assets within a Czech fund. This can be done while leveraging the robust services of renowned foreign private banking institutions, including Swiss banks.

#### Endowment fund as a lasting legacy

If you take the ranking of the wealthiest Czech families, practically every one of them is engaged in charity. It's not just about one-off donations. Often their foundations focus on and systematically support selected areas because they are close to them, be it education for children from disadvantaged backgrounds, palliative care or other fields.

Family philanthropy may be yet another function of the endowment fund. Long-term support for promising Czech scientists or athletes or anything else close to the founder and his family can last for generations to come.

#### Czech endowment fund

- lower costs
- no minimum amount of assets
- the founder can also be a trustee
- no language barrier
- familiar legal system

#### Foundation in Liechtenstein

- high remuneration for trustees
- minimum threshold of CHF 30,000
- trustee with special authorisation only
- language barrier
- foreign jurisdiction

#### Key contacts



#### JAROSLAV HAVEL | MANAGING PARTNER

Founder and managing partner of HAVEL & PARTNERS and ONE FAMILY OFFICE. Jaroslav provides comprehensive advisory relating to the development and strategic management of family-owned and other major Czech and Slovak privately owned companies, in particular succession planning as well as asset and investment management and protection. In these areas, he has long been following global trends and implementing them in the Czech and Slovak professional services market.



#### DAVID NEVESELÝ | PARTNER

David leads a private client service team. He is also a partner of ONE FAMILY OFFICE. He specialises in comprehensive legal and tax advice relating to succession planning and strategic management issues for family-owned businesses. David focuses on the management, possession and legal protection of family property, especially in trust law, inheritance law, as well as family holdings and local and foreign foundations and trusts.



#### MIROSLAV VOZÁB | PARTNER

Miroslav advises private clients on the optimal setup for the possession and protection of private and family property. His experience in this respect includes, among other things, the introduction of private or family holdings into the client's corporate structure, the establishment and setup of family foundations, and the proper setup of relationships between individual entities and authorities.

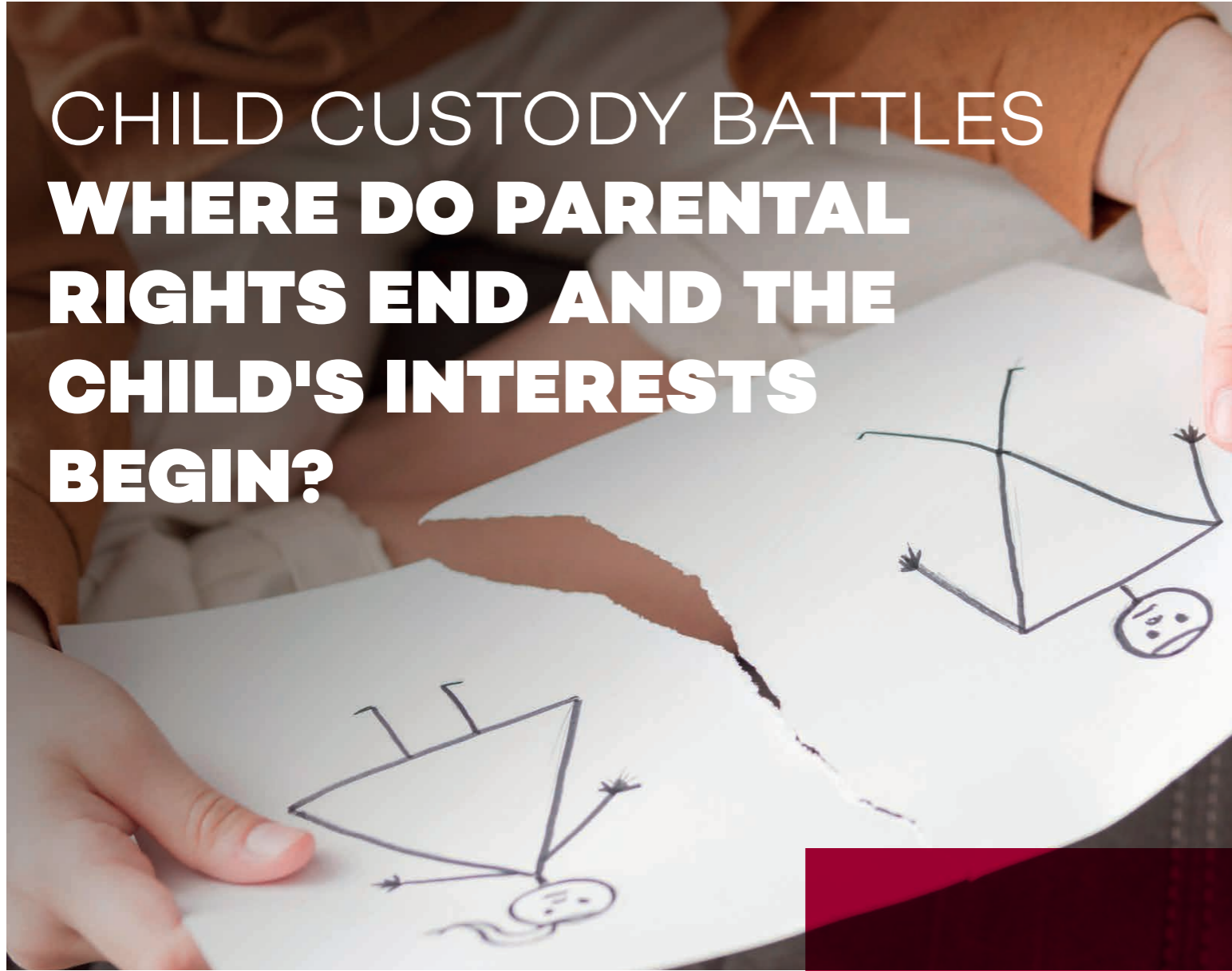


#### ŠTĚPÁN ŠTARHA | PARTNER

Štěpán is an expert in advising private clients on structuring the administration and legal protection of assets, both in Czechia and Slovakia. As regards private client advisory, he focuses on structuring the holding and protection of private assets, as well as on family endowment funds and trusts. He has long been handling the legal protection of assets and the intergenerational transfer of capital in its entirety.



# CHILD CUSTODY BATTLES WHERE DO PARENTAL RIGHTS END AND THE CHILD'S INTERESTS BEGIN?



When family relationships come under strain, a child can become the focal point of disputes. When might the child end up in the custody of someone other than their parents? And in such cases, is the child's opinion decisive? Finding the child's best interests is not always straightforward. There can often be a fine line between the child's wishes and their actual best interests. So, how can this delicate balance be best achieved?

**ANY DECISION  
REGARDING THE CUSTODY  
OF A CHILD MUST  
PRIMARYLY CONSIDER  
THE CHILD'S BEST  
INTERESTS.**

Life can present situations that disrupt the balance among relatives, turning those who should be supportive into enemies. We frequently encounter cases where a child becomes the centre of conflict. We see grandparents suing their own children for the right to see their grandchildren, and even more contentious situations where relatives argue with parents over who will have custody of the child.

Generally, any decision regarding the custody of a child must primarily consider the child's best interests. It is undoubtedly in the best interests of every child to be in the custody of their parents. The Charter of Fundamental Rights and Freedoms also stipulates that the care and upbringing of children is a right of the parents. Under the Charter, children also have the right to parental care and upbringing. Only a court may limit parental rights or separate minor children from their parents against their will, based on the law.

Under the Civil Code, specifically Section 953(1), third parties may only care for a child if the parents are unwilling (abandon the child), unable (e.g., due to illness or incapacity), or incompetent (e.g., due to drug addiction). This provision is certainly not intended to become a tool in disputes over the child within the broader family. Instead, the law aims to assist in situations where, for said reasons, parents are genuinely unable to take care of the child or should not do so.

According to a Study on the Use and Functioning of the Institute of Granting Custody of a Child to Another Person (Custodianship) in Practice the number of children placed in the custody of a third party has ranged between 4,000 and 5,000 in recent years.

#### Does the child's opinion matter?

In 2023, the Constitutional Court issued a landmark decision in a dispute between a father and his former mother-in-law (the maternal grandmother) over the custody of a 14-year-old daughter following the mother's death. When the parents divorced three years ago, they agreed on how to care for their daughter. The custody of the girl was granted to the mother, and the father continued to see her every other weekend. The mother passed away in 2021, and the father automatically became the sole legal guardian and custodial parent.

In reality, the maternal grandmother immediately moved into the house where

the girl had been living with her mother. She opposed the father's move into the house with the girl. A court case followed, during which the girl expressed her wish to stay with her grandmother and continue seeing her father on weekends, as before. The Constitutional Court upheld the ruling granting custody of the daughter to the grandmother. In this specific case, the higher courts agreed that it was in the child's best interest to honour her opinion.

However, it is always a question of whether the child's opinion and their best interest are necessarily the same. Is it practically possible for the custody of a child to be taken from his/her parents and granted to other relatives just because he/she says that he/she prefers being with them over his/her own parent? Once again, under the Civil Code, a court may only place a child in the custody of another person if neither the parent nor guardian can personally care for the child.

This condition clearly indicates that there must be some obstacle preventing the parent from providing childcare. But can the child's expressed wish be considered such an obstacle? According to the Constitutional Court, this seems to have been the case here. Neither court identified any other obstacle, and the father repeatedly argued during the proceedings that he was both able and willing to care for his daughter. His custody was even supported by the Children Social and Legal Protection Authority (OSPOD). However, the Constitutional Court (or rather the regional court, whose ruling the Constitutional Court found correct) still ruled to prefer the grandmother's custody.

#### Relatives kept in check

The death of a parent is a very serious circumstance. However, to state that the child's opinion alone is sufficient to abandon parental care effectively means resigning from the child's duty to respect their parents, which is also enshrined in legal norms. Ad absurdum – what about the stance of a child, especially during adolescence, who might keep their parents in check with the argument, "If you don't comply, I'll go live with grandma"?

In each specific case, it is crucial not only to find out the child's opinion but also to properly assess it. How deep is the child's belief of their expectations of parental care? Why do they prefer one person over another? We know very serious cases where the relationship between the

child and the parent has been so damaged that it would be difficult to force the child into contact and convince them that it is in their (theoretical) best interest to be raised by that parent. Typically, these are cases of domestic violence against children or domestic violence against the other parent, which the children witnessed.

Similarly, we also have cases where one parent apparently manipulates the child against their parental counterpart. In such cases, it is usually appropriate to allow the non-preferred or even rejected parent a chance to "convince" the child through personal effort or to "remind" the child of their presence, and to symbolically return the child to where they were when family relationships were still intact. We also know of cases where a child has tried to leverage their preference for one parent to gain the most "for themselves." This might happen because one parent (or one of the custodial persons) is more lenient, more fun, and so on. It is crucial to be very cautious and carefully consider whether it is in the child's best interest to adjust the balanced care and educational influence of both parents based on the child's opinion, which is significantly influenced by their comfort.

Finding the ideal solution is always challenging, and as lawyers, we strive to ensure it is considered within the broader context of the family situation. In cases where the custody of a child by a third party is being decided, this should be even more clear-cut. If there is no (proven) obstacle preventing a parent from providing personal care, it is not possible to consider placing the child in the custody of a third party. However, the said Constitutional Court ruling changed this perspective and shifted the interpretation. We have also experienced where this can lead in our practice.

#### Fight in the family

In 2016, young Dominik was placed in his mother's custody. He saw his father once every two weeks on weekends due to the significant distance between the parents' residences. In 2024, when Dominik was 11 years old, his mother died. Dominik's uncle (the brother of the deceased mother) immediately filed a motion for a preliminary decision to care for the boy. The court granted his motion, placing Dominik in his uncle's custody for three months. The basis for this decision included the uncle's statements, a notarial deed in which the mother had expressed her wish before her death for her son to be placed in the uncle's custody, and a psychologist's report stating that



Dominik did not want to be in the position of having to choose.

In the previous case, the Constitutional Court stated that “it is in the best interest of the minor to remain in the existing, familiar, and safe environment of her grandmother after the mother’s death.” However, in Dominik’s case, no one asked for his opinion, nor did anyone investigate whether the father’s environment was “safe” or “less safe.” The uncle unexpectedly came to take his nephew into his care at the mother’s funeral, where Dominik had arrived with his father. Only through the diligent and patient work of legal counsels was contact between Dominik and his father re-established after weeks of separation, which ultimately led to a change in the court’s view of the family situation. Despite the uncle’s new motion, the court did not extend the preliminary decision.

Unfortunately, prolonged separation from a parent, combined with the persistent efforts of the other “side” to alienate the child from the parent or prevent them from spending time together, may lead to an irreversible breakdown of the relationship with the child and permanent rejection. Even if a parent achieves a “legal victory” after years, no document can restore the child’s affection. This is why it is crucial to address and resolve such situations as swiftly as possible within the bounds of the law.

**The case of minor Sofie**

As illustrated by the aforementioned cases, the child’s best interest does not always align with their wishes. It is also not feasible to place the responsibility for their own development on children, nor to ignore their significant objections or concerns. It is always essential to listen to the child’s opinion and try to understand it

within the context of their family situation. This is exemplified by a third case.

Sofie was placed in the custody of her mother in 2019. She saw her father relatively infrequently, but they had a good relationship. The mother began to struggle with alcohol problems. This manifested primarily at home, and the daughter had to cope with it. In 2023, the family situation escalated when ten-year-old Sofie ran away from home to her father’s place. He contacted his former mother-in-law, with whom he had a good relationship, and they sought help from OSPOD. However, OSPOD did not effectively assist; they contacted the mother, and the daughter was returned to her care.

A few weeks later, the situation repeated, and the girl ran away again in the evening, crossing the city to reach her father. The mother noticed her daughter’s disappearance after some time and had the police search for her. They found her at her father’s place late at night. The father once again reached out to his former mother-in-law for help. Since he unfortunately did not have suitable housing for his daughter to stay with him, he, along with his mother-in-law and a lawyer, jointly filed a motion for a preliminary decision to place the daughter in the grandmother’s custody for three months. OSPOD eventually supported the motion, and the court issued the preliminary injunction.

In the subsequent proceedings, the mother denied having an alcohol problem and rejected any issues with her approach to caring for her daughter. However, the daughter described her mother as often aggressive and unpredictable under the influence of alcohol, hiding alcohol in her school bag, toy box, or closets. Despite repeated promises to stop drinking, the mother always lapsed. Considering all the circumstances

and the daughter’s opinion, the court granted the motion and placed the daughter in the grandmother’s custody. In this case, the daughter’s significant objections to her mother’s care were crucial.

Based on the three stories mentioned, it is clear that even a seemingly simple rule in the law regarding granting the custody of children to a third person can be applied in vastly different ways in practice. The primary criterion should be the child’s best interest, considering the specific child in their unique family situation.

In family disputes, which are always full of emotions, we recommend focusing simply on what is truly best for the child at that moment. This means considering not only the child’s wishes but also the overall environment, stability, safety, and long-term development.

Although these family disputes are always extremely challenging, trying to resolve the conflict calmly and avoid accusations is crucial. Our role as lawyers is not only to find a legal solution but also to look at the whole matter with the necessary perspective and facilitate dialogue between the parties. Mediation or the involvement of an impartial expert can be utilized, and psychologists or social workers (OSPOD) can also be involved to offer an objective point of view, assess the situation, and help find a solution in accordance with the law.

The ideal situation is to avoid disputes altogether. If at all possible, work with a legal counsel who has the experience and objectivity to find an agreement within the family. It is always the least stressful for the child.

Note: The names of the minors used in the article have been changed.

**Key contacts**



**VERONIKA BOČANOVÁ | PARTNER**

Veronika co-leads the family law team and has over 20 years of experience in this field. She offers comprehensive legal services related to marriage and parenthood matters. Veronika specialises in setting conditions for child custody, addressing maintenance obligations, marital property law, managing the property of minors, and providing legal representation in guardianship proceedings or divorces.

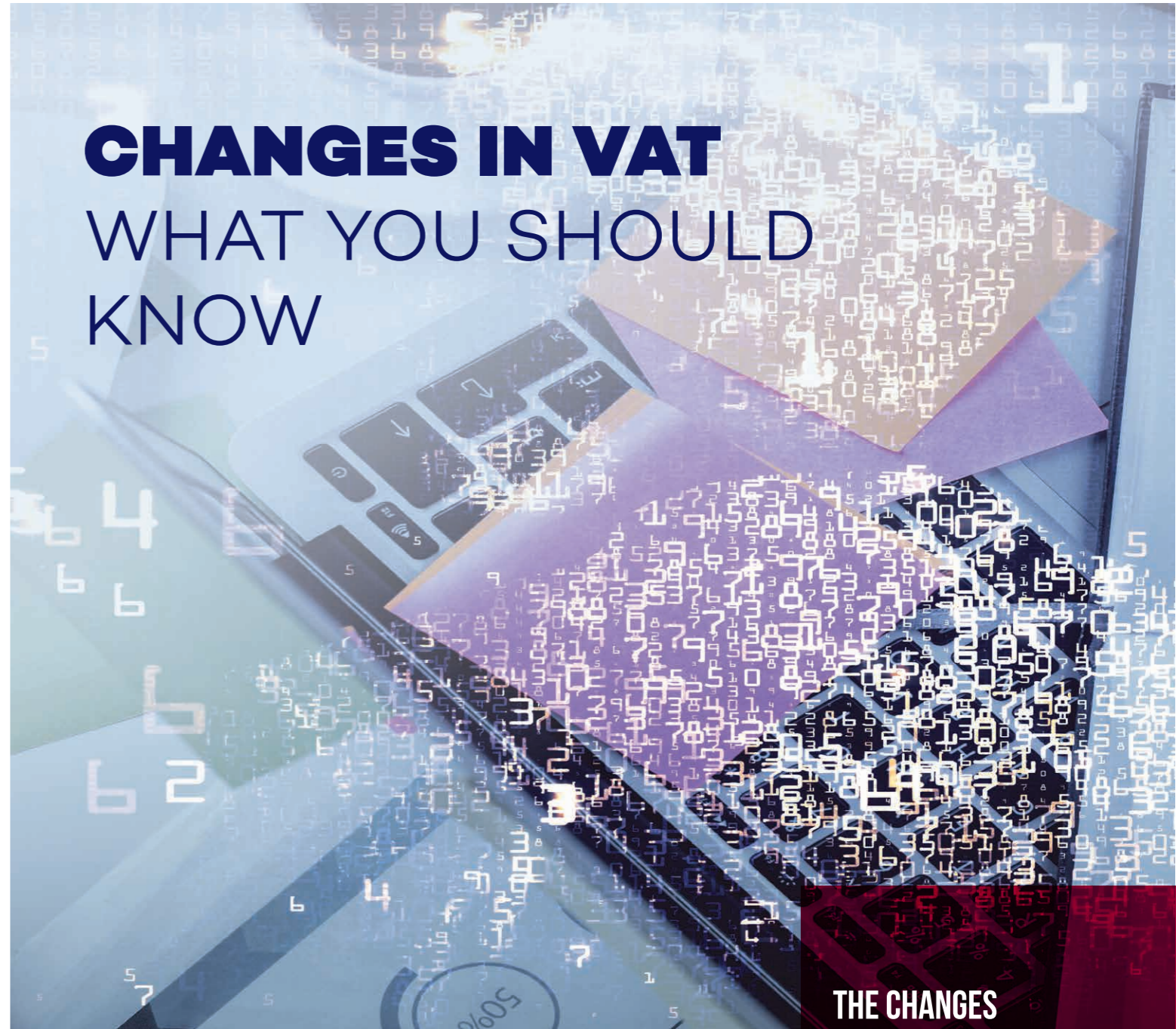
**MARTA FANTOVÁ ARGALÁŠOVÁ | SENIOR ASSOCIATE**

Marta specialises in family and inheritance law. She advises and represents clients in proceedings concerning the arrangements for minor children and in divorce proceedings, both in negotiating out-of-court agreements and in representation before courts. Marta also focuses on issues related to domestic violence and comprehensive assistance to victims not only in divorce and custody proceedings.



**TAX LAW**

**CHANGES IN VAT  
WHAT YOU SHOULD  
KNOW**



**THE CHANGES  
AFFECT VAT  
REGISTRATION,  
DEDUCTION  
ENTITLEMENTS AND  
NEW RULES ON REAL  
ESTATE.**

The year 2025 brings the most significant changes to value added tax for businesses in recent years. The changes not only affect VAT payers, but also companies that are yet to become VAT payers. Do you fall into this category? We have put together a list of tax news you should not miss.



With the arrival of the new year, there have been extensive changes in the area of taxes brought about by the amendment to the VAT Act. This brings with it fundamental changes in the tax practice of companies. The amendment requires closer monitoring of turnover, overdue payables and deadlines for claiming deductions.

#### Changes in VAT payer registrations

The previous practice of calculating turnover for VAT registration has changed significantly since January. If you were not a VAT payer, you had to monitor whether your turnover exceeded CZK 2 million for 12 consecutive months. If you exceeded the limit, you had to apply for registration by the 15th day of the following month and became a taxpayer from the 1st day of the second month following the month in which you exceeded the limit.

Now, however, besides the need to monitor a turnover of CZK 2 million, a turnover of CZK 2,536,500 also has to be tracked. This is a limit of EUR 100,000 based on EU law. Both turnovers are always calculated on a calendar year basis, not for any 12 consecutive months. And there are basically two new scenarios. If you exceed the turnover of CZK 2 million but do not reach the higher limit of CZK 2,536,500, you do not become a VAT payer immediately, but only from 1 January of the following year. However, you can voluntarily register sooner.

However, if your turnover exceeds CZK 2,536,500 (i.e. the threshold of EUR 100,000) by the end of the year, you must register immediately, i.e. on the day after your turnover is exceeded. You must do so within 10 business days.

Let's use an example: If your company reaches a turnover of CZK 2,200,000 on

10 February 2025, you must file the registration within 10 business days, i.e. by 24 February 2025, but you will only become a VAT payer from 1 January 2026. However, if your turnover exceeds CZK 2,600,000, i.e. the higher threshold, on 6 June 2025, you will become a VAT payer on 7 June 2025 and must submit a supplementary registration by 20 June 2025.

#### Scheme for small businesses

If you plan to trade in other EU Member States, the amendment has introduced the possibility for small businesses to register in the scheme. You can do this as long as you have not exceeded a total turnover of CZK 2,536,500 in the Czech Republic and the EU. The aim is to level the playing field and reduce the administrative burden of having to register for VAT in another EU Member State.

For you as a Czech entrepreneur, this means that if in the future you are obliged to register for VAT in another EU Member State (e.g. due to retail sale of goods or services of a lower value in that state), you can voluntarily pre-register through the Czech tax office under the small businesses scheme and thus avoid the standard VAT registration.

However, you will need to monitor and report your turnover regularly. All transactions up to the given turnover will be treated as exempt transactions without any entitlement to deduction. Keep in mind that currently, the turnover for the small business scheme is not the same in all states, so we always recommend checking the turnover and conditions applicable to the new scheme in a particular country before registering for it.

#### Tax base corrections

The amendment also changes the rules for tax base corrections. Until the end of 2024,

you had 3 years to correct the VAT declared and paid, but this has now been extended to 7 years (however, 3 years still apply for advance VAT payments). This is a response to a common supplier practice where product warranties often exceed 3 years.

## IF YOU PLAN TO TRADE IN OTHER EU MEMBER STATES, THE AMENDMENT HAS INTRODUCED THE POSSIBILITY FOR SMALL BUSINESSES TO REGISTER IN THE SCHEME. THE AIM IS TO LEVEL THE PLAYING FIELD AND REDUCE THE ADMINISTRATIVE BURDEN OF HAVING TO REGISTER FOR VAT IN ANOTHER EU MEMBER STATE.

Corrections to the tax base will have to be made even if you cease to be a VAT payer within 7 years of the transaction (or 3 years from the advance VAT payment). The correction is made in an additional tax return and subsequent VAT ledger statement for the last tax period before the cancellation of registration.

#### Reduction of the period for claiming the deduction

On the other hand, a rather negative change for taxpayers is the new period for claiming the deduction, which was shortened from three to two years. This two-year period starts to run from the end of the calendar year in which the deduction could be claimed for the first time. This means that if, for example, you buy goods and receive a tax receipt in February 2025, you may claim the deduction in your VAT return for the December 2027 tax year at the latest.

According to the explanatory memorandum, in almost 99% of cases, taxpayers claim the deduction in the first or second tax return in which it may be claimed.



According to the authors of the VAT amendment, the shortening of the period is not to affect the taxpayers in any significant manner. On the other hand, the tax administrator will have more time to check the tax and make additional tax assessment.

#### Correction of deductions after cancellation of VAT registration

As with the correction of the tax base, the obligation to correct the VAT deduction after the cancellation of VAT registration is also maintained if you, as a taxpayer, were obliged to correct the deduction. The correction is again made in an additional tax return and subsequent VAT ledger statement for the last tax period before the cancellation of registration.

#### VAT deduction for overdue payables

The new regulation aims to motivate debtors to meet their obligations on time. Customers will need to refund the VAT deduction for any payables that remain unpaid 6 months after their due date. If the taxpayers subsequently fulfil their

liability, they will be entitled to claim the VAT deduction again. This new obligation will entail additional administration, as you as payers will have to keep track of the above deadline.

#### Taxation of real estate

Further changes in the VAT area will take place from 1 July 2025, and will mainly concern real estate. From the effective date of these changes, VAT will only be levied on buildings on their first supply or on their first supply after a substantial change (renovation and reconstruction), and only if the sale takes place before the 23rd month following the month of completion of the construction. After this period, the sale of the buildings will be exempt from VAT.

This relates to the lowering of the threshold of what is and what is not a substantial change to the structure. The new regulation implies it includes any construction modifications that increase the value of the building as long as the cost of such modification exceeds 30% of the sale price. This

means that we are more likely to see output VAT applied to reconstructed buildings.

#### VAT deduction for luxury cars

Gradual changes will also occur in other areas. For example, from 1 January 2027, there will be changes affecting deductions for luxury cars. Currently, the maximum limit for the VAT deduction for the purchase of a car is CZK 420,000. This corresponds to the input VAT at a rate of 21% calculated on the tax base of CZK 2,000,000. Therefore, if you as an entrepreneur buy a car for more than CZK 2,000,000 excluding VAT, you will be able to claim a deduction only up to CZK 420,000 and any VAT paid in excess of this amount will remain your expense.

This non-deductible VAT represents a significant financial burden for entrepreneurs. After consultation with the VAT Committee, the law makers also concluded that this regulation should not be permanent and proposed abolishing it after three years, i.e. as of 1 January 2027.

### Key contacts



#### DAVID KRCH | TAX PARTNER

David has many years of experience in representing foreign corporations operating in the Czech Republic. He provides comprehensive services to clients, especially in the area of corporate income tax and VAT in both domestic and international context. David is a founding partner of HAVEL & PARTNERS Tax.



#### KRISTÝNA ŠLEHOFEROVÁ | SENIOR TAX CONSULTANT

Kristýna specialises in value added tax and in ongoing advice to major multinational manufacturing or trading corporations on VAT, VAT return check, VAT ledger statement, summary report and Intrastat declaration.

#### PETR TUŠAKOVSKÝ | TAX PARTNER

Petr provides long-term, ongoing tax advisory support to clients, as well as comprehensive VAT advice. He leads the team that prepares VAT returns and related reports, and also focuses on tax due diligence. Petr also represents clients in tax audits.



#### Key turnover limits for VAT registration



### CZK 2,000,000

- registration within 10 business days of exceeding the limit
- VAT payer from **1 January of the following year**

### CZK 2,536,500 (EUR 100,000)

- registration within 10 business days of exceeding the limit
- VAT payer from the **day after** exceeding the limit



# THE REAL ESTATE MARKET IN CZECHIA AND SLOVAKIA CHALLENGES, TRENDS, AND OPPORTUNITIES

What is the development of the real estate market in Czechia and its South Moravian region? What are the challenges that are shaping the future of real estate in Slovakia? These were the questions discussed by representatives of major real estate development, construction and investment companies, real estate funds, consultants, property owners, and investors at the October Real Estate Forum, which we held in Brno again. These topics were also addressed at the second edition of the Slovak Real Estate Vision & Trends conference, which we organised together with CBRE in Bratislava in November.

At the Brno real estate conference in October 2024, the experts agreed that better times were ahead after the real estate market was slowed down by high interest rates and rising construction costs. Tomáš Vavřík of Domoplan even predicted that residential property prices could gradually reach the level of prices in Vienna. “Prices are bound to rise by 5–8% a year. Many developers have raised their prices, and the market will absorb that. Prices will not be lower. Whoever wants to invest should not wait for a downturn,” said Mr Vavřík. Zdeněk Vojtek of Svoboda & Williams joined in, saying: “The time is now.”

Petr Houska of OM Consulting also confirmed that the market was recovering:

“Developers are dusting off older projects that have been suspended until later. The recovery of the office properties is much slower, far from the pace of residential properties.”

Petr Beránek of Nexia One Corporate Finance described a wide range of real estate investment options that need not be limited to residential properties only. “If you want passive investment, you should probably invest in a real estate fund. If you want active investment, do you need an immediate return? If you don’t, you should invest in land,” said Mr Beránek.

Hotels can also be an interesting investment in terms of appreciation. According to Jaroslav Svoboda of Czech Inn Hotel, investing in this segment might give you a return

above the usual 4–6%. However, it is a long-term investment. David Nath of Cushman & Wakefield added: “Czech hotels have one of the highest gross operating margins in Europe. We’re number two after London. European performance is about 43%.” Lukáš Pytloun of Pytloun Hotels noted that hotel concepts with limited services, such as self-check-in, can even generate 60%.

## Slovak challenges – the Building Act and a metropolis with a million inhabitants

At the November Slovak Real Estate Vision & Trends conference in Bratislava, CBRE’s Gábor Borbély presented the current situation on the European investment and real estate market. According to the statistics, both investment activity and volumes have been growing, with an

average rate of up to 12% between 2023 and 2024. These figures are seen throughout the CEE region (excluding Russia, Belarus, and Ukraine) and the European Union.

However, Slovakia faces several challenges. It needs to deal with low housing affordability. The new Building Bill passed by the Slovak legislature was supposed to be the solution to that challenge, but before it came into force, the current Slovak government decided to revoke it and draft completely new legislation. According to Martin Vlk of HAVEL & PARTNERS, the risks of failed digitalisation and digitalised building permitting procedures have become fully visible in Czechia. He warned against Slovakia taking inspiration from Czechia when adopting the new legislation.

According to Róbert Šimončíč, director of the Slovak Investment and Trade Development Agency (SARIO), which is responsible for attracting investors to Slovakia, one of the problems is that the Slovak market is not large enough and lacks a city with a million inhabitants: “A city with a million inhabitants offers opportunities to investors to which they respond. They are willing to come to other cities, but we have to give them other incentives.” Mr Šimončíč therefore considers it crucial to strengthen the country’s existing larger cities by supporting universities as well as R&D.

Another topic in Bratislava was the not very optimistic demographic prospects for Slovakia. Štěpán Štarha, representing ONE FAMILY OFFICE, said that the growing

segment of services for the elderly, such as nursing homes, is an investment opportunity. He also pointed out that Slovak law lacks sufficient legal institutions for property protection. “Slovak law does not allow us to effectively decide what happens to our assets. We cannot prevent our estate from being split among many heirs. And we cannot even ensure that our wishes are respected: for example, by prohibiting the sale of specific real estate,” said Mr Štarha.

As a result, wealthy Slovaks often use Czech endowment funds or trusts as a solution because they can use these structures for their real estate and other investment opportunities. Mr Štarha stressed that this contributed to greater diversification of assets, but also helped to limit geographic risks.



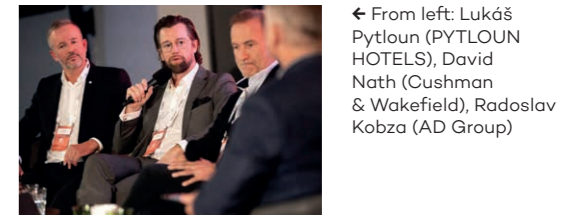
↑ Real Estate Vision & Trends in Bratislava



↑ From left: Lenka Buchláková (host), Ondřej Majer (HAVEL & PARTNERS), Martin Vlk (HAVEL & PARTNERS)



↑ From left: Petr Beránek (Nexia One Corporate Finance), Martin Ráž (HAVEL & PARTNERS), Jana Etrych Goldscheidová (JEG Advisory & Investments and Papež & Goldscheid Properties), Jan Rejcha (Rellox), Jiří Václavek (host)



← From left: Lukáš Pytloun (PYTLOUN HOTELS), David Nath (Cushman & Wakefield), Radoslav Kobza (AD Group)

← From left: Petr Houska (OM Consulting), Leoš Anderle (Sekyra Group), Petr Vašina (Siebert & Talaš), Tomáš Vavřík (DOMOPLAN), Zdeněk Vojtek (SVOBODA & WILLIAMS), and Jiří Václavek (host)



# SAFELY AND ACCORDING TO THE RULES CYBERSECURITY OBLIGATIONS EXPAND TO A BROADER RANGE OF COMPANIES

**ONE OF THE KEY  
CHANGES IN NIS II IS  
THE EXPANSION OF ITS  
SCOPE TO MULTIPLE  
SECTORS AND TYPES  
OF COMPANIES. THE  
OBLIGATION TO SECURE  
THE COMPANY AGAINST  
ATTACKS WILL THUS  
AFFECT MANY MORE  
COMPANIES.**

Companies face increasingly sophisticated cyber threats that can jeopardize their daily operations, customer trust, partnerships, and even the very existence of their business not only in Slovakia. In response, the EU has introduced the NIS II (Network and Information Security) Directive. This Directive significantly impacts Slovak companies and their cybersecurity obligations. How should they prepare for these changes?

## Target of attack – “data is gold”

Entrepreneurs today handle vast amounts of sensitive data (e.g., financial data, patents, or plans) in their daily operations. Without adequate protection, such data can be easily misused, leading to theft of funds, extortion (e.g., through ransomware), or, in extreme cases, business interruption. Companies involved in innovation, product development, or technology should prioritize cybersecurity and the protection of their intellectual property.

The threat of becoming the victim of an attack affects not only large international corporations but also small and medium-sized enterprises, which may be perceived as easier targets with lower protection. The most well-known trio of cyberattacks are malware attacks, including ransomware attacks, phishing attacks exploiting human factors, and DDoS attacks aimed at disabling internet services.

Since 2024, the frequency and sophistication of ransomware has dramatically increased. Cyber attackers are increasingly targeting high-value sectors such as critical infrastructure, healthcare, telecommunications, and financial services. For a better perspective, in July 2024, various insurance companies reported a nearly 50% increase in attacks compared to 2023. The year 2024 also saw an unprecedented level of ransom demands in ransomware attacks. The average ransom amount per attack exceeded \$5.2 million, driven in part by a record payment of \$75 million in March 2024. These were the interim results published on the website of TRM, a company specialising in blockchain and effective attack countermeasures.

However, it is small and medium-sized enterprises that often face existential problems due to ransomware. The reason is not only the high ransom amounts but also the operational paralysis caused by attacks on their systems. Globally, these small and medium-sized enterprises account for approximately 46% of all cyberattacks. These attacks targeted enterprises with fewer than 1,000 employees, with phishing being the most common type of attack.

Moreover, 47% of enterprises with fewer than 50 employees do not have a real budget allocated for cybersecurity. Worse still, the same figures indicate that 51% of small-sized enterprises have not implemented the necessary cybersecurity measures in practice.

With the growing popularity of AI tools and the availability of language models such as ChatGPT, MS Copilot, or Grok, new opportunities have opened up for attackers. These new tools enhance phishing emails, automate various phases of phishing campaigns, and generate content in different languages. The sophistication of attacks is also increasing due to the use of proprietary generative models like WormGPT. Unlike standard AI models that contain safety measures and filters, WormGPT lacks these restrictions, allowing attackers to create malicious content without any ethical or safety constraints.

## Compliance with the legal regulatory framework

In response to these challenges, the EU is acting with notable precision compared to the rest of the world. Among several digital “novelties” in legal regulation, the revised NIS II (Network and Information Security) Directive has been introduced to strengthen cybersecurity across the EU. Once transposed into national law, this Directive will significantly impact Slovak companies and their cybersecurity obligations.

The NIS II Directive builds on the original NIS Directive (from 2016) and expands the framework for network and information systems security across the EU. The goal is to enhance the resilience of critical infrastructure and the digital economy against cyberattacks throughout the EU.

One of the key changes in NIS II is the expansion of its scope to multiple sectors and types of companies (including deepening within the original sectors). In addition to the original areas of energy, healthcare, transport, and digital infrastructure, the new obligations will also apply to companies in water supply, public services, space, waste management, postal services, food production, manufacturing (including chemical production), and digital infrastructure.

In addition, NIS II introduces stricter requirements for incident reporting, risk management, and corporate cybersecurity obligations.

## Changes in regulation also in Slovakia

Slovak companies falling under the scope of the NIS II Directive must take action. The transposition of NIS II into national law, in the form of an amendment to the Cybersecurity Act, was approved by the National Council of the Slovak Republic

at the end of November 2024. Within the statutory time limit, businesses (under the revised definition of essential service providers (ESP), designated by law and registered in the ESP register) will be required to adopt appropriate measures to manage cyber risks and protect critical systems.

## Implementation of security measures

Companies will be obliged to implement adequate technical, organizational, and personnel measures to protect their information systems. These measures include managing access to sensitive company data/systems, securing networks, regular vulnerability testing, data encryption, and backups.

## Risk management

Companies will be obliged to regularly analyse and assess cybersecurity risks. This assessment helps identify system vulnerabilities and enables the adoption of effective measures to remove them.

## Incident reporting

There is also a change in notification obligations. This early warning system helps mitigate the impact of attacks on critical infrastructure and supports coordination between the public and private sectors, as well as among EU Member States.

## Audit and oversight

Companies will also be obliged to regularly assess the resilience of their systems, either through self-assessment or third-party audits.

## Challenges for Slovak companies

These changes naturally entail many challenges. Implementing new measures and technologies can be expensive, especially for small enterprises. These costs include not only the purchase of technologies but also the costs of outsourcing duties that the entrepreneur cannot fulfil by itself.

Proper identification and management of cyber risks can also be complex for small enterprises. It is therefore important to consider the possibility of engaging expert consultations or outsourcing selected cybersecurity tasks. This is not only because non-compliance with legal requirements exposes the entrepreneur to the risk of high fines or other related sanctions (in the case of administrative offences for failing to implement and adhere to security measures, the regulator may impose a fine of up to EUR 7,000,000 or up to 1.4% of the global turnover of the ESP; the decisive criterion will be the higher of



such amounts. Also, for an ESP operating a critical essential service, the fine can be up to EUR 10,000,000 or 2% of the total annual turnover).

Implementing legal requirements also brings many benefits to companies. Implementing cybersecurity measures reduces the risk of a successful attack and increases resilience to potential cyber threats.

Within sectoral regulation, the required level of security may also be indirectly demanded from the obliged entity through subcontracting provisions for the subcontractor. The implemented measures thus increase the credibility of your company in relation to business partners. Compliance with legal framework requirements also reduces the risk of sanctions and fines, improves the company's reputational image, and ultimately opens doors for entrepreneurs to collaborate within the EU, whose legal regulation is harmonized as a whole.

#### How not to miss the train

For companies, it is crucial to start preparing for the implementation of the new requirements as soon as possible. The list of requirements for individual entities is quite extensive, depending on the sector and the significance assigned to the entity by the regulation. The first step should be to conduct an audit of current security measures and identify weaknesses. This audit should also include a risk and threat analysis.

## NIS II INTRODUCES STRICTER REQUIREMENTS FOR INCIDENT REPORTING, RISK MANAGEMENT, AND CORPORATE CYBERSECURITY OBLIGATIONS.

Cybersecurity is not just a matter of technology but also of people. Employees are the most sensitive link in the security chain. Educating employees about security practices, such as identifying phishing attacks, using strong passwords, and handling sensitive data correctly, as well as the company's security policies and measures, is essential. Regular updates in light of legal requirements are also necessary.



For companies without internal cybersecurity experts, it is advisable to collaborate with external consultants or cybersecurity service providers.

Data backup and creating recovery plans after an attack are key to minimizing damage in the event of a cyberattack. When backing up, it is good to follow the 3-2-1 rule – create three copies of the data you want to protect, on two different types of data carriers, and keep one copy offsite.

NIS II brings new challenges and, through its transposition into national legislation, also opportunities for Slovak companies. The urgency of investing in protecting company systems and data can pay off in the future in the form of saved costs on damage repair and reputational risk. Strict rules (NIS II Directive or the amendment to the Cybersecurity Act) should be seen as tools to increase resilience to threats, a step towards a safer digital future in the EU. Slovak companies that comply with these new standards will gain a competitive advantage and protection against growing cyber threats.

#### Key contacts



#### ŠTĚPÁN ŠTARHA | PARTNER

Štěpán specialises in information systems and telecommunications law. In the field of ICT law, he primarily focuses on the legal aspects of creating and using copyrighted works, implementing information systems, licensing computer programs, and cybersecurity. This includes addressing new technologies, AI, IoT, etc.

#### RÓBERT GAŠPAROVIČ | MANAGING ASSOCIATE

In the area of IT law, Róbert focuses on the legal aspects of creating and using copyrighted works, implementing information systems, and providing software licences, as well as new technologies. In the area of data protection, he specialises in setting up processes and ensuring compliance with European and Slovak regulations and protecting privacy and personal data in electronic communications (e-privacy).



#### MIRIAMA PODSKUBOVÁ | ASSOCIATE

Miriama specialises in commercial law with an emphasis on cybersecurity, IT, and digital law. In addition to preparing contractual and project documentation, she focuses on the correct interpretation and practical application of European legal regulations in this area, not only in Slovakia.

## World management literature supported by HAVEL & PARTNERS in the Czech Republic and Slovakia

At HAVEL & PARTNERS and ONE FAMILY OFFICE, we believe that continuous learning and development is key. We have long supported the publication of world-leading works on economics, management, and marketing – publications that serve as an inspiration for us. Our goal is to expand our circle of knowledge and share the insights of top experts in these fields with our clients and business partners. To that end, we carefully select successful foreign titles and bring them to the Czech market, so that not just us, but our entire community can benefit from these valuable resources.

#### Lessons from Private Equity Any Company Can Use

In this insightful book, Orit Gadiesh and Hugh MacArthur reveal how the winning principles and methods of successful private equity firms can benefit any entrepreneur or business. Drawing on their experience in managing Bain & Company, they distil the core strategies used by top private equity investors, centred on developing a clear 3–5-year strategic vision to unlock a company's full potential. The authors demonstrate how implementing these proven private equity techniques can significantly boost a company's competitiveness, drawing on the fact that private equity has become a cornerstone investment for the world's wealthiest families and top university endowments, outperforming even shares and real estate over the long term.

#### University of Berkshire Hathaway

This remarkable book offers unparalleled insight into the investment philosophies and values of legendary figures Warren Buffett and Charlie Munger. Rather than chasing short-term gains, they emphasise investing in the intrinsic value and long-term growth potential of companies. Key to their approach is a focus on human capital, a long-term mindset, and a commitment to moral integrity. Spanning just a few dozen pages, this text stands out as one of the premier resources for learning about investing and economics. It will help you gain vital perspective, teaching that true success comes not from short-term profits, but from vision, patience, and an abiding emphasis on ethics and values.

#### The Dilemmas of Family Wealth

A family business is more than just an economic investment for the founder – it is an integral part of their lives, a cherished family legacy that must be nurtured and preserved, especially if they hope to pass it on to the next generation. In her work, author Judy Martel examines the complex challenges or dilemmas involved in transferring family wealth and business ownership. She delves into the nuances of transitioning management to the next generation, emphasising the equally vital effort to maintain the family's unity and integrity. Martel also explores the crucial task of preparing heirs to successfully take the reins of the family enterprise.

#### The Art of Entrepreneurship (Umenie podnikat): The Road to Success by 30 Top Slovak Businessmen and Women

What did the founders of successful Slovak brands have to go through to go from zero to multimillion-dollar turnovers? The book by Simona Kubán, Ivica Ďuricová, Miriama Polohová and their team draws from the experience of 30 exceptional Slovak entrepreneurs, offering 300 invaluable business insights, as well as the founders' most impactful life and career lessons.





PRO BONO



## A good portion of help

When you take the enthusiasm of a group of amateur and semi-professional cooks, add a few handfuls of great willingness to help and mix it with the appetite and good-heartedness of our colleagues, you get a proven recipe for a good portion of help.

As is our tradition, we organised a charity breakfast in the Florentinum in Prague and the Titanium in Brno, where part of our team cook and bake while our other colleagues are expected to come to work in the morning hungry and buy a home-made breakfast. The proceeds then go to a good cause.

Thanks to the generosity of our colleagues, we raised a total of CZK 60,000. The firm added twice as much and a total of CZK 180,000 went to a good cause, which we divided between the Krása pomoci Foundation, the Zlatá rybka organisation, and People in Need – to help people affected by floods.

## 4 x EUR 1,000

The HAVEL & PARTNERS Foundation supported four non-profit organisations and civic associations helping children's education, sick children, young people and people suffering from mental disorders with a total of EUR 4,000.

At the Forbes Top Covers Gala, EUR 1,000 went to each of the association Children with Cancer, n. o., the Tvoj Buddy association supporting children who cannot grow up in their own families, Liga za duševné zdravie SR, and the Rozmanita organisation, which is building a model inclusive school of the future accessible to all children.

## 4,000 EUR

### Treasures in a box

Our colleagues from the Bratislava office prepared small treasures, sweet and savoury treats and other surprises for seniors in 15 shoeboxes, which brought joy and smiles to residents of the senior home at Šaštín as well as in the social service homes at Borský Svätý Jur and Moravský Svätý Ján, where they take care of adult women and men with health impairments.



## Helping people affected by floods



At the time of the devastating flooding in the Czech Republic last autumn, we sent CZK 200,000 to help people affected by the floods. Catering for 150 people from the Next Women event at Prague's Kampa, which was cancelled due to the floods, was provided to South Bohemian firefighters and police officers who helped day and night.

Our colleagues joined the collection of material aid for the city of Krnov, where many people lost their homes from one day to the next due to high water. And we also helped with free legal aid in the affected areas.

ONE FAMILY OFFICE  
ARCHITECTS OF FAMILY WEALTH

HAVEL & PARTNERS  
CONNECTED THROUGH SUCCESS

## Czech-Slovak family office with an international approach



Passing on family businesses to successors; private family foundations and both Czech and foreign trusts; global mobility of families and assets; investment opportunities with international reach; healthcare services and family safety, education and development of the next generations; the concept of family philanthropy.

17 top investment professionals with exceptional experience, including 5 partners whose assets form the core of ONE FAMILY OFFICE.

Access to the exclusive and expert know-how of leading local and international investment professionals – ONE FAMILY OFFICE senior investment professionals have spent over 70 years in key financial centres in aggregate and members of the Advisory Board have spent further decades working abroad.

The cooperating team of the HAVEL & PARTNERS private client group comprising approximately 50 legal, tax and accounting advisors plus the infrastructure of over 750 HAVEL & PARTNERS associates.

The combined assets of the founders, partners and a limited circle of business friends participating in the ONE FAMILY OFFICE platform has exceeded CZK 10 billion.

We have created more than 500 private family foundations, and Czech and foreign trusts. The solutions we have developed oversee total net asset worth exceeding CZK 180 billion.

Offices in Prague, Brno and Bratislava, as well as direct representation in London, Dubai and Frankfurt.

The Advisory Board (i.e. the "board of the smart and the influential"), is a group of 25 informal advisors, including 16 official members listed on the ONE FAMILY OFFICE website, with representatives of the biggest leaders in the fields of finance and investment, technology, venture capital and real estate, including people with strong ties to the US, as well as to Czech and Slovak fiscal policy.

onefamilyoffice.eu | onefamilyoffice | info@onefamilyoffice.cz



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