

MOST SIGNIFICANT CHANGES IN LAW AND LEGISLATION IN THE CZECH REPUBLIC IN 2006

The most significant change in legislation in the Czech Republic in 2006 is the coming into force of the new Administrative Code on 1 January 2006, which replaces the existing Administrative Code, in force in the Czech Republic for 38 years since 1967.

The Administrative Code is a legal provision that imposes general rules governing proceedings among the participants thereof in the area of public administration. Public administration in this sense means both the state administration (ministries, bodies subordinate to ministries, and other state bodies established by the state), as well as the so-called public self-governance, represented in the Czech system of territorial administration by regional, municipal, and city offices. Proceedings before police authorities, construction offices, land registry offices, labour offices, or proceedings for the registration of patents and industrial designs are typical examples of administrative proceedings.

The new Administrative Code imposes, among other things, an obligation upon administrative authorities to decide matters within a maximum 60-day period. This period can be extended in very specific cases only and subject to conditions defined by law. Should the

administrative authority fail to comply with this period, the participant can apply the so-called "measure against inactivity", which can be filed with a superior administrative authority. Issues such as the delivery of decisions taken by administrative authorities and the granting of power of attorney by participants to third persons have too been addressed.

Proposals for amendments to several other acts are, at the beginning of 2006, in different phases of the legislative process. The most significant ones are the brand new Bankruptcy (Insolvency) Act, the Construction Act, a new act regulating the basic principles of cooperation among the public and private sector on investment projects (the so-called PPP – infrastructure investments, schools, hospitals etc.), the Labour Code and the Act on Collective Investment.

As insolvency proceedings in the Czech Republic are among the longest and most problematic in Europe, approving new and modern bankruptcy rules was of utmost urgency. Czech political parties have already reached a consensus on the new Bankruptcy Act in Parliament and its approval is therefore highly probable. The Act should make bankruptcy proceedings quicker and more flexible. It should also give greater power to creditors, including the power to recall the bankruptcy administrator.

Furthermore, the House of Deputies has already approved the new Construction Act, although this bill is yet to be approved by the Senate and subsequently signed by the President. As both these approvals seem likely, we can expect this Act to come into force on 1 January 2007. As for the PPP Act, it will most likely come into force sometime in the first half of 2006. This Act will help to launch investment projects in areas such as transport infrastructure, schools, hospitals, prisons etc. with the participation of both the private and public sector in their planning and implementation.

The future of the new Labour Code is unclear at the moment, even though its coming into force is planned for 1 January 2007. The new Labour Code has recently been subject to disputes between the social democratic government, the bill's sponsor, and its opponents represented by the liberal opposition and employers' unions.

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