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Bachelor Thesis:

**Establishing A Small Business:
Challenges And Opportunities**

2011

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Declaration:

I declare, that the Bachelor Thesis on the topic “Establishing A Small Business: Challenges And Opportunities“ I made on my own. The literature and the used material are presented in the attached list of literature.

30th March 2011

Signature

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**Založení malého podniku:
výzvy a příležitosti**

**Establishing A Small Business:
Challenges And Opportunities**

Bakalářská práce na téma „Založení malého podniku: výzvy a příležitosti“ se věnuje samotnému počátku zakládání podniku, právě okamžiku, kdy potenciální podnikatel stojí na oné pomyslné startovní čáře podnikání a snaží se získat co nejvíce relevantních informací, které mu pomohou k dobrému úvodnímu rozhodnutí.

Tato práce je rozdělena na dvě části, na část teoretickou a část praktickou. Teoretická část bakalářské práce z různých hledisek definuje základní terminologii související s podnikatelským prostředím. Dále popisuje, z hlediska výhod a nevýhod srovnává jednotlivé právní formy podnikání v České republice a uvádí některá kritéria volby, podle kterých se budoucí podnikatelé nejčastěji rozhodují o pro ně nejvhodnější právní formě podnikání. Na závěr teoretické části práce jsem podtrhl význam zakladatelského projektu, neboť podnikatelský plán a zakladatelský rozpočet představují důležité dokumenty v úvodní „životní“ fázi podniku.

Cílem praktické části bakalářské práce je popsání procesu založení společnosti s ručením omezeným jakožto nejrozšířenější právní formy podnikání v České republice se všemi náležitostmi, které s tímto procesem souvisejí.

Klíčová slova: malý podnik, podnikatelský plán, společnost s ručením omezeným, podnikatel, podnikání, firma, právní forma podnikání.

This bachelor thesis will deal with the very beginning of establishing a business, just in the moment, when a potential entrepreneur is standing on the imaginary starting line and when he is trying to reach as many relevant information as possible, which will help him in making good first decisions.

This bachelor thesis is divided into two parts – theoretical and practical. Theoretical part of this thesis defines in different points of views basic terminology. Next, there is described in the view of advantages and disadvantages the comparison of individual legal forms of entrepreneurship in the Czech Republic and it mentions criteria of choices, according to which future entrepreneur mostly makes his decision about the most suitable legal form of entrepreneurship. At the end of theoretical part, there will be described the importance of a “founding project“, because founding plan and founding budget represent important documents in the first periods.

The aim of the practical part is a description of the process of establishing the Limited Liability Company as the most widespread legal form of entrepreneurship in the Czech Republic with all proprieties connected with this process.

Keywords: Small Business, Business Plan, Limited Liability Company, Entrepreneur, Entrepreneurship, Firm, Legal Form Of Business.

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1 Introduction

As the theme of my bachelor thesis I have chosen “Establishing A Small Business: Challenges And Opportunities“. I have not chosen this theme, because I would like to establish my own business and enter like this the world of entrepreneurship, but because I respect and look up to every successful entrepreneur, who as every other beginning entrepreneur was standing on the same imaginary starting line and proved with a good idea, courage, self-discipline and with honest work, that it is possible to reach certain “standing“ and acknowledgement of the neighbourhood. Entrepreneurship became a huge phenomenon in todays world and succesfull entrepreneur a symbol of socially respected human.

2 Aims And Methodology

2.1 Aims

This bachelor thesis will deal with the very beginning of establishing a business, just in the moment, when a potential entrepreneur is standing on the imaginary starting line and when he is trying to reach as many relevant information as possible, which will help him in making good first decissions (later on in this work, there be described, that first decissions are very important, because of money connected with transcription of a legal form of certain business and time spend on administrative departments, which is according to saying “Time is money“ also valuable). This bachelor thesis is divided into two parts – theoretical and practical. Both of these parts are structured to chapters eventually subchapters.

Theoretical part of this thesis defines in different points of views basic terminology. Next, there is described in the view of advantages and disadvantages the comparison of individual legal forms of entrepreneurship in the Czech Republic and it mentions criteria of choices, according to which future entrepreneur mostly makes his decission about the most suitable legal form of entrepreneurship. At the end of theoretical part, there will be described the importance of a “founding project“, because founding plan and founding budget represent important documents in the first periods.

The aim of the practical part is a description of the process of establishing the Limited Liability Company as the most widespread legal form of entrepreneurship in the Czech Republic with all proprieties connected with this process.

2.2 Methodolgy

This part of the work will give you a more realistic view on the trade we are thinking of entering, the trends both nationally and locally and an understanding of the needs of your potential customers.

2.2.1 Analyse Of The Market

You need to know, if the industry you are entering is expanding, contracting, stable or very dependent upon another industry which itself is changing rapidly.

Good information is the trade itself. First of all you can speak to the sales representatives of your suppliers – they can provide good information, if asked the correct questions. They are trying to engage your interest in their products, so they should talk and tell you their business problems. Next, try to meet someone doing the same business in a different part of the town or country (so that you would not be in direct competition).

For your business to succeed you need customers. But you also need to know, who those people are, what exactly their needs are and what benefit they will get from using your product or service.

It also must be clear, whether you will be selling to trade customers, the general public or both. There are major differences between the two, for instance trade customers generally have larger budgets and different requirements, such as the design of the packaging, when goods are to be delivered or the date by which the work must be completed. Another major difference that trade customers expect credit – at least 30 days, sometimes much more, whereas a private customer is prepared to pay immediately.

2.2.2 Analyse Of Competitors

A useful information can be derived from observation of potential competitors. For example you can buy their product or use their services and check out their strengths and weaknesses, or you can talk to their past or present customers etc.

If you are trying to get into an existing market, you should think about how will you win over customers from other suppliers. One way is to offer better quality product or

service. But when you start trading, there is a serious danger of counter-attack from existing businesses. This includes dropping their prices to engage you in a price war, poaching your key staff by offering higher wages. In any event you would be unlikely to win unless you have enormous resources behind you, so it is worth thinking about and should never be underestimated.

2.2.3 Testing The Market

Its function is simply to test the market reaction to a new product or service with the minimum of investment and is usually done at an early stage before the project is started, e.g. through the advert or the sample, to see what reactions it produces.

The first way to get an idea of people's needs in a general sense is to read market research reports. To find out more about the needs, views and habits of local consumers, you need to ask them and this is best done using a questionnaire.

3 PRACTICAL PART

3.1 Small vs. Big Business

In this part, I would like to explain the word “small“ in the title of my work. Small and big businesses have a lot in common, but they have a lot of differences too. Both kinds of business take risk, but if we look on closer, there are different kinds of risks. It differs in the fundamental aspects of starting, growing and managing the business. Every business has to start small and grow up. Some businesses are faster at growing than others and some don't ever reach their maximum potential. A small business maybe a single person offering some type of service or a store with a few employees. When a small business remains small, there is usually a reason for it. Maybe the business just wants to stay small, or maybe they just don't know how to grow.

A small business is mostly privately owned and operated. There is a small number of employees and relatively low volume of sales. Small businesses can also be classified according to other methods such as assets or net profits.

The definition of "small" varies by country and by industry. In the United States the small business is generally defined as a business having fewer than 500 employees for manufacturing businesses and less than \$7 million in annual receipts for most nonmanufacturing businesses. In the European Union, a small business generally has under 50 employees. In Australia, a small business is defined as one with fewer than 15 employees. By comparison, a medium sized business or mid-sized business has under 500 employees in the US, 250 in the European Union and fewer than 200 in Australia.

In addition to number of employees, other methods used to classify small companies include annual sales (turnover), value of assets and net profit (balance sheet). Small businesses are usually not dominant in their field of operation.

A small business can be started at a very low cost and on a part-time basis. Adapting to change is crucial in business and small business is able to respond to the marketplace quickly. Independence is another advantage of owning a small business. Small business owners are making their own decisions within the constraints imposed by economic and other environmental factors. However, entrepreneurs have to work very long hours and understand that ultimately their customers are their bosses.

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Small businesses often face a variety of problems related to their size. A frequent cause of bankruptcy is undercapitalization (refers to any situation where a business cannot acquire the funds they need). This is often a result of bad planning. The entrepreneur should have access to a sum of money at least equal to the projected revenue for the first year of business in addition to his anticipated expenses. For example, if the prospective owner thinks that he will generate 100,000 (it does not matter, what currency are we talking about) in revenues in the first year with 150,000 in start-up expenses, then he should have no less than 250,000 available.

Marketing is very important for small businesses to bring customers. Common marketing techniques include networking, “word of mouth”, customer referrals, yellow pages directories, television, radio, outdoor (roadside billboards), email marketing and internet.

Social media has proven to be very useful in gaining additional exposure for many small businesses. Many small business owners use Facebook and Twitter as a way to reach out to their loyal customers to give them news about specials of the day or special coupons and generate repeat business. Facebook ads are also a very cost-effective way for small businesses to reach a targeted audience with a very specific message.

Franchising is a way for small business owners to benefit from the economies of scale of the big corporation (franchiser). McDonald's restaurants is an example of a franchise. The small business owner can leverage a strong brand name and purchasing power of the larger company while keeping their own investment affordable.

3.2 Definitions Of Basic Terms

Entrepreneurship is activity done by an entrepreneur's own name, on his own responsibility and for the purpose of reaching a profit.

Other point of view is that basic motive of entrepreneurship is reaching a profit as an overplus of revenues over costs. Profit is done by giving satisfaction to the customers. Needs are satisfied by products and services on the market, because of that entrepreneur has to face some risk. For entrepreneurship is typical, that on the beginning you put in capital, no matter if yours or borrowed.

Entrepreneur is from french (entrepreneur) and originally it ment a middleman or a mediator. According to commercial code it is a person signed in trade register and a

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person running a business on the basis of trade licence. Other point of view is that it is a person, who realizes business activities with the risk of expansion or losing his capital.

Company is a subject, where the resources (inputs) are changed into goods (outputs). Hierarchy of company's goals should be: maximizing of company's market value, maximizing of internal financial sources, providing of a liquidity and maximizing of a profit.

Firm. Whole name is business firm (firm is just a shortcut). It is a "name" under which is the entrepreneur signed into the Commercial Code. Under this name accomplishes the legal person his activities and comprises trades.

3.3 Legal forms of business activities

The key initial decision of a beginning entrepreneur who is firmly decided to enter into the business world is the selection of the best suited legal form for his business. The legal basis of the terms and conditions for business activities is enshrined in the Charter of Fundamental Rights and Freedoms, which stipulates that everybody has the right to engage in a commercial and economic activity¹ and the right to own property². The specific legislative regulation is represented by the Commercial Code, the Trades Licensing Act and also by the relevant provisions of the Civil Code and other laws regulating, for instance, the accounting, tax and other levies, consumer protection and labour safety.

Of course, the election of legal form is not irreversible and the selected type can be later transformed into another one. However, this brings along other hurdles and costs, which can be avoided by the correct initial election [VEBER et al. 2005].

3.3.1 Businesses owned by individuals (sole proprietorships)

Businesses owned by individuals (natural persons) are owned and managed by a single person, who is also liable for the obligations of his/her business. These businesses have usually the form of a trade. Trades are governed in the Czech Republic by the Trades Licensing Act³.

¹ Act No. 2/1993 Coll., Charter of Fundamental Rights and Freedoms, Article 26(1)

² Act No. 2/1993 Coll., Charter of Fundamental Rights and Freedoms, Article 11(1)

³The Trades Licensing Act regulates the terms and conditions of trade activities and the control over the compliance with these terms and relations between the state and business entities carrying on their activities under a trade authorization (trade licence).

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A trade means a “systematic activity performed individually, in one's own name and on one's own responsibility, for the purpose of generating profit and under the terms set forth by the Trades Licensing Act”⁴. An entity authorized to carry on a trade may be an individual or a legal entity, provided that it meets the conditions set forth by this Act⁵. In order to become a trades person, an individual has to fulfil the general and the special conditions of carrying on a trade. The general conditions of carrying on a trade mean the achievement of 18 years of age and a clean criminal record;⁶ special terms of carrying on a trade include professional or other capacity if required by the Trades Licensing Act or by special laws⁷.

Trades represent a suitable form of activity for starting businessmen or for those who do not intend to turn their business activities to the main source of their income. Essential advantages of trades include an easy start-up of business activities – very low administrative costs required for the start-up, no initial capital, minimum formal legal duties, the business activities can be launched immediately after notification (with the exception of licensed trades or activities requiring a special permit). These activities may be interrupted or terminated with the same simplicity. All authority is concentrated in the hands of the owner – entrepreneur, who adopts independently and freely all decisions. An entrepreneur who is not registered in the Commercial Register may elect whether to keep tax records or double-entry accounting.

A major disadvantage of trades is the unlimited liability by all personal assets of the entrepreneur, who thus carries a substantial business risk. Even the owner believes that he has met all requirements relating to the performance of business activities, it need not always be true, since he may lack the relevant economic and professional knowledge (e.g. the knowledge required to perform all necessary administrative activities relating to his business). Due to low capital requirements of carrying on a trade, these businessmen have limited access to bank loans because they are not considered sometimes as trustworthy partners for banks and may be also considered as “second-rate” in commercial contracts. Trades suffer from lack of guaranteed continuity of business activities; complications occur in case of the entrepreneur's sickness or death.

⁴ Act No. 455/1991 Coll. on trades licensing, Section 2

⁵ Act No. 455/1991 Coll. on trades licensing, Section 5(1)

⁶ Act No. 455/1991 Coll. on trades licensing, Section 6(1)

⁷ Act No. 455/1991 Coll. on trades licensing, Section 7(1)

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According to the object of business activities, trades are classified as commercial, manufacturing and service-rendering [SYNEK et al. 1999]. The Trades Licensing Act divides trades on the basis of professional capacity into notifiable and licensed trades⁸.

3.3.1.1 Notifiable trades

Notifiable trades⁹ may be operated under a notification and subject to the fulfilment of the prescribed conditions. They are divided into crafts¹⁰ (which may be carried on under a proof of professional capacity that is identical for all kinds of crafts), regulated trades¹¹ (which may be carried on under a proof of professional capacity that is specific for each regulated trade) and unregulated trades (where no professional capacity is required as the condition of carrying on such trade).

3.3.1.2 Licensed trades

Licensed trades¹² may be carried on under a licence granted by the relevant trades licensing office. Unlike in case of notifiable trades, where the trade authorization comes into force as of the notification date, the authorization to carry on a licensed trade comes into force as of the final and effective date of the decision to grant the relevant licence¹³. The professional capacity to carry on licensed trades is regulated by special laws.

3.3.2 Personal companies (partnerships)

Personal companies are founded and owned by two or more persons who share profits and are jointly liable for the company's losses. Partners participate in person in the performance of business activities – therefore, these companies are called “personal.” These companies are characterized by higher capital requirements than individual businesses; moreover, they go beyond the professional qualification restrictions existing in individual businesses (may employ specialists in various professions). As stated in the previous sentences, the partners participate jointly and severally in all important affairs concerning the company. Therefore, the company's stability depends also on the relation between/among partners [SYNEK et al. 1999].

⁸ Act No. 455/1991 Coll. on trades licensing, Section 9

⁹ Legal regulation of notifiable trades is set forth in Act No. 455/1991 Coll. on trades licensing, Section 19 - 25.

¹⁰ Crafts are enumerated in Annex No. 1 to Act No. 455/1991 Coll. on trades licensing.

¹¹ Regulated trades are enumerated in Annex No. 2 to Act No. 455/1991 Coll. on trades licensing.

¹² Legal regulation of licensed trades is set forth in Act No- 455/1991 Coll. on trades licensing, Section 26 – 27. Their enumeration is set forth in Annex No. 3 to the same Act.

¹³ Act No. 455/1991 Coll. on trades licensing, Section 10(1)

There are two forms of personal companies in the Czech Republic – the general partnership and the limited partnership.

3.3.2.1 General partnership

The general partnership (in Czech “veřejná obchodní společnost”)¹⁴ (admissible abbreviations: v. o. s., veř. obch. spol.) is a personal company where at least two persons carry on business activities under a common corporate name and are liable for the company's obligations jointly and severally by all their assets. A partner may be both a natural person and a legal entity (two natural persons, two legal entities, a combination between a natural person and a legal entity). The natural person must meet the general conditions of carrying on a trade (see chapter 3.1 – individual businesses) and must not be subject to any impediment to carrying on a trade¹⁵ notwithstanding the object of the company's business activities. Rights and obligations of partners are governed by the partnership agreement. Unless stipulated otherwise in the partnership agreement, each partner may act in the company's name independently (the statutory body of the company consists of all partners). The profit is divided equally among partners. The amount of the registered capital of the general partnership is not prescribed.

The advantages of a general partnership include the fact that no start-up capital is required and the entire profit of the company is divided among partners and is subject to personal income tax and not to the corporate income tax. A disadvantage is represented particularly by unlimited liability of partners for the company's obligations, which brings along personal risks and a higher potential for conflicts about the company's management.

3.3.2.2 Limited partnership

The limited partnership¹⁶ (admissible abbreviations: k. s., kom. spol.) is a personal company where one or more partners (limited partners) are liable for the company's obligations up to the amount of their respective outstanding contributions registered in the Commercial Register, while one or more other partners (general partners) are liable by all their assets. The company has to be founded at least by two persons, one of them a general partner and the other one a limited partner. The general partner may only be a person who

¹⁴ The general partnership is regulated in Act No. 513/1991 Coll., the Commercial Code, Sections 76 – 92e.

¹⁵ Impediments to carrying on a trade are enumerated in Act No. 455/1991 Coll. on trades licensing, Section 8(1) – (5), which stipulates, for instance, that a trade may not be carried on by a person who has been declared bankrupt, by a natural person who has been prohibited by an order of the court or an administrative authority to carry on a specific or a related trade, etc.

¹⁶ The limited partnership is regulated in Act No. 513/1991 Coll., the Commercial Code, Sections 93 – 104e.

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meets all conditions for carrying on a trade and who is not subject to any impediment to carrying on a trade notwithstanding the object of the company's business activities. If the company's name contains the name of a limited partner, such limited partner shall be liable for the company's obligations to the same extent as the general partner. The statutory body of the company consists of the general partners, who are entitled to act independently in the company's name; limited partners have only controlling powers. Unless stipulated otherwise in the partnership agreement, the general partners shall divide the part of the profit belonging to them equally and the limited partners shall divide their share in profit in proportion to their paid contributions. A limited partner is obliged to invest into the company's registered capital a contribution in the amount determined by the partnership agreement, but at least CZK 5,000.

The limited partnership does not require a high amount of the start-up capital and the profit may be divided under the terms of the partnership agreement. Another advantage is the fact that the limited partners are not subject to the prohibition of competitive conduct¹⁷. Like in case of the general partnership, a disadvantage of the limited partnership is the unlimited liability of general partners for the company's obligations. The company may also face conflicts between the priorities of the limited and the general partners – each of these groups carries a different level of risk and a change of the partnership agreement requires the consent of both groups.

3.3.3 Capital companies

Capital companies derive their name from their characteristic feature, which is the capital participation of members/shareholders – founders, as opposed to their personal participation in the company's business or management, which is not required. Their liability for the company's obligations is either limited (up to the amount of their contributions) or none; this represents an essential difference from all other above-mentioned legal forms of businesses.

There are two forms of capital companies in the Czech Republic – the limited liability company and the joint stock company.

¹⁷ Zákaz konkurence v obchodní společnosti znamená, že společník nesmí bez svolení ostatních společníků podnikat v předmětu podnikání společnosti a nemůže být ani statutárním nebo jiným orgánem nebo členem orgánu společnosti s obdobným předmětem podnikání.

3.3.3.1 Limited liability company

The limited liability company¹⁸ (admissible abbreviations: spol. s r. o., s. r. o.) is a capital company whose registered capital is comprised of members' contributions and whose members are liable jointly and severally for the company's obligations up to the aggregate amount of unpaid parts of contributions of all members in accordance with the balance of such contributions registered in the Commercial Register. The liability shall expire upon registration of payment of all contributions in the Commercial Register. The company is liable for the breach of its obligations by all its assets. A limited liability company with the sole member cannot be the sole founder or the sole member of another limited liability company. A single natural person may be the sole member of not more than three limited liability companies. The company may be founded by a single person but may not have more than fifty members. The registered capital must amount to at least CZK 200,000, the minimum amount of contribution of one member must be at least CZK 20,000 and each member may participate in the founding of the company only by one contribution. The company must create a reserve fund (if not created upon the inception of the company, it has to be created from the net profits of the company shown in the financial statements for the year when such profit was generated for the first time). The supreme body of the company is the general meeting; the statutory body is comprised of one or more executives appointed by the general meeting and entitled to manage the company's business. The supervisory board as the controlling body is established if so stipulated by the memorandum of association – the basic document of the company.

A major advantage of the limited liability company is represented by the limited liability of members for the company's obligations and also by the fact that the adoption of a major part of decisions does not require the consent of all members¹⁹. The contribution to the company may be repaid within five years and only 30% of the contribution has to be paid before filing a petition for registration in the Commercial Register; however, the aggregate sum of all contributions that has to be paid before filing such petition has to reach at least CZK 100,000. Despite this fact, the founder cannot do without a start-up capital; another disadvantage is represented by relatively high administrative requirements

¹⁸ The limited liability company is regulated by Act No.. 513/1991 Coll., the Commercial Code, Sections 105 – 153e.

¹⁹ The general meeting has a quorum if there are present members who possess at least one half of all votes, and passes decisions by simple majority of votes of all members, unless a higher number of votes is required by the memorandum of association.

relating to the founding and operation of the company. Given the method of liability, the limited liability company may seem to its business partners as less trustworthy e.g. in comparison with personal companies. A disadvantage from the owner's viewpoint is represented by the double taxation of profits; the profit is subject to corporate income tax and the paid shares in profit are further subject to withholding tax.

3.3.3.2 Joint stock company

The joint stock company²⁰ (admissible abbreviations: akc. spol., a. s.) is a capital company whose registered capital is divided into a certain number of shares (stock),²¹ each with a specific nominal value. A shareholder is not liable for the company's obligations. The company may be founded by a single founder, provided that such founder is a legal entity or otherwise by two or more founders. The registered capital of a joint stock company founded without an initial public offering of shares must reach at least CZK 2,000,000, or at least CZK 20,000,000 if an initial public offering is to be made. The basic document of the company is its statute (articles of association). The supreme body of the company is the general meeting, which is held at least once a year. The board of directors is the statutory body of the company, which manages the company's business and acts in its name. The board of directors decides on all of the company's affairs, except for those entrusted by the law or by the articles of association to the general meeting or the supervisory board. The board of directors must have at least three members (this does not apply if the company has a sole shareholder). Members of the board of directors are elected and recalled by the general meeting. The execution of the powers of the board of directors and carrying on the company's business is overseen by the supervisory board. The supervisory board must have at least three members who are elected for the period set forth in the articles of association; however, their office term may not exceed five years. Two thirds of members of the supervisory board are elected by the general meeting and one third by the company's employees.

Due to their stability and solvency, joint stock companies are perceived very favourably by their business partners. The advantage of this legal form of carrying on business activities is the fact that the shareholders are not liable for the company's obligations. The disadvantages of a joint stock company are evident. Founding of a joint

²⁰ The joint stock company is regulated by Act No. 513/1991 Coll., the Commercial Code, Sections 154 – 220zb.

²¹ A share is a security that carries the rights of a shareholder (as partner) to participate in the company's management and profit and in the liquidation balance upon dissolution of the company.

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stock company requires a considerable amount of registered capital. The administrative requirements relating to the incorporation and management of the company are rather high and the legislation concerning this company type is quite complicated in certain matters. A joint stock company may not be founded by a single natural person. The company's management is obliged to prepare annual reports and to public date extracted from audited financial statements. Dividends paid from profits are subject to withholding tax like the shares in profit of a limited liability company (while the joint stock company's profit is also subject to the corporate income tax).

3.3.4 Cooperative

The cooperative²² (whose name must include the designation “cooperative “ – in Czech “družstvo”) is an association of an unlimited number of persons founded for the purpose of carrying on business activities or ensuring economic, social or other needs of its members. A cooperative must have at least five members; this does not apply if it has among its members at least two legal entities. Hence, members may be both natural persons and legal entities whose list is kept by the cooperative. The cooperative is a legal entity which is liable by all its assets for breach of its obligations; members are not liable for the cooperative's obligations. The registered capital is represented by the summary of membership contributions which the members undertook to pay. The amount of the registered capital which is to be entered into the Commercial Register is determined by the articles of association but must amount to at least CZK 50,000. At least one half of such registered capital must be paid before filing a petition for registration of the cooperative in the Commercial Register (like business companies, a cooperative is incorporated as of the date of its registration in the Commercial Register). Upon its incorporation, the cooperative is obliged to establish an indivisible fund in an amount equal to at least 10% of the registered capital, which may not be divided among members during the existence of the cooperative. The bodies of a cooperative are the meeting of members, the board of directors and the controlling commission. Other bodies may be established if so stipulated by the articles of association, which represent the basic document of the cooperative. The meeting of members is the supreme body of the cooperative. The board of directors is the statutory body of the cooperative, which manages its activities and decides on all of the cooperative's affairs, except for those entrusted by the law or by the articles of association

²² The cooperative is regulated in Act No. 513/1991 Coll., the Commercial Code, Sections 221 – 260.

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to another body, implements resolutions of the meeting of members and is accountable to it for its activities. The controlling commission is entitled to control all activities of the cooperative and to review complaints of the cooperative's members. It is accountable solely to the meeting of members and is independent on all other bodies of the cooperative. It must have at least three members.

Like in the case of previously mentioned forms, the advantage of the cooperative consists in the fact that its members are not liable for its obligations. As opposed to a joint stock company, all members have equal standing. Accession of a new member or withdrawal of an existing member from the cooperative is easy. A disadvantage is represented by the obligation to create the indivisible fund. The taxation method of the cooperative's profits and paid shares in profit is identical with the method of taxation applied in respect of the limited liability company and the joint stock company.

3.3.5 Criteria for election of the legal form of business

An entrepreneur who starts up a new business or changes the existing legal form of his business has to consider thoroughly all criteria affecting the selection of the best legal form of his business activities. It is the legal form and the related name together with the relevant designation that can indicate to third parties the scope of the relevant business activities.

Kislingerová enumerates the following criteria that have to be well assessed by entrepreneurs who wish to select the best legal form for their business [SYNEK et al. 1999]:

- the method and extent of liability (the business risk),
- the managing authority (i.e. representation of the business towards third parties, the business management, the possibility of participation in decision-making, etc.),
- the number of founders,
- the amount of the initial capital,
- administrative requirements relating to the incorporation of the business and the amount of costs relating to the start-up and operation of the business,
- the participation in profits (loss),
- the financial potential (particularly the access to third-party financing),
- the tax burden,
- the notification duty (the company's duty to publish business results).

3.4 Business Plan

Before every successful business launch must come a business plan. And after every successful business launch must come short- and long- term plans. It provides a guide to running and managing company as well as marketing your goods or services.

You need a business idea – the more original the idea, the more close to it you will be and the harder you will work on it.

Important is to determine the time frame to start your company. It usually takes 3 to 6 weeks for incorporation certificates to be discussed, created, signed, sent and returned to the incorporator. It takes less time for other forms. You should not conduct business until you are officially incorporated or documented with the state

In the business plan, we should focus on the short term, but plan for the long term. This is done to preserve your sense of both short- and long-term planning and to present potential investors with two things – your short-term operating goals and your long-term visions. The plan should not be unrealistic.

Your business plan should include the following sections: Cover Sheet, Introduction, Mission Statement, Overview Of Your Business, Economic Analysis, Financial Analysis, Marketing Analysis, Summary, Indices And Supporting Documents.

The **cover sheet** contains the name of your company, the principals, adress, phone number, e-mail, fax, etc.

In **introduction**, there is state the general purpose in business and maybe an overview of your plan that follows.

The **mission statement** of your plan should be your overall company philosophy and your company direction. It should identify the kind of business you will run. Mission statements contain a description of goods and services, and practises that make the company unique.

Overview Of Your Business – there will be identified your start-up objectives, requirements, office location, personnel needs and product or services identification and description. There your short-term objectives are listed, defining where you want to be in a year's time and how you plan to get there. List your personnel requirements by planning how many employees you will need and what the skill level must be.

Economic Analysis discuss such things as seasonal economic fluctuations and how the economy will affect you.

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Financial Analysis will help you to project revenue and will give you a description of your future financial goals. There is include a balance sheet showing your net worth on a specific date. It includes list of your assets (cash, receivables, prepaid expenses, etc), liabilities (debts and accounts payable) and equity (stock values).

Market Analysis discuss your market, competition, methods of pricing, advertising and selling. You need to discuss your competitors, local market for your product (or service) and trends as well. There is included a complete section on marketing strategies and advertising.

Summary is simply to add few concluding remarks.

Indices And Supporting Documents are not necessary part of a business plan, but provides you with editional space for more information if needed. Anny supporting charts, documents, etc. can be add.

Few more sentences, why business plan is so importantant. Business plan deals with what to produce or what services to provide, what are the opportunities on the market, how to produce, availability of all sources needed. Started business needs different mode of funding than stabilized business. May happen, that cost outweigh revenues and that the business is showing a loss at the beginning (might not be as bad as it seems), but also a loss must be controlled.

Business plan is important for your business to control and manage it succesfully. It gives you a tool for convincing prospective investors, lenders, suppliers, customers and key employees. It provides possibility to obtain bank loans when money needed for working capital. It also forces you to evaluate and from time to time reevaluate the basic strategy of the business as business conditions change periodically.

4 Founding a limited liability company – step by step

The limited liability company represents the most widespread form of carrying on business activities by legal entities in the Czech Republic. Therefore, I will focus in the practical part of my work on the process of inception of this legal form of carrying on business activities, which requires resolving a large number of legal and other particulars before the future entrepreneur may launch his independent business activities. Hence, the

theoretical part of my work will set practical instructions for successful founding of a limited liability company.

The inception of business companies (and cooperatives) runs in two phases. The first phase is represented by the founding of the company and the second one by its incorporation as a legal entity (as of the date of its registration in the Commercial Register). Mere founding of the company does not mean its legal existence. In the period between its founding and inception, the company still lacks legal personality (cannot acquire rights and assume obligations either by its own or by third-party acts) and has no bodies.

The founding and incorporation of business companies (and cooperatives) is generally a complicated process of subsequent and interrelated acts. It is not uncommon in the business world that the founders entrust these activities to their legal representatives, to lawyers who draft all necessary documents, steer the whole process of founding and incorporation of the company (cooperative) and communicate with the relevant courts and other authorities.

The following are the key steps that have to be taken in the process of founding a limited liability company:

- the execution of a memorandum of association (or a founding deed) in the form of a notarial deed,
- depositing the company's registered capital or a part thereof,
- obtaining the relevant business authorization,
- filing a petition for registration of the company in the Commercial Register.

4.1 Drafting and signing the memorandum of association

A limited liability company is founded²³ by signing a memorandum of association, if founded by two or more founders. The memorandum of association must be signed by all founders – natural persons and legal entities, Czech or foreign. The limited liability company may also be founded by a sole founder – a natural person or a legal entity. In such case, the memorandum of association is replaced by a founder's deed, which has to

²³ Founding of a limited liability company (and other companies) is regulated by Act No. 513/1991 Coll., the Commercial Code, Section 57(1) – (3).

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contain the same essential particulars as the memorandum of association. The memorandum of association and the founder's deed of a limited liability company must have the form of a notarial deed. Absence of this prescribed form nullifies the memorandum of association/founder's deed.

The memorandum of association/founder's deed of a limited liability company has to contain at least the following particulars²⁴:

- the corporate name and registered office (seat) of the company,
- designation of members by stating the corporate name or name and seat of the legal entity or name and residence address of the natural person,
- the object of business activities,
- the amount of the registered capital and of the contribution of each member, including the method of and time limit for payment of the contribution,
- the names and residence addresses of the first executives (managing directors) of the company and description of the method of their acting in the company's name,
- the names and residence addresses of members of the supervisory board, if established,
- appointment of the administrator of contributions,
- all other information required by the Commercial Code (such as the reserve fund and others).

A form of the memorandum of association is shown in Annex No. 1.

The memorandum of association may stipulate that the company shall issue articles of association, which regulate the internal structure of the company, as well as details of some particulars contained in the memorandum of association²⁵. In practice, however, limited liability companies do not adopt articles of association. The memorandum of association may also regulate other issues, which are not mandatory. A memorandum of association that lacks the minimum particulars is void and the company shall not be founded by its signing.

²⁴ Act No. 513/1991 Coll., the Commercial Code, Section 110(1)

²⁵ Act No. 513/1991 Coll., the Commercial Code, Section 110(2)

The notarial deed of the memorandum of association or the founder's deed, including the required number of copies, will be prepared by a notary for a price about CZK 2,000 – 3,000 (depending on the tariff value of the act). Such notarial deed may be prepared by any notary on the basis of materials and facts presented and documented to him by the founder or by his legal representative. The prices for drafting such notarial deed are mostly the same throughout the Czech Republic.

4.2 Depositing the contributions

Prior to its incorporation, the limited liability company may not acquire its assets, because it has not acquired yet its legal personality. Hence, the founder have to appoint in the memorandum of association or in the founder's deed a specific person entrusted with the administration of contributions that have to be paid before the incorporation of the company. Such administrator of contributions is obliged to take due care of the entrusted contribution. The power to administer the contribution may be entrusted to a founder, or in case of monetary contribution also to a bank, even if it is not a founder. In the administration of the contributions is entrusted to a bank, the bank has to express its consent with holding this office, e.g. by means of an agreement on administration of contributions, executed between the bank and the founders. Such agreement has to provide for the opening of an account on which the contributions shall be paid and to contain provisions concerning the bank's care of such contributions.

The easiest method of payment of contributions, which is also the most frequently used in practice, is to entrust the administration of contributions to one of the founders, who opens in his name an account with a bank and the contributions will be paid on such account. The bank shall issue upon request a certificate of payment of the contributions and of the amount of such contributions. To issue such certificate, the bank will require the presentation of the memorandum of association or the founder's deed. Such certificate then serves as one of the founding documents and is presented together with the petition for registration of the company in the Commercial Register. Contributions may also be paid in cash to the administrator of contributions, who will then issue a written declaration on payment of the contributions or parts thereof by each member. This declaration will then also become an annex to the petition for registration of the company in the Commercial Register. The administrator who has stated in the declaration a higher amount than the amount that has been actually paid shall be liable to the company's creditor for the

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company's obligations up to the amount in which the creditors' claims were not satisfied out of the company's assets.

At least 30% of each monetary contribution and all nonmonetary contributions have to be paid before filing a petition for registration of a limited liability company in the Commercial Register. For instance, if the contribution of one member amounts to CZK 20,000 (which is the minimum possible contribution to be paid by one member), such member has to pay at least CZK 6,000 before filing the petition for registration of the company in the Commercial Register.

The value of a nonmonetary contribution has to be determined by an appraisal prepared by a court-appointed expert. If the nonmonetary contribution is a real property, its investment requires two steps to be taken by the investor – the delivery of written declaration on payment of the contribution represented by the real property to the administrator with an officially authenticated signature of the investor and handing-over of the invested real property to the administrator. By such handing-over, the contribution shall be deemed paid. The company shall become the owner of such real property upon the entry of the title thereto on the basis of the investor's declaration bearing his officially authenticated signature. If the object of the contribution is a movable thing, the contribution shall be paid upon handing-over such thing to the administrator of contributions, unless stipulated otherwise by the memorandum of association. All other nonmonetary contributions shall be deemed paid upon the execution of a written agreement on the contribution, which shall be executed in the company's name by the administrator of contributions.

The total amount of paid monetary contributions together with the value of paid nonmonetary contributions has to amount to at least CZK 100,000. The memorandum of association, which determined the amount of the registered capital and of the contribution of each member, including the method of and time limit for payment of the contribution, may impose a duty to pay a higher portion or all of the contributions before registration of the company in the Commercial Register. If the limited liability company has the sole founder, such founder must pay the full amount of the contribution before filing the petition for registration in the Commercial Register, i.e. if the registered capital of such company with a single member amounts to CZK 200,000, the founder has to pay the entire amount of CZK 200,000.

Upon the incorporation of the company (i.e. its registration in the Commercial Register), all contributions become the property of the company, which can freely dispose of them. It is not required that the registered capital stays on the account.

4.3 Obtaining a business authorization

If a limited liability company is founded for the purpose of carrying on business activities, its founders have to apply for the issue of trade or other business authorization. Trades are divided into notifiable and licensed; notifiable trades are further divided into crafts, regulated and unregulated trades. A proof of the authorization to carry on notifiable trades is a trade certificate; a proof of the authorization to carry on licensed trades is a trade licence. The terms of carrying on various trades differ and depend mainly on the professional capacity required for their performance (see chapter 3.1 – individual businesses).

The notification procedure of any trade and the process of application for a trade licence by a legal entity is the same. Minor differences can only be found in the amount of the administrative fee for the issue of the trade certificate or the trade licence and in the time limit for issue thereof by the trades licensing office. In the following part of my work, I will describe the notification procedure of a trade the process of application for a licence filed by a limited liability company (a legal entity).

The responsible representative²⁶ of a limited liability company has to fulfil both the general and the special conditions for carrying a trade set forth by the Commercial Code (see chapter 3.1 – individual businesses). In case of notification of an unregulated trade, the legal entity need not appoint a responsible representative.

The notification of a trade may be filed with the municipal trades licensing office²⁷ having jurisdiction over the seat of the legal entity, at the “central registration point” (CRP), either in person or by sending the notification to such office by mail. The central registration points (CRP) operate at the municipal trades licensing offices throughout the Czech Republic as unified channels for the communication between the state and the entrepreneur at trades licensing offices, allowing direct performance of all required acts so

²⁶ According to Act no. 455/1991 Coll. on trades licensing, Section 11(1), the responsible representative is a natural person who is responsible for proper operation of the trade and for the compliance with trades licensing regulation and has a contractual relationship with the entrepreneur. The responsible representative has to participate in the operation of the trade to the necessary extent.

²⁷ A list of trades licensing offices with the relevant contact information can be found at the server <http://portal.gov.cz>, link– Adresář (Directory) (divided by regions).

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that the business activities may be launched within several days. In addition to the notification of trades, entrepreneurs use the central registration points to file applications for registration to tax, pension and sickness insurance, notifications of start-up of independent gainful activities, notifications of a vacancy and submissions required under the Public Health Insurance Act. A single form for all these steps will do.

Upon notification of a trade, the notifying person presents to the trading licensing office the following documents:

- the trade notification form (pre-completed or filled or on the spot),
- an excerpt from the Penal Register of the Czech Republic relating to the responsible representative, not older than three months,
- a proof documenting that the legal entity has been established or founded if it is not registered in the Commercial Register or in a similar register or if such registration has not yet been made, or a proof that the legal entity is registered in the Commercial Register or in a similar register if such registration has already been completed; the excerpt from the Commercial Register or from such similar register may not be older than three months,
- a proof of the legal grounds for the use of the premises where the legal entity has its seat in the Czech Republic, unless such document has been attached to the petition for registration in the Commercial Register or in another similar register,
- a declaration of consent of the responsible representative with his appointment to this office and assumption of duties to the extent set forth in the Trades Licensing Act, identifying the entrepreneurs who have already appointed him/her as the responsible representative; the signature of such declaration has to be officially authenticated, unless the responsible representative has made such declaration in person at the trades licensing office,
- a proof of the professional capacity of the responsible representative,
- a proof of payment of the administrative fee for each notified (licensed) trade,
- if the legal entity intends to carry on the trade in an industrial manner²⁸ documents of facts proving that the trade is carried on by the industrial manner.

²⁸ According to Act No. 455/1991 Coll. on trades licensing, Section 7a(1) a trade is carried on in an industrial manner if such activity:

- a) includes, as a part of a single manufacturing process, a number of partial activities, each of which constitutes by itself a trade,

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The notification of trade is filed on a “**single registration form (SRF) for legal entities**“, by means of which it is also possible to file at the trades licensing office submissions to other authorities – the tax (financial) office and the labour office. This form can be obtained at any trades licensing office or is freely available on the website of the Ministry of Industry and Trade²⁹, where it is also possible to obtain, beside the form, instructions for its successful completion.

The form of the declaration of the responsible representative can be found in Annex No. 2.

A sample of the single registration form with an application for tax registration for legal entities is shown in Annex No. 3.

The administrative **fee** for the issue of a **trade certificate** amounts to **CZK 1,000** (CZK 10,000 in respect of a notifiable trade carried on by an industrial manner), or **CZK 2,000** for the issue of a **trade licence** (CZK 20,000 in respect of a licensed trade carried on by an industrial manner). Furthermore, the entrepreneur has to pay a **fee** in the amount of **CZK 50** for the **excerpt from the Penal Register** of the Czech Republic, if he procures such excerpt by himself.

The trades licensing office is obliged **to issue the trade certificate within fifteen days after the delivery of the notification**, provided that the entrepreneur has fulfilled all prescribed conditions. Upon request of the founders or bodies or persons authorized to file a petition for registration of a Czech legal entity in the Commercial Register, the trades licensing office shall issue the trade certificate before registration in such register if it has been proved that the legal entity has been founded. These legal entities acquire the trade authorization as of the date of registration into the Commercial Register. If they fail to submit a petition for registration within ninety days after the delivery of the trade certificate or if such petition is not granted, they have to promptly return the trade certificate. Upon failure to fulfil these conditions, the trade certificate shall become void. The legal persons that have already been registered in the Commercial Register acquire the

b) breaks down the overall performance of the trade organizationally into partial works, processes or operations, separated particularly from administrative and commercial work, and subdivides such works, processes or operations by individual professions.

²⁹ www.mpo.cz.

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trade authorization as of the notification date or if a later date of the trade authorization is stated in the notification, as of such date.

In the case of **granting a trade licence**, the trades licensing office shall decide on the application for such licence **within sixty days after submission of such application**. If the trades licensing office decides to grant the licence, the trade licence shall be issued to the entrepreneur within fifteen days after the final and effective date of the decision to grant the licence. The legal persons that have already been registered in the Commercial Register acquire the trade authorization as of the final and effective date of the decision to grant the licence.

If the notification lacks some particulars, the trades licensing office shall invite the entrepreneur within fifteen days to remove the defects. In such notice, the office shall set an appropriate time limit for the removal of the defects, but not less than fifteen days. The time limit for the issue of the trade certificate shall be suspended for the period stated in the notice. If there are serious reasons, the trades licensing office may extend such time limit, even repeatedly, upon the entrepreneur's request. If the entrepreneur removes the defects in the stipulated or extended time limit, the notification is deemed to be defect-free from the outset. If the entrepreneur fails to remove the defect within such time limit, the trades licensing office shall initiate proceedings and shall decide that the trade authorization did not arise by notification (since the notifying party did not fulfil the conditions for constitution of the trade authorization). If the notifying party removes the defects in the course of such proceedings and the trades licensing office ascertains that the conditions for constitution of the trade authorization have been met, it shall terminate the proceedings by the issue of the trade certificate. If the notification is not accompanied by an excerpt from the Penal Register of the Czech Republic concerning the responsible representative, which was to be attached, the trades licensing office shall apply for it by itself with the administrator of the Penal Register. During such period, the time limit for issue of the trade certificate shall be suspended.

4.4 Petition for registration of the company in the Commercial Register

A petition for registration of a limited liability company in the Commercial Register is filed by **all executives in their own** name, not in the name of the founded legal entity, with

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the competent **register court**³⁰. **The signatures** of all executives have to be **officially authenticated**. The executives may grant to other persons (such as lawyers) a power of attorney to prepare and file the petition for registration of the company in the Commercial Register; even in such case, the signatures on the relevant power of attorney have to be officially authenticated.

The following has to be attached to a petition for registration of a limited liability company in the Commercial Register:

- **founding documents** – the memorandum of association or the founder's deed, both in the form of a notarial deed,
- **documents concerning the object of business activities** (if the company has been founded for the purpose of performance of business activities) – a business authorization, (a trade certificate, trade licence, etc.),
- **documents of payment of the contribution** – a declaration of the administrator of the contribution with authenticated signature attached thereto, a certificate of the bank on depositing the contribution to the registered capital, in case of the nonmonetary contribution in the form of a real property a excerpt from the real estate cadastre regarding the invested property, not older than three month, the court decision on the appointment of a court expert, the appraisal of the invested real property made by the expert and a written declaration of the contributor with an officially authenticated signature,
- **a proof of the seat** – a document attesting to the legal grounds for the use of the relevant premises, i.e. an excerpt from the real estate cadastre (not older than three months) documenting the ownership title to the premises where the company has located its seat, and if the company is not the owner of such premises, a consent of the owner or co-owner of such premises or of the administrator authorized to grant consent with the location of the seat and the authorization of such administrator,
- **documents concerning the executives** – excerpts from the Penal Register concerning the executives,³¹ not older than three months, a statutory declaration of the

³⁰ The competent register court in respect of registration of a company in the Commercial Register is the court in whose district there is the general court having jurisdiction over the legal entity convened by the petition. The general court in respect of register matters is always the relevant **regional court** – the Municipal Court in Prague for Prague and the Central Bohemian Region, the Regional Court in České Budějovice, Plzeň, Ústí nad Labem, Hradec Králové, Brno and Ostrava.

³¹ If the executive is a citizen of another Member State of the European Union, the petition for registration of the company in the Commercial Register has to be accompanied with an excerpt from the penal register or an equal document of the state whose citizen is the executive, issued by the relevant judicial or administrative authority. If such state does not issue an excerpt from the penal register or an equal document, the petition shall be accompanied with a statutory

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executive with his officially authenticated signature to the effect that such executive has full legal capacity, fulfils the general conditions of carrying on a trade and no fact constituting an impediment to carrying on a trade has occurred in respect of him, and fulfils the conditions³² according to which the office of the statutory body may not be held by a person who held such office in an entity whose assets have become subject to a bankruptcy order,

- **documents concerning members of the supervisory board** (if this non-mandatory body has been established) – the same as documents concerning the executives,

- **documents to be lodged in the collection of documents**³³ - the memorandum of association or the founder's deed, an expert evaluation of a nonmonetary contribution, specimen signatures of persons registered as persons authorized to act in the company's name,

- **other documents** – a power of attorney issued to the lawyer, notary or another representative (if the executives have authorized such persons to file the petition for registration of the company in the Commercial Register) with officially authenticated signatures of the executives, a written declaration with an officially authenticated signature indicating consent of the natural person or legal entity that is being registered with his/her/its registration in the Commercial Register (in case of other natural persons or legal entities being registered in the Commercial Register within the framework of registration of the limited liability company in the Commercial Register), information concerning the address for service of documents in the territory of the Czech Republic or the agent for service of documents who has an address for such service in the territory of the Czech Republic (if the person filing the petition for registration of the company in the Commercial Register is a foreign person).

Form of the trade certificate is shown in Annex No. 4.

declaration of the executive issued before a notary or before an authority of the Member State of the European Union whose citizen is the executive or of the Member State of the European Union where the executive has most recently resided.

If the executive is not a citizen of the Czech Republic or of any other Member State of the European Union, the petition for registration of the company in the Commercial Register has to be accompanied with an excerpt from the Penal Register that shall not be older than three months and an excerpt from the penal register or a corresponding document issued by the state whose citizen is the executive, and with a list of states where the executive resided for at least three consecutive months in the last three years (also these documents may not be older than three months).

³² Act No. 513/1991 Coll., the Commercial Code, Section 38l

³³ Act No. 513/1991 Coll., the Commercial Code, Section 38i

Form of the trade licence is shown in Annex No. 5.

The court fee for registration of a company in the Commercial Register is **CZK 5,000**. This fee can be paid in the form of duty stamps that shall be affixed to the special form designated for filing a petition for registration of the company into the Commercial Register, or by bank transfer to the relevant account of the register court. The form of petition for registration of the company in the Commercial Register is available at the website of the Ministry of Justice³⁴, where the petitioner will also find instruction for completion of this form and a list of all documents to be attached to the petition for registration of the company in the Commercial Register.

The register court has to comply with the general five days' time limit for registering the company in the Commercial Register. This time limit does not include the day when the petition for registration was filed. If the register court fails to make a direct registration within such time limit or to issue a ruling in this case, the registration shall be deemed to have been made (fiction of registration) and the company shall be actually registered. Transfer of the data to the database has to be made within the statutory period of two days from the day when the deemed registration occurred.

The register court shall register the company as of the date specified in the petition for registration, but not earlier than as of the date when the registration is made. If the register court issues a ruling concerning the registration, the registration shall be made only as of the final and effective date of such ruling. Following the completed registration, the decision whereby the court has permitted the registration of the company may no longer be abolished and it is also impossible to seek the determination that the company was not incorporated. It is only possible to seek the declaration of nullity of the company and only in cases stipulated by the law.

4.5 Incorporation of the company

A limited liability company is incorporated as of the date of its registration in the Commercial Register. Only as of such date, the founded company becomes a legal entity that may acquire rights and assume obligations, bind itself by its own acts and be a party to litigation or other kinds of proceedings. As of the registration date of the company in the Commercial Register, the company also becomes obliged to keep accounting records.

³⁴ www.justice.cz

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If the memorandum of association or in the founder's deed does not specify the period for which a limited liability company has been founded, the company is deemed to have been founded for an unlimited period of time. The petition for registration of the company in the Commercial Register has to be filed with the relevant register court not later than **within ninety days after founding of the company or after the service of the trade certificate or other business authorization.**

The company's founders shall receive from the register court the Decision on Registration concerning registration of the company in the Commercial Register, which shall be sent by registered mail to the seat of the founded company. If this decision is returned by post as undelivered, it can be still collected personally at the register court.

The following time limits shall become to run in respect of the company since the incorporation date (the date of registration of the company in the Commercial Register):

- **eight days to register with the social security administration** (if the company has any employees),
- **eight days to register with health insurance companies** (if the company has any employees),
- **thirty days to register with the financial office** (for selected taxes).

4.6 Assessment of pros and cons of the legal form of carrying on business activities by a specific enterprise

4.6.1 Introduction of the enterprise

The enterprise on which I will try to assess the advantages and disadvantages of the selected legal form of carrying on business activities is the company named ***Descrigo, stavební projekty, spol. s r. o.*** (which is referred to below only as “Descrigo”).

Descrigo³⁵ was incorporated (registered in the Commercial Register) on 16 April 1992 as a limited liability company. The object of business activities of the company, whose full name is Descrigo, stavební projekty, spol s r. o., consists of projecting activities in

³⁵ The excerpt from the Commercial Register of Descrigo, stavební projekty, spol. s r. o., as well as the excerpts relating to all other legal entities registered in the Commercial Register, is freely available at the website of the Ministry of Justice, see www.justice.cz/xqw/xervlet/insl/report?sysinf.vypis.CEK=31392&sysinf.vypis.rozsah=aktualni&sysinf.@typ=transformace&sysinf.@strana=report&sysinf.vypis.typ=XHTML&sysinf.vypis.klic=59b1284af75597df970cdc7f97cecac4&sysinf.spis.@oddil=C&sysinf.spis.@vl.

investment construction and provision of advice in the field of investment construction. Describo has three members, each of whom is at the same the company's executive. Each member is entitled to represent the company independently towards third parties. At the same time, these three members are the sole three employees of the company. All of them have the university education required for the relevant profession, i.e. are graduates of the construction faculty – civil engineering and have been awarded the academic title “engineer” (Ing.). Each member participates by the same contribution in the registered capital of the company. The basic document of the company is the memorandum of association, which was written and officially authenticated on 6 March 1992.

4.6.2 Analysis of the elected legal form of business activities

Method and extent of liability

Describo's advantage lies undoubtedly in the limited liability of its members for its obligations. The members are liable for the company's obligations jointly and severally but only to the amount equal to the sum of unpaid parts of contribution of all members in accordance with the balance registered in the Commercial Register. The registered capital of the company amounts to CZK 105,000³⁶ (each member participates in it by a contribution amounting to CZK 35,000) and the contributions of all members have already been paid in full. This means that Describo's members are no longer liable for the company's obligations. Of course, the company as a whole is liable for breach of its obligations by all its assets, but none of its members is threatened by actual loss of personal assets, as it may occur in case of a trade, a general partnership or a general partner of a limited partners. I consider this as well-thought in case of a company doing business in the field of construction.

Number of founders

An advantage of the limited liability company is the fact that it can be founded by a single founder – a natural person. Except for a trade, no other form of business may be founded only by a single founder who is a natural person; the joint stock company may be founded by a single founder but such founder must be a legal entity. The founding of a general or limited partnership and a joint stock company requires two natural persons and

³⁶ The minimum amount of the registered capital that a limited liability company founded until 31 December 2000 was obliged to create amounted only to CZK 100,000; the current law orders these companies to create registered capital in the amount of CZK 200,000.

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founding a cooperative as much as five natural persons (or two legal entities). Describo was founded by three members and could have thus been easily founded as any other legal form of business (except for a cooperative). However, a limited liability company cannot be the sole founder or the sole member of another limited liability company.

Start-up capital requirements

A disadvantage of the limited liability company is the mandatory creation of the registered capital at least in the amount of CZK 200,000 (CZK 100,000 in respect of companies founded until 31 December 2000), which represents the second highest amount of the mandatory minimum registered capital of all legal forms of businesses existing in the Czech Republic³⁷. At the same time, the minimum amount of contribution of one member is set by the law at CZK 20,000. An advantage in this respect lies in the possibility to pay the contribution within five years, but 30% of each contribution (a sum of all contributions in the amount of at least CZK 100,000) has to be paid before filing of the petition for registration of the company in the Commercial Register. A company founded by a single founder may only be registered in the Commercial Register after all registered capital has been paid in full. As a company founded before 31 December 2000, Describo's registered capital entered in the Commercial Register amounts to CZK 105,000 and the contribution of each member amounts to CZK 35,000. On the other hand, an advantage is represented by the possibility to invest a nonmonetary contribution into the company. All nonmonetary contributions have to be paid before filing the petition for registration of the company in the Commercial Register.

Managing authority

The basic document of every limited liability company is the memorandum of association. Describo's memorandum of association does not stipulate that the company shall issue articles of association. A limited liability company has to form at least two bodies, the supreme body of the company is the general meetings, whose powers include, *inter alia*, issue of decisions on amendments to the contents of the memorandum of

³⁷ The mandatory minimum amount of the registered capital of a general partnership is not prescribed; as regards a limited partnership, it amounts to CZK 5,000 in relation to the limited partner (no amount is prescribed for a general partner. The minimum amount of the registered capital of a cooperative is CZK 50,000, in case of a joint stock company founded without an initial public offering, it is CZK 2,000,000 (CZK 1,000,000 for businesses founded until 31 December 2000) and in respect of a joint stock company founded with an initial public offers, it is CZK 20,000,000 (CZK 2,000,000 for businesses founded until 31 December 2000).

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association. Under Describo's memorandum of association, the executive convene the general meeting once a year. Such general meeting has a quorum if there are present all members. Each of Describo's members has one vote for each CZK 10,000 of his contribution, which means that all members of the company have "equal" voting power due to equal amounts of their respective contributions. The general meeting adopts decisions on all matters solely by votes of all three members. This means that the approval of any matter at the general meeting requires consensus of all three members. Describo's statutory body consists of three executives, which means that each member is also the company's executive. Each member is authorized to act independently in the company's name. Executives are subject to the prohibition of competitive conduct, which may be even extended by the memorandum of association to apply also to members. Another body that may but need not be established by a limited liability company is the supervisory board as a controlling body. The supervisory board is established if so stipulated by the memorandum of association or by a special law, which is not the case of Describo.

Participation in profit

It is also within the powers of the general meeting to decide on the distribution of profit and covering of loss. The members participate in the profits earmarked by the general meeting for distribution among members in proportion to their respective ownership interests. Even in this case, the memorandum of association may stipulate otherwise; however, this is not the case of Describo. The ownership interest represents the member's participation in the company and the rights and obligations arising from such participation; the amount of the ownership interest is determined at the ratio of the member's contribution to the registered capital of the company. Since each of Describo's members participates by the same contribution in the registered capital of the company (CZK 35,000), each of them also has the same ownership interest as the other two, which means that all members are entitled to the same share in profit designated by the general meeting for distribution. A disadvantage in this respect lies in the fact that the company's profit is subject to the corporate income tax³⁸, and paid shares in profit are further subject to withholding tax. The shares in profit paid to members as natural persons are not subject to the duty to pay social security premiums in respect of them. Another form that could be

³⁸ The corporate income tax rate for 2008 is 21%.

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considered in this case is the general partnership, where the profit is divided equally among partners. A limited partnership is not suitable for members of the “Describo” type, because one half of the generated profit is allocated to general partners and the second half is allocated to limited partners only after taxation. Payment of a share in profit in a joint stock company (a dividend) to shareholders depends on the decision of the general meeting.

Financial potential

Financial potential means, in particular, an increase (decrease) of the registered capital and access to third-party financing.

The decision to increase (to decrease) the registered capital also falls within the powers of the general meeting. An increase of the registered capital by monetary contributions is permissible only if the existing monetary contributions have been fully paid. All monetary contributions to Describo have been fully paid. An increase of the registered capital by nonmonetary contributions may be made before full payment of the existing monetary contributions. In the case of an increase of the registered capital by nonmonetary contributions, the members adopt a commitment to increase their contributions in proportion to their respective ownership interests. In case of an increase of Describo's registered capital, all members would assume the same commitment. Upon an increase of the registered capital of the company, the amount of each member's contribution is increased in proportion to their existing contributions. An increase (decrease) of the registered capital is a quite complicated administrative process, which Describo has not decided yet to undertake during its entire existence. It requires the convening of the general meeting with all formal particulars. Following the increase of the registered capital of the company, the executives have to file without undue delay a petition for registration of such increase of the registered capital in the Commercial Register, and each change in the Commercial Register requires financial funds. If any company that was founded (like Describo) before 31 December 2000 increases or reduces its registered capital, the value of its registered capital has to reach at least CZK 200,000. Hence, it is no longer possible to reduce Describo's registered capital and to do so before 31 December 2000 would have been meaningless given the amount of its registered capital.

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Descrigo's access to third-party financing may be quite problematic. Given the limited liability of members for the company's obligations, a limited liability company may appear in the eyes of loan providers as less trustworthy than the personal companies or a joint stock company. At the same, Descrigo does not possess any significant amount of capital. However, the limited liability of its members is understandable, given the object of the company's business activities.

Administrative requirements and scope of expenditure incurred in connection with founding and operation of the enterprise

One of the disadvantages of a limited liability company lies in relatively high administrative requirements of the founding and operation of the company. Before the incorporation of the company, it is necessary to write the memorandum of association and to have it certified by a notary, to deposit contributions on a bank account, to obtain all required business authorizations, to file a petition for registration of the company in the Commercial Register and so on; all of the foregoing requires spending money. Once the company is founded, it is necessary to establish its bodies, i.e. the general meeting and at least one executive. The general meeting has to be convened at least once a year. The date, agenda and the completed minutes of the general meeting has to be sent to members in writing. The general meeting has to elect its chairman and minutes clerk and a notarial deed has to be made in respect of discussions about issues that are principal for the company.

Information duty

The information duty³⁹ means the company's duty to publish its business results. Companies that are subject to the information duty publish their audited financial statements in the Commercial Bulletin and their annual report. Such published business results are designated for investors who have invested their capital in the company, as well as for the general public. Since Descrigo's capital consists only of its own funds, the information duty is meaningless for the company. According to the law, this duty applies primarily to joint stock companies.

Continuity of business activities (going concern)

³⁹ The information duty is regulated in the Czech Republic by Act No. 513/1991 Coll., the Commercial Code, as amended, Act No 563/1991 Coll. on accounting, as amended, and Act No. 591/1992 Coll. on securities, as amended.

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An advantage of the limited liability company is the guarantee continuity of business activities. The ownership interest is subject to inheritance. An heir may seek cancellation of his participation in the company by the court if he cannot be reasonably required to be a member of the company; however, this does not apply in cases where the heir is the sole member of the company. If a member of the company is a legal entity (which is not Describo's case) and such legal entity is dissolved, its ownership interest passes to its legal successor. An ownership interest that does not pass to an heir or to a legal successor shall be forfeited to the company, which may transfer it upon a decision of the general meeting to another member or to a third party. Under Describo's memorandum of association, a member may transfer his ownership interest to another member or to a third party. If the company has a sole member, the ownership interest is always transferable to third parties.

Exit of a member from the company

If a member decided to leave the company, it would not be too complicated. According to the law, a member's participation in the company may be also terminated by agreement of all members, which would most likely happen in Describo's case (this does not mean that any of the members intends to terminate his participation in the company in the near future). An agreement on termination of a member's participation in the company has to be in writing and all signatures attached to it have to be officially authenticated. The members may also agree on the winding-up of the company (the memorandum of association may entrust this decision to the general meeting). Such agreement must have the form of a notarial deed.

5 CONCLUSION

Starting-up a business represents a process that brings a large number of questions to the founder. Answers to these questions are often quite unclear and ambiguous. While starting-up a business, every entrepreneur strives to take the best and the most accurate decision and considers all possible variants that can be taken into account. The decisions taken at the very beginning of an emerging business are often the most important, since it is the aim of each beginning businessman to found a prospering business, which will generate to its owner stable income in the long-term perspective.

I believe that not everyone can become a successful businessman, although the

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statistical data indicate that the number of businessmen increases every year. Some people experience this personally; others decide not to enter the business world. In any case, a successful businessman has to meet a specific personal profile, which represents an opposite to the profile of an “ordinary” employee. There are a number of reasons why people start their own businesses, and such reasons are very varied and even individual (except for the perspective of making profit, which can be considered as a common denominator of all business activities). The reasons for carrying on business activities represent a driving force for each potential entrepreneur, which pushes him ahead.

A very important decision of each starting businessman is the selection of an appropriate legal form of business activities. This case requires considering all pros and cons of each legal form of business activities so that the entrepreneur may avoid future redundant expenditure incurred in connection with transformation of such legal form to another form. Not less important is the preparation of the start-up project, even if the potential entrepreneur is convinced that his business plan is foolproof. The business plan does not serve only as a basis to obtain a bank loan, but represents also an effect management instruments in the first start-up moments of the business. And a start-up budget specifying the relevant financing sources should be a matter of course.

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Supplement no. 1 - Společenská smlouva (partnership agreement)

SPOLEČENSKÁ SMLOUVA o založení společnosti s ručením omezeným

.....

uzavřená mezi

1. Filipem Cihelkou, Praha 4, U Krčského nádraží 19, r. č.
2.
3.

dále jen „společníci“

I.

Obchodní jméno a sídlo

Společníci se dohodli na založení společnosti s ručením omezeným s obchodní firmou, se sídlem (dále jen „společnost“).

II.

Předmět podnikání

Předmětem podnikání společnosti je

III.

Výše základního kapitálu a vklady společníků

Základní kapitál společnosti činí při jejím založení 200 000 Kč

Vklad Filipa Cihelky činí 100 000 Kč

..... 50 000 Kč

..... 50 000 Kč

Společníci se zavazují splatit 50 % svých vkladů do 30 dnů od podpisu společenské smlouvy na účet, který založí do 14 dnů od podpisu společenské smlouvy správce vkladů na obchodní firmu společnosti u pobočky České spořitelny, a. s. v Praze 4, Budějovická

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1912. Zbývající část vkladů se zavazují společníci splatit do jednoho měsíce od zápisu společnosti do obchodního rejstříku.

Společníci se dohodli na úroku z prodlení při splácení vkladu ve výši 30 % p. a. z dlužné částky.

Správou vkladů pověřují společníci

IV.

Orgány společnosti

Orgány společnosti jsou

1. valná hromada,
2. jednatel.

V.

Valná hromada

Valná hromada je nejvyšším orgánem společnosti. Skládá se ze všech společníků. Do působnosti valné hromady patří

- a) schválení jednání učiněných jménem společnosti podle § 64 obchodního zákoníku před vznikem společnosti,
- b) schvalování řádné a mimořádné, popřípadě mezitímní a konsolidované účetní závěrky, rozdělení zisku a úhrady ztrát,
- c) schvalování stanov a jejich změn,
- d) rozhodování o změně obsahu společenské smlouvy, nedochází-li k němu na základě jiných právních skutečností,
- e) rozhodování o zvýšení a snížení základního kapitálu,
- f) jmenování, odvolávání a odměňování jednatele,
- g) vyloučení společníka podle § 113 a 121 obchodního zákoníku,
- h) jmenování, odvolání a odměňování likvidátora,
- i) rozhodování o převodu a nájmu podniku nebo jeho části,
- j) rozhodování o vstupu společnosti do jiné obchodní společnosti nebo do družstva,

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- k) rozhodování o fúzi, převodu obchodního jmění na společníka, rozdělení a změně právní formy,
- l) rozhodování o převodu obchodního podílu společníka na jiného společníka,
- m) schvalování ovládací smlouvy, smlouvy o převodu zisku, smlouvy o tichém společenství a smlouvy o výkonu funkce,
- n) rozhodování o rozdělení obchodního podílu,
- o) rozhodování o udělení a odvolání prokury,
- p) rozhodování o příspěvkové povinnosti podle § 121 odst. 1 obchodního zákoníku, a to do výše třetiny základního kapitálu společnosti,
- q) rozhodování o omezení jednatelského oprávnění podle § 133 odst. 2 obchodního zákoníku.

Každý společník má jeden hlas na každých 1 000 Kč svého vkladu.

Valná hromada je schopna usnášení, jsou-li na ni přítomni společníci, kteří mají alespoň polovinu hlasů. Valná hromada rozhoduje prostou většinou hlasů přítomných společníků; k rozhodnutí podle písmen c), d), e), i), j), k) je zapotřebí alespoň dvoutřetinové většiny hlasů všech společníků. K rozhodování podle písmen k), l) je nutný souhlas alespoň tříčtvrtinové většiny hlasů všech společníků.

Valnou hromadu svolává jednatel nejméně dvakrát za rok, a to vždy do dvou měsíců od zpracování řádné účetní závěrky a v říjnu každého roku. Termín a program valné hromady oznámí jednatel společníkům písemnou pozvánkou nejméně tři týdny před jejím konáním, a to doporučeným dopisem.

Doklady o odeslání pozvánky na valnou hromadu, programy valné hromady a zápisy z valné hromady a seznam přítomných musí společnost uchovávat po celou dobu svého trvání.

Valná hromada jedná podle programu uvedeného v pozvánce, ke změně programu je nutný souhlas všech společníků.

Valná hromada si volí předsedu, zapisovatele a ověřovatele zápisu.

Není-li valná hromada schopna usnášení, svolá jednatel další valnou hromadu do třiceti dnů ode dne konání takové valné hromady.

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Jednání valné hromady je neveřejné, kromě společníků či jejich zmocněnců se mohou valné hromady zúčastnit jen osoby, o jejichž účasti rozhodne valná hromada.

Na valné hromadě se hlasuje na výzvu předsedy valné hromady.

Hlasování je veřejné, pokud je podán protinávrh, hlasuje se nejprve o tomto protinávruhu.

O usnesení valné hromady se sepisuje zápis, který podepisuje předseda valné hromady, zapisovatel a ověřovatel zápisu. Kopii zápisu obdrží do třiceti dnů od konání valné hromady všichni společníci. Pokud valná hromada rozhoduje o obsahu společenské smlouvy, musí podepsat zápis všichni společníci a podpisy předsedy valné hromady a ověřovatele zápisu musí být úředně ověřeny.

V případech, kdy valná hromada rozhoduje kvalifikovanou většinou, musí být o jejím rozhodnutí pořízen notářský zápis.

VI.

Jednatel

Jednatelem společnosti je při jejím založení

Jednatel je statutárním orgánem společnosti, který je současně oprávněn k obchodnímu vedení společnosti. Omezení jednatelského oprávnění valnou hromadou (§ 133 odst. 2 obchodního zákoníku) není účinné ve vztahu ke třetím osobám, jednatel však odpovídá společnosti za škodu vzniklou nedodržením takového omezení. Odpovědnosti za takto vzniklou škodu se nemůže jednatel zprostit.

Jednatel je povinen zajistit řádné obchodní vedení společnosti, vedení předepsané evidence společnosti a jejího účetnictví, vést seznam společníků, svolávat valnou hromadu a připravovat její program a informovat společníky o záležitostech společnosti.

Jednatel je oprávněn rozhodovat o použití rezervního fondu, nejde-li o případy, kdy zákon svěřuje toto rozhodnutí valné hromadě.

Jednatele jmenuje valná hromada na dobu dvou let, jednatel může být jmenován i opakovaně, a to bez omezení.

VII.

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Zvýšení a snížení základního kapitálu

O zvýšení a snížení základního kapitálu rozhoduje valná hromada alespoň dvoutřetinovou většinou hlasů všech společníků.

Při zvýšení základního kapitálu novými peněžitými vklady mají společníci přednostní právo k převzetí nových vkladů, a to v poměru obchodních podílů. Pokud některý ze společníků nevyužije přednostní právo do čtrnácti dnů od přijetí usnesení o zvýšení základního kapitálu, mohou tuto část vkladů převzít se souhlasem valné hromady přednostně zbývající společníci, a to v poměru svých obchodních podílů. Při nevyužití přednostního práva některého společníka mohou ostatní společníci uplatnit právo na převzetí příslušné části vkladu do třiceti dnů od uplynutí lhůty pro uplatnění přednostního práva tohoto společníka. Nepřevezmou-li závazky k novým vkladům společníci, může je převzít se souhlasem valné hromady kdokoli.

Při zvýšení základního kapitálu z vlastních zdrojů společnosti se zvyšuje výše vkladu každého společníka v poměru odpovídajícímu jejich dosavadním vkladům.

Při snížení základního kapitálu společnosti nesmí dojít ke snížení základního kapitálu a vkladů jednotlivých společníků pod minimální přípustnou hodnotu stanovenou obchodním zákoníkem.

VIII.

Převod, přechod a rozdělení obchodního podílu

Každý společník je oprávněn převést písemnou smlouvou svůj obchodní podíl, popřípadě jeho část na třetí osobu. Na jiného společníka může společník převést obchodní podíl se souhlasem valné hromady.

Smrtí společníka přechází jeho obchodní podíl na dědice.

Pokud při převodu nebo přechodu obchodního podílu dochází k jeho rozdělení, je k takovému rozdělení třeba souhlasu valné hromady.

IX.

Zákaz konkurence

Zákaz konkurence se vztahuje na jednatele a společníky.

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O věcném rozsahu zákazu konkurence a důsledcích jeho porušení platí ustanovení § 136 a § 65 obchodního zákoníku.

X.

Rozdělení zisku a úhrada ztráty

Podkladem pro rozhodnutí o rozdělení zisku je účetní závěrka schválená valnou hromadou. Valná hromada na základě návrhu jednatele rozhodne o tom, jaká část zisku se rozdělí mezi společníky a o účelu použití části zisku určeného k dalšímu rozvoji společnosti. Část zisku určená k rozdělení se rozděluje mezi společníky v poměru jejich splacených vkladů.

XI.

Rezervní fond

Společnost vytváří rezervní fond ve výši 10 % základního kapitálu způsobem uvedeným v § 124 odst. 1 obchodního zákoníku. O použití rezervního fondu rozhoduje jednatel.

XII.

Zrušení společnosti, podíl na likvidačním zůstatku a vypořádací podíl

Společnost se ruší z důvodů stanovených v § 68 a § 151 obchodního zákoníku.

Podíly společníků na likvidačním zůstatku se určují v poměru jejich splacených vkladů; stejným způsobem se určí i vypořádací podíly.

XIII.

Závěrečná ustanovení

Tato smlouva se vyhotovuje v šesti vyhotoveních, po jednom vyhotovení obdrží každý společník, tři vyhotovení se přiloží k návrhu na zápis společnosti do obchodního rejstříku.

Establishing A Small Business

V dne

.....

Filip Cihelka

.....

XXX XXX

.....

XXX XXX

Establishing A Small Business

Supplement no. 2 – Prohlášení odpovědného zástupce (responsible representative declaration)



podací razítko

01 Identifikační část podnikatele: jméno, příjmení / obchodní firma / název ¹⁾	Identifikační číslo / datum narození ¹⁾
--	--

01 Odpovědný zástupce

Prohlášení odpovědného zástupce

a) titul	b) jméno	c) příjmení	d) titul
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
e) rodné příjmení	f) místo narození		
<input type="text"/>	<input type="text"/>		
g) okres	<input type="text"/>		

Prohlašuji ve smyslu ustanovení § 46 odst. 1 a 2, zákona č. 455/1991 Sb., o živnostenském podnikání (živnostenský zákon), ve znění pozdějších předpisů, že souhlasím s ustanovením do funkce odpovědného zástupce a převzetím povinností v rozsahu stanoveném živnostenským zákonem u výše uvedeného podnikatele.

03 Předmět podnikání

--

04 Údaje o podnikateli, u kterého jsem již do funkce odpovědného zástupce ustanoven(a)

jméno	příjmení	
<input type="text"/>	<input type="text"/>	
obchodní firma / název ¹⁾ právnické osoby		
<input type="text"/>		
sídlo / místo podnikání	číslo popisné	číslo orientační
<input type="text"/>	<input type="text"/>	<input type="text"/>
název obce	část obce	PSČ
<input type="text"/>	<input type="text"/>	<input type="text"/>
v	dne	<input type="text"/>
<input type="text"/>	<input type="text"/>	

¹⁾ Podpis na prohlášení musí být úředně ověřen, ne učinil-li odpovědný zástupce prohlášení před živnostenským úřadem.

Establishing A Small Business

Supplement no. 3 – Jednotný registrační formulář s přihláškou k daňové registraci pro právnické osoby (tax registration form)



podací razítko

JEDNOTNÝ REGISTRAČNÍ FORMULÁŘ Právnická osoba - základní a živnostenská část

ČÁST A - PODNIKATEL

01 Podnikatel

a) obchodní firma / název¹⁾ právnické osoby

b) právní forma

c) identifikační číslo

02 Sídlo

a) název ulice

b) číslo popisné

c) číslo orientační

d) název obce

e) část obce

f) PSČ

g) stát

03 Doručovací adresa

a) název ulice

b) číslo popisné

c) číslo orientační

d) název obce

e) část obce

f) PSČ

04 Předmět podnikání

05 Datum vzniku živnostenského oprávnění

06 Datum zahájení provozování živnosti

07 Datum ukončení provozování živnosti¹⁾

08 Živnost provozována průmyslovým způsobem (ANO / NE)

¹⁾ Vyplní se, pokud ohlašovatel zamýšlí provozovat živnost na dobu určitou

MPO PO část 01 – vzor č. 02 (012007)

1

¹⁾ nehodící se škrtněte

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ČÁST B - STATUTÁRNÍ ORGÁN

01 Statutární orgán

a) titul	b) jméno	c) příjmení	d) titul
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
e) státní občanství	f) rodné číslo	g) datum narození	
<input type="text"/>	<input type="text"/>	<input type="text"/>	
h) způsob jednání za právnickou osobu			
<input type="text"/>			

01.1 Bydliště / pobyt¹⁾ člena statutárního orgánu na území ČR

a) název ulice	b) číslo popisné	c) číslo orientační
<input type="text"/>	<input type="text"/>	<input type="text"/>
d) název obce	e) část obce	f) PSČ
<input type="text"/>	<input type="text"/>	<input type="text"/>

02 Statutární orgán

a) titul	b) jméno	c) příjmení	d) titul
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
e) státní občanství	f) rodné číslo	g) datum narození	
<input type="text"/>	<input type="text"/>	<input type="text"/>	
h) způsob jednání za právnickou osobu			
<input type="text"/>			

02.1 Bydliště / pobyt¹⁾ člena statutárního orgánu na území ČR

a) název ulice	b) číslo popisné	c) číslo orientační
<input type="text"/>	<input type="text"/>	<input type="text"/>
d) název obce	e) část obce	f) PSČ
<input type="text"/>	<input type="text"/>	<input type="text"/>

03 Prohlášení podnikatele k statutárnímu orgánu

Prohlašuji, že mi není známo, že by u osob, které jsou statutárním orgánem nebo jeho členy, soud nebo správní orgán uložil zákaz činnosti, a že by trvala u těchto osob jiná překážka, která by bránila provozování živnosti.

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ČÁST C - PROVOZOVNY

01 Provozovna

a) název ulice	b) číslo popisné	c) číslo orientační
<input type="text"/>	<input type="text"/>	<input type="text"/>
d) název obce	e) část obce	f) PSČ
<input type="text"/>	<input type="text"/>	<input type="text"/>
g) předmět podnikání v provozovně	h) právní titul užívání provozovny	
<input type="text"/>	<input type="text"/>	
i) provozovna podléhající kolaudaci (ANO / NE) <input type="checkbox"/>	j) datum zahájení provozování živnosti v provozovně <input type="text"/>	

02 Provozovna

a) název ulice	b) číslo popisné	c) číslo orientační
<input type="text"/>	<input type="text"/>	<input type="text"/>
d) název obce	e) část obce	f) PSČ
<input type="text"/>	<input type="text"/>	<input type="text"/>
g) předmět podnikání v provozovně	h) právní titul užívání provozovny	
<input type="text"/>	<input type="text"/>	
i) provozovna podléhající kolaudaci (ANO / NE) <input type="checkbox"/>	j) datum zahájení provozování živnosti v provozovně <input type="text"/>	

ČÁST D - ODPOVĚDNÝ ZÁSTUPCE

01 Odpovědný zástupce:

a) titul	b) jméno	c) příjmení	d) titul
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
e) státní občanství	f) rodné číslo	g) datum narození	
<input type="text"/>	<input type="text"/>	<input type="text"/>	
h) místo narození	i) okres	j) pohlaví ¹⁾	
<input type="text"/>	<input type="text"/>	<input type="text"/>	

02 Bydliště

a) název ulice	b) číslo popisné	c) číslo orientační
<input type="text"/>	<input type="text"/>	<input type="text"/>
d) název obce	e) část obce	f) PSČ
<input type="text"/>	<input type="text"/>	<input type="text"/>
g) stát	<input type="text"/>	

03 Pobyť na území ČR

a) název ulice	b) číslo popisné	c) číslo orientační
<input type="text"/>	<input type="text"/>	<input type="text"/>
d) název obce	e) část obce	f) PSČ
<input type="text"/>	<input type="text"/>	<input type="text"/>

04 Datum ustanovení odpovědného zástupce do funkce

05 Prohlášení podnikatele k osobě odpovědného zástupce

Prohlašuji, že mi není známo, že by u osoby odpovědného zástupce soud nebo správní orgán uložil zákaz činnosti, že by u této osoby trvala jiná překážka provozování živnosti a že by jí v posledních třech letech bylo zrušeno živnostenské oprávnění podle § 58 odst. 2, 3 nebo 4 živnostenského zákona.

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ČÁST E - PROHLÁŠENÍ PODNIKATELE

01

02 Právnické osobě

ČÁST F – JINÉ SKUTEČNOSTI, KTERÉ NEMOHLY BÝT UVEDENY NA PŘEDEŠLÝCH STRÁNKÁCH FORMULÁŘE

ČÁST G – VYBERTE PROVÁDĚNÉ ÚKONY

- | | | | |
|--|--------------------------|---|----------------------|
| 1) ohlášení živnosti | <input type="checkbox"/> | počet zvláštních částí / příloh ²⁾ | <input type="text"/> |
| žádost o koncesi | <input type="checkbox"/> | počet zvláštních částí / příloh ²⁾ | <input type="text"/> |
| 2) přihláška k daňové registraci nebo příslušné oznámení | <input type="checkbox"/> | počet zvláštních částí / příloh ²⁾ | <input type="text"/> |
| 3) oznámení vzniku volného pracovního místa | <input type="checkbox"/> | počet zvláštních částí / příloh ²⁾ | <input type="text"/> |

<input type="text" value="V"/>	<input type="text" value="dne"/>	<div style="border: 1px solid black; width: 200px; height: 50px; margin-left: auto; margin-right: auto; text-align: center; padding: 5px;">podpis ohlašovatele / žadatele</div>
Doplňující údaje podnikatele		
a) telefon	b) fax	c) e-mail
<input type="text"/>	<input type="text"/>	<input type="text"/>

²⁾ Zvláštními částmi se rozumí jednotlivé listy formuláře, které jsou přikládány k základní části. Přílohou se rozumí uvedení nebo doložení údajů jinak, než na základní části a zvláštních částech, např. smlouva o vedení účtu, smlouva o sdružení, atd.



podací razítko

01 Identifikační část: obchodní firma / název ¹⁾

03 Daňové identifikační číslo
 C Z

 02 Registrace / oznámení změny¹⁾

PŘIHLÁŠKA K DAŇOVÉ REGISTRACI pro právnické osoby

Zvláštní část

04

a) k registraci k dani z příjmů právnických osob

b) k registraci k dani z přidané hodnoty (zvláštní část - přihláška k registraci k DPH)

c) k dani z nemovitostí ode dne

d) k dani silniční ode dne

e) k dani z příjmů jako plátcí: 1) daně z příjmů ze závislé činnosti a funkčních požitků ode dne

2) daně z příjmů vybírané srážkou podle zvláštní sazby daně ode dne

3) zajišťující daň z příjmů ode dne

05 Organizační složky podniku

a) počet odštěpných závodů: (zvláštní část - přihláška k registraci Odštěpné závody a provozovny)

b) počet provozoven:

c) počet plátcových pokladen: (zvláštní část - přihláška k registraci pro plátcovy pokladny)

06 Čista účtů u bank, spořitelních a úvěrních družstev:

Účty v ČR

a) číslo účtu / směrový (identifikační) kód	Měna, ve které je účet veden	Vlastníkem účtu je daňový subjekt ano / ne
<input type="text"/>	<input type="text"/>	<input type="text"/>
b) číslo účtu / směrový (identifikační) kód	Měna, ve které je účet veden	Vlastníkem účtu je daňový subjekt ano / ne
<input type="text"/>	<input type="text"/>	<input type="text"/>

Účet vedený v zahraničí

IBAN

Typ ID banky	ID banky	Měna, ve které je účet veden	Vlastníkem účtu je daňový subjekt ano / ne
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Název účtu

Název banky

Ulice banky

Město banky

PSC banky Stát

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07 Zastupování v daňových záležitostech: (ANO / NE) v případě „ano“ je přílohou plná moc.

08 Zástupce pro doručování: (ANO / NE) v případě „ano“ je přílohou plná moc.

09 Právní předchůdce

a) daňové identifikační číslo

b) obchodní firma

c) právní forma

d) název ulice

e) číslo popisné

f) číslo orientační

g) název obce

h) část obce

i) PSČ

j) stát

10 Zahraniční DIČ

11 Finančnímu úřadu v, ve, pro

PROHLÁŠUJI, ŽE VŠECHNY MNOU VÝŠE UVEDENÉ ÚDAJE JSOU PRAVDIVÉ A ÚPLNÉ A JSEM SI VĚDOM (A) SVÉ POVINNOSTI HLÁSIT KAŽDOU ZMĚNU DO 15 DNŮ.

jméno

příjmení

vztah k právnické osobě

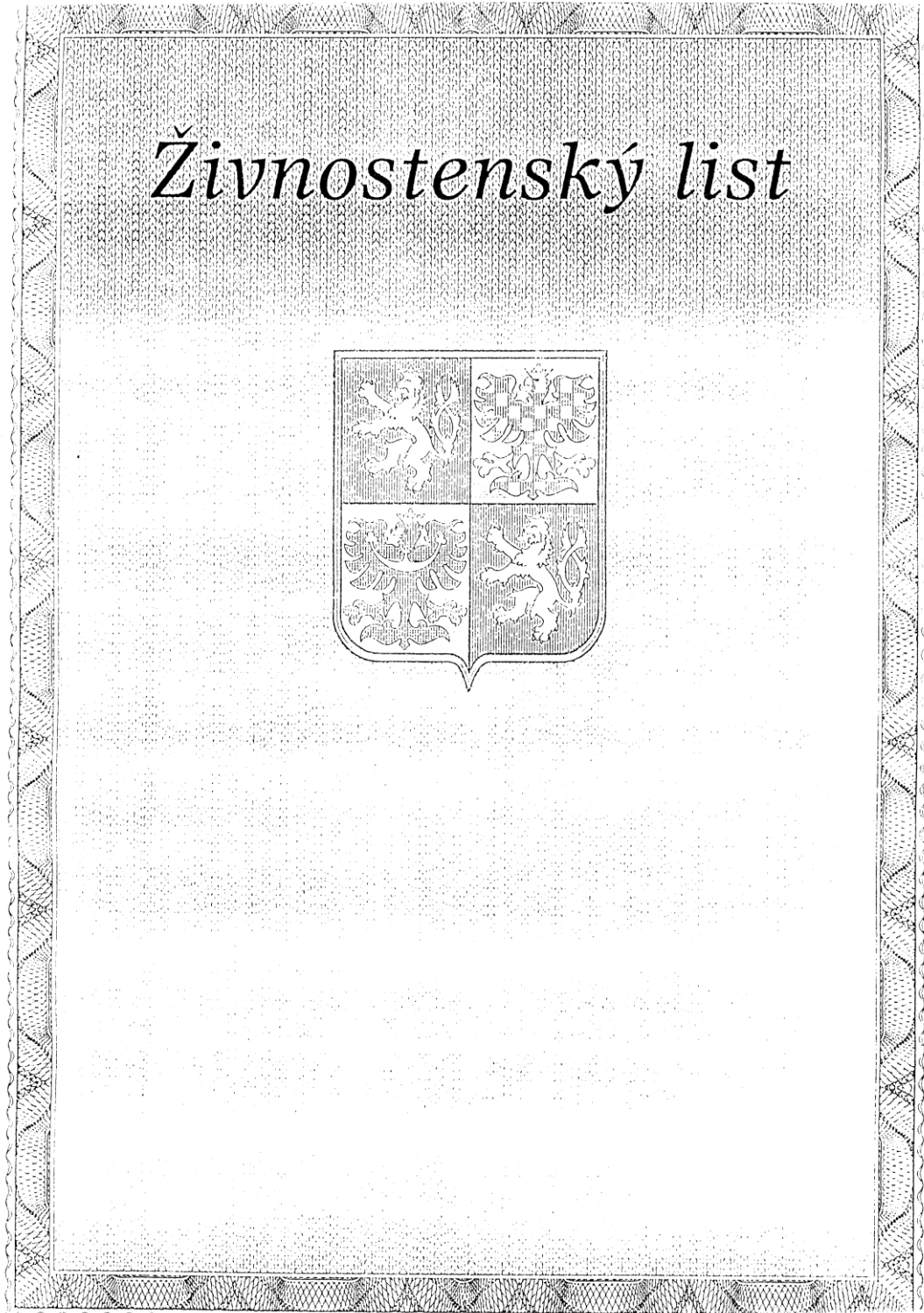
v

dne

podpis ohlašovatele / žadatele

Všechny údaje, pro něž jste neměli dostatek místa na formuláři, a všechny další údaje, které považujete za závažné pro registraci, uveďte, prosím, na zvláštní příloze. U jednotlivých informací uveďte číslo položky původního formuláře, ke kterému se vztahují.

Supplement no. 4 – Živnostenský list (Trade Certificate)



Supplement no. 5 – Koncesní listina (Trade Licence)

