

Trade Licences for Foreigners Running Business in the Czech Republic

Bachelor thesis

Supervisor:

JUDr. Michaela Poremská, Ph.D., LL.M.

Dita Mikulenková

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Abstract

The topic of this bachelor thesis is Trade licences for foreigners running business in the Czech Republic. The result of the thesis is to create an overall picture of current legislation of trade licences and its conditions with a focus on foreign entrepreneurs on the area of the Czech Republic. Obtained information is used both in literature overview and practical part as well. One of the main goals is to search for functionality of Trade Licensing Office of Brno City and its cooperation with foreign entrepreneurs. The aim of statistical research is to point out various points of view, including the development of the foreigners on the area of the Czech Republic. Last but not least, the Czech trade legislation is summarized and compared with selected countries, which has a huge impact on the development of every economy.

Keywords

Trade, Trade licence, Trade Licensing Office, Foreign natural person, Entrepreneur, Trade Licensing Act

Abstrakt

Téma této bakalářské práce je Živnostenské oprávnění pro cizince podnikající v České republice. Výsledkem této práce je vytvoření celkového obrázku současné legislativy živnostenských oprávnění a jejich podmínek, se zaměřením se na zahraniční podnikatele na území České republiky. Získané informace jsou použity jak v literárním přehledu, tak i praktické části práce. Jeden z hlavních cílů je zkoumání funkčnosti živnostenského úřadu v Brně a její spolupráci s cizinci podnikateli. Cílem statistického šetření je poukázat na jednotlivá hlediska cizinců na území České Republiky včetně vývoje. V neposlední řadě je shrnuta a porovnávána legislativa podnikání České republiky s vybranými zeměmi, která má velký význam na rozvoj každé ekonomiky.

Klíčová slova

Živnost, Živnostenské oprávnění, Živnostenský úřad, Zahraniční fyzická osoba, Podnikatel, Živnostenský zákon

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1 Introduction

The entrepreneurship forms the market economy of every developed country and its development contributes to the right functionality of market. Small and medium-sized enterprise is considerate to be an important tool how to decrease unemployment, which is a still big problem in many countries. The development of entrepreneurship was mostly stopped in the Czech Republic in a connection with reign of communist party. With a change of government in 1989 comes the repeated commencement of entrepreneurship and till the present day it is integral to our market economy.

Since its implementation 28 years ago, the trade activities, which is the main part of entrepreneurship, its importance has grown a lot. Not only Czechs started to be interested in opportunity to create their own business and have a security of livelihood, but also foreigners from different countries. One of the main reasons why they started migrated was the motivation to earn more money. Therefore, the Europe became the second continent with the largest influx of foreigners, right after the North America, and the Czech Republic was and still is a part of it.

The entrepreneurship of foreigners in the Czech Republic is a topic which has not been researched much, but with an increasing number of foreigners, who are starting to run the business there is becoming more discussed than ever.

2 Objectives and Methodology

2.1 Objectives

The main objective of my bachelor thesis is processing of current legislation of trade licences with emphasis on entrepreneurship of foreigners running business in the Czech Republic. In the theoretical part, this concept with all its aspects will be researched. The objective of this part is to get all-embracing knowledge of this topic to be able to continue with a practical part. One of the main objectives of the practical part is to search for functionality of Trade Licensing Offices, which also includes communication with various authorities and with the foreigners; whether there are some language barriers or other problems when foreign entrepreneurs want to run the business on the area of the Czech Republic. One of the important parts is also a statistical research, with aim to point out development of foreign entrepreneurs, its trade licences through the years and other points of view which would provide real image of entrepreneurship of foreigner on the area of the Czech Republic. And the last objective of this thesis is then find out, positive and negative aspects of contemporary trade legal regulations, which will be also compared with various countries and mainly with Slovakia, to be able to see, whether the Czech Republic and its possible improvement of trade legislation could influence the amount of foreigners coming to the Czech Republic to run their business.

2.2 Methodology and materials

As a main source for the theoretical part, the domestic literature and online sources will be used. In this part of my bachelor thesis, descriptive method will be used to show what trade licence for foreigners actually is. The first part will consist of the general definition of trade and its main characteristics and it will be followed by entities, which are authorized to carry on a trade on the area of the Czech Republic. In our case it is mainly foreign nature person and its condition of entry. A short description of Trade Licensing Office and its main functions will be part of this thesis as well. Classification of trade and its conditions will follows. Then, the descriptive method will be used again to create an overall picture of the trade licence in a legal context. In this part will be a short description of how trade licence is arisen and what documents are required for inception of trade licence. Amendment and termination of trade will be also included. Aside from the publications, one of the main sources will be various Acts, such as Act No. 455/1991 Coll., On Trades (Trade Act).

As it has been already mentioned, the practical part will be based on the general information of trade gained in the literature overview. In the first section of the

practical part will be shown how Trade Licensing Offices are working in practice, mainly focused on Trade Licensing Office of Brno City and its structure. The communication with foreigners and also with various state authorities, such as Criminal Register, Commercial Register or Department for Asylum and Migration Policy will be the main part. This section is based on analysis coming from consultations with heads of two departments at Trade Licensing Office of Brno City in the first place. The following part will be focusing on statistical data of foreigners which will be gained from the materials provided by Trade Licensing Office of Brno City and Czech Statistical Office. In the statistical research will be shown data of foreign entrepreneurs running their business in the Czech Republic from the different points of views, such as gender and age proportion, the most common place of origin and type of trade, and it will be enriched with the development of foreign entrepreneurs and its trade licences through the years. The last part will contain evaluation of trade and its legislation in a comparison with various countries, mainly Slovakia. As the source for the last part will be used rankings analysis of economies in a context of business regulations provided by World Bank.

Discussion on what is the reality in comparison with the current assumptions; summary of knowledge gained from processing this thesis, and possible improvements of negative aspects from the evaluation of trade and communicational problems which will be suggested, will contain one of the two last parts.

The final part, conclusion on whether the goals of this bachelor thesis were or were not met will be discussed.

3 Literature overview

3.1 Definition of trade and its characteristics

The trade activities represent a specific area of entrepreneurship in the area of production, trade, providing of services and up to the present day it represent the most widespread form of entrepreneurship.

A trade shall mean a systematic activity carried out independently under the conditions laid down in this Act, under a person's own name and liability, with a view to making a profit. (Act No. 455/1991 to Trade Licensing Act)

The basic characteristics of trade activities are:

- Systematic activity
- Independence
- Under a person's own name
- Own responsibility
- Purpose of achieving a profit
- Observance of conditions given by trade act

By the systematic activity is meant activity which is regularly repeating for a definite period.

The trade cannot be an activity which is isolated and accidental.

The independence differ trade activities from employment. The person decides about the content, organization, time and place of his work and is not guided by anybody else.

Running under a person's own name means that the entrepreneur is obligated to take action of legal acts under its business name.

Conduct a business under a person's own responsibility in other words means that the person holds a responsibility for his business and in case of failure, violation of regulations or non-fulfilment of obligations has to face the music for that.

The purpose is to achieve a profit, it is not determinative if the profit has been really achieved and for which purpose the profit will be used but the important is that the entrepreneur, who is running a business wants to achieve a profit and the activity is directed to this aim.

(Salachová, 2012)

The trade is basically any activity if all characteristics listed above have been met and it is not namely excluded from the trade activities listed in Trade Act (§ 3), for example activity of doctors, dentists, lawyers, interpreters, etc. and also the trade is not an activities of banks, lottery, production of electricity, gas, agriculture, etc.

3.2 Entities authorized to carry on a trade

Even though, the body of trade activities can be a natural person (individual) or legal entity (for instance company, cooperatives and state-own enterprise, etc.) we will focus mainly on natural person. The people who are entitled to run the business in the Czech Republic do not have to be just Czechs but also foreigners from different countries.

3.2.1 Foreign natural person and its conditions of entry

The natural person is considered to be Czech, if he has the permanent address on the area of the Czech Republic. That means, in case the citizen of the Czech Republic has not a permanent address there, he is found to be a foreigner.

We can divide the foreigners into two categories. First one, are citizens of European Union (it also includes citizens of Switzerland, European Economic Area which is Liechtenstein, Norway and Iceland).

The second category includes all citizens from so called third country (citizens from all countries over the world except EU, EEA and Switzerland).

Conditions of entry are given by The Act No. 326/1999 Coll., on the residence of foreigners in the Czech Republic.

For the EU citizens it is simple. If they want to stay temporarily in the Czech Republic up to 3 months, they do not need any registration. If they intend to stay longer than 3 months, they can request a certificate of temporary residence or a permanent residence permit to be issued.

The third-country nationals have different and stricter conditions of entry in a comparison with EU citizens. The types of residence are listed below.

- Visa for a stay of up to 90 days (short-term)
- Visa for a stay of over 90 days (long-term)
- Long-term residence
- Permanent residence

The long term visa is granted in case the foreigner stays more than 3 months but not longer than 6 months (180days). If he stays longer, he has to apply for a long-term residence. This type of residence is usually valid for a 1 year and after that the permission can be extended on the basis of new application. The permanent residence is granted for the person, who stays in the Czech Republic continuously for 5 years on the basis of long-term residence.

(Ministerstvo vnitra České republiky, online)

When applying for any residence, the purpose of the residence is needed to know (study, employment, business, etc). All applications and other documents are available at Ministry of the Interior of the Czech Republic.

3.3 Trade Licensing Office

Trade Licensing Offices are the state administration authority and they are established on the basis of Act No. 570/1991 to Trade Licensing Office. The object of activity of Trade Licensing Office is inception, amendment and termination of trade licence but also an inspection of trade.
(Zichová, 2008)

3.3.1 Classification of Trade Licensing Offices

- Municipality Trade Licensing Office
- District Trade Licensing Office
- Ministry of Industry and Trade

The head of the Trade Licensing Office should have been Trade Licensing Office of the Czech Republic however it has never been established. Ministry of Industry and Trade hold the post of it.

3.3.2 Central Registration Point

When solving an issue of improvement of entrepreneurship and simplification of administration at Municipality Trade Licensing Offices, Central Registration Point (CRM¹) has been created.

Since 1.8.2006 Central Registration Point started performing as a basic register place for entrepreneurial public not only when entering a business but also in other phases of their activities.

Before establishment of this register place, when entering a business, entrepreneur must have arranged all necessary things at particular offices, for example Tax Office, Social Security Authority, Labour Office and Health Insurance Company.

The main objective of creating Central Registration Point is to shorten a period of time and simplify the paperwork during the process of notification trade, application for a concession or other activities connected with establishment of business. Nowadays, the only duty is to fill in the Single Register Form (JRF)² at Municipality Trade Licensing Office and they will hand the information over to the other offices
(Zichová, 2008)

¹ CRM- Centrální Registrační Místo

² JRF- Jednotný Registrační Formulář

3.3.3 Points of Single Contact

In the area of the Czech Republic there are 228 of Municipal Trade Licensing Offices and 15 of them serve as a Point of Single Contact (PSCs/JKM³). The main aim of the system is to help the entrepreneur to simplify the process of entering into business. The first main function is to provide free consultancy. The second one helps them in contacting the appropriate administrative body authorizing the respective service.

The Points of Single Contact are parts of European network and are able to help in case of doing a business in other Member States in the European Union.

The entrepreneur can gain general information about provision of services in other member states, customer protection in other member states, information connected with authorization, contact bodies for providing assistance and help in case of problems with authorities, etc.

(MPO, online)

3.4 Classification of trade

The basic classification of trade is according to a commencement of trade licence.

The Trade Licensing Act divides the trade into notifiable and permitted.

The notifiable trade is then divided into vocational, professional and unqualified trade.

3.4.1 Notifiable trade

For the entrepreneur is possible to conduct the notifiable trade just only on the notification at any Trade Licensing Office in the Czech Republic, in case the person have met all necessary requirements which are set by the law. It is not required to have the consent of the Trade Licensing Office.

As follow, the Office checks these notifications out. In case it was found that the entrepreneur has not met the required conditions, he receives the decision that his notifiable trade licence has not been created. However, he can appeal against this decision.

3.4.2 Vocational trade

Vocational trades are defined as a set of activities listed in Annex No. 1 to Act No. 455/1991 and are divided into 3 sections.

³ PSCs/JKM – Points of Single Contact/ Jednotné Kontaktní Místo

Section A includes 35 trades, for example:

- Repair of other transport equipment and work machinery
- Hairdressing
- Watch making

Section B contains 3 trades:

- Dyeing and chemical treatment of textiles
- Cleaning and washing of textiles and clothing
- Chimney sweeping

In the section C are also 3 trades:

- Catering services
- Cosmetic services
- Pedicure, manicure

The general conditions are not only thing which the entrepreneur must prove. It also includes required professional competence with relevant document to provide achieved education. Usually it is a secondary school leaving examination, certificate of apprenticeship, university degree, six years of experience in the field or other documents certified by the law.

3.4.3 Professional trade

The vocational and professional trade do not differ a lot. The only thing is that the vocational trade is more connected with manual profession. Nonetheless, professional trade requires also professional competence which is specified for each particular trade. All requirements are listed in Annex No 2 to Act 455/1991 (Trade Licensing Act).

Between the professional trades we can find for example:

- Optician
- Construction design
- Accounting consulting, bookkeeping, tax accounting
- Inspection, checking and testing of specified technical equipment in operations

The professional competence for the last object of business (Inspection, checking and testing of specified technical equipment in operations) is a certificate issued by a track administrative authority, but for other objects of business it can be also university degree, secondary school leaving examination, etc. mainly the same documents which are mentioned in vocational trade section above.

3.4.4 Unqualified trade

Even though, for running the unqualified trade the Act do not require proof of professional or other competence, the general conditions must be met. The content of unqualified trades by the field of activity is included in the Annex No 4 of the Government Decree No. 278/2008 Coll. In the past, there were 125 types of unqualified trade but since 2008, there is just one unqualified trade and within this trade the entrepreneur is allowed to conduct all the areas of activities (80 types) which this one trade contain.

Fields of activity classified as unqualified trade can be:

- Provision of services for agriculture, horticulture, fishing, forestry and hunting
- Manufacture of textiles, textiles products, clothing and clothing accessories
- Translation and interpreting
- Provision of technical services

3.4.5 Permitted trade

In a contrast to notifiable trade to gain the permitted trade licence is more difficult because for gaining this licence, the permission to trade or in other words a state licence is needed.

The set of activities are listed in Annex No 3 to Trade Licensing Act and it includes for example:

- Production and processing of sulphite or synthetic alcohol
- Public auctions
- Manufacture and processing of fuels and lubricants and fuel distribution
- Pyrotechnical research

In this annex are also listed the conditions for every activity which must be for gaining the permission to trade met. The reason why these conditions are so strict is that the Trade Licensing Office puts emphasis on safety (in case of working with for example weapons and ammunition, poisons and corrosives and others). For the permitted trade is also usual to have a high level of requirements for a special professional competence (in case of funeral services or taxi services). Unexpected surprise can be a fixed period of permission or conditions which will restrict the given area of activity.

Even though, there is no legal claim to issue the licence, in case of dismissal it is possible to appeal against the decision.

3.5 Trade Licensing Act as amended

The Trade Act (455/1991) adjusts specific obligations of entrepreneur which are related to its entrepreneurship, the process of official procedure when notifying a trade, applying for a concession or issuing an extract from the trade register.

It also adjusts trade inspection, carrying out, imposing of sanction for violation of rights and solves other specific issues like managing of trade registers, collaboration of particular state administrations in the area of trade and etc.

3.5.1 General and special conditions

When carrying on a trade there are some general conditions which must be met:

- Full legal capacity, which may be replaced by judicial approval of the consent of the minor's legal guardian to the independent operation of business activities
- Good character

For the purpose of this Act, a person shall not be regarded as being of good character if he has been conclusively sentenced for an intentional criminal offence, if that offence was committed in connection with the business or line of business for which he is applying or reporting, unless that person is regarded as if he had not been sentenced.

Good character shall be demonstrated by an extract from the Crime Register, other documents specified under Section 46 paragraph 1 (a).

(Act No. 455/1991 Trade Act)

In spite of the fact, the general conditions have been met; there are also special conditions when carrying on vocational, professional or permitted trade.

- Professional or other competence, where required by this Act or specific legislation, shall be regarded as special conditions for carrying on a trade

A citizen of the Czech Republic or another Member State of the European Union may prove professional competence by means of document on the recognition of professional qualifications issued by the recognition authority in accordance with the Act No. 18/2004 on the Recognition of Professional Qualifications.

3.5.2 Inception of trade authorization

First of all, when entrepreneur wants to establish trade licence, is to decide about the area of its activity and subsequently, according to the activity determinate which type of trade licence would be the most suitable one to fulfil his needs.

Whether it is a notification of trade or application for concession, the main objective for the entrepreneur (or his responsible representative) is to meet the general conditions and then specific conditions of it is needed which are listed in Trade Licence Act.

With the exception of unqualified trade, all the other types of trade require general and also specific conditions by which the professional competence is mean.

As it has already been mentioned in the chapter foreign natural person and its conditions of entry, the foreign nature person can carry on a trade with the same conditions and extent as a Czech person. This person who is a citizen of a member state of European Union, citizen of European Economic Area or citizen of Switzerland does not have to produce a valid residence permit. Nevertheless, the foreign nature person who is not a citizen of European Union, citizen of European Economic Area and nor citizen of Switzerland and wants to carry on a trade, is required to have a valid permission to reside in the Czech Republic.

The obligation to submit a document in accordance with the first sentence shall not apply to a foreign natural person who intends to carry on a trade in the Czech Republic by means of organizational unit of that person's business operation.

In case of natural person, who was granted an asylum according to special regulations (Act No. 325/1999 Coll. on Asylum), these bodies and also their family members can run the business on the area of the Czech Republic with the same rights which citizen of the Czech Republic have.

Every foreign nature person can prove the professional or other competence by the document of recognition of professional or other competence recognized by Ministry of Industry and Trade.

A citizen of the Czech Republic or another member state of the European Union may also prove professional competence by means of evidence of professional qualifications certifying that he has carried out the activity concerned in another member state of European Union.

Entrepreneur can notified the trade or apply for a concession at every Central Registration Point on the area of the Czech Republic or by the Czech POINT.⁴

When establishing a trade, there are documents listed below, which applicants have to submit.

⁴ Czech POINT is a network of assisted public administrative centres where every citizen can obtain all the information on the data kept on him or her by the state in its central registers

- Notification of trade or application for a concession (filled in advance or at Central Registration Point)
- If he is a citizen of another member state of the European Union, an extract from the Crime Register or an equivalent document issued by the competent judicial or administrative authority of that state or the member state of most recent residence, or an extract from the Criminal Records Register containing the information entered in the Crime Register of the member state of which he is a citizen, or the member state of most recent residence. If that state does not issue extract from the Crime Register or an equivalent document, the natural person shall submit an affidavit of good character, made in the presence of notary or an authority of the member state of which he is a citizen, or in the presence of notary or an authority of the state of most recent residence. These documents shall not be more than three months old. A document under this provision may be replaced by a document on the recognition of a professional qualification, provided that it also proves compliance with the condition of good character
- If he is a citizen of a state other than a state referred above, and does not have a permit for permanent residence in the Czech Republic, an extract from the Crime Register or an equivalent document issued by the state of which the natural person a citizen is. If that state does not issue extract from the crime register or an equivalent document, the natural person shall submit a solemn declaration of good character, made in the presence of a notary or another competent authority of the state of which he is a citizen, or in the presence of a notary or another competent authority of the state of most recent residence. These documents shall not be more than three months old
- If the responsible representative is a citizen of member state of the European Union, he shall submit the document listed in the second bullet. However, if the responsible representative is a citizen of a state other than a member state of EU and has not been issued a permit for permanent residence in the Czech Republic, he shall submit the documents listed above. These documents shall not be more than three months old.
- A declaration from the responsible representative that he agrees to his appointment. The signature on the declaration shall be officially certified unless the responsible representative makes the declaration in person before the Trade Licensing Office
- The document which proves the professional competence of entrepreneur or his responsible representative. It is not needed for unqualified trade

- The document providing legal right to use premises in which the registered office is located. In case of establishing of organizational unit, the documents for this unit are needed
- If the entrepreneur is establishing an organizational unit on the area of the Czech Republic, document which proves that he has the enterprise outside of the area of the Czech Republic is needed
- Proof of payment of the administrative fee
- A valid residence permit on the area of the Czech Republic

For the third-country nationals is valid, that all documents, which has not been issued in Czech language, has to be translated into Czech (it is not valid for documents in Slovak language). The authenticity of signature and stamp print on the original present documents has to be certified

For the citizens of EU, EEA⁵ and Switzerland, supposing the Trade Licensing Office do not doubt about the correctness of translation, authenticity of signature or stamp print, the present documents does not have to be translated into Czech language.

(Act No. 455/1991 Trade Act; MPO ČR, 2012)

3.5.3 Amendments of trade authorization

From the Trade Licence Act follows, that the entrepreneur is obligated to report all changes relating to data and documents which entrepreneur state during the inception of his trade activities. The changes have to be reported to the Trade Licensing Office till 15 days from the beginning of the change.

The main changes are usually the change of permanent address, surname of entrepreneur, suspension or continuation of running the business, etc.

On the basis of this notification, the Trade Licensing Office decides about the change of trade licence and subsequently issues the extract with changed details.

(Zichová 2008)

3.5.4 Termination of trade licence

There are many reasons to terminate the trade licence. The most frequent cause of termination is the reality, when entrepreneur requires a termination of trade licence on his own and it can happen anytime, without a given reason. Then, according to the Trade Licence Act, trade licence can be terminated by death of entrepreneur, expiration of period for which the licence has been limited, termination of legal entity and erasure from Commercial Register.

⁵ EEA- European Economic Area

The Trade Licensing Office has to terminate or suspend the trade licence in case, it will be proved that the entrepreneur does not meet the required conditions or legal barriers, which have been set by the law, will come.
(Horzinková, Urban, 2008)

3.5.5 Administrative fees

Administrative fee is a monetary amount collected for proceeding held before administrative authorities and it is given by the Act No. 634/2004 (Administrative Fee Act).

The administrative fees listed below are the obligatory fees which must be paid when entering a business:

- 1000,- CZK for notification of trade when entering a business
- 500,- CZK for another notification of trade regardless there is just one notification or more of them simultaneously
- 1000,- CZK for acceptance of permission to trade when entering a business
- 500,- CZK for another acceptance of permission to trade regardless there is just one permission or more of them simultaneously

The administrative fee is collected just once, in case there were simultaneously notified more of trade or in case there is simultaneously notified one trade and one request for permission.
(MPO ČR, 2012)

The administrative fees are the same, whether the foreigner who does not have a permanent registered address in the Czech Republic is a member of EU, EEA and Switzerland or it is not.

If a notifier complies with all the conditions laid down in the Act, the Trade Licensing Office shall make an entry in the Trade Licensing Register within five working days of delivery of the notification and shall issue the entrepreneur with an extract.

4 Practical part

The practical part is proceed from the general information of trade, Trade Licensing Offices, trade licences and generally way how to start running the business gained in the literature overview. The purpose of this part is to show, how Trade Licensing Offices are working in a practice. It focuses on communication with state authorities and mainly with foreigners, whether there is some language barrier or other issues which could cause functionality problems. The next part focuses on statistical data of foreigners which were gained from Trade Licensing Office of Brno City and Czech Statistical Office. In addition, some data of foreign entrepreneurs are also compared with Czech entrepreneurs to provide the overall picture of the whole Czech trade statistics. Last part of my thesis contains evaluation of trade and its legislation in a comparison with various economies, mainly Slovakia.

4.1 Trade Licensing Office of Brno City

This part of bachelor thesis focuses on Trade Licensing Office of Brno City. It is one of 228 of Trade Licensing Offices and one of 15 of Points of Single Register which are placed in the area of the Czech Republic. Simultaneously the Trade Licensing Office of Brno City is the biggest Trade Licensing Office in South Moravian region. Thanks to the opportunity to make a consultation with a few officers who are working in this Office in the Department of Trade, all findings, information and materials were gained during the time spend there, which are summarized in the next chapters.

4.1.1 Departments of Trade Licensing Office and its work

The Trade Licensing Office of Brno City is divided into two main departments, Department of Trade and Department of Administration and Control⁶. Except these two departments, there is the Record Office⁷ and Department of Operation.⁸

Department of Trade is divided into 4 sections. Point of Single Contact, Register of Nature Person Trade Department, Register of Legal Person Trade Department, Administration of Trade Register and Establishments Department.

The conversation passed off with officers from the first two departments (Point of Single Contact and Register of Nature Person Trade Department).

Each department has a specific division of work, which is obvious from the name, but generally, the main purpose is arranging of all administration work connected with trade licence, such as: notification of trade, application for a concession, re-

⁶ Department of Administration and Control- Oddělení kontrolní a správní

⁷ Record Office – Referát spisovny

⁸ Department of Operation – Referát provozu

port of all changes which somehow influences business activities of entrepreneur, suspension and termination of trade licence, etc.

It performs activities of Central Registration Point, which are mentioned in the Literature overview, it leads the Trade Register and administration of Establishments and its notifications provide information (JKM) and issue the Extract from Trade Register.

In a contrast to Department of Trade, Department of Administration and Control deals mainly with a control of entrepreneurs who already have their trade licence or a concession issued. Generally, the department decides about suspension or cancellation of trade licences. The reason is breaking the rules by the entrepreneurs. It also can impose a fine, secures archiving of administration documents connected with controlling activities and make statistics. On inquiry it also provides common controls with various authorities. One of the purposes of the Department of Administration and Control is dealing with complaints connected with activities of entrepreneur. The whole department is then divided into Department of General Control and Department of Specialized and Administrative Control.

The main purpose of Record Office is leading the records of Trade Licensing Office, providing specific information and documents to the authorities, particularly administrative records of entrepreneurs recorded in the Trade Licensing Office.

Department of Operation secures the operation of Information and Communication Technologies (ICT), property facility and economic administration work of Trade Licensing Office. The department also secures informational material for entrepreneurs, processing of amendments, etc.

4.1.2 Communication with various authorities

Trade Licensing Office co-operates with various authorities to simplify the whole administrative process to officers working at Trade Licensing Offices as well as the foreign entrepreneurs.

Between the selected authorities mentioned below belong Criminal Register, Commercial Register, Central Database of Residents and Department for Asylum and Migration Policy. The other types of authorities, where function the direct communication, is for example Tax Office or Insolvency Register.

One of the authorities connected with Trade Licensing Office of Brno City is Criminal Register. Even though, the officers at the Trade Licensing Office are able to find out the criminal records of the Czech citizens due to their informational system in the Criminal Register, for the new foreign notifiers of trade or a concession it is not

possible. They have to prove it by themselves through the Czech POINT or in different way. The records in Criminal Register are accessible just for the officers working in the Trade Licensing Office

In a contrast to the Criminal Register, the Commercial Register is accessible for all people and it is available on the website www.justice.cz. Everyone can search a given entrepreneur and find out information needed. The Ministry of Justice administrates this register. The communication between Commercial Register and Trade Licensing Office is not direct but through the mediate informational channel. Using the Information System of Registering Trade Activities (IS RŽP⁹) are Trade Licensing Offices able to communicate with Commercial Register. It is valid for new nature or legal persons recorded in the Commercial register, changes in a name of legal entities, changes in place of business, etc. All new records about the entrepreneurs in the area of the Czech Republic go to this system where are available for the officers working with these data.

The Central Register of Residents¹⁰ works on a same principal as the Criminal Register. The access is permitted only to the workers of Trade Licensing Office because it includes private information such as: birth number, permanent address, etc. The Ministry of Interior administrate it. The access is possible through the IS RŽP system. Thanks to this system, every officer can check all details and the notifiers do not have to bring a copy of their identity card. However, the foreigners have to own a valid residence permit to be found in this register and in that way enable to the officer to check their records.

Department for Asylum and Migration Policy is one of the departments of Ministry of Interior. A form of communication between Trade Licence Office and Department of Asylum and Migration Policy is used a data box system. According to Trade Licensing Act, the Trade Licensing Office is obligated to inform Ministry of the Interior of the issue of an extract to a foreign natural person, the inception of a trade authorization, the suspension and cancellation of a trade authorization, and decisions on the non-inception of a trade authorization, the suspension of a trade, the fact that the notifier or concession applicant has not complied with the conditions for the inception of a trade authorization, decisions on the discontinuance of proceedings for concessions and decisions rejecting applications for a concession. (Act No. 455/1991 Coll., Trade Licensing Act, Section 48)

⁹ IS RPŽ – Informační Systém Registru Živnostenského Podnikání

¹⁰ Central Register of Residents – Centrální Evidence Obyvatel

4.1.3 Communication of Trade Licensing Office with foreigners

In this part, the aim was to find out how Trade Licensing Office communicate and co-operate with foreigners, mainly focusing on language.

In a view of fact, that the official language is Czech, in accordance with law, all documents have to be processed in Czech, and in some cases it is possible also in Slovak language. Even though, it could be a problem for a lot of foreigners, majority of officers working at Trade Licensing Office in Brno City are able to communicate in English without any problems.

There are two options how to deal with language problems. In the first one, the foreigner cannot speak English either Czech so he has to bring an interpreter to help them and translate, which happens sometimes happen. The second option is that the foreigner knows at least English, so he comes at the Register Department or Point of Single Contact at Trade Licensing Office can gain the information he needs to know and after that arranges all necessary documents which are mentioned in the Inception of trade authorization Chapter.

However, even though the officers will speak with him English, all the documents he brings have to be translated into the Czech except for special cases. After he produces the documents, if everything is correct, the officer fulfils the Single Register Form (JRF) with him, which is also in Czech, but it is in electronic form, so the foreigner does not have to deal with it by himself. At the end the officer prints it, goes through every item with the foreigner to make sure of the correctness and the foreigner signs it. The last step is to pay the administrative fee 1000, - CZK at the cash office.

4.1.4 Brno statistics foreigners

The final part was focused on statistics gained from the officer's everyday experience while working with the foreigners at the Trade Licensing Office of Brno City.

From all foreigners who want to notify a trade or apply for a concession, the group of men is still increasing. The most typical age is 35 to 45 which also states below in the Official statistics from The Trade Licensing Office in the next chapter. Both of the officers agreed, that the bigger part of the foreigners coming to the Office are usually citizens from so called third countries at least at the last years. Between the most frequent countries for many years belongs Ukraine, Vietnam and Russia, but they also met people from Venezuela, Mexico, Bolivia or South African Republic, so even in Brno it is possible to meet people from all over the world. Talking about the European Union, the most typical are still Slovaks. However the im-

portant thing is that number of foreigners coming to the Czech Republic and notifying a trade is still increasing.

The unqualified trade is also the most famous among the foreigners. They mainly specialize in services, stores, fast foods, restaurants. The reason why the unqualified trade is so popular is that they do not need any proof of professional or other competence. The only requirement is that they have to meet the general conditions. Sometimes they also apply for a concession for production and processing the alcohol or notify a vocational trade to do manicure, pedicure or handcraft. But for example the road transport is isolated.

One of the questions was if the foreigners are just self-employed in the area of the Czech Republic or if they are also employed while running the business. Even though, for the Czech citizen is common to be employed and simultaneously as a secondary activity run the business, for the foreigner is not. When the foreigner is applying for the residence, the purpose of the residence is needed to know. Whether he will be studying, employed or he will running the business. But the purpose has to be just one. The state has to know what the foreigners are doing and in case, they would be employed and simultaneously with it carrying on a business, they would break the purpose of the residence which is stated on application.

In spite of the fact, that the Trade Licensing Office does not investigate this area, it influences it. Actually even in Office in Brno, there were cases when foreigners violated the rules, they lost the permission of residence and subsequently their trade licence has been cancelled.

Nevertheless, if the establishment of trade is more frequent than establishment a company by foreigners, we were not able to find out.

It could be by the reason, when establishing a company, there is no evidence they are foreigners as in case of establishing a trade for nature person. It is common that a lot of Czech companies has foreign owner. It is not statistically solved. But on rare occasions happen that the foreigner running business in the different country would like to have an organizational unit in the area of the Czech Republic.

4.2 Statistics of foreign entrepreneurs on the area of the Czech Republic

Next part of my bachelor thesis includes statistical data gained from the Trade Licensing Office of Brno City and also from the Czech Statistical Office. The statistical data from the Trade Licensing Office are resource material from the Ministry Of Industry and Trade and are available for officers of Trade Licensing Offices

across the area of the Czech Republic. Only foreigners with residence more than 12 months are processed in the calculations.

4.2.1 Introduction to the statistics

Up to the 31.12.2016 have been kept on the area of the Czech Republic the following records. The data of foreigners are compared with Czech residents.

Tab. 1 General statistics of foreigners

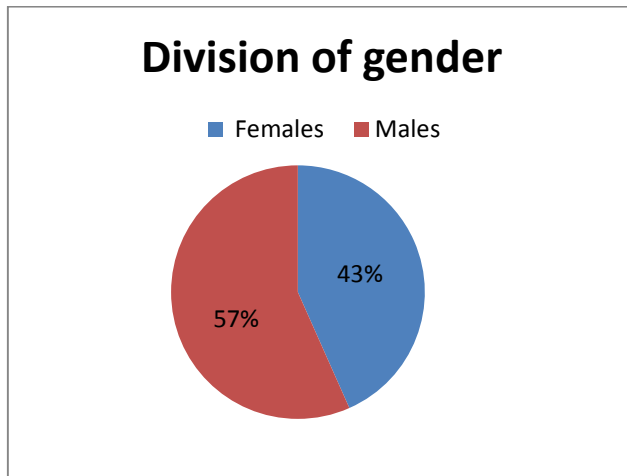
The Czech Republic	Total
Number of Czech residents	10 572 427
Number of foreigners with residence 12+months	480 294
Number of Czech entrepreneurs	2 433 756
Number of foreign entrepreneurs	85 628
Number of trade licences of foreign entrepreneurs	111 034
Number of trade licences per 1 foreign entrepreneur	1.29

Source: Own processing of the materials of Trade Licensing Office of Brno City and Czech Statistical Office

From the table listed above we can see, that the percentage of number of foreign entrepreneurs is approximately 17,8% from the total number of foreigner with residence 12+months. In case of Czech entrepreneurs it is 23%. Into the amount of remaining people it is necessary to count children, students, employed adults, retired people, etc.

4.2.2 Entrepreneurs and division of sex and age

As it has been already mentioned, the total amount of foreigners who are living on the area of the Czech Republic more than 12 months is 480 294. From the tables of Czech Statistical Office follows, that up to date 31.12.2016 the number of female foreigners was 208 305 and 271 989 male foreigners. The diagram below shows the percentage division of male and female foreigners living in the Czech Republic through all countries over the world.

Graph 1 Entrepreneurs and division of sex

Source: Own processing of the materials of Czech Statistical Office

Even though, from a graph above follows that the amount women and men living the Czech Republic does not differ a lot, opposite values are obvious if the foreigners are running a business and are not just employed. The summarized data up to the 31.3.2017 about carrying on business foreigners are shown below.

Tab. 2 Entrepreneurs and age and sex division

Foreign entrepreneurs running business in the Czech Republic									
Age range	0-17	18-19	20-24	25-39	40-54	55-59	60-64	65+	Total sum
Female entrepreneurs	0	19	826	10 720	11 274	2 273	1 184	750	27 036
Male entrepreneurs	0	46	1 416	21 087	25 539	5 926	3 189	2 157	59 360
Total number of all entrepreneurs	0	65	2 242	31 087	36 813	8 189	4 373	2 907	86 396

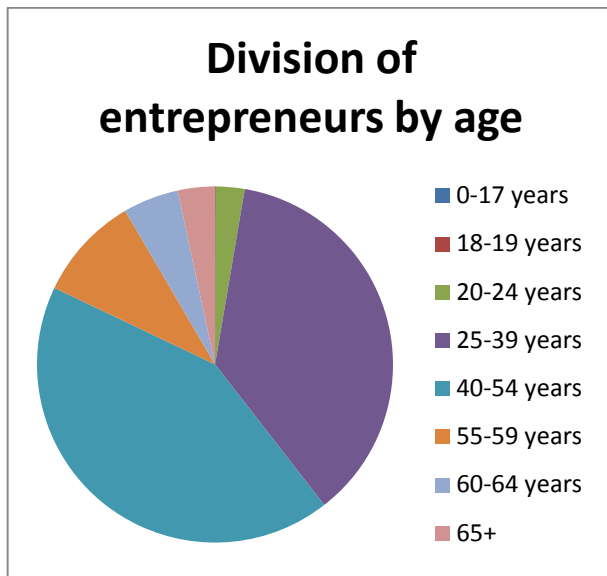
Source: Own processing of the materials of Trade Licensing Office of Brno City

From this table follows that the most entrepreneurs are men between in the range of 25-54 years. The total amount of women running the business in Czech Republic is 27 036, however male group contains 59 360 entrepreneurs which is twice as much as female group. Number of trade licences per 1 foreigner is also higher in a men group (1.30) whereas for women it is only 1.28. But there are also some exceptions. Number of female foreign entrepreneurs from Russia,

Kazakhstan and Thailand differ in a connection with men the most from all countries recorded in statistics.

In the table were counted all foreign entrepreneurs from more than 230 countries over the world and they are recorded as a nature person at the Trade Licensing Office Register. For the better overview the data are represented in a diagram below.

Graph 2 Entrepreneurs and age division



Source: Own processing of the materials of Trade Licensing Office of Brno City

4.2.3 Entrepreneurs and their place of origin

From the total amount of foreigners recorded in the Czech Republic is the smaller part from European Union (208 166) and remaining 272 128 foreigners are from countries outside of the European Union

According to the statistics created up to date 31.12.2016 the highest number of foreigners living in the Czech Republic from the whole world are Ukrainians (107 418) followed by Slovaks (107 251) and Vietnamese in the third place (57 650). The next are Russians (33 970), Germans (21 216) and Poles (20 305).

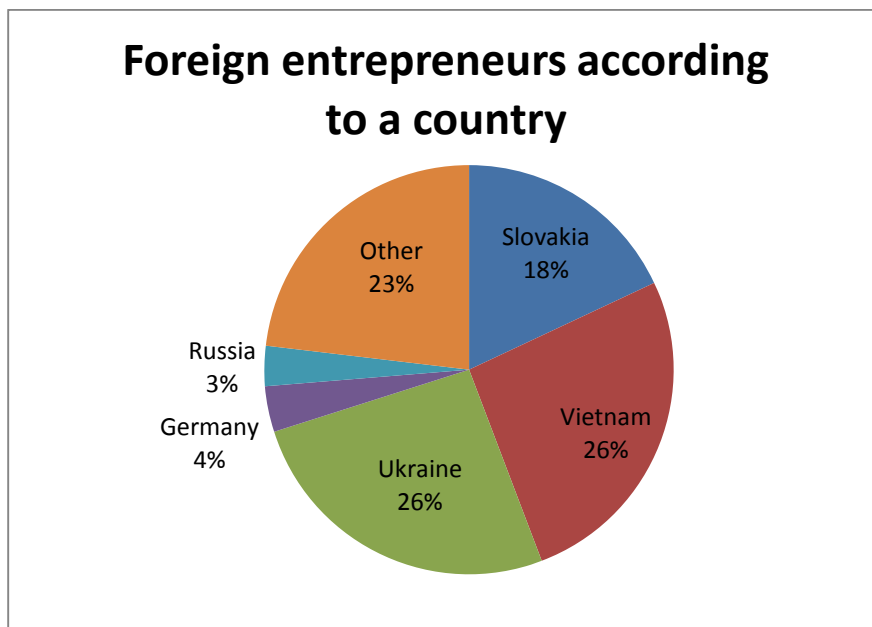
On the other hand, the country with the lowest amount of its citizen living in the Czech Republic is Luxembourg (27 foreigners) and Malta (29 foreigners) from the

European Union, and from the countries outside the European Union it is Barbados (1 foreigner) and Samoa (1 foreigner).

As it has been already mentioned, the number of foreign entrepreneurs on the area of the Czech Republic is always smaller, than the amount of general foreigners, but in a contrast with last years it is still increasing. For example, in 2011 the number of Ukrainians was 33 250 and now it is more than 107 418.

The diagram below shows division of foreigners running business in the Czech Republic and their percentage representation.

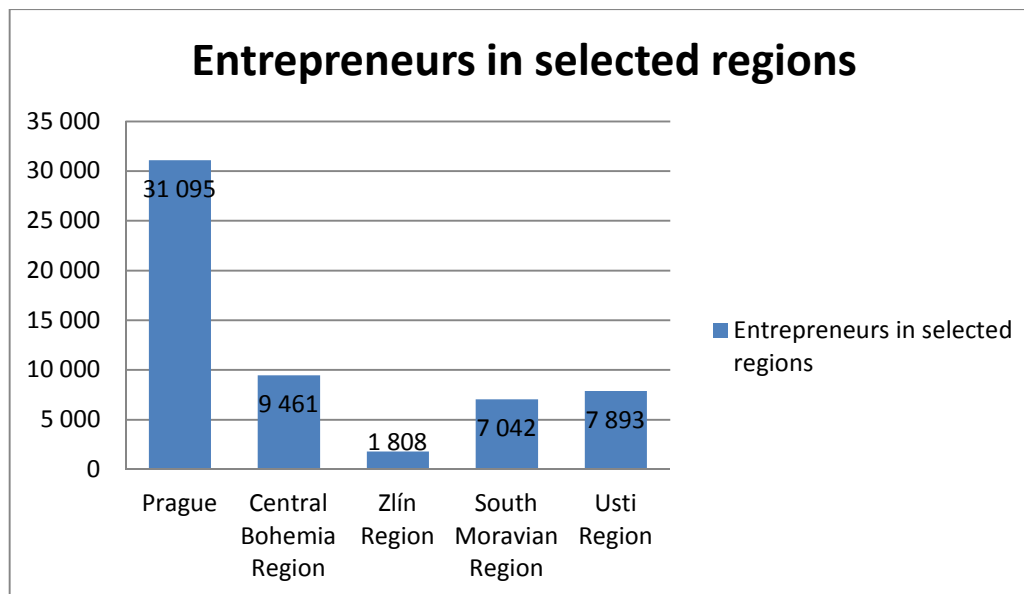
Graph 3 Entrepreneurs and their place of origin



Source: Own processing of the materials of Trade Licensing Office of Brno City

4.2.4 Entrepreneurs in selected regions

From 14 regions which are situated on the area of the Czech Republic were chosen statistical data of Prague, Central Bohemia Region, Zlín Region, South Moravian Region and Usti Region. The selection was aimed to compare three regions with the capital city Prague. At the same time, all of the regions except Zlín Region include the biggest amount of population of foreign entrepreneurs. The Zlín Region was selected because permanent residence of the author is situated there.

Graph 4 Entrepreneurs in selected regions

Source: Own processing of the materials of Trade Licensing Office of Brno City

The purpose for selection South Moravian Region is that Mendel University in Brno is situated there and therefore this region is more elaborated in the table below.

Tab. 3 Entrepreneurs of South Moravian Region

	South Moravian Region	Brno
Number of Czech residents	1 178 812	377 973
Number of Czech entrepreneurs	270 312	115 995
Number of foreign entrepreneurs	7 097	4 216
Number of trade licences of foreign entrepreneurs	8 951	5 120
Number of trade licences per 1 foreign entrepreneur	1.26	1.21

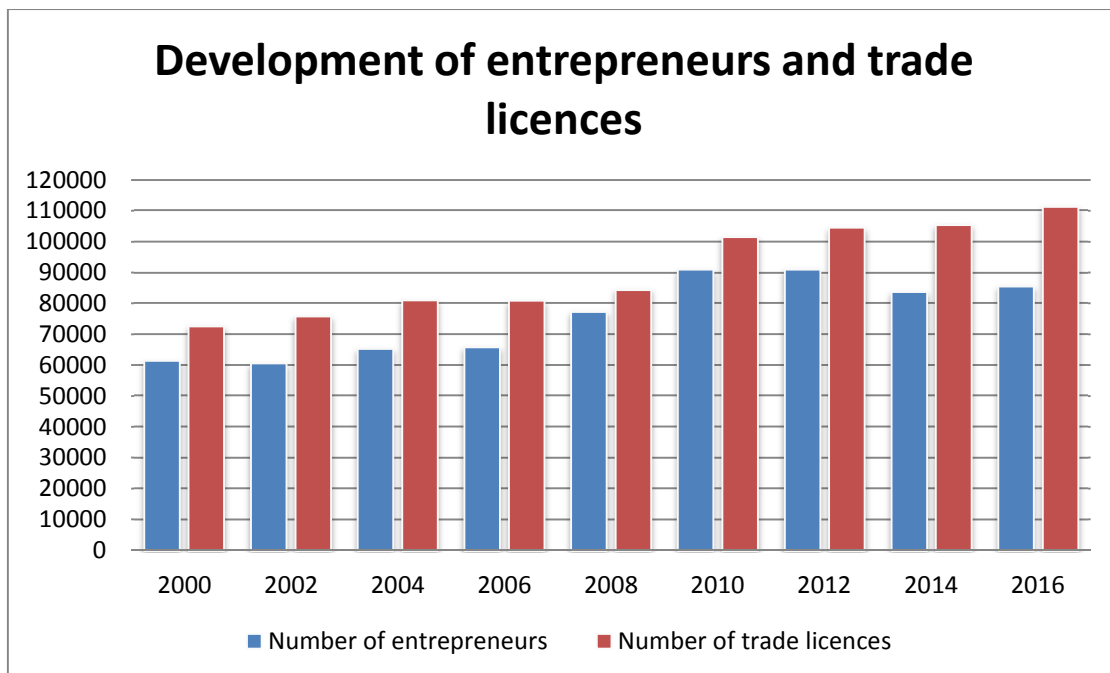
Source: Own processing of the materials of Trade Licensing Office of Brno City

From the statistical data is apparent, that number of foreign entrepreneurs is still increasing. Even though the smallest area of selected regions is Prague, number of entrepreneurs is the biggest there and it is by the reason of population density.

In the Graph 4 above, South Moravian Region includes 7 042 foreigners to date 31.12.2016, but in a Table 3. it includes 7 097 to date 31.3. 2017. Due to 3 months the number increased by 55 new foreign entrepreneurs just in one region. When Brno City will be compared with a smaller town Rožnov pod Radhoštěm (it is my home town) situated in Zlín Region on the East of the Czech Republic with a number of residents 16 842 and number of foreign entrepreneurs 98, the population density by foreign entrepreneurs for Rožnov is 0.58% whereas for Brno it is 1.12%. It means that from total amount of residents, 1.12% is a number of foreign entrepreneurs. From this calculation follows, that Brno is bigger town than Rožnov, and therefore it is more attractive for the foreigners to start running business there, especially for men (3096 of male entrepreneurs from the total number of 4216).

4.2.5 Development of entrepreneurs and trade licences

Graph 5 Development of entrepreneurs and trade licences



Source: Own processing of the materials of Trade Licensing Office of Brno City

From the graph it is apparent, that the slope is mainly increasing and there is still more and more trade licences, however slope of a number of entrepreneurs is

heterogeneous, some years, it is increasing and some decreasing, so reasons why the slope is changing so much will be mentioned below. All dates are valid to the 31.12.

In a range of 16 years the amount of entrepreneurs on the area of the Czech Republic increased by 24 288 entrepreneurs (61340 in 2000 and 85 628 in 2016). Number of trade licences also increased by 38 563 (72471 in 1994 and 111 034 in 2016).

From 2004, , the number of foreign entrepreneurs also started to increased, because in 2004, the Czech Republic entered to the European Union and it caused that running the business in the Czech Republic started to be more accessible for foreigners from states of European Union.

In 2007, the Czech Republic entered Schengen Area what also contributes to the growing slope and enabled huge growth in numbers of entrepreneurs entering the Czech Republic.

Despite the economic crises, from 2008 -2012 the amount of entrepreneurs and trade licences stayed increasing. The difference between these years is 13 882 entrepreneurs and 19 889 trade licences. It could be explained by the following. On the beginning of economic crises, for employed foreigners from countries outside the European Union have been implemented new restrictive actions. Therefore, a lot of them go over to the entrepreneurship where the legislative conditions have not been so strict and it also influenced the total amount of trade licence.

(ČSÚ, online)

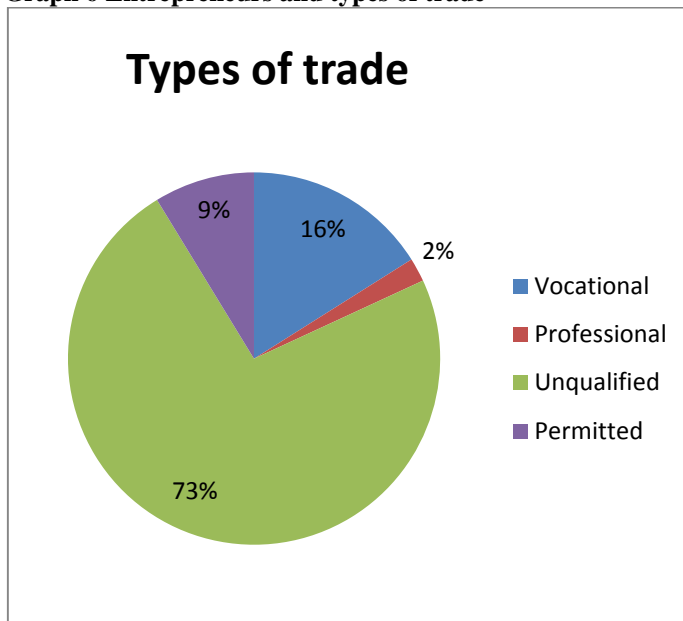
Even though, the slope of new foreign entrepreneurs decreased in 2012-2014, till 2016 started increase again and slope of a number of trade licences has not decreased since 2008 and the growth is expected even in the future.

4.2.6 Entrepreneurs and types of trade

To date 31.3.2017 has been recorded 111 766 trades issued on the area of the Czech Republic by the foreign entrepreneurs. The largest group of all is unqualified trade (81 776), mainly by the reason that it is the easiest type of trade when entrepreneur wants to notify a trade. They do not need any proof of professional or other competence and after fulfilling the general conditions they can start their business immediately. The most frequent content includes operation of a restaurant, shops or doing services and it is provided mainly by Russians, Slovaks, Ukrainians and German.

The diagram below shows percentage division of various types of trades.

Graph 6 Entrepreneurs and types of trade



Source: Own processing of the materials of Trade Licensing Office of Brno City

The remaining 27% of the total amount of trades includes vocational trade (17 928), professional trade (2 318) and permitted trade (9 744). These types of trade are harder to gain because of special conditions which are mentioned in the Classification of trade Chapter in the Literature overview.

The largest representation in case of vocational trade has Slovakia, Vietnam and in case of professional trade it is Slovakia and Ukraine. More than 7 000 of permitted trade own Vietnamese, but almost nobody else.

Even from these statistics, it is obvious that mentioned countries represent more than 70% of all foreigners who are running business in the Czech Republic.

4.3 Evaluation of trade and its legal regulations

4.3.1 Comparison of trade with other states

One of the main objectives of all developed countries is improvement and simplification of entrepreneurship. Actually, the basic and simple conditions of entrepreneurship is a guaranty of functioning and prospering economy and therefore, every year, the World Bank publishes the annual overview of evaluation of trade legislation across the countries.

The World Bank Group is a global partnership of five institutions working for sustainable solutions that reduce poverty and build shared prosperity in developing countries. It is an institution of United Nations Organization, it was established in 1945 and it has 190 member countries. The Czech Republic is one of them. In 2005, the Czech Republic was eliminated by the World Bank from the group of developing countries and joined the group of world developed economies.
(World Bank, online)

When the World Bank is creating the ladder of all economies, it is ranked on their ease of doing a business. Ease of doing a business is an evaluation of countries from the trade area point of view and it is basically focusing on conditions when running a business, regulations of business, property rights, and attractiveness of particular country for foreign investors, etc. The whole ease of doing a business is divided into 10 categories: Starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency.
(Doing Business, online)

The first one, starting a business, includes number of administrative procedures and its time of duration, which are needed to be done before the inception of entrepreneurship, costs and minimum financial capital for establishing a company. In the second item, dealing with construction permits, the most important are number of procedures such as getting all necessary permits and licences, time spend and costs for the acquisition of a store or a building. The getting electricity item contains again how many procedures, hours and money were spend to dealing with a electricity and also with a reliability of supply and transparency of tariffs. When registering property, these factors have to be taken into a consideration: all processes connected with possession of property rights and the period of its operation. To get a credit it is necessary to count not only with availability of the credit, but also rights of the creditors and possibilities of enforceability of the sum owned. In protecting minority investors, is it necessary to supervise on their legal protection, liability and transparency of transactions. Paying taxes section includes number of payments and time during a one year, as well as total tax rate, how long does it take to comply or obtain value added tax refund, etc. When trading across borders, time and costs to export and import have to be considerate, which contains also documents and border compliance. Quality of judicial processes and mainly costs and time spend are needed to take account of enforcing a contract. The last one, resolving insolvency covers recovery rate and strength of insolvency framework.

(Doing Business, online)

According to the last ranking for all 190 economies, which have been benchmarked to June 2016, it is obvious which economies are the best at mitigation of conditions

when entering a business, which is represented by decreasing of costs and administration duties, simplifying of tax liabilities, etc.

The easiest way how to run the business is in New Zealand who was able to improve and simplified its legislation in way that leaped from 3rd position in 2011 to 1st one in 2016. Carrying on a business is in New Zealand very simple, especially when entrepreneurs need to get the credit, register a property or deal with construction permits.

In the second position ended, according to an evaluation of World Bank, Singapore, which fell off from the first place in a comparison with year 2011. The third place took Denmark, which during 5 years improves from 6th to 3rd place, followed by Hong Kong and Korea. To be in the top 10 also reached Norway, United Kingdom, United States, Sweden and Macedonia.

From the statistics of World Bank follows that mainly European states situated to the north are improving their conditions of entrepreneurship. In top 20 were placed already mentioned Denmark, Sweden and Norway, and the remaining are Estonia (12th place), Finland (13th place), Latvia (14th place) and Iceland (20th place). The results show us, that the north-oriented states have a high quality life standard and good opportunity to start their own business.

On the other hand, the European Union country with the worst conditions for entrepreneurship is Malta (83th place), and from the countries outside the European Union with worst conditions is Somalia (190th place). Actually, the biggest amount of countries with the negative aspects comes from Africa.

The Czech Republic ended on 27th place and except Slovak Republic (33th place) the rest of the countries who shared borders with turned out to be better: Germany (17th place), Austria (18th place) and Poland (24th place). Even though, the Czech Republic could improve more, in a comparison with a year 2011 when took place on a position 63th, it is a great score. From this example is apparent, that even it take some time to change the conditions and legislation, it might brings the positive results.

Meanwhile, the biggest problems which should the Czech Republic change and reduce compared to the other countries are, in general, starting a business, come after dealing with construction permits and problems with paying taxes and enforcing contracts, there are no problems with trading across borders. Actually the Czech Republic belongs to the group of a few countries, who has the easiest legislation in a connection with that.

In the next chapter called Comparison with Slovakia, the selected segments will be analysed more in details and compared with Slovakia.

4.3.2 Comparison of trade with Slovakia

The reason why to compare a trade legislation of the Czech Republic and Slovakia is simple. It is not only they share the one same border or that both of them are situated in the centre of Europe, but also these two countries used to be a one, called Czechoslovakia. In 1.1.1993 it split and since then, each of them has its own legal regulations, laws and legislation.

Therefore, in the next part, these two seemingly same countries will be compared together if there are some main changes in a trade sector. The evaluation of given countries are proceed from the ranking of economies by World Bank described in the previous chapter.

As it has already been mentioned, on the ease of doing business ladder ranked for all 190 economies in June 2016 created by World Bank, the Czech Republic ended on the 27th place and it mean that it placed in the top 30 economies all over the world. The Slovakia placed on 33rd position in 2016. Nevertheless, in a comparison with year 2011 Czech Republic placed on 63rd position and Slovakia 41st position, so in a view of this fact, both of them made a great improvement.

Starting a business is the first category, which should be improved, because in both of the countries it is quite complicated to establish a company. The main reason is usually money and time. The most common type is Limited Liability Company. Even though, the minimum financial capital was changed for 1CZK (till 2014 it was 200 000 CZK) in Czech Republic, in the Slovakia it is 5000EUR, which is approximately 133 000CZK. The income tax in Czech Republic is 19%, meanwhile in Slovakia 22%. When establishing a company, there is an obligation to own a trade licence in Slovakia as well as in the Czech Republic, but the difference is that in Slovakia the administrative fee is 4 times smaller. Even though, the financial capital is bigger in Slovakia, the rest of conditions for entrepreneurship are more or less similar in both countries. The biggest problem is administrative work, for beginning entrepreneurs it can be demanding and prolonged.

Dealing with construction permit is the worst part of whole categories for both countries. It is very complicated and thanks to the redundant and prolonged administrative. The Czech Republic ended on 130th and Slovakia 103rd position. The construction permit is sometimes also need to be arranged not only on the beginning of entrepreneurship but also in the following development. This time-consuming administrative could discourage a lot of potential entrepreneurs and should be simplified.

The last of the selected categories, where are still problems, is the tax system, which is too difficult in both countries and which hamper to reach better position on ladder of ease of doing a business. In the Czech Republic but also in Slovakia are too many types of taxes, which are difficult for Czech citizens furthermore for

foreigners. In the tax system is: income tax (individual, corporate), value added tax, road tax, real estate tax, inheritance tax, gift tax, excise tax and transfer tax.

On the top of that, there are a lot of exceptions and changes in a law, so it is very hard to count the tax liability. The result for the Czech Republic is 53rd and for Slovakia 56th position, which is not good and should be improved to make it easier not only for Czechs/Slovaks but also for foreigners running business in these countries.

5 Discussion

The objective of this bachelor thesis was to analyze the trade licences in a legal context with emphasis on foreigners who are running the business on the area of the Czech Republic. Own study, statistical research and analysis based on consultations were supposed to be the tools how to meet the goals of this thesis.

Surprising fact was the finding, that there are almost no changes in a notification of trade or applying for a concession, whether it is a Czech or a foreigner who is applying for it. Except the need of a valid residence permit, the process is completely the same. The expected problems in a communication between Trade Licensing Office and foreigners have been disproved, right after the consultations with the officers at Trade Licensing Office of Brno City. It was discovered, that there are no problems, because majority of the officers speak English fluently, so there is no difficulty how to understand and how to communicate with them. The positive outcome is that there is no need to figure out new solutions how to communicate better with the foreign entrepreneurs. The only recommendation for coming foreigners would be to know English better, to be able to notify a trade without translator, to save primarily money for his help. The process of notifying a trade is also very quick, if the entrepreneur has all required documents.

The speed of procedures accomplished is supposed to be enabled by a good cooperation of Trade Licensing Office and other authorities, such as Criminal Register, Commercial Register, Department for Asylum and Migration Policy, etc. Thanks to the informational systems which are shared between those authorities, the administrative load will decrease and all processes will be done earlier, what mainly satisfy needs of entrepreneurs.

From the statistical research was found out, that most all foreign entrepreneurs on the area of the Czech Republic are men, usually in an age range 25 to 54. Although, number of foreigners coming from the European Union has been anticipated in a higher level, the statistics proved than the biggest population in the Czech Republic represents Ukrainians, followed by Vietnamese and Slovaks. All of these entrepreneurs are mainly situated in surroundings of bigger cities, such as capital city Prague or Brno. It is not an exception that a lot of them own more than one type of trade; mainly it is unqualified trade, because no proof of professional or other competence is required when notifying a trade. The interesting discovery which follows from the statistical data is, that overwhelming majority of all permitted trades are owned by Vietnamese.

The statistical data connected with development of foreign entrepreneurs and its trade licences confirmed assumptions of growing number of foreigners who are notifying a trade and starting their own business in the Czech Republic. The main reason for the continuous increase shown in a Graph 5 is caused by frequent changes which positively influence number of foreign entrepreneurs and their trade licences. In 2004, it was entry to the European Union, in 2007, entry to the Schengen Area which enabled to come and start running the business in the Czech Republic more accessible and without less administrative work. Since then, thousands of foreigners are coming here and the numbers of trade licences are increasing.

The other proof of it is the annual overview of evaluation of trade legislation across the countries all over the world, provided by World Bank. For instance, in 2011 the Czech Republic placed on 63th position, in 2016 it was 27th position. From these results is apparent, that the Czech Republic is still trying to improve and simplify the entrepreneurship and its legislation, because the less administrative work and time and money-consuming arranging at the Offices, the more potential entrepreneurs, not only Czechs, but mainly foreigners who will enable to improve Czech economy.

After a comparison with Slovakia was found out, that even though, the process of notifying a trade is quite simple, as it was mentioned above, in the other aspects of entrepreneurship such as establishment of limited company, dealing with construction permit or taxing system, there are big failings. Therefore, some ideas how to decrease administrative load in case of establishment of a limited company has been suggested.

Although, the minimum financial capital has changed from 200 000CZK to 1CZK since 2014 which also influence potential entrepreneurs positively, there are still issues, which should be simplified. First of all, before establishing a company, there is an obligation to own trade licence. As it has been already mentioned, in Slovakia is the amount 4 times smaller, therefore a recommendation is to decrease an administrative fee for notification of a trade. The change in 2014 unfortunately does not include a cancellation of obligatory visit of a notary. The memorandum of association is needed to be confirmed by a notary for the establishment of company and after a confirmation the company would be recorded in the Commercial Register, but both of these processes are taking some time and money. Therefore, the next recommendation which would make the whole process faster and cheaper is to exclude the notary from the whole process and provide a memorandum of association only by the Commercial Register in a form of electronic documents. On this basis, when everything would be electronic and comfortably available at the same time in the system, the administrative load for officers would decrease, the company would be recorded in the register sooner and any fee for notary would not have

to be paid. These improvements combine decrease of administrative fee amount and administrative load, which would provide increasing number of foreign entrepreneurs coming to the Czech Republic and subsequent improvement of Czech economy.

6 Conclusion

The aim of this thesis was to analyze legislation of trade licences for foreign entrepreneurs in general, focusing not only on functionality of Trade Licensing Office and its cooperation with foreigners, but also looking for positive and negative aspects of contemporary legal regulations, which would be evaluate it and based on the results a possible improvement suggested.

For fulfilling this aim, all methods presented in the methodology chapter were used. Descriptive method with a use of literature and online sources was used mainly for, what the trade licence actually is, and its conditions. The analysis based on consultations with officers from the Trade Licensing Office were then used as a tool to find out how the Trade Licensing Offices cooperate with the foreigners and other state authorities and how the whole process works. The research of statistical data along with a consultation with officers from practice was a method to obtain more information and it has produced various interesting data of foreigners. As a source for the last part of my bachelor thesis, the rankings of World Bank has been used with aim to compare trade legislation across the countries. For the negative result of this research, a simple possible improvement has been created.

The main goal of the thesis was therefore accomplished, since the evaluation and following possible improvement of shortage was described and discussed. The contribution of this thesis might not help to change the current legislation of trade, but it creates the overall picture of current foreign entrepreneurship situation on the area of the Czech Republic and points out the failings which could be improved.

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