

PETERKA PARTNERS

YOUR CEE LAW FIRM

NEWSLETTER 1/2023

Czech Republic

Slovakia

Ukraine

Bulgaria

Poland

Romania

Hungary

Croatia

PETERKA & PARTNERS *NEWS*

We have expanded to Croatia

We are proud to announce the opening of our new office in Zagreb, Croatia as of **March 1st 2023**.

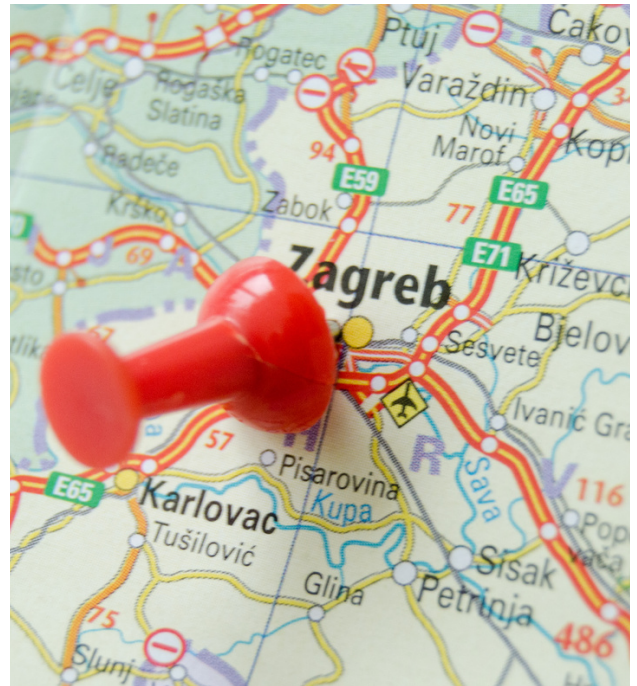
This move confirms our ambition to become a **leading Central-Eastern European law firm**.

The main contact person in Zagreb office will be **Anja Haramija**, who has extensive experience in the legal industry in Croatia.

Our new office will be focused on providing legal support to international clients already present in or expanding to Croatia.

In case of any enquiries for legal services in Croatia or for support in coordination of legal services in the former Yugoslavia please address your usual contact in PETERKA & PARTNERS, or directly Anja Haramija (haramija@peterkpartners.hr).

Thank you for your continued trust and support of PETERKA & PARTNERS.



Opening of new lounge in Prague

At the end of March, the Czech office of PETERKA & PARTNERS announced the opening of a new lounge on its premises. Partly inspired by Scandinavian design, this area is a space for meetings with clients, both in person or online, thanks to modern built-in communication technologies. In addition, this area is intended to provide all employees with a comfortable place to take a break from their workloads.

At the grand opening, Ondřej Peterka spoke about the history of the project and its purpose, as well as the expected benefits for the well-being of the entire office.



PETERKA & PARTNERS **NEWS**



We are proud to be a main partner of the extraordinary project
“#PRVNÍCH100LET (žen v právu)” (Women in Law).

The unique “Women in Law” project brings together the inspiring women of today’s legal world and public life. This topic is especially important to us, because **at PETERKA & PARTNERS women make up more than half of our colleagues**, including the highest management positions. We are very pleased to be able to introduce some of them to you as part of this project.



Our partners, directors, and other colleagues participated in the Gala Evening of the project #PRVNÍCH100LET (Women in Law) – “Právničky na Jatkách”. They gathered together as a unique international ensemble and enjoyed the evening immensely. **Agnieszka Siwińska**, Partner and Director of the Polish office was one of the keynote speakers, and she spoke on the topic of leadership with Violeta Luca, General Manager of Microsoft for the Czech Republic and Slovakia.



Pavla Kopeckova Prikrylova, has been recognized as one of the TOP 100 women in the Czech legal field.

Pavla was awarded in the category of M&A, Corporate Law & Private Equity. Her inspiring contribution to our colleagues and the legal profession is truly amazing. Congratulations, Pavla! We are proud to have been working with you since the very establishment of PETERKA & PARTNERS.

Several of our female lawyers were also part of the **Právničky Live!** (lawyers live) series of live debates for the PRVNÍCH100let project.

The first to represent our firm was **Adéla Krbcová**, a Director of our Prague office, who shared the story of her journey from Junior Associate to Director at PETERKA & PARTNERS.

Barbora Urbancová, Director of the Prague office, also took part in the podcast and discussed what the ideal conditions for returning parents in advocacy could look like.

At the beginning of the year the first truly international live broadcast of the Lawyers LIVE! project of the #PRVNICH100let took place, in which **Agnieszka Siwińska**, director of the Polish office, **Cosmina Aron**, director of the Romanian office and **Galyna Melnyk** deputy director of the Ukrainian office sat behind the microphone and together discussed the future of the legal profession in the CEE region.

And the last inspiring woman who represented our firm in the Women in Finance podcast was **Pavla Kopečková Prikrylová**, who spoke about work challenges, the art of working with humility and how to handle constructive criticism.

PETERKA & PARTNERS *NEWS*



Ranked in 14 practice areas in The Legal 500 EMEA 2023 edition

We are thrilled to announce that we have been recommended in 14 practice areas in The Legal 500 (Legalease) EMEA 2023 edition!

Our firm was ranked as a leading firm in three countries - the Czech Republic, Slovakia, and Ukraine. Moreover, we are proud to share that **Adela Krbcova**, Director for the Czech office and Leader of Labour Law, was **ranked as a leading individual in Employment Law**.

The Legal 500 is one of the most respected legal directories in the world, and we are honored to have received such recognition. We would like to thank our clients for their trust and loyalty, as well as our team for their hard work and dedication.

We remain committed to delivering the highest quality legal services to our clients, and we look forward to continuing to grow and strengthen our practice.

| <u>Czech Republic</u> | <u>Slovakia</u> | <u>Ukraine</u> |
|--------------------------------------|--------------------------------------|-------------------------------|
| Banking, Finance and Capital Markets | Banking, Finance and Capital Markets | Commercial, corporate and M&A |
| Commercial, corporate and M&A | Commercial, corporate and M&A | Employment |
| Dispute resolution | Dispute resolution | |
| Employment | Employment | |
| Real estate and construction | Real estate and construction | |
| TMT | | |
| Tax | | |

Recommended by Media Law International

We are delighted to announce that our office in the Czech Republic have been ranked by the prestigious legal journal Media Law International. We are pleased that we have maintained our position in the journal's rankings, and in such a specific practice area of Media Law.

**MEDIA LAW
INTERNATIONAL**
RANKED FIRM 2023

LEGAL NEWS



BULGARIA

Amendments to EU Blue Card regime

A number of amendments to the rules for the issuance of an EU Blue Card are aimed at making procedures faster and easier. Further, the required qualification for some professions may be proven not only by a university diploma but also by a document for professional experience. Holders of an EU Blue Card will be covered, mandatorily, by Bulgarian health insurance and will be entitled to work remotely.

Employers will be entitled to annul their dismissal orders during court proceedings

At present, the Labour Code provides that employers may annul a dismissal order until a claim against the dismissal is filed in court by the dismissed employee. As of 1 July 2024, employers will be entitled to annul dismissal orders also during pending court proceedings subject to the written consent of the dismissed employee.

Whistleblowing protection in Bulgaria

On 27 January 2023, the Bulgarian Parliament adopted a new law transposing the Whistleblowing Directive, which covers the internal and external reporting of information acquired in a work-related context on breaches of various EU and national rules. Reporting persons (whistleblowers) are ensured certain protections under the new law, while the employers and public bodies concerned must comply with a set of specific obligations.

Introduction of mandatory mediation in Bulgaria

As of 1 July 2024, the court will oblige the parties to certain court cases to participate in at least one mediation meeting. The mandatory mediation will apply to several type of claims, including claims for payment of the shares value upon termination of shareholding in a limited liability company or damages claims against managers or controllers of a limited liability company.

CZECH REPUBLIC

Simplified procedure for formation of LLC

The procedure for establishing a limited liability company (LLC) has been simplified. It is no longer necessary to apply for and obtain a trade licence prior to the registration of the company with the Commercial Register; this can be done separately later. Consequently, for companies with share capital up to CZK 20,000, it is newly possible to adopt a foundation deed and memorandum of association in the form of a notarial deed and register the company during one meeting. Further changes regarding corporate law are expected during the year.

Abolition of Act on Registration of Sales

As of 1 January 2023, the system for Electronic Registration of Sales is no longer operational, since the corresponding Act on Registration of Sales ("Act") was abolished. The system cannot be used even on a voluntary basis. All obligations arising from this Act, i.e., the obligation to notify the Tax authorities with data relating to sales and issue receipts containing all details stipulated by the law, as well as all other obligations resulting from the Act, are no longer applicable.

Proposed amendment to Act on Employment

The Ministry of Labour and Social Affairs submitted an amendment to the Act on Employment aiming to cancel mandatory insurance for employment agencies in the event of insolvency. Newly, the employees of an employment agency should be provided with protection under Act No. 118/2000 Coll., on the protection of employees in the event of their employer's insolvency, i.e., at the same level as other employees in such case. Moreover, it is proposed that the temporary assignment of an employee to work for the same user should not exceed 3 years within a period of 5 years. As of today, the legislation procedure is ongoing, and we are monitoring developments.

LEGAL NEWS



European Court of Justice rules on Registers of Beneficial Owners

On 22 November 2022, the Court of Justice of the European Union issued a ruling in which it decided on the invalidity of some provisions of AML Directives which allowed general public accessibility to data registered with an ultimate beneficial owner register (the “UBO Register”), particularly name, date of birth, and residency address of the UBO. According to the ruling, such access constitutes unauthorized and disproportionate violation of the right to respect for private and family life and protection of personal data set out in the Charter of Fundamental Rights of the European Union. While some countries have made their UBO registers partially inaccessible, the Czech Republic has not yet taken this step.

HUNGARY

“(Do not) fake it till you make it” – new regulation on publishing of consumer reviews

According to the implemented Omnibus Directive, if traders provide access to consumer reviews of products, they should inform consumers whether procedures are in place to ensure that the published reviews originate from consumers who have actually used or purchased the products, explain how the checks are made, and provide clear information to consumers on how reviews are processed.

Hungarian Competition Authority uncovers dark trend in online sales of airline tickets in sweep

The HCA concluded a set of checks on websites associated with the air travel sector with the aim of identifying breaches of consumer protection law. The HCA found that the majority of the websites of airlines operating in Hungary, and ticket price comparison websites, distort consumers’ choices through undetectable (to the consumer) methods.

Significant changes to Labour Code

On 1 January 2023, the Hungarian Labour Code was changed significantly in several respects, e.g., parents with small children are now able to work under more flexible conditions, parental leave was introduced, and paternity leave was extended in accordance with EU directives. It is important for employers to analyse the amendments in detail and implement them in their documents and procedures as soon as possible.

POLAND

Work-life balance regulations

Anticipated amendments to the Labour Code are aimed at implementing two EU directives on work-life balance. The new regulations provide for, among other things, parental leave of up to 9 weeks for each parent and childcare leave of 5 days per calendar year.

New rules on imposing penalties under Competition Law

The new regulations introduce sanctions on entrepreneurs’ associations and change the way the penalty for violation of competition law is determined, by replacing its maximum threshold expressed specific amount with a threshold expressed as a percentage of turnover (a fine of no more than 3% of turnover achieved in the fiscal year preceding the year in which the penalty is imposed).

Amendments to Construction Law

New amendments to the Construction Law will introduce the following: (i) launching of the unified, national System for Administrative Proceedings in Construction, (ii) launching of a digital, free of charge, Construction Project Database, (iii) launching of the fully electronic circulation of documentation in the field of construction in public administration.

LEGAL NEWS



ROMANIA

New requirements concerning collective bargaining

According to the new Social Dialogue Law, the obligation to initiate collective bargaining is applicable in the case of employers with a minimum number of 10 employees. The negotiations may have a maximum duration of 45 days.

New rules with respect to employee representatives

The new Social Dialogue Law, clearly states the number of representatives to be elected by employees. Such number varies between 1 and 6, depending on the number of employees.

Changes with respect to individual employment contracts

As per the latest amendments to the Labour Code, an employment contract should contain new mandatory provisions, such as details on the performance, and payment, of overtime work, the conditions regarding the trial period, information on the salary components, etc.

Additional paid leave for employees

The amended Labour Code introduces the notion of “carer’s leave”, granted for the purpose of providing support to a relative suffering from a medical condition, as well as the employee’s right to take days off for family emergencies caused by illness or accident.

New obligations arising from new whistleblowing legislation

Upon the adoption of the Whistleblower Protection Law, private companies having at least 50 employees have the obligation of identifying or establishing internal reporting channels, as well as the procedures regarding internal reporting and the necessary follow-up actions.

SLOVAKIA

Screening of foreign investment

A new law on the screening of foreign investment entered into force on 1 March 2023, and applies to both direct and indirect investments that allow a foreign investor to acquire, exercise, or increase control over the target entity or to acquire its substantial assets. Investment screening is carried out by the Slovak Ministry of Economy at its own initiative or based on a proposal by the investor (the proposal is obligatory for the investor in the case of a critical foreign investment).

Amendment regarding employee allowances

According to the amendment of the Labour Code effective from 1 June 2023, allowances for employees for work on Saturday, work on Sunday, night work and wage compensation for working under difficult conditions, will no longer be determined by a fixed amount, but will be linked to a percentage of the minimum hourly wage (as was in force until the end of 2020).

Cancellation of concession fees

The obligation of employers (with more than 3 employees) and households to pay concession fees ceases to exist with effect from 1 July 2023. Public television and radio in Slovakia will now be financed from the state budget.

LEGAL NEWS



UKRAINE

Martial law extended for next 90 days

On 19 February 2023, martial law and all-out mobilization in Ukraine were once again prolonged for the next 90 days. This prolongation means that all relevant regulatory restrictions remain in place for the following 90 days.

New law on joint-stock companies enacted

As of 1 January 2023, a new law "On Joint-Stock Companies" entered into force (with some of its provisions becoming effective next year). The Law prescribes Ukrainian joint-stock companies to bring their activities into compliance with its requirements by 31 December 2023.

Use of foreign labour simplified

On 28 January 2023, Resolution of the Cabinet of Ministers of Ukraine No. 68 entered into force. It allows for engaging foreign IT-specialists without the need to obtain the respective work permits. This incentive is available until the end of martial law in Ukraine.

Regulations on electronic money introduced

On 1 April 2023, Law No. 2888-IX will enter into force. This law establishes the rules for the functioning of electronic money in Ukraine. Among the important novelties envisaged by this law, is that it qualifies electronic wallet accounts as bank accounts.



BULGARIA

Increased amount of non-taxable social expenses

On 1 January 2023, the amount of social expenses for food vouchers, which are not subject to taxation in cases provided for by the law, was increased from BGN 80 (approximately EUR 40) to BGN 200 (approximately EUR 100) per month.

Introduced right to deduct VAT after correcting incorrect tax treatment of supply

Tax subjects are now able to deduct VAT in cases of incorrect invoicing, i.e., VAT is not charged when it is due or is charged when it is not due, or an incorrect VAT rate is charged. The right can be exercised in the period in which the new invoice is issued or the next 12 tax periods provided that the incorrect invoice is included in the purchase register of the recipient.

Introduced right to reduce tax base and VAT charged

From 1 January 2023, tax subjects are allowed to reduce the tax base and the tax charged on a supply in the case of non-collectable receivables by issuing a credit note for the respective VAT amount if an invoice is issued, the recipient and the supplier are not related, the receivables are not transferred against consideration, the supplier took actions to collect the receivables and notified the recipient that they will be considered non-collectable. The law provides also the criteria to determine if a receivable is non-collectable, and certain rules and limitations to exercise the right.

Prolonged application of lower VAT rates for certain goods and services

The VAT rate of 9% for restaurant and catering services, except the supply of beer, wine, and spirits, and 0% for bread and flour remain until 31 December 2023, while the VAT rate of 9% for hotel and other similar accommodation, books and specified periodicals, baby food, and hygienic goods is permanent as from 1 January 2023.

CZECH REPUBLIC

Russia added to “EU tax haven blacklist”

On 14 February 2023, the EU Council decided to add the British Virgin Islands, Costa Rica, the Marshall Islands, and Russia to the EU list of non-cooperative jurisdictions for tax purposes. This might have significant tax consequences, in particular in regards to the inclusion of the income of an entity which is a tax resident in blacklisted jurisdictions in the taxpayer company's tax base, the application of higher rates of withholding taxes, and changes in DAC6 reporting and country-by-country reporting. The list now includes 16 jurisdictions. Russia is the only country from the list that concluded a double taxation treaty with the Czech Republic. Tax benefits from the application of the double taxation treaty concluded with Russia may be difficult to obtain.

DAC7 – new reporting obligation for platform operators

The General Financial Directorate issued comprehensive guidelines regarding the parameters of DAC7. Digital platform operators are obliged to report information about sellers and their sales. Czech reporting platform operators are obliged to file a notification by 3 April 2023. The first reporting period is 2023 and the report needs to be filed by 31 January 2024.

Instruction D-59 on application of Czech Income Tax Act

The General Financial Directorate issued Instruction D-59 on a uniform procedure for applying certain provisions of the Income Tax Act. After 8 years, D-59 replaces Instruction D-22 and incorporates recent case law. D-59 took effect on 1 January 2023, and may be applied for tax periods starting from 1 January 2023.



HUNGARY

Platform operators under scrutiny

In line with the local transposition of the EU's DAC7 Directive, certain digital platform operators are faced with new administrative obligations towards the Hungarian tax office. Such new obligations, among others, include conducting due diligence on service providers registered on the platform engaging in certain types of business activities (i.e., sale of goods).

Minimum wage hike from 1 Jan 2023

As of 1 January 2023, the monthly minimum wage rose from HUF 200,000 to HUF 232,000 (approximately EUR 500 and EUR 580, respectively), while the minimum guaranteed salary (for positions requiring at least a secondary school education or secondary technical school education) went from HUF 260,000 to HUF 296,400 (approximately EUR 650 and EUR 740, respectively).

90% special tax imposed on building material manufacturers

According to the governmental decree published in mid-February, manufacturers must pay a mining royalty of 90 percent above the price determined by fixed multipliers based on the price of the ceramic building materials they produced in January 2020.

POLAND

Changes to National System of e-invoices

In February, the Polish Ministry of Finance proposed further changes as regards the National e-Invoicing System ("KSeF"). The main changes include the following:

- Postponement of the changes coming into force from 1 January 2024 to 1 July 2024;
- Extending by an additional six months the deadline for VAT-exempt taxpayers to implement KSeF; KSeF will be mandatory for them as of 1 January 2025;
- Consumer invoices (B2C) will not be covered by KSeF.

Family foundations

In January 2023, the Act on Family Foundations came into force. Based on the rules enacted, a family foundation will be a separate legal entity allowing individuals to accumulate and manage property. Simultaneously, family foundations are allowed to conduct business activities in selected areas. From a tax perspective, it should be underlined that the transfer of funds between a family foundation and its beneficiaries is tax-neutral and the income from business activities within the scope indicated in the law is CIT exempt.

Change of approach as regards B2B agreements

In Poland, it is quite common to apply B2B agreements under which individuals operating as sole traders render intangible services for the benefit of entities in which those persons perform the function of management board members or are shareholders of such entities. This is due to the fact that structuring the relations between the individual and the given entity is beneficial for tax purposes. Until recently this solution was, in general, tolerated by both the tax authorities and administrative courts; however, the tax authorities and tax courts seem to have changed their approach and begun to claim that such structures are subject to the Polish General Anti-Avoidance Rule (GAAR).

ROMANIA

New benefits for employees

According to the latest amendments to the Fiscal Code, employers will be able to offer their employees untaxed gym subscriptions with a maximum value of EUR 400 per year, the amount of which will eventually be deducted by the employers.

New gross minimum wage

On 1 January 2023, the gross minimum wage was increased to RON 3,000 (approximately EUR 600), out of which LEI 200 (approximately EUR 40) will not be taxed by the state.



New fiscal requirements with respect to addition of gratuity on bills

As of 1 January 2023, companies carrying out restaurant and bar activities must add gratuities (tips) onto their bills, which will then be taxed accordingly by the state. As per the provisions of Law no. 376/2022, the amount of a tip may vary between 0% and 15% of the value of the bill.

SLOVAKIA

Digitization of Financial Administration Services

In February 2022, the Slovak Financial Administration launched the opportunity for online payment of 15 types of taxes via the Financial Administration Portal (the "FAP"). It is now possible to pay the tax through the FAP by means of a payment card, by using Google Pay, Apple Pay, or by transferring payment data to the internet banking systems of selected banks.

Reduced VAT Rate

With effect from 1 January 2023, the range of services for which a reduced VAT rate of 10% is applied has been expanded in Slovakia. This rate of 10% now applies also to some sports activities and to restaurant and catering services, i.e., in the case of serving food and drinks, if they are accompanied by sufficient support services that allow their direct consumption.

UKRAINE

Changes to reporting of travel expenses

On 1 April 2023, Law No. 2888-IX will enter into force. This law amends the taxation of the amount of funds provided by the employer to the employee for business purposes. It will affect the procedure for filing reports on business trips.

Terms of VAT refund inspections shortened

On 7 February 2023, Law No. 6085 was adopted by the Ukrainian parliament. This law amends the Tax Code of Ukraine and, among other things, reduces the terms of VAT refund inspections from 60 to 30 days.

Changes regarding registration of VAT invoices during martial law

On 8 February 2023, the amendments regarding the registration of VAT invoices during martial law entered into force. The respective changes will be in effect for the entire period of martial law and for 6 months after its termination.

Procedure for blocking VAT invoices changed

On 11 January 2023, Resolution of the Cabinet of Ministers of Ukraine No. 1428 came into effect. It introduced certain changes to the procedure for blocking VAT invoices in the Unified Register of VAT Invoices.

CONTACT

PETERKA & PARTNERS is an independent full-service law firm with a special commitment to the region of Central and Eastern Europe. The only truly Central Eastern European law firm that has built its own strong regional presence in key markets, PETERKA & PARTNERS offers a pan-regional legal and tax competency and dynamic alternative to the top law firms, both international and purely local, on these markets.

Operating eight fully-owned offices across the region, in the Czech Republic, Slovakia, Poland, Hungary, Romania, Bulgaria, Ukraine and Croatia, PETERKA & PARTNERS is organized and acts as “one firm” and leverages its unique integrated infrastructure, legal excellence, industry insight and deep local expertise to deliver complex legal solutions with exceptional commercial value to its clients.

For further information on any of the issues discussed in this edition of the Newsletter, or if you should have any other enquiries, please contact us through the contacts listed below or visit our website at www.peterkapartners.com.

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