

# Erasmus+

# Student

# Entrepreneurship

# in Europe





# Specific of starting a business in the Czech Republic

**A.**

# **Legal basis for starting a business**



# 1) Attributes and certificates of proficiency necessary for a young entrepreneur



# How to start the business

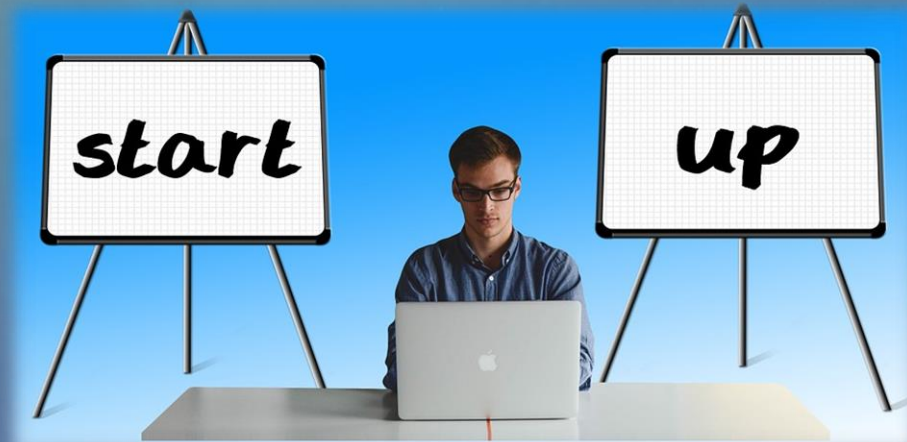
*In case of irregular trade you need:*

- 18 years of age,
- clean criminal record,
- legal capacity and
- no debts to insurance companies or state.



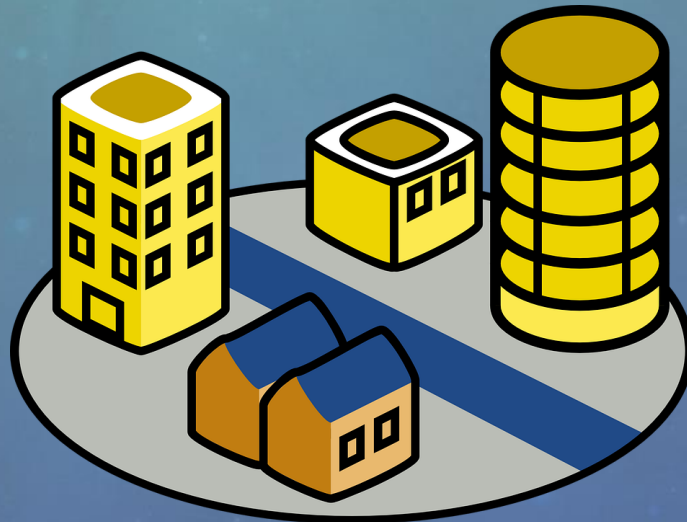
# Education and experience

- Unqualified trade **doesn't require** any education or professional experience.
- For other types (craft or regulated) of trade, it is necessary to *fulfil requirements* of chosen field.



# Equity capital

- Founders (owner, partners) **invest** their **money**, **property** into their company.
- It is the capital of the owner (or owners) who is responsible for business risks.
- Total share is an indicator of the financial security of the business.



# **2) Legal form of a company for young entrepreneurs**

**(the forms most commonly  
used by young founders)**





# Trades

## A. Notifiable trades

- 1) **craft**: training in a specific field required or 6 years of experience in these activities or occupations  
*e.g.: blacksmithing, plumbing, cosmetic services ..*
- 2) **regulated**: abided by special conditions of professional competence, *e.g.: driving schools ...*
- 3) **unqualified**: qualifications not required, only criminal records, *e.g.: different brokers, common business activities ..*



## B. Licensed trades - license required

*e.g.: weapons production, currency exchange, taxi service, funeral service, private investigators, travel agency, etc.*



# Corporations

## 1) Limited liability company

- minimum contribution only 1,- CZK (Czech crown) (since 2004),
- may be formed by **1 person**, can have **up to 50** members,
- it is the *most common form* of small and medium-sized enterprises,
- partners are liable jointly and severally for the debts of the company up to the sum of the contributions of all partners.

## 2) Joint-stock company

- the registered capital of the company is divided into a number of **shares** with a nominal value,
- minimum capital of 2,000.000,- CZK,
- it can be founded by a **single person**,
- the company is liable for its obligations with its property,
- a **shareholder** is not liable for the obligations of the company.



### 3) Limited partnership

### 4) Copartnership

(= Public company limited)

- these types are not usually used by young entrepreneurs

# 3) Types of taxes and fees to be paid





- a) **Social insurance** - 6.5% of the employee's gross salary, 25% of all gross wages.
- b) **Health insurance** - 4.5% of the employee's gross salary, 9% of all gross wages.
- c) **Trade licence** – 1.000,- CZK fee.

- d) **Value added tax (VAT)** - monthly tax return has to be filled out.
- e) **Income tax** - for individuals it's 15% of the super-gross wage and 19% for legal entities.
- f) **Road tax** - for anyone who uses a motor vehicle.





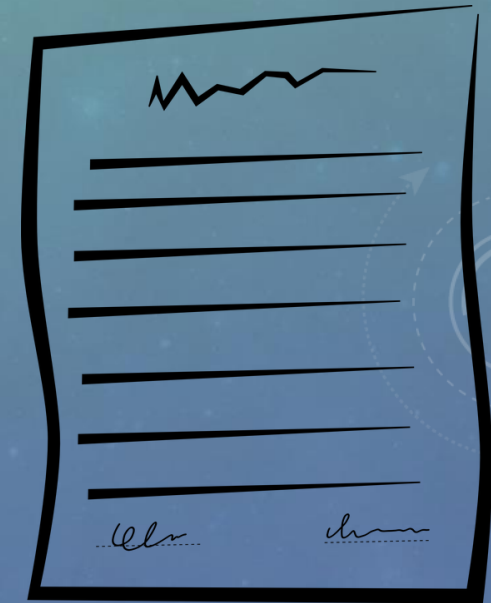
# 4) Commercial register



Commercial Register must include all legal norms, in accordance with the law.

*Basic information about companies:*

- **address**
- **authorized representatives**
- **incorporation number**
- **tax identification number**
- **VAT registration**
- **business activities**



# 5) Accounting principles compulsory for start-up companies



# What to do?

**1) Entre into a contract / partnership agreement**

*(at notary office, to certify the contract)*

**2) Deposit money** *(some companies require just 1,- CZK – e.g.*

*limited company – Inc.)*

**3) Certificate of Incorporation**

**4) Accounting entry** *(e.g. associates' deposits)*

According to Chart of accounts  
you can bill particular transactions

*(e.g. purchase goods, goods sale, minor repairs etc.)*

# B.

## Types of funding which can be utilized by young entrepreneurs



**1) Family and relatives**



**2) Banks**

**3) EU subsidies**

**4) Loans**





**5) Private investors**

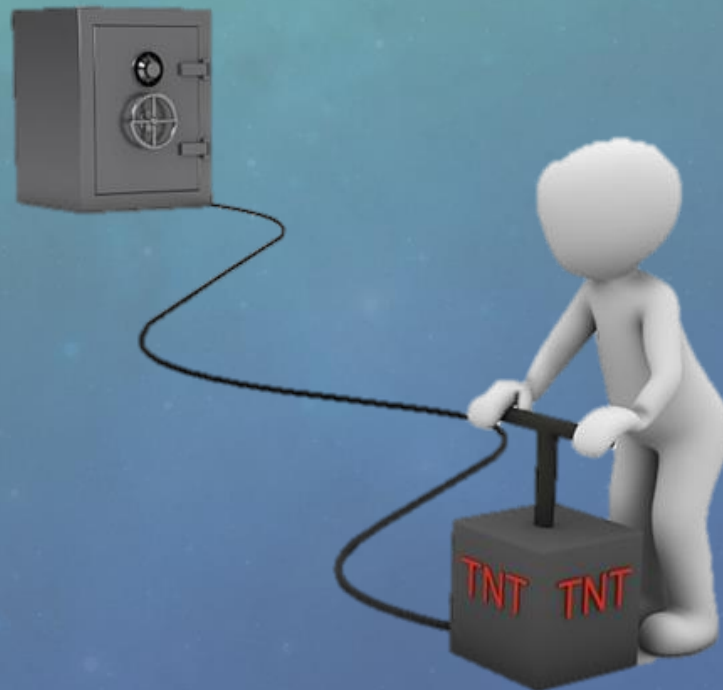
**6) Own resources**

**7) Grant application**



# C.

## Start-up costs of the foundation





1) Registered **capital**

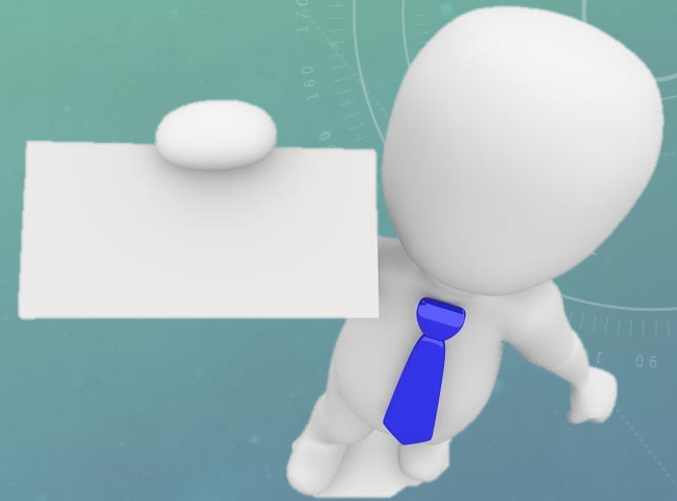
(200.000,- CZK)

2) Cost of a **contract** (*in the case of limited company*) + costs of copies and other notarial fees

3) **stamp** of the Trade Licensing Office

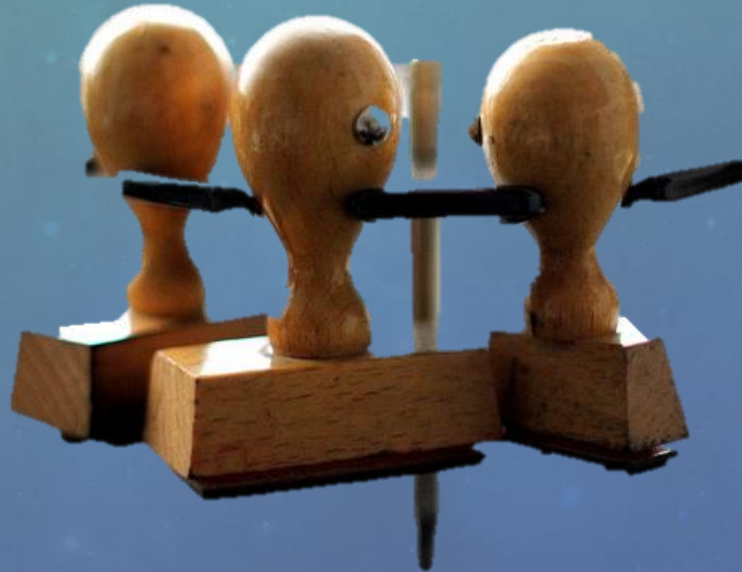


- 4) fee to a notary for entry in the Commercial Register
- 5) Notary service fee
- 6) fee for entry in the Commercial Register



# D.

**Authorities required to be  
contacted and informed  
about the foundation**





*We need to contact:*

**Tax Office**

**District Social Security Administration**



**Health insurer**



# When can we start a business?

Individual can start a business **on the day of notification** of a trade.

(The Trade Licensing Office will enter your application in the Trade Register within 5 days and provide you with confirmation of registration.)

Legal entity can start **on the date of registration in the Commercial Register.**

If it is registered and has an **identification number**, it can start on the date of announcement.



# E.

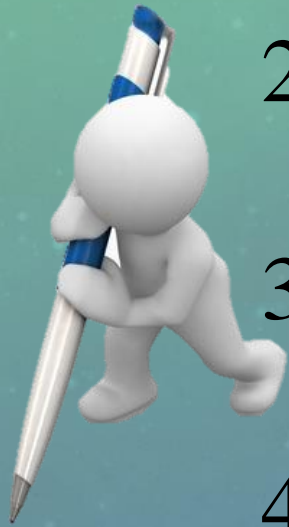
## Current development of data about enterprise-foundation in the Czech Republic



1. Studying **regulations**.



2. Preparing **documentation**.



3. Drawing up a **contract** at the notary.

4. Registered **capital deposit**.



5. Obtaining **documents**.

6. Notification of **trade**.
7. **Commercial register** application.
8. Opening a business **account**.
9. Registration at the **Tax Office**.
10. Copy of a company **entry in the Commercial register**.





# F.

## Young entrepreneurs in the Czech Republic



- For young people, it is much *safer* to become an employee rather than to start his/her own business.
- There are many *clubs* where young entrepreneurs can **meet** other young people, entrepreneurs who can **share** their **experience**. They can also get useful **contacts**.
- These centres provide various educational and networking *activities, workshops* and *trainings*.



- So-called *Coffee talks* – leading businessmen share experience with young people.
- Project *Young Business* – main goal is to introduce business as an alternative to an employment relationship and to support the intention of young people to start their own business.
- The project also introduces the possibility of so-called *crowdfunding* = fund hunting through addressing the public.



**Thank you for your attention!**  
**Class 3.A**

