

Application for Trade Permit: Natural persons with domicile outside the Czech Republic

(Foreign Natural Persons – EU Member State citizens, citizen of EEA and Switzerland)

What is a Permitted Trade?

Under Section 2 of the Trade Licensing Act, any systematic activity conducted independently, under the conditions stipulated in the Trade Licensing Act by a natural person or a legal person in his (its) own name and on his (its) own responsibility for the purpose of making a profit is considered a trade. In addition to the general conditions for carrying on a trade, the entrepreneur must fulfil special conditions for carrying on a trade, i.e. professional qualifications, which for permitted trades are subject to separate statutory provisions specified in Schedule No 3 to the Trade Licensing Act or which are laid down in the said Schedule.

An authorization by the state to carry on a particular trade in the form of a permitted trade is required only in the instances defined in the Trade Licensing Act.

Who can carry on a trade?

A natural person whose permanent residential address is outside the territory of the Czech Republic ('foreign natural person') may carry on a trade on the territory of the Czech Republic under the same conditions and to the same extent as a Czech person, unless the Trade Licensing Act or another Act provides otherwise.

A foreign natural person who is citizen of a Member State of the European Union or another State party to the Agreement on the European Economic Area or the Swiss Confederation need not present a residential permit according to the Act on the stay of foreign nationals in the Czech Republic to the Trade Licensing Office when filing an application for a trade permit.

A natural person granted asylum in the Czech Republic under special regulations may carry on a trade under the same conditions as a citizen of the Czech Republic resident in the Czech Republic.

The conditions for carrying on a permitted trade:

The general conditions to be met by natural persons for carrying on a trade are:

- ◆ to be at least 18 years of age
- ◆ to have full legal capacity
- ◆ to have no criminal conviction according to the Trade Licensing Act, Section 6(4)
- ◆ to deliver a document testifying that the natural person, if he transacts or has transacted business in the Czech Republic, has no tax arrears. This document is issued by the locally competent revenue office
- ◆ to deliver a document testifying that the natural person, if he transacts or has transacted business in the Czech Republic, has no arrears in payment of social security contributions and the state employment policy contribution. The document is issued by the local social security office.

Professional eligibility for permitted trades are subject to separate statutory provisions specified in Schedule No 3 to the Trade Licensing Act or which are laid down in the said Schedule. If Schedule No 3 to this Act stipulates that professional qualifications consist of the completion of

an apprenticeship in the field or of a particular secondary school education concluded by a school-leaving examination, compliance with this condition is also regarded as proven by a retraining certificate pursuant to Section 22 (1) (e) of the Trade Licensing Act and four years' experience in the field.

Citizens of Member States of the European Union can prove their qualifications with a certificate of recognition of professional qualifications issued by a recognition body (Ministry of Industry and Trade) according to the Act on the recognition of professional qualifications. These persons can prove their professional qualifications with proof of professional qualifications within the meaning of the Act on recognition of professional qualifications in individual trades defined in Schedule No 3 to the Trade Licensing Act. The Licensing Office may determine or modify (amend) the conditions for carrying on a particular trade on the basis of the Trade Licensing Act or on the basis of separate statutory provisions.

Rules of Procedure for submitting an application for a trade permit:

An application for a trade permit may be delivered in person at the competent Trade Licensing Office or may be sent to this office by post.

A foreign natural person who does not establish an organizational unit of his enterprise for the purpose of engaging in business on the territory of the Czech Republic submits an application for a trade permit to the local Trade Licensing Office according to the place of his permitted stay in the Czech Republic, or (if such territorial jurisdiction cannot be determined) according to his place of business in the Czech Republic.

A foreign natural person who establishes an organizational unit of his enterprise on the territory of the Czech Republic for the purpose of engaging in business submits an application for a trade permit to the Trade Licensing Office competent according to the location of the organizational unit of his enterprise on the territory of the Czech Republic.

After delivering of all the required documents (see below) it is necessary to pay an administrative fee of CZK 2,000 for the issue of a Trade Permit (CZK 20,000 for a trade carried on by industrial methods).

The Trade Licensing Office decides on a trade permit application within 60 days of its submission, unless Schedule No 3 of the Trade Licensing Act provides otherwise. If the Trade Licensing Office grants a trade permit, it issues it within 15 days after the day when the decision granting the trade permit comes into legal force.

If an entrepreneur's trade permit application does not contain all particulars, the Trade Licensing Office shall call upon the entrepreneur to rectify the defects within 30 days of delivery of the application. The Trade Licensing Office shall set an appropriate time limit for the rectification of the defects, which shall be not be less than 15 days. At the entrepreneur's request (application), the Trade Licensing Office may extend this time limit repeatedly, providing that there is good reason to do so. During this time limit, the period stipulated for the issue of the trade licensing decision shall not run. If the entrepreneur rectifies the defects within the set time limit or an extended time limit, the Trade Licensing Office shall open proceedings on the application. If the entrepreneur fails to rectify the defects in the application within the time limit, the Trade Licensing Office shall discontinue the proceedings (if he does not satisfy the conditions, the Trade Licensing Office rejects the application).

Obligations of the Natural Person after obtaining a trade permit:

- ◆ Apply for registration at the locally competent tax administration (revenue office - within 30 days of obtaining a trade authorization)
- ◆ Register yourself and employees at the locally competent social security administration (within 8 days)
- ◆ Register yourself and employees at a selected health insurance company (within 8 days)
- ◆ Submit an application form for compulsory accident insurance on behalf of employees (if you employ at least one employee)

What documents does the applicant need to present to the Trade Licensing Office when submitting an application for a trade permit?

- ◆ An application for a permitted trade (completed in advance or on the spot)
- ◆ A criminal conviction certificate or an equivalent document issued by a Member State of the European Union issued by a competent judicial or administrative authority of this State or Member State of the last stay. If the State does not issue such a document, the professional representative submits a declaration of having no criminal conviction made before a notary or authority of the Member State of which he is citizen or before a notary or authority of the Member State of his last stay (not older than 3 months). The document submitted by a citizen of a Member State of the European Union may be replaced with a certificate of recognition of professional qualifications if it proves that the condition of having no criminal conviction has been satisfied, if the professional representative is a citizen of a Member State of the European Union or citizen of other States – parties to the Agreement on the European Economic Area and the Swiss Confederation, otherwise a criminal conviction certificate.
- ◆ An affidavit made by the professional representative (if appointed) that he agrees with his appointment, with the assumption of obligations to the extent laid down by the Trade Licensing Act and with the disclosure of the identities of entrepreneurs for whom he has already been appointed a professional representative; the signature on the affidavit must be officially authenticated, unless it is made in person before the Trade Licensing Office
- ◆ An extract from the Commercial Register which is not more than three months old, if the natural person is entered therein
- ◆ A document testifying that the natural person has no tax arrears, if he transacts or has transacted business in the Czech Republic. The document must not be older than 3 months.
- ◆ A document testifying that the natural person has no arrears in payment of social security contributions and the state employment policy contribution, if he transacts or has transacted business in the Czech Republic. This document must not be older than 3 months.
- ◆ A document substantiating the professional qualifications of the entrepreneur or the professional qualifications of his professional representative
- ◆ A document regarding the ownership or right of use or other title to buildings and premises in the Czech Republic, in which the place of business is located if that place is different from the permanent residential address of the applicant (if an organizational unit is established, the same documents are required for this organizational unit)
- ◆ If an organizational unit is established, a document proving that the natural person has a business outside the Czech Republic
- ◆ Proof of the payment of an administrative fee of CZK 2,000 per notified trade (or CZK 20,000 where the carrying on of a trade is by industrial methods)

- ◆ If the entrepreneur intends to carry on a trade by industrial methods, documents substantiating the carrying on of a trade by industrial methods

Provided the Trade Licensing Office has no doubts about the correctness of the translation or the authenticity of the signature or the stamp, the documents to be submitted, if they were not issued in Czech, need not be officially translated into Czech (by a translator entered in the register of experts and interpreters), and the authenticity of the signature and stamp on the document need not be verified.

What data are necessary to be shown in the form:

- ◆ The form 'Application for a Trade Permit from a Foreign Natural Person' may be obtained from any Trade Licensing Office or is freely available on the Internet.
- ◆ An application submitted by a natural person must contain the following information: First name and surname, or company name; Citizenship; Personal ID number, if allocated, otherwise date of birth
- ◆ Permanent residential address outside the territory of the Czech Republic, place of stay in the Czech Republic (if permitted), the location of the organizational unit in the Czech Republic (municipality, district or quarter, street, registry and street numbers, if allocated, and postcode)
- ◆ A statement on whether a court or administrative authority has prohibited him from an activity related to his trade, whether there is some other impediment to his carrying on the trade, or whether this natural person's trade authorization has been cancelled (revoked) within
- ◆ the previous three years under Section 58 (2), (3) or (4) of the Trade Licensing Act
- ◆ If a trade is to be carried on through a professional representative, particulars concerning the professional representative are also supplied (first name and surname, citizenship, permanent residential address, personal ID number, if allocated, otherwise date of birth, a statement on whether a court or administrative authority has prohibited him from an activity, whether there is some other impediment to his carrying on the trade, or whether this natural person's trade authorization has been cancelled (revoked) within the previous three years)
- ◆ Objects of business
- ◆ Place of business (municipality, district or quarter, street, registry and street numbers, if allocated, and postcode) registration number, if allotted
- ◆ The establishment (shop, office) or establishments in which the trade is to be carried on once trade authorization is issued
- ◆ The date of commencement of the carrying on of the trade, if different from the date on which the trade authorization arises
- ◆ The date the carrying on of the trade is to be discontinued, if he intends to carry on the trade for a fixed period
- ◆ Information about whether the trade is to be carried on by industrial methods

Source: Trade Licensing Guide from the official website of the Ministry of Industry and Trade of the Czech Republic.