CERHA HEMPEL CEE NEWSLETTER

Keep up to date with the latest legal developments in Austria, Belarus, Bulgaria, the Czech Republic, Hungary, Romania and the Slovak Republic with our CEE newsletter.

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Austria

Investment Control Act in force

When the coronavirus crisis first started, the Austrian Federal Minister of Economic Affairs unveiled details of a new investment control law intended to prevent a "sell-off" of Austrian companies. On 15 July, the Austrian Parliament passed the Investment Control Act (InvKG), which for the most part has already entered into force. It is only the provisions on the cooperation mechanism within the EU that will not take effect until 11 October 2020. However, what changes will the new law introduce and what impact will it have on transactions?

The objectives of the Act

Firstly, the new Investment Control Act will transpose into Austrian law the European Union's Foreign Direct Investments Regulation, which will fully enter into force with effect from 11 October 2020. The implementation of the FDI Regulation will create a mechanism designed to ensure the EU-wide exchange of information and cooperation between the Union and its Member States on foreign direct investments.

Furthermore, it also aims to control or prevent investment from EEA third countries if and to the extent that such investments pose a threat to public order and security. The assessment will especially examine (i) whether the acquirer is (indirectly) controlled by the government, administrative bodies or armed forces of a "foreign" country, (ii) whether the acquirer or a natural person who holds a senior position at the acquirer is or has been involved in activities that negatively affect public security or order in another EU Member State, and (iii) whether there is a significant risk that the acquirer or a natural person who holds a senior position at the acquirer is or has been involved in illegal or criminal activities.

The most significant changes

These objectives are to be achieved by means of the following key elements:

- The InvKG lowers the thresholds for FDI screening. The acquisition of shareholdings of more than 10% in companies that fall within the sectors listed in Annex 1 and the acquisition of shareholdings of more than 25% in companies that fall within the sectors listed in Annex 2 may be subjected to closer examination.
- The InvKG substantially expands the list of areas relevant to security that may pose a threat to public safety and order. Annex 1 to the InvKG contains a second list of highly critical sectors, including defence goods and technologies, the administration of critical energy and digital infrastructure (especially 5G), water, the administration of systems that guarantee the data sovereignty of the Republic of Austria, and R&D related to pharmaceuticals, vaccines, medical products and personal protective equipment ("Annex 1 sectors").
- The list in Annex 2 to the InvKG includes *inter alia* critical infrastructure, energy, information technology, traffic and transport, health, food, telecommunications, data processing and storage, defence, constitutionally protected institutions, finances, R&D facilities, cyber security, quantum and nuclear technologies, nanotechnology, biotechnology, access to sensitive information including personal data, and freedom and plurality of media ("Annex 2 sectors").
- For the purposes of the approval requirement, the main voting rights thresholds are 25% and 50%, or 10, 25% and 50% in areas that are particularly sensitive. The voting rights of several foreign acquirers are decisive here; the

transaction must always be viewed from an economic perspective. In other words, the voting rights of foreign parent companies and subsidiaries as well as companies associated through syndication agreements must be aggregated.

- The approval requirement not only covers the direct and indirect acquisition of shares, but also the purchase of individual assets belonging to the company under the terms of an asset deal.
- While the obligation to report is primarily the responsibility of the acquirer, the InvKG (subsidiary) provides for an obligation to report for the target company. In addition, the authority can assume responsibility ex officio if it becomes aware of an undeclared transaction that is subject to approval.

The procedure

In the case of foreign investors, this means that they can request a clearance certificate for a direct investment that may be subject to the Investment Control Act. If issued, the transaction does not require approval under the Investment Control Act. In an exception to the obligation to obtain approval, investments in microenterprises are not subject to approval. These are companies with fewer than 10 employees and at least one of the two financial key indicators (annual balance sheet total, annual turnover) does not exceed the threshold of EUR 2 million.

If approval is not granted, an examination procedure is initiated, which is divided into two phases:

Following receipt of the notification, the Government is required to inform the European Commission of the transaction without undue delay. The Commission and Member States then have 35 calendar days to comment on the transaction. If additional information is submitted, the Commission and Member States have to submit their comments within 20 calendar days of the submission of the additional information. European Commission statements submitted within five calendar days after the expiry of the above-mentioned deadlines are deemed to have arrived prior to expiry of the deadline. Within one month of the expiry of the period for the submission of comments by Member States and the Commission, the Government must either approve the transaction or initiate an in-depth investigation. The opening of an in-depth investigation triggers a further two-month (Phase 2) review period.

The following review periods apply:

Phase 1: up to approx. 2 months.

Phase 2: another 2 months.

Legal consequences

The InvKG provides for imprisonment of up to one year for the implementation of a notifiable transaction without government approval, for a violation of conditions and obligations imposed in the approval decision, as well as for the provision of false or incomplete information. The draft provides for a custodial sentence of up to three years for especially serious violations. Violations resulting from negligence may lead to the imposition of a custodial sentence of up to six months or monetary fines.

The transaction is provisionally suspended until the approval procedure is completed.

In the event that the transaction was carried out without approval, conditions may be imposed until such time as the transaction is reversed if there are reasonable grounds to suspect that public order and security are at risk.

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Austria

Recent months have seen a tightening of FDI screening rules across the globe. Companies and individuals are therefore advised to assess FDI screening requirements carefully in the context of M&A transactions and to monitor the legal landscape carefully during the ongoing COVID-19 situation and beyond. It should be borne in mind that the new notification requirements apply to ongoing transactions (i.e. any transaction awaiting completion when the new rules entered into force), even if the transaction did not raise an FDI notification requirement in Austria when the purchase agreement was signed.

For any queries, please get in touch with your local CERHA HEMPEL contact. We look forward to advising you.

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Belarus

The new regulations on foreign donations in Belarus

Introduction

The new Decree of the President of the Republic of Belarus No. 3 "On Foreign Donations" (the "**Decree**") was adopted on 25 May 2020. It will come into force on 27 August 2020 except for the provision on bank reporting, which will come into force on 1 January 2021.

The key points of the new regulations

The definition of a foreign donation has been widened. According to the Decree, foreign donations now also include the goods, works and services purchased using the money donated from abroad and transferred to third parties on a gratuitous basis.

The list of purposes for foreign donations has been revised. Some purposes have been removed from the list, including scientific research, support of the cultural sphere, protection of historical and cultural heritage, and environmental protection, whereas other purposes have been added, namely:

- The provision of medical care. This includes medical and social care, as well as palliative medical care, the purchase of medicines, medical services and treatment at a health resort;
- The prevention and liquidation of natural and anthropogenic emergencies. This purpose is complemented by ensuring fire, industrial, nuclear and radiation safety, eliminating the consequences of the Chernobyl disaster;
- The installation of water and wastewater treatment facilities, the creation of facilities for the use of waste, facilities for the disposal of waste, and the introduction of alternative energy sources.

In addition, the extent to which banks must report on foreign donations has increased. Under the Decree, banks should report every single transaction on a monthly basis with respect to foreign donations, both cross-border and internal.

For the registration of foreign donations, recipients should pay a fee of 0.5% of the amount of the donation received.

Summary

The Belarusian authorities aim to tighten the control on foreign donations in Belarus in order to prevent international money laundering and curtail the influence of foreign institutions on the social and political environment of Belarus.

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CERHA HEMPEL CEE NEWSLETTER *Bulgaria*

New Food Act

A new Food Act (the "**Act**") was adopted in June 2020. The new Act aims to ensure a high level of consumer protection and to align Bulgarian law with EU food regulations. A number of the most important requirements introduced by the Act are highlighted below.

Registration requirements

Sites for the production, processing and distribution of foods are subject to registration with the Bulgarian Food Safety Agency. The production of bottled mineral, spring and table water must be registered with the health authorities. Furthermore, certain foods (such as foods of animal origin and bread) must be transported using vehicles registered with the Food Safety Agency.

Certain foods, such as food supplements and novel foods, are also subject to registration with the food authorities before being placed on the market.

Distance selling of food

Distance selling of food can be carried out either by food operators which have a registered site for the production, processing and distribution of foods, or by service providers operating online platforms. In both cases, a separate registration for distance selling with the Food Safety Agency is required. Since this is a new requirement, business operators have three months to comply with the new rules. The Minister of Health is expected to adopt an ordinance with detailed rules on the distance selling of food.

Packaging and labelling

The Act lays down the basic requirements for the packaging, labelling and advertising of foods, which are further supplemented in ordinances of the Minister of Health. According to the Act, the indication "*Product from Bulgaria*" can be affixed to food when the main ingredient used for its production was produced in Bulgaria and all stages of the production process are carried out in the country.

Genetically modified food

The selling of genetically modified food is mainly regulated at the EU level and requires, among other things, authorization from the European Commission. The Act sets out certain procedural rules for coordination between national authorities and the European Food Safety Authority in relation to applications for placing genetically modified food on the market.

Sanctions

The fines provided for under the Act have increased. For most violations, the penalties imposed range from EUR 1,000 to EUR 3,000. However, fines of up to EUR 55,000 can be imposed for non-compliance with the rules on genetically modified foods.

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Czech Republic

Corporate decisions in times of global pandemic

The coronavirus pandemic has affected the decision-making processes of a large number of companies. While the commercial sector urged companies to take immediate steps to shore up their finances to ensure they remain going concerns, it often lacked – for various reasons – the flexibility to adopt decisions at times when travel restrictions and other limitations on meeting face to face were in force.

Yet, under certain circumstances Czech law allows corporate decision-making to take place remotely even from various locations around the world. By using modern technologies, companies can maintain their internal processes even when confronted with difficult situations.

Use of modern technologies

Generally, the Czech legal framework allows the articles of association (AoA) to enable decision-making by corporate bodies by technical means. Such modern technical means may, in principle, involve the use of any technology that allows members of the corporate bodies to attend meetings, speak or comment on meetings and participate in voting.

The possibility of using such modern technologies spans a wide range of technical means, such as video conferencing, e-mail, chat applications, or even special program interfaces directly constructed for such a purpose. At the same time, the members of bodies may cast their votes before the meeting (correspondence voting), whereas they will attend the meeting just to discuss the subject of the meeting (whether in person or remotely) and to formally adopt a decision.

It is, of course, appropriate to specify the rules for the meetings in the AoA in detail in order to avoid any ambiguities that the use of technical means may entail, even more so as the law expressly anticipates such special provisions to be adopted. Such rules should cover the convening of and attendance at meetings by using electronic means, voting (with possibly higher quorum and majority requirements), decision-making, the taking (and distribution) of minutes, all with regard to the specific technology used.

Although the use of technologies to organise meetings of company bodies does not in general require any formal legal procedure, there is one exception for the general meetings of capital companies (limited liability companies and joint stock companies). Despite the higher requirements, the use of modern technologies may still facilitate more flexible decision-making at general meetings.

Higher requirements for general meetings

The use of modern technologies for general meetings entails higher requirements in two areas – verification of the identity of the person authorised to vote and identification of the shares to which voting rights are attached. Such requirements are mandatory and cannot be derogated from by different AoA provisions, since the purpose of the legislation is to prevent abuse by third parties impersonating actual shareholders. Unfortunately, statutory law does not clarify the way in which such mandatory requirements for verification of the identity and specification of shares to which voting rights are attached may be met; therefore, the assessment of these aspects is largely a matter of doctrine.

With respect to the first requirement for general meetings, we believe that to meet the spirit and

purpose of the rule it is sufficient to establish and stipulate in the AoA a reliable method of verifying the identity based on personal knowledge of the shareholder (e.g. video call) or on specific security features ensuring that only the shareholder will be authorised to use the technical means. Verification security features may include a wide range of technical means, including access data, signature templates, or other public law verification features such as advanced electronic signature and access to a data box. Such security features may also be combined with each other, but, in any event, they should ensure that only the shareholder has access to the selected method of authentication.

The second requirement in connection with determining the shares to which voting rights are attached may be easily met by simply inspecting the actual list of shareholders that the company keeps (or the excerpt from the issuance of shares in the case of book-entry shares).

A general meeting may be held by using technical means even when the law requires decisions to be certified in the form of a notarial deed (this typically applies to decisions that have a significant impact on the company). The Notarial Code does not require a notary to verify the identity of all of the participants, and this role remains with the chairman of the general meeting who will verify the identity pursuant to the rules specified in the AoA. The personal attendance of the chairman and members of the statutory body may be required, as the notary may request the chairman of the general meeting (and/or up to two other persons) to sign the copy of the notarial deed.

It may also be advisable to include in the wording of the notarial deed a description of the technical means or software used to participate in the general meeting, as well as an explanation of how the invitations to the general meeting were delivered and how voting took place, all with regard to the specific manner stipulated in the AoA.

Decision-making outside of the meeting

Decision-making may also take place outside of the meeting (per rollam decisions) and in those cases decisions may be adopted without having to convene and hold meetings of a corporate body. Decision-making conducted outside of a meeting may be realised by sending the draft decision (including any supporting documents) to the members of the body who are then required to send their consent or disagreement within a specified period.

Shareholders may agree on the possibility of per rollam decision-making under the AoA (such express agreement is not required in case of limited liability companies). Decision-making outside of the meeting is particularly helpful in the case of general meetings for decisions widely agreed upon among the shareholder but which, due to lack of time or geographical circumstances, cannot be discussed in person or by technical means to ensure real time communication.

Even per rollam decision-making can be combined with further technical means. The law allows a relatively wide scope for determining the rules for per rollam decision-making in the AoA. For instance, a draft decision may be sent to the members of the body via e-mail or by using a secure internet application. The AoA may further stipulate that shareholders may express their consent or disagreement with the draft decision within a specified period by technical means (e.g. advanced electronic signature, data box verification or an authentication via secure internet application).

Such decision-making may reach its limits in situations in which the law requires the decision of the general meeting to be certified by a notarial deed. In such cases, the consent of a shareholder of a limited liability company is required to bear his officially verified signature; in the case of a joint stock company, such consent must even be granted in the form of a notarial deed. For general meetings of joint stock companies, such decision-making is therefore not viable as it encounters significant formal obstacles.

One member corporate bodies

While the above applies to the corporate bodies consisting of more members, a slightly different rule applies to decision-making of one member bodies. Since such a decision is in fact a declaration of the will of a single person, the rules on legal actions apply to such cases. This does not necessarily mean that higher formal requirements have to be met, although it is advisable that the company also adopts special rules for decisions made using technical means. The sole member of the body may, for instance, be required to sign the decision by advanced electronic signature or to convert it from written into electronic form through an authorised conversion.

However, the situation is different when the legal regulation requires the decision to be adopted in the form of a notarial deed – this is the case for some decisions taken by the sole shareholder. In such a case, the identity of the shareholder must be proved to the notary beyond any reasonable doubt, unlike in the case of the general meetings comprising several members that may rely on the statement of a chairman or statutory body. Even in such a case, the decision may be adopted by proxy, provided an officially verified (and apostilled, as the case may be) power of attorney is submitted; yet adopting such a decision requires special efforts.

The future of corporate decisions

With regard to the actual dynamic circumstances of limited travel and movement, it is desirable that companies are prepared to use modern communication technologies in their internal decision-making processes. Some of these technologies are already in use in corporate life (such as video conferencing), whereas others have yet to be discovered by the majority of corporations. Such new technologies may entail a vast range of technical means, including special software created specifically for this purpose.

At the same time, it is already possible to find a wide range of applications for electronic signatures, which may become very useful for verifying a person's identity as well as for accelerating the decision-making process. With the growing applicability of the advanced electronic signature, it is also expected that the electronic means of signing will become equal with the officially verified signatures (such legislation is expected to become effective in the first half of 2022). Making electronic signatures equal to officially verified signatures may not only speed up decision-making outside of the general meeting, but it may also allow a proxy to be granted if a decision is to be adopted in the form of a notarial deed.

The global coronavirus crisis has set new challenges for company law. Current legal practice should respond to these challenges and allow the business sector to carry on its activities regardless of any distance that may separate members of corporate bodies. Although no technology can fully replace face-to-face meetings, they can at least allow companies to respond to sudden difficulties under challenging conditions.

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Czech Republic

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Hungary

New amendments to Hungarian Mandatory Guarantee Regulations to take effect on 1 January 2021

The rules applicable to mandatory guarantees in Hungary are set out in the Hungarian Civil Code (Act V of 2013) and Government Decree No. 151/2003. (IX.22.), which transposed into Hungarian law the provisions of EU Directive 1999/44 (25 May 1999) on certain aspects of the sale of consumer goods and associated guarantees. **The latter piece of legislation enabled Member States to adopt more stringent rules in favour of consumers.** Hungary used this option and adopted rules that are more stringent: since 2003, certain products may only be sold to consumers with a mandatory one-year guarantee. Now, even this mandatory one-year guarantee could be extended depending on the purchase price. The **latest amendments to the relevant legislation will take effect on 1 January 2021 and extend (i) the applicable guarantee period, (ii) consumer rights, and (iii) the obligatory content of the guarantee documentation, plus (iv) the list of products subject to statutory guarantee.** Depending on the purchase price of a consumer good, one or two or even three years of mandatory guarantee will have to be granted to consumers. The new rules will apply to all of the products listed in the extended Annex of the Government Decree.

As mentioned above, the current regulation in force sets out a one-year statutory guarantee period for all products if their price exceeds HUF 10,000 (approx. EUR 30/USD 32). **From 1 January 2021,** if the price of a product is more than HUF 10,000 but less than HUF 100,000 (approx. EUR 300/USD 320), the mandatory guarantee period will be one year. If the price is between HUF 100,000 and HUF 250,000 (approx. EUR 725/USD 813), the statutory guarantee period will be two years, and a **three-year statutory guarantee period will be applicable if the price of the product exceeds HUF 250,000.**

Businesses should keep in mind that the statutory guarantee is a more stringent liability than the warranty: If a defect in a product is discovered within the guarantee period [1, 2 or 3 years from the date of purchase], it is presumed that the defect already existed at the time of the sale. The retailer will only be released from the mandatory guarantee if it proves that the cause of the defect occurred after the sale. The burden of proof is with the retailer, and therefore consumers can easily enforce their rights regarding repair, replacement, price reduction or a refund of the purchase price if the retailer cannot prove that the defect was caused by the consumer. Therefore, the amendments will have long-term economic effects not only on retailers, but on manufacturers and importers as well.

Consequently, businesses are well advised to **review the quality of the products offered for sale**, as expensive goods with poor quality could land on retailers' desks due to guarantee claims for up to 3 years from the date of purchase. **Service capacities will have to be updated as well** because if it becomes apparent that a product cannot be repaired, **the retailer will have to replace it or refund the purchase price** – and whichever option is chosen, it will have to be done within 8 days. Moreover, the retailer will be obliged to replace the product within 8 days (unless the consumer has a different preference) or, if replacement is not possible, refund the purchase price within 8 days in cases where the product has already been repaired three times. Furthermore, changes to Decree No. 19/2014. (IV. 29.) issued by the Minister for the National

Economy (also effective from 1 January 2021) on repair services oblige retailers to notify consumers of the expected duration of replacement or repair if it exceeds 15 days.

Besides, certain **changes will apply to the documentation pertaining to mandatory guarantees:** guarantee certificates may be issued in an electronic form, but must be equipped with an e-signature. Furthermore, retailers will be allowed to issue the guarantee certificate as part of the invoice if all obligatory details of the guarantee certificate are included in the invoice itself. An electronic guarantee certificate can be directly sent to the consumer or can be made available for download via a link. In the latter case, the link will have to be functional until the end of the applicable guarantee period. In both cases, retailers will have to be able to prove that the guarantee certificate has been handed over to the purchaser. On the other hand, certain products are exempt from the amendments: the abovementioned additional remedy alternatives do not apply, for example, to electric bikes and scooters, motorcycles, cars, trailers and motorised watercraft.

Although the statutory guarantee rules apply to retailers, which have direct contractual relationships with consumers, other entities in the supply chain will also be affected: **(i) all manufacturers will be affected indirectly, and will need to update their mandatory guarantee-related product documentation (and voluntary guarantees, if any) to ensure compliance with the abovementioned Hungarian laws, (ii) additional resources will have to be allocated to repair and replacement of defective products for not only one but up to three years, (iii) B2B retailer supply agreements should be reviewed and amended accordingly, and (iv) repair services and retailers will have to adopt adequate internal processes to manage upcoming consumer claims properly.**

We highly recommend that all retailers and manufacturers active on the Hungarian market should pay immediate attention to the upcoming changes related to Hungarian mandatory guarantees. To avoid penalties in 2021, certain compliance work performed in advance is a must.

We are delighted to advise our Clients on all aspects of this matter.

Please do not hesitate to contact us.

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Romania

Amendments regarding the Legal Status of Agricultural Land in Romania

On 3 June 2020, a draft law amending Law no. 17/2014 (**Law 17/2014**) on the sale and purchase of agricultural land in Romania located outside a built-up area (extravilan) was passed by the Romanian Parliament. The draft law has been sent to the President of Romania for promulgation and will enter into force within 60 days of its publication in the Romanian Official Gazette.

The most relevant amendments introduced by the draft law relate to the conditions for selling agricultural land located outside a built-up area in Romania, conditions which become more severe in particular for companies.

Law 17/2014, as currently in force, provides that agricultural land can be sold to other persons only by observing the pre-emption right of the co-owners, agricultural lessees, owners of the neighbouring land and the Romanian State (through the State Domains Agency), in this specific order, at the same price and for the same contractual conditions.

The draft law extends the category of persons entitled to the pre-emption right in the case of a sale of agricultural land located outside a built-up area to a wider category of persons/institutions, and provides for the following beneficiaries of the pre-emption right: co-owners, relatives, spouses and in-laws up to the third degree (inclusive), owners of agricultural investments over agricultural land for trees, vines, hops, exclusively private irrigation and/or agricultural tenants, young farmers (as provided by EU regulations), the Academy of Agricultural and Forestry Sciences and research and development units in the fields of agriculture, forestry and food industry, as well as educational institutions.

The most important change introduced by the draft law is the prohibition on foreign individuals preventing them from purchasing, directly, agricultural land in Romania.

As per the draft law, if the pre-emption right is not exercised, agricultural land located outside a built-up area can be sold to:

- individuals who meet the following cumulative conditions: they (i) have had their domicile/residence in Romania for at least 5 years prior to registration of the sale offer; (ii) have performed agricultural activities in Romania for at least 5 years prior to registration of the sale offer; (iii) have been registered with the Romanian fiscal authorities for at least 5 years prior to registration of the sale offer, and
- companies that meet the following cumulative conditions: (i) they have had their headquarters/secondary office in Romania for at least 5 years prior to registration of the sale offer; (ii) they have performed agricultural activities in Romania for at least 5 years prior to registration of the sale offer; (iii) they have provided proof (based on documentation) that, from the total income of the last 5 fiscal years, a minimum of 75% represents income from agricultural activities (as determined by the Code of Classification of Activities in the National Economy – CAEN Code); (iv) the shareholders having control over the company must have had their domicile in Romania for at least 5 years prior to registration of the sale offer.

Failure to comply with the pre-emption right provided for by the draft law can result in the sale being deemed null and void.

The draft law also provides for an indirect obligation according to which the agricultural land may not be sold for at least 8 years from the date of purchase. In case a landlord decides to sell any part of the agricultural land acquired within the last 8 years, the seller would have to pay a tax of 80% applied to the difference between the selling price and the purchase price.

The sanction of paying 80% tax on the difference between the selling price and the purchase price (based of the notary public's grid) is also applicable in the case of the direct or indirect transfer of a controlled stake, prior to the 8th anniversary of the acquisition by the respective company of the agricultural land which represents more than 25% of the assets of the company. In such a case, the tax on the difference of the value of the shares sold will be applied on a reduced basis, proportionally to the percentage of the agricultural land within the fixed assets (double taxation is prohibited).

The other amendments introduced by the draft law relate to the exercise of the pre-emption right indicated above.

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CERHA HEMPEL CEE NEWSLETTER
Slovak Republic

Lex Korona

On 27 July 2020, Act no. 198/2020 Coll. entered into force in the Slovak Republic, which is also simply known as "*Lex Korona*". The main purpose of the Lex Korona is to improve the business environment in Slovakia that was negatively affected in the wake of the COVID-19 pandemic and to reduce the administrative burden on entrepreneurs by introducing a set of amendments to various acts that cover many areas of business. It is estimated that entrepreneurs should save approximately EUR 100,000,000.00 on various expenses due to these amendments. This act consists of 115 measures and comes from the Ministry of Economy of the Slovak Republic, while nine other ministries have also participated in the process of its creation.

It is the largest set of measures adopted to improve the business environment in the modern history of the Slovak Republic. Most of these measures were directly implemented into the texts of the relevant legal acts. The remaining ones will be implemented throughout the months of October, November and December of this year.

Below we have selected a few of the key changes adopted to help local entrepreneurs:

Increased requirements for mandatory financial audits:

For the accounting period beginning on 1 January 2021, each company must meet at least two of the following conditions in order for its auditor to have the financial statements verified:

a) the total amount of assets must exceed EUR 3,000,000.00;
b) the net turnover must exceed EUR 6,000,000.00;
c) the calculated average number of employees for one accounting period must be more than 40.

For the accounting period beginning on 1 January 2022, there will be an even bigger increase in these requirements for financial audits and each company will have to meet at least two of the following conditions:

a) the total amount of assets must exceed EUR 4,000,000.00;
b) the net turnover must exceed EUR 8,000,000.00;
c) the calculated average number of employees for one accounting period must be more than 50.

Revocation of the obligation to have a complaint procedure published in a visible place

Sellers are no longer obliged to elaborate and publish the complaint procedure in a visible place of their premises that must be accessible to their customers. They are still obliged, however, to inform customers of the conditions and method of the complaint.

Revocation of some obligations vis-à-vis the Social Insurance Agency

This mostly concerns the abolition of some notification duties vis-à-vis the Social Insurance Agency. Employers are no longer obliged to notify the SIA of a change in defined personal data of their employees or to notify it of the beginning and end of maternity or parental leave.

Extension of the warranty complaint settlement process

According to the new legislation, if the object of the complaint is handed over to the seller, the period for settlement of the warranty complaint begins on the day of such handover.

Not every employee is obliged to appoint the employee representative

The obligation to appoint one or more employees as employee safety representatives only applies to those employers who employ at least 10 employees or whose code of statistical classification of business activities is listed in Annex 1 to the Act on Occupational Health and Safety (this includes for example food production, motor vehicle production, furniture production, building construction and more). Those employers who do not meet the abovementioned requirements still have the option of appointing an employee safety representative.

For more information

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