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.

Austria	**Implementation of the UTP Directive in the Austrian Fair Competition Conditions Act** The Federal Act on the Improvement of Local Supply and Competition Conditions has been in force since 1 January 2022. Bernhard Kofler-Senoner, Agnes Lackenberger and Benno Siftar summarise the key aspects. **>> Read full article**
Belarus	**New Guarantees for Foreign Investors** The Law on Investments No. 53-Z dated 12 July 2013 was recently amended by Law No. 149-Z dated 5 January 2022. A number of significant provisions were introduced that serve to protect the legitimate interests of foreign investors. Sergei Makarchuk outlines the most notable changes. **>> Read full article**
Bulgaria	**Draft Regulation on Consumer Debt Collection in Bulgaria** The Bulgarian Government recently proposed a draft law on debt collection in consumer cases, providing a sector-specific regulatory framework for the debt collection market in order to protect the rights of consumer debtors. Boyko Gerginov provides an overview of key aspects. **>> Read full article**
Czech Republic	**Digitalisation of the process of establishing capital companies in the Czech Republic** Martina Soukupová gives a brief overview of the new government's legislative programme concerning the complete digitalization of public administration. **>> Read full article**
Hungary	**Price Cuts, Discounts, Online Commerce and the Digital Economy** The European Commission's interpretation of the UCP Directive was published in the form of a Notice on 17 December 2021. Márton Kocsis and Tamás Polauf summarise the findings. **>> Read full article**
Romania	**Romania – Digital nomad visa introduced** Romania joins the list of European countries that have launched a digital nomad visa, allowing eligible individuals from outside the EU/EEA to work in jobs independent of location and time in Romania. Mirela Nathanzon summarises the key aspects. **>> Read full article**
Slovak Republic	**Government has passed a draft law on the Protection of Whistleblowers of Anti-Social Activity to the Interministerial Commenting Procedure** Jozef Bannert gives a brief overview of the most significant changes to Act No. 54/2019 Coll. on the Protection of Whistleblowers of Anti-Social Activity. **>> Read full article**

CERHA HEMPEL
CEE NEWSLETTER
Austria

Implementation of the UTP Directive in the Austrian Fair Competition Conditions Act

The Federal Act on the Improvement of Local Supply and Competition Conditions (new abbreviated title: "**FWBG**") has been in force since 1 January 2022. The Austrian legislator has thus transposed the UTP Directive[1] into national law by amending the Local Supply Act ("**NVG**"). The main objective of the Directive and the FWBG is to strengthen the position of suppliers in the food supply chain and mitigate the "*fear factor*". All supply agreements within the scope of the FWBG (see below) that are concluded after 1 January 2022 must comply with the new law, whereas existing agreements must be brought into line with the new law by 1 May 2022 at the latest.

Scope of application

The amendment covers agricultural and food products. "Agricultural and food products" are to be understood as follows:

- food, including products made therefrom, and
- products listed in Annex I TFEU (note that in addition to food, certain agricultural products, such as cut flowers or fodder, are also included).

The FWBG addresses B-2-B relationships[2] in the agricultural and food supply chains. In particular, it applies to relationships where the buyer enjoys relative market power (*bargaining power*). Section 5a (2) FWBG, adopting the thresholds of Directive (EU) 2019/633, specifies the respective "supplier/buyer" size ratios where such a position is presumed. Noticeably, the Austrian legislator extended the scope and included relationships between suppliers with an annual turnover in excess of EUR 350 million up to EUR 1 billion vis-a-vis buyers with an annual turnover of more than EUR 5 billion.[3]

As regards commercial matters with a cross-border dimension, the FBWG applies if either the supplier or buyer is established in the EU. In addition, cross-border transactions are also subject to special provisions under Article 6 of the Rome II Regulation, according to which the law applicable to any conflicts resulting from cross-border transactions is the law of the area where competitive relations or the collective interests of consumers are, or are likely to be, affected. [4]

Restricted practices

The FWBG differentiates between "black list" practices (prohibited practices that cannot be waived by the parties, e.g. short-term cancellation, unilateral modification of the contract by the buyer, etc.) and "grey list" practices (such practices may be permitted if explicitly agreed upon, e.g. return of unsold products without payment or demands for payments related to advertising or marketing).

---

1 See Directive (EU) 2019/633 on unfair trading practices in business-to-business relationships in the agricultural and food supply chain.

2 Cooperatives are not excluded so long as they produce agricultural products and do not exceed the threshold of EUR 350 million.

3 See section 5a (2) p. 6: https://www.parlament.gv.at/PAKT/VHG/XXVII/I/I_01167/fname_1011820.pdf ; However, limited in time until December 2025: https://www.parlament.gv.at/PAKT/VHG/XXVII/I/I_01167/fname_1011822.pdf

4 See Reg. (EC) No 864/2007 of 11 July 2007 on the law applicable to non-contractual obligations (Rome II), Article 6 (1): The law applicable to a non-contractual obligation arising out of an act of unfair competition shall be the law of the country where competitive relations or the collective interests of consumers are, or are likely to be, affected.

Importantly, the FWBG goes beyond the UTP Directive as it prohibits any "non-justifiable" discrimination in relation to suppliers. Thus, buyers with bargaining power are not allowed to apply dissimilar conditions to equivalent transactions, and thereby may not discriminate between suppliers if dissimilar conditions (including price and payment terms) cannot be objectively justified[5].

Furthermore, as direct selling to consumers plays a significant role in the agricultural sector, the FWBG now clarifies that buyers may not demand as a precondition for the conclusion of a contract from suppliers of perishable products (e.g. fruit and vegetables) that they restrict their direct sales to consumers if the delivery of the agreed quantity under the contract is not jeopardised and the restriction cannot be objectively justified in any other way.

Sanctions

Pursuant to Section 6 para 2 FWBG, the Cartel Court may impose a fine of up to EUR 500,000 (per case) at the request of the Federal Competition Authority ("**FCA**"). The provision on fines will enter into force on 1 May 2022. The calculation criteria are essentially derived from cartel law. The possibility of dawn raids, as well as the civil law consequences of nullity, also follow cartel law principles. In addition, an "initial contact point" is to be established at the Ministry of Agriculture from March 2022.

Outlook

In any case, the FWBG is an essential addition to the existing legal portfolio in the retail food and agricultural sector. Apart from the fact that since the beginning of 2022 new contracts must comply with the FWBG, all existing supply agreements must be reviewed (and amended if need be) to ensure compliance with the law by 1 May 2022 at the latest. In addition, the FCA is planning to update its fairness catalogue soon as part of the amendment.

If you have any questions, please do not hesitate to contact us.

For more information

Dr. Bernhard Kofler-Senoner, LL.M
Partner
bernhard.kofler-senoner@cerhahempel.com
+43 1 514 35 581

Agnes Lackenberger, LL.M.
Associate
agnes.lackenberger@cerhahempel.com
+43 1 514 35 0

Benno Siftar, LL.M.
Associate
benno.siftar@cerhahempel.com
+43 1 514 35 0

[5] Annex I to the FBWG, no. 10.

Media owner and publisher: **CERHA HEMPEL Rechtsanwälte GmbH**, Parkring 2, A-1010 Vienna | Tel: +43 1 514 350 Fax: +43 1 514 35 35 | email: office@cerhahempel.com | Although this newsletter was created with the greatest of care, we nevertheless do not accept any responsibility whatsoever for its content being correct, complete or up to date **| Visit us at www.cerhahempel.com | CERHA HEMPEL** Austria Belarus Bulgaria Czech Republic Hungary Romania Slovak Republic

CERHA HEMPEL
CEE NEWSLETTER
Belarus

New regulations for the legal profession in Belarus

Introduction

The Law on the Bar and Legal Profession in the Republic of Belarus No. 334-Z dated 30 December 2011 (the "**Law on Legal Profession**") was recently amended by Law No. 113-Z dated 27 May 2021. Significant regulatory changes affecting the legal profession will come into force on 30 November 2021.

Elimination of the independent forms of advocates' practice

Historically, there have been two types of legal professional in Belarus: advocates and what are known as commercial lawyers. The main difference between them was the advocates' right to represent clients in court, which was prohibited for commercial lawyers.

Commercial lawyers may practice law in two legal forms: as an individual entrepreneur or as an employee of a commercial law firm (usually a limited liability company). The employee of a commercial law firm could simultaneously be a shareholder of the firm or, in other words, a partner.

Advocates have hitherto been able to practice law in three legal forms: as an individual advocate (a sole practitioner), as a partner or an employee of an advocate bureau (a sort of lawyers' partnership), and within a counselling office (an organizational unit of the local bar association where many advocates simply share joint accommodation without being partners). The first two forms of practicing law as an advocate were relatively independent. The third form (counselling office) was administered by the local bar association and was not independent.

According to the newly introduced amendments to the Law on the Legal Profession, it is no longer possible to practice law as an individual advocate and within an advocate bureau in Belarus. Advocates may only practice law within a counselling office. So, the short spell of independent advocacy in Belarus has come to the end.

The concept of independent advocates was reintroduced in Belarus in 2013; however, due to the latest developments in the country, the state decided in 2021 to tighten control of legal professionals. Most Belarusian advocate bureaus have already ceased to exist, with the respective advocates changing their status to commercial lawyers without having the right to represent clients before the courts. Although, some advocates decided to continue their legal practice within counselling offices.

Summary

The elimination of the independent forms of advocates' practice has come in for significant criticism within the Belarusian legal community. However, this reform of the legal profession fits into the general trend of strengthening state control in all areas of Belarusian society.

For more information

Sergei Makarchuk, LL.M.
Managing Partner Belarus, Advocate
sergei.makarchuk@cerhahempel.com
Tel: +375 17 2663417

Media owner and publisher: **CERHA HEMPEL Rechtsanwälte GmbH**, Parkring 2, A-1010 Vienna | Tel: +43 1 514 350 Fax: +43 1 514 35 35 | email: office@cerhahempel.com | Although this newsletter was created with the greatest of care, we nevertheless do not accept any responsibility whatsoever for its content being correct, complete or up to date **| Visit us at www.cerhahempel.com | CERHA HEMPEL** Austria Belarus Bulgaria Czech Republic Hungary Romania Slovak Republic

CERHA HEMPEL CEE NEWSLETTER *Bulgaria*

Draft legislation on covered bonds in Bulgaria

A draft law on covered bonds was recently approved by the Bulgarian government as a measure to transpose *Directive (EU) 2019/2162 on the issue of covered bonds and covered bond public supervision* (the "**Covered Bonds Directive**"), aimed at protecting investors by establishing harmonized rules for covered bonds throughout the EU. The objective of the proposed Covered Bonds Act (the "**Draft Law**") is to create a more favourable environment for the development of the Bulgarian covered bonds market. The public consultation process has already been completed and – once adopted by the Parliament – the Draft Law is expected to come into force in July 2022. Below we provide a brief overview of some of its key aspects.

Scope of application

Covered bonds are debt securities issued by a credit institution, which are backed by certain high-quality cover assets (usually a pool of mortgage loans or government debt securities). The Draft Law provides detailed rules on the issuance procedure, structural features and public supervision of such bonds.

Authorization regime and supervision

In line with the requirements of the Covered Bonds Directive, the Draft Law provides that the issue of covered bonds will be subject to public supervision – the competent national authority being the Bulgarian National Bank (the "**BNB**"). Prior to the issuance of a covered bond program (or an individual cover bond issuance), credit institutions will be required to obtain authorization from the BNB. In addition, institutions issuing covered bonds will have to submit regular reports to the supervisory authority.

Investor protection and further rules

The proposed Covered Bonds Act contains strict coverage and liquidity requirements for covered bonds (including a cover pool liquidity buffer). It also imposes an obligation on issuing banks to separate the coverage assets in their accounts and maintain a coverage register. In the event of insolvency of the issuing bank, the assets included in this register do not form part of the insolvency estate. The Draft Law further provides for the possibility for part of the coverage assets to be located in third countries, subject to certain conditions; an opportunity for Bulgarian banks to participate in intragroup structures for the issuance of covered bonds; joint funding options, etc.

Outlook

The Covered Bonds Act will also repeal and replace the Mortgage Bonds Act from 2000, which has rarely been used. The proposed legislative framework is expected to provide attractive low-risk instruments for key groups of institutional investors (e.g. for pension insurance companies) and efficient funding opportunities for banks. At the same time, the new rules would increase the administrative burden (and costs) for issuing banks – e.g. due to the authorization, reporting and register maintenance requirements. It remains to be seen whether the proposed Covered Bonds Act will indeed lead to a revival of the currently inactive bonds market.

For more information

Boyko Gerginov
Managing Partner Bulgaria
boyko.gerginov@cerhahempel.com
Tel: +359 2 401 09 99

Media owner and publisher: **CERHA HEMPEL Rechtsanwälte GmbH**, Parkring 2, A-1010 Vienna | Tel: +43 1 514 350 Fax: +43 1 514 35 35 | email: office@cerhahempel.com | Although this newsletter was created with the greatest of care, we nevertheless do not accept any responsibility whatsoever for its content being correct, complete or up to date **| Visit us at www.cerhahempel.com | CERHA HEMPEL** Austria Belarus Bulgaria Czech Republic Hungary Romania Slovak Republic

CERHA HEMPEL
CEE NEWSLETTER
Czech Republic

Top System v Belgian State – case law overview

JUDGMENT OF THE COURT (Fifth Chamber) 6 October in Case C-13/20

The recently published judgment relates to one of, if not the most important software law case of 2021. It relates to intellectual property, in particular the rights of the acquirer, as defined in Directive 91/250/EEC, on the legal protection of computer programs ("**Software Directive**").

To explain why this case is important, we must first shed some light on the technical background of computer programs. The Software Directive defines computer programs as "literary works", although they differ from typical literary works in many respects, which is why they are also granted further, specific protection. Computer programs are written in "source code", which is the part that is coded, written in a programming language by programmers as their own intellectual creations and protected under Article 1 of the Software Directive. This source code then has to be compiled into machine code, a binary code made up of ones and zeroes. However, any computer program can then be decompiled (reverse engineered) from the machine code back to the source code, and this process is protected by the Software Directive, and can be done by the legal acquirer only under special circumstances, as stipulated in Article 6. The source code is the aftermath of the author's ideas and principles that led him to write the computer program, which are not protected by the directive, and therefore the right of decompilation is essential for the author.

Under Article 6, the authorisation of the rightholder is not required for decompilation in order to achieve the interoperability of an independently created computer program with other programs under specific conditions, and such decompilation may only lead to interoperability and may not result in the computer program being given to other subjects or used for development, production, marketing, etc. Separately, under Article 5(1) of the Software Directive, the lawful acquirer, in the absence of specific contractual provisions, does not require authorisation from the rightholder to perform exclusive rights of the rightholder for specific tasks stated in Article 4(1)(a)(b) when they are necessary for the use of the computer program by the lawful acquirer in accordance with its intended purpose, including for error correction.

Returning to the case, Top System, the rightholder of a software program, sued Selection Office of the Federal Authorities in Belgium ("**SELOR**"), the licensee, because SELOR decompiled the software without Top System's involvement or consent. In further proceedings, the Belgian court referred the following questions to the Court of Justice of the European Union:

1. Is Article 5(1) of the Software Directive to be interpreted as permitting the lawful purchaser of a computer program to decompile all or part of the program for the purposes of enabling that person to correct errors affecting the usability of the program, including where the correction consists of disabling a function that is affecting the proper operation of the application of which the program forms a part?
2. In the event that that question is answered in the affirmative, must the conditions referred to in Article 6 of the directive, or any other conditions, also be satisfied?'

The court ruled that the lawful purchaser is allowed to decompile all or parts of computer programs to enable functionality, even in those

cases where the correction would result in a function that is affecting operability being disabled.

In its second ruling, the court ruled that the conditions of Article 6 do not need to be met, which fully separates Article 5 from Article 6 in order to achieve decompilation. The court also stated that the parties cannot prohibit any possibility of correcting errors by contractual means; they can however be the subject of "specific contractual provisions".

Even after the judgment, there lingers a question about the person of the licensee. The Software Directive uses the term "lawful acquirer", whereas the judgment uses "lawful purchaser". Are these two terms identical in meaning or did the court create a new autonomous term? This could impact the incorporated national acts as well.

For more information

Mgr. David Kučera
Partner Czech Republic
david.kucera@cerhahempel.cz
Tel: +420 221 111 711

Media owner and publisher: **CERHA HEMPEL Rechtsanwälte GmbH**, Parkring 2, A-1010 Vienna | Tel: +43 1 514 350 Fax: +43 1 514 35 35 | email: office@cerhahempel.com | Although this newsletter was created with the greatest of care, we nevertheless do not accept any responsibility whatsoever for its content being correct, complete or up to date **| Visit us at www.cerhahempel.com | CERHA HEMPEL** Austria Belarus Bulgaria Czech Republic Hungary Romania Slovak Republic

CERHA HEMPEL
CEE NEWSLETTER
Hungary

The Hungarian Competition Authority provides guidance on how to handle customer reviews in e-shops

Due to the recent significant increase in demand for food delivery services, the Hungarian Competition Authority (HCA) has analysed how customer reviews are handled on various food ordering and home delivery websites. CERHA HEMPEL Budapest's consumer protection and competition law experts help you understand the HCA's findings and recommendations.

Why are consumer ratings legally important?

The HCA used a swift instrument called "sweep" for the inspection, a common practice by national competition agencies ("NCAs") and other authorities participating in the EU consumer protection cooperation programme. A sweep is neither market analysis nor a competition enforcement procedure, but a much faster and more flexible tool where an NCA, after monitoring websites, publishes its findings in the form of a recommendation. It is not uncommon for a sweep to be part of "larger" coordinated action by the European Commission, involving a number of NCAs across Europe.

The HCA carried out the sweep because it wanted to offer better protection to consumers' rights in a market situation where demand for home deliveries has greatly increased due to the COVID pandemic, as the impairment of such rights can lead to an unfair competitive advantage and, ultimately, market failures, such as the lessening of competition. In its press release concluding the sweep, the HCA reminds web-shop operators that the manipulation of customer reviews in certain cases may constitute **unfair commercial practices that mislead consumers or breach the fundamental duty of professional diligence**, entailing sanctions by the competent authorities, **including hefty fines by the HCA**.

Bearing in mind that the HCA has recently imposed fines of over several million euros not just in antitrust but also in consumer protection proceedings as well, operators are well advised to prevent the following frequently occurring problems in order to avoid such fines.

Consumer ratings must be objective and truthful

One such **consumer protection problem**, according to the HCA's press release, is that most platforms do not make it clear to users what criteria and methods they use for their ratings system. It is also often not clear how many opinions a given rating is based on, i.e. how many real consumers' opinions the company (or the algorithm the company's site uses) takes into account or ignores. A few companies actually have a customer review policy with an evaluation method, but then it does not match the actual evaluation process.

In most cases, there is no way to evaluate the platform (e.g. a food delivery site, a hotel booking site or any other site that sells products or services) itself, text reviews are often not even displayed, and it is not clear how such reviews are integrated into the evaluation process. In some cases, customers can even change the reviews they have already written, which questions their freedom from influence and thus the truthfulness of their opinion. In addition, there is often no appropriate information on whether the site applies moderation – i.e. whether it modifies or deletes reviews – and, if so, on the basis of what principles and criteria. Moreover, the HCA has also come across a case where their submitted review

did not appear at all next to the evaluated restaurant.

These practices, besides constituting consumer protection law infringements, can distort competition by placing businesses that operate fair mechanisms at an undue competitive disadvantage.

The HCA helps businesses with recommendations

In order to display customer reviews and ratings in a lawful and transparent manner, the HCA provides recommendations (in Hungarian) to the businesses concerned. These are the most important ones:

Businesses should publish an **easily accessible and understandable review and moderation policy** that describes **the criteria for, and the method of, displaying reviews and ratings**. It is essential that this policy should also clarify **whether the reviews are moderated**, and if so, **subject to what conditions**. Additionally, the **ratings criteria** themselves should be accessible in advance (i.e. exactly what products/services/features the reviews apply to), and it should also be clear if the site does not include all reviews in its customer ratings. For example, it must be **indicated if a platform only collects data** on customer satisfaction solely **for business development purposes**. The HCA also advises businesses to **actively inform consumers of their option to review and rate the products or services they received** (e.g. by confirmation email or push notification) and **if any limitations apply** (e.g. time limitation) to provide such reviews and ratings.

Finally, the HCA also strongly recommends that **companies should consider both positive and negative consumer reviews**. It should also be stated in advance **if not all relevant reviews are published**, and in this case, consumers should also be informed of **the underlying reasons objectively**.

The case law seems to be strict already

Even though they are not legally binding, the HCA's recommendations are worth following for any company that displays customer reviews on its website and/or on its social media pages, as the **HCA has already imposed fines** in connection with such cases. In the "Hermina case", for example, the authority imposed a fine of **EUR 10,000** on a company selling apartments in a residential complex because (among other misleading practices) it unlawfully deleted unfavourable posts from its social media pages without appropriate moderation rules or any other guidelines, and only allowed the publication of "likes". In its decision, the HCA noted that **the moderation of reviews does not in itself constitute an unfair commercial practice, as long as it is based on objective, accessible and legally compliant rules**. However, the **unilateral deletion of negative comments** impairs consumer knowledge and may therefore **unlawfully distort consumer decision-making**. The fine imposed in the Hermina case may not seem high, but it is worth taking the HCA seriously, as the company was fined for the legal maximum of 10% of its net turnover in the previous year (obviously, the project company did not generate a lot of revenue). It is easy to see that in the case of a larger platform, fines of hundreds of millions or even billions of forints can be expected.

The issue is also addressed at a European level

The display of consumer reviews is also regulated at an EU level. The New Deal for Consumers directive package also prescribes the obligation to inform consumers on how customer reviews are displayed, including, for example, **whether and how the trader ensures that published reviews come from consumers who have actually used or bought the product**. Businesses should therefore also include this in their review and moderation policy, as this practice will be added to the so-called blacklist in the laws regulating unfair commercial practices (UCP Directive and its Hungarian equivalent) on 28 May 2022. In short, if a company's rating system includes the reviews of consumers who have not used a given product/service, it will be in breach of consumer protection rules regardless of any other circumstances.

It is therefore worthwhile to conduct a thorough legal audit of the customer rating and review systems for all e-commerce companies – and not only food delivery companies – in order to meet the increasingly stringent regulatory requirements that are expected in Hungary. Compliance can be very rewarding, as it can avoid future fines of hundreds of millions or billions of forints with a negligible investment of resources.

For more information

Márton Kocsis
Head of Competition & Compliance, Attorney
marton.kocsis@cerhahempel.hu
Tel: +36 1 457 80 40

Tamás Polauf
Partney
tamas.polauf@cerhahempel.hu
Tel: +36 1 457 80 40

Media owner and publisher: **CERHA HEMPEL Rechtsanwälte GmbH**, Parkring 2, A-1010 Vienna | Tel: +43 1 514 350 Fax: +43 1 514 35 35 | email: office@cerhahempel.com | Although this newsletter was created with the greatest of care, we nevertheless do not accept any responsibility whatsoever for its content being correct, complete or up to date **| Visit us at www.cerhahempel.com | CERHA HEMPEL** Austria Belarus Bulgaria Czech Republic Hungary Romania Slovak Republic

CERHA HEMPEL CEE NEWSLETTER *Romania*

Temporary measures to mitigate the increase in electricity and natural gas prices

In response to the current increase in electricity and natural gas prices, the Romanian Parliament passed Law no. 259/2021 on establishing a compensation scheme for electricity and natural gas consumption for the winter season 2021-2022 (**Law no. 259/2021**) containing a set of legislative measures to mitigate the financial impact on the population. These measures entered into force on 1 November 2021 and will be effective during the winter until 31 March 2022.

These measures are not only intended to significantly help household consumers but will also benefit other categories such as small, medium and micro size enterprises, liberal professions, public and private hospitals, NGOs, educational and religious institutions. We summarize below the key aspects introduced by the new legislation:

Support scheme – Law no. 259/2021 provides a support mechanism for household consumers and other categories, as follows:

(i) a compensation scheme for the payment of electricity and natural gas consumption bills for household consumers. In order to benefit from the compensation scheme, their maximum consumption level must meet the levels specified in Law no. 259/2021.

(ii) exemption from the payment of regulated tariffs: small, medium-sized and micro enterprises, entrepreneurs and family businesses are exempt, upon request, from the payment of a range of tariffs and excise duties, e.g., for electricity – the payment of the regulated tariffs, respectively the introduction / extraction from the network and distribution tariff, the system services tariff, the transportation tariff, as well as the payment of green certificates and excise duty; for natural gas, the payment of the cost of transport, distribution tariff and excise duty.

The compensation granted to household consumers as well as the exemptions from payment will be highlighted separately with the sign «minus» in the invoices / annexes to the invoices issued by electricity / natural gas suppliers.

The necessary amounts to ensure the support scheme provided above will be paid for out of the state budget. In this respect, the amounts resulting from the application of the support scheme will be reimbursed monthly to the suppliers based on supporting documents, whereas the competent authorities are expected to enact the related procedure in the following period.

Price cap for electricity and natural gas: In addition to the compensation scheme, Law no. 259/2021 provides a price cap mechanism applicable both to: (i) household consumers, and (ii) public and private hospitals, academic and religious institutions, NGOs, public and private providers of social services, for a period of five months.

The differences between the average prices for the period between 1 April 2021 and 31 March 2022 and the capped prices (approx. EUR 50/MWh for electricity and approx. EUR 106/MWh for natural gas) will be reimbursed to the suppliers out of the state budget.

Romanian suppliers of electricity and natural gas will be compensated by the Government for the losses they incur due to capped prices from a fund set up for this purpose.

Suspended bill payments: One of the measures provided by Law no. 259/2021 targets household

consumers who fall into the category of vulnerable consumers. Such persons may request that authorities suspend for a period of up to six months their obligation to pay electricity and natural gas bills, with no additional costs in this respect.

For more information

Mirela Anelise Nathanzon
Partner Romania
mirela.nathanzon@cerhahempel.com
Tel: +40 37 151 71 87

Media owner and publisher: **CERHA HEMPEL Rechtsanwälte GmbH**, Parkring 2, A-1010 Vienna | Tel: +43 1 514 350 Fax: +43 1 514 35 35 | email: office@cerhahempel.com | Although this newsletter was created with the greatest of care, we nevertheless do not accept any responsibility whatsoever for its content being correct, complete or up to date **| Visit us at www.cerhahempel.com | CERHA HEMPEL** Austria Belarus Bulgaria Czech Republic Hungary Romania Slovak Republic

CERHA HEMPEL CEE NEWSLETTER *Slovak Republic*

What does the amendment to the Slovak Accounting Act from 1 January 2022 bring?

The most important changes introduced by the amendment include the digitalisation of accounting, changes to the public section of the register, penalties, and documents. Furthermore, the application of the Act is extended to persons other than accounting units (a natural person residing in the Slovak Republic, a statutory body or a member of the statutory body of an accounting entity registered in the Commercial Register before the deletion of a commercial company or a cooperative from the Commercial Register) if they are subject to selected obligations set out in the Accounting Act. Below is a brief commentary on some of the changes.

Digitalisation

In view of the fact that accounting records are in practice often used and saved in electronic form, the Act adds and specifies for the sake of clarity the conditions that an accounting unit is obliged to comply with when these accounting records are processed. The provisions on the paper and electronic form of accounting records are clarified and simplified. The amendment lays down the methods for transforming an accounting record from paper to electronic form. In addition to official certified conversion, scanning can also be used, which will simplify the process significantly. It will be possible to use an electronic signature that allows the person to be identified in place of a handwritten signature. The law explicitly states when it is no longer necessary to keep an accounting record as a hardcopy if it has been converted into an electronic accounting record.

Changes to the public section of the register

The public section of the Register of Financial Statements is extended to include other forms of legal entity, which means that all legal entities under an obligation to file documents with the Register will be in the public section of the Register. These are primarily land communities, but also non-governmental non-profit organisations such as civic associations, associations of owners of apartments and non-residential premises, interest associations of legal entities, and others. The non-public part of the Register will therefore only contain accounting documents pertaining to natural persons – entrepreneurs and organisational units of foreign persons.

Changes to penalties

In view of the new provisions relating to the transformation of accounting records, new penalties have also been introduced for breaches of the entity's relevant obligations in this respect (to ensure the authenticity of the original and the integrity of the content of the accounting record). The amendment also introduced new penalties for breaches of the relevant obligations regarding the dissolution and deletion of companies, preservation and protection of accounting records and, due to the extension of the persons who are obliged to comply with the provisions of the Accounting Act, the competence of the Tax Authority to carry out an inspection and to impose a penalty on it is extended.

For more information

JUDr. Jozef Bannert
Partner Slovakia
jozef.bannert@cerhahempel.sk
Tel: +421 2 20 64 85 80

Media owner and publisher: **CERHA HEMPEL Rechtsanwälte GmbH**, Parkring 2, A-1010 Vienna | Tel: +43 1 514 350 Fax: +43 1 514 35 35 | email: office@cerhahempel.com | Although this newsletter was created with the greatest of care, we nevertheless do not accept any responsibility whatsoever for its content being correct, complete or up to date **| Visit us at www.cerhahempel.com | CERHA HEMPEL** Austria Belarus Bulgaria Czech Republic Hungary Romania Slovak Republic