

News Flash

June, 2016



Publishing of ultimate beneficial owners of commercial corporations in Czech Republic

Publishing of ultimate beneficial owners

The amendment of Act No. 253/2008 Coll., on selected measures against legitimisation of crime proceeds and financing of terrorism passed the first reading in the Chamber of Deputies on 31 May 2016.

This amendment follows the Directive (EU) 2015/849, on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, which all the Member States of the EU have an obligation to implement into national legislation till 26 June 2017.

The amendment responds to the requirements of the EU and, among other things, the legal entities are newly obliged to register data about their beneficial owners.

Who is the beneficial owner?

The beneficial owner is the individual, which is factually or legally able to exert direct or indirect dominant influence in legal entity (the indicator of the ownership or control is more than 25%).

The register of beneficial owners will further be operated by the courts, which are currently in charge of the commercial register. Access to the data will be given only to defined group of persons, which are e.g. law enforcement authorities or obliged entities in connection with the client due diligence.

Obligations in relation to the beneficial owner

Each legal entity will have to record and keep the data for the identification and verification of its beneficial owner(s).

Obliged entities defined under this Act (financial institutions, securities traders, auditors, notaries, tax advisors, etc.) will be obliged, once the conditions are met, to perform client due diligence, which, among other things, includes the identification and registration of beneficial owner of the client.

Effective date

Suggested effective date of the amendment is 1 July 2016, however, this date will likely be changed. The amendment related to the Public Registers of Legal Entities and Individuals and related obligation to publish ultimate beneficial owners in the Commercial Register should come into force on 1 January 2018.

As the amendment will be subject to further discussions in the Parliament, the changes of this amendment might happen.

Should you wish to receive more information on this topic, please do not hesitate to contact us.

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