

NEW CONTRACT REGISTRATION IN THE CZECH REPUBLIC

As of 1 July 2016, nearly all contracts concluded with the Czech State must be published in the Register of Contracts (the "**Register**"). This obligation was introduced by the new Czech Contract Register Act¹ (the "**Act**").

This article briefly summarizes the core scope of the Act and its application.

The Act lays down a regulatory framework for the publication of contracts to which one of the parties is the State (or other public entity) and establishes a Register which shall serve as an information system for increasing transparency of the management of public funds.

Generally, all private law contracts must be published in the Register if one of the contractual parties is the State, a State-related body / organization / legal person, or where public funds are involved. The Register is administered by the Ministry of the Interior and is publicly accessible at <https://smlouvy.gov.cz/>.

The parties are required to enter the contract into the Register as soon as practicable, however, at the latest three months after the contract was concluded otherwise the contract is considered invalid *ex tunc* (as if it was never concluded). The word version of the contract is to be uploaded through an electronic form. The document must include (i) the identity of the contractual parties, (ii) the date of the contract, (iii) the subject matter, and (iv) the value of the performance of the contract.

A contract is exempted from the obligation to be published in the Register if the performance value of the contract is below CZK 50,000 (approx. EUR 1,850). Moreover, certain documents do not have to be registered (for example contracts concluded with individuals outside their business activity, project documentation, drawings, or contracts regarding the intelligence services or affecting the security of the Czech Republic). Additionally, the parties may redact confidential data that may not be disclosed under the laws governing free access to information, including national security and trade secrets.

The Act applies to all contracts entered into after 1 July 2016. However, potential non-effectiveness and sanctions for non-publication of contracts will only apply to contracts concluded after 1 July 2017.

SUMMARY

The Act regulates private law contracts in public matters, unless legally exempted. To ensure full compliance with the law, all contracts concluded with the State and certain other public entities after 1 July 2016 are only effective if published in the Register. If a

¹ Act No. 340/2015 Coll., on Contract Register

party fails to enter a contract into the Register upon the expiration of the three month deadline, such contract is automatically void.

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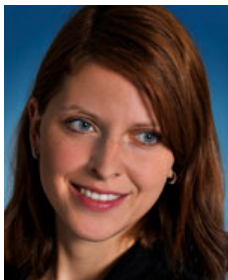


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