BRIS GROUP

CZECH REPUBLIC

LIMITED LIABILITY COMPANY (s.r.o.)

CLIENT GUIDE 2026

EU company formation, taxation, accounting, trade licensing and compliance

Professional company formation and ongoing corporate administration

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COMPANY FORMATION OVERVIEW

Czech Limited Liability Company (s.r.o.) at a Glance

The most common Czech corporate form for privately owned businesses is the **spolecnost s rucenim omezenym (s.r.o.)**, a limited liability company governed principally by **Act No. 90/2012 Coll., on Business Corporations**, the Civil Code and the Public Registers legislation. The company becomes a legal entity when it is entered in the Commercial Register.

Topic	Current legal / practical position
Foreign ownership	A Czech s.r.o. may be wholly foreign-owned. There is no general requirement for a Czech-resident shareholder.
Shareholders	One or more shareholders may establish the company; a sole-member s.r.o. is permitted.
Executive director(s)	The statutory body consists of one or more executive directors (jednatel). Foreign individuals may serve, subject to eligibility and compliance requirements.
Registered office	A registered office in the Czech Republic is required, together with legal title/owner consent as applicable.
Capital	The statutory minimum contribution is **CZK 1** unless the founding document requires more.
Trade authorisation	Most commercial activities require the appropriate trade authorisation or another sector-specific licence.
Corporate tax	The standard corporate income-tax rate is **21%**.
Annual compliance	Accounting, tax return, financial-statement/Collection of Deeds and beneficial-owner obligations apply.

Key Benefits for International Clients

- 100% foreign ownership is permitted.
- EU single-market company in an established Central European business jurisdiction.
- Very low statutory minimum contribution of **CZK 1** per the Business Corporations Act.
- One shareholder can establish and own the company.
- Flexible ownership interests and corporate governance can be tailored in the founding document.
- Shareholder liability is generally limited to unpaid contribution obligations as recorded in the Commercial Register.
- Corporate income tax is a flat **21%** for ordinary companies.
- Since 2024, qualifying entities may keep accounting records in CZK or, where the statutory functional-currency conditions are met, in EUR, USD or GBP.
- Direct notarial registration and online incorporation mechanisms can make formation comparatively efficient.

Important Tax Point for Non-Resident Owners

Czech s.r.o. is NOT a 0% offshore company

A Czech-incorporated s.r.o. should not be marketed as tax-free merely because its owners, customers or business partners are outside Czechia. The ordinary Czech corporate income-tax rate is **21%**. A Czech tax-resident company is generally taxed under Czech corporate tax rules on its taxable income, subject to statutory exemptions, deductions and applicable double-tax treaties.

Accordingly, the principal benefits for a non-resident investor are EU establishment, limited liability, low legal capital, treaty/EU-framework access and the Czech business environment - not a blanket 0% foreign-income exemption.

Incorporation Requirements

Topic	Current legal / practical position
Company name	Must be distinguishable and include the legal-form designation 'spolecnost s rucenim omezenym', 'spol. s r.o.' or 's.r.o.'.
Founding document	Memorandum of association for multiple founders or deed of foundation for a sole founder; a capital company's founding act is executed as a public/notarial deed.
Shareholder(s)	At least one natural or legal person.
Executive director(s)	One or more executive directors are appointed as the statutory body.
Registered office	Czech registered-office address and evidence of the legal right to use it/owner consent as required.
Capital contribution	Minimum contribution CZK 1 unless the memorandum/deed specifies a higher amount.
Business activity	Appropriate trade authorisation or other statutory business licence is required for activities that are regulated/licensed.
Commercial Register	The company acquires legal personality upon registration in the Commercial Register.
Beneficial owner	The company must comply with Act No. 37/2021 Coll. on the Register of Beneficial Owners.

Share Capital and Payment

Under section 142 of Act No. 90/2012 Coll., the minimum contribution is **CZK 1** unless the memorandum of association sets a higher amount. Contributions may differ between ownership interests. Non-cash contributions require statutory valuation procedures.

Does the capital have to be paid?

Yes. The contribution obligation is real, although the law allows payment according to the founding document and statutory deadlines. The Business Corporations Act provides that the contribution obligation must be fulfilled within the period specified by the memorandum, no later than **5 years** from formation/assumption of the obligation. Before registration, the legally required pre-registration contribution conditions must be satisfied. For an s.r.o., cash contributions totalling no more than CZK 20,000 may be paid by another statutory method rather than to the special bank account.

Trade Licence / Business Authorisation

A Czech company may need a trade licence under Act No. 455/1991 Coll. or a special sector authorisation. Czech trade law distinguishes **free, craft, tied and licensed/concession trades**. Free trades do not require professional competence; craft, tied and licensed activities may require a qualified responsible representative or additional approval.

The current government business portal also confirms that company incorporation and trade authorisation are legally distinct steps. A notary can register the corporation directly once the registration conditions are satisfied.

Documents Required from the Client

- Passport/government-issued identification for shareholder(s), executive director(s) and ultimate beneficial owner(s).
- Recent proof of residential address.
- For a corporate shareholder: incorporation, constitutional, management and ownership-chain documents.
- Three proposed company names and detailed business activity.
- Proposed ownership percentages and capital contributions.
- Registered-office arrangements/owner consent.
- Information required for the appropriate trade licence or sector authorisation.
- Source-of-funds/source-of-wealth evidence required under AML procedures.
- Countries of operation, expected turnover, banking, customers/suppliers and transaction profile.

Formation Process & Documents Received

1. Structure/activity review **2.** KYC/AML & UBO review **3.** Founding notarial deed **4.** Trade authorisation where required **5.** Commercial Register **6.** Tax/accounting setup

Typical corporate file: notarial deed/founding document; Commercial Register extract; trade-register extract/licence where applicable; executive-director and shareholder records; contribution documentation; registered-office evidence and beneficial-owner/tax documentation as applicable.

Corporate Income Tax

Standard rate: 21%

The Czech Financial Administration confirms that the standard corporate income-tax rate is **21%**. Special rates apply to certain investment and pension funds, but not to an ordinary trading s.r.o.

Taxable profit is determined under the Czech Income Taxes Act with adjustments from accounting profit, applicable deductions and tax reliefs. Czech tax legislation includes, among other things, research-and-development and vocational-training deductions where statutory conditions are met.

Dividends and Withholding Tax

The Czech tax system applies a **15% special withholding rate** to relevant Czech-source corporate income under the general rules. Dividend withholding can be reduced or eliminated where the conditions of Czech domestic exemptions, the EU Parent-Subsidiary framework or an applicable double-tax treaty are satisfied. Payments to certain non-treaty/non-cooperative jurisdictions can be subject to different rules, so the recipient's residence and ownership period must be checked before distribution.

Do not promise 0% dividend withholding automatically

A 0% result can be available in qualifying EU/EEA or treaty/corporate structures, but it depends on the statutory participation, beneficial-ownership, residence and anti-abuse conditions. It is not a universal exemption for every foreign shareholder.

Tax Residence and Foreign Business

A Czech s.r.o. is a Czech legal entity and normally falls within Czech corporate taxation. Conducting sales or services abroad does not by itself remove the company from Czech tax. Double-tax treaties can allocate taxing rights and prevent double taxation, while foreign permanent establishments, controlled foreign company rules, transfer pricing and permanent-establishment questions may require specialist analysis.

VAT

Czech VAT is harmonised with EU VAT law. The standard VAT rate is **21%** and the reduced rate is **12%**. Whether a company must register or account for Czech VAT depends on turnover, establishment, transaction type and place-of-supply rules. Cross-border EU supplies/services may also create VIES, reverse-charge and reporting obligations.

Accounting Records & Financial Statements

A Czech s.r.o. is an accounting entity and must keep accounting records under Act No. 563/1991 Coll. Annual financial statements are prepared in accordance with the applicable Czech accounting framework. Depending on size/status, statutory audit requirements can apply.

Topic	Current legal / practical position
Accounting	Double-entry accounting is standard for an s.r.o.
Financial statements	Annual financial statements are prepared for the accounting period.
Collection of Deeds	Financial statements and other prescribed corporate documents are deposited/published through the Commercial Register's Collection of Deeds under the applicable rules.
Functional currency	Since 2024, qualifying entities may use EUR, USD or GBP as accounting currency where that currency meets the statutory functional-currency test; CZK remains available.
Audit	Audit depends on statutory category/threshold and other legal conditions.
Records	Accounting and supporting documents must be retained for the statutory periods.

Corporate Income-Tax Return

The company files a Czech corporate income-tax return after the end of its taxable period and pays tax/prepayments according to the Income Taxes Act and Tax Code. Electronic filing and extended filing periods can apply depending on the filing method and whether a statutory audit or tax adviser is involved. BRIS Group should confirm the exact deadline for each client and accounting period rather than state a single deadline for all companies.

Commercial Register & Collection of Deeds

The Czech Commercial Register is a public register maintained by the competent registry courts and centrally administered through the Ministry of Justice system. The company must keep registered particulars current and file prescribed documents in the **Collection of Deeds**, including relevant founding documents, amendments and financial statements. Direct registration by a notary is legally available where the statutory conditions are met.

Beneficial Ownership

Act No. 37/2021 Coll. requires Czech legal entities to record their beneficial owners. A beneficial owner is ultimately a natural person who is an ultimate beneficiary or exercises ultimate influence/control under the statutory tests.

2026 privacy/access change

The beneficial-owner register remains a compliance obligation, but unrestricted public access was disabled from **17 December 2025** following Czech/EU case law. In 2026, the Ministry of Justice is preparing a revised access regime based on legitimate interest. Companies and authorised/AML users retain the relevant statutory access mechanisms.

Annual Compliance Checklist

- Maintain the Czech registered office and valid legal title/owner consent.
- Maintain eligible executive director(s) and current shareholder/capital information.
- Maintain the required trade licence or sector authorisation.
- Keep proper accounting records and prepare annual financial statements.
- File/publish required documents in the Commercial Register Collection of Deeds.
- File the corporate income-tax return and pay tax/prepayments as applicable.
- Review VAT, EU cross-border reporting, payroll and social-security obligations.
- Maintain accurate beneficial-owner information.
- Update the Commercial Register when registered particulars change.
- Review audit requirements according to the company's statutory category.
- Maintain AML/KYC, sanctions and banking compliance.

Why Czech Republic Can Be Attractive

Topic	Current legal / practical position
EU location	EU single-market jurisdiction in Central Europe with strong transport and industrial links.
Foreign ownership	100% foreign ownership is generally possible.
Low legal capital	Minimum contribution can be only CZK 1.
Flexible formation	Sole shareholder possible; direct notarial and online formation mechanisms are available.

Topic	Current legal / practical position
Tax system	21% standard corporate tax with EU/treaty reliefs and specific statutory deductions/exemptions.
Currency flexibility	Qualifying businesses may account in CZK, EUR, USD or GBP under the functional-currency rules.
Business licensing	Clear statutory framework for free, craft, tied and concession trades.

How BRIS Group Supports You

Pre-formation review - Review ownership, activity, trade-licence needs, tax profile and suitability of a Czech s.r.o.

Company formation - Coordinate notarial deed, registered office, capital arrangements and Commercial Register entry.

Trade licence - Coordinate the appropriate Czech trade authorisation/responsible representative where required.

KYC / UBO - Coordinate shareholder, director, UBO and source-of-funds due diligence and beneficial-owner compliance.

Tax & accounting - Coordinate Czech bookkeeping, financial statements, tax registration/returns and VAT support.

Annual compliance - Coordinate Commercial Register/Collection of Deeds filings and corporate updates.

Documents - Arrange certified extracts, translations, apostille/legalisation and corporate documents where required.

Professional Fees & Quotations

Tailored quotation

This brochure is an informational guide to Czech s.r.o. incorporation and maintenance and is not a fee quotation. BRIS Group professional fees, Czech registered-office services, notary/registry/trade-licence fees, accounting, tax/VAT/payroll support, beneficial-owner compliance, translations, certified documents and optional services are quoted separately. Clients may request a tailored quotation based on the proposed ownership and business activity.

Client Preparation Checklist

- Three proposed company names.
- Detailed business activity and required trade/licence category.
- Shareholder(s), ownership percentages and ultimate beneficial owners.
- Proposed executive director(s).
- Passport and recent proof of address for each relevant individual.
- Corporate documents for any legal-entity shareholder.
- Proposed capital contribution(s) and ownership interests.
- Czech registered-office arrangement.
- Source-of-funds/source-of-wealth information.
- Expected turnover, currencies, banking and transaction profile.
- Expected Czech/EU employees, VAT, payroll or premises requirements.
- Any regulated activity, banking, translation or apostille requirements.

Important Legal Notes & Official Sources

This brochure is a general commercial guide and does not constitute Czech legal, tax, accounting, VAT, employment, regulatory or investment advice. **A Czech s.r.o. is not a 0% offshore company for foreign owners.** The ordinary corporate income-tax rate is **21%**. The minimum statutory contribution is **CZK 1**, but commercial substance and adequate funding should be considered rather than using the legal minimum automatically.

Primary official/legal sources reviewed: Act No. 90/2012 Coll. on Business Corporations (including sections 23, 132, 142 and 150); Czech Public Administration Portal guidance on incorporation and trade licensing; Trade Licensing Register guidance; Czech Financial Administration corporate income-tax and tax-system guidance; Act No. 563/1991 Coll. on Accounting; Act No. 37/2021 Coll. on the Register of Beneficial Owners; Ministry of Justice 2025-2026 beneficial-owner register notices.

Information reviewed: August 2026. Tax, VAT, audit, beneficial-owner and trade-licensing requirements will be reconfirmed before incorporation and annual compliance work.

PREPARED BY BRIS GROUP

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Professional incorporation and corporate administration for international clients.