



# Trades

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- Trades
- Small and medium-sized organizations



## **Trades – basic characteristics**

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**Trade is a systematic activity operated independently by an entrepreneur, in his own name, on his own responsibility, in order to make profit and following the conditions stated in the Trade Licensing Act.**

**Trade is a certain economic, organizational and legal unit that is owned by one entrepreneur (an individual or a legal entity).**

**Trade can be operated by both an individual or a legal entity.**

**Trade operated in an industrial way = aggregate business (trades) replacing a larger number of business (trades). (canceled from July 1st, 2008)**



## Trade definition

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What is not a trade (Paragraph 3 of Act No. 455/1991 Coll., On Trades Licensing):

- a) the pursuit of an activity reserved by the law for the state or for a designated legal entity,
- b) the exploitation of results of an intellectual creative activity, by their originators or authors,
- c) performance of a collective management of a copyright and rights related to a copyright under a special legal regulation,
- d) the restoration of cultural monuments or parts thereof,
- e) carrying out archaeological research.
- f) activity of individuals carried out according to special regulations (eg doctors, lawyers, notaries, court executors, experts, interpreters, auditors, tax advisers, etc.)
- g) for example: bank activities, organization of lotteries and other similar games, mining activities, production of electricity and gas transmission and distribution, agriculture, maritime transport and sea fishing, operation of railway and rail transport, research, production and distribution of pharmaceuticals, foreign trade with military equipment, labor inspection, operation of radio and television broadcasting, offering or providing services directly aimed at satisfying sexual needs, mediation of employment, operation of vehicle inspection, operation of airports, operation of burial grounds, operation of zoos based on a license issued by the Ministry of the Environment, archiving, renting property, residential and non-residential premises.



## Trades, their operation and division

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The trade may be carried out by an individual or a legal entity (LE always through a responsible representative) subject to the legal conditions:

- **Attaining the age of 18 years**
- **Eligibility for legal acts**
- **Integrity (without a criminal record)**

A person who has been convicted of an intentional offense if committed in connection with a business, is not considered to be a blameless person.

An obstacle to operating a trade is a ban of an activity of an entrepreneur.

Trades in terms of how to obtain a trade license are divided into:

- **Reporting trades**
- **Concession trades**



## Types of trades

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Under the conditions that a candidate must meet when reporting a trade, three types of reporting trades are distinguished:

- **craft trades**
- **bound trades**
- **free trades** (currently 80 exist)

**Concession trades require professional verification and other qualifications, apply where there is a threat to human health or life. Getting a concession is not a legal claim!**

From the point of view of the business subject, the trades are divided into:

- **business trades**
- **manufacturing trade**
- **trades providing services**



## Trade Register

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- For the issuance of a trade license (granting a concession) it is necessary to pay an administrative fee (pursuant to Act No. 634/2004 Coll., On Administrative Fees):
  - a) CZK 1,000 (registration of a trade or acceptance of a concession application when entering a business);
  - b) CZK 500 (further announcement of the trade, acceptance of another application for a concession, amendment of a decision to grant a concession and issuance of a decision on the approval of the responsible representative for the licensed trade)
  - c) CZK 100 (issuance of a statement from the TR after the notified change)
- If a reporter fulfills all conditions stipulated by the law, the Trade Licensing Office shall register with the Trade Register within 5 days from the date of a delivery of the notification and shall issue a statement to the entrepreneur.
- In the case of concession proceedings, the procedure is similar
- The Fees Act is often revised, so it is necessary to keep track of its current version!



## Small and medium-sized organizations

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Entreprise size criteria (EU):

- **number of employees**
- **turnover**
- **balance value**

	<b>Number of employees</b>	<b>Turnover</b>	<b>Balance Value</b>
<b>Micro entreprise</b>	<b>up to 10</b>	<b>up to EUR 2 million</b>	<b>up to 2 EUR million</b>
<b>Small entreprise</b>	<b>up to 50</b>	<b>up to EUR 10 million</b>	<b>up to 10 EUR million</b>
<b>Medium-sized entreprise</b>	<b>51 – 250</b>	<b>10 - 50 EUR million</b>	<b>10 - 43 EUR million</b>
<b>Large entreprise</b>	<b>above 250</b>	<b>above 50 EUR million</b>	<b>above 43 EUR million</b>



## **Advantages and disadvantages of small and medium-sized organizations**

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A characteristic feature of small and medium-sized businesses is a personal affinity of the owner with the enterprise.

**Advantages** of small and medium-sized enterprises:

- **flexible responses to change**
- **innovation**
- **creating new job opportunities**
- **resistance to economic recession**
- **speed of business decisions**

**Disadvantages** of small and medium-sized enterprises:

- **limited employment opportunities for experts in administration and management**
- **higher work intensity and less favorable working conditions**
- **limited opportunities to gain benefits from the range of production**
- **limited means of promotion and advertising**





## **Support for small and medium-sized businesses**

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Support for small and medium-sized enterprises focuses on the following areas:

- **the creation and development of small and medium-sized enterprises,**
- **creating new jobs,**
- **development of science and technology,**
- **introducing advanced products and technologies,**
- **environmental protection,**
- **export support, etc.**

State support has different forms. The main are:

- **lending**
- **credit guarantees**
- **subsidy**
- **contributions and financial assistance**
- **payment of part or all of the interest from a loan.**

# Support for small and medium-sized businesses



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- **The Czech government as well as EU structural funds offer various types of business support:**
  - **Export support**
  - **Commercial activities**
  - **Research and development**
  - **Other business support**



# Export support

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- **CzechTrade**, the National Trade Promotion Agency, provides contacts and information on export opportunities worldwide and financial assistance towards market research, export catalogues and establishment of business contacts.
- **The Czech Export Bank** provides Czech exporters with state-supported financing in order to create export conditions comparable to those available to their foreign competitors.



# Export support

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- **The Export Guarantee and Insurance Company EGAP** enables exporters to purchase insurance against risks of non-payment by a foreign customer due to commercial or political risks.
- **The Czech government** offers a range of benefits that are targeted at small and medium-sized enterprises (SME). Small and medium-sized enterprises are the driving force of business, growth, innovation and competitiveness. They play a key role in job creation. In the Czech Republic, SME account for 61.52 % of the employment and contribute by 35.17 % to the production of GDP (data for 2008).



# Commercial Activities 1/3

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- **The Trade Licensing Act**
  - That governs specific responsibilities of entrepreneurs doing business in the CR as well as notification or authorisation procedures
- **Obligations of persons temporarily providing services in the Czech Republic**



# Commercial Activities 2/3

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- **Obligations of persons temporarily providing services in the Czech Republic**
- Persons temporarily or occasionally providing entrepreneur services in the territory of the Czech Republic must meet certain criteria and fulfil obligations set by law.
- These are information concerning :
- Information for nationals of the EU, the EEA countries (Iceland, Liechtenstein, Norway) and Switzerland who intend to temporarily or occasionally provide licensed trade services in the Czech Republic.
- Legislation on the temporary and occasional provision of services in the context of licensed trades in the Czech Republic
- Persons entitled to provide services temporarily and occasionally
- Reporting duty of service providers in the field of regulated trades
- Obligation of service providers to ensure the performance of certain activities by competent persons
- Obligations of all persons temporarily and occasionally providing services



# Commercial Activities 3/3

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- **Issue of certificate of professional skills and performance of relevant activities**
  - Information for natural persons intending to perform regulated activity classified as a trade activity (according to the Trade Licensing Act) in another member state on issuing certificate of professional skills and performance of relevant activities in the Czech Republic.
- **Recognition of qualifications in business**
  - Information for nationals of the EU Member States, the Czech Republic, the European Economic Area countries (Iceland, Liechtenstein and Norway) and Switzerland who wish to practise a regulated profession or professional activity in the Czech Republic. A regulated profession or activity is a profession/activity which is subject to legislative requirements (qualification requirements and, in some cases, requirements concerning integrity, physical fitness etc.) which, if not met, do not allow the person to pursue the given profession/activity in the Czech Republic.



# Research and Development 1/2

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- **CzechInvest** - The Ministry of Industry and Trade, in cooperation with CzechInvest, is providing various forms of financial support (from structural funds, the state budget and community resources). CzechInvest actively seeks out and, using the most various instruments (consultation, information service, active cooperation in seeking partners, etc.), supports private firms with innovation potential and focuses on increasing the involvement of public-sector institutions in the innovation process.





# Research and Development 2/2

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- In the field of industrial research and development, public institutions may utilise financial resources from the **Operational programme Research and Development**. Its objective is to make the cooperation between universities and industrial enterprises more intense, primarily through support of capacities for research and development at universities or research institutions and through better knowledgeability of supply and demand of the industrial research and development. The Ministry of Education, Youth and Sports is the managing body for this Operational programme.



# Other Business Support

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- **The National Training Fund** runs a variety of human resources development programs and is the national coordinating body for the EU's Leonardo da Vinci Program. The Program subsidizes in-house company training programs (up to 75 % of total costs) and study trips to parent companies located in EU countries (up to 5,000 EUR per visit).
- **Business Innovation Centres, Technology Parks and Business Incubators**
- There are over 25 Business Innovation Centres (BIC's), Science and Technology Parks and Business Incubators in the Czech Republic.