

Business Law Guide to the Czech Republic, by Jennie Mills, David Roach, and Ian Rowbotham. Oxfordshire, United Kingdom: CCH Europe, 1994. Pp. 329. \$113.00 (hardcover).

Following the demise of the communist regime, Eastern European markets have opened themselves to foreign companies. Businessmen, however, must beware. While much scholarship addresses how to correct the effects of over forty years of communism, not all of the work is of the highest quality. Although the Czech Republic has made great strides in its transition to a market economy over the past five years, foreign investors must understand the various legal and business aspects of the Czech market.

The *Business Law Guide to the Czech Republic* offers precise information about the tax and business-law systems of the Czech Republic. The *Guide* is written specifically for business people and companies and their advisers, including lawyers and accountants. The book provides a comprehensive overview of Czech business law, tax and accounting methods, and an introduction to the Czech political system.

The first chapter of the *Guide* provides a general introduction of the Czech Republic, including an overview of its historical and political background, and the future importance of the country. The authors briefly trace the Republic's history from the creation of an independent Czechoslovakia in 1918 through the communist seizure in 1948, the Velvet Revolution of 1989, and the separation of the Czech and Slovak states at midnight on December 31, 1992. The authors conclude this chapter with an overview of the Czech Republic's financial reforms and domestic-aid programs implemented after the separation from Slovenia.

The next several chapters give an overview of the Czech legal system, including specific laws that may affect foreign companies doing business in or with the Czech Republic. The authors begin by noting that the Republic has followed a "code-based" approach to its legislation, passing both the Commercial and Civil Codes. These codes provide the legal framework for the Republic. Next, the *Guide* examines those forms of business enterprises available to foreign participants. The Commercial Code authorizes six enterprises: joint stock companies; private limited-liability companies; general commercial partnerships; limited partnerships; cooperatives; and joint ventures. The *Guide* also examines other laws important to foreign companies, including privatization laws; competition legislation; general contractual provisions; banking laws;

the Foreign Exchange Act and internal convertibility laws; and laws extending to the termination of an enterprise's activities.

The tenth chapter focuses on taxation. The *Guide* first explores the Czech income-tax system. The Czech Income Tax Act provides for the direct taxation of local and foreign companies and distinguishes between corporate income tax and personal income tax. The second section examines the administration of tax, which is promulgated by the Act on Administration of Taxes and Fees. This section defines who is covered by the Act and gives an overview of tax legislation. The next several sections explore taxes that apply to entities doing business in the Czech Republic, including the corporate-tax system and the taxation of foreign companies, shareholders, and partnerships and joint ventures. Next, the *Guide* examines the taxation of individuals, the value-added tax, and a number of lesser taxes such as the excise tax, real-property tax, and the road tax. Finally, the *Guide* cites Czech tax treaties and those countries with which it has double taxation treaties.

The next several chapters examine other financial considerations that affect business investment in the Czech Republic. First, the *Guide* presents accounting and auditing standards, including the regulatory framework, reporting requirements, and auditing standards. Second, the *Guide* examines secured transactions such as liens, mortgages, and mortgage debentures. The *Guide* concludes that the existing law, as it applies to secured transactions, causes a number of legal and practical problems for business in the Republic. Finally, the *Guide* thoroughly examines securities and the Securities Act, investment funds, and the capital markets, all of which were established within the past five years and present some concern to businesses.

The *Guide* concludes by providing substantial information on a host of other legal issues, namely, environmental legislation, intellectual-property laws, employment laws, import and export restrictions, personal-business laws, and recently enacted consumer-protection laws.

Jennie Mills is a member of Norton Rose, an international law firm with its principal office in London. David Roach is a partner at Price Waterhouse and is an expert in Czech taxation. Ian Rowbotham is a senior tax manager with Price Waterhouse.