

**The LAW
On Economie Activity*
of DECEMBER 23, 1988**

CHAPTER 1

General Provisions

Article 1

Undertaking and conducting economic activity is free and permitted for everyone under equal rights, notwithstanding the conditions defined by legal regulations (law).

Article 2

1. For the purposes of this Law economic activity is defined as manufacturing, building, trading and rendering services, for gain and on own account of the subject conducting such activity.

2. The subject conducting economic activity, hereinafter referred to as “economic subject” may be an individual, a corporate body as well as an entity not having corporate status, set up in keeping with legal regulations, if the object of its operation includes conducting economic activity.

Article 3

1. The economic subject is obliged to meet the legal terms of conducting economic activity concerning protection against hazard to human life and health as well as other conditions defined in building, sanitary, fire regulations and environmental protection.

2. The economic subject is obliged to ensure that work, operations or performance within the scope of economic activity are carried out by persons with proved appropriate qualifications if the duty of having such qualifications follows from the regulations of other legal acts.

Article 4

Within the scope of their economic activity economic subjects may perform operations and actions which are not forbidden by law.

* The Law of December 23, 1988 has been amended in December 1989 ; the amendment will be discussed in one of the next issues of our *Review*.

Article 5

The economic subject may employ an unlimited number of employees without the intermediary of employment organs.

Article 6

1. Economic subjects are entitled, at their discretion, to associate themselves into organizations of economic subjects.
2. Association in organizations of economic subjects is regulated by laws.

Article 7

Economic subjects, irrespective of the type of ownership, are subject to the same rules of public legal obligations and have access to bank credits and supply of the means of production.

Article 8

Undertaking economic activity by natural persons and entities not having the legal person status requires, notwithstanding Articles 9—11, to be entered in the register of economic activity, hereinafter referred to as “register.”

Article 9

1. Economic activity conducted by a natural person himself, within the scope defined in para. 2, the earnings from which constitute an additional source of income for that person (additional gainful side-occupation) does not require entry in the register.
2. Objects of economic activity mentioned in para. 1 can be :
 - 1) manufacturing of goods of personal, household and farm use as well as folk and artistic handicrafts ;
 - 2) repairs and maintenance of goods of personal, household and farm use as well as of apartments, and rendering other services with the use of own or entrusted materials and tools ;
 - 3) trading operations consisting in selling unprocessed farm, garden, orchard and livestock products, including meat from onfarm slaughter, forest products fruits of the forest, homemade meals as well as goods defined in item 1.

Article 10

Entry in the register is not required for:

- 1) undertaking manufacturing activity in the agriculture in crop and livestock production, and fruit and vegetable growing ;
- 2) undertaking economic activity by corporate bodies ;
- 3) undertaking an economic activity which under this Law requires a licence.

Article 11

1. A licence is necessary for undertaking economic activity in :
 - 1) extraction of minerals subject to the mining law as well as the exploration of deposits of these minerals ;

- 2) processing of, and trade in, precious metals and precious stones ;
 - 3) manufacturing of, and trade in, explosives, arms and munitions ;
 - 4) manufacturing of pharmaceuticals, barbiturates and psychotropic drugs, sanitary articles as well as toxic substances ;
 - 5) manufacturing, rectification of dehydration of spirit as well as separation of spirit from another product, and the distillation of vodkas ;
 - 6) manufacturing of tobacco products ;
 - 7) sea and air transport and other airborne services ;
 - 8) running of pharmacies ;
 - 9) foreign trade in goods and services defined by way of an ordinance by the Minister of Foreign Economic Relations ;
 - 10) trade in cultural objects produced before May 9, 1945 ;
 - 11) services in : protection of persons and property, detectives' services and these pertaining to passport matters.
2. The Council of Ministers may exclude by way of an ordinance, certain kinds of economic activity defined in para. 1 from the requirement to obtain a licence.

Article 12

1. The head office of the economic subject and the site where the economic activity is conducted (plant) should be marked on the outside.
2. The marking mentioned in para. 1 should contain the name (logo) or the first name and surname of the economic subject as well as a brief implication of the type of economic activity conducted.
3. The economic subject engaged in manufacturing is obliged to label his products for sale, for :
 - 1) name (logo) or the first name and surname of the producer and his address ;
 - 2) name or symbol of the product, apart from any labelling required under separate regulations.
4. The provisions of para. 2 apply accordingly to stamps and prints (letter-heads) used while carrying out economic activity.

CHAPTER 2

Registering Procedure

Article 13

Notwithstanding further regulations of the Code of Administrative Procedure are applied in the registering procedure.

Article 14

1. The registering organ is the local organ of state administration of specific jurisdiction over the matters of registering economic activity of the basic level.
2. Supervision over the activity of local organs of state administration of specific competences in matters of registering economic activity is vested with the minister in charge of the administration.

Article 15

1. The registering organ enters economic activity in the register according to the application filed.

2. The registering organ *ex officio* furnishes the economic subject with a certificate of the entry in the register not later than within fourteen days from the date of filing the application, and submits a copy of the certificate to the relevant fiscal organ.

Article 16

1. The application mentioned in Article 15 para. 1 should contain :

1) designation of the economic subject and its head office (domicile) and, in the case of officers empowered to perform legal acts on behalf of the economic subject-also their first names and surnames ;

2) definition of the object of economic activity ;

3) designation of the place of engaging in economic activity ;

4) indication of the date of starting economic activity.

2. The register of economic activity is public.

Article 17

The registering organ issues a decision on refusing entry in the register if the application :

1) concerns economic activity to which the provisions of this Law do not apply ;

2) concerns economic activity which is subject to liceaning ;

3) concerns economic activity the undertaking of which is not subject to entry in the register;

4) contains formal errors which despite summons, have not been removed before indicated date ;

5) concerns economic activity covered by the exclusive rights of cooperatives of the disabled and the blind.

Article 18

The economic subject is obliged to notify within fourteen days the registering organ about changes in the factual and legal status concerning the economic subject and economic activity which have arisen after entry in the register, and covered by the data contained in the application. Provisions of Articles 13—17 apply accordingly to notification of changes.

Article 19

1. Entry in the register is subject to striking off in case of :

1) notification of the cessation of economic activity ;

2) valid ruling of the court prohibiting a natural person to carry out economic activity covered by the entry.

2. Entry in the register is subject to striking off also when the registering organ has made the entry in violation of the law ; in this case the provisions concerning resumption of administrative proceedings and stating invalidity of the decision apply where appropriate.

3. Deletion from the register takes place through administrative decisions within the period of time defined in the decision. In the case mentioned in para. 2, the period must be no less than three months.

CHAPTER 3

Licencing of Economic Activity

Article 20

1. The granting, refusal to grant, and withdrawal of, a licence depending on the object of economic activity to be licensed is vested with a supreme or central organ of state administration as appropriate hereinafter referred to as “licencing organ.”

2. The granting, refusal to grant, and withdrawal of, a licence is done in the form of an administrative decision.

3. Provisions of Article 16 para. 1 apply accordingly to licence applications.

4. The licence includes the information covered by the application. The licencing organ can define in the licence the basic conditions for the performance of the economic activity.

5. The licencing organ may refuse to grant a licence or curtail the scope and object of economic activity requested in the licence application due to hazard to a vital interest of national economy, defence, or security of the state.

Article 21

1. The licence is granted for an unspecified period of time.

2. The licence may be granted for a specified period of time :

1) at the request of the licence applicant ;

2) in cases justified by safeguarding a vital interest of the national economy, defence, or security of the state.

Article 22

1. The licencing organ may withdraw a licence or curtail the scope or object of economic activity defined in the licence when the economic subject fails to meet the principal conditions set in the licence for the performance of economic activity.

2. The licence may also be withdrawn according to the rules set out in Article 19.5

Article 23

1. Anyone intending to take up economic activity in a field subject to licencing can apply for the issuance of a licence promise (pledge that a licence will be issued).

2. The promise is issued in the form of an administrative decision.

3. The promise defines its period of validity, which can be no shorter than 6 months.

4. Within the period of validity of the promise, the licence for the conduct of activities defined in the promise cannot be refused, unless there is a change in the actual or legal state of affairs stated in the promise application.

CHAPTER 4

Specific Provisions**Article 24**

1. Economie activity for the purposes of this Law covers also the rendering of legal assistance (law counselling) to economic subjects within the scope of their economic activity, by partnerships or cooperatives of barrister-at-law or legal counsels.

2. Legal assistance (law counselling), as under para. 1, is meant in particular counselling, drawing up legal briefs, and representation by barrister or legal counsel in law cases.

Article 25

Income tax due from economic subjects cannot be set in an amount exceeding 50% of the proceeds obtained through the economic activity in the fiscal year.

Article 54

This Law takes effect as of January 1, 1989.