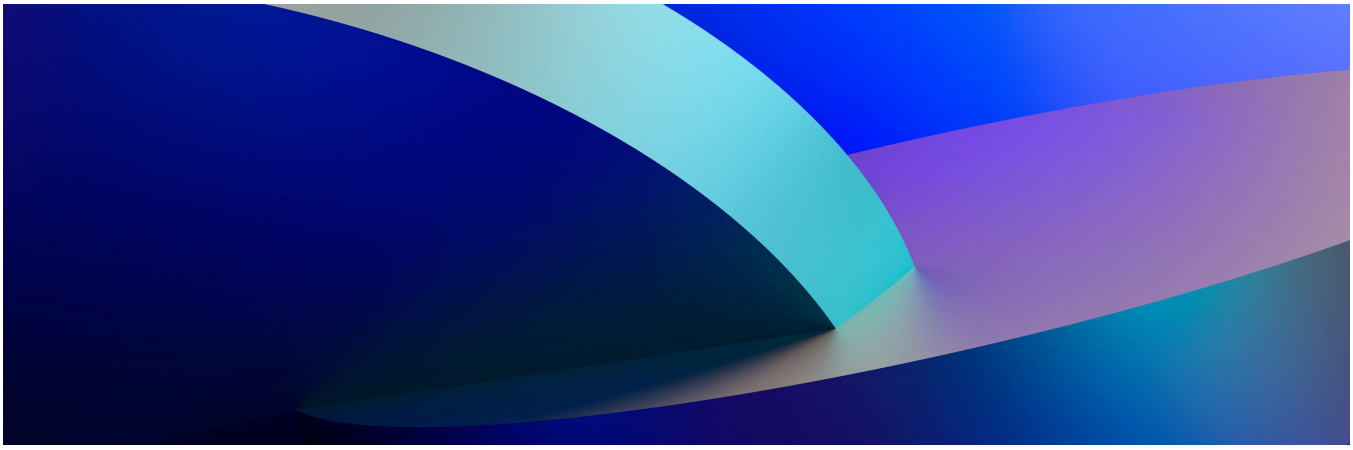


Gambling laws in Czech Republic

1. Regulatory framework

1.1 Is there a Gambling Act (or equivalent) in place?

Yes.

Act No. 186/2016 Coll., on games of chance, as amended (the "**Gambling Act**").

1.2 Is online gambling a regulated activity?

Yes.

Internet games are a regulated activity under the Gambling Act.

1.3 Are there any regulators?

Yes.

The Ministry of Finance and to some extent local municipal offices and customs authorities.

Website: www.mfcr.cz/cs/soukromy-sektor/hazardni-hry

1.4 Is there a regulatory regime related to advertising gambling?

Yes.

The Gambling Act and the Act No. 40/1995 Coll., on the Regulation of Advertising, as amended, provide rules on advertising of games of chance.

2. Structuring and corporate governance

2.1 Is a local presence necessary to run gambling activity?

No.

However one of the requirements for operators is to have their registered seat in the Czech Republic, another EU Member State, or a member state of the European Economic Area.

2.2 If yes, are there any mandatory legal forms of business for gambling companies?

No.

However, the Gambling Act requires the legal entity to have an organisational structure with a proper, transparent and coherent designation of responsibilities and decision-making powers, established supervisory body, and a transparent ownership structure allowing the ultimate beneficial owner to be easily identified.

2.3 Can a local subsidiary be formed by foreign shareholders?

Yes.

2.4 Are there foreign investment restrictions?

No.

2.5 Are there any minimum requirements for a gambling company's statutory capital?

Yes.

The Gambling Act requires operators to meet the financial stability requirement. This requirement is met by an operator whose: (i) own capital, less the outstanding part of the share issue price and any outstanding premiums outside the share capital, is at least CZK 50,000,000 and exceeds the amount of debts if the result for the current financial year and the result for previous years is negative; and (ii) the assets, less the security deposit, long-term receivables and long-term financial assets, are at least CZK 50,000,000.

2.6 Can management include foreign individuals?

Yes.

2.7 Are there any mandatory reporting requirements (beyond tax) regarding a gambling company's corporate governance matters?

Yes.

The Gambling Act provides various reporting obligations. In particular, gambling operators have (i) automated reporting obligations regarding the operated games of chance; (ii) annual financial reporting obligations; (iii) incidental reporting obligations, e.g. the obligation to notify changes in information for the issuance of licences, and the obligation to provide information and documents at the request of the Ministry of Finance.

3. Licensing

3.1 Do local regulations set out a clear licensing framework for gambling (including the licensing process, criteria, submission requirements, licensing conditions and ongoing compliance requirements)?

Yes.

3.2 Is gambling licensing specific to:

3.2.1 Betting?

Yes.

3.2.2 Sports?

No.

Considered as an “odds bet” or “totalisator game” for which there are specific licensing requirements.

3.2.3 Skill games?

No.

Considered as a “live game” for which there are specific licensing requirements.

3.2.4 Card Games?

No.

Considered as a “technical game” or “live game” for which there are specific licensing requirements.

3.2.5 Casinos?

Yes.

3.2.6 Lotteries?

Yes.

3.2.7 Arcades?

No.

Considered as a “technical game” for which there are specific licensing requirements.

3.3 Is the creation of video games for gambling by a software developer subject to gambling licensing?

No.

3.4 What is the term of a licence/permit?

An initial licence is issued for an unlimited period of time.

A basic licence is issued for up to six years.

A licence for the placement of gambling premises (gambling room or casino) is issued for the duration of the basic licence to operate the given type of game of chance, but for no longer than three years.

3.5 How long does it take to obtain a licence/permit?

It usually takes 30-60 days. However, the actual duration of the proceedings depends on the quality of the application.

3.6 Is there any limit on the number of licences that can be granted?

No.

3.7 Are there any specific licensing requirements?

Yes.

The Gambling Act provides various licencing requirements, in particular requirements: (i) on operators, e.g. the place of registered seat, clear organisational structure, transparent financial resources; (ii) to obtain an initial licence, e.g. indebtedness, absence of criminal record, provision of a security deposit; (iii) to obtain a basic licence, e.g., existence of initial licence, assurance of a proper operation of the games of chance, proper technical equipment; (iv) to obtain the licence for the

placement of gambling premises, e.g. existence of a basic licence, location restrictions; (v) on games of chance, e.g. game plan, server location.

4. Compliance

4.1 Are there any mandatory AML rules generally and for gambling industry specifically?

Yes.

There are mandatory general AML obligations on operators, and certain specific obligations under the Gambling Act, e.g. mandatory identification and monitoring in casinos.

4.2 Are there any specific reporting obligations for gambling companies in terms of AML and data protection?

No.

5. Data Protection

5.1 Are there any specific Data Protection regulations in place?

No.

However, there are certain specific obligations related to the processing of personal data, e.g. mandatory identification and monitoring in casinos.

5.2 If yes, do they apply extra-territorially?

No.

5.3 Is there a Data Protection Regulator?

Yes.

The Office for Personal Data Protection.

Website: https://uoou.gov.cz/

6. Currency control and other cross border issues

6.1 Are there any currency/exchange/finance controls at the present time to transfer cash out of and into the country?

Yes.

6.2 Where currency/exchange/finance or capital controls do exist:

The controls generally concern crossing a border with cash, anti-money laundering and terrorism financing regulations.

6.2.1 What is the approval regime and process in place?

When entering the Czech Republic from outside the European Union and when leaving the Czech Republic and the EU, an individual person is required to notify the customs office in writing of the import and export of cash of a total value of at least EUR 10,000 and to present it to the customs office for inspection. This obligation also applies to postal and other consignments containing cash in a total value of at least EUR 10,000. Furthermore, the notification obligation also applies if the EUR 10,000 threshold is met through multiple imports or exports during a consecutive 12-month period.

When carrying, sending, or receiving cash in a total value of at least EUR 15,000 within the European Union, a person is obliged, at the request of the customs office, to provide information about the transfer or consignment. The information must include the person’s identification data, as well as the identification data of the owner and recipient of the cash, and details of the type and amount of cash, its origin, the intended purpose of its use, and the nature of the relationship on which the transfer is based.

6.2.2 Must permission be sought for each transaction, or can pre-approvals take place (subject to defined limitation, or otherwise)?

In principle, the notification system applies to each border crossing.

6.2.3 Other comments

N/A

7. Marketing and advertising

7.1 Is the advertising/marketing of gambling activity allowed in your country?

Yes.

7.2 Are there any advertising methods which cannot be used by gambling companies?

Yes.

It is prohibited to place advertisements on the outside of buildings and inside publicly accessible buildings where gambling premises are located or in their near vicinity.

Advertisements for games of chance cannot be targeted at persons under 18 years of age and specifically cannot depict such persons or elements, means or actions which attract such persons.

Advertisements for games of chance cannot contain a message which gives the impression that participation in games of chance may be a source of income similar to employment, self-employment or other similar activity.

7.3 Can gambling companies be sponsors of sports events?

Yes.

7.4 Is it allowed to involve celebrities to advertise gambling activities?

Yes.

7.5 Are there any CSR requirements for gambling companies?

No.

7.6 Are there any other restrictions/limitations on advertising gambling activities?

Yes.

Advertisements of games of chance prohibited under the Gambling Act are themselves prohibited.

Each gambling advertisement must include a disclaimer regarding the minimum age requirement of 18 years, the disclaimer that participating might lead to gambling addiction, and cannot lead to a stable income comparable to income from work or similar activity.

8. Tax

8.1 Is there any specific tax regime for gambling companies?

Yes.

The partial tax base is the amount by which the aggregate of deposits received exceed the sum of the aggregate of winnings paid out and the aggregate of deposits returned (all amounts converted to CZK). The gambling tax is 30% for all games of chance except for lotteries and technical games, which are subject to 35% gambling tax.

8.2 Is there a tax implication for transferring cash out of the country?

No.

8.3 Is there a tax implication for transferring cash into the country?

No.

8.4 Is there a tax implication for offering trading activities remotely in the country?

Yes.

Games of chance operated over the internet available (i) in the Czech Republic are considered to be operated in the Czech Republic, and (ii) outside the Czech Republic are considered to be operated in the Czech Republic if they are also available in the Czech Republic where they are operated on the basis of a basic licence for such games of chance.

8.5 Are there any other observations regarding the taxation of gambling activities (locally and remotely)?

No.

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