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# **BUSINESS INFORMATION POINTS**

**(Bachelor Thesis)**

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**Hodonín, January 2008**

I confirm that I am the sole author of this work under the supervision of  
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Hodonín, January 2008

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I would like to thank Ing. Ingrid Kasíková for her very useful methodical help during the preparation of my Bachelor thesis.

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## **Introduction**

I have chosen “Business information points” at the Trade Offices as a topic for my Bachelor thesis, which means dealing with the matter of simplification of business environment which was satisfied on October 20, 2004 when the Decree No. 1006 was approved by the government and it was called “Simplification of administrative processes at opening and in course of doing business”. It was submitted in form of a governmental law proposal No. 1191 and it has changed the Act No. 455/1991 Col. about trade business in the version of latter regulations the legal adjustment of which should principally make both opening of business activities as well as making changes in registration in course of their further business activities easier for businessmen.

For this purpose there should be mainly the CRPs<sup>1</sup> which started to arise at the Trade Offices in course of March 2006. The aim to be achieved is a reduction in the amount of acts and visits of all the offices a businessman is obliged to carry out in connection with his/her business. This change should partly reduce usual “paper” communication of the public administration with businessmen and help businessmen to spend much less time with administration duties and thus spend the time saved in doing their business

I have been working for the public administration and I am a part of this CRP project in the form of a unified registration point which as a whole will be secured by the Trade Offices which will not substitute public administration’s function but help for a better communication among the offices, above all on the level of connecting of the Trade register with the other public administration information systems.

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<sup>1</sup> Central registration point

# **1 Necessity of opening the Central registration points**

The sense of central registration points is above all to transfer some businessman's duties to the office and a possibility of doing more steps connected with opening the business at one place. In fact it means that at one place, at the Municipal Trade Offices as well as the Business information points, i.e. Central registration points it will be possible to fulfill one's registration duty for several state power authorities at once.

A businessman at the Trade Office will be able to do the tax registration, carry out the announcement for the Czech Social Security Office, Labour Offices and the Health Insurance Office. Apart from these acts the whole businessman's registration system will be simplified, which means a businessman will not have to submit the police record extracts, confirmation of debtlessness and others.

The Trade Office will be able to find these data out by themselves by means of the Trade business register. As for solving of this matter last three years there has appeared a very cogent slogan: „*it should be information that circulates, not a businessman*“.

## **1.1 Difference between Central registration points and Business information points at the Economic chamber**

In my thesis introduction I have focused on differentiation of two terms – Business information points at the Trade Offices and Business information points at the Economic chambers, as it is necessary to differentiate between the two terms. Although they serve for the identical thing each of them has a different meaning.

Importance of the CRPs is in working out and accepting of legislative changes and it is supposed to lead to a compact system of locally accessible CRPs for beginning businessmen which are created by the current system of Trade Offices. These specialized worksites would perform a task of basic registration points for business community not just when entering the business world but also in other phases of their business activities.

There are about 190 information points for businessmen at the Czech Economic chambers which help beginning businessmen to answer their questions and serve and have to be perceived as a source of mainly trade information that will concern their future business activities, i.e. their biggest importance is in the advisory activity, but also for

example in dealing with various grants provided to small and middle-size businessmen within the European Union. However, they do not replace performance of the state administration entrusted to the Trade Offices. This means the CRPs established at the Trade Offices are supposed to ease the fulfilment of legal duties that a newly ingoing business community can not work without.

## **1.2 Advantages of Central registration points**

In my opinion the main and important fact is still the one that a beginning sole trader can, but does not have to use these Information points. They have a choice and the law enables it as some STs<sup>2</sup> prefer personal contact with the public administration while the other ones hate “bureaucratic clerking” and they choose the possibility of notifying the opening of activity at one place and do not have to undergo the whole cycle of legal obligation fulfilment that can not be avoided under the current legal adjustment of the law.

In the following part of the thesis I would like to briefly describe a process of implementation of CRPs establishment. I would like to try to approximate a project running between 2004 – 2007 and still running not from the observer’s, but direct participant’s point of view as I myself was personally involved in the project.

At the start of 2004 we were just continuously informed about the changes ongoing because the main changes directly concerned just the Trade Office employees, however, by and by we, as well as the other Office staff who were according to the Law amendment involved in the project of help for beginning businessmen at the start of their business activities, joined the ongoing processes.

## **1.3 Personal participation at the CRP implementation**

Between 2005 – 2006 I personally within the Administrative process simplification project by reason of my job position of a Head of the Sole trader Department at the District Social Security Office of Hodonín carried out a training of Trade Office employees so that the struggle of the Trade Office staff to advise and help the businessmen could be verified not just by the Act quoting but also the experience of the other participating office staff who were and are a part of the administration simplification system for the beginning businessmen. Last but not least I would like to touch the changes being planned for the near future and that should come after as soon as the entire CRP is run in.

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<sup>2</sup> Sole trader



## **2 Theoretical part**

In the introduction I have briefly defined the reasons that should lead and did lead towards the rise of Business information points and in this theoretical part I'm going to focus on a more detailed description of what preceded the whole project of CRP establishment.

A good business environment is one of the main conditions of a well working prosperous state and the economy of each state depends thereon. The Ministry of Industry and Trade has been systematically working on improvement of the business environment as an entity. The rise of a Council for business environment development at the start of 2004 was one of important steps.

The Council for business environment development is an advisory organ of the Ministry of Industry and Trade within the matters connected with the business environment improvement. Except the two state organs' deputies the members of The Council for business environment development are the business self-administration representatives. Thanks to the The Council for business environment development structure there exists a narrow cooperation of the public and private sector. The Council for business environment development concentrates their activity mainly on solving of particular problems resulting from businessmen's needs and removes restrictions in the Czech republic business activity development.

### **2.1 Project for simplification of the administration processes**

One of the first projects which arose in the Council for business environment development was a Project for simplification of the administration processes at opening and during business activities. The fundament of the Project for simplification of the administration processes comes out of a long-time effort of businessmen as well as the public sector representatives for simplification of the administration processes connected with doing business.

#### **2.1.1 Chronological history of information points for businessmen**

From public sector's side this idea was first particularized in the material which arose after a negotiation of the Coalition representatives in February 2004 in Koloděje. Based on this stimulus the Ministry of Industry and Trade worked out a proposal of possible solutions that was submitted for information to the Government in June 2004. Consequently a detailed schedule of progress at simplification of processes connected with entering and operating in business which was approved by the Government by its Decree No. 1006 from October 20, 2004. In connection to this Decree the Ministry of Industry and

Trade in cooperation with CzechInvest, Governmental Office, Ministry of Finance, Ministry of Justice, Ministry of Labour and Social Affairs, Ministry of Informatics, other state administration and self-administration organs, Czech Republic Economic chamber and representatives of individual businessmen's associations has so far implemented a big part of measures which do not require legislative changes. At the same time consultations with the above-mentioned organs (above all the Ministry of Finance, Ministry of Justice, Ministry of Labour and Social Affairs and Ministry of Informatics) were held at the working level. The proposal submitted was then negotiated with the representatives of municipalities with extended operation as well as regions. In this way the negotiations were held directly with Municipal and Regional Trade offices. The proposal submitted has considered experiences and opinions of Municipal and Regional Trade offices that have shared and will directly share the whole project implementation.

Trade Offices are Municipal Trade offices represented by sections of Municipal Offices of municipalities with extended operation and in Prague city it is trade sections of City district offices specified by the Prague capital city Statute as well as Regional Trade offices represented by Regional office sections. In Prague capital city area it is a Prague capital city Municipal council Trade section. A Czech Republic Trade office has a special position.

A Governmental coalition political party negotiation in Koloděje on February 1, 2004 a founding of unified point network for registration of beginning businessmen was agreed and that should bring reduction of administration burden at business opening. The Ministry of Industry and Trade has progressively carried out this task. The project preparation went on in close cooperation of the appropriate departments and business community on the basis of the Council of Business Environment development which is the Ministry of Industry and Trade's advisory organ. The matter of business launch simplification has been highlighted as one of the fundamental topics the Council deals with. The preparatory negotiations are in process within a work group that consists of state organs' representatives, Czech Republic Economic chamber and Businessmen's union representatives.

The Project of administration process simplification at opening and in course of doing business was approved on October 20, 2004 by Government's Decree No. 1006. Except the above-mentioned the basic principal of the proposal submitted is another approach to acquiring information from businessmen and its further processing. If a businessman does the registration through the CRPs, their necessary information will be acquired on a unified form. After this information is gathered the Trade Office will then "distribute" these data to the appropriate public administration organs by means of electronic communication. Thus, compared to current situation, tasks will not be duplicated, when for example according to the Trade Act the Trade office has to send a Trade certificate copy to the

appropriate Financial office and then a businessman is obliged to do the tax registration at the same place within 30 days.

After the proposal submitted is approved there will come a significant simplification, when for example the forementioned tax registration will be carried out straight at the CRPs which will accept the necessary data and send them to the Financial office without necessity of businessman's seeing this office.

## **2.2 Economic and financial impact of the legal adjustment proposed**

I have chosen the following data from the working version for informal commentary trial from the argumentative report from the part which talks about pre-supposed economic and financial impacts of the legal amendment proposed which would change the Act No. 455/1991 Col. about the trade business, the so-called Trade Act, in the version of latter regulations and some other Acts:

### **2.2.1 Impact on the public budget <sup>3</sup>**

*The impact of the proposal submitted for public budgets has to be divided depending on the time horizon of this impact's evaluation. From the middle and long term point of view a complete functioning of new-rising CRPs in the project of Administrative process simplification at opening and in course of doing business will mean a definite reduction of public budget costs. It will be possible to do the impact's evaluation in connection with full CRP functioning after all the measures are accepted.*

*Sharing of data among individual public administration registers but also the fact of new registers' creation will have a fundamental importance for this positive impact. If we manage to achieve the final situation when the CRPs will electronically communicate with all the public administration organs and verification of most of the data will be possible by connecting of the trade register to the other ones, the costs for postage, document printing, charges, verification time etc. will go down. Reaching of this situation will depend, except for the others, on the process of state administration electronization and accepting of a general legal amendment about sharing the public information system data. Nowadays achieving of this situation seems real within the horizon of cca five years.*

*From the short term point of view in connection with the proposal submitted one must count with costs that will have to be paid from budgets of municipalities with extended operation which are entrusted with the state administration performance in the area of municipal trade offices. In this context it will be about costs for equipping of municipal trade offices with the necessary technology and necessary data connection within the*

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<sup>3</sup> A working proposal for informal commentary trial from the explanatory report from the part talking about presupposed economic and financial impacts of proposed Trade Act legal adjustment

implementation of a new trade register. The costs in the first phase, being already implemented, are paid mostly by the Ministry of Industry and Trade which pays for the development of a new programme equipment, opening a hosting centre and costs for data migration into the new system. In this trend the Ministry of Industry and Trade counted with providing the financial means to equip the municipal Trade offices in 2005.

Except for paying these costs the Project of administration process simplification at opening and in course of doing business in its initial period will also require the growth of effort to acquire businessmen's data. Mainly at the business opening it will be necessary to count with a longer time a Municipal Trade office employee will have to devote to negotiations with a businessman. According to testing of this period within six pilot Trade offices and on the basis of areal inquiring at all the Municipal Trade offices it is necessary to count with the period prolongation of about 30 minutes at registration of one businessman. Regarding the number of Trade office staff authorized for registration of businessmen as well as the number of new businessmen's registration and registration of changes within last five years which is 232.535 cases the costs will go up by about 41 mil. CZK.

Regarding the above-mentioned data in our opinion it will be necessary to strengthen municipal budgets of the appropriate municipalities by the forementioned sum. Strengthening of these budgets should be temporary, just for the time of implementation of full trade register and other public information systems data sharing. Strengthening of local budgets should be done by the state budget increase for the administration performance in its transferred operation.

### **2.2.2 Impact on the business environment**

The proposal submitted will have a positive impact on the business environment in the Czech Republic. The approval of the changes proposed will reduce the number of acts and visits at the offices a businessman has to undergo nowadays. If we compared for example registration of a new businessman who is a physical entity and intends to carry out a freelance business, it is possible to reach the following saving of costs compared to current situation.

### **2.2.3 Process and costs according to legal adjustment proposed**

The legal adjustment proposed will cause a significant time saving for a beginning businessman as all the data stated in the previous case will be passed on in a unified form. Here a big part of data common to more forms will be filled in by a potential businessman just once. Thus about 1/3 of time will be saved at stating information and the time of filling in a unified form will be 40 min. The fact that this information will be passed on at one place will mean another time saved on the way. In this case it is just 2 hours for the way to

*the Central registration point. If other 30 extra minutes are added to be spent at this place, the total time will be 3 hours and 10 minutes. According to the cost calculation method used in the previous case presupposed business entering costs of about 38.000,- CZK can be derived. This stands for saving of 91.000,- CZK against the contemporary situation.*

#### **2.2.4 Social and environmental impacts**

*The proposal submitted will not have any direct social nor environmental impact. The proposal might have an indirect positive environmental impact as it is based on the electronic communication and reduces the bulk of classical public administration's "paper" communication with businessmen as well as within the public administration itself. In a middle term horizon one can count with a significant saving of paper consumption connected with public administration given area's activities. As for equal opportunities of men and women the measures proposed have no impacts.*

*As soon as the legal adjustment proposed is approved the communication of a businessman with the public administration as such will be simplified and at the same time there will be more efficient communication among the public administration organs.*

### **2.3 Business information points at the Economic chambers**

The project of Simplification of administration processes at the opening and in course of doing business has counted with the fact that the results of dealing with the Information points for businessmen at the Czech Republic Economic chambers project will be used for its implementation. The Czech Economic chamber together with the Ministry of Industry and Trade has been carrying out a project of Information points for businessmen at the Czech EC within which by December 31, 2004 one central information point, 14 regional coordination points, 75 regional information points, 32 affiliates of regional information points and 22 sectional information points were established to increase the information level of Czech businessmen about a Common European Market, state programmes of Czech small and middle business support, business opportunities etc.

The principle of the first phase is the organizational-technical preparation of implementation of central registration points at the Trade offices around the Czech Republic and setting a task of information points for the Czech Republic Economic chamber businessmen. Despite all the effort to deepen the cooperation of the Czech Economic chamber and for bigger involvement in the matter of simplification of administrative processes at opening and in course of doing business through the CRP the aims set by the Czech Economic chamber were not achieved and therefore they have joined another project which, however, will enable to make another step to stand in competition with the developed world being integrated and globalized.

### **2.3.1 CZECH POINT<sup>4</sup>**

Another project joined by the Economic chamber is CZECH POINT joined by many other cities in the Czech Republic. I'm intentionally mentioning this project as I want to highlight the effort of our public life different sections' representatives that is supposed to lead to simplification of administrative process and because this time it is not about the business community only, but a broader group of our inhabitants this effort is supposed to help by easing and simplifying of the process my means of CZECH POINT that serves as an assisted place of public administration service enabling the communication with the state through one place where nowadays it is possible to get a verified statement from several public administration information systems.

A "test document" is a part of a statement which makes it a public document. This service does not serve for consulting the registers, just for issuing a verified output from the appropriate register. The times of useless walking around the offices, lengthy waiting or commuting are over. Noone has to take a day off just to go to settle a real estate register statement to a distant city any more. CZECH POINT is the most comfortable way of communication with offices and institutes from one place. Everyone can get any information about their data the state keeps in its central registers and where they will be able to do any registration do the state. You can now take verified statements from the Trade and Commercial register or Real estate register at the CZECH POINT sites. CZECH POINT at the Czech Mail or Czech EC is not going to provide criminal register statements from January 1, 2008, so far the citizens can get them at the Municipal authorities, Regional or District offices only. The Ministry of Home affairs has been holding intensive talks with the Ministry of Justice about the possibility of issuing this statement both at the Czech Mail and Czech EC offices.

### **2.3.2 Necessity of information systems nowadays**

I had to intentionally but only marginally mention this project as it partly concerns the thesis presented by myself, at least out of principle, as the above-mentioned public administration organs as well as other social subjects of ours concerned have made another step on the way to integration and simplification. On the way how a bulk of our population can save a lot of time, money and energy by means of a simple mechanism of opening a central point. And again it has shown up that the contemporary society can really not exist without information systems as only advanced technology, advanced PC network will enable such remote access to various agendas and systems out of which necessary data can be gathered. And if such data already exist somewhere, why not use the already existing and not use it on behalf of eveybody as least by saving people's time and shortening the time for handling anything importand for any individual for their further activities.

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<sup>4</sup> Czech mailing verification information national terminal

## **2.4 Phases of the Administration process simplification project implementation**

The central registration point project proposal implementation is divided into three partial phases. However, due to the character of the whole process it is not about individually isolated steps but a continuous process when the individual phases overlap one another.

### **2.4.1 First phase of the Administration process simplification - implementation**

In the first phase basic service operations for both physical and legal entities opening a business or already doing it within the Trade Act conditions will be ensured. It will be mainly about free issuing of all blank and printed forms necessary to meet the law-stated obligations connected with opening the business activities including the possibility of filling them in straight at these central registration points with providing of necessary individual help and advice. Paralelly the talks with appropriate departments were held about concentrating of forms at the Trade offices and about creating of contact persons' network among individual offices (Trade offices, Financial ones, Labour ones and Czech social security office eventually its subordinate structural sections, i.e. District social security offices).

The practice of these state institutes concerning providing of forms to individual CRPs at the Trade offices, however, was different. I suppose the most important reason was a different approach of individual Ministries where there belong the state offices that were supposed to provide the synergy to the Trade offices, eventually provide them with enough of forms concerning their agenda.

From the organisational point of view the Czech social security office belongs to the Ministry of Labour and Social affairs while the financial offices belong to the Ministry of Finance and each of the Ministries took a different attitude to sort this matter out. Based on the Czech social security office Central Director, when the previous practice was changed and the forms were not sent even to sole traders themselves, highlighting a maximum economy about the Czech social security office's forms use, it was necessary to refer even the Trade offices to the Czech social security office web-pages where all the necessary forms are available (of course it was supposed that within the info meetings or eventual Trade office staff trainings the Social security office will provide with a necessary synergy, examples etc).

The practice of the financial offices within the cooperation with the Trade offices was different. Within the 1<sup>st</sup> phase of the CRP business project a negotiation of the Ministry of Finance and the Ministry of Industry and Trade was held on the working level and it was

agreed that within the cooperation between the Trade and Financial offices it will be necessary to ensure a handover of certain amount of registration application forms from the Financial offices' stocks for the Trade offices' needs and hand these over also in the future.

In course of 2004 the Trade office staff themselves were trained. In total 7 training sessions were held and always 2 employees from each Trade office were trained. From December 2004 a pilot project checking was held at six selected Trade offices and it was continuously evaluated.

The Regional Trade office of the South-Moravian Regional office, which has a management, coordination, control and methodical activity against the South Moravian Municipal Trade offices, in cooperation with the Ministry of Industry and Trade, Ministry of Finance, Ministry of Labour and Social affairs and Regional Trade office of the Zlín Regional office, organized a workshop within the Administration process simplification at opening and in course of doing business project about the application of the Trade Act amendment as well as some other regulations connected for the staff of the Municipal Trade offices of the South Moravian and Zlín regions as CRPs. Its aim was a presentation together with the explanation of basic acts of the Central registration point staff. The lecturers were sent from the Ministry of Industry and Trade, the jurisdiction of which is the implementation of the Administration process simplification at opening and in course of doing business project, as well as the tax registration experts and the social security registration experts.

In order to ensure a nation-wide CRP operation itself the information material in form of a manual was prepared for the Trade offices. The launch of the CRPs themselves within the first phase was planned for the end of February 2005.

#### **2.4.2 Second phase of the Administration process simplification – legislation changes**

This second phase of the Administration process simplification at opening and in course of doing business project also meant working in the appropriate legislative changes based on which the practical implementation of the Administration process simplification at opening and in course of doing business project was enabled.

In this way a CRP jurisdiction was legally set in and a mutual communication of individual appropriate public administration organs was adjusted by the amendment of the Trade Act as well as other Acts – Act No. 214/2006 Col. which became effective on August 1, 2006. Current “registration” duties of businessmen against the appropriate offices that a businessman does by him-/herself stay untouched, but the amendment of



current legal regulations and creation of URF<sup>5</sup> which now enables a businessman to do some acts at one office, i.e. CRP, by means of the above-mentioned URF.

### **2.4.3 The main registration duties**

I just briefly have to mention the fact that except for the business announcement itself, applying for a licence it is possible to do some acts for the tax registration, notifying toward the Czech social security office organs, notifying toward all the Labour offices involved and notifying toward an appropriate Health insurance office and the Trade office (CRP) according to the Act No. 570/1991 Col., about the Trade offices in its actual version accepts except for the application for businessman's registration itself or notification based on the Act No. 455/1991 Col., about the trade business which became effective just on August 1, 2006 the following:

- a) registration applications or notifications based on the Act No. 337/1992, about the tax and charge administration in the latte regulations' version from people doing business on the basis of a licence,
- b) notification and reporting in the area of social security from physical persons doing business on the basis of a business licence within the range set by the Act No. 582/1997 Col.,
- c) accepts notifications of people doing business on the basis of a business licence after vacant positions appear or after these are occupied in the range set by an act
- d) accepts notifications and reportings of physical entities doing business on the basis of a business licence toward the Health insurance offices in the range set by the Act No. 48/1997 Col. about the public health insurance in its actual version.

In the following chapters of the theoretical of my bachelor thesis I have dealt with these registration duties in bigger details, but I have concentrated and analysed in the biggest details the registration duties each businessman has toward the District social security office as I have also directed my practical experience there.

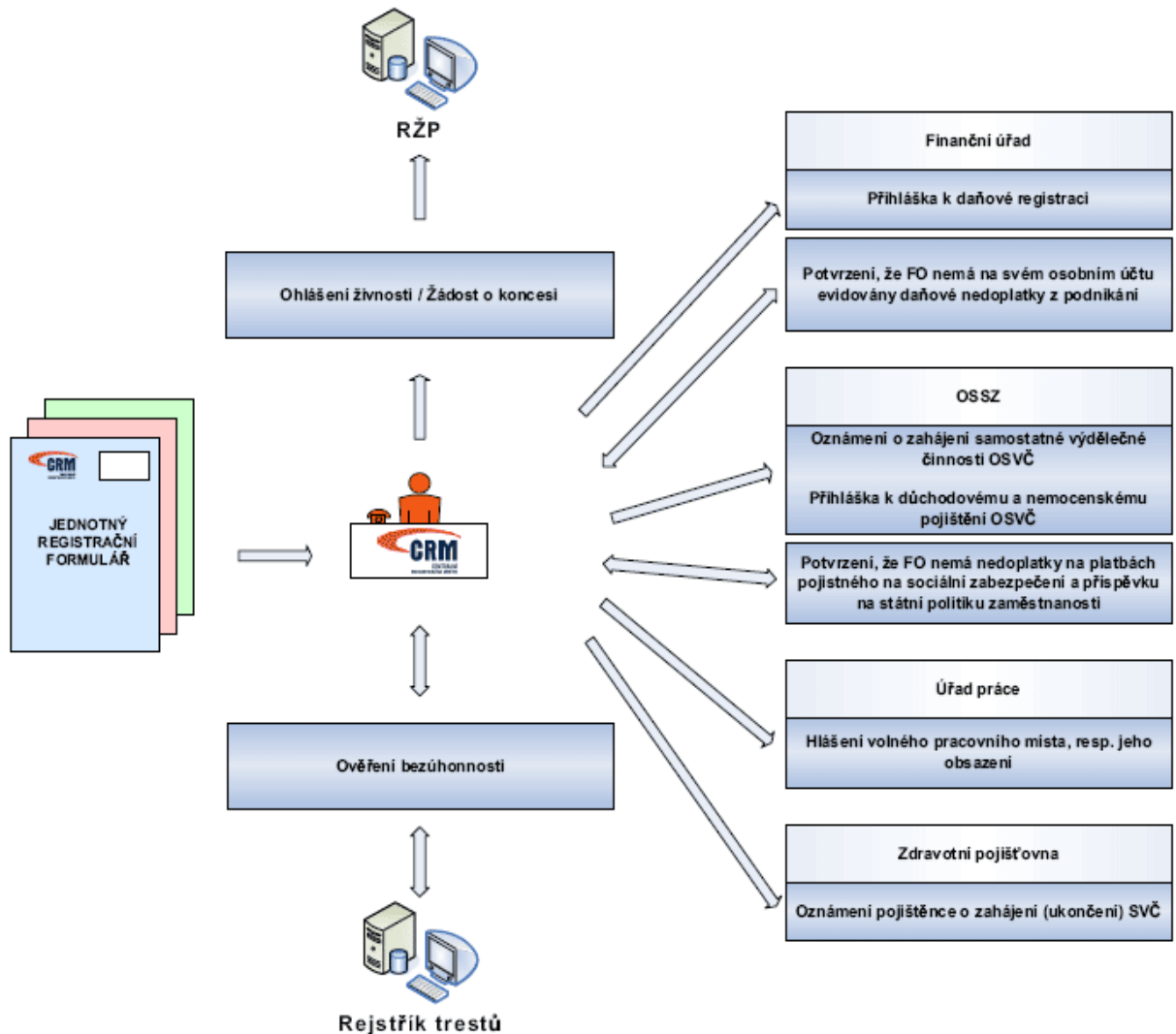
### **2.4.4 CRPs' duties**

The Trade office in its CRP position hands over all the registrations to the appropriate administration offices within 5 days. At the same time the Trade office does not judge the completeness or factual correctness of these registrations. At the personal handover a CRP employee checks the basic and special trade part of the URF in a common way according to the Trade Act. As for the special URF parts, that are designated for other offices, the employee checks them and draws client's attention to failures found out.

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<sup>5</sup> Unified registration form

If a URF is delivered in another way than personally and the Trade office finds out the failures in its special parts designated for other offices, they do not correct the form and pass it on to the appropriate office.



Picture No.1: Processes at the CRP

Source: Town Most-The Trade office union[on-line].2006-2008[added Marie Drtíková 2006-11-28]. Available at [www: http://www.mumost.cz/radnice/odborzu/crm/crm.htm](http://www.mumost.cz/radnice/odborzu/crm/crm.htm).

### Translation Key (Picture No 1) :

- Jednotný registrační formulář- Unified registration form
- RŽP-Register of trade business
- Ohlášení živnosti/Žádost o koncesi - Business announcement/ Application for a licence
- CRM– Central registration point
- Ověření bezúhonnosti - Verification blamelessness
- Rejstřík trestů – Criminal record file
- Finanční úřad - Financial office

- Přihláška k daňové registraci – Application for tax registration
- Potvrzení, že FO nemá na svém osobním účtu evidovány daňové nedoplatky z podnikání- Confirmation that they do not have any tax outstanding business payments registered at their personal account
  
- OSSZ – District Social Security Office
- Oznámení o zahájení samostatné výdělečné činnosti OSVČ - Announcement of sole trader's individual gainful activity
- Přihláška k důchodovému a nemocenskému pojištění OSVČ - Application for sole trader's pension and sickness insurance
- Potvrzení, že FO nemá nedoplatky na platbách pojistného na sociální zabezpečení a příspěvku na státní politiku zaměstnanosti – nedoloží-li ohlašovatel, úřad si sám vyžádá –Confirmation that Physical entity do not have any outstanding social security as well as the state employment policy contribution – if a client does not submit, the office will claim it by themselves
  
- Úřad práce – Labour Office
- Hlášení volného pracovního místa, resp. jeho obsazení - Notification of a vacant job position or its occupying
  
- Zdravotní pojišťovna - Health insurance office
- Oznámení pojištěnce o zahájení (ukončení) samostatné výdělečné činnosti - Notification of an insured about the start (termination) of the individual gainful activity.

#### **2.4.5 Other duties**

The CRPs will be able to carry out the businessman's registration according to the Trade Act while, compared to the current situation, no criminal blamelessness documents, so-called debtlessness documents, permanent address documents etc. will be required. The registration point will verify straight from relevant information sources of public administration. Besides these acts the whole system of businessman's registration will be simplified, so the businessman will not have to submit any criminal record statements, debtlessness confirmations etc.

If no confirmations of tax debtlessness from the business or confirmations of debtlessness toward the social security organs or a document of blamelessness called a Czech criminal record statement are attached to an announcement of business or a licence application, the Trade office will ask for these documents from the appropriate offices by themselves. The same process is at the responsible deputy change if a Czech criminal record statement of this deputy is required and it is not submitted at the moment of responsible deputy change announcement. The Trade office will be able to find out these data by themselves through the Business trade register.

Since August 1, 2006 there has existed a unified channel for possible direct communication of a state organ with a businessman at the Trade offices. The CRPs established enable direct implementation of necessary acts so that the business could be launched within a few days. Besides the business announcement itself it is possible to carry out also the tax registration, notification to the Czech social security office, Labour offices as well as the appropriate Health insurance office through the CRPs. One form is enough for a businessman. The PC information systems and databases of individual offices are gradually being interconnected through the Business trade register.

## **2.5 Sole traders' duties**

As I have already mentioned the second phase of simplified administrative processes at the beginning of this chapter, it is necessary to more analyse the points of registering at the appropriate institute involved in the CRPs marginally outlined by myself. However, the most important that is necessary to be explained for understanding of the simplified process is to be familiar with basic duties a beginning businessman has had to carry out in relationship to several institutes so far, so that we were able to judge whether the administration processes were really simplified or not after the implementation and rise of the CRPs. Therefore it is necessary to explain at least a part of their basic registration duties that are obligatory to them by law.

### **2.5.1 Duties at the Trade office before the CRP implementation**

If I want to do the business and earn individually, as a sole trader I have to find out whether I need to acquire a business licence or not, as the business licence is not always necessary. If I find out that the business licence is obligatory for my business activity<sup>6</sup>, it is necessary to know at least a basic division into the following:

- *a trade licence for freelance trade when it is enough to declare, pay 1.000,- CZK for each trade and a person has to meet general preconditions for granting a licence and does not have to ask for them nor submit the education or practice confirmations (from July 1, 2008 the freelance trades should be merged into one, so we would not have to pay other 1.000,- CZK for every other trade)*
- *a trade licence for bound trade when it is enough to announce, pay 1.000,- CZK for each trade, meet general preconditions and submit necessary education and*

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<sup>6</sup> Kinds of trade – second part of the Act No. 455/1991 Col. about the trade business in the version of latter regulations

*practice confirmation etc. according to the attachment 2 of the Trade Act (from July 1, 2008 the preconditions for acquiring some trades should be mitigated, e.g. practice, that should be required in the length of at least one year will not mostly be necessary except for cases when our education is not identical with the required one)*

- *a trade licence for craft trades when it is enough to announce, meet general preconditions, pay 2.000,- CZK for each trade and submit a special eligibility confirmation according to the attachment 1 and §21-22 of the Trade Act (from July 1, 2008 the preconditions for acquiring some trades should be mitigated, e.g. practice, that should be required in the length of at least one year will not mostly be necessary except for cases when our education is not identical with the required one)*
- *a trade licence for the concession trade when we have to apply for and also meet general preconditions and qualifications according to the attachment 3 of the Trade Act*
- *other activity authorisation when a trade licence is not needed for the activities like agricultural production, forest or water management*
- *author's activity – use or provision of rights from industrial or other intellectual property, copyright including the rights related to the copyright (it is works or pieces according to the Copyright Act and inventions, industrial patents and improvement proposals) including the incomes from publishing, multiplying and spreading of literary and other works on one's own costs*
- *independent jobs that are not a trade nor business according to special regulations (e.g. writer, actor, musician, ...)*
- *activities and business according to special regulations when a state exam is mostly needed: tax advisors, lawyers, court executors, stockbrokers, bankruptcy trustees, connoisseurs, interpreters, psychotherapists, healers ...*
- *no authorization is required for e.g. authors, writers, actors, musicians, sportsmen*

When talking about general preconditions for acquiring a trade licence<sup>7</sup>, it is at least the following basic ones:

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<sup>7</sup> General preconditions for business operations - §6 of the Act No. 455/1991 Col. about business trade in the version of latter regulations

- *age of 18 and above*
- *eligibility for legal acts (which means we have not been forfeited of this eligibility)*
- *blamelessness (the Trade office verifies it in the Criminal record file)*
- *non-existence of back taxes at the Financial office (the office can verify by themselves)*
- *non-existence of social security back payments (the office can verify by themselves)*
- *a charge (1.000-2.000 CZK) for each licence*

If we do not have necessary education, practice or expert exams for bound or craft trade, we can try to find a person who would be our responsible deputy according to § 11 of the Trade Act.

A responsible deputy is a physical person who is responsible for “regular operation of our trade and keeping the trade-legal regulations”. Such a person must agree with their being appointed in this position and must be in a contractual relationship with us (laboure regulation law or another one). They have to be a part of business operations within the “necessary range” (which is, however, not defined). What is defined, is a maximum height of a fine a responsible deputy may get – 50.000 CZK. However, in case of direct violation of duties guaranteed by a responsible deputy it is usually not the deputy, but the trade licence holder who is punished.

In case we have already done the business and apply for another trade licence, we will go to the Trade office and fill in the business announcement form. At the moment of applying we will get an affirmation of debtlessness due to verification at the Health insurance office to sign and we also need another confirmation of our debtlessness at the Social security and Financial offices, however, if we are not sure about any outstandings or fine, it is necessary to check this up, as in case we have an outstanding payment it is necessary to pay it as soon as possible to get a debtlessness confirmation.

The Health insurance and Social security office consider a sole trader a person who has an income from their business or another independent gainful activity. Business and another independent gainful activity is for a citizen aged 18 and above with a view of individual and independent profit on their name and their account by doing business. However, owning a licence for business does not make a person a businessman. It is a factual performance that puts them in the sole trader position.

## **2.5.2 Duties at the Financial Office**

At the end of each year a sole trader has to register a tax return to the income tax and pay the income tax at the Financial office. If we are registered as V.A.T. payers, we also

have to fulfill all other V.A.T. payers' duties and register a tax return to V.A.T. for every quarter at the Financial office.

If we use a car for doing business and exert the car expenses in the tax records, we have to pay a road tax advance at the Financial office after each quarter and register a tax return at the year end.

### **Business incomes and taxes**

We state the tax base from the business and other independent profiting activity in the tax return form. We state the following:

- taxable incomes
- expenses – lump or real expenses

The difference of incomes and expenses (profit) is called a tax base.

The following is tax and other records that must be kept in course of a year (or at least at its end)

- either the tax records (we have to keep all the documents)
- or income records if we exert the expenses by the income percentage (it is enough to keep the income documents and invoices issued)

If we are registered as V.A.T. payers we have to keep the records according to the V.A.T. Act continuously in course of a year. If we use a car for our business activity purposes and exert the car expenses in the tax records, we have to keep the driving records. The business and other individual gainful activity incomes<sup>8</sup> (financial, non-financial ones we receive between January 1 and December 31 in cash on a bank account or physically) are the following

- *incomes from agriculture, forest and water management*
- *trade incomes*
- *other business income according to special regulations, shares of partners of a public trade company and complementaries of a special partnership on profits*
- *royalties*
- *incomes from the performance of an independent job which is not a trade nor business according to special regulations*

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<sup>8</sup> Incomes from business and another individual gainful activity -§7 of the Act No. 586/1992 Col. about the income taxes in the version of latter regulations

- *incomes from a connoisseur, interpreter, mediator of collective disputes, mediator of collective and class contracts according to the Copyright Act, arbitrator for activities according to special regulations*
- *incomes from bankruptcy trustee activities including the incomes from the activities of a preliminary trustee, special trustee, trustee's deputy and settlement trustee which are not a trade nor business according to a special legal regulation*
- *incomes from rental or dealing with property we have put in our trade property for business purposes*
- *incomes from sales of obligations put in our trade property*

**According to § 7 of the Income tax Act doing business is when a businessman has**

- *incomes from agricultural production, forest and water management*
- *trade incomes*
- *incomes from other businesses according to special regulations*

**Explanation of the businessman<sup>9</sup> term**

A businessman is

- *a trader (who has a trade licence)*
- *a trader according to special regulations (for example a tax advisor – see trades)*
- *a registered farmer*
- *shares of partners of a public trade company and complementaries of a special partnership on profits*

**I am not a businessman if I have just<sup>10</sup>**

- *incomes from use or providing of rights of industrial or another intellectual property, copyright including the rights related to the copyright including the incomes from publishing, multiplying and spreading of literary and other work on one's own costs (royalties)*
- *incomes from the performance of an independent job which is not a trade nor business according to special regulations (musicians, actors etc.)*

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<sup>9</sup> Who is a businessman - § 2 par. 2 of the Act No. 513/1991 Col. of the Commercial Code in its actual version

<sup>10</sup> What is not a business - §3 of the Act No. 455/1991 Col. about the trade business in its actual version



- *incomes from a connoisseur, interpreter, mediator of collective disputes, mediator of collective and class contracts according to the Copyright Act, arbitrator for activities according to special regulations*
- *incomes from bankruptcy trustee activities including the incomes from the activities of a preliminary trustee, special trustee, trustee's deputy and settlement trustee which are not a trade nor business according to a special legal regulation*

If a permit, registration, trade licence or another consent of an appropriate organ is needed and we do not have it (and fail to get the permit by the end of the taxation period), we tax our incomes like the other ones.

A tax return = we have to submit the tax of physical entities' income after the year's end when we had the income from business and another individual gainful activity during the year. We calculate the income tax in a tax return form. The filling in itself is not so complicated if we go hand-in-hand with instructions that are a part of the tax return form:

- we fill in personal data
- we fill in the incomes (eventually expenses, too) according to the kinds and thus we get partial tax bases
- the sum of partial tax bases shows us a tax base we have to adjust in some cases
- we reduce the tax basis by deductible items, eventually by a business loss if there was any in the previous years
- out of this we count the tax by the tax rate for the actual year (see bottom)
- we reduce the tax counted by the tax discounts

### **2.5.3 Duties at the District Social Security Office**

We always talk about the social insurance which includes several parts in itself.

Insurance rate for the pension security is its main part.

In 2007 it is obligatory just when the individual gainful activity is our

- major activity or
- minor activity and in 2007 we had the business tax base of 48.334 CZK

### **Advance**

We count the height of the advances in the last Preview of incomes and expenses. However, we can not pay less than the minimum monthly advance set by the law.

Sole traders' advances		
Minimum advances	From April 2007	From April 2008

Pension + sickn.	to May 2008	to May 2009
Major activity	1491+222=1714,-CZK	1596+238=1834,CZK
Minor activity	597+ 89 = 686,-CZK	639 + 95 = 734,-CZK

Chart No.1: Minimum pension and sickness (voluntary) advances of the sole traders in 2008  
Source: Author's personal archive -File of Tabulky\_grafy as a part of Bachelor thesis

## Minor activity<sup>11</sup>

Our individual gainful activity in 2008 will be considered a minor one if by April 30, 2008 we show at the District social security office that at least one of the below mentioned points is actual:

- *job incomes for 2007 represented at least twelve times the amount of the minimum wage, i.e. 96.000,- CZK (an accountant will confirm our incomes by a special confirmation which is a part of the Preview of incomes and expenses for the District social security office)*
- *claim for old-age pension or full or partial disabled pension*
- *claim for allowance for the care of a relative or another person*
- *performance of military or civil service, detention or imprisonment*
- *we used to be an unprovided child (according to § 20 par. 3 letter a) of the Pension security Act we are an unprovided child up to the age of 26 if we continuously prepare for a future job)*
- *care of a person under the age of 10 who depends on the care of another person in the degree of I (small dependance)*

## Pension security at the minor activity

The sole traders have to pay advances counted in the last Preview of incomes and expenses form, however, not less than minimum advances at a minor activity. At the Preview submission we pay off according to real profit (tax base). If we have not paid the social insurance so far, we will have to pay it after submitting the Preview in May 2008 just in case that our business profit, or tax base if you want, for the whole calendar year of

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<sup>11</sup> Who is considered a minor sole trader-§9 par.6) of the Act No. 155/1995 Col. of the Pension insurance in the latter regulation version

2007 exceeded the amount of 48.334,- CZK. If we can, we will rather voluntarily register ourselves for the insurance and thus we will increase our future pension.

### **Pension security at the major activity**

The sole traders have to pay advances counted in the last Preview of incomes and expenses form, however, not less than minimum advances at a major activity. At the Preview submission we pay off according to real profit. Businessmen have to pay the advances even in case that we begin in business or the previous year we had a low profit or a loss.

### **High profits – newly a rise of maximum of base of assess<sup>12</sup>**

Compared to last year the maximum base of assess for the social insurance calculation in 2008 will be more than doubled. It means the advances will go significantly up but also additional payments for those who reach higher profits. If we have a business as the major activity, we all will have the top for social insurance in 2008 at the profit of 2.069.760,- CZK per year. For 2007 the top is at the profit of 972.000,- CZK. Setting a maximum limit of base of assess for the insurance will reduce minor work costs, increase the competitiveness of the employees and create more suitable preconditions for hiring of educated and qualified work staff, experts and foreign experts in the Czech Republic. The maximum base of assess for the insurance used to exist for sole traders only. It was not changed since 1992 and it was 486.000 CZK per year. The matter of criticism was above all the fact that the maximum base of assess existed for the sole traders only. A significant stress of the employers, who together with their employees are payers of insurance they pay from the sum of base of assess of all their employees without any limits, was highlighted.

At current absence of maximum base of assess there arose a big disparity of the employees paying high contributions to the social insurance system between the height of insurance paid and the height of charges they draw from this system. This disparity started to exceed the limit of social system's solidarity.

#### **2.5.4 Duties at the Health insurance office**

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<sup>12</sup> The Act No. 261/2007 Col. about stabilising of public budgets has amended a setting of § 15 par.a) of the Act No. 589/1992 Col. about the social insurance and contribution for the state employment policy in its actual version

If we have a business as the major activity we have to pay monthly advances for the health insurance during the year, in particular to our appropriate Health insurance office and at the end of the taxation period we have to submit a Review of real incomes and expenses.

### **2.5.5 Example of declaring a freelance trade after the CRP arise**

Who announces? A Czech physical entity that is a businessman already and announces another trade with a premise.

What do they announce ? They announce a trade (general preconditions for trade operation are the following:

- Age of 18 and above,
- Eligibility for legal acts
- Blamelessness (when the criminal record statement is not submitted by a person declaring, the office ensures it by themselves)

What trade do they announce? A specialized retail – a free declaring trade

Where does the client announce? Locally at the CRP according to their permanent address only.

What documents do they need with them?

- Identification mean (ID card or passport)
- Regulation charge payment confirmation (1 000,- CZK). It can be paid by cheque or cash payment at the CRP
- Blamelessness confirmation (Criminal record statement) – if a client does not submit, the office will claim it by themselves
- Confirmation that they do not have any tax outstanding business payments registered at their personal account - if a client does not submit, the office will claim it by themselves
- Confirmation that they do not have any outstanding social security as well as the state employment policy contribution – if a client does not submit, the office will claim it by themselves

What form do they fill in and where to get it?

- It is announced in a URF – a form for physical entities
- URF is freely available at each CRP, it is also available on the Internet on the MIT web-pages

## **2.6 Legislative change since 8/2006**

The Act No. 214/2006 Col. which changes the Act No. 455/1991 Col. in the version of latter regulations, the Trade Act and other acts, became effective on August 1, 2006. The main changes this Trade Act novel brings are the following:

Putting in a new § 45a which adjusts the CRP activity concentration. This provision enables a businessman to do also some acts through the CRPs toward the Financial office, appropriate Social security office, Labour office and Health insurance office on the appropriate form (URF) – in particular:

### **2.6.1 Natural person**

A physical entity can, together with business announcement or submitting a request in order to apply for a licence, also:

- a) submit an application for tax registration or an appropriate notification,
- b) announce the launch of individual gainful activity,
- c) submit an application for pension insurance,
- d) submit an application for sickness insurance,
- e) announce a rise of vacant job position or its occupation,
- f) give an announcement according to the Public health insurance Act.

Further on, in connection with a change announcement or in connection with adding of data connected with the data stated in the trade announcement or in a licence application, they can also notify a change of these data according to special law.

A condition of possibility to use the CRPs for announcement of a certain datum (for registration) or a change of the above-mentioned data according to special law is that this act will be done only in connection with a change announced according to the Trade Act. The change announcement itself according to a special legal regulation can not be done through the CRPs.

### **2.6.2 Legal entity**

A juridical person can, together with announcement of trade or applying for a licence, also:

- a) submit an application for tax registration or an appropriate notification,
- b) announce a rise of vacant job position or its occupation.

Further on, in connection with a change announcement or in connection with adding of data connected with the data stated in the trade announcement or in a licence application,

they can also notify a change of these data according to special law. Further on other obligations set by special legal regulations are fulfilled.

In this area there belongs a broad range of duties set by the legal order to a businessman at the business activity performance. It is mainly about the duties set in the area of energy supply, environmental protection, Building Act, hygiene, work health safety, labour-law regulations, vehicle registration etc. These requirements are very often included in acts stated in the following chapter, but sometimes it is also about other requirements resulting from the acts where a special adjustment of a certain business activity is not present.

A condition of possibility to use the CRPs for announcement of a certain datum (for registration) or a change of the above-mentioned data according to special law is that this act will be done only in connection with a change announced according to the Trade Act. The change announcement itself according to a special legal regulation can not be done through the CRPs.

## **2.7 Unified registration form**

Announcements according to special regulations, e.g. tax registration etc. are carried out in a URF. A URF is always used when a businessman, together with business announcement or licence application, announces the registration toward the offices involved: Financial office, District social security office, Labour office or the appropriate Health insurance office. In this case the announcer or licence applicant is obliged to use the URF. The Trade offices (TO) will use this URF in case when the registration is done according to the Trade Act only (e.g. business announcement, change announcement, application for licence etc.).

### **Data for the above-mentioned URF**

A businessman carries on in fulfilling their registration and other duties toward the appropriate offices thanks to the implementation of the possibility to use the following registrations or registration applications at the CRPs by means of a URF.

### **A Unified registration form in relation to the TO<sup>13</sup>**

1. *In relation to the Trade office they meet the following duties:*
  - a) *Business announcement*
  - b) *Application for a licence*

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<sup>13</sup>The Ministry of Industry and Trade- Central registration point- Unified registration form-Attachments free download [on-line].2006-2008,Available at [www: http:// www.mpo.cz/dokument20082.html](http://www.mpo.cz/dokument20082.html).

- c) *A change announcement, ev. adding of data according to § 49, ev. § 56 of the Trade Act*
  - d) *Application for cancellation of a trade licence*
  - e) *Announcement of launch / termination of business activity in a premise*
  - f) *Announcement of business activity interruption*
  - g) *Announcement of business activity continuation before the end of period this business activity was interrupted*
2. *A Unified registration form in relation to the Financial office:*
- a) *Application for tax registration for physical entities*
    - aa) *application for registration for the physical entity income tax*
    - ab) *application for registration for the V.A.T.*
    - ac) *application for the real estate tax*
    - ad) *application for the road tax*
    - ae) *application for registration for payer's treasury*
    - af) *application for registration – factory affiliates and premises*
    - ag) *application for the income tax as the payers of:*
      - *income tax from the dependent activity and function benefits*
      - *income taxes picked up by a special tax rate*
    - ah) *ensuring tax*
  - b) *Application for tax registration for juridical persons*
    - aa) *application for registration for the juridical person income tax*
    - ab) *application for registration for the V.A.T.*
    - ac) *application for the real estate tax*
    - ad) *application for the road tax*
    - ae) *application for registration for payer's treasury*
    - af) *application for registration – factory affiliates and premises*
    - ag) *application for the income tax as the payers of:*
      - *income tax from the dependent activity and function benefits*
      - *income taxes picked up by a special tax rate*
      - *ensuring tax*
3. *Unified registration form in relation to the Czech social security office:*
4. *Announcement of sole trader's individual gainful activity*
- a) *Application for sole trader's pension and sickness insurance*
5. *Unified registration form in relation to the Labour office:*

- a) *Notification of a vacant job position or its occupying (concerns both physical entities and juridical persons)*
6. *Unified registration form in relation to the Health insurance office:*
- a) *Notification of an insured (PE) about the start (termination) of the individual gainful activity.*

### **2.7.1 Basic principles for work with a Unified registration form**

1. A CRP will accept and distribute submission of special parts only in case when these submissions are done in connection with the submission according to the Trade Act.
2. A CRP employee does not do client's registration acts but provides them with basic information, ev. introduces them the possibilities offered by a URF.
3. A basic URF part will always be filled in by a client. A change notification according to the Trade Act can be an exception unless the data stated in URF basic part are changed and if it is about the registration according to the Trade Act only. A URF special part – a part of business announcement / licence application is always filled in by the client (other registrations can not be submitted through the CRP without submission according to the Trade Act). Other submissions according to special law – will be filled in after client's will.
4. A client, physical or juridical person submitting is responsible for factual correctness and completeness of data filled in.
5. A CRP is obliged to process the appropriate URF parts.

By processing the following is meant:

- at a basic and special part – check up from the content and factual point of view
  - at the special parts – control of identification signs, date of submitting, PE or JP's signature, number of URF special parts attached and number of URF special parts' attachments and deliveries in their original and URF basic parts in their copies within the term set at the appropriate offices.
6. With a foreign physical entity without the residence permit in sense of the Trade Act (§ 5 par.5) it is up to the consideration whether in the agreement with the client they recommend not to fill in the URF special parts so far at the business announcement or licence application due to a longer time period set by the law for settling the residence permit (§ 47 par. 8 TA).



7. If, except this registration, a client submits other registrations according to special acts, we recommend pay the extra attention to filling in the cells No. 12 (date of business operation start) and 14 (date of business licence rise) of the URF basic part. In the cell No. 12 a client should fill in a date of factual business operation start, mainly regarding the other duties which arise on that date (mainly payment of the advances in relation to the appropriate Health insurance office and Social security office). The individual URF<sup>14</sup> parts are colour-marked so that they are not confused:

**Review of individual URF parts:**

*MPO PE part 01 - basic part*

*MPO PE part 02 - special part – Trade office*

*MPO PE part 03 - special part – Financial office*

*MPO PE part 04 - special part – appropriate Social security office*

*MPO PE part 05 - special part – Health insurance office*

*MPO JP part 01 - basic part*

*MPO JP part 02 - special part - Trade office*

*MPO JP part 03 - special part - Financial office*

**Common URF part for both physical and juridical persons:**

*MPO part 03a - special part - Financial office (V.A.T.)*

*MPO part 03b - special part - Financial office (factory affiliates and premises)*

*MPO part 03c - special part - Financial office (payer's treasuries)*

*MPO part 06 - special part - Labour office*

**Division of a URF to:**

- Unified registration form for physical entities
- Unified registration form for juridical persons

**A) Complete URF for physical entities consists of the following:**

1. *Basic part (A3 format)*
2. *Business announcement/licence application for physical entities (for TO)*

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<sup>14</sup> Methodical help for the CRP staff – ZAP project central registration points from 2005 (attachment part from p. 28)

3. *Application for tax registration for physical entities (for FO)*
4. *Application for V.A.T. registration (for FO)*  
- *unified form for PE and JP*
5. *Attachment to the application for registration – Factory affiliates and premises (for the FO)*  
- *unified form for PE and JP*
6. *Application for registration for payer's treasuries (for the FO)*  
- *unified form for PE and JP*
7. *Notification of individual gainful activity start with an Application for Pension and Sickness insurance (for the Social security offices)*
8. *Notification of a vacant job position or its occupation (for LO)*  
- *unified form for PE and JP*
9. *Notification of the start (termination) of the individual gainful activity (for HIO)*

**B) Complete URF for juridical persons consists of the following parts:**

1. *Basic part (A3 format)*
2. *Business announcement/licence application for juridical persons (for TO)*
3. *Application for tax registration for juridical persons (for FO)*
4. *Application for V.A.T. registration (for FO)*  
- *unified form for PE and JP*
5. *Attachment to the application for registration – Factory affiliates and premises (for the FO)*  
- *unified form for PE and JP*
6. *Application for registration for payer's treasuries (for the FO) - URF for PE and JP*
7. *Notification of a vacant job position or its occupation (for LO) - URF for PE and JP. the acronym in brackets (TO, FO, Social security office, LO, HIO) marks which part of the form filled in by the CRP client will be passed on and which office will receive it.*

## **2.8 Third phase of development of administration process simplification**

The last third phase will be about the effort to approve deeper legislative changes that would lead to simplification of business administration. The character of the changes will be different from the previous phase, not just regarding the necessity of broader legislative changes. The individual changes will not be directly connected with entering the business itself or operating in the business sphere from the registration and other businessman's duties' point of view, or notification or information character toward the state administration any more. In practice it can be for example about the changes in the area of the Bankruptcy Act or fastening the law enforcement. In this phase mainly the Bankruptcy Act, general adjustment of juridical person matter etc. should be sorted out.

The goal condition of the Administration process simplification at the start and in course of the business project is above all to ease the essential administration processes or steps at the start and in course of doing business for both physical and juridical persons doing, or intending to do the business within the Trade Act conditions, while in the future the business project does not exclude integration of other business kinds. This intention is mainly aimed to create an integrated system of locally available CRPs for beginning businessmen which are created by the current system of Trade offices. These specialized workplaces would take a role of basic registration places for the business community not just at the start of business but also in the following phases of their business activities.

I have been working at the Hodonín DSSO<sup>15</sup> since 1992. Since the very first start of my job I have been working at the Sole trader department and I'm at this department till today. Since 2000 I have been working as a Head of the Sole trader department and therefore I personally participated at creation of as much simple note for the Sole Traders who took the possibility to use the CRP services so that they did not have to see all the relevant institutions, on the contrary, all the institutions were sent the business opening announcement. All these institutions are then obliged to proceed in the way that all the essential information a sole trader did not get at the CRP were delivered to the beginning businessmen as soon as possible. As I have been dealing with this Sole traders' matter within performing my job duties, the job description itself, I would like to describe this administration process simplification matter in bigger details as for the obligations resulting from a submission the Sole traders would do at the DSSO from August 1, 2006 through the CRPs. Already in 2003 within the public finance reform launched the Act No. 424/2003 Col. and the Act No. 425/2003 Col. have amended the provisions of the Act No. 155/1995 Col. about the pension insurance, the Act No. 589/1992 Col. about the social security insurance and the state employment policy contribution and the Act No. 582/1991 Col. about organization and implementation of the social security adjusting the conditions

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<sup>15</sup> District social security office

of participation at the pension insurance of the Sole traders as well as the rights and duties connected with the individual gainful activity performance.

Effective from January 1, 2004 an institute of performing of major individual gainful activity and minor individual gainful activity was implemented and it has significantly influenced the pension insurance participation. The new legal adjustment sets an obligatory pension insurance participation for the Sole traders doing the major individual gainful activity, while the height of Sole traders' incomes in the calendar year is not important. For the Sole traders doing their minor individual gainful activity the possibility to apply for pension insurance participation in case that these Sole traders do not obligatorily have to participate at the insurance by reaching the income limit set has remained kept. The Act No. 214/2006 Col. changes the provisions of the Act No. 455/1991 Col. about the trade business in the version of latter regulations and some other acts, which becomes effective on August 1, 2006. In the social security area the Act quoted influences the physical entities that start their the individual gainful activity on the business licence basis. According to provisions § 2 par. 1 of the Act No. 570/1991 Col. about the Trade offices, in the version of the Act No. 214/2006 Col. a central registration point is a Municipal trade office which according to letter b) of the provision quoted accepts notifications and reportings in the area of social security from the physical entities doing business on the basis of a trade licence. A physical entity doing business on the basis of a trade licence is also a person that cooperates with such a person at the individual gainful activity performance. The above-mentioned shows that a notification can not be accepted from the people doing business on the basis of different legal regulations. The TO<sup>16</sup> duty is to hand these submissions in to the appropriate DSSO within a deadline set in the provision of § 45a par. 6 of the Act No. 455/1991 Col. in the version of the Act No. 214/2006 Col. (further on as the Trade Act). However, the TO does not consider completeness or factual correctness of these submissions.

### **2.8.1 Impact of legislative changes on the District Social Security Office activities**

According to the provision § 45a par. 1 letter a) to f) of the Trade Act a physical entity is allowed, together with the business announcement or licence application at the appropriate TO, the following

- submit the application for tax registration or the appropriate notification,
- announce the start of individual gainful activity,
- submit the application for pension insurance,
- submit the application for sickness insurance,
- announce a rise of vacant job position or its occupying,

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<sup>16</sup> Trade office

- submit the announcement according to the Public health insurance act.

If a physical entity announces a business or applies for a licence at current fulfillment of the notification duty stated in §45a par. 1 lett. a) – f) of the Trade Act, they do it by means of a prescribed form issued by the Ministry of Industry and Trade. The above-mentioned shows that a Sole trader can meet the notification duty through the TO only in case when they do so together with business announcement or licence application in the form which the Ministry of Industry and Trade issues for these purposes.

A businessman (Sole trader) who announces changes or adding of data and documents set for announcement of business or licence (§ 49 par. 1; § 56 par. 1 of the Trade Act) and at the same time they can also announce a data change according to the provision § 45a par. 1 of the Act quoted. It is also about the notification of the individual gainful activity termination or submitting of a deregistration form from the sickness insurance (see prov. § 10a par. 1 of the Act No. 582/1991 Col. about organization and implementation of social security in the version of latter regulations).

A CRP passes the above-mentioned data including their changes' announcements on to the appropriate organs within 5 working days. This deadline starts passing from the day of business licence rise or from the day when the announcement failures were removed or the changes were announced. It means the deadline for passing the data on starts running from the day when a Sole trader acquired a licence unless the announcement has failures. In fact of failures in the announcement the deadline starts passing from the day of these failures' removal. Deadline at the change announcement according to the Trade Act runs from the day when it was announced by the TO.

A filled in form which consists of the basic and special part can be handed in to the appropriate Social security office:

- in a paper form through the TO when the TO hands in the form's basic part always in its copy and the special part in its original,
- a Sole trader in a paper form to the Social security office,
- in an electronic form, also in the way enabling the remote access (so far this way is not going to be used by the TOs) because the PC technology level is not high enough to enable such an a process although from the speed point of view it would be one of the promptest ways of communication among participating state institutions.

The Trade Act novel according to the provisions § 46 par. 6 has enabled the TO to ask for a confirmation that a business declarant or licence applicant does not have any debts within the social security insurance payments nor the state policy employment contributions from the relevant Social security office. These data could be required and

passed on in their electronic form. Regarding the fact that it was not possible to ensure the electronic form of requiring or passing on the above-mentioned confirmation, this form has not been used yet. The TO issues the confirmation within 7 days, this deadline is also valid for issuing the confirmation straight to an applicant or declarant.

We live in virtual times. Our modern society lives in a very quick pace, nothing is static and there are permanent changes. In connection with this duty of the related organs to issue the debtlessness confirmations there appeared a change in October 2007. A duty of debtlessness confirmation issuing for the trade office purposes, business declarants and licence applicants was cancelled.

On October 31, 2007 a version of the Act No. 270/2007 Col. was published and changes the Act No. 337/2007 Col. about the tax and charge management in the version of latter regulations as well as other related acts. This Act, except for the others, changes general preconditions for business operation. Effective from October 31, 2007 submitting a confirmation that a physical entity, having done or doing business in Czechia, has no outstanding payments on the social security insurance and the employment state policy contributions is no more a condition for business operation. The Act No. 270/2007 Col. in its fourth part changes the provision of the Act No. 582/1991 Col. about organization and implementation of the social insurance in the version of latter regulations in the way that in the provision of § 6 par. 4 lett. y) the text “and issue to the Trade office upon their request within 7 days the confirmation that the business declarant or licence applicant have no outstanding payments on the social security insurance and the employment state policy contributions” are cancelled and the provision of § 6 par. 4 lett. z) is cancelled, too.

The above-mentioned note means the District social security offices, effective from October 31, 2007, are no more obliged to issue to the Trade office, upon their request and within 7 days, the confirmation that the business declarant or licence applicant have no outstanding payments on the social security insurance and the employment state policy contributions. At the same time, effective from October 31, 2007 they are no more obliged to issue to a business declarant or licence applicant upon their request a confirmation that they have no outstanding payments on the social security insurance and the employment state policy contributions.

Nevertheless, the provision of § 22 d) of the Act No. 589/1992 Col. in the version of latter regulations, according to which the appropriate District social security office is obliged to issue, upon the insurance payer's request, a confirmation about the situation of their liabilities concerning their insurance, fine and additional charge to the insurance rate.

For the completeness it is being stated that according to the provisions of § 60 par. 6 of the Trade Act sending of trade licence copies in their electronic form in the way enabling the remote access is possible again.

It was important to analyse the provision about the cancellation of businessmen's debtlessness confirmation in bigger details because it was one of the most important novelties implemented since the rise of CRPs in 8/2006. One must really admit that it was the biggest problem for the business community. Cancellation of this duty is just another step for simplification of the administrative processes.

A novelty of the Act about organizations effective from August 1, 2006 puts the District trade offices in the position of the social security organ (§ 3 par. 2 of the Act No. 582/1991 Col. about organizing and implementing of the social security in the version of the Act No 214/2006 Col.). The above-mentioned shows that the registration, the Sole trader does toward the TO as a central registration point, they do it toward the TO as a social security organ as well.

According to the provision of § 10a par. 1 of the Act about organizing and implementing of the social security the TOs accept from the Sole traders doing their activity on the basis of the licence according to the Trade act and from people who cooperate at the individual gainful activity performance the following:

- announcement of the start of individual gainful activity,
- applications for participation at the pension and sickness insurance,
- deregistration from the sickness insurance,
- notifications according to the provis. of § 48 par. 1 lett. a) to d) of the Act about organizing and implementing of the social security (termination of individual gainful activity).

A sole trader who cooperates at the individual gainful activity performance, but only in case that it is fulfilled by a Sole trader with whom the cooperation is carried out, can implement their notification duty at the start of the business at the TO.

A Sole trader can submit a deregistration from Sole trader's sickness insurance or notification of individual gainful activity termination together with the notification of data changes according to § 45a par. 1 of the Trade Act. Except for this a Sole trader can notify in this connection: address data changes, contact data, etc.

In connection with minor individual gainful activity a Sole trader can also submit the TO documents proving their minor activity performance (the documents will be a part of the form). If they do not do it so at the TO, the Social security office will appeal a Sole trader to confirm the necessary facts as soon as possible.

The TOs are obliged to announce the appropriate Social security office within 5 working days the above-mentioned facts according to § 10a) par. 1 of the Act about organizing and implementing of the social security, stating the day when these facts happened, as according to the prov. § 120a of the Organization Act a day of announcement duty is considered a day when the registration was handed over to the appropriate TO. By

notifying of the facts stated one has to understand sending of the appropriate form or written notification by which a Sole trader meets their notification duty in the area of the social security. As for the announcement of the start of the business activity, the TOs will not require the Sole traders to attach a Trade certificate copy to their completed form as the Social security office will receive this certificate copy in connection with TOs' duty fulfilment to send the Trade certificate copies. The TO is also obliged to announce the launch, termination or interruption of the business activity certificate stating the day when these facts turned up.

According to § 6 par. 4 letter y) of the Act of organizing and implementing of the social security the DSSO is obliged, upon the appropriate TO's request, to issue the confirmation that the business declarant or licence applicant have no outstanding payments on the social security insurance and the employment state policy contributions.

According to the provisions of § 14 par. 3 lett. n) of the Act of organizing and implementing of the social security upon appropriate office's request the District social security office is obliged to provide the information about a variable symbol which is person's identification number, account numbers for pension or sickness insurance payment as well as data about the height of insurance rate or advances with the Sole traders who fulfilled their announcement duty through the TO. Based on the agreement with the MIT that ensures TOs' methodical leadership, currently this provision is not going to be used by the TOs as this information would be handed in twice; however, it is still actual that if such a request is claimed by the TO, the Social security office is obliged to satisfy it.

The above-mentioned shows that from the point of view of fulfilling the tasks that arise to the Social security office at the Sole trader register management it is indecisive whether a Sole trader has announced the business activity launch through the TO or not. This all results in a fact that it was necessary to somehow inform the beginning Sole traders. To inform them about all their rights and duties, the way of social insurance payment etc. For these purposes the Sole traders are sent the information notes about further process at registration through the CRPs in a matter concerning the social security.



### **3 Practical part**

I have devoted the third part of my Bachelor thesis about Business information points which should help to simplify the administration processes at the start or in course of business through the Central registration points directly to the practice. I paid my attention mainly to the analysis by means of a small research whether this CRP system is being used or not.

#### **3.1 Setting of research aims and defining of CRP use hypothesis**

On May 18, 2006 the Study department informed me that my Bachelor thesis processing application on the following topic: Business information points was approved. Already in April 2006 the Senate had supported the business community's effort to simplify their registration so that their office-visit time was significantly shortened thanks to the Trade Act governmental novel at the use of a URF that the Trade offices, not the newly established central registration points, will use for businessmen's register whom the Trade Act constitutes that they will become a significant breaking element that will play a fundamental role at the solution of this matter of simplification of administration processes of beginning businessmen as well as the businessmen with any changes concerning their business activities and they are obliged to inform some state authorities about, as ordered by many acts they have to respect in connection with the implementation of their business activities.

In the practical part I carried out a quantitative-oriented research the aim of which was sorting of data which were supposed to explain the existence of progressive use of new-established business information points called the CRPs. My hypothesis was simple. Either these central registration points will be used by the business community or not. The amount of share of CRP use by the business community by further participation, whether the amount of use will increase or not, is the fundamental of my thesis. The research results will either prove or disprove my hypothesis. As a research group I intentionally chose just a selective group – beginning businessmen only, those who had never had anything common with this human activity branch before. The statistical data collection is not a difficult kind of work but one must devote it a lot of time. And not only this. You have to dedicate yourself to statistical data collection and do it regularly in order to achieve objective results.

## **3.2 Data sources and their collection technology**

In the 2005/2006 school year I slowly started to think of my Bachelor thesis future structure, I searched for literature, read newspaper articles and searched for material for subjects for my thesis. Due to the fact that I got enough familiar with the CRP rise matter as these new-established CRPs and the cooperation with the CRP staff was my daily routine, I rather concentrated on “the other side of the coin” not to be unilaterally aimed and to be able to make a different imagination about how the independent people, authors of various publications, articles and other contributions perceive the CRP rise so I could take an impartial standpoint on this matter. I progressively took motifs from the branch, but I was also interested in the opinions of other independent people uninvolved in this matter, I read through lots of opinions on this matter’s solution on the Internet and thus it was easier for me to create an overall concept of what my Bachelor thesis should look like. It was quite difficult, I mean the internal fight with myself to be impartial because I know that “do not quarrel with your bread” but that is what I did not want. I seriously intended to find out whether the CRPs will be beneficial or not. And thus I set the following process of material collection for the following period which was the period of the first year of CRP implementation in practice for the period between June 2006 to the end of 2007 calendar year.

### **3.2.1 Data sources**

My data sources in the following period set by myself were supposed to become unified registration forms, ev. determined business activity start announcement forms set by the law and set for the social security purposes for the cases that a Sole trader chooses the possibility of the CRP service use. For the social security purposes there were green coloured forms determined and sent from the central registration points to the District social security office directly to the Sole trader department. These data sources were consequently used for processing of the statistical collection done by myself.

### **3.2.2 Record collection technology**

From June 2006 to December 31, 2007 I daily recorded the number of announcements received about the business activity start that were sent through the CRPs. In time of my absence when having a holiday, being on a sickness leave, during my business trips, meeting or training attendance I had to obtain these data by the following way. All the papers I, especially certified mail, are according to the documentary and shredding regulations daily recorded in the received mail book where there are all deliveries delivered to the District social security office under a certain submission number so in case of possible inspection it was possible to find the delivery submission. Due to finance saving purposes the Trade office of Hodonín uses their own deliverers from among the

Trade office employees themselves so in case of mass submissions they did not use the Post office services but they personally did these deliveries to individual state institutions, mainly in close neighbourhood, and therefore in these cases I had to ask my workfellows for cooperation to help me with my research during my absence. I daily recorded objective data about the number of submissions from the CRPs to the additional registration and at the end of the month I always I did the total sum and I put the result by means of an Excel chart processor to the chart prepared. The District social security office did the records of all incoming mail manually to the submission diaries till December 2006. From January 1, 2007 they started the records of all incoming correspondence through the INNES programme. It enables several users with the system access authorisation to acquire the correspondence data, at the same time not just to look, but also put the submissions and the result of the whole processing straight into a computer. Underdepreciation of all the incoming mail is carried out and the results of submission processing with the exact date when the result was made. All the replies to written answers together with the name of the person who made the reply. Therefore my data are supported by te data acquired in a PC and also by myself in my everyday routine work as it was also necessary to include the submissions made personally either straight at the District social security office mail room or at the Sole trader department counter for whom a client centre has been opened at the District social security office in the numbers of results and submissions followed by myself. I tried to have my data exact, showing the reality and to avoid any distortion of data that would be misrepresenting. For 19 months I practically did an everyday statistical collection of necessary data I was writing down for my further activity.

### **3.3 Setting of sample size and data collection**

In this chapter of my Bachelor thesis I am describing my ways of setting of the amount of observing and the data collection process. The CRPs send not just the announcements of new Sole trader business activity start but also the change sheets where there are any changes concerning the appropriate physical entity to the District social security office. I had to exclude these change sheets from my research as they do not have any predicative feature.

These change sheets, as much as the Unified registration forms where there are also changes of any character announced, did not objectively predicate about the simplification of the administration processes as for example when sending a change sheet due to the business licence termination there does not have to be a deregistration of a physical entity from individual gainful activity as the physical entity can decide for any provision of the law and for example in order to reach some income or announcement that they will do an activity which does not require a business licence permanently and this change sheet can not be considered an administrative process simplification as sending of this sheet is an

impulse for a department administrator to contact the appropriate physical entity and check whether he/she really stops the activity or not, or just interrupts one of several licences for business activity.

For this reason it was not suitable to include these change sheets for the research purposes as the physical entity, in case that they wrote in the change sheet that they really stop their activity, must always be appealed by the appropriate administrator to complete the submission which in practice means that if, after ending the Sole trader activity, they are forced to visit the District social security office for other trial, because they must get the social security attendance confirmation the part of which, for the Labour office's purposes, there has to be a confirmation issued that the Sole trader is obligatorily or voluntarily registered for the pension insurance attendance.

If the appropriate physical entity does not do this submission completing at the District social security office and intends to register the Labour office files, they can not claim the material security payment just because of one and only confirmation the District social security office has not issued as the appropriate physical entity did not complete the submission and the CRP is not obliged to investigate data the physical entities put in their change sheets or Unified registration forms.

Why am I stating all of this ? I'm stating this as an example of why I had to exclude even the submissions made through the CRPs on the paper sheets form my research as from this point of view they do not seem to be the administration process simplification and therefore I rather did not include them in my research. Due to all these reasons stated I concentrated just on new registered Sole traders for whom it really means simplification of their duties when on one place they fulfil their registration duty toward several state authorities, therefore for me only these submissions are full-valued and really predicative in order to serve for my intention to prove whether the CRPs are or are not used and whether they serve to the benefit or vice versa.

At the start of an activity each new Sole trader gets their identification number. It is not a birth number but a variable symbol under which they are filed at the appropriate District social security office according to their permanent residence. Only a Sole trader has a variable symbol and only they themselves pay their pension insurance to it. Therefore I had to do another data collection and do another statistical research. This time it was drawing of these variable symbols at assigning to new beginning Sole traders to compare total number of variable symbols used for the same period in which I did my statistical research done through the CRPs.

I will subtract the people registered through the CRPs from all variable symbols assigned in the same period. The difference of these two numbers will then show numbers of Sole traders who physically showed up at the District social security office of Hodonín and personally registered themselves by filling in usual announcement forms which are

predicative and stand at the same level as the CRP forms. The results are stated in the Chart No. 2 where the data for 2006 are stated.

Number series VS :from-to	Room	Date	Number of VSs assigned
76578201- 76578300	No. 222	10.6.2006	100
76578301- 76578400	No. 221	14.6.2006	100
76578401- 76578500	Sole trader counter	29.6.2006	100
76578501- 76578600	Sole trader counter	3.10.2006	100
Total number of new VSs assigned in 2006			400

Chart No. 2: Assigning of new variable symbols in 2006

Source: Internal documentation of DSSO: Assignment of VSs for the DSSO department for 2006

I have to explain meaning of number of variable symbols = VS shown in the Chart No. 2. After using the number series assigned to the individual Sole trader department administrators they get a new VS series always by 100 pieces. These VSs differentiate individual District social security offices and therefore there cannot occur any confusion as for the pension insurance payments of individual Sole traders. On the contrary, by means of these VSs it is possible to identify the error-paid social security payments all around the country. Each District social security office has its VS number series assigned they use for their clients. The Sole traders have to register themselves at the appropriate District social security office according to their permanent residence. At the first registration each person gets just one VS and it stays with them for all the period of their filing in one district. In case of permanent residence change the record file of the appropriate businessman is transferred and the businessman gets a new VS at a new appropriate District office according to the number series assigned for the appropriate district and within its VS sequence. The biggest risk of the VS exchange of individual businessmen occurred in the previous years mainly due to the reason of insurance payment by the mail cheque. A typical example for all the others. Two businessmen came at the same time to the District social security office to register themselves. They both chose the way of pension insurance payment by the mail cheque. Each of them got the mail cheques with the VS number assigned, however, as it happens, they used to lend them between themselves in a good faith and thus misunderstandings happened and the payments for the Sole traders' pension insurance were transferred in errors. Nowadays the payment method by a mail cheque is rather exceptional, therefore such problems are not as frequent as they used to be before.

As the biggest growth of Sole traders registered after submitting the TRPEI<sup>17</sup> is in March of every year and following it within 30 days reviews of real incomes and expenses are submitted to the District social security offices, the biggest growth of businessmen's registration occurs right in the period of May and June. According to the VS assignment statistics I found out that the individual administrators got new VSs right after the end of these months, therefore I put the figures for the period from 6/2006 in the chart No. 1, too, as the new assigned VSs were unexhausted and other use of used VSs started, according to the chart, much later.

Number series VS :from-to	Room	Date	Number of VSs assigned
76578601-76578700	No.224	8.1.2007	100
76578701-76578800	No.225	8.1.2007	100
76578801-76578900	Sole trader counter	16.1.2007	100
76578901-76579000	No.223	2.4.2007	100
76579001-76579100	No.222	10.4.2007	100
76579101-76579200	Sole trader counter	13.4.2007	100
76579201-76579300	No.221	16.4.2007	100
76579301-76579400	Sole trader counter	6.8.2007	100
76579401-76579500	No.225	6.8.2007	100
76579501-76579600	No.224	6.11.2007	100
Total number of new VSs assigned in 2007			1000

Chart No. 3: Assignment of new variable symbols in 2007

Source: Internal documentation of DSSO: Assignment of VSs for the DSSO department for 2007

### 3.4 Data processing and analysis

For my data research final result identification I used an Excel chart processor which is an excellent assistant for data processing and it is very good to work with it at the data processing the final result of which is supposed to be graphical illustrations. From the data recorded by myself I did the calculations which should clarify whether there is a growth, decline or fluctuation of CRP services use for the purposes of Sole traders' activity launch announcement. Numbers of new registered Sole traders are processed specially for 2006 and are stated in the chart No. 3 and specially for 2007 and stated in the chart No. 4. An

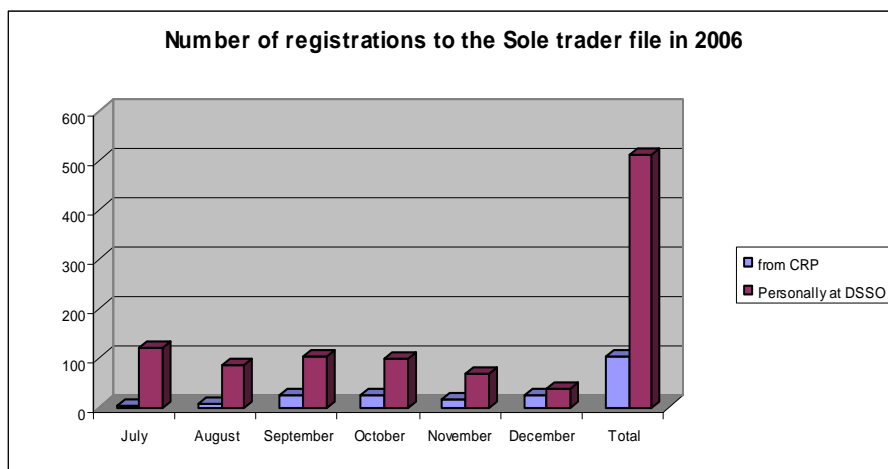
<sup>17</sup> Tax return of physical entity income

illustration graph with the results processed in the Excel chart processor is attached to each chart.

Month	from CRP	Personally at DSSO	Move of Sole trader files
July	2	119	121
August	9	85	94
September	26	101	127
October	24	98	122
November	17	68	85
December	26	38	64
<b>Total</b>	<b>104</b>	<b>509</b>	<b>613</b>

Chart No. 4: Number of registrations to the Sole trader file in 2006

Source: Author's personal archive: her own records about the data collection registration for the research itself in 2006



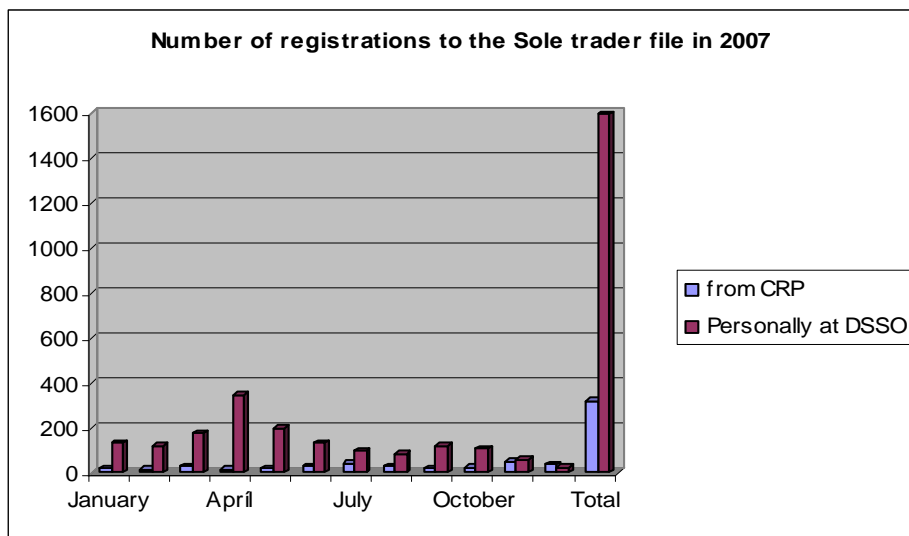
Graph No. 1: Number of registrations to the Sole trader file in 2006

Source: Chart No. 4

Month	from CRP	Personally at DSSO	Move of Sole trader files
January	20	135	155
February	14	118	132
March	27	175	202
April	16	345	361
May	17	200	217
June	30	133	163
July	42	100	142
August	28	85	113
September	17	120	137
October	23	107	130
November	49	59	108
December	37	23	60
<b>Total</b>	<b>320</b>	<b>1600</b>	<b>1920</b>

Chart No. 5: Number of registrations to the Sole trader file in 2007

Source: Author's personal archive: her own records about the data collection registration for the research itself in 2007



Graph No. 2: Number of registrations to the Sole trader file in 2007

Source: Chart No. 5

As for the graph No. 2 results it is necessary to note that the biggest influence on the seeming decline of the registration number at the end of 2007 probably had the arrangement of this year's Christmas holidays despite the fact that at the weekdays there are office hours. Between December 27-28, 2007 a decline of acceptings to the files by a personal visit at the DSSO of Hodonín was noticed and furthermore on December 31, 2007 a lot of authorities were closed for the public. I think the reason is an exceeding number of



the registered (double amount of applications compared to the average) to the Sole trader files at the start of January 2008 we noticed at the Sole trader department.

In the chart No. 6 I did total countings where out of all the file moves I had to exclude the applications carried out by the businessmen in course of the year and it happens that one businessman has two to three files in course of the year, but these would distort my investigation, therefore I had to exclude these application files.

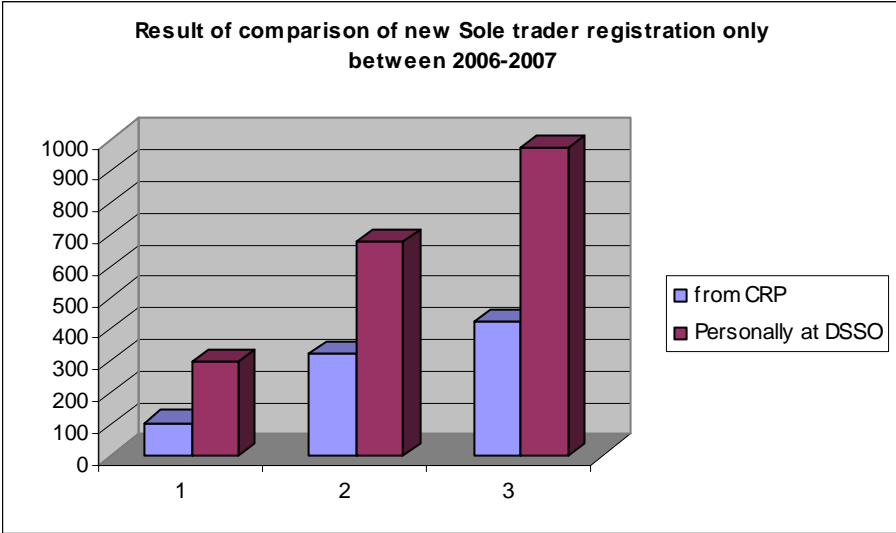
Year	Move of Sole trader files			Registration of new Sole traders only	
	New only through CRP	Personally at DSSO	Total	New VSs assigned	New only personally at DSSO
2006	104	509	613	400	296
2007	320	1600	1920	1000	680
Total	424	2109	2533	1400	976

Chart No. 6: Filing records of all the Sole traders (auxiliary calculations)  
Source: Charts No. 2-5

Stating the data statistical collection investigation results for the period of 2006 – 2007 is summarized in the chart No. 6 where I intentionally included total numbers of new registered Sole traders because if we compare them with the results in the charts No. 1 and 2 we will get the identical result. The numbers of new variable symbols assigned are identical with with the total number of registrations through the CRP and personally at the DSSO. This result just proves the fact that that my statistical investigation is precise and I did not commit any discrepancies with everyday recordings at the investigation of number of new Sole traders registered. My main intention was to find out the real numbers of registrations through the CRP only and compare them with the numbers of DSSO personal visit registration. The auxiliary chart No. 6 result description stated at the end of my Bachelor thesis in the chart No. 7 and consequently created graph No. 3 which comes out of the data in the chart No. 7.

Year	from CRP	personally at DSSO	New Sole traders total
2006	104	296	400
2007	320	680	1000
Total	424	976	1400

Chart No. 7: Registration of new Sole traders only  
Source: Chart No. 6



Graph No.3: Final chart of new Sole trader registration only

Source: Chart No. 7

## Conclusion

The most important data I was collecting were real numbers of registrations through the CRPs and their comparison with the results of the numbers of personally registered straight through the DSSO. Despite the fact that it has just been a year and a half since the CRP were implemented at the Trade offices, the results of number of registrations through the CRP speaks for all. Good proof of the increasing number of CRP are the result of the graph No. 3. In my opinion these results show very clearly the fact that the CRP registered have an increasing tendency and furthermore they represent almost the half of all the applications of the beginning Sole traders.

My hypothesis was simple. The central registration points will either be used by the business community or not. The share of CRP use by the businessmen, whether the frequency of the use will increase or vice versa as time goes by, was a principle of my research. The results of my statistical research confirmed my hypothesis and show that the CRPs are being more and more used. Despite for the businessmen using the CRP services it means they have to fill in a total of 21 URF pages containing about 470 cells, it is worth doing it. The businessmen's advantage is that the registration form can be submitted at the same office without the necessity of visiting each office separately. But also the fact that a businessman has got rid of the above-mentioned duty to submit debtlessness or the Criminal record confirmation since October 2007; i.e. documents the Trade office themselves do not have to have.

In connection with another new Trade Act becoming effective the new simplified URFs should be implemented. These new URFs should contain just about 140 cells to be filled in. Furthermore, a single two-sided form should be enough for a data change. From August 2008 a full electronic communication among the offices within the CRPs is planned, however, it depends on how the provision of the individual participating parties' PC equipment is managed.

The Trade Act novel is supposed to continue. Local appropriateness of the TOs should be cancelled. In practice for the businessmen it will mean they will be able to announce a business, apply for a licence or fulfil the notification or announcement duty connected with the business at any Municipal trade office. It means regardless of their permanent residency or place of business. In practice it would mean that a businessman goes to the nearest Trade office or the one which is nearby at the moment. The offices will then share the information within the Trade register information system.

Other more serious changes which should ease the beginning businessmen their business activity are being prepared as well, but it would be for further description and it is not a part of my Bachelor thesis nor the aim to comprise all the changes being prepared in the year of 2008.

## **Resumé**

The aim of my thesis was to introduce the business community to the newly established business information points at the Trade offices, to the process which preceded their rise, the way itself which serves for simplification of administration processes at the start of new business subjects' activities and above all with the physical entities, and at the same time to find out the level of their utilization by general business community. The research of the central registration points utilization by the starting businessmen was also a part of my thesis. I have come to an opinion that the central registration points have fulfilled their purpose and perhaps it is the reason why other changes, leading to further simplification of the administration are being prepared for 2008.

In the future my thesis could serve as a methodical manual for the business community, but the general public could get familiar with it, too. I strongly believe this thesis will provide both expert and non-professional community with more detailed information in the social insurance area and thus will contribute to increase the business community awareness.

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### Sources:

### Web-pages:

- [1] *Podnikatel.cz*. Information centre for your business and trade[on-line].2007, Available at [www:http://www.info.cz/](http://www.info.cz/). ISSN 1802-8012 Internet Info, s.r.o.
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- [3] [www.mpo.cz/cz/podpora-podnikani/crm](http://www.mpo.cz/cz/podpora-podnikani/crm)

### Other sources used:

Author's personal archive

## **LIST OF ABBREVIATIONS**

CRPs	Central registration point
URF	Unified registration form
DSSO	Distrikt Social Security Office
PE	Natural person, Physical entity
JP	Legal entity, Juridical person
HIO	Health Insurance Office
LO	Labour Office
ECHs	Economic Chamber
TO	Trade Office
ST	Sole trader
CZECH POINT	Czech mailing verification information national terminal

## **APPENDIX**

Appendix No.I: Unified registration form for physical entities

Source: The Ministry of Industry and Trade- Central registration point- Unified registration form-Attachments free download [on-line].2006-2008,  
Available at www: <http://www.mpo.cz/dokument20082.html>.

## JEDNOTNÝ REGISTRAČNÍ FORMULÁŘ pro fyzické osoby

Příjmení	Jméno	Titul
<input type="text"/>	<input type="text"/>	<input type="text"/>
Rodné příjmení	Rodné číslo	Datum narození
<input type="text"/>	<input type="text"/>	<input type="text"/>
Ulice	Číslo popisné	Číslo orientační
<input type="text"/>	<input type="text"/>	<input type="text"/>
Obec	PSC	Státní občanství
<input type="text"/>	<input type="text"/>	<input type="text"/>
Telefon	Fax	E-mail
<input type="text"/>	<input type="text"/>	<input type="text"/>

**Ohlášení živnosti a žádost  
o koncesi**

Uložil Vám soud nebo správní orgán zákaz činnosti?	<input type="text"/> ano / ne
Trvá u Vás jiná překážka týkající se provozování živnosti?	<input type="text"/> ano / ne
Bylo Vám v posledních třech letech zrušeno živnostenské oprávnění podle § 58 odst. 2,3, nebo 4 zákona č. 455/1991 sb.	<input type="text"/> ano / ne
Překážky provozování živnosti (prohlášení dle žž – konkurs a zákaz činnosti)	<input type="text"/> ano / ne

Obchodní jméno/firma - podnikatelé zapisující se do Obchodního rejstříku	Dodatek obchodního jména/firmy	
<input type="text"/>	<input type="text"/>	
Ulice	Číslo popisné	Číslo orientační
<input type="text"/>	<input type="text"/>	<input type="text"/>
Obec	PSC	Identifikační číslo
<input type="text"/>	<input type="text"/>	<input type="text"/>
Datum zahájení provozování živnosti	<input type="text"/>	Předmět podnikání
<input type="text"/>	<input type="text"/>	<input type="text"/>
Datum vzniku živnostenského oprávnění	<input type="text"/>	Živnost provozována průmyslovým způsobem?
<input type="text"/>	<input type="text"/>	<input type="text"/> ano / ne
Datum ukončení provozování živnosti	<input type="text"/>	Zaměstnáváte pro provozování živnosti zaměstnance?
<input type="text"/>	<input type="text"/>	<input type="text"/> ano / ne

**Odpovědný zástupce**

Příjmení	Jméno	Titul
<input type="text"/>	<input type="text"/>	<input type="text"/>
Rodné příjmení	Rodné číslo	Datum narození
<input type="text"/>	<input type="text"/>	<input type="text"/>
Ulice	Číslo popisné	Číslo orientační
<input type="text"/>	<input type="text"/>	<input type="text"/>
Obec	PSC	Státní občanství
<input type="text"/>	<input type="text"/>	<input type="text"/>
Telefon	Fax	E-mail
<input type="text"/>	<input type="text"/>	<input type="text"/>



Uložil mu soud nebo správní orgán zákaz činnosti?

ano / ne

Trvá u něj jiná překážka týkající se provozování živnosti?

ano / ne

Bylo mu v posledních třech letech zrušeno živnostenské oprávnění podle § 58 odst. 2,3, nebo 4 zákona č. 455/1991 sb.

ano / ne

### Provozovny

Název provozovny

Ulice

Číslo popisné

Číslo orientační

Obec

PSČ

### Zahraniční osoba

Zahraniční osoba - místo pobytu v ČR

Ulice

Číslo popisné

Číslo orientační

Obec

PSČ

Odpovědný zástupce - místo pobytu v ČR

Ulice

Číslo popisné

Číslo orientační

Obec

PSČ

Ulice

Číslo popisné

Číslo orientační

Obec

PSČ

Organizační složka

Ulice

Číslo popisné

Číslo orientační

Obec

PSČ

Vedoucí organizační složky - trvalé bydliště

Příjmení

Jméno

Titul

Rodné příjmení

Rodné číslo

Datum narození

Ulice

Číslo popisné

Číslo orientační

Obec

PSČ

Státní občanství

Telefon

Fax

E-mail

Uložil mu soud nebo správní orgán zákaz činnosti?

ano / ne

Trvá u něj jiná překážka týkající se provozování živnosti?

ano / ne

Bylo mu v posledních třech letech zrušeno živnostenské oprávnění podle § 58 odst. 2,3, nebo 4 zákona č. 455/1991 sb.

ano / ne

Vedoucí organizační složky - místo pobytu v ČR

Ulice

Číslo popisné

Číslo orientační

Obec

PSČ

### Registrace daní

Příhláška k registraci k daní z příjmů fyzických osob

Příhláška k registraci k daní z přidané hodnoty

K daní z příjmů jako plátcí: daně z příjmů ze závislé činnosti a funkčních požitků  ode dne

daně z příjmů vybírané zvláštní sazbou daně  ode dne

zajišťující daň  ode dne

### Organizační složky podniku

Počet odštěpných závodů  Počet provozoven  Počet plátcových pokladen

### Zastupování v daňových záležitostech

Smluvní zástupce  Zákonný zástupce  Zástupce pro doručování

### Adresa pro doručování

Příjmení  Jméno  Titul

Rodné příjmení  Rodné číslo  Datum narození

Ulice  Číslo popisné  Číslo orientační

Obec  PSČ

Telefon  Fax  E-mail

### Předcházející daňová registrace

Byl jsem již dříve registrován  ode dne  do

U kterého finančního úřadu

Důvod zrušení registrace

### Právní předchůdce

Daňové identifikační číslo  Identifikace

### Zahraniční DIČ

### Oznámení o zahájení samostatné výdělečné činnosti

Datum zahájení (opětovného zahájení) činnosti  Samostatně výdělečnou činnost jsem oprávněn vykonávat od...

Druh SVČ

Druh pobíraného důchodu  Vyplácen od

Plátce důchodu

U starobního důchodu druh starobního důchodu §

Datum vzniku nároku  Počet vychovaných dětí (u žen)

### Nemocenské pojištění osob samostatně výdělečně činných

Počet rodinných příslušníků  Přihlášen od (den,měsíc,rok)

**Volné pracovní místo**

## Adresa pracoviště

Ulice	Číslo popisné	Číslo orientační
<input type="text"/>	<input type="text"/>	<input type="text"/>
Obec	PSČ	
<input type="text"/>	<input type="text"/>	

## Kontaktní osoba na pracovišti

Příjmení	Jméno	Titul
<input type="text"/>	<input type="text"/>	<input type="text"/>
Telefon	Fax	E-mail
<input type="text"/>	<input type="text"/>	<input type="text"/>

## Profese

Název profese	KZAM	Počet míst
<input type="text"/>	<input type="text"/>	<input type="text"/>
Pracovní poměr od	Hrubá měsíční mzda (v Kč)	Pracovní úvazek
<input type="text"/>	<input type="text"/>	<input type="text"/>
Pracovní poměr do	Směnnost	Doba praxe
<input type="text"/>	<input type="text"/>	<input type="text"/>
Platnost požadavku místa od	Platnost požadavku místa do	
<input type="text"/>	<input type="text"/>	
Bez vzdělání poč.	SO (bez mat.) poč.	ÚSO (mat. bez vyuč.) poč.
<input type="text"/>	<input type="text"/>	<input type="text"/>
Základní poč.	ÚSO (vyuč. s mat.) poč.	VOŠ poč.
<input type="text"/>	<input type="text"/>	<input type="text"/>
Vyučen poč.	ÚSV (gymnázium) poč.	VŠ poč.
<input type="text"/>	<input type="text"/>	<input type="text"/>

## Čísla bankovních účtů

Číslo účtu / směrový kód banky	Pro oznámení o zahájení	Pro přihlášku k nemoc. pojištění	Pro přihlášku k dani z příjmů	Pro přihlášku k dani z přidané hodnoty
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Číslo účtu / směrový kód banky	Pro oznámení o zahájení	Pro přihlášku k nemoc. pojištění	Pro přihlášku k dani z příjmů	Pro přihlášku k dani z přidané hodnoty
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Číslo účtu / směrový kód banky	Pro oznámení o zahájení	Pro přihlášku k nemoc. pojištění	Pro přihlášku k dani z příjmů	Pro přihlášku k dani z přidané hodnoty
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Číslo účtu / směrový kód banky	Pro oznámení o zahájení	Pro přihlášku k nemoc. pojištění	Pro přihlášku k dani z příjmů	Pro přihlášku k dani z přidané hodnoty
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

