Investment in the Czech Republic

October XX, 2025

GKP Conference in Seoul

Agenda

01 Meet your business destination

02 Bilateral trade

03 Financial support

04 Corporate structures

05 Tax system

01
Meet your business destination

Czech Republic in numbers

10,9 mil.
A population

1,4 mil.
Population of capital city Prague

5,2 mil.
A working population

Since 2004
Member of EU
Also member of Schengen

Ratings

Moody‘s	Aa3
Fitch	AA–
Standard and Poor‘s	AA–

Investment climate in the Czech Republic

- Skilled and well-educated workforce
- Favourable labour costs and price stability
- Safe investment environment
- Stable social and political system
- Strong bilateral relations and economic cooperation with Korea
- Dense and high-quality infrastructure
- Strong focus on R&D
- Wide selection of public support
- Central location in Europe
- High quality of life

Investment opportunities

- Automotive
- Aerospaces
- Advanced engineering
- AI, digital technologies and cybersecurity
- Business support services
- Life sciences
- Real estate
- Energy and the environment
- Nanotechnologies and materials

Current macroeconomics trends

4,5 % Unemployment

The unemployment rate remains one of the lowest in the EU (August 2025).

2,5 % Inflation

Yearly Inflation, August 2025. Energy and fuel prices had the greatest impact on the year-on-year decline in the overall price level.

Nominal GDP
(forecast 2025)

2,4 % GDP

Growth (2Q 2025) is strongly supported by industry and the trade, transport, accommodation and hospitality industries.

02
Bilateral trade

Current bilateral cooperation

$5 Bn.

Annuall bilateral trade during the past four years.

- Korea belongs among the most important foreign investors in the Czech Republic.
- More than 70 Korean companies operate in the Czech market.
- They employ over 16,000 people.
- Major Korean firms operating manufacturing facilities in the Czech Republic:

Hyundai Motor
Hyundai Mobis
Nexen Tire Europe
Doosan Skoda Power
LS Mtron

- In 2024, 56 memorandums of understanding went beyond economic cooperation in industry and energy, broadening their scope to include joint research, people–to–people exchanges, and collaboration in cutting–edge science, technology, transportation and infrastructure.

Upcoming bilateral trade opportunities

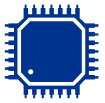
Major nuclear power agreement between KHNP and Czech utility CEZ Group in June 2025 = milestone for bilateral cooperation.

The deal is not only considered as a „cornerstone“ in Korean–Czech bilateral trade in energy. It should also stimulate cooperation in these areas:

Electric vehicles

Batteries

Artificial intelligence



Semiconductors

Defence

High-speed rail infrastructure

$10 Bn.

Expected volume of bilateral trade within the decade to come.

03 Financial support

Financial support not only for investment

Investors can obtain the following financial benefits:

All benefits are provided according to the law and transparency rules, which are in compliance with EU regulations.

Investment incentives

– tax holiday + cash grants

Subsidies from EU funds

– cash grants

R&D tax allowances

Education tax allowances

Investment Incentives

01 Forms of support

- Corporate income tax relief for up to 10 years (tax holiday);
- employment subsidies in the form of cash grants for job creation and training (only available in regions with high unemployment rates);
- cash grant for the acquisition of fixed assets for strategic projects;
- exemption from real estate tax in selected industrial zones;
- transfer of land, including related infrastructure, at a preferential price.

02 Main conditions

- The main conditions for granting investment incentives differ depending on the supported activity.

Investment Incentives: Supported activities

01 Manufacturing industry

Launching new production or expanding existing production.

02 Technology centers

Launching new technology center or expanding existing technology center.

03 Strategic service centers

Launching or expanding of activities of strategic service centers, center for creation of software, high-tech repair centers, shared service centers, data centers or customer support center.

04
Corporate structures

Business structures

CZK 1

Establishing a company in the Czech Republic is neither financially demanding nor very time-consuming – e. g. for a limited liability company (s. r. o.), minimum registered capital of CZK 1 is sufficient and the company can be established within one month.

The Act on Business Corporations recognises the following types of business entities:

- Limited liability companies
- Joint-stock companies
- General partnerships
- Limited partnerships
- Co-operatives including European Cooperative Societies
- Societas Europaea (SE, European Companies)
- European Economic Interest Groupings (EEIG).

Foreign legal persons may also establish a branch in the Czech Republic.

Limited liability company
(Společnost s ručením omezeným – spol. s r. o. / s. r. o.)

- Separate legal entity with its own legal capacity.
- At least CZK 1 of registered capital.
- Obligation to obtain trade licence (if established for business purposes).
- Different kinds of shares.
- Supervisory board is not required.
- Executive/director, who is legally responsible for the management of the company .
- Financial statements do not have to be audited unless two or more of the following criteria have been met for two consecutive years:
  - net turnover exceeds CZK 240 million per annum;
  - total assets exceed CZK 120 million;
  - the average number of employees exceeds 50.
- Annual financial statements must be published.
- Establishment procedure usually takes 5 to 8 weeks.

Branch of a foreign person (pobočka zahraniční osoby/odštěpný závod)

- Business activity of a branch´s founder can be pursued in the Czech Republic when the branch is registered in the Czech Commercial register.
- Dependence on its founder.
- Established by a resolution of the founder.
- Obligation to obtain a trade license.
- Director (general manager) has to be appointed.
- The management decisions are made by the headquarters and are implemened by the head of the branch.
- Establishment procedure usually takes 3 to 6 weeks.

LCC establishment and related tax registration

Week 1

Initial consultation with the client, providing the client with the draft documentation and list of required documents

Week 4

Adopting the Founder's Deed in the form of a notarial deed

Week 5

Obtaining landlord's consent for the registered seat location

Obtaining a free trade license

Week 6

Opening a bank account for paying up the registered capital and paying the funds equal to the registered capital

Week 7

Registration of the new company in the commercial register = Incorporation

Week 8

Activation of data box

Week 12

Registration with the tax,social and health insurance

Authorities Registration of ultimate UBO

05
Tax system

Direct taxes

21%

Corporate Income Tax

Taxable period is generally the same as the financial year.

Levied on the profits of legal entities, primarily limited liability companies (s. r. o.) and joint-stock companies (a. s.)

Foreign company’s branch or permanent establishment is generally subject to tax on the same basis as a company

No tax consolidation

Income Taxes Act

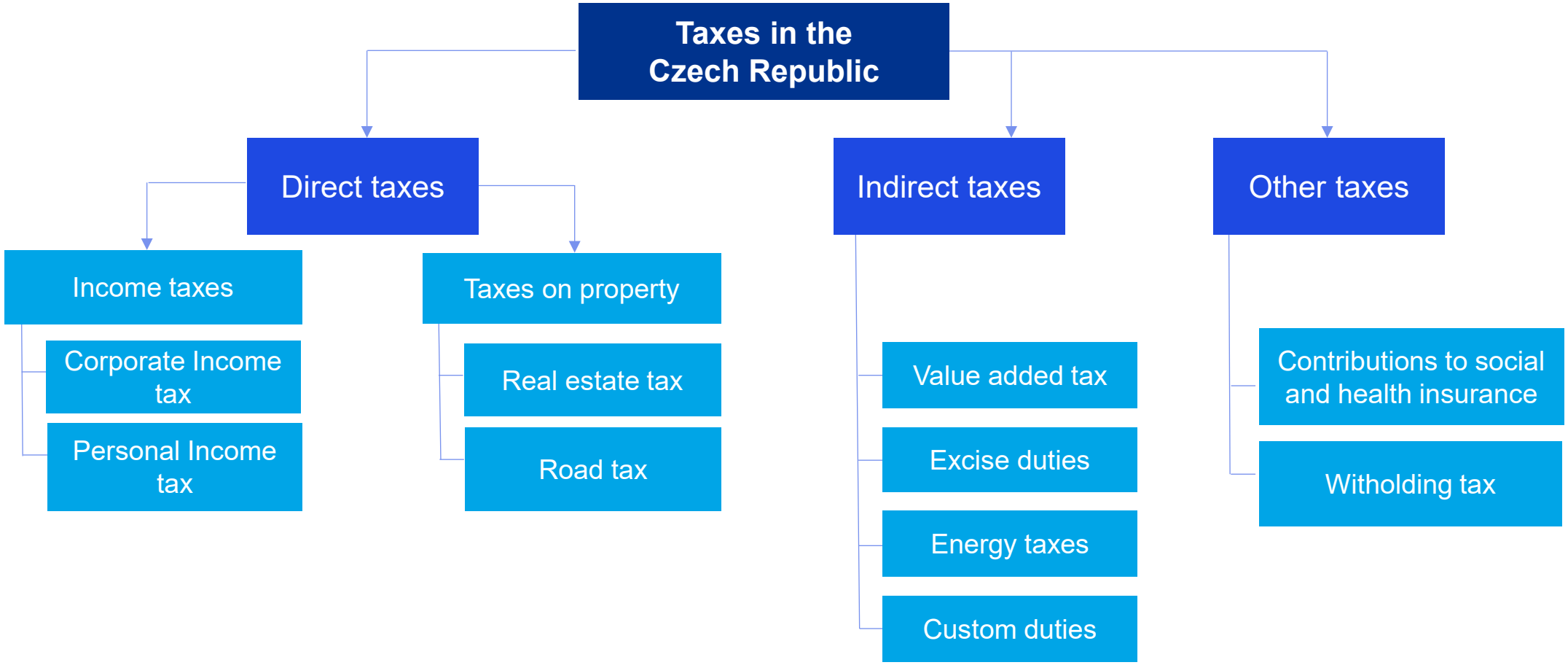
5%

Qualified investment funds

0%

Pension funds

Overview of taxes in the Czech Republic



Value Added Tax

Scope of VAT

- Supply of goods and services
- Import of goods
- Intra-community acquisition of goods (purchase of goods from other EU Member State)
- Acquisition of services from other EU Member State
- Acquisition of services from abroad (outside EU)

VAT rates

VAT rates

- 21% general on most products and services
- 12% reduced basic foodstuffs and certain other producst
- Zero rate on exports of goods, Intra-community supplies, international transport etc.

Value Added Tax

01

VAT documents

- **VAT return** must be submitted to the tax authority by 25th day after the end of the taxable period
- **VAT ledger statement** represents obligation to submit data for particular business transactions
- **EC sales list** reports supplying goods and providing services to other EU countries
- **Intrastat** statistical report on supplying goods among EU countries and must be submitted by 12th day after the taxable period

02

Zero-rated supplies

- **Export of goods**
- **Supply of goods to other EU Member State**
- **Both subject to strict conditions for zero-rate to be applied**
  - International transport
  - Financial and other specified supplies

03

VAT refund

- Depends on taxpayers activities
- Generally fully recoverable (not for companies carrying out exempt supplies without credit)

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- Tax and legal advisory
- Audit
- Advisory
- Accounting services and payroll

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