

151/1997 Sb.

ACT

Adopted on June 17th, 1997

On Valuation of Property and on the Amendment of Certain Acts (Property Valuation Act)

Amendment: 121/2000 Sb.

Amendment: 237/2004 Sb., 257/2004 Sb., 296/2007 Sb.

Parliament has adopted this Act of the Czech Republic:

PART ONE

CHAPTER ONE

FUNDAMENTAL PROVISIONS

Section 1

Subject-Matter of the Act

(1) This Act regulates methods to be used in valuation of things, rights and other property values (hereinafter just „assets“) and services, for the purpose laid down in specific legislation. (Note 1) Where such legislation refers to price regulations or specific regulations for asset or service valuation for a purpose other than sale, the reference is made to this Act. This Act shall apply also to purposes laid down in specific pieces of legislation stated in Parts Four to Nine of this Act, and also when prescribed by a relevant authority within its competence, or if parties agree so.

(2) The Act shall not apply to price negotiations (Note 2) or to valuation of natural resources, except for forests.

(3) Provisions of this Act shall not apply

a) when specific legislation provides for a different method of valuation, (Note 3)

b) to transfer of property pursuant to specific legislation. (Note 4)

Section 2

Valuation Methods for Assets and Services

(1) The valuation of assets or services shall be based on usual price, unless this Act provides for different method of valuation. For the purpose of this Act, “usual price” shall mean the price that would be obtained when selling identical or similar asset or when rendering identical or similar services in usual commercial relations in the Czech Republic as of the day of valuation. At the same time all circumstances influencing the price shall be taken into account. However the influence of extraordinary market circumstances, personal situation of the seller or buyer, and influence of any special preference shall be disregarded. “Extraordinary market circumstances” shall mean, for instance, seller’s or buyer’s state of duress, consequences of natural or other disaster. “Personal situation” shall mean proprietary,

family and other personal relations between the seller and buyer, in particular. “Special preference” shall mean a particular value attributed to an asset or service arising from personal relationship thereto.

(2) “Service” shall mean supply of activities or results of activities which can be quantified.

(3) Other valuation methods laid down in this Act, or based on its provisions, are:

a) “cost method”, which takes into account expenses necessarily incurred for acquisition of the object of valuation in the place of valuation, and its condition on the day of valuation,

b) “yield/revenue method”, which is based on revenues actually accruing from the object of validation or revenues that may be expected to accrue from the object of validation under given circumstances, and from capitalisation of such revenues (interest rates),

c) “comparative method”, which is based on comparison of the object of valuation with an identical or similar object and price agreed upon its sale; this includes also valuation of a thing using derivation from the price of another functionally related thing,

d) “nominal value method”, which is based on the amount at which the object of valuation is valued, or that is otherwise obvious,

e) “book value method”, which is based on the valuation methods laid down in accounting regulations,

f) “stock market method”, which is based on the price of the object of valuation as quoted in the market in the given period

g) “agreed price” method, which is based on the price of the object of valuation as agreed during its sale, or price derived from prices agreed.

CHAPTER TWO

REAL ESTATES (IMMOVABLE ASSETS)

Division One

Structures

Section 3

Classification of Structures

(1) For the purposes of valuation, structures are classified as follows:

a) above-ground structures involving

1. buildings, which means structures providing closed premises formed by peripheral walls and roof, each such structure having one or more separate units of useful capacity;

2. landscaping;

b) civil engineering structures and special-purpose above-ground structures, including transportation structures, water structures, energy and water distribution structures, sewage conduits and plants, towers, masts and pylons, chimneys, yards and terrain grading structures, wells and other special purpose structures;

c) water reservoirs and ponds,

d) other structures.

The detailed classification of structures according to individual types is provided in the relevant Decree.

(2) For the purposes of valuation, a structure is considered according to the purpose of its use. Where there is a disparity between the utilisation purpose stated in the official certificate of occupancy (approbation of the structure for use) or the building permit relating to it, on one hand, and its actual use, on the other hand, the valuation of the structure shall be based on its actual use. Where the documents on the permitted purpose of a certain structure have not been preserved, or where the purpose of certain structure as stated in the Real Estate Cadastre (Land Registry; Note 5) does not correspond to its actual use, the structure shall be deemed as serving the purpose which corresponds to its structural layout and technical facilities. If the facilities of a structure indicate two or more purposes, it shall be assumed that the structure is deemed for the purpose for which it is used without defects (Note 6).

Structure Valuation

Section 4

(1) Unless otherwise provided for by this Act, a structure or its part (Note 7) (hereafter referred to as „structure“) shall be valued by cost method, revenue method, comparative method or by a combination of these methods; the application of a certain method to individual type of structures shall be determined in the relevant Decree.

(2) The valuation of a structure which is not connected with the ground by solid foundations shall be made according based on the purpose of its use, in the same manner as in case of immovable structure serving an identical purpose.

Section 5

(1) Where the valuation of a certain structure is made by the cost method, it shall be based on:

a) the basic prices of the structure measurement unit or the cost of its acquisition; in the case of a structure which is to be demolished, its valuation shall be based on the valuation of materials which can be re-used, reduced by the cost of demolition of the structure;

b) the nature of the structure, its size, facilities, location and marketability and, in the case of a water reservoir or pond, also its function;

c) technical wear-and-tear of the structure.

(2) The basic prices and the method of their adjustment for individual types of structures pursuant to subsection (1), the procedures for measuring and calculating structure's layout and the procedures to be used in valuation, including methods of ascertaining and calculating wear-and-tear, are provided for in the relevant Decree. The determined prices and procedures shall also take into consideration the aspects effecting structure price-level in the market.

Section 6

Where the valuation of a structure is made by the yield method, it is necessary to follow the method of price calculation, the manner of ascertaining revenues and the rate of capitalization for a given time period as laid down in a Decree.

Section 7

When the valuation of a structure is made by comparative method, the Decree shall provide for the facts to be taken into account when making a comparison.

Section 8

Apartment and Non-Residential Area Valuation

(1) Where the valuation of an apartment is made, an apartment is understood to mean a room or a set of rooms intended for habitation, together with appurtenance to and fixtures in the apartment (Note 8). The valuation also takes account of proportion in the shared parts of the building and related structures (Note 9), even if they are situated outside the building, including a proportion in the supplementary structures and their outfits which are intended for shared use.

(2) Where the valuation of a non-residential area is made, non-residential area is understood to mean a room or a set of rooms, including their appurtenance and fixtures (Note 8), intended for purposes other than habitation. The valuation shall also take into account a proportion in the shared parts of the building (Note 9) even if they are situated outside the building, and also a proportion in the supplementary structures and their outfit intended for shared use; the term "non-residential area" shall not mean appurtenance to and fixtures in an apartment or the shared parts of the building.

(3) The price of an apartment or the price of a non-residential area shall be calculated as a proportion of the price of the entire structure. The size of such proportion shall be equal to the ratio of the floor area of a particular apartment or non-residential area to the total volume of the floor area of all the apartments and/or non residential areas in the structure, without including the floor area of the common elements intended for shared use. The valuation shall also take into account the comfort of a particular apartment or non-residential area and the state of such apartment or non-residential area.

(4) The price of outside appurtenances to a structure (even if not connected with the structure in its construction), such as landscaping, wells and supplementary structures for shared use, shall be included in the price of the structure for the purposes of its price calculation. If ownership title to the structure and plot of land are in the same hands, the price of plot of land shall also be included in the price of the structure.

(5) The floor area of an apartment or non-residential area shall be the sum of all the floor area of individual rooms and of the floor area of appurtenance to the apartment or non-residential area.

Division 2

Plots of land

Section 9

Classification of Plots of Land

(1) For the purposes of valuation, plots of land are classified as follows:

a) construction sites which include

1. plots of land not yet built up but entered in the Real Estate Cadastre as separate plots which have been determined for development i.e. to be built up, under the local authority's planning permission (Note 10); if a Decree stipulates the maximum permissible limit of the plot of land to be built up, only part of the plot which conforms to the permissible limit shall be regarded as a construction sites;

2. plots of land entered in the Real Estate Cadastre as "built-up areas and yards", or as "other areas - building sites or other built-up areas", or as "gardens and other areas", provided that the structure and the plot of land form a single functional unit and the plot of land concerned has been registered the Real Estate Cadastre under the classification of "built-up areas and yards" for the purpose of integral use with the structure, and both are owned by one and the same person or entity;

3. plots of land actually built up with structures, irrespective of what is stated in the Real Estate Cadastre;

b) plots of agricultural land entered in Real Estate Cadastre as arable land, hop-gardens, vineyards, gardens, orchards, meadows or pastures;

c) plots of woodland which are entered as such in the Real Estate Cadastre, and other afforested non-forest land;

d) plots of land entered in the Real estate Cadastre as water reservoirs and water streams;

e) other plots of land, including, for example, economically unusable plots of land and barren land, such as ravines, stony balks, protective barriers, swamps and marshland.

(2) For the purposes of valuation, a construction site shall not mean a plot of land where there are only underground or overhead conduits or wiring and their accessories, underground structures not reaching ground level, underground parts of structures for transportation and water management, unless they form a part of above-ground structures. For the purposes of valuation, a construction site shall not further mean a plot of land built-up with structures, which have no foundations, or with wells, fencing, abutment walls, monuments, statues, etc.

(3) For the purposes of valuation, a plot of land shall be assessed according to the classification entered in the Real Estate Cadastre (Note 5). If the entry in the Real Estate Cadastre conflicts with the actual state, the valuation shall be based on the actual state of affairs.

Section 10

Valuation of Construction Sites

(1) The valuation of a construction site shall be made by multiplying the area of the plot of land by the price per square metre given in the pricing map issued by the local authority concerned. If a plot of land is not appraised in the pricing map, its value shall be calculated through multiplying the area of the plot of land by the basic price for 1 square metre, adjusted as to its location and other facts influencing utilization of the plot of land for construction, or by a price established using another method of valuation, pursuant to section 2 and relevant Decree.

(2) The pricing map of construction sites shall mean graphic outline of the plots located within the area of the municipality or its part in a scale of 1:5000, or more detailed scale, with the prices of plots marked. The construction sites in the pricing map shall be appraised according to the prices agreed in the relevant contracts of sale.

(3) If as of the day when the pricing map is processed the prices for construction sites agreed pursuant to subsection 2 are not available in a particular municipality, or if they cannot be used because they do not correspond to the prices of comparable plots of land anymore, they shall be established on the basis of comparison with the prices agreed for similar plots of land in the given municipality or in other comparable municipalities with the same classification in terms of number of their inhabitants; the classification of municipalities according to their number of inhabitants shall be given in the relevant Decree. The following factors shall be taken into consideration when comparisons are made: identical use, similar location within the municipality, and identical existing infrastructure. Information concerning the procedure and method used for comparison shall be provided by the local authority in the text attached to the pricing map; the text may also include further explanatory notes. Details of methodology to be used when processing the pricing documentation for the maps may be determined by a relevant Decree.

(4) Where the price of a construction site cannot be established pursuant to subsection 2 or 3, the price of the plot shall not be stated in the pricing map and its valuation shall be made pursuant to subsection 1, second sentence.

(5) The local authority shall submit its proposed pricing or its amendments to the Ministry of Finance prior to the issue of the map. When the ordinance of the local authority is promulgated, a copy of it shall be sent to the Ministry of Finance for publication in the Pricing Bulletin.

(6) At the end of each calendar year, local authorities shall supplement new prices for construction sites in the relevant pricing maps by generally binding ordinances. Should there be a change in agreed price, purpose of use or availability of infrastructure on a certain plot of land, a new price of such a plot shall be established pursuant to subsection 2 or 3. The procedure pursuant to subsection 5 shall be applied.

(7) The local authority shall make its pricing map available to everyone who requests to inspect it.

Section 11

Valuation of Plots of Agricultural Land

(1) A plot of agricultural land shall be valued according to a price calculated using the yield method taking into consideration quality of soil and various ecological aspects.

(2) Basic price of the plot of agricultural land reflects the location of the plot of land and other aspects influencing usability of the plot for agricultural production, as for instance natural or technical barriers, or designation of extra-protected areas (Note 11)

Section 12

Valuation of a Plot of Woodland

(1) A plot of woodland (Note 12) shall be valued using the yield method and the comparative method, as appropriate to the type of trees prevailing in the woodland.

(2) A Decree shall determine the basic prices of plots of woodland and their categories (Note 13) and other influences which will affect their utilization.

Section 13

Valuation of Water Reservoirs, Water Streams and Other Kinds of Plots of Land

Water reservoirs, water streams and other plots of land shall be valued according to prices laid down in a Decree.

Division 3

Permanent Vegetation

Section 14

Classification of Permanent Vegetation

For the purposes of valuation, perennial vegetation is classified as follows:

- a) forest stands (Note14);
- b) fruit trees and shrubs;
- c) grapevines and hop plants;
- d) decorative plants.

Section 15

Valuation of Forest Stands

(1) Forest vegetation shall be appraised by using the cost or yield method. The valuation shall take into account the share of individual classes of woody species in the forest vegetation, their age and quality, the rotation period and density of stocking.

(2) A Decree shall determine the procedure for establishing the basic prices of forest vegetation and their adjustment in accordance with the forest classification, silvicultural system, degree of damage to the stand, the range of species represented and other influences affecting the output of timber.

(3) The valuation shall be based on forest stand data vegetation concerned included in binding documents processed pursuant to special legislation (Note 15). If such document has not been processed or if the data contained therein do not correspond to the actual situation, the required data shall be ascertained according to the actual status.

Section 16

Valuation of Fruit Trees and Shrubs, Grapevines, Hop Plants and Decorative Plants

(1) Fruit trees and shrubs, grapevines and hop plants shall be valued using the yield method while taking into account the type of woody species, their age, silvicultural system or the way of stand establishment. The prices of grapevines and hop plants shall also include the prices of fitments installed in the vineyards and hop-fields.

(2) The valuation of decorative plants shall be made using the cost method.

(3) Basic prices determined pursuant to subsections (1) and (2) and their adjustments reflecting in particular the condition of vegetation, degree of damage, economic life expectancy and the cost of vineyard and hop-field equipment shall be determined in a Decree.

CHAPTER III

PROPERTY RIGHTS

Section 17

Valuation of Property Rights Arising from Industrial Property, Trademarks, Right to Indication, Know-How, and Certain Property Rights Related to Copyright and Rights of Database Compilers

(1) Property rights related to industrial property rights (Note 16), trademarks and right to designation (Note 17), or rights arising from their use, and know-how, property rights related to copyright, except for the rights of performing artists, and property rights of a compiler of database (Note 17a) shall be valued using the yield method, and namely as the sum of discounted future annual net yields arising from the use of these rights as at the day of valuation. The manner of discounting shall be stipulated in a Decree.

(2) Annual net yields arising from such use shall be ascertained:

a) from contracts on the use of a certain right (e.g. licence agreements) valid at the day of valuation;

b) according to the actual situation of the last calendar year of use within the five-year period preceding the year of valuation, if not ascertained pursuant to letter a).

(3) Years of use:

a) shall be ascertained from contracts, but only for the maximum period determined in letters b), c) or d);

b) shall be five years for f industrial property rights and know-how, and ten years for rights pertaining to trademarks and designations, if the number of the years cannot be ascertained as stated in letter a);

c) shall be the number of years remaining to termination of the fifty-year period of such right duration in the case of copyright and related right, if the number of the years cannot be ascertained as stated in letter a);

d) shall be the number of years remaining to termination of the fifteen-year period of such right duration in the case of rights of a database compiler, if the number of the years cannot be ascertained as stated in letter a).

(4) Where the right cannot be valued pursuant to subsections 1 to 3 for whatever reason, e.g. because it was not used, or where the price ascertained pursuant to subsections 1 to 3 is disproportionately higher or lower than the fair market price, the right shall be valued according to the fair market price.

(5) Property rights of an author and performing artists, being not transferable right, shall not be valued.

Section 18

Valuation of Rights Corresponding to Easements

(1) A right corresponding to an easement (Note 18) shall be valued using the yield method on the basis of an annual benefit assessed according to its fair market price.

(2) A valuation pursuant to subsection 1 shall not be applied if the annual benefit can be ascertained from a contract, from results of probate proceedings or from a decision of a competent authority, provided that at the moment of easement creation the annual benefit pertaining to such easement was stated, and the easement is not higher than fair market price for more than one third the fair market price.

(3) Annual benefit pursuant to subsections 1 to 3 shall be multiplied by the number of years of right use, but maximum by five.

(4) If a right pertains to a certain person for the duration of such person's life, it shall be valued as ten times the amount of the annual benefit.

(5) If a price cannot be ascertained as stated in preceding subsections, it shall be valued as the standard amount of CZK 10.000.

(6) A right, which was established in a manner other than easement but is similar to rights related to easement, shall be valued pursuant to subsections 1 to 5.

CHAPTER IV

SECURITIES

Section 19

Valuation of Listed Securities Traded on Regulated Market

(1) Listed securities (Note 19)

a) domestic and foreign securities traded in the Czech regulated market or Czech and foreign regulated markets concurrently shall be valued by a stock market price quoted in the domestic stock exchange (Note 21) on the day of valuation. If the security in question was not traded on the domestic stock exchange on the day of valuation, it shall be valued according to the last price quoted on domestic stock exchange during the period of 30 days before the day of valuation, provided that the security was traded within this period. If the security was not traded on domestic stock exchange in the last 30 days, it shall be valued using the lowest attained price quoted in the same period of 30 days at other organizers of domestic off-exchange stock market.

b) domestic and foreign securities traded only in the Czech regulated market, shall be valued by the price quoted in the regulated market of the country where the registered office of the issuer is located on the day of valuation, and if not available they will be valued by the price quoted on regulated market in the country concerned in the period stated in letter a). If the security is not traded in the regulated market of the country where the registered office of the issuer is located, it shall be valued by the last price quoted in the regulated market in the period stated in letter a) in the state where it was accepted for trading in the regulated market. If the price was quoted in regulated markets of several countries on the same day, the security shall be valued by the lowest quoted price. Following the second and third sentences, priority shall be given to the prices quoted in security stock-exchanges listed in a Decree issued by the Ministry of Finance in agreement with the Czech National Bank. Security price in foreign currency shall be converted to Czech crowns using the foreign exchange rate announced by the Czech National Bank as of the day of validation. For the conversion of currencies not stated in the Czech National Bank's list of exchange rates, the exchange rate of US dollar and the currency concerned as announced by the central bank of the country using that currency concerned shall be used.

(2) If the security price as stated in subsection 1) was quoted in no market within a period of 30 days prior to the day of valuation, the security shall be valued as non-tradable in regulated markets under s. 20

Section 20

Valuation of Listed Securities Not Traded in Regulated Markets and Valuation of Unlisted Securities

(1) Listed securities not traded in regulated markets and unlisted securities shall be valued as follows:

a) shares and mutual fund certificates of closed-end funds shall be valued on the basis of joint-stock company equity or closed-end mutual fund equity as shown in financial statements for preceding accounting period unless other equity value is proven divided by the number of shares or mutual fund certificates issued and recalculated to the identical issue value;

b) bonds with an attached coupon determining yield or the way how the yield should be determined shall be valued on the basis of nominal value and interests to which the bondholder is entitled as of the valuation day, possible also taking into account other expected yields if such may be assessed, unless special circumstances justify a higher or lower price;

c) bonds for which the interest rate yield is determined as the difference between their nominal value and the issue price of stock shall be valued according to their nominal value reduced by a proportional part of the difference between an average issue price of stock and nominal value until the day of maturity, unless special circumstances justify a higher or lower price. The proportional part as mentioned in the previous sentence shall be determined as a ratio of the number of days from the date of valuation till the bond maturity day and the total bond repayment period expressed in days;

d) bills of exchange or notes shall be valued according to their nominal value of issue while interest-bearing bills of exchange or notes shall be valued according to their nominal value and interest to which the bondholder is entitled as of the day of valuation, unless special circumstances justify a higher or lower price;

e) mutual fund certificates of open-end funds shall be valued on the basis of an amount to be paid by the issuer if buying back the certificate on the valuation day and corresponding to the value of the mutual fund certificate share in the fund equity reduced by the fund liabilities. The value of the mutual fund certificate may be reduced by a discount stated in the statutes of the open-end mutual fund applicable on repurchase of the certificate. If the issuer does not pay out the value of the repurchased mutual fund certificate on the valuation day, the mutual fund certificate shall be valued according to the last price paid out on return of such certificate;

f) temporary certificates shall be valued according to the amount corresponding to the value of paid-up investment contribution, including share premium as of the day of valuation;

g) securities bearing the right to exchange them for certain goods shall be valued according to the price of the goods determined pursuant to the provisions of this Act;

h) other securities shall be valued according to the fair market price.

(2) Interests and dividends shall be included in the security value reduced by an income tax if collected in the form of withholding tax under special tax rate.

(3) Securities which are the object of collector's interest shall be valued according to the usual market price.

CHAPTER V

OTHER PROPERTY

§ 21

Valuation of Means of Payment and Payment Cards, Tokens of Value and Deposits

(1) Any valid means of payment or tokens of value shall be appraised according to their nominal value, unless it is a security valued pursuant to section 20.

(2) Deposits with banks shall be valued according to their nominal value, increased by accrued interest as of the valuation day. The interest shall be reduced by income tax, if it is collected in the form of withholding tax, before the interest is included in the valuation of a certain deposit.

(3) Foreign currency financial means shall be converted into Czech crowns using the foreign exchange rate of the Czech National Bank valid at the day of valuation. In the case of a currency which is not included in the Czech National Bank's list of exchange rates, the medium exchange rate of US dollar to this currency, as announced by the central bank of the country using that currency, shall be used.

(4) A payment card shall be valued according to the nominal value s for which it was issued reduced by the amounts withdrawn as at the day of valuation.

Section 22

Valuation of Receivables and Liabilities, Entitlements Arising from Life Insurance and State-Contributory Supplementary Pension Insurance

(1) A receivable and liability (i.e. a debt) of pecuniary kind shall be valued according to their nominal value, unless special circumstances (arising particularly from a court order) substantiate a higher or lower price. Other receivables and liabilities shall be valued according to the methods laid down in this Act, as appropriate to the subject-matter of such receivable or liability.

(2) Entitlements arising from life insurance (except State-Contributory Supplementary Pension Insurance), shall be valued according to the amount which would have been paid out under the life insurance contract terms at the valuation day.

(3) Entitlements arising from the State-Contributory Supplementary Pension Insurance shall be valued according to the amount which would have been paid out as benefits under the contract on supplementary pension as at the valuation day.

Section 23

Valuation of Shares in Trading Corporations and Cooperatives

(1) A share in a trading corporation or co-operative shall be valued according to a share in net business assets expressed in book value as of the day of valuation.

(2) A settlement share corresponding to the Articles of Association, Deed of Incorporation, Memorandum of Association or the Commercial Code or Civil Code shall be valued as a proportional part of the net business assets, based on either the annual financial statements or the consolidated financial statements for the period when participation or membership was terminated, unless the statutes of the cooperative concerned determine another procedure. In case of valuation of a settlement share in a cooperative, the following shall not be taken into account: assets held in the indivisible fund and, if provided for in the statutes, also held in other hedging funds, as well as investment contributions made by members whose membership is shorter than one year.

CHAPTER VI

ENTERPRISE

§ 24

Enterprise Valuation

(1) An enterprise or its part (hereafter referred to only as "enterprise") shall be valued according to the sum of prices for respective kinds of assets as established under this Act, reduced by the prices of liabilities.

(2) Where a Decree stipulates so, an enterprise shall be valued using the yield method, or combination of the yield method and valuation made pursuant to subsection 1.

(3) The enterprise value determined by the yield method shall be the sum of the discounted future net annual revenues of the enterprise. The manner of establishing these revenues and the manner of discounting shall be stipulated in a Decree.

(4) If the agreed sale price of a particular enterprise is higher than the price calculated pursuant to subsection 1 or 2, the enterprise shall be valued by the agreed price. Any difference between the agreed price and the price calculated shall be regarded as the enterprise's goodwill price.

PART TWO

AMENDMENT TO ACT NO. 526/1990 SB., TO REGULATE PRICES, AS AMENDED BY ACT NO. 135/1994 SB.

Section 25

Act no. 526/1990 Sb., on prices, as amended by Act no. 135/1994 Sb., is being altered as follows:

Section 1 (2) including note no.1) says:

"(2) Price means a pecuniary sum

a) agreed in purchase and sale of goods under s. 2 – 13, or

b) ascertained under special legislation (Note 1) for other purpose than sale.

(Note 1) Act no. 151/1997 Sb. , On Valuation of Property and on the Amendment of Certain Acts (Property Valuation Act) ".

PART THREE

AMENDMENT TO CZECH NATIONAL COUNCIL ACT NO. 265/1991 SB., ON THE COMPETENCE OF CZECH STATE AUTHORITIES IN RESPECT OF PRICES, AS AMENDED BY ACT NO. 135/1994 SB .

Section 26

Czech national Council Act no. 265/1991 Sb., on the Competence of Czech State Authorities in respect of Prices, as amended by Act no. 135/1994 Sb., is being altered as follows:

1. In section 2 (2) the paragraph b) is omitted, indication "a)" is omitted and there is a full stop at the end of the text replacing comma there.

2. In section 4a (1) the paragraph d) is omitted, and comma at the end of c) text shall be replaced by a full stop .

PART FOUR

cancelled

section 27

cancelled

PART FIVE

AMENDMENT TO ACT NO. 549/1991 SB. , ON JUDICIAL CHARGES, AS AMENDED

Section 28

Czech National Council Act no. 549/1991 Sb. , on judicial charges, as amended by Czech National Council Act no. 271/1992 Sb., Act no. 273/1994 Sb., Act no. 36/1995 Sb., Act no. 118/1995 Sb. and Act no.160/1995 Sb. , is being altered as follows:

1. In section 6 (1), in the first sentence the words "special regulations" shall be replaced with "special legislation" and the second sentence is omitted.

2. Note 2) says:

"(Note 2) Act no. 151/1997 Sb., On Valuation of Property and on the Amendment of Certain Acts (Property Valuation Act).".

PART SIX

AMENDMENT TO CZECH NATIONAL COUNCIL ACT NO. 357/1992 SB. ON INHERITANCE, GIFT AND REAL ESTATE TRANSFER TAXES, AS AMENDED

Section 29

Czech National Council Act No. 357/1992 Sb , on Inheritance, Gift and Real Estate Transfer Taxes, as amended by Czech National Council Act no. 18/1993 Sb., Act no. 322/1993 Sb. , Act no. 42/1994 Sb. , Act no. 72/1994 Sb. Act no. 85/1994 Sb. , Act no. 113/1994 Sb. , Act no.. 248/1995 Sb. and Act no.. 96/1996 Sb. , is being altered as follows:

1. Section 4 (3) including note 1) says:

"(3) Price under subsection (1) means the price ascertained under special legislation (Note 1) valid on the day of decedent´s death.

(Note 1) Act no. 151/1997 Sb., On Valuation of Property and on the Amendment of Certain Acts (Property Valuation Act).".

2. Section 7 (2) says:

"(2) Price under subsection (1) means the price ascertained under special legislation (Note 1) valid on the day of property acquisition. If the object of taxation is the other property gain bringing recurring benefits for unlimited period, life-span or a period longer that five years, the price shall be determined as five times the amount of the annual benefit.

3. Section 16 says:

Section 16

Easement, recurring performance

If the acquisition of rights corresponding to easement or to recurring benefit acquired in other way than through easement, the price ascertained under special legislation (Note 1) is the tax base."

PART SEVEN

AMENDMENT TO CZECH NATIONAL COUNCIL ACT NO. 368/1992 SB., ON ADMINISTRATIVE FEES AND CHARGES, AS AMENDED

Section 30

Czech National Council Act No. 368/1992 Sb. , on administrative fees and Charges, as amended by Czech National Council Act No. 10/1993 Sb. , Act No. 72/1994 Sb. , Act No. 85/1994 Sb. , Act No. 273/1994 Sb. , Act No. 36/1995 Sb. , Act No. 118/1995 Sb. Act No. 160/1995 Sb. and Act No. 301/1995 Sb. , is being altered as follows:

1. In section 5 (1) the second sentence is omitted.

2. Note no. 2) says:

"(Note 2) Act no. 151/1997 Sb., On Valuation of Property and on the Amendment of Certain Acts (Property Valuation Act).".

PART EIGHT

AMENDMENT TO CZECH NATIONAL COUNCIL ACT NO. 586/1992 SB. , ON INCOME TAXES, AS AMENDED

Section 31

Czech National Council Act No. 586/1992 Sb. , on Income Taxes, as amended by Czech National Council Act No. 35/1993 Sb. , Act No. 96/1993 Sb. , Act No. 157/1993 Sb. , Act No. 196/1993 Sb. , Act No. 323/1993 Sb. , Act No. 42/1994 Sb. , Act No. 85/1994 Sb. , Act No. 114/1994 Sb. , Act No. 259/1994 Sb. , Act No. 32/1995 Sb. , Act No. 87/1995 Sb. , Act No. 118/1995 Sb. , Act No. 149/1995 Sb. , Act No. 248/1995 Sb. , Act No. 316/1996 Sb. and Act No. 18/1997 Sb. , is being altered as follows:

1. Section 3 (3) including note no. 1a) says:

"(3) Non-pecuniary income shall be valued pursuant special legislation (Note 1a) unless otherwise provided for by this Act.

(Note 1a) Act no. 151/1997 Sb., On Valuation of Property and on the Amendment of Certain Acts (Property Valuation Act).".

2. In section 10 (5) the words "its price usual in place and time of its acquiring" shall be replaced with "price under special legislation 1a) ".

3. In section 23 (6) the first sentence says:

"Both financial and non-pecuniary benefits are considered as income valued under special legislation (Note 1a) unless provided for otherwise by this Act. Incomes obtained through exchange are considered similarly to incomes from sale for the purpose of this Act".

4. In section 29 (1) (d) the words "special regulations or certified expert" shall be replaced with "special legislation 1a)" and the words "if the price cannot be ascertained under special regulations" shall be omitted."

PART NINE

cancelled

section 32

cancelled

PART TEN

TRANSITIONAL AND FINAL PROVISIONS

Section 33

(1) The Ministry of Finance shall issue a Decree for implementation of sections 3 to 8, 10 to 13, 15 to 17 and 24 and a Decree regulating the valuation of certain movable assets and services.

(2) Municipalities may determine, within the scope of and under the conditions stipulated in section 10, through a binding ordinance, the prices of construction sites in their pricing maps. For this purpose the seller of a construction site shall send information about agreed price of the plot of land per square metre, the plot number and the name of the cadastral area to the municipality authority within whose jurisdiction the plot is located; however, this shall be done only within the scope and under the conditions stipulated in a binding ordinance, issued by the municipality authority concerned.

(3) The relevant financial authorities shall gather data about the prices ascertained during immovable assets valuation when the assets were sold. The financial authorities shall pass this data to the Ministry of Finance and the Czech Statistical Office.

Section 34

The provisions of this Act shall apply to cases of expropriation unless otherwise provided for in international investment promotion and protection agreements which are binding the Czech Republic.

Section 35

If the facts occurred prior to the effective date of this Act are the object of inheritance, gift or real estate transfer tax, the statutory provisions effective at the time when the fact occurred shall be applicable.

§ 36

Effective date of the Act

This Act shall come into effect on January 1st, 1998.

Zeman (in his own hand)

Havel (in his own hand)

Klaus (in his own hand)

(Note1): section 18 (2) of Act no. 248/1992 Sb., on Investment Companies and Investment Funds.

Section 5 (2) of Act no. 338/1992 Sb., on Real Estate Tax as amended by Act no. 242/1994 Sb.

Section 33 of Act no. 42/1994 Sb., on State-Contributory Supplementary Pension Insurance and on Amendment of Certain Acts Related to Its Implementation

Section 2 (1) and (3) of the Federal Ministry of Finance Decree no. 122/1984 Sb., on Compensation for the Expropriation of Structures, Plots of Land, Stands and Vegetation and Rights Thereto

Section 3 of the Ministry of Justice Decree no. 612/1992 Sb., on Notary Fees and Remuneration of Administrators of Property of the Deceased.

Section 2, 4 - 9 of Decree of the Ministry of Agriculture no. 81/1996 Sb., on Computing the Detriment or Damage Caused to Wood-Producing Functions of Forests.

(Note 2) Act no. 526/1990 Sb., on Prices, as amended by Act no. 135/1994 Sb.

(Note 3) e.g. Sections 24 to 26 of Act no. 563/1991 Sb., on Accounting, Government Decree no. 20/1992 Sb., Determining Method of Computing Compensation for Assets and Inventories (Stock) as amended by Government Decree no. 57/1993 Sb., Section 5 (1) of Act no. 338/1992 Sb., as amended by Act no. 315/1993 Sb., Section 24, Section 29 (1) (a) to (c) of Act no. 586/1992 Sb., on Income Taxes, as amended, Ministry of Finance Decree no. 224/1996 Sb., on computing the Value of Securities Owned by a Mutual Fund or an Investment Fund.

(Note 4) Act no. 92/1991 Sb., on Large Scale Privatization, as amended.

Section 11 and 28a of Act no. 229/1991 Sb., on Adjustment of Ownership Relations to Land and other Agricultural Property, as amended .

(Note 5) Act no. 265/1992 Sb., on Registration of Proprietary and Other Material Rights to Real Estates, as amended

Section 3 (3) of Decree of Czech Surveyors and Cadastre Office no. 190/1996 Sb., implementing Act no. 265/1992 Sb., on Registration of Proprietary and Other Material Rights to Real Estates, as amended by Act no. 210/1993 Sb. and Act no. 90/1996 Sb., and Act no. 344/1992 Sb., on Real Estate Register of the CR (Cadastral Act), as amended by Act no. 89/1996 Sb.

(Note 6) Section 85 and 104 of Act no. 50/1976 Sb., on Zone Planning and Building Regulations (Building Act).

(Note 7) e.g. section 2 (f) of Act no. 72/1994 Sb., regulating some co-ownership relationships to buildings and ownership relationships to flats and non-residential areas and amending certain other Acts (Act on Ownership of Flats).

(Note 8) Section 121 (2) of Civil Code.

(Note 9) Section 2 (e) and section 8 (2) of Act no. 72/1994 Sb.

(Note 10) Section 32 of Act no. 50/1976 Sb.

(Note 11) Sections 18 and 19 of Act no. 138/1973 Sb., on Water (Water Act). Section 14 of Act no. 114/1992 Sb., on Nature and Landscape Protection.

(Note 12) Annex no. 1 code 10 of Decree of the Czech Surveyors and Cadastre Office no. 190/1996 Sb.

Section 1 of Ministry of Agriculture Decree no. 84/1996 Sb., on Forest Economy Planning

(Note 13) Sections 6 - 10 of Act no. 289/1995 Sb., on Forests and on Amendments to certain Acts (Forest Act) 1

(Note 14) Section 2 (c) of Act no. 289/1995 Sb.

(Note 15) Sections 24 - 27 of Act no. 289/1995 Sb.

(Note 16) e.g. Act no. 132/1989 Sb., on Protection of Rights to New Plant Varieties and Animal Breeds, as amended by Act no. 93/1996 Sb., Act no. 527/1990 Sb., on Inventions, Industrial Designs and Innovations (Patents Act), as amended by Act no. 519/1991 Sb., Ministry of Health Decree no. 331/1991 Sb., on Certificates for New Methods of Medical Prevention, Diagnostics and Treatment, Act no. 529/1991 Sb., on Protection of Rights related to Topographies of Integrated Circuits, Act no. 478/1992 Sb., on Utility Models.

(Note 17) e.g. Act no. 159/1973 Sb., on Protection of Appellations of Origin, Act no. 137/1995 Sb., on Trademarks, rights arising from trade/corporate under section 8 and subsequent ones of the Commercial Code.

(Note 17a) Act no. 121/2000 Sb., on Copyrights, on Rights related to Copyrights and on Amendment of Certain Acts (Copyright Act).

(Note 18) Sections 151n - 151p of Civil Code .

(Note 19) Act no. 256/2004 Sb., on Capital Market Undertakings.

(Note 21) Prague Stock Exchange, Prague.