

Decoding the 2024 Czech Republic State Budget: A Guide for Business Leaders and Legal Professionals

The journey of creating the 2024 Czech Republic state budget has concluded. It was a careful and detailed process that showcased a thoughtful way of making financial decisions in line with the dynamics of parliamentary democracy. This involved several thoughtful phases, each playing a part in adjusting the budget to match Czech national goals and economic predictions.

Foundation for discussion started on June 21, 2023, as the government ratified the preliminary budget proposed by the Ministry of Finance. This plan set fiscal boundaries, outlining revenues and expenditures. This crucial starting point set the stage for future budget talks, making a space for further discussions.

The next critical stage was The Chamber of Deputies first reading. That was concluded on October 25, 2023 and marked a crucial step to solidify its financial groundwork. This phase propelled the budget into thorough examination by parliamentary committees. These committees played a significant role by examining and identifying areas for refinement and proposing adjustments. That phase lasted for sixty days.

Subsequent to the committee's examination, the second reading of the budget unfolded, marked by the presentation of the committee's recommendations to the plenary session of the Chamber. This stage was important due to the introduction of amendment proposals, enabling a broader spectrum of parliamentary input into the budgetary process. Throughout the whole process, several noteworthy modifications were integrated. These included the implementation of a fiscal consolidation package, strategically designed to stabilize public finances through expenditure reductions and reductions in financial support. Original proposals such as freezing state payments to health insurance companies and diminishing research and development allocations were critically reassigned and subsequently altered in response to extensive debates and expert critiques.



Mgr. Bc. Tereza Hošková

tereza.hoskova@weinholdlegal.com

The culmination of this process was marked by the third reading, conducted on November 29, 2023. This reading led to ratification of the budget in its final form, officially sanctioning the budget for the fiscal year. The finalized budget encapsulated revenues of 1,940 billion CZK and expenditures totaling 2,192 billion CZK. It increased spending on education, primarily aiming to fulfill the government's commitment to raise teachers salaries to 130% of the average wage in the economy. Simultaneously, it maintains the level of funding for science and research from national resources at the same amount as in 2023.

The 2024 Czech Republic state budget, a result of a deliberative legislative process, reflects commitment to national priorities and economic stability. This article provides insight into the transformative journey, emphasizing crucial stages. For business leaders and legal professionals, understanding this trajectory is essential for navigating the fiscal landscape and appreciating responsible fiscal governance in the Czech Republic.



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Conditions for cutting the subsidy in full amount. The Constitutional Court („CC“) addressed the question whether it is possible to cut subsidies in full amount in its ruling, file number III. ÚS 1344/23. The complainant applied for a grant for the eco-friendly heating source, where the ministry reduced the financial support by 100%. **The CC** ruled that reducing financial support requires consideration of the circumstances of a rule violation and its impact on the purpose of the subsidy.

Proceedings with the nature of iudicii duplicis. In cases regarding the annulment and settlement of co-ownership, where it is challenging to identify a clear winner, **the CC** clarified that each participant generally bears their own legal costs unless exceptional reasons warrant otherwise, considering the specific circumstances of the case. **The CC** highlighted the uniqueness of these proceedings, emphasizing that the traditional „winner” and „loser” framework is not applicable due to the nature of co-ownership settlement.

The setting of the purchase price and green bonus for certain power plants has withstood. Senators filled a petition to **the CC** seeking to repeal a pricing decision affecting solar power plants. **The CC** dismissed the petition, stating the decision aligned with legal authority. The CC highlighted the regulators discretion in setting prices, emphasizing the need for profitability assurance within 15–20 years.

Which branch of the state authority bears the financial responsibility for the costs of an unsuccessful execution proceedings? The CC partially rejected the Ministry of Finance's complaint, concluding a 20-year legal dispute over financial claims. The court ruled in favor of the Ministry, despite halting the execution. It determined that the state is not responsible for costs of unsuccessful execution unless the damaged party is a state organ. The judgment did not automatically assign the state responsibility for execution cost.

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