



# Legal update

November 2025

## Weinhold Legal

### Contents

#### Legislative news

[New Cybersecurity Act](#)

[Deforestation Regulation \(EUDR\)](#)

[Amendment to the Income Tax Act in Relation to Employee Stock Options](#)

#### Case law updates

[What is the consequence of failing to assess the creditworthiness of a borrower?](#)

[Does the death of the creditor entitle the debtor to deposit the payment into court custody?](#)

[Can parties in business relationships waive rights arising from defective performance?](#)

The information contained in this bulletin is presented to the best of our knowledge and belief at the time of going to press. However, specific information related to the topics listed in this bulletin should be consulted before any decisions are made.

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### Legislative news

#### New Cybersecurity Act

The new Cybersecurity Act (No. 264/2025 Coll.), which implements the NIS 2 Directive, came into effect on November 1, 2025.

Along with it, its implementing regulations also came into effect, which are the following decrees of the National Cyber and Information Security Agency (NÚKIB): No. 334/2025 Coll. on the National Cyber and Information Security Agency Portal and requirements for certain actions, No. 408/2025 Coll. on regulated services, No. 409/2025 Coll. on security measures for the provider of regulated services in the higher obligation regime, No. 410/2025 Coll. on security measures for the provider of regulated services in the lower obligation regime.

The aim of the law is to strengthen the cybersecurity resilience of the Czech Republic. The law expands the group of mandatory entities, following a more detailed definition of "providers of regulated services." The law also introduces a two-tier obligation system—higher and lower—which differ in the scope of security and organizational measures and obligations related to reporting cybersecurity incidents. At the same time, the law strengthens the position of NÚKIB as the main body for oversight, coordination, and methodological guidance in the field of cybersecurity.

Providers of regulated services, meeting the size criteria set out in the implementing regulation, are required to report the regulated service via the NÚKIB Portal within 60 days from the effective date of the new law. Since the law came into effect on November 1, 2025, these entities must submit their report no later than December 31, 2025.

Further information on the obligations arising from the new law, including a detailed timeline, can be found here.: <https://www.weinholdlegal.com/the-new-cybersecurity-act-is-here/>

#### Deforestation Regulation (EUDR)

As of December 30, 2025, the obligations arising from Regulation (EU) 2023/1115 of the European Parliament and Council of May 31, 2023, on the placing of certain commodities and products linked to deforestation and forest degradation on the Union market and their export from the Union ("EUDR") will apply to large and medium-sized enterprises. For small businesses, the start date is planned for June 30, 2026.

The EUDR sets out obligations for companies that place certain commodities and products linked to deforestation on the EU market, supply them to the EU market, or export them from the EU. The regulation applies to the following commodities: timber, rubber, cattle, cocoa, coffee, soy, and palm oil, as well as a wide range of products derived from them (e.g., furniture, tires, chocolate, paper, leather, printed materials, paper packaging, etc.). A detailed list is provided in Annex I of the regulation. The aim is to ensure that products sold in the EU do not originate from land that has been deforested or degraded after December 31, 2020, in order to reduce global deforestation and forest degradation, which is partly driven by consumption and production in the EU. Therefore, the regulation tightens the conditions for the import, placing on the market, and export of commodities whose production may contribute to forest loss.

The EUDR applies to any physical or legal entity that, as part of its business activity, places (imports) the above-mentioned relevant



# Legal update

November 2025

## Weinhold Legal

commodities or products on the EU market, supplies them to the EU market (for distribution, consumption, or use), or exports them from the EU.

Traders, manufacturers, and other entities to which the EUDR applies must carry out due diligence—gather information on the supply chain, including geolocation data of the land, assess risks, and, if necessary, take steps to mitigate the risk to an acceptable level. Before placing a product on the market, a due diligence statement must be submitted to the EU electronic system, and documentation must be kept for five years. Violations may result in fines of up to 4% of annual turnover and a ban on placing products on the market.

### **Amendment to the Income Tax Act in Relation to Employee Stock Options**

The amendment to Act No. 586/1992 Coll., on Income Taxes, effective from January 1, 2026, introduces a new tax framework for so-called qualified employee stock options (ESOP), i.e., a written, non-transferable promise to acquire an ownership interest provided by a qualified employer to a qualified employee.

The aim of this adjustment is to promote the use of employee ESOP programs by eliminating their current tax disadvantages, which could increase the attractiveness of the Czech Republic for technology companies and startups, which commonly use this tool to motivate and retain key employees.

A key change is the option to defer taxation of income from ESOPs until the actual sale of the shares, as well as their exemption from social security and health insurance contributions, significantly reducing the overall costs of ESOP programs.

To take advantage of the qualified ESOP benefits, conditions must be met on both the employer's and the employee's side, as this is not a blanket measure applicable to all companies. Certain sectors are excluded from the circle of qualified employers, such as banking, insurance, law, and tax consultancy. The employer's annual turnover must not exceed CZK 2.5 billion, and its assets must be below CZK 2 billion. The employer also has an active reporting obligation and must notify the tax authorities of the use of the ESOP regime.

Conditions are also specified for employees. They cannot acquire shares until at least three years after the option is granted, and they must have been employed by the employer for at least 12 months between the granting and the exercise of the option, thereby motivating employees to stay with the employer long-term. Through ESOP programs, no more than a 5% stake in the company's share capital can be acquired. The employee must also earn at least 1.2 times the minimum wage.

### **Case law updates**

#### **What is the consequence of failing to assess the creditworthiness of a borrower?**

*(Judgment of the High Court in Prague No. 12 Cmo 136/2024 dated October 21, 2025)*

The High Court in Prague confirmed the judgment of the Regional Court in Plzeň, which dismissed the lawsuit for payment of the promissory note amounting to CZK 236,531. The success of the defendants was based on proving that the loan was in fact a consumer credit, where the provider had seriously violated its legal obligations.

In the case at hand, the question arose as to whether the failure to

assess the consumer's creditworthiness under Section 86 of Act No. 257/2016 Coll., on Consumer Credit (ZSÚ), establishes the absolute or relative invalidity of the consumer credit agreement.

The plaintiff raised the defense of limitation, relying on the wording of Section 87 of the ZSÚ before the amendment of the ZSÚ in 2022, according to which the failure to assess creditworthiness at the time of entering into the consumer credit agreement only led to relative invalidity of the agreement. However, the 2022 amendment to the ZSÚ (Act No. 96/2022 Coll.) explicitly stated that a contract concluded without proper assessment of creditworthiness is absolutely invalid.

However, as the defendants emphasized, the mentioned amendment to the ZSÚ merely codified the previous Euro-compliant interpretation of the original wording of the law, based on Article 8 of the European Parliament and Council Directive 2008/48/EC on consumer credit agreements. Judicial practice had already established before the amendment that failure to conduct a proper assessment of the consumer's creditworthiness constitutes a violation of an essential obligation that is contrary to public order and good morals, and thus leads to the absolute invalidity of the credit agreement (see, for example, the judgment of the Regional Court in Hradec Králové dated December 17, 2020, file no. 23 Co 290/2020). This Euro-compliant interpretation of the provision is based on the judgment of the Court of Justice of the European Union dated March 5, 2020, case no. C-679/18, which concerned a preliminary ruling on Article 8 and 23 of the Consumer Credit Directive.

The court agreed with the defendants' argument, stating that the 2022 amendment to the ZSÚ merely confirmed the previously applied Euro-compliant interpretation, according to which the failure to assess creditworthiness is a violation so significant that it renders the credit agreement absolutely invalid. For this reason, the plaintiff's defense of limitation was found to be unfounded.

#### **Does the death of the creditor entitle the debtor to deposit the payment into court custody?**

*(Judgment of the Supreme Court of the Czech Republic, file no. 24 Cdo 829/2025, dated August 27, 2025)*

The Supreme Court addressed the issue of whether a debtor, who had already fallen into default during the lifetime of the creditor, could settle the debt after the creditor's death by depositing the payment into court custody, citing uncertainty about whom the debt should be paid to. The key aspect was to assess whether the conditions for substitute performance of the debt under Section 1953 of the Civil Code were met.

The court concluded that the conditions for using court custody were not fulfilled, as the debtor's uncertainty about the creditor's identity was not due to the debtor's own fault. The court noted that the default occurred while the creditor was still alive, and had the debtor paid on time, no subsequent doubt about the creditor's identity would have arisen. The court further stated that subjective uncertainty caused by the debtor's own default was not a sufficient reason to use court custody. Therefore, depositing the debt into court custody did not have the legal effects associated with fulfilling the debt, and the debtor remained in default.

Additionally, the court found that there was no objective uncertainty about the creditor's identity, as the probate proceedings had not appointed an administrator of the estate or an executor of the will, no decision on the administration of the estate under Section 156 of the



# Legal update

November 2025

## Weinhold Legal

Civil Procedure Code had been issued, and the court commissioner informed the debtor that the inheritance belonged to a single heir, with no ongoing dispute over the inheritance rights.

The court concluded that the debtor could (and should) have paid directly to this heir or initiated a decision regarding payment for the deceased's claims under Section 151 of the Civil Procedure Code. Since the debtor did not take these steps, the conditions for court custody were not met.

From the Supreme Court's decision, it follows that depositing the payment into court custody is effective only when there is an objectively justified obstacle on the creditor's side, and such an obstacle cannot arise when the debtor is in default. It is always necessary to verify that the conditions for using court custody are met—otherwise, the debt does not extinguish.

### **Can parties in business relationships waive rights arising from defective performance?**

*(Judgment of the Supreme Court of the Czech Republic, file no. 33 Cdo 28/2025, dated September 18, 2025)*

The Supreme Court addressed the issue of whether parties in business relationships can waive rights arising from defective performance, not only in relation to non-essential defects of the subject of the contract, but also in relation to essential defects.

The subject of the dispute was the sale of a used vehicle between businesses within insolvency proceedings. The purchase agreement contained a clause in which the buyer explicitly acknowledged both the legal and factual condition of the purchased item and waived rights related to defective performance. After taking possession of the vehicle, the buyer discovered significant hidden defects (manipulation of the odometer, damaged DPF filter) and rescinded the contract. The lower courts concluded that the waiver of rights from defects was invalid, as it could only apply to non-essential defects.

The Supreme Court rejected the interpretation of the lower courts. It stated that according to Section 1916(2) of the Civil Code, the buyer may waive their right to claim defective performance in advance, provided they do so in writing. The law does not distinguish between essential and non-essential defects, and therefore, this provision should not be interpreted restrictively in a way that limits the possibility of waiving rights to only non-essential defects.

The Civil Code does not generally exclude the waiver of future rights. The court further stated that if, in the case at hand, the conditions for waiving rights from defective performance were met (i.e., the plaintiff waived their right in writing via the contract or a unilateral written statement), the matter could not be concluded by deeming the waiver invalid.

The court also noted that Sections 1914 and following of the Civil Code have a general nature and apply to purchase agreements under Section 2079 and following of the Civil Code. The court added that restrictive interpretation should only be used exceptionally, when all methods of interpretation lead to a clear conclusion about the meaning and scope of the legal norm. The court concluded that the restrictive interpretation in the present case was incorrect, annulled the decisions of the lower courts, and remanded the case for reconsideration.

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