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## Central European Law

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## Central European Law

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The year 1997 was again marked by brisk commercial legal development in Central Europe. Generally, the countries of Central Europe continued the major trends that were in evidence in the region since the fall of communism. In some cases, the commercial law trends in Central Europe track those in other emerging markets throughout the world. The trends in evidence in Central Europe in 1997 include: privatization; liberalization of foreign investment laws; modernization of rules on pledges, secured transactions and other commercial transactions; modernization of bankruptcy and insolvency laws; modernization of securities regulation; and, improvement of the administration of justice and strengthening the rule of law.

Many of the developments listed below were addressed in detail in articles appearing in the *Central European Law Committee Newsletter* of the ABA Section of International Law and Practice. The *Newsletter* is distributed quarterly to Committee members and others. Please contact the office of the Section of International Law and Practice in Washington, D.C. to be added to the *Central European Law Committee Newsletter* mailing list.

### I. Bulgaria\*\*

Following the economic crisis in early 1997 and the general elections in April, the new Parliamentary majority embarked on a process of reform, enacting legislation of major concern to foreign investors. The most significant legislative developments in the fields of commercial law, foreign investment, and taxation adopted during 1997 are outlined below.

#### A. LEGISLATIVE DEVELOPMENTS

##### 1. *Law on State and Municipal Procurement*

The new law (published in State Gazette No. 9/1997) regulates for the first time in more than fifty years the terms and conditions for awarding public procurement contracts by the

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\*The Committee's work on the Central European Law Report was coordinated by Robert B. Shanks of Morrison & Foerster, LLP in Washington D.C.

\*\*This report on Bulgaria was prepared by Chavdar Popov of ExLege Consulting Ltd. in Sofia, Bulgaria.

central government, local authorities, or state budget-funded institutions, such as schools or hospitals. It provides, in principle, for equal treatment of local and foreign entities, although certain provisions may allow the favoring of local tenderers or tenderers using mostly local goods or services in performance of the awarded contract.

## 2. *The Law on the Bulgarian National Bank*

This law (published in State Gazette No. 46/1997) is the fundamental act for regulating the structure and activities of the Bulgarian National Bank under the new currency board. The new law pegs the Bulgarian Lev to the German Mark at the rate of Leva 1,000 to 1 DM.<sup>1</sup>

## 3. *Law on Banks*

The new banking law (published in State Gazette No. 52/1997) establishes a new framework for regulation of banking activities in Bulgaria, including stricter terms and criteria for the establishment and licensing of banks and for the provision of credit. A significant aspect of the new banking law is the enhancement of the powers of the Bulgarian National Bank in bank liquidation and bankruptcy.

## 4. *Amendments to the Law on Concessions*

The amendments (published in State Gazette No. 61/1997) were needed in order to better define the scope of concession rights and to streamline the sometimes cumbersome procedure in the previous version of the law for granting concessions, in part by synchronizing privatization and concession procedures. The new procedure allowed the first cement privatizations to take place, as foreign investors were able simultaneously to sign a share purchase agreement for the cement plant and a concession contract for the quarry supplying the facility with raw materials.

## 5. *Amendments to the Privatization Law*

The new amendments (published in State Gazette No. 89/1997) are designed to further facilitate the privatization process.

## 6. *Law on Foreign Investment*

The new Law on Foreign Investment (published in State Gazette No. 97/1997) preserves intact the special protection regime governing foreign investments. It provides a clearer and more coherent definition of foreign investment, and also removes the \$50,000 minimum threshold contained in the previous law, above which foreign investments were accorded special protection and rights, such as repatriation of profits and capital. (The \$50,000 minimum did not apply to investments from states with which Bulgaria concluded bilateral investment treaties, including the United States, most European countries, Japan, and South Korea.)

The new foreign investment law also provides for certain tax and custom duties, as well as incentives for foreign investors. The law allows foreign investors to import, free of any taxes, duties, or other charges, machinery and equipment contributed to the capital of a locally registered company. Additionally, the new law introduces the concept of priority investment projects, whereby qualifying enterprises enjoy a 50 percent deduction of their tax on profits.

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1. For an in-depth description of the new Law on the Bulgarian National Bank, see Alexandrov & Christov, *Bulgaria Adopts a New Law on the Bulgarian National Bank, Creating a Currency Board in CENTRAL EUROPEAN LAW COMMITTEE NEWSLETTER*, at 1 (ABA Section of Int'l Law and Practice, Summer 1997).

### 7. *Amendments to the Law on Commerce*

The Amendments (published in State Gazette No. 100/1997) raise the minimum capital requirements for limited liability companies to Leva 5 Million (about \$2,800), and to Leva 100 Million or Leva 50 Million for joint-stock companies, depending on whether they are incorporated through a subscription.

### 8. *New Tax Laws*

A complete overhaul of the Bulgarian tax system was accomplished through the Amendments to the Value-Added Tax Law (published in State Gazette No. 111/1997); the Law on Corporate Income Tax (published in State Gazette No. 115/1997); the Law on Local Taxes and Fees (published in State Gazette No. 117/1997); and the Law on Income of Natural Persons (published in State Gazette No. 118/1997). The Law on Corporate Income Tax introduced a more sophisticated system of taxation of companies based on their profits. The new law repealed certain tax breaks offered to foreign investors. Nevertheless, foreign investors already enjoying such breaks are grandfathered and will continue to enjoy them until their expiration. Some of these tax breaks are now regulated by the new Law on Foreign Investment, described above.

## II. Czech Republic\*

Set forth below is a list of the most important commercial legislation and regulations enacted or issued in the Czech Republic in 1997, in the order published in the Collection of Laws (*Sbirka zakonu*, abbreviated herein as Coll.). All acts (statutes) of Parliament, decrees of the Government and Ministries, and the holdings of certain Constitutional Court decisions are numbered, starting anew each year, and published in general chronological order in the Collection of Laws. The citations below refer to the assigned number and the year. Decisions of other courts in the Czech Republic are published only sporadically and do not appear in the Collection of Laws.

### A. NEW COMMERCIAL LEGISLATION AND REGULATIONS

#### 1. *Act No. 22/1997 Coll. on Technical Requirements for Products*

This Act, effective September 1, 1997, establishes a legislative framework for introduction of new products to the Czech market that is designed to be compatible with those of the European Union States. The Act introduced the "declaration of conformity" of characteristics of products with the requirements set forth by the Act (namely that a product is safe and not dangerous to human health) and conforms with applicable technical standards, to be issued by the producer or importer. This framework supersedes much of the testing previously required for certain products prior to their introduction to the Czech market. Compliance with the provisions of the Act is supervised by the Czech Commercial Inspection, which is entitled to impose a penalty up to CZK 20,000,000 (approximately US\$600,000) for violations of the Act.

#### 2. *Act No. 61/1997 Coll. on Alcohol (Spirits) and Amending Related Acts*

The new Act and subsequent decrees set forth rules for business activities related to production of alcohol, its distribution, storage, and record-keeping. The Act also defines the responsibilities

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\*This report on the Czech Republic was prepared by JUDr. David Falada and JUDr. Petr Kotáb of Altheimer & Gray in Prague, Czech Republic.

of state administration in this area, including conditions for obtaining a license for production of alcohol. Further, the Act and the decrees were adopted to ensure proper taxation of the produced alcohol.

3. *Act No. 79/1997 Coll. on Pharmaceuticals and Amending Certain Related Acts*

This Act introduces a new definition of pharmaceuticals and sets forth detailed conditions of production, distribution and storage of pharmaceuticals, and licensing of these activities. The Act also newly defines the category of over-the-counter drugs whose distribution is not limited to pharmacies. The State Institute for Control of Pharmaceuticals may impose a penalty of up to CZK 1,000,000 (approximately US\$30,000) for violations of the Act.

4. *Act No. 110/1997 Coll. on Food and Tobacco Products and Amending Certain Related Acts*

The Act newly defines responsibilities of producers and traders of food and tobacco products and the role of state administration in this area. The Act also contains detailed instructions concerning labeling of food and tobacco products. Subsequent decrees set forth specific rules for packaging, labeling, storing, and distributing particular types of products and various product standards (e.g., microbiological and chemical limits). Penalties for violations of the Act can reach CZK 5,000,000 (approximately US\$150,000).

5. *Act No. 125/1997 Coll. on Wastes*

The new Act on Wastes, together with subsequent decrees, creates a framework for determining the responsibilities of persons producing environmental waste and persons entitled to process them. In general, any person producing waste is responsible for such waste until it is processed or disposed of, or until it is given to a person entitled to conduct business activities in the field of waste processing or disposal. With the exception of certain kinds of waste, which are regulated by the Ministry of Environment, import of waste for processing or disposal into the Czech Republic is prohibited. Beginning January 1, 2001, all production and import of packages made of polyvinyl chloride and products packed in such packages will be prohibited. The Ministry of Environment, the Czech Inspection of Environment, and certain other state and local authorities may impose a penalty up to CZK 30,000,000 (approximately US\$900,000) for violations of the Act.

6. *Act No. 151/1997 Coll. The Assets Valuation Act*

The Assets Valuation Act and a subsequent decree set forth the rules for valuation of assets (including real property, rights, and services), mainly for tax purposes. The Act became effective January 1, 1998.

7. *Act No. 152/1997 Coll. on Protection Against Import of Dumping Goods and Amending Certain Related Acts*

This Act is the first complex piece of Czech legislation containing regulations pertaining to dumping of imported goods. The Act defines major terms, such as dumping price and sets forth regulations governing anti-dumping proceedings, which may result in imposition of an anti-dumping duty. The Act became effective July 1, 1997.

8. *Act No. 208/1997 Coll. Amending Act No. 588/1992 Coll. the Value Added Tax (VAT) Act*

Effective January 1, 1998, the new Act increases the VAT rate on solid fuels, gas, and electrical power from 5 to 22 percent. The new Act also simplifies definitions of certain terms used in the area of the value added tax.

9. *Act No. 210/1997 Coll. Amending Act No. 586/1992 Coll. The Income Tax Act*

The new Income Tax Act lowers the corporate income tax rate from 39 to 35 percent and restricts the tax deductibility of losses from trading in securities. Tax rates for personal income remain unchanged. The Act became effective January 1, 1998.

### III. Estonia\*

The following is a selective list of commercial laws and regulations adopted and published in Estonia during 1997 that are of interest to the international business and legal community. Cites are to *Riigi Teataja*,<sup>2</sup> the Estonian Official Gazette. *Riigi Teataja* is published in four parts. Part One contains legislative acts adopted by the *Riigikogu* (the Estonian Parliament), the President, and the Government of Estonia. Part Two reports international agreements and treaties concluded by Estonia. Part Three reports the cases decided by the *Riigikobus* (the National Court or the Supreme Court). Part Four contains legal acts of Estonian ministries, the Bank of Estonia (the Central Bank), the State Comptroller's Office, and local municipalities. Estonian laws are also published in English in *Estonian Legislation in Translation*.<sup>3</sup>

#### A. NEW ESTONIAN LAWS AND REGULATIONS

1. *Law on Packaging Excise Tax (Pakendiaktsiisi seadus)*, RT I 1997, 5/6, 31.
2. *Law on Privatisation (consolidated text) (Erastamiseseadus)*, RT I 1997, 9, 78.
3. *Law on State Procurement (consolidated text) (Riigihangete seadus)*, RT I 1997, 9, 79.
4. *Law on Bankruptcy (Bankruptcy Act) (consolidated text) (Pankrotiseadus)*, RT I 1997, 18, 302.
5. *Law on Property Reform in the Republic of Estonia (consolidated text) (Eesti Vabariigi omandireformi seadus)*, RT I 1997, 27, 391.
6. *Law on Investment Funds (Investeeringimisfondide seadus)*, RT I 1997, 34, 535.
7. *Law on Advertising (Reklaamiseadus)*, RT I 1997, 52, 835.
8. *Law on Custom Tariffs (Tollitariifiseadus)*, RT I 1997, 78/79, 1321.
9. *Law on State Fees (Riigilovuseadus)*, RT I 1997, 80, 1344.
10. *Law on Certification of Products Conformity (Toote nouetekobasuse toendamise seadus)*, RT I 1997, 81, 1362.
11. *Law on Protection of Industrial Design (Tööstusdisaini kaitse seadus)*, RT I 1997, 87, 1466.

\*This report on Estonia was prepared by Raino Paron and Adres Tupits of Raidla & Partners in Tallin, Estonia.

2. A typical cite to *Riigi Teataja* appears as "RT I 1993, 20, 352" and should be read: Part I of *Riigi Teataja* for 1993, volume No. 20, Article No. 352.

3. For a subscription to *Estonian Legislation in Translation*, please contact: Estonian Translation and Legislative Support Centre, Tõnismägi 8, EE0001, Tallinn, Estonia, by telephone (372) 6 316 136, fax (372) 646 1075, or e-mail at keskus@legalextext.ee.

12. *The Order of Obtaining, Issuing and Annuling of Operating Licences of Securities Intermediaries* (Vabariigi valitsuse 3. juuni 1997. a. määrus nr. 107 "Väärtpaberituru kutseliste osaliste tegevuslitsensi taotlemise, väljaandmise ja tühistamise kord"), Decree No. 107 of the Government of Estonia of July 3, 1997, RT I 1997, 42, 687.

#### B. ESTONIAN LEGISLATION IN TRANSLATION

In 1996 the State Chancellery of Estonia and the Estonian Translation and Legislative Support Centre started the publication of *Estonian Legislation in Translation*, a monthly publication in English containing translations of the most important Estonian laws. During 1997 translations of the following laws were published:

- No. 1 *Law of Succession Act* (Pärimisseadus);
- No. 2 *Land Register Act* (Kinnistusraamatuseadus)  
*Apartment Ownership Act* (Korterimandiseadus)  
*Immovables Expropriation Act* (Kinnisasja sundvoorandamise seadus)  
*Apartment Associations Act* (Korteriühistu seadus)  
*Restrictions on Transfer of Immovable Property Ownership to Aliens, Foreign States and Legal Persons Act* (Välismaalasele, välisriigile ja juriidilisele isikule kinnisomandi üleandmise kitsendamise seadus);
- No. 3 *State Fees Act* (Riigiloivuseadus)  
*State Secrets Act* (Riigisaladuse seadus)  
*National Stockpiles Act* (Riigireservi seadus)  
*State Assets Act* (Riigivaraseadus)  
*Foreign Borrowing by the Republic of Estonia and State Guarantees for Foreign Loan Agreements Act* (Eesti Vabariigile välislaenude võtmise ja välislaenulepingutele riigigarantiide andmise seadus);
- No. 4-5 *Cultural Endowment of Estonia Act* (Eesti kultuurkapitali seadus)  
*Foundations Act* (Sibtasutuse seadus)  
*Non-Profit Associations Act* (Mittetulundusühingute seadus)  
*Foundation of and Participation in Legal Persons in Private Law by the State Act* (Riigi poolt eraõiguslike juriidiliste isikute asutamise ja nendes osalemise seadus);
- No. 6 *The Republic of Estonia Land Reform Act* (Eesti Vabariigi maareformi seadus)  
*Family Law Act* (Perekonnaseadus);
- No. 7 *Bankruptcy Act* (Pankrotiseadus);
- No. 8 *Aliens Act* (Välismaalaste seadus)  
*Personal Data Protection Act* (Isikuandmete kaitse seadus)  
*Refugees Act* (Pagulaste seadus);
- No. 9 *Republic of Estonia Foreign Investment Act* (Eesti Vabariigi välisinvesteeringuseadus)  
*Securities Market Act* (Väärtpaberituru seadus)  
*Heritage Conservation Act* (Muinsuskaitse seadus);
- No. 10 *Riigi Teataja Act* (Riigi Teataja seadus)  
*Legal Chancellor Activities Organisation Act* (Oiguskantsleri tegevuse korraldamise seadus)  
*Political Parties Act* (Erakonnaseadus)  
*Referendum Act* (Rahvabääletuse seadus)  
*State Audit Office Act* (Riigikontrolli seadus)  
*Foreign Service Act* (Välisteestistuse seadus);
- No. 11 *Collective Labour Disputes Resolution Act* (Kollektiivse töötüli labendamise seadus)  
*Individual Labour Dispute Resolution Act* (Individuaalse töövaidluse labendamise seadus)

*Employees Disciplinary Punishment Act (Töötajate distsiplinaarvastutuse seadus)*  
*Working and Rest Time Act (Töö- ja puhkeaja seadus)*  
*The Republic of Estonia Holidays Act (Eesti Vabariigi puhkuseseadus)*  
*Public and National Holidays Act (Pühade ja tähtpäevade seadus);*  
 No. 12 *Wages Act (Palgaseadus)*  
*Social Protection of the Unemployed Act (Töötu sotsiaalse kaitse seadus)*  
*Social Welfare Act (Sotsiaalboolekande seadus)*  
*Child Benefits Act (Lastetoetuse seadus).*

#### IV. Hungary\*

The Hungarian Parliament had a busy year in 1997, passing 159 new acts in all. Due to the large number of acts passed by the Hungarian Parliament and the limited space available here, the summary below addresses only those acts which may be of particular interest to foreign investors.

##### A. ACTS OF PARTICULAR INTEREST TO FOREIGN INVESTORS

##### 1. *Act XXVII of 1997 on Amendments to Act IL of 1991 on Bankruptcy, Liquidation, and Final Settlement*

These amendments may be viewed as clarifications of certain already existing rules that, prior to the amendments, were subject to differing interpretations. For example, prior to the amendments it was unclear whether a secured creditor could immediately upon liquidation foreclose on a property provided by the borrower as security, or was required to deliver the collateral to a bankruptcy trustee and join in the line of other creditors.<sup>4</sup> The amendments make clear that security deposits, like any other type of collateral, must be delivered to the bankruptcy trustee.

##### 2. *Law No. XI on the Protection of Trademarks and Geographic Signs*

Effective July 1, 1997, the new law updates and revises Hungary's previous trademark law adopted in 1969. The new law marks Hungary's change to a market economy and brings its trademark laws closer to the standards adopted in the European Union.<sup>5</sup>

##### 3. *Act XXX of 1997 on Mortgage-Credit Institutions and Mortgage Bonds*

The real property market was awaiting this act for many years because lack of appropriate legal structures discouraged financial institutions from providing long-term financing for real property investments. The new Act makes possible the creation of mortgage-credit institutions that provide long-term credits secured by mortgages created on real property located in Hungary. In order to raise funds, mortgage-credit institutions are allowed to issue special bonds, called mortgage bonds, which ultimately are backed by mortgages. Hungarians hope that as a result

\*This report on Hungary was prepared by Dr. Zoltán Grmela of Gárdos, Benke, Mosonyi, Tomori, and Timothy John Smith of Arent, Fox, Kitner, Plotkin & Kahn in Budapest, Hungary.

4. In general, a security deposit is the only type of collateral for which Hungarian law allows a creditor to foreclose directly in the event of default.

5. For a detailed description of the new law, see Smith, *Hungary's New Trademark Law*, in CENTRAL EUROPEAN LAW COMMITTEE NEWSLETTER, at 7 (ABA Section of Int'l Law and Practice, Summer 1997).



of this Act, home financing will become more widespread and easier for persons having only a small portion of the funds necessary to buy a new home.

4. *Act LI of 1997 on Amendments to Act XXII of 1997 on the Labor Code*

The amendments include new rules applicable to transfer of employees by operation of law (i.e., when employees may be transferred from one employer to another without offer and acceptance by the employee).

5. *Act LVIII of 1997 on Economic Advertising Activities*

This landmark Act sets forth the basic rules for the advertising industry. Its provisions regarding the advertisement of tobacco, alcohol, and pharmaceutical products were, and are, subject to extensive debate.

6. *Act LXXXII of 1997 on Private Pension and Private Pension Funds*

Through this act Hungary's two-leg pension system received a third leg: private pension funds. The other two legs are the mandatory state pension system and mutual pension funds. To some extent, private pension funds will operate as an alternative to the mandatory state pension system. Beginning January 1, 1998, employees in Hungary are required to pay seven percent of their gross salary either to the mandatory state pension system or to a private pension fund. Those electing to stay with the state pension system will pay the entire seven percent to the state pension system (increasing to eight percent in 1999 and nine percent in 2000). Those deciding to join a private pension fund are required to pay a certain percentage of their gross income to the private pension fund (six percent in 1998, seven percent in 1999, and eight percent in 2000), and also to pay one percent to the mandatory state pension system. These employees will receive a minimal (but guaranteed) pension from the state system and a pension from the private pension fund based on the sum accumulated in the employee's personal account in the private pension fund.

7. *Act CIII of 1997 on Excise Tax and Special Rules on the Distribution of Excise Products*

As with the previous Excise Tax Act, the new Excise Tax Act covers alcohol, fuels, and tobacco. Under the new Act, however, the tax payment obligation is triggered by the production or importation of the excise tax product. Prior to 1998 the tax obligation was created by the first sale of the product. The excise tax rate rose by ten and one-half percent in 1998 over 1997 rates.

8. *Act CV of 1997 on Amendments to Act CXVII of 1995 on Personal Income Tax*

The maximum tax rate remained at forty-two percent. The amendments resulted in many changes, but these changes are not likely to be viewed as material by most tax payers. Despite inflation, the tax scale also remained the same.

9. *Act CVI of 1997 on Amendments to Act LXXXI of 1996 on Corporate Tax and Dividend Tax*

The amendments resulted in many changes (mostly restrictions) regarding tax incentives. The taxation of permanent establishments did not change, but new rules address taxation of branches. Branches will now be taxed in exactly the same way as domestic enterprises. The taxation of interest paid to foreign entities changed slightly. Interest paid by credit institutions

to foreigners registered in Hungary previously was exempt from taxation. Henceforth, interest on loan agreements concluded after December 31, 1997, is subject to corporate taxation.

10. *Act CVII of 1997 on Amendments to Act LXXIV of 1997 on General Turnover Tax*

One of the changes resulting from these amendments is that general turnover tax became a one-phase tax with respect to tobacco products. The tax stamp affixed to tobacco products certifies the payment of the relevant excise and general turnover tax. Therefore, subsequent sellers (e.g., retail traders) no longer need to add general turnover tax to the price of tobacco products.

11. *Act CX of 1997 on Amendments to Act XCI of 1990 on the Order of Taxation*

This Act introduced changes in tax administration.

12. *Act CXXXII of 1997 on the Branches and Representative Offices of Foreign Based Enterprises in Hungary*

Under this Act, foreign enterprises are permitted to perform economic activities in Hungary through a branch or branches registered in Hungary. A branch is not regarded as a separate legal entity, but as a structural unit of a foreign enterprise. Branches may begin operation in Hungary only upon registration with the relevant court of registration. The court of registration registers a branch only if: (1) a treaty between Hungary and the home country of the foreign enterprise authorizes the creation of a branch in Hungary; and (2) the application to the court of registration, together with the necessary attachments, complies with all applicable requirements. For purposes of foreign exchange regulations, branches are regarded as domestic entities. Branches are also taxed the same way as Hungarian entities.

13. *Act CXLI of 1997 on Land Registration*

This act enters into force and replaces the current Land Registration Act on January 1, 1999.

14. *Act CXLIV of 1997 on Economic Associations*

The New Company Act, effective June 16, 1998, replaces Hungary's current Company Act. Although the New Company Act introduces several changes, it does not differ greatly from the existing Act; only the most important new rule is noted here. According to the New Company Act, registration of an economic association by the relevant court of registration is not retroactive to the date of signing of the association's deed of foundation, as is the case under the current system. Instead, an economic association is deemed to be created on the date of its registration by the relevant court of registration. Courts are required to register economic associations within specified time limits: thirty days for an unlimited partnership or a limited partnership and sixty days for a limited liability company (korlátolt felelősségű társaság), a joint stock company (részvénytársaság), a joint enterprise (közös vállalat), or a union (egyesülés). If the court of registration fails to render a decision within the required thirty or sixty day period, the president of the court of registration is given an additional eight days to cause the court to act. If no decision is rendered during this additional eight-day period, the company is deemed to be registered on the 39th or 69th day following the date of submission of the company's request for registration. This new registration system should speed up Hungary's corporate registration process.

15. *Act CXLVII of 1997 on Amendments to Act XCV of 1995 on Foreign Exchange*

These amendments basically incorporate into the Foreign Exchange Act those liberalization rules promulgated by the government in 1995 and 1996 (e.g., Hungarians may purchase securities issued in any OECD member country without foreign exchange permits), and eased a bit further the foreign exchange control regulations (e.g., contributions to capital of a Hungarian company may be made in cash by a foreign owner, rather than only by way of wire transfer under the old rules).

16. *Act CLI of 1997 on Amendments to Act CXI of 1996 on the Public Offering of Securities, Investment Services and the Securities Exchange*

The new amendments add requirements for investment firms operating in Hungary. The amendments also appear to permit foreign enterprises to provide investment services or supplementary investment services in Hungary only by way of establishing a branch in Hungary.

17. *Act CLV of 1997 on Consumer Protection*

This is the first act passed to protect the rights of consumers in a comprehensive manner.

## V. Latvia\*

A handful of significant new commercial laws were enacted in Latvia during 1997. The most important of these are summarized below.

### A. SIGNIFICANT NEW COMMERCIAL LAWS

1. *Amendments to the Law on Entrepreneurial Activity, Cabinet of Ministers Act (having force of law) Nr. 274 of 1997, The Republic of Latvia Saeima and Cabinet Reporter ("SCR") No. 199/200 (Aug. 8, 1997) p. 2.*

These amendments are the enabling legislation for the creation and perfection of commercial pledges in Latvia, allowing registered security interests in movable property, securities, shares in companies, ongoing businesses, and property other than real property.

2. *Law on Competition, Act adopted June 18, 1997, SCR No. 175/177 (July 8, 1997) pp. 2-3.*

This law replaces earlier laws on competition and provides much more definition and detail regarding regulation of anti-competitive activities in Latvia. It is similar to such laws found in other European countries.

3. *Law on Customs, Act adopted June 11, 1997, SCR No. 155/166 (June 27, 1997) pp. 3-16.*

This law replaces the earlier customs code and addresses the manner in which goods cross the Latvian customs borders, application of tariffs, authority of customs officials, and other matters related to the general customs policies of Latvia.

4. *Law on the Prevention of Legalization of Criminally Acquired Resources, Act adopted December 18, 1997, SCR No. 3(1064) (January 6, 1998) pp. 1-2.*

This is one of several new laws intended to battle against corruption and money laundering in Latvia.

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\*This report on Latvia was prepared by Filip K. Klaviņš of Klaviņš, Slaidins & Loze in Riga, Latvia.

5. *Law on Investment Companies, Act adopted December 18, 1997, SCR No. 342/346 (Dec. 30, 1997) pp. 2-4.*

This law governs the establishment and operation of investment funds organized for the purpose of making investments after attracting funds from the general public.

## VI. Poland\*

There were major commercial law developments in Poland in 1997. As a preliminary matter, it is important to note political changes that improved Poland's economic and legal positions. First, Poland joined the Organization of Economic Cooperation and Development (OECD). Consequently, laws reflecting the OECD's requirements, such as the new Law on the Public Trading of Securities, are coming into force. Second, pending ratification, Poland is on track to become a full member of the NATO alliance. This impending membership means Poland must upgrade its military technology and arms to Western standards. Third, parliamentary elections held in the Fall of 1997 brought a new government to power lead by AWS—made up mostly of the former Solidarity Party. Because of this last development, few new laws were enacted after August 29. In addition, some laws' effectiveness dates were delayed by the new Parliament.

### A. MAJOR LAW DEVELOPMENTS

#### 1. *Constitution of the Republic of Poland of April 2, 1997*

The new Constitution was adopted by the Polish Parliament (*Sejm*) and passed by referendum. This Constitution is broader than all prior Polish Constitutions and arguably goes beyond even the U.S. Constitution in guaranteeing political and economic rights, including the rights to private property and to conduct business activity. Despite critics' concerns that the Constitution could deprive Poland of its sovereignty (article 90 provides for the possible transfer of power of branches of the national government to international organizations), the new Constitution made important progress in establishing constitutional rights and liberties, and it meets European Union (EU) standards so that Poland may continue negotiations toward EU membership.<sup>6</sup>

#### 2. *Customs Code of January 9, 1997*

This Code simplifies the actions necessary for goods to pass through customs. Exporters and importers may benefit from the new Code if they are established entities exporting or importing for more than one year, are not in arrears in any governmental obligations (taxes, VAT, ZUS, or other customs duties), and post security for duties that will be payable. In particular, the Code provides for: 1) a simplified procedure that lessens the formal requirements of clearing customs; 2) declaration for goods to pass through the customs procedure; and 3) registration of goods in the register held by the company, rather than by submitting the actual goods to the customs office.<sup>7</sup>

\*This report on Poland was prepared by Dariusz Oleszczuk and C. David DeBenedetti of Salans, Hertzfeld & Heilbronn in Warsaw, Poland.

6. For a discussion of the Constitution, see 6 E. EUR. CONST. REV., Nos. 2 and 3 (1997).

7. The New Customs Code is described in more detail in 8 SURV. E. EUR. L., No. 5 (1997).

### 3. *The Energy Law of April 10, 1997*

The new Energy Law is intended to create conditions for stable economic growth by assuring the availability of safe and efficiently produced energy. The law is intended to allow for development of competition in energy production, to protect the environment, to conform Polish law to international obligations, to protect the interests of consumers, and to minimize costs.

### 4. *Adoption of the Geneva Convention Concerning Labor Inspection in Industry and Commerce of July 11, 1947*

This Convention passed without much notice in Poland. It appears to be an affirmation of already strong labor laws in Poland by allowing international inspectors to enter workplaces to ensure compliance with regulations concerning maximum hours, minimum wages, worker safety, health and welfare, and child labor.

### 5. *Criminal Code of June 6, 1997.*

The new Criminal Code will enter into force on September 1, 1998. An important point for international business is that the new code includes white collar criminal offenses. Articles 293-309 of the new Code describe crimes committed in the course of commercial trade, and articles 310-316 criminalize securities and currency fraud. A person who committed such offenses before September 1, 1998, however, cannot be charged because Polish law requires that the law more favorable to a potential defendant be applied when an offense is committed and a trial takes place following a change in law.

### 6. *Law on Foreigners of June 25, 1997*

This new law establishes firm rules and conditions regarding foreigners entering, passing through, and staying in Poland. It is important to note that Americans planning to work in Poland must apply for a work visa in the appropriate Polish Consulate in the United States. Work permits for foreigners may only be issued in their country of origin.

### 7. *Bankruptcy Law of July 31, 1997*

This law enacts significant reforms to the regulations of the President on the Bankruptcy Law of 1934. The procedures by which companies may be determined bankrupt differ significantly from those under the prior law. The new law brings Poland's bankruptcy framework more in line with modern commercial practices.

### 8. *Regulations of the Ministry of Finance of August 27, 1997, on Reporting of Transactions Between Related Parties (Transfer Pricing)*

This new regulation, already revoked and replaced, was an extension of article 11 of the Law on Legal Persons Income Tax of 1991, which forbids transfer pricing and requires related parties to notify Polish tax authorities when transactions between them exceed certain levels. Related parties were defined rather broadly and included ownership of any amount of stock in the other party to a transaction. The Ministry of Finance also issued regulations relating to how tax authorities should value transactions to determine if they are comparable to the prices for which the goods would be supplied in an arms-length transaction. This important regulation, passed last year, has already been revoked. The new *Tax Ordinance (Ordynacja Podatkowa, Dz. U. 162 item 1124 §§ 15 et seq.)* revoked the prior reporting requirement and replaced it with a more complex scheme in which domestic (Polish-Polish) transactions between

related or unrelated parties are subject to reporting requirements upon the request of tax authorities when transactions between them exceed 10,000 ECU.<sup>8</sup> For international transactions, the Polish parties to a related party (defined in terms of 5 percent or more ownership of shares) transaction must inform the appropriate tax authorities of international transactions exceeding 300,000 ECU per year.

#### 9. *Banking Law of August 29, 1997*

The new Banking Law replaces the Banking Law of January 1, 1989. It introduces a number of substantial changes in the Polish banking system in order to improve the economic security of Polish banks (and foreign banks operating in Poland) and bring the Polish system of banking regulations in line with those in force in EU countries. The most important changes relate to the establishment and structure of banks, branches, or representative offices. The new law imposes higher capital requirements (the equivalent of 5 million ECU), and requires that the Management Board of a bank have at least three members, and its Supervisory Board at least five. Some members must be approved by the Commission on Banking Supervision, a new commission created by the Act on the National Bank of Poland. The new Banking Law also introduces new definitions of banking activities by establishing three categories: 1) banking activities reserved exclusively for banks (including credits, bank guarantees, and certain foreign exchange activities); 2) activities not exclusively reserved for banks, but still considered banking activities; and 3) other activities banks may perform, but which are not considered banking activities.

Article 186 of the new Banking Law also amends the Law on Acquisition of Real Property by Foreigners of March 24, 1920. Under the new law, foreign banks holding mortgages on real property located in Poland do not need permission from the Ministry of Internal Affairs and Administration to assume title to such property if execution of foreclosure (i.e., auction) is not successful. Also, domestic banks controlled by foreign entities may now acquire (without the Ministry's permission) shares in companies owning real property if the shares were pledged as part of a security arrangement and the pledgor defaulted. In addition, foreigners are now permitted to purchase shares in publicly-traded Polish companies owning real property without permission from the Ministry.

#### 10. *Act on the National Bank of Poland of August 29, 1997*

This law, in relevant part, establishes necessary administrative underpinnings to the above Banking Law.

#### 11. *Law on the Public Trading of Securities of September 21, 1997*

The new Securities Law of 1997, which came into effect January 4, 1998, fine-tunes the prior law and introduces reforms necessary for membership in the OECD. Importantly, the new law: 1) simplifies the procedure for the public issue of stock by companies already trading on the exchange; 2) introduces the possibility of paperless transactions; 3) expands the powers of brokers with the intention of transforming some brokers into investment bankers; 4) allows Poles to invest on foreign stock markets; and, 5) provides complete access to the Polish market (and participation at most levels) to foreigners. The latter two changes were made in fulfillment

8. European Currency Units. As of January 15, 1998, 1,000 ECU = 1,084.30 USD.

of OECD requirements. The law is discussed in detail in the *1998 Capital Markets Yearbook* published by the International Financial Law Review.

12. *Declaration of the Government of October 14, 1997, ratifying the Rome Convention of October 26, 1961, for the Protection of Performers, Producers of Phonograms, and Broadcasting Organizations*

This convention provides for national treatment to protect a group of interests known as neighboring rights.

13. *Law on the Protection of Personal Data of August 29, 1997*

This law corresponds to the EU directive on the Protection of Personal Data. The law prevents government and private entities from collecting personal information without individual consent. In addition, once collected, an individual's specific consent is required before such information may be disseminated to others.

14. *The Tax Code of August 29, 1997*

The new Tax Code replaces the Tax Obligations Act of 1980. Important reforms relate to the statutory pledge in favor of the State Treasury and liability of third parties for the tax debts of a taxpayer. Under prior legislation, the State Treasury benefited from pledges created by operation of law without a pledge agreement or registration. These pledges included a pledge over movables and transferable rights of a taxpayer as security for payment of delinquent tax obligations and a pledge over immovables owned by a third party, but used by a taxpayer in the course of business. Both concepts are eliminated by the new law. Also, under the prior law, an acquirer of the assets of a taxpayer could be liable for any taxes unpaid by that taxpayer in relation to those assets. Under the new law, an acquirer of a taxpayer's business or part thereof remains jointly and severally liable for tax debts of the taxpayer that arose prior to the date of acquisition, but only up to the value of the acquired business or asset. Also, the purchaser may avoid this risk by requesting notification from the tax authorities that the taxpayer does not have any outstanding tax liabilities.

15. *Investment Fund Law of August 28, 1997*

This new law replaces the relevant aspects of the 1991 Law on the Public Trading of Securities, which dealt with investment funds. As recently as 1991, only six companies and no investment funds were trading on the Warsaw stock exchange. Today, well over 100 companies and more than twenty investment funds are actively trading. Thus investment fund law was due for significant reform.

## VII. Romania\*

### A. LEGISLATIVE DEVELOPMENTS

1. *Emergency Ordinance No. 31/1997 Regarding the Regime of Foreign Investments in Romania (June 19, 1997)*

Following last November's elections, in which Romanian voters replaced the left-leaning coalition governing the country since 1989 with a new reform-minded Prime Minister, the

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\*This report on Romania was prepared by Andrew B. Kingston of Nestor, Nestor, Kingston & Petersen, S.A. in Bucharest, Romania.

new government published the Ordinance, which took effect immediately and will be submitted to the Parliament pursuant to Romania's constitutional procedures.

The Ordinance establishes protections for foreign investors to encourage investment in Romania. Foreign investments are permitted in all fields and are granted equal treatment and assurances against expropriation without compensation. Romanian companies, whether partially or wholly foreign-owned, are entitled to own land necessary for corporate purposes. Qualifying investments are entitled to exemption from, or reductions in, customs duties and a reduced profits tax rate. Qualifying investments are also guaranteed repatriation rights and are eligible for other investment guarantees.<sup>9</sup>

2. *Law Regarding the Organization and Operation of the People's Lawyer, Law No. 35/1997 (Monitorul Oficial al României [M.O.] No. 48/1997)*

This law establishes an independent public institution dedicated to serving as ombudsman for persons asserting claims of unlawful treatment against government agencies and employees. This law is expected to bring an increased level of accountability to Romanian bureaucracy.

3. *Law Regarding Bank Privatization, Law No. 83/1997 (M.O. No. 98/1997)*

Early passage of this critical privatization law was a high priority for the new reform government that took office after the November 1996 elections. The law sets forth procedures under which the state will offer for sale and sell the shares it holds in commercial banks. The first state-owned bank to be offered for sale will be Banc Post S.A. At least two other commercial banks are expected to be offered for sale during 1998.

4. *Law Ratifying Romania's Adherence to the Central Europe Free Trade Association (CEFTA) Agreement, Law No. 90/1997 (M.O. No. 108/1997)*

Romania became a full member in CEFTA in July, 1997.

5. *Ordinance Regarding the Reorganization of Autonomous Institutions (regie autonome), Emergency Government Ordinance No. 30/1997 (M.O. No. 125/1997), modified by Emergency Government Ordinance No. 53/1997 (M.O. No. 253/1997), further modified and approved by Law No. 207/1997 (M.O. No. 366/1997)*

This law provides the legal basis by which state institutions are converted to corporations and ultimately privatized. Affected institutions include Romtelecom (telecommunications), Renel (electric power utility), SNCFR (railway), and Posta Romana (postal service).

6. *Ordinance Regarding the Modification and Completion of Law No. 31/1990 Regarding Commercial Companies, Emergency Government Ordinance No. 32/1997 (M.O. No. 133/1997), approved with modifications by Law No. 195/1997 (M.O. No. 335/1997)*

The first amendments to Romania's company law since its enactment in November 1990 include several provisions intended to improve the ability of Romanian companies to manage and finance themselves. For example, the amendments enable Romanian companies to issue

9. For a more complete description of the Ordinance, see Kingston, *Romania Enacts New Package of Incentives to Attract Foreign Investors*, in CENTRAL EUROPEAN LAW COMMITTEE NEWSLETTER, at 17 (ABA Section of Int'l Law and Practice, Summer 1997).



preferred shares, to separate the function of general director from that of president of the administrative board, and to spin off divisions.

7. *Law on Health Insurance, Law No. 145/1997 (M.O. No. 178/1997)*

The new Law on Health Insurance sets forth rules and procedures by which the Romanian State will gradually turn health insurance responsibilities over to private insurers operating under government supervision.

8. *Ordinance Regarding Tax on Income, Realized in Romania, by Nonresident Natural and Legal Persons, Government Ordinance No. 47/1997 (M.O. No. 224/1997), approved by Law No. 180/1997 (M.O. No. 305/1997)*

This law replaces an ambiguous communist era decree interpreted in recent years to require a withholding tax, usually 15 percent, to be applied to virtually all payments abroad by Romanian companies. The new legislation clarifies the circumstances and amount of withholding tax due in connection with payments for services rendered to Romanian persons from abroad.

9. *Ordinance for the Modification and Completion of Law No. 32/1991 Regarding Salary Tax, Government Ordinance No. 62/1997 (M.O. 226/1997)*

The salary tax law amendments in this ordinance provide the first clear and unambiguous legislative statement that expatriates working in Romania are subject to salary tax on income and other benefits received in respect of activities performed in Romania, regardless of where payment is received.

10. *Ordinance Regarding the Modification and Completion of Law No. 64/1995 Regarding Judicial Reorganization and Liquidation, Emergency Government Ordinance No. 58/1997 (M.O. No. 265/1997)*

Under the original provisions of Romanian bankruptcy law, a shareholder lending money to the company in which it held one or more shares was repaid amounts due under its loan out of bankruptcy only after all other unsecured creditors were paid in full. Among other things, the amendments remove this provision, which effectively prevented a number of foreign investors from making loans to their affiliates.

11. *Ordinance Regarding Tax on Income Realized by Natural Persons, Emergency Government Ordinance No. 85/1997 (M.O. No. 378/1997)*

This ordinance imposes taxes at maximum marginal rates of thirty-five to forty percent on a variety of incomes obtained by natural persons falling outside the scope of salary as defined in the salary tax law, and exempts interest income and capital gains.

12. *Ordinance Regarding the Privatization of Commercial Companies, Emergency Government Ordinance No. 88/1997 (M.O. No. 381/1997)*

In May 1997 the new government enacted amendments to Romania's 1991 privatization law, which failed to achieve the government's goal to rapidly privatize the remaining state-owned companies. The new legislation is intended to achieve that goal and to implement the privatization of public institutions incorporated pursuant to Emergency Government Ordinance No. 30/1997 (see above). In January 1998 the government staked its credibility on approval of this ordinance by the Parliament. The ordinance was approved and is expected to be put to extensive use during 1998.

13. *Ordinance Regarding the Stimulation of Direct Investment, Emergency Government Ordinance No. 92/1997 (M.O. No. 386/1997)*

After several false starts and much debate, the government issued investment legislation with carefully designed incentives generally applicable to both Romanian and foreign investors. Investment incentives include exemptions from payment of customs duty for imports of qualified equipment, options to choose among different depreciation methods (including accelerated depreciation), and five-year loss carry-forward provisions. Burdensome registration and approval requirements applicable to foreign investors under prior legislation are eliminated in the new ordinance.

14. *Regulation Regarding Hard Currency Operations, Regulation No. 3/1997 (M.O. No. 395/1997)*

Amended and restated foreign currency regulation is designed to meet IMF demands to increase convertibility of the Romanian *leu*. The primary change is to reduce restrictions on the ability of Romanian citizens to use local currency to purchase foreign currency. Most other currency restrictions remain, however, leaving the Romanian currency far from freely convertible.

### VIII. Slovak Republic\*

Set forth below is a summary of the most important commercial legislation and regulations enacted or reissued in the Slovak Republic in 1997 in the order published in the Collection of Laws (*Zbierka zákonov*) through December 31, 1997. All acts of the Slovak National Council (Parliament), decrees, regulations, and other laws are numbered and published in general chronological order in the Collection of Laws.

#### A. IMPORTANT LEGISLATION AND REGULATIONS

1. *Decree of the Ministry of Finance and the National Bank of Slovakia No. 16/1997 Coll., on Registering Mortgages and the Activities of Mortgage Administrators*

Under the Decree, mortgage banks are obliged to maintain a mortgage registry, divided into mortgage loans and communal loans. All individual details on mortgage loans, receivables, and coverage of receivables, by mortgage certificates are regulated by the Decree. A mortgage administrator controls the issuance of mortgage certificates, the total volume of mortgage loans, and the evidence of the loans provided by the bank, as well as repayment of such loans.

2. *Trademark Act No. 55/1997 Coll.*

The National Council of the Slovak Republic adopted a New Trademark Law on February 6, 1997. The new law establishes a regulatory framework to comply with existing international agreements, EC Regulations and Directives, as well as the provisions of GATT and certain obligations set forth in the Association Agreements between the European Community and Slovakia.

The law defines a trademark, as well as a collective trademark, and provides the requirements for registration. Owners of a registered trademark have the exclusive right to mark their products and services with the trademark. The trademark owners may transfer the mark or the right

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\*This report on the Slovak Republic was prepared by Kevin T. Connor of Squire, Sanders & Dempsey.

to use the mark for some or all of their products and services by means of a license agreement. Such an agreement becomes effective upon entry into the Trademark Register maintained at the Industrial Property Office. The law provides, for the first time, the ability to secure obligations of a debtor to a creditor through the creation of a lien on a trademark by means of a written agreement that must be registered by the Trademark Office in order to become effective.

The law provides a ten-year protection period from the date of application to the Trademark Office. The protection period may be renewed for another ten years in response to a request submitted within certain time limits.

3. *Act of Protection Against Dumping in the Import of Goods No. 59/1997 Coll.*  
(*Anti-Dumping Act*)

The new Anti-Dumping Act introduces certain rules for determining whether dumping occurred and provides for damages as well as other protective measures against the import of dumped goods. The Anti-Dumping Act defines dumping damage as serious harm to domestic production caused by the import of dumped goods, the threat of such a harm, or a material delay in construction of a production facility for the production of the same or similar products in the Slovak Republic.

Under the Anti-Dumping Act, the Ministry of Finance may request that the importer adjust the import price or cease to import the dumped goods. The Ministry may, temporarily or permanently, impose an anti-dumping customs duty. In imposing any of the above measures, the Ministry of Finance takes into consideration the opinions of the Ministry of Economy, Ministry of Foreign Affairs, and the Antimonopoly Office.

4. *Act on Export-Import Bank No. 80/1997 Coll.*

An Export-Import Bank (Exim Bank) was created to support export and import activities through the granting of export and import credits. The stated goal is to increase competitiveness of local producers and to strengthen economic relationships between the Slovak Republic and foreign countries. The new Exim Bank acts in its own name and, if authorized by the government, may bind the Slovak Republic vis-à-vis international institutions and organizations. The principal objective of Exim Bank is to finance exports and imports through various forms of direct financing, co-financing, and re-financing of short, medium, and long-term loans for specific purposes and to provide insurance and re-insurance of export credit financing. Other responsibilities include: collecting debts incurred as a result of force majeure; discounting promissory notes; issuing bonds and generally carrying out brokerage and dealing activities; authorizing selected dealers to invest temporarily available funds (in Slovak Crowns or in convertible currency) in domestic and foreign markets; investing in securities; and, with the consent of the government, owning equities in legal entities or businesses and creating corporate entities or businesses. The obligations of Exim Bank are guaranteed by the State and the Ministry of Finance, which supervises Exim Bank.

5. *Act No. 106/1997 Coll., on Tax from the Transfer of Real Estate*

The Act stipulates the tax on real estate, including land and buildings. The Act contains provisions concerning taxpayers, the objects of tax, tax basis, the taxation rate, and exemptions from tax.

6. *Act No. 160/1997 Coll., on Board of the Slovak Republic for Radio and Television Broadcasting and the Amendments to the Act No. 468/1991 Coll., on Radio and Television Broadcasting*

This Act regulates the legal status, tasks, powers, and activities of the Radio and Television Broadcasting Board. The main objectives of the Board are to secure and to support the public interest in the process of exercising free speech and the right of the public to receive accurate information in the area of radio and television, and to ensure pluralism in broadcasting. The Board is deemed to be an organ of state administration, with the right to define the conditions for granting licenses, to impose penalties, to comment on international agreements related to broadcasting and supervise their performance, and to propose entering into such agreements and treaties or accession thereto.

7. *Decree of the Ministry of Finance No. 167/1997 Coll., on Form Contents and Particulars of the Custom Declaration and on Maintenance of Customs Statistics*

This Decree contains the details necessary for the due filing and processing of customs declarations.

8. *Decree of the Ministry of Interior No. 181/1997 on Suspicious Banking Operations*

The Decree requires banks to notify the Office of the Financial Police of suspicious bank operations—operations in respect of which there is an act or other feature that, based on the experience of the bank, is suspicious. The Decree contains a list of such suspicious operations, including: a one-time deposit or withdrawal of cash exceeding Sk 500,000, or the equivalent in other currency; frequent repeated cash deposits below Sk 500,000 or the equivalent that leads to accumulating a substantial balance, or that is later transferred to places and accounts not usually used by clients; frequent purchases of traveler's checks in other currencies and their subsequent resale to banks; payments in cash to clients against submission of banker's drafts, promissory notes, or other negotiable instruments; and prepayment of loans before maturity, particularly when the origin of the funds used to repay the loan are unclear or doubtful, or when the client had difficulty repaying loans in the past.

9. *Decree No. 188/1997 Coll., of the Ministry of Finance on Contributions to the Funds of Exim Bank*

The Decree contains detailed instructions on the manner of making contributions to the funds of the new Exim Bank based on the total value of imports by importers and the exporters.

10. *Announcement of the Ministry of Foreign Affairs on Entering into Central European Free Trade Agreement between the Czech Republic, Poland, Hungary and Slovakia No. 195/1997 Coll.*

The new Free Trade Agreement applies to industrial and agricultural products. The parties undertook not to implement in their mutual trading relations any new duty or tax, the effect of which would be equivalent to customs. All duties and taxes with such effect are canceled effective from the date of the Agreement, except duties and taxes with respect to Hungary, which will follow a separate timetable. The parties further undertook not to implement any new quantitative restrictions, and all such existing restrictions were canceled as of the date of the Agreement. The Agreement further regulates other issues including exceptions, state

monopolies, competition rules, state subsidies, procurement, intellectual property issues, dumping, and re-export.

11. *Act No. 211/1997 Coll., On Revitalization of Companies*

The Act regulates the terms and conditions of revitalization, defined as economic revival for the purpose of better realizing a company's economic potential. The Act defines a company that may be subject to revitalization as a domestic legal entity involved in business activities, not including banks.

12. *Act No. 213/1997 Coll., on Non-Profit Organizations Providing Generally Useful Services*

The Act regulates the creation, establishment, and termination of non-profit organizations.

13. *Act No. 214/1997 Coll., on Protective Measures in Import*

This Act establishes the conditions under which protective measures may be taken with respect to the import of goods that cause or threaten to cause serious economic damage to domestic producers of identical or similar products.<sup>10</sup>

14. *Act No. 326/1997 Coll., on the Conditions of Transfer of State-Owned Property to Other Persons*

Amended and supplemented many times since 1991, the Act regulates the conditions of transfer of state-owned property, and is sometimes referred to as the large-scale Privatization Act.

15. *Act No. 371/1997 Coll., Amending and Supplementing the Act of Slovak National Council No. 371/1997 Coll., on Value Added Tax*

The Act contains new provisions concerning the value added tax and the list of products and services subject to its six percent rate.

16. *Act No. 383/1997 Coll., on Copyright*

The new Copyright Act conforms with the law of the EU countries. The Act defines the relationships established in connection with the creation, use, and distribution of literary, scientific, and artistic works.

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10. See also Act No. 226/1997 Coll., on Subsidies and Settlement Measures.