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CELIS Country Note on Czechia, 2026

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Abstract

The Czech Republic introduced a foreign investment screening mechanism by Act No. 34/2021 Coll., on the Screening of Foreign Investments (the "FDI Act"), which entered into force on 1 May 2021, implementing Regulation (EU) 2019/452. The regime combines a mandatory, pre-closing screening of foreign investments into sensitive sectors with a possibility of *ex officio* review of other investments. This Country Note sets out the legal framework, scope, procedure, penalties and enforcement trends of the Czech FDI regime, administered by the Ministry of Industry and Trade, and also addresses the separate notification regime under the Czech Energy Act applicable to acquisitions of critical energy infrastructure, together with other sector-specific approval requirements relevant to foreign investors.

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Jan Kupčík

1. Introduction

1.1. General Policy Towards Foreign Investment

The Czech Republic has historically maintained an open approach to foreign investment. Following the adoption of the EU FDI Screening Regulation (Regulation (EU) 2019/452), the Czech Republic introduced a foreign investment screening mechanism through Act No. 34/2021 Coll., on the Screening of Foreign Investments (the "FDI Act"), which entered into force on 1 May 2021. The regime combines a limited mandatory review of foreign investments into certain sensitive sectors, conducted by the Ministry of Industry and Trade (the "Ministry"), with a call-in (*ex officio*) power in relation to other, less sensitive, foreign investments. While enforcement has, to date, been relatively lenient, the Ministry has issued one prohibition decision. The decision concerned an *ex officio* investigation of construction of a ground satellite station on Czech soil by non-EU investor with ties to Chinese government, which could allegedly serve also for espionage purposes. That decision was, as is evident from the facts, a clear-cut case and does not signal a departure from the Ministry's overall trend of openness towards foreign investment.

The Czech FDI regime is narrow in terms of the activities covered by the mandatory regime, but the scope of notifiable transactions is wide, covering certain internal restructurings and acquisitions of minority interests; the Ministry's interpretation of the FDI Act also extends to increases in shareholdings above 10%. The required local nexus is loose, as no corporate presence is required, so that transactions may be notifiable even though they do not, at first glance, appear to have a Czech FDI dimension.

1.2. Considerations Applied in Reviews

Per the wording of the FDI Act, the screening mechanism is devoted to protecting Czech national security and public and internal order, without further statutory specification. There is currently no guidance or case law specifying the concept in more detail, and the Ministry's cases and decisions remain confidential. In practice, the Ministry focuses on relatively obvious national security issues and has not expanded the concept to broader economic or policy considerations.

1.3. Other Sector-Specific Approval Regimes

Apart from the FDI screening mechanism, Czech law contains additional sector-specific approval mechanisms that may factor in public security considerations. Most significantly, Act No. 458/2000 Coll., on Business Conditions and Public Administration in the Energy Sectors (the "Czech Energy Act"), establishes a notification obligation for acquisitions of elements of critical infrastructure in the energy sector, namely electricity, natural gas or central heat distribution, regardless of the investor's nationality. Notifications and/or the prior consent of regulators may also be required in other regulated areas, such as banking, insurance, consumer credit or the media (internet, television, print and radio).

1.4. Recent and Prospective Changes

A minor amendment to the FDI Act took effect on 1 November 2025 in connection with the new Czech Cybersecurity Act. It clarifies that the mandatory regime applies to entities providing "regulated services" that have been designated under a "regime of higher obligation" (essential services) by the relevant authority. A quite extensive overhaul is expected with an incoming legislative proposal reflecting the new EU FDI Screening Regulation. The proposal is expected in 2027 and should enter into force as of January 2028, but delays cannot be excluded.

2. Legal Basis and Scope of Application

2.1. Principal Legal Acts

The principal legal act is Act No. 34/2021 Coll., on the Screening of Foreign Investments, as amended. The Act implements Regulation (EU) 2019/452 establishing a framework for the screening of foreign direct investments into the European Union.

2.2. Covered Transactions and the Concept of Effective Degree of Control

The FDI regime covers transactions that allow a foreign investor to exercise an effective degree of control over the performance of an economic activity in the Czech Republic. Both share and asset deals are covered, as are greenfield investments without *de minimis* exception.

A transaction allows the exercise of an "effective degree of control" if: (i) the foreign investor has the possibility to dispose of at least 10% of the voting rights in the target, or to exert a corresponding influence, including shares owned, controlled or exercised in conjunction with the foreign investor; (ii) it confers on the foreign investor, or a closely related person or entity, a right to be a member of the target's board; (iii) the foreign investor may dispose of ownership rights to the target's assets (including by forcing their disposal); or (iv) the foreign investor

acquires a degree of control giving it access to information, systems or technologies important to the protection of the security of the Czech Republic or internal or public order. An effective degree of control may be acquired by any means, *de jure* or *de facto*, meaning that factual situations not amounting to "control" within the meaning of the EU Merger Regulation may still be relevant.

Internal reorganisations may also be caught: if a reorganisation results in a new or different entity (itself meeting the characteristics of a foreign investor) being inserted into the chain of "effective degree of control" over an entity active in a restricted sector in the Czech Republic, the restructuring may require notification and approval. Czech law treats such intra-group transactions as caught by the regime where they concern an entity newly, directly or indirectly, controlling the target which is not an EU national or does not have an EU registered office.

Asset purchases are also covered, as the ability to force disposal of relevant assets (most prominently, acquisition of ownership rights to the asset) can itself create an "effective degree of control".

A trust fund qualifies as a foreign investment where the settlor, the person who actually exercises influence over the trust, or the beneficiary is a non-EU individual or entity, or an individual or entity directly or indirectly controlled by a non-EU individual or entity.

2.3. Directly or Indirectly Foreign Investor

An entity or individual qualifies as a "foreign investor" if it is not a national of, or does not have its registered office in, the EU, or if it is directly or indirectly controlled by such a person or entity. The concept of "control" of the investor itself is interpreted similarly to the EU Merger Regulation standard, which is distinct from the "effective degree of control" over the target discussed above.

2.4. Mandatory Versus Voluntary Regime

A transaction falls under the mandatory regime if the target (or the relevant target assets) is active in one of the following sectors in the Czech Republic: (i) production, research, development, innovation or ensuring the life cycle of military material (which is understood in the sense of EU Military List); (ii) operation of critical infrastructure under the Act on Critical Infrastructure; (iii) provision of a regulated service under the regime of higher obligations under the Cybersecurity Act; (iv) development or manufacturing of dual-use items listed in Annex IV to Regulation (EU) 2021/821; or (v) holding a licence for nationwide radio or television broadcasting, or publishing periodical press with an aggregate minimum average print run of 100,000 copies

per day in the past calendar year (the last of which triggers a mandatory consultation rather than a mandatory filing).

A transaction falls under the voluntary regime if the economic activity performed by the target, or by the target assets, falls outside the mandatory categories. Foreign investors can voluntarily consult the Ministry on any notifiable investment that does not fall within the scope of mandatory filing or mandatory consultation, to obtain certainty that the Ministry will not investigate the transaction later.

The Ministry has previously highlighted a broader set of sectors and activities as being prone to *ex officio* investigation and, therefore, suitable candidates for voluntary consultation. These include: critical infrastructure (energy, transport, water management, medical, data processing or storage infrastructure, aerospace, defence, and related land and real estate); critical technologies and dual-use items not listed in Annex IV (including artificial intelligence, robotics, semiconductors, cybersecurity, aerospace, defence, chemical, energy storage, quantum, nuclear, nano- and biotechnologies); supplies related to energy, raw material or food security; access to or control of information important for the protection of security or public order, including personal data; the ability to significantly influence public opinion through media; critical information infrastructure, major information systems and basic services; non-military objects important for the defence of the State; other technologies whose misuse could endanger security or public order; and other areas important for the protection of security or public order.

2.5. Local Nexus and Extraterritorial Reach

The FDI Act requires that the investment relate to an economic activity in the Czech Republic, but no corporate presence (subsidiary or branch) is necessary: non-Czech companies with Czech export sales, local assets or local employees may also fall within scope. Indirect transactions are caught, as the regime may be triggered by acquisition of an indirect "effective degree of control", including changes of control over a foreign direct owner of a subsidiary or assets meeting the local nexus requirement.

The regime applies extraterritorially in that it also covers investments into foreign entities that perform an economic activity in the Czech Republic. Carving out the entities that perform the Czech activity (or, potentially, only the specific activity triggering the mandatory regime) should generally be possible to exclude a filing obligation.

3. Jurisdiction and Procedure

3.1. Jurisdictional Thresholds

There are no additional financial, market-share or other thresholds: if the definitions of "foreign investor", "foreign investment" and "effective degree of control" are met, the regime applies irrespective of transaction value, target revenues or any other financial figure.

3.2. Responsibility for Notification and Fees

The foreign investor is responsible for notification. There are no filing fees under the FDI Act (fees may apply under other sector-specific regimes, such as the Czech Energy Act).

3.3. Phase I (Consultation)

Phase I applies to (i) voluntary notifications and (ii) mandatory consultations concerning the media sector. Notifications may be made on the basis of a good faith intention to enter into a final agreement. A complete filing triggers a 45-calendar-day review period, which is suspended if the Ministry requests additional information. If no preliminary concerns are identified, the Ministry informs the foreign investor by the end of the period that the investment does not pose a threat, and the cleared investment may not subsequently be screened *ex officio*.

3.4. Phase II

Phase II is triggered by: (i) a mandatory filing (for all sensitive categories other than the media sector); (ii) preliminary concerns identified in Phase I; or (iii) an ex officio review within five years of implementation. Phase II begins once a filing containing all required information is submitted.

The review period is 90 calendar days, extendable by a further 30 days for complex cases, and suspended for information requests or while commitments are negotiated. If the Ministry or a consulted government body considers that the investment may pose a threat to security or public order, the Ministry must consult the government, which must issue a binding opinion within 45 calendar days of receiving the case; the Ministry then issues its final decision without undue delay.

3.5. Remedies, Confidentiality and Appeal

The foreign investor and the Ministry may agree on conditions for approval; the Ministry may, in theory, also impose conditions. A conditional clearance can only be issued once conditions are agreed with the foreign investor and subsequently approved by the Czech government.

The procedure is confidential. Information about a case is not made public unless the transaction is prohibited or remedies are imposed, in which case only a short notice is published in connection with the government's decision.

Commitment or prohibition decisions may be challenged by the investor before the administrative courts in a full review of law and fact; the appeal does not have suspensory effect. While not technically excluded, the standing threshold for third-party challenges is very high and unlikely to be met in practice.

4. Lookback Period and Standstill Obligation

4.1. Ex Officio Lookback

The Ministry may screen foreign investments *ex officio* for up to five years after implementation of the transaction; this time limitation does not apply where the investor has acted in bad faith.

4.2. Standstill Obligation

Investments triggering the mandatory regime may not be implemented prior to clearance (a standstill, or "gun-jumping", prohibition). There is no standstill obligation for investments falling only under the voluntary regime.

5. Penalties and Sanctions

5.1. Sanctions for Failure to Notify or Gun-Jumping

A foreign investor that fails to file, or that breaches the standstill obligation, may face fines of up to 1% of its total net turnover achieved in the last concluded accounting period, or up to CZK 50 million (*ca* EUR 2 million) if turnover cannot be determined.

5.2. Other Consequences

Beyond fines, the Ministry may, following a substantive review, order the investor to cease exercising voting rights, divest acquired shares or sell acquired assets, and may itself sell the shares or assets by public auction if the investor does not comply. The Ministry has no power to fine directors or managers of the investor for the entity's breach of a notification obligation; only natural persons with a personal obligation to obtain approval may be fined.

6. Interaction With Other Approval Regimes

6.1. Czech Energy Act

The Czech Energy Act establishes a separate, nationality-neutral notification obligation for direct and indirect acquisitions of an "effective degree of control" over elements of critical energy infrastructure, namely electricity, natural gas or central heat distribution. This regime, in force since 1 January 2024, also catches domestic-to-domestic transactions and is not limited to foreign investors.

Breach of the standstill obligation under the Czech Energy Act is sanctioned by a fine of up to CZK 50 million (*ca* EUR 2 million) and results in the invalidity of the exercise of voting rights and subsequent transfers of ownership rights. The Ministry has no discretion to impose conditions or accept remedies under this regime: it must either clear the investment or prohibit it if it jeopardises Czech energy security (including security of supply, the critical energy infrastructure complex, necessary real estate access, or related information and technology security).

The Czech Energy Act adds a further, less widely known layer of notifiable transactions, as it also covers EU investors and minority interests and can easily be overlooked.

6.2. Other Regulated Sectors

Notifications and/or the prior consent of regulators may separately be required for acquisitions of shares exceeding a given threshold (usually a controlling stake) in companies active in the Czech Republic in other regulated areas, such as banking, insurance, consumer credit, the media (internet, television, print and radio) or the energy markets, with the applicable thresholds set out in the laws governing each industry.

7. Practical Considerations and Enforcement Trends

Enforcement has remained relatively low-profile and lenient. The number of mandatory filings remains low given the regime's narrow sectoral scope, but voluntary consultations have increased, reflecting growing investor awareness. In 2022, all eight closed cases were approved (five) or withdrawn (three), with no prohibitions or conditions imposed. The number of cases rose to 28 in 2023, driven mainly by consultations; of the 22 cases closed that year, 18 were approved and the remainder were found procedurally unfounded or withdrawn, again with no prohibitions.

Owing to the indirect expansion of the regime in 2025 through the new critical infrastructure and cybersecurity legislation, significantly more transactions now trigger the mandatory regime. The Ministry actively monitors investments and has repeatedly invited foreign investors to submit voluntary filings in order to avoid *ex officio* proceedings.

Annex 1: Relevant Laws, Ordinances, Regulatory Guidelines

- Act No. 34/2021 Coll., on the Screening of Foreign Investments, as amended.
- Act No. 458/2000 Coll., on Business Conditions and Public Administration in the Energy Sectors (the Czech Energy Act), as amended.
- Regulation (EU) 2019/452 of the European Parliament and of the Council of 19 March 2019 establishing a framework for the screening of foreign direct investments into the Union.
- Regulation (EU) 2021/821 of the European Parliament and of the Council of 20 May 2021 setting up a Union regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items (recast).

Annex 2: Relevant Administrative and Court Cases

Decisions of the Ministry of Industry and Trade under the FDI Act remain confidential and are not published; no administrative or court decisions are therefore publicly available for citation. Commitment or prohibition decisions may be appealed to the administrative courts, but no such judgments have been published to date.

Annex 3: Relevant Literature

- Kupčík, J. et al. Commentary on Act No. 34/2021 Coll., on the Screening of Foreign Investments (Czech language). C. H. Beck, 2022.

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