

Regulatory and Bureaucratic Detox



Doing business without
unnecessary burdens



CONTENT

- 04 | **Foreword**
- 08 | **Questions and answers
regarding the draft
of Anti-Bureaucracy Act**
- 30 | **Words from Aleš Rod, executive
director of the Centre for Economic
and Market Analyses**
- 34 | **Draft of the Anti-Bureaucracy Act**
- 43 | **Explanatory memorandum
to the draft Act**
- 65 | **Concluding remarks**
- 67 | **Who is Zdeněk Zajíček**

FOREWORD

BUREAUCRACY

A word that has become a symbol of excessive and unnecessary interference by the State in both private and business life. We encounter bureaucracy at almost every step. Certificates, permits, approvals, statements, registers, records, reports, filings, appeals, complaints, reviews, lawsuits, and many other things that we are required by law to do to run a business, claim our rights, or simply live.

Some people feel that it is no longer possible to run a business or live a normal life without bureaucracy and they have come to accept it. Others see bureaucracy as something that will soon suffocate us and still want to fight against it. There is a growing sense that countries are not governed by elected politicians who represent the interests of their voters, but by groups of professional and insensitive bureaucrats who, regardless of society's changing needs, are pushing for more and more power over all of us. A bureaucrat is often seen as someone who believes in their own absolute truth, and it is better not to oppose them, as it could come back to harm us. In many cases, this is also due to the widespread belief that politicians should have no real power, and that true power should belong to bureaucrats — a professional administrative

apparatus that has “continuity” because it does not change every four years. But bureaucrats are not tasked with thinking about how things could work better or differently. They are not responsible for adjusting the Building Act to ensure we can obtain building permits faster, or perhaps not need them at all. They are not responsible for proposing which stamps or documents should no longer be required. On the contrary, they are obliged to demand them from us and to do so without compromise.

It might seem, then, that the bureaucrat is to blame for everything — an official seeking more power, influence, a good salary, and a comfortable life. But that is not true. That would be an oversimplified view.



So where does bureaucracy come from? Where are its roots?

“The officeholder’s task is to serve the public. His office has been established – directly or indirectly – by a legislative act and by the allocation of the means necessary for its support in the budget. He executes the laws of his country. In performing his duties he shows himself a useful member of the community, even if the laws which he has to put into practice are detrimental to the commonweal. For it is not he who is responsible for their inadequacy. The sovereign people is to blame, not the faithful executor of the people’s will. As the distillers are not responsible for people getting drunk, so the government’s clerks are not responsible for the undesirable consequences of unwise laws.”

Ludwig von Mises – Bureaucracy (1944)

Bureaucracy grows out of laws and related legal regulations such as decrees, ordinances, directives, standards and other legal acts, and it is kept alive through funding from public budgets, that is, from our taxes. Bureaucrats are obliged to follow the law. They must not exceed it, otherwise they will be punished. In public administration, the principle applies that offices and officials may only do exactly what the

law authorizes them to do. In contrast, in private and business life, the principle holds that we may do anything that is not expressly prohibited by law. In recent years, however, the number of prohibitions, orders and other obligations has been increasing at such a pace that we are no longer able to know them all, let alone comply with them. What is more, in the maze of all applicable legal obligations, no one today can claim with certainty to fully understand them. This includes not only entrepreneurs and citizens, but also lawyers, tax and other advisers, the officials themselves, and ultimately even judges, who are increasingly faced with never-ending disputes over the interpretation of laws.

If the State, through legislation, imposes certain obligations, its primary concern should be to ensure that these obligations are fulfilled and that the rules are followed. However, when the State itself does not know to whom and what obligations it imposes, nor how many there are; when it does not know whether the imposed obligations serve their intended purpose; and when it does not know how many people fail to comply with them or seek to circumvent them, it risks losing the respect of everyone.

What follows from all this?

It is necessary to carry out a thorough analysis and to streamline our overgrown, cluttered, complicated and incomprehensible legal order. Every single law must be taken up and examined in detail to determine whether, and if so to what extent, it contributes to the spreading regulatory and bureaucratic red tape that

can threaten not only our civil liberties and freedom of enterprises but also the very substance of the rule of law. At the same time, we must ensure strict control over the entry of new laws into force, so that by adopting new legislation we do not “contaminate” a legal order that is undergoing a streamlining. We must begin to look differently at how laws are proposed, drafted, debated and approved, and we must also introduce control mechanisms so that we regularly evaluate the effectiveness, currency and proportionality of the regulatory and bureaucratic framework. Modern technologies, including artificial intelligence, can greatly assist us in this; such tools were simply not available in the past.

We do not want to be the ones who merely complain

or wait for a miracle that never comes. We want to be the ones who are not afraid to take the initiative and who will put forward proposals on how to manage the fight against bad regulations and burdensome bureaucracy, and how to create effective tools to counter their unnecessary and further uncontrolled growth. We are convinced that reducing excessive regulations and bureaucracy will strengthen our competitiveness, resilience and attractiveness in a rapidly changing world. A society that can adapt more quickly to new conditions and shed unnecessary burdens will be the one that prospers. With this, we want to open a broad discussion. We also want to offer a path forward to those who are now so passionately debating in Brussels or elsewhere in the world how to escape the regulatory and bureaucratic trap.

And to the question of whether what we propose is already working somewhere else, I like to reply: “We have not yet found a similar comprehensive system anywhere! We might just be the first in the world! And why not?”

A handwritten signature in black ink, appearing to read 'Zdeněk Zajíček', with a stylized, flowing script.

Zdeněk Zajíček

President of the Czech Chamber of Commerce
and author of the draft Anti-Bureaucracy Act

Questions and answers
on the Draft
Anti-Bureaucracy Act



1. When dealing with excessive bureaucracy, I think of Professor Parkinson's laws and the legendary British series Yes, Minister — and thus the question of whether politicians actually have the power to do anything about it. What comes to your mind?

The first words that come to my mind, and that I hear around me in various orders and degrees of intensity, are hopelessness, futility, suffering, disappointment, misunderstanding, incomprehensibility, lack of clarity, never-ending story, unwillingness, superiority, harassment, bribery, corruption, circumventing the law, brake, barrier, obstacles, problem, excuses, empty talk, no vision, no effort, no decisive action, no real fight, absence of courage, distrust, disbelief. All of this has accompanied, for centuries, the discussion about excessive bureaucracy and regulation, a discussion that spares no country or continent, including us here in the Czech Republic and our own Czech bureaucracy. One might simply shrug and say that it cannot be solved and that we must accept it. That it is part of governance, and since the world is becoming more complex, we must have more laws imposing more obligations. To oversee these obligations, we then need more officials, inspection bodies, members of the security forces, and other public servants, who naturally settle into their positions, positions they cannot, and many do not even wish to, leave. Our frustration is then often taken out on them, as they have become the symbol of ever-present bureaucracy and regulation. Undeservedly so. In a democratic society, there is no one else with the mandate from the people to bring about change except the elected politicians. We have a beautiful Czech term for them: lawmakers.

Zdeněk Zajíček, President of the Czech Chamber of Commerce, and author of the draft Anti-Bureaucracy Act, was interviewed by journalist Petr Havlík.

Yes, it is the lawmakers who approve the laws from which regulation and bureaucracy are born. And no one else can rid us of these “gifts” except the politicians — the lawmakers themselves. They must, however, have the will, the courage, and the vision to achieve it.

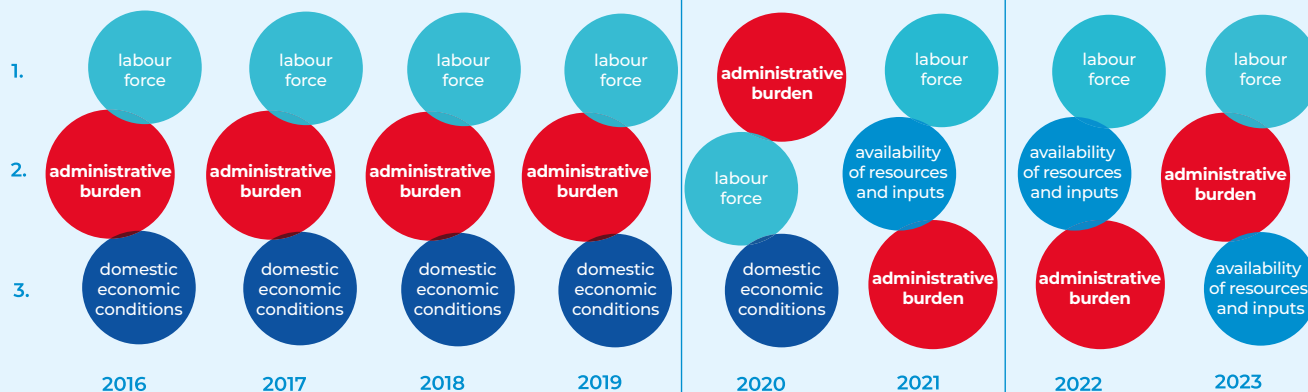
2. Must bureaucracy be an integral and essential part of modern society?

The term bureaucracy was first used by the French economist and physiocrat Vincent de Gournay in 1745. It is a combination of two words: the French bureau (office, writing desk, etc.) and the Greek term *kratein* (to rule).

Karel Havlíček Borovský (1821–1856), mid-19th century:

“The civil service is one thing, and bureaucracy is something entirely different; a civil service is indispensable in every well-governed State, but bureaucracy is a misfortune.”

BUSINESS OBSTACLES



LEGEND:

- **ADMINISTRATIVE BURDEN**
administrative and bureaucratic load, legal environment, ESG, in pandemic years also related risks and measures
- **LABOUR FORCE**
shortage of qualified workforce, labour costs
- **DOMESTIC ECONOMIC CONDITIONS**
domestic demand, economic and political conditions, input prices
- **AVAILABILITY OF RESOURCES AND INPUTS**
supply chain disruptions, securing inputs

In this, one can fully agree with K. H. Borovský, and his statement made almost 200 years ago. Every State needs a high-quality and professional administrative apparatus to carry out its powers, one that citizens, entrepreneurs, and politicians trust and respect. Such trust and respect take a long time to build and can be lost very quickly, especially in situations where a person, from whom the State demands something or against whom the State enforces something, finds out that another person in the same position and under the same circumstances is not subjected to any such demands or enforcement by the State, or is even given preferential treatment. Such conduct by the State and its bureaucrats is then perceived by the affected person as unfair, harassing, or even corrupt, which often leads them to seek ways to place themselves on an equal footing with the one who, in their view, enjoyed an unjustified advantage in dealing with the State. These steps lead to circumventing the law, engaging in corrupt practices, or looking for alternative ways to resolve their administrative matter through acquaintances or friends. This gradual erosion of an individual's trust in the State is, in many cases, caused by a lack of knowledge of the law, or rather by the inability to navigate the complex legal system, the obligations it imposes, and the rights it grants. It is also, unfortunately, sometimes the result of abuse of an official position and the use of State coercion to enforce obligations that the office or the official does not have the authority to demand, or even must not demand, or where such a procedure by the office is at least questionable or indefensible. That is why we need a legal system that is clear and easy to navigate, certainty about what offices can do, what they must do, and how they are to act toward the recipients of the law, and obligations that are understandable and that, ideally, are fulfilled voluntarily. When the State does not have to monitor compliance with obligations in

a complicated manner or impose harsh penalties, we all save nerves, time, and money. We should therefore not burden ourselves with unjustified regulation and excessive bureaucracy.

3. And can anything be done about it? There is constant talk about cleaning up and streamlining the legal system, but the situation seems to be getting worse.

Current Czech government, as well as some of its predecessors, has repeatedly tried to “slim down” the State, make it more efficient, and reduce the regulatory and administrative burden, usually under the banner of so-called anti-bureaucratic packages. Unfortunately, bureaucracy has only been reduced partially or temporarily. The severed tentacles of regulation and bureaucracy grow back over time or are replaced by another form of regulation and bureaucracy. It has become clear that there is currently no truly effective brake to prevent the further growth of regulation and bureaucracy. Nor is there a long-term sustainable tool for assessing the effectiveness of existing regulations. It is as if many political parties and their politicians have resigned themselves to the idea that nothing can be done about it. While all parties include a general pledge in their election programmes to fight the spread of regulation and bureaucracy, and to push for better regulation and less bureaucracy, none of them bring forward concrete long-term measures. It is also interesting that there is no strong movement leading this fight and putting pressure for change. This can be compared to the fight against corruption, which globally creates pressure to limit non-transparent processes, conflicts of interest, corruption, and other criminal offences that threaten a healthy democratic system.

But if we think about what the root cause of the high potential for non-transparent or corrupt behaviour is, we must reach the clear conclusion that it is a complex, unclear and ambiguous legal system. Such a system creates conditions for a high degree of discretion in decision-making about public funds, public property and the rights and obligations of citizens and entrepreneurs. The less State decision-making there is about public money, property and rights and obligations, the lower the risk of abuse of political or official power will be. The fewer regulations and less bureaucracy there are, the fewer opportunities there will be for those with sticky fingers. The fewer incomprehensible and ambiguous orders, prohibitions and restrictions there are, in other words the fewer obligations imposed on citizens and entrepreneurs, the less room and motivation there will be to circumvent laws and rules.

4. Could you briefly describe how the system you propose in the Anti-Bureaucracy Act will work?

I will try to describe, as briefly and clearly as possible, how the whole thing could work. First, I will outline the ideal situation when drafting and adopting an entirely new law.

Even today, it is required in my country that a Regulatory Impact Assessment, so-called RIA, be prepared first. The RIA should generally describe the objectives and overall reasons for introducing the new regulation, present alternative possible solutions, assess them in terms of their impacts, and ultimately determine the most suitable option. After the RIA, or in parallel with it, a substantive intent of the law should be drafted, which is a brief description of what the law should aim to achieve. Once comments on the RIA and the substantive intent of the law have been addressed, work begins on

drafting its full wording, along with the explanatory report. What we would like to see is that, in the case of a ministry or government initiative, already at the stage of preparing the substantive intent of the law — or even during the preparation of the RIA — a so-called overview of public-law obligations to be introduced by the law is compiled. This overview should then accompany the bill, dynamically reflecting its development throughout the entire legislative process, including both internal and external consultation procedures, and should also form part of the explanatory report, which will remain in effect alongside the law even after its adoption. From the very beginning, it should therefore be clear how many obligations the new legislation will impose.

The table with the overview is uncompromising.

It shows:

- a) to whom the obligation is assigned,
- b) for whose benefit,
- c) what the content of the obligation is,
- d) how it should be fulfilled,
- e) within what deadline or how often it should be fulfilled,
- f) who monitors the fulfilment of the obligation, and
- g) what sanction may be imposed for non-fulfilment of the obligation or what the consequences of non-fulfilment are.

Many items from this table will be part of the proposed law, but many others may be included in a different law or in other laws. Nevertheless, the proposer of the new legal regulation will be required to submit all the items listed in the table, even if the necessary information is provided by referring to other provisions



of other laws. This is a strong control and streamlining mechanism, which we currently do not have available in such a clear form. Once we have such a table, we can work with this structured data and begin using cross-checks to determine whether some of the obligations being imposed already exist, whether duplications/overlaps, unnecessary processes or excessive bureaucracy are being created, or whether we are establishing a new and unnecessary structure of offices or supervisory bodies. Most importantly, we will be able to see briefly, something that is not always clear from the text of the law itself, how many and what kinds of obligations the author of the new legislation intends to impose on entrepreneurs. Yes, such a table will reveal, without unnecessary words, the true intention of the law's author, and it will be up to the authors to justify, defend and push through their intent. This procedure does not take away any bill promoter's right to propose laws. But every bill promoter, whether it is the government (which will start addressing this even before drafting the actual wording of the bill), a member or group of members

of parliament, the Senate, or a regional authority, will submit, along with the bill, a table of public-law obligations that the law will impose on citizens or entrepreneurs.

5. But here you are talking about newly drafted regulations, while entrepreneurs are also burdened by obligations arising from laws that are already in force. How will those be handled?

Yes, we have 30,000 legal regulations published in the Czech Collection of Laws, and within them there are already, by estimate, tens of thousands of imposed obligations.

If we want to bring order to our legal system, we must also create an additional table of public-law obligations for already existing laws. This is the biggest and probably the most complex task ahead of us. It means taking every existing law and creating from it an obligations table with the same structure as the one that will accompany each newly proposed legal regulation. In some cases, the application of the Anti-Bureaucracy Act will reveal how poorly some obligations are defined, that in certain instances we are not even sure to whom they are actually imposed or in whose interest, whether the deadline for fulfilling the obligation is adequate, or whether the penalty for non-compliance is proportionate and serves its purpose, whether compliance with the obligation is not simultaneously monitored by two or even three supervisory bodies, and whether that is in fact appropriate.

When we then compare such structured and completed tables from different laws, we may find that some obligations are duplicated, some contradict each other, and some are mutually exclusive. In this way, we could review our legal system through an analysis of the imposed public-law obligations. Based on such an analysis, certain unnecessary or outdated obligations could be immediately abolished, duplications and interpretative ambiguities removed, and the process of how and in what form obligations must be fulfilled could be made more precise. To “extract” obligations from existing laws, we could use artificial intelligence tools, but this would first require teaching the AI to reliably recognise obligations within the laws. We would still need to carry out a “human” legal review of the work performed by the AI. At present, we estimate that if we conducted an obligations analysis on a sample of 1,000 laws, AI could then “extract” obligations from the remaining 29,000 legal regulations. Given its capabilities, this might even be achievable with a smaller initial sample.

If we had all public-law obligations from all laws compiled in a clear table, then with each amendment to a law we would only need to update the table, and in the case of a new law with new obligations, we would carry out a cross-check against the other obligations already in place.

In the Anti-Bureaucracy Act, we propose that a regular annual review of the effectiveness of imposed obligations should also be conducted. This means that each ministry or other authority responsible for a given law would carry out an evaluation to determine whether each imposed obligation is still necessary, being effectively fulfilled or complied with, monitored, and, if applicable, sanctioned. Along with this, the bureaucratic burden associated with fulfilling the obligation should be assessed — whether this burden is still necessary and whether it could potentially be reduced in the upcoming period.

This is also related to the costs associated with fulfilling obligations and the related bureaucracy, both on the part of the State, meaning individual offices, and on the part of entrepreneurs. The costs of administering these obligations should also be part of the regular efficiency review, because with the advent of digitalisation of State agendas, there should naturally be a shift towards the automation and robotisation of administrative work, which could lead to a reduction in the number of administrative positions or their reallocation to other under-resourced agendas.



6. But we have courts here that sometimes decide differently from how government offices interpret the text of a legal regulation, or from how an entrepreneur understands it. What happens then?

You are right that such a situation will very likely occur. A published court judgment or ruling would then be recorded in the table. We do not wish in any way to change the balance of powers between the legislative, executive and judicial branches. Our aim is simply to deliver to the recipients of the law, entrepreneurs, the best possible understanding of the bill promoter's intent when the law was proposed and adopted. If, based on a court decision, the interpretation of a statutory provision changes, there are two possible ways to address it. Either the lawmakers and the recipients of the law agree with the court's interpretation, and it corresponds to the original intent, in which case there will be "only" an update to the table of public-law obligations. However, if the court's decision goes against the original intent, which can happen, then the only option is to propose an amendment to the law and adopt a recast. With the amendment, the newly defined obligation will be added to the obligations table, and there is a high probability that it will be worded correctly from the outset so that it cannot later be interpreted one way by the authorities or entrepreneurs and another way by the courts.

7. So, will everything then depend only on the initiative of officials and judges? Does the active involvement of entrepreneurs themselves in the process of reducing the regulatory and bureaucratic burden end with the submission of the draft Anti-Bureaucracy Act?

Not at all! In the Anti-Bureaucracy Act, we propose that business and employers' organisations be able to initiate

the removal of unjustified regulation — that is, imposed obligations — and the excessive bureaucracy associated with fulfilling these obligations. Not in all cases will there be agreement between the relevant ministry or other authority and entrepreneurs when assessing the justification of certain laws during the efficiency review. In such cases, it would be worth having this "discrepancy" evaluated by the highest political executive body of the State, the government, which derives its mandate from the confidence expressed by the Chamber of Deputies. It should be the elected representatives of the people, including entrepreneurs, who assess whether the regulation and bureaucracy imposed on entrepreneurs constitute a disproportionate burden and limit the economic and social development of our country. The government would then have to decide within a set deadline whether to support the proposal for the removal of unjustified regulation or excessive bureaucracy and submit an amendment to the relevant law to the Parliament for consideration, or whether it considers such a proposal unfounded and leaves the scope of regulation and bureaucracy unchanged, in which case it would be required to provide substantive arguments in support of its negative position.

8. And where is the direct assistance to entrepreneurs that would make their business life easier? Everything described so far only helps the State to ensure that laws are better, that politicians and officials understand what they are actually approving, what burdens they are placing on entrepreneurs, what enables them to impose sanctions, and what gives them room to increase fees or taxes on business.

The entire proposed system should create constant

pressure to introduce only such regulation and bureaucracy that is necessary and whose objectives cannot be achieved in any other way. Not everything should, or even must, be handled by the State. Many matters should and could be left to the contractual freedom of business entities or to the relationship between the entrepreneur and the customer-client, or consumer.

Moreover, I am convinced that a revision of our legal system using the provisions of the Anti-Bureaucracy Act could eliminate many unnecessary and redundant obligations — regulations — and the associated bureaucracy without replacement. Yes, eliminate them, along with all the costs for offices, their staff, administration and enforcement of fees and fines, drafting implementing regulations, providing unnecessary advisory services for companies and entrepreneurs, and pointless court disputes.

We estimate such joint unnecessary costs for the State and entrepreneurs at billions, and possibly even the lower tens of billions of Czech crowns annually. This money could be invested by both the State and entrepreneurs elsewhere, for example in the transformation of our public offices or the transformation of our businesses, in digitalisation, automation, robotisation, the use of artificial intelligence, or in the necessary reduction of our high energy intensity.

But not everything can be abolished. Some elements

of regulation and bureaucracy unfortunately apply under EU law or are global standards. These simply cannot be a disservice to our entrepreneurs. Our realistic estimate is that it will be possible to abolish or at least ease the obligations imposed on entrepreneurs so that the regulatory and bureaucratic burden is reduced by one quarter compared to the current level.

What we want to do, however, in cooperation with other business and employers' organizations, is to create something like "business backpacks," into which the State would place their — hopefully gradually reduced — business obligations.

If we have tables of obligations from all laws, we will be able to sort them for entrepreneurs according to their sector or field of business. A bank has a different business backpack than an entrepreneur running a bakery, or someone who owns a drywall installation company. Similarly, the obligations of a carpenter differ from those of a car manufacturer or an arms dealer. And some have multiple business activities, so they carry more than one business backpack. When we compile from the public-law obligations tables from all laws only those that apply to a given business, we will have the total burden they carry in their business backpack. This will allow us to very easily identify so called cumulative burden, when a new law adds another heavy stone to that backpack, one that could overburden the entrepreneur. Sometimes it may even be that proverbial last straw that brings an entrepreneur to their knees, or outright breaks their back. But today none of us knows this because

obligations in laws are not currently sorted by business sector into individual business backpacks, and so we cannot say with certainty how heavy a new legal obligation imposed on all entrepreneurs will be in a given business backpack. Large companies may be able to handle such a load without much trouble, as they have the capacity to carry the backpack with the strength of many people, but a small business may not be able to bear such an additional stone and could end up closing down the business.

9. I understand that different entrepreneurs carry backpacks of varying weights in terms of their obligations, and therefore move at different speeds. However, it is not primarily about competition between individual business sectors in the Czech Republic, is it?

Creating tables of public-law obligations retrospectively for all effective legal regulations will indeed give us the opportunity to see how much is stored in individual entrepreneurial backpacks and should lead us to consider whether to ease the burden on entrepreneurs.

Entrepreneurship is truly a challenging trek in high-mountain terrain, where you must face various obstacles, unfavourable weather, or even your own physical condition. It depends on your willpower, experience, courage, and the people around you — whether they are partners, employees, or advisers. However, none of this can ever guarantee that you will reach the summit of an eight-thousander. Some will stop already at the base camp, others will advance to the second or third high-altitude camp, but due to all the circumstances, they will never

reach the peak, even though they would like to and would deserve it. The State plays a crucial role in an entrepreneur's trek. It places weights into their backpack that they must carry along the entire journey from the very beginning, or it gradually adds more load to their entrepreneurial backpack but only rarely lightens it along the way.

How desperate a Czech entrepreneur must feel when next to them walks an Italian, Irishman, American, Chinese, Japanese, or Korean — and they all carry their own entrepreneurial backpack made of lightweight material, loaded with maybe only half the obligations!



How desperate must a Czech person feel on this entrepreneurial high-altitude trek, when others have their load gradually lightened along the way, while ours is burdened with more and more weight, without us even knowing how their competitors abroad are doing? And unfortunately, this is exactly what we often do. Sometimes we even make it harder for them by adding a gilded brick instead of the lighter one that other foreign climbers carry in their backpacks.

10. Why do you add more laws to the many existing ones? Is it really necessary to amend the Charter of Fundamental Rights and Freedoms, and isn't constitutional protection against unjustified regulatory and excessive bureaucratic burdens merely an introduction of unnecessary casuistry into our legal system?

You are right that at first glance this may seem like an absurd proposal — to fight laws with another law. But fortunately, we live in a State governed by the rule of law, and even our legislative process, that is, the drafting and approval of laws, is regulated by law. If we want stricter, more precise, or even entirely new anti-regulatory and anti-bureaucratic rules or conditions to apply when drafting and approving laws, there is no other way than to adopt these rules and conditions in the form of a law. In terms of the hierarchy of the legal system, the highest laws are the Constitution, the Charter of Fundamental Rights and Freedoms, and other constitutional laws, with which all other legal regulations must comply. If we want, and in the Chamber of Commerce we strongly believe so, that entrepreneurs should not only have the constitutional right to conduct business but also that State interventions in business should be truly justified,

then we should strive to ensure that the requirement of justification for such interventions is incorporated by the State into the legal framework. In the Constitution, when it comes to regulation and bureaucracy, there is no safeguard. It is somewhat like a buffet. Anyone who has the right to propose a law and secures the necessary majority in the Chamber of Deputies and the Senate can make business more difficult without limit, to the point of destroying entrepreneurship in a given economic sector. And this does not even have to be done deliberately or intentionally — the proposal may be driven by genuinely good intentions. However, the consequences may be the same, and indeed tragic. It is becoming increasingly evident that despite the balancing of political interests and a certain degree of correction provided by political parties during the legislative process, excessive and ill-considered interventions in business still occur.

We consider entrepreneurship — that is, economic activity that creates necessary value and generates revenue for the State and other public budgets, which in turn finance the rights, claims, or services guaranteed by the Charter of Fundamental Rights and Freedoms — as a key pillar of the State. It is a fundamental and unconditional value on which a healthy and functioning State stands.

That is why there should be a stronger corrective mechanism for unexpected or unjustified legislative interventions in business, which may threaten the functioning of the State, its economic performance, or at the very least the financing of its activities and services.

This is the reason why we propose to incorporate into the constitutional order a general rule that every legal regulation must be adopted under the condition that the regulations it sets are justified and the bureaucracy proportionate. The Constitutional Court could, on the basis of a petition, review disproportionality or lack of justification in the same way it reviews other conflicts of ordinary laws with the Constitution and constitutional laws. Thus, if a law were adopted that was in conflict with these constitutional conditions, it would be assessed by the Constitutional Court and possibly annulled if it restricted a constitutionally guaranteed right.

We are aware that it is generally undesirable to overburden the constitutional order with detailed provisions. However, in the case of the right to conduct business, which is as important among personal rights and freedoms as, for example, freedom of expression, no more specific rules are included in the Charter. As a result, we have very limited — if any — possibility to defend our entrepreneurial rights before the Constitutional Court in cases of unjustified or disproportionate State interference in business through the introduction of regulation and the related bureaucracy. Yet, if the prevailing opinion were that the current wording of the Charter of Fundamental Rights and Freedoms sufficiently protects business in the Czech Republic, and that it is not necessary to amend the Charter, but that an ordinary law together with existing rulings or judgments of the Constitutional Court or the Supreme Administrative Court would be sufficient to strengthen protection against the uncontrolled growth of regulation and bureaucracy, we would be satisfied and see no reason for any additions. Still, even the very discussion of such a possibility is important, as it

reminds us of the importance of entrepreneurship.

11. Most laws in the Czech Republic originate from the initiative of ministries, not as proposals by members of parliament or senators. Is it not a denial of the separation of powers in a democratic State when the executive itself prepares the laws?

It seems that the separation of powers is increasingly being undermined. It is probably natural that the ruling majority in Parliament, which can direct the executive, meaning the government and individual ministries, uses the professional, organizational, and financial resources to have government offices draft new legal regulations or amendments to existing ones. The relatively well-paid civil service has the prerequisites, by which I mean time and qualifications, to draft and justify not only a legislative proposal. They usually also have access to up-to-date information from practical application, meaning insights into how existing regulations are enforced, since these offices and officials make decisions about certain rights and obligations. This often leads to an actual or perceived crossing of the line between legislative and executive power, especially in ministries and State offices entrusted with exercising legal powers in the State's decision-making or supervisory activities.

This setup, where draft laws are usually proposed by the executive power, which then oversees their own enforcement, is somewhat reminiscent of incest and is similar to a court proceeding in which the same person acts as both prosecutor and judge in deciding the defendant's sentence.

It is absurd that this practice of merging legislative and executive power often leads to the ostracization of legislators who come forward with their own legislative initiatives or with amendments to government proposals. Naturally, their proposals often do not, and cannot, reach the same quality as those of the government, since there are not enough legal and legislative experts. I am convinced that more laws should and could be created within Parliament, that the legislative departments of the Chamber of Deputies and the Senate should be strengthened at the expense of the ministries, and that the role of ministries in drafting some legal regulations should lie more in consulting, providing proposals for partial solutions, or offering professional opposition. It should be considered normal for a legislator to transparently commission a legislative proposal from a consulting firm. In many cases, it would actually be desirable for alternative drafts to exist in certain areas regulated by law that did not originate from ministerial legislative work. Providing precise and transparent instructions for legislative changes is not a simple or routine activity, and it is not something you can learn in school or on a short course. One must not only understand the subject matter and have a clear vision of what to propose and achieve but also have it thoroughly prepared with all its consequences and contexts and then defend and safeguard it throughout the legislative process. It would be excellent if we had as many politicians and legislators as possible equipped with such skills.

12. You propose the concept of mandatory preparation of tables listing the public-law obligations contained in a draft law. Will this not make it more difficult for deputies and senators to submit their own proposals, since they do not have a legislative apparatus like the ministries?

I consider it essential that every legislative proposal, not only a draft law but also any amendment to an existing proposal, whether submitted by the government, the Senate, a deputy, or a regional authority, be accompanied by a table of public-law obligations arising from each specific proposal. The proposer, as well as those who will later decide on the legislative proposal, must be aware of the burden that the specific proposal would impose on the business environment or, conversely, remove from it.

The mandatory preparation of a table of public-law obligations would also address the objection I sometimes hear from government legislators regarding the risks of amendments introduced in Parliament. They argue that deputies or senators, with their well-intentioned but “non-expert” amendments, often interfere with a carefully designed and interconnected system of new legal provisions prepared by the ministry, making the regulation illogical and unclear in its purpose, which only contributes to greater legal chaos.

It is true that legislators may lack expertise in certain regulated areas, which makes it more difficult for them to submit their own draft laws. However, the requirement to attach the mentioned table of public-law obligations even to amendment proposals can improve the quality of their amendments.

This applies even more when proposing entire laws as part of their own legislative initiatives.

It is not possible to expect ordinary citizens, who will have to comply with the law, to fulfil all legal obligations if the legislators themselves are not fully aware of what they are requiring from their citizens and entrepreneurs.

13. Wouldn't it be enough just to reduce the number of officials? Isn't that an easier way to limit bureaucracy than writing analyses, studies, impact assessments, and tables of obligations?

We are trying to address the root causes of our regulatory and bureaucratic illness — red tape, not just its symptoms or consequences. Offices and officials are merely a manifestation of this disease. That is why we believe it is necessary to make a fundamental and decisive change to the rules of the legislative process. Simply put, if no law were passed, or if no State regulation existed, then there would be no associated bureaucracy, no administrative agendas, and therefore no officials or administrative positions. It is that simple. If we want to reduce the number of officials, if we want to reduce the number of administrative agendas, if we want to decrease the amount of bureaucracy and regulations, we must reduce the number of public-law obligations. And that is exactly what we propose. That is the essence of our solution. Let's quickly review all the obligations imposed on entrepreneurs by both Czech and EU legislation and determine whether we really need so many of them. Let's see if they are not duplicated or even triplicated, if they do not contradict each other, if some of them can be

removed immediately, and if they are not unnecessarily monitored by several different supervisory authorities at once. We should also assess whether we are able to enforce them effectively and whether the penalties are not destructive or demotivating.

14. Did the Chamber's initiative follow any thorough analysis and data collection, or is the proposal based purely on intuition and personal impressions?

The Czech Chamber of Commerce is among the institutions that have long emphasized the need to make political decisions based on impact assessments related to the proposed measures. Therefore, before drafting the proposal, a broad professional discussion took place within our membership platform, not only at the level of working groups but also by commissioning an independent impact assessment, known as RIA, from the Centre for Economic and Market Analysis (CETA). The analysis is available online. This impact assessment, which considers publicly available data on the economic costs of administration and bureaucratic burdens, confirmed that the hypothesis about the significant positive societal impact from reducing bureaucracy has an economic justification.



The estimated total annual costs of regulatory and bureaucratic burdens on entrepreneurs in the Czech Republic amount to 71.8 billion CZK.

The impact assessment was carried out in accordance with the applicable legislative rules of the government. CETA carefully described the current situation, defined the problems, and set the objectives of our legislative proposal.

The impact assessment therefore includes a description of the existing legal framework of the given issue, the identification of affected entities, and the necessary risk assessment, including an evaluation of possible solution alternatives.

The best outcome came from the option that delivers clear added value: a systematic, unified, and long-term approach to reducing bureaucracy, independent of the political cycle. This approach increases transparency, clarity, and predictability of the legal environment while also addressing inequalities in the ability to influence legislation through proposals and feedback. The solution in the form of the Anti-Bureaucratic Act represents a significant change in the functioning of institutions in the Czech Republic. It is a project with the potential to demonstrate to foreign investors that the Czech Republic takes improving the business environment seriously, which is absolutely crucial for further economic growth in the current economic situation. The current state — characterized by a complex regulatory environment, lengthy permitting processes, and excessive administration associated with fulfilling obligations to authorities (including tax and levy obligations) — damages the image of the Czech Republic in the eyes of both investors and entrepreneurs.

15. Can the overall societal benefits of implementing the initiative be quantified, and how do they compare to the associated costs?

Yes, they can be quantified (estimated) using commonly applied tools of statistics, econometrics, and economic analysis. The calculation of the

benefits of the proposed initiative is based on an estimate of the total regulatory and bureaucratic burden, which was broken down by CETA into groups of micro-enterprises, small businesses, medium-sized businesses, large enterprises, and sole traders, according to the cost of the time burden associated with the necessary administrative requirements. The categorization was determined based on the methodology of the Czech Statistical Office.

The estimated time burden associated with fulfilling administrative obligations for different size categories of economic entities was calculated based on the results of the Bureaucracy Index for small businesses (240 hours per year). Theoretically, the individual categories differ in size approximately 8 to 9 times on average in terms of employment. However, it cannot be assumed that the administrative burden of a business increases proportionally with the number of employees, since part of the administrative work is not dependent on the company's size. Therefore, the model assumes that for medium-sized businesses, the administrative burden is on average five times higher than for small businesses. Similarly, the calculation assumes that for large enterprises, the administrative burden is on average five times higher than for medium-sized businesses (considering that many routine administrative activities in large enterprises are likely to be automated). For micro-enterprises, the administrative burden is estimated to be four times lower than for small businesses, and for self-employed individuals, it is assumed to be at half the level of a micro-enterprise. The results are presented in a table showing estimated savings amounting to a total of CZK 71.8 billion.

ESTIMATE OF TOTAL REGULATORY AND BUREAUCRATIC BURDEN

Economic Entity	Number	Time Burden (hours/year)	Financial Burden (per business/year)	Total Burden
Micro enterprises (0 employees, including unspecified)	718,240	60	CZK 20,700	CZK 14.87 billion
Small enterprises (1 – 19 employees)	249,017	240	CZK 82,800	CZK 20.62 billion
Medium enterprises (20 – 249 employees)	30,706	1,200	CZK 414,000	CZK 12.71 billion
Large enterprises (250+ employees)	2,401	6,000	CZK 2,070,000	CZK 4.97 billion
Self-employed	1,799,930	30	CZK 10,350	CZK 18.63 billion
TOTAL				CZK 71.8 billion

Source: Czech Statistical Office (CZSO), Liberal Institute, own calculations (rounded)

For the estimate of the potential benefits of reducing regulatory and bureaucratic burdens, three scenarios were considered, involving a reduction of the burden on businesses by 15%, 25%, and 35%, since the most common goal, both in the Czech Republic and abroad, is to reduce administrative burdens by approximately 20% to 25%.

As shown by the detailed calculations in the RIA analysis prepared by the CETA Centre, even in the most conservative scenario, which assumes a 15% reduction in the bureaucratic burden, the savings for businesses amount to nearly CZK 11 billion per year. In the optimistic scenario, which assumes a 35% reduction in the burden, the savings for businesses exceed CZK 25 billion annually. Under the realistic

scenario of a 25% reduction, the savings for businesses reach CZK 18 billion. An important factor is that the time saved thanks to the reduction of bureaucratic burdens can be dedicated by entrepreneurs to what truly matters — developing their business, streamlining processes, fostering innovation, and engaging in other activities that support productivity growth across the entire business sector. In short, the savings are multiplied. For example, based on the study by the Danish Commerce and Companies Agency — Measuring Administrative Burden: Tools and Techniques (available on the OECD website), it can be modelled that every CZK 1 million reduction in bureaucratic burden generates an additional CZK 1.4 million¹ in economic growth.

¹ It is, of course, impossible to conclude with absolute certainty that the same ratio of savings to benefits would prevail in the Czech Republic; however, it is appropriate to present this consideration as an illustrative model example. A presentation considering the Danish context is available at: <https://www.oecd.org/mena/governance/46384052.pdf>

This means that the overall reduction of bureaucratic burdens translates into a cumulative positive effect on GDP of approximately CZK 15 to 35 billion, depending on the reduction scenario. Under the realistic scenario of a 25% reduction, the multiplier effect contributes an additional CZK 25 billion to GDP.

Compared to the projected benefits, it is necessary to consider the costs of implementing and continuously applying the proposed legislation. It is expected that the practical implementation of the Anti-Bureaucracy Act within the legislative framework will require approximately CZK 265 million from the State budget to create and launch the electronic register of public-law obligations, with the estimated implementation period lasting four years. Monitoring the effectiveness of public-law obligations will involve personnel expenses of approximately CZK 13 million, and we also account for responding to the outcomes of efficiency reviews and the assessment of proposed changes, which is expected to require annual salary costs of around CZK 53 million. A detailed breakdown of these costs can be found in the RIA analysis prepared by the CETA Centre.

In conclusion, it is important to emphasize the key point: the expected benefits are one to two orders of magnitude higher than the projected costs. Therefore, the net economic impact of the proposed legislation will be unequivocally positive.

16. And don't you think that the core of the problem also lies in the low legal awareness, not only among entrepreneurs and the general public, but often even among State employees?

We should certainly do something about improving the legal awareness of all of us and, above all, focus on developing it — whether we are citizens, entrepreneurs, or civil servants. And we should start already in elementary school, together with financial literacy. Legal and financial literacy should be cultivated from an early age, because from childhood we are part of legal relationships and deal with money. These are fundamental skills and knowledge that we should provide to our children as part of their life toolkit. But back to the present. Honestly, today even legislators who draft laws, members of Parliament and senators, civil servants, and even judges, public prosecutors, and lawyers — in other words, legal professionals — are often unable to know the entire body of law in all its interconnections and complexities. There is a popular saying: “Two lawyers, three legal opinions.” That speaks volumes.

17. And isn't it enough to simply improve education and digitize legal databases, such as the e-Sbírka?

In my opinion, it is not enough. As I have already mentioned, we have several tens of thousands of legal regulations, and no one can know them all. We only know certain parts relevant to specific areas of law, sectors of business, or other specific activities. However, we often cannot say with certainty that laws and obligations from other legal areas do not interfere with our own. Frequently, we are caught off guard or surprised, especially when an authority interprets a law in a way we did not expect, or when we find out that an office, we were unaware of has the right to monitor such obligations and impose sanctions.

Yes, we could dismiss this by saying the Latin phrase “*Ignorantia juris non excusat*” — meaning “ignorance of the law is no excuse” — but we are convinced that it should be, and must be, in the State’s interest to ensure that users of the law, meaning citizens and entrepreneurs, understand it and can work with it. A State that wants its laws to be respected and its obligations fulfilled by the addressees must do everything possible to ensure that everyone can familiarize themselves with the valid legal framework and, most importantly, understand it. From our perspective, in today’s world, it is not enough to simply publish a legal regulation in the Collection of Laws. What is essential is to ensure the highest possible level of clarity, comprehensibility, and rational interpretation from the very start of its validity and effectiveness.



18. How do you assess the implementation of EU regulations into the Czech legal system? Isn't the strengthening of common regulations causing Europe as a whole to lose its competitiveness? And doesn't the implementation itself create systematic incentives for national gold-plating?

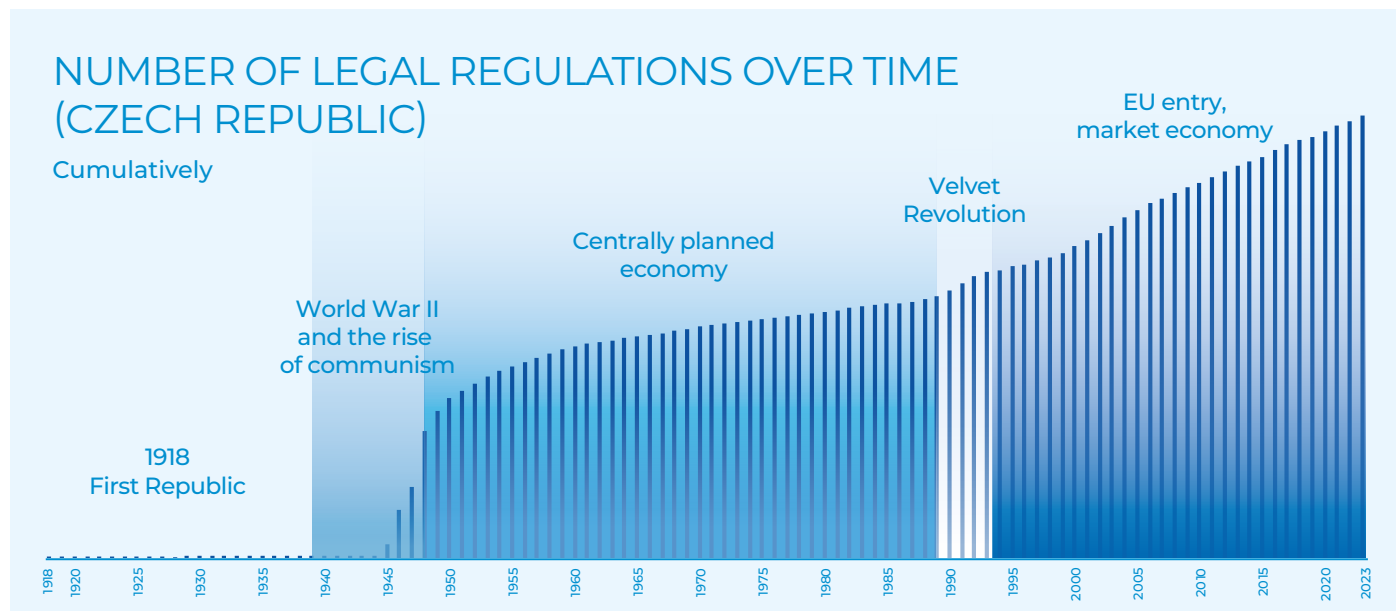
According to expert estimates, we are already approaching a situation where nearly 80% of newly adopted and effective legal norms originate from EU legislation. The pace of issuing EU acts of various legal force (from regulations and directives to different Commission communications) continues to grow. During the first mandate of Ursula von der Leyen, from the start of her Commission in 2019 until June 2024, when we launched our initiative, 8,481 such acts were adopted (and by the time this interview was published, the final number had reached around 10,000). Excessive regulatory burden is not only a problem for the Czech Republic; it also negatively affects the business environment across the entire EU, thereby undermining the competitiveness of all member States and the region as a whole. This is why I am pursuing an anti-bureaucratic initiative at the EU level as well. I am in communication with Members of the European Parliament, civil servants from the European Commission and through them with the President of the European Commission. I have also met with Members of the European Economic and Social Committee that made recommendations on simplifications and use of digital tools. The regulatory and bureaucratic detox initiative has the backing of Eurochambres, the European Association of Chambers of Commerce and Industry, partly because it is currently chaired by my predecessor at the head of the Czech Chamber of Commerce, Vladimír Dlouhý, with whom I fully share a critical stance on unjustified regulation and excessive bureaucratic burden.

Ideally, the EU itself should adopt a similar anti-bureaucratic framework that would require every EU legal act to be accompanied by a table of public-law obligations. In the case of regulations, which are directly applicable in all member States, this would make it immediately clear what applies and to whom. For directives and other legal acts, such a table would significantly facilitate national implementation. It would also make so-called "gold-plating" — the practice of adding unnecessary national requirements on top of EU rules — far more difficult, as it would be immediately obvious whenever additional or different obligations were being introduced compared to EU law. This type of transparent control would be invaluable at the national level and, at the same time, would lead to greater harmonization of rules within the EU's single market. It would give businesses and investors greater confidence that common rules truly apply across the Union. One

simple, well-organized table, translated into all national languages and integrated directly into the relevant legislation, would be enough to achieve this.

19. Will new civil service positions really be necessary to implement your proposals in practice? Aren't you, in a way, fighting fire with fire? Will this result in any real savings?

The entire concept consists of two phases. The first phase is analytical and, according to our estimates, should not take more than three years. At this stage, we cannot do without human resources, specifically civil service staff, who would conduct a comprehensive review of the entire legal framework and create the initial baseline table of public-law obligations for each individual law. The greatest workload would naturally fall on the legislative departments of ministries and central government authorities.



These departments would generally need to be strengthened because they are already struggling with a lack of personnel capable of handling the constant influx of legal regulations from the EU. At the same time, they would additionally, though temporarily, be burdened with creating tables of public-law obligations. On the other hand, I believe that nowadays artificial intelligence could significantly help us by extracting the obligations from individual laws in a relatively qualified manner after proper training. However, a thorough human verification of what the AI would prepare in advance would still be necessary. The second phase would focus on maintenance and updates. After creating the initial database of public-law obligations in tables for each law, far fewer people would be needed, as the entire model would be continuously updated and maintained, and the workload would be much less demanding. Whenever a law changes, the corresponding table would simply be updated, and the new table would remain valid until the next amendment. For any newly drafted law, a table would be created immediately and subsequently updated whenever the law changed. In fact, I believe the process could even start the other way around: first, the table of obligations would be drafted, specifying what is to be required, from whom, for whose benefit, under what conditions, and who will oversee and enforce compliance. Only after that would the legislative text itself be drafted. This approach could eliminate interpretative ambiguities from the very beginning and remove the classic problem of “two lawyers, three legal opinions.”.

So, to answer your question simply, at the beginning we will need to invest more in human labour than we currently spend, but after the first phase we will start saving significantly, and it will bring us the estimated

cost reductions. This is the same way any entrepreneur thinks when investing in a new production machine, a new information system, or a new design for their product.

It is important that within just a few years there should be a reduction in the number of obligations, a streamlining of the agendas of many public authorities, and, of course, also a significant decrease in the number of civil servants, well below the levels temporarily increased during the investment and analytical phase of the Anti-Bureaucracy Act project.

20. Aren't you concerned that your proposals might take work away from lawyers, tax advisors, or other consultants?

When creating lists of public-law obligations arising from more than thirty laws that apply to virtually all types of business activities, we collaborated with law firms, tax advisors, and other consultants. We did not encounter similar concerns during this process. As I have already mentioned, even legal specialists are unable to fully grasp our extensive and, moreover, complex legal system, which carries the risk of errors when providing their services. This is why lawyers insure themselves for significant amounts to cover potential liabilities arising from misinterpretations of the law. A clearer, simpler, and more comprehensible legal framework would certainly be welcomed by lawyers and other advisors and would undoubtedly change the nature of the services they provide. Routine preparatory work, often handled today by junior associates or other support staff, would become less necessary. However, there will always be a strong demand for finding optimal, individualized solutions for clients on how to fulfil specific obligations, and that remains the greatest added value that consultants will continue to offer.

21. What do you think is the future of artificial intelligence in legislation?

The use of artificial intelligence in legislation and the judiciary is certainly beneficial and, in our opinion, even inevitable. Considering the potential that AI already possesses today, it is unrealistic to assume that the private sector will not use it, in some cases even against the interests of the State, which remains the sole guardian of equality before the law and the enforcer of justice. If we do not want to allow the creation of a parallel structure enabled by AI — one that systematically circumvents laws and gradually undermines the foundations of the rule of law and democracy — we must put artificial intelligence to work in support of the core values on which our State and democracy are built. This is a significant risk that is currently not being adequately discussed. Regulating the use of artificial intelligence is not only a legal issue but also a social, ethical, and ultimately economic one. Overregulation could stifle AI as a unique technology, but it is equally important to realize that inadequate regulation could drive its development into the “grey zone,” where it could operate against the interests of both the State and society. At the same time, excessive regulation could severely harm the economy and its ability to compete with other countries that will not adopt such restrictive measures. From our perspective, it is therefore essential not to remain passive and instead start using AI meaningfully, including for the analysis of our legal system. If we integrate the use of AI within the implementation of the anti-bureaucratic law into the already functioning systems of Basic Registers, the Electronic Collection of Laws, and the gradually introduced Electronic Legislation System as a tool for the standardized creation of legal regulations,

we can quickly establish the necessary framework that we will rely on in the future. We have already made significant progress, but it is not yet widely recognized and remains insufficiently discussed.

22. Are you sure it is not already too late for such a robust and revolutionary concept? Wouldn't a more conservative approach, in the spirit of Masaryk's idea of small, gradual work, be more appropriate — for example, through occasional anti-bureaucratic packages?

I would say that, on the contrary, it is the highest time to act if we want to implement something truly systemic to increase the competitiveness of our country and the entire European Union. It is not enough to just read the report by Enrico Letta or Mario Draghi, nor to draft additional reports and prepare even more detailed analyses. The seriousness of the situation calls for a fundamental response.

I welcome every anti-bureaucratic package introduced by the government because it brings a glimmer of hope that at least someone, at least occasionally, recognizes the desperation of entrepreneurs. At the same time, however, I am convinced that we cannot rely on the randomness of such steps taken by the government, members of parliament, or senators. We urgently need a new systematic approach.

In the past, permanent expert anti-bureaucratic commissions, which were supposed to propose individual legislative measures, have not proven highly effective.

The same applies at the EU level. So far, no measure adopted in Brussels under the banner of Better Regulation has managed to prevent the growth of regulations and bureaucracy. Therefore, it is necessary to introduce a stronger tool that will make the entire process more transparent and, most importantly, bring benefits to the end customer — the entrepreneur.

23. Do you really believe that there can ever be a situation where a public official and their client are in a balanced position, where it is not about a one-sided dictate but rather a dialogue? And doesn't such an idea contradict the very concept of public law?

By its very nature, a public official and a client can probably never be in a fully balanced position because the exercise of public authority has an inherently superior character. Simply put, officials decide on our rights and obligations, and they are empowered to do so by law. However, what we aim to achieve is to reduce the information asymmetry between officials and clients so that both know their rights and obligations, understand how the proceedings can and will take place, and know how the client can defend themselves against improper administrative actions. An overview of entrepreneurs' obligations, which will be known from the very beginning to both officials and clients, is the best prevention against the misuse of State power. It will help eliminate unnecessary actions, misunderstandings, and even, in some cases, the perception of unjustified harassment by authorities. When both parties know without any doubt what obligations an entrepreneur has and what the supervisory authority may require verifying

their fulfilment, it cannot harm us. On the contrary, it will foster mutual respect and a better understanding of each other's roles.

24. How do you plan to push through this revolutionary change? Are you preparing any information campaign?

We need to convince as many entrepreneurs, politicians, officials, legislators, legal professionals, economists, other experts, and the wider public as possible about our vision, goals, and project, because without broad support, such an initiative cannot be successfully implemented or remain sustainable in the long term. If we join forces, we have a real chance to take a revolutionary step that can move us forward. Complaining and criticizing are not enough — action is needed, and people must know about those actions. That is why we will launch an information campaign, and we believe this campaign will capture attention and help explain what we are truly aiming to achieve.

I would like to initiate the creation of a platform where we could engage in dialogue with experts and entrepreneurs about our proposal, their experiences with regulations and bureaucracy, and also gather their suggestions on what can be done to improve the situation so that living and doing business becomes easier.

The fight against regulations and bureaucracy will never end, but we can make regulations and the related bureaucratic processes more transparent, predictable, and manageable.

Aleš Rod's statement

Executive Director
Centre for Economic and Market Analysis



WE WILL REDUCE THE BUREAUCRATIC BURDEN ON ENTREPRENEURS

We have probably heard this promise a thousand times from politicians across the entire political spectrum. It has appeared hundreds of times in the programs of various political parties. No government that has ever gained the confidence of the Czech Republic has done so by promising the opposite. The answer “Reduce it!” has become a kind of political Pavlovian reflex for every politician when asked the question: What should be done about the bureaucratic burden on entrepreneurs?



Yet bureaucracy, administration, paperwork, and endless forms remain one of the main headaches for Czech entrepreneurs. If you ask an entrepreneur, name a reason not to start a business, I guarantee that dealing with public administration will be the most frequently mentioned factor. This is bad news for any economy where individual entrepreneurs, through their innovation and willingness to take risks, create wealth for themselves and, via the invisible hand of the market, for everyone around them as well.

Because we do not live in the theoretical concepts of liberal economists, whose works I often admired almost uncritically as a student, we must accept the fact that regulations are created and that many of them bring significant societal benefits. But have you noticed that almost no regulations ever disappear? That we rarely evaluate whether regulations have achieved their goals? And that, in many cases, we do not even set measurable objectives for these regulations at all?

It is precisely because of this that entrepreneurs are forced every day to incur opportunity costs by generating data based on legislative obligations and sharing it with public institutions in a way they did not choose, which may not suit them, and whose effectiveness they often doubt. Please note that I am not talking about money or tax obligations. I am talking about reports, forms, records, statements, databases, questionnaires, archives, licenses, applications, and permits. That is bureaucracy. These are all activities whose added value, from the entrepreneur's perspective, is zero, as they often do not even understand their purpose. Those who prepared and approved the regulation likely struggled to imagine, when considering the theoretical benefits, just how significant a burden it would impose on the average entrepreneur. Most entrepreneurs believe this. Don't believe me? Ask them.

Sure, perhaps they rarely read the explanatory reports attached to laws, do not follow the meetings of the Government's Legislative Council, and often overlook how regulatory impact assessments are discussed and debated in Parliament. They also hardly ever participate in the consultation process during the drafting of legislation. But let's be honest: no one can expect every single entrepreneur to prioritize unproductive activities over productive ones.

That's exactly why guilds, chambers, and associations were created! you might think. Thanks to economies of scale and their specialization in so-called "non-productive activities," they can help reduce individual costs for entrepreneurs, lower information asymmetry between the public and private sectors, and assist them in navigating the administrative

jungle called legislation. But that is merely a defensive approach, preventing a suboptimal situation from becoming even worse.

At the same time, we must all realize that the very willingness to do business and to continue the legacy of the first and second generations of entrepreneurs who, in the 1990s and 2000s, revived the interrupted tradition of private enterprise in our country and built successful companies, will determine the wealth of our society and influence how well or poorly we cope with demographic changes. The willingness to establish sole proprietorships and micro-enterprises in rural areas and grow them into small and then medium-sized companies will affect whether people will be willing to leave large cities with expensive housing and limited childcare options and move to regions where they can help stimulate local economies and perhaps even breathe new life into dying small villages. Entrepreneurship is not an alternative to being an employee. Entrepreneurship is the key to the prosperity of us all. In a relentless competitive environment, entrepreneurship drives the economy forward, which is why it is essential to care for entrepreneurs and foster a healthy business environment systematically, sustainably, across sectors, and for businesses of all sizes.

That is why I am very pleased that we were able to cooperate with the Czech Chamber of Commerce on drafting legislation that provides a strong and comprehensive response to the issues and questions outlined above. It is systematic, follows clear rules, works with facts and data, and enables every individual entrepreneur to fight for their right to have fair business conditions free from excessive bureaucratic barriers.



Or at the very least, it gives them the opportunity to easily verify whether their subjective opinion about the redundancy of a regulation is based on an objective fact or simply stems from a misunderstanding of how the regulation benefits society — and thus provide policymakers with feedback so that regulations can be better explained.

I do not see the Czech Chamber of Commerce's Anti-Bureaucratic Act merely as a tool for improving the business environment. It is a signal — a signal that can significantly transcend the borders of the Czech Republic and send a message to the world that our economy, amid an ongoing transformation, recognizes that without simple administration enabling the establishment, operation, expansion,

modification, transfer, or closure of business activities, discussions about a supportive business environment will remain empty talk, and the competitiveness of the Czech economy will become nothing more than a hollow phrase.

I firmly believe that everyone who cares about the future of the Czech economy will recognize this. Because then they will have one more reason to familiarize themselves with the ambitious proposal of the Czech Chamber of Commerce and support its key ideas.

Aleš Rod

Executive Director
CETA – Centre for Economic
and Market Analyses



Draft
Anti-Bureaucracy Act

03

Draft Constitutional Act amending
the Charter of Fundamental Rights and Freedoms,
as amended by subsequent constitutional acts

**Parliament has passed
the following Constitutional Act of the Czech Republic:**

Article I

Amendment to the Charter of Fundamental Rights and Freedoms

The Charter of Fundamental Rights and Freedoms, adopted as part of Constitutional Act No 23/1991 and promulgated by Resolution of the Presidium of the Czech National Council No 2/1993 as part of the constitutional order of the Czech Republic, as amended by Constitutional Act No 162/1998 and Constitutional Act No 295/2021, is amended as follows:

Option 1

In Article 26, the following sentence is added at the end of paragraph (2): “Unjustified conditions or restrictions may not be imposed, nor may excessive administrative acts be required in connection with the fulfilment of conditions or restrictions imposed; everyone has the right to seek protection against such interference in the manner prescribed by law.”.

Option 2

In Article 4, the full stop at the end of paragraph (4) is replaced by a comma and the following words are added: “and shall not be unjustified or accompanied by excessive administrative acts; everyone has the right to seek protection against such restrictions in the manner prescribed by law.”.

Article II

Effect

This Constitutional Act shall take effect on the date on which it is promulgated.

Draft Act on the right to protection against unjustified regulatory burdens and excessive bureaucratic burdens (Anti-Bureaucracy Act)

Parliament has passed the following Act of the Czech Republic:

Section 1

Subject of regulation

This Act regulates the right of undertakings and other natural persons and legal persons to be protected from unjustified regulatory burdens or excessive bureaucratic burdens imposed by acts and other legislation or measures of a general nature issued by public authorities.

Section 2

Definitions

(1) “Regulatory burden” means a public-law obligation imposed on an obliged entity to do something, refrain from doing something, tolerate something, or comply with something for the pursuit of certain professions or for the conduct of business or other economic activity. For the purposes of this Act, the obligation to pay taxes, customs duties, social security contributions, State employment policy contributions, or public health insurance contributions (hereinafter referred to as the “obligation to pay taxes”) shall not be considered a regulatory burden.

(2) “Administrative burden” means a set of administrative and other acts that an entity is obliged to undertake in order to discharge a public-law obligation.

(3) “Unjustified regulatory burden” means:

a) regulatory burden imposed in a situation where

the objectives of such regulatory burden could be achieved to a comparable extent by a lower degree of restriction on obliged entities, by such entities’ own free decision-making, by agreement freely reached by such entities, or by other mechanisms with no direct or indirect interference on the part of legislation or public authorities;

b) in the event of charges on taxes, customs duties, social security contributions, State employment policy contributions, or public health insurance contributions, as well as other penalties and fines imposed pursuant to the legislation, such regulatory burden, the amount of which is determined by a public authority’s proportionally unrestricted administrative discretion or which disproportionately exceeds the value of the discharge of the original public-law obligation to which that regulatory burden is attached, or where that regulatory burden manifestly fails to serve its purpose, such being primarily aimed at the discharge of the original public-law obligation or, due to its prescribed amount, renders the discharge of the original public-law obligation wholly or partially impossible.

(4) “Excessive bureaucratic burden” means a bureaucratic burden imposed on an obliged entity in connection with the fulfilment of a regulatory burden or an obligation to pay taxes, and it would be possible:

a) for the regulatory burden or the obligation to pay taxes to be imposed without the bureaucratic burden; or

b) to fulfil the regulatory burden or the obligation to pay taxes with a lower associated bureaucratic burden, including, without limitation, by relying on the provisions of the Right to Digital Services Law.¹

Section 3

Imposition of an unjustified regulatory burden or excessive bureaucratic burden

Unjustified regulatory burdens and excessive bureaucratic burdens may not be imposed on obliged entities that are not a State or public authority.

Section 4

(1) Entities entitled to submit draft laws shall ensure that such draft laws submitted comply with Section 3.

(2) Subjects entitled to submit an amendment to a draft law and an amendment to an amendment to a draft law shall ensure that such amendments submitted comply with Section 3.

Section 5

(1) The Parliament of the Czech Republic shall ensure that the laws adopted comply with Section 3.

(2) The government shall ensure that government

regulations issued comply with Section 3.

(3) The head of a central government body shall ensure that legislation issued by the central government body of which he or she is the head complies with Section 3.

(4) The Bank Board of the Czech National Bank shall ensure that legislation issued by the Czech National Bank complies with Section 3.

(5) A local government unit shall ensure that the legislation it issues complies with Section 3.

(6) A public authority shall ensure that the measures of a general nature issued by such authority comply with Section 3.

(7) The entities referred to in paragraphs (1) to (4) shall endeavour, within the scope of their respective competences, to apply and promote the principles referred to in Section 3 in the legislative process for the discussion and approval of European Union legislation.

Section 6

Consideration of draft legislation with a regulatory or bureaucratic burden

(1) For all draft legislation, the impacts of any proposed regulatory and bureaucratic burden (hereinafter referred to as “impacts”) shall be assessed and submitted by the drafter for discussion together with the draft legislation whenever the government, a central government body, or the Czech National Bank is the drafter of the legislation.

1 Act No. 12/2020 Coll. of the Czech Republic, on the Right to Digital Services and on Amendments to Certain Acts, as amended.

Concurrently with the impact assessment, the drafter shall prepare and produce an informative overview of the public-law obligations deriving from the draft legislation in the structure provided for by special legislation,² or indicate that no public-law obligations are to be established. In the event of a draft amendment to legislation, the drafter shall prepare and produce, in an informative overview of public-law obligations, all obligations deriving from both the amendment to the legislation and the legislation to be amended, unless such an overview is already registered pursuant to Section 11, and, where appropriate, indicate which public-law obligations are to be abolished or that none is to be abolished (hereinafter referred to as the “overview of obligations”). The impacts and the overview of obligations shall be published in the electronic legislative drafting system in a manner facilitating remote access² upon approval of the draft legislation by the government, central government body, or Czech National Bank.

(2) For all draft legislation submitted by the Senate of the Parliament of the Czech Republic, a member or group of members of the Chamber of Deputies, or a regional assembly, an overview of obligations shall be prepared and registered pursuant to Section 11. In like manner, for an amendment submitted by the Senate of the Parliament of the Czech Republic, a member or group of members of the Chamber of Deputies, an overview of the obligations shall be prepared and registered pursuant to Section 11.

(3) The government shall establish, by way of a government regulation, rules governing the

assessment of impacts and rules governing the keeping of a register of overviews of obligations. In respect of impact assessments, the government may grant exemptions under which impacts need not be assessed or need not be assessed in full. Notwithstanding the foregoing, an overview of obligations shall be prepared and registered by the drafter of the legislation or amendment pursuant to Section 11 in all cases. Failure to prepare an overview of the obligations shall constitute an obstacle to the approval of the legislation or amendment. Where a draft is submitted during a state of emergency, a state of national emergency, or a state of war pursuant to special legislation (hereinafter referred to as an “emergency state”), the legislation may be approved without the preparation of an overview of obligations, provided that an overview of the obligations in force and effect is prepared and registered pursuant to Section 11 no later than three months after the date on which such legislation takes effect.

Section 7

Audit of the effectiveness of legislation with regulatory or bureaucratic burdens

(1) For all legislation with regulatory or bureaucratic burdens, the ministry or competent central government body shall audit the effectiveness of individual public-law obligations and the related bureaucratic burden (hereinafter referred to as an “effectiveness audit”) deriving from legislation falling within its competence for the preceding year.

2 §19(1)(c) of Act No. 222/2016 Coll., on the Collection of Laws and International Treaties and on the Drafting of Legal Regulations Published in the Collection of Laws and International Treaties (the Act on the Collection of Laws and International Treaties), as amended.

The ministry or competent central government body shall publish its effectiveness audits in the electronic legislative drafting system in a manner facilitating remote access³ by 31 March of the current calendar year. Effectiveness audits shall be conducted in the manner laid down by a government regulation, structured according to the individual public-law obligations referred to in the overview of obligations.

(2) Upon the proposal from the Senate of the Parliament of the Czech Republic or the President of the Czech Republic, the government shall prepare a review of the impacts of regulatory and bureaucratic burdens on the legislation designated by them no later than one year from the date on which the proposal is submitted (hereinafter referred to as the "impact review"). This impact review shall be published in the electronic legislative drafting system in a manner facilitating remote access Act No 222/2016) within 30 days of the date on which the impact review is prepared. Impacts shall be reviewed in the manner prescribed by a government regulation and structured in a way that allows for a comparison with the impacts originally assessed.

(3) Where an effectiveness audit or impact review indicates that a regulatory burden or bureaucratic burden is being applied in a manner that differs from the original assumption of expected impacts or is causing an unjustified regulatory burden or excessive bureaucratic burden:

a) within three months of the date on which the results of the effectiveness audit or impact review are published, the government shall submit to the Chamber of Deputies of the Parliament of the Czech Republic a draft law adjusting the regulatory burden or bureaucratic burden or removing the unjustified

regulatory burden or excessive bureaucratic burden that has been identified;

b) within three months of the date on which the results of the effectiveness audit or impact review are published, the government shall approve a government regulation adjusting the regulatory burden or bureaucratic burden or removing the unjustified regulatory burden or excessive bureaucratic burden that has been identified;

c) the government shall instruct the head of a central government body to adopt, within three months of the date on which the results of the effectiveness audit or impact review are published, an amendment to legislation issued by that central government body that adjusts the regulatory burden or bureaucratic burden or removes the unjustified regulatory burden or excessive bureaucratic burden that has been identified; or

d) the government shall make a recommendation to the governor of the Czech National Bank to adopt, within three months of the date on which the results of the effectiveness audit or impact review are published, an amendment to legislation issued by the Czech National Bank that adjusts the regulatory burden or bureaucratic burden or removes the unjustified regulatory burden or excessive bureaucratic burden that has been identified.

Section 8

Public consultation on legislation imposing regulatory or bureaucratic burdens

(1) Draft legislation pursuant to Section 6 (1) imposing, amending, or abolishing regulatory burdens or bureaucratic burdens shall be consulted in all cases with entities designated as mandatory consultation points. The bill promoter may also consult the draft legislation with other entities affected by the draft legislation.

3 §6 of Act No. 222/2016 Coll., on the Collection of Laws and International Treaties and on the Drafting of Legal Regulations Published in the Collection of Laws and International Treaties (the Act on the Collection of Laws and International Treaties), as amended.

(2) The government shall establish a list of mandatory consultation points by way of a government regulation.

(3) The procedure pursuant to paragraph (1) shall not apply during an emergency state.

Section 9

An undertaking's right to be protected from unjustified regulatory burdens or excessive bureaucratic burdens

(1) The Czech Chamber of Commerce or the Agrarian Chamber of the Czech Republic, depending on the area of business in which the respective chamber operates (hereinafter referred to as the “competent chamber”), in cooperation with other legal persons representing undertakings, shall have the right to submit a proposal to the government, on its own initiative or on the initiative of an undertaking, to remove an unjustified regulatory burden or excessive bureaucratic burden.

(2) The government shall consider a proposal from the competent chamber pursuant to paragraph (1) no later than three months from the date on which the proposal is delivered.

(3) Should the government find the proposal from the competent chamber to be justified:

a) it shall draw up draft legislation proposing the removal of the unjustified regulatory burden or excessive bureaucratic burden and submit it to the Chamber of Deputies of the Parliament of the Czech Republic;

b) it shall approve a government regulation removing the unjustified regulatory burden or excessive bureaucratic burden;

c) it shall instruct the head of a central government

body to adopt legislation removing the unjustified regulatory burden or excessive bureaucratic burden;

d) it shall make a recommendation to the governor of the Czech National Bank to adopt legislation removing the unjustified regulatory burden or excessive bureaucratic burden; or

e) it shall make a recommendation to a public authority's superior authority to review a measure of a general nature issued by that public authority with a view to removing the unjustified regulatory burden or excessive bureaucratic burden; in the absence of such a superior authority, it shall make a recommendation to the public authority which issued the measure of a general nature to adopt another measure of a general nature removing the unjustified regulatory burden or excessive bureaucratic burden.

(4) Should the government find that a proposal from the competent chamber does not meet the definition of an unjustified regulatory burden or excessive bureaucratic burden, the government shall take no further action on the proposal and shall notify the competent chamber of that fact.

(5) By 31 March of the current calendar year, the competent chamber shall publish, in a manner facilitating remote access, a report on proposals pursuant to paragraph (1)(a) and (b) that were submitted in the preceding year.

Section 10

The right of other natural and legal persons to be protected from unjustified regulatory burdens or excessive bureaucratic burdens

(1) The Ombudsman/Ombudswoman shall have the right to submit on own initiative or on the initiative of a natural or legal person who is not an undertaking:

a) a proposal to the government to remove an unjustified regulatory burden or excessive bureaucratic burden; or

b) to the Senate of the Parliament of the Czech Republic or to the President of the Czech Republic a proposal to establish legislation for the preparation of an impact review pursuant to Section 7 (2).

(2) The government shall consider a proposal from the Ombudsman/Ombudswoman pursuant to paragraph (1)(a) no later than three months from the date on which the proposal is delivered.

(3) Should the government find the proposal from the Ombudsman/Ombudswoman to be justified:

a) it shall draw up draft legislation proposing the removal of the unjustified regulatory burden or excessive bureaucratic burden and submit it to the Chamber of Deputies of the Parliament of the Czech Republic;

b) it shall approve a government regulation removing the unjustified regulatory burden or excessive bureaucratic burden;

c) it shall instruct the head of a central government body to adopt legislation removing the unjustified regulatory burden or excessive bureaucratic burden;

d) it shall make a recommendation to the governor of the Czech National Bank to adopt legislation removing the unjustified regulatory burden or excessive bureaucratic burden; or

e) it shall make a recommendation to a public authority's superior authority to review a measure of a general nature issued by that public authority with a view to removing the unjustified regulatory burden or excessive bureaucratic burden; in the absence of such

a superior authority, it shall make a recommendation to the public authority which issued the measure of a general nature to adopt another measure of a general nature removing the unjustified regulatory burden or excessive bureaucratic burden.

(4) Should the government find that a proposal from the Ombudsman/Ombudswoman does not meet the definition of an unjustified regulatory burden or excessive bureaucratic burden, the government shall take no further action on the proposal and shall notify the Ombudsman/Ombudswoman of that fact.

(5) By 31 March of the current calendar year, the Ombudsman/Ombudswoman shall publish, in a manner facilitating remote access, a report on proposals pursuant to paragraph (1)(a) and (b) that were submitted in the preceding year.

Section 11

Registration and classification of overviews of obligations

(1) For all legislation, an overview of obligations pursuant to Section 6 for undertakings and, separately, for other natural and legal persons shall be recorded in the electronic legislative drafting system.

(2) The Czech Chamber of Commerce, in cooperation with the Agrarian Chamber of the Czech Republic and other legal persons representing undertakings, shall administer and operate a public administration information system for undertakings. That system shall classify the obligations recorded pursuant to paragraph (1) into categories corresponding to individual sectors of business pursuant to CZ-NACE classification.⁴

⁴ Communication of the Czech Statistical Office No. 244/2007 Coll., on the Introduction of the Classification of Economic Activities (CZ-NACE).

These obligations shall also be organised according to frequently recurring business events in which undertakings are obliged to discharge public law obligations. User accounts shall be maintained for undertakings in the information system, enabling them to organise and manage their public-law obligations according to business sectors and their business events, including notifications of deadlines for the discharge of these obligations, and also enabling them to discharge these obligations by means of the Right to Digital Services Act.⁵

(3) For other natural and legal persons, the Ombudsman/Ombudswoman may maintain a public administration information system that classifies the obligations recorded pursuant to paragraph (1) into categories that correspond to frequently recurring life events in respect of which they are obliged to discharge public-law obligations. The Ombudsman/Ombudswoman may mandate the Czech Chamber of Commerce to operate this information system in cooperation with the Agrarian Chamber of the Czech Republic and other legal persons representing undertakings.

(4) The government, by way of a government regulation, shall determine the amount of the State contribution to the administration and operation of public administration information systems pursuant to paragraph (2), based on the scope of services provided, and the chapter of the State budget from which the State contribution is to be provided. Should the State contribution not cover all the costs of the administration

and operation of the information system, the Czech Chamber of Commerce and the Agrarian Chamber of the Czech Republic may impose charges for some of the information system's services associated with the use of an undertaking's user account.

Section 12

Transitional and final provisions

Within six months of the date on which this Act is promulgated, the government, by way of a government regulation, shall establish a timetable and an action plan for the gradual establishment of a register for overviews of obligations pursuant to Section 11(1) (hereinafter referred to as the "plan") in such a way that the register is in place for all legislation by 31 December 2029. The Czech Chamber of Commerce, in cooperation with the Agrarian Chamber of the Czech Republic and with other legal persons representing undertakings, and the Ombudsman shall have the right to propose to the government, within three months of the date on which this Act takes effect, a list of legislation for which priority should be given to the preparation, production, and registration of an informative overview of public-law obligations structured in accordance with special legislation.⁵

Section 13

Effect

This Act takes effect on the 1st January 2026.

⁵ Annex to Act No. 222/2016 Coll., on the Collection of Laws and International Treaties and on the Drafting of Legal Regulations Published in the Collection of Laws and International Treaties (the Act on the Collection of Laws and International Treaties), as amended.

Explanatory
Memorandum

04

1. ASSESSMENT OF THE CURRENT LEGAL SITUATION AND JUSTIFICATION OF THE MAIN PRINCIPLES OF THE PROPOSED LEGISLATION

There is currently no specific or positive legal protection against unjustified regulatory or excessive bureaucratic burdens in the Czech Republic. At a general level, the Charter of Fundamental Rights and Freedoms (the “Charter”), as part of the constitutional order of the Czech Republic, especially Article 4 § 4 thereof, serves as a guide.

The Charter frequently refers to the regulation of various rights via special laws, setting non-exceedable limits for certain types and extents of restrictions, or even declaring them inadmissible. The Charter does not explicitly define a limit for regulatory or bureaucratic burdens. Nonetheless, a potential right to seek protection against excessive burdens, including the identification of the admissible limits of such burdens, can be inferred from the general provision of Article 36 § 1.

An understanding of the extent of regulatory burdens, particularly in terms of their development over time, could be derived from the provisions of Act No 222/2016 on the Collection of Legislative Acts and International Treaties and on the drafting of legislation promulgated in the Collection of Legislative Acts and International Treaties (Act on the Collection of Legislative Acts and International Treaties), which has been part of our legal system since 2019, although it has yet to take effect. In accordance with Section 19(1)(c) of the Act on the Collection of Legislative Acts and International Treaties, the submitters of draft legislation are required to attach to such draft legislation — in addition, for example, to the

explanatory memorandum — an informative overview of public-law obligations deriving from the relevant legislation. The structure of that informative overview of public-law obligations is defined in the Annex to the Act on the Collection of Legislative Acts and International Treaties. The compilation of informative overviews of public-law obligations is thus effectively tied to the initiation of a specific legislative process — the preparation of a completely new regulation or an amendment to a regulation already in force. One of the goals of informative overviews is to make individual legal norms more understandable for their addressees. However, the compilation of overviews of public-law obligations covered by unamended legislation is not legislatively addressed, and therefore even if, at some point in the future, the relevant provisions of the Act on the Collection of Legislative Acts and International Treaties concerning the compilation of such overviews were in effect for a long time, this may not necessarily help to form an idea of the overall scope of public-law obligations deriving from the provisions of the individual legislative acts that make up the legal order of the Czech Republic. It can therefore be assumed that,



once the relevant provisions of the Act on the Collection of Legislative Acts and International Treaties take effect, the general informative overviews of public-law obligations will probably guide the drafters of legislation to be more cautious or moderate in proposing new public-law obligations. However, they will not, in and of themselves, necessarily result in the truly effective use of information contained in the overviews by the specific addressees of specific legislation in dealing with specific events in business/life.

Since 2007, the legislative process in the Czech Republic has included regulatory impact assessments (RIAs), a set of steps aimed at assessing the impacts that proposed legislation is expected to have. An RIA serves as a basis for the legislature's decision on the pros and cons of the options under consideration, based on an assessment of their potential impacts. The guidelines for the preparation of RIAs, including the structure of the assessment, are set out in methodology approved by a government resolution. Although RIAs are

meant to be produced for all legislation of general application prepared by ministries and other central administrative authorities, the practice behind the legislation is often different. It is common for legislative proposals to be submitted without an assessment of the expected impact of the proposed regulation (ex-ante RIA), and there is no formal requirement for the post-implementation review (ex-post RIA) of existing regulations, nor is this part of the professional practice of ministries or central administrative authorities. The current practice of actively reducing bureaucratic burdens is conducted through ad hoc anti-bureaucracy legislative packages, which are not systematically organised and lack significant coordination between various ministries and the Czech government. These anti-bureaucracy packages include measures aimed at simplifying administrative duties and reducing regulatory burdens for undertakings, self-employed and citizens. The final proposals often reflect the communication between ministries and certain stakeholders, such as the Czech Chamber of Commerce,

the Confederation of Industry, the Association of Small and Medium-Sized Enterprises and Crafts of the Czech Republic, and other relevant organisations.

However, the mechanism for protecting against unjustified regulation and excessive bureaucracy cannot be relegated to mere spontaneous reductions through the introduction or expansion of technical solutions in the field of digitalisation. That is, it cannot rely solely on improving the awareness of obliged entities or speeding up and simplifying communication between obliged entities and public authorities. While digitalisation is certainly important, the transformation into a truly “efficient” State — one free of unnecessary regulation and administration — primarily involves fundamentally simplifying its agendas, particularly by abolishing those that are superfluous, and creating a user-friendly framework for its overall functioning, especially vis-à-vis those who are paying for it.

Every regulation implies bureaucracy, and all bureaucracy entails costs, both for the State as the regulator and for citizens and undertakings, as the obliged or “regulated” entities. The State is occasionally tempted to interfere in private-law relationships, replacing contractual freedom and responsibility with State intervention, State control, and the State enforcement of obligations. This ultimately weakens initiative and activity on the part of individuals, creating dependence on the State and eroding personal resilience. Unfortunately, after these waves of State paternalism, there is no natural process of regulatory and bureaucratic reduction; rather, there is an increase in the superfluity of the bureaucratic

apparatus and its bodies. This is why it is so important to establish clear and binding defence mechanisms that force any political representation to consider why and how new regulations should be introduced, and to compel political representatives to reassess existing regulations within defined timeframes. Although all the anti-bureaucracy packages presented by various governments over time are positive measures, they are a random selection of the most pressing regulatory and bureaucratic issues suffocating the business environment and the lives of ordinary citizens.

Despite all previous efforts, there is no brake mechanism that can proactively prevent the unchecked influx of new (and especially excessive) regulations and bureaucracy. The standard, somewhat simplified division of power into the legislative, executive, and judicial branches is distorted in this regard in favour of the executive, which is logically (since the rule-of-law principle applies) preferred as the key proposer of laws and other legislation that introduce new regulations and bureaucratic measures. The executive, which thus allows the allied legislative branch to set the rules, is the power that must govern through rules typically proposed by itself. Only a fraction of unjustified regulation and bureaucracy is reviewed solely on the basis of the principle of party autonomy (i.e. upon a proposal) by the judiciary, which does not engage in reviews of unjustified bureaucratic burdens ex officio. Therefore, there is still no relevant systemic tool to defend against regulatory burdens. Despite the understandable dominance of the executive (it proposes laws to be applied and also implements

80%

It is estimated that up to 80% of all regulations currently originate in EU law.

Just during Ursula von der Leyen's mandate from 2019 to 2024, around 10,000 acts of varying legal force were issued.



them or supervises their implementation), in some cases it is not possible to obtain a clear interpretation of proposed, adopted, and applied laws, typically with the argument that only courts can interpret laws. This legislative abdication of responsibility, shifting it to the courts, is often a cause of ever-increasing regulatory and bureaucratic burdens. Despite over 15 years' experience of RIAs, this tool is not taken seriously enough or deployed consistently enough, even when

ex-ante RIAs are prepared, while ex-post RIAs — intended to assess the justification and correctness of regulations, including the bureaucratic burden they impose, further down the line are not carried out at all.

Bureaucracy in the Czech Republic is increasing, not decreasing. For example, a survey conducted among members of the Czech Chamber of Commerce in July 2022 found that 79% of them felt the level of

regulatory burden in their business had increased. Excessive administrative duties, alongside issues with securing labour (and recently with energy prices), have long topped the list of the biggest barriers to business in the Czech Republic. It is true that the vast majority (about 80% at an estimate) of all regulations currently originate in EU law, both in directly applicable regulations and directives that must be transposed into the domestic legal system. The pace at which acts of varying legal force (from regulations and directives to various Commission communications) is accelerating. During Ursula von der Leyen's 2019–2024 term alone, 8,481 such acts were issued. Moreover, it is becoming the norm that the transposition of European directives introduces either further or even stricter regulations into our legal system. The exception is “gold-plating,” where European regulation is used as a pretext for adopting undesirable stricter domestic regulations in the interests of certain pressure groups. However, in the context of a market economy, an open economy, and tough competition on the European market, this verges on devastating because each regulation brings higher costs, which are reflected in final prices, making them non-competitive with other manufacturers and suppliers in Europe and worldwide. This practice should be reviewed in the interests of the further development of the Czech Republic, and it is important to put an end to this negative trend.

It is therefore not surprising that undertakings rate

the problems of legal framework unpredictability the worst, with frequent changes in laws, regulations, and decrees; they also criticise the large number of such regulations and the significant room for discretion wielded by State authorities in their application compared to the limited options available to undertakings. Many undertakings may rightly feel that the actions of State authorities amount to harassment.

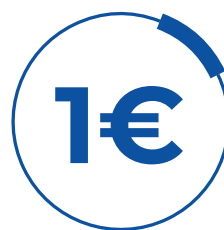
The problems stem from the public-law regulatory framework, that is, from legislation. These issues are further compounded by its practical application, particularly the financial and time costs borne by businesses in fulfilling their obligations, accompanied by constant uncertainty regarding the content and scope of these duties. They also involve the way public authorities control and enforce these obligations and culminate in the increasing encroachment of the State into private aspects of business. Many law drafters have made a habit of either not conducting regulatory impact assessments (RIAs) before drafting a law or doing so only formally. Ex-post RIAs, intended to identify issues with regulations being rolled out and the accompanying bureaucracy, are conducted even more rarely. Yet this is a fundamental tool that should prevent the State from increasing the bureaucratic burden and, instead, reduce it over time. Today, the level of regulation is so extensive that not even the State itself can control and enforce the obligations it imposes; it does not even know the exact content and



overlaps of the regulations it has set. Digitalisation is helping to ease the growing pressure of regulatory and bureaucratic burdens. However, the pace of the digitalisation of government in recent years has been slower than the pace at which decrees, regulations, obligations, and restrictions have increased. These are often unnecessary and duplicative, and lengthy and costly compliance frequently discourages enterprise, especially among small and medium-sized enterprises.

Harsh and costly bureaucracy reduces the competitiveness and attractiveness of domestic businesses, as well as the inflow of foreign investors. This is a European-wide issue. A study by the Association of European Chambers of Commerce and Industry (Eurochambres), shows that for every euro generated by an undertaking, a full 12 cents

is spent on administrative tasks imposed by public authorities. Even the European Commission and European Parliament are aware of the problems posed by regulation and bureaucracy, and there is hope that fundamental changes will be made at European level.

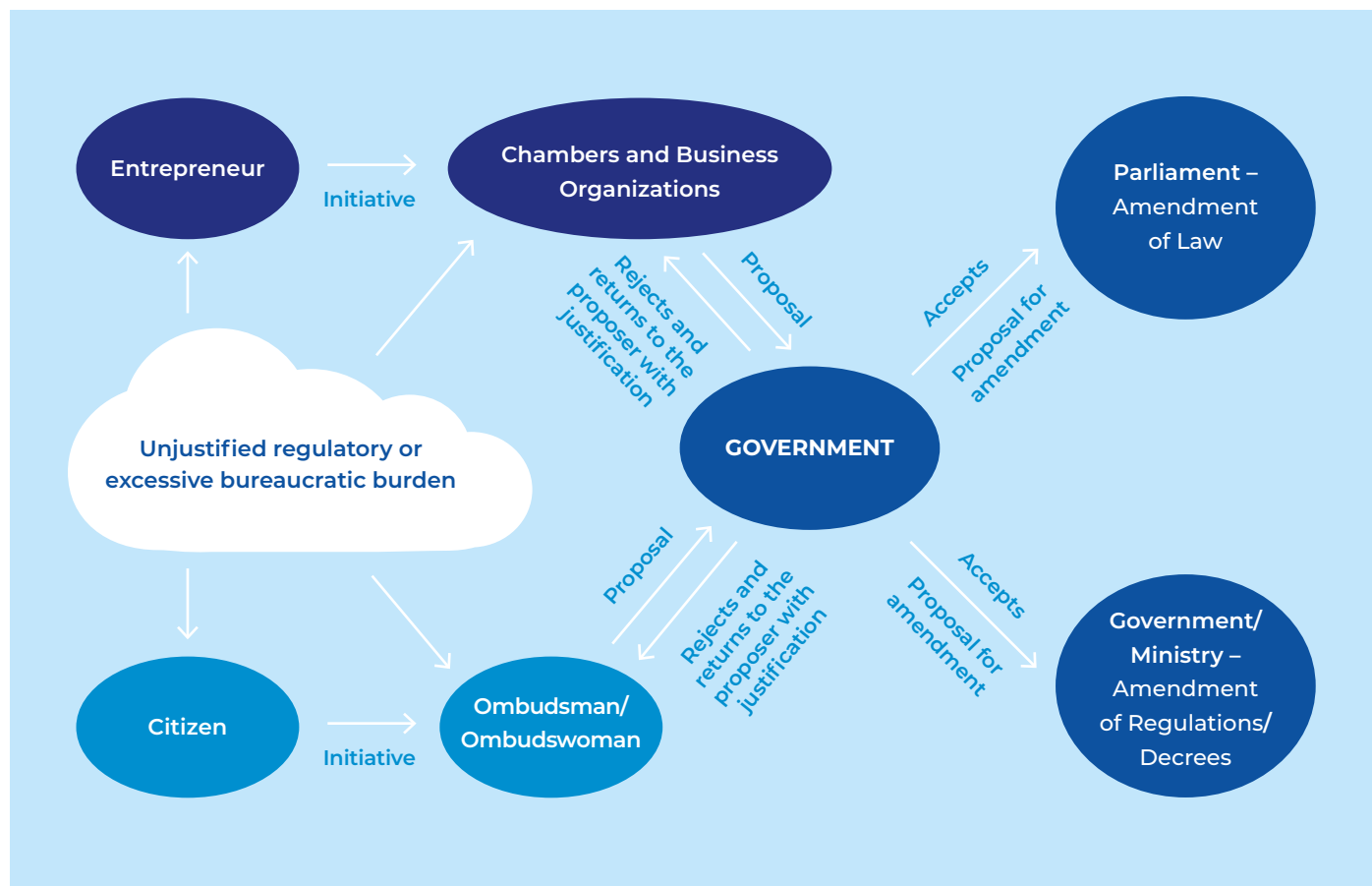


According to a study by the European Association of Chambers of Commerce and Industry (Eurochambres)¹, for every euro generated by an entrepreneur, as much as 12 cents are consumed by the work required to meet administrative obligations imposed by public authorities.

¹ Counting the Cost of EU Regulation to Business | EESC (europa.eu), Eurochambres 2009

Undertakings view general problems with the regulatory framework as worse than tax rates and levies. Maintaining unnecessary bureaucracy is simply a dead cost that reduces both company profits and State revenues. Over-regulation and the associated bureaucracy objectively increase the risks and opportunities for corruption. This harms trust in the State and causes economic damage.

It is therefore proposed that clear rules be established that will significantly improve the conditions for entrepreneurs in the Czech Republic. The proposed law introduces a system of regular reviews and the removal of unnecessary and unjustified regulatory obligations and administrative tasks. It is aiming to make a continuous and systematic reduction in the bureaucratic burden.



Definitions of regulatory and bureaucratic burdens are introduced. The Czech Chamber of Commerce, in cooperation with the Agrarian Chamber of the Czech Republic and other business organisations, will administer and operate an electronic legal system for undertakings, enabling them to obtain a comprehensive overview of all public-law obligations imposed on businesses under the legislation applicable in the Czech Republic. This will significantly increase quality, clarity, and transparency in the application of Czech law. Undertakings will have access to a tool to monitor and subsequently influence the level of their bureaucratic burden. A similar information system containing data on the public-law obligations of individuals who do not engage in business will be managed by the Office of the Ombudsman/Ombudswoman.

The proposed law, alongside the confirmation of the already existing but ineffective obligation to issue an informative overview of public-law obligations in separate annexes to pieces of legislation — with the aim of helping to introduce self-regulatory principles into the drafting of legislation — expands the information provided in the overview to make the proposed law's intervention in the existing legal order more understandable. It also strengthens the legal force of legislation (previously regulated only by secondary legal acts) by requiring that drafters attach an ex-ante RIA ("impact") report to their draft regulations, and it defines situations in which an ex-post RIA ("impact review") will be drawn up. The State will regularly audit the effectiveness of public-law obligations, and based on these audits and impact reviews, will take measures to



eliminate or mitigate unjustified regulatory or excessive bureaucratic burdens.

The proposed law also includes mechanisms to address complaints related to unjustified regulatory and excessive bureaucratic burdens. The Czech Chamber of Commerce, the Agrarian Chamber of the Czech Republic, and the Office of the Ombudsman/Ombudswoman (and, through them, effectively any undertaking or non-business entity) will have the right to submit initiatives for the removal of unjustified regulatory and excessive bureaucratic burdens. These initiatives will be systematically processed and evaluated by the competent authorities and will lead in particular to measures aimed at eliminating or mitigating unjustified regulatory or excessive bureaucratic burdens, ensuring the more active participation of the public and business sector in the creation of legislation.

2. PROJECTED ECONOMIC AND FINANCIAL IMPACT

The implementation of the Anti-Bureaucracy Act generates both benefits and costs (risks). The following paragraphs analyse both aspects of the draft law's impacts in more detail.

In terms of costs, the main expense for the State is the one-off cost of creating a register of public-law obligations. For undertakings, the main benefit will be a long-term reduction in the administrative burden, and capacity may also be freed up for economic growth, which will have a positive impact on the financial situation of the State as a whole.

2.1 Budgetary impact

The adoption of the Anti-Bureaucracy Act in its full breadth is primarily associated with the creation of an electronic register of public-law obligations for undertakings with the possibility of identification according to NACE classification; these obligations will also be organised here according to other relevant aspects. The content of the register could be expanded to include information on public-law obligations for other non-business natural and legal persons. The creation of this electronic registry will require a one-off investment by the State, followed by ongoing maintenance costs related to technical upkeep and regular updates of and adjustments to relevant public-law obligations included in the register. The development, implementation, and maintenance costs are relatively insignificant compared to the State budget's current expenditure

in the calendar year. The State is expected to incur costs (primarily in salaries) for annual effectiveness audits of the registered public-law obligations and for reviewing the initially declared regulatory impacts. If the Ombudsman/Ombudswoman manages an information system allowing public-law obligations to be classified, investment in hardware and software support will also be necessary.

Both the planned (four-year) populating process and the subsequent updating of the register of public-law obligations could be carried out routinely in the future using artificial intelligence tools, thus reducing labour costs.

Presumably, however, the electronic register will provide permanent reductions in the bureaucratic burden for undertakings (both self-employed individuals and legal persons) and non-business entities, resulting in savings in financial and time resources. Undertakings will be able to use their freed-up time to further develop their businesses, engage in self-improvement, or improve the quality of their leisure time, positively impacting the overall dynamics of the national economy.



The electronic register will also streamline and improve the application of individual norms for State employees, especially in oversight, audit, and enforcement activities. The following paragraphs quantify in more detail the rough estimates of costs and benefits.

The proposal is for the electronic register of public-law obligations to be in place by 31st December 2029. The government has six months from the promulgation of the law to devise a detailed timetable and action plan for the register's implementation. The Czech Chamber of Commerce, in cooperation with the Agrarian Chamber and other legal persons representing undertakings, and the Ombudsman/Ombudswoman, where appropriate drawing on initiatives from other

natural and legal persons, will have the right to propose to the government, within three months of the date on which the law takes effect, a list of legislation that should be prioritised for inclusion in the register of public-law obligations. The timeframe for the creation of the register will therefore be approximately four years, depending on how long the whole legislative process takes.

Table 1 summarises the input values for estimating the cost of establishing the register of public-law obligations. To create this register, IT specialists,² employees of central administration authorities, must be involved to ensure that the register is populated. An expert estimate indicates that five IT specialists and 60 other people handling the content of the register will be needed — this estimate is based on the number of central authorities, so that at least two staff members per authority are available to work on the register.³ Monthly personnel costs for individual occupations are based on average monthly wages for Q1-Q4 2023 as per the Czech Statistical Office⁴ (the most recently available data is from 5 March 2024). For the subsequent calculation, monthly wages and salaries for Information and Communication (CZ-NACE J) and Public Administration and Defence (CZ-NACE O) are used. These include social and health insurance contributions from the employer. Another factor that needs to be considered is the average wage growth in these sectors, which was estimated as the annual average growth of nominal wages or salaries in the sector in 2018–2023 according to CZSO data.

2 The workload of IT specialists during both the creation and maintenance of the register of public-law obligations was estimated after consultations with an IT company.

3 Act No. 2/1969 Coll., on the Establishment of Ministries and Other Central Authorities of State Administration of the Czech Republic, as amended (the Competence Act). The Act establishes 14 ministries and 11 other central State administration authorities.

4 https://www.czso.cz/csu/czso/pmz_cr

Table 1:
UNIT PERSONNEL COSTS FOR THE CREATION OF A REGISTER OF PUBLIC-LAW OBLIGATIONS

Area	Number of employees	Average annual nominal salary growth (2018–2023)	Monthly personnel costs (including employer contributions)	
			2023	2026 (estimate)
IT	5	7%	CZK 104,251	CZK 127,712
Public administration	60	6%	CZK 61,501	CZK 73,249

Source: Czech Statistical Office (CZSO), CETA (the figures in the table are rounded)

As mentioned above, the timeframe for populating the register of public-law obligations will be approximately four years. Table 2 below therefore illustrates the estimated personnel costs if the plan for the establishment and implementation of the register were to use the full timeframe assumed, while encompassing the projected number of staff throughout. This approach reflects the principle of a pessimistic outlook (an upper limit on the number of experts employed 100% of the time for the maximum period considered) to avoid underestimating costs.

The estimated personnel costs for employees allocated to set up the register of public-law obligations therefore amount to approximately CZK 265 million. The total costs of creating the register will also include fixed costs such as the cost of renting a domain or running the server on which the register is to be operated. However, this amount is not expected to be high or significantly increase the calculated estimate (it will be in the order of a few per cent per year). Instead, taking into account the fact that, in accordance with the current

Table 2:
PERSONNEL COSTS OF POPULATING THE REGISTER OF PUBLIC-LAW OBLIGATIONS

Area	Year 1 (2026)	Year 2 (2027)	Year 3 (2028)	Year 4 (2029)
IT	CZK 7,662,717	CZK 8,199,108	CZK 8,773,045	CZK 9,387,158
Public administration	CZK 52,739,046	CZK 55,903,389	CZK 59,257,592	CZK 62,813,048
Total/year	CZK 60,401,763	CZK 64,102,496	CZK 68,030,637	CZK 72,200,206
TOTAL	CZK 60,401,763	CZK 124,504,260	CZK 192,534,897	CZK 264,735,103

Source: Czech Statistical Office (CZSO), CETA (the figures in the table are rounded)

wording of the Act on the Collection of Legislative Acts and International Treaties, ministries and other governmental departments already take into account the costs of creating informative overviews of public-law obligations with computer support, as well as the use of the hardware and software of the e-Legislation platform and the e-Collection project, synergistic savings can be expected in the process of populating the register.

Another cost consideration on the part of the State is the maintenance and operation of the register of public-law obligations. The administration of the

register can be divided into two parts — a technical part, which is handled by IT specialists, and a content part, which is the responsibility of staff of central administration bodies. Neither area is expected to be unduly burdened following the successful start-up of the register and the annual costs are summarised in Table 3. In addition to these costs, the regular costs of domain rental and server operation, as mentioned above, must be considered. Operating costs can be at least partially passed on to undertakings side in the form of user fees.

Table 3:
PERSONNEL COSTS OF THE REGISTER OF PUBLIC-LAW OBLIGATIONS

Area	Number of employees	Monthly personnel costs, including employer contributions (estimate for 2030)	Type of employment	Total annual personnel costs
IT	2	CZK 167,404	1.0	CZK 4,017,704
Public administration	30	CZK 92,475	0.5	CZK 16,645,458
TOTAL				CZK 20,663,161

Source: Czech Statistical Office (CZSO), CETA (the figures in the table are rounded)

The recurring annual costs should also be examined from a different perspective. In accordance with Section 7 of the proposed Anti-Bureaucracy Act, ministries and other governmental departments will conduct an annual effectiveness audit in the first quarter of each year. This will entail the aggregate processing of the results of oversight, auditing, and other activities in relation to the enforcement of public-law obligations within the scope of the ministry or other department.

Some central government bodies are already doing this today. It can be presumed that, at each central body (30 are envisaged), this activity will be carried out by one employee for three months, so the total cost to the State budget in 2026, using Table 1, can be estimated at CZK 13,184,762. The same section further implies that central government bodies will review the applicable regulation on the basis of interim proposals by the Senate of the Parliament of the Czech Republic or the President of the Czech Republic. If the review agenda is handled by one member of staff at each central government body throughout the year, the associated cost can be estimated at CZK 26,369,523.

If an efficiency audit, regulation impact review, or initiative submitted by the Czech Chamber of Commerce, the Agrarian Chamber of the Czech Republic, or the Ombudsman identifies an unjustified regulatory or disproportionate bureaucratic burden, measures to reduce or eliminate the burden will be prepared. An expert estimate suggests that 60 persons (two employees per central body) will be involved in this activity, which in 2026 may correspond to an estimated personnel cost of CZK 52,739,046 (the monthly salary cost of one member of staff in State administration, including employer contributions, is estimated here at CZK 73,249 in line with the estimate in Table 1).

The Ombudsman/Ombudswoman has a key role to play. A new agenda is envisaged where proposals for the removal/reduction of unjustified regulatory or disproportionate bureaucratic burdens will be processed — either on the basis of internal findings or



by drawing on initiatives from non-business natural or legal persons. An estimated three employees will be involved in the operation of this agenda throughout the year, which (using Table 1) amounts to a cost of CZK 2,636,952 in 2026. If, in addition, the Ombudsman maintains an information system for non-business natural and legal persons, enabling the classification of public-law obligations according to frequently recurring life events in which these persons are obliged to comply with public-law obligations, the one-off investment in hardware and software can be estimated at CZK 50 million. This estimate factors in the cost of the Citizen's Portal (Portál občana). On top of that, the administration and operation of the information system will require the involvement of four IT specialists and six other employees, which (using Table 1) will amount to total annual personnel costs of CZK 11,404,079 in 2026.⁵

2.2 Impact on the business environment

Undertakings today clearly face a relatively high regulatory and bureaucratic burden. The latest estimate of the administrative burden on businesses published by the Czech Ministry of Industry and Trade (2023) amounted to CZK 48 billion for 2022. (the administrative burden was estimated by quantifying the costs of complying with 68% of the 1,789 obligations identified in the 167 most important pieces of legislation).⁶

As an alternative to this, the current administrative burden on the business sector in 2023 was estimated using the Bureaucracy Index⁷ and Czech Statistical Office (CZSO) data (number of economic entities,⁸ average wages).⁹

To estimate the administrative burden for each category of business, we first consider the case of a small enterprise:

- According to the Bureaucracy Index, the bureaucratic burden on small enterprises averaged 240 hours per year between 2017 and 2021 (we consider the average, not the last value recorded, which was heavily influenced by government measures during the COVID-19 pandemic).
- This time allocation corresponds to six working weeks. The average domestic gross monthly wage in 2023 was CZK 43,341, equivalent to total monthly employer costs per employee of CZK 57,991.
- Therefore, for the category of small enterprises, the costs associated with bureaucracy come to CZK 345 per hour, i.e. CZK 82,800 per year (assuming an average of 168 working hours per month).

As summarised in Table 4, the total administrative burden on undertakings can be estimated at CZK 71.8 billion.¹⁰

5 The actual personnel costs associated with the management and operation of the information system will, however, depend on the composition of the team of employees within the State administration authority. It can be assumed that the group of responsible persons will also include a senior staff member. Therefore, this is only a rough estimate, including hardware and software costs. Moreover, the proposed law does not explicitly stipulate that such an information system must be managed by the Public Ombudsman/Ombudswoman.

6 <https://www.mpo.gov.cz/cz/podnikani/regulace-podnikani-a-snizovani-administrativni-zateze/snizovani-administrativni-zateze-podnikatelu/ysledky-premereni-zateze-podnikatelu-za-rok-2022--275161/>

7 <https://libinst.cz/hutna-doba-papirovani-v-ceskych-firmach-mezirocne-vzrostla-o-49-hodin/>

8 https://www.czso.cz/csu/czso/res_cr

9 https://www.czso.cz/csu/czso/pmz_cr

10 This result does not deviate from the latest estimate by the Ministry of Industry and Trade, which calculates administrative costs related to 68% of a total of 1,789 identified obligations at approximately CZK 48 billion.

Table 4:
ESTIMATE OF THE TOTAL REGULATORY AND BUREAUCRATIC BURDEN¹¹

Economic entity	Number	Time burden (hours per year)	Financial burden (enterprise/year)	Total burden
Micro-enterprises (0, including those for which no number is given)	718,240	60	CZK 20,700	CZK 14.87 billion
Small enterprises (1–19 employees)	249,017	240	CZK 82,800	CZK 20.62 billion
Medium-sized enterprises (20–249 employees)	30,706	1,200	CZK 414,000	CZK 12.71 billion
Large enterprises (250+ employees)	2,401	6,000	CZK 2,070,000	CZK 4.97 billion
Sole traders	1,799,930	30	CZK 10,350	CZK 18.63 billion
TOTAL				CZK 71.8 billion

Source: Czech Statistical Office (CZSO), Liberal Institute, CETA (rounded)

Reducing regulatory and bureaucratic burdens is a relatively challenging and lengthy process. However, progress towards this goal can be accelerated considerably, not only by gradually and systematically removing the most significant regulatory and bureaucratic barriers, but also by avoiding the creation

of new unreasonable administrative obstacles and improving the understanding of existing obligations. In order to estimate the potential benefits of reducing the regulatory and bureaucratic burden, a scenario involving a 25% reduction in the burden on undertakings can be considered, as the most common objective both

11 The estimated time burden associated with fulfilling administrative obligations for different size categories of economic entities was calculated based on the results of the Bureaucracy Index for small businesses (240 hours per year). Theoretically, on average, the individual categories differ in terms of employment size by approximately 8 to 9 times. However, it cannot be assumed that the administrative burden of a business increases linearly with the number of employees (some administrative tasks are independent of the company size, while others are not). Therefore, we assume in the model that, on average, the administrative burden in the category of medium-sized enterprises is five times higher than that of small businesses. Similarly, we assume that for large enterprises, the administrative burden is, on average, five times higher than for medium-sized enterprises (it is expected that many routine administrative tasks in large companies are automated). For micro-enterprises, we assume the administrative burden is four times lower than for small businesses, and for self-employed individuals, we assume an administrative burden at half the level of a micro-enterprise.

in the Czech Republic and abroad is to reduce the administrative burden by 20–25%.

As Table 5 below shows, under the indicative scenario, which assumes a 25% reduction in the bureaucratic burden, this amounts to a saving of CZK 18 billion per year for undertakings. It is important to mention that the time costs saved can be redirected in particular into business development, process optimisation, innovative activities, and other efforts capable of supporting labour productivity growth across the

business sector. The savings are multiplied. For example, taking the example of the study Danish Commerce and Companies Agency — Measuring Administrative Burden: Tools and Techniques (available on the OECD website), a model can be used which assumes that each CZK 1 million reduction in the bureaucratic burden will yield an additional CZK 1.4 million¹² in economic growth. According to this model calculation, the savings will result in an annual increase in economic output of more than CZK 25 billion.

Table 5:

ESTIMATE OF SAVINGS RESULTING FROM A 25% REDUCTION IN THE BUREAUCRATIC BURDEN ON UNDERTAKINGS

Economic entity	Number	Reduction in the burden
Micro-enterprises	718,170	CZK 3.72 billion
Small enterprises	249,017	CZK 5.16 billion
Medium-sized enterprises	30,706	CZK 3.18 billion
Large enterprises	2,401	CZK 1.24 billion
Sole traders	1,799,930	CZK 4.66 billion
TOTAL SAVINGS AS A RESULT OF THE REDUCTION IN THE BUREAUCRATIC BURDEN		- CZK 17.96 billion
POTENTIAL ECONOMIC GROWTH GENERATED		+ CZK 25.14 billion

Source: Czech Statistical Office (CZSO), Liberal Institute, CETA

¹² It is, of course, not possible to conclude with absolute certainty that the same ratio of savings and benefits would also apply in the Czech Republic. However, it is appropriate to present this consideration as a model example. The presentation reflecting the Danish context is available at: <https://www.oecd.org/mena/governance/46384052.pdf>

SPECIAL SECTION

Sections 1 and 2 of the Act

These establish the subject of the Act, which is the right of undertakings and other natural persons and legal entities to be protected from unjustified regulatory burdens or excessive bureaucratic burdens, and define the key terms, i.e. regulatory and bureaucratic burdens, unjustified regulatory burdens, and excessive bureaucratic burdens.

Sections 3 to 5 of the Act

These provide that unjustified regulatory burdens and excessive bureaucratic burdens may not be imposed on obliged entities that are not a State or public authority. The list of targets of this general prohibition is made more specific, i.e. entities which, in the course of the legislative process, ensure that the relevant law or other legislation or measure of a general nature does not constitute an unjustified regulatory or excessive bureaucratic burden are identified.

Section 6 of the Act

This lays down when draft legislation must include an assessment of the impacts of any proposed regulatory and bureaucratic burden (in effect, an ex-ante RIA) and when an informative overview of public-law obligations deriving from draft legislation is required. Both requirements are necessary for draft legislation submitted by the government, a central

government body, or the Czech National Bank. It is made clear what public-law obligations are listed in the informative overview in cases where an amendment to legislation is being proposed. To make a legislative proposal more comprehensible and transparent, it is stated that the proposer, together with or instead of the informative overview, indicates which existing public-law obligations are abolished, or that none is abolished, or that none is introduced. As such, the law, alongside the confirmation of the already existing but ineffective obligation to issue an informative overview of public-law obligations in separate annexes to draft legislation — with the aim of helping to introduce self-regulatory principles into the drafting of legislation — expands the information provided in the overview to make the proposed legislation's impact on the existing legal order more understandable. The term “overview of obligations” is introduced for an informative overview of public-law obligations supplemented by the above-mentioned facts.

For legislative initiatives by entities other than the government, as well as for amendments, an overview of obligations must be included in the relevant legislative proposal; the assessment of impacts of the proposed regulatory and bureaucratic burden is optional in these cases. The preparation of an overview of obligations is therefore a universal part of the legislative process.

Paragraph (3) of this section also empowers the government to issue implementing regulations setting out rules for the assessment of the impacts of proposed regulatory and bureaucratic burdens and rules for the maintenance of a register of overviews of obligations. In respect of impact assessments, implementing regulations may grant exemptions under which impacts need not be assessed or need not be assessed in full.

Section 7 of the Act

This establishes an annual, across-the-board audit of the effectiveness of public-law obligations by ministries and other central government bodies and a selective review of the impacts of regulatory and bureaucratic burdens already in place. Some ministries already regularly publish the results of the application of laws under their jurisdiction, broken down by individual legal provisions. It is proposed that this routine good practice be elevated to a standard part of central government bodies' reporting. The audit results will be published retrospectively for the preceding calendar year.

Reviews of the impacts of regulatory and bureaucratic burdens (effectively ex-post RIAs), by contrast, are proposed on an ad hoc further to a proposal by the Senate of the Parliament of the Czech Republic or the President of the Czech Republic. It is envisaged that such proposals will be made reasonably frequently and should relate to more fundamental legislation, where experience of its application is sufficiently long, e.g. after five years' experience of applying the given law, the introduction of which was associated with significant

economic or social expectations.

If a routine effectiveness audit or impact review indicates that a regulatory burden or bureaucratic burden departs from the originally anticipated impacts, or causes unjustified regulatory or excessive bureaucratic burdens, the government will be required to respond within three months — by ensuring that draft legislation is submitted to change the regulatory or bureaucratic burden or remove the identified unjustified regulatory or excessive bureaucratic burden.

Section 8 of the Act

It is proposed — in contrast to the current form via a government resolution — that the law directly and its implementing regulation establish a general obligation to consult draft legislation imposing, amending, or abolishing regulatory burdens or bureaucratic burdens, where the government, another central government body, or the Czech National Bank is the drafter, with mandatory consultation points. In addition, in keeping with current practice, the drafter will be able to consult the draft legislation with other affected consultation points.

Section 9 of the Act

The Agrarian Chamber of the Czech Republic (in areas related to business activities in agriculture, food processing, and forestry) and the Czech Chamber of Commerce (in areas related to business activities in other sectors) are entitled to submit proposals for the removal of unjustified regulatory or excessive bureaucratic burdens.

The competent chamber may submit such proposals to the government on its own initiative or on the initiative of undertakings, including those that are not its members. The government must analyse such a proposal within three months and, if it finds the competent chamber's proposal to be justified, it must take appropriate action: approve, submit, or recommend legislation to remove an unjustified regulatory or excessive bureaucratic burden. If the government finds that a proposal from the competent chamber does not meet the definition of an unjustified regulatory burden or excessive bureaucratic burden, the government takes no further action on the proposal and notifies this to the competent chamber. The chambers will report annually to the public on proposals submitted to remove unjustified regulatory or excessive bureaucratic burdens.

Section 10 of the Act

By analogy with the regulatory and bureaucratic burden on undertakings and the actions of the competent chambers, the Ombudsman/Ombudswoman will be empowered to submit proposals for the removal of unjustified regulatory or excessive bureaucratic burden on non-business natural and legal persons, either on the Ombudsman's own initiative or on the basis of initiatives received from non-business natural and legal persons. The government, after receiving initiatives from the Ombudsman, proceeds in the same way or in a similar way as in the case of initiatives received from the Agrarian Chamber of the Czech Republic or the Czech Chamber of Commerce.

The Ombudsman/Ombudswoman will also report

annually to the public on proposals submitted to the government seeking the removal of unjustified regulatory or excessive bureaucratic burdens.

Besides having the authority to submit a proposal for the removal of unjustified regulatory or excessive bureaucratic burdens, the Ombudsman/Ombudswoman will also have the power to submit proposals to the Senate of the Parliament of the Czech Republic or the President of the Czech Republic to designate legislation that is to be subject to the preparation of a review of the impacts of regulatory and bureaucratic burdens (in effect, giving suggestions for the preparation of an ex-post RIA).

Section 11 of the Act

It is established that the electronic legislative drafting system (the e-Legislative system currently under development) will include, in addition to the modern tools for the drafting and consultation of legislation already under construction, a register of overviews of obligations, separately for undertakings and for non-business natural and legal persons.

The Czech Chamber of Commerce, in cooperation with the Agrarian Chamber of the Czech Republic and other business organisations, will administer and operate an electronic legal system for undertakings, (classified as a public administration information system) enabling them to obtain a comprehensive overview of all public-law obligations imposed on businesses under legislation. The system will enable undertakings, via their user accounts, to organise and manage their public-law obligations according to business sectors and frequently

recurring events in business/life, including notifications of deadlines for the discharge of these obligations.

This will significantly increase the quality, clarity, and transparency of the legal system. Undertakings will also have access to a tool to monitor and subsequently influence the level of their bureaucratic burden.

The government will issue a regulation determining the amount of the State contribution to the administration and operation of public administration information systems. It is therefore envisaged that the basic functions of the information system will be provided free of charge to all users. Should the State contribution not cover all the costs of the administration and operation of the information system, the Czech Chamber of Commerce and the Agrarian Chamber of the Czech Republic may impose charges for some of the information system's services associated with the use of an undertaking's user account.

The Ombudsman will be entitled to administer (and operate) a similar information system containing data on the public-law obligations of persons who do not engage in business and will be able to entrust the operation of the information system to the Czech Chamber of Commerce in cooperation with the Agrarian Chamber of the Czech Republic and other legal persons representing undertakings.

Section 12 of the Act

Informative overviews of public-law obligations within the meaning of the Act on the Collection of Legislative Acts and International Treaties, where appropriate

supplemented with information pursuant to Section 6 ("overviews of obligations") will have to be prepared on an ongoing basis only for legislation passing through the legislative process, i.e. for completely new legislation and for amended legislation. In order for the register of overviews of obligations to be a truly effective tool for practical application, it must also include information on legislation currently in effect that will not pass through the legislative process, i.e. public-law obligations deriving from long-term stable legislation. It is with regard to the existence of such legislation that the government will be required, within six months from the date of promulgation of the Anti-Bureaucracy Act, to draw up a timetable and action plan for the gradual establishment of a register of overviews of obligations, so that this register is populated by all legislation by the end of 2029. Therefore, there will be four years in which to populate the register.

In view of the practical experience of the addressees of stable legal norms, the Czech Chamber of Commerce, in cooperation with the Agrarian Chamber of the Czech Republic and other legal persons representing undertakings, and the Ombudsman are authorised to propose to the government, within three months of the date on which the Anti-Bureaucracy Act takes effect, a list of legislation for which priority should be given to the preparation, production, and registration of an informative overview of public-law obligations.

Section 13 of the Act

It is proposed that the Anti-Bureaucracy Act take effect on 1st January 2026.

Regulatory Impact Assessment (RIA)

The Regulatory Impact Assessment (RIA), which provides a detailed and multi-scenario evaluation of the expected impacts of the proposed legislation on the institutional business environment, was prepared by **CETA – the Centre for Economic and Market Analysis**. The RIA outlines the impact on the State budget, the competitiveness of the Czech economy, the business environment, and provides an overall assessment of potential risks, including associated costs and benefits.

The RIA is available for download at www.komora.cz or by using the provided QR code.



CLOSING REMARKS

WHAT TO SAY IN CONCLUSION?

We do not live in an isolated world. We face tough competition both in Europe and globally. We are one of the most open economies and are strongly export-oriented.

If we did not export our goods and services to the European and global markets, we would not be able to sustain ourselves on our domestic market of almost 11 million people. There would be no money to pay for pensions, social benefits, healthcare, education, defense and security, road construction, high-speed railways, or the completion of nuclear power plants. We must remain competitive and continue exporting our products and services, focusing on those with high added value so that we do not remain just an ordinary assembly plant that someone abroad could shut down the moment it stops being profitable. We do not want to wait for this dark scenario. It is our shared responsibility to find enough determination, discipline, and accountability to bring order to our legal system, which currently restrains and suffocates entrepreneurs with excessive regulations and bureaucracy. We need to equip our entrepreneurs for their challenging journey with light

business backpacks carrying minimal burdens so they can succeed in this ruthless competitive race and proudly plant the Czech flag at the top of the summit. It is up to us, as a State and as a society, whether we push our entrepreneurs to their knees or give them the wings to soar. We must value our entrepreneurs, because without their courage, enthusiasm, ability to rise after a fall, and their contributions through taxes for themselves and their employees, we would not enjoy the quality of life we have today.

The concept of the Anti-Bureaucratic Act, which you can now review, is not just an activist outcry, an election slogan, or a utopian idea. Our theses and proposals are based on long-term practice, numerous personal experiences, and very thorough analyses. We are aware that our proposal is bold, innovative, and for some, undoubtedly unimaginably revolutionary.

We know that the path to achieving our goal will be challenging and will require courage and perseverance. It will not be easy, and it will be painful. This is about nothing less than changing our mindset, our habits, and our established practices, which will be difficult to abandon. However, we are convinced that it is worth it!

We entrepreneurs care about our country, and the country must care about its entrepreneurs!

Tomáš Baťa, one of the greatest Czech entrepreneurs and managers who left an indelible mark on the entire world, said:

“People fear the unknown. It is true that leaving the old behind always brings uncertainty — a leap into the dark. However, anyone who wants to help themselves and others must let go of the good in order to fight for the better. One must not hold tightly to the sparrow in hand just because it seems better than the pigeon on the roof. Without the courage to change, there is no improvement, and without improvement, there can be no prosperity!”



**Zdeněk Zajíček
and team of authors**

April 2025

WHO IS ZDENĚK ZAJÍČEK

“Where there is a will, there is a way.”

Zdeněk Zajíček is a graduate of the Faculty of Law at Charles University, specializing in law. He began his legal career in 1991 as a legal trainee at the Municipal Prosecutor's Office in Prague. He then continued in leadership positions at the Ministry for the Administration of National Property and Its Privatization and at the Land Fund of the Czech Republic, where he also served as the Head of the Legal Department.

Since 1996, he has been working as an independent attorney, and in the same year, he was elected to the Chamber of Deputies of the Parliament of the Czech Republic, where he served on the Constitutional and Legal Affairs Committee and the Committee for Public Administration and Regional Development. In 1999, he was appointed Director of the Prague City Hall. During his tenure, he contributed, among other things, to drafting the new Act on the Capital City of Prague and became one of the most prominent faces

of the city during the devastating floods in 2002.

In 2005, he became one of the founding members of the think tank eStat — Effective State. From 2006 to 2009, he served as Deputy Minister of the Interior, responsible for the entire civil administration section of the ministry, including public administration, eGovernment, legislation, and archiving. He was responsible for dissolving the Ministry of Informatics and integrating it into the Ministry of the Interior.

At that time, he personally contributed as an author or co-author to the development of systems such as Data Boxes, Basic Registers, and CzechPOINT. For CzechPOINT, he is also the author of the Czech-English acronym, which stands for "Czech Filing, Verification, Information, and National Terminal." He was also responsible for the legislative preparation and successful implementation of the transition from analogy television and radio broadcasting to digital

broadcasting, which was gradually completed across the entire territory of the Czech Republic.

He then served from 2009 to 2013 as Deputy Minister at the Ministry of Justice and the Ministry of Finance, once again responsible for the area of ICT and the management of State property.

Since 2016, he has held the position of President of the ICT Union, and since 2020, he has served as Vice President of the Czech Chamber of Commerce, responsible for legislation, education, and business support.

In 2018, he introduced the idea of adopting the Act on the Right to Digital Services and authored the first draft of its provisions. This law was named the "Law of the Year" in 2020. During the same period, Zdeněk Zajíček, together with the Banking Association, proposed and drafted the Act on Bank Identity, which represented another groundbreaking step in eGovernment by enabling simple remote identity verification in the digital world. He also played a key role in developing the concept and legislative proposal for the Act on the Digitalization of Building Permits, which was adopted by a record 185 out of 188 Members of Parliament across the political spectrum.

In 2023, he was elected President of the Czech Chamber of Commerce. In his role, he introduces innovative and revolutionary proposals aimed at eliminating unnecessary regulation and bureaucracy for businesses, improving the efficiency of the State

and its digitalization, and fostering more intensive and systematic cooperation between the public and private sectors. He is the author of the proposed Anti-Bureaucracy Act, which he is currently working to promote among policymakers in both the Czech Republic and the European Union.

Zdeněk Zajíček also has close ties to the field of education. His parents were long-time school principals, and he himself was involved in founding the family-run Gymnasium of International and Public Relations in Prague. In 1995, he contributed to the establishment of CEVRO, and today he serves as the Chairman of the Supervisory Board of CEVRO University.

In his free time, he is dedicated to sports. He was not only a basketball player and coach but also became the youngest Czech basketball referee to officiate in the Czechoslovak Federal Basketball League. He also became the youngest Czech international referee under FIBA and an international wheelchair basketball referee under IWBF. Due to his reputation, he even served as the President of the Czech Basketball Federation from 2007 to 2010.

For the past three years, he has been singing in an amateur band composed of musicians working in the ICT sector.

This year, Zdeněk Zajíček was inducted into the Czech eGovernment Hall of Fame. During the ceremony, the Digital Champion of the Czech Republic, Ondřej Felix, said:

"Ladies and gentlemen, dear guests, today we have the honour of welcoming into the Hall of Fame a man whose name is inseparably linked with the modernization of Czech public administration, the digitalization of State services, and the vision of an efficient and accessible State for both citizens and entrepreneurs. Zdeněk Zajíček is not just a lawyer, politician, or manager. He is a visionary who managed to bridge the gap between the world of bureaucracy and technology. He is the architect of systems that we now take for granted but which, years ago, were only a bold dream.

He was at the birth of CzechPOINT, a system that eliminated the need for citizens to run from office to office and enabled them to handle their affairs in one place. He contributed to the legislative implementation of data mailboxes, which fundamentally changed the way the State communicates with its citizens. He was also one of the key drivers behind the

introduction of the basic registers, which brought a revolution to data management in the public sector.

However, his work was not limited to visions and projects. He managed to find common ground between politicians, experts, and officials — a discipline in which very few succeed.

Zdeněk Zajíček has never been afraid of challenges. He stood firmly by his views, fought for a more efficient State, and pushed the boundaries of what was possible. Today, we can say with certainty that his mark on Czech eGovernment will remain forever visible.

Therefore, allow me, with profound respect and admiration, to welcome Zdeněk Zajíček into the Hall of Fame and to thank him for his enormous contribution to our country.

Zdeněk, congratulations and thank you!"

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