EU NEWS MONTHLY JOURNAL

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Erasmus for young entrepreneurs

Europe needs new calibre leaders

Taxation in the EU - the structure and efficiency of tax collection

ERSTE Corporate Banking

ČESKÁ SPOŘITELNA

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Dear readers,

Did someone play a joke on you on April Fool's Day? As most of you probably know, April Fools falls on the first day of April. Another event is also associated with this date however. Not later than 1 April, it is in fact necessary to file 2015 tax returns for individual income. And that is often not so funny or not funny at all because of the form filling itself and the amount of taxes to be paid. In truth, this doesn't concern everyone, because for some of you whose tax return is handled by a tax advisor, the deadline for its submission is set at 1 July 2016. I am not writing about taxes by coincidence since our Main Topic starting on page 9 also addresses the issue of taxes and taxation in the European Union.

Many changes and events are affecting the European Union. It will not be possible to get through this period without high quality leaders and personalities. Certainly each of you can immediately think of several of them. But new leaders will also be needed who should possess some undoubtably essential features. A very interesting post on page 8 of our regular Microcsope section, contributed by Luděk Pfeifer from the M.C.Triton company, discusses these traits and characteristics. In this contribution, among other ideas and words we could underline - more calm for small and medium-sized businesses, i.e. in terms of stability of the environment (tax, legislative etc.), but also sensible investment of „European money“.

Among the important events of March without a doubt were the parliamentary elections in Slovakia which the party Smer-SD won with nearly 30% of the votes. The migration crisis and its resolution will still probably be around a long time to fill the pages of newspapers. In mid-March, there was a meeting of representatives of the European Union and Turkey in Brussels on a joint approach for dealing with the migration crisis. An overview of the agreed points can be found on page 4. How often and in what way do you spend free time on the Internet? Do you use digitized public services? The European Commission has issued a clear ranking of the digital levels of member states, which among other things also monitors the above-mentioned areas. Pages 4 and 5 provide an overview of how the Czech Republic did in the DESI (Digital Economy and Society Index) rankings and what movement it made compared to last year's monitoring.

In this EU News Monthly Journal we bring you the traditional Doing business section as well - this time in Bulgaria. It is probably not necessary to present this country at length, after all many of you have certainly visited it personally. How this member state is doing in economic terms and which tax and investment incentives attract investors can be read on pages 13 and 14.

In one of the previous issues we presented the Erasmus+ programme aimed at students and work placements. Less well known, however is Erasmus for Young Entrepreneurs. Do you know anything about it at all? Nothing could be easier than flicking through page 6 where you can read what this programme offers and which criteria a starting entrepreneur must meet in order to participate. The programme is presented to you by the European Commission Representation in the Czech Republic.

Dear readers, this weather only encourages (I hope you will be reading this editorial in the Monthly in the same sunny weather as that in which I am writing it) work in gardens and nature walks. Nevertheless don't forget to perhaps also make time for a coffee and reading our Monthly.

Tomáš Kozelský

Tomáš Kozelský

EU Events

Results of parliamentary elections in Slovakia. – The number of cars powered with compressed natural gas (CNG) is growing in the Czech Republic. There are 13 thousand and among other alternative fuels interest in them is greatest. – Climate change laws: in its policy statement the Czech government pledged to adopt one - Which European Union countries have them?

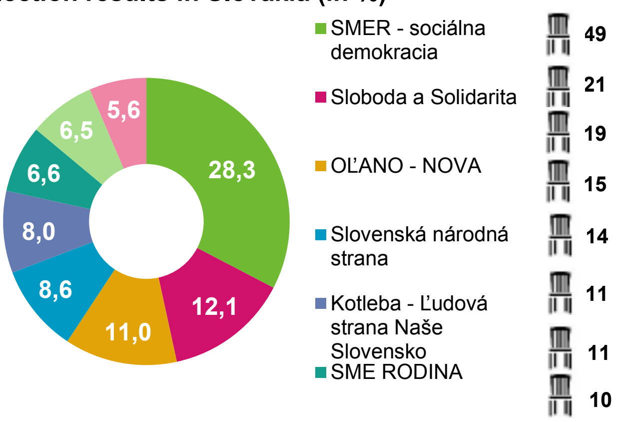
POLITICS

Results of parliamentary elections in Slovakia

On 5 March 2016 elections to the National Council took place in Slovakia. A total of **59.82% of voters** participated. After the votes cast were counted the governing Smer-Social Democracy party of Robert Fico won with a total of 28.3%. Although the party won the elections, it lost its existing majority of 83 of 150 deputies. In the new parliament it will have 49 of the 150 seats.

The Freedom and Solidarity (SaS) party emerged as the second strongest. With 12.1% of the votes, it will have 21 seats in the National Council. According to the pre-election polls the Network (Siet) party would be in second place, but it fell out of favour with voters, obtaining only 5.6% and thus coming in last in parliamentary seats. The Ordinary People and Independents party (OL'aNO) gained third place in the parliament with 11.0% of the votes and a total of 19 seats. **The surprise of the election** became the far-right party of Marian Kotleba, the People's Party-Our Slovakia (LS-NS), which gained 8% of the votes and thus a total of 14 seats. In total, the National Council SR received eight political parties.

Election results in Slovakia (in %)



Source: National Council elections 2016

https://volbysr.sk/sk/index.html

ENERGY AND TRANSPORT

In the Czech Republic the number of cars using natural gas is growing

The number of cars powered by compressed natural gas (CNG) in the Czech Republic is growing. According to the Czech Gas Association (CGA), there are 13,000 and among other alternative fuels interest in them is greatest.

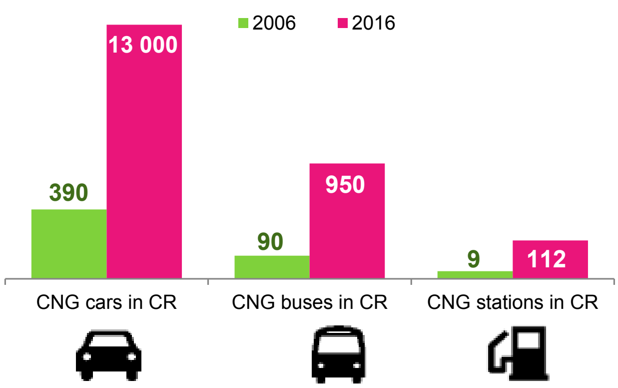
This year marks ten years since the voluntary agreement with the state on support for the use of natural gas in transportation. Thanks also to the communication between firms and authorities it seems that the number of cars using natural gas will continue to grow. The National Action Plan for clean mobility, which was approved by the government in November 2015, should also contribute to this. Next to gas it also emphasizes the development of electromobility. The plan is based on a European directive promoting the construction of infrastructure for alternative fuels.

In the **Czech Republic** there are currently 112 public CNG stations. By 2020 the National Action Plan envisions 210 stations. According to the CNG, the first LNG (liquefied natural gas) station could already be built in the Czech Republic at the end of this year or the beginning of next year. Subsidy programmes also count on supporting CNG and other alternative fuels, specifically the Integrated Regional Operational Programme (IROP), Operational Programme Transport (OPT) and the National Programme for the Environment.

OP Transport envisages a total allocation of 1.2 billion crowns for the infrastructure required for the development of clean mobility, including CNG stations. Through the IROP public transportation operators can again submit applications for grants for the purchase of low-emission and zero-emission vehicles. The current call runs from January to July 2016, and it will be possible to draw 1.3 billion crowns in total.

Municipalities and regions will also be able to apply for **subsidies** starting in the autumn amounting to 150 million crowns for the purchase of CNG passenger vehicles. The Ministry of the Environment is planning to allocate this amount from the National Programme for the Environment. The Ministry of the Environment has also announced support for educational programmes that will provide information to the public about the benefits of clean mobility. A number of cities including Ostrava, Olomouc, Děčín, Most, Brno, Jihlava and Český Budejovice have already received financing in this area.

CNG in Czech Republic



Source: Czech Gas Association

https://www.cgoa.cz/homepage/pdfdoc/TZ_10_let_od_DD_k_NAP_CM.pdf

EU Events

ENVIRONMENT

Climate change laws: which EU countries have them?

For some time, the minister of the environment has tried to promote a so-called climate change law with the government that would specify a binding path for the Czech Republic to reduce dependence on fossil fuels and reduce greenhouse gas emissions.

The Government pledged adoption of an anti-fossil law in its policy statement - on the condition that it would not lead to a reduction in the competitiveness of the Czech economy.

The law has strong support of environmental NGOs, which point out that many **European countries already have similar laws**. What do these individual laws look like?

United Kingdom - In the United Kingdom the first law of this kind was adopted in 2008, under which it became mandatory to manage a reduction in greenhouse gas emissions by 2050. The government obtained agreement on it from the opposition as well as the Confederation of British Industry and the unions. The law established legally binding targets for reducing fossil fuel consumption, expressed as a decrease in greenhouse gas emissions by 80% by the year 2050 (with an intermediate level of 34% in 2020).

At the same time, this period is divided into five-year sections, which are assigned so-called carbon budgets. The first, for the period 2007 to 2012 was met when emissions decreased by 12%. The law has also contributed to a significant reduction in the consumption of gas and electricity in households (by 22.3% in comparison with the situation 10 years ago).

Austria – For the Czech Ministry of the Environment Austria is the perfect inspiration for making a climate change law. In this neighboring country there is in fact a similar legal environment as in the Czech Republic. The Austrians have had a law on reducing dependence on fossil fuels since the end of 2011 (the Climate Change Act) and at the end of March 2015 an amendment to it came into force.

The regulation specifies limits for greenhouse gas emissions in different sectors for each of the years from 2013 to 2020. If it turns out that the maximum values are exceeded, the government must immediately start negotiations on the introduction of new measures or strengthen the existing ones.

Denmark - Denmark has had a climate change law since mid-2014. Every 5 years the Minister for Climate, Energy and Building proposes a target for reducing greenhouse gas emissions for the next 10 years with a view to the year 2050. At present the commitment is set at a 40% reduction by 2020 compared with 1990. The minister also notifies the government annually about how to successfully reduce emissions.

Sweden – The Swedish parliament adopted a law in 2009 with the aim of reducing greenhouse gas emissions by 40% by the year 2020 compared to 1990. In the context of climate policy Sweden also pledged that in 2020 renewable energy sources will provide at least half of energy consumption and that by 2020 energy efficiency will increase by 20%.

Finland - In Finland a law was passed in 2015 that prescribes an 80% reduction in greenhouse gases by 2050. To contribute to this it has medium-term plans updated every year, which focus on sectors outside the emissions trading system (transport, buildings and agriculture) and long-term ten-year plans, which are aimed at the overall objective and include in particular the sectors covered by the Emissions Trading System - energy and industry.

Belgium - In the Walloon part of Belgium a climate change law was approved at the end of 2012. It includes a target for reducing greenhouse gas emissions by 80 to 95% by the year 2050 and by 30% by 2020 compared to 1990. The government is obliged by the law to create five-year programmes to reduce dependence on fossil fuels.

France - The French law of 2009 prescribes the ongoing reduction of greenhouse gas emissions by 3% each year and a 75% reduction in overall emissions by 2050 compared with 1990. It also specifies seperate targets for reducing energy consumption in buildings by 38% by the year 2020 and in transport by 20% by 2020. The new law of 2015 provided for taxation of CO2 emissions and other targets, including targets for energy efficiency and the share of renewable sources and nuclear power in France‘s energy mix until 2030, respectively 2050. Besides these, countries such as Ireland, Spain and Malta are preparing similar laws and North Rhine-Westphalia wants a adopt its own state laws.

www.komora.cz/download.aspx?dontparse=true&FileID=16447

The Commission does not want to increase climate targets to 2030

The document „The Road from Paris“ that the Brussels executive unveiled on 2 March 2016 shows that **the Commission does not intend to increase EU climate ambitions before 2030**. In this communication the Commission reacts to the results of the international climate conference in Paris, which in December 2015 created a global agreement on climate protection. In the capital of France almost two hundred countries agreed to keep global temperature increase below 2 degrees Celsius until the end of the century and to make efforts to reduce the target temperature to 1.5 degrees.

https://ec.europa.eu/transparency/regdoc/rep/1/2016/EN/1-2016-110-EN-F1-1.PDF

EU Events

Leaders of the EU countries and the Turkish prime minister have agreed on the next steps for dealing with the migration crisis. – The DESI Index or how is the Czech Republic doing in the digital agenda? – From 7 April 2016 representatives of the EU member states will negotiate a transatlantic agreement on the transfer of personal data to private companies.

ASYLUM AND MIGRATION

Agreement between the EU and Turkey

During talks in Brussels, which took place 17-18 March, leaders of EU countries and the Turkish prime minister agreed on the next steps for dealing with the migration crisis.

What did the EU agree on with Turkey?

Every **migrant who is not entitled to asylum should be returned to Turkey from the Greek islands** at the expense of the EU. This process will be in accordance with international law; all migrants must therefore be registered and every asylum application considered individually. According to the agreement the return of migrants to Turkey came into effect on 20 March. Likewise they will be able to return people entitled to international protection if the person has been recognized as a refugee, he or she was granted protection in another state, or comes from a so-called safe third country. Turkey is not officially one of these, however so Greece will have to change its laws newly designating Turkey as a safe third country. This is a temporary measure which will expire along with the end of the migration crisis.

According to the agreement for every Syrian refugee returned to Turkey from the Greek Islands the EU should **resettle one citizen of Syria** directly from Turkey. Each incoming person must undergo a security screening and the member state will be able to refuse him or her if the person poses a security risk. Preference should be given to those who have not tried to enter the EU previously on their own. The functioning of the „one-for-one“ plan is necessary so that member states can allocate a sufficient number of places for resettlement. At the summit the Czech Republic advocated that the member states do not make any new commitments beyond the agreed number from last year. In the end the leaders agreed that this should be a maximum of 72,000 people.

By June 2016 the **visa requirement for Turkish citizens** wishing to visit Europe should be lifted. However, the country will have to meet the requirements arising from the previously approved plan of visa liberalization - of the 72 criteria 35 have been fulfiled so far. If Turkey has taken all the required measures, in late April the Commission will propose the promised abolition of visa requirements for Turkish citizens.

Under the **agreement between the EU and Turkey** disbursement of funds to assist refugees on Turkish territory should be **accelerated**. These consist of a total of three billion euros for the years 2016 and 2017 which EU leaders promised Turkey. Some programmes are already being financed today from these funds - 55 million euros ensure access to education to Syrian schoolchildren and 40 million euros were earmarked for humanitarian assistance through the World Food Programme.

In exchange for help in solving the refugee crisis Turkey called for **speeding up its accession negotiations**. At present therefore preparations are underway for opening the five chapters which are still blocked. Here there could be a stumbling block, however - due to protracted disputes between Ankara and Cyprus the relationship between the two countries must first be clarified. According to the Czech Republic there is a need to strongly urge respect for human rights in Turkey, to insist on freedom of speech and the independence of local media.

The Union together with Turkey should **cooperate more to improve the humanitarian conditions** in Syria thanks to which people could settle in the safer parts of the country.

http://www.consilium.europa.eu/en/meetings/european-council/2016/03/17-18/

INFORMATION SOCIETY

How is the Czech Republic doing in the Digital Agenda?

The **DESI Index**, which the European Commission publishes, monitors five basic areas of the digital levels of EU member states: connectivity, human capital, use of the Internet, integration of digital technology and digital public services. How is the Czech Republic doing in each category?

According to the DESI Index the **number of Czechs who have access to fast internet is growing**. In 15th place, the Czech Republic thus ranked just above the EU average. For example, a 4G/LTE mobile connection is available to 92% of people, while the EU average is 80%. Fixed broadband coverage, according to the Commission data is „almost completed“; broadband networks are in fact available to 98% of Czech households (in rural areas 91%).

In the „human capital“ category, which monitors the digital skills of the population, the Czech Republic fell compared to last year from 12th to 14th place. A total of 77% of Czechs between 16 and 74 years use the Internet regularly, and it ranks in 13th place in the Europe-wide comparison. The Czech Republic is also just above the EU average in the area of basic internet skills. It recorded a somewhat worse (14th place) domestic result in the share of graduates in science, mathematics and technology fields. In the age group between 20 and 29 years this is 17%.

In 20th place, two places lower than the previous year, the Czech Republic also worsened in the use of the Internet category. Czechs use the Internet for a variety of activities, whether reading the news (86%) or communication on social networks (50%). 57% of people listen to music online, watch movies or play online games.

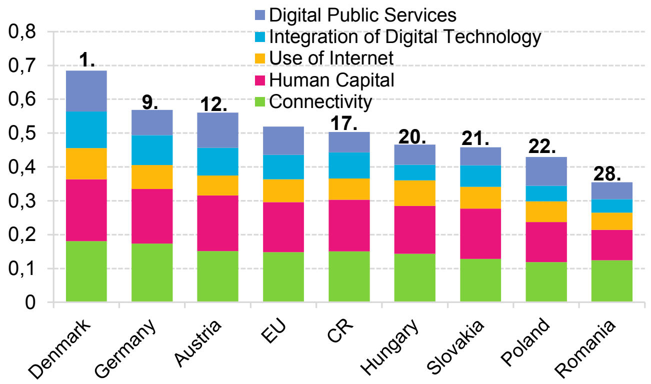
Similarly, a large number of people (55%) purchase in e-shops and use online banking (60%).

In the Europe-wide comparison the Czech Republic is doing well in the use of digital technologies by business, despite the fact that compared to last year it fell from 10th to 12th place. Czech small and medium-sized businesses selling online, which in second place ranked among European leaders in Internet sales last year, ended up in 6th place this year. These companies also fell slightly this year in sales turnover, and thus shifted from first place to second.

Nevertheless Czech companies newly rank among the top three EU countries whose firms sell online cross border. Compared to last year domestic businesses share more information electronically, but only 10% of companies make use of social media at work placing the Czech Republic in 23rd place.

The Czech evergreen is the **poor level of digitalization of public services** or so-called e-Government. Only 12% of domestic Internet users sent forms online to the public administration. This is worse only in Romania, which also placed last in this category last year. The poor ranking is influenced mainly by a lack of supply of such services by the state. Only 70% of e-Government steps (interaction with the public administration) can be carried out fully through the Internet in the Czech Republic, while the EU average is 81%.

Index DESI 2016 in selected EU countries



Source: European Commission - DESI 2016

https://ec.europa.eu/digital-single-market/en/scoreboard/czech-republic

EU member states await approval of the agreement on data transfer to the USA

From 7 April 2016 **EU member state representatives will negotiate a transatlantic agreement on the transfer of personal data to private companies**. The EU and the United States agreed on the new system, called the Privacy Shield, which will replace the existing Safe Harbor arrangement from 2000, in early February 2016 and according to the Commission it should come into effect from July. The positions of the member states are not yet known however and negotiations may still take some time.

A week later on 12-13 April national authorities for the protection of personal data will also submit their positions on the new mechanism. They are still distrustful of the Privacy Shield however. This is because the agreement apparently does not specify limits on how long companies can keep personal data.

The opinion of the authorities for the protection of personal data is not legally binding though. Nevertheless their task will be to examine the complaints of Europeans on the misuse of personal data by American firms and at the same time they will be able to stop transfer of data to the USA in the event of a breach of the agreement.

The LIBE Committee meeting was also attended by the Austrian lawyer Max Schrems, who questioned the validity of the old Safe Harbor system in the EU Court of Justice. At that time he challenged the transfer of personal data of the users of the social network Facebook to US security authorities. As was revealed after the 2013 Edward Snowden affair, US authorities were gathering user information from internet service providers, and this allowed them to do mass surveillance.

Schrems won the court case and in October 2015 the agreement from 2000 was declared invalid. Nevertheless the October judgment set a high standard for protection of personal data, which according to Schrems will not be attained and therefore there is a danger that the new system could suffer the same fate as its predecessor.

Schrems also reaffirmed his concerns at yesterday's hearing at the European Parliament. There for example he questioned the independence of the ombudsman, which must examine the complaints of European citizens on mistreatment of their data. In his opinion the Privacy Shield has not moved much from Safe Harbor.

According to the Czech European Commissioner for Justice, Consumers and Gender Equality Věra Jourová, the Privacy Shield system will work, and compared to Safe Harbor brings significant progress.

http://ec.europa.eu/justice/newsroom/data-protection/news/160229_en.htm

Commission´s Column

The European Commission Representation in the Czech Republic makes contributions to the EU News Monthly Journal in the „EC's Column“ section. This article is devoted to the Erasmus programme for entrepreneurs that helps beginning European entrepreneurs to acquire the knowledge needed to start and operate a successful small business.

ERASMUS FOR YOUNG ENTREPRENEURS

You have probably already heard of the Erasmus+ programme, within which student exchanges and work placements are funded. Awareness of the Erasmus for Young Entrepreneurs programme, which supports stays of new entrepreneurs in another EU country is much less widespread however.

Erasmus for Young Entrepreneurs is a **cross-border exchange programme**, thanks to which new and aspiring entrepreneurs have the opportunity to acquire new skills from experienced entrepreneurs who run small businesses in other participating countries. The exchange of experience takes place during a stay with an experienced entrepreneur which gives the aspiring entrepreneur the knowledge and skills needed to run a small business.

Other **benefits for participants** include development of language skills, familiarization with new trends in the given sector, penetration into the business environment in the host country and making contacts abroad. Stays are from one to six months long. New entrepreneurs who meet the **following conditions** can participate in the programme:

- planning to start a business or have started a business in the last three years (the area of activities can be in any sector and there is no any age limit);
- has permanent residence in one of the participating countries;
- has a specific project or business idea;
- is prepared to contribute to the development of the host entrepreneur's business and provide his or her skills and competences;
- is willing to complement the programme funding as needed to cover the costs of his or her stay abroad.

The European Commission provides financial support to participants for transportation costs and living expenses during their stay. The amount of aid varies depending on the member state in which the host company is located.

For example when staying in Slovakia a new entrepreneur receives 610 euros per month, in Germany 830 euros, and if the host company is located in the UK, the aid amounts to 1,000 euros per month.

You can participate in the programme as a host entrepreneur if:

- you are a permanent resident in one of the participating countries;
- you are the owner-manager of a small or medium enterprise or a person directly involved in entrepreneurship at the board level;
- you have been running a company several years;
- you are willing to share your knowledge and experience with a new entrepreneur.

The **main benefit for the host entrepreneur** is the possibility to work with an energetic and motivated new entrepreneur who can contribute innovative approaches and possibly specialized knowledge and skills. Host firms can also obtain information about foreign markets, expand their business opportunities, obtain foreign contacts and engage in cross-border activities.

Most host entrepreneurs have appreciated this experience so much that they decided to follow up by inviting other aspiring entrepreneurs. It is possible to register for the programme - either as a new or an experienced entrepreneur - through the national contact points, which are listed on the programme webpages.

Since its inception in 2009 the Erasmus for Young Entrepreneurs programme has provided **more than four thousand entrepreneurs the opportunity** to meet other entrepreneurs from different countries and develop their own business.

The programme in a nutshell:

- It has conducted 2,500 exchanges in which 5,000 new or experienced entrepreneurs participated.
- Italy and Spain have recorded the highest number of new entrepreneurs followed by Romania, Greece and Poland.
- The most popular destinations have been Spain, Italy, the United Kingdom, Germany and Belgium.
- The average length of stay abroad has been 3.5 months.
- The majority of new entrepreneurs have been younger than 40 years (89%), while the experienced entrepreneurs are usually younger than 50 years (74%).
- A third of the participants have been women.
- The programme is open to all who wish to become entrepreneurs - from unemployed people or employees to students and beginning entrepreneurs.
- Nearly a quarter of the new entrepreneurs already had their own company at the time of their participation in the programme. Even though cooperation has taken place in all sectors, the three most popular sectors so far have been education and training, advertising and promotion and services in the field of architecture and construction.

If the Erasmus for Entrepreneurs programme interests you, you can read more about it here:
http://www.erasmus-entrepreneurs.eu/index.php

Our InfoService section outlines upcoming sessions of EU decision-making bodies accompanied by other significant events. Often agendas for negotiations by these important bodies are not ready until a few days before the actual meetings can be found at: http://europa.eu/newsroom/calendar/; http://english.eu2016.nl/events

InfoServis

Meeting of the key EU institutions

7 April 2016	**Brussels, Belgium**	**18 April 2016**	**Amsterdam, Netherland**
- European Parliament Committee Meetings		**- Informal meeting of Ministers of Health**	
11 - 14 April 2016	**Brussels, Belgium**	**18 April 2016**	**Luxembourg, Luxembourg**
- European Plenary Session		**- Foreign Affairs Council**	
11 April 2016	**Amsterdam, Netherland**	**19 April 2016**	**Luxembourg, Luxembourg**
- Informal meeting of Ministers responsible for Energy		**- Defence Council**	
12 April 2016	**Amsterdam, Netherland**	**21 April 2016**	**Luxembourg, Luxembourg**
- Informal meeting of Ministers and State Secretaries for European Affairs		**- Justice and Home Affairs Council**	
11 - 12 April 2016	**Luxembourg, Luxembourg**	**22 April 2016**	**Amsterdam, Netherland**
- Agriculture and Fisheries Council		**- Informal Meeting of EU Finance Ministers**	
14 April 2016	**Amsterdam, Netherland**	**27 - 28 April 2016**	**Brussels, Belgium**
- Informal council of Transport and Environment ministers		**- European Parliament plenary session**	

Source: www.europa.eu, www.english.eu2016.nl/events, access as of 30 November 2015

Overview of selected calls

Call	Call number	Receipt of applications	
		From	To
OP Environment			
Finish inventory of and eliminate environmental impacts (3.4.2 and 3.4.3)	36	1/4/2016	30/6/2014
OP Enterprise and Innovations for Competitiveness			
Low carbon technology - activity "a" (electromobility)	I	1/4/2016	31/7/2016
Low carbon technology - activity "b" (energy storage)	I	1/4/2016	31/7/2016
Low carbon technology - activity "c" (secondary raw materials)	I	1/4/2016	31/7/2016
Rural Development Programme			
Launching the enterprises of young farmers (6.1.1)	2 round	3/5/2016	16/5/2016
Investment in non-agricultural activities (6.4.1)	2 round	3/5/2016	16/5/2016
Support for agrotourism (6.4.2)	2 round	3/5/2016	16/5/2016
Investment to promote energy from renewable sources (6.4.3)	2 round	3/5/2016	16/5/2016
Technical equipment for woodworking establishments (8.6.2)	2 round	3/5/2016	16/5/2016

Source: www.edotace.cz/kalendar

Microscope

The contribution to our regular EU Monthly news column, Microscope, is devoted this time to the topic of what currently interests the EU and what new leaders are needed by Europe. What are the actual characteristics of such a new type of leadership and what should it do? What would it contribute to the Union? M.C. TRITON partner, Luďek Pfeifer, ponders over these particular issues.

EUROPE NEEDS NEW CALIBRE LEADERS

When I started to do business 26 years ago I naively thought that I would not live through a more fractious and more interesting time again. The present has proved me wrong. It's a time of change of a much higher order – and it offers and demands much more.

The offer and demands of the current period are addressed primarily to leaders. Global and local leaders, political and company leaders, opinion leaders and leaders of specific events.

The digital revolution, Industry 4.0 (and everything associated with technology), changes in the structure and the mentality of the labour market – the movement of General Y and Z into decision-making roles, the necessity of changes in the nature of the "public sector", climate changes and their impact on energy and infrastructure, the global redistribution of influence between "Western" civilisations and social orders that are opposed to our export of democracy – these are only some of today's basic defining phenomena.

An example of the need for leadership of a new type is the European Union. A model which has been fulfilled and has survived. The EU is affluent, slow-moving and governed by mechanisms so complex that it's barely sustainable only in times of stability and prosperity. It's overly correct and pulled by people with no contact with reality, pseudo-leaders who are not capable of giving a correct form to the notions of "European vision and values", and pseudo-leaders who (perhaps) are able to think up any type of strategy, but can no longer push it through. Pseudo leaders who fuss over little things and talk round critical risks and let them grow.

The reality of the EU is really power in the hands in the most powerful of local politicians, internal incoherence and an inability to work with it, conflict between declared hollow phrases and the actual interests of residents, and all within the fluff of a huge bureaucratic apparatus.

In the eyes of business, the EU is a corporation that has no clear vision, the top management blunders and is disunited, strategies are only on paper and are not in tune at all with actual company culture.

I referred to the need for leadership of a new type. It is characterised by five features.

First of all, there is courage. Courage to get to the essence of a matter and courage to act. Courage to put trust in competent people at lower management levels. Secondly, innovativeness. Old recipes, structures and clichés are dead. Third is project thinking.

The concept of the sustainability of anything (not excluding the EU) is a double-sided coin – strong ideas and vision on the one side, action, speed and ability to quickly deliver effects on the other. And I consider this the essence of project thinking.

The fourth feature of new leadership is openness – especially partnership and alliances. The more confrontational the environment is, the more successful are those who know how to cooperate. The fifth feature is an emphasis on simplicity. Only simple things work.

Flaunting complexity, convolution and a systemic nature is an expression of helplessness, cowardice and strategic impotence – or all of this. The results are the loss of key assets – time and the confidence of crucial fellow players.

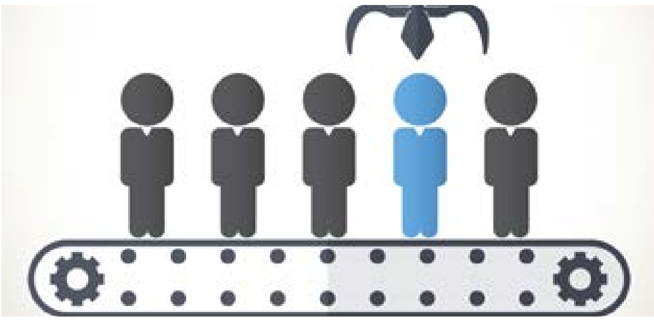
Are courage, innovativeness, project thinking, openness (alliances) and an emphasis on simplicity something new in leadership? Maybe they're really only a return to the roots of the role of leaders. But this changes nothing in the fact that they are essential ingredients for leaders' success in our current times.

I will try to offer a few more priorities which a "new European leadership" could focus on promoting. I'm not a political scientist and I therefore won't go into thinking about how to reconstruct the political-bureaucratic apparatus. I will stick to business. The European leadership would profit from paying attention to these key development areas.

Support for local economies – cooperation between the public and business sectors at the lowest regional level. More freedom for small and medium companies. I intentionally don't say greater support – it's enough to leave them alone and complicate their lives as little as possible.

More attention to innovation and start-ups – as an exclusive European investment item. Meaningful investment of "European money" – instead of subsidising any obscurity, quite simply invest in security, infrastructure, education and innovation. Greater links between strong European companies and global development projects – greater networking and interconnections with other world economic centres and leaders..

The future of Europe is in the hands of people who are only just becoming leaders. May they be people with courage and forethought.



Luděk Pfeifer, M.C.TRITON

The Czech Republic was criticised by the Commission for the inefficiency of its VAT collection. Affairs related to tax evasion appear in the pages of newspapers with monotonous regularity. Even taking into consideration the controversial electronic earnings register, which was approved by the House of Representatives and is meant to deal with tax evasion.

Main Topic

TAXATION IN THE EU - THE STRUCTURE AND EFFICIENCY OF TAX COLLECTION

INTRODUCTION

Taxes are a topic that to a certain extent bothers each of us – either upon a bad-tempered look at a pay slip, reading news about tax evasion or watching reports about wild tax regulations. Apart from traditional debates about the optimal amount of tax, another debate has also been added in recent times about the process and technical organisation of tax collection – should consumption rather than work be taxed? How can be tax evasion be avoided? As part of this topic we can see what the differences are in tax collection across the EU – where the most tax is collected, from what sources and what measure is used to gauge the efficiency of collection.

It is generally the case in the European Union that taxes are higher in the old member states than in the new ones. Tax collection in the European Union is very heterogeneous – while some states rely substantially on company tax (France), others try to tax the work of individuals (the Scandinavian states). In some tax systems preference is given to taxing consumption (Hungary) and the Czech Republic, for example, relies in a significant way on social security contributions which finance specific needs separately – healthcare and welfare benefits.

Within the European Union tax systems are differentiated not only by different rates – their efficiency also differs significantly. While tax administration in Hungary, for example, consumes 0.4% of GDP, in Spain it is only a quarter of this – 0.1% of GDP. The success of the tax collection also differs considerably – while in Slovakia the collection of EUR 100 costs roughly 1.4 EUR, the Poles collect PLN 100 at a cost of only PLN 0.16. The success of tax collection differs not only in how much is collected but also in how much tax is not collected – while the Finns are relatively successful in the collection of VAT and manage to collect 95% of its potential, the success rate in Romania is markedly lower – in regard to VAT, 40% is unable to be collected of what according to hypothetical models and consumption data should be possible to collect.

THEORY OR TYPES OF TAXATION AND DEFINITION

Taxes are essential instruments in financing public services and thanks to this more or less sophisticated forms have evolved over the centuries. The oldest method is direct taxation – a subject on which the effects of tax fall is taxed directly. A typical example is income tax – a tax on the income of an individual who is generally also obliged to pay tax. Direct tax is also further divided into income tax – i.e. those relating to the income of individuals or corporations (also known among economists as a labour tax) and asset tax - property tax or road tax.

Apart from classic tax, social and healthcare policies in particular are often financed through compulsory insurance which is held in an account separate from a classic state budget. Thanks to separate accounts from state money, the funds for social and healthcare policies are stabilised and secured because of the fact that they will not be used for purposes other than which they were collected. In some cases the contributions to social policies are categorised as direct taxes, although they will be kept separate in this article.

Because of the simplification of collection, a parallel system of "indirect tax" has also evolved over time – in which someone other than the entity which is subject to tax and on whom the effect of the tax falls is responsible for paying the tax.

The best know example is the valued-added tax, but consumption taxes on cigarettes, alcoholic beverages and fuel are also used. Responsibility for these taxes falls on those who sell the goods, not those who consume them and who ultimately pay the tax. Indirect tax is also called a consumption tax.

THE COLLECTION OF TAX IN THE EU

It's not news that in the countries of "old Europe" taxes are generally higher than in the new member states. The roughest indicator of the amount of taxation is the ratio of tax collected to local GDP – this indicator shows the size of the state budget and the scope of the tax system.

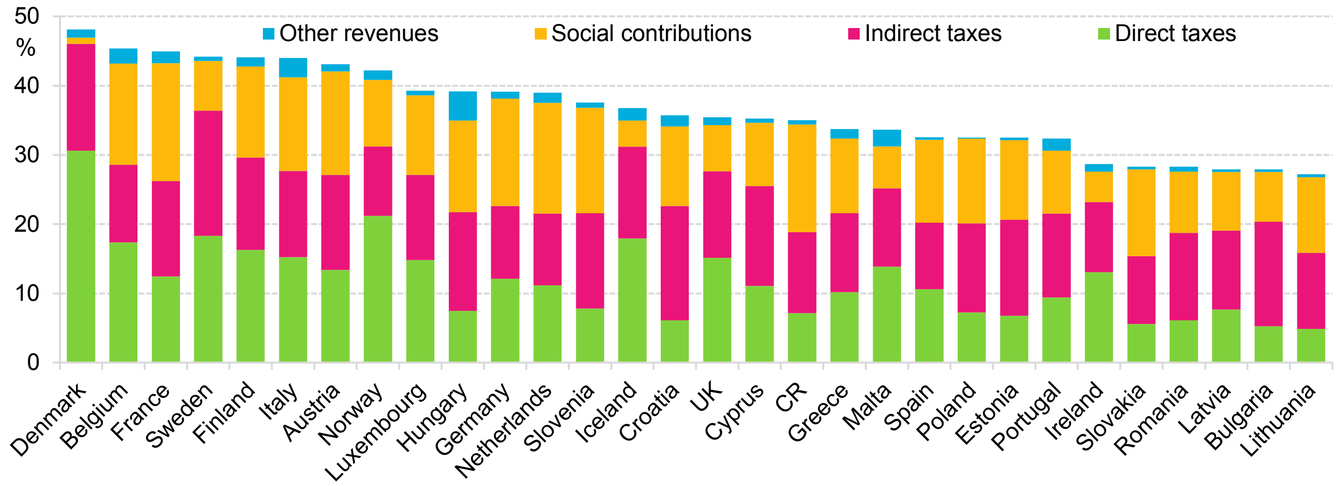
The highest amount of GDP in the form of taxation flows into the state budget in Denmark, in Belgium and in France, where 45% of GDP is collected in taxes. In contrast, the lowest rate of taxation is at the other end of Europe – less than 30% of GDP makes its way into the state budget as a result of the tax take in Lithuania, Bulgaria, Romania and Slovakia. The exception that proves the rule is Ireland, whose tax collection makes up less than 30% of that country's GDP despite the fact that it's the most western country in the EU and acceded to the Union with Great Britain in 1973. Some economists assert that taxing consumption is more beneficial than taxing labour – taxation via VAT or a consumption tax has a lower impact on motivation to work and the labour market generally, and in addition consumption is macroeconomically more stable – the state can better forecast how much will be collected in tax each year.

Main Topic

A third of the overall tax take in the European Union comes in indirect tax. The tax structure within the European Union, however, understandably varies – while in Hungary the collection of indirect tax is nearly half of all tax because of a very high rate of VAT (27%), in Germany and Belgium it is less than 30% of the tax take.

On average, indirect tax represents approximately 15% of member state GDP.

Taxation structure in the EU relative to GDP



Source: European Commission

The proportion of VAT in the total collection of indirect tax is somewhere in the vicinity of one half and two-thirds, and the rest is usually divided between various types of consumer tax and import duties.

The share of direct tax per total collection within the EU varies quite considerably and the dividing axis is also to a significant degree determined by the former Iron Curtain. While in the new member states direct taxation forms around 20% of tax income, in the Scandinavian countries, for example, this form of collection is more than 50%. One needs to be cautious with interpreting this data, however, because while the majority of welfare expenditure in Scandinavian countries is financed from tax, in the case of some countries (including, for example, the Czech Republic), these expenses are covered from accounts outside the tax system. On average, direct tax in the EU accounts for up to one third of the tax take, which is approximately 13% of European GDP.

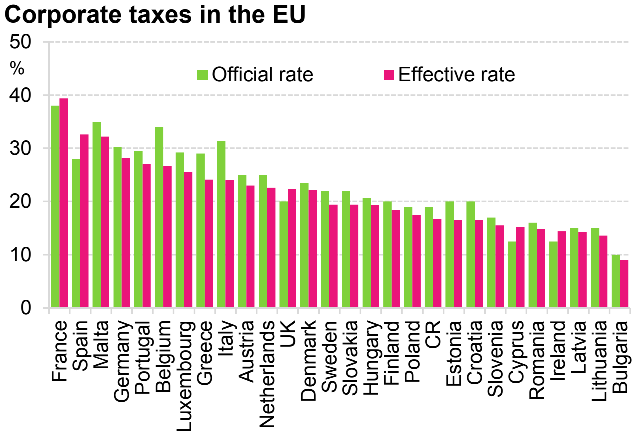
The state can tax both natural persons and legal entities and the system of tax collection is unique in each country – there are different rules, different tax exemptions, and progressive taxes, etc. An international comparison of the "amount of tax" that subjects actually pay is therefore relatively complicated. The European Commission nevertheless presents some.

The distribution of income from direct taxes within the EU varies substantially – some states tend to tax natural persons, while other rely on corporation tax. Most states rely mostly on taxing natural persons – 21 member states obtain more than 60% of direct tax by taxing natural persons. For example, in the Scandinavian countries this is up to 80%. In the interest of maintaining competitiveness, Scandinavian states prefer to tax the income of natural persons considerably more than corporations.

A somewhat different insight is offered if we look at the amount of tax from the point of view of the payers. The most taxed is corporate income in France – the state takes on average 40% of their profits. In Spain and Malta, companies also pay more than 30% of all their income in tax. Conversely, new member states pander to companies and keep corporate income tax low – for example, companies in Bulgaria pay only 10% of their income.

Around 15% is actually collected in taxes.

Corporate taxes in the EU

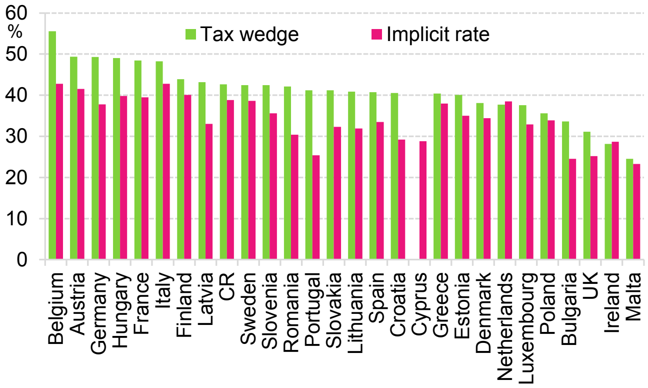


Source: European Commission

Some may be surprised by the fact that there is also a relatively low corporation tax in the Scandinavian countries – in Finland, companies pay 18% of their income in tax, in Sweden 19% and in Denmark 22%. The Scandinavian model understands that companies need to be motivated to pay tax and its rich welfare state is financed from other forms of tax.

The effective tax rate is a measure of the tax rate on corporate income. It is based on local tax system parameters and indicates how much corporations really pay in tax on their actual income. As a result, the effective rate may significantly differ from the nominal rate – in some cases by up to 8 percentage points. We can also look at direct tax from the point of view of natural persons. Within its own statistics the European Commission compares among other things the amount of tax on childless individuals on an average wage. Given the existing progression in the whole system it's necessary to interpret this data very cautiously – the tax take may differ substantially for other income categories. It's also necessary to add that deductions for social and health insurance are calculated as part of collected tax.

Individual income tax



Source: European Commission; Tax wedge indicates average taxation of childless individual with average income; Implicite rate indicates the share of income tax and social benefits contributions on total wages; Tax wedge on Cyprus is not available

In regard to personal income tax, rates in "old Europe" are higher than in the new member states. Deductions for income tax are highest in Belgium, Austria, Germany, France and Italy. In contrast, relatively low taxes are imposed in the Anglo-Saxon parts of the EU – in Ireland, the United Kingdom and also Malta tax rates are half that of Belgium.

The default rate is calculated from a macroeconomic perspective – instead of looking at tax deductions for individuals it's dealt with in aggregate values – how much of total employee wages are deducted for tax and social insurance? And despite the fact that there are certain differences, the overall distribution of the tax burden is roughly equivalent to the amount of individual deductions. The highest default rate is in Belgium and Italy, closely followed by Austria and Finland. In contrast, the lowest tax rates are in the Anglo-Saxon countries and Bulgaria.

Substantial amounts of deducted tax are deductions for social and health insurance. The approach to this instrument varies considerably throughout Europe and low deductions for insurance certainly don't mean that these countries would necessarily have low social expenditure – they tend not to be financed through compulsory insurance deductions.

Distribution of responsibility for payment of insurance varies significantly – while in Estonia an employer pays more than 90% of contributions, in Slovenia half of all contributions fall on the employee. A common practice in all countries is the low contribution of sole traders to insurance payments – in the most important ones it is around 20%, but it's not an exception to contribute less than 10%.

The highest amount in social welfare contributions to overall tax is in the Czech Republic and Slovakia – welfare contributions comprise 45% of the tax take. In another 15 countries contributions to social and health insurance form more than 30% of total collected tax. Conversely, low deductions are made in Denmark and Sweden where social expenditure tends to be financed from tax, as well as in Ireland, Malta and Great Britain. In all of these countries contributions to social security comprise less than a fifth of tax income.

THE EFFICIENCY OF THE TAX TAKE

The collection of tax nevertheless is not self-evident and like any other activity it requires certain costs – the operations of financial authorities, effective auditing and enforcement costs a lot of money.

The greatest cost required for tax administration is in Hungary where it reaches nearly 0.5% of GDP. In some countries, such as Spain, Latvia and Estonia tax collection costs are low – they require less than 0.1% of GDP only.

Comparing tax administration budgets with GDP, however, is a very blunt indicator which ignores the job description of tax administration workers – in some countries there are more complicated tax systems, and in others certain types of tax don't exist. A better indicator (though still imperfect) is the effectiveness of the relative cost of collecting tax – i.e. how much a unit of local currency is spent per the collection of 100 units of tax. And even this indicator must necessarily be treated with caution – the tax administration structure is far from being the only factor influencing the tax take.

In other words – even if the tax administration remains the same the amount of money collected may vary considerably in different years, for example, because of changes in macroeconomic conditions.

Main Topic

According to this data, the least effective tax administrations are Slovakia, the Czech Republic and Germany. Collecting 100 units of tax there costs more than 1.3 units. The very bad position of new acceded countries is also confirmed in the following places – Bulgaria, Romania and Hungary also have relatively expensive tax collections. A view of the opposite end of the rankings is nevertheless going to surprise – country like an Estonia have in contrast very low costs for collecting taxes .

Both the two preceding indicators, however, have one common methodological problem – they successfully measure how much tax is collected, but they completely ignore how much tax was unable to be collected.

Despite the fact that this indicator is very hypothetical, it is possible to estimate expected income for some types of tax – in regard to knowledge of data about consumption, it is possible for example to estimate relatively successfully how much should be collected from value-added tax – the amount of tax actually collected per the potential collection is called a loss of VAT receipts. This indicator demonstrates dramatic differences in the collection of VAT – while in Romania, Lithuania and Slovakia up to 40% of potential state income from VAT is lost somewhere "on the way", in half the countries of the EU (and it's necessary to add that it concerns in particular those older members) less than 15% of income is lost. There are therefore great opportunities for the new member states especially to improve the efficiency of the tax take.

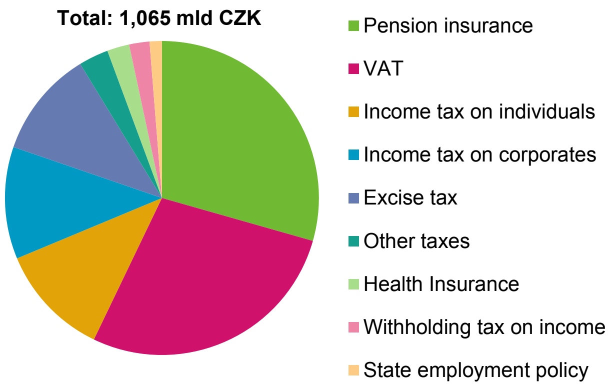
TAX COLLECTION IN THE CZECH REPUBLIC

According to European Commission data, approximately 35% of GDP goes into the state budget in the form of tax – i.e. a comparable amount as, for example, in Greece, Great Britain and Croatia. In comparison with other new member states, taxes are relatively high –they are higher only in Hungary (39% of GDP) and Slovenia (37% of GDP). For example, the overall take in Bulgaria is only 28% of GDP there. Around 67% of total revenue is accounted for by tax type income. Of this, two fifths is accounted for by income from VAT, wherein we belong to the European mainstream, according to the European Commission. A quarter of the budget is collected by the Czech tax administration in the form of income tax – exactly 12% of its income is collected from corporations and natural persons each. A further two percent of the government's income is obtained in the form of withholding tax.

The state budget in the Czech Republic relies greatly on non-tax income – social insurance represents 33% of total income and according to European Commission data we belong, together with Slovakia, among those countries where the proportion of social expenditure per total tax is the highest. Approximately two-thirds of social expenditure in the Czech Republic is paid by employers and only one fifth is paid by employees. Sole traders contribute 16% to total social security deductions.

By far the greatest part of social security transfers is comprised of old age pensions – a total of CZK 350 billion that forms nearly 90% of all social security contributions. Health insurance then accounts for CZK 27 billion and state employment policy CZK 15 billion. The effectiveness of the tax take in the Czech Republic is at present the subject of political debate and OECD data show that there really is room there for improvement. In comparison to GDP, the Czech financial administration is not overly large – it ranks approximately midway among European Union member states. Funds devoted to tax collection are not spent very efficiently – the collection of CZK 100 costs the financial administration CZK 1.3, which places it in third position in the EU next to Slovakia and Germany. The commonly discussed topic of VAT also needs to be worked through – it hasn't been possible in the Czech Republic to collect more than 22.4% of the total potential tax take.

Tax income structure in CR (2015)



Source: MF ČR, MPSV

Tax policy is a key part of economic policy – it influences to a certain extent the labour market, and also the country's success in international trade. It's therefore important to focus not only on how high taxes are, but also on how taxes are collected so that they cause the least harm. The example of the Scandinavian countries shows that high taxes don't have to represent barriers to economic development if the system is set up in such a way that it causes the least damage to the economy. The role of the institutional environment can also be seen within the European Union in tax collection efficiency – in countries where the system is well set up tax is collected much more efficiently than in others. More surprising is that success in collecting tax isn't overly associated with the rate of taxation. It is simply necessary to "know how" to collect tax and the Czech Republic has much to learn and improve upon.

The Doing Business is part of the Foreign Business Guide offered by the Česká spořitelna EU Office. Within the program, we provide our clients from among small and mid-sized enterprises with information about how to expand abroad successfully and what business environment awaits them there. In the April issue, we will focus on the business environment in the Bulgaria.

Doing Business

BULGARIA

Official name	Bulgaria (Bălgarija)
Population	7,202,198 (2015)
Area	110,879 sq km
Currency	Leva (BGN)
Ethnic groups	Bulgarian 76.9%, Turkish 8%, Roma 4.4%

Source: The World Factbook

Bulgaria declared independence from the Ottoman Empire in 1908. After the Second World War it belonged to the Soviet sphere of influence, under which it remained until 1989. In 2004, it became a member of NATO and since 2007 it has been a member of the EU.

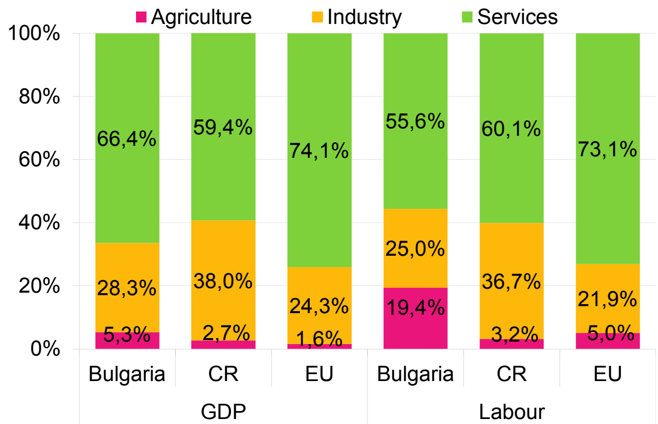
Bulgaria is a parliamentary democracy. At the head of the government stands the president elected for five years in direct elections with the possibility of one re-election. Legislative power is entrusted to a unicameral parliament – the National Assembly (Narodno Sabranie), which is comprised of 240 members elected for a four-year term.

Structure of economy and foreign trade

The greatest part of Bulgaria's overall exports go to Germany (12%). Next are Turkey with 9.4% of exports and Italy (9%).

Imports into Bulgaria are dominated by Russia with a share of 15.2%, Germany (12.2%) and again Italy (7%). Bulgarian exports a total volume of 1.4% to the Czech Republic and imports 2.2%. Bulgarian agriculture is dominated by fruit and vegetables, and frequent crops are also wheat, grapes, barley, sunflowers and sugar beet, while tobacco is also in relatively high abundance in plant production. In terms of industrial production, machinery, the food industry and electricity generation are important.

Sectors of National Economy



Source: Eurostat, data as of 2014

Macroeconomic outlook

Bulgaria is currently unable to kick-start higher economic growth (it is stuck at around the EU average). Moderate growth should continue in the next few years, which will be driven by domestic demand and net exports.

The Commission expects a moderate strengthening of the economy to 2.0% GDP in 2017. Bulgaria has entered a deflationary zone – deflation is estimated at -1.1% for the year 2015. However, the rate of inflation will grow as the effect of low oil prices wanes.

Public indebtedness in Bulgarian isn't overly high, although since the outbreak of the financial crisis it has practically doubled, and in 2015 it already owed nearly 30% - according to the Commission's forecast, public debt will climb to 30.7% of GDP in 2017

Basic indicators (in %)	2014	2015e	2016e	2017e
GDP Growth	1.5	2.2	1.5	2.0
Unemployment rate	11.4	10.1	9.4	8.8
Inflation	-1.6	-1.1	-0.1	0.9
Current account balance	-5.8	-2.5	-2.3	-2.0
Public debt (% GDP)	27.0	28.2	29.7	30.7

Source: European Commission; e - estimate

Labor market

In December 2015 the unemployment rate in Bulgaria reached 8.8%. Bulgarian labour productivity remains at very low levels.

The minimum monthly wage expressed in euros in Bulgaria reach EUR 215 in January 2016 (it was EUR 366 at the same time in the Czech Republic). Labour costs in all the most important Bulgarian business sectors represent approximately one third to a half of costs in the Czech Republic.

Basic indicators of labor market		
Unemployment rate (January 2016)	8.6%	
Labour Productivity to EU Ø 2013 (PPS)	43.3%	
Minimum monthly wage	215 EUR	
Ø monthly labor costs in sectors (2014)	**Bulgaria**	**CR**
Manufacturing	452 €	1 475 €
Wholesale and retail trade	516 €	1 434 €
Transportation and storage	565 €	1 389 €
Accommodation and food service activities	362 €	916 €
Information and communication	1 248 €	2 895 €

Source: Ministry of Economy

Doing Business

Labor law basics

A labour contract must be concluded in writing. It's possible to conclude one for a determined or undetermined period or for a trial period. A labour contract for a determined period may be concluded for a maximum length of three years. A labour contract for a trial period can be concluded for a maximum length of six months and it's possible to give notice anytime for the whole of this period without providing a reason. The termination period for giving notice by employees must be a minimum of one month and a maximum of three months, depending on the conditions stated in the contract. Termination by an employer is conditional upon a minimum of four months' severance pay made to an employee.

The work week is a statutory five days and working hours are 40 hours per week, although the entire working period may not exceed 48 hours, including overtime.

Commercial law basics

A limited liability company (LTD) is the more common form of entry for foreign persons into the Bulgarian market, thanks in particular to the limited liability of LTD partners up to only the amount of their unpaid deposit.

The minimum required capital is 2 lev or the equivalent of CZK 28. For larger business projects a joint stock company (JS) is more often used and whose founding capital is a minimum of 50,000 lev – i.e. CZK 690,000. The costs of establishing an average LTD are not high in Bulgaria – it is currently in the vicinity of BGN 200 (around CZK 2,860). Administrative matters are completed within a week and the formal verdict takes another two weeks of waiting.

Form of Company	Minimum Capital
Limited Liability Company	2 BGN
Joint Stock Company	50 000 BGN

Main taxes and additional labor costs

The tax rate on corporate income is flat is a mere 10% (it is among the lowest in Europe). The withholding tax of 5% relates to dividends paid by Bulgarian non-residents, and for residents it's 0%. The personal income tax rate, as for corporations, is similarly set at 10%.

The basic rate of VAT is 20%, and a lower rate of 9% relates to hotel services. Some types of goods and services are free of VAT – this concerns, for example, healthcare, education and sport, culture and religion, and financial and insurance services, etc. Total contributions to social security in Bulgaria are 30.7 – 31.4% of monthly wages (an employee contributes 12.9% and an employer 17.8% - 18.5%), wherein these contributions are deducted from wages only up to BGN 2,600 (around CZK 36,000).

Tax/payment	Rate
Corporate Tax	10%
Dividend Tax - non-resident	5%
Individual Income Tax	10%
VAT	20 / 9%
Social insurance - employee	12.9%
Social insurance - employer	17.8 – 18.5%

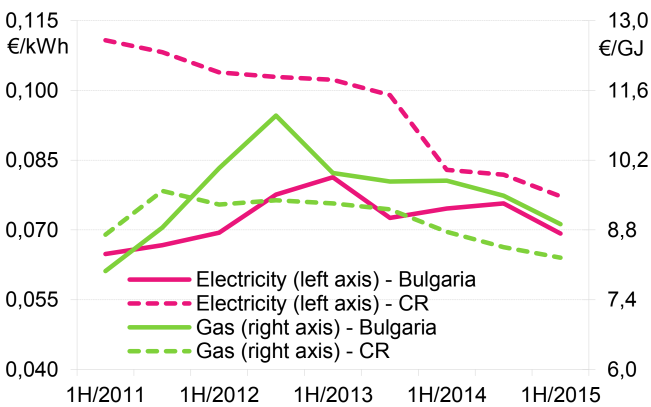
Source: Ministry of Finance

Energy

No other country in the EU has such a similar energy mix to the Czech Republic as Bulgaria. Nearly half of Bulgarian energy generation, or 44.3%, is produced in fossil fuel-fired power stations, and 32.4% is generated from nuclear power stations.

Wholesale energy prices were for a long time lower in Bulgaria than in the Czech Republic, but there was considerable growth in the price of gas in Bulgaria and a convergence of prices at the start of 2012.

Development of Energy Prices



Source: Eurostat, tariffs for wholesales excluding VAT

Investment incentives

Bulgaria offers foreign investors three basic types of investment incentives: tax, employment support, and incentives based on the Act for the Support of Investment. Tax incentives are represented by exemption from corporation tax in selected regions, exemption from VAT for the import of technology and an increase in depreciation for ICT and expenditure on R&D.

As part of incentives for the support of employment it's possible to obtain up to the annual minimum wage and have social and health insurance paid. Incentives on the basis of the Act for the Support of Investment take the form in particular of administrative and financial support for specialist education and consultancy.

In the last part of the miniseries we evaluated whether an improvement in the grant environment had occurred in comparison to the previous programme period. One of the last changes referred to was the (nearly) unified system for submitting applications. Since most grant applicants will be forced to navigate and work with it, we've decided to devote this part of the miniseries to it.

THE SYSTEM FOR SUBMITTING APPLICATIONS – INSTRUCTIONS AND RECOMMENDATIONS

So that we don't simply copy the manual, however, we'll focus more on practical knowledge and recommendations. As we mentioned in the last edition of the serial, applicants in the 2014 – 2020 programme period (with the exception of the Rural Development Programme and OP Fisheries) expected a unified system for submitting applications

Let's leave aside a discussion over whether money spent on the winning system MS2014+, which was built on the Benefit 7 system used by the greatest number of operational programmes in the preceding period was purposefully spent, particularly in regard to the negative experiences that users had with it after three-quarters of a year of full operation.

The purpose of this serial is not to criticise, but an attempt to advise and inspire parties interested in drawing on European funds. At the same time we don't want to duplicate the official manuals. We will focus more on what you won't read in the manuals, or as the case may be, we'll point out where reality differs from the facts stated in the manuals.

The system for submitting applications can be found at the internet address https://mseu.mssf.cz/. The system can be used in the Internet Explorer and Firefox browsers and until recently Google Chrome. Chrome, however, has for a long while already not been supported by Microsoft Silverlight, which is necessary for you to be able to electronically sign your applications. Another important condition for submitting applications is that very electronic signature. There are two types of instructions available to applicants who don't have any experience with the programme - a videopresentation and a printed User's Manual.

Apart from these general manuals, even more specific guidelines are issued to individual applicants for individual calls which are, however, of varying quality. So much for a general introduction – now let's look at the promised specifics.

Why are there questions in the text?

A fundamental flaw that had already been a problem with the Benefit 7 applications is the fact that the system is unable to cope with some symbols in the MS Word programme. This specifically relates to long dashes and quotation marks, but there may be others that we haven't yet discovered in practice.

These characters are not supported in the text windows of a browser and after saving are automatically replaced with those question marks. We therefore strongly recommend that you read through the PDF version and potentially make any corrections before sending your application.

A new window is a safeguard

It's not a rule, but it often happens that if you copy for example text from a study into an application and switch between individual windows, previously unsaved text will be erased when you make the switch. This can be avoided if you don't enter text directly into the form, but use the function "Open in a New Window".

What types of application submission can be chosen?

For submitting actual applications there are two regimes – automatic and manual – that are selected immediately in the first steps after their creation (though it can be changed as long as the application is not finalised). If you select automatic submission the application is sent immediately after the signature of the authorised person (persons) has been appended to it. This method is suitable to use if you carry out the entire application administration process (including signature) yourself, you don't know when the person responsible for the application will sign it and it's important to submit it as soon as possible, or you pre-populate the application prior to the date for the commencement of application acceptance.

In contrast, manual submission allows you to open the application again even after it has been signed by the authorised person if you find out that you've forgotten to add something and then finalise it and sign it again. Submission of the application takes place after clicking on the submit button.

This approach is suitable if more people are working on an application and you want to be reassured that everything's correct regardless of whether someone had already closed the application without you first checking it.

The treacherous CZ-NACE

If you are a businessperson and you have to fill out a CZ-NACE file, be very careful. Since autumn last year, a persistent mistake has been recorded in the system and if you choose an economic activity according to circumstances that is further divided, you will import an inferior CZ-NACE that has to be retroactively removed. We therefore recommend making a check after each import of a CZ-NACE table and deleting any excess tables so that you're acquainted with the records and not challenged for reasons of formal errors.

Limited unlimited attachments

Officially, attachments to an application shouldn't be limited in size, it should be possible to insert even really big attachments at the back and then continue working.

Unfortunately, practice shows something different. On Sunday 20.3.2016 the following telegram was sent from the system in connection with the Integrated Regional Operational Programme warning of restrictions in attachments to a maximum of 100 MB.

Petr Navařík, project manager Erste Grantika Advisory, a.s.

Statistical Window

The "Statistical Window" in a tabular form shows important macroeconomic indicators from all member states and the European Union as a whole. It includes economic performance indicators, external economic stability indicators, fiscal stability indicators and price level to ø EU. The source of the data is Eurostat and European Commission.

Key economic indicators

	GDP growth				GDP per capita (PPS, % of ø EU)				Price level to ø EU			
in %	2012	2013	2014	2015	2012	2013	2014	2015	2011	2012	2013	2014
Belgium	0.2	0.0	1.3	1.3	120.2	119.7	118.4	117.3	110.2	109.8	110.8	109.2
Germany	0.4	0.3	1.6	1.7	124.2	124.2	125.7	124.8	102.2	100.5	102.2	101.5
Estonia	5.2	1.6	2.9	0.9	73.7	74.9	76.1	75.8	76.0	76.4	78.1	79.4
Ireland	0.2	1.4	5.2	6.9	131.1	131.3	133.8	139.9	119.2	118.8	120.0	120.7
Greece	-7.3	-3.2	0.7	0.0	74.0	73.9	72.4	71.2	95.1	92.5	89.2	86.2
Spain	-2.6	-1.7	1.4	3.2	91.8	90.7	91.1	92.6	97.0	94.9	93.5	92.7
France	0.2	0.7	0.2	1.1	106.8	108.3	106.6	105.5	109.9	109.0	109.8	107.8
Italy	-2.8	-1.7	-0.4	0.8	101.0	98.1	96.0	95.1	103.1	103.4	103.2	101.9
Cyprus	-2.4	-5.9	-2.5	1.4	91.2	84.2	81.5	81.0	93.4	92.5	91.4	89.4
Latvia	4.0	3.0	2.4	2.7	60.2	62.3	63.8	64.9	72.6	72.9	71.2	72.0
Lithuania	3.8	3.5	3.0	1.6	69.7	73.2	75.1	75.8	64.8	64.5	63.5	64.0
Luxembourg	-0.8	4.3	4.1	4.7	258.4	263.9	265.7	267.1	120.6	118.8	121.4	120.1
Malta	2.9	4.0	4.1	4.9	84.5	85.9	86.0	87.9	79.5	80.3	82.5	82.5
Netherlands	-1.1	-0.5	1.0	2.0	132.3	132.4	130.7	130.5	108.4	108.4	111.1	110.7
Austria	0.8	0.3	0.4	0.7	130.7	131.0	129.2	126.8	105.8	105.6	107.2	106.8
Portugal	-4.0	-1.1	0.9	1.5	77.3	77.1	77.9	78.2	85.0	83.3	81.3	81.1
Slovenia	-2.7	-1.1	3.0	2.5	81.2	80.4	82.4	82.9	85.4	83.4	83.1	82.6
Slovakia	1.5	1.4	2.5	3.5	74.3	75.7	76.7	78.1	70.8	70.4	69.4	68.6
Finland	-1.4	-0.8	-0.7	0.0	115.2	112.7	110.2	108.0	122.1	121.3	123.1	123.2
Bulgaria	0.2	1.3	1.5	2.2	45.9	45.7	46.6	47.1	50.2	49.6	49.0	48.4
CR	-0.9	-0.5	2.0	4.5	81.8	83.0	84.5	86.7	73.7	71.2	68.7	64.2
Denmark	-0.1	-0.2	1.3	1.2	126.1	126.2	124.6	123.4	141.3	139.0	139.4	138.0
Croatia	-2.2	-1.1	-0.4	1.8	59.9	59.2	58.7	58.9	72.6	68.5	67.5	66.6
Hungary	-1.7	1.9	3.7	2.7	64.7	66.4	67.9	68.7	61.8	61.2	59.7	57.1
Poland	1.6	1.3	3.3	3.5	66.4	66.8	67.6	68.9	58.5	56.4	55.8	55.8
Romania	2.4	3.0	2.9	3.6	53.9	54.0	55.2	56.4	55.2	52.5	54.0	54.3
Sweden	-0.3	1.2	2.3	3.6	126.6	124.4	122.7	123.6	125.8	128.7	131.6	124.7
UK	1.2	2.2	2.9	2.3	107.0	108.0	108.9	108.8	109.1	116.4	114.6	121.6
EU	-0.5	0.2	1.4	1.9	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

	Public budget deficit to GDP				Public debt to GDP ratio				Current account balance to GDP			
in %	2012	2013	2014	2015	2012	2013	2014	2015	2012	2013	2014	2015
Belgium	-4.1	-2.9	-3.1	-2.9	104.1	105.1	106.7	106.1	1.4	1.0	0.8	1.6
Germany	-0.1	-0.1	0.3	0.5	79.7	77.4	74.9	71.6	7.2	6.7	7.8	8.8
Estonia	-0.3	-0.1	0.7	0.3	9.5	9.9	10.4	10.1	-2.3	0.4	1.3	1.9
Ireland	-8.0	-5.7	-3.9	-1.8	120.2	120.0	107.5	98.4	-1.5	3.1	3.6	3.6
Greece	-8.8	-12.4	-3.6	-7.6	159.4	177.0	178.6	179.0	-4.3	-2.1	-2.9	-1.8
Spain	-10.4	-6.9	-5.9	-4.8	85.4	93.7	99.3	100.7	-0.4	1.5	1.0	1.5
France	-4.8	-4.1	-3.9	-3.7	89.6	92.3	95.6	96.2	-2.9	-2.6	-2.3	-1.4
Italy	-3.0	-2.9	-3.0	-2.6	123.2	128.8	132.3	132.8	-0.4	1.5	1.0	2.2
Cyprus	-5.8	-4.9	-8.9	-1.0	79.3	102.5	108.2	108.4	-5.1	-3.8	-3.8	-4.8
Latvia	-0.8	-0.9	-1.6	-1.3	41.4	39.1	40.8	36.7	-3.5	-2.1	-2.0	-1.9
Lithuania	-3.1	-2.6	-0.7	-0.9	39.8	38.8	40.7	42.7	-0.9	1.4	3.9	-1.1
Luxembourg	0.2	0.7	1.4	0.2	22.1	23.4	23.0	21.3	6.1	5.7	5.5	4.8
Malta	-3.6	-2.6	-2.1	-1.6	67.4	68.5	66.9	64.0	1.4	3.2	3.3	4.3
Netherlands	-3.9	-2.4	-2.4	-2.2	66.4	67.9	68.2	66.8	10.2	11.0	10.6	10.4
Austria	-2.2	-1.3	-2.7	-1.6	81.6	80.8	84.2	85.9	1.7	2.1	2.1	3.3
Portugal	-5.7	-4.8	-7.2	-4.2	126.2	129.0	130.2	129.1	-2.0	0.7	0.3	0.7
Slovenia	-4.1	-15.0	-5.0	-2.9	53.7	70.8	80.8	83.5	2.1	3.9	6.5	6.9
Slovakia	-4.2	-2.6	-2.8	-2.7	51.9	54.6	53.5	52.3	0.2	0.7	-0.8	0.3
Finland	-2.1	-2.5	-3.3	-3.2	52.9	55.6	59.3	62.7	-1.9	-1.8	-2.2	0.0
Bulgaria	-0.6	-0.8	-5.8	-2.5	17.6	18.0	27.0	28.2	-3.0	-0.5	0.7	1.9
CR	-4.0	-1.3	-1.9	-1.6	44.7	45.2	42.7	40.9	-2.2	-1.1	-2.0	-2.4
Denmark	-3.5	-1.1	1.5	-2.0	45.2	44.6	44.6	39.9	5.6	7.2	6.3	7.1
Croatia	-5.3	-5.4	-5.6	-4.2	69.2	80.8	85.1	86.0	0.0	0.1	0.6	4.2
Hungary	-2.3	-2.5	-2.5	-2.1	78.3	76.8	76.2	75.8	1.6	3.9	2.2	5.0
Poland	-3.7	-4.0	-3.3	-3.0	54.0	55.9	50.4	51.4	-3.2	-0.9	-1.1	-0.2
Romania	-3.2	-2.2	-1.4	-1.1	37.4	38.0	39.8	39.0	-4.3	-0.8	-0.4	-1.0
Sweden	-0.9	-1.4	-1.7	-1.0	37.2	39.8	44.9	44.0	6.5	5.8	5.4	5.4
UK	-8.3	-5.7	-5.7	-4.2	85.3	86.2	88.2	88.6	-3.3	-4.5	-5.1	-5.0
EU	-4.3	-3.3	-3.0	-2.5	85.2	87.2	88.6	87.2	1.0	1.5	1.6	2.1