CZECH REPUBLIC (FIFTH SESSION)

Information requested from States parties in relation to public sector legislative and administrative measures, including measures to enhance transparency in the funding of candidatures for elected public office and, where applicable the funding of political parties (arts. 5 and 7).

1. Please describe the legislative and administrative measures you have taken to prevent corruption in public sector. In particular, please provide information on measures you have taken to enhance in the funding of candidatures for elected public office and the funding of political parties.

Funding of political parties is regulated by the Act num. 424/1991 Coll., on Political Parties and their Funding. They are also obliged to have accounting books according to the Act num. 563/1991 Sb., on Accounting. From the viewpoint of Act num. 586/1992 Sb., on Income Taxes, political parties are considered to be non-profit organizations. Political parties are prohibited from doing business in their own name. They are only allowed to found a company focused on publishing, printing, broadcasting, cultural, sport, recreational, educational or political activities.

The Act on Political Parties and their Funding lists possible means of income of political parties:

- a) state subsidies on electoral campaign expenses
- b) state subsidies on activities
- c) member fees,
- d) donations and inheritance
- e) income from lease of real estate and other property
- f) interest on deposits
- g) income from involvement in companies listed above
h) income from organizing loto, cultural, social, sport, recreational, educational and political activities 
i) loans

State subsidies on electoral campaign expenses

This subsidy is provided to political parties which pass at least 1.5% threshold in election to Chamber of Deputies and it amounts to 100 Kč per every vote.

State subsidies on activities

This subsidy is regulated by the Act on Political Parties and their Funding. It consists of a base subsidy and a subsidy for a mandate. Any party that passes 3% threshold in Chamber of Deputies election is entitled to the base subsidy. Base subsidy amounts to 6 000 000 Kč per year plus 200 000Kč per every 0.1% above the 3% threshold. The upper limit is 10 000 000 Kč per year (reached at 5% votes).

A political party is entitled to the subsidy for a mandate if its member is elected a Deputy, Senator or a Member of Regional Council. The subsidy amounts to 855 000 Kč per a Deputy or a Senator and 237 500 Kč per a Member of Regional Council.

Donations

Both physical and legal persons may give donations to political parties. Political parties may not accept donations from:
a) the State, unless stated otherwise (subsidies mentioned earlier) 
b) the institutions receiving contributions from the State budget 
c) municipalities and regions 
d) state companies and legal persons with capital interest of state
All donations must be mentioned in donation overview, where the amount donated, name and surname, date of birth and domicile must be stated. In case of donations over 50 000 Kč, also the donation contract must be archived. If an unlawful donation is not returned to the donor, the Tax Office shall impose a sanction amounting to the double of the donated sum.

**Verification of financial management of political parties**

Financial management of political parties is verified on five levels. Firstly it is the inner revision body of the political party in question. This inner body is mandatory according to the Act on Political Parties and their Funding.

Secondly checking of every annual final accounting statement by an auditor is mandatory. The auditor’s statement “no objections” must be attached to every annual financial report of a political party.

The Chamber of Deputies checks the completeness of annual financial reports, which all political parties are obliged to submit annually. The annual financial reports are also scrutinized by the public. These reports are submitted to the Chamber of Deputies on a prescribed form, which allows for easier comparison, and are freely accessible to the public.

All political parties are also subject to control by Tax Offices.

**Sanctions**

In case of not respecting the donation rules, a fine is imposed by the Tax Office as mentioned earlier.

If a political party does not comply with its obligation to submit the annual financial report, or if the report is incomplete, state subsidies are suspended.
OPEN-ENDED INTERGOVERNMENTAL WORKING GROUP ON THE PREVENTION OF CORRUPTION

ARTICLE 7 UNCAC

MEASURES RELATED TO POLITICAL PARTIES AND ELECTION CANDIDATES

If a political party does not submit its annual financial report repeatedly, or if its activities are in conflict with the principles of funding of political parties (especially the donation and/or list of allowed incomes rules), the activities of the political party are suspended. This is done by the Supreme Administrative Court after a motion from the Chamber of Deputies. If the political party does not comply with the requirements of law within one year, the government shall file an action to abolish the political party to the Supreme Administrative Court.

Conclusion

It is possible to state, that in comparison with other European countries the Czech Republic has an adequately robust legal framework of the issue in question. This statement is justified by the study of GRECO from May 2010 of the first 22 countries reviewed under the third cycle. For a more thorough analysis of transparency of funding of political parties, view the relevant GRECO evaluation report.

Nevertheless possibilities for improvement were identified in a relevant study and amendments to relevant acts were drafted. Unfortunately this proposal was not adopted, because the Chamber of Deputies disbanded itself in August 2013. The proposal is about to be re-introduced by the current government in short time. For more information on the proposal please view the answer to the question 3.

2. Please provide information demonstrating implementation of the measures described above.

Unfortunately all the annual financial reports are in Czech and it is beyond the scope of possibilities of Czech Administration to translate such documents for demonstrational purposes.

Number of political parties, which were suspended in their activities and which were dissolved for the breach of law by the Supreme Administrative Court.
OPEN-ENDED INTERGOVERNMENTAL WORKING GROP ON THE
PREVENTION OF CORRUPTION

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MEASURES RELATED TO POLITICAL PARTIES AND ELECTION
CANDIDATES
OPEN-ENDED INTERGOVERNMENTAL WORKING GROP ON THE
PREVENTION OF CORRUPTION

ARTICLE 7 UNCAC

MEASURES RELATED TO POLITICAL PARTIES AND ELECTION
CANDIDATES

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<tr>
<th>Year</th>
<th>Activities suspended</th>
<th>Party dissolved</th>
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The website www.politickefinance.cz provides a portal of information on funding of political parties. It is searchable by donor or by political parties.

3. Please outline actions required to strengthen or improve the measures described above and any specific challenges you might be facing in this respect.

As stated above, possibilities for improvement of the current system were identified in an analysis by the Ministry of Interior and amendments to relevant acts were drafted. Unfortunately this proposal was not adopted, because the Chamber of Deputies disbanded itself in August 2013. The proposal is about to be re-introduced by the current government in short time.
The proposal should upgrade the current system in these aspects:

- The annual financial report shall be submitted electronically and then published on a designated website.
- The annual financial report shall include more details on all the possible means of income that are allowed by law.
- Political parties shall be obliged to publish their final accounting statements.
- New mechanism on choosing the auditor shall be adopted. The auditor shall have no connection, direct or indirect, financial, commercial, labour, member or other relationship to the political party. One auditor shall not be assigned more than twice in a row.
- Upper limit of donation from one commercial company shall be stated.
- In the overview of non-pecuniary donations, their usual market value shall be stated
- More detailed information on the purpose of money spent in election campaigns shall be required.
- New system of reviewing the financial report shall be put in place in order to facilitate more thorough review.

4. Do you require technical assistance in relation to the measures described above? If so, please specify the forms of technical assistance that would be required.

Because the issue was already analysed and measures in the form of a proposed amendment of relevant acts were taken, the Czech Republic does not require technical assistance.