

ABSTRACT

Tax implications of employee stock option plans and their alternatives in the Czech Republic

This thesis deals with possible ways in which Czech startups in the form of a limited liability company can enable their employees to participate in the value of the company. The main goal of the thesis is to give the reader a general overview of what possibilities these dynamic companies have and at the same time to analyze them both from a civil law (especially commercial law) perspective and from a tax law perspective. Another goal was to evaluate whether one optimal type can be selected from this range of diverse programs at all. Finally, the author tried to outline the necessary adjustments to the relevant legislation so that stock option plans can be effectively implemented in companies. To achieve these goals, the work is divided into six parts.

The first introductory part explains the focus of the thesis on the issue of option plans (and their alternatives) in startups in the form of a limited liability company, both for employees and contractors supplying startups with their services as business partners. The second part describes the general non-legal aspects concerning enabling the employees to participate in the value of the company, which must be considered before deciding on the introduction of a program. These are strategic and human resources, economic and psychological and societal aspects – this division is also reflected in the structure of the three chapters in this part. The third part, in addition to a general description of the option plans (including an explanation of the most important terms), provides a private law analysis of the various possible types (and subtypes) of these programs. Each type – option plan, direct sale, virtual program and use of a security – is analyzed in a separate chapter, and each subtype in a subchapter. The fourth part follows this by explaining the tax implications that relate to the individual types (or subtypes) described in the previous part. This is primarily an aspect of income tax and social security and health insurance premiums. However, value added tax and its potential application are also mentioned. The division of this part largely copies the previous part for the sake of clarity. The fifth part is devoted to considerations *de lege ferenda*. To evaluate the appropriateness of amendments to Czech legal norms, it also contains a brief description of the basic rules of stock option plans in countries that are considered by the professional public to be (in this respect) the most advanced. The final part provides a summary of the findings and answers to whether and how the goals of this thesis were accomplished.

Key words:

taxation of option plans, startup law, ESOP