

Central Group: police charged director Novotný with tax evasion, Kunovský speaks of dirty competition fight

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“We are convinced and we have evidence that the current police investigation for the alleged tax evasion and the related exposure in the media is a result of a tough competition fight in the property market,” this is how on Sunday Dušan Kunovský, founder and chairman of the board of directors, commented on a Czech police action in which the company’s headquarters in Prague’s Pankrác were raided on Friday. Many documents were confiscated and the executive director of the company Aleš Novotný was detained. He has subsequently been charged with tax evasion - there is unofficial talk of reducing the tax base through fictitious invoices for marketing and other services. Novotný’s lawyer Lukáš Trojan later confirmed this statement: “The charges are purely for tax evasion. It is in the order of 100 to 200 million crowns.” According to TV Nova, the district court in Pilsen has taken the manager into custody. The police have begun to prosecute three other men, who remain free, in connection with the case. The company has described the detention of A. Novotný late on a Friday afternoon and his interrogation over the weekend as non-standard and inadequate. The company’s lawyers have already filed a complaint against the steps taken by the police. In their press release, Central Group management also claims that the company itself is not being investigated but only one of its managers whereas the investigation doesn’t concern Dušan Kunovský or general manager Ladislav Váňa and other company managers.

The police have been investigating Central Group’s tax evasion for over a year. In November last year already, they inspected the company’s headquarters and confiscated some accounting documents. Lately Central Group has also faced several insolvency petitions, all of them rejected by the court.

“Since we started our business activities we have paid more than one billion crowns in taxes to the Czech state. It is absurd that it is us now being pushed around due to taxes. I am not surprised that some successful companies prefer to shift their activities and headquarters abroad rather than be bullied. And the state will then never see a single crown of their money,” Dušan Kunovský commented on the matter. He founded Central Group in 1994 and throughout the years has led it to the position of the largest domestic residential developer. According to Ekospol statistics, Central Group sold 361 newly-built flats in the first three quarters, thus achieving the largest share (19 %) in the Prague market (before Skanska and Ekospol, with 17 and 15 % respectively). In the meantime, the number of Central Group’s unsold flats is relatively low (as of September only 117). In the last year, the company reached gross profit of CZK 718 mill. D. Kunovský owns 90 % of the company shares, recently he sold a 10 % share to the Swiss company Global Property Capital.

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