Global Private M&A Guide - Limited External Content - Czech Republic

Agreeing to the acquisition agreement → Limitations on liability

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# What is the common cap amount (as a percentage of purchase price)?

Frequency/market practice: It is commonly less than 100%. Mid-cap and larger deals see lower caps for business warranties, e.g., 20-30%. Fundamental warranties are typically capped at 100% or excepted from the cap.

# Does the cap (and other liability limitations) apply to the whole agreement or just warranties (or particular terms)?

Frequency/market practice: Usually warranties only but sellers prefer to apply the cap to the whole agreement.

# What are the common exceptions to the cap?

Frequency/market practice: Fundamental warranties (e.g., title) are typically excepted. Often, tax and environmental indemnities and other specific indemnities are also excepted. Separate caps are common.

# Is a deductible or basket common?

Frequency/market practice: Both deductible or basket is fairly common (to exclude small claims).

# Is a de minimis common?

Frequency/market practice: Fairly common.

# How long does seller liability survive?

Frequency/market practice: A general survival of 12–24 months is common. It is also common to carve out fraud. Fundamental warranties survive longer, typically around 10 years. Tax is commonly longer than general warranties too — it usually matches the general statutory limitation.

# Are there any common carve-outs from limitation on seller liability (e.g., fraud, tax, key warranties)?

Frequency/market practice: Fairly common; tax is commonly longer than general warranties — it usually matches the general statutory limitation.

# Is warranty insurance common?

Frequency/market practice: Rarely.

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