



COVID-19: Economic aspects to consider for individuals and organizations. A brief update as at 1 April 2020

Restrictions on movement, as well as on retail activities and provision of certain services have been extended until 11 April; the Government continues to address measures to help entrepreneurs and organizations overcome this situation.

Antivirus Scheme

As part of “Antivirus” – a scheme to preserve employment rates, applications can be submitted online as of 6 April 2020. Any assistance will be granted only to co-fund wage/salary costs related to employees participating in pension and sickness insurance schemes who are not in a process of employment termination, provided that the employer takes steps in compliance with the Labour Code and pays net wages/salaries and contributions in good time. The terms of the Antivirus scheme have also been modified; the assistance will be granted in two modes which differ in terms of the type of obstacle to work:

Mode A: Quarantine and forced shut down /limitation of operations – evidence must be provided of:

- quarantine involving wage/salary compensation amounting to 60% of the average reduced earning; or
- closure or limitation of operations following the Government Resolution and required wage/salary compensation amounts to 100%.

Assistance shall be granted amounting to 80% of the super-gross wage/salary and shall make a maximum of 39,000 CZK.

Mode B: Economic difficulties – any significant “outage” of employees, a reduction in inputs or a reduction in demand for company’s outputs; an evidence must be provided of:

- impossibility of assigning work due to ordered quarantine or taking care of children affecting 30% of employees or more, where the compulsory wage/salary compensation of 100% applies;
- restrictions on the availability of inputs, where the compulsory wage/salary compensation of 80% applies;
- reduction of demand for the services/products, where the compulsory wage/salary compensation of 60% applies.

The assistance will be granted to the extent of 60% of the super-gross wage/salary and shall make a maximum of 29,000 CZK.

Terms for submitting applications are to be published by 5 April 2020.

<https://www.mpsv.cz/web/cz/antivirus>

Granting preferential loans

COVID-II guarantee scheme starts at 8 a.m. on 2 April. It applies to licensed trade operators and small/medium-sized enterprises to provide operational funding. However, the scheme has its limitations; due to being financed by the EU Structural Funds within the framework of the Entrepreneurship and Innovation Operational Programme, it is not intended for the territory of the City of Prague. Czech-Moravian Guarantee and Development Bank will provide guarantees for up to 80% of a commercial loan amounting to up to 15 million CZK; it also will provide financial assistance of up to 1 million CZK to cover interests.

Applications need to be made using the prescribed forms; the text of the call, the forms and the list of cooperating banks, all are available here: <https://www.cmzrb.cz/podnikatele/zaruky/zaruka-covid-ii/>

Grace period for loan payment

On 1 April, the Government approved a proposal for a grace period for the payment of loans and mortgage loans, which will be binding on all banks and non-bank institutions once approved by Parliament and taking effect. **Both natural persons and businesses will be allowed to apply for a grace period of payment interruption of 3 or 6 months.** The instalments will be postponed on the basis of an application in which the applicant declares the coronavirus pandemic as a reason for economic impacts; no evidence of the impact will be required.

The grace period covers consumer/entrepreneur loans and mortgages contracted before 26 March 2020 while it shall not cover credit cards, bank overdrafts, revolving loans, etc., as well as any cases of being in



default for a period of more than 30 days before 26 March 2020. The grace period will apply to repayment of principal and interest for natural persons and solely to repayment of principal for legal persons.

<https://www.mfcr.cz/cs/aktualne/tiskove-zpravy/2020/vlada-schvalila-moratorium-na-splatky-uv-38077>

Electronic Register of Sales — cancellation of the obligation during the state of emergency period and another period of 3 months

The Act No. 137/2020 Coll. has cancelled the obligation of electronic registration of sales during the state of emergency period and further 3 months of ending the period. This also automatically postponed the launching of registering sales for all other revenues that have not yet been registered and were planned to be registered from 1 May 2020 onward. **Therefore, no payer is required to register sales during the state of emergency period and within 3 months of the end of the period.** The obligation will not be inspected in any way during the time.

Personal/corporate income tax

The period of immunity from sanctions for failure to file income tax returns by 1 April 2020 shall apply until **1 July 2020**. It is necessary to file the return and pay any back payment by 1 July 2020. For specific Tax Authority's answers to questions re. tax returns, please visit:

<https://www.financnisprava.cz/cs/financni-sprava/media-a-verejnost/nouzovy-stav/danove-informace/dotazy-a-odpovedi/dan-z-prijmu-pravnicky-ch-osob>

<https://www.financnisprava.cz/cs/financni-sprava/media-a-verejnost/nouzovy-stav/danove-informace/dotazy-a-odpovedi/Dan-z-prijmu-fyzicky-ch-osob>

At the same time, the payment of the June income tax advance payment shall be waived in case of taxpayers, where the tax period covers a calendar year. Plans also include the option of applying the tax loss for 2020 even retrospectively to the periods of 2018 and 2019, but specific legislation is still pending.

Social and health insurance – self-employed

Following the possibility of extending the deadline for filing the 2019 personal income tax return without penalties up to 1 July 2020, the self-employed have the possibility **to submit a payment summary form for 2019 to the relevant district social security authority / health insurance company in the extended deadline, i.e., no later than by 3 August 2020, without any sanctions.** Until that date, they must pay up any back payment of social insurance, while for health insurance, any back payment is due by 11 August 2020.

Between **March and August 2020, self-employed people are not obliged to pay advances as part of their social security / health insurance payment schemes.** In addition, the self-employed have the possibility to **subtract** an amount of 2,544 CZK (full-time business activity) or 1,018 CZK (part-time business activity) from their monthly pension insurance payments in March to August 2020 when filing their social insurance payment summary for 2020. Similarly, this is also true for health insurance purposes, where the monthly minimum advance, i.e. 2,352 CZK, can be subtracted for the period of March to August 2020.

Care-giver's allowance due to closure of a school / nursery school / social care facility

The conditions for the payment of the care-giver's allowance have changed. The allowance will continue to be paid as long as school / other children's facilities / certain social care institutions for persons with disabilities are closed. The entitlement to the allowance shall apply to parents of children under 13 or, even older children when physically/mentally challenged and attending a school. Two care-givers can now take turns multiple times and without limitations in providing the care. These rules shall apply only during the period of emergency measures.

For steps to be taken to submit an application, please visit:

<https://www.cssz.cz/web/cz/-/doporuceny-postup-pro-podani-zadosti-o-osetrovne-pri-peci-o-dite-do-10-let-z-duvodu-uzavreni-skolskeho-detskeho-zarizeni-skoly->

Care-giver's allowance – self-employed

Filing applications for the assistance to self-employed people related to the reduction of business activity due to taking care of a family member was launched on 1 April 2020. An allowance of 424 CZK per day is granted under the terms set out in the call (see below) following an application filed with the Ministry of Industry and Trade electronically or via a postal service. **For the terms of the call and the form please visit:** <https://www.mpo.cz/cz/podnikani/zivnostenske-podnikani/osetrovne-pro-osvc---vyzva-i--253750/>