

Overview of Government Financial Aid Available in Relation to the COVID-19 Situation in the Czech Republic

Status As of 8 April, 2020

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GENERAL SUPPORT FOR ENTREPRENEURS AND SELF-EMPLOYED PERSONS

Form of government aid



COVID Loan program

- Interest-free loan provided by Czech-Moravian Guarantee and Development Bank (CMZRB) designated for small and medium-sized companies (SMEs), which have had incoming payments based on their business contracts delayed, suspended or cancelled due to the measures implemented to stop the spread of the coronavirus infection
- The amount of the loan is 500 000 CZK to 15 000 000 CZK (financing up to 90% of legitimate project costs)
- Maturity of up to 2 years
- Instalment payment deferral up to 12 months
- May be used to acquire small tangible and intangible assets, to acquire and finance supplies and other operating costs

Additional information on the loan is available at: <https://www.cmzrb.cz/podnikatele/uvery/uver-covid/>

Note: The loan application process was suspended as of 20 March and will most likely not be renewed.

COVID II Program

- Designated for self-employed persons and SMEs with businesses in the Czech Republic and which had to limit/close operations due to the measures implemented in the fight against the corona infection
- Under the current conditions, it will not be possible to support the implementation of projects in Prague due to regional limited support from EU funds
- Support in the form of state guarantees for operating loans from commercial banks and financial aid for interest payments via CMZRB
- Guarantees for loans from 10000 CZK to 15 000 000 CZK
- The guarantee will cover up to 80% of the commercial loan and the applicant will be able to receive financial aid in the amount of up to 1 million CZK to pay the interest
- The guarantee period is up to 3 years
- The guaranteed commercial loan can be used solely to make operating cost payments (salaries, rent, utilities, supplier/customer invoices, material, supplies, etc.)

The specific conditions of the program are available at:

<https://www.cmzrb.cz/podnikatele/zaruky/zaruka-covid-ii/>

Note: The first round of applications was closed on 3 April 2020. Next round will be announced pursuant to a decision of the Ministry of Industry and Trade.

Covid III Program

- A third continuation of the COVID Program designated for SMEs is being prepared as per the announcement of the Ministry of Industry and Trade
- Presumed form: Portfolio guarantees provided by CMZRB for operating loans from commercial banks up to CZK 15 000 000 with subvention of an interest rate in the amount of 10% from the loan value, up to CZK 1 000 000
- It is expected that this form of support will apply to projects realization in Prague.

Relevant information should be published soon at:

<https://www.cmzrb.cz/>

Contribution for employers (the Antivirus program)

- Contribution for employers for the partial coverage of salary payments, which the employer paid out to an employee in a situation where the employer was unable to assign work for reasons of hindrances on the side of the employer or employee: **please see the table below.**
- The contribution will be provided by the Labour Office of the Czech Republic; the amount and period of availability will depend upon the specific work hindrance and the duration of the Antivirus Program; so far the program is valid until the end of April and it is presumed to be extended until the end of May.
- The employer shall ask for a refund for salaries paid out after the end of the month for which the employer is applying for compensation.
- Conditions:** (i) the employer strictly observes the Labor Code; (ii) the employee must not be dismissed or in a notice period; (iii) employees must be in employment relationship and participate in sickness and pension insurance; (iv) the employer has actually paid the wages and duly paid all mandatory contributions; (v) the obstacle to work has been causally related to COVID-19
- Compliance with labour laws and conditions for the payment of this contributions will be subject to comprehensive inspections by the competent authorities.

Specific conditions of the program are available at:

<https://www.mpsv.cz/web/cz/informace-ke-koronaviru>

Note: The applications were launched on 6 April, 2020

Situation	Salary reimbursement paid by the employer	Contribution to the employer paid by the state
Regime A: <ul style="list-style-type: none"> Employees put in quarantine Closure or limitation of the employer's operation as a result of the specific emergency resolutions of the Government of the Czech Republic and/or extraordinary measures of the public health protection authorities 	60 % of average reduced earnings in case of quarantine 100 % of average earnings in case of closure / limitation of operations	80 % of the salary reimbursement paid out, including all mandatory contributions Maximum monthly contribution per employee: CZK 39,000
Regime B: (causal link with COVID-19 is presumed) <ul style="list-style-type: none"> Quarantine or care for a child in a significant portion of the employee work force (30%) Limitation in the availability of inputs needed for the employer's activities Limited demand for services and products of the employer 	60 – 100 % of average earnings according to the type of a particular obstacle	60 % of the salary reimbursement paid out, including all mandatory contributions Maximum monthly contribution per employee: CZK 39,000

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Loan guarantees for large enterprises

- On April 8, 2020, the Chamber of Deputies approved a draft amendment to the Act on Insurance and Financing of Exports with State Support, which enables Exportní garanční a pojišťovací společnost, a.s. (EGAP) to provide guarantees for repayment of loan of exporters, manufacturing and commercial enterprises. EGAP could now provide guarantees to loans for operating, working capital or innovation. In addition to the aforementioned loan guarantees, the amendment to the Act will also enable the broadening of EGAP's insurance business, for example by the insurance of direct and indirect guarantees.
 - This support will be probably for companies that have more than 250 employees and its export represents at least 1/5 of their total sales.
- Up-to-date information is available at: <https://www.egap.cz/>

Plan for aid to self-employed persons

- All self-employed persons are exempt from making required payments for social security and flexicurity as well as state health insurance for 6 months (from March to August) in the following scope: :
 - Self-employed persons who pay the minimum monthly advance payments for social security and state health insurance are fully exempt.
 - Self-employed persons who pay more than the monthly minimum are exempt from making advance payments in the amount of the minimum assessment base; they shall pay the difference between the minimum advance payment and the actual amount they were supposed to pay retroactively in the annual settlement next year.
 - Self-employed persons do not need to apply for this payment exemption as it is automatically applied and valid for all self-employed persons.
 - Compensation bonus for self-employed persons: The Chamber of Deputies approved a one-off contribution in the amount of CZK 25 000 for self-employed persons who were active as of 12 March 2020 and their business was negatively influenced by the occurrence of coronavirus. Applicants must not be registered with the Labour Office and receive an unemployment support.
- Additional information is available at: <https://www.mpsv.cz/web/cz/informace-ke-koronaviru>
- Note: The application for bonus for self employed persons may be filed from 15 April until the end of June 2020 at the competent Tax Office.**

Tax liberation packages of the Ministry of Finance

- Tax liberation package no. I:
 - Mass exemption of fees for late filing of income tax returns by natural persons and legal entities including the default interest up through to 1 July 2020
 - Exemption of fees for a late tax statement in all instances, where the tax entity is individually exempt from default interest or is exempt from fees for the deferral and/or installments of tax or is exempt from the penalty for failing to file a control report in relation to the coronavirus
 - Mass exemption from fees for the late filing of a control report in the amount of 1000 CZK, which were incurred between 1 March and 31 July 2020
- Tax liberation package no. II:
 - Remission of the advance payment for the income tax of natural persons and legal entities
 - Flat waiver of late submission of real estate property tax return tax or late tax / advance payment until 31 August 2020 at the latest
 - Introduction of the institute of the retroactive effect of the tax loss on the income tax of both natural persons and legal entities for 2020 for taxation period 2018 and 2019
 - Suspending the obligation to electronically record sales for entities falling into all phases of EET for the duration of the state of emergency and the subsequent 3 months.

Additional information is available at:

<https://www.mfcr.cz/>

Measures in the area of loan repayment

- On April 8, 2020, the Chamber of Deputies approved Bill on certain measures in the area of repayment of loans in connection with the COVID19 pandemic
- Repayment of all pecuniary debts of an entrepreneur to a bank or other lending person shall be postponed for the entire duration of the protection period.
- The duration of the credit protection shall be extended for the entire duration of the protection period
- The fixed interest rate period shall be extended by the entire length of the protection period
- It concerns loans contracted and drawn before 26 March 2020, with some exceptions
- The entrepreneur may choose the protection period either until 31 July 2020, or until 31 October 2020, and he must notify the bank or another lending person of his choice, the bank acknowledges receipt of the notification and informs the entrepreneur accordingly
- The protection period will begin on the first day of the month following the month in which the lender receives notice of the protection period chosen

Up-to-date information is available at:

<https://www.mfcr.cz/>

Note: The Bill should be approved by the Senate on 16 April 2020 and must be signed by the President

Prohibition of lease termination due to rent arrears

- On April 8, 2020, the Chamber of Deputies approved a Bill that prohibits the landlords until 31 December 2020 from terminating the lease due to tenant delays with rent payments, provided that the delay occurred between 12 March 2020 and 30 June 2020 and resulted from the extraordinary measures imposed due to the COVID-19 pandemic which substantially limited tenant business operations (e.g. ordered closure of an establishment)
- Tenants must submit documentary evidence of the impact of the limitations within 15 days of the first delay in rent payments
- The above does not apply to the service charges and direct operating costs

Note: The Bill should be approved by the Senate on 16 April 2020 and must be signed by the President.

SUPPORT IN SPECIFIC SECTORS

Forms of government support



Measures to aid farmers

- The Government approved an increase in funds for the existing programs of the Support and Guarantee Farming and Forestry Fund (SGFFF) and the Countryside Development Program
- Within the existing programs SGFFF refunds a part of prescribed interests from the commercial loans
- In the case of loans granted directly by SGFFF, it is possible to apply for the release or reduction of cash deposits pledges, which now serve as a security of the loans granted. It will also be possible to postpone installment payments of a principal of loans granted by SGFFF, however always based on an individual assessment.

Up-to-date information is available at: <http://eagri.cz/public/web/mze/>

COVID 19 Technology Program

- The Ministry of Industry and Trade has approved support in the form of a donation for small and medium-sized companies (SMEs) who produce healthcare equipment
- Financial support can be provided to SMEs, which 1) acquire new technologies and equipment for the production of healthcare equipment and personal protection equipment; 2) expand the production of their current capacities that make such products; or 3) transform their manufacturing line for this purpose (The Ministry of Industry and Trade provides a list of the relevant products)
- The amount of support will be from 250 000 CZK to 20 million CZK (up to 50% of expenses)
- Regional dimensions: entire Czech Republic except for Prague

Up-to-date information is available at:

<https://www.mpo.cz/>

Note: It will be possible to apply as of 27 April, 2020 (expenses as of 1 February 2020 can be included).

Czech Rise Up Program - Smart anti-COVID 19 measures

- Support for small, medium and large enterprises implementing a project with a fast and positive effect in the fight against COVID 19 and its subsequent impact
- The subsidy can be obtained 1) to acquire materials for the production of protective and healthcare equipment; 2) for salaries paid to employees participating in the production; 3) for quick financing of technological solutions; 4) for quick financing of completely new innovative solutions
- The subsidy amount is up to 5 million CZK per project (50 – 90 % of expenses according to activity)
- Regional dimensions: entire Czech Republic

Detailed information available at:

<https://www.mpo.cz/>

Note: Applications for support may be filed from 2 April 2020 and only via the databox of Ministry of Industry and Trade

Public competition (Country for the Future Program)

- Support for SMEs to introduce newly developed or innovated products into production and to the market to help fighting with the COVID 19
- It is possible to apply for reimbursement of personnel expenses, depreciation and other direct expenses related to the project
- The subsidy amount up to 25 mil. CZK per one project (50-100% of expenses according to activity)
- Regional dimensions: entire Czech Republic

Detailed information available at:

<https://www.mpo.cz/>

Note: Applications may be filed from 3 April 2020 to 15 May 2020 via the databox of Ministry of Industry and Trade


Innovation vouchers COVID

- Preparation of support in the form of a subsidy for advisory, expert and support services in the area of innovation designated to help fight with the COVID 19 (for example testing, innovation of software)
- The subsidy amount from CZK 50 000 to 1 mil. CZK per one project (50-85% of expenses according to activity)
- Regional dimensions: entire Czech Republic, except Prague
- Detailed information available at:

<https://www.mpo.cz/>

Note: The expected launch date is 16 April 2020

SUPPORT OF INDIVIDUALS/EMPLOYEES

 <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Forms of government support</p>	<p>Caregiving allowance for employees</p> <ul style="list-style-type: none"> A change to the regulation for providing care has been implemented, which shall be in effect for the entire duration of the emergency measures implemented in relation to the coronavirus Employees who must care for a child younger than 13 years for reasons of school closures are now entitled to caregiver allowance The caregiver allowance shall be paid out for the entire time that schools and similar such institutions remain closed. The amount of the caregiver allowance per calendar day is 60% of the reduced assessment base. <p>Additional information is available at: https://www.mpsv.cz/web/cz/informace-ke-koronaviru</p>	<p>Financial contribution for self-employed persons</p> <ul style="list-style-type: none"> The government has approved a financial contribution for self-employed persons in the amount of 424 CZK for each day of quarantine/giving care to a family member, similar to the caregiver allowance granted to employees The Ministry of Industry and Trade shall pay it out based on an affidavit filed via the Trade Licensing Office <p>Up-to-date information is available at: https://www.mpo.cz/</p> <p>Note: Self-employed persons can apply for support for March from 1 April, 2020.</p>	<p>Exceptional immediate assistance</p> <ul style="list-style-type: none"> Persons who demonstrate that they are in poverty due to inadequate financial resources can apply for a one-time contribution of exceptional immediate assistance (this also applies to parents and children who remain at home on caregiver allowance for reasons of the current coronavirus situation). <p>Additional information is available at: https://www.uradprace.cz/web/cz/mi-moradna-okamzita-pomoc</p>	<p>Additional types of financial aid</p> <ul style="list-style-type: none"> Financial support offered by some cities, for example: <ul style="list-style-type: none"> Prague City Hall has thus far made a decision on the deferral of instalment payments for rent in commercial spaces owned by the city and on waiving default interest for late payments. The city of Ostrava e.g. is in negotiations regarding the option to extend rent due dates, to provide exemption for rent payments or provide financial assistance in the amount of up to 20 000 CZK The Chamber of Deputies approved a Bill allowing tenants of flats to apply for a postponement of rent for up to 4 months, i.e. until July 2020, if they cannot pay rent due to the restrictions resulting from the extraordinary measures related to COVID-19. <p>Up-to-date information is available at: http://www.praha.eu/ https://www.ostrava.cz/cs</p>
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