

## Covid - 19 – situation in CR



Dear clients, according to a statement issued by Government institutions, the coronavirus situation is under control (as at the beginning of April 2020) and the future expected development is rather optimistic. The number of infected patients (as confirmed by a positive test) is **3,870**. The number of serious cases is **70**, while the number of deaths so far is **46**.

The forecast for April suggests that there will be 15,000-30,000 cases by the end of April. If this

prognosis turns out to be accurate, the Czech health service will be ready to provide 100% of the anticipated necessary intensive health care. It has capacity to care for a maximum of about 45,000 patients.

The authorities have undertaken nationwide comprehensive measures – limiting the free movement of people, imposing social distancing and ordering the wearing of face masks. It is expected that wholesale quarantining will be relaxed during April, to be replaced by “smart quarantining”. Our firm is working online and has not had to cease its activities.

Bohdana Pražská and the KempHoogstad Team

## Contents

**Government support for the economy**

**Taxes and insurance: Taxes**

**Taxes and insurance: Insurance**

**Economic support of employees, self-employed persons and companies**



## Government support for the economy

### Taxes and insurance: Taxes

- **Submission of corporate and personal income tax returns for 2019** is postponed until 1 July 2020 (this applies to all taxpayers that are not subject to mandatory audit and who have not granted power of attorney to a tax advisor for submitting and preparing their tax returns)
  - Waiving penalties for late submission of tax returns until 1 July 2020 at the latest
  - Waiving late payment interest on the late payment of tax arrears until 1 July at the latest
- Payment of a **deposit** on corporate and personal income tax payable before 15 June 2020 **will be waived**
  - Deposits will be waived automatically (however, waiving the deposit does not mean the tax itself will be waived) – this concerns the second deposit for quarterly payers and the first deposit for half-yearly payers). This does not apply to payers with a tax period other than a calendar year (such payers have to apply for such a waiver).
- **Postponement of the submission of real estate transfer tax returns** in cases where the deadline for submitting the tax return falls between 31 March 2020 and 31 July 2020 – the new deadline is 31 August 2020.
  - Waiving penalties for late submission of tax returns until 31 August 2020 at the latest
  - Waiving late payment interest on late payment of tax arrears until 31 August at the latest
- **Postponement of due dates for deposits of road tax** payable before 15 April 2020 and 15 July 2020 until 15 October 2020.
  - Waiving late payment interest on late payment of tax arrears until 15 October 2020 at the latest
- **Suspension of the mandatory electronic registration of sales** for the duration of the emergency regime and the subsequent three months
  - No payers are obliged to register their sales, and no obligation will be inspected.
- **Introduction of the concept of using past tax losses** (i.e. “loss carry-back”). This measure will be introduced via an amendment to the Income Tax Act.
  - Any 2020 tax loss can be set off against the 2018 and 2019 tax bases.
- Deadlines for submitting VAT reports and the deadline for paying VAT does not change. Nevertheless, here too, certain measures have been introduced:
  - A flat waiver of penalties for not submitting the control report /amounting to CZK 1,000) if the duty to pay the penalty arises between 1 March 2020 and 31 July 2020.

### Taxes and insurance: Insurance

- **Self-employed persons do not have to pay deposits on social security payments** for the period March-August 2020
  - If a deposit on the social security payment for a part of the calendar month of the given period has been paid, it will be used for covering the payables and deposits on social security for the following calendar months of 2020
  - Social security contributions for self-employed persons for the period March-August 2020 have been reduced for those months in which the activity was carried out at least partially (annual insurance



is reduced by the amounts of the minimum deposits – i.e. by CZK 2,544 if the self-employed person carries out the activity as their main activity and by CZK 1,018 if the self-employed person carries out the activity as a subsidiary activity.

- The only contribution is still sickness insurance, if the self-employed person pays it voluntarily.
- The deadline for submitting the 2019 social insurance summary is postponed until 3 August 2020.
- **Self-employed persons are not obliged to pay deposits on health insurance** for the period March-August 2020
  - Health insurance for self-employed persons for the period March-August 2020 will be reduced (annual insurance will be reduced by the amounts of the minimum deposits – i.e. by CZK 2,352)
  - The deadline for submitting the 2019 health insurance summary is postponed until 3 August 2020.

### **Economic support of employees, self-employed persons and companies**

To help overcome the difficult financial situation, the government has suggested and will gradually implement the following measures to support companies, self-employed persons and employees.

- **Project Antivirus** – a subsidy to employers of up to 60% and 80% of paid remuneration, including contributions, depending on the nature of the obstacle
  - Employers will receive a subsidy amounting to full or partial compensation of the remuneration that will belong to employees who are unable to work because of an obstacle on the employee's side (quarantine order) or on the employer's side (the closure of the premises by Government directive), if it can be proved that the barrier to employment arose as a result of the COVID-19 infection.
    - Obstacle: forced closure of premises and quarantine – a subsidy to employers in the amount of 80% of remuneration paid (including contributions) – up to CZK 39,000.
    - Obstacle: associated economic difficulties – subsidy to employers in the amount of 60% of remuneration paid (including contributions) – up to CZK 29,000.
- **COVID Loan I** (suspended from 20 March 2020) – currently, submitted applications are being reviewed
  - The Czech-Moravian Guarantee and Development Bank ("Českomoravská záruční a rozvojová banka" – the CMGDB) has offered advantageous loans in the amount of between CZK 500,000 and 15,000,000, with zero interest rate, to small and middle-sized entrepreneurs
- **COVID Loan II** (currently receiving applications, as of 2 April 2020)
  - The CMGDB is providing guarantees for loans granted by commercial banks and is contributing to interest payments. Within this scheme, the CMGDB will provide guarantees on loans of up to CZK 15,000,000. Such a guarantee will cover up to 80% of the commercial loan, and the applicant can draw a financial contribution amounting to up to CZK 1,000,000 for covering interest payments (depending on the size of the loan in question).
- **Bank guarantees** within the Export Guarantee and Insurance Corporation (the EGAP)
  - The Government also intends to support big companies in the form of guarantees for loans provided by the EGAP. The total amount of loans could be as much as CZK 800 billion. Currently, this guarantee mechanism is under preparation.



- **Postponement of rent payments** for entrepreneurs
  - The Government has approved a proposal whereby companies that have had to shut their operations because of the Covid-19 measures may postpone rent payments for the period from 12 March 2020 until 30 June 2020
  - The Government bill must be approved by Parliament.
- **A moratorium on loan and mortgage payments** – repayments of loans and mortgages concluded before 26 March 2020 will be suspended for up to six months
  - Repayments will be suspended after debtors report their intention to their creditors, citing as a reason the negative economic effect of the coronavirus pandemic. Such reasons do not have to be proved.
  - The Government bill must be approved by Parliament.
- **Carers' allowance for employees**
  - Under the relevant legislation (already signed by the President), employees will receive a carers' allowance for the entire period during which schools are closed (not only for nine days); this measure applies to parents with children under 13 years. Parents may take turns in caring for their children during the entire period.
- **Carers' allowance for self-employed persons from 1 April 2020**
  - The carers' allowance amounts to CZK 424 per day; entitled persons are parents of children under 13 years of age (a lower age limit is not given) for the whole period during which schools and pre-school institutions are closed
- Direct support to **self-employed persons in the form of a compensation bonus of up to CZK 25,000**. The relevant bill will be debated by the Government on 7 April 2020.
  - Self-employed persons entitled to such support will be those that cannot perform their business activities because of Government directives, provided that (i) their gross income was reduced at least by 10% in the period January-March 2020 compared to the period January-March 2019 and (ii) self-employed persons who reached the limit of gross income in 2019 of CZK 180,000 (or CZK 15,000 per month if the activity in question was performed only for a part of the year).

**Bohdana Pražská**  
**Filip Dostál**

[bohdana.prazska@kemphoogstad.cz](mailto:bohdana.prazska@kemphoogstad.cz)  
[filip.dostal@kemphoogstad.cz](mailto:filip.dostal@kemphoogstad.cz)

Legal Disclaimer: The material contained in this alert is provided for general information purposes only and does not contain a comprehensive analysis of each item described. Before taking (or not taking) any action, readers should seek professional advice specific to their situation. No liability is accepted for acts or omissions taken in reliance upon the contents of this alert.

If you do not wish to receive the KempHoogstad Tax News, please let us know via e-mail: [prague@kemphoodstad.cz](mailto:prague@kemphoodstad.cz) or phone: +420 221 719 000.

All information on subscribers of the Tax News are treated as confidential with respect to the GDPR.



Tax Directors  
Handbook  
2018

