

20 March 2020

COVID-19 Legal update – Czech Republic

Developments related to COVID-19 are occurring rapidly. Wolf Theiss will continue to distribute regular Client Alerts via email and publish up-to-date analysis on our website. A list of daily updated resources can be found here: <https://www.wolftheiss.com/covid19/>.

As of 12 March 2020, a state of national emergency has been declared in the Czech Republic by a decree of the Czech government (No. 69/2020 Coll.) for a period of 30 days in response to the COVID-19 epidemic.

Additional emergency measures were further taken by the Czech government as of 16 March 2020 in order to slow down the spread of the epidemic such as restricting the free movement of people and the reintroduction of border surveillance. These additional measures should be valid until 24 March 2020.

To mitigate the economic consequences of COVID-19 epidemic, the following measures were approved:

- The Czech Ministry of Finance has extended the submission period of tax returns for small and medium businesses by an additional 3 months in order to lower the administrative burden and help these businesses cope with the epidemic.
- The Czech Ministry of Finance has indicated that fines for not complying with the certification of the so-called Electronic Evidence of Transactions (EET), which is required to be used by Czech businesses (mostly retailers), will not be imposed for a period of three months.
- Small and medium businesses are entitled to receive a subsidized loan (with 0 interest rate) from the Czech-Moravian Guarantee and Development Bank. These loans are provided in the amount of 500 000 CZK up to 15 mil CZK.

Furthermore, please find below the list of further proposed measures which are planned to be discussed for its approval by Parliament on 24 March 2020:

- Businesses affected by COVID-19 should be entitled to receive a direct state support in the proposed amount of up to 100 billion CZK (i.e. approximately 2.5 billion EURO). This measure is currently being discussed but it should consist of direct financial measures (such as direct subsidies).

- Businesses affected by COVID-19 should also be entitled to receive "indirect state support". It is expected that this support will include state guarantees for provided commercial loans. It is estimated that indirect support will be provided in the overall maximum amount of 900 billion CZK (i.e. approximately 33 billion EURO).
- Nursing benefit provided from social security for employees taking care of a child due to a school shutdown will be paid for the entire period of the schools' closure and the State will reimburse employees for the period before this regulation came into effect. Currently, the nursing benefit is provided for 9 calendar days only or 16 days for single parents taking care of child below the age of 10. The threshold for a child's age will be increased to 13 years. There will also be financial aid provided to freelancers when taking care of a child.
- The Government also approved a targeted Employment Support Program to reimburse companies for salaries or its compensation paid to employees while quarantined or when the businesses were shut down due to the government restrictions. The proposal is that the State will reimburse the companies for the costs expended for the salaries paid to employees during the closure of business in the amount of 80% of these costs and for the costs expended for the salary compensation paid to employees while quarantined in a full amount (until now the companies were obliged to pay 60% of employee's average salary for first 14 day in the quarantine, starting the 15th day employees are paid from social security). The funds from the Program may be drawn for the costs incurred after 1 March 2020.
- There will be further restrictions for "pendlers" – cross border workers who will be now required to submit a special authorization while crossing the borders.

Does your business need support in implementing a work from home policy? We are pleased to offer our online collaboration platform WT Space to support you during the current COVID 19 pandemic.

WT Space is a fully customizable, secure collaboration platform that requires no additional hardware or software. Whether you need to collaborate on documents, manage project tasks or communicate more efficiently, WT Space can help bring your team together.

Wolf Theiss is here for our clients, if you have any questions about how WT Space can help you meet the current unique challenges you face, or you wish to discuss pricing, please contact us at any time at space@wolftheiss.com.

About WOLF THEISS

Wolf Theiss is one of the leading law firms in Central, Eastern and Southeastern Europe (CEE/SEE). We have built our reputation on a combination of unrivalled local knowledge and strong international capability. We opened our first office in Vienna over 60 years ago. Our team now brings together over 340 lawyers from a diverse range of backgrounds, working in offices in 13 countries throughout the CEE/SEE region.

For more information about our services, please contact:

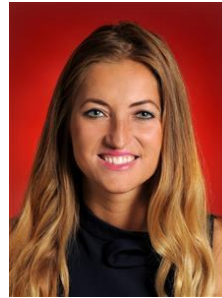


Filip Michalec

Senior Associate

filip.michalec@wolftheiss.com

T: +420 234 765 261



Sabina Krajíčková

Senior Associate

sabina.krajickova@wolftheiss.com

T: +420 234 765 228



Radka Václavíková

Associate

radka.vaclavikova@wolftheiss.com

T: +420 234 765 225

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If you would like to know more about the topics covered in this memorandum or our services in general, please get in touch with your usual WOLF THEISS contact or with:

Wolf Theiss
Pobřežní 12, Prague 8 – Karlín, Czech Republic
www.wolftheiss.com