

# Track Changes

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### CZECH REPUBLIC: THE SENATE HAS APPROVED THE KURZARBEIT PROGRAMME TO PROVIDE MORE COVID RELIEF TO COMPANIES

On 9 June 2021, the Czech Senate approved a new partial-unemployment aid scheme, which has been labelled **the "Kurzarbeit" scheme** as it draws inspiration from the Kurzarbeit programme in Germany.

The Kurzarbeit programme provides for a temporary reduction of employees' regular working hours, backed by government support, to help companies to hold onto their staff and prevent redundancies during the economic crisis. The new legislation will enable the government to hand out partial-unemployment aid in the event of serious threats to the economy, natural disasters and pandemics.

#### SECTOR-BASED ELIGIBILITY OF AID STILL POSSIBLE BASED ON GOVERNMENT DECISION

The government may still decide that only certain economic sectors or regions are eligible for aid. Applications for aid can be made by employers who are unable to assign enough work to their employees to make up their usual working hours (from 20% to 80% of their set weekly hours). In such cases, the employees affected would be eligible to receive compensation equal to 80% of their average earnings for the period in which they are unable to work while enrolled under the partial unemployment regime. *In practice, companies may decide that employees affected can stay home for up to four days a week.* The government will then reimburse companies for the salary compensation paid, including statutory deductions (some maximum thresholds will apply). Companies may apply for these subsidies from their local Labour Authority.

**The programme should bring added relief and support to companies still struggling to cope with the economic consequences of the Covid-19 pandemic by allowing them to hold onto their staff.** The final draft of the bill is currently awaiting the signature of the Czech president.

#### KURZARBEIT SET TO REPLACE ANTIVIRUS PROGRAMME

Since 12 March 2020, companies affected by the COVID-19 crisis have been able to claim subsidies through the government's **"Antivirus Programme"**, a state financial aid scheme. The programme primarily covers employees' wages that companies are still required to pay despite those employees being unable to work for reasons including business closures caused by government restrictions,

the inability to assign work to employees, employee shortages due to quarantine or childcare obligations, and declines in sales and services that necessitate partial unemployment. However, this Programme is due to end on **30 June 2021** and is due to be replaced by the Kurzarbeit programme.

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