

Czech Government Approved Subsidies for Employers Affected by COVID-19 Outbreak

Dentons Prague Newsletter

25 March 2020

Currently, the Government has encouraged employers to use home office for their employees as much as possible, limit unnecessary work and encourage employees to take vacation and paid leave.

The Government also approved the “Antivirus” program aimed at protecting jobs and decreasing negative consequences of the outbreak, by providing financial compensation of certain cost incurred by employers during the crisis period (to avoid employment terminations). In particular, the program offers a subsidy to cover fully or partly salaries of those employees who cannot work normally, either due to impediment of work on part or the employer (due to the business being temporarily closed by the government, or reduction of the availability of inputs necessary for the employer's activity, or reduction of demand for employer's services, articles and other products), or the employee (e.g., the employee being ordered to stay in quarantine, or the employee taking care of a child).

As part of the program the following subsidies are currently available:

Regime A

Quarantine ordered to employees. Salary compensation amounting to 60% of average pay shall be paid to employees and reimbursed to the employer through the subsidy.

Regime B

Employer is not able to assign work to employees due to governmental measures of. If the employer has been ordered to close its operations due to the outbreak, employees will be paid a compensation equal to 100% of their average pay, and the employer will receive 80% of that amount from the program. This subsidy is currently applicable only to companies operating hotels, restaurants, shops, sporting facilities, etc., which have been ordered to shut down entirely by the Government.

Regime C

Inability to assign work to a significant proportion of employees due to quarantine or care for a child. This subsidy shall be provided to employers whose significant proportion of employees (specifically, 30% of employees of the company, company's establishment or other organizational part of the company) are unable to perform work due to impediment of work on the side of other employees due to quarantine or care for a child. The affected employees to whom employers were unable to assign work will be paid a salary compensation equal to 100% of their average earnings. The employers will receive a subsidy amounting to 80% of the salary compensation paid out to the employees.

Regime D

Reduction of the availability of inputs necessary for the employer's activity. This subsidy shall be provided to those employers who have suffered a reduction of the availability of inputs necessary for the employer's activity (raw materials, products, services) as a result of quarantine measures (or generally production failures resulting from COVID-19 spread) at the supplier, including foreign suppliers. The affected employees to whom the employers were not able to assign work as a result of such circumstances, will be paid a salary compensation equal to 80% of their average earnings. The employers will receive 50% of the salary compensation paid out to the employees, from the program.

Regime E

Reduction of demand for employer's services, articles and other products. This subsidy shall be provided to those employers who have suffered a reduction of demand for their services, articles and other products in the Czech Republic and abroad as a result of quarantine measures or generally the COVID-19 spread. The affected employees to whom the employers were not able to assign work as a result of such circumstances will be paid a salary compensation amounting at least to 60% of their average earnings. The employers will receive 50% of the salary compensation paid out to the employees, from the program.

In addition, the Government introduced interest-free loans (up to CZK 15 million) to small and medium entrepreneurs, whose business contracts have been delayed, suspended or cancelled as a result of the governmental measures adopted to fight the spread of coronavirus.

If you have any additional inquiries, please do not hesitate to contact us.

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