

Government measures supporting Business

COVID-19

August 17

state of emergency.

The [state of emergency ended on May 17](#). Some restrictions [will still remain in place](#). The final phase of the government's plan to relax emergency measures will start on May 25 when hotels, restaurants and other facilities will be allowed to reopen again. From May 18, emergency measures are issued by the Ministry of Health under the Public Health Protection Act.

summary of economic measures supporting Business approved by Czech authorities (valid)

COVID III loan program approved

The Government approved the [COVID III loan program](#). The program allocates CZK 150 billion for state guarantees on loans to approximately 150,000 entrepreneurs and companies. The Czech-Moravian Guarantee and Development Bank will be the guarantee institute. The government estimates that CMZRB will be able to guarantee loans for up to CZK 500 billion in total. Commercial banks, which will give the loans, have not given an estimate in the amount or number of loans COVID III will cover. CMZRB signed cooperation contracts with the interested commercial banks on May 28.

The entrepreneurs and companies with up to 250 employees will be able to apply for the 90% guarantee of loans. Companies between 250-500 employees can get guarantee of 80%. The period of the guarantee is three years. The maximum amount of one loan provided to cover operating expenses is CZK 50 million. Companies will be able to apply for the loans already in the next 14 days.

COVID Praha support for Prague SMEs.

Prague City Council approved the Agreement on the Establishment and Administration of the COVID Guarantee Fund Praha 2020, concluded by the City of Prague, the Czech-Moravian Guarantee and Development Bank (CMZRB) and the Ministry of Industry and Trade. The new economic support instrument [COVID Praha](#) for SMEs business will transfer CZK 600 million from the EU Operational Program PPR (OP Praha - PoI rustu CR) to CMZRB. CMZRB will then provide guarantees for commercial bank loans together with a financial contribution for interest payments. The condition will be the same as the COVID II program. The program will be launched on April 20. Application should be submitted starting April 21.

Additional CZK 46 million for COVID Prague program.

The Prague City Hall [decided to add CZK 46 million to its COVID Prague guarantee fund](#) to support entrepreneurs affected by measures to contain the spread of coronavirus. The total amount allocated in the fund will thus increase to CZK 646 million. This will cover around 20 entrepreneurs. The funds were taken from EU resources allocated for innovations in Prague.

Prague business support by the City of Prague.

Prague Councillors decided to [waive all local fees and rents](#) paid for using public space as restaurant gardens or farmer markets until the end of the year. The amount of waived fees and rental charges will exceed CZK 200 million. Prague will simplify the application procedures. Prague representatives also waived the local residence fee for entrepreneurs providing accommodation in lodging houses, spa facilities and school accommodation facilities during the state of emergency. Prague will waive the local hotel fee until the end of 2020.

"Guarantee Covid Plus" program for 250+ employees' companies.

The Parliament approved [an amendment to Act on Insurance and Export Financing](#) which turns EGAP into a guarantee institution. EGAP will now be able to provide "**Guarantee Covid Plus**" program for companies with 250+ employees. The bank will be able to guarantee loans not only for exporters, but also for manufacturers, sales-oriented businesses, and, in general, for businesses with 250+ employees. The maximum volume of insurance is CZK 330 billion. As a consequence, the Finance Ministry increased the State Budget Act for 2020.

On May 5, [the European Commission](#) approved an approximately €5.2 billion (CZK 142 billion) Czech guarantee scheme for large companies with export activities affected by the coronavirus outbreak. The support, in the form of State guarantees on loans, will be accessible to large companies whose exports represent at least 20% of their yearly sales revenue.

The scheme aims at limiting the risk associated with issuing loans to those exporting companies that are most severely affected by the economic impact of the coronavirus outbreak, thus ensuring the continuation of their activities. The scheme will be managed by the **Czech export credit agency EGAP**. The guarantees will support lending to those companies, but will not take the form of export aid contingent on export activities as it is not tied to concrete export contracts.

new state guarantee for business loans.

The Parliament approved the Ministry of Finance [draft Act](#) on Provision of State Guarantee for Securing CMZRB Debts which permits a flat guarantee by the state for debts. Companies with up to 250 employees would be entitled up to a 90% guarantee for operational debts. For companies with more than 250 employees, the guarantee would amount to an 80% guarantee for operational debts. Both guarantees would be capped at a maximum debt of CZK 50 million. A portfolio of guarantees totalling CZK 150 billion would be distributed among the commercial banks by the CMRZB. The state will thus guarantee 25% of the total amount of the loans provided by the commercial banks (CZK 600 billion). The bill was approved by the Chamber of Deputies on April 22.

support for small business (1-3 persons s.r.o.).

The Parliament was in favour of the [financial support for 1 to 3-person SMEs s.r.o.](#) in the amount of CZK 500 per person per day, for the period of March 12 until June 8. The minimum

turnover of the company has to equal CZK 180,000 per year (CZK 15,000 per month). The total amount of the financial support can total CZK 44,500 per person. Applicants cannot be registered for self-employed support "Petadvacitka" or participate in the unemployment support program Antivirus. The measure was signed by the President.

Ministry of Trade launches innovation vouchers.

The Ministry of Industry and Trade launched a [Call V. COVID-19 Program of Support "Innovation Vouchers", within Operational Program Podnikání a inovace pro konkurenceschopnost 2014-2020](#), to support communication and sharing of best practices and know-how between private sector and research institutions in order to mitigate impacts of COVID-19 outbreak and to develop preventive methods that can be applied in the market. The initial program will utilize CZK 50 billion and the ministry intends to increase this amount. Application can be submitted from April 17 until December 31, 2020.

CEB's loan on health-care expenses.

The government decided that the [Czech Republic can accept a loan with a zero interest rate from the Council of Europe Development Bank in the amount of 300 million euro](#). The purpose of the loan is to finance expenses of health-care sector incurred during the coronavirus pandemic. The loan can be used for health-care material purchases already realized since the beginning of this year.

tax liberation packages.

Package 2: Additionally to Package 1, the Ministry of Finance/ the Government approved a waiver of personal and corporate income tax advances paid in June (ie the second advance for quarterly payers and the first advance for half-yearly payers); flat waiver of penalty for late tax on acquisition of the immovable property return or late payment, for all late returns to be filed between March 31 and July 31, 2020; postponement of filing a immovable property tax return until August 31, 2020.

Package 3: On June 9, the Minister of Finance will sign a third tax liberalization package. In the package, the deadline for filing an income tax return will be postponed from July 1 until August 18. VAT waivers for free-of-charge supplies of protective equipment will be extended until July 31. The Ministry of Finance also postponed until December 31 the obligation to file an immovable property return and pay tax on the acquisition of the immovable property. Default interest will be waived until December 31.

anti-crisis tax package, VAT reduction.

The Chamber of [Deputies](#) approved [an anti-crisis tax package](#). VAT on tickets for cultural and sports events, festivals, theatre performances, wellness centres and accommodation services would be reduced from 15% to 10%. The road tax would be decreased by 25% for vehicles with maximum weight of more than 3.5t and a loss carryback measure would make possible deducting loss in 2020 from the tax base in 2018 and 2019 if the business reported a

profit during those years. The loss carryback measure will be applicable to those companies who will submit tax return after July 1. The President signed the new law.

postponement of insolvency and bankruptcy.

The approved "[Lex Covid Justice](#)" will allow businesses to postpone the obligation to file for insolvency, temporary moratorium on debt enforcements, a waiver of statutory deadlines for completing certain actions. A debtor who is an entrepreneur and was not insolvent before the state of emergency March 12, 2020 will be able to file a proposal for an extraordinary moratorium to the insolvency court until August 31, 2020.

opt-In deferral of loans and mortgages.

The measure allows the [payment of loans and mortgages](#) signed before 26 March 2020 to be deferred for three or six months depending on the payor's choice. This deferral includes interests, with the exception of corporations. The measure will be binding on all banks and non-banking companies.

support for tourism sector.

The Parliament approved an amendment to [Act on regulating the activities of travel agencies](#), the companies will be able to defer refund payments for travel services paid between February 20 until August 31, 2020. The bill proposes an annual transitional period for reimbursement of already paid holidays, in which the travel agency will offer its clients a voucher for a package tour of the value of the package tour they have originally paid. The travel agency would only have to return the money in case the client will not use the voucher within 12 months.

Call within COVID-Culture programme opened.

Ministry of Industry and Trade in cooperation with the Ministry of Culture [opened a call for COVID-Culture](#) (COVID-Kultura) programme for organizations and entrepreneurs in cultural and creative industry. Applications for expenses paid between October 1 and May 17 for the cancelled cultural events (planned to be held between March 10 and August 31) due to Government emergency measures can be submitted from August 18.

Call for support to social service facilities.

On August 12, the Ministry of Labour launched [a call for applications for co-financing increased costs](#) incurred by social services in connection with Covid-19 outbreak for the period March 13 to May 31. Applications in three areas of support (increased operating cost, financial resource outages, one-off compensation payment for employees) can be submitted by August 27.

Program Covid-Spa (Covid-Lazne) receives notification from EU.

On August 11, the Ministry of Regional Development [received a notification of the European Commission on subsidy programme Covid-Spa \(Covid-Lazne\)](#) which will increase the volume

of spa vouchers. A call for applications should be opened this week. The total amount of subsidies should reach CZK 1 billion (250,000 vouchers).

City of Prague approved cultural vouchers.

Prague City Hall approved cultural vouchers for tourists, primarily aimed at Czech citizens. Every tourist who spends more than one night in a hotel in Prague will receive bonus points which could be used in Prague sites such as zoo, botanical garden, Prague Gallery or Museum. According to the councillor Hana Trestikova (Praha Sobe), the program might be extended also on international tourists coming from the countries that will open their borders.

financial support for culture sector.

The ministers approved the [financial support package for culture sector](#) amounting to CZK 1.07 billion, out of which independent art segment will receive CZK 440 million, CZK 300 million will go to the regional culture support and contributory organizations in the resort will receive CZK 300 million.

rural development program for agriculture.

The Government released CZK 3.3 billion for the 2020 Rural Development Program to help entrepreneurs in agriculture, food and forestry while fighting coronavirus crisis. The main reason for this support is ensuring the Czech food independence.

support for agriculture "Provoz 2020".

The Ministers also discussed and approved conditions of the Support and Guarantee Agricultural and Forestry Fund program ["Operation 2020 \(Provoz 2020\) - reduction of the loan principal sum"](#). The program is intended for small and medium-sized entrepreneurs in the field of primary agricultural production, who have recorded losses due the COVID-19 pandemic. The companies will be able to apply for financial support in the maximum amount of CZK 150,000, which may not exceed 50% of the outstanding loan principal.

vouchers for cultural events.

The Chamber of Deputies approved postponement of ticket refund of international festivals. Ticket holders can ask for refund of the ticket only after October 31, 2021. Those who already have tickets for any of these festivals will be able to apply for a voucher which would enable them to attend the same event in 2021. The amendment now needs approval by the Upper Chamber and the President.

summary of economic measures supporting Business approved by czech authorities (lapsed)

guarantee COVID I program through Czech Moravian Guarantee Bank

The initial COVID I program has been replaced by the COVID2 program. The COVID1 program was suspended after the Czech Moravian Guarantee Bank received 3,200 applications. Funding based on these applications should start within 14 days. The COVID1 program applied

only for companies with less than 250 employees. The concrete details of the COVID2 program will be available in the next few days. The Czech Moravian Bank has said that the second program will have the same rules as the first.

guarantee COVID II program through Czech Moravian Guarantee Bank, Prague companies excluded.

[COVID2 program](#), providing interest-free credits by commercial banks, accepted 5,900 applications worth CZK 19 billion, average loan requested reached CZK 3 million. COVID2 relies on EU money, and one of the conditions set out in the terms is that the recipient must operate outside of the NUTS2 region of Prague. The Trade Ministry and City of Prague are currently discussing also support for Prague companies. First round closed on April 3.

deferral of rental cost.

The Parliament agreed to amend the ***Acts on Certain Measures to Mitigate the Impact of COVID-19 Epidemic on Tenants of Business Premises*** and defer rental payments of commercial property/offices affected by the Government emergency measures from March 12, 2020 until June 30, 2020. Renters will have a protection period of 2 years lasting until March 31, 2022. During this protection period, the deferred rental payments must be repaid. Extension of this period by three months may be considered if necessary.

subsidies for commercial rents "COVID-nájemné".

The Government approved a voluntary subsidy for commercial rents of entrepreneurs whose establishments closed due to the Government restrictions from March 12. If the landlord waives 30% and the entrepreneur pays 20%, the state will cover up to 50%. The measure is applicable from April 1 to June 30. The companies will have to prove that their lease agreement was concluded before March 12. Entrepreneurs who had to limit their operations- e.g. they had to sell through take-away window, delivery or e-shop- will also be able to apply for support. The entrepreneur or small business cannot be personally or legally related to the landlord. The amount covered by the state is capped at CZK 10 million per company. In case of the premises rented by the state, the companies will pay 20%, and the state will subsidize 80%. The measure is applicable for April, May and June.

The Call for COVID-nájemné was published on June 19, the applications could be submitted from June 26. More information on call to be found [here](#).

tax liberation packages.

Package 1: The Ministry of Finance approved extension of the deadline for filing income tax return and tax payments for 3 months, until July 1, 2020; flat waiver of penalties for late filing of personal and corporate income tax returns and default interest until 1 July 2020; waiver of penalties for late VAT control reports and administrative fees, for the obligations arising between March 1 and July 31, 2020; deferred tax payment and waiver of fee for filing the request.