

SUMMARY OF ECONOMIC RECOVERY MEASURES

Chronological list of measures.

Last update May 3, 2020.

- The government approved measures in the area of **taxation**, by which the Ministry of Finance accommodated entrepreneurs and other taxpayers affected by the coronavirus epidemic. Details of emergency measures in the area of taxation can be found in the press release of the Ministry of Finance >> Tax Liberation Package 1 (announced on March 15), followed by Tax Liberation Package 2 (announced on March 23);
- the deadline for the filing of tax returns was extended until 1 July (standard deadline: 31 March) and any fines stemming from the late submission of tax declarations or reports were remitted.
- the Czech-Moravian Guarantee and Development Bank (ČMZRB) is offering interest-free loan and guarantees and loans for businesses affected by coronavirus (programs Covid I - suspended on March 20 due to high demand by entrepreneurs- and replaced by Covid II starting on April 2, intended for SMEs and micro businesses);
- the government budget reserve of CZK4.87bn in 2020 to be allocated to the health sector;
- Czech National Bank lowered interest rates;
- on March 24, the Chamber of Deputies passed extended care giver's allowance. The Chamber of Deputies passed also proposals by the Ministry of Labor and Social Affairs, Ministry of Health and Ministry of Finance deferring health and social insurance payments for self-employed individuals (together 5,000 CZK in payments per month deferred for a self-employed);
- the Ministry of Finance announced suspension of the Electronic Sales Register (EET) for the period of state of emergency and the following three months. Also, budget deficit for 2020 was extended from 40bn to 200bn CZK; approved by the Chamber of Deputies on March 24;
- the Czech National Bank lowered the two-week repo rate (2W repo rate) by 75 basis points to 1.00%. At the same time, it lowered the Lombard rate to 2.00% and the discount rate to 0.05%. The new interest rate levels came into effect on 27 March 2020;
- the government approved on 31 March the proposal of the Ministry of Justice within which businesses will be able to postpone the obligation to file for **insolvency**, temporary **moratorium** on debt enforcements, waiver of statutory deadlines for completing certain actions, termination of executions if no amount has been recovered in the past three years etc; the Parliament approved and the President signed the bill;

- the government approved modified **Program Antivirus** proposed by the Ministry of Labor and Social Affairs, starting from April 1 (application forms are available from April 6), is designed to help businesses protect jobs and better manage the current situation, so that employers will not have to resort to layoffs;
- on April 7, the Chamber of Deputies approved program of direct support of the self-employed persons "**Petadvacitka**", who are negatively affected by coronavirus outbreak, amounting to CZK 500 per day for the period of March 12 until April 30, to up to CZK 25,000. The Senate approved the bill;
- the government released 3.3 bn CZK 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;
- with effect from 1 April 2020, the Czech National Bank Board has relaxed its recommendation for the assessment of new mortgages. The limit on the LTV ratio (the size of the loan relative to the value of the pledged property) has been increased to 90% (from 80%). The limit on the DSTI ratio (total debt service relative to net monthly income) has been increased to 50% (from 45%);
- opt-in deferral / moratorium for 3 or 6 months on loan repayments. The repayment of **loans and mortgages** agreed before 26 March 2020 will be suspended for maximum of half a year, if clients wish to use the deferral. New loans contracted after this date, credit cards and overdrafts will not be affected by the measure. Borrowers must notify the creditor that they have been affected by the COVID-19 epidemic before deferring the installments. cluding deferral of interest pay,ents for natural persons). This measure will not apply to revolving or factoring, for example. In addition to the moratorium, the government has also passed an amendment to the Consumer Credit Act, which expands the range of loans for which maximum penalties for late payment are set. The Parliament approved the bill and the Ministry of Finance published a practical guide. The President signed the bill;
- on April 8, the Chamber of Deputies approved moratorium on rent payments for businesses, applicable from March 12, 2020 until June 30, 2020. The debtors will be obliged to pay the deferred rent payments by March 31, 2022, with possible extension for three months. The Senate returned the bill to the Chamber of Deputies that overrode the veto on April 22. As for individuals, the Chamber of Deputies agreed with moratorium on rent payments to apartment owners by the end of July if the tenants owe the rent due to income fallout. However, the rent due is to be paid by the end of 2020. At the same time, the Deputies rejected the proposal that the state would guarantee for the outstanding rent. Tenants would not be exempted from the obligation to pay housing/services fees. The measures were signed by the President. The Government decided that apartment owners will not be able to increase rents until the end of the duration of emergency measures;
- on April 1, the Government also approved an amendment to the rules of budgetary responsibility. For 2021 the structural deficit of GDP is proposed at 4%, followed by a decrease by 0.5 percentage points every year, until 2028 when it should get back to the level of the set 0.75%. The Chamber of Deputies passed the proposal on April 8, the Senate returned the bill back, but the Chamber of Deputies overrode the veto on April 22;

- the Ministry of Finance and the Ministry of Industry and Trade prepared a proposal for a loan program for businesses with **250+ employees**, administered by the EGAP credit insurance bank which newly has become a guarantee institution as well. EGAP competence approved by the Parliament and signed by the President;
- the Government also approved support of companies, that have reduced their production as a result of the pandemic and government measures, but transformed and started to focus on innovative products (e.g. medical devices), in the amount of CZK 3 billion. The Program The Country For the Future will cover 100% of costs;
- the Government approved employment legislative change which says that the companies applying for short work / kurzarbeit will not be obliged to prove debtlessness for the period of the duration of the state of emergency;
- in the sector of **tourism**, a one-year transitional period should apply for **reimbursement of paid holidays** where the client has withdrawn from the contract because it was not possible to travel. During this time, the travel agency will offer the clients a voucher for the trip in the value of the trip the client has paid. The travel agency will only need to return the money if the client does not use the voucher within twelve months. This rule should not apply to seniors, people with disabilities and other particularly vulnerable groups of clients. Approved by the Parliament and signed by the President;
- the Government renewed the **Národní ekonomická rada vlády (National Economic Council of Government)** to identify economic issues or provide recommendations during the preparation procedure of strategic economic government documents. The Council should also assess anti-COVID measures and propose measures related to State Budget for 2021;
- the Government decided to waive **VAT** on delivery of goods or services to the Integrated Rescue System, the military, health care providers and social service facilities, for the period of the state of emergency from March 12. The European Commission also waived customs duties and VAT on the import of medical material and devices from the non-EU countries to the member states this week;
- the Ministry of Trade also announced that it has been preparing **COVID III Program** which should be carried out in form of portfolio guarantee through the commercial banks and should exceed the amount of COVID I and COVID II. The Program is planned to start at the end of April. The Government also agreed with the City of Prague to add Prague financial support for Prague-based business as guaranteed program;
- the amendment to the **Excise Tax Act** has been approved. By extending the storage period for unit packs of cigarettes, the proposal intends to maintain a smooth transition to the new tax rate, even under difficulties caused by the coronavirus pandemic;
- the Minister of Trade and Industry also confirmed that together the Ministry of Labor and Ministry of Finance they have discussed the **Regime C as part of the Program Antivirus**. The Program should be applicable to businesses that continue their operations, but clearly have suffered losses in their production or revenues (details remain

to be determined). This regime is meant to motivate companies affected by the pandemic and paying their employees 100% of wages to continue doing so. The Program will be presented to the Government next week and it should start on May 1;

- on April 15, the Government announced a five-stage plan to relax current restrictions starting Monday April 20;
- on April 20, the Government approved the Ministry of Finance **draft Act on Provision of State Guarantee for Securing CMZRB Debts** (*návrh zákona o poskytnutí státní záruky ČR na zajištění dluhu ČMZRB vyplývající z ručení za dluhy*). The proposal 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 totaling CZK 150 billion would be distributed among the commercial banks by the CMZRB. The state will thus guarantee 25% of the total amount of the loans provided by the commercial banks (CZK 600 billion), approved by the Chamber of Deputies on April 22;
- the Government passed proposal by the Ministry of Finance to extended budget deficit for 2020 from CZK 200 bn to CZK 300 bn, passed by the Chamber of Deputies on April 22, the bill was signed by the President;
- the Senate, the Upper Chamber of the Parliament returned a bill proposing to extend the Petadvacitka program for the self-employed persons impacted by the COVID-19 emergency measures. The compensation bonus will be CZK 500 per day for the period of May 1 until June 8. The Senate suggested higher payments for a wider range of people;
- the Parliament approved the bill on the public health insurance premium transfers. The government will increase the payment for each person insured by state by CZK 500 per month from 1 June 2020 and by another CZK 200 per month from 1 January 2021; the Chamber of Deputies passed the bill on April 22. The Ministry of Finance issued a guide;
- on April 29, the Parliament approved the extension of care-giver's allowance to 80% of from the current 60% of the average pay, retrospectively from April 1. for the time of schools closure, maximum length until June 30 (the beginning of summer holidays). the measure will newly include persons working on DPP and DPČ (work outside employment relationship) who will receive 60% of the average pay;
- 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, sharing of best practices and know-how between private sector and research institutions, to mitigate impacts of COVID-19 outbreak and to develop the preventive measures applied on the market. The amount is CZK 50 billion which is to be increased. The application could be submitted from April 17 until December 31, 2020;
- The Ministry of Finance introduced a loss carryback measure (tax return retroactivity) that allows entrepreneurs and companies to recover any loss posted in 2020 from their 2019 and 2018 tax

base. This could allow companies to claim a refund from the General Financial Directorate;

- On April 27, the Government extended the Unemployment Support Program Antivirus until May 31;
- The Government approved an amendment to the Tax Code which would allow taxpayers to communicate with the tax office online. The previous version of the amendment was rejected by Parliament last week. The Ministry of Finance thus decided to keep the deadlines for refunding excess VAT payments at 30 days. The Government will ask the Chamber of Deputies to address the amendment in the state of legislative emergency;
- The Cabinet discussed the legislative intent for deferring social contributions paid by employers (24.8%) for 3 months (May, June, July), starting in May. The measure will be applied automatically once companies do not pay social contributions by the 20th of the relevant month. Companies would have to pay deferred payments by September 20;
- On April 30, the Government passed a proposal on abolishing real estate acquisition tax, with retroactive effect. The tax of 4 percent of the total purchase price will not have to be paid by those who acquired the property in December 2019 at the latest, and in case the tax has already been paid, it will be refunded. However, the time test for income from the sale of real estate not intended for own living has been extended from five to ten years to avoid speculative purchase. For properties acquired between December 2019 and December 2021, the buyer will not pay the acquisition tax and will be allowed to claim deductions of interest on a housing loan from the tax base;
- In 2020, the Ministry of Finance expects a deficit of 5.1% of GDP, with estimated government- debt-to-GDP ratio increase by 6.2% to 37% of GDP. In 2021, the deficit is expected at 4.1% of GDP.

See also [a summary on the Government official website.](#)

Prague

- Prague City Hall decided that from March 17 0.00, passengers without covered nose and mouth will not be allowed to enter and use public transportation; holiday schedules for public transportation will be in place (metro from March 21, trams from March 23, reduced frequency for bus lines, airport bus connection, night connections); obligation to wear a face mask extends to medical, educational and other facilities;
- hotline for the elderly over 65 years of age 800 160 166, https://bezpecnost.praha.eu/udalosti/neco-se-deje_24_2_2020 including information in English;
- Blue parking zones in place again **from May 11**
- 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 - Pol 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.
- 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.
- In mid-April, the Ministry of Trade announced plans for a **COVID III Program** to provide portfolio guarantees through commercial banks which will be applied also for Prague companies. The total amount of loans should exceed the COVID I and COVID II programs and should also include financial support provided by the City of Prague. The Program should start at the end of April.

Brno

- the municipality restored office hours as of April 17
- blue parking zones in place again from April 28
- all details and updates are available at <https://koronavirus.brno.cz/en/coronavirus-in-brno/>

Further government updates in [Czech](#) and [English](#).