

Other Government measures supporting Economy 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 current economic measures supporting economy approved by czech authorities (valid)

national economic council NERV established.

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 members of the Council will be **Tomáš Salomon**, General Director of České spořitelna, **Jan Juchelka**, General Director of Komerční banka, **Miroslav Singer**, Former Governor of ČNB, **Vladimír Dlouhý**, President of Hospodářská komora ČR, **Jan Švejnar**, Director of Centrum pro globální hospodářskou politiku, **Štěpán Jurajda**, Professor at CERGE-EI, **Daniel Beneš**, General Director of ČEZ, **Bohdan Vojnar**, Škoda Auto Board Member, **Petr Jonák**, Coca-Cola Public Affairs, Communications & Sustainability Director CZ/SK, **Miroslav Zámečník**, independent Economist, **Lukáš Kovanda**, Czech Fund Chief Economist, **Tomáš Sedláček**, ČSOB Economist, **Daniel Prokop**, PAQ Research Sociologist, **Jakub Havrlant**, General Director of Rockaway Capital, **Ladislav Bartoníček**, O2 Supervisory Board Chair, **Iлона Švihlíková**, Economist and Vice-Rector VSO.

budgetary responsibility rules.

The Chamber of Deputies amended [the rules of budgetary responsibility](#) to increase the structural deficit to 4% of GDP in 2021, followed by a drop by 0.5 percentage points every year until 2028. That staged reduction would return the country to the EU's required structural deficit in eight years. The Deputies thereby vetoed proposed Senate changes to the rules.

state budget act for 2020.

The Government approved a new [amendment of the State Budget Act for 2020](#), to increase the state deficit to CZK 300 billion. The increased deficit stems from increased expenditures

from economic recovery measures (raised from the previously approved CZK 200 billion). Compared to the amendment approved by the Parliament at the beginning of April, the revenues are now expected to decrease by CZK 60.1 billion, while expenditures will rise by CZK 39.9 billion.

After the Senate returned the bill, the amendment was approved by the Chamber of Deputies on April 22. According to the amendment to the [State Budget Act](#) for 2020, the total revenues will amount to CZK 1,488.3 billion and expenditures to CZK 1,688.3 billion.

The Parliament approved a proposal of the Finance Ministry for the [State Budget Act for 2021](#), to cancel the requirement to present a preliminary budget for 2021 to the Government by the end of May, and for that proposal to be approved by the Government by the end of June.

The Ministry of Finance also proposed to postpone the final budget schedule by one month. The budget should be submitted to the Government by the end of September (initially by the end of August) and to the Parliament by the end of October (initially September). The proposed delay would allow the Ministry to take into consideration the forecast for income and expenditure (to be published on August 10) and the forecast by the Statistics Office (published in September). The amendment has been approved by the Parliament in the state of legislative emergency.

further growth of state budget deficit.

The Government and the Chamber of Deputies approved [a further increase of state budget deficit to CZK 500 billion](#) in 2020. The Ministry of Finance plans to cover the deficit by issuing government bonds. The new proposal for state budget was passed by the Chamber of Deputies.

National Program of Reforms for the Czech Republic.

The Government approved the National Program of Reforms for the Czech Republic. The National Program is regularly presented to the EU. The current program includes how the Czech Republic plans to overcome the coronavirus crisis. The Government confirmed all planned investment projects into infrastructure programs (113 bn CZK), especially investments into education, research and innovation (totaling 2% of GDP).

czech national bank increasing its authorities.

The Parliament voted in favor of an amendment to the [Act on the Czech National Bank](#) which gives the central bank authority to trade instruments with maturity longer than one year. CNB now can also carry out trade with other entities such as insurance and pension companies or other institutional investors. Everything was carried out within the framework of the rules of ECB and the aim of this amendment is to strengthen the stability of the Czech Financial Market.

two-week repo rate lowered by CNB.

At its meeting on May 7, the Bank Board of the Czech National Bank lowered the two-week repo rate (2W repo rate) by 75 basis points to 0.25%. At the same time, it lowered the Lombard rate to 1.00%. The discount rate remains unchanged at 0.05%. The new interest rate levels come into effect on May 11, 2020.

CNB relaxed mortgage limits and lowered countercyclical.

The Bank Board of the Czech National Bank today confirmed the LTV (loan-to-value) limit of 90% and abolished the DSTI (debt-service-to-income) limit. The CNB Bank Board lowered the countercyclical capital buffer rate to 0.5% with effect from 1 July 2020 (from the current level of 1%). The partial release of the countercyclical capital buffer will support banks' ability to lend to non-financial corporations and households without interruption.

mortgage limits recommendation relaxed by CNB.

With effect from 1 April 2020, the CNB 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%).

suspension of electronic sales register.

The Ministry of Finance suspended the **Electronic Sales Register (EET)** for the period of state of emergency and the following three months, through legislative procedure. The proposal was approved by the Parliament and signed by the President. At the end of May the Parliament approved the Government's proposal to defer all phases of the [Electronic Sales Register \(EET\)](#) until the end of 2020. The Ministry of Finance has already suspended EET for the period of state of emergency and the following three months through legislative procedure.

VAT on critical goods and services.

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.

amendment to excise tax.

The amendment to the [Excise Tax Act](#) was 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.

consumer loans support.

The Parliament approved [amendment to Consumer Credit Act](#) which will expand the range of loans for which penalties are capped for the period of the deferral. The Act also stipulates

the maximum penalties for late repayments of loans of self-employed persons. In case of delay longer than 90 days, the penalty amount cannot exceed 0.1% of the amount due per day.

increasing payments for insured persons by state.

The Parliament have approved a proposal of the Ministry of Health Care to amend the [Act on Public Health Insurance](#), which would increase health insurance payments by CZK 500 for insured persons paid by the state from June 1, 2020, followed by further CZK 200 increase from January 1, 2021. The expenditure in the health care budget would thereby increase by CZK 20 billion this year and by CZK 50 billion in 2021.

innovation vouchers from the ministry of trade.

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 Country for the Future program: "innovation in practice".

[Subsidies](#) for the companies which invest into production or develop technology of medical products and devices to fight coronavirus outbreak amounting to CZK 500 billion. Pro project proposal could be submitted until May 15.

Hack the Crisis Czech Republic.

The government decided to use [a financial gift of CZK 10 million](#), to reward and support the best projects within [the Hack the Crisis Czech Republic hackathon](#). The gift was donated to the Czech Republic by Hyundai Motor Manufacturing Czech to support the fight against the coronavirus pandemic, CzechInvest will be in charge of awarding a special prize for the best-rated participants in the hackathon.

Program Czech Rise Up 2.0.

The Ministry of Industry and Trade increased the amount allocated for the Program Czech Rise Up by CZK 100 million (from the original CZK 200 million), for projects that support technological solutions that facilitate the fight against coronavirus and protect health. The ministry said it is ready to increase the allocated amount if more projects with functional solutions apply.

COVID-Sport subsidy program.

The Government approved [a subsidy program COVID - Sport](#), prepared by the National Sport Agency. The program will help the organizers of sport events, operators of sports facilities and sports organizations who have to pay rent for sports facilities.

real estate brokerage act amendment.

Within an amendment to [Real Estate Brokerage Act](#), the period for which the real estate brokers will be able to change their business activity from unqualified notifiable trade to regulated trade has been extended from six to ten months.

support for tourism sector, digital platforms.

An approved amendment to [Act on Certain Conditions of Business and on the Performance of Certain Activities in the area of Tourism](#) proposed by the Ministry of Regional Development introduces a new obligation for digital platforms (e.g. AirBnb) to report the number of concluded contracts for tourism services, the total price of the services and the address of the accommodation to the trade licensing office, at its request. The foreign guests will be able to be traced in case of a threat of virus spreading. The change is supported by the City of Prague.

Crisis Action Plan to support tourism.

The Government debated [a crisis action plan to support tourism](#). The plan contains 16 points that aim to reach the 2019 performance level of this sector of the economy. Some of the points have been in place (programs supporting the self-employed) and others will be implemented (6.7bn CZK allocated specifically to tourism recovery measures, such as lower VAT for accommodation, vouchers/Dovolena v Cesku, marketing campaigns). Dovolena v Cesku project includes vouchers for stays in Czech spas where the Government will cover 40% of the cost up to a maximum of CZK 4,000 per voucher.

one-off operating allowance for state hospitals.

The Government also approved the one-off operating allowance in the amount of CZK 6.5 bn for six large state hospitals in Prague and Brno that were under greatest pressure during coronavirus outbreak, including Všeobecná fakultní nemocnice, Fakultní nemocnice Královské Vinohrady, Nemocnice na Bulovce, Thomayerova nemocnice, Fakultní nemocnice u sv. Anny in Brno and Fakultní nemocnice Brno. The hospitals will use the money to pay overdue liabilities.

support of regions and their budgets.

On August 10 [the Ministry of Finance](#) sent a one-off bonus of CZK 1,250 per citizen to municipalities to compensate for the loss of tax income due to the support for the self-employed. This bonus will total CZK 13.4 billion

support of Czech exporters.

The Ministry of Foreign Affairs will [strengthen its economic diplomacy](#) through the "Reconstruction Package (Rekonstrukční balíček)", supporting the Czech exporters on the foreign markets.

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

two-week repo rate lowered by CNB on March 26.

At its meeting on March 26, 2020 the Bank Board of 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 March 27, 2020.

two-week repo rate lowered by CNB on March 17.

At its extraordinary monetary policy meeting, the Bank Board of the Czech National Bank lowered the two-week repo rate by 50 basis points to 1.75%. At the same time, it lowered the Lombard rate to 2.75% and the discount rate to 0.75%. The change in rates took effect on March 17, 2020.

directive on freezing rents cancelled.

The Government cancelled [the price moratorium on apartment rents](#) in effect since April 24.

proof of debtlessness.

According to an [amendment to the Act on Employment](#) the companies now will not be obliged to prove debtlessness for the duration of the state of emergency.

deferral of rental cost on housing.

The Parliament agreed to amend the ***Acts on Certain Measures to Mitigate the Impact of COVID-19 Epidemic on Tenants of Space for Housing***. 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. According to Government decision from April 23, apartment owners will not be able to increase rents until the end of the duration of emergency measures. The Government also [decided](#) that apartment owners are not allowed to increase rents within the duration of emergency measures.

