

News Flash

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**Guide to support measures for
Czech entrepreneurs affected by the
COVID-19 epidemic**

Guide to support measures for Czech entrepreneurs affected by the COVID-19 epidemic

Since the occurrence of coronavirus infection many entrepreneurs have been facing constraints and obstacles due to the preventive measures introduced by the government. Here is an overview of support measures introduced by the Czech Government to support entrepreneurs affected by the COVID-19 epidemic published on 27 March 2020. Document was updated to 7 April 2020.

Nursing allowance (“ošetřovné”)

The entrepreneurs (doing business as main activity) caring for their children are newly able to claim a nursing allowance of CZK 424 for each day during the entire period of the state of emergency. The maximum monthly amount of the nursing allowance will be CZK 13,144/CZK 12,720.

Entrepreneurs are entitled to the nursing allowance **if they meet the following conditions:**

1. Entrepreneurs who cannot work due to care for a child under the age of 13 attending a school or other childcare facility closed due to nationwide restrictive measures in response to the epidemic.
2. Entrepreneurs who cannot work due to care for a dependent child up to the age of 26 who is dependent on the help of others (at least with 1st degree of dependency) under the Social Services Act and who is unable to attend a school due to its closure.

Where to apply: Ministry of Industry and Trade (change, originally Trade Licensing Office)

When to apply: From 1 April 2020 (the nursing allowance for March is paid retrospectively)

How to apply: Monthly – via electronic data mailbox, email with verified digital signature or via post; by completing an application that is published on the website of MPO (www.mpo.cz); a part of the request is an affidavit that the entrepreneur is performing self-employment as their main activity, the other parent is not already drawing the nursing allowance, is registered on the Tax Authority and has not underpayment.

Financial contribution of CZK 25,000 (instead of CZK 15,000 per month)

The contribution will be provided to entrepreneurs who perform self-employment as their main activity and to entrepreneurs who perform self-employment as their side activity (without continuous employment). The entrepreneurs do not have to prove a decrease of income, but they have to declare that they are not able fully or partially perform their business activities in connection with coronavirus or government crisis measures. The bonus period is from March 12 to April 30, 2020 and is to be paid 500 CZK / day, the total amount for the whole period is 25 000 CZK. The compensation bonus will be paid for those calendar days for which the applicant has not received unemployment benefit. The entrepreneurs may receive this compensatory contribution and nursing allowance.

Where to apply: Czech tax authorities

When and how to apply: Not yet known, the Senate may approve the proposal, it will be possible to apply by e-mail

The waiver of the minimum compulsory advance payment to social security and health insurance

For the period from March to August 2020, entrepreneurs do not have to pay advances to:

- Social security – in the minimum amount of CZK 2,544 (self-employment performed as the main activity) or in the amount based from the previous overview;
- Health insurance – in the minimum amount of CZK 2,352 (self-employment performed as the main activity) or in the amount based from the previous overview.

This change applies automatically from March to August 2020 to all entrepreneurs regardless of whether they perform their self-employment as main or side activity. This should not have any impact on entitlement of entrepreneurs on pensions.

As a result, in the annual reconciliation for 2020 the entrepreneurs may deduct 6 months of the advance payments in the minimum amount. The entrepreneurs who perform self-employment as their main activity will save CZK 29,376 over these 6 months. The entrepreneurs who perform self-employment as their side activity only the amount of minimum advances for social security.

The entrepreneurs that are not affected by the current crisis should continue to pay advance payments above the minimum amount following the standard deadline to prevent high underpayments.

If the entrepreneurs voluntarily participate in the sickness insurance system, they must pay the contributions to sickness insurance.

There are no applications required.

Deadline for submitting overviews reporting the income and expenditure for 2019 and paying underpayments to social security and health insurance

In case their tax returns is not processed by a Czech tax advisor, the entrepreneurs may report on income and expenditure until 3 August 2020 (instead of 4 May 2020) without any sanctions to the CSSA and their health insurance institutes.

Should there be an underpayment that would have been paid up to this date, the penalties will be also dropped.

If there is an underpayment of health insurance contributions, it will be payable no later than 8 days after the date of filing of the overview i.e. no later than 11 August 2020.

It is not necessary to request for this extension.

Deadline for filing income tax returns and paying tax underpayments

All taxpayers (both natural and legal persons) are allowed to file their income tax return and pay any tax underpayment without any sanctions by 1 July 2020 (instead of 1 April 2020) without having to prove the reasons related to the COVID-19 epidemic.

There is no need to request for an extension.

The waiver of tax advance payment for June

All taxpayers (both natural and legal persons) will be exempted from paying advance payment on income tax for June. The waiver of advance payment does not relieve the entrepreneur from paying the tax itself.

There is no need to request for the exemption.

Applying losses retrospectively

The Ministry of Finance is also working on the possibility to apply losses retrospectively. According to their proposal, entrepreneurs will be able to recover via filing a supplementary income tax return the tax loss reported in 2020 in the tax bases of 2019 and 2018.

To be confirmed.

Real estate acquisition tax

There is a general waiver of a fine for late filing of a real estate acquisition tax return or for a late payment of the real estate acquisition tax or an advance payment on this tax. The waiver should apply to all tax returns with a deadline from 31 March 2020 to 31 July 2020. The real estate acquisition tax return may be filed by 31 August 2020 at the latest without any penalties.

There is no need to request for this extension.

Other (VAT, etc.)

The dismissal of other fines for late filing of tax returns will only be granted based on a taxpayer's individual requests for the waiver of interests for late payment or the penalties in case of delay, and if connection to the epidemic is sufficiently proven.

The tax authorities will dismiss fines for the late filing of VATCS in the amount of CZK 1,000 that occurred between 1 March 2020 to 31 July 2020 without the necessity to prove any relations to COVID-19 epidemic. Such fines relate to the late filing of the VATCS by the taxpayer without any official appeal from the tax authorities.

There is no need to request for this possibility.

Suspension of the obligation to electronically record sales for taxpayers in all phases of EET

The Ministry of Finance (MF) has suspended the electronic sales records for the period of the state of emergency and the following three months. No taxpayer is obliged to record sales electronically and the obligation to record sales electronically will not be checked in the next three months.

There is no need to request for this exemption.

Other possibilities of the entrepreneurs:

1. Extraordinary financial support for individuals who are demonstrably in financial distress and need financial assistance. This is a one-time financial support and must be justified.

Where to apply: The Labor Office

2. Interest-free funding for entrepreneurs affected by the COVID-19 epidemic – currently suspended, it is expected that will be opened again. The funds must be used exclusively to cover operating costs such as wages, rent, energy, materials, etc.
3. Postponement of repayments of consumer and mortgage loans at banks.
4. Use of emergency measures to maintain employment for entrepreneurs with employees (e.g. “kurzarbeit”, for more information, please see the newsletter on [our website](#)).

The information about possible financial compensation is not yet available. We will keep you informed of further developments.

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Contact

Kateřina Hrůzová

Tax Manager

E-Mail: Katerina.Hruzova@accace.com

Phone: +420 222 753 480



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