



Program Antivirus – compensation

We would like to inform you that the government of the Czech Republic has approved a proposal of the Ministry of Labour and Social Affairs to amend the employment support programme as a consequence of the COVID-19 pandemic (so-called Antivirus Programme) with which we acquainted you in the previous Payroll Alert.

This programme is to help employers overcome the current situation and protect jobs so they do not have to make their employees redundant. Through the Labour Office of the Czech Republic, the state will grant employers with full or at least partial compensation of paid out funds in the form of a contribution to cover compensatory wages paid out to employees due to an obstacle to work on the part of the employee or employer. We bring you the conditions on how to make use this programme below:

Who is entitled to compensation?

Compensation for full or partial payment of compensatory wages will be granted to companies whose **economic activity is threatened as a consequence of the COVID-19 pandemic**. This applies to the wages that an employer will pay out based on an **obstacle on the part of the employee** (such as the quarantine order) or **obstacles on the part of the employer** (such as closure of a business establishment as ordered by the government). It must also be proven that the above-mentioned obstacle to work arose **as a consequence of the spread of the COVID-19 infection**.

Under what conditions does a claim for compensation arise?

A claim for compensation arises if the following conditions are fulfilled:

- The employer strictly adheres to the Labour Code
- The employee must not be under notice and not receive notice
- This applies to companies in the business sector, employees

must be employed and must be making contributions to sickness and pension insurance

- The employer must pay out a wage and pay levies.

Who will pay out compensation and for how long?

Compensation will be paid out by the **Labour Office** in the Czech Republic. Its payment will **depend on the reason for the obstacle to work** and it will be necessary for **each employee to separately distinguish the reasons** for the obstacle to work. The amount of compensation will be based on the **average super gross wage of the employee, including compulsory levies** (48,400 CZK). The employer will be able to apply to the Labour Office for a contribution in two regimes:

- **Regime A – forced restriction of a business based on a crisis measure and quarantine order issued by the relevant authority**
 - in case of quarantine, the employee will receive a compensatory wage of 60% of average reduced earnings;

- in case of closure of a business as ordered by the government, the employee will receive a compensatory wage of 100% of average earnings;
- **contribution to employers of 80%** of the paid out compensatory wage, including levies (however a maximum of up to 39,000 CZK).

• **Regime B – obstacles to work on the part of the employer as a consequence of related economic problems due to the spread of COVID-19:**

- due to the quarantine order or care for a child concerning a significant part of employees (30% and more) – the employee will receive a compensatory wage of 100% of average earnings;
- limited availability of inputs (raw materials, products, services) essential for work – the employee will receive a compensatory wage of 80% of average earnings;

- limited demand for services, products and other company products – the employee will receive a compensatory wage of 60% of average earnings;
- **contribution to employers of 60%** of the paid out compensatory wage, including levies (however a maximum of 29,000 CZK).

When to apply for payment of compensation?

It will be possible to apply **from 6 April**. It is expected that there will be a **several day** delay between filing the application and the payment of contributions. The way this will work is that the employer will apply for a refund after the end of the calendar month for which it will be applying for compensation. So for March the employer will file an application at the start of April (i.e. the date that applies for April is 6 April.)

How to apply?

The precise conditions and procedure to claim support, including applications **will be published during the course of this week**, which we will inform you of as soon as they are published. The application will be **fully electronic**, so the employer will not have to call individual authorities or go to individual offices.

We will keep you regularly informed of any further measures adopted in connection with the current extraordinary situation.



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