

# News Flash

13 January 2021

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**New financial aid in the Czech Republic in relation to measures preventing the spread of Covid-19**

## New financial aid in the Czech Republic in relation to measures preventing the spread of Covid-19

In the context of the new government measures aiming at preventing the spread of Covid-19 disease, the government apart from the current programs in force (mainly Antivirus, Covid-Rent II and others) approved new financial aid programs, namely Covid-Gastro-Closed enterprises and Covid-Accommodation II.

### COVID-Gastro-Closed enterprises

Program under the patronage of Ministry of Industry and Trade (“MIT”)

#### Aim:

The subsidy is granted for operating costs and maintaining business, such as personnel costs, material costs, services (including e.g. leasing), depreciation, taxes and charges, loan repayments, overheads, etc.

#### Authorized entities must fulfil all the following conditions:

- **CZ tax residents** (non-residents must fulfill other conditions),
- performance of business activities based on the Business Act, if any of these activities fall under **selected sectors** within the scope stated by the MIT (for further details please visit: <https://covid.gov.cz/situace/kompenzace/covid-gastro-uzavrene-provozovny>) contrary to the other proposal, the program is not limited to entities providing catering services;
- performance of business activities was restricted or prohibited due to adopted crisis measures at least in part of the period dating from **14 October 2020 to 10 January 2021**;
- decrease in sales by 30%:
  - ✓ for the period of the 4th quarter of year 2020 compared to the 4th quarter of year 2019,
  - ✓ in the case of starting an enterprise after the 1 October 2019 the reference period shall be to the 4<sup>th</sup> quarter of 2020 to the 3<sup>rd</sup> quarter of 2020;
- furthermore, the applicant shall not:
  - ✓ be a company facing difficulties (within the meaning of European legislation)
  - ✓ have arrears in relation to the state budget,
  - ✓ be an unreliable payer or person,
  - ✓ terminate activity within a period of at least three months since receiving the aid.

#### Amount of financial aid:

- **400 CZK/day/employee (possibly a cooperating freelancer);**
- the amount will therefore be calculated as the sum of 400 CZK multiplied by the number of employees (shorter working time is recalculated) and/or cooperating freelancer, multiplied by the number of recognised days, for which the operation of business activity was restricted in the scope as stated by the MIT; but not exceeding the limit of the Temporary frame as stated by the MIT;
- the calculation does not include employees in the sectors that were supported in financial aid programs COVID – Culture, COVID – Accommodation and COVID – Sport.

### Application:

- the application shall be submitted electronically in the information system of MIT [here](#);
- the time limit for submitting an application is: **from the 18 January 2021 9:00 to the 1 March 2021 to 16:00**;
- the application shall include an **affidavite** on fulfilling conditions; this affidavit includes a waiver of claims for damages arising from crisis measures against the state,
- this is a **one-off financial aid**.

### Temporary frame:

The financial aid falls under the so-called Temporary frame and is therefore subject to application of the maximum of **800 thousand EUR** (in which is also included the financial aid received from other programs, i.e. Antivirus A+, Covid-Rent I and II etc.). Negotiations are currently under way to extend the Temporary frame until the end of 2021 and to double the ceiling, i.e. EUR 1.6 million.

There is no legal right to the granting of a subsidy.

## COVID-Accommodation II

Under the patronage of the Ministry of Local Development (“MLD”)

### To whom the financial aid is designated:

Two subsidy titles are opened, one for **collective accommodation establishments** and the other for **individual accommodation establishments**.

Unlike the first wave of the COVID program – Accommodation shall be the **new wave extended by financial support for individual accommodation establishments**, namely private accommodation, small guesthouses, apartments, rooms, recreational objects providing temporary accommodation for tourists.

However, the financial aid is not intended for accommodation services in an apartment building (e.g. Airbnb), as these apartments can be rented out on the real estate market.

The precise definition of authorized entities will be provided in the Call.

### The maximum amount of the financial aid:

- for individual accommodation establishments the proposed subsidy is amounting to **200 CZK per day per room**,
- in the situation of commencing activity after 31 December 2019 the financial aid shall amount to **100 CZK per day per room**, however the condition is that the commencement of activity is no later than 1 October 2020,
- the applicant shall not cease activity within three months of the grant of providing the subsidy.

### Applicable period:

- determined in the range of **78 days** attributable to the second wave of restrictions (22 October 2020 – 22 January 2021 – not considering the period from 3 December to 17 December 2020, when there was no restriction on providing accommodation services),

- in the event of an extension of restrictions on the provision of accommodation services, changes may be made to the extent of the financial aid.

### **Acceptance of application:**

Accepting applications will commence after the Call is published by the MLD, with the following days of publication:

- Collective accommodation establishments: from **25 January 2021**,
- Individual accommodation establishments: from **1 February 2021**.

We will gladly provide you with advice on the financial aid. We can offer you professional assessment of whether the financial aid applies to you, preparation of a list of all essential steps and documents necessary to participate in the financial aid program, or we will gladly represent you throughout the procedure for granting the financial aid, and we will spare you the considerable amount of time and concern associated with the submission of applications (also taking into account the significant technical problems reported by the systems in recent days).

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