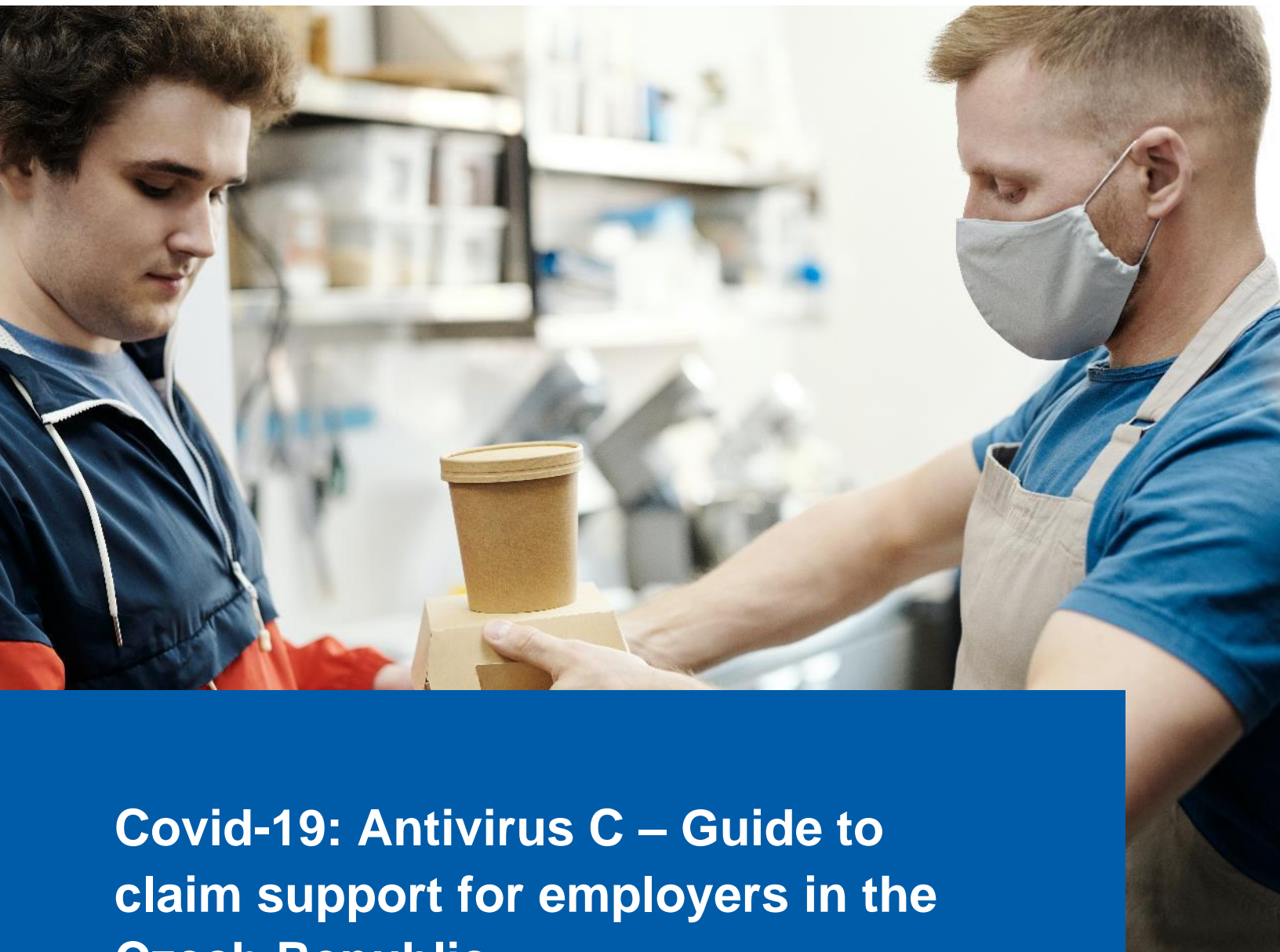


News Flash

25 June 2020



Covid-19: Antivirus C – Guide to claim support for employers in the Czech Republic

Antivirus C – Guide to claim support for employers in the Czech Republic

Employers with up to 50 employees have now the opportunity to lower the contributions to social security and to the state employment policy paid by the employer for employees in the months of **June, July and August 2020**. The aim of the waiver is to support the employers to maintain employment. The relevant government proposal has passed through the entire legislative process and is awaiting for publication in the Collection of Laws.

Are you eligible for the support?

As an employer, you can use this opportunity if you are not already drawing compensation under programs Antivirus A and Antivirus B; you are not a healthcare provide and answer the following questions affirmatively:

- Do you employ less than **50 employees** on the last day of the calendar month?
- Have you **retained at least 90% of employees** on the last day of the calendar month **compared to 31 March 2020**?
- Have you maintained at least **90% of the employees' assessment bases compared to March 2020**?
- Are you a **tax resident** of the Czech Republic or a tax resident of another Member State of the European Union / EEA and received most income from sources in the Czech Republic for the last taxable period?
- Do you pay **contributions to social security** that are deducted from employees' wages regularly?

If you answered **YES** to all of the above questions, you are allowed to reduce contributions to social security and to the state employment policy. The conditions for the waiver of contributions need to be determined for each month separately.

In practical terms, the number of employees does not only include employees who are actively employed and perform their activities, but also those who are on maternal or parental leave, unpaid leave, or do not work due to obstacles on the part of the employer. On the contrary, company executives working under an executive employment agreement and employees who work part time based on i.e. Agreement to perform work (DPČ) or Agreement to complete a job (DPP), even if their total remuneration exceeds the limit for social security contributions, are not included in the number of employees. These individuals are excluded for calculation purposes from the comparison of the assessment bases. The calculation should not be affected by the decrease in the number of employees due to resignation or retirement.

How to draw the support?

You do not have to apply for a waiver. Employers only need to verify if they meet the above conditions with their payroll accountant. If the above conditions are met, you may claim the waiver for the relevant month via the “**Overview of social security contributions**” form by reducing the **employer's assessment base**. This form is usually submitted on monthly basis by the payroll accountant to the Czech Social Security Administration.

Only contributions paid by the employers in the amount of 24,8% of their assessment base up to the assessment base of **CZK 52,253** (1.5 times the average wage) per employee is waived. Hence, employers can save almost CZK 13,000 per employee on contributions to social security. However, please note that it is not allowed to deduct assessment base for an employee who has been fired due to organizational changes or redundancy. Contributions for these employees thus remain unchanged. In addition, the reduction of the assessment base should not have an impact on the calculation of the super gross salary of an employee.

Conclusion

As an employer, you will need to carefully consider which support is more beneficial; whether compensation under Antivirus A or Antivirus B, or reduction in social security contributions under program Antivirus C. In case of any questions our legal, tax and payroll department will be pleased to assist you.

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