



Information for clients

Czech Republic

May, 28th 2020

COVID-19: Support for small s.r.o. and other measures

Support for small s.r.o.

After the support for the self-employed, the support will also be given to shareholders of small and family businesses who have been affected by the coronavirus situation.

The compensation bonus is CZK 500 per day. It is a direct financial support that is available for the entire period from March 12th 2020 until June 8th, 2020 the maximum is CZK 44,500. Payment of the compensation bonus is excluded from enforcement or execution.

What conditions have to be met?

In addition to damages caused by the coronavirus pandemic, such as operational restrictions, quarantine, childcare, reducing demand, or discontinuing supplies, relatively detailed criteria have been set that both shareholders and their companies must meet.

- The company has a maximum of two shareholders. If there is a direct family relationship between the partners, the number of partners is not limited.
- The company is active, has an annual

turnover of at least 180,000 CZK, is not in bankruptcy or liquidation and is not identified as an unreliable payer under the VAT Act.

- The company is a resident of the Czech Republic.
- The partner is resident of the Czech Republic.
- The shareholder is not at the same time an employee who is subject to health insurance, with the exception of employment in his company.
- The shareholder may not receive state support for employment, the so-called short-time work.

The compensation bonus must be applied by each individual shareholder (not by the company). The application has to be filed no later than 60 days after the bonus period has expired.

Postponement of EET obligations to December 31, 2020

The fulfillment of the registration obligation under the EET Act was discontinued from March 12, 2020 for the period of the emergency situation.

This relief has been expanded. The fulfillment of the registration obligation for all EET companies **starts again from 1.1.2021**.

Other obligations under the EET law such as the registration of companies that are subject to the **third wave** must be fulfilled from **October 1st, 2020**.

Reduction of the penalty for social security contributions

In the event of late payment of **employer's part of the social security contributions for the period from May to July 2020**, default interest will be decreased by **80 %** to 4% p.a.

The prerequisite for this is that the outstanding contributions are paid by October 20, 2020 at the latest and that the employee contributions for the period May to July 2020 are paid on the usual due dates.

Default interest below CZK 1,000 will not be charged.

Please note that for employees who are in the antivirus program, employer contributions must not be paid late.

Postponement of deadline for approving the financial statements

The Commercial Code requires that the financial statements be approved within six months of the last day of the tax period.

This period will expire up to three months after the end of the state of emergency, but no later than December 31, 2020.

The emergency ended on May 17, 2020. Thus limited liability companies, joint stock companies and cooperatives must approve the regular annual financial statements as of December 31, 2019 by August 17, 2020 at the latest.

For the AUDITOR-Team

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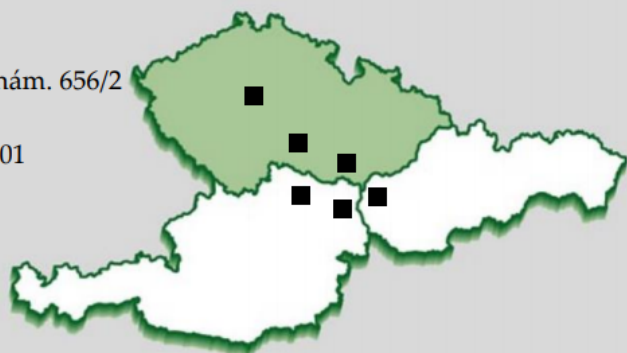
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