

TAX FLASH

Dear business friends,

We would like to inform you about the current legislative changes:

1. Deferring the Payment for Employer's Social Insurance

In accordance with Act No 255/2020 on the Decrease of the Penalty on Social Security Payments published in the Journal of Laws on 27 May 2020, the employers can:

Defer the payment of employer's social insurance, i.e. payment in the amount of 24,8% for the months of May, June and July, provided that:

- All payments will be paid no later than 20 October 2020
- The employer will pay the employee's payments orderly and on an ongoing basis
- The employer will pay health insurance contributions duly

However, employers must pay a reduced penalty of 4% per annum for this option, that is, approx. 1% per quarter. However, for the purposes of the confirmation of the state of commitments of the employer, the penalty and the debt on the payment will not be deemed neither as a "debt on the payment" nor as a "penalty".

2. The News That Have Recently Been Introduced and Approved by the Government and the Laws That Are Being Prepared For Discussion In the Expedited Emergency Legislation Approval Process:

a) **Antivirus C - pardon of the social security payment in an amount of 24,8% for the months of June, July and August applicable to companies employing up to 50 employees.**

The draft law "on the pardon to pay social security payment and contribution fee for state employment policy paid by some employers deemed as payers in connection with the emergency measures applied during the 2020 pandemic" determines the conditions for the pardon to pay the payments in the following way:

- The number of employees (included in the sickness insurance scheme) in the last day of the calendar month does not exceed **50**.
- The number of employees in an employment relationship (included in the sickness insurance scheme) at the last day of the given month is not lower than 10% compared to March 2020.
- The sum of the base assessments (the volume of the wages), for the insurance payment for particular month is not more than 10% lower compared to March 2020.

- The maximum pardon assessment base is set at 1.5 times the average salary, i.e. at CZK 52,252.50 (CZK 1.5 x 34,835).
- The monthly savings of the employer on the payments for one employee will amount CZK 12,958.62 (24.8% out of 52,252.50), i.e. a maximum of CZK 647,931 for 50 employees.
- In the month when the employer applies the Antivirus C, the employer is not entitled to apply for support from Antivirus B (such as partial unemployment support).

We will keep you informed about the situation concerning this law and its amendments.

- b) The Prolongation of the Antivirus B Program until 31 August 2020** was approved by the government of the Czech Republic on the basis of the adopted Resolution No. 581 of 25 May 2020.
- c) The postponement of the "EET" (electronic records of sales) until the end of 2020** was approved by the Chamber of Deputies on Tuesday 26 May 2020. Both entities, which were accounted in the first two waves, i.e. wholesale, retail, catering and accommodation, and entities that were initially supposed to start with the registration of sales on 1 May 2020, will begin to register their sales from 1 January 2021. Entities that opt for the voluntary use of the records of sales can continue doing so.

Should you have any questions, don't hesitate to contact our office, we would be glad to assist you.

Best regards

Your HLB PROXY-Team

29 May 2020