

TAX FLASH

Dear business partners,

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

1. NEW TAX RELIEVES FOR TAXPAYERS WHOSE BUSINESS HAS BEEN RESTRICTED BY GOVERNMENTAL REGULATION

Entrepreneurs and self-employed persons, whose dominant business activity categorizes them into one of the listed fields of business, may postpone all payments of VAT, income tax and road tax until 31 December 2020. Nevertheless, these persons have a duty to notify the financial authority that they fulfil the conditions of the general pardon as announced by the Minister of Finance in a Financial Bulletin, Issue 22/2020 published on 14 October 2020. It is sufficient to send the notification by e-mail.

The deferral of tax obligations to entrepreneurs whose activities were directly restricted by the government decree includes the following activities:

- running of restaurant facilities and bars,
- running of music clubs, dance clubs, games clubs and similar social clubs and discos.
- organization of concerts and other musical, theatre or film performances,
- organization of wedding parties, celebrations of entering into a registered partnership and funeral receptions,
- conducting circuses and variety shows,
- organization of fairs and similar traditional events,
- organization of congresses and other educational events,
- organization of trade fairs,
- running of indoor sports grounds, gyms and fitness centers, indoor swimming pools, wellness facilities,
- running of Zoos and botanic gardens,
- running and management of museums, galleries, exhibition spaces, castles, chateaus and similar historical or cultural objects, astronomical observatories and planetariums.

Default interest on late payment of Value Added Tax for the periods of September, October and November 2020 or for the third quarter of 2020 will be waived if the tax is paid by 31 December 2020. In addition, road tax advances due within a period of 2020 and income tax advances due in the period from 15 October 2020 to 15 December 2020 will also be waived.

Further, the validity of certain emergency measures of the previous liberalization packages will be extended. In particular, the extension will concern the blanket waiver of the administrative fee for submitting applications to a financial or customs authority. It concerns the submission of applications for the waiver of default interest and interest on the deferred amount, requests for remission of fines for not submitting the control statement, certificates of solvency or refund of taxes on imports and remission of duty underpaid.

2. EMERGENCY ATTENDANCE ALLOWANCE

In brief, we would like to inform you that draft law on emergency attendance allowance is currently being discussed in an accelerated legislative regime.

Thus, many parents will be entitled to attendance allowance on the basis of the emergency measure of closure of the first grade of primary schools, which occurred on 14 October 2020. After the completion of the legislative process, an application form for attendance allowance will be available on the CSSZ.cz website (Social Security Administration), which the parent will then submit to his employer.

An employee who is unable to perform work due to the care for a child under 10 years of age or a person dependent on the care of another person (1st degree of dependence at least), is entitled to attendance allowance for the entire duration of school closure or when the family is under a quarantine order. Employees who are contracted under the work agreement contract or work activity contract will also be entitled to attendance allowance if they fulfil the above stated conditions. The attendance allowance will constitute 60 % of the daily assessment base with a minimum of CZK 400 per day. One parent at the time is entitled to use the attendance allowance. Parents can alternate in the care on daily basis.

The proposal also includes attendance allowance for self-employed persons in the amount of CZK 400 per day for the period of school closure.

3. EXTENSION OF "ANTIVIRUS A" PROGRAM and A NEW "ANTIVIRUS A+" PROGRAM

In the coming days, the proposal to extend the ANTIVIRUS A program until the end of 2020 should be approved.

Newly, an ANTIVIRUS A+ Program is being established. The program is aimed to support the enterprises with a forced restricted business. Until now, on the basis of the ANTIVIRUS A program, the employer was entitled to 80 % of the cost of compensation of wages up to the maximum limit of CZK 39,000 per one employee. For the period from 1 October until the end of this year, the employer will newly be entitled for a 100% compensation of employee's wages. The maximum limit per employee will be increased to CZK 50,000.

As for compensation of wages for employees in quarantine, in such cases the compensation will be paid only in the amount of 80% per employee in quarantine.

ANTIVIRUS B program contributing to the compensation of employees' wages in enterprises affected indirectly by the "COVID" crisis will, so far, remain unchanged and valid until the end of October this year. ANTIVIRUS C program, which guaranteed exemptions from compulsory social insurance contributions paid for employers from June to August, has also not yet been extended. We will keep you informed on any changes or updates relating to these matters.

4. IN BRIEF

The government approved the renewal of the compensation bonus in the amount of CZK 500 for each day of immediate ban or restriction in conducting a business as a result of government-mandated restrictions for self-employed persons and partners of small-sized

Ltd. companies for the period of the declared state of emergency, which has been declared since 5 October 2020. The condition for drawing the compensation bonus is the predominant activity in the industry, which was closed due to government restrictions. For the assessment of the entitlement for the claim, the dominant source of livelihood for the decisive period from June to the end of September of 2020 will be assessed. The overlapping with employment will no longer be reviewed. The proposal is now being discussed in an accelerated legislative process.

The parliament also discusses a proposal for a postponement of the introduction of the electronic record of sales to 1 January 2023. The postponement shall concern all 4 stages of the electronic record of sales. Entrepreneurs will continue to have the possibility of a voluntary electronic record of sales.

On 16 October 2020, the Ministry of Industry and Trade, published on its website a second call for applications for a subsidy in COVID-Rent program. Applications may be submitted from 21 October 2020 to 21 January 2021. The program is intended for entrepreneurs who, due to emergency measures, had to temporarily close establishments for retail activities and interrupt the provision of services to customers in these establishments. For more information on applications, please visit the following link: <https://www.mpo.cz/cz/podnikani/zivnostenske-podnikani/covid-19-najemne--255305/>.

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

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