

RELIEFS AND COMPENSATION FOR SELF- EMPLOYED TO ALLEVIATE THE EFFECTS OF THE EPIDEMIC

Situation at 29 May 2020, 20:00 (wil be continuously updated)

1. Tax reliefs

- a) General waiver of fines and interest for late payment of income tax when filing the return and payment of the personal income tax return by 1 July 2020.
- b) General waiver of fines for late submission of the control statement between 1 March and 31 July 2020.
- c) General waiver of the administrative fee for filing applications for remission of interest on late payment or deferment of the amount and applications for remission of a fine for failure to submit a control statement, for applications submitted by 31 July 2020.
- d) Remission of the June advance payment for personal income tax return.
- e) Introduction of the institute of retroactive application of the tax loss that will be incurred in 2020. This can be applied retroactively in the tax return for 2019, respectively 2018.
- f) Suspension of the EET obligation for entities in all phases of the EET, during the period of emergency state (as of 12 March 2020) and the following three months.

Measures (a) to (c) have already been accepted by issuing a guideline and decision in Financial Bulletin No 4/2020. Measure (d) should be adopted by another guideline. Measure (e) is not yet in a legislative form. Measure (f) is already regulated by law.

This amendment is already regulated by law.

2. Health insurance

- a) Summary - according to the government Act on Public Health Insurance, self-employed persons are obliged to submit an overview on the health insurance for the year 2019 by 3 August 2020 at the latest.

- b) The minimum advance on insurance premiums for the period from 1 March to 31 August 2020 is not paid- this is an amount of CZK 2,353,

c) self-employed persons with advance payments higher than the minimum will be obliged to pay only the difference between the amount of the advance on the insurance premium and the minimum advance; and it is possible to pay this difference only in the form of a supplementary premium (i.e. no later than 8 days after the day in which the overview for 2020 was or should have been submitted).


d) Across the board waiver of penalties that are an accessory of premiums or advances for the period from 1 March to 31 August 2020, namely the remission of the penalty calculated until 22 September 2020 (the penalty will only be calculated from 22 September 2020).

e) For self-employed persons who have already paid their advances for March 2020, such payments will be regarded as a prepayment for September. This amendment is already regulated by law.

3. Pension insurance

On 23 March 2020, the Government approved the proposal of the Ministry of Labour and Social Affairs to waive the minimum mandatory payments for pension insurance for the period from 1 March to 31 August 2020 for all self-employed persons (main and secondary gainful activities):

- a) This period will continue to count towards Pension insurance (this will be the so-called excluded period).
- b) Self-employed persons who pay minimum advances are fully forgiven for compulsory pension insurance payments. This is CZK 2,544 for self-employed persons (main gainful activity) and CZK 1,018 for self-employed persons for whom the self-employment is a secondary gainful activity.
- c) Self-employed persons paying more than the minimum advance payment from 1 March to



31 August 2020 will not have to pay the entire prescribed advance payment. In the next year's annual accounts, they will pay back the difference between the minimum advance and what they were supposed to pay.

d) For self-employed persons who have already paid their advances for the period of March 2020, such payments will be regarded as a prepayment for September if the law is approved.

This amendment is already regulated by law.

4. Nursing allowance even for self-employed persons

These are similar rules as for the nursing allowance of employees. The difference is that nursing allowance for employees is provided by the Czech Social Security Administration (CSSZ). Nursing allowance for self-employed is provided by the Ministry of Industry and Trade.

Period from 12 March to 31 March 2020

On 19 March 2020, the Government approved a proposal that self-employed persons who are currently at home to provide care for children under the age of 13 or for the care of a disabled person should be entitled to a financial contribution of CZK 424 per day even retrospectively for the entire duration of the emergency measures.

This allowance will also be available for those providing care for an adult member of the household who needs assistance. This type of care must be confirmed by a doctor.

This measure takes the form of a subsidy. On 1 April 2020, the Ministry of Industry and Trade (MPO) published on its website the application and specific conditions of the subsidy program for the period from 12 March to 31 March 2020.

From 1 April 2020 it is possible to submit individual applications ideally directly to the MPO.

Period from 1 April to 30 June 2020

The Nursing allowance for self-employed persons programme has been extended. From 1 May 2020 it is possible to apply for nursing allowance for April 2020. The financial contribution has been increased to CZK 500 per day.

<https://www.mpo.cz/cz/podnikani/zivnostenske-podnikani/osetrovne-pro-osvc---vyzva-i--253750/>

The condition for receiving the financial contribution will be that another family member does not receive the nursing allowance. Other conditions (proven by affidavit):

- ▶ at the time of submitting the application and for the whole period of drawing the subsidy the applicant must be a self-employed person (main gainful activity);
- ▶ the applicant is registered with the tax office as an income tax payer;
- ▶ the applicant must be an SME.

This subsidy is exempt from income tax in 2020.

5. Direct support - compensation bonus of CZK 500 per calendar day in the so-called bonus period from 12 March 2020 to 30 April 2020

On 21 April, the government proposed a law extending this bonus period from May 1 to June 8. This programme will be administered by the locally competent tax office as a "compensation bonus" and will be managed as a tax under the Tax Code. (By imposing a compensatory bonus we create so-called "refundable overpayment", which will be paid to self-employed person)

A self-employed person will be eligible for this support if he/she applies for it and declares in an affidavit that several basic requirements have been met:

- ▶ The applicant is a self-employed person according to the law governing pension insurance
- ▶ Self-employed person do not participate in sickness insurance as an employee,
- ▶ The self-employed person could not, during the period for which he/she is applying, to perform its activity, wholly or in part, in particular as a result of health or emergency measures (i.e. in particular due to closure or services, restriction or termination of supplies or services necessary for the performance of the activity).

Applications will be accepted by post and electronically as soon as the Act becomes effective, i.e. on the day following its publication in the Collection of Acts. There is no binding form, but the recommended form should be published in the coming days.

The compensation bonus is neither subject to tax



nor to social and health insurance.

Detailed information can be found at:
https://www.financnisprava.cz/cs/financni-sprava/media-a-verejnost/nouzovy-stav/kompenzace-osvc/Zakladni_informace

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