

Extension of Compensation Package for Employers

Dear clients

We would like to inform you that in order to protect the employment in time of spreading the COVID-19 epidemic, further emergency measures were adopted by the Government of the Czech Republic yesterday (i.e. on 23 March 2020). These measures, among others, are consisting in extension of the Compensation Package for Employers. This "Compensation Package" is a state financial support to employers that have to incur costs of paying wages to employees even when their business is significantly affected by the impact of governmental measures adopted in connection with the declared state of emergency. Please find an overview of the three new compensatory measures adopted.

If the reason for the obstacle to work on the employer's side is "**Reduced demand for services, articles and other products of the company**", **the amount of wage compensation provided by the employer is at least 60%** of the employee's average earnings and **the amount of the state contribution is 50% of the wage compensation provided by the employer.**

If the reason for the obstacle to work on the employer's side is "**Childcare or Quarantine Ordered to a significant part of employees (at least 30% of employees)**", **the amount of wage compensation provided by the employer is 100%** of the employee's average earnings and **the amount of the state contribution is 80% of the wage compensation provided by the employer.**

If the reason for the obstacle to work on the employer's side is "**Limitation of the availability of inputs, i.e. material, products and services which are necessary for its activities**", **the amount of wage compensation provided by the employer is 80%** of the employee's average earnings and **the amount of the state contribution is 50% of the wage compensation provided by the employer.**

Please note that the above-mentioned compensatory measures complemented the measures already adopted as of 19 March 2020 which, for clarity, are summarized below:

If the reason for the obstacle to work on the employee's side is "**Quarantine ordered to an employee**", **the amount of wage compensation provided by the employer is 60%** of the employee's average assessment base and **the amount of the state contribution is 100% of the wage compensation provided by the employer.**

If the reason for the obstacle to work on the employer's side is "**Inability to assign work due to enterprise closure as a result of adopted emergency measures**" (an obstacle under Section 208 of the Labor Code), **the amount of wage compensation provided by the employer is 100%** of the employee's average assessment base and **the amount of the state contribution is 80% of the wage compensation provided by the employer for 10 days period.**

The state contributions shall be provided to employers on the basis of an agreement concluded with the respective Labor Office of the Czech Republic retroactively. Employers shall apply for contributions for March at the beginning of April.

The Ministry of Labor and Social Affairs shall prepare and adopt a methodology for claiming and paying the above-mentioned contributions by the end of this week, as well as a sixth compensatory measure under which the state shall pay a positive incentive bonus to employers who are operating fully, despite of the difficult situation.

If you have any questions regarding the state compensation in the area of employment or regarding other measures that an employer can use in the current difficult situation, please do not hesitate to contact us.

More specifically, please contact our attorney-at-law, Lenka Droscová, who specializes in labor law.

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Covid-19 Legal Alert

Especially in difficult situations we stand by our clients 100%. Across Europe and with full power. Together with you, we develop the fastest and best defence against the serious economic consequences of the Corona Pandemic. Together with you, we seek the opportunities that arise from this.

Keep yourself regularly informed in our new act legal **COVID-19 Legal Blog** - with essential information and legal updates for companies - Europe-wide.

We are available 24/7. Our IT is crisis-proof. We stabilize your company.

We help you!