

RANDA HAVEL ■ LEGAL

Compensation Package for Employers adopted by the Government of the Czech Republic

Government of the Czech Republic yesterday (i.e. on 31 March 2020) adopted the new modified Compensation package for employers (“Antivirus Programme”) which we have previously reported. For the sake of clarity, the Government has combined the previously published compensatory measures into two (2) compensatory measures, i.e. regimes A and B listed below.

Under the A regime the state will provide employers with a contribution in **the amount of 80% of the wage compensation provided to an employee, including social and health insurance contributions**, if the reason for the obstacle to work is

- on the employee’s side **“Quarantine ordered to an employee”** (an obstacle under Section 191 of the Labour Code), whereas **the amount of wage compensation provided by the employer is 60%** of the employee’s average assessment base; or
- on the employer’s side **“Inability to assign work due to enterprise closure as a result of adopted emergency measures”** (an obstacle under Section 208 of the Labour Code), whereas **the amount of wage compensation provided by the employer is 100%** of the employee’s average earnings.

The maximum amount of the contribution is derived from the current average supergross wage including social and health insurance contributions, and in this case amounts to approximately CZK 39,000.

Under the B regime the state will provide employers with a contribution in **the amount of 60% of the wage compensation provided to an employee, including social and health insurance contributions**, if the reason for the obstacle to work is on the employer’s side

- **“Childcare or Quarantine Ordered to a significant part of employees, i.e. at least to 30% of employees”** (an obstacle under Section 208 of the Labour Code), whereas the amount of wage compensation provided by the employer is 100% of the employee’s average earnings; or
- **“Limitation of the availability of inputs, i.e. material, products and services which are necessary for its activities”** (an obstacle under Section 207 of the Labour Code), whereof **the amount of wage compensation provided by the employer is 80%** of the employee’s average earnings; or
- **“Reduced demand for services, articles and other products of the company”** (an obstacle under Section 209 of the Labour Code), whereas **the amount of wage compensation provided by the employer is at least 60%** of the employee’s average earnings.

The maximum amount of the contribution in this case is approximately CZK 29,000.

The conditions for obtaining the above contributions are as follows:

- the employer operates in the business sphere;
- the employer strictly complies with the Labour Code;•the employees are in an employment relationship and participate in sickness and pension insurance;
- the employees have not been served with a termination notice and are not in the notice period as of the accounting date (with the exception of termination pursuant to Section 52 (g) and (h) of the Labour Code); and
- the employer pays the wages and social and health insurance contributions.

For the sake of completeness, we add that the contributions will also apply to agency workers, provided that the employment relationship with the employment agency was entered into before the day of the declaration of a state of emergency (i.e. 12 March 2020) and lasts for the entire duration of the Antivirus Programme.

The above contributions shall be provided to employers on the basis of an agreement concluded with the respective Labour Office of the Czech Republic retroactively. Employers shall be entitled to submit their applications for the contributions for March from 6 April 2020 (the expected launch date of the web application). All necessary operations between the employer and the labour office will be carried out remotely in electronic form.

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 specialises in labour law.

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