



Legal Alert

20 January 2021

Weinhold Legal

Ministry of Industry and Trade's third invitation under the „COVID – Rent“ Program

Purpose of the program

On 15 January 2021, the Ministry of Industry and Trade („ministry“) released its third invitation under the COVID – Rent Program. It will be possible to apply from 9:00 on 22 January 2021. The purpose of the program is to provide help through a partial payment of rent, especially for those businesses who have had to temporarily close premises used for small-business activities – sales or provision of services to customers (consumers) due to the Government crisis measures.

Basics of the program

- ▶ the program was prepared and will be administered by the Ministry;
- ▶ a total of 3 billion CZK has been approved for this program
- ▶ applications can be submitted from 9:00 on 22 January 2021 to 22 March 2021;
- ▶ the aid will be provided for the period of October, November, and December 2020 („Decisive Period“), while the relevant rent is the total amount of rent for these months („Decisive Rent“);
- ▶ applications will be submitted through the Agenda information system (AIS) of the ministry.

Subjects qualified for the aid

Those entitled to apply for the aid and receive it have to meet the following cumulative conditions:

- ▶ it is an entrepreneur (individual or legal entity) who carries out business based on Trade Licensing Act or another legal regulation;
 - the applicant used business premises based on an existing lease agreement valid and effective in the Decisive Period and that the lease agreement was valid

and effective before 1 October 2020;

- ▶ based on Government Decree No. 1376 of 23 December 2020, the applicant was prohibited from small-business activities in the business premises - the sale of goods or the provision of services to customers on business premises
 - if the entrepreneur was not prohibited from such activities, they may be eligible for the aid if their activity falls within the exceptions set out in points I. 1. a) to I. 1. af) of Decree No. 1376 of 23 December 2020, and at the same time their sales of goods or services during the Decisive Period decreased by at least 66 % compared to the same period in 2019 as a result of the approved crisis measures;
- ▶ the applicant has paid at least 50% of the Decisive Rent before submitting the application
 - a rent discount from the landlord is not required;
- ▶ the applicant is not in arrears with the payment of their obligations towards selected public institutions and towards the providers of aid from projects co-financed by the European Union budget, due before 30 September 2020; and
- ▶ the applicant is not in liquidation, and court or administrative authorities did not issue a resolution to order judgment execution on its property or did not order execution of its property.

The amount of aid

- ▶ the amount claimed amounts to a maximum of 50% of the Decisive Rent for the Decisive Period up to a maximum of 10.000.000 CZK for all of the business premises of the entrepreneur
 - for this purpose, the aids granted in individual invitations of the COVID – Rent program are not added up;
- ▶ the aid's applied for does not take the recipient's total aid grants beyond the limit specified in point 3.1 of the Temporary framework of the European Commission for a single aid recipients (being an undertaking or a group of undertakings), i.e. up to 800,000 EUR

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- for this purpose, aid granted in individual invitations of the COVID – Rent Program are added up.

Differences from previous rounds

- ▶ if the applicant submitted a successful application in the second invitation of the COVID - Rent Program, the AIS of the ministry will offer to import the applicant's data from the prior application, including data about the relevant business premises;
- ▶ the statutory declaration no longer has to be legally verified; and
- ▶ the so-called affinity of persons, close persons, controlling and controlled persons, concerted practices, significant influence, or a consolidation unit are not an obstacle to submitting an application. The only condition in this regard is that the natural person of the tenant and the landlord must not be the same.

In addition to the above conditions, the following should be noted:

- ▶ in respect of payment of the usual amount of rent for at least two consecutive months from the period of 1 July 2019 to 30 September 2020:
 - if the lease agreement was concluded after 31 July 2020, a document on the payment of rent for the period from the conclusion of the lease agreement to 30 September will be attached;
- ▶ payment of a part of the decisive rent for the given business premise at least in the amount of the requested aid is required; and
- ▶ the applicants whose business premises were not closed and show a decrease in sales must document a decrease in sales of the business premise in question for the decisive period of at least 66% compared to the same period of 2019, verified by a certified accountant, certified tax advisor or certified auditor.

In conclusion, it needs to be reminded that even in this case, the

applicant must waive further compensation from the state in connection with the eligible expenses under this invitation, otherwise there is no legal right to support.

The information contained in this bulletin is presented to the best of our knowledge and belief at the time of going to press. However, specific information related to the topics covered in this bulletin should be consulted before any decision is made. The information contained in this bulletin should not be construed as an exhaustive description of the relevant issues and any possible consequences, and should not be fully relied on in any decision-making processes or treated as a substitute for specific legal advice, which would be relevant to particular circumstances. Neither Weinhold Legal, v.o.s. advokátní kancelář nor any individual lawyer listed as an author of the information accepts any responsibility for any detriment which may arise from reliance on information published here. Furthermore, it should be noted that there may be various legal opinions on some of the issues raised in this bulletin due to the ambiguity of the relevant provisions and an interpretation other than the one we give us may prevail in the future.

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