



Legal Alert

12 January 2021

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Program COVID - Gastro – Closed business premises

Purpose of the program

The Government approved on 4 January an amendment and broadening of the program COVID – Gastro – Closed business premises, which aims to lessen the negative impact of the Government's anti-COVID-19 pandemic measures on businesses in the Czech Republic and to provide financial support for affected businesses.

Basics of the program

- ▶ The program was prepared and will be administered by the Ministry of Industry and Trade (“**Ministry**”);
- ▶ The program provides compensation for businesses, in particular restaurants, catering, personal cable cars and ski tows, retail stores, film screeners conference organisers, other forms of education, sport, entertainment and recreational businesses and personal services;
- ▶ the invitation for the acceptance of applications for support were declared on 15 January 2021 and 2,5 billion CZK approved for this program;
- ▶ during the first invitation, the aid will be provided for the period from 14 October 2020 to 10 January 2021;
- ▶ applications will be submitted through Agenda information system (AIS) of the Ministry.

Subjects qualified for the aid

Eligible businesses need to meet the following cumulative conditions:

- ▶ businesses (individuals or legal entities), who perform conduct of business based on the Trade Licensing Act
 - the final list of qualified sectors will be specified in

the Ministry's invitation;

- ▶ the business was directly restricted due to the approved crisis measures from 14 October 2020;
 - as a result of these restrictions their sales decreased and therefore their liquidity;
- ▶ the business has full-time employees or so called “coworking self-employed person”;
- ▶ at the time of applying, the business does not have arrears after the due period linked with the state budget, state funds, budget of territorial self-governing units or with an insurance company;
- ▶ the business was not an unreliable taxpayer or unreliable person according to Act No. 235/2004 Coll., on Income Tax.

The purpose and amount of aid

- ▶ the purpose is to compensate expenses incurred in the operation and maintaining of the business, especially personal expenses, expenses on material, services (including e.g., leasing), depreciation, taxes and fees, instalments, overhead expenses;
- ▶ the amount is determined as 400 CZK for every full-time employee and permanently coworking self-employed person a day, for which the business was restricted due to the governmental measures;
 - the number of days is determined by the period between 14 October 2020 and 10 January for which the governmental measures applied;
 - for part-time employees and employees with shortened employment, the applicant will take into account a respective coefficient as a recalculation for full-time employment;
 - this includes employees for whom the social security premium was paid for October 2020;

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this does not include employees in sectors, which were supported through programs COVID – Culture, COVID – accommodations and COVID – Sport.

- ▶ the aid's amount is limited by the amount of unspent limit according to the point 3.1 of the Temporary framework of the European Commission for a single aid recipient (undertaking or a group of undertakings), thus by the amount of 800 thousand EUR in total for the last year and this year;
- ▶ allegedly, the support under this program may be combined certain other support programs (Antivirus + Covid Rent II) ([here](#)), however we believe that a conflict with the program Antivirus would be possible in such case.

Besides the conditions mentioned above, a statutory declaration is also a part of the application, where the applicant has to among other things declare that:

- ▶ they did not interrupt the conduct of trade, or it was not suspended or did not interrupt the conduct of business based on a legal act other than Trade Licensing Act;
- ▶ it was not decided about his bankruptcy; court or administrative authorities did not issue a resolution to order judgment execution on his property or did not order execution of his property and subject is not in liquidation;
- ▶ the business gives up other compensation from the state in connection **with the restriction of businesses due to the governmental crisis measures for the period, for which it applies for aid under this program**; and
- ▶ the business will not cease within three months of receipt of the support.

Finally, it is necessary to point out that there is no legal entitlement for this subsidy.

For further information please visit [this website](#).

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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