



SK Legal Alert

February 2021

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State subsidies during the Coronavirus pandemic second wave

In our previous LA, we informed you about the program „Prvá pomoc+“ (First Aid +) as well as about the introduction of financial support for tourism and rental subsidy during the second wave of COVID-19. The conditions for drawing of the subsidies have been amended which will be summarized in this alert.

Tourism support

Additional information regarding the amount of the contribution, its calculation, the mechanism for its provision and the receiver's obligations were on the Slovak Ministry of Transport and Construction website (<https://www.mindop.sk/cestovnyruch>)

Qualifying recipients

Receivers of the support may be enterprises which have been directly affected by measures adopted by the competent authorities in connection with the coronavirus pandemic and which have been obliged to close down or to exclude the presence of public at those establishments and which have recorded a decrease in net turnover exceeding 40% as a result of the government measures.

The enterprises must operate in the tourism sector. These include, for example, companies providing accommodation, restaurants, travel agencies, amusement parks, etc.

The receivers must meet in particular the following conditions:

- ▶ They have neither requested nor drawn EU funding or

any other funding from a public authority for the same purpose as the one under the support scheme;

- ▶ They have settled financial relations with the state budget;
- ▶ They are not in liquidation;
- ▶ There is no judgment being enforced against them;
- ▶ They are not subject to bankruptcy proceedings; they are not in bankruptcy or restructuring and a filing for bankruptcy has not been rejected against them due to lack of assets;
- ▶ They have not violated the ban of illegal employment in the previous three years;
- ▶ They do not have registered arrears on the social and health insurance premiums and they are not in default with instalments or have an approved repayment schedule;
- ▶ They are not legally prohibited from receiving subsidies, from receiving assistance and financial support from European Union funds and from participation in public procurement.

Support calculation

Three variables are needed for the calculation of the amount of the support. These are:

- ▶ net turnover for a specific month of the eligible period for which the application is being submitted (M0),
- ▶ net turnover for its reference month (M1) and
- ▶ the eligible fixed cost ratio.

The reference month is defined as the same month in 2019. If the net turnover in the reference month cannot be determined, special rules set out in the call for support will be applied. The eligible fixed cost ratio is 6% for travel offices (in Slovak: „cestovná kancelária“), 3.6% for travel agencies (in



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Slovak: "cestovná agentúra") and 10% for other establishments.

The following formula is used for calculation of the amount of the support:

$$\left(1 - \frac{M1}{M0}\right) \times \text{eligible fixed cost ratio} \times MO$$

As an illustration, we provide the following example:

- Receiver, who is a travel agency (in Slovak: "cestovná kancelária"), had a net turnover of EUR5,000 in the month for which he applies for the support, while his net turnover in the reference month was EUR12,000. The calculation of the amount of the support will be as follows:

$$\left(1 - \frac{5\,000}{12\,000}\right) \times 0,06 \times 12\,000 = 420$$

Mechanism of support provision

Application for the provision of the support is submitted via electronic form published on the websites www.mindop.sk and www.slovensko.sk. Upon its receipt the application is reviewed. If the application has formal deficiencies, the applicant will be asked to remove them within five days from the delivery of the call for removal of the formal deficiencies (unless otherwise specified in the call). The Ministry of Transport and Construction of the Slovak Republic shall decide on the approval of the state support within 30 days from the date of delivery of the application.

In connection with provision of the support it is important to point out to the following:

- ▶ The receiver is obliged to archive the documentation related to the use of the subsidy and to tolerate controls carried by authorized persons;
- ▶ The receiver against whom the recovery of state subsidy is claimed on the basis of the decision of the European Commission shall not be provided with support;
- ▶ Applications submitted after the deadline, incomplete applications, applications not containing the annexes, applications which formal deficiencies will not be removed after the call for their removal as well as applications containing untrue information will not be evaluated or will be excluded from the evaluation process;
- ▶ In case the information stated in the application is proved untrue, the controlling body will demand the repayment of the provided subsidy and the subsequent sanction;
- ▶ An untrue statement of facts stated in the affidavit has legal consequences under the Offences Act as well as criminal consequences.

Further information may be obtained at the Ministry of Transport and Construction at the e-mail address po-moc@mindop.sk or via telephone number +421 2 59494895.

Rental subsidy

Entrepreneurs affected by the second wave of the pandemic may again receive rental subsidies. The applications for rental subsidies may be submitted only for the period during which such businesses have been hindered .

Retail establishments and establishments providing services which have been restricted due to the adopted curfew measures may submit applications as follows: for the period from October 24, 2020 to November 8, 2020 or November 14, 2020, depending on the district in which the establishment is



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seated and for the period from December 19, 2020 to January 31, 2021.

Specific establishments, such as fitness centers, cinemas, theaters, educational facilities and operations in educational facilities may submit the application for the entire period from October 1, 2020 or October 15, 2020 (depending on the type of establishment) to 31 January 2021.

The application can be submitted either individually after the end of each month, or one aggregate application for all the concerned months may be submitted. However, it will not be possible to submit the application for February prior to the end of the month.

The application/s must be submitted **no later than on March 31, 2021**. It will not be possible to submit justified applications after this date. The correctly submitted application must be signed by both parties, the landlord and the tenant.

First Aid +

The government has approved an increase and extension of the program „Prvá pomoc +“ which will extend the aid disbursement period until June 30, 2021.

Disbursement should continue for as long as necessary and with the potential receivers being those, who started their business before February 1, 2021.

The minimal limit of compensation will increase from EUR270 to EUR330, while the highest possible compensation will be, compared to previous EUR820, EUR870 per month per employee or self-employed person.

We are carefully watching state activities for support of entrepreneurs affected by the government measures for prevention of spread of COVID-19. We will inform you in the event

of disclosure of further information in this respect .

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.

For further information, please contact the partner / manager you are usually connected to.



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