

Antivirus job-retention scheme in the second wave of COVID-19 pandemic (as of 27 October 2020)

Dear Clients and Partners,

As a reaction to the second wave of COVID-19 pandemic, the Czech government has again adopted certain restrictive measures. To offset these measures, the government has also adopted various support schemes, which we regularly inform you about in our newsletters. We would now like to provide you with an update on the Antivirus job-retention scheme, which, under slightly different terms, has been extended until the end of this year.

1. INTRODUCTION

The goal of Antivirus is to retain jobs when employees cannot work due to the COVID-19 pandemic by granting employers financial support covering the costs of salary compensation paid to employees. This support is currently granted, following an employer's application, under two different regimes specified below on the basis of an agreement which the respective employer enters into with the Employment Office and a monthly breakdown of salary compensation paid by the employer.

2. REGIME A

Regime A is intended for employers who are directly hit by the restrictive measures, i.e. their businesses are closed or restricted as a result of the measures, and therefore, their employees cannot work. Regime A also applies to employers whose employees cannot work because they are in mandatory quarantine. Regime A was originally supposed to last only until the end of October, however, the government's resolution from 14 October 2020 extended it until 31 December 2020.

Employees who cannot work due to a governmental restriction or ban are entitled to salary compensation of 100 % of their average earnings. Employers will be entitled to financial support amounting to 100 % of the costs spent on salary compensation paid to such employees.

Employees who have been ordered mandatory quarantine are entitled to salary compensation of 60 % of their average reduced earnings. Employers will be provided with a financial support covering 80 % of the respective costs.

Both types of support paid under Antivirus A regime are limited by a maximum monthly amount of CZK 50,000 per one employee.

3. REGIME B

Regime B covers situations foreseen by the Labour Code in which employees cannot work for their employers due to the customer-supplier chains being affected by the current situation as a result of the following:

- decrease in the demand for employer's products and services, during which employees are entitled to 60 to 100 % of their average earnings;
- shortage in materials required for employer's operations, during which employees are entitled to 80 % of their average earnings, or
- a significant number of employees being absent from work, for example due to taking care of a family member or due to mandatory quarantine, which results in the rest of the employees not being able to work either; in such a situation, these employees are entitled to 100 % of their average earnings.

Employers may receive financial support of up to 60 % of their actual costs spent on salary compensation paid in the cases specified above. The maximum monthly support per one employee under Antivirus Regime B is however limited to CZK 29,000.

The above-mentioned resolution of the Czech government also extended Antivirus Regime B until 31 December 2020.

4. FILING OF FINANCIAL BREAKDOWNS AND RELATED INFORMATION

A lot of employers already applied for support from Antivirus earlier this year and therefore, they are not obliged to enter into a new agreement with the Employment Office. However, they are still obliged to file a breakdown of salary compensation paid in the given calendar month. Please, pay increased attention to the main prerequisite for participation in Antivirus, i.e. prior payment of social security and public health insurance and national employment policy levies paid by the employer on behalf of itself and the employee calculated from the employee's assessment base. Employers who receive financial support before having made these payments must return the support received. If you want to be sure that you proceed correctly, we recommend first paying the salary compensation on your regular pay date, then paying the above statutory levies so that their full amount is credited to the respective Social Security Office's bank account before the 20th day of the calendar month (following the month for which the payments are made), and only then filing the breakdown of salary compensation with the respective office.

We also recommend paying attention to employers' statutory declarations filed together with the breakdowns, in particular verifying that all facts stated in the statutory declarations are accurate.

We hope that our newsletter provided you with useful information and we are ready to assist you to find the right solution for any situation you may encounter.

Your LTA team