

## TAX ALERT

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### TAX PACKAGE ANTIVIRUS C PROGRAM

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Dear clients and business partners,

We would like to inform you about the approved tax package supporting further anti-crisis measures and about so-called Antivirus C program. Both amendments to the laws were signed by the President and are waiting for their announcement in the Collection of Deeds.

#### TAX PACKAGE

- It will be possible to claim a **tax loss retrospectively**, even for the two last tax periods preceding the tax period in which the loss arose. Therefore, if a company reports a tax loss for the financial year 2020, it will be able to reduce its tax base retrospectively by this loss for the financial year of 2019 and 2018. It will be possible to claim the tax loss retrospectively in maximum amount of CZK 30 million.
- The amendment also introduces the possibility of retrospective application of the tax loss expected in the current financial year before its assessment (i.e. already during the current financial year for which it arises). If the final loss is lower than the expected and claimed tax loss, the taxpayer will be obliged to file an additional tax return, pay the tax and pay interest on arrears.
- The package also reduces **value added tax on accommodation services**, admission to cultural events and sporting events, admission to sports facilities and saunas. In all cases, the VAT rate is reduced to 10% from the current 15%.
- The package also gives municipalities the opportunity to reduce **real estate tax** in selected cases by a generally binding decree.
- **Road tax on vehicles** with a maximum permissible weight of more than 3.5 tons is reduced by 25%. The change has been applied retroactively since the beginning of 2020, which will also be reflected in a reduction in this year's tax advances.

## ANTIVIRUS C

- The Chamber of Deputies has definitively confirmed the amendment to the Social Insurance Act, which extends the existing Antivirus program with a new C regime. According to the amendment, payments of social security contributions for the months of June, July and August shall be waived. It will apply to companies with up to 50 employees. The bill waives that part of the social security premium paid by employers, i.e. 24.8% of the total income of their employees, for the months of June, July and August.
- To obtain the forgiveness of insurance premiums, it is necessary to meet three basic conditions:
  - Maximum of 50 employees who participate in sickness insurance.
  - The number of employees found in each of these three months is not decrease by more than 10% compared to the number of employees in March 2020.
  - Employers must pay at least 90% of wages as in March 2020.
- Compliance with these conditions will be assessed on a monthly basis. Employers are also required to pay employee premiums on time. In addition, in the relevant calendar month, they cannot draw funds from the Antivirus program in mode B.
- However, this relief does not mean a flat-rate waiver of premiums. It will apply only to social security charges from the assessment base up to the amount of CZK 52,253 per employee, i.e. 1.5 times the average wage. If, for example, the employee's assessment base for social security amounts to CZK 100,000, the premium will be paid from the amount of CZK 47,747 (CZK 100,000 - CZK 52,253).
- Furthermore, the insurance premium will be paid from the assessment base of the employee to whom the employer gave termination notice according to § 52 a) - c) of the Labor Code.

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