



---

## NEWSLETTER 18.6. 2020

Coronavirus – first aid legal guidebook (9)

Program COVID - RENT

**The Call for the program to support the entrepreneurs (tenants) affected by the global spread of the coronavirus pandemic COVID-19, the aim of which is a partial reimbursement of rent costs to affected entrepreneurs by the state, has been prepared by the Czech Ministry of Industry and Trade.**

**The total amount to be distributed is CZK 5 billion.**

## **PROGRAM COVID - RENT**

The program is intended **to support entrepreneurs** operating retail business activities or providing services to customers in business premises or a part thereof, which they use **on the basis of a lease agreement**, and who **were banned from selling goods or providing services at these business premises** as a result of the extraordinary measures adopted by the Government of the Czech Republic.

**The relevant period** for the support is from **1<sup>st</sup> April to 30<sup>th</sup> June 2020**.

**As the relevant rent** is considered the total aggregate amount of the rent for the entire relevant period, and that in the amount before the discount provided by the landlord to the tenant (see below), determined by the relevant lease agreement and relating to the business premises. If VAT is charged on the rent and the support applicant is also a VAT payer, **VAT is not an eligible expenditure** and no support can be drawn on it. If a fixed amount of the rent is not determined (e.g. in case of a so-called turnover rent), **only the basic rent** without a turnover component for the relevant period is an eligible expenditure.

**The applicant has to meet in particular the following conditions:**

- is a natural person – an entrepreneur, or a legal entity,
- carries out business activities on the basis of the Trade Licence Act or in a similar way (for example, the applicant may not be the landlord of the business premises),
- uses the business premises **on the basis of a lease agreement** (i.e. he may not be the owner) **concluded and effective before 13/3/2020,**
- as a result of the extraordinary measures, the applicant **was prohibited from retailing goods or providing services to customers** in the business premises, for at least a part of the period from 13/3/2020 to 30/6/2020,
- **is not a related person with the landlord of the business premises** (i.e. the tenant and the landlord may not be (i) close persons according to the Czech Civil Code, (ii) in a relationship of a controlling entity and its controlled entity or (iv) persons acting in concert pursuant to the Czech Business Corporations Act, (v) nor persons under a relationship within which one of them perform on the other one a significant influence or (vi) persons being part of one consolidation entity pursuant to the Accounting Act),

- **is not in arrears with payment** of any of its obligations to the authorities (such as the Tax Authority, Czech Social Security Authority, health insurance companies, municipalities and others) nor to providers of support from projects co-financed by the EU budget.

**Conditions to be met for granting the support:**

- **the landlord shall provide the tenant with a discount of at least 30 % of the relevant rent** (an agreement concerning the discount may be concluded as a separate agreement or as an amendment to the lease agreement),
- **the tenant shall pay at least 50% of the relevant rent.** If the payment of the rent was postponed on the basis of the new Act No. 210/2020 Coll., on certain measures to mitigate the effects of the SARS CoV-2 coronavirus epidemic on the tenants of business premises, or by an agreement between the tenant and the landlord, the above mentioned condition of payment of at least 50 % of the relevant rent shall be considered to be met if this amount is paid no later than on the day before submitting the support application.

### **Form and amount of the support**

The support shall be provided **in the form of a subsidy for the relevant rent**, on the basis of a decision on provision of the subsidy issued by the Ministry of Industry and Trade.

**The amount of the support will be 50% of the relevant rent.**

### **Other program conditions:**

- the applicant is entitled to submit only one application for the same business premises,
- the eligible expenses, when recalculated for one month of the relevant period, may not exceed the amount of the original monthly rent before 13/3/2020,

- if the original rent was set in a different currency than in CZK, the exchange rate of this other currency against CZK announced by the Czech National Bank on the date of issue of the tax document for payment of the relevant rent (or the average value of the exchange rates of this other currency against CZK announced by the Czech National Bank as of the date of issue of individual tax documents, if the relevant rent is charged for individual months) shall be used to determine its amount in CZK,
- the beneficiary of the support is obliged to keep all documentation related to his participation in the program (especially the lease agreement, including all its amendments) for a period of 10 years from the date of issuance of the decision on subsidy,
- **the support shall be provided** as of the announcement of this Call by the Ministry of Industry and Trade **until 31<sup>st</sup> December 2020**.

### **The Application:**

- the application should include all information in accordance with the Act on Budgetary Rules (Sec. 14 (3) of Act No. 218/2000 Coll.), in particular: (business) name, registered office and identification number of the applicant, the bank account of the applicant, the required amount of the support, the purpose for which the subsidy shall be used, in case the applicant is a legal entity also information on identification of the following persons:
  - (i) persons acting on behalf of the applicant, with the information whether they are acting as its statutory body or on the basis of a power of attorney,
  - (ii) persons with a share in the applicant,
  - (iii) persons (entities) in which the applicant owns a share and the amount of that share
- information regarding the identification of the business premises for which the support is requested.

**Statutory annexes to the application are:**

- an affidavit of the support beneficiary in which he declares that all the information provided by him is true (the affidavit will be a part of the electronic application),
- an affidavit of the landlord with his verified signature regarding the existence and details of the lease agreement (the affidavit will also be a part of the electronic application),
- a document confirming the payment of the rent for January and February 2020 (or payment of the rent for October, November, December 2019, if the due date of the rent for January and February 2020 has not expired yet, and if the lease agreement was concluded after 31<sup>st</sup> January 2020, then proof of the payment of a proportional part of the rent by 13<sup>th</sup> March 2020),
- a document confirming the payment of a part of the relevant rent for the business premises in the amount of at least 50%.

**The application may be submitted from 26<sup>th</sup> June 2020 to 30<sup>th</sup> September 2020 to the Ministry of Industry and Trade via the AIS MIT information system.**

If mistakes are identified in the application during its formal evaluation, the applicant will be asked to remove them. It will be possible to remove the mistake only twice in the same matter and the deadline for the mistakes removal will be 14 calendar days from the date of the delivery of the request for their removal. The Ministry of Industry and Trade is entitled at any time during the proceedings to ask the applicant to provide documents or data necessary for issuance of the decision on support granting.

It is not possible to submit an appeal against a decision on support granting or a resolution on proceedings discontinuance or a decision on application rejection.

**There is no legal claim to receive the support under this program.**

We hope the above summary will ease your orientation in the new legislation. We are available for any of your additional requests or information or legal assistance in this area.

Editor: JUDr. Magda Stárková, advocate, e-mail: [starkova@akvk.cz](mailto:starkova@akvk.cz)

---

Our newsletters are prepared in order to provide general guidance on relevant matters and cannot be considered as exhaustive professional advice. We are not able and cannot address any specific circumstances or needs in this newsletter. We do not recommend acting upon the information contained therein without obtaining independent professional advice, which we will be glad to provide at your request. No representation or warranty is given as to the accuracy or completeness of the information contained in this publication.