



TPA Newsletter, Special Edition 3/2020

Questions and answers in connection with coronavirus no. 3

21 Is it possible to work from home during quarantine? Is it possible to work whilst caring for a child?

Yes, if the employee's health (or situation concerning childcare) does not preclude this, it is possible for the employee to agree with the employer to work at home. In such a case it applies that, if salary (pay) is due to the employee for performed work, the employee is not entitled to compensation of salary (during the first 14 days of quarantine) or sickness benefit (in the subsequent days) or care-giver's allowance.

22 What are the conditions for providing care-giver's allowance due to closure of school/children's facility? Is it possible for several people to share in care-giving?

A care-giver's allowance will pertain to employees caring for a child younger than **13 years** (until now it applied only for children up to 10 years) throughout (until now only 9 calendar days) the closure of the facility. The claim is exercised on the form Request for care-giver's allowance whilst caring for a child up to 10 years due to facility closure (*in Czech "Žádost o ošetřovné při péči o dítě do 10 let z důvodu uzavření zařízení"*).

The care-giving cannot be stopped and then resumed later, but it is possible to take turns with a partner in care-giving.

23 Do I have a care-giver's allowance claim even if the children's facility was closed by the establisher's decision?

Yes, you have a care-giver's allowance claim even in this case.

24 Do self-employed persons also have a care-giver's allowance claim?

Yes, is also possible to apply for a care giver's allowance in the case of self-employed persons.

25 In what way should companies remunerate employees who cannot be present in their work due to closure of an employer's business due to a government regulation?

Employees receive compensation of salary at an amount of 100 % of the average earnings



TPA Newsletter, Special Edition 3/2020

(i.e. an amount identical to compensation of salary during a holiday, for instance). According to a government proposal, 80 % of this compensation is to be covered by the government.

26 In what way should companies remunerate employees to whom an employer cannot assign work to the fullest extent of weekly working hours due to temporary limitation of the market for their products or a decline in demand for their services?

According to the yesterday's government proposal, the employers shall pay to the employees 60%-80% of their salaries, 50% this compensation is to be covered by the government.

27 Under what conditions can an employer order an employee to take their leave?

An employee has to be ordered, in writing, to take leave at least 14 days in advance unless a shorter time has been determined in an internal rule.

28 In view of the current closure of the border and limitation of movement of persons, we are unable to arrange the annual general meeting of our s.r.o. Can this situation be solved in any way?

The law allows any decisions to be taken outside of the annual general meeting (unless the articles of incorporation exclude this possibility). This is decision *per rollam* or, more precisely, correspondence voting. The substance of decision *per rollam* lies in the fact that a written proposal of resolution is sent by the managing director to all of the s.r.o. shareholders requesting that they express themselves on the proposal within a given deadline. The proposal has to include all documentation required for taking a decision (e.g. relevant agreements etc.) as well as other data determined by the articles of incorporation.

A shareholder has 15 days to respond (unless the articles of incorporation have fixed another deadline). If the shareholder does not respond (or if his/her response is not delivered) it is assumed that he/she did not agree with the resolution. The final step when deciding *per rollam* is a declaration of the result thereof. After the deadline for delivery of responses from all the shareholders has passed, the managing director informs all the partners of the vote result.

If the law requires the form of a notary record of the annual general meeting, the response of the individual shareholders does not have to be in the form of a notary record during the vote; a shareholder's verified signature or that of a person authorized to represent them (in the case of a legal entity) will suffice. It is necessary to point out that this mode of decision *per rollam* does not apply for joint-stock companies and cooperatives, where the form of notary record is required. Consult the specific procedure in your case with your legal representative.



TPA Newsletter, Special Edition 3/2020

- 29 Our company is currently preparing the financial statement for 2019. We have an excellent economic result, but we are considering whether to take into account the current coronavirus situation in our financial statement.**

In the current situation with coronavirus, you should proceed in the same way you do in all significant subsequent events – in the same way as if, for example, your most significant partner went bankrupt. It is therefore necessary to consider how the current limitations influence the operation of your company, what the decline in revenue will be and what losses you expect in 2020. The best possible estimate of impacts should be implemented into the notes to the financial statement.

- 30 At the end of 2019 we accounted in the financial statement a receivable from a hotel. It was very shortly after the due date, so we have not yet made any bad debt provisions, but we do not have the payment even now and the client has apologized that it does not yet have the money to pay. What should be done about this in the accounting?**

The situation you have described should lead to bad debt provision for this receivable, as the collectability thereof is threatened. The amount of bad debt provision should reflect best possible estimate of the future risk. Then, you should state the reasons for creating the bad debt provision into the notes to the financial statement.

- 31 In view of the situation with coronavirus, how will the auditor proceed with our financial statement?**

All companies have to analyse their situation from the perspective of significant risks. Every company should evaluate the situation, identify significant risks and describe the situation in the notes to the financial statement. The auditor might then assess whether to add additional information to his report emphasising the risk. Such additional information is not a qualified opinion, but it highlights information reported elsewhere in the notes to the financial statements.

- 32 How should one state in the financial statement that we are currently unable to evaluate risk?**

The situation with coronavirus is developing and it is clear that the limitations are going to have a longer duration than what was originally declared by the government. This entails that business conditions will change, and the activity of many of our clients will be limited in some way. For this reason, we recommend that there should at least be a description of the current situation in every financial statements. We are prepared to consult the specific wording with you.



TPA Newsletter, Special Edition 3/2020

This Newsletter is a service of TPA

Kind regards

Your TPA Team

Contact:

TPA Czech Republic
Antala Staška 2027/79
140 00 Prague 4

Tel.: +420 222 826 311

<https://www.tpa-group.cz>
<https://www.tpa-group.com>

If you want regular information please sign up for our [newsletter](#).

The information contained in this document serves for general informative purposes only. Should you decide to apply the above in practice we recommend a previous consulting with a professional to judge all aspects of the particular case. This document does not substitute professional consulting and TPA thus cannot be liable for potential damage occurring as a consequence of application of the information stated herein. If you do not wish to receive our information materials please write to: info@tpa-group.cz.