



TPA Newsletter, Special Edition 8/2020

1. Acts passed last week

1.1. Postponement of loan and mortgage repayments up to 6 months

The Lower House of Parliament passed the proposal by the Ministry of Finance on declaring a moratorium on repayment of loans and mortgages, which will be binding for all banks and non-banking institutions. Debtors from the ranks of individuals and corporations will on the basis of its ruling be able to interrupt repaying for three or six months. Instalments will be postponed after the debtor NOTIFIES its borrower of this intention and at the same time declares that it is implementing this approach due to the negative impact of the COVID-19 pandemic. According to a notice from the Ministry of Finance, the debtor will not have to prove these reasons in any way.

It will be possible to postpone instalments on consumer and entrepreneurial loans, including mortgages, which were arranged and drawn before 26th March 2020. However, the Act proposal does not apply to credit cards, overdraft loans, revolving loans, operative leasing or loans in connection with capital market trades. Instalments also cannot be postponed in the case of loans where the debtor was more than 30 days in delay as at 26th March.

If repayment is interrupted, consumers and self-employed persons will repay instalments with interest later.

1.2. Relationships between leaseholders and lessors and payment of rent

On 8. 4. 2020, the Lower House of Parliament passed government proposals of two Acts concerning postponement of rent payment:

1. an Act on certain measures to alleviate the impacts of the SARS-CoV-2 coronavirus epidemic for housing site tenants (sněmovní tisk č. 815),
2. an Act on certain measures to alleviate the impacts of the CoV-2 coronavirus epidemic for commercial space leaseholders (sněmovní tisk č. 816).

During the protected period (i.e. until 31. 12. 2020), a commercial space lessor thus cannot, one-sidedly terminate the lease if the leaseholder is in delay with rent for a space used for commercial purposes if the delay occurred during the decisive period (i.e. from 12. 3 until 30. 6. 2020).

If the leaseholder does not pay all receivables during the protected period (i.e. until 31. 12. 2020) which became due in the decisive period (i.e. during the period March to June 2020), the lessor has the right to terminate the lease.

For flat tenants, the possibility will apply to request a postponement of due rent payments for the months March until July 2020. These due rents have to be paid by the end of 2020.



TPA Newsletter, Special Edition 8/2020

The leaseholder has to request from the tenant postponement of rent payment. However, the leaseholder is obliged to pay deposits for services connected with the rent throughout the months of this year.

1.3. Lex-covid – changes in insolvency and enforcement proceedings

Another Act, referred to as Lex Covid, which was passed by the Lower House of Parliament (číslo snemovního tisku 807), has reacted to the current crisis situation. Its basic principle is to react to the most fundamental problems which could confront subjects during court proceedings, managing directors when performing their duties and subjects in insolvency and enforcement proceedings.

The insolvency and enforcement regulations have changed in connection with the current coronavirus crisis. Entrepreneurs and firms will not have to file, without undue delay, insolvency proposals against one another. Likewise, with exceptions, movable property and real estate enforcement proceedings have been suspended.

For more detailed information, we recommend a consultation with your legal representatives.

2. Other financial news from Finanční zpravodaj (Financial newsletter) no. 6/2020

The Ministry of Finance has disclosed two further rulings by the Minister of Finance in Finanční zpravodaj (Financial newsletter) no. 6/2020 which are to aid entrepreneurial subjects during this difficult time.

2.1. Pardon of VAT when supplying protective aids free of charge

In the context of exceptional measures in connection with COVID-19, the Ministry of Finance has uniformly pardoned VAT payment for FREE supply of:

- basic protective mediums and selected medical mediums – for instance masks and mouthpiece assemblies, respirators, protective eyewear, protective clothing, COVID-19 testing kits etc.
- raw materials and materials designated for the production of the above-mentioned;
- raw materials and materials designated for the production of disinfectants to payers who are authorized to produce the stated mediums – for instance, production of alcohol solutions, hydrogen peroxide and other disinfectants.



TPA Newsletter, Special Edition 8/2020

You can find specific items, including the codes of customs nomenclatures at [Finančním zpravodaji č. 6/2020](#). The decision to pardon is effective as of 12 March 2020, throughout the duration of the state of emergency (the emergence of the obligation to declare tax is decisive).

2.2. Postponement of road tax deposits without penalties

Another ruling made public in Finanční zpravodaj (Financial newsletter) no. 6/2020 is the ruling on other tax reliefs, this time for road tax. Road tax advances due on 15th April 2020 and 15th July 2020 can be paid late. Default interest and, as the case may be, interest from the postponed amount will be remitted if payment is made on 15th October by the latest.

Another possibility for road tax payers is to request that the tax administrator fix the road tax advances in another way, or permission can be requested for an exception from the obligation to place a tax advances. The request is not subject to an administrative fee.

3. Proposal to abolish real estate transfer tax

On 31. 3. 2020, the Minister of Finance presented a proposal by the Ministry of Finance to abolish real estate transfer tax. However, she at the same time stated that this proposal would be connected with abolishment of the possibility to deduct mortgage interest from individual person tax bases. However, there was a significant backlash against this from both the general and professional public.

This "trade" is unfavourable for numerous individual persons who purchase a new apartment which is exempt from real property transfer tax. The loss of the possibility to deduct interest from the tax base is, on the contrary, a loss of long-term advantages which these people have.

If we were to expect that forced transfers of real estate were to occur as a result of the crisis, the advantage from abolishing real property transfer tax would be gained by those counting on purchase.



TPA Newsletter, Special Edition 8/2020

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.