

IMPACT OF CORONAVIRUS RELATED MEASURES ON EMPLOYERS IN THE CZECH REPUBLIC

Employers are facing many challenges due to the spread of the coronavirus. Unlike other European countries that have endeavoured to relax their legislation on redundancies, the Czech Republic is among those countries whose government has been calling on employers to maintain jobs and which has been taking measures to support the economy (e.g. no-interest loans to businesses, tax suspension, compensation provided to employers for compensatory wages paid by them, etc.).

Below we summarise the consequences of the measures adopted in the Czech Republic for employers:

QUARANTINE

Employees who have stayed in risk areas are obliged to observe a mandatory 14-day quarantine. Quarantine is an **impediment to work on the employee's side**, and employers must grant leave from work to the employees concerned for the duration of the quarantine. Employees are entitled to compensatory wages for the first 14 calendar days of mandatory quarantine, at **60%** of the reduced average **earnings**. However, unlike mandatory quarantine, employees in voluntary quarantine are not entitled to compensatory wages. In most cases, quarantine does not exceed 14 days; should it be extended for a longer period, employees have the right to receive sickness insurance benefits.

During quarantine:

- i. employees can **work from home** (if this is possible in view of the type of their work and subject to agreement with their employer) and receive full wages; or
- ii. employees can take **holiday** if they themselves ask their employer for it. Employers cannot compel their employees to take holiday for the duration of the quarantine. Examples are seen of employers in certain sectors in the Czech Republic agreeing with their employees on the use of vacation days to mitigate the employer's current difficult circumstances and to protect their employment relationship.

CLOSURE OF SCHOOLS AND CARE BENEFIT

Due to the closure of schools, employees with sickness insurance and children up to the age of 10 are eligible to receive a care benefit (*ošetřovné*), if they are prevented from working because they need to take care of their children. In the week of 23 March, a bill will be discussed, **extending the period for which the care benefit is paid** from the existing nine days (or 16 days in the case of single parents) to the entire period during which schools and other children's educational establishments will be closed and increasing the children's age limit from 10 to 13 years. The bill should also implement care benefit payments to employees who had to stay at home to take care of disabled family members after the closure of social services. Care benefit is not wages, it represents **60% of the reduced daily assessment basis** (calculated based on the employee's average monthly salary) and its amount does not depend on the number of children. Employees are not entitled to the care benefit (i) if they work on the basis of an agreement to perform work (*dohoda o pracovní činnosti*) or agreement to complete a job (*dohoda o provedení práce*), or (ii) in the first 14 calendar days of mandatory quarantine.

RESTRICTION ON FREE MOVEMENT OF PEOPLE

The Czech government has also issued a number of restrictions on the free movement of people. Although travel to work is one of the exemptions from these restrictions, employers have responded by transferring their employees to **working from home** ("home office"). When working from home, employees have the right to receive full wages for the work performed as well as other compensations, depending on the home office arrangements of the particular employer. If an employer does not provide home office as a benefit, employees must agree with their employer on the possibility of working from home.

If an employee is suspected of being infectious but has not been ordered to remain in quarantine, the employer may agree with the employee that he or she will work from home, or may change the employee's shift schedule, agree that the employee will take holiday or grant leave from work to that employee without compensatory wages. If, in the absence of such an agreement, the employer is still concerned that the employee can be infectious, this constitutes another impediment to work on the employer's side and the employee is entitled to **compensatory wages in the amount of average earnings**.

IMPEDIMENTS TO WORK ON THE EMPLOYER'S SIDE

For economic reasons or as a precaution, and often under the pressure of trade unions, some employers **shut down plants** or **restrict operations** for a certain period. This measure has also been adopted by one of the largest employers in the Czech Republic, Škoda Auto, which suspended production on 18 March, closing its plants for more than two weeks. Other international companies with plants in the Czech Republic have been implementing similar measures, justifying them by idle time (*prostož*), short-time working (*částečná nezaměstnanost*) and other impediments to work on the employer's side.

Transport complications at borders or quarantine result in delays in raw material supplies or cancellations of orders, leading to **idle time**, in which case employers pay at least 80% of average earnings to employees.

The Czech automotive industry in particular has used the **short-time working** arrangement as a result of a temporary restriction on sales of products or demand for services. The short-time working arrangement under which employers pay at least **60% of average earnings** to employees is subject to an agreement with the trade unions; where a company has no trade union organisation, such an agreement can be replaced by an internal regulation.

Other impediments to work on the employer's side include temporary shutdown or operation restriction as a result of extraordinary measures; in such a case, employees are entitled to receive **compensatory wages** for the period during which the temporary shutdown or operation restriction are in place, in the amount of their average earnings.

The measures described above are economically taxing for employers in the Czech Republic and are not sustainable over an extended period of time. Some employers have thus been considering the possibility of agreeing on modifications of the type of work and restructuring measures (e.g., termination of employment relationships or changes to more flexible forms of work).

ANTIVIRUS PROGRAM

The Czech government has adopted a new Antivirus program, which should be approved by Parliament in the following days. Under the program the state will cover in particular:

- employers' costs of compensatory wages to employees in mandatory quarantine;
- 80% of the wages of employees of shops, restaurants and other businesses that were ordered to close.

As the situation has been developing dynamically, we have been monitoring ongoing developments and consulting with our clients on individual employee related steps.

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