

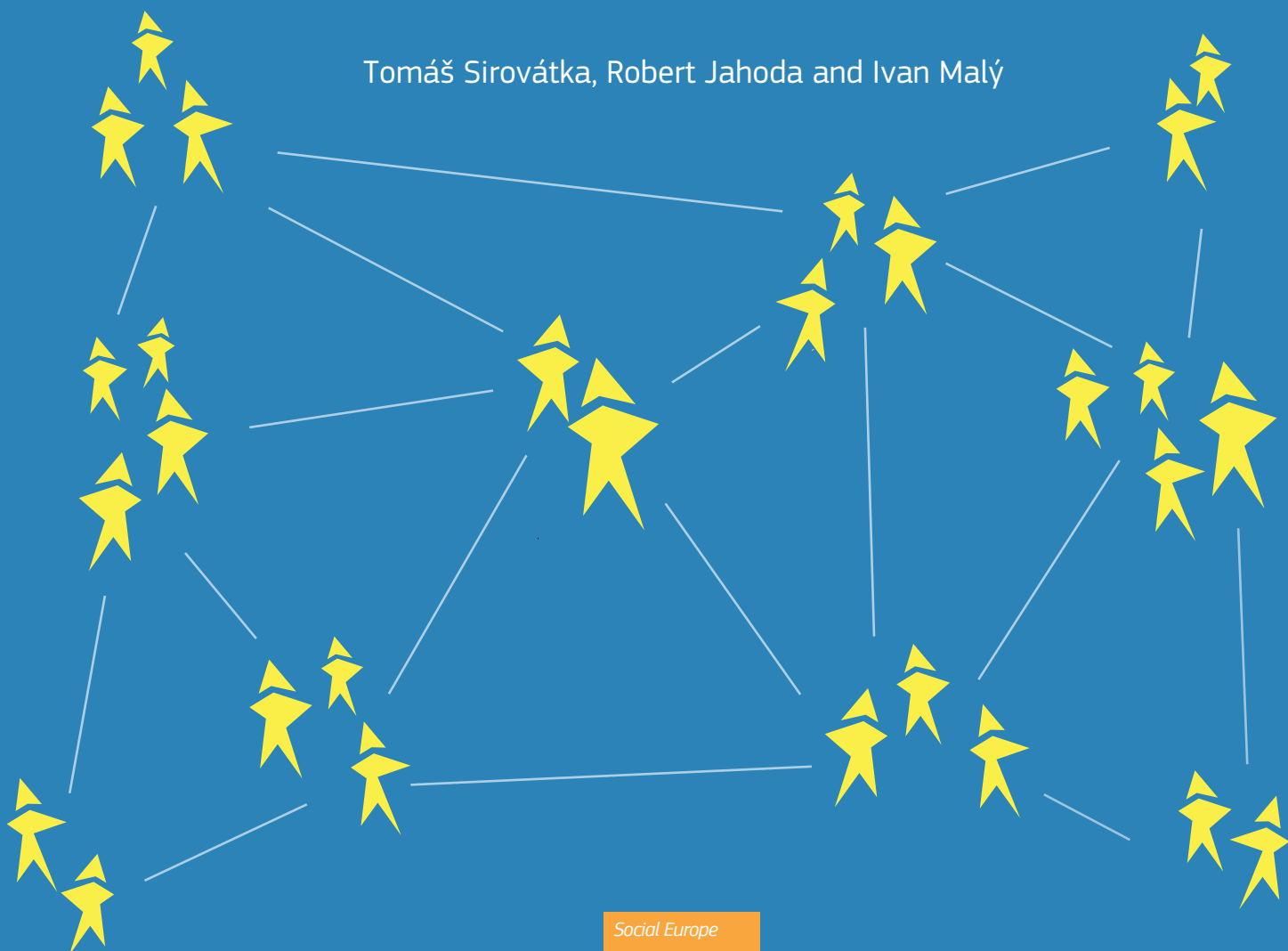


EUROPEAN SOCIAL POLICY NETWORK (ESPN)

# Social protection and inclusion policy responses to the COVID-19 crisis

## Czechia

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**EUROPEAN COMMISSION**

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**ESPN Thematic Report:  
Social protection and inclusion  
policy responses to the  
COVID-19 crisis**

**Czechia**

**2021**

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## Summary

Between Monday, 3 February 2020 and Sunday, 18 April 2021, the total number of confirmed COVID-19 cases per 100,000 people was 6,740 for the EU-27 as a whole; in Czechia, it was 15,122. The total number of deaths per 100,000 people was 151 for the EU-27 versus 270 in Czechia.

In Czechia, the most significant measures addressing the impacts of the pandemic have been measures to protect jobs, provided through support for employers, employees and the self-employed. These have included reimbursement of wage costs to businesses affected by the COVID-19 crisis. Another measure was a waiver of social insurance payments for 3 months (June, July and August 2020) for all employers with fewer than 50 employees, and a waiver of pension and health insurance premiums for all self-employed individuals for a period of 6 months (March to August 2020).

Crisis caregiver's allowance was implemented at the very beginning of the pandemic. It essentially represents an extension of the existing allowance paid to parents whose children are sick. Parents have been eligible for the benefit during the entire period of school closure. Measures related to social assistance have included extended eligibility for a discretionary social assistance benefit. Compensation for self-employed individuals affected by COVID-19 was provided.

Measures to prevent housing exclusion were adopted, such as the deferral of loan repayments for clients who had experienced a temporary loss of income due to the epidemic, valid from April to September 2020; a price moratorium on rents, valid from April to June 2020; and several reliefs in the area of insolvency law for the self-employed and individuals (valid from April 2020). The Ministry of Education devoted resources to support the lending out of IT equipment to pupils, in order to help them join distance learning.

Most of the emergency measures that were implemented during the COVID-19 crisis were intended as temporary. One exception is the measure to protect jobs in time of crisis, labelled *Kurzarbeit* (short-time working), which is currently (at the time of writing) being negotiated in Parliament. Another exception is a reform to the Income Tax Act which consists of a new definition of the tax base. The proposal has been criticised for its vast redistributive effects at the expense of low-income groups, for damaging the public finance balance and for its low impact on consumption. The lack of public debate during the legislative process in the period of the pandemic has raised doubts about whether the measures adopted in this way are optimal in terms of combating the pandemic's consequences.

The adoption of some new measures that do not represent compensation for the impact of the pandemic, but rather introduce permanent change seems to have been facilitated by the pandemic, in terms of political support: increases in salaries in the social services, the raising of child benefits or the Act on Substitute Alimony. The low level of wage compensation in the event of quarantine (60% of previous wage, with bigger reductions for wages above the national average) resulted in a reluctance on the part of some people to get tested for COVID-19 and to report people they had met in recent days. This contributed to the spread of the disease and was making it difficult to find people at risk of infection. In response to this behaviour, in February 2021 the government approved a measure to increase wage compensation.

Overall, the Czech social protection system and social inclusion policies provide sufficient protection against poverty. In spite of the epidemic, the unemployment rate has remained low, thanks to the emergency job protection measures adopted. If the impact of the pandemic last for a longer time, it is possible that the unemployment rate will increase, as might also the risk of poverty, indebtedness and housing exclusion. Also, other notorious policy deficits deserve attention, such as the lack of social housing and emergency housing capacities, lack of capacity for emergency social services and social work. Lastly, support

for families with children (single-parent families first and foremost) and the education of children with special educational needs should be vigorously addressed.

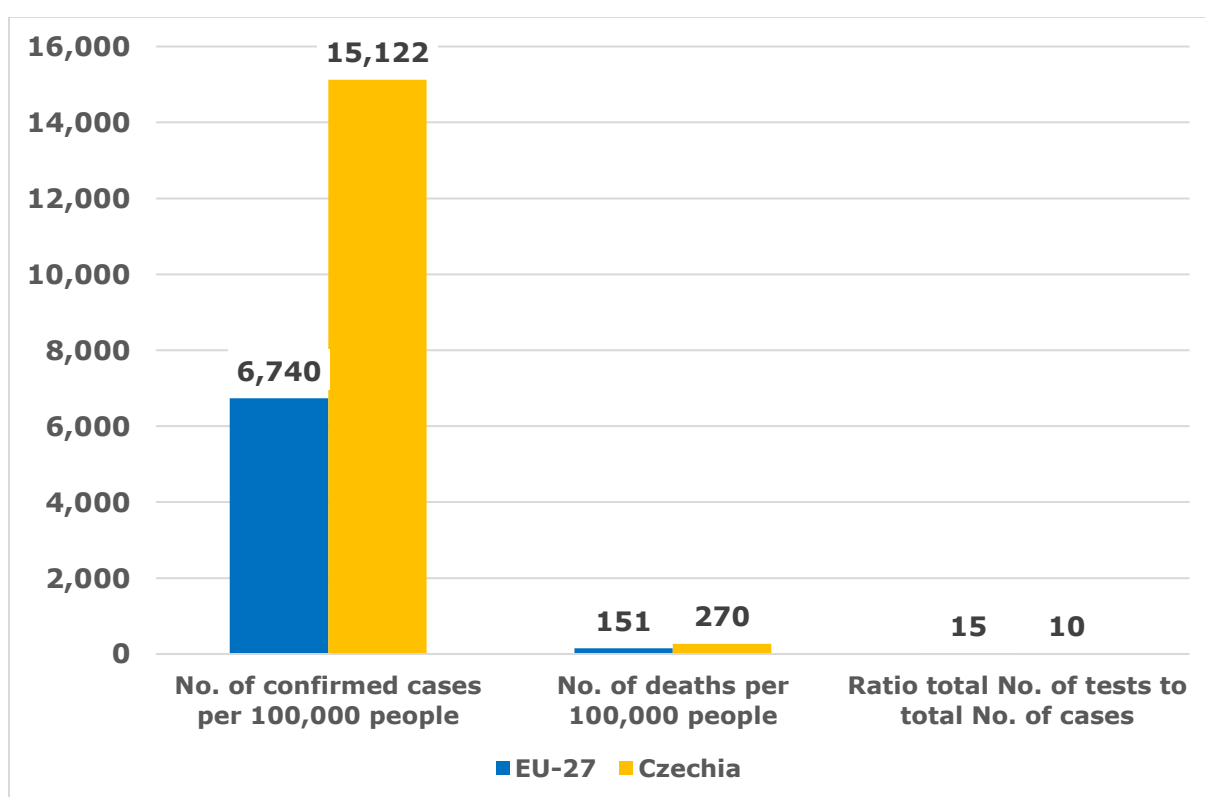


# 1 TRENDS OF THE PANDEMIC AND SOCIAL AND ECONOMIC IMPACT<sup>1</sup>

## 1.1 Epidemiological situation

During the 63 weeks considered for these three indicators (from Monday 3 February 2020 to Sunday 18 April 2021), the total number of confirmed COVID-19 cases per 100,000 people was 6,740 for the EU-27 as a whole; in Czechia, it was 15,122. The total number of deaths per 100,000 people was 151 for the EU-27 versus 270 in Czechia. The ratio of the total number of COVID-19 tests conducted to the total number of confirmed cases was 15.3 for the EU-27 and 10.0 for Czechia.

**Figure 1: Total number of COVID-19 cases and deaths per 100,000 people & ratio of total number of COVID-19 tests to total number of cases, 3 February 2020 to 18 April 2021 (EU-27 and Czechia)**

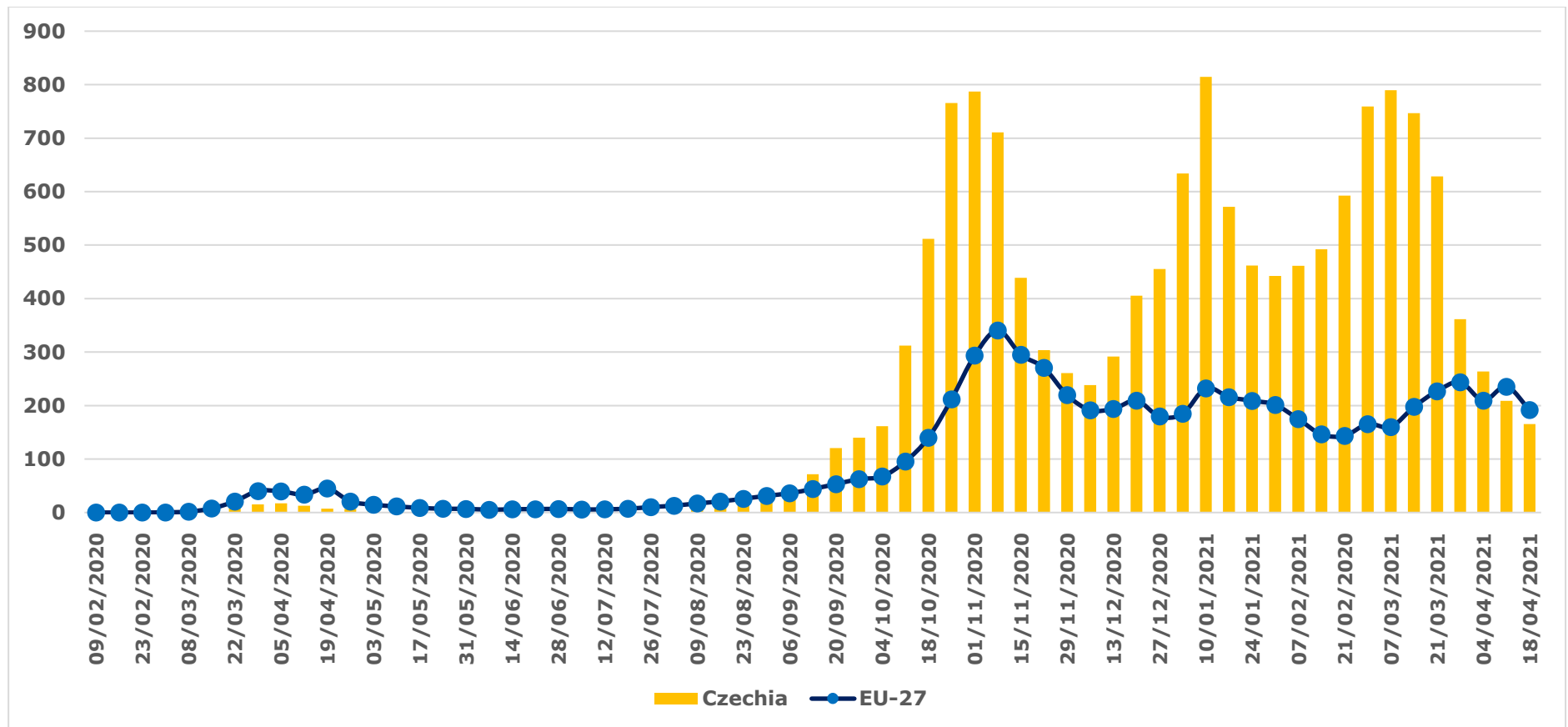


Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021

<sup>1</sup> Except if otherwise specified, the indicators presented in Sections 1.1 and 1.2 were calculated by the ESPN Network Core Team on the basis of data coming from two data sources: Our World in Data (OWID: <https://ourworldindata.org/coronavirus-source-data>) and the statistical office of the European Union (Eurostat: <https://ec.europa.eu/eurostat>). These indicators were calculated for all the 35 ESPN countries for which data were available. All of them are presented in Annex B of the following report: Isabel Baptista, Eric Marlier, Slavina Spasova, Ramón Peña-Casas, Boris Fronteddu, Dalila Ghailani, Sebastiano Sabato and Pietro Regazzoni (2021), *Social protection and inclusion policy responses to the COVID-19 crisis. An analysis of policies in 35 countries*, European Social Policy Network (ESPN), Luxembourg: Publications Office of the European Union. This report also provides additional explanations on the data sources used and the calculation of the indicators. In addition, Annex B of the report provides the country results related to all ESPN countries included in the two international data sources used (see Tables B1.1, B2.1 and B3.1 for Figure 1, Table B1.2 for Figure 2, Table B2.2 for Figure 3, Table B3.2 for Figure 4, Tables B4.1, B4.2 and B4.3 for Figure 5, Table B5 for Figure 6, Tables B6.1-3 for Figures 7a-c, and Tables B7.1-3 for Figures 8a-c). The full report and its various annexes can be downloaded [here](#).

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of confirmed COVID-19 cases per 100,000 people reached 191.8 for the EU-27. In Czechia, it was 165.5.

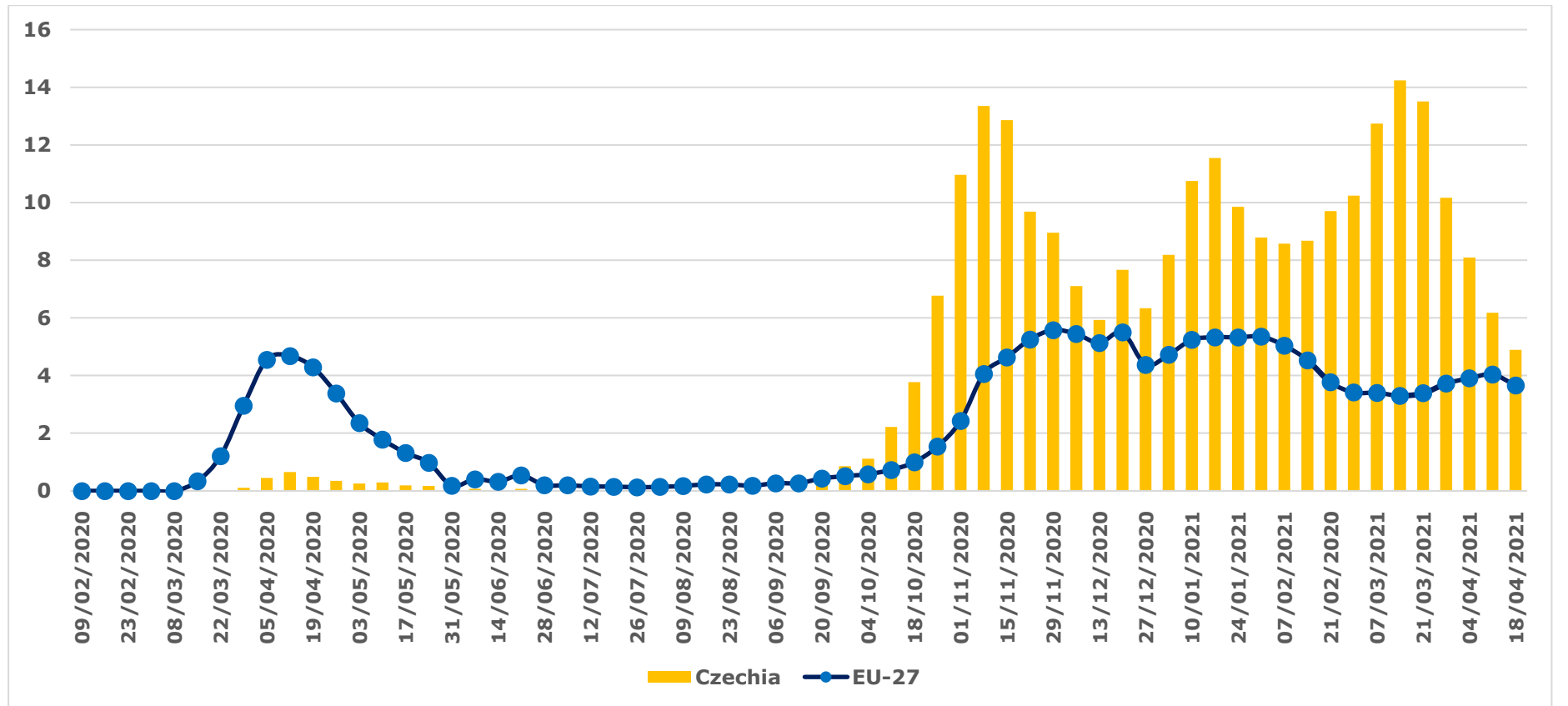
**Figure 2: Weekly evolution - Number of confirmed COVID-19 cases per 100,000 people from 3 February 2020 to 18 April 2021 (EU-27 and Czechia)**



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021.

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of COVID-19 deaths per 100,000 people reached 3.66 for the EU-27 as a whole. In Czechia, it was 4.89.

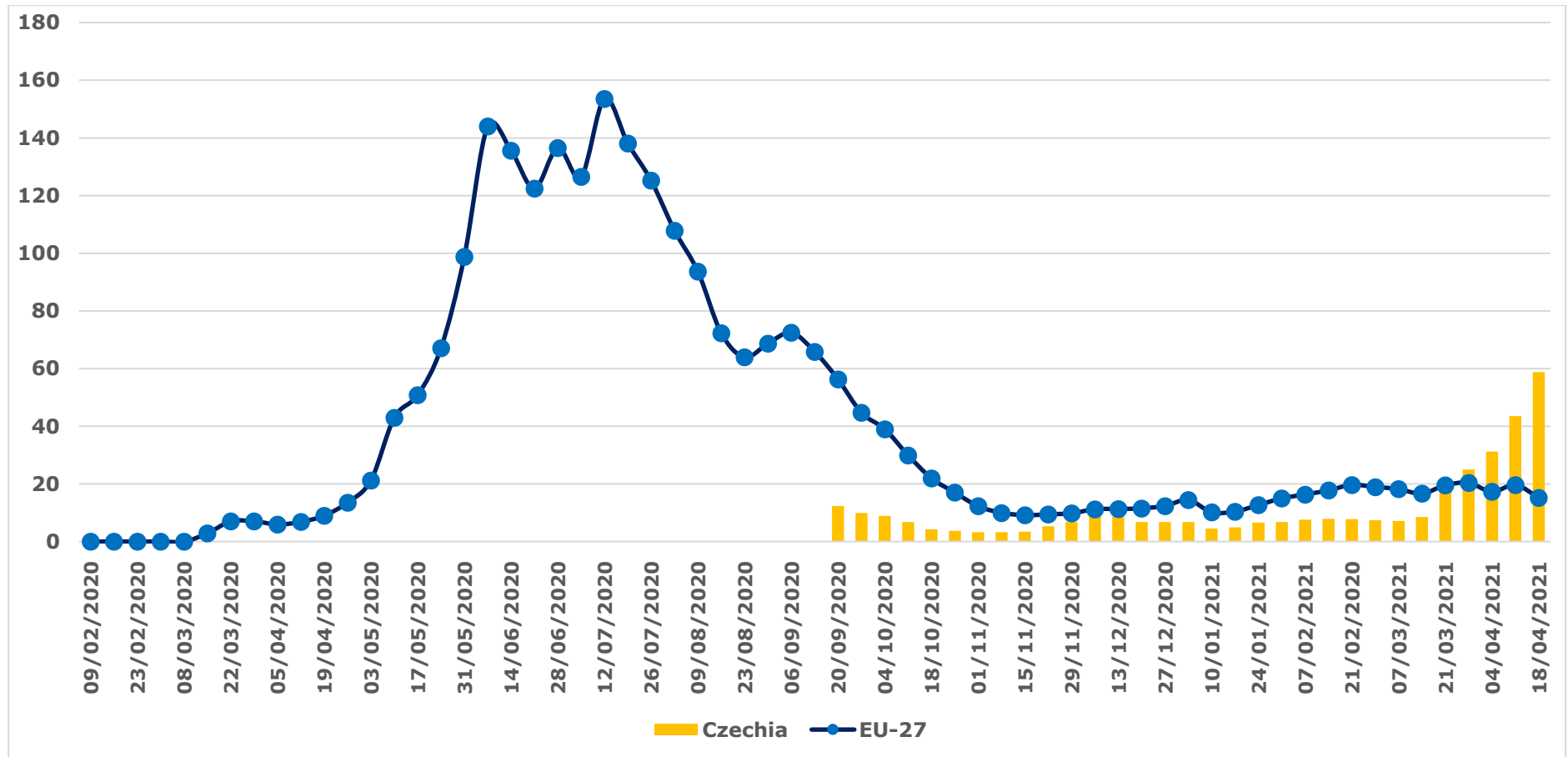
**Figure 3: Weekly evolution - Number of COVID-19 deaths per 100,000 people, 3 February 2020 to 18 April 2021 (EU-27 and Czechia)**



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021.

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of COVID-19 tests per new confirmed COVID-19 cases was 15.2 for the EU-27. In Czechia, it was 58.8.

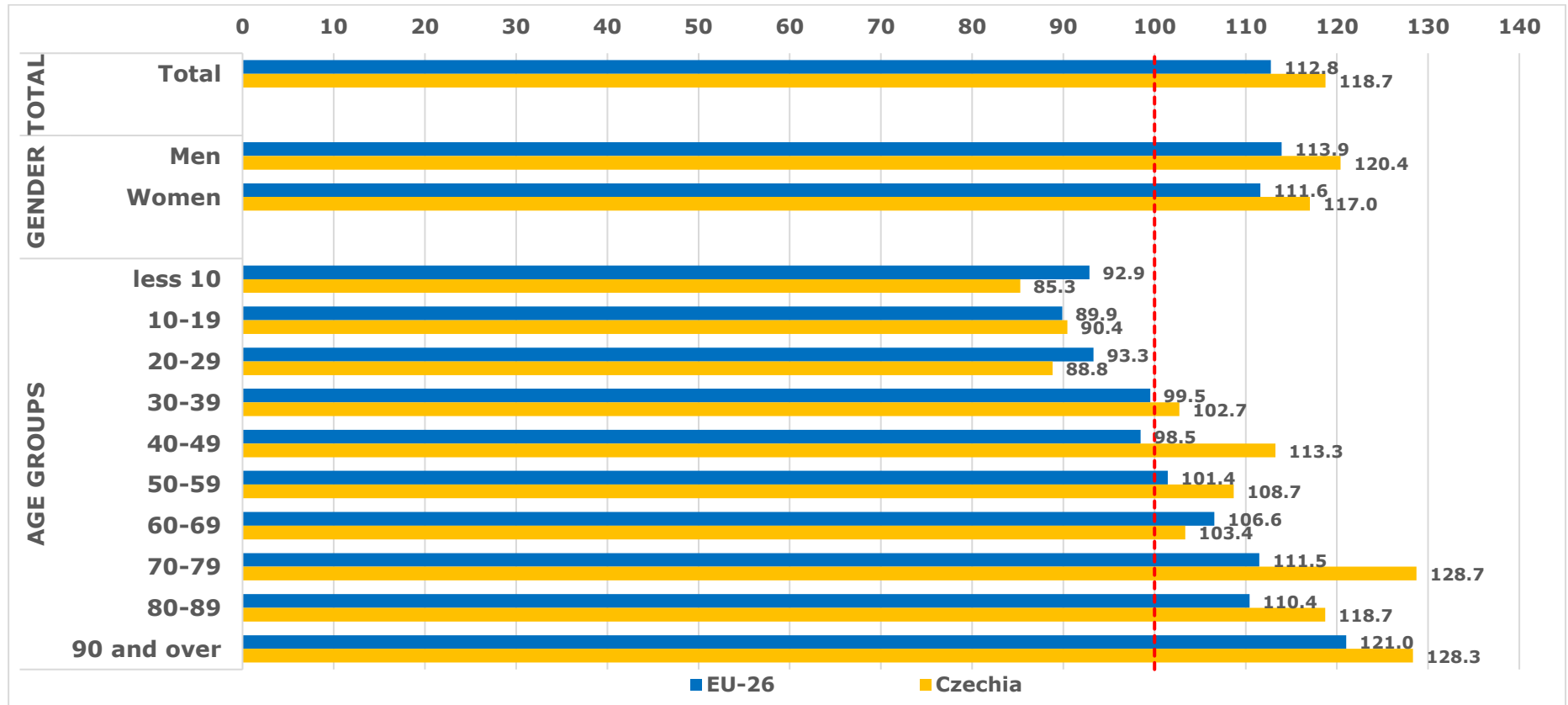
**Figure 4: Weekly evolution - Number of COVID-19 tests per new confirmed COVID-19 case, 3 February 2020 to 18 April 2021 (EU-27 and Czechia)**



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021. Full quote for these testing data: Hasell, J., Mathieu, E., Beltekian, D. et al. (2020). "A cross-country database of COVID-19 testing". *Sci Data* 7, 345 (2020) (<https://www.nature.com/articles/s41597-020-00688-8>).

The excess mortality ratio for 2020 is the total number of deaths (without distinction of causes) in the year 2020 expressed as a percentage of the previous 4-year (2016-2019) annual average of the total number of deaths. For the EU-26 average (no data for Ireland), the ratio of the total population is 112.8% while it is 118.7% in Czechia. For the EU-26, it is 113.9% for men and 111.6% for women. In Czechia, these gendered ratios are 120.4% and 117.0% respectively. Excess mortality is higher among older age groups. For those aged 90 years and more it reaches 121.0% for EU-26 and 128.3% for Czechia.

**Figure 5: Excess mortality - Total number of all deaths in 2020 as percentage of the 2016-2019 annual average (including gender and age breakdowns (EU-26 and Czechia))**

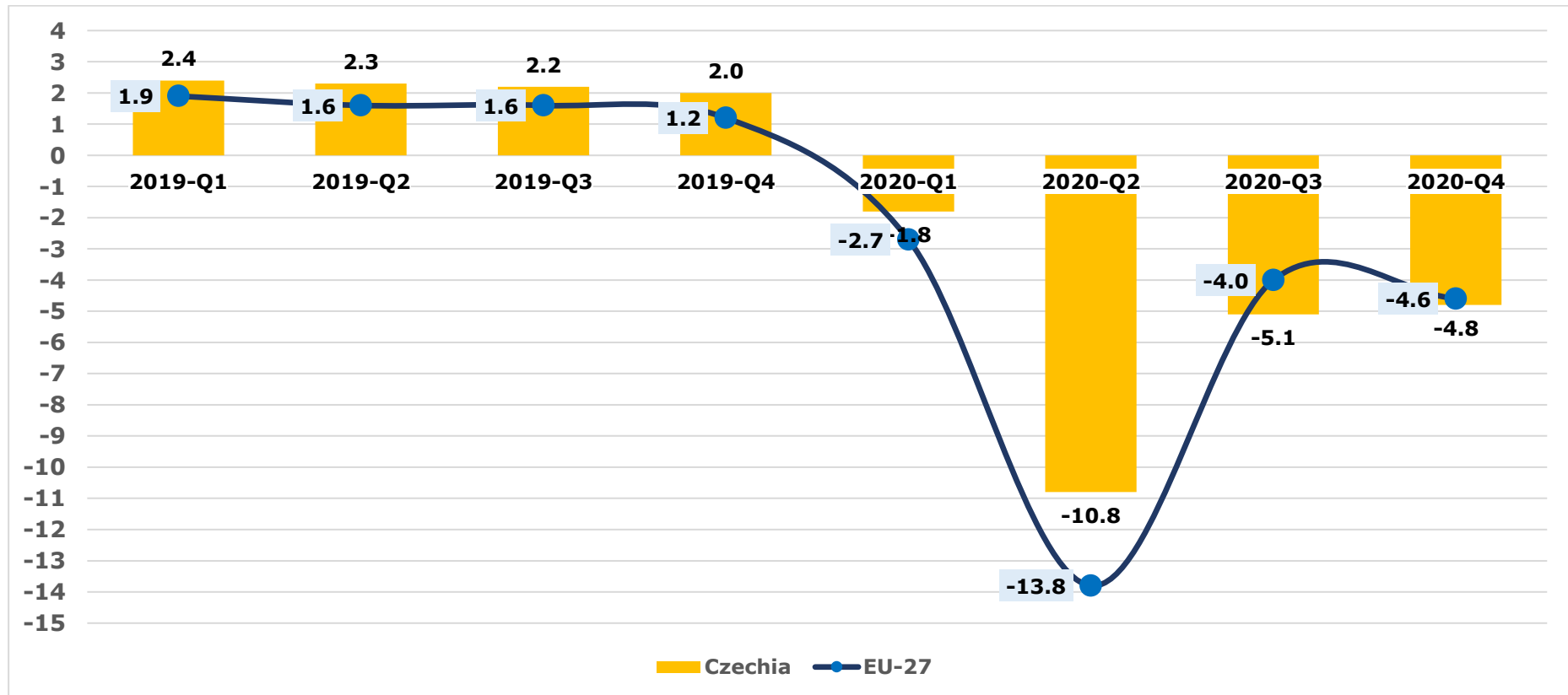


Source: Eurostat - indicator [DEMO\_R\_MWK\_10\_\_custom\_560457] Deaths by week, sex and 10-year age groups - downloaded 26 April 2021. For Bosnia and Herzegovina: Agency for statistics of Bosnia and Herzegovina (data received upon request on 19 April 2021).

## 1.2 Economic and (un)employment situation

In the EU-27, GDP in the fourth quarter (2020-Q4) of 2020 fell by 4.6% compared to the fourth quarter of 2019 (2019-Q4). In Czechia, the decrease was 4.8% for the same period.

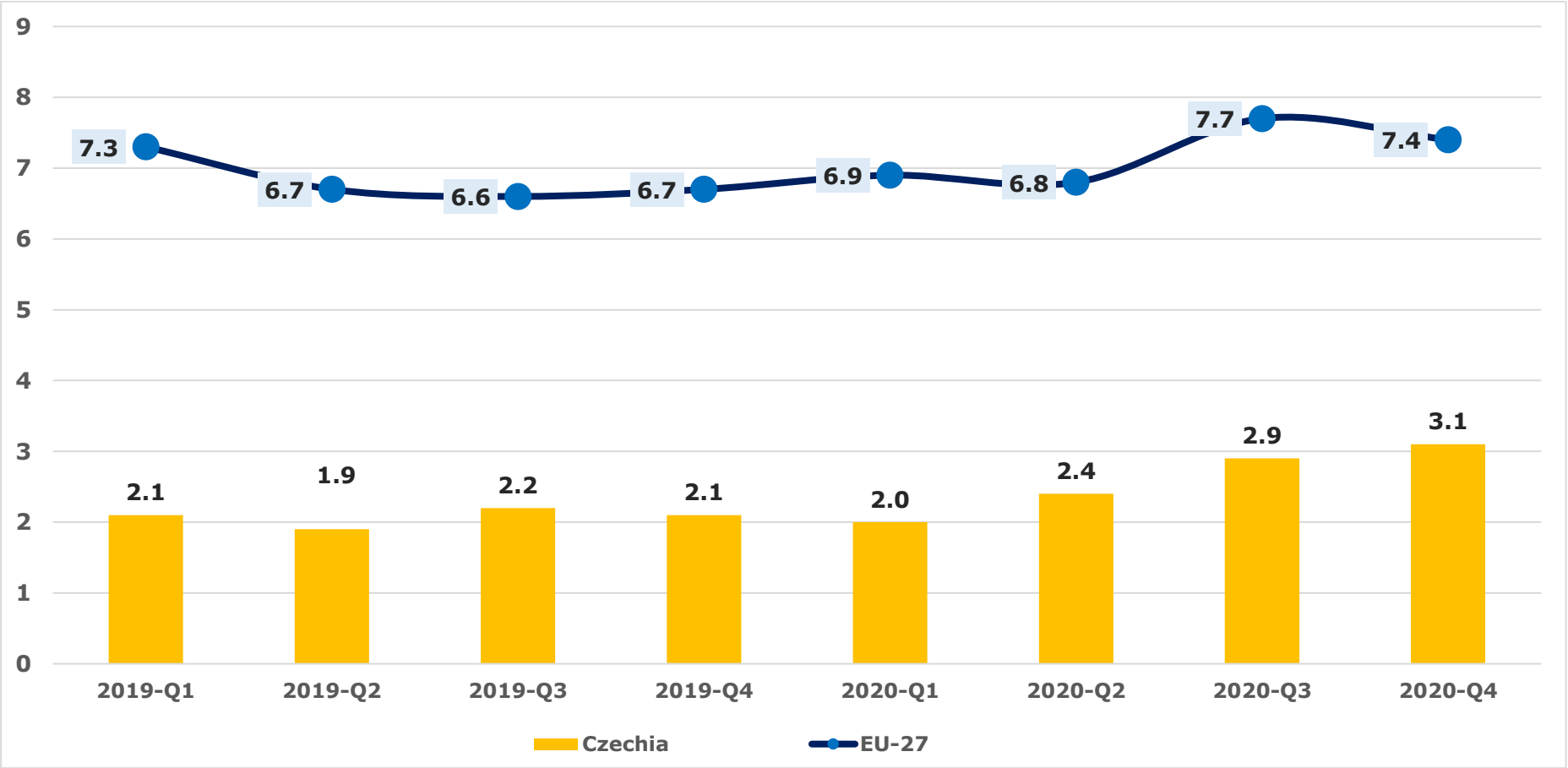
**Figure 6: Gross domestic product at market prices, chain-linked volumes prices adjusted, percentage changes in quarter compared with same quarter in previous year (2019-2020, EU-27 and Czechia, %)**



Source: Eurostat -GDP and main components (output, expenditure and income) - indicator [NAMQ\_10\_GDP\_\_custom\_507806] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 for people aged 15-64 years is 7.4%. In Czechia, it is 3.1%.

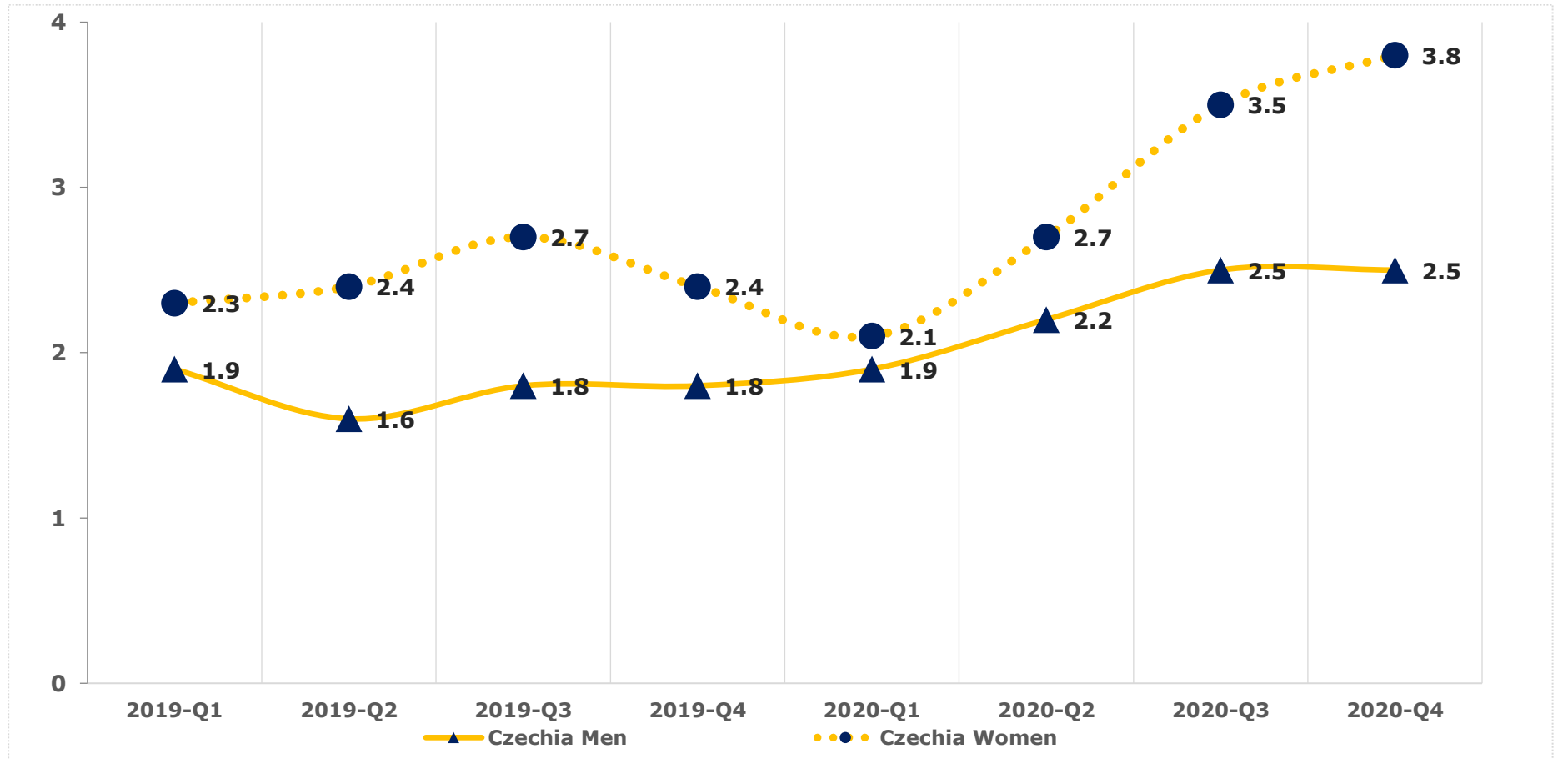
**Figure 7a: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 (2019-2020, EU-27 and Czechia, %)**



Source: Eurostat LFS - indicator [lfsq\_urgan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 for people aged 15-64 years is 7.1% for men and 7.7% for women. In Czechia, these figures are 2.5% and 3.8% respectively.

**Figure 7b: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 – by gender (2019-2020, Czechia, %)**

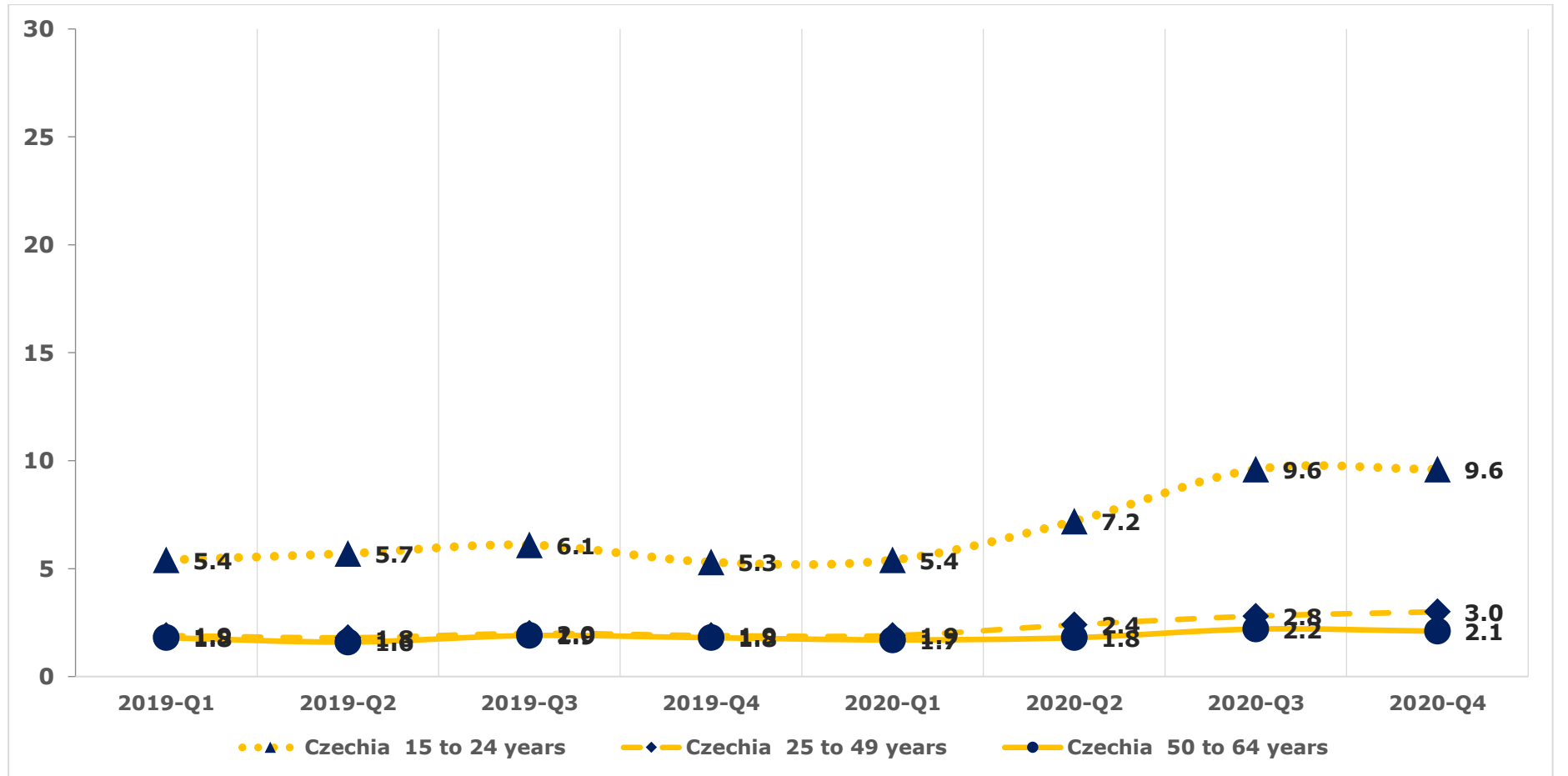


Source: Eurostat LFS - indicator [lfsq\_urgan] - downloaded 26 April 2021.



In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 is 16.9% for the 15-24 age group. In Czechia, it is 9.6%.

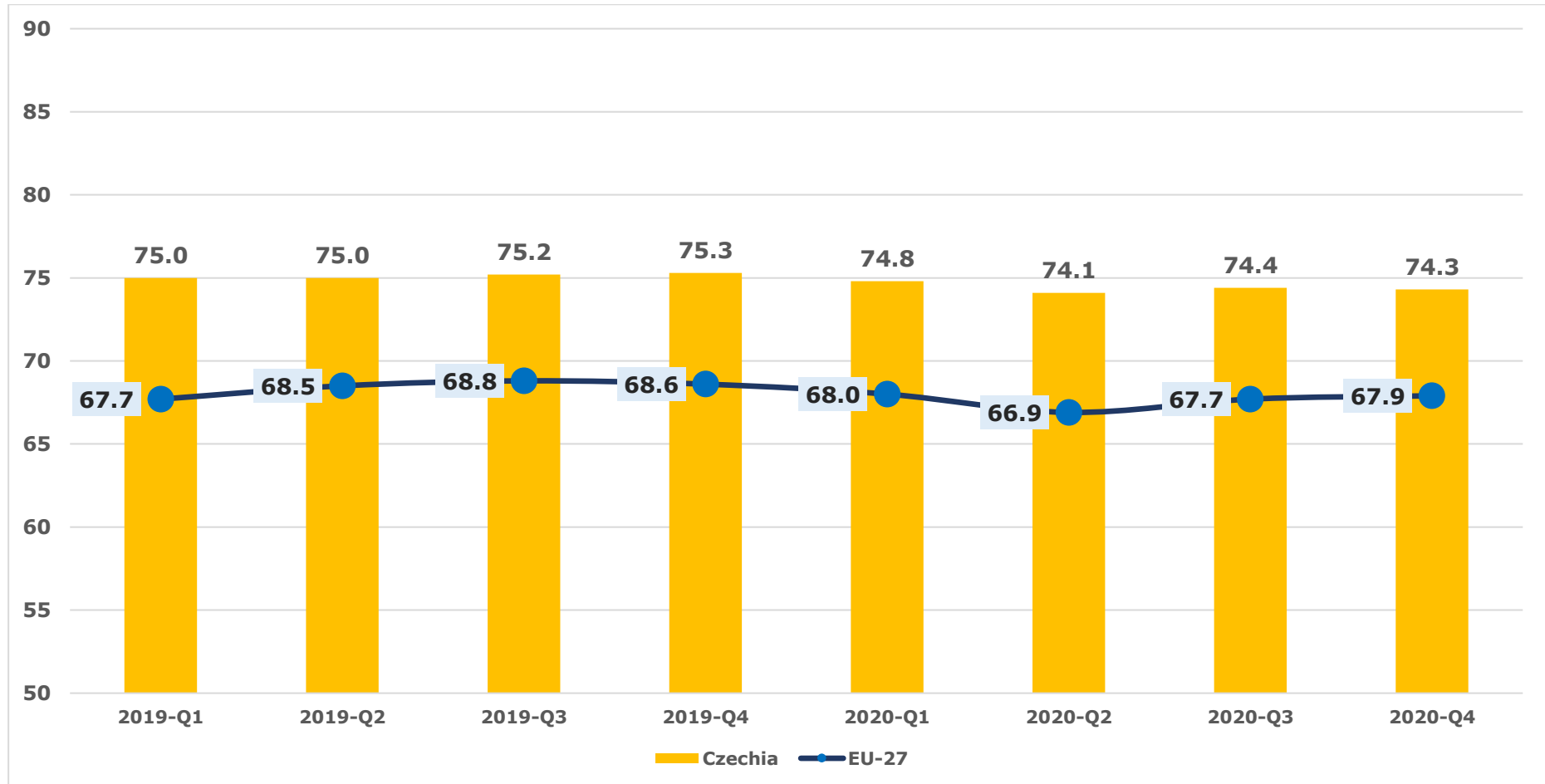
**Figure 7c: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 – by age group (2019-2020, Czechia, %)**



Source: Eurostat LFS - indicator [lfsq\_urgan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate for people aged 15-64 in the EU-27 is 67.9%. In Czechia, it is 74.3%.

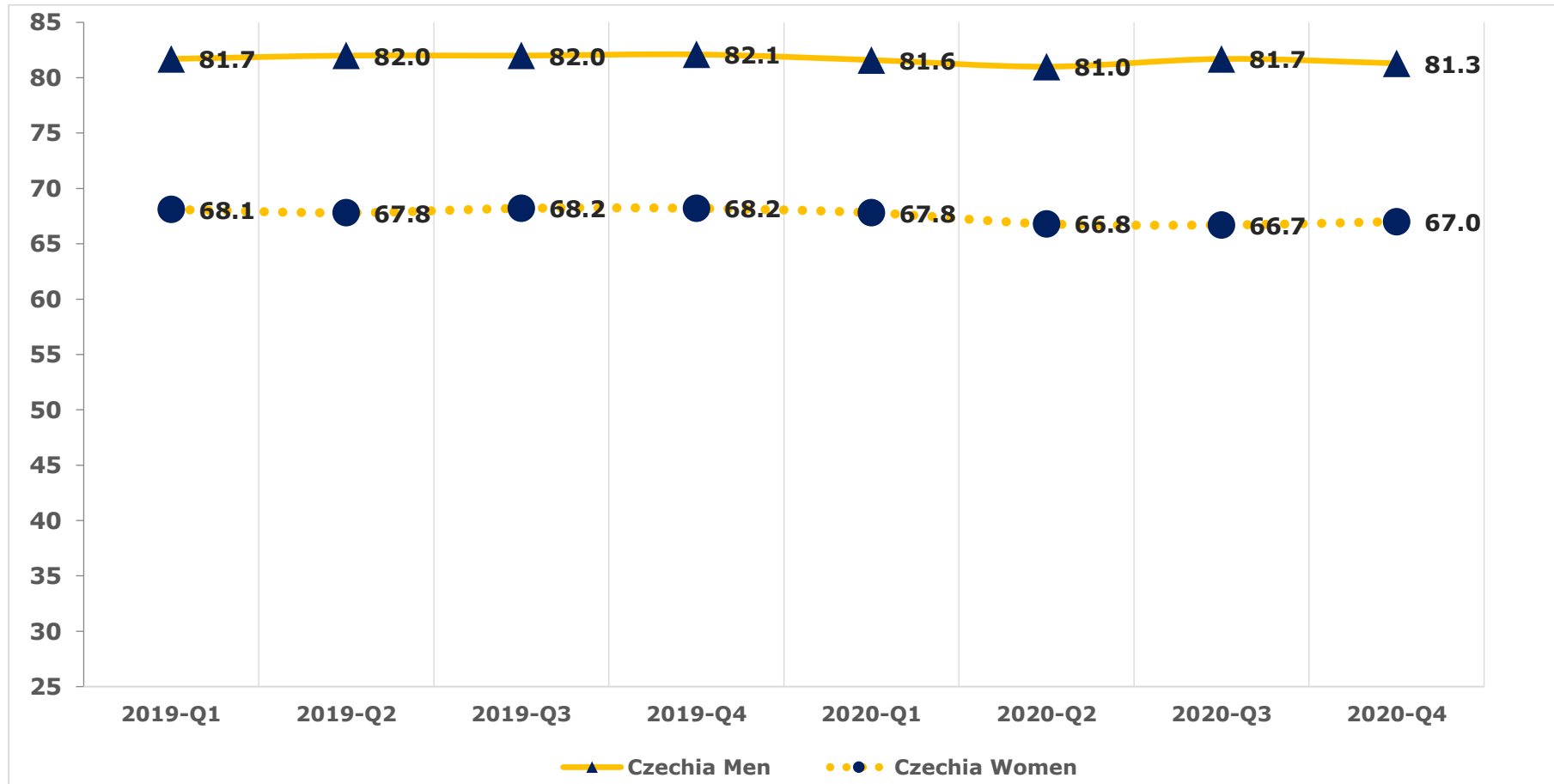
**Figure 8a: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 (2019-2020, EU-27 and Czechia, %)**



Source: Eurostat LFS - indicator [lfsq\_ergan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate in the EU-27 is 73.0% for men and 62.8% for women. In Czechia, these figures are 81.3% and 67.0% respectively.

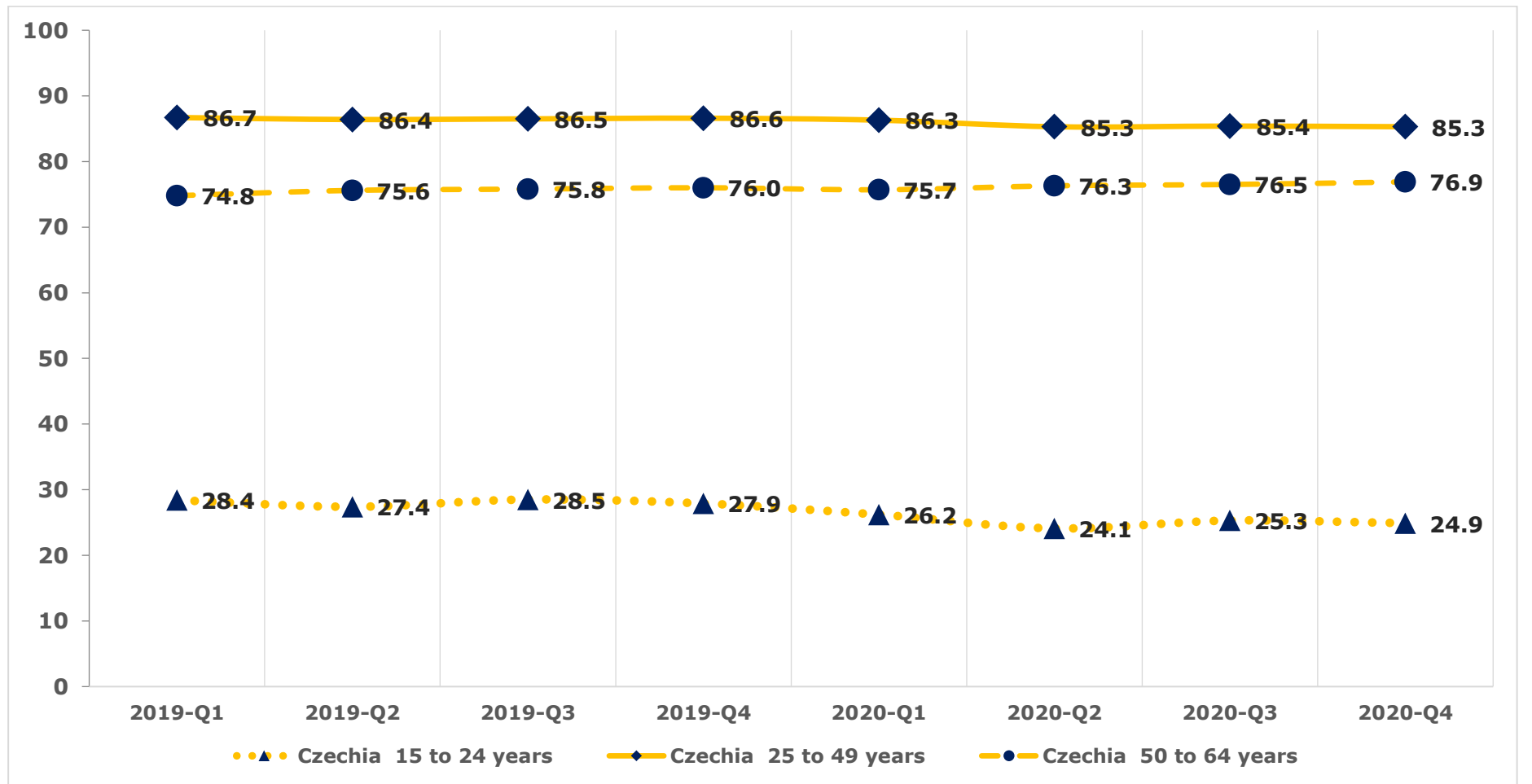
**Figure 8b: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 – by gender (2019-2020, Czechia, %)**



Source: Eurostat LFS - indicator [lfsq\_ergan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate in the EU-27 is 31.1% for the 15-24 age group. In Czechia, it is 24.9%.

**Figure 8c: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 – by age group (2019-2020, Czechia, %)**



Source: Eurostat LFS - indicator [lfsq\_ergan] - downloaded 26 April 2021.

### 1.3 Poverty, inequality and social exclusion situation

The findings of the project *Život během pandemie/Life during pandemic times* conducted by the research agencies PAQ Research, CERGE-EI, IDEA and COVID-19 initiative (volunteer action of technological firms and IT professionals) provide some useful information. This project is based on a periodic survey of a representative sample of 2,500 households, conducted every 2 weeks. Incomes are reported on a scale with intervals of 5,000 Czech koruna (CZK) (EUR 192) and are then transformed into a cardinal scale. The unit of investigation is adults who report their household income.

In spite of a rather low number of respondents and uncertainty as to whether the survey covers sufficiently such marginal groups of the population as the homeless, the unemployed and people at risk of poverty, the findings still provide an overall picture.

The results of the survey show that the overall at-risk-of-poverty rate did not change much between the time before the pandemic and December 2020. According to these data, 11% of adult respondents lived on household income below the 60% median income threshold before the pandemic. This figure grew to 19% by 1 April 2020 and peaked on 15 April (20%), before dropping back to 18% by 12 May, 15% by 16 June and 14% by 21 July. It was still the same on 11 August, but then continued to decline to 12% on 15 September and 11% on 27 October. It then increased slightly to 12% by 10 November 2020 and remained at that level until 25 January 2021. Then it dropped to 11% by 16 February and 10% by 30 March 2021. Throughout the period, the figure was much higher for respondents from households with children aged below 18: 17% before the pandemic, 31% by 15 April 2020, 29% by 12 May, 27% by 16 June, 22% by 21 July and 11 August, 16% by 15 September, 23% by 27 October and 10 November, 17% by 22 December 2020 and 25 January 2021. On 16 February and 30 March 2021, the proportion was 16% (*Život 2021*).

## 2 Social protection and inclusion measures in response to the pandemic<sup>2</sup>

This section provides a brief description of the main measures related to social protection and social inclusion that have been put in place to help mitigate the financial and social distress produced by the economic downturn caused by the pandemic. It is based on readily available data and evidence. For each measure, it provides the following:

- a) Short description of the measure.
- b) Category: Is it a flat benefit, a conditional benefit, both a flat and a conditional benefit, or neither a flat nor a conditional benefit?
- c) Timing: When did the measure start/end? Has it been extended?
- d) Depending on the category:
  - Amount and duration (for flat measures);
  - Range (minimum-maximum), duration and conditionality (thresholds) (for conditional measures).

If the measure is neither flat nor conditional, this is 'Not applicable'.

- e) Targeted population: What is/are the target(s), i.e. the parts of the population/labour force/sectors targeted by the measure? If data and evidence are readily available, estimated number of people targeted and/or applicants.
- f) Beneficiaries: What is the number of recipients of the measure (if relevant and available)?
- g) Novelty: Was the measure new or an already existing one that was adapted?

### 2.1 Measures related to unemployment benefits

No measures related to unemployment benefits were adopted.

### 2.2 Measures of job protection provided through support to the employers, employees and the self-employed

#### 2.2.1 Program Antivirus A, Antivirus A plus (Programme Antivirus A, Antivirus A plus) – support for employment<sup>3</sup>

- a) Short description of the measure: Reimbursement of wage costs to businesses affected by the COVID-19 crisis; it is provided in the event of an employee having to quarantine (paid at 60% of the wage/salary) or if a firm closes, in which case employees get the full wage/salary.
- b) Category: Conditional benefit.
- c) Timing: Adopted by government on 31 March 2020 and effective from 6 April 2020, prolonged by government decision from 8 June until the end of August 2020; on 24 August, prolonged to the end of October 2020; on 14 October, prolonged until 21 December 2020; on 21 December 2020, prolonged until the end of February 2021; on 22 February 2021, prolonged until the end of April 2021.

Antivirus A plus implemented on 14 October, in operation since 1 October 2020.

<sup>2</sup> The temporary measures mentioned in this report refer to the situation as of 15 April 2021. Their duration may have been extended since then.

<sup>3</sup> For references in this section, see the special sections on the websites of the Ministry of Labour and Social Affairs (<https://www.mpsv.cz/antivirus>) and the Ministry of Industry and Trade (<https://www.mpo.cz/cz/rozcestnik/pro-media/tiskove-zpravy/opatreni-na-pomoc-podnikatelum-a-zivnostnikum--253690/>).

- d) Range, duration and conditionality: Reimbursement of wage costs to businesses affected by the COVID-19 crisis in the event that an employee has to quarantine (the employee gets 60% of the wage/salary) or if the firm has to close, in which case employees get the full wage/salary:
- 80% of wage costs are reimbursed, up to a limit of CZK 39,000/EUR 1,500. The difference between the subsidy and the real wage costs is covered by the employer.
  - 100% of wage costs are reimbursed up to a limit of CZK 50,000/EUR 1,923 (Antivirus A plus).
- e) Targeted population: Businesses that have been *directly* affected by the COVID-19 crisis get a wage subsidy for the days/hours when their workers did not work. The measure includes standard workers and most non-standard workers (part time, temporary contracts, temporary agency workers). However, workers on the non-standard work contracts of types DPP and DPC (Agreement to complete a job/Agreement to perform work) and the self-employed are excluded. The condition is that those employees included are not given notice of termination of their employment. Since 1 March 2021, employees whose employment contract is for less than 3 months have not been eligible. Antivirus A plus is available only to businesses that have had to close by order of the government. Thus, about 270,000 companies in the private sector and their employees (about 3,750,000, or about 72% of the total workforce).<sup>4</sup> Statistics on the number of applicants are not available.
- f) Beneficiaries: Data (latest data up until end 2020)<sup>5</sup> are provided only as figures for the Antivirus A (A plus) and Antivirus B programmes in total: 68,273 companies and 950,193 employees were supported from the beginning of the programme (March 2020) until the end of November 2020; this is about 25% of companies and 25% of employees working in the private sector. In the months concerned, the number of employees supported ranged from 141,449 (August) to 589,535 (April) – about 4% and 16% of total workforce, respectively. The highest numbers were observed during March, April and May 2020.
- g) Novelty: A completely new measure that previously did not exist. There is a similarity to the *Kurzarbeit* (short-term working) measure that was temporarily implemented during the 2008/2009 financial crisis and supported by the European Social Fund (ESF) (however, that measure was by definition different, as it included the retraining of employees while they worked part time).

### 2.2.2 Program Antivirus B (Programme Antivirus B) – support for employment

- a) Short description of the measure: Reimbursement of wage costs to businesses affected by the COVID-19 crisis due to employer-side barriers. These include: i) quarantine or care of children due to COVID-19 covering more than 30% of employees (employee gets full wage); ii) limited supply/accessibility of the inputs needed for business (employee gets 80% of the wage); iii) limited demand for services and products (employee gets 60% of the wage).
- b) Category: Conditional benefit.
- c) Timing: Adopted by the government on 31 March 2020 and effective from 6 April, prolonged by government decision from 8 June until the end of August 2020; on 24 August, prolonged until the end of October 2020; on 14 October, prolonged until December 2020; on 21 December, prolonged until the end of February 2021; on 22 February, prolonged until the end of April 2021.

<sup>4</sup> Estimates based on information from the MLSA on companies and employees supported.

<sup>5</sup> See <https://www.mpsv.cz/documents/20142/1580353/Antivirus+-+statistika+ke+dni+8.2+2020+-+varianta+web.pdf>

- d) Range, duration and conditionality: Reimbursement of wage costs to businesses affected by the COVID-19 crisis due to employer-side barriers, including: i) quarantine or care of children due to COVID-19, if more than 30% of employees are affected (employee gets the full wage); ii) limited accessibility of supplies/inputs needed for business (employees get 80% of the wage); iii) limited demand for services and products (employees get 60% of the wage).  
Sixty per cent of the wage costs are reimbursed to the employer, up to a limit of CZK 29,000/EUR 1,115. The difference between the subsidy and the real wage costs is covered by the employer.
- e) Targeted population: Businesses that have been *indirectly* affected by the COVID-19 crisis get the wage subsidy for the days/hours when their workers did not work. The measure includes standard workers and most non-standard workers (part time, temporary contracts, temporary agency workers). However, workers on non-standard work contracts of types DPP and DPC (Agreement to complete a job/Agreement to perform work) and the self-employed are excluded. The condition is that the employees included are do not given notice of termination of their employment. Thus, about 270,000 companies in the private sector and their employees (about 3,750,000, or about 72% of the total workforce).<sup>6</sup> Statistics on the number of applicants are not available.
- f) Beneficiaries: Data (latest data up until 25 January 2021)<sup>7</sup> are provided only as numbers for the Antivirus A (A plus) and Antivirus B programmes in total (see measure above).
- g) Novelty: A completely new measure. There is some similarity to the *Kurzarbeit* measure that was temporarily implemented during the 2008/2009 financial crisis and supported by the ESF (see comment in Section 2.2.1 above).

### 2.2.3 Program Antivirus C (Programme Antivirus C) – support for employment

- a) Short description of the measure: Waiver of social insurance payments (24.8% of salaries) for 3 months: June, July and August 2020.
- b) Category: Conditional benefit.
- c) Timing: Adopted by the government on 25 May, effective in June, July and August 2020.
- d) Range, duration and conditionality: Waiver of social insurance payments (24.8% of salaries) for 3 months – that is, for June, July and August 2020.
- e) Targeted population: Employers with fewer than 50 employees, on condition that they did not cut the number of employees or the social insurance payments base by more than 10% of the March 2020 levels. The measure covered standard workers and non-standard workers (part time, temporary contracts, temporary agency workers), but neither workers on non-standard work contracts of types DPP and DPC (Agreement to complete a job/Agreement to perform work) nor the self-employed. The total number of employees in organisations with fewer than 50 employees was 1,496,000.<sup>8</sup> More than 80% of those were – by our estimate, based on a comparison of the total number of employees and the number of employees in the private sector – employed in private companies, which is about 23% of the workforce. Statistics on numbers of applicants are not available.
- f) Beneficiaries:

<sup>6</sup> Estimates based on information from the MLSA on companies and employees supported.

<sup>7</sup> See <https://www.mpsv.cz/documents/20142/1580353/Antivirus+-+statistika+ke+dni+25.+1+2021+-+varianta+web.pdf>

<sup>8</sup> Data kindly provided by the Czech Statistical Office on request.



- Companies: June 100,626, July 112,488, August 114,516;
- Employees: June 741,674, July 807,581, August 824,544.<sup>9</sup>

This means, by our estimate, that the number of recipients was about 70% of potentially eligible employees and about 15% of the total workforce.

g) Novelty: A completely new measure that did not exist before.

#### **2.2.4 Odložení splatnosti pojistného na sociální zabezpečení (Deferral of social insurance payments for employers)**

- Short description of the measure: Deferral of social insurance payments (24.8% of salaries) for the 3 months of May, June and July 2020 until 20 October 2020 and a reduction of 80% in the penalty for unpaid social insurance.
- Category: Neither flat nor conditional benefit.
- Timing: adopted by government on 20 May, effective in May, June and July 2020.
- Amount and duration/Range, duration and conditionality: Not applicable.
- Targeted population: All employers and employees in the private sector (3,750,000 employees, or 72% of the total workforce).<sup>10</sup>
- Beneficiaries: No data available on the number of employers who used this option.
- Novelty: A completely new measure that did not exist before.

#### **2.2.5 Odpuštění penzijního a zdravotního pojištění pro OSVČ (Exemption from pension and health insurance premiums for the self-employed)**

- Short description of the measure: Exemption from pension and health insurance premiums.
- Category: Conditional benefit.
- Timing: Six months (March–August 2020).
- Range, duration and conditionality: Exemption from pension and health insurance premiums for the self-employed (i.e. provided self-employment is the main economic activity) for a period of 6 months (from March to August 2020). This means that the self-employed were exempt from monthly minimum premiums of CZK 4,896/EUR 188 (i.e. CZK 29,376/EUR 1,130 in total) for the period of 6 months.
- Targeted population: All self-employed people, i.e. about 745,000 self-employed and contributing family workers, or about 14% of the workforce.
- Beneficiaries: About 745,000 self-employed people and contributing family workers, or about 14% of the workforce.
- Novelty: A completely new measure that did not exist before.

### **2.3 Measures related to sickness benefits and sick pay**

From the point of view of beneficiaries, only limited measures related to sickness benefits and sick pay were adopted. These included an extension of the caregiver's allowance (paid from sickness insurance) – described in Section 2.7 – and the sickness supplement benefit for people who have been quarantined (described in the following Section 2.3.1).

<sup>9</sup> See <https://www.mpsv.cz/documents/20142/1580353/Antivirus+-+statistika+ke+dni+21.12.+2020+-+varianta+web.pdf/>

<sup>10</sup> Except those non-standard workers who do not participate in social insurance (those on DPP if they earn less than CZK 10,000 monthly, and those on DPČ if they earn less than CZK 3,000 monthly).

As we described in Section 2.2, the Czech government started to reimburse part of the sick pay paid by employers, as a component of the much broader Antivirus programmes.

### **2.3.1 *Mimořádný příspěvek zaměstnanci při nařízené karanténě (Extraordinary benefit for employees in mandatory quarantine)***

- a) Short description of the measure: Parliament legislated an Act No. 121/2021 Coll., on extraordinary benefit for employees in mandatory quarantine. The new benefit supplements standard sickness benefits and is paid for 14 days after the person has been mandated to quarantine. The benefit (supplement) is capped at CZK 370/EUR 14 per day. The general rule requires the total replacement rate (sickness benefit plus supplement) not to exceed 90% of the previous gross wage. Thus, the total benefit may exceed the amount of the net wage paid previously. For example, according to the Ministry of Labour and Social Affairs (MLSA) (2021a), the total benefit for a person earning 80% of the average national wage reaches 110% of the previous net wage. According to the measure, a quarantined person is entitled to the extraordinary benefit provided he or she has sickness insurance.
- b) Category: The benefit increases with the wage and is at its maximum level for those earning 80% or more of the national average wage. The only condition is mandatory quarantine.
- c) Timing: The measure was effective in March and April 2021, and was then prolonged (Act No. 182/2021 Coll.) to May and June 2021.
- d) Depending on the category:
  - Range: from CZK 186 (EUR 7.30) per day for a minimum-wage earner working full time to CZK 370 (EUR 14.30) per day for a full-time worker earning 80% of the national average wage.
  - Duration: 14 days of mandatory quarantine.
- e) Targeted population: It applies to all work contracts, as well as to the self-employed with sickness insurance. However, the self-employed and those who work on non-standard work contracts of types DPP and DPČ (Agreement to complete a job/Agreement to perform work) are usually (voluntarily) not insured.
- f) Beneficiaries: An estimate suggests (see the explanatory memorandum to the law in Parliament, 2021) that 184,000 individuals were eligible in March (approximately 3.6% of the workforce), 70,000 in April, and that 40,000 will be eligible in May and 20,000 in June 2021.
- g) Novelty: A completely new measure that previously did not exist.

## **2.4 Measures related to health insurance**

### **2.4.1 *Navýšení plateb za státní pojištění (Increased contribution for state insured persons)***

- a) Short description of the measure: In order to address the consequences of COVID-19, the government has radically increased contributions for persons covered by the state insurance regime, from a flat amount of CZK 1,067/EUR 41 to CZK 1,567/EUR 60 per person per month. This represented a 47% increase and was designed to generate an additional CZK 20 billion/EUR 779 million in revenue by the end of 2020. A further increase of CZK 200/EUR 7.70 per person per month was adopted later and has been effective since 1 January 2021. This should generate additional revenue of about CZK 50 billion/EUR 1.9 billion in 2021 (MH 2020).
- b) Category: Neither flat nor conditional benefit.
- c) Timing: from 1 June 2020 and subsequently from 1 January 2021.
- d) Amount and duration/Range, duration and conditionality: Not applicable.

- e) Targeted population: There were about 5.9 million persons covered by the state insurance regime (MH 2020).
- f) Beneficiaries: Not available.
- g) Novelty: The measure was new.

## 2.5 Measures related to minimum income schemes and other forms of social assistance

### 2.5.1 *Rozšířená dostupnost pro mimořádnou okamžitou pomoc* (Extended eligibility for extraordinary immediate social assistance)

- a) Short description of the measure: The discretionary lump sum social assistance benefit for people in material need or for people at risk of health damage due to lack of financial means was made more accessible: according to the Act on Material Need, for the purposes of determining social assistance benefit eligibility, the incomes of all members of a household are counted up and compared with the minimum subsistence level. The minimum subsistence level/threshold depends on the type of household (number of members, their family status and age). For example, the amount is CZK 3,860/EUR 149 per month in the case of a single person, but CZK 11,570/EUR 445 per month in the case of a family of four (two parents and two children aged between 7 and 14 years).<sup>11</sup> Only 80% of incomes from pensions and 70% of earnings were counted before extension. An existing measure was adjusted in terms of extended eligibility for the benefit (a decreased rate of 50% of household income from pensions and earnings is applied).

The benefit may be used to pay for basic living costs/needs, including internet services, but it may not be used for drugs, debts, leasing and business expenditure. Additionally, mortgage loan repayments may be covered under new extension (MLSA, 2020a).

- b) Category: Flat benefit.
- c) Timing: Since 16 October 2020.
- d) Amount and duration: The amount should cover necessary expenditure up to 10 times the minimum subsistence level for a single person (that is, up to CZK 38,600/EUR 1,485).
- e) Targeted population: Low-income households (close to the minimum subsistence threshold determined by legislation) and people at risk of health damage due to lack of financial resources. Economic activity status does not matter. No data are available to estimate the number of potentially eligible people. The total number of recipients of contribution to living costs (*příspěvek na živobytí*) is close to 100,000 households (2.2% of all households in Czechia). These recipients may be considered the most likely potential applicants.
- f) Beneficiaries: The Ministry of Labour and Social Affairs provides the number of benefits paid to specific groups of recipients, but not the number of applications for benefits. Data on the extraordinary lump sum social assistance benefit are provided by month. The number of extra recipients following the extended eligibility rules due to COVID-19 is not specified. The data for October and November 2020 suggest that the new eligibility rules did not have a significant effect during 2020: in October 2020, there were about 2,100 recipients of this discretionary benefit (0.5% of all households), which was less than in October 2019 (2,300). In November 2020, there were 1,800 recipients, which was slightly more than in November 2019 (1,700). However, the number had increased significantly by March 2021, reaching 10,800,

<sup>11</sup> See <https://www.mpsv.cz/zivotni-a-existencni-minimum1>

compared to 1,500 in March 2020 (MLSA, 2020b).<sup>12</sup> The number of recipients of the basic social assistance benefit (contribution to living costs) remained at below the level of 2019 until September 2020; in November 2020, it was only slightly higher than in 2019 (59,200 recipients, against 62,600 recipients), and in March 2021 it was 68,600, against 59,000 in March 2020.

- g) Novelty: An existing measure was adjusted in terms of extended eligibility for the benefit (a decreased rate of 50% of household income is applied). This was the only change adopted.

### **2.5.2 *Kompenzační bonus pro OSVČ, společníky malých s.r.o. a DPČ, DPP – jednorázový (Lump sum compensation for the self-employed)***<sup>13</sup>

- a) Short description of the measure: Lump sum bonus.
- b) Category: Flat benefit.
- c) Timing: For the period between 12 March and 30 April 2020.
- d) Amount and duration: A lump sum bonus of CZK 25,000/EUR 562, provided for the period between 12 March and 30 April (CZK 500/EUR 19 a day).
- e) Targeted population: Self-employed people affected by the COVID-19 crisis (directly affected by government restrictions in terms of the closure of their business, quarantine, declining demand for products/services and/or declining supplies), this all leading to the cessation or restriction/downsizing of their business activities. No threshold was set – only a reference to a decline in the usual scale of their activities. Those eligible were partners in limited liability companies (either companies with no more than two partners or those run as family businesses) and those who worked on non-standard work contracts of types DPP and DPČ (Agreement to complete a job/Agreement to perform work). According to Labour Force Survey data for Q2 2020,<sup>14</sup> there were 707,500 self-employed people in the country for whom self-employment was the main source of their income, and 28,000 contributing family workers; that amounts to about 745,000 people who depended on income from self-employment and thus made up the category of potentially eligible claimants. Some 582,302 applications were submitted – about 78% of the number of those dependent on income from self-employment.
- f) Beneficiaries: In this period, compensation was paid to 582,234 self-employed people (including 39,524 partners in limited liability companies and 5,451 workers on non-standard contracts); that is about 78% of the number of those dependent on income from self-employment. This number is almost identical to the number of applications submitted.<sup>15</sup>
- g) Novelty: A completely new measure that did not exist previously.

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<sup>12</sup> This probably indicates that it took potential recipients some time to recognise this option as suitable/accessible.

<sup>13</sup> For sources on measures 2.5.2, 2.5.3 and 2.5.4, see a special section on the webpage of the Ministry of Industry and Trade <https://www.mpo.cz/cz/rozcestnik/pro-media/tiskove-zpravy/opatreni-na-pomoc-podnikatelum-a-zivnostnikum--253690/>

<sup>14</sup> See <https://www.czso.cz/csu/czso/zamestnanost-nezamestnanost>

<sup>15</sup> See the Twitter feed of the Ministry of Finance <https://twitter.com/financnisprava/status/1353676719643897856/photo/1>

### **2.5.3 *Kompenzační bonus pro OSVČ, společníky malých s.r.o. a DPČ, DPP – denní částka (Daily compensation bonus for the self-employed)***

- a) Short description of the measure: Daily compensation of CZK 500/EUR 19.<sup>16</sup> On 25 February 2021, the compensation bonus was increased to CZK 1,000/EUR 38, as from 1 February 2021.
- b) Category: Flat benefit.
- c) Timing: Decided on 17 April 2020, for the period of May and June 2020; reimplemented for the period between 5 October and 24 December 2020; prolonged to January and February 2021; and lastly (25 February 2021) prolonged until the end of April 2021.
- d) Amount and duration: Daily compensation of CZK 500/EUR 19 and later CZK 1,000/EUR 38.
- e) Targeted population: Self-employed workers affected by the COVID-19 crisis (directly restricted by government decision in terms of the closure of their business, quarantine, declining demand for their products/services and/or declining supplies), this all leading to a cessation or restriction/downsizing of their business activities. No threshold was set – just reference made to the usual scale of these activities. However, the increased bonus of CZK 1,000/EUR 38 (since February 2021) is only available to claimants whose incomes have dropped by at least 50%. Those eligible are partners in limited liability companies (either companies with no more than two partners or those run as a family business) and people who work on non-standard work contracts of the type DPP and DPČ (Agreement to complete a job/Agreement to perform work). According to Labour Force Survey data for Q2 2020, there were 707,500 self-employed people in the country for whom self-employment provided the main source of income, and 28,000 contributing family workers. That is about 745,000 people who depended on income from self-employment and thus made up the category of potentially eligible claimants. There were 430,846 applications submitted, or about 58% of the number of those dependent on income from self-employment.
- f) Beneficiaries: In May and June 2020, compensation was paid to 430,800 self-employed workers (including 41,512 partners in limited liability companies and 4,731 workers on non-standard contracts); that is about 58% of the number of those dependent on income from self-employment. The number of compensation payments dropped in autumn 2020. During the period between 5 October and 14 December 2020, there were over 100,000 compensation payments, with a peak in October of 124,087 (paid to about 17% of those dependent on income from self-employment). These numbers are almost identical to the number of applications submitted. However, the number of applications dropped by more than half in December 2021: in the period 14–24 December, there were 50,682 applications; and between 25 December 2020 and 23 January 2021 there were only 42,825 applications made.<sup>17</sup>
- g) Novelty: A completely new measure that did not exist previously.

### **2.5.4 *Úpravy v oblasti dávek státní sociální podpory a příspěvku na péči v souvislosti s nouzovým stavem (Adjustments to the administration of certain means-tested social benefits in connection with the state of emergency – housing allowance, child allowance and caregiver's allowance)***

- a) Short description of the measure: Recipients of the means-tested benefits of the State Social Support system (housing allowance, child allowance and the increased rate of

<sup>16</sup> The MLSA (2020d) estimated that there were about 40,000 people for whom such contracts represented the main source of income; of these, about 10,000 may have been affected by the pandemic.

<sup>17</sup> See the Twitter feed of the Ministry of Finance

<https://twitter.com/financnisprava/status/1353671964389470210/photo/1>  
<https://twitter.com/financnisprava/status/1353676719643897856/photo/1>

caregiver's allowance) did not have to document their income and actual housing costs (the latter relates only to housing allowance) for Q4 2020 (Act 437/2020 Coll.). Beneficiaries were automatically granted the same amount of benefits as in the previous quarter of 2020. The aim of the regulation was to limit personal contact at labour offices as much as possible, and thus protect both clients and employees of the labour offices from the risk of COVID-19 infection (MLSA, 2020c). In addition, the reference income for entitlement to means-tested benefits of State Social Support will not include paid caregiver's allowance during the first three quarters of 2021 (Act 40/2021 Coll.).

- b) Category: Neither flat nor conditional benefit.
- c) Timing: The primary legislation regulating this area is Act 437/2020 Coll., effective in Q4 2020. Its later amendment by Act 40/2021 Coll. prolonged some of the measures concerning reference income (see point a) above) during Q1–Q3 2021. However, this act did not extend the waiver on the obligation for housing allowance claimants to document their income and expenses related to housing: that obligation resumed in Q1 2021.
- d) Amount and duration/Range, duration and conditionality: Not applicable.
- e) Targeted population: Recipients of the different means-tested social benefits as described above. In October 2020, 222,000 child allowances were paid, as well as 144,300 housing allowances. The measure thus affects about 4–5% of Czech households (MLSA, 2020b). Since there is no connection to activity status, people on all types of work contract, as well as the self-employed, are included in the scheme.
- f) Beneficiaries: In October 2020, the drop in the yearly number of recipients was 2% for child allowance and 9% for housing allowance. In November 2020, the number of recipients of both benefits increased (by 12% and 5%, respectively). In December 2020 (latest data, MLSA, 2020b), however, the number of recipients of both benefits fell back (by 2.5% and 5.5%, respectively). Unfortunately, we cannot determine whether this was due to the measure, or whether these households would have been eligible even without it. Therefore, we cannot say how many households utilised the measure in 2020.
- g) Novelty: New measure.

## 2.6 Measures related to housing support

### 2.6.1 *Moratorium umožňující odklad splátek půjček (Moratorium allowing for deferral of loan repayments)*

- a) Short description of the measure: The Czech Parliament adopted a moratorium allowing for the deferral of loan repayments (Act 177/2020 Coll.) by clients who had experienced a temporary loss of income due to COVID-19 infection or due to related preventive measures. We present the measure in Section 2.6, as almost 80% of the volume of deferred loans relates to housing. Applicants did not have to prove that the income reduction was connected to coronavirus.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: The measure was valid from April 2020 to September 2020.
- d) Amount and duration/Range, duration and conditionality: Not applicable.
- e) Targeted population: All households with consumer credit, mortgage or other forms of loan. The number of people targeted cannot be estimated, since everyone who claimed to be affected by the pandemic was eligible. Since there was no connection to activity status, people on all types of work contract, as well as the self-employed, were included in the scheme.

- f) Beneficiaries: As of 30 September 2020, 341,103 households<sup>18</sup> had been granted approval for to defer payments.
- g) Novelty: A new measure.

### **2.6.2 Cenové moratorium na nájemné z bytů (Price moratorium on housing rent)**

- a) Short description of the measure: The Czech government adopted a price moratorium on housing rents (a ban on housing rent increases for the period during which the measure remained valid). The aim of the moratorium was to protect tenants at a time of reduced mobility of residents, when opportunities to undertake on-site property viewings and to move home were limited (MF, 2020a).
- b) Category: Neither flat nor conditional benefit.
- c) Timing: The price moratorium on housing rents was adopted by government decree, following a proposal by the Ministry of Finance, with effect from 24 April 2020. It was scheduled to end automatically the day the emergency measures were lifted (or the government could end it earlier, depending on the situation). The measure was lifted by the government on 1 June 2020.
- d) Amount and duration/Range, duration and conditionality: Not applicable.
- e) Targeted population: Households living in rental housing (about 20% of all households). Since there was no connection to activity status, people on all types of work contract, as well as the self-employed, were included in the scheme.
- f) Beneficiaries: Statistics on developments in housing rents are not available. It is not possible to estimate how many properties would have been affected had the regulation not been introduced.<sup>19</sup>
- g) Novelty: The government was empowered to take this step by the Law on Prices (the measure was new, but was already envisaged by legislation).

## **2.7 Leave for parents whose children are unable to attend school or a pre-school service by reason of COVID-19**

### **2.7.1 Rozšíření ošetřovného (Caregiver's allowance extension)**

- a) Short description of the measure: Caregiver's allowance for family carers is provided within the sickness insurance scheme. Originally, it allowed employees to take care of a sick member of their households (mostly children) or a healthy child under the age of 10 because of school closure or because of the child's quarantine. In response to the

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<sup>18</sup> The total amount of deferred loans was CZK 217 billion/EUR 8,346 million. Of these, 93,827 were loans secured by real estate property (worth CZK 159 billion/EUR 6,115 million) and 234,430 were consumer credits (amounting to CZK 49 billion/EUR 1,885 million). These loans to households represented about 11.0% of the total volume of loans provided to households in the country by 31 December 2020. The Czech National Bank's data (CNB, 2021) indicate that, as of 31 December 2020, after the expiry of the regulation, 94% of the volume of repayments that had been deferred as a result of the measure had been duly resumed. Of the remainder, 3.2% of the volume of loans were granted an additional deferral of repayments, and approximately 2.8% were non-performing.

<sup>19</sup> According to the Czech Statistical Office (see CZSO, 2021), the rental price index was 113.9 in April 2020 (taking the average for 2015 as 100.0) and 114.0 in December 2020. Although the average rent was almost unchanged, different cities (or parts of cities) may have experienced other developments corresponding to supply and demand. If, for example, the rental price per square metre was CZK 435/EUR 17 in Prague's First District in April, it had fallen to CZK 330/EUR 13 by December (a fall of more than 20%). In Brno (the second-biggest city, with a population of 380,000), the data suggest rent stagnation (the same rent of CZK 260/EUR 10 per square metre in April and December). By contrast, Jihlava (capital of the Vysočina Region, with a population of 51,000) experienced a rent rise from CZK 175/EUR 7 to CZK 220/EUR 8 per square metre. Rental prices were significantly affected by the restrictions on tourism and the closure of full-time university education (RealityMix, 2021).

pandemic, the measure extended the duration of the benefit from the original 9 days to the entire duration of school closure, and increased the age eligibility from 10 to 13 years. It also increased the allowance rate and the list of eligible beneficiaries.

- b) Category: Conditional benefit.
- c) Timing: The measure was adopted gradually and in its first incarnation was terminated at the end of June 2020. As a first step, the new law extended the duration and age limit from 27 March. An amendment then increased the allowance rate to 80% of the daily calculation base (earnings-related) from 1 April. In April, Parliament retroactively decided to extend full eligibility to parents on non-standard employment contracts who had sickness insurance in March. The changes were abandoned as from 1 July 2020. In October 2020, similar measures were readopted in reaction to the second wave of the pandemic.
- d) Range, duration and conditionality: The allowance rate increased from 60% to 80% of the daily calculation base (earnings-related) from 1 April to 30 June 2020. For most families, the level of the benefit represented about 90% of the net wage, whereas previously it had been about 70%.
- e) Targeted population: Employees and workers on non-standard employment contracts.<sup>20</sup> There are no available data on the proportion of eligible working parents. There were about 570,000 school children attending grades 1–5 in 2019. At a rough estimate, the measure could have affected about 250,000–300,000 households.
- f) Beneficiaries: The total number of daily caregiver's allowances paid out each month varied with the peak in June 2020 (more than 250,000). In 2020, the Czech Social Security Administration registered nearly 400,000 claimants in relation to school closures.
- g) Novelty: The above-described extensions modified the existing and traditional social benefit.

### **2.7.2 Ošetřovné pro OSVČ (Caregiver's allowance for self-employed persons)**

- a) Short description of the measure: The government introduced a special programme offering subsidies for self-employed persons who were affected by the state of emergency, i.e. who (following school closure) suffered financial damage because they could not fully run a business and care for a child or dependent person.
- b) Category: Flat benefit.
- c) Timing: Identical to school closure periods – from the end of March until June 2020; October–November 2020; December 2020; and January 2021.
- d) Amount and duration: The programme originally offered CZK 424/EUR 16.30 per day. From April to June 2020, the amount was CZK 500/EUR 19.20 per day. From October 2020, the amount dropped to CZK 400/EUR 15.40 per day.
- e) Targeted population: Self-employed persons caring for school children or dependent persons. About 30,000 applications per month were expected when the invitation to apply was issued in autumn 2020.
- f) Beneficiaries: During the first period (March–June 2020), the ministry approved 190,000 applications (total amount of CZK 2.2 billion/EUR 84.6 million) (ČTK, 2020).
- g) Novelty: This was a new measure in terms of the target group. A similar objective and design as the measure in Section 2.7.1.

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<sup>20</sup> Such as agreement to complete a job (DPP) and agreement to perform work (DPČ).



### 2.7.3 *Krizové ošetřovné (Crisis caregiver's allowance)*

- a) Short description of the measure: In October 2020, at a time of exponential increase in the number of COVID-19 cases, legislators adopted Act No. 438/2020 Coll. on changes to the caregiver's allowance. Parents were made eligible for the benefit during the whole period of school closure. The age limit for eligibility of a child remained at 10 years.
- b) Category: Conditional benefit.
- c) Timing: Effective from 30 October 2020. Claims were limited to the period of validity of the emergency measure in the pandemic (but no later than 30 June 2021).
- d) Range, duration and conditionality: Parents were eligible for the benefit, which was calculated as 70% of the daily calculation base (earnings-related). The minimum amount of the benefit was set at CZK 400/EUR 15.40 per day in the case of full-time employment.
- e) Targeted population: Employees and workers on non-standard employment contracts.<sup>21</sup> There are no available data on the proportion of eligible working parents. There were about 570,000 school children attending grades 1–5 in 2019. At a rough estimate, the measure could have affected about 250,000–300,000 households.
- f) Beneficiaries: The change brought a massive increase in the number of applications (jumping from 2,075 in October 2020 to 73,908 in November 2020) (MLSA, 2020e). Expenditure on all caregiver's allowances reached CZK 451.8 million/EUR 17.4 million in November 2020 – CZK 289.8 million/EUR 11.1 million higher than the previous month (MLSA, 2020b).
- g) Novelty: Another, slightly different, modification of the regular social benefit. Designed, communicated, and presented primarily as a measure to ease the impact of school closures.

## 2.8 Other important temporary social protection/inclusion measures adopted in the context of the pandemic, which do not fall in any of the categories listed in the previous sections

### 2.8.1 *Lex COVID justice (Lex COVID Justice) – relief for debtors involved in debt relief strategies and debtors facing property seizure proceedings*

- a) Short description of the measure: The so-called Lex COVID Justice (Act 191/2020 Coll.) has brought several reliefs in the area of insolvency law for the self-employed and private individuals. The law offers entrepreneurs who are in the initial stages of insolvency proceedings a so-called extraordinary moratorium. It consists of a package of partial measures in the area of insolvency law to offer more support to debtors undertaking debt relief strategies (Řepka, 2020a). Debtors whose debt relief procedures started before the outbreak of the pandemic enjoy a temporary respite from some of their debt obligations. Loss of income due to the pandemic should not create the risk of an approved debt relief procedure being cancelled. Nor should there be the risk of debt relief being withdrawn at the end of a 5-year repayment schedule if the debtor, through no fault of his own, achieves less than 30% satisfaction of unsecured creditors. These measures apply indefinitely.

The adjustment of deductions from severance pay is permanent, in order to better reflect the number of months for which severance payment is due. The tax bonus for a child is no longer subject to recovery proceedings. Finally, the minimum claim that can form the basis for the seizure and sale of immovable property in which the debtor has

<sup>21</sup> Such as agreement to complete a job (DPP) and agreement to perform work (DPČ).

permanent residence has been increased from CZK 30,000/EUR 1,153 to CZK 100,000/EUR 3,846.

Finally, the law suspended the seizure of movable property and of immovable property in which the debtor has permanent residence until 30 June 2020.

- b) Category: Neither flat nor conditional benefit.
- c) Timing: The law consists of a package of measures in the area of insolvency law. The law came into effect on the day of its publication in the Collection of Laws (24 April 2020). Individual sub-measures usually apply indefinitely, but some do have a limited period of validity<sup>22</sup> – as described in part (a).
- d) Amount and duration/Range, duration and conditionality: Not applicable.
- e) Targeted population: People facing the seizure of their property. According to the statistics of the Chamber of Executors, the number of such persons had decreased to 736,425 by the end of Q3 2020. This is the maximum number of people who could be affected by the law. Since there is no connection to activity status, people on all types of work contracts, as well as the self-employed, were included in the scheme.
- f) Beneficiaries: No data on the number of recipients of the measure are available.
- g) Novelty: The measures are new.

### **2.8.2 Jednorázový příspěvek důchodcům (One-off pension)**

- a) Short description of the measure: A one-off pension benefit was automatically paid to all pensioners, in the form of a pension supplement in December 2020. The Czech Minister for Labour and Social Affairs suggested the measure as compensation for the extraordinary expenses associated with the purchase of face masks, disinfectant and other preventive equipment (CSSA, 2020).
- b) Category: Flat benefit.
- c) Timing: A one-off payment in December 2020.
- d) Amount and duration: One-off benefit in December 2020; CZK 5,000/EUR 192.
- e) Targeted population: Almost 3 million pensioners targeted; no eligibility test.
- f) Beneficiaries: All the target population.
- g) Novelty: A similar measure was used in 2019 with a different justification. The measure has the form of law approved by Parliament.

### **2.8.3 Výjimky z uzavření škol pro děti rodičů vybraných profesí (Exceptions to school closures for the children of selected professionals)**

- a) Short description of the measure: Since the pandemic began (and up to the time of writing), pupils have not been allowed to attend school for a total of over 20 weeks. About 1.7 million children and young people have been affected. Most – 953,000 – are primary school pupils (CZSO, 2020). To protect key infrastructure and the Integrated Rescue System, the regional authorities were given the job of securing school capacity for the children of parents in selected professions, according to their employers' requirements.
- b) Category: Neither flat nor conditional benefit.

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<sup>22</sup> The adopted law regulates several areas of insolvency proceedings with different validity periods – some are valid for the duration of the state of emergency; others have a fixed termination date; and yet others are without a termination date. Moreover, the original law (April 2020) was amended (November 2020) by the so-called 'Lex COVID Justice II' (Act 460/2021 Coll.). This amendment has further extended the original periods of validity of selected measures (mostly until between 31 January 2021 and 30 June 2021) (Řepka, 2020b).

- c) Timing: School closures have been enforced three times: 11 March to 25 May 2020; 14 October to 30 November 2020; and 4 January 2021 to 24 May 2021.
- d) Amount and duration/Range, duration and conditionality: Not applicable.
- e) Targeted population: Parents working in selected professions (doctors, nurses, police, fire brigade). The numbers varied significantly by region. On average, regions supplied capacity for several hundred pupils.
- f) Beneficiaries: Varied significantly by region and period of time.
- g) Novelty: New in spring 2020, then repeated.

#### **2.8.4 Materiální podpora režimu distančního vzdělávání (Material support for the distance learning scheme)**

- a) Short description of the measure: The Ministry of Education dedicated CZK 1.3 billion/EUR 50 million to secure IT resources for schools and their pupils (*Deník*, 2020). Schools can lend their pupils equipment to help them join in with distance learning.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: September 2020.
- d) Amount and duration/Range, duration and conditionality: Not applicable.
- e) Targeted population: Pupils mostly from socially vulnerable families.
- f) Beneficiaries: No data available.
- g) Novelty: It is not a new measure. Schools' IT capacities have been the subject of continuous support.

### **3 Social protection and inclusion responses to the crisis: overall assessment and possible gaps**

This third section briefly considers three aspects: the expected cost of the social protection and inclusion measures put in place by the country (Section 3.1), the impact of these measures on the social protection system and on social inclusion policies (Section 3.2), and the possible remaining gaps in the social protection system and in social inclusion policies (Section 3.3). It concludes with a section (3.4) on debates and recommendations.

#### **3.1 Expected cost of social protection and inclusion measures**

Table 1 lists the expected cost of social protection and inclusion measures (only newly adopted) following the same structure as presented in Section 2. The table presents the total costs that the entire public sector (all government and all extra budgetary funds) incurred in connection with the COVID-19 pandemic (from March 2020 to April 2021). The latest available data summarise expenditure for the period from March 2020 to April 2021 and include almost 100 items, of which 12 are related to this report.

The largest volume of measures approved is related to wage subsidies and self-employment compensation. That reached approximately 1.4% of 2019 GDP. Compensation in the form of social benefits is the second largest item – its volume represents around 0.5% of 2019 GDP. The rest of the costs is tax relief for the self-employed or increased government payments to the health insurance system. In 2021, the largest item will be a reduction in personal income tax of 1.7% of 2019 GDP (see Section 3.2).

**Table 1: Expected total costs of social protection and inclusion measures for public budgets from March 2020 to April 2021**

Section	Name of the measure	Expected costs (million CZK)	Expected costs (million EUR)
2.2.1	Antivirus A, Antivirus A plus – support for employment	40,271	1,520
2.2.2	Antivirus B – support for employment		
2.2.3	Antivirus C – support for employment		
2.2.4	Deferral of social insurance payments for employers	*	
2.2.5	Exemption from pension and health insurance premiums for the self-employed	14,300	561
2.3.1	Extraordinary benefit for employees in mandatory quarantine	644	25
2.4.1	Increased contributions for state insured persons	37,649	1,471
2.5.1	Extended eligibility for extraordinary immediate social assistance	92	4
2.5.2	Lump sum compensation for the self-employed	20,200	792
2.5.3	Daily compensation bonus for the self-employed	9,480	370
2.5.4	Simplification of the administration of means-tested benefits	*	
2.6.1	Moratorium allowing for deferral of loan repayments	*	
2.6.2	Price moratorium on housing rent	*	
2.7.1	Caregiver's allowance extension	14,284	558
2.7.2	Caregiver's allowance for self-employed persons		
2.7.3	Crisis caregiver's allowance		
2.8.1	'Lex COVID Justice' – relief for debtors involved in debt relief strategies and debtors facing property seizure proceedings	*	
2.8.2	One-off pension	14,691	576
2.8.3	Exceptions to school closures for the children of selected professionals	*	
2.8.4	Material support for the distance learning scheme	*	
<b>All above measures 2.2.1 to 2.8.2 in million CZK and as % of 2019 GDP</b>		<b>164,485</b>	<b>6,425</b>
		<b>2.87% of GDP 2019</b>	
3.2**	Reform of the Income Tax Act	98,000	3,843
			1.7% of GDP 2019

Notes: \* No data available, marginal impact expected; \*\* expected costs for 2021.  
Source MF (2020b), MF (2021).

### 3.2 Impact on the social protection system and on social inclusion policies

Most of the emergency measures that have been implemented during the COVID-19 crisis are intended to be temporary. One exception is the measure to protect jobs in times of crisis (Antivirus wage subsidy programme). Translating the temporary measure into permanent legislation has been under negotiation since September 2020 and should be implemented after approval by Parliament (MLSA, 2020f). The reason is that this measure has proven to be effective at protecting jobs, although some politicians have expressed reservations in terms of the risk of also preserving ineffective enterprises. The measure, labelled *Kurzarbeit*, consists of temporary support for businesses facing financial difficulties and represents a follow-up to both the Antivirus programme (see Section 2 above) and the measure used as a response to the financial crisis of 2008 to protect existing jobs that was funded by the European Social Fund. That measure was considered effective in protecting jobs during the years after the financial crisis of 2008.

The measure of *Kurzarbeit* (short-time work) should be in effect during times of economic downturn, natural disaster, pandemic and cyberattack. Firms affected could reduce working time to between 1 and 4 days a week, and they would receive a wage subsidy worth 70% of the salaries paid for reduced working time to employees who have worked

in the company for at least 3 months.<sup>23</sup> The subsidy would be provided for a period of up to 12 months, with a ceiling equal to the average wage in the country, on condition that the employer pays social and health insurance contributions from the base corresponding to 70% of gross wage.

From the outset, the proposal has been criticised by both employers and those trade unions that had not been invited to take part in the negotiations. The key point of the criticism is the low threshold for the state contribution to salaries. In spite of the criticism, the proposal won support in Parliament at its first reading, on 7 October 2020, due to the perceived need for the measure (MLSA, 2020g).

However, several draft amendments were submitted by opposition parties, with the main intention of increasing the wage subsidy threshold to 1.5 times the average wage. Other proposals were to halve social contributions paid by companies for employees' days off work; to shorten the supported period to 6 months; and to include also employees on temporary contracts (by January 2021, about 60 proposals had been submitted). Finally, at the beginning of May 2021, Parliament approved and passed to the Senate a proposal to set the wage subsidy paid by employers to employees at 80% of salaries for the reduced working time, with a ceiling of 1.5 times the average wage. The state will reimburse employers 80% of the wage costs. The act should come into force in January 2022 (MLSA, 2021b).

Even the adoption of new measures that – rather than compensating for the impact of the pandemic – introduce permanent changes seems to have been facilitated by the pandemic, in terms of the political support apparent not only in the government coalition, but also in Parliament. First, in December 2020, the government accepted a proposal by the MLSA to increase the salaries of employees in the social services (healthcare staff included) and of social workers by 10% from January 2021 (MLSA, 2020h).

Next, the government accepted a proposal by the MLSA to increase the threshold for eligibility for the child benefit from 2.7 times the subsistence minimum of a family to 3.4 times. Thus, the number of children entitled will increase by 250,000 (from 236,000 in 2019 to 480,000 in 2021) to about 20% of all children. At the same time, the amount of the benefit will increase by about 26% (this increase, however, only compensates for inflation, since the level of child benefit was frozen in 2008). The measure was due to come into effect in April 2021 (MLSA, 2020i).

Third, the Senate approved a proposal by the MLSA, supported by Parliament, concerning the Act on Substitute Alimony in December 2020: a lone parent caring for a child who does not get the maintenance payments awarded by the court, can get substitute alimony payments from the state – of a maximum of CZK 3,000/EUR 115 a month – if s/he asks the court to enforce the maintenance order. The measure will come into effect from July 2021 (MLSA, 2020j).

It is estimated that substitute alimony will affect about 24,000 dependent children and will increase public spending by CZK 1 billion/EUR 38.5 million per year (*Hospodářské noviny*, 2020). From the budget policy point of view, this is a small and inexpensive programme that targets the most vulnerable group of single-parent families with children. After the law was approved, the minister stated: 'Today, we have managed to push through something that had been under discussion for the last 15 years' (MPSV, 2020j). The approved version of the law represents twice the cost of the previous, unapproved version. It was clearly the risk of the pandemic's effects on single-parent families that contributed to the smooth and rapid approval process in Parliament.

In December 2020, the Czech Parliament approved a change to the Income Tax Act. According to the wishes of the Czech president, the amendment should apply to 2021–

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<sup>23</sup> The condition of 3 months of employment in the company is more restrictive than the original conditions for the short-time work schemes Antivirus A (A plus) and Antivirus B. However, since March 2021, this condition has also been applied in the Antivirus A plus scheme (see Section 2 above).

2022, but the law does not contain any time limit. A possible change of timing will be decided by the new Parliament following the October 2021 elections. The reform consists of a new definition of the tax base (abolition of the concept of the so-called super-gross wage), tax rate adjustment and adjustment to the current standard tax reliefs. Despite the fact that the measure does not target people directly affected by the COVID-19 pandemic, it has become the government's flagship policy among all the measures to combat the economic consequences of the pandemic. The measure will have a significant budgetary impact and, given the low unemployment rate, will affect most households in the Czech Republic. The redistributive effects of the changes are estimated to be 1.7% of GDP in 2021 (CZK 98 billion/EUR 3,769 million). The changes were proposed by the prime minister with the support of the Czech finance minister, who argued: 'It is a revolutionary tax cut that will save thousands of crowns in people's wallets each month. I believe that in a crisis, it is the right time for it. People will put money into consumption, or invest it, to help our economy recover faster' (MF, 2020b).

The reform of the Income Tax Act represents one of the biggest measures to mitigate the economic consequences of the pandemic. The proposal has been criticised for the vast redistributive effects, for damaging the public finance balance and for its low impact on consumption (for details, see Jurajda et al., 2020; Fišer et al., 2020; and Prokop in Šálek, 2021). Our estimates suggest that the impact of the measure will be unevenly distributed among the Czech regions. It is expected to have the greatest income impact on two (out of 14) regions – the capital of Prague Region and the Středočeský Region. Since the regional impact per capita is negatively correlated with the regional value of the at-risk-of-poverty (AROP) rate (our estimates show a correlation coefficient of -0.52), the measure will increase regional social disparities. At the same time, the measure redistributes mostly toward individuals with a higher labour income (the lowest quintile represents 1.8% of the tax change; the second quintile – 5.5%; the third quintile – 15.5%; the fourth quintile – 28.2%; and the highest quintile – 49.0% of the change), and so it will increase income poverty in Czech society. Our estimates indicate that AROP will increase by 2.5 percentage points, from 10.1% in 2019. We expect a sharp increase in AROP (from 41.2% to 56.5%) for households with a single member aged over 65.

### **3.3 Remaining gaps in the social protection system and social inclusion policies**

In principle, the Czech social protection system and social inclusion policies are comprehensive, in that they provide almost full coverage of the population and of the risk situations. Although the benefits are fairly modest, they still provide sufficient protection against poverty. However, the self-employed and some non-standard workers (working under an Agreement to complete a job (DPP) and an Agreement to perform work (DPČ)) do not enjoy the same access to social security entitlements as other employees. The self-employed are not covered by social insurance against accidents at work and occupational diseases. Also, their participation in the sickness insurance scheme is voluntary: data show that only 16% take up sickness benefits (European Commission, 2020). Moreover, the self-employed – unlike employees – require a 3-month contribution period in order to gain entitlements to sickness benefit and paternity benefit, and there is a 14-day waiting period before they get sickness benefit. They also need a 6-month contribution period to gain entitlements to maternity benefit. Some categories of non-standard workers are only to some extent entitled to social insurance rights. Specifically, workers under DPČ who earn less than CZK 3,500/EUR 127 per month, and workers under DPP who earn less than CZK 10,000/EUR 380 per month do not take part in social insurance and thus are not eligible for unemployment benefits, sickness and maternity benefits, old age, survivor's and disability pensions. According to MLSA (2020d) estimates, there are about 41,000 such workers in the country (less than 1% of the workforce) for whom these contracts represent the main source of income. During the COVID-19 crisis, the self-employed and workers on non-standard contracts (DPČ and DPP) were provided with only temporary income support (the compensation bonus and ad hoc access to caregiver's allowance).

In spite of the pandemic, the unemployment rate remains low, thanks to the emergency job protection measures adopted. If the impacts of the pandemic last for longer, it is possible that the unemployment rate will increase, as also the risk of poverty and indebtedness.<sup>24</sup> In combination with rising prices of housing and lack of affordable housing, this could lead to housing exclusion in the form of evictions and increased homelessness. Further well-known policy deficits could then escalate, such as the lack of social housing and emergency housing capacities, and the lack of capacity for emergency social services and social work. Similarly, the lack of affordable childcare for children aged 0–3, as well as the low capacity of suitable active labour market policy measures for vulnerable groups, could represent an obstacle to increasing the employment rates of women and vulnerable groups (for details, see Sirovátka et al., 2019, 2020a).

In addition, there are some specific impacts of COVID-19 that have hit some vulnerable groups particularly hard and that require an additional systemic and specific/targeted response.

One important issue is persistent inequality in education, which has been aggravated by the crisis in the conditions of online teaching. The Czech School Inspection (CSI, 2020) has found out that 16% of pupils at primary school did not participate in distance learning during the spring wave of the pandemic.<sup>25</sup> The main reason was lack of technology and/or internet connection at home, and lack of support from parents (ibid.).

Although foundations and NGOs have helped to reduce the disparities in access to equipment/technology, they can only make a limited difference.<sup>26</sup> In addition, the capacity of teachers is insufficient to provide special support to disadvantaged pupils. Lack of personnel resources is compensated for by voluntary help from students from faculties of education, albeit again only to some extent (Pánek, 2020).

Another challenge is the deepening economic/material deprivation of many households. The most serious threat is child poverty and deprivation in terms of children's access to basic needs. During the closure of schools and kindergartens, there should have been an alternative solution to provide the school meals (a project funded by the Fund for European Aid to the Most Deprived – FEAD) that are normally offered to some of the most deprived children. Single-parent households deserve special financial support. They are more often dependent on care allowance when schools are closed and more often work on a part-time schedule.

Increasing indebtedness is expected to push up the frequency of property repossession and evictions, in spite of the temporary eviction moratorium that was in place until the end of 2020. Data from banks indicate that, by the end of October 2020, 380,000 applications had been made for deferral of debt repayments (Člověk v tísní, 2020). For more details, see Sirovátka et al. (2020b).

There is also an indication of the hidden impacts of the crisis. A survey by the NGO *Klub svobodných matek*/Single Mothers' Club, with 950 respondents,<sup>27</sup> indicates that 13% of single-mother households had experienced a slight loss of income during the first wave of the crisis; 53% had experienced a heavy loss; and 16% had been forced into debt. While 18.5% of them applied for assistance from the state (among other coping strategies), 17% turned for assistance to NGOs (Seznam Zprávy, 2020). As qualitative findings indicate, the search for support from NGOs is common among 'hidden vulnerable groups' that have

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<sup>24</sup> We need to take into account the fact that unemployment benefits are provided at a modest level compared to other EU countries (65% replacement rate for the first 2 months, 50% for the next 2 months and 45% for the rest of the period, which is only 5 months in total (8 months in the case of those aged 50 and over, and 11 months for those aged 55 and over)). Hence, the data show a risk-of-poverty rate of 48.3% among the unemployed, compared with 3.1% among the employed and 7.5% among the self-employed (2018 data) (European Commission, 2020).

<sup>25</sup> Including secondary schools, 9,500 pupils did not participate in distance learning at all.

<sup>26</sup> For example, the NGO Člověk v tísní (People in Need) delivered technical equipment to about 1,500 pupils. This is less than 10% of those in need, according to the organisation's estimate.

<sup>27</sup> Although this survey is not representative, the findings illustrate well the problems experienced by lone-parent families.



fallen into debt and face eviction. This indicates a lack of awareness of, bad experience with, and low trust in government support (Trlifajová, 2020).

### 3.4 Debates and recommendations

There is an ongoing debate and legislative negotiation about implementing a systemic measure on employment protection (see above). Next, there is also a debate on improving protection for the self-employed, who have apparently been badly affected by the crisis (e.g. Ševčík et al., 2020; E15 FinExpert.cz, 2020). In response to these debates, the government recently (on 8 February 2021) decided to double the compensation bonus for the self-employed (to CZK 1,000/EUR 38 monthly) from March 2021 (see Section 2 above).

New laws justified on the grounds of a need to combat the consequences of the COVID-19 crisis seem mostly to have passed through the legislative process quite quickly, compared with the pre-pandemic situation. Faster law-making often comes at the expense of proper public debate on the need for and impact of proposed laws. This may deepen the democratic deficit in policy-making. A narrower public debate may make it possible to adopt a law that would otherwise be doomed to failure, due to strong lobby groups. The lack of public debate then raises doubts about whether the measures taken are optimal in combating the pandemic's consequences. The reform of income tax serves as a good example here.

Another hallmark of COVID-19 law-making is the inadequate debate on the budgetary implications of the approved measures. The Czech Republic's public debt is relatively low compared to other countries, and so it is understandable if there is a sense that discussion of the budgetary implications can wait. In the case of one-off measures, which have a limited period of validity and small budgetary implications, this is logical. However, the absence of discussion is striking in the case of laws that will fundamentally affect the state of public finances for many years to come. And this applies to some of the measures implemented. A striking example is the reform of the Personal Income Tax Act, which will reduce tax revenue by 1.7% of GDP in 2021. The measure has been criticised for several reasons, one being the long-term shortfall in public revenues. A second fiscal expansionary measure that does not target households economically affected by the pandemic is a one-off pension (see Section 2.8.2), which amounts to 0.26% of GDP. A similar measure in the area of pensions has been applied in recent years, and that raises expectations for years to come. By speeding up approval, the state is violating its own rules, by, for example, not giving due time and consideration to warnings from the Office for Budget Responsibility. Discussion of the negative budgetary implications of the measures taken is then replaced by a mere relaxation of fiscal sustainability rules.

Based on the above analysis, it is **recommended** to adopt the following measures:

#### **Employment protection**

Adoption of an act providing a guarantee of systemic protection of jobs for businesses facing financial difficulties (*Kurzarbeit*) would be beneficial.

#### **Income protection**

Measures in social assistance (such as alternatives to school meals and the extension of discretionary emergency help to families) are desirable, in order to prevent material deprivation among children.

More generally, social protection of the self-employed and some non-standard workers (DPP, DPČ) in terms of coverage deserves reconsideration, as does the design of the unemployment benefit scheme in terms of generosity and benefit duration.

#### **Other**

The adoption of measures to ensure affordable housing and emergency housing, and to prevent evictions and indebtedness, is becoming urgent.

Systemic measures should be adopted to alleviate inequalities in education in a pandemic situation, with the most important being staff capacity for individual support for pupils with special educational needs and access to technical equipment for online learning.

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## **Annex A: Additional policy measures related to health insurance and healthcare provision**

Several minor technical changes have expanded the benefit package (the list of covered procedures), in order to provide targeted protection of people against COVID-19 (mainly testing, vaccination and some new remote forms of healthcare provision).

Other measures related to healthcare provision (and temporarily limiting access to healthcare) include:

### ***Omezení provádění zdravotních výkonů v rámci plánované péče (Limitation of planned health services)***

- a) Short description of the measure: Providers of acute inpatient services have had to limit planned health procedures (e.g. elective surgery). Only necessary services were carried out, in order to ensure sufficient capacity (personnel, material and technological) for the treatment of patients with COVID-19.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: 17 March to 18 May 2020.
- d) Amount and duration/Range, duration and conditionality: Not applicable.
- e) Targeted population: The temporary decline in the accessibility of healthcare resulting from the reduction in services between March and May 2020 likely affected at least 40,000 people with disabilities and chronically ill patients, according to a survey conducted by the Alliance for Individualised Support (2020).
- f) Beneficiaries: Not available.
- g) Novelty: The measure was new.

### ***Zákaz přijímat nové pacienty za účelem poskytování lázeňské rehabilitační péče (Ban on new admissions for medical spa and rehabilitation treatment)***

- a) Short description of the measure: Medical spa and rehabilitation care providers were banned from admitting new patients.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: 19 March to 24 April 2020.
- d) Amount and duration/Range, duration and conditionality: Not applicable.
- e) Targeted population: Chronically ill patients who would normally receive rehabilitation treatment. No detailed data are available. At a rough estimate, the measure could affect about 20,000–30,000 people.
- f) Beneficiaries: Not available.
- g) Novelty: The measure was new.

### ***Okamžité zastavení příjmu nových pacientů za účelem poskytování plánované péče (Immediate ban on new admissions for planned health services)***

- a) Short description of the measure: Providers of acute inpatient services had to immediately stop all planned health procedures.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: Implemented in two periods: 28 October to 24 November 2020, and then again from 31 December 2020 up to the time of writing.
- d) Amount and duration/Range, duration and conditionality: Not applicable.

- e) Targeted population: Patients who would normally receive planned health services. No detailed data are available – the measure is ongoing (at the time of writing). At a rough estimate, hundreds of thousands of people have been affected to date.
- f) Beneficiaries: Not available.
- g) Novelty: The measure is a much stricter modification of the measure described above.



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