KPMG

Tax & Legal

Subsidies
Legal
Taxes

Special Edition

Obsah

Subsidies

What's new in support for businesses affected by COVID -19

Legal

Rent payments in pandemic times I

Taxes

Rent payments in pandemic times II – tax implications

© 2026 KPMG Česká republika, s.r.o., a Czech limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Subsidies

What's new in support for businesses affected by COVID -19

Below we summarise the most recent information about subsidies and loan guarantees.



Karin Stříbrská
kpmg@kpmg.cz



Renata Kadeřábková
kpmg@kpmg.cz

Subsidies

Within the Operational Programme Enterprise and Innovation for Competitiveness, a **special COVID-19 call is being prepared under the Innovation Vouchers scheme**. It aims to support communication and the sharing of knowledge and know-how between the business and research spheres pertaining to information that businesses may exclusively use to fight the coronavirus pandemic.

In more concrete terms, the programme supports the purchasing of expertise and support services from knowledge-based organisations and accredited laboratories in the area of innovations, with a focus on the prevention of and fight against COVID-19; collaboration in product development or innovation; verification of prototype functionality; diagnostics; certification, etc.

The call is open to small and medium-sized businesses, except for those based in Prague. The support limit is CZK 50 000 – 999 999, the percentage of support is up to 85%, depending on the amount of support applied for and other parameters of the project. The call is expected to open on 16 April 2020.

At the same time, the European Commission has presented its **Coronavirus Response Investment Initiative Plus (CRII Plus)**. The proposed CRII Plus initiative allows to transfer unused funds to areas where they are currently needed, while it also introduces the possibility of providing greater support to businesses and other applicants, including those based in Prague.

Guarantees

The Ministry of Finance, in cooperation with the Ministry of Industry and Trade and the Export Guarantee and Insurance Corporation (EGAP), has prepared a programme of loan guarantees for large export companies and producers – the COVID plus guarantee. This form of support was approved by the chamber of deputies on 8 April 2020 and is now heading to the senate. The concrete parameters of support will subsequently be set by a governmental regulation.

So far, no further information about a **COVID for Prague** programme have been made available as the details for this support are still in preparation.

© 2026 KPMG Česká republika, s.r.o., a Czech limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Legal

Rent payments in pandemic times I

The effects of the coronavirus pandemic are being felt by many lessees who use leased premises for commercial purposes. A governmental bill on certain measures to mitigate the effect of the SARS-CoV-2 pandemic, passed by the chamber of deputies, aims to help.



Ladislav Vajdík
kpmg@kpmg.cz

Regardless of what parties may have agreed on in a lease contract, the bill prohibits lessors from unilaterally terminating leases solely on the grounds of the lessees' default in payment of rent. This only applies under two conditions: (i) the default concerns rent due between 12 March and 30 June 2020 (the 'decisive period'); and (ii) the lessee has proven to the lessor, within 15 days from the first default in payment in the decisive period, that the default was mainly due to the restrictions caused by the extraordinary measures that rendered it impossible or substantially more difficult to carry out their business activity.

The prohibition shall apply from the act's effective date until 31 December 2020 (the 'protection period'). If lessees fail to o pay the outstanding rent by 31 December 2020, to which they are obligated by the act, lessors may then terminate leases with a five-day notice. Moreover, the lessors' right to terminate leases on other grounds shall not be affected by the above provisions.

If a lease terminates before the protection period expires, the lessee is obliged to settle all outstanding rental payments that have become due within the decisive period, within 30 days after lease termination.

Please note that:

- The above does not apply to defaults in payments for utilities/services connected with the use of the premises, meaning that should the lessee fail to make payments for these utilities/services due in the decisive period, the lessor may terminate the lease on these grounds in accordance with the lease contract.
- In our opinion, lessees will still be obliged to pay to lessors default interest and other sanctions for late payment, in accordance with the lease contracts.
- If a lessee is in default as regards payment of rent for a period after 12 March 2020, and the lessor had terminated the lease on these grounds in accordance with the lease contract before the act entered into effect, the legal force of such lease termination shall not be affected by the act.

The act also provides certain protection to lessors: once the impediments on the part of the lessee have been removed, however, no earlier than after the state of emergency has ended, they may demand the termination of the lease if they cannot be reasonably required to endure the limitations to the extent stipulated.

The bill is yet to be debated by the senate, and the senators may have some reservations about the version submitted to them. Hence, the final wording may differ from the above. It is thus advisable to watch this area closely. Please also note that a similar bill is now being debated as regards leases of premises for residential purposes.

© 2026 KPMG Česká republika, s.r.o., a Czech limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Taxes

Rent payments in pandemic times II – tax implications

The governmental bill on certain measures to mitigate the effect of the SARS-CoV-2 pandemic aims to protect lessees of commercial premises that are in default with rental payments. The bill may have a negative impact on lessors' cash flows, due to its tax implications.



Petra Němcová
pnemcova@kpmg.cz



Diana Marková
dmarkova@kpmg.cz

Lessees whose inability to pay rent has been caused by the pandemic should be protected from the unilateral termination of a lease by the lessor on the grounds of the lessee's failure to pay rent. As regards premises leased for business purposes (commercial premises), the bill applies to the period between 12 March and 30 June 2020. The 'protection period' within which the rent must be paid ends on 31 December 2020, which is a significant change from the date originally proposed by the government, i.e. 31 March 2022.

From a tax perspective, lessors still must meet their obligations, mainly as regards income tax and VAT. Lessors who use double entry book-keeping have to pay tax on their income within the generally applicable deadlines, depending on the calendar year or financial year they use as a taxable period, regardless of whether the rent has actually been paid. For those using the calendar year, there should be no negative impact on cash flow arising from the lessor's income tax, as the protected period has been shortened; perhaps except for cases where lessees end up terminating their business activity. However, for lessors using a financial year, there may be some negative effects on cash flow due to their income tax payment obligations.

Similarly, lessors who are VAT payers must declare rent in their VAT returns, in accordance with generally applicable rules for determining the date of taxable supplies – i.e. usually on a monthly basis, unless otherwise agreed. This means that lessors still must pay VAT on the rent within the statutory deadlines. On the other hand, they are also entitled to deduct VAT on the invoices, again in accordance with generally applicable laws and rules, i.e., regardless of whether rent was paid.

These negative impacts may be eliminated by applying for the deferment of tax payments, along with a waiver of interest on the deferred amount. This, however, creates a certain administrative burden for lessors, and there is still the risk that the application may not be granted. If the rent is not paid due to the termination of the lessee's business activity, the procedure for the correction to the tax (VAT) base for unrecoverable debt should be followed.

Similar issues are also faced by owners of rental apartments; we will cover this topic in the next issue of the Tax and Legal Update.

If you have any questions or need to address the tax implications of a concrete situation, please do not hesitate to contact us.

© 2026 KPMG Česká republika, s.r.o., a Czech limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

LinkedIn | Twitter | Facebook | Instagram

www.kpmg.cz
Tel.: +420 222 123 111

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2026 KPMG Česká republika, s.r.o., a Czech limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.