

# V. The Czech Way of Dealing with the COVID-19 Pandemic as a Social Risk

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## 1. Introduction

This paper analyses the state support to employers and freelancers as well as the general aid measures which were implemented to facilitate access to social protection in light of the COVID-19 pandemic in the Czech Republic in 2020 and 2021. The centre-left government under Prime Minister Andrej Babiš created a new benefit for self-employed persons, changed and prolonged sick leave benefits for employees with children, and almost depleted the state budget on the state subsidy programme intended to finance short-time work and a list of aid programmes for various branches of the Czech economy.

Despite its efforts, Babiš' party lost the parliamentary elections in October 2021 and went into opposition. Although Babiš' party won the parliamentary elections, it was not able to continue in government as both of its partners, the Social Democratic Party and the Communist Party, had been deselected from the House of Commons of the Parliament for at least the next four years. In November 2021, with the number of COVID-19 infections higher than ever before and the state of emergency having been invoked once again, the new Fiala's government seems to be trying a different approach: to hold out without a complete lockdown, to keep the economy open, and to minimise the huge deficits. Despite experiencing the highest inflation in the past 20 years, the new government has proclaimed a different goal from its predecessor: to run a modest welfare policy.

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## 2. Job Retention

Considering social laws, the government focused on mitigating the collateral damage caused by several lockdowns. Two main measures were employed: the state subsidy programme ‘Antivirus’ and changes to attendance benefits.<sup>2</sup> However, there are a few other changes to laws that are also worth mentioning. The legislator for example established the legal presumption that persons who were qualified to perform their jobs on 11 March 2020 are qualified to do so during the lockdown period. Those presumed qualifications were linked to occupational safety, health care standards and other similar regulations.<sup>3</sup> Said employees retained their qualifications even in cases where they became invalid due to failure to pass the prescribed qualification renewal exams. Parliament allowed for the payment deferral of social security insurance premiums and contributions to the state’s employment policy paid by employers as taxpayers. Employers could pay insurance premiums for May, June and July until 20 October 2020 with a penalty of only 4% p.a.<sup>4</sup>

### a) Antivirus

Czech public employment policy has been based on the model that employers are obliged to preserve jobs and pay employees wage compensation even in cases where the latter are not able to work for public policy reasons, such as quarantine proclaimed by the state. The restrictions on employers are set forth in Sections 207–210 of the Labour Code. These sections list all circumstances where an employer may not order an employee to work (e.g. downtime or work stoppages for reasons of bad weather). However, in response to the pandemic, the government developed a new financial aid programme to subsidise employers called the Antivirus pro-

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2 See section 2.2. of this paper.

3 Cf. Act No. 539/2020 Coll. on certain measures to mitigate the adverse effect of COVID-19 on qualifications and their evidence (in Czech: zákon o některých opatřeních ke zmírnění dopadů epidemie koronaviru označovaného jako SARS CoV-2 v oblasti prokazování plnění kvalifikačních předpokladů pro účely pracovních vztahů).

4 Act No. 255/2020 Coll. on the reduction of penalties on social security contributions and state employment policy contributions paid by employers as taxpayers in connection with emergency measures during the pandemic in 2020 and amending certain acts.

gramme.<sup>5</sup> Although there were some opposing opinions, mainly among academics, employers respected the state policy.<sup>6</sup> The government offered employers state support provided that they continued to pay their employees who were not able to work.

The Czech government extended and amended all schemes of the original Antivirus programme, i.e. Antivirus A, Antivirus B and Antivirus A Plus, as the situation worsened and lasted.<sup>7</sup> Under the Antivirus programme, employers applying for financial support were obliged to fulfil the following conditions:

- they must comply with the provisions of Czech Labour Code (i.e., employees are not carrying out work duties);
- they must pay wages to the employees and also the mandatory contributions to the respective authorities;
- employees must continue to be in an employment relationship with the employer (i.e., they have not been dismissed).

State aid was paid to the employers on the basis of a written contract concluded between employers and the Czech Labour Office. Conditions imposed by the state changed several times as the state apparatus adjusted the scheme to respond to malpractice and fraud.<sup>8</sup>

Employers were provided with financial support from the public funds under two regimes (A or B): the former allowed for a grant for employers with a reduction of business operation and/or quarantine ordered, while the latter financed employers with related economic difficulties.

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5 On 31 March 2020, on the basis of Section 120 of Act No. 435/2004 Coll. on Employment, as amended, the Government of the Czech Republic approved by Resolution No. 353 the Targeted Employment Support Programme called “Antivirus” (hereinafter referred to as the “Antivirus Programme”).

6 Not all employers accepted the scheme and eventually received support paid by the scheme. The reasons were varied. Some employers preferred to dismiss employees, others ordered employees to stop working for other reasons. Finally, other employers, in agreement with some experts, believed that the government was acting on the basis of flawed legislation and simply did not use the support.

7 The government’s changes to the Antivirus program have been relatively hasty and rather opaque. Approved measures were revoked and reaffirmed as the pandemic situation changed.

8 The Labour Office insisted on fulfilment of a number of conditions, for example: employers must strictly follow the Labour Code, employees must not be in their probationary period, and the employer must pay wages and make all legal deductions.

If quarantine was imposed on an employee (regime “A”), their employers were provided with financial support from public funds for up to 80% of the super-gross wage (i.e. the amount paid by the employer, including social and health insurance contributions) up to a maximum amount of CZK 39,000 (with regard to each employee).

If operation of a business was closed as a result of anti-pandemic measures (regime “A Plus”), employers were provided with financial support from public funds in the amount of 100% of the wage + social and health insurance contributions paid by the employer up to a maximum amount of CZK 50,000 (per employee for the respective month).

Under the B programme, employers were provided with financial support from public funds of 60% of the wage + social and health insurance contributions paid by the employer up to a maximum amount of CZK 29,000 (per employee for the respective month). This applied in the following situations: When there were obstacles to work on the employers’ side due to an obligation to quarantine or due to the obligation to provide child care among a significant proportion (at least 30%) of employees, employees (except for those in quarantine or taking care of children) were entitled to receive 100% of their average earnings. When there were obstacles to work on the employers’ side due to shortages of supplies, employees were entitled to receive 80% of their average earnings. When there were obstacles to work on the employers’ side due to a drop in sales of the employer’s products or a drop in demand for services rendered by the employer, employees were entitled to receive 60% of their average earnings.<sup>9</sup>

It must be added that there was a programme C as well. Under this subcategory of the Antivirus programme, there was a statutory waiver of social security premiums and contributions to the state employment policy paid by employers as taxpayers. This programme applied, under specific conditions, to employers with less than 50 employees and to the months of June, July and August 2020.<sup>10</sup>

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9 The government has also launched a [new website with detailed information on COVID-19](#) and FAQs with respect to the current measures imposed. Government Resolution 1208 of 29 December 2021 suspended the eligibility period for Mode B Antivirus expenditure from 1 January 2022.

10 Act No. 300/2020 Coll. on the waiver of social security premiums and state employment policy contributions paid by certain employers as taxpayers in connection with extraordinary epidemic measures in 2020 and amending Act No. 187/2006 Coll. on sickness insurance, as amended. Schedule C applied only to the

b) Long-Term Attendance Benefits

One of the first measures invoked by the government was the closure of elementary schools, secondary schools and universities and colleges as of 11 of March 2020. It was intended to last 14 days, but ultimately continued for more than 6 months. More than 1.7 million pupils and students were not allowed to return to schools until May or June of the same year. The second closure followed from mid-October 2020 and, save minor exceptions, ended at the end of May 2021. Before the pandemic, parents of pupils up to the age of 10 were eligible for 9-day-long or 16-day-long attendance benefits as regulated under the Sick Leave Insurance Act.<sup>11</sup> The latter benefits were guaranteed to single parents.

Therefore, the government decided to prolong attendance benefits (in Czech: *ošetřovné*) accordingly. In March 2020, Parliament passed a new law that increased the rights of beneficiaries in question. Parents were eligible to care benefits for the whole period that their children stayed at home. In addition, the age limit was increased to include children of up to 13 years of age.<sup>12</sup>

Employees could apply for long-term attendance benefits through their employers provided their children were in need of care because their school was closed by the respective state agency. Self-employed persons could file their applications directly with the District Social Security Administration (DSSA) office where they are registered. The benefit amounted to 60% of the daily assessment base. The daily assessment base was calculated as a percentage of the insured person's gross daily earnings in 2020: 90% of gross daily earnings up to CZK 1,162, 60% from CZK 1,162 to CZK 1,742, and 30% from CZK 1,742 to CZK 3,545. The number of long-term attendance benefit recipients had been relatively low since the introduction of the benefit. However, in 2020, numbers skyrocketed for

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premiums employers were required to pay as premium payers for June, July and August 2020.

- 11 The benefit is intended to support insured workers while they look after a sick member of their household or a relative.
- 12 Cf. Act No. 133/2020 Coll. on certain amendments to social laws in connection with epidemic measures in 2020 (in Czech: zákon č. 133/2020 Sb. o některých úpravách v sociálním zabezpečení v souvislosti s mimořádnými opatřeními při epidemii v roce 2020).

obvious reasons and the whole scheme was pushed into red numbers for the first time in the past 27 years.<sup>13</sup>

### 3. *Supporting the Economy*

The government and Parliament used several instruments to mitigate the adverse effects the outbreak of the COVID-19 pandemic had on the Czech economy. The government introduced new measures to support the self-employed. It also created three liberation packages on taxes, a moratorium law, as well as special aid programmes for culture, tourism, sport, real estate and other branches of the Czech economy. Additional measures implemented by the government included the amendment to the Act on Banks and an amendment to the Act on Recovery Procedures and Resolution of the Crisis in the Financial Market. These were intended to strengthen the banking sector, increase the efficiency of supervision and adjust the rules for a possible resolution of the banks' problems.

#### a) *Support for the Self-Employed*

At the beginning of the pandemic, ordinary social laws did not offer solid welfare rights to self-employed individuals<sup>14</sup> because the appropriate schemes of social insurance, e.g. sick leave insurance, were optional and not mandatory for them. The state helped self-employed persons who were taking care of children aged 6 to 13 and were not able to go to work due to the coronavirus, to the value of CZK 500 per day. All self-employed persons who had income only from their business were given six months' holidays on the payment of health and social insurance. These holidays covered the amount of the minimum insurance premium, i.e. CZK 4986. However, these amounts were not waived by the respective agencies.

In addition, self-employed persons were granted compensation bonuses which directly supported self-employed persons to the amount of CZK

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13 Cf. iRozhlas, [Systém nemocenské je v nejhlubším deficitu za 27 let. Schodek 13 miliard způsobila pandemie koronaviru](#), 5 August 2020 (accessed on 19 November 2021).

14 It must be added that rights of disabled persons were omitted as well. However, public employment policy boldly disregarded the respective stipulations of Act No. 435/2004 Coll. as amended until it was amended by the legislator.

25,000,<sup>15</sup> and later CZK 31,150. Self-employed persons were eligible to compensation benefits if the following conditions were met:

- aa) the person must be self-employed under the definition of the Pensions Insurance Act;
- bb) the activity performed is the principal activity (under clearly defined conditions it may also be an ancillary activity);
- cc) the decrease in gross sales during the period from January to March 2020 was at least 10% compared to the period from January to March 2019 (if a business was set up after January 2019, the comparison counts with regard to the first 3 months after setting up the business),
- dd) the entity achieved at least CZK 180,000 of gross income in 2019 or at least CZK 15,000/month in the case of a business set-up after January 2019.

An amendment to the Act on the Coronavirus Compensation Bonus was approved. This enabled the reimbursement payment per day to self-employed persons until 8 June 2020.<sup>16</sup>

#### *b) Loan Guarantees and Payment Deferrals*

In May 2020, the Czech Republic launched a guarantee programme through which the state supported companies with up to 500 employees by securing their debts in the total amount of CZK 150 billion in guarantees.<sup>17</sup> State aid covered operating loans of up to CZK 50 million, which were provided to companies until 31 December 2020. Depending on the number of employees, companies were able to apply for an operating loan of up to 80-90% of the principal of the guaranteed loan.

The state adopted the so-called Liberation packages, of which some measures were approved by the Ministry of Finance, some by the govern-

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15 Cf. Act No. 159/2020 Coll. on compensation (in Czech: zákon o kompenzačním bonusu v souvislosti s krizovými opatřeními v souvislosti s výskytem koronaviru SARS CoV-2).

16 The law anticipates that, under certain conditions (maximum of 2 partners and not profiting from another form of state financial aid), owners of small limited liability companies could also benefit from the compensation bonus.

17 This was the COVID III programme, which ended on 31 December 2020. Resolution of the government of 18 May 2020 No. 553.

ment, and some were passed by Parliament.<sup>18</sup> The Ministry of Finance decided that it would not impose fines for late submission of personal and corporate income tax returns, for late payment of a tax claim and for late submission of control tax reports.<sup>19</sup>

The Liberation packages were subsequently extended to defer payment of road tax due in April and July to 15 October and to include a proposal for VAT exemption from goods that are supplied free of charge (e.g. COVID-19 test kits, protective clothing, other medical supplies, etc.).<sup>20</sup> The government agreed on the suspension of the obligation to electronically record sales for entities in all phases of EET.<sup>21</sup> A bill on the abolition of real estate acquisition tax was adopted with retroactive effect.<sup>22</sup> Anyone who acquired property by December 2019 at the latest was exempted from the obligation to pay this tax. Taxes already paid were refunded.<sup>23</sup> A bill on an anti-crisis tax package intended to help the most affected sectors of the Czech economy.<sup>24</sup> The package mainly set forth a VAT reduction from 15 to 10 percent in the area of accommodation services, admission fees to cultural events and sporting events, admission fees to sports grounds, fares of ski lifts and admission fees to saunas and similar facilities. The package also included the reduction to 25 percent in road tax on lorries over 3.5 tonnes, a shortening of the deadline for refunding the overpayment of excise duty on so-called “green diesel”, and the introduction of a loss carry-back for income taxes for all natural and legal persons. Another bill aimed to mitigate the impact of the decline in tax revenues of municipali-

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18 They used to be approved on regular bases, the first package of which in March 2020.

19 Decision of the Minister of Finance on remission of the tax and administrative fee due to an extraordinary event No. MF-7108/2020/3901-2.

20 Decision of the Minister for Finance on the remission of value-added tax due to an extraordinary event No. 3369/2021/3901-2.

21 Electronic sales registration (EET) or online sales registration is a method of sales registration where data on every transaction of a trader is sent online to the state administration.

22 The tax on the acquisition of immovable property was abolished on 25 September 2020 by Act No. 386/2020 Coll., with retroactive application to deposits permitted by the Land Registry from 1 December 2019.

23 Act No. 386/2020 Coll. on the abolition of real estate acquisition tax (in Czech: zákon, kterým se zrušuje zákonné opatření Senátu č. 340/2013 Sb., o dani z nabytí nemovitých věcí, ve znění pozdějších předpisů, a mění a zrušují další související právní předpisy).

24 Act No. 609/2020 Coll. amending certain acts in the field of taxation and certain other acts.



ties in 2020. Each municipality was to receive a bonus of CZK 1,200 per inhabitant, which amounted to a total sum of almost CZK 13 billion.

Parliament passed a moratorium law on the repayment of loans and mortgages signed before 26 March 2020, which was binding on all banks and non-banking companies.<sup>25</sup> Both natural persons and corporate debtors were able to suspend their repayments for either three or six months, as they chose. The debtor had to notify the creditor by declaration that he would be taking this action because of the negative economic impact of the coronavirus pandemic. However, there was no obligation to provide proof of this. Companies which were forced to close their premises due to government orders were entitled to defer their rent payments. The deferral applied from 12 March to 30 June 2020 and deferred payments will have to be paid back within 2 years. In addition, a ban was adopted on terminating the rental contracts of persons unable to their pay rent due to financial distress caused by the COVID-19 pandemic. The moratorium law was contested in the Constitutional Court of the Czech Republic. The constitutional complaint was rejected and the law upheld.<sup>26</sup> The state also adopted a subsidy programme for the payment of rents for establishments of entrepreneurs who were affected by restrictive government measures. To obtain this subsidy, the entrepreneur had to submit a confirmation from the landlord in the form of an amendment to the lease agreement that the latter had granted the tenant a 30% rent discount.

### *c) Sector-Specific Measures*

Moreover, a special bill to mitigate the impact of the crisis in the tourism sector was approved on 16 April 2020.<sup>27</sup> It aimed to help travel agencies facing bankruptcy. The bill proposed a year's transition period for the

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25 Cf. Act No. 210/2020 Coll. on certain measures to mitigate the negative effects of COVID-19 on tenants and businesses (in Czech: zákon č. 210/2020 Sb., o některých opatřeních ke zmírnění dopadů epidemie koronaviru SARS CoV-2 na nájemce prostor sloužících podnikání).

26 Cf. judgment was published under No. 29/2021 Coll.

27 Cf. Act No. 185/2020 Coll. on certain measures to mitigate the adverse effects of COVID-19 on tourism (in Czech: o některých opatřeních ke zmírnění dopadů epidemie koronaviru označovaného jako SARS CoV-2 na odvětví cestovního ruchu). Thanks to the COVID-Tourism promotion programme, tour operators were able to apply for subsidies, and could receive up to 2.75 percent of the planned revenues from the sale of tours and from the sale of tourism services which are part of combined travel services for 2020.

reimbursement of holidays already paid for, during which the travel agency would offer its clients a voucher for a package tour to the value of the package tour for which they had originally paid. The travel agency must only return money in the event that the client failed to make use of the voucher within 12 months. Such vouchers could also be used by organisers of cultural events. In 2021, new programmes were launched. These also concerned travel agencies, in particular small and medium-sized ones, which were able to draw a state-guaranteed loan to cover legally mandated bankruptcy insurance.

Other laws shaped under the same pattern were adopted to mitigate the negative effects experienced by the culture, sport,<sup>28</sup> fairs and congresses,<sup>29</sup> restaurants,<sup>30</sup> food production<sup>31</sup> and real estate sectors.<sup>32</sup> The package for culture alone was worth more than CZK 1 billion.<sup>33</sup> The COVID-Sport subsidy programme – intended to provide financial assistance to organisers of sports events, operators of sports facilities and sports organisations that had to pay rent for the use of sports facilities – was approved in November 2020. A total of CZK 1 billion was set aside for the programme, which was initiated mainly because the above-mentioned were mainly non-profit or-

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28 Cf. No. 249/2020 Coll. (in Czech: zákon o některých opatřeních ke zmírnění dopadů epidemie koronaviru označovaného jako SARS CoV-2 v oblasti sportu).

29 Cf. Act No. 247/2020 Sb. (in Czech: zákon o některých opatřeních ke zmírnění dopadů epidemie koronaviru označovaného jako SARS CoV-2 na oblast kulturních akcí).

30 The state launched a subsidy programme called COVID-Gastro to help the gastronomy sector, with the government earmarking a total of CZK 2.5 billion from the state budget for the programme. An additional programme named Agricovid Food industry subsidy programme was launched as well. Its mission was to help the food and agriculture industries that have been affected by the closing of restaurants and other public dining establishments. There were up to three billion crowns available for this purpose.

31 The Agrocovid Foodstuffs programme focused on supporting food producers whose output went to public catering, which had been heavily restricted by the government's crisis measures. This support covered approximately 8,500 to 10,000 entities according to the government, and aimed to set aside three billion crowns for the programme.

32 Cf. Act No. 249/2021 Coll. (in Czech: zákon o některých opatřeních ke zmírnění dopadu epidemie koronaviru označovaného jako SARS CoV-2 na oblast reálného zprostředkování a o změně zákona č. 39/2020 Sb., o reálném zprostředkování a o změně souvisejících zákonů (zákon o reálném zprostředkování), ve znění pozdějších předpisů).

33 The independent arts segment will receive CZK 440 million; CZK 300 million went to regional culture support and subsidised organisations in the sector received CZK 300 million.

organisations ineligible for financial assistance from any of the earlier governmental programmes. The support programme for fairs or congresses was intended to help entrepreneurs who lost at least 30 percent of their turnover between March and October 2020 against the same period in 2019. They could apply for support to the extent of 60 percent of uncovered costs, with the rate for state-owned entities or territorial self-governments being at 40 percent. The COVID-Spas programme was extended for the period from 1 January 2021 to 31 December 2021. Businesses could receive increased support from EUR 800,000 to 1.8 million. Spa facilities were allowed to offer clients a customer discount on curative sojourns and preventive spa visits amounting to CZK 4,000. The discount was provided in the form of a voucher that potential clients would be able to print out from the website [kudyznudy.cz](http://kudyznudy.cz),<sup>34</sup> or request directly at the spa facility.

Finally, the government announced the Czech Rise Up 2.0 subsidy programme, for which the government allocated up to CZK 300 million. The programme targeted projects that focus on the use of existing technologies for the development of medical and non-medical solutions, the aim of which were, for example, to manage all the consequences of the crisis or prepare for a possible second wave of the coronavirus pandemic.

#### 4. *Social Protection*

Legislative activity in 2020 and 2021 was essentially entirely focused on managing the pandemic. There is no full-fledged unemployment insurance scheme in the Czech Republic. Employees are provided with unemployment insurance through a benefit system financed by employer contributions to state employment support. This system has not been reformed in 2020 and 2021, with the exception of the Antivirus program, which has already been described in Section 2 of this paper.

With effect from 1 July 2021, it is now possible to apply for the so-called substitute maintenance. This is a benefit that is intended to provide temporary financial support to dependent children in a situation where a parent is ordered by a court to pay maintenance (on the basis of an enforcement order) but fails to fulfil his or her maintenance obligation towards the child(ren). That is, he/she does not pay maintenance at all or pays it in a lower amount.

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34 The www address is composed of Czech words that can be translated as “where to go from the boredom”.

To qualify for the benefit, the following conditions must be met:

- the maintenance obligation (ordinary maintenance) is established by an enforcement order based on a court decision, but the obligor (parent-debtor) does not pay maintenance at all or in a lower amount,
- the child must be dependent according to the Act on State Social Support (Act No. 117/1995 Coll.),
- the dependent child must be a permanent resident of the Czech Republic, unless the law provides otherwise,
- the dependent child must be resident in the territory of the Czech Republic under the Act on Assistance in Material Need (Act No. 111/2006 Coll.), unless otherwise provided by law,
- the process of recovery of the maintenance owed has been initiated and the maintenance owed is thus recovered as a claim in enforcement proceedings or in proceedings for judicial enforcement of a decision (the aim is therefore that the beneficiary or his/her legal representative should consistently make use of the instruments available to him/her to enforce the right to maintenance by filing a petition for enforcement or a petition for judicial enforcement of a decision). This condition is fulfilled even in cases where the judicial enforcement of the decision or the execution has been suspended due to the obligor's lack of means, in the last 4 months before the application for replacement maintenance was filed, or during the course of these proceedings, or after the awarding of the right to replacement maintenance.

The myriad of measures and laws passed and enacted to mitigate the adverse effect of the pandemic can be classified and generalised in order to describe a trend in social security. A number of measures were intended to encourage people, included poor people, to obey preventive rules and wear face masks, to not use public transport if they belong to a risk group threatened by a higher COVID-19 mortality, to stay at home and to broaden and strengthen the resilience of hospitals and welfare assistance facilities. We can classify those as preventive measures. For example, from 3 February to 3 April, sellers were empowered to reduce prices on respirator masks classed FFP2 and higher. The full pardon waived the value added tax for the delivery of filtering half masks and respirator masks that meet the parameters of protection classed at least FFP2, KN95 or N95 or have the same or higher filtering effect. It must be mentioned that the full pardon has been extended and repeated several times.

There were adjustments to state social support benefits and the care allowance in order to limit to the essential minimum any public contact with workplaces of the Labour Office of the Czech Republic. Applicants

for state social support benefits and care allowance were no longer required to provide the required documents at these offices. The authorities had to automatically take over documents from the previous quarter. The government increased old age pensions several times. Because it was done in close connection with the parliamentary elections, it is hard to consider whether the cause was the pandemic or the desire entertained by the government to be re-elected.

Other laws, orders or other measures invoked by Parliament, government or various state agencies, were to mitigate adverse economic circumstances created by the pandemic. Parliament passed a bill to mitigate the impact of the coronavirus pandemic in the area of employee protection in case of the insolvency of the employer. Thanks to this bill, employees of an insolvent employer were to be satisfied by partial wage claims from the Labour Office of the Czech Republic. Said bill broadened the definition of insolvent employer to cover also those employers who stopped to pay wages even so as not to be proclaimed to be in a state of bankruptcy. The mere application for bankruptcy sufficed as well. The Labour Office became competent to consider the insolvency of the employer.<sup>35</sup> Another example: support through the Care Allowance for the Self-Employed Programme was also intended for self-employed persons who care for a dependent child up to the age of 26 whose level of dependency on the help of another person is at least mild (level I). This benefit was increased to CZK 400 per day, and the Ministry of Industry and Trade allocated CZK 200 million from its budget to this programme.

As the pandemic raged and weakened health workers by the dozens, the government called in the military, students and qualified volunteers and lay persons. Hundreds of military personnel, mainly qualified medics, and students of medicine were to strengthen or even replace undermanned key hospitals and aid workers at providers of welfare assistance. The army was ordered to build up two field hospitals and prepare for the worst case scenario. In addition to state measures, an unseen wave of solidarity emerged among the nation: aid workers cocooned in homes for the elderly and stayed with them for weeks, if not months, without returning to their families and homes. Volunteers came to the boundaries of those facilities to hand over meals, play music or just support in silence those who neglected their personal lives to help others.<sup>36</sup>

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35 See Act No. 248/2020 Sb.

36 Whereas some helped, others searched for ways of how to violate the state measures and live their lives as they used to. Police had to close down several

The state took a few measures to increase and strengthen the network of health care providers. A bill on the compensation to persons providing paid health services was approved.<sup>37</sup> The law obliged health insurance companies to reimburse any costs of health care providers that are connected to the ongoing coronavirus pandemic.<sup>38</sup> The state increased insurance premiums paid for state insureds to health care insurance companies.<sup>39</sup> The Ministry of Health approved a debt relief for selected state-run hospitals in long-term financial difficulties whose situation has worsened due to the pandemic.<sup>40</sup> More or less the same steps were taken with regard to welfare assistance providers. During the second wave of financing social services related to coronavirus, nearly a billion CZK were released to cover the increased costs of social services operators.

Of the high number of preventive and mitigating laws and governmental measures, there is one adversary measure that has been applied by the Ministry of Health that goes in the opposite economical direction and concerns the informal limit of recognised victims of occupational diseases: although COVID-19 has been recognised as an occupational disease, the Ministry of Health declared that only health and aid workers are eligible to claim compensation in the event of illness. This narrow interpretation has been pushed forward by internal opinions and is not supported in the language of the respective laws.<sup>41</sup> However, it can be a way to limit the scope of compensation for recognised and compensated victims. The reason can be found in the current compensation scheme. The valid occupational injury scheme neither follows the German approach with self-governed insurance associations funded by employers' contributions, nor the approach

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private parties and celebrations. Media reported and ostracised ministers, high state officials and politicians who took part in private parties.

37 Act No. 301/2020 Coll. on the compensation of persons providing reimbursed health services taking into account the impact of the COVID-19 epidemic in 2020.

38 According to the Ministry of Health, the final sum may amount to CZK 5 billion.

39 The government increased the payment for each person insured by the state by CZK 500 per month from 1 June 2020, and by a further CZK 200 per month from 1 January 2021.

40 Almost CZK 6.6 billion were allocated from the government's budget reserve.

41 The definition of what constitutes a disease is provided in secondary legislation in the form of a list. According to Act No. 290/1995, which provides the list of occupational diseases, diseases include, for example, carpal tunnel syndrome or cancer due to exposure to asbestos. There is also a legal definition of 'occupational accident' in Sections 380 and 387 of the Labour Code. An occupational accident is a sudden, short-term, physical, external impact on an employee's health that is not due to neglect on the part of the employee.

of the second state-administered scheme whose system for compensating occupational injuries and diseases as part of its wider provision for social security levies contributions from employers to finance it. It is a mix of public insurance operated by only two domestic insurance companies and civil tort liability on the part of the employer. The old communist model was enhanced at the beginning of the 1990s by mandatory public insurance operated by two state-chosen private insurance companies. The current scheme has one huge advantage for beneficiaries. Unlike elsewhere in Western Europe (except for Luxembourg), full compensation is made for lost earnings to injured employees in case of permanent benefits. In addition, liability for harm caused by occupational accidents or diseases is regarded as a liability of result. This means that the breach of a legal duty is not a requirement or condition for establishing the liability. The employer is liable under the following conditions:

- occurrence of occupational accident or disease;
- harm to an employee or his/her relatives;
- nexus (connection: harm suffered because of occupational accident or disease).

Thus, persons in accident- or illness-prone occupations (“preferred occupations”) such as health or aid work who actually contracted COVID-19 are sure to be compensated. However, those in other jobs and occupations – such as janitors working in the same health or welfare assistance facilities – must prove, according to the government, that they have contracted COVID-19 in the course of employment. Although such an interpretation fails to meet the requirements set forth in the Labour Code, it can prevail in practice seeing that injured employees in “unpreferred occupations” must go to court. The Ministry cannot be sure that trial judges will uphold this legal opinion, but it is sure enough that a solid case-law will be long in coming. In addition, such cases tend to end before the trial courts and are rarely appealed to the higher courts due to high court tolls. The case law of trial courts is not published and it is hard to access even for experts.

## 5. *Conclusion*

This paper has described how the Czech government tried to offer social protection to its citizens and preserve the Czech economy during the COVID-19 pandemic. It proclaimed the state of emergency (and prolonged it five times) and called in the military, fire fighters, students and volunteers to keep the health care system going. During the first wave,

many people helped a lot without being asked to do so. An unseen wave of solidarity swept the nation. In addition, Parliament approved a number of special laws supporting various branches of the Czech economy. Billions of CZK were spent to maintain social cohesion without having to introduce mandatory vaccinations or scrutinise citizens with regard to their health status. The Czech government tried to safeguard some sort of normality. However, the labour market changed, and not only the government but also individual employers encroached on employees' liberties. Both the government and employers disregarded the Labour Code and declared home-based office work without any previous agreement with the majority of the workforce. More than 30,000 people have died because of COVID-19 and dozens are still suffering from severe health problems. The number of people with mental problems has gone up. An increased demand for psychopharmaceutical drugs can be discerned. During the second, third and fourth waves of the pandemic many people lost hope and started to question the authorities. Some scholars have pointed out that governments could be assessed and rated in accordance with their ability to manage the state during the pandemic.<sup>42</sup> In the end, they argued that the Czech government did not perform as well as other states like Germany or Denmark.

Although it is still unclear how big a loss in revenues the state suffered in 2021, we know that the Czech government ended the year 2020 with a deficit of CZK 367.4 billion. The deficit threshold had to be increased three times within the same year.<sup>43</sup> The state debt is around 39.1% of GDP,<sup>44</sup> and all circumstances considered, public finances seem to be in good shape.<sup>45</sup> The financial situation could be a lot worse. However, the pandemic is not over, at least not in the Czech Republic as per this winter

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42 Zakaria, F.: Ten Lessons for a Post-Pandemic World, USA 2020.

43 Cf. the [respective state report](#) (accessed on 19 November 2021).

44 Cf. the [respective state report](#) (accessed on 19 November 2021).

45 It must be mentioned that there was generous help from abroad. For example, the Czech Republic received a very advantageous loan from the Development Bank of the Council of Europe, thanks to which it was able to obtain up to EUR 300 million. This money was used to cover the extra costs in health care incurred due to the fight against coronavirus. The government consented to make an agreement on irrevocable and unconditional guarantees payable on demand within the meaning of Article 11 of the Council Regulation on the establishment of a European instrument for temporary support to mitigate unemployment risks in an emergency (SURE) following the COVID-19 outbreak. Thanks to this agreement, the Czech Republic will be able to obtain up to EUR 374 million to pay programmes announced by EU member states to support the employment rate.



of 2021. The number of new infections peaked in November and 2021 even exceeded the numbers of 2020.

The inflation rate in the Czech Republic increased to 5.80% in October 2021 and it is still on an upward trend. Relevant institutions anticipate that the rate of inflation will be at 8% at the end of 2021, and that it will stay high for the first half of the next calendar year. First rough data<sup>46</sup> seem to support the outcome that the stratification of Czech society was accelerated, seeing that there is a rise in wage disparities and household income. This trend might be exacerbated by the new government, which plans to freeze old age pensions. The results of the Czech parliamentary elections seem to indicate that voters prefer a more conservative approach to public affairs and support a government that preserves public finances or at least tries to do so.

What is clear from the available statistical data is that unemployment remained low in 2020 and 2021. However, it is difficult to verify whether the reason for this was massive support from the state or rather the lack of available and qualified labour force that the Czech Republic was already facing before February 2020. As there has been no noticeable increase in unemployment, there has also been no increased pressure on benefits and services provided under the social system, with the exception of health services and sickness insurance benefits. As regards the health sector, the shortage of skilled labour has proved to be a significant constraint. This was illustrated by the state's efforts to increase the capacity of the system by developing two military hospitals at a critical time, when it became clear that qualified military personnel were fully utilised in helping out in civilian hospitals. A similar shortage of qualified personnel was also seen in the security forces. In short, the inadequacy of the contemporary concept of civil defence was demonstrated, not only in the field of training, but especially in the subsequent trained workforce within the necessary professions.

However, even if the new government were to find additional sources of moneys to fund the ambitious policies launched by the Babiš government, it is obvious that this would inevitably lead to high inflation rates, poverty and a further stratification of Czech society. Since COVID-19 is unlikely to just disappear, the Czech government will likely see the efforts of the earlier policies limited if not bashed. It is those limits that can define or derail the financial sanity of the official policy. The third year of the pandemic seems to conjure up the breakdown of the Czech welfare policy

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46 See the [analysis of household incomes and costs](#) (citation on 29 November 2021).

and even society. The legislator has come to realise that measures have been exhausted, that nothing more can be done for those who by nature are vulnerable to this horrible virus; and that the agency of even a social and democratic state can appear limited when anti-waxers do not trust the government and are not willing to limit themselves and obey state measures for the common cause.