



PRESS RELEASE

Antivirus likely not to prevent layoffs

Prague, March 26, 2020 – The Czech Association of Hotels and Restaurants reiterates its call for the Czech Government to take such effective measures that will help companies in tourism sustain their jobs and survive the zero-income period. **The situation has already become critical. According to an AHR CR survey, almost 90% of accommodation facilities have remained totally closed, 10% are still open to a very limited extent, mostly to cater for the foreigners who could not leave the Czech Republic. As far as restaurants are concerned, 75% of the establishments have been closed completely and the remaining ones are only operating in a take-away mode. On top of that, many of the restaurants are run in leased premises and still have to pay rentals for the periods when they could not accept guests. The entrepreneurs' experience suggests that their individual applications for deferrals of social security contributions are rejected by the authorities, too. The cumulative drop in tourist consumption can reach as much as CZK 400 billion and 80% of the businesses know already now that they will lay off at least 10-30% of their employees. They are now waiting for what the Government aid will look like in practical terms before they decide to declare additional redundancies.**

Based on the preliminary information, the Antivirus program offers 80% compensation for the entrepreneurs if they stay at home due to obstacles to work as a direct result of the crisis measures and if they pay 100% of wages to their employees, yet at the same time it limits the maximum amount of the compensated for wages by a ceiling corresponding with the median value. The uncompensated portion of the total wage will thus have to be paid by the employer in its entirety. Analogously, the employers will still be obliged to pay levies from their employees for these wages, which represents another 34%. Entrepreneurs are also supposed to oblige themselves not to claim any other wage compensations from the state. The Government has also abolished the crisis measures as a whole and transferred them under an emergency measure taken by the Ministry of Health. This will most likely mean that the businesses affected by these measures will be deprived of the possibility to claim for damages. In addition, the compensation programs have been set up for a very short period, after the lapse of which the entrepreneurs will be facing the problem of sustaining their jobs once again.

“If the system remains set up as it is now, there is a real risk that employers in tourism will not have the necessary means to sustain the jobs and the only solution will be to declare redundancies. The advertised aid will thus remain ineffective,” opines Václav Stárek, AHR CR President. In this situation, it is crucial to significantly raise the limits set for the amounts of the state-compensated wages, but namely to start addressing the deferrals of levies from employees and their remissions for the affected and closed businesses. The Government steps will rather reduce the possibilities for entrepreneurs to deal with the existential situations of their employees and companies, and the consequences will be devastating.

At the same time, the AHR CR urges the representatives of towns and municipalities once again to refrain from demanding rentals for the periods in which the premises were closed, and to discuss the possibility of adjusting the rents for the periods subsequent. It is quite obvious that the rentals, as they were set in the past, will in this situation in most cases already exceed the possibilities of the accommodation and catering operators. Reasonable agreements would make it possible to sustain the restaurant operations while preserving the services for the residents at the same time.

Contact: Václav Stárek, AHR CR President, +420 602 765 632, starek@ahrcr.cz