



The Chamber of Deputies about to discuss the draft bill on reduction of penalty on social security contributions

13th May 2020

The Government has considered and submitted to the Chamber of Deputies the bill stipulating reduction of penalty for late payment of employers' obligatory social security contributions that we informed you about [HERE](#) last week.

As expected, the original version of the Ministry of Labor and Social Affairs was modified; the current draft bill now includes the following selected amendments to existing regulations:

- ▶ Employers' social security contributions for May, June and July 2020 can be paid within an extra period until 20 October 2020. In such case, the late payment penalty will be reduced by 80%; reduced penalty not exceeding CZK 1,000 in total will not be imposed.
- ▶ In order to be eligible for reduced penalty, employers need to pay the entire amount of social security contributions withheld from employee wages in due time. In the event of late payment of the employees' portion of social security contributions, a standard penalty of 0.05% for each day of the delay will apply.
- ▶ Employers will not have to inform the relevant Social Security Administration Authority about the intention to defer contribution payments.
- ▶ The draft explicitly states that deferral of social security contributions will not affect the entitlement to receive support under the Antivirus program.
- ▶ Employers will further be obliged to submit the monthly report on the assessment base and the amount of contributions to the competent Social Security Administration Authority exclusively in an electronic form, except in cases of demonstrable objective technical reasons.

Compared to the first proposal of the MLSA, the current version does not allow for reduction of the social security contributions assessment base in the event of year-on-year decrease in sales. We will continue to monitor the development of the bill for you.

If you have any questions, please do not hesitate to contact the authors of the article or your regular EY tax advisory team.



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