The City of Ostrava,

in response to the Czech government’s emergency measures and restrictions implemented to prevent the spread of COVID-19, specifically in order to reduce the economic impacts of these emergency measures and restrictions on small businesses operating in Ostrava,

is announcing a call

for natural persons and legal entities meeting the below-listed criteria defining small businesses, in cases of urgent need, to apply for financial aid in order to compensate for the loss of income caused by the prohibition of their business activities.

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**1. Terms and conditions for assessing the eligibility of applicants with respect to targeted financial aid:**

For the purposes of this call for applications, an eligible applicant for financial aid is a natural person or legal entity (commercial corporation[[1]](#footnote-1)) performing business activities in accordance with Act no. 455/1991 Sb. on business registration, provided that this natural person or legal entity was not in insolvency proceedings and was not a debtor to the City of Ostrava (including its individual municipal districts) as of 14 March 2020, and provided that this natural person or legal entity **meets all the terms and conditions set out below:**

**1.1. Small businesses**

For the purposes of this call for applications, an applicant is classified as a small business if **its total annual income from business activities** during the past tax year did not exceed 18 million CZK (or a proportionate part of this figure if the applicant did not perform business activities for the entire tax year; however, eligible applicants must have commenced their business activities by 31 December 2019 and must have performed their business activities without interruption at least since that date). For the purposes of the application, the total income is calculated as the income of all persons sharing property interests with the applicant.

In view of the limited funding resources available to the City of Ostrava, and in view of the number of persons/entities impacted by the government’s emergency measures and restrictions, the City intends to provide only one financial donation to each applicant. This applies particularly to applicants with more than one business premises (“provozovna”) in Ostrava, or applicants which perform more than one business activity within Ostrava. However, it is possible for more than one applicant working at a single business premises to apply for the financial aid.[[2]](#footnote-2)

 In view of the intensity of the impacts of the emergency measures and restrictions on economic activity and businesses, the City of Ostrava intends to provide financial aid to those applicants whose income from business activities eligible for this programme totals at least 15 000 CZK per month during the period in which these businesses activities are performed.

 The City of Ostrava also intends to provide financial aid to applicants who, despite the negative impact of the economic situation, retained their employees during this period.

**1.2. Operations within the city of Ostrava**

Applicants are eligible provided that, from no later than 31 December 2019,

a) they perform business activities at business premises (“provozovna”) located within the city of Ostrava, or

b) their registered address (“sídlo”) is located within the city of Ostrava, and the majority of their business activities (adjudged according to the contribution of these activities to the applicant’s total income) are conducted within the city of Ostrava.

Applicants undertake that for a period of at least 2 years following the receipt of financial aid as part of this call, they will not of their own will relocate their business premises or registered address to a location outside the city of Ostrava.

**1.3. Negative impacts of events connected with the COVID-19 pandemic on business activities**

Applicants are eligible if their business activities (retail sales or provision of services on the spot or other business activities within the city of Ostrava) were **explicitly prohibited** by the emergency measures and restrictions implemented by the Czech government **for a period longer than until 20 March 2020 (see Appendix no. 1 to this call)**.

 The prohibition of business activities (an essential precondition for the provision of financial aid) must apply to the majority of the applicant’s business activities (adjudged according to the contribution of these activities to the applicant’s total income).

 For purposes of clarification, the City of Ostrava’s aim in this programme is **not** to provide support to businesses engaged in business activities that were not explicitly prohibited by the government’s emergency measures and restrictions, even though the situation in connection with the COVID-19 pandemic may have had an impact on their income in the form of reduced income or reduced demand for products, goods or services.

**2. Sums available for immediate financial aid**

Until further notice, the City of Ostrava is willing to provide immediate financial aid as follows:

1. 40 000 CZK to applicants with income[[3]](#footnote-3) up to 6 million CZK per year, or for applicants whose income exceeds this limit but do not present their tax return as part of their application (see below),
2. 70 000 CZK to applicants with income from 6 million CZK per year up to 12 million CZK per year, provided that they present their tax return for 2019 or 2018 (including its appendices documenting their income) as part of their application,
3. 100 000 CZK to applicants with income in excess of 12 million CZK per year, provided that they present their tax return for 2019 or 2018 (including its appendices documenting their income) as part of their application.

If an applicant for financial aid did not perform business activities for the entire tax year, financial aid will be provided proportionately to the percentage of the tax year during which the applicant performed business activities.

 Any emergency financial aid already received from the City of Ostrava via the previous aid programme will be deducted from the above sums (up to 20 000 CZK).

 Financial aid under this call is provided regardless of any financial support provided to applicants by the state or other institutions.

**3. Procedure for the submission of applications**

**3.1.** Applications for the financial aid are submitted via a web form on the City of Ostrava’s website; the form will be active from 1 May 2020.

**3.2.** Applications for the financial aid may be submitted at any time during the period from 1 May 2020 to 13 May 2020. The City Assembly will decide at its session in May whether to open a new round of applications.

**3.3** Applications must include the following appendices:

- a signed sworn declaration (“čestné prohlášení”) declaring that the information on the applicant’s income as per section 1 is true,

- in applications for aid of 70 000 CZK or 100 000 CZK, a copy of the applicant’s tax return for 2019 (or for 2018, if the applicant’s 2019 tax return is not yet available), including its appendices,

- a completed and signed confidentiality waiver for the relevant tax authority.

**4. Supplementary information**

**4.1.** Via this call for applications, the City of Ostrava is responding to the situation caused by the COVID-19 pandemic and its severe economic impacts. However, the provision of the financial aid always depends on the individual assessment of each application, and the final decision on the provision of the financial aid will be made by the appropriate body of the City of Ostrava.

**4.2.** Applicants have no legal right or entitlement to the provision of the financial aid. The financial aid is not classified as a donation for tax purposes.

**4.3.** The City of Ostrava reserves the right to terminate the receipt of applications at any time.

**4.4.** In its decision-making, the City of Ostrava reserves the right to investigate the necessity of the financial aid in the case of each individual applicant.

**4.5.** Applications will be evaluated and processed on an ongoing basis.

**4.6.** If an applicant gives untrue information in the application, or submits an untrue sworn declaration (“čestné prohlášení”), the City of Ostrava may take action in accordance with the relevant legal regulations.

**4.7.** Applicants’ total annual income from business activities is defined as follows depending on the type of business and for the purposes of this call:

a) For legal entities, the income is determined from the financial statements compiled for the balance sheet date 31 December 2019; annual income is deemed to be the sum of revenues reported on items in the profit and loss statement nos. I and II, recalculated for 12 months using the method stipulated in Section 1d, Subsection 2, Act no. 563/91 Sb. on accounting, as amended.

b) For natural persons who are accounting entities, the income is determined in the manner stipulated in the previous paragraph a).

c) For natural persons who operate under the simplified accounting regime or claim tax-deductible expenses on a flat-rate basis, the income is determined from line 101 of Appendix no. 1 to the tax return for personal income tax for the financial year 2019. If the applicant’s business activities lasted less than 12 months, the figure determined from line 101 is recalculated for 12 months using the method stipulated in Section 1d, Subsection 2, Act no. 563/91 Sb. on accounting, as amended.

Appendix no. 1

**GENERAL EXTENT OF PROHIBITIONS established by the Czech government’s emergency measures and restrictions FROM 14 MARCH:**

* retail sales and the sale of services on the spot (from 15 March this no longer applies to activities that are not defined as business activities under the Business Registration Act)
* public access to catering premises (with the exception of premises not open to the public); this prohibition does not apply to off-premises sales (e.g. fast food outlets with serving hatches or sales of takeaway meals without access to the interior of the premises), which may continue without restriction

**PROHIBITIONS EXTENDED FROM 16 MARCH for the following activities:**

* sales of accommodation services, with the exception of persons providing accommodation in hostels
* spa facilities (as per II/7) and school accommodation facilities
* driving schools
* taxi services, with the exception of taxi services delivering food or transporting authorized drivers
* self-service laundries and dry cleaning shops
* public access to premises selling building supplies and hobby markets (DIY stores)
* public access to the premises of service providers – indoor and outdoor sports facilities

**EXEMPTIONS FROM THE PROHIBITIONS**

**1. from 14 March, retail sales and the sale of services on the spot, with the exception of:**

* food
* information and communication technologies, audio and video equipment, consumer electronics, devices and other related household products
* vehicle fuel
* other fuels
* hygiene products, cosmetics and other household products
* pharmacies and stores selling medical products
* small household pets
* food and other products for pets
* spectacles, contact lenses and related products
* newspapers and magazines
* tobacco products
* laundries and dry cleaners
* internet sales and other remote sales

**2. from 15 March, retail sales and the sale of services on the spot, with the exception of:**

* repairs of road vehicles (provided that the number of people on the premises does not exceed 30 at any given time)
* road vehicle recovery and breakdown services
* sales of spare parts for vehicles and production equipment
* premises enabling third parties to collect goods and consignments
* sales of gardening/horticultural supplies, including seeds and saplings
* over-the-counter sales of public transport tickets
* spa facilities, provided that they provide only spa services at least partially paid for by public health insurance companies
* funeral services
* florists
* construction and demolition, civil engineering and structural design, geological activities
* land surveying, testing, measurement and analysis for the construction industry
* sale and issue of medical products

**3. from 16 March, retail sales and the sale of services on the spot, with the exception of:**

* sales of textiles and haberdashery goods
* servicing/repairs of information and communication technologies, audio and video equipment, consumer electronics, devices and other related household products
* sale and provision of accommodation services to foreign citizens for the period until they are able to leave the Czech Republic and to foreign citizens holding work permits for the Czech Republic

**4. from 19 March, retail sales and the sale of services on the spot, with the exception of:**

* real estate agents, accountants, accounting advisors
1. A commercial corporation (“obchodní korporace”) pursuant to Act no. 90/2012 Sb. on commercial corporations and cooperatives, as amended. [↑](#footnote-ref-1)
2. Typical examples include e.g. hairdressers and masseurs working from the same premises. [↑](#footnote-ref-2)
3. See also section 4.7 of this call. [↑](#footnote-ref-3)