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Factsheet for case CZ-2020-13/378

Debt moratorium

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Country	Czechia, applies nationwide
Time period	Temporary, started on 26 March 2020
Type	Legislation or other statutory regulation
Category	Supporting businesses to stay afloat – Deferral of payments
Case created	08 April 2020 (updated 29 April 2020)

Background information

The Parliament of the Czech Republic (Parlament České republiky) has approved the postponement of loans and mortgages repayments from three up to six months for those who were affected by anti-coronavirus measures. The length of debt moratorium depends on the borrower. During the deferment period, individual borrowers will be fully relieved of debt service obligations whereas corporate borrowers will continue to pay interest and fees but enjoy a holiday on scheduled principal instalments for the duration of the deferment.

However, before this act was approved, many banks have introduced their own conditions under which the borrower can ask for the postponement of repayments. Now, the new law unifies these conditions.

Content of measure

Eligible are all borrowers who were negatively affected by coronavirus pandemic. Applicants have to ask for the payment postponement at the bank and declare that their situation is caused by anti-virus measures (unemployment, quarantine, decrease in business activity). Then both interest and principal payments would be interrupted.

The act applies to loans taken out before 26 March 2020. The debt moratorium does not apply to credit cards, overdrafts, revolving loans, operating leases or loans related to capital market transactions. Repayments cannot be deferred for loans where the debtor has been late in repayment for over 30 days as of 26 March 2020. The postponements also do not involve any fees and will not cause a negative entry in the bank register for the client, leading to a bad credit rating.

Use of measure

No information available now.

Actors, target groups and funding

Actors	Target groups	Funding
National government Company / Companies	Employees Other workers & citizens All companies	No special funding required

Social partners

Role of social partners	No involvement
Form of involvement	No involvement

No involvement.

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 07 April 2020: Press release: Nemůžete kvůli nouzovému stavu splácet? Dáme vám oddechový čas (www.mfcr.cz)