Franet National contribution to the Fundamental Rights Report 2024

Czechia

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1. Impact of the cost-of-living crisis and rising poverty in the EU

Legal measures impacting on vulnerabilities of persons affected by the rising costs of living and energy.

The living and subsistence minimum

Effective 1 January 2023, the government raised the living minimum and subsistence minimum by 5.2 percent. The current living minimum for individuals is CZK 4,860 (194 EUR), the subsistence minimum stands at CZK 3,130 (140 EUR).¹ According to the Act on the Living and Subsistence Minimum, the government may increase these amounts, which are important for calculating the number of social benefits or for distraint proceedings, on a regular basis from 1 January if the relevant consumer price index increases by at least 5 percent in the relevant period. According to data from the Czech Statistical Office, the relevant consumer price index showed an increase of 5.2 per cent in the reference period from May to September 2022.²

A cap on gas and electricity

As of 1 January 2023, the government has introduced a cap on gas and electricity prices in response to the exceptional market situation in the electricity and gas markets. A maximum electricity price of CZK 6 (0.24 EUR) per kilowatt-hour of electricity, incl. VAT and a gas price of CZK 3 (0.12 EUR) per kilowatt-hour of gas, including VAT. The measure will last until the end of 2023.³

¹ Czech Republic (2022), Government Decree No. 436/2022 Coll. on the indexation of the Living Minimum and Subsistence Minimum amounts (<u>Nařízení vlády č. 436/2022 Sb. o zvýšení částek životního minima a</u> <u>existenčního minima</u>).

² Czech Republic. The Office of the Government of the Czech Republic (Úřad vlády ČR) (2023). The government approves capping energy prices for large companies and increases the living wage and subsistence minimum (<u>Vláda schválila zastropování cen energií pro velké firmy a zvýšila životní a existenční minimum</u>). 14 December 2022.

³ Czech Republic (2022), Government Decree No. 298/2022 Coll. on determining electricity and gas prices in an extraordinary market situation and on determining the related maximum permissible extent of the customer's

This measure substituted the 'energy-saving tariff', which provided households with a government energy allowance of either CZK 2,000 (80 EUR) or CZK 3,500 (140 EUR) in 2022.⁴

The government capped the prices related to household energy consumption. While the energy-saving tariff was given as a lump sum to everyone in the same amount, the capping of energy prices can cover up to 100% of an individual household's energy consumption. The assistance in the form of energy price capping is more extensive, and the Ministry of Finance estimates that it could amount to up to CZK 130 billion (5,28 billion EUR). CZK 22 billion (89 million EUR) has been prepared for the 2023 energy-saving tariff.⁵

The caps on electricity and gas ended on 31 December 2023. According to initial expert estimates, this should not mean any shift in prices for most households, as currently most electricity and gas supplies are already below the government's caps.⁶

Insolvency Act

In June 2023, the government passed an amendment to the Insolvency Act, aligning it with the Directive on Restructuring and Insolvency. This change reduces the debt settlement period for individuals from 5 to 3 years.⁷ In 2022, approximately 689,000 people were facing distraint proceedings, with up to 400,000 facing multiple distraint proceedings. It is highly unlikely that the debts will be recovered from this large group of people who are facing multiple distraint proceedings because of their low income and negligible assets. Many individuals in this situation reduce their official income to

property benefit (<u>Nařízení vlády o stanovení cen elektřiny a plynu v mimořádné tržní situaci a o stanovení s tím</u> souvisejícího nejvyššího přípustného rozsahu majetkového prospěchu zákazníka).

⁴ Czech Republic. The Office of the Government of the Czech Republic (Úřad vlády ČR) (2022) The government has approved a specific form of the so-called savings tariff, the average aid will be CZK 15,000 (<u>Vláda schválila</u> <u>konkrétní podobu tzv. úsporného tarifu, průměrná pomoc bude ve výši 15 000 Kč</u>), 24 August 2023.

⁵ Czech Republic. The Ministry of Industry and Trade (Ministerstvo průmyslu a obchodu) (2022) The government approved the capping of energy prices. It will help both households and companies (Vláda schválila zastropování cen energií. Pomůže jak domácnostem, tak firmám), 5 October 2022.

⁶ Czech Republic. The Czech Radio (Český rozhlas) (2023) Most households will not feel the end of government caps, says analyst. What is the situation with energy prices? (<u>Konec vládních stropů většina domácností nepocítí, říká analytička. Jaká je situace s cenami energií?</u>) 29 November 2023.

⁷ Czech Republic. The Office of the Government of the Czech Republic (Úřad vlády ČR) (2023). § 412a, Draft Act amending Act No. 182/2006 Coll., on bankruptcy and methods of its resolution (Insolvency Act). (<u>Návrh</u> <u>zákona, kterým se mění zákon č. 182/2006 Sb., o úpadku a způsobech jeho řešení (insolvenční zákon</u>) visited on 23 September 2023.

prevent the garnishing of excess earnings and they often work informally.⁸ The amendment aims to reintegrate these people into the formal economy and regular life. The courts will determine the required debt satisfaction levels, considering each debtor's individual circumstances. To balance this, stricter obligations for debtors are introduced, along with measures to counteract the potential misuse of the insolvency system by dishonest individuals.⁹

Changes to the Enforcement Act

Following the amendment to the Enforcement Act in effect from 1 January 2022, which enabled bailiffs to **stop so-called trivial distraint cases** (distraint proceedings for amounts of no more than CZK 1,500 [60 EUR]), the number of persons facing distraint proceedings decreased by more than 31,000 during 2022. According to a qualified estimate from the Chamber of Executors of the Czech Republic, bailiffs have stopped 450,000 distraint cases in this way. The same amendment also made it possible, effective from 1 January 2023, **to stop fruitless distraint cases**. This refers to distraint cases exceeding CZK 1,500 where no performance has been recovered in the last 6 years that would at least cover the costs of the distraint procedure.

Reduction of humanitarian benefits for Ukrainian refugees

Starting 1 July 2023, the Lex Ukraine Act V¹⁰ reduced humanitarian benefits for Ukrainian refugees in the Czech Republic, drawing criticism from NGOs,¹¹ the Ombudsperson,¹²

⁸ Czech Republic. National Economic Council (Národní ekonomická rada vlády) (2023), Reducing the number of people in over-indebtedness and in the related informal economy, <u>Redukce počtu lidí v předlužení a související</u> <u>šedé ekonomiky</u>, 1 February 2023.

⁹ Czech Republic. The Office of the Government of the Czech Republic (Úřad vlády ČR) (2023). Explanatory Report to the Draft Act amending Act No. 182/2006 Coll., on bankruptcy and methods of its resolution (Insolvency Act). (<u>Důvodová zpráva k návrhu zákona, kterým se mění zákon č. 182/2006 Sb., o úpadku a způsobech jeho řešení (insolvenční zákon</u>) visited on 23 September 2023.

¹⁰ Czech Republic. Act No. 75/2023 Coll., amending Act No. 66/2022 Coll., on measures in the field of employment and social security in connection with the armed conflict on the territory of Ukraine caused by the invasion of the troops of the Russian Federation, as amended, and other related acts (<u>zákon č. 75/2023 Sb. Zákon, kterým se mění zákon č. 66/2022 Sb., o opatřeních v oblasti zaměstnanosti a oblasti sociálního zabezpečení v souvislosti s ozbrojeným konfliktem na území Ukrajiny vyvolaným invazí vojsk Ruské federace, ve znění pozdějších předpisů, a další související zákony).</u>

¹¹ Czech Republic. Consortium of Migrant Assisting Organizations (2023), Lex Ukraine V was meant to bring refugees closer to mainstream rental housing and the labour market, but is more likely to plunge them into greater poverty (Lex Ukrajina V měl uprchlíky přiblížit k běžnému nájemnímu bydlení a trhu práce, spíše je však uvrhne do větší chudoby), 27 June 2023.

¹² Czech Republic. The Office of the Public Defender of Rights (Kancelář veřejného ochránce práv) (2023), The Ombudsperson is concerned about the changes to the rules for persons granted temporary protection. Tens of thousands of people will find themselves in limbo from the first of July (<u>Ombudsman je znepokojený změnami</u>

and an independent sociological research think tank PAQ Research.¹³ They argue that the current aid system fails to alleviate poverty. Currently, 68% of refugees live below the income poverty line. This may push refugees to hide their income and engage in informal work.¹⁴ The revised system distinguishes between vulnerable and non-vulnerable individuals and includes subsistence and housing allowances.¹⁵ Initially, all refugees received a living minimum monthly allowance of CZK 4,860 for adults (194 EUR) and CZK 3,490 for children (140 EUR) for the first 150 days of temporary protection. Later, the adult allowance dropped to the level of the monthly subsistence minimum, which is CZK 3,130 (1565 EUR), while vulnerable individuals, including people with disabilities, continue to receive a higher allowance (CZK 7,290 for adults [291 EUR] and CZK 3,490 for children [140 EUR]).

Changes have been made also to the accommodation support for Ukrainian refugees. The solidarity household allowance for hosting households has been discontinued, and instead, the housing allowance is now provided directly to Ukrainian refugees. The amount of this allowance varies based on whether individuals reside in registered apartments (CZK 3,000 per person [120 EUR], max. CZK 15,000 [600 EUR]) or unregistered premises (80% of the amounts, i.e., CZK 2,400 per person [96 EUR], max. CZK 12,000 [480 EUR] for 5 persons).

Eligibility for the benefit is determined by deducting household income from the total subsistence allowance and the housing costs of household members, with the difference being the benefit amount.

Additionally, there are restrictions on the provision of emergency accommodation by the state. Free emergency accommodation is no longer available for Ukrainian refugees who have resided in the Czech Republic for over 5 months and do not fall into vulnerable groups. Over the past three months, the number of Ukrainian refugees in emergency accommodation has dropped significantly, from 67,926 in June to 32,404 in September.¹⁶

- ¹⁵ Vulnerable persons are children under 18, students aged 18-26, pregnant women, persons caring for a child under 6, persons over 65, persons with disabilities, and persons caring for persons with disabilities.
- ¹⁶ Czech Republic, seznamzpravy.cz, (2023), The number of Ukrainians paid by the state for emergency accommodation has dropped significantly (<u>Ukrajinců, kterým stát platí nouzové ubytování, výrazně ubylo</u>), 19 September 2023.

pravidel pro držitele dočasné ochrany. Desetitisíce lidí se od prvního července ocitnou v nejistotě), 28 June 2023.

¹³ PAQ Research is an independent sociological research think tank focused on the areas of education, social inequality and poverty, social policy and social stratification.

¹⁴ Czech Republic, PAQ Research, an independent sociological research think tank (2023), Refugee integration in the labour market and housing (Integrace uprchlíků na trhu práce a v bydlení), 9 August 2023.

Policy measures impacting on vulnerabilities of persons affected by the rising costs of living and energy.

High inflation rate

Rapid price increases in the Czech Republic, coupled with insufficient income growth, have led to a decline in real purchasing power. Czech inflation in 2023 ranks among the highest in the European Union,¹⁷ with the consumer price index averaging 15.1% in 2022¹⁸ and reaching 9.7% in June 2023.¹⁹ Real wages decreased for seven consecutive quarters before Q2 2023. Despite a 7.7% increase in nominal wages in Q2 2023 compared to the previous year, they decreased by 3.1% in real terms due to the impact of inflation.²⁰

In November 2023 the independent research think tank **PAQ Research and Czech Public Radio** conducted a survey as part of a **longitudinal study called "Life is not Affordable**." The study examines changes in the economic status and behaviour of a group of households, and it involved about 1,700 respondents who were interviewed in regular intervals from November 2021. According to the most recent survey, the growth in the number of households that spent all their income or got into debt after paying all monthly expenses has now stopped. In the autumn of 2021 this was true for only 19% of households, and in January 2023, it was already true for 37%—as it is now. Less than a tenth of households have more expenses than income. Households with incomes below the poverty line have a particular problem. After paying all their monthly expenses, 74% of them have nothing left or have to go into deficit, which is significantly higher than in November 2021 (59%). The share of households with more than CZK 3,000 (122 EUR) left after paying all their expenses has also fallen by 18%. However, they still constitute more than 40% of the research sample.²¹

¹⁷ Czech Republic, seznamzpravy.cz (2023), The Czech Republic has the second highest inflation rate in the EU. Price caps keep energy expensive (<u>Česko má druhou nejvyšší inflaci v EU. Drahou energii drží i cenové stropy</u>), 16 June 2023.

¹⁸ Czech Republic. The Czech Statistical Office (Český statistický úřad) (2023), Consumer price indexes - inflation -December 2022 (<u>Indexy spotřebitelských cen – inflace – prosinec 2022</u>).

¹⁹ Czech Republic. The Czech Statistical Office (Český statistický úřad) (2023), Consumer price indexes - inflation -June 2023 (<u>Indexy spotřebitelských cen – inflace – červen 2023</u>).

²⁰ Czech Republic. The Czech Statistical Office (Český statistický úřad) (2023), Average wages - Q2 2023 (Průměrné mzdy - 2. čtvrtletí 2023), 4 September 2023.

²¹ Czech Republic, Czech Radio (Český rozhlas) (2023), How many households have nothing left after paying all their expenses (Kolika domácnostem po zaplacení všech výdajů nic nezbývá?).

According to the study published by the academic institute CERGE called "(Not) Increasing Social Benefits in 2012–2023," currently there is a problem with the slow increase of the majority of social benefits in relation to the inflation rate. Most of the analysed benefits increased more slowly than the average salary and average old age pension, both of which experienced real growth of approximately 20 % between 2012 and 2023. For example, the real value of the parental allowance in 2023 was substantially lower than its real value in 2012, despite a one-off raise from 220,000 CZK (8,100 EUR) to 300,000 CZK (12,000 EUR) in 2020. Exceptions to this trend include foster care benefits, whose real value doubled during the observed period, and the mobility allowance, which grew by one-half in real terms, largely as a result of a raise in 2022.²²

The care allowance

Czech Labour and Social Affairs minister Marian Jurečka began speaking in 2023 about the need to prevent the abuse of social benefits. Experts point out that social benefits are very rarely abused in the Czech Republic.²³

Therefore, the government of the Czech Republic established a programme of targeted and widespread assistance called 'Umbrella against Poverty'.²⁴ On the website of the same name,²⁵ citizens can find clear information on what allowances and social benefits they can apply for. The website divides the different forms of assistance into assistance for families with children, assistance with housing, and assistance for the elderly and vulnerable groups. In addition to the existing allowances, the government established a new one-off contribution of CZK 5,000 (200 EUR) per child under 18 for families with average incomes. The allowance is intended for all families with a maximum annual gross income of CZK 1,000,000 (40,000 EUR). This allowance could be drawn from 1 August 2022 to 31 July 2023.²⁶

The main aid instrument is the aforementioned **housing benefit**, the application process for which has been simplified. In addition, the government increased the amount of the

²² Czech Republic, GERGE, Institute for Democracy & Economic Analysis (IDEA), academic think thank (2023), (Not) Increasing Social Benefits in 2012–2023: An Overview [(Ne)zvyšování sociálních dávek v letech 2012-2023: přehled] April 2023.

²³ Czech Republic. irozhlas.cz (2023) No more benefit fraud, says Jurečka. 'Abuse is at the level of a few percent,' counters one sociologist (Konec podvodů s dávkami, tvrdí Jurečka. ,Zneužívání je na hladině několika procent,' <u>oponuje socioložka</u>). 3 August 2023.

²⁴ Czech Republic. The Office of the Government of the Czech Republic (Úřad vlády ČR) (2022), Umbrella against Expensiveness: governmental programme of general and targeted help (<u>Deštník proti drahotě: vládní program</u> <u>plošné i cílené pomoci</u>), 25 August 2022.

²⁵ Czech Republic. Umbrella against Poverty (Deštník proti drahotě) <u>https://www.destnikprotidrahote.cz/</u>.

²⁶ Czech Republic. Ministry of Labour and Social Affairs (Ministerstvo práce a sociálních věcí) (2023) One-off contribution of CZK 5,000 per child (Jednorázový příspěvek 5000 Kč na dítě).

allowance and extended the range of households eligible for it. Data from the Ministry of Labour and Social Affairs show that more people are actually claiming housing benefit in 2023 than did so in the past. In July 2023, this benefit was paid in 255,000 cases, compared to 177,000 in July 2022.²⁷

The payment of social benefits, especially housing benefits, was plagued with **significant delays** in late 202 and the start of 2023.²⁸ The main reason for this was the surge in benefit applicants, coupled with understaffing at branches of the Labour Office. On top of their regular workload, these branches had to handle applications for a one-time payment of a CZK 5,000 allowance per child and humanitarian aid for Ukrainian refugees. In Prague, waiting times for housing allowances averaged over 70 days, sometimes even reaching 150 days, well beyond the 30-day legal deadline. Delays were also observed in Brno and the Central Bohemian Region. These delays placed a heavy burden on vulnerable individuals, causing concerns about housing and food insecurity.²⁹ The situation improved in the second quarter of 2023.

Substitute maintenance

On 29 August 2023, the Chamber of Deputies approved the extension of the possibility to receive the **substitute maintenance** benefit for 48 months instead of the current 24 months.³⁰ This is a social benefit that is provided to a dependent child for whom the obligor (one of the parents) does not pay the stipulated maintenance or pays it partially. The maximum amount of the maintenance allowance is CZK 3,000 (120 EUR) per month. The substitute maintenance benefit was introduced on 1 July 2021 and thus the possibility for it to be used by single-parent families who applied for it immediately after the law came into effect ended after 24 months in the summer of 2023.³¹ The proposal to extend the possibility to receive the substitute maintenance benefit for 48 months

²⁷ Czech Republic. Ministry of Labour and Social Affairs (Ministerstvo práce a sociálních věcí) (2023) Information on benefits paid in the MLSA in July 2023 (<u>Informace o vyplacených dávkách v rezortu MPSV ČR v červenci 2023</u>), 28 August 2023.

²⁸ Czech Republic. Czech Television (Česká televise) (2023), Benefit payments are delayed, claimants don't know why. The Labour Office is extending the services of its telephone helpline (<u>Vyplácení dávek se zpožďuje,</u> <u>žadatelé nevědí proč. Úřad práce tak rozšiřuje služby své telefonické linky</u>), 31 January 2023.

²⁹ Czech Republic. Czech Radio (Český rozhlas) (2023) 'I'm afraid I'll lose my housing and my children.' Benefits are late, minister promises improvements ('<u>Bojím se, že přijdu o bydlení a děti.' Dávky chodí pozdě, ministr slibuje zlepšení</u>), 29 March 2023.

³⁰ Czech Republic, Chamber of Deputies Parliament of the Czech Republic (Poslanecká sněmovna Parlamentu ČR) (2023), Transcript of the proceedings of the Chamber of Deputies on 29 August 2023 (<u>Stenozáznam z jednání</u> <u>Poslanecké sněmovny dne 29. srpna 2023</u>).

³¹ Czech Republic. Ministry of Labour and Social Affairs (Ministerstvo práce a sociálních věc) (2021) Substitute Maintenance (<u>Náhradní výživné</u>).

instead of the current 24 months will be considered by the Senate in the autumn of 2023.

Impact of tax reforms on low-income households

In 2023, PAQ Research conducted two analyses of the impact of ongoing legislative changes on various income groups. Both times, the findings indicated that these reforms primarily favour high-income individuals at the expense of those with lower incomes in the long run.

In May, PAQ Research examined the **effects of the employee tax reform** and found that it had a similar impact on all income quintiles of employees. However, over the long term, the changes disproportionately benefited wealthy employees. High earners continued to pay significantly less in taxes compared to before the amendment of the Income Tax Act in 2020,³² significantly changing the taxation of individuals, which had primarily benefited this group.³³

In August 2023, PAQ Research released a **study on the impact of austerity tax changes**, known as the 'Consolidation Package', on households with different income levels. The study analysed these tax changes in conjunction with significant alterations in income taxation in 2020. The study's conclusion revealed that the combined effects of tax changes and rising house prices significantly favoured higher-income households. On average, households in the higher income bracket will still pay CZK 4,000 (160 EUR) less in taxes after the government's package, which more than offsets the increase in their housing costs (up by less than CZK 3,400 [136 EUR]). Conversely, the impact on the less affluent half of households was decidedly negative. They would save only CZK 1,650 (66 EUR) from the combined income tax changes, while their housing costs had risen nearly as much as those in the higher income group. In total, they ended up worse off by approximately CZK 1,500 (60 EUR).³⁴

Material help provided to people in need

In the Czech Republic, the Fund for European Aid to the Most Deprived (FEAD) is used through the Operational Programme for Food and Material Assistance. The Ministry of

³² Czech Republic. Act No. 609/2020 Coll. amending certain acts in the field of taxation and certain other acts (<u>zákon</u> <u>č. 609/2020 Sb., kterým se mění některé zákony v oblasti daní a některé další zákony</u>).

³³ Czech Republic, PAQ Research, an independent sociological research think tank (2023), Taxes will increase for all employees similarly. In the long run, the high earners will benefit from the reforms (<u>Daně narostou všem</u> <u>zaměstnancům podobně. Dlouhodobě na reformách vydělají vysokopříjmoví</u>), 22 May 2023.

³⁴ Czech Republic, PAQ Research, an independent sociological research think tank (2023), For high-income earners, the tax cuts covered the increase in housing costs. Poorer people 'pay extra' by almost CZK 1,500 (<u>Vysokopříjmovým daňové škrty pokryly nárůst výdajů na bydlení. Chudší "doplácejí" téměř 1 500 korun</u>).

Labour and Social Affairs ("MLSA") implements this programme through the project "Food and Material Assistance for the Most Deprived Persons III", which was launched in October 2023 and followed on from the Food and Material Assistance for the Most Deprived Persons II programme of the same name. Through the project people in need receive free food, toiletries, basic household items and textiles.³⁵

In the implementation of the previous Food and Material Assistance to the Most **Deprived II** project, 21 partner organisations worked with the MLSA and through them, up to 250 distributing organisations assisted the needy. The vast majority of the organisations provided food and hygiene items (99%). Slightly fewer organisations distributed textiles (75%), household items (69%) and school supplies (64%). Some organisations (33%) provided sleeping bags, mattresses and tents. In the majority of cases (81%) participating organisations also provide food and material assistance to beneficiaries outside of the funding by FEAD (as part of their regular activities).³⁶

Lunches for children in schools whose parents cannot afford to pay for their meals are covered by several financial sources in the Czech Republic, such as the European Aid to the Most Deprived Fund. In the school year 2022/2023, a total of 2,133 school establishments in all regions of the Czech Republic were involved in the project. ³⁷

In addition, the non-profit organisation WOMEN FOR WOMEN also provides financial support to cover school lunches for children from poorer families. It has been implementing the Lunch for Children project since 2013 and in 2022 covered the cost of lunches for 19,000 children.³⁸

Ukrainian refugees

In June 2023, PAQ Research conducted a research on the **integration of refugees from Ukraine in the labour market and housing**.³⁹ A total of 1,425 households with a total of

³⁵ Czech Republic, Ministry of Labour and Social Affairs (Ministerstvo práce a sociálních věcí) (2023), MLSA launches food and material aid project under the OPZ+ programme (<u>MPSV zahajuje projekt potravinové a materiální</u> <u>pomoci v rámci programu OPZ+</u>, 31 October 2023.

³⁶ Czech Republic, Ministry of Labour and Social Affairs (Ministerstvo práce a sociálních věcí) (2022), Evaluation of the provision of food and material aid from FEAD (<u>Vyhodnocení poskytování potravinové a materiální pomoci z</u> <u>FEAD</u>), November 2023.

³⁷ Czech Republic, Ministry of Labour and Social Affairs ((Ministerstvo práce a sociálních věcí) (2022), The School Lunch Project is now in its seventh year. This school year it will again provide thousands of children with free lunches (<u>Projekt Obědy do škol pomáhá už sedmým rokem. V tomto školním roce znovu zajistí tisícům dětí obědy zdarma</u>) 6 October 2022.

³⁸ Czech Republic, Women for Women, o.p.s. (2023), On the Project (<u>O projektu</u>).

³⁹ Czech Republic, PAQ Research, an independent sociological research think tank (2023), Refugee integration in the labour market and housing (<u>Integrace uprchlíků na trhu práce a v bydlení</u>), 9 August 2023.

3,789 refugees participated in the online survey. According to the survey, 67% of economically active Ukrainian refugees in the Czech Republic have jobs. Unfortunately, 58% of refugees still work at a level below their original qualifications, often in precarious conditions, and 68% of refugees live below the income poverty line, with households with children most at risk. The main barriers to getting a better job continue to be insufficient Czech-language skills and the lack of access to pre-school care for children. Almost half of Ukrainian refugees already speak Czech, at least in everyday situations.

The proportion of rented housing has increased, with 49% of the refugees already living in it[The proportion of refugees renting housing/in the rental market has increased, with 49% of refugees already renting housing on their own, while most others are interested in doing so], while most of the others are interested in it.

Promising practice	
Title (original language)	Milostivé léto III
Title (EN)	Merciful Summer III
Organisation (original language)	Česká republika
Organisation (EN)	Czech Republic
Government / Civil society	Government
Funding body	
Reference (incl. URL, where available)	https://milostiveleto.cz/
Indicate the start date of the promising practice and the finishing date if it has ceased to exist	1 July 2023 – 30 November 2023
Type of initiative	National
Main target group	People with debts to the state and state institutions. These are mainly people from socially disadvantaged backgrounds.
Indicate level of implementation: Local/Regional/National	National

Table 1 – Promising practice

Promising practice	
Brief description (max. 1000 chars)	Merciful Summer is a statutory provision that allows for the extraordinary remission of accessory social security debts, taxes, and certain other debts. The condition for forgiveness of accessory debt is that the debtor pays the original debt within the statutory period. The debt relief event is a follow-up to the previous Merciful Summers I and II, which took place at the turn of 2021-2022 and at the end of 2022.
Highlight any element of the actions that is transferable (max. 500 chars)	All elements are transferable.
Give reasons why you consider the practice as sustainable (as opposed to 'one off activities')	The debt relief event has already been held twice and owing to public interest it has been announced for the third time.
Give reasons why you consider the practice as having concrete measurable impact	The National Economic Council of the Government, an advisory body to the government, reported that in 2022, approximately 689,000 individuals were facing distraint proceedings over unpaid debts. Among them, up to 400,000 people faced multiple distraint proceedings, where it was unlikely the debts would be paid and personal bankruptcy avoided. It is worth noting that at least half of those who were economically active in this situation opted to lower their official income to prevent substantial earnings confiscation. Consequently, they supplemented their income through informal economic activities. ⁴⁰
Give reasons why you consider the practice as transferable to other settings and/or Member States?	Households' over-indebtedness is a problem in many European countries that needs to be addressed.

⁴⁰ Czech Republic. National Economic Council (Národní ekonomická rada vlády) (2023), Reducing the number of people in over-indebtedness and in the related informal economy (<u>Redukce počtu lidí v předlužení a související</u> <u>šedé ekonomiky</u>), 1 February 2023.

Promising practice	
Explain, if applicable, how the practice involves beneficiaries and stakeholders in the design, planning, evaluation, review assessment and implementation of the practice	N/A
Explain, if applicable, how the practice provides for review and assessment	Data on the interest and use of Merciful Summer by debtors is collected by the Chamber of Executors of the Czech Republic. According to the Chamber, 15,000 people took advantage of Merciful Summer I and paid a total of 42,000 distraint cases totalling CZK 390 million 15.6 mil EUR) and the amount of accessory debt forgiven was CZK 1.55 billion (6.2 mil EUR). ⁴¹ A total of 9104 borrowers benefited from Merciful Summer II, and the amount of interest and other accessory debt forgiven amounted to CZK 370 million (14.8 mil EUR). ⁴² Both actions were rated as very successful by debt experts. Experts pointed out that more people were unable to take advantage of the action because they were either unable to repay their principal quickly or were debtors of creditors other than the state and organisations that chose to join Merciful Summer I and II. ⁴³

⁴¹ Czech Republic. Chamber of Executors of the Czech Republic (Exekutorská komora České republiky) (2022), Merciful Summer was used by people with fewer foreclosures, the state 'forgave' more than one and a half billion in accessory debt (<u>Milostivé léto využili lidé s nižším počtem exekucí, stát "odpustil" více než jednu a půl</u> <u>miliardy na příslušenství</u>), 24 March 2022.

⁴² Czech Republic. Chamber of Executors of the Czech Republic (Exekutorská komora České republiky) (2023), Only a fraction of debtors took advantage of the second round of Merciful Summer (<u>Druhé kolo milostivého léta</u> <u>využil jen zlomek dlužníků</u>), 22 February 2023.

⁴³ Czech Republic. Czech Radio (Český rozhlas) (2023), Merciful Summer helped 20,000 people. But the new round no longer makes sense, says debt expert Hábl (<u>Milostivé léto pomohlo 20 tisícům lidí. Nové kolo už ale nedává</u> <u>smysl, hodnotí expert na dluhy Hábl</u>), 12 April 2023.

- 2. Threats to democratic values -Protecting civic space, strengthening meaningful participation and the rights to freedom of association, peaceful assembly and expression
- 2.1. Major threats to democracy as reflected in national legal and political developments and the discourse at national level.

Challenges	Justification/explanation: description of issue at stake and its overall relevance compared to other challenges to democracy and the civic space. Please provide examples and references.
Attacks and threats to the safety of civil society organisations, human rights defenders and journalists	

Table 2 – Challenges

During the reference period, the Czech courts adopted decisions in several cases that could be considered strategic lawsuits against public participation. All of these cases were directed at media outlets for reporting on the claimant in the case in a manner that was contrary to the claimant's selfperception.

The first case concerns a lawsuit⁴⁴ filed by a Member of Parliament and the leader of an extreme-right-wing political party, Freedom and Direct Democracy (Svoboda a přímá demokracie - SPD), Tomio Okamura, against Respekt, an online and print media outlet.⁴⁵ Mr Okamura requested the court to order Respekt to issue an apology for stating that the SPD party is a 'parliamentary fascist movement'. Respekt explained that they use the term 'fascist movement' in opinion pieces to illustrate the risks associated with movements that spread hatred, fear of difference, and a constant sense of threat. Respekt also pointed out that it is important to expose the duality of the nature of the SPD party. On the one hand, it is a classic democratic party that utilises all available rights to defend itself, including lawsuits like this one. On the other hand, individual SPD politicians sometimes promote violence or attempt to lead their supporters towards greater radicalisation. After evaluating all the circumstances of the case, the court concluded that the use of the term 'parliamentary fascist movement' did not disproportionately infringe upon the rights of the claimant, and that therefore the lawsuit was unfounded.

The second case also involves the politician Tomio Okamura, who filed a lawsuit against another media outlet, *Reflex*, from which he sought an apology, damages (EUR 12,000), and a ban on further use of derogatory names. *Reflex* had called him 'Pitomio', which is a combination of his first name and the Czech word for 'stupid', in fourteen articles and had featured a satirical image of him on its cover page. Seven years after the initial decision was delivered by the Regional Court in Prague, on 20 September the Supreme Court⁴⁶ ruled that the plaintiff did not have to issue an apology for using the derogatory name, nor did they have to refrain from further use, as long as it is employed for justified criticism. The Supreme Court highlighted several factors that contributed to this decision, including the claimant's status as a public figure as a politician, the claimant's use of profanity, and the phrase in question being a value judgement presented in the form of a verbal caricature that is founded on at least a minimal factual basis.

Legal and administrative constraints, harassment, intimidation, and reprisals against civil society organisations, human rights defenders (including SLAPPs - strategic lawsuits against public participation)

Challenges	Justification/explanation: description of issue at stake and its overall relevance compared to other challenges to democracy and the civic space. Please provide examples and references.
	The third strategic lawsuit ⁴⁷ against public participation by the media was initiated by an organisation called Hnutí pro život (Pro-Life Movement) against an online media outlet called <i>Alarm</i> . ⁴⁸ The Pro-Life Movement alleged that <i>Alarm</i> had violated their personal rights by asserting that the movement is anti-women. The claimant argued that, on the contrary, its mission is to assist women who find themselves unexpectedly pregnant. They claimed to be working towards restoring social respect for the unborn child, preventing abortions, and providing support to women who feel compelled to have an abortion or experience psychological distress after undergoing one. The Pro-Life Movement demanded that <i>Alarm</i> remove the article in question and issue a public apology, to be prominently displayed on the website's main page for thirty days. Additionally, they sought compensation in the amount of CZK 100,000 (approximately EUR 4,000) for damage to their reputation. However, shortly after start of the court proceedings, the Pro-Life Movement withdrew their motion, after the judge's notification of the invalidity of their claims.
Lack of media freedom a/o media pluralism; disinformation (incl. online)	
Foreign interference	

⁴⁴ Czech Republic, Municipal Court in Prague (*Městský soud v Praze*), <u>32 Cm 10/2022-70</u>, 14 February 2023.

⁴⁷ Czech Republic, Municipal Court Prague (*Městský soud v Praze*). Case number 2 Cm 24/2021.

⁴⁵ Sedláček, Š. (2023), '<u>SPD lze označit za "Parlamentní fašistické hnutí"</u>. Proč soud smetl žalobu na Respekt' (The SPD can be called a 'parliamentary fascist movement'. Why the court dismissed the case against *Respekt*), *Respekt*, 18 April 2023.

⁴⁶ Czech Republic, Supreme Court (*Nejvyšší soud*), <u>25 Cdo 3108/2021-525</u>, 20. September 2023.

⁴⁸ Dušková, M. (2023), <u>Skončil soud s Hnutím pro život. Organizace stáhla žalobu na redakci</u> <u>Alarmu</u> (The trial with the Pro-Life Movement is over. The organisation withdrew its lawsuit against *Alarm*), *Alarm*, 6 September 2023.

Challenges	Justification/explanation: description of issue at stake and its overall relevance compared to other challenges to democracy and the civic space. Please provide examples and references.
Lack of (processes for) transparent, accountable, democratic and pluralistic participation in law and policymaking; incl. access to information	
Lack of election integrity (incl. electoral process, political campaigning and party financing)	

The Czech Police has been criticised for its use of automatic retrospective facial recognition tools in terms of transparency and potential infringements of the right to privacy. Since August 2022 the Czech Police has been piloting a Digital Personal Image Information System.⁴⁹ The system integrates photos from the register of identity cards and the register of travel documents and allows any police officer to compare photos of individuals with all the photos in the Information System. The purpose of the system is to provide an auxiliary operational tool to assist in the identification of a person of interest for the purpose of preventing, searching for, and detecting crime, prosecuting crime, ensuring the security of the Czech Republic, or ensuring public order and internal security, including the search for persons and things.⁵⁰

The legal basis (Sec. 66a of the Police Act)⁵¹ for the retrospective recognition tool was adopted in 2019.⁵² Since then the Police has been able to use images in public registries for the purpose of the automatic identification of specific known persons or in relation to unknown persons. The Digital Personal Image Information System is a regularly updated reference database of digital images of persons. The Data protection impact assessment presents automated facial recognition as another logical step in combatting criminality, decreasing risks, and protecting vulnerable people and maintaining general safety.

The broadly defined scope for using automated facial recognition,⁵³ including crime prevention, as defined in the instructions from the Police president has been the subject of criticism by the non-governmental organisation luridicum Remedium.⁵⁴ It has also already been criticised by the Constitutional Court for its chilling effect on freedom of assembly, as evidenced in a case of identity checks in trains heading to a protest gathering of environmental activists.⁵⁵ The Ministry of Interior overruled a decision of the Police not to disclose the interim evaluation of the pilot run of the Digital Personal Image.⁵⁶ The Police will have to issue a new decision that sets out what considerations were taken into account in denying a request for access, such as consideration of the impact of such refusal on individual constitutionally guaranteed rights.

Moreover, questions have arisen in relation to the fulfilment of data protection obligations. The non-governmental organisation luridicum Remedium, which addresses issues of data abuse, privacy, and biometric identification, has pointed

Disproportionate use of law enforcement measures (surveillance, police violence, unlawful arrest etc.)

Challenges	Justification/explanation: description of issue at stake and its overall relevance compared to other challenges to democracy and the civic space. Please provide examples and references.
	out that the Czech Police conducted a mandatory data protection impact assessment in 2023, ⁵⁷ while the tool has been piloted since 22 August 2020.
Corruption, including misuse of EU funds	

- ⁵¹ Czech Republic, Act No. 273/2008 Coll. on the Police of the Czech Republic (*Zákon o policii České republiky*).
- ⁵² Czech Republic, Bill No. 111/2019 Coll. amending certain acts in connection with the adoption of the Personal Data Processing Act (Návrh zákona, kterým se mění některé zákony v souvislosti s přijetím zákona o zpracování osobních údajů).
- ⁵³ Czech Republic, Order of the President of the Police dated 19 August 2022, to ensure the trial operation of the information system of digital images of persons (*Rozkaz policejního prezidenta ze dne 19. srpna 2022, k zajištění zkušebního provozu informačního systému Digitálních podob osob*).
- ⁵⁴ Iuridicum Remedium (2023) '<u>Policie musí poskytnout informace o biometrice, rozhodl již</u> <u>podruhé Ministerstvo vnitra</u>', 3 October 2023.
- ⁵⁵ Czech Republic, Constitutional Court (*Ústavní soud*), <u>II. ÚS 1022/21</u>, 11 October 2021.
- ⁵⁶ Czech Republic, Ministry of the Interior (*Ministerstvo vnitra*), <u>Rozhodnutí</u>, 29 September 2023.

⁵⁷ Czech Republic, Police, Data Protection Impact Assessment for the Digital Identity Information System (*Posouzení vlivu na ochranu osobních údajů k informačnímu systému Digitálních podob osob*), <u>PPR-5383/ČJ-2023-990392</u>.

⁴⁹ Czech Republic, Annex to the Order of the President of the Police dated 19 August 2022, to ensure the trial operation of the information system of digital images of persons (<u>Příloha</u> <u>Rozkazu policejního prezidenta ze dne 19. srpna 2022, k zajištění zkušebního provozu</u> <u>informačního systému Digitálních podob osob</u>).

⁵⁰ Czech Republic, Order of the President of the Police dated 19 August 2022, to ensure the trial operation of the information system of digital images of persons (*Rozkaz policejního prezidenta ze dne 19. srpna 2022, k zajištění zkušebního provozu informačního systému Digitálních podob osob*).

Challenges	Justification/explanation: description of issue at stake and its overall relevance compared to other challenges to democracy and the civic space. Please provide examples and references.
Lack of (effective judicial protection by) independent and impartial courts	
Threats to (the independence of) the fundamental rights institutional landscape (NHRIs, equality bodies, data protection authorities and similar bodies), incl. closure of fundamental rights bodies, legal changes, budget cuts and harassment	
Institutional issues linked to checks and balances (lack of parliamentary oversight, lack of implementation of final court decisions by executive, etc.)	
Other major developments threatening democratic values	

2.2. Legislative and policy measures having an impact on the freedom of assembly/association/expression of civil society actors.

The main legislative measures potentially impacting freedom of expression in the Czech Republic were the **amendments to the acts relating to the media** (acts regulating Czech public television⁵⁸ and radio⁵⁹).

The media acts were amended effective 1 October 2023.⁶⁰ The main objective of this legislation is to allow members of the Czech Television Council and the Czech Radio Council to be elected by both chambers of the Parliament of the Czech Republic instead of solely by the Chamber of Deputies. The rationale behind the amendment is to ensure greater plurality in the Councils. The lack of diversity, especially gender diversity, was pointed out by the newly established association Women in Media⁶¹ during a roundtable dedicated to the topic of women in the media in June 2023.⁶²

The amendments to the media acts further encourages plurality by broadening of the scope of the entities that nominate candidates to be council members. Newly, the nominating entities must have existed for at least ten years (in order to avoid ad hoc entities being created for the sole purpose of nominating candidates). Furthermore, the collective revocability of the councils, a right disposed by the Chamber of Deputies, is abolished. Maintaining this right would hinder the purpose of the new legislation, which aims to distribute power over the councils between the two parliamentary chambers.

- ⁶⁰ Czech Republic, Bill No. 225/2023 Coll., amending Act No. 483/1991 Coll. on Czech Television, as amended, Act No. 484/1991 Coll. on Czech Radio, as amended, and Act No. 90/1995 Coll. on the Rules of Procedure of the Chamber of Deputies, as amended (<u>Návrh</u> zákona, kterým se mění zákon č. 483/1991 Sb., o České televizi, ve znění pozdějších předpisů, zákon č. 484/1991 Sb., o Českém rozhlasu, ve znění pozdějších předpisů, a zákon č. 90/1995 Sb., o jednacím řádu Poslanecké sněmovny, ve znění pozdějších předpisů).
- ⁶¹ Sedláčková, V. (2023), 'V mediálních radách chybí ženy. Změnit to mohou senátoři. Deník referendum' (There is a lack of women in the media councils. Senators can change this), <u>Deník referendum</u>. 17. July 2023.
- ⁶² Czech Republic, Senate (*Senát*), '<u>Kulatý stůl: Zastoupení žen v médiích'</u> (Round table: the presence of women in the media), 19 June 2023.

⁵⁸ Czech Republic, Act No. 483/1991 Coll. on Czech Television (Zákon o České televizi).

⁵⁹ Czech Republic, Act No. 484/1991 Coll. on Czech Radio (Zákon o Českém rozhlasu).

After the amendments, the number of members of the Czech Television Council shall increase to 18. The six-year term of office of its members will be maintained, as will the renewal of one-third of its members every two years. The bill's adoption was accompanied by repeated obstructions in the form of lengthy debates in Parliament by opposition parties, which can be outvoted in the election of members of the councils, whose members also elect the respective directors of Czech Television (and Czech Radio) (the last election of the director of Czech Television took place in 2023).

A second bill amending the two acts⁶³ was proposed by the Ministry of Culture on 3 September. This proposed legislation concerns the financing of public broadcasting. The main source of income for both public service broadcasters are fees paid by individuals and legal entities. The bill proposes increasing the fee and requiring not only the owners of TV and radio devices owners to pay but also the owners of smart devices. This amends the current practice, which excludes mobile phones, tablets and personal computers that receive broadcasts via an internet connection.

Case law	
Deciding body (in original language)	Krajský soud v Praze
Deciding body (in English)	Regional Court in Prague
Case number (also European Case Law Identifier <u>ECLI,</u> where applicable)	Not available
Parties	Prague City Hall Association Last Generation
Decision date	14 September 2023

Table 3 – Case law

⁶³ Czech Republic, a bill amending Act No. 483/1991 Coll. on Czech Television, as amended, Act No. 484/1991 Coll. on Czech Radio, as amended, and Act No. 348/2005 Coll. on Radio and Television Fees and on Amendments to Certain Acts, as amended (*Návrh zákona, kterým se mění zákon č. č. 483/1991 Sb., o České televizi, ve znění pozdějších předpisů, zákon č. 484/1991 Sb., o Českém rozhlasu, ve znění pozdějších předpisů, a zákon č. 348/2005 Sb., o rozhlasových a televizních poplatcích a o změně některých zákonů, ve znění pozdějších předpisů)*.

Case law	
Web link to the decision (if available)	Not available
Which fundamental freedoms of (peaceful assembly, association and/or expression) were referred to in the case?	Freedom of assembly
Key facts of the case (max. 250 words)	An environmental association called Last Generation announced, in accordance with the law, that there would be a public assembly titled 'Public march for the humanisation of the highway and the fulfilment of commitments to the climate'. City Hall made the decision to reroute the protest, claiming that the proposed route would have limited the movement of cars on the road. The judge ruled that City Hall's decision to change the location of the protest was illegal and that a march restricting cars in one of the three lanes was permissible. The court further ruled that the roadway was a suitable protest site because it directly relates to the topic of the protest.
The key legal question raised by the Court	The key legal question was whether City Hall's authoritative decision to reroute a civil protest was a disproportionate breach of the activists' right to freedom of assembly.
Result of the case in terms of factual outcome, and in terms of assessment of the legal question raised	The court ruled that the march was a way for the activists to exercise their fundamental right to freedom of assembly, under Article 19 of the Czech Charter of Fundamental Rights and Freedoms, and the state should not restrict that right in a disproportionate manner. Since the parade[march] would have restricted traffic on the main road, but would not have made it impossible for the other two lanes to be used, City Hall should not have forced the organisers to change the location of the march.

Case law	
Deciding body (in original language)	Krajský soud v Praze

Case law	
Deciding body (in English)	Regional Court in Prague
Case number (also European Case Law Identifier <u>ECLI,</u> where applicable)	27 Co 66/2023
Parties	Pavla Holcová Andrej Babiš
Decision date	25 May 2023
Web link to the decision (if available)	<u>https://www.investigace.cz/wp-</u> <u>content/uploads/2023/08/Rozsudek-k-publikovani-se-</u> <u>zvyraznenim.pdf</u>
Which fundamental freedoms of (peaceful assembly, association and/or expression) were referred to in the case?	Freedom of expression
Key facts of the case (max. 250 words)	In April 2022, then-Prime Minister Andrej Babiš, who was at that time also a candidate for president, and who is currently a Member of Parliament, published a factually incorrect, allegedly satirical collage on his Facebook page with a photo of the editor-in-chief of the media outlet Investigace.cz, Pavla Holcová. The collage was titled 'Received via Whatsapp' and it contained text reading 'If Babiš dares to run for president, it has already been arranged with Mr Soros that we will put some fake dirt on him a week before the elections. It worked last time. Mr Soros was very happy!' The post was a reaction to the publication of the investigative story on the Pandora papers, in which Pavla Holcová and an international team of journalists uncovered that Andrej Babiš had purchased real estate in France through a chain of offshore companies and then had never disclosed these assets in his asset declaration, which politicians are required to do by law. The journalist Pavla Holcová sued Andrej Babiš in civil proceedings demanding an apology and the removal of the post from Facebook.

Case law	
The key legal question raised by the Court	The court was to decide whether the expression of the former prime minister with this Facebook post had violated the journalist's right to dignity and the protection of her reputation. In particular, the court assessed whether there was a causal link between the publication of that information and the violation of the applicant's privacy, and whether that interference went beyond an acceptable level of criticism, which can no longer be justified in a democratic society.
Result of the case in terms of factual outcome, and in terms of assessment of the legal question raised	The District Court (court of first instance) ruled that Andrej Babiš has to delete the post but did not have to publish an apology. Both parties appealed the decision. The Regional Court (court of second instance) disagreed with the argumentation of the lower court with regard to the nature of the information shared. The Regional Court stated that the information was presented as a statement of fact, not a statement of opinion, with the motive to discredit the journalist. As such, the Facebook post was a violation of the journalist's rights. The Regional Court also ruled that Andrej Babiš had to publish an apology seven days in a row without sharing the original post.