



Fact Card – Payroll

2024

Czech republic

Population:

10.882.235

Area:

78 867 Km²

Capital city:

Prague

Language:

Czech

Political system:

parliamentary republic

Member of EU since:

1 May 2004

President:

Petr Pavel

Main sectors of economy:

industry

wholesale

retail trade

transport

accommodation

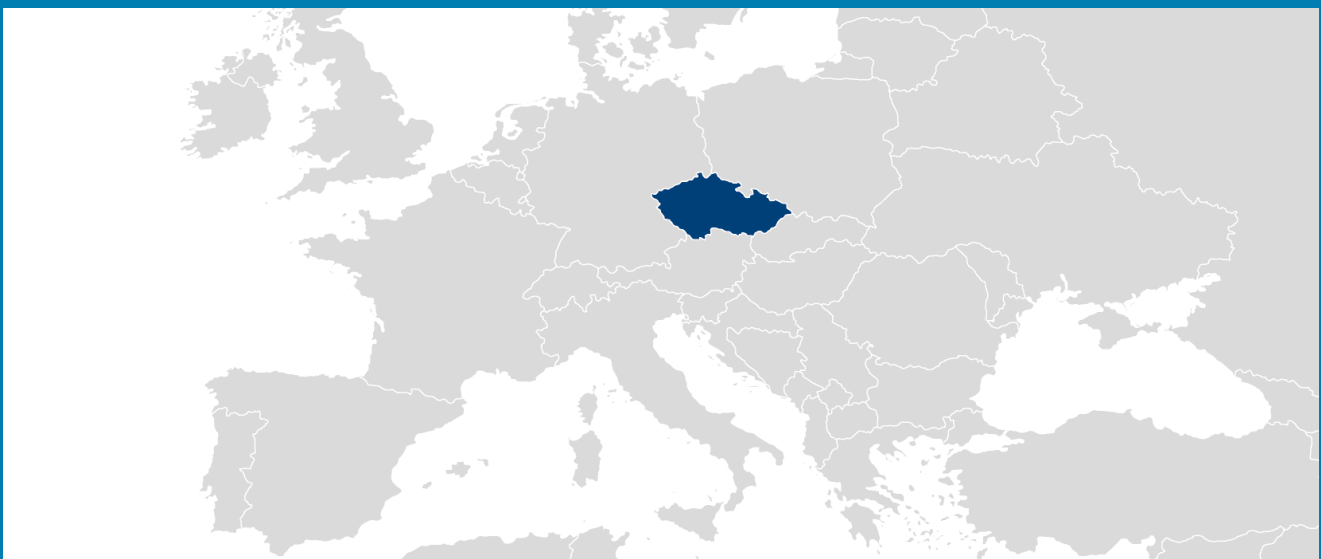
food services

Export:

403.6 billion CZK

Import:

372.8 billion CZK



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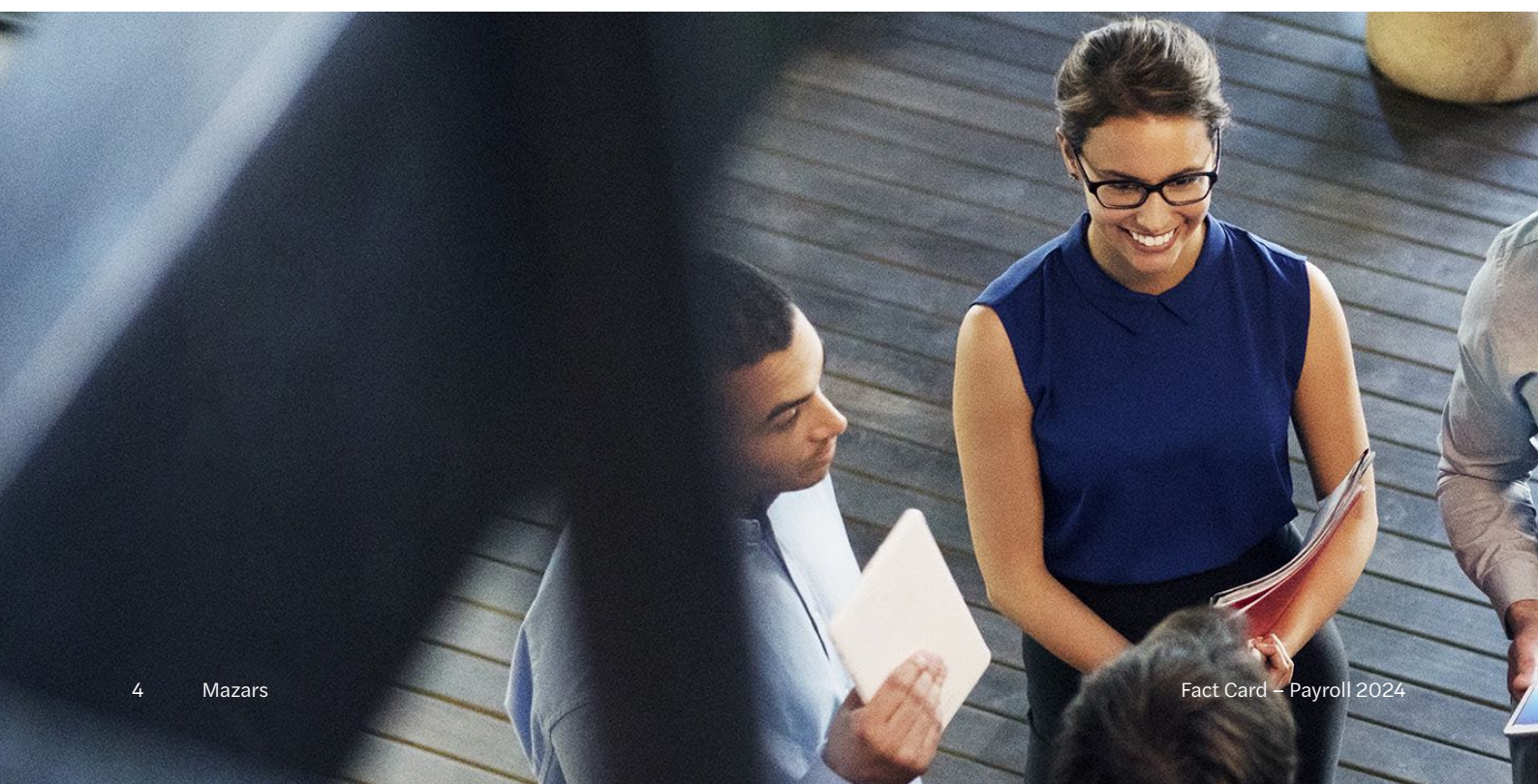
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Key facts

Currency	Czech Crown (CZK)
Time zone	GMT +1, summer time GMT +2
International dialing code	(00) 420
Internet TLD	.cz
Tax withholding via payroll	Yes
Social security withholding via payroll	Yes
Number of pay periods	Employees are paid monthly
13th month payments	Not required; in big international companies but rarely
Is a pay slip required	Yes
Minimum wage	18,900 CZK (112.50 CZK/hour)
Fiscal year	1 January – 31 December
Monthly filing deadline	See chapter Monthly and yearly duties
Annual filing deadline	See chapter Monthly and yearly duties
Regional variations	None



Company registration

Company and tax registration

After establishing a company the company submits an application for entry in the Commercial Register. The Commercial Register is a public register into which information on enterprising entities is entered. Business corporations and cooperatives, selected foreign entities and some natural persons have the obligation to register in the Commercial Register. The company is also obliged to register for corporate income tax as well as any other taxes, if required.

If the company employs at least one employee, it must register for personal income tax from employment using the revenue authority's prescribed form. The company registers as a payer of personal income tax from employment and also for income tax collected with a special tax rate if it employs following workers who did not sign a declaration of tax payer with the employer:

- a) workers on an agreement to complete a job until 10,000CZK/month;
- b) other workers with monthly income up to 4,000CZK/month.

Social security registration

If the company employs at least one employee, it must apply to the register of employers using the form prescribed by the relevant Czech Social

Security Administration branch within 8 calendar days from the employee's first day on the job.

Registration at Health Insurance Company

If the company hires employees, it must apply to the register of employers using the form prescribed by the relevant health insurance company, provided the employees receive salaries from employment that are subject to health insurance deductions.

Mandatory liability insurance

By law, if an employer employs at least one employee, the employer is obliged to apply for mandatory insurance to cover liability for damage incurred by the employee as a job-related injury or vocational disease, specifically to **Kooperativa pojišťovna, a.s., Vienna Insurance Group**. The insurance arises by law, no policy is concluded. The insurance protects the employer against claims against employees and also relates to the damage incurred when fulfilling job tasks on business trips, without local restrictions. The employer is obliged to pay insurance premiums on a quarterly basis.

Financial year

The fiscal year starts on the 1st of January and ends on the 31st of December.



Employment law

Czech Labour Code

Regulates labour relations (relations between employers and employees), relations of a collective nature, integrates EU regulations, regulates some relations before the origin of labour relations and regulates some rights and obligations during the regime of temporarily incapacitated insurance policyholder pursuant to the Act on Sickness Insurance.

Origin of employment

Employment is based on a written employment contract. An employment contract must contain:

- a) The type of work;
- b) The place or places where the work is performed;
- c) The date of the first day of work.

The employment lasts for an indefinite period, unless the period of its duration is explicitly negotiated.

The duration of the employment for a definite period between the same two contractual parties shall not exceed 3 years and can be repeated twice at the most from the date of origin of the first employment (the 3+3+3 rule).

The content of the employment can only be changed if the employer and the employee agree on its change in writing.

Trial period

If a trial period is negotiated, it cannot be longer than:

- a) 3 consecutive months from the date of the origin of the employment;
- b) 6 consecutive months from the date of the origin of the employment for management employees.

The negotiated trial period cannot be subsequently extended. A period of obstacles at work that keeps the employee from performing his/her work during the trial period and full-day holidays do, however, extend the trial period. The trial period cannot be longer than half of the agreed-upon duration of the employment. The trial period must be agreed in writing.

Termination of employment

Employment can only be terminated:

- a) By agreement;
- b) By notice of termination;

c) By immediate termination;

d) By termination within the trial period.

The employment for a definite period can also end with the expiry of the agreed period.

Unless the employment of a foreigner or a stateless person has already been terminated in another manner, it shall end on the day his/her residence permit expires, on the date of his/her expulsion or on the date the work permit or long-term residence permit for the purpose of employment expires. The employment terminates upon the death of the employee.

If a notice of termination was given, the employment ends with the expiry of the notice period. The notice period must be the same for both the employer and the employee and amounts to at least 2 months.

Agreements on work performed outside employment law relationship

The employer shall ensure the fulfilment of its business tasks primarily with employees in an employment relationship.

The employer is not obliged to schedule working hours for employees engaged under agreements on work performed outside of employment. Agreements to complete a job and agreements to perform a work must be concluded in writing.

The agreements on work performed outside of employment are covered by the same rules as an employment relationship, with the following exceptions:

- Reassignment to another job and transfer;
- Temporary assignment;
- Severance pay;
- Termination of employment;
- Remuneration;
- Travel allowances and compensation for remote work.

An employee working on the basis of an agreement on work performed outside of employment is not entitled to compensation of remuneration from the agreement for the duration of other important personal obstacles at work and obstacles for reasons of general interest.

If the method of terminating an agreement to complete a job or agreement to perform work has not been agreed, it is possible to terminate it by the agreement of the contractual parties as of an agreed

date; it can be terminated unilaterally for any reason or without giving a reason with a 15-day notice period. The immediate termination can only, however, be agreed in the cases where it is possible to immediately terminate an employment relationship.

If the agreement to complete a job or agreement to perform work has been effect for at least 180 days in the previous 12 months, the employee may apply in writing to the employer for employment under the employment relationship. The employer is obliged to provide the employee with a written response to his request within 1 month at the latest.

In the case of an employee working under a work performance agreement or a work activity agreement, the weekly working time for the purposes of the leave shall be 20 hours per week.

Agreement to complete a job

The scope of the work for which an agreement to complete a job can be concluded cannot exceed 300 hours in a calendar year. The period for which this agreement is concluded must be specified in the agreement to complete a job.

Agreement to perform work

The scope of work based on an agreement to perform work cannot exceed, on average, one-half of the set weekly working hours.

Working hours

The employer is obliged to prepare a written schedule of weekly working hours and to acquaint the employees with it or with changes to it no later than 2 weeks (and 1 week in the case of an account of working hours) before the start of the period for which the working hours are scheduled, unless the employer has agreed with the employee on another period for providing this information. The length of a shift may not exceed 12 hours.

A flexible schedule of work hours includes core working hours and flexible working hours, while the employer specifies their beginning and end. The employee is obliged to be at the workplace in the core working hours. The employee chooses his/her own beginning and end of the working hours in the flexible working hours.

An account of working hours is a method of scheduling working hours that can only be implemented by a collective agreement or internal regulation for an employer at which union organisations do not operate. The employer is obliged to keep an account of the employee's working hours and a wage account for the employee. The normal weekly working hours (or shorter working hours), schedule of working hours for the individual working days including the start and end of the shift and the working hours that have been worked on the individual working days and per week are posted to the employee's account of working hours. The settlement period shall not exceed 26 consecutive weeks. Only a collective agreement can define this period up to a maximum of 52 consecutive weeks.

Rest period

Continuous rest period between two shifts

The employer is obliged to schedule the working hours so that an employee has a continuous rest period for a period of at least 12 hours between the end of one shift and the beginning of a subsequent shift within 24 consecutive hours (see the Labour Code for exceptions).

Non-working days

Non-working days are days on which the employee's continuous rest falls during the week (usually Saturday and Sunday) and holidays. An employer can only exceptionally order work on non-working days.

Continuous rest period during week

The employer is obliged to schedule the working hours so that an employee has a continuous rest period lasting at least 35 hours each week. For adolescent employees the continuous rest may not be less than 48 hours per week.

Occupational safety and health protection

The employer is obliged:

- To ensure the occupational safety and health protection of employees at their work (this is related to all persons that are present at its workplaces with its knowledge);

- To create a safe working environment and working conditions that do not endanger the employees' health and to take measures to prevent risks;
- To arrange a provider of occupational health care services for the employees;
- To provide employees with information and instructions to ensure the occupational safety and health protection at work;
- To ensure training for the employees on regulations to ensure the occupational safety and health protection at work and to monitor their observance;
- To organise, at least once a year, inspections of occupational safety and health protection at work at all the employer's workstations and facilities.

The employer is obliged to arrange the training when the employee begins the job and also:

- a) During a change in the job position or type of work;
- b) When introducing new technology or during a change in the production equipment and working tools or a change in the technological or work processes;
- c) In cases that have, or can have, a substantial influence on occupational safety and health protection.

In the event of industrial injuries and occupational diseases the employer is obliged to:

- a) Keep a record of injuries in an injury log (injuries also without temporary incapacity or with temporary incapacity of less than 3 days);
- b) Report injuries;
- c) Prepare and send a record of the injury (temporary incapacity longer than 3 days, death);
- d) Send the record of the injury (specified by a government Decree) to the relevant authorities and institutions to which an industrial injury is announced.

Each employee is obliged:

- To get to know the basic obligations ensuing from the legal and other regulations and the employer's requirements to ensure occupational safety and health protection at work;

- To participate in the training arranged by the employer oriented on occupational safety and health protection at work including a verification of his/her knowledge;
- To undergo preventative medical check-ups, examinations or vaccinations prescribed by special legal regulations;
- To comply with the legal and other regulations and the employer's instructions to ensure occupational safety and health protection at work with which he/she has been duly acquainted and to comply with the principles of safe conduct in the workplace and with the employer's information;
- To not consume alcoholic beverages or abuse other addictive substances in the employer's workplaces or outside of the employer's workplaces during working hours, to not enter the employer's workplaces under the influence of alcoholic beverages or other addictive substances;
- To inform his/her superior of any irregularities and defects in the workplace;
- To immediately inform his/her superior of an industrial injury;
- To undergo a test to see whether he/she is under the influence of alcohol or other addictive substances when ordered by a manager that is authorised, in writing, to do so.

Wage/salary

An employee is entitled to a wage, salary or remuneration from an agreement on work performed.

A wage is a monetary consideration and consideration of a monetary value (a wage in kind) provided to the employee by the employer for the work performed.

All employees at an employer are entitled to the same wage, salary or remuneration from an agreement for the same work or for work of the same value. The wage, salary or remuneration from an agreement cannot be lower than the minimum wage. For this purpose the wage or salary for overtime work, work on public holidays, night work, work in an arduous working environment and work on Saturdays and Sundays is not included in the wage and salary.

The minimum wage currently amounts to 18,900 CZK (from 01/2024).

A guaranteed wage is a wage or salary to which the employee is entitled in accordance to the Labour Code, agreements, internal regulations or wage or salary statement. The lowest level of the guaranteed wage shall not be lower than the minimum wage. Further lowest levels of the guaranteed wage are determined differentially according to the complexity, responsibility and effort required in the work being performed so that the maximum increase amounts to at least twice the lowest level of the guaranteed wage.

The wage is negotiated in the agreement or the employer determines it in an internal regulation or the relevant wage statement. The wage must be negotiated, determined or specified before the beginning of the performance of the work.

On an employee's first day on the job the employer issues him/her a written wage statement that contains information about the remuneration method, the dates and place for the payment of the wage, provided the agreement or an internal regulation does not contain this information. If there is a change to the facts specified in the wage statement, the employer is obliged to notify the employee of this in writing, no later than on the date when the change comes into effect.

If an account of working hours is applied, the employee is entitled to a wage in a fixed monthly amount (the minimum amount of 80–85% see the Labour Code) in the settlement period for the individual calendar months.

The following is posted to the employee's wage account:

- a) The employee's fixed wage;
- b) The wage achieved by the employee for the calendar month to which the employee is entitled pursuant to the Labour Code and according to the negotiated, determined or specified conditions.

For a settlement period the employee is entitled to the wage in the amount of the sum of the paid fixed wages. If, upon the expiry of the settlement period or after the termination of the employment, the sum of the rights to the achieved wage for the individual calendar months is higher than the sum of the paid fixed wages, the employer is obliged to settle the difference with the employee. The employee is not entitled to the fixed wage for those hours when he/she was scheduled to work by his employer but did not work.

Overtime work

Overtime work can only be performed exceptionally. The employer cannot order overtime work of more than 8 hours within individual weeks and 150 hours within the calendar year. The employer can only order overtime work above and beyond the scope specified in the previous sentence on the basis of an agreement with the employee. The overall scope of the overtime work cannot amount to an average of more than 8 hours a week for more than 26 consecutive weeks. Only a collective agreement can define this period to be at most 52 consecutive weeks.

For overtime work an employee is entitled to his/her wage and a premium in the amount of at least 25% of his/her average earnings, unless the employer and the employee have agreed to have compensatory time off provided in the scope of the overtime work performed instead of the premium. The employee is not entitled to the achieved wage and premium or to the compensatory time off if the wage is already negotiated taking eventual overtime work into account. A wage taking eventual overtime work into account can be negotiated if the scope of the overtime work that the wage takes into account is also negotiated. A wage taking eventual overtime work into account can be negotiated for a scope of at most 150 hours of overtime work per calendar year for management employees.

Work on holidays

An employee is entitled to his achieved wage for the period of work on a public holiday and compensatory time off in the scope of the work performed on the holiday. When using the compensatory time off the employee is entitled to a compensatory wage in the amount of his/her average earnings.

The employer and employee can agree to have a premium at least in the amount of the employee's average earnings paid to the achieved wage instead of compensatory time off.

Work on Saturdays and Sundays

An employee is entitled to the achieved wage and a premium of at least 10% of his/her average earnings for work on Saturdays and Sundays.

Night work

The length of a shift of an employee working at night cannot exceed 8 hours within 24 consecutive hours; if this is not possible for operational reasons, the employer is obliged to schedule the weekly working hours so that the average length of the shift does not exceed 8 hours in a period of no longer than 26 consecutive months, while the calculation of the average length of the shift of an employee working at night is based on a five-day work week.

An employee is entitled to the achieved wage and a premium of at least 10% of his/her average earnings for night work.

Standby

An employer may only require standby from an employee on the basis of an agreement. The employee is entitled to a wage or salary when performing standby work. The performance of work during a period of standby above normal weekly working hours is considered to be overtime work.

A period of standby during which work is not performed is not included in the working hours and the employee is entitled to a premium for standby in the amount of at least 10% of his/her average earnings.

Remuneration from an agreement

The amount of remuneration from an agreement and the conditions for providing the remuneration are negotiated in the relevant agreement to complete a job or agreement to perform work.

Remote work/Home office

It is only possible to agree on remote work in writing, but the law does not specify the content of the agreement and it is up to both sides to negotiate this content.

The notice period for a remote work agreement is 15 days, or the parties may agree on a different length of the notice period, but only on the condition, that it is the same for both parties. It is also possible for the parties to agree that it is irrevocability.

The employer may only order employees to HO if the state specifies it (a state of emergency; the closure of certain parts of the entities for serious reasons, etc.) and provided that the place of remote work is fit for the performance of the work.

Employer is obliged to set a flat-rate amount of the reimbursement of costs, based on a decree of the

Ministry of Labour and Social Affairs, either in the employer's internal regulation or by the arrangement of both parties.

Employees are entitled to reimbursement for remote work if this has been agreed in writing or provided for in an internal regulation. The employer shall provide the employee with a fixed fee for each hour of remote work, the amount of which shall be fixed annually by decree. For 2024, it is CZK 4.50 per hour.

The employer and the employee may agree in writing in advance that the employee shall not be entitled to reimbursement of all or part of the costs incurred in connection with the remote work.

An employee who performs work for the employer on the basis of agreement to complete a job or agreement to perform work may be reimbursed for the costs of remote work if the employer has agreed on this right with the employee.

Severance pay

An employee whose employment was terminated by notice or by agreement for organisational reasons is entitled to severance pay, the amount of which depends on the duration of the employment before it was terminated. This amount is specified by the Labour Code as the minimum, so the employer can decide to increase it by another multiple of the average earnings.

Wage deductions

Wage deductions can only be made:

- a) in cases specified by the Labour Code or a special act, i.e.:
 - Personal income tax from employment or premiums on pension savings;
 - Social and health insurance;
 - An advance on a wage or salary that the employee is obliged to return;
 - An unsettled advance on travel expenses or other unsettled advances;
 - A compensatory wage or salary for holiday leave to which the employee has lost the right or to which the right has not arisen and a compensatory wage or salary during temporary capacity, to which the right has not arisen for the employee;
 - Amounts affected by the execution of a decision (distraintment).

- b) On the basis of an agreement on wage deductions or to satisfy the liabilities of the employee;
- c) To settle trade union membership contributions for an employee that is a member of a trade union organisation, if this has been agreed in the collective agreement or on the basis of a written agreement between the employer and the trade union organisation and if the employee, who is a member of a trade union organisation, has given his/her consent to this.

Maternity leave

In connection with childbirth and the care for a newly-born child a female employee is entitled to maternity leave for a period of 28 weeks or, if she gives birth to two or more children at the same time, 37 weeks.

An employee usually begins her maternal level from the beginning of the sixth week before the expected birth date, though no earlier than from the beginning of the eighth week before this date.

Maternity leave in connection with childbirth cannot ever be shorter than 14 weeks nor can it be interrupted before 6 weeks have expired from the date of birth.

Parental leave

In order to extend the care given to a child the employer is obliged to give an employee parental leave upon his/her request. Parental leave is granted to the mother of a child upon the termination of the maternity leave and to the father from the child's birth date in the extent to which is requested by the employee, though not longer than the day when the child reaches three years of age.

Right to standard annual leave

An employee who performs work under an employment agreement is entitled to:

- a) Annual leave for a calendar year or its aliquot part if he worked at the employer for a period of at least four weeks, an employee who worked for less than four weeks for an employer will not have any right to a holiday;
- b) Supplementary leave.

The length of annual leave amounts to at least 4 weeks in the calendar year. The annual leave of state employees amounts to 5 weeks in the calendar year.

The annual leave of pedagogical employees and academic employees of universities amounts to 8 weeks in the calendar year.

Temporary incapacity for work

An employee that has been recognised as being temporarily incapable of working is entitled to a compensatory wage or salary during the first 14 calendar days of the duration of the temporary incapacity if, at the start of his/her temporary incapacity for work (quarantine), the employee fulfils the conditions for the entitlement to sickness benefits pursuant to the regulations on sickness insurance.

The compensatory wage or salary is in the amount of 60% of the average earnings. These average earnings will be modified as the daily base of assessment for the calculation of sickness benefits from sickness insurance (using curtailment limits).

Amount of curtailment limits for 2024 and the maximum compensatory wage for temporary incapacity to work

Curtailment limits (CL) for sickness benefits	Hourly curtailment limit	Reduction of differential amounts of CL in per cent	Reduction of hourly average
I. 1 466 CZK x 0.175	256.55 CZK	256.55 CZK 90%	230.90 CZK
II. 2 199 CZK x 0.175	384.83 CZK	128.28 CZK 60%	76.97 CZK
III. 4 397 CZK x 0.175	769.48 CZK	384.65 CZK 30%	115.40 CZK
Maximum reduced average			423.27 CZK
Compensatory wage in the amount of 60% of the reduced average from the 1 st to t 14 th day of the temporary incapacity to work			253.96 CZK

Supplementary leave

An employee that works for the same employer for the entire calendar year underground, extracting minerals or excavating tunnels, and an employee that performs particularly difficult work (see the Labour Code) for an entire calendar year is entitled to supplementary leave lasting 1 week.

Taking leave

The employer is obliged to specify the taking of the leave for an employee so that he/she takes the leave in the calendar year in which the employee's right to the leave arose, unless the employer is prevented in doing so by obstacles in work on the part of the employee or for urgent operational reasons. Only untaken leave above the minimum statutory length can be transferred to the next year.

While taking his/her leave an employee is entitled to a compensatory wage in the amount of his/her average earnings.

An employee is only entitled to a compensatory wage or salary instead of taking his/her leave in the case of the termination of the employment.

The employer will be able to shorten the leave pursuant to the Labour Code in the event of an unexcused absence by the number of unexcused hours of a missed shift; the unexcused hours can be added together.

Internal regulations

An internal regulation specifies the rights in labour relations. It must be issued in writing and cannot be contrary to legal regulations or be issued retroactively; otherwise, it is invalid in whole or in the affected parts. Internal regulations, with the exception of work rules, are usually issued for a definite period of time, for a minimum of 1 year; an internal regulation concerning remuneration may be issued for a shorter period of time.

An internal regulation is binding for the employer and for all of its employees. It shall take effect on the date specified in the internal regulation, though no earlier than on the date when it was announced at the employer.

The employer is obliged to acquaint the employees with the issuing, change or cancellation of the internal regulation within 15 days at the latest. The internal regulation must be accessible for all of the employer's employees. The employer is obliged to

store the internal regulation for a period of 10 years from the date it was cancelled.

Work rules

Work rules are a special type of internal regulation; they detail the provisions of the Labour Code, provided it concerns the employer's and employees' duties ensuing from the labour relations.

Non-competition clause

In the case of the negotiation of a non-competition clause which binds an employee to refrain, for a certain period (though not longer than a period of 1 year), from the performance of a gainful activity that would be identical to the subject of the employer's business or that would be of a competitive nature towards the employer, then the non-competition clause should include the employer's commitment to provide adequate monetary compensation to the employee in the minimum amount of one-half of the employee's average monthly earnings for each month when the obligation is fulfilled. The monetary compensation shall be payable backwards on a monthly basis, unless the contractual parties agree on another payment period. The non-competition clause must be made in writing.

Relations of a collective nature

- Act No. 262/2006 Coll., the Labour Code;
- Act No. 89/2012 Coll., the Civil Code;
- Act No. 2/1991 Coll., on Collective Bargaining.

The employer is obliged to inform the employee and deal directly with the employee if a trade union organisation, council of employees or representative for the area of occupational safety and health protection is not operating there.

To ensure the right to information and negotiation, the employer's employees can elect a council of employees or a representative for the area of occupational safety and health protection.

A trade union organisation operates at the employer and only has the right to negotiate if it is authorised to do so pursuant to the statutes and at least 3 of its members are employed with the employer; under these conditions only the trade union organisation or its organisational unit can negotiate collectively and conclude collective agreements.

Trade union organisations pay attention to the adherence to the Labour Code, Employment Act, legal regulations on occupational safety and health protection and other labour law regulations.

Archiving

Documents in paper or electronic form with which the employer works or according to which it manages its business must be archived according to legal requirements. The period of archiving differs for different types of documents (3 to 45 years).

Examples:

- The accounting records with data necessary for the purpose of pension insurance, documents concerning wages (incl. deductions), records of periods of exclusion = 45 years (payroll sheets, employment contracts and agreements, terminations, recommended for pension insurance records);
- In the area of sickness insurance a period of 10 calendar years is set for archiving related documents (employment agreements, termination of employment, attendance records, including periods of leave without pay, bases of assessment, types and periods of pensions, payroll inputs related to insurance, timesheets, internal payroll regulations, payroll sheets of working pensioners);
- Pension insurance records = 3 years;
- Other documents = 5 years (payout list, documents on payroll payments).



Payments

Paying salaries

The wage/salary is payable after the work has been performed, no later than in the calendar month following the month in which the employee incurred the right to the wage/salary. A regular date for the payment of the wage or salary must be negotiated, specified or set within the period specified in the previous sentence. The employer is obliged to pay the wage or salary in Czech crowns. The wage or salary is rounded up to the nearest whole crown.

The wage or the salary is paid in the working hours and at the place of work, unless a different time and different place for the payment is agreed upon. On the basis of an agreement with the employee the employer is obliged, when paying the wage or salary, to pay the amount to employee, at its own expense and risk, to one payment account specified by the employee and no later than by the regular date for the payment of the wage or salary, unless a later date is agreed upon in writing with the employee.

Employees that perform their work abroad can, with the agreement, be provided their wage or salary, in whole or in part, in an agreed upon foreign currency, provided this currency has an exchange rate announced by the Czech National Bank.

Payment frequencies

12 payments = in the case of employment the number of payments is based on the obligation to pay social and health insurance from the total income for each calendar month; the income at one employer are also taxed on a monthly basis.

13th month and bonus payments

The claim and amount can be determined by a collective agreement, company agreement or employment contract. Any such bonus payments will be added to the regular monthly payments and taxed on a monthly basis (as in the previous section).



Employees

Newcomers

New employees shall submit the following information and documents:

- **Employment Contract** – signed by both parties in the Czech language or with a Czech translation.
- **Current Wage Assessment** – if it is not part of the employment contract.
- **Signed and completed Personal Questionnaire** (includes personal and address details).
- **Taxpayer's Declaration** together with original documents necessary for applying individual rebates.
- **Confirmation of Employment from previous employers** (or Confirmation of Registration at Labour Office if not employed).
- **Foreigners (not from EU countries):** copy of work permit, residence permit, visa, passport, registration at Labour office.

The employer is obliged to register the employee for social and health insurance. If employing a foreigner, the employer must inform the Labour Office.

Leavers

The employer and/or employee shall provide the termination of employment (according to the Czech Labour Code). Employment for a definite period is terminated on the last day of employment written in the employment contract – in this case no other document is necessary.

The employer is obliged to issue a confirmation of employment to the employee on the last day of employment and after the last salary payment it must also issue a Pension Insurance Record (ELDP). Other documents are by the employee's request.

Due to the termination of employment, the employer deregisters the employee from social and health insurance.

Employee benefits

Non-monetary benefits are exempt from tax and insurance contributions for employees only up to a limit of half the average wage. This limit for 2024 is CZK 21,983. For the employer, the amount of costs up to the limit will be a non-deductible expense, while the costs on contribution provided above the limit will be a tax-deductible expense.



Employee benefits

Type of benefit	This benefit counts towards the limit of ½ of the average wage per year	Subject to personal income tax	Subject to health and social insurance payments	Is it a tax expense for the employer
Extra vacation	NO	YES	YES	YES
Paid leave (sick days)	NO	YES	YES	YES
Occupational medical care	NO	NO	NO	YES
The use of recreational, medical, educational, preschool or sporting facilities – non-monetary benefit (use of services)	YES	NO up to total limit; YES over the limit	NO up to total limit; YES over the limit	NO up to total limit; YES over the limit
The use of recreational, medical, educational, preschool or sporting facilities - monetary benefit (payments)	NO	YES	YES	YES
Providing recreation including a trip up to 20,000 CZK – non-monetary benefit	YES	NO up to total limit; YES over the limit	NO up to total limit; YES over the limit	NO up to total limit; YES over the limit
Contribution to cultural and sporting events, printed books – non-monetary benefit	YES	NO up to total limit; YES over the limit	NO up to total limit; YES over the limit	NO up to total limit; YES over the limit
Provision of goods or services of a health, medical or hygienic nature from medical facility, provision of medical devices on medical prescription	YES	NO up to total limit; YES over the limit	NO up to total limit; YES over the limit	NO up to total limit; YES over the limit
Contribution to additional pension insurance with a state contribution, additional pension savings, pension insurance and private life insurance – up to the legal limit of 50,000 CZK/year	NO	NO	NO	YES
Contribution to additional pension insurance with a state contribution, additional pension savings, pension insurance and private life insurance – over the legal limit of 50,000 CZK/year	NO	YES	YES	YES
The value of temporary housing up to a limit of 3,500 CZK/month – non-monetary benefit	NO	NO	NO	YES
Fixed fee for reimbursement of expenses while remote work - up to the legal limit (for 2024 the fixed fee is CZK 4.50 per hour of work)	NO	NO	NO	YES
The professional development of the employees connected with the subject of their activities or requalification – non-monetary benefit	NO	NO	NO	YES
The value of meals provided as a non-monetary benefit (incl. meal tickets) – up to the legal limit (to a maximum amount of 70% of the value of the meal allowance, which amounted to 140–166 CZK for the year 2024)	NO	NO	NO	YES
The value of meals provided as a non-monetary benefit (incl. meal tickets) – over the limit	NO	YES	YES	YES
The sale of company products to employees for a lower price	NO	YES	YES	YES
Accident insurance, travel insurance	NO	YES	YES	YES
A financial loan from the company as social assistance to an employee to get over his/her extraordinarily difficult situation as a result of a natural disaster, environment or industrial accident (where a state of emergency was announced) up to a limit of 500,000 CZK	NO	NO	NO	No expense arises
Other interest-free or preferential employee loans up to the limit of 300,000 CZK	NO	NO	NO	No expense arises
The value of a non-monetary gift up to 2,000 CZK/year	NO	NO	NO	NO
Company cars for personal use (1% or 0.5% or 0.25% of the entry price, at least 1,000 CZK/month)	NO	YES	YES	YES
Stock motivational plans:	Various tax regimes – individual assessment	Various tax regimes – individual assessment	Various tax regimes – individual assessment	Various tax regimes – individual assessment

Tax

Income from employment is taxed at a rate of 15% or 23%. A rate of 23% is used for the calculation of the tax on the part of the income which exceeding 3 times the average wage (in 2024 = 131,901 CZK per month).

The tax base is income from employment, which is subject to tax and are not exempt from tax. When calculating the monthly advance payments the tax base is rounded up to the nearest hundred crowns. The tax is deducted from the employee's gross wage and paid by the employer to the account of the relevant revenue authority. The tax is payable by the 20th day of the following month.

There are tax rebates that the taxpayer (employee) can apply in accordance with Act No. 586/1992 Coll., on Income Tax. The tax rebates are given in their annual amount and in 2023 were as follows:

- Rebate for taxpayer 30,840 CZK;
- Rebate for spouse 24,840 CZK;
- Basic rebate for disability 2,520 CZK;

- Extended rebate for disability 5,040 CZK;
- Rebate for holder of severe handicap (ZTP/P) identity card 16,140 CZK.

The taxpayer also has a right to a tax deduction for a dependent child living with him/her in a common household in the following amount:

1. child 15,204 CZK;
2. child 22,320 CZK;
3. child 27,840 CZK.

The annual calculation of the tax is performed by the taxpayer or, if the legal conditions are fulfilled and the employee asks the employer on the prescribed form by 15 February of the following year, the employer can perform the annual calculation on behalf of the employee. During the annual calculation of the tax the tax rebates and items deductible from the tax base are taken into account.

Social insurance contributions

Social insurance – percentage from the basis of assessment		
Employer	Type of contribution	Employee
2.1%	Sickness insurance	0.6%
21.5%	Pension insurance	6.5%
1.2%	State employment policy	
24.8%	Total	7.1%

The employer and the employee are the contributors of the premiums for social security. The employer is the payer of the premiums. The employer pays the premiums on a monthly basis, with the premiums payable by the 20th day of the following calendar month. The employer submits a report on the prescribed forms.

In the year 2024 the maximum basis of assessment for social insurance is set at 2,110,416 CZK for the calendar year (the basis of assessment above this limit is not subject to any contributions for social security premiums).

Sickness insurance benefits (the calculation and payment is performed by the appropriate Regional Social Security Administration):

- Sickness benefits;
- Monetary maternity benefits;
- Paternal postnatal care;
- Attendance allowance (family member care benefits);
- Long-term care of a family member;
- Compensatory benefit in pregnancy and maternity.

Pension insurance benefits (the calculation and payment is performed by the appropriate Regional Social Security Administration):

- Old-age pension;
- Invalidity pension;
- Widow's and widower's pension;
- Orphan's pension.

Health insurance contribution

The employer and the employee are the contributors of the premiums for health insurance. The employer is the payer of the premiums. The employer pays the premiums on a monthly basis, with the premiums payable by the 20th day of the following calendar month. The employer submits a report on the prescribed forms.

Health insurance – percentage from the basis of assessment		
Employer	Type of contribution	Employee
9%	Health insurance	4.5%

State social support benefits

State social support benefits (the calculation and payment is performed by the appropriate branch of the Labour Office):

- Child allowance;
- Housing allowance;
- Parental allowance;
- Foster care benefits;
- Birth grant;
- Funeral grant.



Monthly and year end duties

Monthly duties		
20th day in the month	Czech Social Security Administration Office	Overview of payment of premiums for social security/payment of premiums
20th day in the month	Health insurance company	Overview of payment of premiums for health insurance/payment of premiums
20th day in the month	Revenue Authority	Payment of advance on income tax from employment
20th day in the month	Revenue Authority	Payment of withholding tax
Last day in the month	Revenue Authority	Payment of withholding income tax according to social legal regulations
Within 8 days	Czech Social Security Administration Office	Notification of changes
Within 8 days	Health insurance company	Notification of changes
On the first day of work at the latest	Labour Office	Notification of start of foreigner's employment
Within 10 days	Labour Office	Notification of termination / changes of foreigner's employment

Annual duties		
February 15 th	Labour office	Notification of fulfilment of mandatory ratio of handicapped employees
February 15 th	Employer	Signature of Declaration of taxpayer for income tax from employment for new tax period
February 15 th	Revenue Authority/ Employer	Submission of request to perform annual tax settlement to tax administrator or employer
March 20 th	Revenue Authority	Electronic submission of calculation of income tax from employment for the previous tax period
April 3 rd	Revenue Authority	Submission of calculation of withholding tax collected according to a special tax rate for the previous tax period
April 30 th	Employer	Preparation of Pension Insurance Record
May 30 th	Prague Social Security Administration Office	Sending prepared Pension Insurance Record

Other duties		
Jan. 31 th , Apr. 30 th , Jul. 31 th , Oct. 31 th	Kooperativa	Due date of mandatory liability insurance
Every year/half-year/quarter/	Czech Statistical Office	Obligation towards Czech Statistical Office pursuant to occupational classification



Local information

Public holidays	
New Year's Day	January 1st
Good Friday	March 29 th
Easter Monday	April 1st
Labour Day	May 1 st
National Liberation Day	May 8th
Constantine and Methodius Day	July 5 th
Jan Hus Day	July 6 th
St. Wenceslas Day (Czech Statehood Day)	September 28th
Independent Czechoslovak State Day	October 28th
Struggle for Freedom and Democracy Day	November 17 th
Christmas Eve	December 24th
Christmas Day	December 25th
2 nd Christmas Day	December 26th

Bold font: selected shops are closed during public holidays (December 24th since 12pm only).

Business hours	
Government and offices	Monday – Wednesday – Friday 8am - 5pm
Banks	Monday – Friday 8am – 5:30pm
Shops	Monday – Friday 8am – 8pm, Saturday 8am – 4pm
Major shopping centers	All weekdays 9am – 9pm

Useful web links

Ministerstvo financí /
Ministry of Finance

[LINK](#)

Daňový portál /
Tax portal

[LINK](#)

Ministerstvo práce a sociálních věcí /
Ministry of Labour and Social Affairs

[LINK](#)

Úřady práce /
Labour Offices

[LINK](#)

Státní správa /
State Administration

[LINK](#)

Česká správa sociálního zabezpečení /
Social Security Administration Office

[LINK](#)

Všeobecná zdravotní pojišťovna /
VZP ČR Health Insurance Company

[LINK](#)

Oborová zdravotní pojišťovna /
OZP Health Insurance Company

[LINK](#)

Zdravotní pojišťovna ministerstva vnitra /
ZPMV Health Insurance Company

[LINK](#)

Vojenská zdravotní pojišťovna /
VOZP Health Insurance Company

[LINK](#)

Česká průmyslová zdravotní pojišťovna /
ČPZP Health Insurance Company

[LINK](#)

Zaměstnanecká pojišťovna Škoda /
ZPŠ Health Insurance Company

[LINK](#)

Revírní bratrská pokladna /
RBP Health Insurance Company

[LINK](#)

We are prepared to consult the specific impacts of all of the aforementioned measures on your company with you together with the possibilities for the most advantageous payroll solutions.

If you would like further information on the aforementioned changes, we will be glad if you turn to us.

You can find more information on the services and operations of Mazars in the Czech Republic and on our team of specialists at [mazars.cz](https://www.mazars.cz).

Contact



Jana Boštíková
Partner, HR & Payroll Services
Tel.: +420 224 835 730
E-mail: jana.bostikova@mazars.cz



Martina Farářová
Manager, HR & Payroll Services
Tel.: +420 224 835 730
E-mail: martina.fararova@mazars.cz

Mazars s.r.o.
Pod Dráhou 1637/4,
170 00 Praha 7
Česká republika

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