Labour Law and Employment in the Czech Republic - 2018 Guide
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ENTITLEMENT TO WORK IN THE CZECH REPUBLIC

For residents
No employment permission needed.

For non-residents

- foreigners from EU, Switzerland and EEA and their family members do not need the Employment permit neither the Residence permit
- foreigners from third parties (except some special categories of employees) need:
  - **Work Permit** – in cases of seasonal work, for holders of a long-term residency permit for the purpose of business or applicants for international protection etc.
  - **Employee Card** - for long-time residence in the territory of the Czech Republic where the purpose of the foreign national stay (longer than 3 months) is employment
  - **Green Card** - for long-term residence for employment purposes in the Czech Republic under special circumstances
  - **Blue Card** - for a long-term stay involving the performance of a highly skilled job
Regular employment

There are two types of regular employment contracts in the Czech Republic:

- **Employment Contract for a definite period** - generally, it can be concluded for a maximum of 9 years and it is possible to conclude only 3 such contracts in a row (3x3 years)
- **Employment Contract for an indefinite period** - an employment relationship shall last for an indefinite period unless a definite period has been expressly agreed

Work outside employment relationship

Furthermore, an employee may perform work outside employment relationship on the ground of two agreements:

- **Agreement to complete a job** - the scope of work for which an agreement is concluded may not exceed 300 hours in one calendar year.
- **Agreement to perform work** - the scope of work shall not exceed a maximum of one half of determined weekly working hours (20 hours)

Probationary period

In regular Czech employment contracts, the probationary period, with the maximum of 3 consecutive months for regular employees and up to 6 consecutive months for chief officers, may be concluded.

A probationary period may not be longer than one half of the agreed period of the employment relationship and must be agreed in writing.
TERMINATION OF EMPLOYMENT

Cases

Employment relationship may be terminated with the Czech employee:

- by agreement between the parties in writing
- by notice of termination
  - the notice of termination shall be made in writing and delivered to other party
  - the employee may give his employer notice of termination for any reason or without stating a reason
  - the employer must specify the reason based on a list of reasons provided by the law
  - Czech law prohibits giving notice to an employee during the protection period (while the female employee is pregnant or is on maternity leave, the employee is unfit for work, the employee is released to exercise a public office, etc.)
- by immediate termination only for reasons specified in Labour Code
- by termination within a probationary period
- on the expiry of agreed period in case of employment contract for a definite period
- upon death of the employee

In some specific cases, an employee is entitled to severance pay upon termination of employment.

Notice period

Where notice of termination has been given, the employment relationship will come to an end upon the expiry of the notice period. The notice period must be the same for both the employer and the employee, shall be at least 2 months and can be extended only by agreement between the employer and the employee in writing. The notice period shall start to run on the first day of the calendar month following delivery of the notice.
The Czech employer is obliged to pay monthly contributions to social and health insurance and advances on the income tax.

**Contributions paid by employers for each employee**
- Social security contribution: 25% of gross earnings
- Health insurance: 9% of gross earnings

**Contributions paid by employee**
- Social security contribution: 6.5% of gross earnings
- Health insurance: 4.5% of gross earnings

**Personal income tax**

The personal income tax in the Czech Republic is paid by the employee at a flat rate of 15% applicable on a super-gross salary (gross salary increased by 34% of employer part of Czech obligatory social security and health insurance contributions).

Moreover, the amount over the amount of CZK 1,438,992.00 is taxed with an additional solidarity tax of 7%.
WORKING TIME AND VACATION

Working time

- The length of standard weekly working hours shall be 40 hours per week except for some employees
- Part-time work may be agreed between the employer and employee
- The employer shall distribute working hours and determine the start and end of shifts
- Working hours are distributed over five-day working week and the length of a shift may not exceed 12 hours
- For the work performed in excess of the working-time standards, an employee is entitled to an allowance or a bonus wage
- If it is justified by the type of work or the organization thereof, an employer can introduce the other working-time systems which allow the extension of the daily amount of working time. Specific requirements related to this matter are indicated in the Czech Labour Code

Time off

Regarding the vacation and other circumstances under which the Czech employee can take time off, the main cases are:

Annual leave or its proportional part

The employee who under his continuous employment with the same employer performed work for this employer for at least 60 days in one calendar year is entitled to annual leave, or in the case that his employment did not last continuously for the entire calendar year to its proportional part.

The basic statutory period of leave is 4 weeks.

Leave for the number of days on which work was done

The employee, whose right to annual leave or its proportional part has not arisen, is entitled to leave for the days on which he carried out work in the length of one-twelfth of annual leave for every 21 days on which he carried out work in the relevant calendar year.
Additional leave
The length of additional leave in the Czech Republic is 1 week and it is provided for specific group of employees engaged in particularly hard work when an employee performs such work for the entire calendar year.

Unpaid leave
Under family circumstances or for other especially personal reasons the employee may be given a leave without pay, the duration of which is determined usually under the agreement between the employee and the employer. It is applicable upon request, but in certain cases prescribed by law. Got example the employer is obliged to provide the leave (performance of a public office, military trainings); in other cases, it depends on the agreement with the employer.
M ost Common Employee Benefits

The most common benefits for employees in the Czech Republic are:

▪ bonuses in terms of financial rewards
▪ professional trainings
▪ language courses and personal development
▪ the option to work from home
▪ additional days off (extra holidays, study leave, sick days)
▪ discounts on company products
▪ flexible working hours
▪ meal vouchers
▪ company phone
▪ company car or transport allowance
▪ insurance contributions
▪ refreshment/beverages at workplace

Certain companies offer also temporary accommodation or housing allowances, recreation in the company's facilities or holiday allowances, or free ticket by companies operating regular public transportation.
TEMPORARY WORK CHARACTERISTICS

General aspects

An employment agency temporarily assigns its employee to perform work for a client on the basis of a temporary assignment agreement entered into by and between the agency and the client.

The agreement must be in writing. The employment agency assigns an employee to perform temporary work with the client on the basis of a written order.

The employment agency and the client are obliged to secure that the working and wage conditions for the temporarily assigned employee are not or would not be worse than those under which a comparable employee works or would work.

The time of temporary assignment to perform work for the same client shall not exceed 12 consecutive calendar months.

Posting of employees

In case an employee of an employer based in one of the EU member states is sent to work within the framework of the transnational provision of services in the territory of the Czech Republic, such an employment must comply with the legislation of the Czech Republic, concerning the following issues:

- maximum length of working hours and minimum length of breaks and rest
- minimum holiday entitlement in a calendar year or its adequate portion
- minimum wage, relevant minimum rate of guaranteed wage and bonuses for overtime work
- occupational safety and health
- working conditions for pregnant employees, breastfeeding employees and employees up to the end of the ninth month after giving birth and minors
- equal treatment of male and female employees, ban on discrimination
- working conditions for agency employment

It is not applicable if the legislation of the posting country is more favourable to the employee, which is to be considered individually.
The main sources of the labour law are three acts:

- Act No. 262/2006 Coll., the Labour Code, as amended
- Act No. 2/1991 Coll., the Collective Bargaining Act, as amended
- Act No. 435/2004 Coll., the Employment Act, as amended

However, the area of labour law is governed by other important regulations, such as:

- Act No. 309/2006 Coll., the Act Stipulating Further Requirements for Health and Safety at Work, as amended
- Act. No. 251/2005 Coll., the Labour Inspection Act, as amended
- Act. No. 73/2011 Coll., the Labour Office Act, as amended
- Act No. 187/2006 Coll., the Sickness Insurance Act, as amended
- Act No. 329/2011 Coll., on benefits for people with disabilities, as amended
- Act No. 589/1992 Coll., on social security insurance and state employment policy, as amended
- Act No. 48/1977 Coll., on public health insurance, as amended
- Act No. 592/1992 Coll., on premiums for general health insurance, as amended
- Act No. 326/1999 Coll., on the Residence of Aliens in the Territory of the Czech Republic, as amended
- Act No. 118/2000 Coll., on protection of employees against the employer’s insolvency, as amended

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