

News Flash

January 2019



**Employment law news in the
Czech Republic**

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Minimum wage, average wage and related indicators

On 1 January 2019 the **minimum wage was increased to CZK 13,350** (increase by CZK 1,150), and the **average wage was increased to CZK 32,699** (increase by CZK 2,720). These changes have resulted in an adjustment of both the assessment basis and the minimum monthly levies for health and social security insurance.

	2018	2019
Minimum wage	CZK 12,200	CZK 13,350
Average wage	CZK 29,979	CZK 32,699
Minimum monthly wage for payment of sickness and pension levies (1/10 of the average wage)	CZK 2,500	CZK 3,000
Maximum assessment basis for payment of social security levies (48 times the average pay)	CZK 1,438,992	CZK 1,569,552
Minimum monthly pension levies for self-employed persons (29,2% from 1/4 of the average wage)	CZK 2,189	CZK 2,388
Minimum monthly health insurance levies for self-employed persons (13,5% from 1/2 of the average wage)	CZK 2,024	CZK 2,208

Small scale employment

(within the meaning of the Sickness Insurance Act 187/2006 Sb.)

From 1 January 2019 the limit for monthly wage under which neither health insurance nor social security levies are paid, which gives no rise to sickness insurance benefits and which is not included in the period used for calculation of regular or disability pension benefits is being increased from CZK 2,500 to **CZK 3,000/month**.

The limit for payment of withholding tax remains at CZK 2,500/month.

Compensation for loss of earnings after the end of sick leave

Criteria for calculation of compensation for loss of earnings paid to **jobseekers** are specified in more detail: the calculation is based on fictional post-injury earnings which equal to the minimum wage and in order to clarify a frequently disputed issue, it is expressly stated that the minimum wage shall be understood as the minimum wage applicable as of the date of entry of the respective jobseeker in the official jobseeker database.

Cancellation of the initial exclusion period for sickness insurance

There is a bill proposing that employers shall pay their employees compensation for the first three days of sick leave in the same amount as they pay for the 4th to 14th day of sick leave; to compensate for this,

employers will be required to pay lower sickness insurance levies; **the change is expected to be effective from 1 July 2019.**

Cancellation of initial exclusion period	Currently	Planned from 1 July 2019
Social security levies paid by employers	25%	24.8%
Sickness insurance levies paid by employers/ self-employed persons	2.3%	2.1%
Compensation for first three days of sick leave (% from the daily assessment basis)	0%	60%
Compensation for the 4th to 14th day of sick leave (% from the daily assessment basis)	60%	60%

The bill has been approved by the Chamber of Deputies but has not passed through the Senate. The Chamber may overrule the Senate, however, the date for the bill to be reconsidered in the Chamber has not been set yet.

Case law

An employee may be entitled to a **severance pay of twelve times the average monthly earnings even if their employment was terminated by the employee.**

If an employee is no longer able to work at the agreed position due to an occupational injury or disease as foreseen in Sec. 52 d) of the Labour Code and there is an agreement to move the employee to another position, the employee has not been assigned to another position under Sec. 41 (1) a) of the Labour Code and the employment has not been terminated by the employer under Sec. 52 d) of the Labour Code, the employee is entitled to terminate the employment and to receive the statutory severance pay, despite Sec. 67 (2) of the Labour Code expressly providing for severance pay only in case of termination by the employer or a mutual agreement on termination (decision of the Supreme Court from 30 January 2018, ref. no. 21 Cdo 5825/2016).

Other proposed changes:

- extension of annual leave to 5 weeks,
- introduction of maternal and parental *care* instead of maternal and parental *leave*; currently under consideration in the Chamber of Deputies.

Currently under consideration in the Chamber of Deputies.

In case of specific questions please contact our experts. We will be pleased to advise you!

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