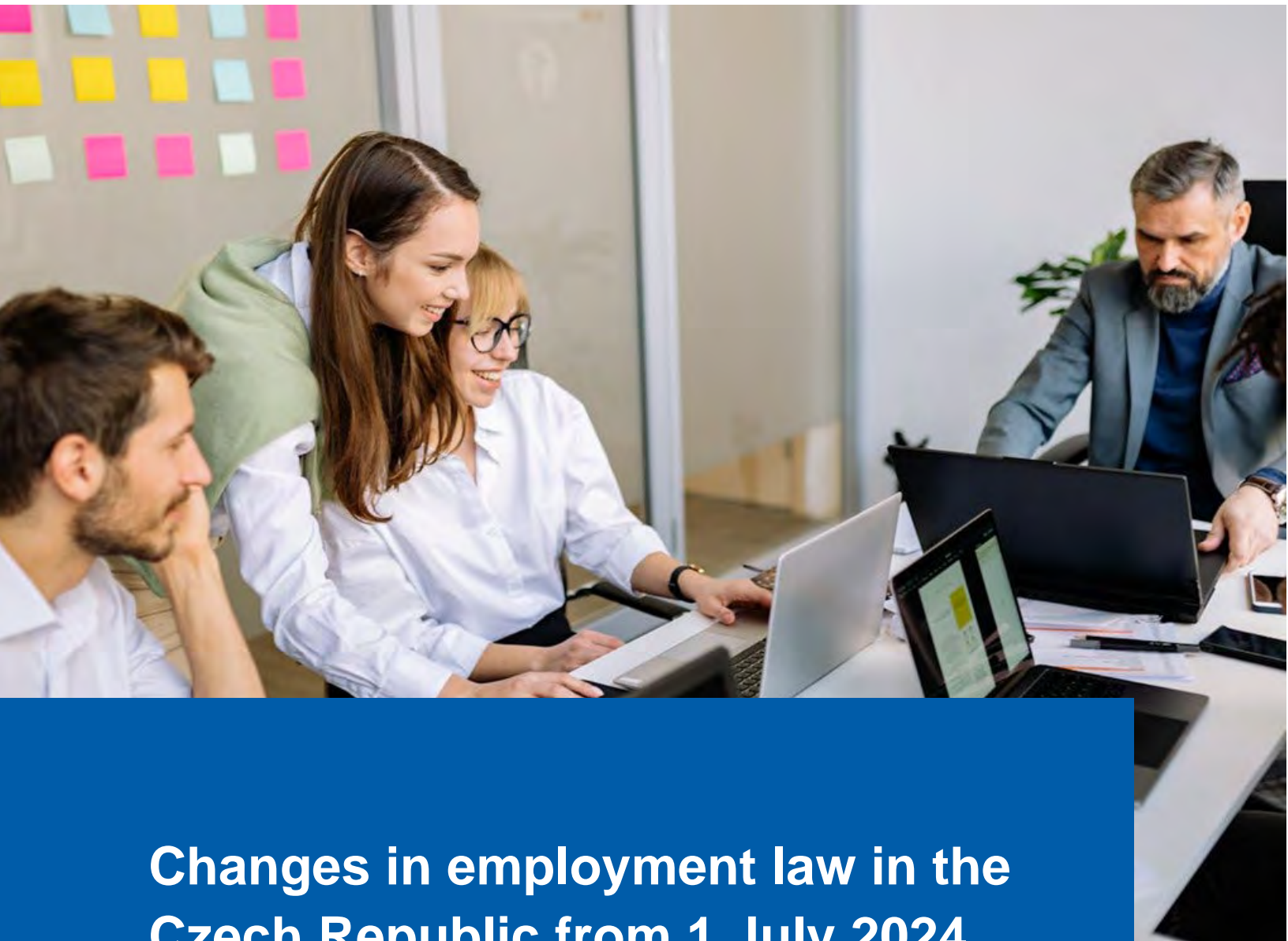


News Flash

June 2024



**Changes in employment law in the
Czech Republic from 1 July 2024**

Changes in employment law in the Czech Republic from 1 July 2024

With effect from 1 July, there are changes in the area of labour law and the employment of foreigners resulting from the amendment to the Act on Social Security Contributions and the Employment Act. The changes regarding the agreements to complete a job (in Czech: "dohody o provedení práce"; "DPP") have so far settled on the notification and record-keeping obligations of employers. As for the employment of foreigners, the adopted amendments have the potential to speed up and slightly simplify the procedure for obtaining the employment card.

Please find below the brief summary of the changes in employment law in the Czech Republic affecting employers as of 1 July 2024:

Employers' obligations in relation to agreements to complete a job ("DPP" in Czech)

The effectiveness of the much discussed and somewhat controversial regulation of the aggregation of chained DPPs has been postponed to January 2025. Thus, there are no changes in regard to insurance premiums for the time being (i.e. no contributions to remuneration of up to CZK 10,000 for a single employer) and it is questionable whether and in what form they will eventually apply in 2025. We will of course monitor the situation.

However, as of this July employers must already comply with the newly regulated administrative obligations in relation to the DPPs, as follows:

a) Registration obligations

From 1 July 2024, employers are required to **keep records of all DPPs**, regardless of whether they are subject to insurance premiums or not.

The records must contain information that is subsequently reported to the Czech Social Security Authority ("CSSA") (see **(Error! Reference source not found.** below), i.e.:

- name, surname (or maiden name)
- birth number/EIN
- date and place of birth
- gender

- health insurance company code
- citizenship
- employment from and to
- type of FTE
- indication of whether the employment is small-scale (*note: the figure will only be filled in from 01/2025*)
- income accounted for

b) Notification obligation

Employers will be required to report a list of all employees employed on a DPP (insured and uninsured) on a monthly basis on the "[DPP Statement](#)" form.

The reporting obligation must be met electronically by the 20th of the following month, i.e. for the **first time for July by 20 August 2024**, to the locally competent SSA. The notification will apply to both DPPs concluded from 1 July 2024 onwards and DPPs concluded before 1 July 2024, if the DPP continues into July 2024

Non-registered employers who have so far employed employees only on DPPs which are not subject to insurance premiums must register with the Employer Registry by 30 July 2024. The SSA will assign them a variable symbol and they too will send their first DPP Statement by 20 August 2024.

Entry into and termination of employment of persons working under a DPP will also be reported through the DPP Statement. Therefore,

DPPs subject to insurance premiums will no longer need to be separately notified via the "Notification of entry into or termination of employment".

The statement will then be sent for each calendar month until the last employee on a agreement to complete a job has left the employment. When the decisive amount is reached (when the employee becomes insured), the employer also completes and files the Statement of Assessment and Premium Amount.

The purpose of the registration and reporting is to enable the authorities to collect the data needed to administer the new system of insurance of the DPP (as planned from next year), while the CSSA should also communicate the data found to the health insurance companies.

Changes in the employment of foreigners

Relatively significant changes are also expected in the area of employment of foreigners as of 1 July 2024. In particular, the system for reporting the commencement and termination of employment of foreigners will change. And the establishment of free access to the labour market for employees from selected countries will help the labour market.

a) Notification of the entry/termination of a foreigner

The Labour Office is introducing a new system of reporting the entry/termination of a foreign employee in employment by means of so-called notices and information cards, compulsorily from 1 July 2024. However, it is already possible to use the system at this time.

- **The information card** is used to report the entry, changes and termination of employment of EU/EEA and Swiss citizens, their family members and foreigners who have free access to the labour market = do not need a work permit (e.g. citizens of Ukraine with temporary protection, foreigners with permanent residence, etc.)

- **The communication** is used to report the entry, change and termination of employment of foreigners who need a work permit = holders of an employment card, blue card, intra-corporate transfer card or work permit.

There will **no longer** be the option to complete using the **paper forms** previously used, but employers will be required to use one of the following methods:

- Completing **the form on the web** (by logging into a data box).
- **Sending an XML file to the data box** of the Labour Office of the Czech Republic.
- **Direct integration of the employer's information system** with the interface of the MLSA.

For the information cards, only **one form** will be used from now on, through which employers will report both the entry and the departure of an alien employee. If, on joining, the employer also specifies a termination date (e.g. for fixed-term employment relationships) which will be met, there is no need to send an additional card.

(!) Please note: The report must always be sent either by the **direct employer** or by a **third party through a proxy report**. If a third party sends the report instead of the employer (or an entity authorized by the employer), this third party would automatically be registered as the employer of the foreigner. Thus, the **third party** must first obtain **authorization the CSSA** system and then select the "file proxy" option for the submission or send the submission through their mailbox.

It is always possible to submit only one XML file per data message. If the employer has multiple reports (XML files), each must be sent separately.

b) A new reason for free access to the labour market

A new reason for free access to the labour market has been added to Section 98(u) of the

Employment Act for persons whose performance of work in the territory of the Czech Republic is in the interest of the Czech Republic.

This provides that, across the board, foreigners from certain countries will have free access to the labour market. The countries concerned will be determined by the government by regulation, currently the following countries:

- Australia
- Canada
- Israel
- Japan
- New Zealand
- Republic of Korea
- Singapore
- United Kingdom
- United States of America

The inclusion of Taiwan is envisaged in the future.

Please note that this is not a reciprocal regime, i.e. in the case of posting an employee to these countries from the Czech Republic, it is still necessary to verify whether a work permit is required in addition to a residence permit.

These persons then still need **some type of residence permit** (e.g. a short-term visa; cannot be used for visa-free entry), but do not need any work permit.

c) Abolition of the labour market test

Given the current labour market situation, the labour market test for employment cards will be "abolished" as of 1 July 2024. Employers will still have to **notify the Labour Office of a vacancy** for foreigners without free access to the labour market via a **vacancy notification form**. However, there will no longer be a labour market test.

Thus, foreigners will be able to apply for an employment card **immediately after the vacancy has been published** in the central register of vacancies to be filled by employment

card holders. This will level the playing field with Blue Card applicants, who will not be subject to the labour market test from 1 July 2023.

The labour market test will not disappear completely, but it will no longer be automatic, however, it may be set in certain specific cases (e.g. in case of high unemployment or if the local regional branch of the Labour Office of the Czech Republic has enough suitable applicants or job seekers for a given job position). Especially in Prague, where the unemployment rate is very low, it can be expected that a labour market test will not be set.

In practice, this means that while the **employer is obliged to report the vacancy**, it will be able to do so **just before the potential employee applies for an employment (blue) card**.

d) Removal from the vacancy register

The above changes will particularly affect employers who report vacancies to the Labour Office in advance as a precautionary measure, for which they have not yet found a foreign employee.

From 1 July 2024, the Labour Office will be able to remove a job from the vacancy register after 6 months from the date of its notification by the employer. This does not apply to a job for which there is a pending application for an employee card or blue card or a work permit for a foreigner, until the administrative proceedings are completed.

In addition, another - less obvious - reason for removing a job from the register has been introduced. This is the employer's failure to provide cooperation. This rule was only inserted into the Act by amendment and is intended to allow for the removal from the register of those employers who are not at the specified contact address or otherwise reachable.

We can therefore only recommend that employers provide valid contact addresses in their reports and do not report vacancies too far in advance lest they expire in the meantime.

e) Changes to the notification of posting to the Czech Republic

From 1 July 2024, new rules apply to the obligation to notify the posting of workers to the Czech Republic.

After 1 July 2024, it will no longer be possible to send notifications of the commencement of

posting to the Czech Labour Office, such notifications will not be registered by the Czech Labour Office. Newly, foreign employers will have to notify the State Labour Inspection Office via the information system, according to the specifications, format and structure published by the State Labour Inspection Office.

More information can be found [here](#).

We will be happy to help you with any obligations related to changes in employment law in the Czech Republic, please do not hesitate to contact our team.

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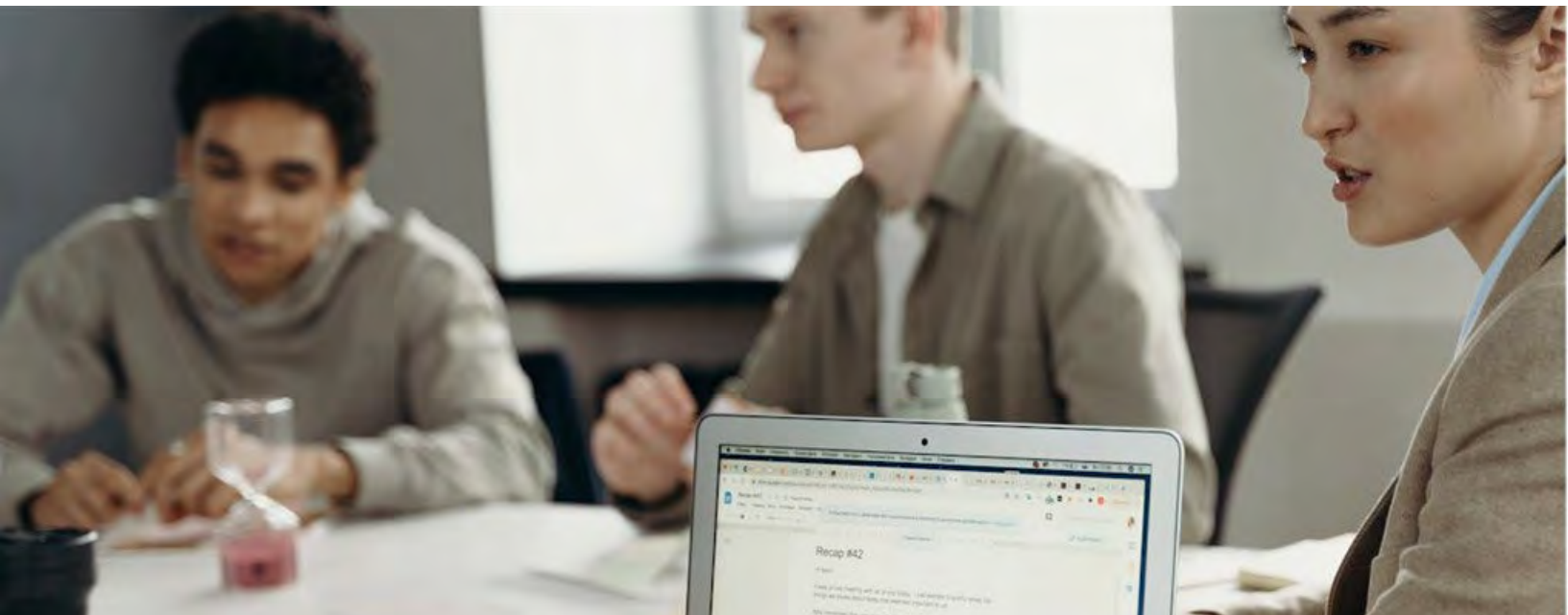
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