



COUNTRY GUIDE: CZECH REPUBLIC

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<https://zapeo.net/czech-republic/>

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ABOUT US

ZAPEO is an International PEO co-employer providing Employer of Record (EOR) Services in more than 113 countries around the world.

As an EOR, we provide employment contracts, payroll employees, pay over any taxes and statutory contributions and provide sponsorship for visa applications in order to comply with specific laws and regulations in the country.

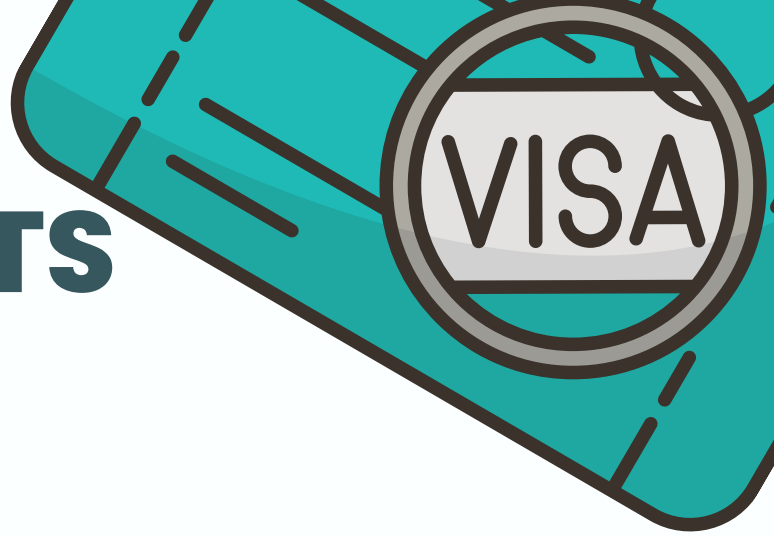
We also assist with onboarding and termination of both local or expatriate employees.

BENEFITS

- Legal compliance
- Time and cost savings
- Access to global talent
- Flexibility
- Reduced liability
- Expertise



WORK PERMITS AND VISAS



The Czech Republic allows people with temporary or permanent visas to work there. Those who successfully apply for a visa can get work permits in the Czech Republic.

When the necessary paperwork for processing a work visa is presented to the consulate, foreigners can receive work permits for the Czech Republic. The worker must, however, apply for a long-term resident visa if they intend to stay for an extended period of time.

The worker might need paperwork particular to the position or activity they will be performing while abroad.

- **Short-term/Schengen Visa** : valid for up to 90 days. Issued for tourism, business, study, internships, seasonal employment.
- **Long-term Visa** : Valid for more than 90 days. Issued for studies, internship, or volunteering, working holiday, seasonal employment, training or entrepreneurship
- **Long-term Residency Permit** : Issued for employment (form of an Employee Card, a Blue Card, or an Intra-Corporate Transfer Card).

EMPLOYMENT CONTRACTS



Probation period

The employer may include a probationary period of up to three months in the employment contract. The nature of the employment determines how long the probationary period will last.

Notice period

Two months' notice is the customary amount. When notice has been given, this notice period starts on the first day of the next month.

Minimum wage

The hourly minimum salary is CZK 90.50, or CZK 15,200 per month.

Working hours and overtime

The typical workweek in the Czech Republic is 40 hours. Overtime payments for workers must equal at least 125% of their regular wage. There is a 150-hour annual cap on the number of overtime hours that can be worked. The employee is entitled to time off in addition to pay if the overtime is performed on a holiday. When weekend overtime is necessary, the worker should be compensated at a rate equal to 110% of their regular pay.

Termination

Agreement, notification, immediate termination or termination during probationary period may be used to terminate an employment contract.

The employee must give two months' notice if they decide to end the contract.

The contract may also be terminated by the employer. The prerequisites for doing so must be stated, though.

EMPLOYMENT CONTRACTS



Severance

An employee is entitled to the following severance compensation if they are fired for "organizational reasons" :

- If the employer-employee connection was short-lived—less than a year—one month's salary.
- When an employment connection between an employer and employee lasts for at least a year but less than two years, two months' compensation is due.
- If the employment connection between the employer and the employee lasted for at least two years, three months' remuneration.

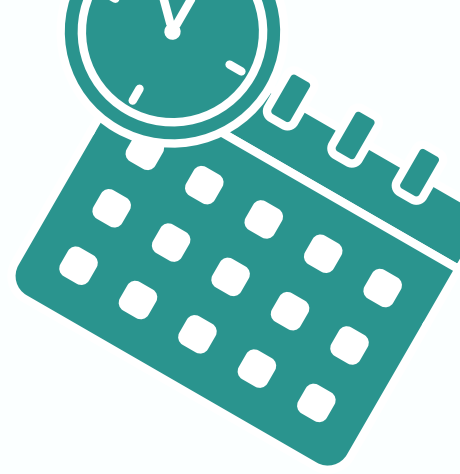
Non-compete clause

The Labor Law states that non-compete clauses in employment contracts are only permitted for a maximum of two years following the end of the work relationship.

Collective bargaining

The Collective Bargaining Act governs collective bargaining in the Czech Republic.

PAID TIME OFF



Annual Vacation

Employers are required to provide their staff with a minimum of four weeks of vacation time annually in the Czech Republic.

Sick

Employees are entitled to 14 days of sick leave. Employers are not required to pay workers during the first three days of a sick absence in the Czech Republic. After the third day, employers are required to pay 60% of the usual rate (up to 21 days).

Maternity

Employees who are pregnant are entitled to 28 weeks of maternity leave, or 37 weeks in the event of multiple deliveries. Six to eight weeks before the anticipated due date, leave can start. The Social Security Administration pays the employee maternity benefits during this time in an amount equivalent to 70% of the employee's determined earnings.

Paternity

Males have a right to seven days of paid paternity leave that is equal to 70% of their regular pay.

Family

- Parental Leave: One of the parents is also eligible to parental leave up until the kid turns three.
- Care Leave: If a sick family member is caring for a kid under the age of 10, an employee is allowed to take up to nine days of care leave.

National Holidays

The Czech Republic has 12 official paid holidays.

Other Paid Time Off

N/A

EMPLOYEE BENEFITS



Statutory

Unemployment

Supported by Social Security contributions

Workers compensation

Funds sourced via Social Security contributions.

Social Security

The employer pays a Social Security payment rate of 24.8% and a health insurance contribution rate of 9%. The employee's Social Security and health insurance contribution rates are 6.5% and 4.5%, respectively.

Retirement

Covered by Social Security.

Health

See Social Security.

Private

Workers compensation

Private workers compensation available.

Retirement

Private retirement schemes available.

Health

Private health insurance available.

Life

Private life Insurance available.

TAX



Personal Income Tax (PIT)

- **Tax year** : A tax year runs from 1 January to 31 December.
- **Tax rate** : Residents of the Czech Republic must typically pay Czech income tax on their international income. Tax non-residents typically only pay taxes on income that is deemed to have a Czech source. Rates are between 15% or 23%.
- **Tax method** : The Czech Republic will resume progressive taxes as of 2021.
- **Tax residency requirements** : An individual is regarded as a tax resident in the Czech Republic if they satisfy one of the following criteria:
 - They have their center of vital interests in the Czech Republic, which indicates that their social and economic relationships are mostly based there;
 - They have a permanent home there;
 - They spend at least 183 days there in a calendar year.
- **Double taxation agreements (DTA's)** : Czech Republic has multiple double tax agreements (DTA) with other countries.

Investment Income Tax

For a few specific categories of non-Czech investment income (such dividends and interest on foreign bonds), a special tax base with a rate of 15% has been implemented.

Taxable Income

Residents of the Czech Republic must typically pay Czech income tax on their international income. Tax non-residents typically only pay taxes on income that is deemed to have a Czech source.

PAYROLL



Payroll Elements

- **Income:** Residents of the Czech Republic must typically pay Czech income tax on their international income. Tax non-residents typically only pay taxes on income that is deemed to have a Czech source.
- **Deductions:** Taxes and social security contributions. Voluntary insurances/schemes contributions are also deductible.
- **Benefits in Kind:** Allowance or meal vouchers and public transport allowance is mandatory if employee works more than five hours a day and uses public transport to get to work.
- **Employer contributions:** Social security, unemployment, pension fund, health and workers compensation.

Payroll Taxes

There are no other payroll taxes on which the employer bears the cost. Employers are responsible for deducting employees' income tax liability and social security contributions.

Payroll Calendar

Usually done monthly.

LEGISLATION AND STATUTORY BODIES



LEGISLATION

- Czech Republic Labor Code
- Czech Republic Employment Act

STATUTORY BODIES

- The Ministry of Labor and Social Affairs
- Czech Social Security Administration
- Ministry of Health



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information or a **FREE**
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