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I. GENERAL

1. Introductory Paragraph

Czech labour and employment law matches with the standards of the EU for this branch of law; the level of protection of employees is often higher than it is common in other EU countries. Czech labour law regulates the traditional triangle of legal relations related to the performance of dependent work, i.e. legal relations between employees – employers - trade unions. While individual employment law concerns relations between the individual employees and the employers, collective labour law regulates the legal relations of a collective nature (competences of employee representatives - the trade unions, employee councils and representatives for occupational health and safety protection). In contrast with many other countries, Czech labour and employment law is consolidated into a single Labour code, which is accompanied by other national legislation, judiciary and collective bargaining agreements.

On the top of an imaginary pyramid of the legal regulation, that relates to employment matters and dependent work, there is the Charter of Fundamental Rights and Basic Freedoms (“the Charter”), which was enacted already by the federative Parliament in 1991, i.e. before the division of the former Czech and Slovak Federative Republic into two independent states (1993) – the Czech Republic and the Slovak Republic.

The employment relations’ fundamentals are covered specifically in chapter four of the Charter - ‘Economic, social and cultural rights’. Since Jan 1st 1993 The Charter represents an integral part of Czech constitutional order and, together with the Constitution, sets out the basic framework and principles of all forms of participation in employment law relations.

2. Key Points

- Employees who are not from the EU/EEA require a residence title and a work permit.
- A statutory minimum wage of 9,900 CZK per month has come into effect in the Czech Republic as of January 1, 2016. It generally applies to all employees in all sectors of business.
- All minimum extra payments are expressly regulated by law (overtime - extra pay equals to at least 25 per cent of the average earnings, work on Saturdays and Sundays - extra pay equals to at least 10 per cent of the average earnings etc.)
- Minimum Travel Allowances at Business Trips within the Czech Republic and abroad are expressly regulated by law (i.e. minimum catering fee oscillates from 69 to 195 CZK for a day Business Trip within the Czech Republic).
- A trade union concludes a collective agreement also for employees who are not members of any trade union.

3. Legal Framework

The key statutes and regulations that relate to employment law relationships are:

- Act No. 89/2012 Coll., the (new) Civil Code
- Act No. 435/2004 Coll., on Employment
- Act No. 251/2005 Coll., on Work Inspection
- Act No. 187/2006 Coll., on Sickness Insurance
- Act No. 101/2000 Coll., on Personal Data Protection
- Act No. 2/1991 Coll., on Collective Bargaining
- Act No. 198/2009 Coll., the Antidiscrimination Act
- Act No. 373/2011 Coll., on Specific Health Services
- Act No. 245/2000 Coll., on State Holidays, Significant Days and Rest Days
- Government Decree No. 590/2006 Sb., on the Area and Scope of Other Important Personal Impediments to Work
- Government Decree No. 567/2006 Sb., on Minimum Wages and the Lowest Levels of Guaranteed Wage
- Government Decree No. 564/2006 Sb., on Remuneration in Public Sector
- Government Decree No. 589/2006 Sb., on Uneven Distribution of Working Hours in Transportation

The Czech Republic’s employment law is significantly affected by EU directives and regulations; this process is constant since the late nineties and was highlighted after 2004 (May 1st 2004 Czech Republic became a member state of the EU). Especially in the last decade, the domestic employment law practice has recognized an increasing relevancy of EU judiciary (ECJ / other judicial authorities) and its consequences in everyday business and legal practice.
4. New Developments

In the past 2 years the Czech Republic’s employment law has been significantly affected by the reform of the Czech civil law effective as of JAN 1st 2014. After 50 years the former Civil Code (Act No. 40/1964 Coll., which was adopted in the communist era) was replaced by the entirely new Civil Code (Act No. 89/2012 Coll.), Business Corporations Act (Act No. 90/2012 Coll.) etc. This change represents the most conceptual change on the field of law since the ‘Velvet Revolution’ in 1989 and probably the most extensive change in legal thinking and interpretation approaches in the past 50 years.

It is natural that such profound changes bring certain level of chaos with regard to experienced orders, incl. the necessity of companies and individuals to revise employment documentation, agreements on the performance of the functions of executives etc., and adjust them all to “new orders.”
The employer may request, in relation to negotiations preceding the commencement of an employment law relationship, from a person applying for employment at the employer, or from other persons, only those data that directly relate to the conclusion of the employment contract.

Employers may not request information from employees that is not directly related to the performance of work. They may not request information particularly on:

a) pregnancy;
b) family and property relations;
c) sexual orientation;
d) origin;
e) membership in a trade union;
f) membership in political parties or movements;
g) membership in a church or religious society;
h) lack of criminal records;

The above, except for subparagraphs c), d), e), f) and g), shall not apply if there is a substantive reason consisting in the nature of the work that is to be performed and provided that the requirement for information is appropriate, or in cases stipulated by the Labour Code or a special legal regulation. The employer may also not obtain this information through third parties.
III. EMPLOYMENT CONTRACTS

1. Minimum Requirements

Besides usual formal necessities of every single contract/agreement (such as sufficiently precise identification of parties to the contract, certainty, clarity etc.) an employment contract must include only these three necessities:

- the type of work that is to be performed by the employee for the employer;
- the place or places of performance of work, where the work is to be performed;
- the date of commencement of work.

The agreement on wages does not represent an obligatory part of an employment contract. Other usual arrangements such as: a) duration of event, trial period; b) expiration date, if the employment is for fixed term; c) frequency of payment; d) working hours; e) agreement with the employee on the employer’s right to send the employee on business trips; f) agreement with the employee on being on call; g) agreement with the employee on excess overtime (over the limits eight hours in individual weeks and 150 hours in a calendar year); h) the specific employee’s duties under the type of work or status of employer etc. represent a common standard of employment contracts, though absence of any of these additional arrangements will not void the contract.

One should emphasize a Czech specific regarding the place of work versus ‘regular workplace for the purposes of travel allowances’. If the employment contract does not stipulate the regular workplace for the purposes of travel allowances, it shall apply that the place of performance of work stipulated in the employment contract shall be the regular workplace. However, if the place of performance of work is stipulated beyond the scope of a single municipality, the municipality where the employee’s business trips most often begin shall be considered to be the regular workplace. The regular workplace for the purposes of travel allowances must not be stipulated beyond the scope of a single municipality.

2. Fixed-term/Open-ended Contracts

An employment contract shall automatically exist for an indefinite term unless its specific term has been explicitly agreed. The duration of an employment contract for a fixed term between the same contracting parties must not exceed 3 years and may be repeated twice at most from the date of commencement of the first employment contract for a fixed term. Extension of an employment contract for a fixed term shall also be deemed to be repetition of the employment contract. If a period of 3 years has lapsed from the end of the previous employment contract for a fixed term, no account shall be taken of the previous employment law relationship for a fixed term between the same contracting parties.

Employment agreements may be entered into for a fixed-term provided that there are serious operational reasons, or reasons consisting in the special nature of the work, which would make it unreasonable to require an employer to propose establishing an employment law relationship for an indefinite term with the employee who is to perform such work. In such a case the legal regulation of standard fixed-term employments and their prolongation (as above in the previous paragraph) shall not apply provided that any alternative procedure followed is appropriate to such reasons and that the written agreement of the employer with the trade union sets out:

- a detailed specification of such reasons,
- the rules of the alternative procedure followed by the employer in contracting and repeating employment law relationships for a fixed term,
- the group of the employer’s employees to whom the different procedure shall apply,
- the period for which such agreement is made.

The written agreement with the trade union may be substituted by an internal regulation only when there is no trade union active at the employer; the internal regulation must contain the essentials stated above in letters a. – d.
If the employer and the employee agree on an employment law relationship for a fixed term contrary to the conditions specified in the previous paragraphs and if the employee notifies the employer, prior to expiry of the agreed term, in writing, that he/she insists on being further employed by the employer, it shall be deemed that the employment law relationship is concluded for an indefinite term. Both the employer and the employee may apply to the court for determination as to whether the preconditions set out in the Labour Code for fixed-term contracts have been fulfilled, not later than within two months of the date when the employment law relationship was to end by expiry of the agreed term.

3. Trial Period

Employment contract can provide for a trial period (“zkušební doba”). During this period both the employer and the employee may terminate the employment contract on any grounds or without stating the grounds. However, the employer must not terminate the employment contract during the trial period within the first fourteen calendar days of the employee’s temporary unfitness to work (quarantine).

Where a trial period has been agreed, this period may not exceed:

- 3 consecutive months from the date of commencement of the employment contract;
- 6 consecutive months from the date of commencement of the contract when managerial employee.

Trial period may also be agreed in relation to appointment to the working position of managerial employee. Significant limitations with regard to trial period are:

- trial period may be agreed not later than on the date that was agreed as the date of commencement of work, or the date that was specified as the date of appointment to the working position of managerial employee.
- an agreed trial period cannot be subsequently extended. However, the trial period shall be extended by the duration of all-day impediments to work due to which the employee does not perform work during the trial period, and by the time of all-day leave.

- trial period must not be agreed longer than half of the agreed duration of the employment law relationship.
- the agreement on a trial period must be concluded in writing.

4. Notice Period

If notice has been given, the employment contract shall terminate on expiry of the notice period. The notice period must be the same for the employer and the employee and shall equal at least 2 months, with the exception of notice of termination given in connection with the transfer of rights and obligations from employment contract. The exception means that if the employee gives his/her notice in connection with the transfer (or transfer of the exercise) of rights and obligations from employment, it shall apply that the employment contract ends at the latest on the day preceding the day when the transfer of rights (or transfer of the exercise) of rights and obligations from employment contract enters into effect.

The notice period may be extended only by agreement between the employer and the employee; such agreement must be made in writing. The notice period shall commence on the first day of the calendar month following delivery of the notice and end upon expiry of the last day of the relevant calendar month, subject to partial exceptions (specific expiration of the notice period applies when a) termination given in connection with the transfer of rights and obligations from employment contract, b) notice given prior to commencement of the period of protection, c) notice given when on maternity / parental leave; and d) notice given on the bases on collective redundancy).
IV. WORKING CONDITIONS

1. Minimum Working Conditions

A derogating regulation of rights or obligations in employment law relationships must not be lesser or greater than the right or obligation stipulated by the Labour Code or the collective agreement as the least or most admissible. If the employee waives a right granted to them by the Labour Code, collective agreement or internal regulation, such waiver shall not be considered.

The Labour Code sets out the mandatory frame of terms and conditions of employment, amongst which are: minimum wages and minimum travel allowances, maximum working hours, termination, resignation, minimum holiday, transfer to different work and relocation, minimum severance pay, minimum continuous rest between two shifts and uninterrupted rest during the week etc.

2. Salary

One should emphasize a Czech specific regarding salary, which is that there are 2 fundamentally different systems of remuneration for work in the Czech Republic. While public sector employees are remunerated by salary spreadsheet (which may not be set in any other structure and other amount than stipulated by the Labour Code and the legal regulations issued for its implementation), the employees of business sector are remunerated on the basis of standard agreeing, stipulating or setting salary in the individual contract or collective agreement, in an internal regulation or in an itemized salary statement.

Salary (“mzda”) represents a monetary payment and monetary value payment (salary in kind) provided by an employer to an employee for work in business sector. Public Sector Pay (“plat”) represents a monetary payment provided for work to an employee by an employer consisting in:

- the State;
- a territorial self-governing unit (local government);
- State fund;
- a contributory organization whose costs of public sector pay and remuneration for being on call are fully secured from a contribution to operation provided from the founder’s budget or from payments pursuant to the special legal regulations;
- a legal person with educational functions founded by the Ministry of Education, Youth and Sports, or by a region, municipality or voluntary association of municipalities pursuant to the Schools Act; except for a pecuniary performance provided to citizens of foreign countries with the place of performance of work outside the territory of the Czech Republic.

Salary or public sector pay is payable after the performance of work, not later than in the calendar month following after the month in which the employee incurred the right to salary. When drawing up the monthly account of salary, the employer is obliged to submit to the employee written pay slip containing information on the individual components of the salary and on the performed deductions. The employer is also obliged to submit to the employee, at his/her request, the documents on the basis of which the employer calculated the salary or public sector pay.

3. Maximum Working Week

The duration of the full-time weekly working hours is, for employees:

- working underground in mining for coal, ores and industrial minerals, in mining construction and at mining workplaces of geological prospecting, 37.5 hours per week;
- with a three-shift and continuous work regime, 37.5 hours per week;
- with a two-shift work regime, 38.75 hours per week.

The average weekly working time cannot exceed 48 hours, inclusive overtime. The average weekly working time must be calculated over a period of 26 consecutive weeks at the most; only a collective agreement may specify such period to be 52 consecutive weeks at the most.
4. Overtime

Overtime work may be performed only exceptionally and limitations are regulated by the Labour Code and ordinarily also by the corporate collective agreements. The employer may only order an employee to perform overtime work for serious operational reasons, also during the period of uninterrupted rest between two shifts or, as appropriate, under the conditions set out in the Labour Code also on non-working days. Overtime work ordered to an employee may not exceed 8 hours in an individual week and 150 hours in a calendar year. The employer may request overtime work beyond the scope set out in the previous sentence only on the basis of agreement with the employee.

The total scope of overtime work may not exceed, on average, 8 hours per week over a period that may not exceed 26 consecutive weeks (i.e. practically 208 hours in 6 months). Only a collective agreement may set this period in a duration not exceeding 52 consecutive weeks (in such a case total scope of overtime work is 416 hours in calendar year).

The number of hours of maximum permissible overtime work within the compensatory period 26/52 consecutive weeks shall not include overtime work in respect of which the employee was provided with compensatory time off.

5. Holidays

Employees are entitled to annual holidays. The Labour Code establishes that the minimum length of annual holidays is 4 weeks per calendar year and, for public sector employees, minimum is 5 weeks per calendar year. The fact that public sector employees are granted minimum 5 weeks of annual holidays per calendar year, significantly affects also the business sector, so even the employees of business sector are in most cases provided 5 weeks of annual holidays. The employer is obliged to specify when an employee is to take holidays so that he/she takes holidays in the calendar year in which the employee’s right to holidays arise, unless the employer is prevented from doing so by impediments to work on employee’s part or by urgent operational reasons. If the time when holidays is to be taken is not specified at the latest by 30 June of the following calendar year, the employee has also the right to specify when his holiday is to be taken. Both the employer and employee are obliged to notify in writing of the time for taking leave at least 14 days in advance.

There are yearly approximately 12 days of public holidays, 7 of which are bank holidays (national days) and 5 are other important days such as Easter Monday, Christmas Eve etc.

6. Employer’s Obligation to Provide a Healthy and Safe Workplace

The employer is obliged to ensure that the person applying for employment at the employer undergoes an initial medical examination prior to concluding the employment contract.

Employers are obliged:

a) not to allow an employee to perform prohibited work and work whose difficulty would not correspond to the employee’s abilities and health;

b) to inform employees of the category to which the work performed by them has been classified; categorization of work is stipulated by a special legal regulation;

c) to ensure that, in cases stipulated by a special legal regulation, work is performed only by those employees who hold a valid medical certificate, who have undergone special vaccination or who have a document on resistance to infection;

d) to communicate to employees which provider of occupational health services will provide them with occupational health services and which kinds of vaccination and which occupational health check-ups and examinations related to the performance of their work they are obliged to undergo; to allow employees to undergo such vaccination, check-ups and examinations within the scope stipulated by special legal regulations or a decision of the competent public health protection authority,

e) to compensate employees who undergo a occupational health check-up, examination or vaccination pursuant to subparagraph d) above for any potential loss of income, in the amount of average earnings or, as appropriate, in the amount of the difference between compensation for salary or sickness benefits and the average earnings;
f) to provide employees, in particular employees in an employment relationship for a fixed term, employees of an employment agency temporarily assigned for the performance of work to some other employer and minor employees, with adequate and suitable information and instructions on occupational health and safety protection pursuant to this Act and pursuant to special legal regulations, according to the requirements of the performed work, especially by acquainting them with the results of risk assessment and measures for protection against these risks which are related to their work and workplace;

g) to ensure that employees of another employer performing work at the employer’s workplaces obtain, prior to commencement of work, suitable and appropriate information and instructions for securing occupational health and safety protection and about the adopted measures, particularly for dealing with fires, providing first aid and evacuating natural persons in case of extraordinary events;

h) if the given work could entail possible exposure to risk factors harmful to a fetus in the mother’s body, to advise female employees of this fact. Employers shall be further obliged to acquaint pregnant and breastfeeding employees and employees who are the mothers of children up to nine months of age with risks and their potential effects on pregnancy, breastfeeding or their health, and to take the necessary measures, including measures related to decreasing the risk of mental and physical fatigue and other kinds of mental and physical burdens connected with the performed work, for the entire period of time necessary for the protection of their safety or health of the child;

i) to allow employees to inspect the records kept on them in relation to securing occupational health and safety protection;

j) to secure the provision of first aid to employees;

k) not to use such methods of remuneration for work that involves exposure of employees to an increased danger of injury and the use of which would result in endangering health and safety of employees in the event they would improve their working results;

l) to ensure compliance with the prohibition of smoking at workplaces stipulated by special legal regulations.

The given information and instructions must always be provided upon hiring an employee, his/her transfer, relocation or change in the working conditions, change in the working environment, introduction of or change in the working means, technology and working procedures. Employers shall be obliged to keep documentation of the information and instructions.

Employers are obliged to provide for employee training in legal and other regulations on securing occupational health and safety protection to supplement their professional qualifications and requirements for the performance of their work in respect of the risks that the employees may encounter at the workplace where the work is being performed, and continuously require and control compliance therewith. The employer must provide for the training pursuant to the first sentence upon commencement of work by an employee and, furthermore:

a) upon any change in

1. the job assignment;
2. the type of work;

b) upon introduction of a new technology or a change in the manufacturing and working means, or a change in technological or working procedures;

c) in cases that have or could have a substantial effect on occupational health and safety protection.
1. Brief Description of Anti-Discrimination Laws

The Labour Code stipulates just basic anti-discrimination principle that discrimination in employment law relationships is prohibited; and that employers are obliged to ensure equal treatment of all employees in relation to their working conditions, remuneration for work and provision of other pecuniary performances and performances of a pecuniary value, vocational preparation and the opportunity to achieve functional or other advance in employment.

The terms direct discrimination, indirect discrimination, harassment, sexual harassment, mobbing, instruction to discriminate and inciting to discrimination, and the cases where a difference in treatment is permissible are regulated by Act No. 198/2009 Coll., the Anti-discrimination Act.

A difference in treatment shall not be deemed to be discrimination if it follows from the nature of the working activities that such a difference in treatment is a material precondition necessary for the performance of the work; the aim pursued by such an exception must be genuine and the requirement proportionate. Measures where the aim justifies prevention or compensation of disadvantages related to the membership of a natural person in a certain group defined by one of the reasons set out in the Anti-discrimination Act shall also not be deemed to be discrimination.

2. Extent of Protection

Direct discrimination shall mean an act, including omission, where one person is treated less favourably than another is, has been or would be treated in a comparable situation, on grounds of race, ethnic origin, nationality, sex, sexual orientation, age, disability, religion, belief or opinions. Discrimination on grounds of pregnancy, maternity and paternity and on grounds of sexual identification shall also be considered to be discrimination on grounds of sex.

Indirect discrimination shall mean an act or omission where a person is put at a disadvantage compared to other persons on any of the grounds specified in the above paragraph on the basis of an apparently neutral provision, criterion or practice. Indirect discrimination shall not be taken to occur if such a provision, criterion or practice is objectively justified by a legitimate aim and the means of achieving that aim are appropriate and necessary. Indirect discrimination on grounds of disability shall also mean refusal or failure to take appropriate measures to enable a person with a disability to have access to a certain employment, working activities, career progression or other promotion, to use employment advice, or participate in other vocational training, or to use services available to the public, unless such a measure represents an unreasonable burden.

Harassment shall mean any unwanted conduct associated with grounds of race, ethnic origin, nationality, sex, sexual orientation, age, disability, religion, belief or opinions

a) taking place with the purpose or effect of diminishing the dignity of a person and creating an intimidating, hostile, degrading, humiliating or offensive environment, or
b) which could be legitimately be perceived as a precondition for a decision affecting the exercise of rights and obligations following from legal relationships.

Sexual harassment shall mean any conduct of a sexual nature under the above paragraph. Victimisation shall be any adverse treatment, sanction or disadvantage that has occurred as a result of exercise of the rights under the Anti-discrimination Act.

3. Protections Against Harassment

The person affected by harassment has the right to claim before the courts, in particular, that the harassment be refrained from, that consequences of the harassment acts be remedied and that (s)he be provided with appropriate compensation.
4. Employer’s Obligation to Provide Reasonable Accommodations

For employees who are disabled persons, employers are obliged to secure, at their own expense and by means of technical and organizational measures, particularly the necessary adjustment of the working conditions, adjustment of workplaces, establishment of sheltered working sites, training or instruction of these employees and increase in their qualifications in the performance of their regular employment.

There is no legal duty for employers to accommodate employee’s religious practices.

5. Remedies

The person affected by direct and/or indirect discrimination has the right to claim before the courts, in particular, that the harassment be refrained from, that consequences of the harassment acts be remedied and that (s)he be provided with appropriate compensation.

Should a remedy under the above paragraph not appear sufficient, particularly due to the fact that a person’s reputation or dignity or respect in society has been harmed, the person shall also have the right to monetary compensation for non-material damage. The amount of the compensation shall be assessed by the court taking into account the seriousness of the damage and the circumstances under which the right was violated.
VI. SOCIAL MEDIA AND DATA PRIVACY

1. Can the employer restrict the employee’s use of Internet and social media during working hours?

Yes, the employer has the competence to prohibit (through its working rules / internal regulations and/or instructions of their superiors etc.) employees from the use of Internet and social media during working hours. Employees are obliged to utilize the working hours for performing the assigned work. Without the employer’s consent, employees may not use the means of production and working means of the employer, including computer technology, and the employer’s telecommunication equipment for their personal needs. The employer shall be authorized to control the compliance with the prohibition stipulated in the first sentence in an appropriate way.

2. Employee’s use of social media to disparage the employer or divulge confidential information

The employer has the competence to prohibit (through its working rules / internal regulations and/or instructions of their superiors etc.) employees from the use of social media to disparage the employer or divulge confidential information. According to the Labour Code the employee may not act at variance with the justified interests of the employer. This gives the employer the right to regulate employee’s activities within the use of social media, even outside working hours.
VII. AUTHORIZATIONS FOR FOREIGN EMPLOYEES

There are no specific rules related to the employment of European Union (“EU”) citizens as they can move and work in every EU country without limitation.

On the other hand, limitations are provided by the law with respect to non-EU citizens. Visas and different work permits are necessary in the following situations:

a. non-EU citizens must obtain a work permit (through the relevant Labour Office) and a residence visa (through any Czech embassy or consulate abroad) for the purpose of employment before beginning work, or they must be holders of a Green Card, which comprises both a work permit and a residence visa. The Green Card may be obtained by foreigners who are citizens of countries listed by the Ministry of Labour and Social Affairs (https://portal.mpsv.cz/sz/zahr_zam/zelka/ciz)

b. non-EU citizens must obtain a short time visa (lasting up to 90 days) or a long time visa (lasting up to one year) at any Czech embassy or consulate abroad.
vIII. TERMINATION OF EMPLOYMENT CONTRACTS

1. Grounds for Termination

While an employee may give notice to the employer on any grounds or without stating the grounds, the employer in contrast may give notice to an employee only on the following grounds (employer’s notice of termination given without grounds or on the basis of different grounds will be void):

a. if the employer or part thereof is being dissolved;
b. if the employer or part thereof is being relocated;
c. if the employee becomes redundant given a decision of the employer or the competent body on a change in his/her tasks, technical equipment, reduction of the personnel for the purpose of increasing work effectiveness or other organizational changes;
d. if the employee may not further perform the current work due to an accident at work, occupational disease or threat of such a disease based on a medical report issued by a provider of occupational health services or a decision of the competent administrative authority reviewing such a medical report, or if the maximum permissible exposure of the employee has been reached at the workplace designated in a decision of a public health protection body;
e. if the employee is deprived of his/her medical fitness in the long term given his/her state of health based on a medical report issued by a provider of occupational health services or a decision of the competent administrative authority reviewing such a medical report;
f. if the employee fails to fulfil the prerequisites stipulated by the legal regulations for the performance of the agreed work or if the employee fails to fulfil the requirements on proper performance of this work without the employer’s fault; if non-fulfilment of these requirements is based on unsatisfactory working results, the employee may be given notice on these grounds only if the employee has been requested by the employer in writing to provide for a remedy during the last 12 months and the employee has failed to provide for a remedy within an appropriate deadline;
g. if there are reasons on the part of the employee on the basis of which the employer could terminate the employment by immediate termination or that give rise to gross breach of a duty arising out of the legal regulations applicable to the work performed by the employee; an employee may be given notice due to a regular less serious breach of a duty arising out of the legal regulations applicable to the work performed by the employee if the employee has been advised in writing of the possibility of being given notice in relation to the breach of the duty arising out of the legal regulations applicable to the work performed by the employee during the period of the last 6 months;
h. if the employee commits a particularly gross breach of any other of his/her duties stipulated in Section 301a, i.e. the duty to observe during the first fourteen calendar days the regime of an insured person who is temporarily unfit to work, in respect of the obligation to stay at his/her place of residence and comply with the time and scope of permitted absence from home pursuant to the Sickness Insurance Act at the time of temporary unfitness to work.

2. Collective Dismissals

A collective dismissal means ending of employment law relationships within a period of 30 calendar days based on notices given by the employer on the grounds of “organizational changes” set out in Sec. 52 par. a) to c) of the Labour Code in relation to at least:

• 10 employees, for an employer employing from twenty to 100 employees;
• 10 per cent of the employees, for an employer employing from 101 to 300 employees; or,
• 30 employees, for an employer employing more than 300 employees.

Prior to giving notice to the individual employees, the employer is obliged to notify the trade union and council of employees of its intention in writing in due time, but
in no case later than 30 days in advance; the employer is also be obliged to inform them about:

- the grounds for collective redundancy;
- the number and professional qualifications of the employees who are to be made redundant;
- the number and professional qualifications of all employees employed by the employer;
- the time when the collective redundancy is to occur;
- the proposed criteria for the selection of the employees who are to be made redundant;
- the severance pay, as well as any other rights of the employees made redundant.

The employer is also obliged to demonstrably deliver, to the regional branch of the Labour Office competent for the place of the employer’s business a written report on his/her decision on the collective dismissal and on the results of negotiations with the trade union / council of employees. In the report, the employer is obliged to also specify the total number of employees and the number and professional composition of those employees with whom the collective redundancy is concerned. One counterpart of the report must be delivered by the employer to the trade union and council of employees. The trade union and council of employees have the right to provide a separate opinion on the employer’s written report and deliver the opinion to the regional branch of the Labour Office. If no trade union / council of employees has been appointed or is active, the employer is obliged to fulfil the specific information and consultation procedure vis-a-vis each employee with whom the collective dismissal is concerned.

The employment relationship of an employee affected by collective dismissal terminates by notice not sooner than upon expiry of 30 consecutive days from delivery of the employer’s written report to the regional branch of the Labour Office unless the employee declares that he/she waives the extension of the employment law relationship.

3. Individual Dismissals

Dismissal must be given in writing, otherwise it shall not be considered. The employer must specify the relevant grounds in the notice so that they cannot be confused with any other grounds. The grounds for the notice may not be subsequently changed. Dismissal given from employer may be withdrawn only with the employee’s consent; both the withdrawal of the notice and the consent to withdraw must be made in writing. It is prohibited to give notice to an employee during the period of protection, i.e.

- at a time when the employee is found temporarily unfit to work, unless he/she has intentionally caused such unfitness or unless the unfitness arose as a direct consequence of the employee’s drunkenness or abuse of addictive substances,
- in the performance of a military exercise or an extraordinary military exercise,
- at a time when the employee is fully released for the discharge of a public office for a long term;
- at a time when a female employee is pregnant or when a female employee is on maternity leave or when a female or male employee is on parental leave;
- at a time when an employee working at night is found temporarily unfit to perform night work based on a medical report issued by a provider of occupational health services.

The Labour Code sets out certain exceptions, when the prohibition of giving notice does not apply.

In addition to standard notice Czech law provides for an exceptional way of ending the employment contract unilaterally by the employer, which is immediate termination. When terminating the employment contract immediately the employee is not entitled even to the standard 2 month termination period. As an exemption, the employer may terminate an employment relationship by immediate termination only if:

- the employee has been validly convicted of an intentional criminal offence and sentenced to imprisonment for a term exceeding one year, or if the employee has been validly convicted of an intentional criminal offence committed in the performance of working tasks or in direct relationship to the performance of working tasks and sentenced to imprisonment for a term of at least 6 months;
- if the employee has breached a duty arising out of the legal regulations applicable to the work performed by the employee in an especially gross manner.

The employer may not immediately terminate a pregnant employee, a female employee on maternity leave or a male or female employee on parental leave.
The employer may give notice to an employee or terminate his/her employment law relationship by immediate termination on the grounds of breach of working discipline only within 2 months of the date when the employer was made aware of the grounds for notice or immediate termination.

There applies specific information and consultation procedure; employer must consult the trade union in advance on any notice or immediate termination. In respect of a member of a body of the trade union active at the employer, during his/her term of office and within the period of 1 year after its termination, the employer must apply to the trade union for prior consent to notice or immediate termination. If the trade union fails to refuse to grant the consent to the employer in writing within 15 days of the date when such consent was applied for by the employer, it is considered that the prior consent has been provided. On the contrary, if a trade union has refused to grant its consent, the notice or immediate termination is invalid for this reason; however, if the other conditions for notice or immediate termination have been fulfilled and the court rules, in a dispute, that the employer cannot be reasonably required to further employ the employee, the notice or immediate termination is regarded as valid.

A. IS A SEVERANCE PAY REQUIRED?
The Labour Code provides for the payment of severance pay (“odstupné”) only if the employment terminates due to notice given by the employer on the grounds of “organizational changes” or due to an accident at work, occupational disease or threat of such a disease; or by agreement on the same grounds.

If the notice or the agreement are due to “organizational changes” (i.e. the employer is being dissolved or relocated, or the employee becomes redundant given a decision of the employer on reduction of the personnel for the purpose of increasing work effectiveness or other organizational changes); the employee is entitled to a severance pay in the amount of at least

- once his/her average earnings if his/her employment law relationship with the employer lasted less than 1 year;
- twice his/her average earnings if his/her employment law relationship with the employer lasted at least 1 year and less than 2 years;
- three times his/her average earnings if his/her employment law relationship with the employer lasted at least 2 years;

Employees whose employment relationship is terminated by notice given by the employer due to an accident at work, occupational disease or threat of such a disease, or by agreement on the same grounds, are entitled to a severance pay equal to at least twelve times the average earnings.

4. Separation Agreements
If the employer and employee agree on termination of the employment law relationship, the employment law relationship shall end on the agreed date. The agreement on termination of the employment law relationship must be made in writing. Each contracting party must obtain one counterpart of the agreement on termination of the employment law relationship.

A. IS A SEPARATION AGREEMENT REQUIRED OR CONSIDERED BEST PRACTICE?
A separation agreement is not required, but is considered best practice as long as the employer and employee are able to find some acceptable way of mutual termination of the employment law relationship. In contrast with unilateral termination notice, the separation agreement practically can’t be successfully questioned at court, so it provides both sides the certainty of a definite (valid) termination.

B. WHAT ARE THE STANDARD PROVISIONS OF A SEPARATION AGREEMENT?
Besides obligatory provisions such as clear indication of the parties and indication of the termination date the usual standard provisions are agreements related to severance pay; obligation of confidentiality not to disparage employer’s reputation even after the termination date; obligation to return all assets, data and other values to employer; agreement that, by signing the separation agreement, all rights and claims are fully settled.

C. DOES THE AGE OF THE EMPLOYEE MAKE A DIFFERENCE?
No.

D. ARE THERE ADDITIONAL PROVISIONS TO CONSIDER?
Other provisions to be considered are namely the obligation of confidentiality, settlement of non-compete clause, obligation not to disparage employer’s reputation even after the termination date, obligation to return all the assets, data and other values back to
employer, agreement that by signing the separation agreement all rights and claims are fully settled etc.

5. Remedies for employee seeking to challenge wrongful termination

Any dismissed employee may bring a legal action if he/she deems that his/her dismissal is void. Invalidity of termination of an employment contract by notice, immediate termination, termination during trial period or termination by agreement may be claimed by both the employer and the employee at the courts not later than within 2 months of the date when the employment law relationship was to end through such termination.

There is available extensive judiciary, which concretizes what acts and omissions or reasoning Czech courts usually do or do not consider as sufficient / just reasons for valid termination. Even though practically no judiciary can cover all conceivable situations, it should help both the employer and the employee to see their case in “real picture” and apply the labour law with certain level of predictability.

If the employer has given invalid notice or immediate termination to an employee or if the employer has invalidly terminated an employment contract during the trial period, and if the employee has notified the employer without undue delay in writing that he/she insists on being further employed by the employer, the employment relationship continues to exist and the employer is obliged to provide the employee with compensation for salary. The employee is entitled to the compensation for salary in the amount of average earnings from the date when the employee notified the employer that he/she insists on being further employed until the time when the employer allows the employee to continue his/her work or when the employment relationship is validly ended.

If the employer has terminated an employment relationship invalidly, but the employee does not notify the employer that he/she insists on being further employed by the employer, it shall hold, unless the employee agrees with the employer in writing on a different date of expiration, that the employee’s employment relationship has ended by agreement:

- in case of invalid notice, on expiry of the notice period;
- if the employment law relationship was invalidly terminated by immediate termination or during the trial period, on the date when the employment relationship was to end through such termination; in these cases, the employee has the right to compensation for wages or public sector pay in the amount of average earnings for the term of the notice period.

Specific protection against termination is also regulated with regard to transfer of undertaking. It covers situations when employee was, in fact, forced by the transferee to terminate the employment contract him/her-self; i.e. if an employee’s notice was given within 2 months from the effective date of the transfer, the employee may seek a determination at the court that the employment law relationship was terminated on the grounds of considerable impairment of working conditions in connection with the transfer of rights and obligations from employment contract. If the employment relationship was terminated due to “considerable impairment of working conditions in connection with the transfer”, the employee is entitled to severance pay (see Sec. 4 of this Chapter - “Severance Payment”).
IX. RESTRICTIVE COVENANTS

1. Definition of Restrictive Covenants

All covenants that refrain the employee from performance of activities that interfere with the justified interests of the employer.

2. Types of Restrictive Covenants

A. **NON-COMPETE CLAUSES**

Only this restrictive covenant is explicitly regulated by the Labour Code (Sec. 310). If a non-competition clause has been made whereby an employee agrees that, for a certain period after termination of the employment, not exceeding 1 year, the employee will refrain from the performance of a gainful activity that would be identical or compete with the employer’s objects of activities, the non-competition clause shall include the employer’s obligation to provide the employee with an appropriate consideration in money, at least in the amount of one half of the average monthly earnings of the employee for each month of performance of this obligation. The consideration in money shall be payable monthly in arrears unless the contracting parties agree on some other date of maturity.

An employer may agree on a non-competition clause with an employee only if this can be fairly required of the employee with regard to the nature of the information, findings and knowledge of working and technological procedures that the employee obtained in employment with the employer and whose utilization could substantially hinder the employer’s activity. The employer may withdraw from a non-competition clause only during the term of the employee’s employment relationship.

B. **NON-SOLICITATION OF CUSTOMERS**

The Labour Code contains only a general rule that in addition to employment, employees may perform gainful activities that are identical to the objective of the employer by whom they are employed only with the employer’s prior written consent.

There are restrictive covenants explicitly regulated by the Labour Code with regard to the non-solicitation of customers after the termination of employment.

Content of the non-solicitation obligation is difficult to enforce within the Czech legal environment. According to the judiciary, including the Czech Supreme and Constitutional Court, strict non-solicitation covenants contravene to the principles of free market and to the right of the former employee to exercise business activities and obtain means necessary for life through gainful activities.

C. **NON-SOLICITATION OF EMPLOYEES**

This restrictive covenant is not explicitly regulated by the Labour Code and is difficult to enforce within the Czech legal environment. There applies the same expository “reserved access” as explained in the above paragraph.

3. Enforcement of Restrictive Covenants—process and remedies

If agreed according to law (the non-competition clause must include the employer’s obligation to provide the employee with an appropriate consideration in money, at least in the amount of one half of the average monthly earnings) non-compete clauses and obligations resulting from them can be relatively easily enforced at courts by submitting relevant action to court.

As explained above, non-solicitation of customers / employees covenants are difficult to enforce due to the fact that the Czech Supreme and Constitutional Court consider non-solicitation covenants as contravene to the principles of free market and to the right of the former employee to exercise business activities and obtain means necessary for life through gainful activities.

4. Use and Limitations of Garden Leave

Garden Leave as an impediment to work on the part of the employer is frequently used in practice, especially when the employer wishes to prevent the employee from continuation at work after the termination notice was delivered, but the 2 month notice period has not yet expired. If an employee cannot perform work due to Garden Leave, the employee is entitled to salary or...
public sector pay from the employer in the amount of the average earnings. There are no other statutory limitations regarding garden leave e.g. the maximum length, etc.
X. RIGHTS OF EMPLOYEES IN CASE OF A TRANSFER OF UNDERTAKING

1. Employees’ Rights

When a new employer (transferee) takes over the activities of an employer (transferor) or part of the activities of an employer or where the tasks of an employer (or part thereof) are being transferred to another employer, the automatic transfer takes place, and employees’ rights and obligations pass on to the transferee (incl. the rights and obligations from the collective agreement, but those for no later than until the end of the following calendar year). The transferred employees’ rights and obligations under their employment agreements continue unchanged with the transferee.

For these purposes, tasks or activities of an employer mean tasks related to providing for production or provision of services and similar activities pursuant to the special legal regulation that an enterprise or individual performs in facilities intended for these activities or at places usual for their performance on his or its own behalf and responsibility.

Prior to the effective date of the transfer, the transferor and the transferee are obliged to inform the trade union and employee council, at least 30 days prior to the transfer of the rights and obligations to the transferee, of this fact and consult them, with the aim to achieve agreement, on:

- the set or proposed date of the transfer;
- the reasons for the transfer;
- the legal, economic and social consequences of the transfer for employees;
- the prepared measures related to employees.

2. Requirements for Predecessor and Successor Parties

There are no specific requirements for the predecessor and successor parties; a successor shall be deemed to be the new employer only, when it is qualified to continue the performance of tasks or activities of the predecessor (former employer) or activities of a similar type. This rule applies without respect to the legal grounds of the transfer and regardless of whether the ownership rights are being transferred.
XI. TRADE UNIONS AND EMPLOYERS ASSOCIATIONS

1. Brief Description of Employees and Employers Organizations

Employee and employer organizations are structured as legal entities sui generis, with limited impact from new legal regulation of private associations (“spolek”) and public registers (“veřejný rejstřík”) contained in the New Civil Code (Act No. 89/2012 Coll.).

In the Czech Republic, trade unions are primarily organized by sector according to the type of business. All workers involved in a particular industry belong to the same union regardless of the nature of their particular job or their occupational qualifications.

EMPLOYERS’ ORGANIZATIONS

Employers are also organized into unions or associations. These are established as legal entities sui generis (formerly “civic associations”) according to the Charter and obligations resulting from international legal obligations of the Czech Republic.

The largest and most important employers’ association, which represents a significant part of Czech industry and traffic, is the Confederation of Industry of the Czech Republic (“Svaz průmyslu a dopravy”). This Confederation consists of 29 member confederations and some 120 individual members, altogether over 1600 companies with almost one million employees (http://www.spcr.cz). The Confederation of Industry of the Czech Republic actively participates in shaping the Czech Government’s economic and social policy in order to create optimal conditions for business development in the country and, as well as the Czech-Moravian Confederation of Trade Unions on the other side, negotiates within the Council of Economic and Social Agreement of the Czech Republic.

The second important employers’ association is the Confederation of Employer’s and Business’ Unions (“Konfederace zaměstnavatelských a podnikatelských svazů”), which represents employers employing roughly 700.000 employees (http://www.kzps.cz).

In addition to the two leading employers’ association there are other smaller confederations such as the Union of Czech and Moravian Production Cooperatives, the Union of Business and Tourism etc.

In general, employees and employers organizations are structured as legal entities sui generis, minimally impacted new legal regulation of private associations (“spolek”) and public registers (“veřejný rejstřík”) contained in the New Civil Code (Act No. 89/2012 Coll.). Trade unions are primarily organized by sector according to the type of business. All workers involved in particular industry belong to the same union regardless of the nature of their particular job or their occupational qualifications.

Next to the two leading union confederations, there are smaller confederations such as the Confederations of Arts and Culture (“KUK”) and the Trade Union Association of Bohemia, Moravia and Silesia.
2. Rights and Importance of Trade Unions

Only trade unions are recognized by the Czech Republic as legal entities with a legal personality and are free to take legal actions (enter into various types contracts, participate as party to the dispute etc.). Trade unions are; of course, free to regulate their internal matters as they deem appropriate. While trade unions are “full” legal entities with legal personalities, the other two inferior forms of “employee representatives” – i.e. employee council and representative for occupational health and safety – are not recognized by the Czech Republic as legal entities.

Legally, trade unions can provide a collective agreement for employees who are not members of any trade union, so not only those employees who have explicitly given the mandate to the relevant trade union, may benefit from the collective agreement concluded within the enterprise. This rule is favourable for employees not motivated to become trade union members.

The rights incurred from a collective agreement by individual employees must be exercised and satisfied as other rights of employees under an employment contract.

Even though collective bargaining is subject to private law, the general Civil Code practically cannot be applied since legal regulation of collective bargaining is regulated in detail through a separate Act, No. 2/1991 Coll., on Collective Bargaining.

3. Types of Representations

The Charter provides that everyone has the right to associate freely with others for the protection of their economic and social interests; trade unions are formed independently of the state. It is prohibited to limit the number of trade union organizations, as well as to favor some of them in business or industry. The activities of trade unions and the formation and activities of other associations for the protection of economic and social interests may be restricted by law only in the case and to the extent, which is of a measure in a democratic society for the protection of national security, public order or the rights and freedoms of others.

To ensure the right of information and consultation, the employees are free to access any of the 3 possible forms of “employee representatives”, i.e. 1) trade union and / or 2) employee council and / or 3) representative for occupational health and safety protection. While the trade union is the “full” legal entity with legal personality and may take all sorts of legal actions, the employee council as well as representative for occupational health and safety protection have inferior position since these 2 complementary forms of “employee representatives” are only for ensuring the information and consultation procedure.

4. Number of Representatives

In order for the trade union unit to operate at a particular employer there must be at least three of its members employed by the employer; there are no minimum numbers as to the number of representatives with regard to the size of enterprise or number of workers.

The authorization of a trade union at an employer arises on the day following the day when the trade union notifies the employer that at least three of its members are employed by the employer and if the trade union is authorized to take legal actions according to the articles of the trade union.

If there are several trade unions at an employer, the employer is obliged, in cases concerning all employees or a major number of employees, to fulfil the information and consultation duties in relation to all the trade unions.

If there are several trade unions at an employer, the trade union amongst whose members given employees belong shall act for these employees in employment law relationships in relation to the individual employees. The trade union with the highest number of members employed by the employer shall act on behalf of an employee who is not a member of any trade union unless the employee specifies otherwise.

5. Appointment of Representatives

The terms and conditions of the nomination of the representatives of the trade union represent an internal matter of the trade union unit; law or employer cannot interfere in any way in the election and/or nomination of the representatives of the trade union.

In contrast to the above mentioned, the foundation of the two inferior (complementary) forms of “employee
representatives,” which is employee council and representative for occupational health and safety protection, are technically administrated by the employer. The employer is obliged to announce the elections to council and representative for occupational health and safety protection on the basis of a written proposal signed by at least one third of the employer’s employees not later than 3 months from the date of delivery of the proposal. An employee council must then have at least 3 and no more than 15 members. The number of members must always be odd. The total number of representatives for occupational health and safety protection depends on the total number of employees; however, there may be no more than one such representative per ten employees.

6. Tasks and Obligations of Representatives

The representatives are entitled to carry out any unionization activity; such as distributing propaganda and promotion of the unions. Employers are obliged to create, at their own expense, conditions for proper performance of activities of employee representatives, particularly to provide the employee representatives, according to their operational capacity and within appropriate scope, with premises equipped with the necessary facilities, to pay the necessary costs of maintenance and technical operation and the costs of the required documents.

The task of employee representatives is to protect all of employees’ interests; this happens particularly through collective bargaining, participation on information and consultation procedure, consultation of notice or immediate termination in advance etc.

7. Employees’ Representation in Management

Czech law no longer contains specific provisions stipulating an obligatory employee’s representation in the management; formerly until the 31st of 2013 one third of the Supervisory Board (if established) had to consist of employee representatives. Since the change of legislation occurred only recently, JAN 1st 2014, it is still with some doubts, and there are still a number of Supervisory Boards, which consist of one third of employee representatives.
XII. OTHER TYPES OF EMPLOYEE REPRESENTATIVE BODIES

An employee council and a representative for occupational health and safety protection may be elected in an employer’s organization. Neither of these two complementary types of employee representatives may conclude a collective agreement, which is an exclusive competence of trade union.

An employee council shall have at least 3 and no more than 15 members. The number of members must always be odd. The total number of representatives for occupational health and safety protection shall depend on the total number of employees employed by the employer and on the risks following from the performed work; however, there may be no more than one such representative per ten employees. The number of members of an employee council and representatives for occupational health and safety protection shall be set by the employer following consultation of the election committee.

The term of office of an employee council and a representative for occupational health and safety protection shall be three years. The number of employees employed by the employer within an employment relationship as of the date of delivery of a written proposal for announcing the elections shall be decisive for the purposes of election of a representative for occupational health and safety protection, as appropriate.
1. Legal Framework

The pensions are operated by the Czech Social Security Administration ("ČSSZ") and are comprised of salary-based contributions paid by both the employer and the employee.

The Czech Social Security Administration is competent for a decision about entitlement and amount of a benefit. The entitlement examined after submitting an application on a prescribed form at the locally competent District Social Security Administration OSSZ/PSSZ/MSSZ pursuant to the place of the applicant’s permanent residence. With an applicant who does not have a permanent residence in the Czech Republic, any OSSZ/PSSZ/MSSZ fills in the Czech Republic in the application.

2. Required Contributions

Receipt of the pension benefits is contingent upon payment of the social security contributions provided for by the law (Act No. 589/1992 Col., on Premiums for Social Security and Contribution to the State Policy of Employment, as amended.). Employees contribute currently 6,5 per cent of their taxable income to social security schemes, while employers contribute 25 per cent of the gross taxable income of all its employees. Health insurance contributions amount to 13,5 per cent of an employee’s gross taxable income; one third (4,5 per cent) of which is paid by the employee and the remaining two thirds (9 per cent) by the employer.

There is a new maximum calculation base for payment of social security contributions and contribution to the state employment policy, defined as 48 multiple of the mean annual wage. The maximum calculation base for the purpose of insurance premium calculation amounts to CZK 1.245,216.

The procedure in the case of reaching the maximum calculation base then depends on the number of employers of the respective employee.

3. Insurances

The following benefits are provided from pension insurance if the determined conditions are fulfilled:

- old-age pension
- invalidity pension
- widow’s and widower’s pension
- orphan’s pension.

4. Required Maternity/Sickness/Disability/Annual Leaves

A) MATERNITY LEAVE

In connection with childbirth and care for a new born child, a female employee is entitled to maternity leave for a period of 28 weeks; if the employee gives birth to two or more children at the same time, she is entitled to maternity leave for a period of 37 weeks. Maternity leave in connection with childbirth may never be shorter than 14 weeks and may in no case be terminated or interrupted prior to expiry of 6 weeks from the date of birth.

A basic condition for entitlement to financial assistance while on maternity leave is participation in insurance (e.g., continuation of insured employment) at the time of commencement of maternity leave (financial assistance during maternity). A woman who commences maternity leave after leaving work within the period of protection is also entitled to the benefit. The period of protection for women whose insurance (employment) terminated during pregnancy is 180 calendar days from the date of termination of the insurance.

The insured person must have participated in the sickness insurance scheme for at least 270 calendar days over the last two years before the date of starting the maternity leave to have the right to this benefit.

B) SICKNESS

From 1st JAN 2014 an employee is entitled to this benefit from the sickness insurance from the 15th calendar day of his / her temporary incapacity to work,
for the calendar days. During the first two weeks of the temporary incapacity to work, an employer will provide the employee with a compensation wage for working days; however, the compensation for wages, salary or remuneration will not be paid for the first 3 days of this period. The employee will only be entitled to the compensation wage for the period of the employment relationship that establishes the participation in sickness insurance. The support period lasts no longer than 380 calendar days from the date of the temporary incapacity to work or quarantine order, unless stated otherwise. The amount of sickness benefit per calendar day is 60% of the reduced daily basis of assessment.

C) DISABILITY LEAVE
There is no special legal regulation for disability leave, the short term disability leave (< 1 year) is regarded as standard sickness (see above); while long time disability leave is treated under social security law and the employee may be granted status of an invalid. An insured individual who meets the conditions stipulated by social security law is entitled to invalid benefit (see details here: http://www.cssz.cz/en/pension-insurance/disability.htm)

5. Mandatory and Typically Provided Pensions
A condition for entitlement to old-age pension is accumulation of the required period of insurance and attainment of the stipulated age (i.e., retirement age or the age derived therefrom or 65 years of age). On 1 January 2010, Act No. 155/1995 Coll., on pension insurance (the “Pension Insurance Act”), was amended. A new retirement age and the new required period of insurance for entitlement to old-age pension were set; changes were also made to the pension amount. The age of retirement also increased, taking effect from 30 September 2011.

The required period of insurance gradually increases depending on the retirement age of the insured individual or the age of the insured individual. The necessary period for entitlement to old-age pension under Section 29(1) of the Pension Insurance Act amounts to:

<table>
<thead>
<tr>
<th>Retirement age reached</th>
<th>Required period of insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>before 2010</td>
<td>25 years</td>
</tr>
<tr>
<td>in 2010</td>
<td>26 years</td>
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<tr>
<td>in 2011</td>
<td>27 years</td>
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<td>in 2012</td>
<td>28 years</td>
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<tr>
<td>in 2013</td>
<td>29 years</td>
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<tr>
<td>in 2014</td>
<td>30 years</td>
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<tr>
<td>in 2015</td>
<td>31 years</td>
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<td>in 2016</td>
<td>32 years</td>
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<td>in 2017</td>
<td>33 years</td>
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<tr>
<td>in 2018</td>
<td>34 years</td>
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<tr>
<td>after 2018</td>
<td>35 years</td>
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</tbody>
</table>

To ascertain the required period of insurance, only the year when one reaches retirement age is decisive. Insured individuals who have not accumulated the required period of insurance on the day that they reach retirement age will not receive an old-age pension on such date. Only after they accumulate the required period of insurance will they be able to receive an old-age pension.

Proportional” old-age pension - in the event that insured individuals are not entitled to old-age pension under Section 29(1), they shall be entitled to old-age pension under Section 29(2) of the Pension Insurance Act, provided their accumulated period of insurance is at least:

- 15 years and they attain at least 65 years of age prior to 2010
- 16 years and, in 2010, they are at least 5 years older than the retirement age stipulated under Section 32 of the Pension Insurance Act for men of the same date of birth
- etc.

Old-age pension upon amassing 30 years of insurance

The entitlement to old-age pension arises for insured individuals who attain retirement age after 2014 and accumulated at least 30 years of insurance, provided they did not fulfil the conditions of the Pension Insurance Act; in this case, notionally credited periods of insurance are not included in the insurance period.

The manner of determination of the old-age pension amount remains the same for insured individuals who do not meet the percentage assessment of pension through gainful activity after becoming entitled to a pension. The amount of the basic assessment in 2016 amounts to CZK 2 440, the amount of the percentage
assessment amounts to 1.5% of the calculation basis for each whole year of insurance, but at least CZK 770 per month.

Even if the degree of disability changes for the individuals receiving this pension, the old-age pension is not recalculated and will continue to be paid out in the same amount.

The mentioned type of old-age pension shall not increase over the period of gainful activity after the establishment of the entitlement to this pension. As of 31 DEC 2009, insured individuals may, after reaching old-age pension, work and collect their old-age pension in the full amount regardless of the type and scope of the gainful activity carried out. In addition to this possibility, individuals receiving an old-age pension have the possibility to request that only half of the old-age pension be paid out while carrying out gainful activity.

**Conditions for the entitlement to an early old-age pension**

The basic condition that has to be fulfilled is accumulation of the required period of insurance, i.e., the period of insurance. The entitlement to this pension then depends on reaching the age of retirement:

- If the age of retirement of the insured individual is at least 63 years old, the entitlement arises no earlier than upon reaching at least 60 years of age, or
- If the age of retirement of the insured individual is less than 63 years old, the entitlement to an early old-age pension arises no earlier than on the day from which no more than three years remain until retirement age is reached.

It continues to apply that this pension cannot be recognised earlier than as of the day of filing of the application for this pension, with the date of establishment of the entitlement being deemed the day from which it is recognised and, in the case of recognition of early retirement, the entitlement to old-age pension under Section 29 of the Pension Insurance Act does not arise.
Dominik Brůha Law Offices is a Czech labour and employment law boutique. Since its inception, Dominik’s office has carved out a reputation as a successful independent practitioner available for complete legal consultancy in Czech employment law, incl. collective bargaining and HR management. Litigation is a natural part of everyday services and the office has extensive experience with all sorts of labour law disputes at courts of all levels. Dominik Brůha is not only a practitioner of the everyday labour law routine, but also contributes to professional publications (such as renowned publishing houses Wolters Kluwer, ANAG etc.) and lectures, incl. lectures for the Czech Bar Association, the Charles University in Prague and prestigious educational institutions. In 2014, Dominik Brůha of AKB-R was awarded the Antonín Randa medal, which is considered the highest award annually granted to Czech lawyers by professional colleagues. The leading principle of all services offered by the law office can be summarized by the motto that well-done work and correctness still pays well.

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