

Title Tag: A Guide to Employment Laws in the Czech Republic | Omnipresent

Meta Description: Explore the key aspects of employment laws in the Czech Republic. Learn about employee rights and employer obligations in this detailed guide.

Keywords: employment law czech republic, czech labour law

How to Stay Aligned With Employment Laws in the Czech Republic

Located in the heart of Europe, the Czech Republic has an open and export-driven economy that welcomes foreign investment.

Since joining the European Union, the country has experienced a steady growth in its GDP, evolving into a prosperous society with a skilled labour force.¹

Like other modern European nations, the Czech Republic has complex employment laws, influenced by both domestic legislation and European Union regulations.

Key Legal Frameworks and Regulations

The main legal framework for employees in the Czech Republic is the Labour Code. This code covers a wide range of regulations concerning employment relationships, working conditions, rights and obligations of both employers and employees, and procedures for termination of employment.²

Employee Rights and Protections

Employment in the Czech Republic can only be established in accordance with the Labour Code, which also details the rights and protections granted to employees.

- Employment contracts must be in writing and clearly define the type of work the employee is expected to perform, the location where it is performed, and the start date of the employment relationship.³
- The maximum work week in the Czech Republic is 40 hours, anything beyond that is considered overtime. Total overtime within a calendar year can't exceed 150 hours, unless agreed otherwise.⁴

¹ [The International Trade Administration. Czech Republic - Country Commercial Guide.](#)

² [Ministry of Foreign Affairs of the Czech Republic. Labour Code.](#)

³ [Government of the Czech Republic. Employment contract and its requisites.](#)

⁴ [Boundless. Hours of Work in Czech Republic.](#)

- Czech workers have the right to collective bargaining and unionization, and can't be let go without cause, as defined in the Labour Code.⁵
- Full-time employees are entitled to a minimum of 20 days of paid leave per year. There are 13 public holidays in the Czech Republic. If an employee is required to work on a public holiday, they are entitled to double pay.
- Employees have a right to sick leave for a maximum of 380 calendar days. Mothers are entitled to 22 weeks of maternity leave, and fathers to two weeks.
- Czech workers have a right to paid time off during important life events, such as funerals and weddings.⁶

These are just some of the most notable rights and protections that potential foreign employers need to be aware of, as defined in the Czech Republic's expansive Labour Code.

Employer Obligations and Compliance

Just like workers have rights and protections, companies that employ workers in the Czech Republic have obligations and responsibilities to ensure compliance with the Czech labour law, as well as other relevant laws and regulations.

- Workers need to be classified accordingly, either as [contractors](#) or full-time employees. Companies that fail to do so face steep fines and penalties.
- The Czech Republic has extensive discrimination protections in place that employers need to adhere to and comply with.
- As an employer hiring in the Czech Republic, you can only hire workers with the necessary visas and work permits.
- Discriminating employees based on whether they're a member of a union is illegal, as are any other attempts to infringe upon their right to collective bargaining.
- Failure to provide mandatory benefits to employees in the Czech Republic can result in fines and legal penalties.⁷
- The Czech Republic has strict data privacy regulations that employers need to take into account, along with the European General Data Protection Regulation (GDPR).⁸

To sum up, employers looking to hire individuals based in the Czech Republic need to pay close attention to a wide array of regulations that concern everything from benefits to personal privacy.

⁵ [Rippling. 10 things employers need to know about Czech labor and employment laws.](#)

⁶ [Boundless. Leave in Czech Republic.](#)

⁷ [Rippling. 10 things employers need to know about Czech labor and employment laws.](#)

⁸ [Deel. A Guide to Employee Background Checks in the Czech Republic.](#)

Payroll and Tax Requirements

As an employer, you need to register for payroll tax in the Czech Republic and comply with other tax regulations.

- The Financial Administration of the Czech Republic manages tax collection, while the Czech Social Security Administration administers social security programs.
- Employers need to register for payroll tax and social security contributions within eight days of their first employee's first day of work.
- The basic tax rate in the Czech Republic is 15%, and the top rate is 23%.
- The Czech Republic has an annual payroll declaration tax system, so it doesn't require employers to file monthly payroll tax reports.
- Employers are legally obligated to deduct income tax from their employees' salaries, and payments to the local authorities are due no later than the 20th of following month.
- Employers pay a total of 33.8% of an employee's gross salary to the Czech Republic's various social security funds.⁹

It's also worth noting that employers are required by law to keep payroll records for up to 30 years.

Termination and Redundancy Laws

Termination of employment in the Czech Republic can be a complex matter, primarily because employers need to demonstrate just cause for dismissal in most cases. As defined in the Labour Code, just cause includes the following.

- Company reasons: Closure, relocation, redundancy.
- Employee health reasons: If an employee can't do their job properly due to illness or injury.
- Employee performance: If an employee consistently fails to meet job requirements.
- Serious employee misconduct: This covers major abuses of sick leave.

According to employment law, Czech Republic workers and companies that operate in the country need to end the employment relationship by notice of termination. The minimum notice period is two months, unless otherwise agreed upon.¹⁰

⁹ [Lano. Running payroll in the Czech Republic.](#)

¹⁰ [CMS. DISMISSALS AND TERMINATION OF EMPLOYMENT IN THE CZECH REPUBLIC.](#)

As for redundancy, an employee can only be let go if the company liquidates or moves, or if their role becomes redundant due to restructuring. Redundant employees are entitled to severance pay, the amount of which depends on the length of their employment and ranges from one month's average salary to three months' average salary.¹¹

Navigating Disputes and Legal Proceedings

Navigating disputes and legal proceedings in the Czech Republic can be a bit tricky if you're unfamiliar with the system, but if you've stuck with us so far you should have a pretty good idea of how it works. The Czech Labour Code, which we have referenced repeatedly, also governs employer-employee disputes.

Individual labour disputes are subject to civil proceedings, and there are no special courts that handle these cases. Collective labour disputes are a different matter. When there is a dispute, the employer and the employees appoint a mediator. If they fail to do so, the Ministry of Labour and Social Affairs steps in and makes the appointment. The mediator hears both sides, and then proposes a settlement.

If no settlement is reached after the mediator's intervention, the employer and the employees submit their dispute to an arbitrator, who is also appointed by the Ministry of Labour and Social Affairs. The arbitrator then makes a final decision. In most cases, this decision cannot be reviewed by a court.¹²

Employee Classification & Importance

What we've sketched out so far mostly pertains to hiring full-time employees in the Czech Republic. The process is radically different for contractors. That is why it is imperative to understand the difference between the two, and classify your Czech workforce accordingly.

Fortunately, per Czech law, there is no room for interpretation. Unlike employees, contractors enter into civil agreements and are not entitled to most benefits. They provide services to companies, but are not employed by them. In the Czech Republic, contractors are also referred to as freelancers, consultants, and self-employed individuals.

There is a third category in Czech law, so called economically-independent workers. These are essentially self-employed individuals. However, as opposed to freelancing for multiple

¹¹ [Boundless. End of Employment in Czech Republic.](#)

¹² [International Labour Organization. National Labour Law Profile: The Czech Republic.](#)

companies, they only work for a single employer. Yet, they are not employees in the true sense of the word.¹³

Recent Changes and Updates in Czech Employment Law

The most recent set of changes and updates in Czech employment law came into force in October 2023, and January 2024.

The October update concerns contractors, who are now entitled to vacation, provided that they worked at least 80 hours within a four-week period for the same employer. As of October 2023, contractors in the Czech Republic have the right to request a traditional employment contract, provided that they worked for the same employer for at least six months in the previous year. However, employers retain the right to reject this request, but must provide a written explanation to justify the rejection.¹⁴

Conversely, the updates that came into effect in January concern employees. For one, the minimum wage in the Czech Republic was officially increased to CZK112.50 (€4.46) per hour. Changes to travel allowance and meal allowance regulations were also made. Additionally, employers are now allowed to provide at least 24 hours of uninterrupted rest within a week to employees.¹⁵

How Omnipresent Can Help with Employment

You now hopefully have a better understanding of how to stay aligned with employment laws and regulations in the Czech Republic as an employer.

Applying this knowledge in the day-to-day operations of your business would be quite challenging, however. Even if you were somehow able to run your business and navigate Czech labour laws at the same time, you'd still be spilling focus and potentially stifling the growth of your own company.

If you want to prevent that, partner up with Omnipresent. Omnipresent's [EOR](#) solution was created specifically for globally-oriented businesses that need to hire outside the country, but don't have the time or resources to deal with legal distractions and compliance issues.

Focus on your business. Let Omnipresent handle compliance, payroll, benefits, and taxes in countries where your company does not have a legal entity.

¹³ [Rippling. Employee vs. contractor: how to classify workers in the Czech Republic \(quiz included\).](#)

¹⁴ [Expats. Major changes to Czech Labor Code now in force: Here's what you need to know.](#)

¹⁵ [Baker & McKenzie. Czech Republic: HR/Employment law update.](#)

