



CONSOLIDATION PACKAGE 2023 FROM THE PERSPECTIVE OF LABOUR LAW

The government has proposed a package of measures aimed at reducing the state budget deficit in the coming years. The package anticipates savings of almost CZK 150 billion, which should be brought to the state budget, in addition to changes in tax rates, also by changes affecting employees and employers.

The Chamber of Deputies and the Senate have already approved the package, which is now awaiting the President's signature and publication in the Collection of Laws. The changes will be effective from 1 January 2024.

We have prepared a summary of the main changes that will have an impact on employment law, in particular, in the following areas:

Area	Overview of fundamental changes
<p>Contributions from income from the agreement on performance of work</p>	<ul style="list-style-type: none"> • More strict rules for the exemption from insurance contributions in the case of agreements on performance of work (currently income from all agreements on performance of work up to CZK 10,000/month). • Two new limits for compulsory contributions for employees working based on agreements on performance of work: <ol style="list-style-type: none"> a) 25% of the average wage in the national economy for earnings from all agreements on performance of work with one employer, b) 40% of the average wage in the national economy for earnings from all agreements on performance of work with multi-employer. • If employee with an agreement on performance of work exceeds one or the other limit, the employer is obliged to make social security and health insurance contributions. • A central register of all agreements on performance of work and income from agreements will be established. • A new obligation for an employee to inform the employer about work on agreements on performance of work with other employers and an obligation for employers to report the amount of employee's income from agreements on performance of work to the Social Security Administration.
<p>Employee benefits</p>	<ul style="list-style-type: none"> • Introduction of an aggregate limit for tax exemption of selected employee benefits (e.g. goods and services of a health and medical nature, educational services, admission to sports facilities, admission to cultural events) at the level of half of the average wage in national economy (limit for 2024 in the amount of CZK 21,983). • However, this limit does not apply to all benefits, e.g. pension or life insurance contributions, meal vouchers, etc.
<p>Sickness insurance for employees</p>	<ul style="list-style-type: none"> • Sickness insurance for employees is introduced as part of social security contributions. • The employer will now deduct 7.1% from the employee's gross wage (compared to the current 6.5%) for social security contributions, while 0.6% is for sickness insurance.
<p>Meals</p>	<ul style="list-style-type: none"> • The conditions for tax exemption of meals provided to employees are unified and clarified, as the current conditions for the meal voucher lump sum will also apply to meals provided in a non-monetary form (factory meals, meal allowance).

At the same time, in connection with the amendment to the Labour Code, which is effective as of 1 October 2023, we would like to recommend you once again to:

- Revise the templates of agreement on performance of work and working activity,
- Conclude written agreements with all employees working, even if only on a casual basis, from home (legal deadline 31 October 2023),
- Obtain employee consents to electronic concluding of employment documentation and delivery,
- Review work regulations and other internal directives,
- Prepare new forms to inform employees (including for employees with agreements) of their rights and obligations.

» TEAM



Ondřej Beneš
Counsel

+420 724 687 809
ondrej.benes@
eversheds-sutherland.cz



Martina Vodičková
Associate

+420 604 960 265
martina.vodickova@
eversheds-sutherland.cz