



As in previous years, also at the beginning of 2020 we have compiled this traditional special issue of HR News full of numbers and the changes which are connected to the turn of the year, and that you need to be on lookout for in your HR practice. In particular, these changes affect **travel allowances, minimum wage and guaranteed minimum wage as well as the amount of income immune from deductions from salary and social security payments.**

We hope that you have had a wonderful start to the new decade and look forward to further partnership in 2020,

Your Randls employment law team

MINIMUM AND GUARANTEED MINIMUM WAGE

The Government Decree (No. 347/2019 Coll.), coming into effect as of **1 January 2020** sets the **monthly minimum wage at CZK 14,600** and the **hourly minimum wage at CZK 87.30.**

Minimum Wage

The above-mentioned minimum wage rates apply only to determined 40-hour full-time working weeks. For reduced full-time weekly working hours—typically, those with 37.5 or 38.75 working hours (such as at 2- or 3-shift or continuous work regime)—it will be necessary to proportionally increase the hourly minimum wage rate.

DETERMINED weekly working hours	Minimum wage	
	hourly	monthly
40 hours	CZK 87.30	CZK 14,600
38,75 hours	CZK 90.12	CZK 14,600
37,5 hours	CZK 93.12	CZK 14,600

Conversely, if the employee works part-time, **the monthly minimum wage decreases** proportionally to the hours worked.

AGREED shorter weekly working hours (with full-time 40 hours)	Minimum wage rate	
	hourly	monthly
32 hours	CZK 87.30	CZK 11,680
20 hours	CZK 87.30	CZK 7,300
16 hours	CZK 87.30	CZK 5,840
10 hours	CZK 87.30	CZK 3,650

The minimum wage applies to employees carrying out work on the basis of an employment contract as well as on the basis of agreements to perform work and agreements to complete a job.

Extra Pay for Work in an Arduous Working Environment

The amount of extra pay for work in arduous working environment is set at 10 % for each aggravating factor (enumerated in Government Decree No. 567/2006 Coll.). As far as 40-hours work regime is concerned, the extra pay constitutes **8.73 CZK** in 2020.

Guaranteed Wage

At the same time, the raise in minimum wage will also be bringing about **an increase in the lowest levels of guaranteed wage**, which aren't often observed in practice (*for instance, digger falls into the second category and hairdresser into the fourth*). Guaranteed wage takes into account the complexity, responsibility and strenuousness of the work performed and the level in the highest, 8th category must be at least twice as high as the minimum wage.

Group of works	Lowest guaranteed wage rate	
	hourly	monthly
1.	CZK 87.30	CZK 14,600
2.	CZK 96.30	CZK 16,100
3.	CZK 106.40	CZK 17,800
4.	CZK 117.40	CZK 19,600
5.	CZK 129.70	CZK 21,700
6.	CZK 143.20	CZK 24,000
7.	CZK 158.10	CZK 26,500
8.	CZK 174.60	CZK 29,200

EMPLOYEE TRAVEL REIMBURSEMENT AND FOOD ALLOWANCES

Effective as of **1 January 2020**, new MoLSA Decree No. 358/2019 Coll. changed the rates concerning business trips, including the rate for fuel, compensation for the use of motor vehicles and also the amounts of foreign and domestic catering fees.

The Rates

Unlike the basic compensation for the use of single-track vehicles which remains the same (CZK 1.10), **the rate for the use of a car increases to CZK 4.20** (previously CZK 4.10)

The average price of fuel for the purpose of providing travel allowances decreases slightly and is now as follows:

- ▲ **CZK 32.00** for Gasoline (95 oct.)
- ▲ **CZK 36.00** for Gasoline (98 oct.)
- ▲ **CZK 31.80** for Diesel



per 1 litre of fuel. The Decree also newly concerns electromobility and sets the average price of 1 kilowatt-hour to **CZK 4.80.**

As compared to 2019, the minimum rate of food allowances provided to employees in accordance with the extent of their business trips increases by up to CZK 11. In case of a business trip lasting between 5 and 12 hours, the food allowance increases to **CZK 87** (as opposed to CZK 82 in 2019), in case of a business trip lasting more than 12 hours **CZK 131** (as opposed to CZK 124 in 2019) and in case of a business trip that is more than 18 hours long **CZK 206** (as opposed to CZK 195 in 2019) per each calendar day of such a trip.

Meal-tickets

The new amount of food allowances affect **the tax-deductible amount of catering services** paid for by the employer. In 2020, employers may provide their employees with a tax-deductible contribution for catering services amounting up to **CZK 72.10.** Such an

amount may, at most, make up for 55% of the price of one meal. Therefore, the ideal, fully tax-deductible maximum value of one meal ticket in 2020 is **CZK 131**.

Food Allowances Abroad

In the new Decree No. 310/2019 Coll., the Ministry of Finance sets new amounts of basic rates for food allowances abroad for the upcoming year. **Employees will receive higher food allowances (by EUR/USD 5 for the most part) in around 20 countries, including Denmark, Ireland, Italy, Norway, Spain or the US and Singapore.** Concerning our nearest neighbours, the amount of food allowances abroad will remain the same: **when travelling into Germany or Austria this constitutes EUR 45 a day, in Poland EUR 40 a day, and in Slovakia or Hungary EUR 35 a day.**

FURTHER PRACTICAL INFORMATION FOR 2020

Salary Deductions

Based on Government Decree No. 595/2006 Coll., the amount of income immune to deductions of salary is calculated from the amount of normative housing costs and the amount of a living wage.

Calculation of the amount of income immune to deductions of salary

As of 1 January 2020, normative housing costs increase from CZK 6,233 in 2019 to **CZK 6,502** in 2020. However, the proposal of the MoLSA to increase the amount of a living wage (from **CZK 3,410** to CZK 3,860) has not been passed yet.

The basic amount of income immune to deductions can be calculated as 2/3 of the total of above-mentioned amounts and thus newly amounts to **CZK 6,608** (CZK 6,429 in 2019).

Employment of Disabled Persons ("DPs") and Alternative Fulfilment

According to the MoLSA announcement No. 346/2019 Coll., the amount of average wage in national economy over the period of 1st to 3rd quarter of 2019 was **CZK 33,429**.

This figure becomes significant for employers when calculating the employer's **contribution to the state budget within the obligation to employ a statutory share of DPs.** If the employer does not employ the statutory number of DPs (that is 1 DP for every 25 employees), and does not sufficiently execute alternative fulfilment (that is buying goods and services in the amount of **CZK 234,003** from specified employers for each one DP), the employer has to contribute 2.5 times the

national average wage to the state budget for every one DP that the Employer did not employ. This means that for each missing DP in 2018, the obligatory contribution is **CZK 83,572.50**.

Salary Compensation during Temporary Incapacity to Work

At the beginning of the year, the reduction limits for sickness insurance benefits were changed by the issuing of MoLSA announcement No. 270/2019 Coll. As a result, the average hourly earnings of an employee for the purpose of the calculation of salary compensation during temporary incapacity to work are reduced as well.

In 2020, such hourly earnings are as follows:

- ▲ no more than **CZK 203.35** – counting 90 %,
- ▲ from **CZK 203.35** to **CZK 304.85** – counting 60 %,
- ▲ from **CZK 304.85** to **CZK 609.70** – counting 30 %,
- ▲ **CZK 609.70** and more – does not count at all.

Insurance Payment

From July 1, 2019, all employers are responsible for paying "their own" social security contributions at the uniform rate of 24,8 % of the assessment base.

Further important figures for employers regarding their insurance in 2020 are as follows:

- ▲ The maximum annual assessment base for employee social security is **CZK 1,672,080**,
- ▲ The decisive income for participation in sickness insurance stays the same, i.e. **CZK 3,000 per month**,
- ▲ Health insurance contribution from minimum salary (e.g. paid by the employer when an employee is on unpaid leave for a whole month) makes for **CZK 1,971**.

Unemployment, Re-training

In accordance with the Act on Employment and the regularly amended implementing regulations, the maximum monthly amounts in 2020 are:

- ▲ **CZK 19,389** for the unemployment benefit,
- ▲ **CZK 21,729** for the re-training benefit,
- ▲ **CZK 7,300** as the maximum income allowing for registration as a job seeker at the Labour Office.

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