



Our traditional special issue of HR News full of numbers is here! Below you will find a number of changes which are connected to the turn of the year. In particular, these changes affect **minimum wage and guaranteed minimum wage, travel allowances as well as a novelty in the form of a meal-ticket tariff or cancellation of the super-gross wage.**

We hope that 2021 will be a lot more peaceful and cheerful than 2020 for all of us. We wish you all the best and look forward to further partnership.

Your Randls employment law team

MINIMUM AND GUARANTEED MINIMUM WAGE

The Government Decree (No. 487/2020 Coll.), coming into effect as of 1 January 2021 sets the **monthly minimum wage at CZK 15,200** and the **hourly minimum wage at CZK 90.50**.

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 rate.

DETERMINED weekly workings hours	Minimum wage	
	hourly	monthly
40 hours	CZK 90.50	CZK 15,200
38,75 hours	CZK 93.42	CZK 15,200
37,5 hours	CZK 96.53	CZK 15,200

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 90.50	CZK 12,160
20 hours	CZK 90.50	CZK 7,600
16 hours	CZK 90.50	CZK 6,080
10 hours	CZK 90.50	CZK 3,800

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 Risky Work

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 **CZK 9.05** in 2021.

Guaranteed Wage

At the same time, the raise in minimum wage will also bring 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 90.50	CZK 15,200
2.	CZK 99.90	CZK 16,800
3.	CZK 110.30	CZK 18,500
4.	CZK 121.80	CZK 20,500
5.	CZK 134.40	CZK 22,600
6.	CZK 148.40	CZK 24,900
7.	CZK 163.90	CZK 27,500
8.	CZK 181.00	CZK 30,400

EMPLOYEE TRAVEL REIMBURSEMENT AND FOOD ALLOWANCES

Effective as of 1 January 2021, new MoLSA Decree No. 589/2020 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

The basic compensation for the use of single-track vehicles increases to **CZK 1.20** (previously CZK 1.10), and the use of a car to **CZK 4.40** (previously CZK 4.20) per kilometer.

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

- ▲ **CZK 27.90** for Gasoline (95 oct.)
- ▲ **CZK 31.60** for Gasoline (98 oct.)
- ▲ **CZK 27.20** for Diesel



per 1 litre of fuel. Regarding electromobiles, by contrast, average price of 1 kilowatt-hour raises to **CZK 5.00**.

As compared to 2020, 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 91** (previously CZK 87), in case of a business trip lasting more than 12 hours **CZK 138** (previously CZK 131) and in case of a business trip that is more than 18 hours long **CZK 217** (previously CZK 206) per each calendar day of such a trip.

Meal-tickets and meal-ticket tariff

A novelty in the area of employees' board and related employer's tax optimization has been introduced in the form of so-called **meal-ticket tariff**.

Meal-ticket tariff is a monetary allowance provided to the employee for one work shift which will not be subject to execution or enforcement of court decision.

With respect to the tax-deductible amount, the meal-ticket tariff may reach up to 70 % of the food allowances provided to state employees in case of a business trip lasting between 5 and 12 hours. For 2021, this amount reaches **CZK 108 so the tax-ideal meal-ticket tariff would be CZK 75.60**. *Attention, any amount above this limit will constitute a non-tax cost for the employer and will be subject to income tax and insurance payments of the employee!*

Should the employer continue to provide meal tickets to the employees (either paper or electronic), **the tax-deductible amount will also be CZK 75.60** (i.e. 55 % of the value of the meal ticket) which corresponds to a meal ticket with the maximum value of **CZK 137**.

On one workplace, it will be possible to combine both the meal tickets and the new tariff with the same tax effect for the employer.

Food Allowances Abroad

In the new Decree No. 510/2020 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 17 countries, including exotic destination of Philippines, Indonesia and Cuba or Slovenia, Bulgaria or Sweden in Europe.** 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.**

INCOME TAX NEWLY

In 5 minutes 12 in 2020, the Government passed the package of tax laws including **cancellation of the super-gross wage and increase of the tax discount for an employee.**

As of 1 January 2021, therefore, **only the gross wage** (not the super-gross wage anymore) **makes the income tax base** which will be **assessed in 15% rate** (resp. in 23% rate if the income exceeds CZK 141,764 per month). The basic tax discount for an employee increases by CZK 3,000 up to **CZK 27,840 per year.**

FURTHER PRACTICAL INFORMATION FOR 2021

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 2021, normative housing costs increase from CZK 6,502 in 2020 to **CZK 6,637** in 2021. Increase of the amount of a living wage from CZK 3,410 to **CZK 3,860** has occurred already during spring 2020. Although the Government has planned to increase this amount again up to CZK 4,990 as of 1 January 2021 due to the unpleasant situation caused by the Covid-19 epidemics, the decree has not passed yet.

The basic amount of income immune to deductions can be calculated as 3/4 of the total of above-mentioned amounts and thus newly amounts to **CZK 7,873** (previously CZK 6,429 in the first half of 2020 and CZK 7,772 in the second half after an amendment).

Employment of Disabled Persons (“DPs”) and Alternative Fulfilment

*According to the MoLSA announcement No. 574/2020 Coll., the amount of average wage in national economy over the period of 1st to 3rd quarter of 2020 was **CZK 34,611**.*

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 242,277** 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 86,527.50**.

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. 435/2020 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 2021, such hourly earnings are as follows:

- ▲ **no more than CZK 206.85** – counting 90 %,
- ▲ **from CZK 206.85 to CZK 310.28** – counting 60 %,
- ▲ **from CZK 310.28 to CZK 620.38** – counting 30 %,
- ▲ **CZK 620.38 and more** – does not count at all.

Insurance Payment

All employers continue to be 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 1,701,168**.
- ▲ The decisive income for participation in sickness insurance increases to **CZK 3,500 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 2,052**.

Unemployment, Re-training

In accordance with the Act on Employment and the regularly amended implementing regulations, the maximum monthly amounts in 2021 are:

- ▲ **CZK 20,075** for the unemployment benefit,
- ▲ **CZK 22,498** for the re-training benefit,
- ▲ **CZK 7,600** as the maximum income allowing for registration as a job seeker at the Labour Office.

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