



We are very happy to introduce our traditional special issue of HR News full of numbers which has become very popular to read among our HR workers in January. 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 or the employment of disabled persons and alternative fulfilment.**

We would like to wish you all the best in 2022, mostly good health and joyful mind and we will look forward to our further partnership.

Your Randls employment law team

## MINIMUM AND GUARANTEED MINIMUM WAGE

The Government Decree No. 405/2021 Coll. has come into effect as of 1 January 2022 and sets the **monthly minimum wage at CZK 16,200** and the **hourly minimum wage at CZK 96.40.**

### 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-shift, multiple-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 96.40	CZK 16,200
38,75 hours	CZK 99.51	CZK 16,200
37,5 hours	CZK 102.83	CZK 16,200

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 96.40	CZK 12,960
20 hours	CZK 96.40	CZK 8,100
16 hours	CZK 96.40	CZK 6,480
10 hours	CZK 96.40	CZK 4,050

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 9.64** in 2022.

### 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 96.40	CZK 16,200
2.	CZK 106.50	CZK 17,900
3.	CZK 117.50	CZK 19,700
4.	CZK 129.80	CZK 21,800
5.	CZK 143.30	CZK 24,100
6.	CZK 158.20	CZK 26,600
7.	CZK 174.70	CZK 29,400
8.	CZK 192.80	CZK 32,400

## EMPLOYEE TRAVEL REIMBURSEMENT AND FOOD ALLOWANCES

Effective as of 1 January 2022, new MoLSA Decree No. 511/2021 Coll. has 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.

### Rates

The basic compensation for the use of single-track vehicles increases to **CZK 1.30** (previously CZK 1.20), and the use of a car to **CZK 4.70** (previously CZK 4.40) per kilometer.

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

- ▲ **CZK 37.10** for Gasoline (95 oct.)
- ▲ **CZK 40.50** for Gasoline (98 oct.)
- ▲ **CZK 36.10** for Diesel



per 1 litre of fuel. Regarding electromobility, by contrast, average price of 1 kilowatt-hour has decreased to **CZK 4.10** (from CZK 5.00 in 2021).

As compared to 2021, the minimum rate of food allowances provided to employees in accordance with the extent of their business trips has increased. In case of a business trip lasting between 5 and 12 hours, the food allowance increases to **CZK 99** (previously CZK 91), in case of a business trip lasting more than 12 hours **CZK 151** (previously CZK 138) and in case of a business trip that is more than 18 hours long **CZK 237** (previously CZK 217) per each calendar day of such a trip.

### Meal tickets and meal-ticket tariff

The new amount of food allowances affects the **tax-deductible amount of catering services** paid for by the employer.

As for the **meal-ticket tariff**, it stands for a preferential option for the employer since the food allowance

constitutes a tax-deductible cost in its full amount. At the same time, however, there is a limit both for the employer and the employee above which the allowance is subject to the income tax and the insurance payments. The maximum tax-preferred food allowance may reach up to 70 % of the upper limit of food allowance provided to state employees in case of a business trip lasting between 5 and 12 hours. For 2022, this amount reaches **CZK 118**, so the tax-preferred meal-ticket tariff would be **CZK 82.60**.

If the employer continues to provide **meal tickets** to the employees (either paper or electronic), he can account a tax-deductible cost in the amount of 55 % of the value of the meal ticket at the maximum (i.e., in 2022 up to **CZK 82.60**) which corresponds to a meal ticket with the value of **CZK 150.18**. For employees, the meal tickets are tax- and insurance-exempt income up to 100 % of their value.

#### **Food Allowances Abroad**

In the new Decree No. 462/2021 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/CHF 5 for the most part) in 9 countries, including Algeria, Ethiopia, France, Georgia, Croatia, Lichtenstein, Hungary, Pakistan or Romania.** In three other countries, besides the amount of food allowances abroad, also the currency has changed: Djibouti, Democratic Republic of Congo and Seychelles.

#### **INCOME TAX / BASIC TAX DISCOUNT**

Anything like the last year's surprising **cancellation of the super-gross wage** has not occurred in 2021.

As of 1 January 2022, therefore, **the gross wage stays as the income tax base** which will be **assessed in 15% rate**, resp. in 23% rate if the income exceeds CZK 155,644 per month (this amount has increased according to the change of the maximum annual assessment base for employee social security).

The basic tax discount for an employee increases by CZK 3,000 up to **CZK 30,840 per year**.

#### **FURTHER PRACTICAL INFORMATION FOR 2022**

##### **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 immune amount**

As of 1 January 2022, normative housing costs increase from CZK 6,637 in 2021 to **CZK 6,815** in 2022. Increase of the amount of a living wage has occurred in April 2020 for the last time, since then it has been **CZK 3,860**.

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 8,006.25** (previously CZK 7,873 in 2021).

##### **Changes in executions**

Together with the above mentioned, there have also been several changes in the regulation of executions, being effective as of 1 January 2022, for instance: changes in the way for repayment (firstly the principal, secondly the interest and costs), termination of the

execution for unenforceability after 6 years or decrease of the penalties for unpaid health and social security insurance.

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

*According to the MoLSA announcement No. 495/2021 Coll., the amount of average wage in national economy over the period of 1<sup>st</sup> to 3<sup>rd</sup> quarter of 2021 was **CZK 37,047**.*

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 259,329** 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 2022, the obligatory contribution is **CZK 92,617.50**.

#### **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. 380/2021 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 2022, such hourly earnings will be as follows:

- ▲ **no more than CZK 227.15** – counting 90 %,
- ▲ **from CZK 227.16 to CZK 340.55** – counting 60 %,
- ▲ **from CZK 340.56 to CZK 681.10** – counting 30 %,
- ▲ **CZK 681.11 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 2022 are as follows:

- ▲ The maximum annual assessment base for employee social security is **CZK 1,867,728**.
- ▲ The decisive income for participation in sickness insurance stays the same, i.e. **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 2,187**.

#### **Unemployment, Re-training**

In accordance with the Act on Employment and the regularly amended implementing regulations, the maximum monthly amounts in 2022 are:

- ▲ **CZK 21,488** for the unemployment benefit,
- ▲ **CZK 24,081** for the re-training benefit,
- ▲ **CZK 8,100** as the maximum income allowing for registration as a job seeker at the Labour Office.

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