

Czechia

Payroll & Employment Law Guide

2026 Edition · Last updated October 14, 2026

The EU free-movement regime, the absence of an erga omnes collective-bargaining wage floor, and the JMHZ unified-filing reform

Overview

A reference for employing in Czechia

Foreign investors most often set up a společnost s ručením omezeným (s.r.o., a limited liability company) in Czechia. An investor targeting larger scale or a public listing chooses akciová společnost (a.s., a joint-stock company); an investor operating without a local entity registers a pobočka (branch, not a separate legal entity). Company registration and tax registration are separate steps; forming a company does not by itself create an employer record.

22,400 Kč	15% / 23%	24.8% EMPLOYER SOCIAL- SECURITY CONTRIBUTION RATE	4 weeks
2026 STATUTORY MONTHLY MINIMUM WAGE	PROGRESSIVE PIT BRACKETS SINCE THE 2021 SUPER-GROSS ABOLITION		STATUTORY ANNUAL LEAVE, PRIVATE SECTOR

WHAT THIS GUIDE COVERS

I	Setting Up and Doing Business	Foreign investors most often set up a společnost s ručením omezeným (s.r.o., a limited liability company) in Czechia.
II	Working Conditions and Leave Entitlements	Standard weekly working time is 40 hours under Section 79 of the Labour Code (262/2006 Coll.).
III	Tax and Social Security	Income tax is personal and progressive, with two brackets.
IV	Payroll Operations	The currency is the Czech koruna (CZK).
V	Hiring and Termination	A new hire requires a written employment contract (Labour Code Section 34) and ČSSZ registration on first hire.
VI	Compensation and Benefits	Czech employers have no obligation to raise wages automatically every year.
VII	Visas and Work Permits	Czechia has been an EU member since 2004, and EU/EEA/Swiss citizens have free-movement rights, meaning no work permit is required.
VIII	Practical Notes and Common Pitfalls	There is no statutory rule that an employment contract must be in Czech.
IX	Incentives and Employer Support Schemes	As a reminder from Section 3, the standard employer burden is 24.8% social security (ČSSZ) plus 9% health insurance.

I —

Setting Up and Doing Business

Foreign investors most often set up a společnost s ručením omezeným (s.r.o., a limited liability company) in Czechia. An investor targeting larger scale or a public listing chooses akciová společnost (a.s., a joint-stock company); an investor operating without a local entity registers a pobočka (branch, not a separate legal entity). Company registration and tax registration are separate steps; forming a company does not by itself create an employer record.

LEGAL FORMS AND REGISTRATION STEPS

STRUCTURE OR STEP	RULE OR AMOUNT	AUTHORITY
s.r.o. (limited liability company)	No minimum capital, minimum CZK 1 nominal contribution per partner, at least 1 partner	Obchodní rejstřík (Commercial Register)
a.s. (joint-stock company)	Minimum capital CZK 2,000,000 or EUR 80,000	Obchodní rejstřík
Pobočka (branch)	Not a separate legal entity, no separate capital registration	Obchodní rejstřík
Founding deed	Must be notarized (s.r.o. and a.s.)	Notary
Registration deadline	Application within 90 days of formation	Obchodní rejstřík
Tax registration	Corporate income tax, VAT where applicable	Finanční úřad (Tax Office)
Employer registry	Created when the first employee is hired	ČSSZ
Health insurance registration	Separate registration with each employee's chosen insurer	Zdravotní pojišťovna

Verify before payroll

Common pitfall at formation: Before registration, the relevant trade license (živnostenské oprávnění) must be obtained from the Živnostenský úřad. "Employer of Record" is not a separate legal category in Czech law; the functional equivalent of employing without a local entity is "agenturní zaměstnávání" through an agentura práce (temporary work agency) licensed by MPSV. Czechia has NO general e-invoicing (B2B) mandate; the old EET cash/card retail-tracking system was fully abolished on January 1, 2023, and the proposed "EET 2.0" is still in the legislative process and does not affect employer invoicing or payroll.

I —

Setting Up and Doing Business

Verify before payroll

Verify before payroll: Under the JMHZ reform, a new employer registration is expected to be filed at least 2 days before the first employee's start date (at the earliest, 15 days before). This transitional rule can change during 2026; confirm it against ČSSZ's current JMHZ page before applying.

II · WORKING CONDITIONS AND LEAVE ENTITLEMENTS

Standard weekly working time is 40 hours under Section 79 of the Labour Code (262/2006 Coll.). This averages 8 hours a day over a 5-day week. Shift-based production and underground mining, among other specific sectors, have a shortened statutory week of 37.5 or 38.75 hours. Czechia has NO sector-wide, legally extended (erga omnes) collective-bargaining wage regime comparable to Germany's Tarifvertrag or the Netherlands' CAO; a kolektivní smlouva binds only the employer/union that is party to it. The real wage floor is the minimum wage plus the complexity-banded zaručená mzda scale (Section 3).

OVERTIME AND PREMIUM RATES

SITUATION	PREMIUM
Overtime (přesčas)	At least 25% of average earnings, or compensatory time off
Night work (10 PM-6 AM)	At least 10% of average earnings
Saturday / Sunday work	At least 10% of average earnings
Public holiday work	Compensatory time off plus pay, or at least 100% cash premium by agreement
Difficult working conditions (per factor)	At least 10% of the minimum wage

II

Working Conditions and Leave Entitlements

ANNUAL LEAVE

CATEGORY	MINIMUM ENTITLEMENT
Private sector (general minimum)	4 weeks (20 working days in a 40-hour week)
Public / budgetary-sector employers	5 weeks
Pedagogical and academic staff	8 weeks

SICKNESS, MATERNITY, PATERNITY AND PARENTAL BENEFITS

SITUATION	DURATION / CAP	RATE AND PAYER
Sickness, days 1-3 (karenční doba)	Waiting period	No payment
Sickness, days 4-14	Paid by the employer	Náhrada mzdy, a share of the reduced base
Sickness, days 15-30	Paid by ČSSZ	60% of the reduced base
Sickness, days 31-60	Paid by ČSSZ	66% of the reduced base
Sickness, from day 61	Paid by ČSSZ	72% of the reduced base
Maternity pay (PPM)	28 weeks (37 weeks for multiple births)	70% of the reduced daily base
Paternity leave (otcovská)	2 weeks	70% of the reduced daily base
Parental allowance (rodičovský příspěvek)	Until the child turns 3, cap CZK 350,000 (CZK 700,000 for multiple births)	State social benefit

II

Working Conditions and Leave Entitlements

Verify before payroll

Verify before payroll: The rule that employer-ordered overtime is capped at 150 hours a year, with a weekly average (over a 26-week reference period) not exceeding 8 hours, is general legal knowledge; this guide could not confirm it against the exact current text of Labour Code Section 93. Confirmation of the 11-hour daily rest, the 24-hour weekly rest and the 30-minute break after 6 hours of work (Sections 90-92) should also be rechecked before publication. Whether the karenční doba (the unpaid 3-day waiting period) still applies in 2026 also rests on an older source and needs re-verification. The PPM eligibility condition is at least 270 days of sickness insurance in the 2 years before the birth; from July 1, 2026, a conditional extension also applies to women who had a previous birth within 4 years and were uninsured at the time of the new birth.

III · TAX AND SOCIAL SECURITY

Income tax is personal and progressive, with two brackets. Since 2021, the old "super-gross wage" mechanism (superhrubá mzda, which inflated the tax base by the employer's contributions) has been removed; as of 2026 the base is the flat GROSS wage (Income Tax Act 586/1992 Coll. Section 16, as amended by Act 386/2020 Coll.). Tax is withheld at source by the employer each pay period as a "záloha na daň" (tax advance); for most employees the employer performs a year-end settlement ("roční zúčtování"), which removes the need for a separate annual return.

INCOME TAX BRACKETS (2026)

TAX BASE BAND	RATE
CZK 0 - 1,762,812/year (CZK 146,901/month)	15%
Above CZK 1,762,812/year	23%

The threshold is recalculated each year as 36 times the average wage (2026: CZK 48,967/month). The basic personal tax credit is CZK 30,840/year (about CZK 2,570/month) and applies to every employee regardless of gross earnings. The solidarity surtax (solidární přirážka) that applied from 2008-2020 was fully abolished in 2021.

III —

Tax and Social Security

SOCIAL SECURITY AND HEALTH INSURANCE RATES (2026)

ITEM	RATE
ČSSZ social security (employer, standard employee)	24.8% (sickness 2.1 + pension 21.5 + employment policy 1.2)
ČSSZ social security (employer, hazardous occupations)	27.8% (rising to 28.8% in 2027, 29.8% from 2028)
ČSSZ social security (employer, emergency medical/fire personnel)	29.8%
ČSSZ social security (employee)	7.1% (pension 6.5 + sickness 0.6)
Health insurance (total / employer / employee)	13.5% total (9% employer + 4.5% employee)
Social security maximum annual assessment base (employer and employee)	CZK 2,350,416 (48 times the average wage)
Health insurance assessment base ceiling	None (removed since 2013)

ČSSZ (Česká správa sociálního zabezpečení) is the social security counterpart to the SGK. Health insurance, however, is a SEPARATE channel, run independently of ČSSZ by several competing zdravotní pojišťovna (the largest being the public VZP). If an employer's employees are registered with different insurers, the employer registers and pays each insurer separately. No employer or employee contribution is due above the social security ceiling; no such ceiling exists for health insurance.

III —

Tax and Social Security

MINIMUM WAGE AND ZARUČENÁ MZDA TIERS (2026)

TIER	HOURLY	MONTHLY (INDICATIVE)
Tier 1 (equal to the minimum wage)	CZK 134.40	CZK 22,400
Tier 2	CZK 161.30	(no indicative figure given)
Tier 3 (secondary source, needs confirmation)	CZK 188.20	CZK 31,360
Tier 4 (secondary source, needs confirmation)	CZK 215.10	CZK 35,840
Tiers 5-8	Not found in this guide	(no data)

The minimum wage rose by CZK 1,600 to CZK 22,400/month (CZK 134.40/hour) from January 1, 2026. Under the 2025 Senate reform, the minimum wage is now calculated automatically through a pre-set coefficient (43.4% of the average wage for 2026) instead of an annual ad hoc government decree, giving employers 2 years of advance predictability. Other employer levies: beyond the ČSSZ and health insurance contributions, Czechia has no separate fund comparable to an apprenticeship levy.

TAX AND CONTRIBUTION FILING/PAYMENT CALENDAR

ITEM	DEADLINE
Income tax advance (záloha na daň)	20th of the following month, Finanční úřad
Social security premium	Between the 1st and 20th of the following month, ČSSZ
Health insurance premium	Between the 1st and 20th of the following month, zdravotní pojišťovna
Annual vyúčtování (paper filing)	Last day of February of the following year
Annual vyúčtování (electronic filing)	March 20 of the following year

III

Tax and Social Security

Verify before payroll

Verify before payroll: In the zaručená mzda table, only Tiers 1 and 2 were confirmed against MPSV's official portal. Tiers 3 and 4 come from secondary sources, and Tiers 5-8 could not be found in this session at all. The full 8-tier table must be confirmed against the full text of MPSV's sdělení č. 356/2025 Sb. before it is used in any payroll decision. The JMHZ reform aims to progressively collapse the separate monthly filings an employer makes to ČSSZ, the health insurer and Finanční správa into one unified filing; the full transition timetable is live legislation during 2026.

IV · PAYROLL OPERATIONS

The currency is the Czech koruna (CZK). There is no mandatory pay cycle frequency; the Labour Code requires wages to be paid by the end of the following month, which makes monthly pay the de facto standard. Bank transfer is the common payment method, but an employer cannot pay into an account without the employee's written request, so the method is set out explicitly in the contract or internal rules.

PAYROLL AND REPORTING OBLIGATIONS

TOPIC	RULE	NOTE
Reporting channel 1	ČSSZ ePortál	Monthly social security filing
Reporting channel 2	Zdravotní pojišťovna's electronic portal	Monthly health insurance filing
Reporting channel 3	Finanční správa EPO/MOJE daně	Income tax advance plus annual vyúčtování
Payslip (výplatní páška)	Given in writing every pay period	Gross, deductions and net are mandatory
Record retention (mzdové listy)	At least 30 years from the end of the relevant year	Act No. 582/1991 Coll. Section 35a
Note for foreign employees	Payroll mechanics are the same for EU/EEA and third-country nationals	The only difference is the permit process (Section 7)

IV —

Payroll Operations

Verify before payroll

Note: Czechia has no single mandatory real-time payroll platform comparable to HMRC's RTI or a WPS; employers file separately across three channels. The JMHZ reform aims to progressively unify these three channels (Section 3). There is also some uncertainty around record retention: most sources state 30 years, while one secondary source claims it was extended to 45 years from 2023; the exact current text of Section 35a should be confirmed before relying on either figure. An A1 certificate is the mandatory tracking document for an employee posted from Czechia into another EU state (Section 7).

V · HIRING AND TERMINATION

A new hire requires a written employment contract (Labour Code Section 34) and ČSSZ registration on first hire. Also required are notification to the employee's chosen zdravotní pojišťovna and, for third-country nationals, completion of the Section 7 permit process. An oral contract is not legally void, but certain elements, such as a probationary period, are conditional on being in writing.

PROBATIONARY PERIOD AND NOTICE

SITUATION	RULE
Probationary period (general employee)	Maximum 3 months
Probationary period (managerial position)	Maximum 6 months
Standard termination notice (either party)	At least 2 months, starting on the 1st of the following month
Termination during probation	No notice period or compensation required

Fixed-term contracts are governed by the "3x3 rule": a fixed-term contract between the same parties can run for a maximum of 3 years and be renewed at most 2 times, for a maximum total of 9 years. A contract that exceeds this limit or fails to meet its conditions automatically converts into an indefinite contract.

V — Hiring and Termination

SEVERANCE PAY (ODSTUPNÉ)

REASON FOR TERMINATION	AMOUNT
Organizational termination, under 1 year of service	At least 1x average monthly earnings
Organizational termination, 1-2 years of service	At least 2x average monthly earnings
Organizational termination, over 2 years of service	At least 3x average monthly earnings
Inability to continue work due to a workplace accident or occupational illness	At least 12x average monthly earnings

Verify before payroll

Verify before payroll: The 3x3 rule and the severance table are consistent across several secondary legal sources, but those sources are weighted toward 2012-2016 and should be re-checked against the current 2026 text of Sections 39 and 67. Retirement age needs similar care: under the tiered system based on birth year, the statutory ceiling targeted for those born in 1988 or later is 67, the effective retirement age for men retiring in 2026 is roughly 64 years and 4 months, and the minimum insured period required is 35 years. These figures come from secondary sources; pension reform is politically contested in Czechia and subject to change, and should be confirmed against ČSSZ's official guidance before publication.

VI · COMPENSATION AND BENEFITS

Czech employers have no obligation to raise wages automatically every year. The minimum wage and the zaručená mzda tiers are updated annually by the government, and pay cannot fall below those tiers, but that is an update to a floor, not an automatic raise to an individual's wage.

VI —

Compensation and Benefits

PAY, BONUSES AND MEAL SUPPORT

ITEM	RULE	NOTE
13th-month pay (13. plat)	No statutory obligation	Becomes enforceable if written into a contract or collective agreement
13th-month pay market prevalence	About 40% of private-sector employees receive it	Typical amount CZK 22,000-46,000
Classic stravenka (meal voucher)	55% of the nominal value is a deductible employer expense; fully tax-free for the employee	Income Tax Act Section 24/2/j
Stravenkový paušál (cash meal allowance, 2026)	Tax-free for the employee up to CZK 129.50 per shift	CZK 123.90 in 2025
Health insurance contribution split	9% employer / 4.5% employee	Detail in Section 3

Verify before payroll

Benefits note: The stravenkový paušál cap is calculated as 70% of the domestic per-diem travel allowance ceiling, and can be paid for any shift in which the employee works at least 3 hours. Health insurance is not run by a single state body; as of 2026 it is managed by 7 competing zdravotní pojišťovna, which makes Czech health insurance an administrative channel separate from social security (ČSSZ).

VII · VISAS AND WORK PERMITS

Czechia has been an EU member since 2004, and EU/EEA/Swiss citizens have free-movement rights, meaning no work permit is required. This is entirely different from the UK's post-Brexit regime. For third-country (non-EU/EEA) nationals, the core instrument is the zaměstnanecká karta (employee card), a dual card combining residence and work permission.

VII —

Visas and Work Permits

VISA AND WORK PERMIT PARAMETERS

PARAMETER	VALUE	NOTE
EU/EEA/Swiss free movement	No work permit required	The employer files an information card with Úřad práce
Zaměstnanecká karta (decision time)	OAMP decision within 60 days	Ministry of Interior, Department for Asylum and Migration Policy
Zaměstnanecká karta (validity)	Maximum 2 years, renewable	Renewal application can be filed as early as 120 days before expiry
Modrá karta (EU Blue Card)	Higher education plus salary at least 1.5x the average wage	Maximum duration ranges 2-3 years depending on the source
Foreign worker quota	No numerical quota	Every vacancy must be registered in Úřad práce's central registry
A1 certificate (intra-EU posting)	Maximum 24 months, renewable on reapplication	Issued by ČSSZ, requires at least 1 month of Czech social security registration

Verify before payroll

Verify before payroll: Sources conflict on the maximum validity of the Modrá karta: one official brochure states 2 years, one law firm analysis states 3 years. The exact 2026 CZK amount for the 1.5x average-wage threshold could not be confirmed in this guide either. Both should be checked against MPSV's or the Ministry of Interior's official page before an application. Whether the reported amendments to EU Regulations 883/2004 and 987/2009 covering A1 certificates have actually entered into force could also not be confirmed here; breaching the notification duty carries a penalty risk of up to CZK 20,000. A worker on a dohoda o provedení práce (DPP) contract cannot receive an A1 certificate, because no social security contributions are paid under that contract type.

VIII · PRACTICAL NOTES AND COMMON PITFALLS

There is no statutory rule that an employment contract must be in Czech. In practice, though, all official communication with authorities (ČSSZ, Finanční správa, Úřad práce, the courts) must be in Czech or in a certified translation. The 3x3 rule from Section 5 is also Czechia's mechanism for automatic conversion from a fixed-term to an indefinite contract.

VIII —

Practical Notes and Common Pitfalls

DISABILITY EMPLOYMENT QUOTA (POVINNÝ PODÍL OZP)

Under Section 81 of the Employment Act (435/2004 Coll.), employers with more than 25 employees must have at least 4% of their total workforce made up of disabled individuals (OZP). This duty can be met in three ways: direct employment, purchasing goods or services from an employer or individual that employs OZP (náhradní plnění), or paying a graduated levy (odvod) to the state.

DIRECT EMPLOYMENT SHARE	LEVY MULTIPLIER ON THE REMAINING GAP
At least 3% met	1x the average wage
At least 1% met	2x the average wage
Below 1%	3.5x the average wage

This graduated regime has replaced the old flat-rate system (2.5x the average wage) since 2025. The levy is paid to the state budget through Úřad práce by February 15 of the following year.

Verify before payroll

What sets Czechia apart from the Gulf or non-EU model: Because Czechia is an EU member, the "foreign investment incentive body" or "localization quota" framework (Nafis/Tawteen style) found in the Egypt/UAE guides does not apply here. CzechInvest facilitates the application process for investment incentives (Section 9), but it is not a quota enforcer. The EU mobility layer (free movement, the A1 certificate) is covered in Section 7.

IX · INCENTIVES AND EMPLOYER SUPPORT SCHEMES

As a reminder from Section 3, the standard employer burden is 24.8% social security (ČSSZ) plus 9% health insurance. That totals 33.8% of earnings. Czechia has no direct counterpart to Turkey's SGK incentive catalogue (a 5-point contribution reduction, an additional hiring incentive, and the like): the Czech model is built on direct cash grants or contracts for specific groups, not contribution relief. A general "employer contribution relief" scheme, such as the UK's Employment Allowance, does not exist in Czechia.

IX —

Incentives and Employer Support Schemes

AVAILABLE SUPPORT MECHANISMS

SCHEME	SCOPE	HOW TO CLAIM
Chráněné pracovní místo (protected workplace)	Monthly support cap for OZP employment in 2026: CZK 18,600/person, plus workplace set-up support	Written agreement with Úřad práce
Kurzarbeit (podpora v době částečné práce)	A portion of lost wages is covered by the state when working hours are cut for economic reasons	Maximum 12 months, through Úřad práce
Rekvalifikace (retraining support)	Full or partial course cost reimbursement for an employer retraining an existing employee	Prior written agreement with Úřad práce
Investment incentive (labor component)	A grant per new job in high-unemployment regions, for example CZK 200,000	Centralized application through CzechInvest

Social security contribution relief is quite limited: a 5% reduction of the employer's assessment base applies to part-time employees under certain conditions, and a 6.5% reduction applies to the employee's base for working pensioners. There is no general France/Italy-style first-hire contribution exemption, and no regional or geographic general social security relief regime; regional support comes only through the investment incentive channel. Czechia has no free-zone regime, because it is a member of the EU Customs Union.

Verify before payroll

What does NOT exist: There is no general social security contribution reduction tied to hiring youth, women or disabled workers; the Czech system pays cash grants, not contribution cuts. There is no employer contribution exemption for a first hire. A Gulf-style localization or national-workforce quota incentive does not exist here, due to EU membership. There is also no apprenticeship-levy-style fund comparable to the UK's; apprenticeship support instead comes directly from the state budget through the project-based investment incentive channel. Unlike Turkey's SGK incentives, none of these schemes apply automatically at source through an incentive code during a payroll run; all of them require a prior written agreement and work on a after-the-fact reimbursement or offset basis.

Verify before payroll

Verify before payroll: The exact multipliers for setting up a chráněné pracovní místo and the current reimbursement rate for kurzarbeit were compiled from secondary sources in this guide; confirm both against MPSV's or Úřad práce's official page before relying on them.

**EOR & PAYROLL, HANDLED**

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No sector-wide collective-bargaining wage floor, a zaručená mzda guaranteed-wage scale layered on top of the minimum wage, a JMHZ unified monthly filing reform still rolling out, and a kurzarbeit short-time-work mechanism available outside any crisis declaration all shape how Czech payroll actually runs.

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MENA MARKETS

1

ONE COMPLIANCE OPERATION

0%

MISSED PAYROLL DEADLINES