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Information for clients

Czech Republic

October 17, 2023

Please find below an overview of important changes to the Labor Code that apply as of October 1, 2023, as well as new simplified rules for social security for employees working from another country that apply as of July 1, 2023.

Amendment to the Labor Code

Changes for temporary workers

- In the case of temporary workers, employers are subject to **similar obligations as for workers in an employment relationship** - e.g., the obligation to determine work shifts in advance in writing, to pay supplements for weekends or holidays, to give reasons for termination in writing, etc.
- As of **January 1, 2024**, temporary employees will also be entitled to **vacation** if they have been employed continuously for at least 4 weeks and have worked at least 80 hours

Remote work

- a written agreement on remote work must now be concluded with the employee; if a **written agreement** has not yet been concluded, this must be done by the end of October 2023
- in certain cases (e.g., pregnancy or caring for a child under the age of 9), the employee has the **right to request to work from home**, and the employer must comply with the request or provide reasons why the request cannot be granted
- the employee can now receive a **lump sum for working from home**, which is currently **CZK 4.60** per hour (this amount is exempt from income tax and is tax deductible for the employer)

Cross-border remote work

- as of July 1, 2023, simplified rules for determining the country of social security affiliation apply across the EU for workers who perform cross-border remote work, see table below
- simplification in that employees who work part-time for a foreign employer from their country of residence can remain insured in the employer's country under certain conditions
- one of the conditions is a joint **application by the employee and the employer**; the application can be submitted and repeated for a period starting July 1, 2023, for up to 3 years

Table: Determination of the state of insurance according to the extent of the employee's activity in the state of residence

Extent of the employee's activity in the country of residence	< 25 %	25 % - 49,9 %	>50 %
State of social insurance	Country of the employer (without application)	Country of residence OR Country of the employer (granted upon fulfillment of conditions)	Country of residence OR Country of the employer (granted upon fulfillment of conditions and approval of both countries)

- even if simplification is applied with regard to the employee's social security, the associated tax obligations in the employee's country of residence must always be examined, e.g. payroll tax obligations or the risk of creating a permanent establishment for the employer

We will be happy to assist you with the application of the new rules in the Labour Code, as well as with the correct structuring of cross-border activity.

Your AUDITOR Team

ING. JANA STŘELICKÁ
Tax advisor
T: +420 542 422 636
jana.strelicka@auditor.eu