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Information for clients

Czech Republic

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Reduction in social security contributions

As of February 1, 2023, employers may claim a reduction in social security contributions (employer's contributions) for certain employees in the amount of 5% per calendar month under the conditions specified by law.

The employer is entitled to the reduction for each employee who

- is over 55 years of age
- cares for a child under 10 years of age
- cares for a close person under 10 years of age who is dependent on the assistance of another person in classes I - IV,
- is preparing for a future profession by studying; (the period of study is considered to be the period of study up to the age of 26; correspondence, distance, evening and combined studies are not considered to be a period of study),
- started retraining as a job seeker in the 12 calendar months preceding the calendar month for which the reduction in social security contributions is claimed,
- is a person with a disability as defined in section 67(2) of the Employment Act, or is a person with health disadvantages, or
- is under 21 years of age.

If more than one reason for claiming the reduction is fulfilled for an employee, the employer may claim the reduction for an employee only once in a calendar month. In the case of several employment relationships, the reduction may be claimed only by one employer and only for one employment relationship.

The prerequisite for claiming the reduction is that the above-mentioned employees, with the exception of employees under the age of 21, are employed on a part-time basis, whereby the scope of the agreed part-time work cannot be less than 8 and more than 30 hours per week.

Only employees under 21 years of age are not subject to the requirement of part-time work.

The reduction cannot be granted if

- the sum of the employee's assessment bases from all employments he/she performs within the framework of an employment or service relationship with the same employer in one calendar month is higher than 1.5 times the average wage (Section 23b (4) of the Act on Social Insurance Contributions); in 2023, the average wage is CZK 40,324, i.e. 1.5 times the average wage is CZK 60,486 (at an hourly rate CZK 463.726);
- the employee's hours of work or service from all employments with the same employer (regardless of whether or not they result in participation in insurance), including periods that are considered to be work or service (section 348(1) of the Labor Code), exceed 138 hours in a calendar month; this condition does not apply to employees under the age of 21, as the agreement of reduced hours of work or service is not required for these employees.

Notification of the intention to claim the reduction

The employer must notify the intention to apply the reduction for a particular employee no later than the deadline for submitting the statement of social insurance contributions for the calendar month for which the reduction is claimed for that employee

The Social Insurance Institution shall keep a list of employers who have declared their intention to apply the reduction and the employees for whom the reduction is claimed. Using the Social Insurance Institution's e-portal (this option is only being introduced), the employer can check whether the intention to apply the reduction for an individual employee has already been registered or not.

Amount of the reduction

The reduction amounts to 5% per calendar month of the sum of the assessment bases of the employees for whom the reduction is claimed.

Application of the reduction

The employer shall claim the reduction for a given calendar month on the form "Summary of insurance contributions" by deducting the reduction from the insurance contribution for that calendar month. This form must also indicate the number of employees and information on the individual employees for whom the reduction is applied, as well as the sum of the assessment bases of these employees (for details, see the instructions for completing the form).

The reduction can only be deducted up to the due date of insurance contributions for the calendar month for which the reduction is claimed. Therefore, the reduction can only be claimed on a timely submitted "Summary of Insurance Contributions". After the deadline for submitting the overview, the reduction can no longer be claimed, this also applies if the employee submitted evidence of already existing facts to the employer late. In case of submission of the so-called subsequent overview of insurance contributions, which is submitted after the statutory deadline, the reduction applied on the regular overview submitted on time cannot be increased.

We will be very happy to assist you in implementing these regulations.

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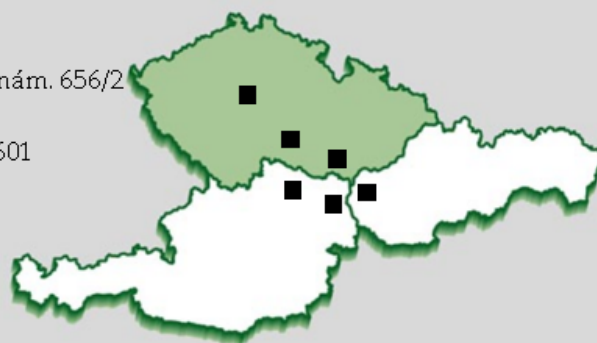
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