

CLIENT INFORMATION

Czech Republic
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Agreements on the performance of work and other news from 2025

Below we provide an overview of other important legislative changes that will apply from 2025. These amendments have already been approved by the Senate and are just waiting to be signed by the President and published in the Collection of Laws at the end of the year.

Agreements on the performance of work and employment of a small range

- For Agreements on the performance of work, the original intended concept of the so-called notified agreement, which was to apply from 1 January 2025 (as we informed you [here](#)) is being abolished.
- From **1 January 2025**, the following rules will apply to **Agreements on the performance of work**:
 - Social security and health **insurance premiums** will be paid in the month when the income reaches **CZK 11,500** (i.e., 25% of the average wage).
 - If the employee has not signed a Tax Declaration, income below CZK 11,500 will be subject to a **withholding tax** of 15%.
 - Agreements on the performance of work will be subject to social security and health insurance premiums and advance payroll tax on income of CZK 11,500 or more.
- In the case of employment of a small range, the insurance premium will be paid when the monthly income is **CZK 4,500** or more (i.e., 10% of the average wage). Income below this amount is subject to withholding tax.
- The obligation for employers to **report** all Agreements on the performance of work introduced from 1 July 2024 continues to apply (Income Statement form available [here](#)).

Discount on insurance premiums for working pensioners

- From 1 January 2025, working pensioners can claim a **discount on social insurance premiums**.
- The discount is **6.5%** of gross salary, which is the amount equivalent to the pension contribution.
- Similarly, a retired pensioner performing business activity can also claim the same discount of 6.5%.

Non-cash employee benefits from 1 January 2025

- With effect from 1 January 2025, **two separate limits** are introduced for the exemption of **non-cash employee benefits** instead of one aggregate limit:
 - The amount of **CZK 46,557** (= average wage) for **health benefits**, i.e. the purchase of goods or services of a medical, therapeutic, hygienic or similar nature from health care institutions or the purchase of medical equipment on prescription).
 - An amount of **CZK 23,278.50** (= 50% of the average wage) for **other leisure benefits** for culture, sport, recreation, books and education.
- Employers will thus be able to provide employees with a higher value of non-monetary benefits. As a reminder, there are no insurance premiums payable up to the amount which is tax exempt on the side of employees, and at the same time up to this amount the cost is treated as tax non-deductible at the employer.

Further changes from 2025

- The House will debate other amendments at the turn of the year, such as **prolongation the extended tax support for gifts, tax changes in cryptocurrencies trading, and modifying the taxation of employee stock and option plans** to allow employers to apply the old rules for taxation of such income, which was in effect until the end of 2023.
- We will keep you informed of these new developments once the legislative process is complete.

Your AUDITOR Team

Ing. Jana Střelická

Tax advisor

T: +420 542 422 636, jana.strelicka@auditor.eu

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