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CLIENT INFORMATION

Czech Republic

19 June 2024

News from 1 July 2024

On 1 July 2024, changes in the area of agreements on the performance of work, employee's benefits and employee's option plans come into force, following the amendment to the Investment Companies and Investment Funds Act published in the Collection of Laws on 19 June 2024.

Agreements on the performance of work (APWs)

- **The new regime** for payment of insurance premiums in respect of APWs is postponed until **1 January 2025**.
- However, from **1 July 2024** there is a new obligation to electronically notify Czech social security office about all APWs, including those on which no premiums are currently payable, by the 20th day of the following month (the first notification will be for July by 20 August 2024, form available [here](#)).
- If the employer is not **registered in the Employer Register**, it must register by **30 July 2024**.
- **Until the end of 2024**, the current rules apply for insurance premiums in respect of APWs, i.e. on remuneration up to CZK 10k per month per one employer, no insurance is due and if the employee did not sign the Declaration of taxpayer, the income is subject to withholding tax.
- **From 1 January 2025, new rules** will apply, whereby premiums will be due only from a so-called "notified" APW upon reaching the relevant monthly income (assumably CZK 11k in 2025). For other "non-notified" APW's premiums will be due upon reaching lower limit (assumably CZK 4.5k in 2025).

Changes in Employee's benefits

- **Pre-school childcare facility** - the valuation of the employee's non-cash income is the difference between the employee's payment and the amount that will either be set as a flat statutory amount (CZK 1,512 for 2024) or as the usual price charged in a "state" pre-school facility.
- **Meals for former retired employees** - the exemption for non-cash income in the form of meals will also apply to former retired employees up to the same limit as for other employees (CZK 116.20 for 2024).



- **Events organized by the employer** - the exemption of the benefit in the form of participation in a sporting or cultural event organised by the employer for employees or their family members has been explicitly extended to social events.

Employee's stock option plans

- From 1 January 2024, the taxation of income of the employee due to acquisition of company shares/options at a discounted price is deferred to a future date, e.g. when the shares are sold, when employment ends or 10 years after the acquisition of the shares/options.
- From 1 July 2024, the **moment of payment of insurance premiums is aligned** with the moment of taxation (up to now, the payment of insurance premiums was not deferred). At the same time, the assessment base for insurance premiums is aligned with the tax base.
- Further changes are expected in respect of Employee's stock option plans. We will keep you informed.

If you have any questions, we will be happy to help you.

Your AUDITOR team

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