

POSTING OF EMPLOYEES

A posted worker (an employee) is a worker (employee) who for a definite and limited period of time performs work in the territory of any EU member state other than the member state in which the worker (employee) usually performs the work. In case an employee of an employer based in one of the EU member states is sent to work within the framework of the transnational provision of services in the territory of the Czech Republic, such an employment must comply with the legislation of the Czech Republic, concerning the following issues:

- Maximum length of working hours and minimum length of breaks and rest;
- Minimum holiday entitlement in a calendar year or its adequate portion;
- Minimum wage, relevant minimum rate of guaranteed wage and bonuses for overtime work, rules and liability for payment of wage or salary of a posted worker;
- Occupational safety and health;
- Working conditions for pregnant employees, breastfeeding employees and employees up to the end of the ninth month after giving birth and minors;
- Equal treatment of male and female employees, ban on discrimination;
- Working conditions for agency employment.

The above mentioned is not applicable if the rights arising out of the legislation of the European Union member state, from which the employee is posted to perform work under the system of international provision of services, would be more favourable to the employee. The favourability is considered individually for each right arising out of employment relationship independently.

OBSTACLES TO WORK ON THE EMPLOYEE'S PART

If the employee is informed about a certain obstacle to work in advance, he/she has to ask the employer to provide time off. Otherwise, the employee is obliged to notify the employer of an obstacle and an estimated time of its duration without any undue delay; an obstacle to work must be proved by the employee. The employer shall excuse the employee from being at work for the duration of the important personal obstacles to work which temporarily hinder the employee from performing work on the employer's part, such as: temporary incapacity for work; quarantine; maternity or parental leave; caring for a child under the age of 10 years or any other member of the household; caring for a child under the age of 10 years or any other member of the household in cases provided by Section 39 of the Insurance Act and caring for a child under the age of 10 years for the reasons provided by Section 39 of the Insurance Act or for reasons where an individual who normally cares for the child had to undergo a medical examination or a treatment at a health care facility that was impossible to arrange outside of the employee's working hours and therefore the individual could not take care of the child.

Other important personal obstacles to work

If an employee cannot perform work for any other personal obstacles to work, the employer is obliged to grant this employee a leave

from work to the specified extent, and in specific cases, also compensation for wage or salary of the average earnings.

OBSTACLES TO WORK ON THE EMPLOYER'S PART

If an employee cannot perform work:

- because of a temporary defect the employee is not responsible for, or because of any other operating causes, it is regarded as dead time and if the employee is not transferred to other work the employee is entitled to the compensation for the wage or salary in the amount of at least 80 % of average earnings;
- as a result of interruption of work caused by bad weather or a natural disaster and if the employee is not transferred to other work, the employee is entitled to the compensation for the wage or salary in the amount of at least 60 % of average earnings.

If an employee cannot perform work due to any obstacles to work on the employer's part other than dead time and interruptions of work caused by bad weather or a natural disaster, the employer is obliged to pay the employee a compensation for the wage or salary in the amount of average earnings. In cases when the employer without his fault is not able to ensure temporarily sufficient work for the employee to the extent of the stipulated weekly working hours for the reasons of temporary reduction of sales of his products or reduction in demand for his services, the employer shall compensate the employee for the wage in the amount of at least 60 % of average earnings provided that this obstacle to work and the reduction of the compensation are subject to an existing agreement between the employer and the trade union organization. If the trade union organization is missing, the agreement between the employer and the trade union organization may be constituted by an internal regulation.

EQUAL TREATMENT AT THE WORKPLACE

Employers are obliged to ensure equal treatment of all employees with respect to their working conditions, remuneration for work, provision of any other pecuniary payments and performance of monetary value, specialist training, opportunity to achieve a professional or other promotion, etc. The employer must avoid making differences in pay between individual employees who perform the same work or work of the same value. The employer also cannot differentiate between employees when granting various benefits (e.g. meal vouchers, contributions in insurance of employees, etc.). No discrimination is allowed in employment relationships. An employee has the right to be treated equally as other employees and to not be discriminated against because of race, ethnic origin, nationality, sex, sexual orientation, age, handicap, religion, belief or world opinion.

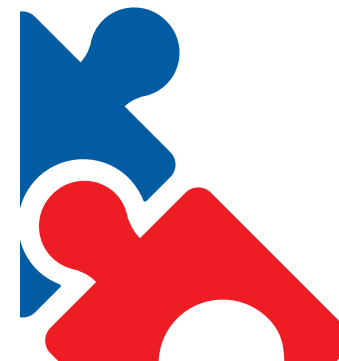
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BASIC INFORMATION FOR FOREIGNERS ON EMPLOYMENT REGULATIONS APPLICABLE IN THE CZECH REPUBLIC

I.



FORMATION AND CHANGING OF EMPLOYMENT

Employment is established by a contract of employment made by and between an employee and an employer. **The Contract of employment:** shall be made in writing; in the contract of employment the employer is obliged to agree with the employee on a certain job title, place of work and the date of commencement of the employment. If the contract of employment does not include provisions of rights and obligations arising out of the employment, the employer is obliged to notify the employee of them in writing within one (1) month from the formation of the employment. The **Probationary period** shall not be longer than three (3) consecutive months from the date of the formation of the employment, and no longer than six (6) consecutive months for chief officers; it cannot be extended additionally and its duration cannot be longer than one half of the agreed period of the employment. **Duration of employment:** we distinguish between two types of employment: employment for an indefinite period of time where the duration of the employment is not limited and fixed-term employment where the duration of the employment is limited. **Changing of employment:** a contract of employment may only be altered in writing and upon mutual agreement of the employer and the employee.

AGREEMENTS TO PERFORM WORK AND TO COMPLETE A JOB BEYOND EMPLOYMENT

The employer and the employees may enter into an Agreement to Complete a Job for a maximum of 300 hours per year or an Agreement to Perform Work provided that the scope of such work does not exceed a maximum of one half of the determined weekly working hours. Both agreements must be concluded in written form.

TERMINATION OF EMPLOYMENT

Employment may be terminated only by:

Agreement: The agreement shall be made in writing and shall include a date of the termination of employment agreed upon by both parties.

Notice: The notice of termination shall be made in writing and delivered to the other party. Employment shall terminate no sooner than after the expiration of the notice period which must be at least two months, excepting a notice given by the employee in relation to the devolution of rights and duties arising out of the employment.

The **employee** can hand in his/her notice to the employer for whatever reason or without stating a reason. The **employer** can give notice to the employee only for a reason stipulated by the Labour Code. **The employer shall not give notice to the employee during the protective period.**

Immediate cancellation: the employment may be cancelled immediately by the employee, or the employer, for reasons stipulated in the Labour Code; immediate cancellation of the employment must be made in writing and no notice period is provided in this case, but the employment is terminated immediately upon its delivery.

Termination during probationary period: Both the employer and the employee may terminate the employment during the probationary period for whatever reason or without stating a reason. Employment cannot be terminated during the probationary period within the first 14 days of temporary incapacity for work. The termination of employment during the probationary period shall be made in writing. Employment shall then terminate on the day of the written notice delivery, unless any later date is specified in this written notice.

Lapse of an agreed time in the fixed-term employment.

Employment terminates upon death of an employee.

Employment of foreigners terminates on the day of expiration of their residence in the Czech Republic on the basis of an enforceable decision on revocation of the resident alien permit rendered by a competent authority, on the day when a judgement of the court imposing the sentence of expulsion from the Czech Republic comes into effect, or by the expiration of the time allowed by the employment permit.

In some cases, an employee is entitled to a **severance pay** upon termination of his/her employment.

At the termination of employment the employer is obliged to issue a **proof of employment** for the employee.

THE EMPLOYER FAILED TO PAY A WAGE TO AN EMPLOYEE

In case the employer fails to pay a wage to an employee within a due date determined by the employer, the employee:

- shall serve a written request to the employer to pay the owed amount, including the specified due date;
- is entitled to cancel the employment with immediate effect if the wage is not paid within 15 days after the due date (e.g. the wage for January is due by the end of February then the immediate cancellation is possible on 16 March at the earliest);
- can submit a complaint with a proposal for an inspection to the relevant inspectorate;
- can bring an action for the owed amount to a competent court;
- can appeal to the Labour Bureau in case of the employer's insolvency.

WORKING HOURS

The length of the determined weekly working hours must not exceed 40 hours. Employees who work on a two-shift schedule must not exceed 38.75 hours per week. Employees who work under ground and extract coal, ores or non-metallic raw materials, or work on the construction of mines, or who are engaged in geological prospecting on mining sites, and also employees on a three-shift or continuous work schedule must not exceed 37.5 hours per week. With employees under the age of eighteen (18) years, the length of a shift for each day must not exceed 8 hours a day and in case of two or more employment relationships, the length of weekly working hours must not exceed 40 hours per week in total. The length of a shift must not exceed 12 hours. A **Work break** is provided to an

employee who has been working continuously for a maximum of six hours (after a maximum of 4.5 hours of continuous work for minors) and such a break lasts at least 30 minutes. A **Continuous rest** between individual shifts must be at least 11 hours (12 hours for minors) within 24 consecutive hours. A continuous rest in a week within every period of seven consecutive calendar days must be at least 35 hours (48 hours for minors). Overtime work may be taken only in exceptional circumstances. Any mandated overtime work must not exceed an average of 8 hours per week within a period of 26 consecutive weeks (52 weeks if specified in a collective bargaining agreement) and 150 hours within one calendar year. **Overtime work** beyond the scope mentioned above may be required only if agreed upon by the employee.

HOLIDAY ENTITLEMENT

Annual holiday entitlement of an employee is at least 4 weeks a calendar year. The employee with continuous employment with the same employer having performed his/her work for at least 60 days in one calendar year is entitled to the annual holiday. **Holiday entitlement for days worked** is one twelfth of the annual holiday for every 21 days worked. **An additional holiday** is provided for a specific group of employees engaged in particularly hard work. When an employee performs such work for the entire calendar year, he/she is entitled to 1 week of additional leave, otherwise there is entitlement to one twelfth of the additional holiday for every 21 days worked. **Reduction of holiday entitlement** is made in the case that an employee did not work due to obstacles to work which for the purpose of holiday entitlement are not considered a performance of work. The holiday entitlement is then reduced by one twelfth for the first 100 missed shifts and again by one twelfth for every further 21 working days (shifts).

AGENCY EMPLOYMENT

An employment agency **cannot temporarily assign an employee** who is a holder of an employment card, a blue card or an employment permit (foreigners outside the EU).

An employment agency temporarily assigns its employee to perform work for a client on the basis of a **temporary assignment agreement** entered into by and between the agency and the client. The agreement must be in writing. The employment agency assigns an employee to perform temporary work with the client on the basis of a written order which must contain the following elements: corporate name and registered office of the client, place of work, duration of the temporary assignment, specification of a person in charge who will be authorized to impose tasks and jobs on the employee and check them, conditions of a unilateral statement of finishing the work before expiration of the temporary assignment, information about working conditions, and wage or salary conditions for a comparable employee of the client. The employment agency and the client are obliged to secure that the **working and wage conditions** for the temporarily assigned employee are not or would not be worse than those under which a comparable employee works or would work. **Time of temporary assignment** to perform work for the same client shall not exceed 12 consecutive calendar months.

areas without a serious reason pertaining to the special nature of the employer's business activity. Namely, the employer shall avoid either explicit or secret pursuing, observing, monitoring or recording of the employees and their phone calls, checking their e-mails or other correspondence addressed to an employee. The employer is not allowed to observe his employees at work through the surveillance camera system unless a serious reason exists, pertaining to the special nature of the employer's business activity. The serious reason pertaining to the special nature of the employer's business activity is not usually established or constituted during the production of ordinary products. The employer shall not require any information which does not closely relate to the performance of work and to the employment relationship of an employee.

STATE LABOUR INSPECTION OFFICE INFORMATION CONCERNING THE ISSUE OF EMPLOYMENT

Illegal work is defined by the Act on Employment as a performance of a dependent work (employment) by an individual, or a foreigner without an employment permit or resident alien permit or performed contrary to such a permit (in cases where the permit is required by virtue of applicable legal regulations), beyond the frame of a labour-law relationship. Dependent work is defined by the Labour Code as work performed in the relation of superiority of the employer and subordination of the employee, on behalf of the employer, in accordance with the employer's instructions, and provided the employee performs it personally. A wage, salary or remuneration is paid for the work under the employment. Such dependent work is performed at the expenses and responsibility of the employer, in working hours at the workplace or any other agreed place. The dependent work may be performed exclusively within the basic labour-law relationship; the basic labour-law relationships are called employment (established by the contract of employment) and legal relationships established by the agreement to perform work or the agreement to complete a job.

COMPETENCE OF LABOUR INSPECTION AUTHORITIES

Act no. 251/2005 Coll. on Labour Inspection, as amended, regulates the establishment and status of the labour inspection authorities as inspection bodies in the area of employment, maintaining and protecting the labour-law relationships and working conditions powers and competence of the labour inspection bodies, rights and obligations of inspectors and persons inspected and sanctions imposed for a breach of stipulated obligations.

The State Labour Inspection Office and regional inspectorates are authorized:

- to inspect whether employers are observing all obligations arising out of the applicable legal regulations;
- to require removal of any defects found during the inspection;
- to impose sanctions.

The State Labour Inspection Office and regional inspectorates are not authorized:

- to solve satisfaction problems of individual entitlements of employees towards the employer (e.g. demanding wages, applying for proofs of employment, solving disputes about legal act's invalidity such as termination by notice, non-recognition of an occupational accident, etc.);
- to issue opinions and interpretations on the individual provisions of the labour-law and employment regulations.

What can be done by an employee if he/she thinks the employer does not observe the labour-law regulations?

- the employee may take advantage of the consulting days and appear in person at the nearest regional labour inspectorate;
- the employee may send a query by e-mail;
- the employee may submit a complaint for an inspection.

Information is available at the State Labour Inspection Office web site -www.suip.cz/pracovnepravni-vztahy/kompetence-organu-inspekce-prace/

The State Labour Inspection Office has issued information materials and leaflets concerning selected topics of the Labour Code. Information is available at the State Labour Inspection Office web site -www.suip.cz/informacni-materialy/pracovnepravni-vztahy

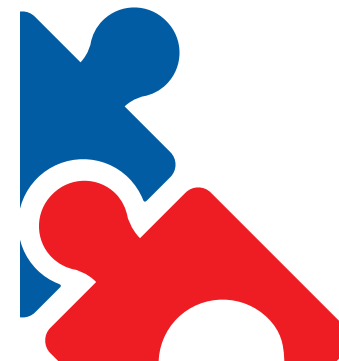
Any further information about the activity of the State Labour Inspection Office in the area of protection of employment relationships and working conditions, the inspections specified in the Act on Employment and in the area of occupational safety and health are available at the following website: www.suip.cz or the regional labour inspectorate's addresses which are placed on that website.

What office can a foreigner employed in the Czech Republic contact if he/she **feels exploited by the employer?** (The employer pays only a very low wage or retains his/her wage, forces the employee to work under demeaning conditions, does not respect his/her fundamental rights constituted by the Labour Code, intimidates the employee, seizes his/her documents).

- emergency help service – specialized non-profit organization La Strada ČR, o. p. s., www.strada.cz,
- unincorporated association Centrum pro integraci cizinců (Centre for Integration of Foreigners), www.cicpraha.org,
- non-profit organization Sdružení pro Integraci a migraci (Association for Integration and Migration), www.migrace.com.

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BASIC INFORMATION FOR FOREIGNERS ON EMPLOYMENT REGULATIONS APPLICABLE IN THE CZECH REPUBLIC II.



REIMBURSEMENT OF TRAVEL COSTS

Travel costs incurred in relation to the performance of work are any expenses spent by the employee during his/her business trip, a trip outside the regular place of work and a trip realized in relation to an extraordinary performance of work beyond the rota schedule in the place of work or regular place of work, further in relation to the employee's transfer, temporary assignment, commencement of employment, or performance of work in a foreign country. The terms and conditions that can affect the reimbursement of the travel costs and their amounts (date and place of commencement, the end of the business trip, place of fulfilment of the work tasks, means of transport and accommodation), shall be specified by the employer in advance in writing, taking the legitimate interests of the employee into account. The employee who performs work for his/her employer on the basis of the agreements to perform work or to complete a job is entitled to such a reimbursement of travel costs only if this right has been arranged in the relevant agreement as well as the regular place of work of the employee. The employer is obliged to provide an accountable payment in advance of the business trip up to the expected amount of travel costs. However, he may agree with the employee that the payment in advance will not be provided. The reimbursement of travel costs applies to any use of the determined means of public transport in the proven amount or in the amount equivalent to the price of travel by the determined means of transport. If the employee, at the request of the employer, uses his or her own road motor vehicle, the employee is entitled to receive a basic rate reimbursement for every 1 km of the ride and reimbursement for the fuel used.

Reimbursement of travel costs to visit a family member

In case of a trip taking longer than 7 calendar days, the employee is entitled to the reimbursement of travel expenses to visit a family member in his/her place of residence or in any other place agreed on in advance and then back again, in the reasonable amount maximum equivalent to the travel costs into the place of work or regular workplace or place of residence within the Czech Republic; the amount which is most favourable for the employee is deemed limiting. The employer shall provide this reimbursement during the fourth week from the beginning of the business trip or from the last visit of a family member at the latest, unless they agree on a shorter period.

Reimbursement of accommodation costs

The employer shall reimburse the employee's accommodation costs in the provable amounts.

Meal allowance

The employer shall provide the employee working for employers in the business branch with a meal allowance for each calendar day of the business trip in the minimum amount as follows:

- CZK 72.00 if the business trip takes 5 to 12 hours;
- CZK 109.00 if the business trip is longer than 12 hours but up to a maximum of 18 hours;

- CZK 171.00 if the business trip is longer than 18 hours.

If during the business trip a meal (breakfast, lunch or dinner) is supplied to the employee to which he/she does not contribute financially the employer is then entitled to reduce the meal allowance for each free meal as follows:

- 70 % of meal allowance if the business trip takes 5 to 12 hours;
- 35 % of meal allowance if the business trip is longer than 12 hours but up to a maximum of 18 hours;
- 25 % of meal allowance - over 18 hours.

Reimbursement of necessary incidentals

In relation to the business trip the employee is further entitled to the reimbursement of any necessary incidentals in the amount proved by the employee or corresponding to the cost of things and services usual at the time and place of the business trip (parking fees, ferry fares, phone charges, charges for sending a telegram, fax, etc.).

REMUNERATION FOR WORK AND REMUNERATION RESULTING FROM AGREEMENTS

For work duly performed an employee is entitled to a wage, salary or remuneration from the relevant agreements to perform work or from agreements to complete a job. A wage and a salary are paid according to the difficulty, responsibility and complexity of work, according to the demands of working conditions, work efficiency and work results achieved. All employer's employees are entitled to the same wage, salary or remuneration resulting from the relevant agreements for the same work or work of the same value. It is payable upon the due performance of work, in the calendar month following the month in which the employee's entitlement to the wage, salary or remuneration or any of their components was created at the latest. Minimum wage is the lowest permissible amount of the remuneration for work. For this purpose, a wage or a salary does not include any bonuses for overtime work, for work on public holidays, night work, work in worsened working environments and for work on Saturdays and Sundays. The basic rate of the minimum wage is CZK 12,200 for 40 hours of work per week, i.e. CZK 73.20 per hour. Should the wage, salary or remuneration from the relevant agreements not reach the minimum wage the employer is obliged to pay the employee a supplement. A guaranteed wage is a wage or a salary to which the employee has become entitled in accordance with the Labour Code, contract of employment, internal regulation or pay sheet. The lowest level of the guaranteed wage must not be lower than the amount of the basic minimum wage. If the wage or salary of the lowest level does not reach the level of the guaranteed wage the employer is obliged to pay the employee a supplement.

WAGE

Wage is agreed upon in a collective agreement, contract of employment or any other contract or agreement, or alternatively it is specified by the employer in an internal regulation or a pay sheet. On the

date of commencement of the employment, the employer is obliged to issue a written pay sheet for the employee, which shall include information on the method of remuneration and the date and place of payment, unless they are contained in the contract of employment or an internal regulation. In case of any changes in the facts stated in the pay sheet the employer is obliged to notify the employee of such a change in writing no later than on the day this change comes into effect. An attained wage and a bonus or time off shall not be awarded if the wage is agreed upon considering and including also overtime work on the condition that a scope of the overtime work must be agreed on at the same time. **In case of overtime work**, an employee is entitled to a wage and a bonus of at least 25 % of average earnings or time off in lieu of money for the overtime work. **For work on public holidays**, an employee is entitled to the relevant wage and time off with wage compensation up to the amount of average earnings or a bonus to the attained wage in the amount of at least average earnings. **For night work**, an employee is entitled to the attained wage and a bonus of at least 10 % of average earnings unless the parties agree otherwise. **For work in a worsened working environment** an employee is entitled to the attained wage and a bonus of at least 10 % of the basic minimum wage for each impact worsening the environment. **For work on Saturdays and Sundays**, an employee is entitled to the attained wage and a bonus of at least 10 % of average earnings. However, a different minimum amount or a method of bonus determination may be agreed on.

WAGE FOR PERFORMANCE OF OTHER WORK

If an employee is transferred to another position than what was agreed on between the employee and the employer and for this work a lower wage is awarded, the employee is entitled to the payment of the supplement up to the difference between his/her average earnings attained before the transfer and his/her earnings after the transfer.

REMUNERATION FOR BEING ON-CALL

An employee is entitled to the remuneration of at least 10 % of average earnings for the time of being on call.

REMUNERATION RESULTING FROM AGREEMENTS

The amount of remuneration resulting from an agreement and the conditions for its provision are negotiated in an agreement to perform work or an agreement to complete a job and the amount of remuneration must not be lower than the minimum wage.

PROTECTION OF PERSONAL RIGHTS OF EMPLOYEES AND PROTECTION OF EMPLOYER'S PROPERTY INTERESTS

Employees are forbidden to use any production or working devices, tools and equipment of the employer, including computers and telecommunication equipment, for their personal needs without the consent of the employer. The employer shall not in any case invade the privacy of an employee at the workplace and in common