

GMS Flash Alert

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Czech Republic – Social Security Premiums Discounted for Part-Time Jobs

From 1 February 2023, a discount of 5 percent is being allowed by the Czech government on employer’s social security premiums for selected part-time employees.

WHY THIS MATTERS

The discounted employer’s social security premiums should promote the employment of persons who cannot work full-time due to age or various life situations. In some cases, multi-national employers will be able to lower their employment costs in respect of certain cross-border workers who are working for them part-time and subject to Czech social security.

Details

An amendment of the “Act on Social Security and State Employment Policy Contributions”¹ has introduced a discount on insurance premiums for selected employees in part-time employment or service relationships.

This involves a discount on the part of the insurance premium paid by the employer, i.e., from the current 24.8 percent of the assessment base to the new 19.8 percent, which applies to the employer and not to the employee.

The employer will be able to apply a monthly social security contribution discount of 5 percent of the aggregate of the assessment bases of employees in part-time service or employment relationships under all the following conditions:

- working hours shall be at least eight hours but not more than 30 hours per week;
- the employee’s assessment base arising from all jobs with the same employer does not exceed 1.5 times the average wage;

- their assessment base for all jobs with the same employer attributable to one hour of the total hours worked in a calendar month does not exceed 1.15 percent of the average wage.

The amendment contains further specific conditions for applying the discount. Selected categories of employees will include, e.g.:

- persons above the age of 55 years;
- parents caring for children younger than 10 years of age;
- persons caring for a close person under 10 years of age who is dependent on the help of another person;
- people with disabilities;
- persons undergoing "retraining" or "qualification" (in other words, training for a different job or qualification).

The discount shall also apply to employees under the age of 21 regardless of the extent of their agreed working hours.

Should employees hold multiple jobs with the same employer, it will only be possible to claim the discount for one job of the employee. If an employee is employed by more than one employer in a given calendar month, only the employer applying for the discount first may claim the discount.

Another condition is that employers notify the Czech Social Security Administration of their intention to apply the discount using the prescribed form within the deadline for submitting the overview of premiums paid for the calendar month for which the discount is claimed. The discount shall be deducted from the total premium for that month. The employer must also keep records of the employees for whom the discount is claimed.

The amendment also introduces an information obligation of employees towards their employer so that the employer has the information necessary to claim the monthly premium reduction. Under the amendment, if the employee fails to meet the information obligation or deliberately provides incorrect information to the employer and the premium discount is thus incorrectly applied, the employer may require the employee to pay the resulting penalty.

FOOTNOTE:

1 "Act No. 261/2022 Coll." which changes "Act No. 589/1992 Coll. on Social Security contributions and State Employment Policy Contributions" (see link (in Czech): [Zákon, kterým se mění zákon č. 589/1992 Sb., o pojistném na sociální zabezpečení a příspěvku na státní politiku zaměstnanosti, ve znění pozdějších předpisů, a další související zákony](#)).

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Contact us

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