

GMS Flash Alert

Immigration

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Czech Republic – Free Access to Labour Market for Nationals of Nine Countries

The Czech Republic introduced a change in the Employment Act that will bring, among other things, an extension to the list of exemptions applying to a foreign national's obligation to have a relevant permit to work in the Czech Republic; the category 'citizens of selected countries' was added¹. The government has now adopted a regulation specifying the list of countries to which the exemptions will apply from 1 July². Citizens of the listed countries will benefit from a simplified immigration process, although they will still need a residence permit.

WHY THIS MATTERS

- Free access to the labour market for selected nationals.
- Simplified process for both the individuals and their employers in the Czech Republic.
- No government approval for work required.
- The requirement of a visa / residence permit, however, still remains in place.

The upcoming change can be seen as a pursuit for more workforce to be relocated to the Czech Republic. Due to the ongoing shortage of skilled labour, the government is exploring ways to simplify the immigration process and make the Czech Republic a favourable country in the eyes of potential employees.

“Free” Access to Labour Market – List of Countries

The update of the Employment Act occurred a while back and the extension of the list of exemptions from the work permit obligation was one of the major changes. It was, however, necessary to define the “selected countries” as the Act itself created the space for the government to decide the final country list. The Act assumes that the government would define the list within a decree, and such was finally approved and published on 5 June 2024.

The list entails several countries, all of which were more or less expected to be the pilots – Australia, Canada, Israel, Japan, the Republic of Korea, New Zealand, Singapore, the United Kingdom of Great Britain and Northern Ireland and the United States of America. These countries already had special treatment given that there is a visa-free regime with the Czech Republic in place. The list originally included Taiwan, but it was finally dropped due to the political understanding of the term “state.” However, this final change was done with a view to include Taiwan on the list in the future once the terminology issue is resolved.

Simplified Immigration Process

The free access to the labour market applies both to foreign nationals employed locally in the Czech Republic and to posted workers as well. It is crucial to point out that the change affects only the work authorisation. As citizens of non-European Union (EU) countries the listed individuals will still be required to arrange for a relevant visa / residence permit if they intend to stay and work in the Czech Republic. Although the listed countries have a visa-free regime with the Czech Republic, this benefit cannot be used for profitable activities. Therefore, even short-term (under 90 days) employments / assignments require an appropriate Schengen visa be arranged.

For stays over 90 days, existing residence permit options remain in place. However, if an individual chooses to apply for an Employee Card, it will be issued in a so-called “non-dual regime,” meaning that it covers only the right to stay, as work does not require any government authorisation anymore. This includes also the changes in employment specifics, such as employer, position, and/or workplace, where government approval will no longer be needed. Moreover, employers will not need to report vacant positions for Employee Cards to the Labour Office to run the labour market test. Finally, all existing Employee Cards previously issued in a dual regime will automatically transfer to non-dual on 1 July 2024, with no steps required to be done by their holders.

KPMG INSIGHTS

It is important to note that holders of Blue Cards and ICT cards will not be affected by this change as these permits are not being issued in a non-dual regime. Therefore, all existing rules applicable for these permits remain in place.

It is also important to emphasise that the need to obtain a residence permit does not only concern foreign nationals. If a foreign national performs work without a valid residence permit, it is considered illegal employment, for which the employer is liable to a fine of up to CZK 10 million and other sanctions.

Although free access to the labour market for the above-defined foreign nationals is a significant and positive change, the need to obtain residence permits will still make their employment more complicated than for EU citizens. From our discussions with the authorities, we understand that no relaxation of the residence rules is currently being considered.

FOOTNOTES:

1 For the text of *Zákon č. 435/2004 Sb., o zaměstnanosti*, see: <https://www.zakonyprolidi.cz/cs/2004-435/zneni-20240701>.

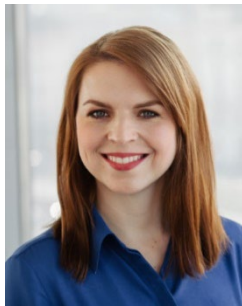
2 For the text of *Usnesení vlády č. 359/2024 Sb., o stanovení seznamu států, u jejichž občanů se nevyžaduje k zaměstnání nebo výkonu práce povolení k zaměstnání, zaměstnanecká karta, karta vnitropodnikové převedeného zaměstnance nebo modrá karta*, see: <https://www.odok.cz/portal/zvlady/usneseni/2024/359/>.

Contact us

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