

GMS Flash Alert

Global Compensation

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Czech Republic – Key Employee Tax and Social Security Changes in 2026

A number of important legislative changes came into effect 1 January 2026 that will have an impact on employees and employers in the Czech Republic. The amendments introduce new thresholds for personal income tax and social security, increase the minimum wage, and revise benefit exemption limits.

WHY THIS MATTERS

The changes, specifically the new single monthly employer reporting requirements, are expected to fundamentally change the way employers report data to social security authorities, as well as to other Czech Republic authorities. These changes are likely to require significant operational adjustments to help support compliance.

More Details

Increase in maximum annual assessment base for social security contributions and progressive tax threshold¹

For 2026, the maximum annual assessment base for social security contributions has increased to CZK 2,350,416. Once this income threshold is reached, no further social security contributions are paid by the employee or employer.

At the same time, the threshold for applying the 23 percent tax rate has increased to an annual income over CZK 1,762,812, which corresponds to a monthly income over CZK 146,901. Income below this threshold continues to be taxed at a rate of 15 percent.

Agreements on work outside employment

The decisive income for participation in sickness insurance has increased to CZK 12,000 per month. If this threshold is reached, the income from the agreements on work outside employment is subject to social security and health insurance contributions.

Increase in minimum wage²

From January 2026, the minimum wage has increased from CZK 20,800 to CZK 22,400 for a set weekly working time of 40 hours, with an hourly minimum wage of CZK 134.40. As a result, the minimum monthly assessment base for employees' health insurance is also higher.

Increase in limit for exemption of non-financial benefits

From 1 January 2026, the limits for the exemption of health- and leisure-related employee benefits have increased. Benefits not exceeding these limits are not subject to taxation and social security and health insurance contributions on the part of employees.

The limit for the exemption of health-related benefits has been set for 2026 at the level of the average wage, i.e., CZK 48,967; the limit for the exemption of leisure-related benefits is set at 50 percent of the average wage, i.e., CZK 24,483.50.

Changes in domestic and foreign travel allowances³

From 1 January 2026, the minimum basic allowance for the use of a personal motor vehicle on a business trip has changed from CZK 5.80 to CZK 5.90 per kilometre. Meal allowances for domestic and some foreign business trips (obligatory under the Labour Code) have also increased.

Lump-sum compensation for remote work⁴

The lump-sum compensation for expenses related to remote work (home office), which employers might need to provide under the Labour Code (unless they agree with employees otherwise), has decreased from CZK 4.80 to CZK 4.70 per hour.

Employee meal allowances

Both financial and non-financial meal allowances (non-obligatory employee benefits) are exempt up to an aggregate of 70 percent of the upper limit of the meal allowance that can be provided to salaried employees for domestic business trips of 5 to 12 hours. For 2026, an allowance of CZK 129.50 is therefore exempt.

The meal allowance exemption is conditional upon the employee having worked at least three hours per shift; employees without a set shift (e.g., statutory bodies) might need to work at least three hours per calendar day. At the same time, employees may not be entitled at the same time to an obligatory meal allowance as part of a travel allowance.

Employees are entitled to an additional exempt allowance (in the same amount) if the total shift, including breaks, exceeds 11 hours (employees without a set shift could work at least 11 hours per calendar day).

Single monthly employer reporting (JMZH)⁵

The single monthly employer reporting (JMZH) is expected to fundamentally change the way employers report data to social security authorities and many other authorities included in the system.

The JMZH is set to replace the monthly reports to the Czech Social Security Administration (ČSSZ) and consolidate a number of reporting obligations into a single electronic submission to be filed once a month, always between the first and the 20th day of the following month.

In the transitional period from January to March 2026, no reports are likely to be submitted. During this period, employers might only pay social security contributions. The reports for this period are expected to be

submitted between 1 April and 30 June 2026. The first standard JMHZ might be submitted for the month of April 2026, i.e. between 1 and 20 May 2026.

The JMHZ does not cover health insurance. In 2026, employers are therefore expected to submit regular monthly overviews and notifications to health insurance companies as they have done in the past.

Abolition of withholding tax for tax non-resident members of statutory bodies⁶

Remuneration paid to members of statutory bodies who are Czech tax non-residents is now subject to monthly payroll tax prepayments (and progressive taxation). Withholding tax that had been applied until the end of 2025, is therefore no longer levied. If the remuneration of a tax non-resident exceeds 36 times the average wage, they are required to file a Czech personal income tax return for the given taxable period.

Low-emission vehicle definition⁷

For income tax purposes, a new definition of a low-emission vehicle applies. A low-emission vehicle is defined as a road motor vehicle in category M1, M2, or N1 that does not exceed a CO₂ emission limit of 50 g/km and is not classified as a zero-emission vehicle.

Release from obligation to withhold tax prepayments for employees posted abroad

From January 2026, employers are not required to withhold tax prepayments for employees posted abroad if all the statutory conditions are satisfied.

Mandatory employer contributions to retirement savings products⁸

Employers are now required to contribute to supplementary pension insurance or additional pension savings schemes for employees who perform third category risk work (if the employee works at least three shifts of this risk work in a given month).

The contribution is mandatory once the employee requests it and it equals four percent of the social security assessment base. It is tax-deductible for the employer and counts towards the annual limit of CZK 50,000 that is exempt from tax and insurance contributions for the employee.

KPMG INSIGHTS

In light of the changes, employers might wish to consider the following:

- Identify employees who could reach the increased maximum annual assessment base for social security contributions, as contributions are not paid once this limit is exceeded.
- Assess whether the higher threshold for application of the 23% tax rate (annual income above CZK 1,762,812) affects employees whose earnings fall near or above this revised level.
- Evaluate the timing rules for mandatory employer contributions, noting that contributions commence from the month following delivery of the employee's written notification.
- Confirm that contributions to a long-term investment product (DIP) are not treated as fulfilling this statutory obligation when reviewing eligible retirement products.
- Check whether income from agreements on work outside employment now exceeds the updated CZK 12,000 monthly threshold that triggers social security and health insurance contributions.

- Confirm whether the increase in the minimum wage to CZK 22,400 – and the resulting higher minimum monthly assessment base for employees' health insurance – affects any employees earning close to the minimum wage.

Assignees and/or their programme managers who have questions about the impact of these developments on their employment tax position may wish to consult with their qualified tax professional or a member of the GMS team with KPMG in the Czech Republic.

ENDNOTES:

- 1 Česká správa sociálního zabezpečení (in Czech), "[Přehled nejdůležitějších údajů pro sociální zabezpečení v roce 2026](#)," published on 10 December 2025.
- 2 Ministerstvo práce a sociálních věcí (in Czech), "[Minimální mzda](#)," published on 7 October 2025.
- 3 Sbírka zákonů České republiky (in Czech), "[Vyhláška č. 573/2025 Sb.](#)," published on 22 December 2025.
- 4 Sbírka zákonů České republiky (in Czech), "[Vyhláška č. 572/2025 Sb.](#)," published on 22 December 2025.
- 5 Sbírka zákonů České republiky (in Czech), "[Zákon č. 323/2025 Sb.](#)," published on 3 September 2025.
- 6 Sbírka zákonů České republiky (in Czech), "[Zákon č. 349/2023 Sb.](#)," published on 12 December 2023.
- 7 Sbírka zákonů České republiky (in Czech), "[Zákon č. 360/2025 Sb.](#)," published on 29 September 2025.
- 8 Sbírka zákonů České republiky (in Czech), "[Zákon č. 324/2025 Sb.](#)," published on 3 September 2025.

RELATED RESOURCE

[Czech Republic – Single Monthly Employer Reporting, Changes to Withholding Tax and Equity Taxation](#), GMS Flash Alert 2025-170, published 19 September 2025.

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Contacts

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