

CZECH REPUBLIC

1. Overview of the system

Unemployed persons can receive unemployment benefits for a maximum period of 6 months. A Minimum Living Standard (MLS) also exists as last-resort financial assistance. There is no housing benefit except within MLS, but there are both universal and means-tested family benefits. The tax unit is the individual, partners are taxed separately. The 1995 APW level is Kc 105 648.

2. Unemployment insurance

2.1 *Conditions for receipt*

2.1.1 *Employment conditions*

12 months of work in the last 3 years.

2.1.2 *Contribution conditions*

6 months of contribution in the last 3 years.

2.2 *Calculation of benefit amount*

2.2.1 *Calculation of gross benefit*

It is 60 per cent in the first three months and 50 per cent in the following three months, of last earned income net of tax and social security contributions. The maximum benefits are 1.5 times the Minimum Living Standard (see 4.2.1).

2.2.2 *Income and earnings disregards*

Any income from work destroys all unemployment benefit entitlements.

2.3 *Tax treatment of benefit*

Not taxable.

2.4 *Benefit duration*

It is paid on a 7-day week basis, for 6 months, after a 7-day waiting period.

2.5 *Treatment of particular groups*

2.5.1 *Young persons*

None.

2.5.2 *Older workers*

Benefit is paid until the worker is 57.5 years old (average retirement age) when the worker may start to receive an old age pension.

3. Unemployment assistance

None.

4. Social assistance

A Minimum Living Standard (MLS) exists as a last resort financial assistance.

4.1 *Conditions for receipt*

It is means-tested. 18-65 year-olds have to be fit and available for work.

4.2 Calculation of benefit amount

4.2.1 Calculation of gross benefit

It is calculated summing the following:

Minimum Living Standard	Amount (Kc per month)
Personal benefit	
adult	1 680
child under 6	1 230
child 6-10	1 360
child 11-15	1 620
child 16-26 (dependent)	1 780
Household supplement	
one person household	760
two person household	1 000
three/four person household	1 240
five or more person household	1 400

4.2.2 Income and earnings disregards

There are no disregards; the benefit is withdrawn at 100 per cent against all net household income (including social benefits).

4.3 Tax treatment of benefit

Not taxable.

4.4 Benefit duration

As long as the conditions are fulfilled.

4.5 Treatment of particular groups

Those under 18 or above 65 years old do not have to be fit and available for work.

5. Housing benefits

It is included within the Minimum Living Standard (MLS).

6. Family benefits

They consist of 1) Family allowances, and 2) State compensatory allowance.

6.1 Conditions for receipt

1. To have a child under 15, or under 26 if in full-time education or disabled.
2. Same as above, but income-tested.

6.2 Calculation of benefit amount

6.2.1 Calculation of gross benefit

- 1.

Age of child (years old)	Monthly amount (Kc)
Under 6	340
6-10	380
11-15	450
16-26	490

2. 320 Kc per month for each dependent child unless the net family income exceeds 1.5 times the family's Minimum Living Standard (MLS). 220 Kc per month for each dependent child if the net family income is higher than 1.5 times MLS. The benefit is not paid if the net family income is higher than 2 times MLS. Net family income is defined as the earnings of both parents net of tax and social security/health contributions, before adding the family allowances. MLS amounts are shown in Section 4.2.1.

6.2.2 Income and earnings disregards

See above.

6.3 Tax treatment of benefit

They are both not taxable.

6.4 Treatment of particular groups

None.

7. Child-care benefits

Parent food contribution is paid to the caring partner.

7.1 ***Conditions for receipt***

- that there be one partner providing full day-care to at least one child up to the age of 3;
- the caring parent must not have income from any other source.

7.2 ***Calculation of benefit amount***

7.2.1 ***Calculation of gross benefit***

From 1/10/1994 to 1/10/1995 the benefit was 1 740 Kc.

7.2.2 ***Income and earnings disregards***

Income from any source other than benefits removes the right to benefit.

7.3 ***Tax treatment of benefit***

Not taxable.

7.4 ***Treatment of particular groups***

None.

8. **Employment-conditional benefits**

None.

9. **Lone-parent benefits**

None.

10. Tax system

10.1 Income tax rate schedule

10.1.1 Tax allowances and credits

Tax allowances	Amounts (in Kc per year)
Basic	24 000
Marital status	12 000 if married or living in a common household with a partner who earns no more than 24 000
Dependent child	12 000 per child under 18 (or under 26 if in full-time education or disabled)
Social security contributions	All

10.1.2 The definition of taxable income

It is the gross earnings minus the above tax allowances.

10.1.3 The tax schedule

Taxable income (Kc)	Marginal tax rate (%)	Tax on lower limit (Kc)
0 - 60 000	15	9 000
60 000 - 120 000	20	21 000
120 000 - 180 000	25	36 000
180 000 - 540 000	32	151 200
540 000 - 1 080 000	40	367 200
1 080 000 +	43	367 200 +

10.2 Treatment of family income

The tax unit is the individual.

10.3 Social security contribution schedule

Contributions	Percent age of gross earnings
Health insurance	4.50
Social insurance	
sickness	1.20
old age pension	6.80
unemployment	0.75
Total	13.25

11. Part-time work

11.1 Special benefit rules for part-time work

None.

11.2 Special tax and social security contribution rules for part-time work

None.

12. Policy developments

12.1 Policy changes introduced in the last year

Since 1990, a three-pillar public social protection system has progressively been introduced:

- a) Social insurance: covers pension, sickness and unemployment insurance;
- b) State social subsidies: improve the position of families with children, benefits are determined by the nationally set social minimum (the Minimum Living Standard);
- c) Social assistance: cash payments administered on the municipal level, aimed at those whose income otherwise would be below the social minimum.

12.2 Policy changes announced

None.

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The annual tax/benefit position of an unemployed single person, 1995 (Kc)

	Unemployment insurance (6 months)	Social assistance
A. Taxable benefits		
Means-tested benefits		
Non-means tested benefits		
Total taxable benefits	0	0
B. Income tax and social security contributions		
Total income tax and social security contributions	0	0
C. Non-taxable benefits		
Means-tested benefits		
Social assistance	0	29 280
State compensatory family allowance	0	0
Non-means tested benefits		
Unemployment insurance	43 920	0
Family allowance		
Total non-taxable benefits	43 920	29 280
D. Net income out of work (A-B+C)	43 920	29 280
E. Net income in work	81 120	81 120
F. Net replacement rate (D/E) (per cent)	54	36

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The annual tax/benefit position of an unemployed married couple with two children, 1995 (Kc)

	Unemployment insurance (6 months)	Social assistance
A. Taxable benefits		
Means-tested benefits		
Non-means tested benefits		
Total taxable benefits	0	0
B. Income tax and social security contributions		
Total income tax and social security contributions	0	0
C. Non-taxable benefits		
Means-tested benefits		
Social assistance	0	84 720
State compensatory family allowance	7 680	7 680
Non-means tested benefits		
Unemployment insurance	63 389	0
Family allowance	8 160	8 160
Total non-taxable benefits	79 229	100 560
D. Net income out of work (A-B+C)	79 229	100 560
E. Net income in work	102 742	102 742
F. Net replacement rate (D/E) (per cent)	77	98

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The annual tax/benefit position of an unemployed lone parent with two children, 1995 (Kc)

	Unemployment insurance (6 months)	Social assistance
A. Taxable benefits		
Means-tested benefits		
Non-means tested benefits		
Total taxable benefits	0	0
B. Income tax and social security contributions		
Total income tax and social security contributions	0	0
C. Non-taxable benefits		
Means-tested benefits		
Social assistance	0	64 560
State compensatory family allowance	7 680	7 680
Non-means tested benefits		
Unemployment insurance	63 388	0
Family allowance	8 160	8 160
Total non-taxable benefits	79 229	80 400
D. Net income out of work (A-B+C)	79 229	80 400
E. Net income in work	100 942	100 942
F. Net replacement rate (D/E) (per cent)	78	80