

CZECH REPUBLIC 1997

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 1997 APW level is Kc 140 508.

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 cancels 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*

Young people who meet eligibility requirements (see point 2.1.1) are entitled to unemployment benefits. The amount of benefit is calculated as for all persons (see point 2.2.1).

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

Unemployment assistance exists in the form of retraining subsidies. These subsidies are paid directly to education facilities who administer training classes aimed at retraining the unemployed person to quickly return to the workforce.

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 (the end of the 1st half of 1997) summing the following:

Minimum Living Standard	Amount (Kc per month)
Personal benefit	
adult	2 020
child under 6	1 480
child 6-10	1 640
child 11-15	1 940
child 16-26 (dependent)	2 130
Household supplement	
one person household	1 020
two person household	1 330
three/four person household	1 650
five or more person household	1 860

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 who cannot qualify for work due to old age, illness, parenting responsibilities, school enrolment, maternity, etc.

5. Housing benefits

It is included within the Minimum Living Standard (MLS). These include 1) contribution to housing cost, 2) contribution to heating cost and 3) contribution to rent cost.

6. Family benefits

They consist of 1) Family allowances and 2) Social allowances

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 (net income must be lower than 3 times the minimum living standard).

6.2 Calculation of benefit amount

6.2.1 Calculation of gross benefit

1. If the family income is lower than 1.1 times the minimum living standard, the child allowance amounts to .32 times the amount of the minimum living standard for the given child's age group.

Age of child (years old)	Monthly amount (Kc)
Under 6	474
6-10	525
11-15	621
16-26	682

If the family income is between 1.1 times and 1.8 times the minimum living standard, the child allowance amounts to .28 times the amount of the minimum living standard for the given child's age group.

Age of child (years old)	Monthly amount (Kc)
Under 6	415
6-10	460
11-15	544
16-26	597

If the family income is between 1.8 times and 3.0 times the minimum living standard, the child allowance amounts to .14 times the amount of the minimum living standard for the given child's age group.

Age of child (years old)	Monthly amount (Kc)
Under 6	208
6-10	230
11-15	272
16-26	299

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 4 (in case of long-term or heavy-handicapped child up to the age of 7);
- the caring parent must not have income from any other source.

7.2 *Calculation of benefit amount*

7.2.1 *Calculation of gross benefit*

The parent allowance is the product of the amount for the personal benefit of Minimum Living Standard of the parent who is entitled to the parent allowance and the coefficient 1.1 .

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	28 800
Marital status	16 800 if married or living in a common household with a partner who earns no more than 28 800
Dependent child	14 400 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 – 84 000	15	0
84 001 – 168 000	20	12 600
168 001 – 252 000	25	29 400
252 001 – 756 000	32	50 400
756 001 +	40	211 680

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	1.10
old age pension	6.50
unemployment	0.40
Total	12.50

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, 1997

(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	36 480
State compensatory family allowance	0	0
Non-means tested benefits		
Unemployment insurance	54 720	0
Family allowance		
Total non-taxable benefits	54 720	36 480
D. Net income out of work (A-B+C)	54 720	36 480
E. Net income in work	108 316	108 316
F. Net replacement rate (D/E) (per cent)	51	34

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The annual tax/benefit position of an unemployed married couple with two children, 1997

(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	81 024
Family allowance	24 696	24 696
Non-means tested benefits		
Unemployment insurance	84 305	0
Total non-taxable benefits	109 001	105 720
D. Net income out of work (A-B+C)	109 001	105 720
E. Net income in work	130 567	130 567
F. Net replacement rate (D/E) (per cent)	83	81

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**The annual tax/benefit position of an unemployed lone parent with two children, 1997
(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	81 480
Family allowance	15 994	15 994
Non-means tested benefits		
Unemployment insurance	84 305	0
Total non-taxable benefits	100 299	97 474
D. Net income out of work (A-B+C)	100 299	97 474
E. Net income in work	126 199	126 199
F. Net replacement rate (D/E) (per cent)	79	77