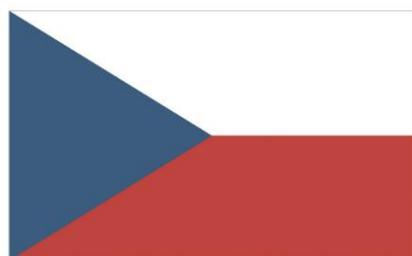


# THE OECD TAX-BENEFIT DATABASE

Description of policy rules for  
the Czech Republic 2022



# THE OECD TAX-BENEFIT DATABASE FOR THE CZECK REPUBLIC

## Description of policy rules for 2022

**OECD contact:** Daniele Pacifico, Jobs and Income Division, Directorate for Employment, Labour and Social Affairs. Email: [Tax-Benefit.Models@oecd.org](mailto:Tax-Benefit.Models@oecd.org)

**National team:**

Eva Němečková (reference contact), tel.: +420 221 922 428, e-mail: [eva.nemeckova@mpsv.cz](mailto:eva.nemeckova@mpsv.cz)

Hana Zelenková, Department for Non-contributory Social and Family Benefits, Ministry of Labour and Social Affairs

Veronika Paseková, Andrea Veselá, Department for Appeals and Administrative Activities on Employment, Ministry of Labour and Social Affairs

Marek Suchomel, Department for Social Insurance, Ministry of Labour and Social Affairs

Kateřina Linková, Department for Family Policy and Children's Rights Protection, Ministry of Labour and Social Affairs

Alena Lídlová Georgiu, Department of International Relations, Ministry of Finance

Ivona Sobotková, Department of International Relations, Ministry of Education, Youth and Sports

**This version:** October 2022

This work is published on the responsibility of the Director of the OECD Directorate for Employment, Labour and Social Affairs. The opinions expressed and arguments employed herein do not necessarily reflect the official views of the Organisation or of the governments of its member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

---

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of the source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to [rights@oecd.org](mailto:rights@oecd.org). Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at [info@copyright.com](mailto:info@copyright.com) or the Centre français d'exploitation du droit de copie (CFC) at [contact@cfcopies.com](mailto:contact@cfcopies.com).

---

## Table of contents

<b>Preface</b>	<b>4</b>
<b>The OECD tax-benefit model for Czech Republic: Policy rules in 2022</b>	<b>1</b>
<b>1. Reference wages</b>	<b>1</b>
<b>2. Unemployment benefits</b>	<b>1</b>
2.1. Means tested unemployment benefit (Podpora v nezaměstnanosti)	1
2.2. Unemployment assistance	4
<b>3. Social assistance and housing benefits</b>	<b>4</b>
3.1. Allowance for living (Příspěvek na živobytí)	4
3.2. Housing allowance (Příspěvek na bydlení)	9
<b>4. Family benefits</b>	<b>11</b>
4.1. Child allowance (Přídavek na dítě)	12
4.2. Parental allowance (Rodičovský příspěvek)	13
<b>5. Net costs of Early Childhood Education and Care</b>	<b>15</b>
5.1. Gross childcare fees	16
5.2. Childcare benefits	19
<b>6. Employment-conditional benefits</b>	<b>20</b>
<b>7. Social security contributions and payroll taxes</b>	<b>20</b>
7.1. Social security contributions (Příspěvky na sociální zabezpečení)	20
<b>8. Taxes</b>	<b>21</b>
8.1. Personal income tax	21
8.2. Regional and local income tax	22
<b>9. Selected output from the OECD tax-benefit model (TaxBEN)</b>	<b>22</b>
<b>Annex: Other benefits and direct taxes</b>	<b>25</b>
A.1. Retraining allowance (Podpora při rekvalifikaci)	25
A.2. Extraordinary immediate assistance (Mimořádná okamžitá pomoc)	25
A.3. Care allowance (Příspěvek na péči)	26
A.4. Mobility allowance and special aid grant (Příspěvek na mobilitu and Příspěvek na zvláštní pomůcku)	26
A.5. Sickness Benefit (Nemocenská)	26
A.6. Mandatory employer sick pay (Náhrada mzdy)	28
A.7. Advance on maintenance payment (Náhradní výživné)	29
A.8. Employment Support Program “Antivirus” (Cílený program podpory zaměstnanosti “Antivirus”)	30
A.9. Attendance allowance (Ošetřovné)	32

## Preface

This report provides a detailed description of the tax and benefit rules in the Czech Republic as they apply to working-age individuals and their dependent children. It also includes output from the [OECD Tax-Benefit model \(TaxBEN\)](#), which puts all these complex legal rules into a unified methodological framework that enables international comparisons of how tax liabilities and benefit entitlements affect the net disposable income of families in different labour market circumstances, .e.g. in employment versus unemployment.

The **main body** of the report describes the rules that are relevant for the family and labour market characteristics that are within the scope of the **TaxBEN** model (see below for the methodology and user guide). The **annex** provides information on other cash benefits and taxes on employment income that are relevant for other groups of the working-age population, but are outside the scope of the **TaxBEN** model.

**TaxBEN** is essentially a large cross-country calculator of tax liabilities and benefit entitlements for a broad set of *hypothetical* families (“vignettes”), e.g. a married couple of 40-years-old adults with two children aged 4 and 6 (click [here](#) for a quick overview of the **TaxBEN** model). **TaxBEN** incorporates rules on the main taxes on employment income, social contributions paid by employees and employers, as well as the main cash and near-cash benefit programmes, including unemployment benefits, family and childcare benefits, guaranteed minimum-income benefits, cash housing benefits, and employment-conditional benefits. Disability benefits, maternity and parental leaves benefits are included in the model for a sub-set of countries and years. The main policy instruments that are currently not included in the **TaxBEN** model are taxes on wealth (e.g. taxes on immovable and unmovable properties), indirect taxes (e.g. VAT), early-retirement benefits, short-time work compensation schemes, sickness benefits, and in-kind benefits (e.g. subsidised transport and free health care).

### Useful online resources for the OECD tax-benefit model (TaxBEN)



[TaxBEN web calculator](#)



[Methodology and user guide](#)



[OECD tax-benefit data portal](#)



[Network of national experts](#)

### Guidelines for updating this report (for national experts)



[General guidelines](#)

Detailed [guidelines for updating Section 5](#) “Net costs for Early Childhood Education and Care”

### Reading notes and further details on the content of this report

- **Reference date** for the policy rules described in this report: **January 1, 2022**.
- The symbol  in the text provides a link to the glossary of technical terms.
- Section titles provide the names of taxes and benefits as they are known in the country: first, direct translation into English, then (in brackets) the name in the national language.
- **TaxBEN** variables are indicated in the text using the format **[variable name]**
- Text in **blue colour font** identifies COVID-related measures that are still in place on the reference policy date of this report

# The OECD tax-benefit model for Czech Republic: Policy rules in 2022

## 1. Reference wages

Average wage [**AW**]: The OECD tax-benefit model uses Secretariat estimates of the average full-time wage (available [here](#))<sup>1</sup>. If Secretariat estimates are not available yet, the model uses wage projections obtained by applying forecasted wage growth<sup>2</sup> to the latest available wage estimate.

Statutory minimum wage [**MIN**]: CZK 16 200 per month. The annual minimum wage is computed by multiplying the monthly minimum wage (as of January 1, 2022) by 12, i.e. CZK 16 200 \* 12 = CZK 194 400.

Reference average wage set out under the Act regulating the Social Security Insurance premiums: CZK 38 911 per month in 2022.

Reference average wage set under the Employment Act for unemployment benefit calculations: CZK 37 047 per month in 2022.

## 2. Unemployment benefits

### 2.1. Means tested unemployment benefit (*Podpora v nezaměstnanosti*)

Code in the OECD tax-benefit model:<sup>3</sup> [**UI\_p**; **UI\_s**]

This is an unemployment insurance benefit. It is contributory, not means-tested and not taxable. 

#### 2.1.1. Eligibility conditions

Jobseekers are entitled to unemployment benefit if they: a) have gained 12 months of insurance within the pension scheme on the basis of their employment or self-employment in the last 2 years preceding the registration;<sup>4</sup> b) have applied for the unemployment benefit at the Labour Office (*Úřad práce*) while being registered as a jobseeker; c) are not recipients of a retirement pension.

---

<sup>1</sup> Average Wages are estimated by the [Centre for Tax Policy and Administration](#) at the OECD. For more information on methodology, see the latest [Taxing Wages publication](#).

<sup>2</sup> Wage growth projections are based on [OECD Economic Outlook](#).

<sup>3</sup> The variable names ending with “\_p” refer to the first adult (so-called “principal” adult) whereas those ending with “\_s” are related to the spouse.

<sup>4</sup> There are activities considered by law as a substitute period of employment while assessing the entitlement to unemployment benefit. Examples include: care responsibilities for dependent children under the age of 4 (or under the age of 10 in certain cases); care responsibilities for incapacitated family members who reside with the jobseeker; long-term civil service; temporary unfitness to work as a result of work injuries; work rehabilitation.

**Behavioural requirements:**<sup>5</sup>  To be eligible for unemployment benefits the claimant has to meet a series of behavioural requirements. Among the others, the claimant:

1. Has to be registered with the Labour Office and actively seeking employment;
2. Has to be ready to enter into employment relationships (they cannot refuse to take up a suitable employment or refuses to commence an agreed retraining programme);
3. Has to cooperate with the Labour Office when seeking work, e.g. they must attend meetings with the case worker and keep them updated;
4. Cannot work or be enrolled in full-time education.

Jobseekers who voluntarily quit their previous employment are still entitled to unemployment benefits but at a lower rate (see section 2.1.2). Unemployment benefits are not paid as long as the jobseeker is entitled to the severance pay higher than the unemployment benefit. Jobseekers who are eligible for unemployment benefit are also entitled to participate in retraining courses and to receive a retraining allowance (see Annex).

*OECD note:* The TaxBEN model assumes “involuntary” job loss and that all the behavioural requirements listed above are satisfied.

### *2.1.2. Benefit amount*

The amount of unemployment benefit is a percentage of the last earned income net of tax and social security contributions. In the case of self-employment the amount will depend on the last assessment base). The amount decreases gradually: 65% in the first 2 months; 50% in the next 2 months; 45% in the remaining months.

The benefit amount is set at 45% of the previous average earnings for the entire period if a person voluntarily leaves their previous employment without “serious justifications” or upon agreement with the employer (i.e. they were not made redundant).

Unemployment benefit provided to jobseekers is capped at 0.58% of the Reference Average Wage set under the Employment Act for unemployment benefit calculations (see Section 1). The Reference Average Wage is calculated during the first three quarters of the calendar year preceding the year in which the application for unemployment benefits was submitted. This capped amount is received by those whose percentage calculation from previous earnings is higher than the set limit. In 2022, the capped monthly amount is CZK 21 488 (i.e.  $0.58 \times \text{CZK } 37\,047$ ).

### *2.1.3. Benefit duration*

The support period is: 5 months for job seekers under 50 years; 8 months for job seekers between 50 – 55 years; 11 months for job seekers over 55 years.<sup>6</sup>

Frequency/periodicity of benefit payments: monthly.

---

<sup>5</sup> Details on behavioural requirements and sanction provisions for unemployment benefits are reported in regularly updated companion OECD reports.

<sup>6</sup> A job seeker who has exhausted the entire period of support in the past 2 years before being included in the register of jobseekers, has the right to receive unemployment benefit for the new whole support period if they, after exhausting this period, have started to work (or entered into gainful activities involving the obligation to pay premiums for pension insurance) for a period of at least 6 months. In certain circumstances the 6-month contribution period is not required, e.g. in cases when the job seeker terminated the employment for health reasons

#### 2.1.4. Tax treatment

The benefit is not taxable.

#### 2.1.5. Interactions with other components of the tax-benefit system

Unemployment benefit can be combined with the child and the parental allowances (Sections 4.1 and 4.2), benefits in material need (*dávky pomoci v hmotné nouzi*), housing allowance (section 3.2), and social assistance benefits for the disabled.

#### 2.1.6. Combining benefit receipt and employment/starting a new job

Unemployment benefit cannot be combined with earnings from work. However, if the benefit recipient is involved in retraining programmes or carries out a gainful employment on the basis of an employment agreement and earns less than half of the minimum wage per month, then the benefit is not revoked but only suspended during this period.

A jobseeker who takes up a new job and is subsequently dismissed may be entitled to unemployment benefits but it is examined whether unemployment benefits have been paid in the last 2 years before being registered as a jobseeker and whether support period has expired.

A job seeker whose entire support period (the period for which unemployment benefits are provided depending on the age of the job seeker) has not expired in the last 2 years prior to registration in the register of job seekers and after expiration of a part of the support period, he/she reached pension insurance period of at least 3 months by an employment or other gainful activity, he/she is entitled to receive unemployment benefits for the entire support period.

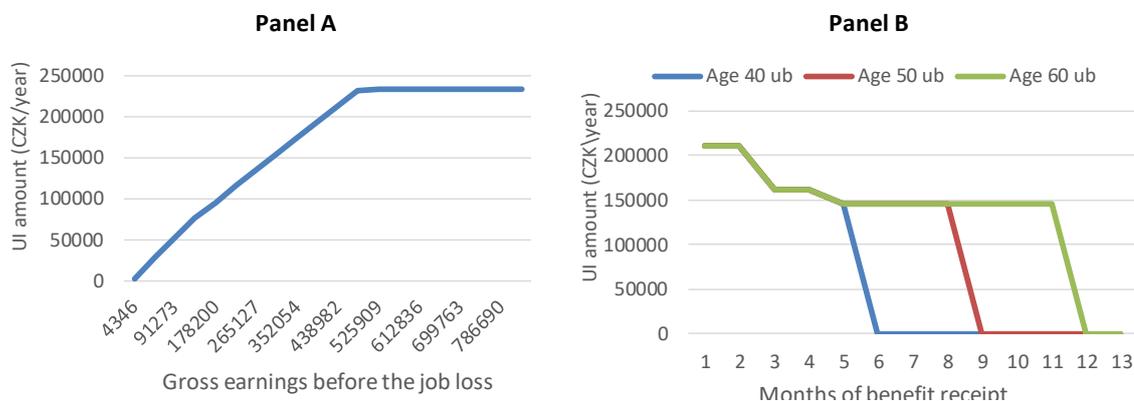
If a job seeker has reached the pension insurance period of less than 3 months by employment or other gainful activity, he is entitled to receive unemployment benefits for the remaining support period.

At the same time, the basic condition for granting unemployment benefits must be met (see section 2.1.1).

A job seeker whose entire support period has expired in the last 2 years before registration in the register of job seekers is entitled to unemployment benefit if, after the expiration of this support period, he has reached the pension insurance period of at least 6 months by employment or other gainful activity.

At the same time, the condition of the total period of previous employment must be met (see section 2.1.1).

**Figure 1. Unemployment insurance amounts**  
By previous earnings, age and duration of benefit receipt



Note: Amounts are “annualized”, i.e. they are monthly values multiplied by 12. Panel A shows amounts calculated during the second month of benefit receipt. Panel B shows amounts calculated for a jobseeker with previous gross earnings equal to the average wage in 2022 (available [here](#)).

Source: [OECD tax-benefit model, 2022](#).

## 2.2. Unemployment assistance

*OECD note:* In many OECD countries, jobseekers who do not qualify for Unemployment Insurance (UI – Section 2.1), or whose entitlement to UI is low or has expired, can claim Unemployment Assistance (UA – this section) and/or Social Assistance benefits (SA – Section 3). These UA and SA benefits have different purposes (and reach different target groups). For instance, while the main purpose of UA is to encourage the labour market reintegration of jobseekers who have exhausted or are not eligible to the standard UI benefit, the purpose of SA programmes is to provide an acceptable standard of living for families unable to earn sufficient incomes from other sources. Conditions for UA typically include requirements to register with the public employment service and participate in active job search in a similar way as for UI. This is *not always* the case for SA benefits, for which low income is the key entitlement criterion and activation requirements exist only for those who are capable of work.

Based on this definition, Czech Republic and the representative region/municipality considered in this report (Prague) in 2022 do not provide a national/local Unemployment Assistance programme. Nevertheless, Czech Republic does provide a Social Assistance programme (described in Section 3.1).

## 3. Social assistance and housing benefits

### 3.1. Allowance for living (*Příspěvek na živobytí*)

Code in the OECD tax-benefit model: [\[SA\]](#)

The allowance for living is one of benefits included in the “system of assistance in material need”. This is a non-contributory benefit, means-tested and not taxable. In this report, the Allowance for living is also referred to as “Social assistance”. Claimants of the Allowance for Living must apply for the Housing Allowance (Section 3.2) before making an application for assistance in material needs.

The Allowance for living is for households with insufficient income who are unable to improve their situation through their own efforts. This programme helps applicants cover the costs of living (*příspěvek na živobytí*, see below), i.e. food, clothing and other basic needs, as well as basic housing costs (*doplatek na bydlení*, see below).

Low-income households that are not necessarily in material need but lack of funds to pay for some extraordinary and immediate expenses can apply for the so-called extraordinary immediate assistance payment (*mimořádná okamžitá pomoc*). This one-off lump-sum payment can be requested in exceptional cases. A care allowance (*příspěvek na péči*) and, in certain circumstances, a mobility allowance (*příspěvek na mobilitu and Příspěvek na zvláštní pomůcku*) are available for persons with reduced abilities. Sections A.2, A.3 and A.4 in the Annex describe in details these additional allowances

*OECD note:* the TaxBEN model includes only the standard allowance for living. The extraordinary immediate assistance payment as well as the care and mobility allowances are excluded from the calculations. A short description of these allowances is provided in the Annex.

### 3.1.1. Eligibility conditions

To become eligible for the Assistance in material need benefit one has to reside in the country and proves the impossibility to increase his/her own income above the living minima by using their own means, in particular by gainful activities or through the application of entitlements and claims, or through the sale or rent of the persons' property.

In case of unemployment, the unemployed person has to be registered as a jobseeker, be active in job search and accept an offered job or participation in an active employment policy programmes (unless having a serious reason to refuse it) and, upon request, take up short-term employment or participate in public works or public works programmes.<sup>7</sup> Work-availability or job-search requirements must be met by all members of the household as relevant.

*OECD note:* the TaxBEN model assumes that the work-availability and job-search requirements are satisfied for all household members.

### 3.1.2. Benefit amount

The amount of Allowance for living (*příspěvek na živobytí*) is equal to the minimum income threshold (i.e. the 'living minimum' amount, see below) minus the relevant household income net of the relevant housing costs:

*Allowance for living = living minimum amount – ('relevant' household income – 'justified' housing costs).*

- The 'relevant' household income is defined in Section 3.1.4.
- The 'justified' (*přiměřený*) housing costs include the rent as well as other costs associated with housing services, such as energy and heating costs. The amount of the justified housing costs cannot be higher than 30% of the 'relevant' household income. If the *actual* housing costs are lower than 30% of the 'relevant' household income, the actual costs are considered in the calculations.
- The 'Living minimum amount' amounts depend on the family type. Specifically, on the 1<sup>st</sup> of January 2022, the monthly amounts are as follows:

---

<sup>7</sup> Effort to obtain income through working is not required from old-age and disability pensioners; persons over 68; care-dependent persons in dependency of grade II, III, IV; dependent children; parents caring for children; careers of care-dependent person, and persons who are temporary sick. In case of family with children, proper compulsory school attendance of children is required.

- Single person living alone: CZK 3 860
- First person of a household with at least 2 persons: CZK 3 550
- Second and other persons who are not a dependent child: CZK 3 200
- Dependent child: under 6 years: CZK 1 970; between 6 and 15 years: CZK 2 420; between 15 - 26 years: CZK 2 770

For instance, the monthly amount for a family with two adults without dependent children is CZK 3 350+3 200. The maximum monthly amount for a family with one adult and a dependent child under 6 years of age is CZK 3 550+1 970.

A lower benefit amount called ‘Subsistence minimum’ is used instead of the ‘living minimum’ amount for adult persons as a “sanction” for not meeting certain conditions prescribed by the law.<sup>8</sup> The monthly amount of the Subsistence minimum in 2022 was CZK 2 490.

After six months of receipt of the Allowance for living, recipients starts receiving the Subsistence minimum, unless one of the following conditions apply:

- The person is not obliged to increase income via work activities (see Footnote 8);
- The person eligible for unemployment benefit;
- The person is participating in PES projects;
- The person is employed (independently of the contractual working hours)
- The person works in public service for at least 20 hours a month;
- The person has a second grade of disability.

Dependent children are not penalised; they always receive their living minimum. Penalties in the family only affects adult members. For couples, the penalization applies to both adults, i.e. they both receive the subsistence minimum, unless at least one of the conditions above applies to each of them. For instance, if one adult is employed and the other is unemployed receiving the allowance for living for more than 6 months, the penalization applies only to the unemployed adult (as long as s/he does not receive unemployment benefits). However, if both adults are without employment and have been receiving the Allowance for living for more than 6 months, then the penalisation applies to both of them (if none of them is in situations listed above, e.g. receiving unemployment benefits or participating in PES projects).

*OECD note:* the TaxBEN calculations apply the penalisation above to adults who receive the allowance for living for more than six months if they are i) without employment, ii) not entitled to the unemployment benefit (Section 2.1). The other conditions, i.e. having a second grade of disability, participating in PES projects or working in the public service are outside the scope of the calculations.

On 1 April 2022, the Living and Subsistence Minima have been increased, and another increase due to high inflation is planned in July 2022. These changes will be reflected in the 2023 TaxBEN calculations.

### *Housing supplement*

Recipients of the Allowance for living, including those receiving the Subsistence minimum, may be eligible for a ‘housing supplement’ (*Doplatek na bydlení*).

---

<sup>8</sup> For instance, if a family member does not comply with the prescribed conditions of employment activity s/he is not considered as a person in material need.

If the ‘relevant’ household income (Section 3.1.4) *minus* the ‘justified’ housing costs is higher than the Living minimum (see the equation in Section 3.1.2), the Allowance for Living would be zero. However, this does not automatically mean that the housing supplement would be zero as well. In fact, if the relevant household income is not higher than 1.3 times the living minimum then the housing supplement is still paid.<sup>9</sup>

The housing supplement aims at ensuring that a family claiming the Allowance for Living and the Housing Allowance (Section 3.2) still receives the minimum living amount (as defined above) after paying for the housing costs. More precisely, the housing supplement is the amount that remains after subtracting from the living minimum amount the algebraic sum of the following income components. (1) The ‘relevant’ net household income (as defined above for the calculation of the Allowance for Living) *minus* (2) the reasonable (*odůvodněné*) housing costs *plus* (3) the housing allowance (Section 3.2), *plus* (4) the Allowance for Living (as defined above). The reasonable (*odůvodněné*) housing costs are the actual housing costs up to prescriptive/normative housing costs (defined in Section 3.2).<sup>10</sup>

In practice:

*Housing supplement* = Living Minimum – (Relevant household income – Reasonable housing costs + Allowance for Living + Housing Allowance)

Alternatively, the equation can be rewritten as follows (this is the format used in the law):

*Housing supplement* = (Reasonable housing costs – Housing Allowance) – (relevant household income + Allowance for Living – Living Minimum).

*OECD note:* The Housing supplement is included in the macro category of ‘housing benefits’ [HB]. The variable referring to the Housing supplement is called [HBS].

### 3.1.3. Benefit duration

Benefits of assistance in material need are provided as long as the given conditions are fulfilled. Persons can apply or re-apply for benefits always when they have not sufficient resources for living and the office has to accept and to judge their application.

Frequency/periodicity of benefit payments: monthly.

### 3.1.4. Means test

*Income test:*

The relevant household income that enter the calculations of the Allowance for Living is equal to the sum of the following income components:

- Gross earnings from employment and/or self-employment, minus the related income tax liabilities (Section 8) and social security contributions for health and social insurance (Section 7).

---

<sup>9</sup> In other words, eligibility for the housing supplement requires the existence of a formal claim of the Allowance for living (i.e. the official submission of the request for assistance to the relevant authority), even if the amount received of the Allowance for living is zero (e.g. because the relevant household income is too high).

<sup>10</sup> If the actual housing costs are lower than prescriptive/normative housing costs, then the reasonable housing costs that enter the calculation of the Housing supplement are equal to the actual housing costs.

- Other incomes specified by the tax legislation, e.g. alimony/maintenance payments<sup>11</sup>),
- Selected income support measures: unemployment benefits (Section 2.1), child allowance (Section 4.1), parental allowances (Section 4.2) as well as old age, disability and survivors' pensions. Note: the housing allowance (Section 3.2) and disability benefits are *not* included in the relevant household income.

Some income components are partially disregarded when calculating the amount of the Allowance for Living. The fractions of income *included* in the income test are as follows: 70% for the *net* earnings from employment; 80% unemployment benefits (Section 2.1) as well as old age, disability and survivors' pensions; 100% in the case of other income support measures, including the child and the parental allowances (Sections 4.1 and 4.2).

*Asset test:*

The following properties and assets are excluded:

*Immovable properties:* The main residence where the family resides (independently of its cadastral/market value) as well as any other real properties that the family uses for gainful activities (independently of its cadastral/market value).

*Movable assets:* standard housing equipment, machinery and devices needed for gainful activity. Vehicles used for gainful activity or for the transportation of children and disabled persons, or for transportation to school or work that cannot be provided in any other way. Medical aids for disabled people, cash (including those in bank current accounts) up to CZK 7 720 / year (i.e. 2 times the monthly Living minimum amount for a single person), savings for private pension insurance and other savings under a given limit.<sup>12</sup>

All the other immovable properties and movable assets not listed above and owned (or partially owned) by the family members (all of them, including the minors), are subject to an asset test by the Labour Office. In practice, the Labour Office invites the applicant for (or the recipient of) social assistance benefits to sell or rent the property that are not excluded from the asset test, and gives him/her three months to do so. If the person does not do so, the entitlement to the benefit does not arise or ends.<sup>13</sup> The same process applies to the movable assets.<sup>14</sup>

### 3.1.5. Tax treatment

The benefit is not taxable.

---

<sup>11</sup> Maintenance payment either from the absent parent or from the benefit "Advance on Maintenance Payment" (see the annex for details).

<sup>12</sup> The building saving (contract saving) is considered as a possibility to increase income only after 6 months of receiving social assistance benefits. If the amount obtained by cancelling the building saving is higher than 10 times the living minimum, then it is considered as a possibility to increase income immediately (Act no 111/2006 of the Coll., as amended, § 11 – 15).

<sup>13</sup> In practise, it is sometimes sufficient for the claim that the person makes a credible activity towards the use of the property (e.g. advertises, offers). Administrative discretion is applied when assessing eligibility for the assistance in material need.

<sup>14</sup> The Labour Office makes a *discretionary* assessment of the account balance taking into account the person's and the family's situation.

### 3.1.6. Interaction with other components of the tax-benefit system

This benefit can be received at the same time as other benefit, including unemployment benefits, family benefits, and benefits for people with disabilities.

### 3.1.7. Combining benefit receipt and employment/starting a new job

The benefit is compatible with earnings as well as the receipt of other benefits.

### 3.1.8. Indexation

Living and Subsistence minimum amounts are *not* automatically adjusted to price/wage developments. The Government is allowed (but not legally obliged) to increase the Living and Subsistence minimum amounts on the 1<sup>st</sup> of January of each year if the growth of the Consumer Price Index (CPI) for households in total exceeds 5%. The extent of the adjustments corresponds to the growth of the CPI since the last realised increase in the minima).<sup>15</sup> Benefit related to the minima (i.e. Social Assistance benefits) are indexed together with the minima. Other benefits, e.g. Family benefits (Section 4) are increased ad hoc. Finally, the normative/prescriptive housing costs for the Housing allowance are adjusted every year on 1 January.

## 3.2. Housing allowance (*Příspěvek na bydlení*)

Code in the OECD tax-benefit model: [\[HA\]](#)

The housing allowance is designed to assist low-income and middle-income households to cover expenditure connected with housing. It is a non-contributory benefit, income-tested and not taxable.

### 3.2.1. Eligibility conditions

Housing benefits are granted irrespective of the type of housing.

### 3.2.2. Benefit amount

The benefit amount is calculated as the difference between the ‘prescriptive’ (*normativní*) housing costs (see table below) and the ‘reference income’, multiplied by a coefficient of 0.30 (0.35 in Prague). The reference income is the lowest amount between the Living minimum amount of the family (Section 3.1) and the household income described in Section 3.2.4. If the *actual* housing costs are lower than the ‘prescriptive’ housing costs, the former should be used in the calculations.

*Housing allowance = reference housing costs – reference income\*coefficient*

Where:

- ‘Reference housing costs’ = min(actual housing costs, prescriptive housing costs)
- ‘Reference income’ = min(Living Minimum, income defined in Section 3.2.4)
- ‘Coefficient’ = 0.30 (0.35 in Prague).

---

<sup>15</sup> In the case of extraordinary circumstances, e.g. high inflation rates, the Government is authorised to uprate benefit amounts in an extraordinary period, even before the 1<sup>st</sup> of January.

The Table below shows the prescriptive housing costs for rental accommodations.<sup>16</sup>

**Prescriptive/normativní housing costs for rental accommodations, in CZK per month**

Valid from Jan 1 2022 to Dec 31 2022

Number of persons in household	Size of municipality				
	Prague	over 100 000 inhabitants	50 000 - 99 999 inhabitants	10 000 - 49 999 inhabitants	under 9 999 inhabitants
1	10 121	8 271	7 935	6 929	6 746
2	13 629	11 097	10 637	9 261	9 010
3	18 312	15 000	14 399	12 599	12 271
4	22 495	18 502	17 777	15 606	15 211
5	22 495	18 502	17 777	15 606	15 211
6	22 495	18 502	17 777	15 606	15 211

Because the maximum number of persons in the household counted for the prescriptive housing costs is four, the prescriptive housing costs for larger households are equal to the costs for a household with four members.

*OECD note:* the TaxBEN model assumes that the accommodation is located in Prague. In previous TaxBEN reports (before 2022), the reference municipality described as a reference for the calculations was a municipality between 50 000 - 99 999 inhabitants. As of 2022, Prague is the reference municipality and the calculations have been adjusted accordingly for all the previous years.

### 3.2.3. Benefit duration

Benefit is provided as long as the given conditions are fulfilled. Persons can apply or re-apply for benefits always when they have not sufficient resources to cover housing costs and the office has to accept and to judge their application.

### 3.2.4. Means test

The household income that is used for the means test of the housing allowance is the sum of earnings from employment and/or self-employment, after the deduction of health and social insurance contributions *and* income tax liabilities. Pensions, sickness and unemployment benefits (section 2.1) as well as any other incomes included in the tax legislation (e.g. income from rent or alimony/maintenance payments) are part of the reference income. Finally, the reference income includes also the child allowance (Section 4.1), the parental allowance (Section 4.2) as well as the advance on maintenance payment (Annex).<sup>17</sup> Social assistance (Section 3.1) and disability benefits are *not* part of the relevant household income.

Differently from the relevant household income that enters the calculation of the Allowance for Living (Section 3.1.4), the income components that add to the total household income for the housing allowance are *not* partially disregarded.

### 3.2.5. Tax treatment

This benefit is not taxable.

### 3.2.6. Interaction with other components of the tax-benefit system

This benefit can be received at the same time as other benefit.

<sup>16</sup> Costs for other types of accommodations, e.g. cooperatives or private accommodations are omitted.

<sup>17</sup> The reference time period for the calculation of the household income as well as the housing cost is previous calendar quarter.

### 3.2.7. Combining benefit receipt and employment/starting a new job

The benefit is compatible with earnings.

#### Box 1. Example of calculation of housing and social assistance benefits

Let us consider a single person living alone with annual gross earnings of CZK 24240 and annual housing costs of CZK 21732. This person does not pay the income tax (IT, Section 8) but pays CZK 2666/year of employee social security contributions (SSC, Section 7).

The reference income (RI) for the calculation of the Allowance for Living (AL) is equal to  $0.7 \cdot (24240 - 2666) = 0.7 \cdot 21574 = \text{CZK } 15102$  (see Section 3.1.4 for the calculation of the reference income for the Allowance for Living).

Because the *actual* annual housing costs (CZK 21732) are *higher* than the justified/*přiměřené* housing costs, i.e. higher than 30% of reference income ( $0.3 \cdot \text{RI} = 0.3 \cdot 15102 = 4531$ ), the justified housing costs are equal to 30% of the reference income (CZK 4531):

**Allowance for Living (AL)** = Living Minimum for a single living alone (CZK 3860\*12) – (RY – min(actual housing costs, justified/*přiměřené* housing costs))  
 = 46320 – 15102 + min(0.3\*15102, 21732) = 46320 – 15102 + 4531 = CZK 35749

**Housing Allowance (HA)** = min(actual housing costs, prescriptive/*normativní* housing costs) – max(Living Minimum, reference income for the HA)\*0.35  
 = min(21732, 10121\*12) – max(46320, 21574)\*0.35 = 21732 – 46320\*0.35 = CZK 5520 (assuming that the single person lives in Prague).

Finally, the Housing supplement (HS) to the Allowance for Living is equal to:

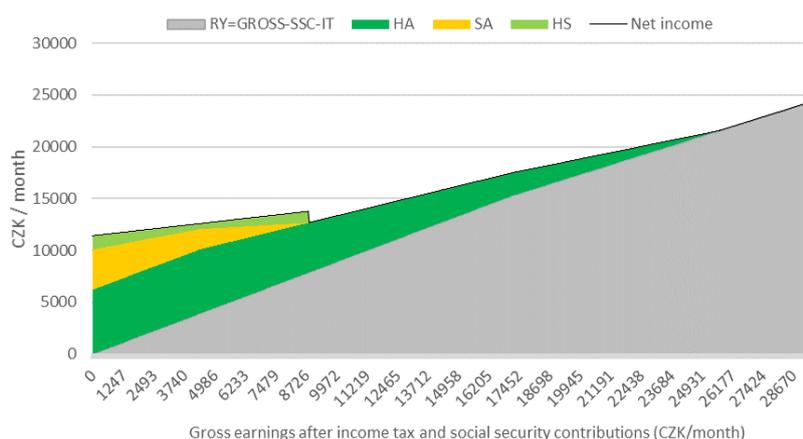
**HS** = Living Minimum – RI + min(actual housing costs, prescriptive/*odůvodněné* housing costs) – SA – HA  
 = 46320 – 15102 + min(21732, 10121\*12) – 35749 – 5520 = CZK 11681

The final net income of this person is equal to:

**NET** = Gross earnings – SSC + AL + HS + HA = 24240 – 2666 + 35749 + 5520 + 11681 = CZK 74524.

The application of these rules for different gross earnings levels produces the results shown below.

Figure B1. Household income components by earnings levels



Note: results for a single person without children living in Prague. Actual housing costs are fixed at CZK 7555/month. RY=Gross earnings less income tax and employee social security contributions. HA= housing allowance (Section 3.2), SA = Allowance for living (Section 3.1), HS = housing supplement (Section 3.1).

Source: [OECD tax-benefit model, 2022](#)

## 4. Family benefits

Code in the OECD tax-benefit model: [\[FB\]](#)

#### 4.1. Child allowance (*Přídavek na dítě*)

Code in the OECD tax-benefit model: [\[ch\\_allow\]](#)

The child allowance is an income-tested benefit provided to a dependent child with the objective to contribute to the coverage of costs incurred in his upbringing and sustenance. It is a non-contributory benefit and not taxable.

##### 4.1.1. Eligibility conditions

Eligibility depends on the household income (See Section 4.1.3) and the presence of dependent children in the household. A dependent child is a child up to the age of compulsory school attendance (under 15 years) and further if the child systematically prepares for future occupation (in full-time education at secondary school and university), or is not able to prepare for future occupation due to health reasons or is not able to work due to disability, but maximum up to the age of 26 years.

##### 4.1.2. Benefit amount

For those families with incomes below the eligibility threshold (Section 4.1.3), the amount of the child allowance depends on the age of children (table below). As of January 2018, there is also an ‘increased amount’ (see table below) that is associated with a certain type of earnings (Section 4.1.3).

Frequency/periodicity of benefit payments: monthly.

##### Monthly amount of the child allowance, CZK per month in 2022

Age of the Dependent Child	Basic amount	Increased amount
under 6 years	630	1 130
6-15 years	770	1 270
15-26 years	880	1 380

##### 4.1.3. Means test

Entitlement to the child allowance depends on certain income criteria. Income of the family in the previous calendar quarter (effective since October 2017) must be under 3.4 family’s living minimum (see section 3.1). The relevant household income is the sum of earnings from employment and self-employment (after any deductions of contributions to health and social insurance as well as income taxes), pensions, sickness and unemployment benefits and parental allowance. The means test includes also other income components specified by the tax legislation which, however, are not included in the TaxBEN model (e.g. income from rent or alimony/maintenance payments).

Note: social assistance (Section 3.1), disability and the housing allowance (Section 3.2) do *not* qualify as incomes for the entitlement to the child allowance (State social support act No. 117/1995 Coll.).

The increased amount of child allowance applies from the 1<sup>st</sup> of January 2018. To qualify for the increased amounts there must be at least one person in the household with an income from employment that is higher than the living minimum for a single person living alone (Section 3.1). The relevant income from employment for the means test is the income from work after any deductions of contributions to health and social insurance as well as income taxes. Another option to qualify for the increased amounts is to have an income from self-employment or to receive certain social benefits (without any income threshold). The relevant social benefits for the eligibility to the increased amounts are old age pensions, sickness and unemployment benefits (Section 2), parental allowance (Section 4.2), care allowance (Annex A.3).

#### 4.1.4. Tax treatment

The benefit is not taxable.

#### 4.1.5. Interaction with other components of the tax-benefit system

The allowance can be received at the same time as any other benefit or earned income.

### 4.2. Parental allowance (*Rodičovský příspěvek*)

Code in the OECD tax-benefit model: [\[pa\\_allow\]](#)

This is the primary form of support for families with small children. It is for parents caring for the youngest child (up to the age of four) in the family.

#### 4.2.1. Eligibility

A biological or foster parent with residence or employment in the Czech Republic is eligible for parental allowance as long as they personally provide full-time regular care for a child up to the age of four. This benefit can only be received for the youngest child in the family.

Under certain conditions, this benefit can be claimed if the child attends childcare. In 2022, such attendance is limited to a maximum of 92 hours per month for children up to the age of two, whereas the time that a child older than two years spends in a nursery or kindergarten is not relevant for eligibility to the parental allowance.<sup>18</sup> Note: Parental income and working activity have no effect on eligibility: parents can receive the parental allowance even if they work full time as long as they can assure that the child is in the care of another adult. What is relevant for the eligibility for the parental allowance is the time spent in pre-school centres, not the time spent at work.

*OECD note:* The OECD tax-benefit model assumes that, when a lone parent works and use centre-based childcare, the number of hours worked is equal to the number of hours of centre-based childcare. For two-earner couples, TaxBEN assumes that the hours of childcare are equal to the minimum number of working hours between the two parents. Hence, according to the eligibility rules described above, if *both* parents work, e.g., 25 hours per month *each*, and they use childcare for their 2-years-old child, they are still eligible for the parental allowance. Similarly, if one partner works 25 hours per month and the other works 100 hours per month, the family is still eligible for the parental allowance, as the TaxBEN model will assume that the family uses 25 hours of childcare per month. However, if both parents work more than 92 hours per month, they lose eligibility for the parental allowance.

#### 4.2.2. Benefit amount

According to the rules that apply on the 1<sup>st</sup> of January 2022, the parent is entitled to claim a maximum benefit of CZK 300 000 until the child is 48 months old (included). In case of multiple simultaneous childbirths the total amount of benefit extends to CZK 450 000.

---

<sup>18</sup> There are some exceptions concerning disabled children or disabled parents related to the child attendance in childcare centers. In these special circumstances, it is possible to place the child into a childcare centre for 4 hours, and in some special cases even for 6 hours / day, while receiving the parental allowance.

If at least one parent has a sickness insurance policy,<sup>19</sup> s/he could select the amount of the monthly parental allowance and thus the timing of its payment. For instance, if the parents of one child distribute the benefit payments over 36 months, the monthly rate will be CZK 300 000 divided by 36. The recipient of the parental benefit can modify the distribution of the parental allowance payments every three months. The longest option is until the child is 48 months old whereas the shortest option depends on the Daily Assessment Base (see below).

In case of shorter options, the maximum monthly amount of parental allowance cannot be higher than 70% of the Daily Assessment Base (DAB) multiplied by 30.<sup>20</sup> In addition, the maximum monthly amount cannot be higher than the monthly ceiling of CZK 47700 in 2022 (independently of the DAB).

When both parents have a sickness insurance policy, the higher assessment base is used for the calculation of the parental allowance. Parents can change the amount of the allowance once every three months. If none of the parents have a sickness insurance policy (e.g. because they are students, unemployed or self-employed who have not paid voluntary sickness insurance contributions), they may select the monthly amount up to CZK 10 000. In the case of multiple childbirths, the monthly amounts are adjusted appropriately. While parents can alternate the reception of the parental allowance, only one of them is entitled to the benefit at each time.

*OECD notes on the calculation of the Parental Allowance in the TaxBEN model*

According to the information provided by the Ministry of Labour and Social Affairs, on average, a working parent claims the Parental allowance for 36 months. The claim, on average, starts when the maternity benefit expires, i.e. when the child is about 6 months.

Considering that (1) maternity benefits are currently outside the scope of the TaxBEN model, and (2) the TaxBEN model is a “monthly” calculator – i.e. tax and benefit amounts refers to a specific month (selected by the user) but then results are shown in “annualized” terms (i.e. monthly amounts multiplied by 12) – the TaxBEN model for the Czech Republic assumes that the family starts claiming the Parental allowance when the child is 12 months old (instead of 6) and for the subsequent 36 months (in line with the data provided by the Ministry of Labour and Social Affairs):

Age of the child:	0-11 months	12-23 months	24-35 months	36-47 months	48+ months
Number of monthly payments of the parental allowance:	0 payments	12 payments	12 payment	12 payments	0 payments
‘TaxBEN’ age of the child:	0 years	1 year	2 years	3 years	4+ years

This sequence of payments suits well with the TaxBEN methodological framework as it allows simulating for each year of the child (year 1, 2 and 3) an annual entitlement of the Parental Allowance that is equivalent to the annualized monthly amount calculated by the TaxBEN model.

In addition, note that, because TaxBEN users can only select the age of children in years (not in months), the Parental Allowance is included in the calculations *only if users select an age for the youngest child between 1 and 3 years*.

Finally, note that TaxBEN assumes the same amount (8333 CZK), duration (36 months) and timing (between 12 and 48 months of the child) also when none of the parents is employed.

Frequency/periodicity of benefit payments: monthly.

<sup>19</sup> The sickness insurance policy refers to the sickness insurance system and is not related to the social security contribution for sickness insurance described in Section 7.

<sup>20</sup> The DAB is used for calculating the maternity benefit allowance and is derived from the average daily earnings over the past 12 months.

### 4.2.3. Tax treatment

Not taxable.

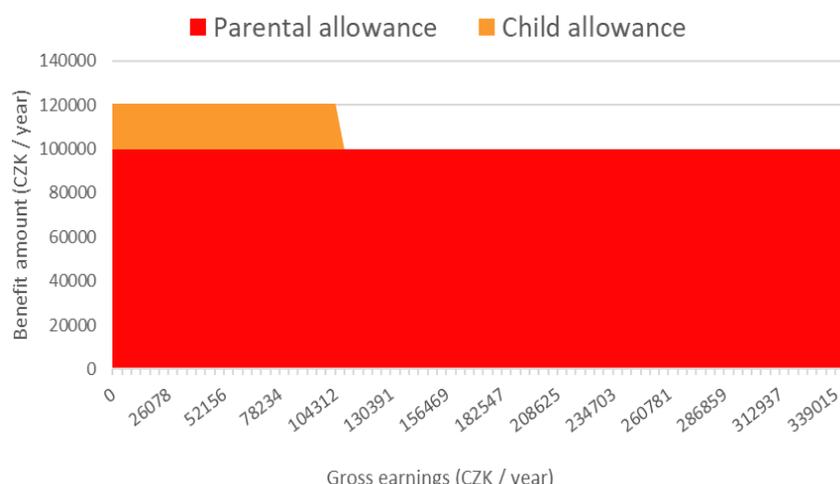
### 4.2.4. Interaction with other components of the tax-benefit system

Parental allowance can be received at the same time as child allowance, unemployment benefits, benefits of assistance in material need or benefits for disabled.

### 4.2.5. Combining benefit receipt and employment/starting a new job

Parental allowance can be received at the same time as earning as long as the parents can prove that the child is in the care of another adult (see Section 4.2.1 for details). However, if the child is 2 years old or younger and the parents use centre-based childcare for more than 92 hours per month, the family loses eligibility for the parental allowance.

**Figure 2. Amount of family benefits, by type and earnings levels.**



Note: results calculated with the OECD Tax-Benefit model for a lone parent with a child of 2 years old. The calculations assume that 1) the lone parent works full time 2) s/he does not use centre-based childcare 3) s/he is able to prove that the child is in the care of another adult, 4) the parent claims the parental allowance for 36 months starting at month 12 and until the child is 48 months. This is equal to CZK 8 333/month for a child of 2 years old (CZK 99 996/year). Regarding the child allowance, the orange area in the figure refers to ‘increased’ amount, i.e. CZK 800+910 (per month) or  $1710 \times 12 = 20520$  CZK (per year). See the Box in Section 4.2.2 for more details on these calculations.

Source: [OECD tax-benefit model, 2022](#).

## 5. Net costs of Early Childhood Education and Care

Childhood Education and Care is compulsory from the beginning of the school year following the day on which the child reaches the age of five until the beginning of the child's compulsory school attendance. According to the current legislation, the following facilities can provide childcare services:

- Kindergartens (regulated by the Education Act and under the responsibility of the Ministry of Education, Youth and Sports);
- Children's Groups (regulated by the Children's Group Act and under the responsibility of the Ministry of Labour and Social Affairs);
- Private childcare facilities (under the Trade Licensing Act);

- Micro-nurseries (a pilot EU co-funded programme);
- Compulsory pre-school education can be also completed by attending the preparatory class of a primary school or by attending the preparatory stage of a special primary school

Kindergartens cover the majority of pre-school children between 3 and 6 years old. Preschool education is organized for children aged from 2 to usually 6 years. As of 30<sup>th</sup> September 2021, the estimated share of children under the age of three in kindergartens (based on the total population of two-year-olds as of 31<sup>st</sup> December 2020) 28,51% whereas 81,72% of three-year-olds attended kindergartens (based on the total population of three-year-olds as of 31<sup>st</sup> December 2020). It is estimated that 55,21 % of the population aged two and three years attended kindergartens.<sup>21</sup> Children's Groups (CGs) are services provided on a non-commercial basis by, e.g. private companies for their employees, public institutions, and NGOs. CGs were created in 2014 because of the insufficient capacity of kindergartens and the related large number of rejected applications for admission of two- and three-year-olds.<sup>22</sup> The basic difference between kindergartens and CGs is the type of service as well as the age structure of children attending these facilities. While kindergartens are part of the educational system, Children's Groups focus more on meeting the care needs of the child, developing their abilities, and teaching cultural and hygienic habits.

Accurate statistics are not available as Children's Groups are flexible services and the age composition of children may change during the year. Regarding the age composition of children entering the Children's Group, about 75% of them are under 3 years of age. After reaching the age of 4, children most often go to kindergarten. Current capacities of children's groups cover approximately 6% of the population of children under 3 years of age and 1% of children over 3 years of age.

Private childcare facilities provide childcare for children up to three years of age on a daily or weekly basis. The service can be provided at the child's home or at the provider's premises. However, there are very few of these facilities in the Czech Republic, according to the currently performed analysis, it can be a maximum of 4,600 places. Micro-nurseries are part of a project launched in January 2016. They are designed for children from six months of age to four years and ensure individual childcare to small group of children (maximum four). The qualification requirements for care-takers are the same as for Children's group. Providers are primarily municipalities or NGOs in cooperation with the municipality. ESF funded Micro-nurseries will cease to exist on 1 June 2022 and these facilities will be gradually registered as children's groups.

### 5.1. Gross childcare fees

Code in the OECD tax-benefit model: [\[CZcc\\_cost\]](#)

**Kindergartens** (*mateřská škola*): As of 30<sup>th</sup> September 2021, there were 4861 public kindergartens in the Czech Republic (established by municipality or region). The monthly fee (excluding meals) in public kindergartens ranged between 1 and 1000 CZK,

---

<sup>21</sup> As of 2017, the Education Act guarantees places for all children older than 4 years. As of 2018, an amendment to the Education Act guarantees places for all children older than 3 years.

<sup>22</sup> As the ESF financial support will end in 2022, an amendment to the Children's Groups Act approved in October 2021 aimed to ensure quality and affordable childcare for children from 6 months to compulsory school age through stable state funding. The amendment also legally anchored micro-nurseries, which are now a type of small children group.

excluding meals costs.<sup>23</sup> This variability stems from the fact that the individual providers have discretion in setting the kindergarten fee, with the sole constraint that the final monthly amount paid by the parents cannot exceed 50% of the average non-investment costs per child per month in the past calendar year. In addition, if the municipality provides a kindergarten with sufficient funds to cover non-investment costs, the kindergarten's manager may also provide the care service free of charge.

Parental fees pay the service for the period between September 1 and August 31. The fee for the relevant school year is set for all children in the same type of kindergarten operation in the same monthly amount. However, according to the decree 14/2005, some persons are exempted from paying childcare fees in particular circumstances (Section 5.2.1).

The amount of meal costs in public kindergartens for children up until 6 years of age is determined by the regulation No. 107/2005 as follows:

- Full day attendance CZK 37-58/day,
- Half-day attendance: CZK 29-47/day;
- Full day and night attendance: CZK 61-97/day.

**Children's group:** Access to children's groups and micro-nurseries is not related to household income or other factors. However, if the provider applies for a state allowance, the amendment sets the maximum amount of parent's compensation for children under 3 years as of 31 August at CZK 4.000 per month. In the case of older children or if the provider does not apply for a state allowance for the operation of a children's group, the amount is not limited. Each CG sets the fees based on their costs. Currently, there is no maximum limit for the fees set in CGs (in case of older children or if the provider does not apply for a state allowance), however, these should not exceed the real costs of the service provided, because of the non-profit basis. In 2021, the fee (without meals) ranged from CZK 0 to 16 000, the average was CZK 3 260 per month. Meals cost ranged from CZK 0 to 121, the average was CZK 54 per day. For 2022 there are not yet available current statistics which take into account the effectiveness of the amendment to the Children's Groups Act.

Accurate statistics on the coverage of children's group are not available as children's Groups are flexible services and the age composition of children may change during the year. There are currently 1277 children's groups registered, with 16711 places for children. However, the number of children attending children's groups is approximately 30% higher (more than 20000 children), because one place can be shared by two or more children. Regarding the age composition of children entering the children's group, 75% of them are under 3 years of age. After reaching the age of 4, children most go to kindergarten. Current capacities of children's groups will thus cover approximately 6% of the population of children under 3 years of age and 1% of children over 3 years of age.

---

<sup>23</sup> According to a survey that took place in 2021 and included 82 public kindergartens, the average service/education cost charged to parents was CZK 438/month (excluding meal costs). This average includes also kindergartens that provided the service completely free of charge (4 out of 82). According to the same survey, the average fee for preschool education in *private* kindergartens was CZK 3900/month (excluding meals).

### Monthly fees of Children's Groups in 2021, for selected regions of Czech Republic

	Range of fees per month (in CZK)			Price of meals per day (in CZK)		
	Lowest	Highest	Average	Lowest	Highest	Average
České Budějovice	800	6700	2883	15	90	49
Karlovy Vary	900	3000	2380	40	60	40
Praha	600	16000	6066	30	121	72
Average in CZ	0	16000	3260	0	121	54

*Note:* the averages shown in the table consider the fees of all CGs, including those where the fee is zero.

*OECD note:* For the purpose of the OECD tax-benefit model, the childcare fee in 2022 for children of two and three years old is the average monthly fee paid in the public kindergartens of the city of Prague.<sup>24</sup> This is equal to 774 CZK per month for the care service, plus 1276 CZK per month for the meals in case of full day attendance (i.e. the maximum daily cost established by the regulation No. 107/2005 Coll., multiplied by 22 days of attendance). TaxBEN uses the meal cost for half-day attendance when the parents work less than 50% of full time work. In this case, the meal cost is equal to the maximum daily cost established by regulation n. 107/2005 for half-day attendance, multiplied by 22 days of attendance, i.e.  $47 \times 22 = 1034$  CZK. For children older than three years of age, the TaxBEN model assumes that the child attends a public kindergarten where the service is provided free of charge.

#### 5.1.1. Discounts for part-time usage

**Kindergartens (mateřská škola):** The recommendation of the Ministry of Labour and Social Affairs states that in the event of shorter attendance, the education fee “should be reduced proportionately”. However, according to the decree No. 14/2005, the individual directors of each public kindergartens determine autonomously the monthly amount of the monthly fee charged to parents, with the sole constraint that the final monthly amount charged to parents cannot exceed 50% of the average non-investment costs per child per month in the past calendar year. However, when determining the amount of parents’ payment, the decree does not differentiate between full day and half-day operations, only the total non-investment costs are taken into account. As a result, there is a large variability in the education fees across the country, and accurate statistics on the average education fees by length of operation are currently unavailable.

*OECD note:* Because the average education fee provided by the Ministry of Education (Section 5.1) includes both full-time and part-time fees, the OECD childcare cost indicator uses this average amount *independently of the selected usage* (full day or half day). However, because regulation No. 107/2005 Coll. defines different costs of the meals depending on the length of the service attendance, the part of the childcare cost indicator referring to the meal costs takes into account the lower meals cost in the event of part-time attendance (see the other *OECD note* in section 5.1 for further details).

**Children's group:** The amendment to the Children's Groups Act does not set the amount of the fee paid by the parents in relation to the days or hours when childcare is provided, it sets only monthly amount.<sup>25</sup>

<sup>24</sup> The sample includes all the public kindergartens of the city of Prague, excluding District 1 and District 17.

<sup>25</sup> In the children's group they have a lower norm, but the payment by the parent is not capped. It is up to the provider to determine the price for the service paid for by the parents.

## 5.2. *Childcare benefits*

Variable name: `[cc_benefit]`

### 5.2.1. *Fee discounts and free provision*

According to the decree 14/2005 on pre-school education, the following persons are exempted from paying childcare fees:

- legal guardians of children in compulsory pre-school education;
- Parents or legal representatives of children receiving a recurring benefit in material need (Section 3.1);<sup>26</sup>
- Parents or a legal representatives of child, if the parents or the child are entitled to an increase in the Care Allowance (Annex);
- A person who personally look after a child and receives foster care benefits for looking after that child, as long as this person is able to prove this fact to the principal of the kindergarten.

In the Czech Republic there are no discounts/subsidies on the fee for preschool education in public kindergartens based on the number of children in the family or attendance at kindergarten. See section 5.2.4 for a tax credit related to childcare expenses.

### 5.2.2. *Child-care allowances for children using centre-based care*

There are no national benefits whose eligibility depends on the use of childcare services (including public kindergartens and Children's groups). Local governments can provide this type of benefits.

The reference local government for the OECD tax-benefit model (Praha) does not provide this type of benefits.

### 5.2.3. *Child care allowance for children NOT using child care centres*

If the child is 2 years old or younger and the family uses centre-based childcare for more than 92 hours per month, the family loses eligibility for the parental allowance (Section 4.2).

### 5.2.4. *Tax concessions for childcare expenditures*

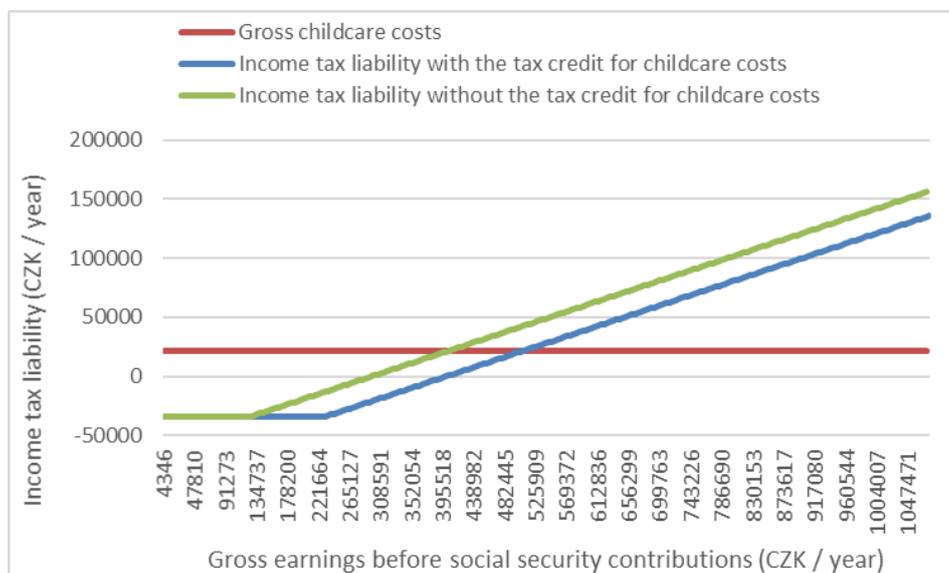
Since 2015, there is an income tax credit (non-refundable) for parents-employees. The tax relief is designed as a tax relief in the amount of costs paid by taxpayer to the early childcare facility up to the amount corresponding to the monthly minimum wage in 2022 (Section 1). In the context of other tax allowances, especially the tax advantage for children living in a household with taxpayer, which might be partially or in the whole amount paid back to the taxpayer depending on their total amount of the income tax, this instrument can be used by low-income families as well.

*OECD note:* TaxBEN computes the income tax credit related to childcare expenditures during the calculation of the personal income tax. Figure 3 shows the amount of income tax liabilities at selected earnings levels, with and without childcare costs.

---

<sup>26</sup> Jobless parents or legal representatives receiving unemployment benefits (Section 2) and using childcare services are *not* exempted from childcare fee payments.

**Figure 3. Childcare costs and overall income tax liabilities with and without accounting for childcare costs.**



Note: results for a single person with two children aged 3 and 6, respectively. See Section 8 for the calculations of the income tax.

Source: [OECD tax-benefit model, 2022](#).

## 6. Employment-conditional benefits

*OECD note:* This section provides information on employment-conditional (“in-work”) benefits for employees, i.e. benefits whose eligibility is conditional on the following key requirements: 1) being regularly employed (in either the private or public sector); 2) working a certain number of hours and/or earning more than a certain minimum. This definition notably excludes ‘workfare’ programmes and related ‘work-first’ policies that make out-of-work benefits conditional on participation in work activities.

This section provides information also on *one-off* and/or *temporary* payments for benefit recipients who are out of work and make a transition into employment. These type of benefits are referred to as *transitional “into-work” benefits* in order to differentiate them from the “regular” in-work benefits that do not have any predefined maximum duration after moving into work.

Based on this definition, Czech Republic does not have in 2022 a national “in-work” benefit.

## 7. Social security contributions and payroll taxes

### 7.1. Social security contributions (*Príspevky na sociální zabezpečení*)

Variable names: [\[SOCSEC\\_p; SOCSEC\\_s; SSCR\\_p; SSCR\\_s\]](#)

*Employee compulsory contributions:* 11.0% of gross earnings. The total contribution consists of health insurance contributions (4.5% of gross wages) and social insurance (6.5% of gross wages).

*Employer compulsory contributions:* 33.80% of gross earnings. The total contribution consists of health insurance contributions (9% of gross wages) and social insurance (24,8% of gross wages).

The maximum annual earnings amount used to calculate social security contributions and contributions to the state employment policy is 48 times the reference average monthly wage – see chapter 1 (CZK 1 867 728 in 2022). There is no ceiling for health insurance contributions.

**Table 1. Social security contribution rates as of January 1 2022**

Contributions	Percentage of gross earnings		
	Employees	Employers	Total
<b>Health insurance</b>	<b>4.50</b>	<b>9.00</b>	<b>13.50</b>
<b>Social insurance</b>			
Sickness	0.00	2.10	2.10
Pension	6.50	21.50	28.00
State employment policy	0.00	1.20	1.20
<b>Total</b>	<b>11.00</b>	<b>33.80</b>	<b>44.80</b>

## 8. Taxes

### 8.1. Personal income tax

Code in the OECD tax-benefit model: [\[IT\\_p; IT\\_s\]](#)

#### 8.1.1. Tax unit

The tax unit is the individual.

#### 8.1.2. Taxable income

The taxable income in the Czech Republic is calculated as follows:

Gross wage earnings (see Section 1 for the definition of the gross average wage) *minus* tax allowances (Section 8.1.3 below).

The annual tax base is rounded down to whole hundreds of CZK.

#### 8.1.3. Tax allowances

There are a number of tax allowances that reduce the taxable income. Examples include charitable donations, interest payments, supplementary pension scheme contributions and private life insurance premiums.

*OECD note:* The tax allowances available in the Czech Republic are all classified as ‘non-standard’ tax reliefs and are outside the scope of the OECD tax-benefit model.

#### 8.1.4. Tax schedule

Tax rate of 15% for the part of a tax base up to 48 times the average wage, and 23% for the part of a tax base exceeding 48 times the average wage. For the purposes of income taxes, the average wage shall mean the average wage set out under the Act regulating Social Security Insurance premiums (see Section 1 for details).

In the case of an income from a dependent activity, the tax base is the income from a dependent activity.

#### 8.1.5. Tax credits

In 2022, there were the following tax credits:

- Tax credit of CZK 30 840 per taxpayer.
- Tax credit of CZK 24 840 per spouse (husband, wife or registered partner) living with a taxpayer in one household provided that the spouse's own income does not exceed CZK 68 000 in the taxable period.
- Tax credit for children: Payable tax credit of CZK 15204 for first child, credit of CZK 22320 for second child, credit of CZK 27840 for third and each additional child (irrespective of the child's own income) if the child satisfies one or more of the following criteria:
  - age below 18
  - age below 26 and receiving full-time education
  - age below 26 and cannot receive full-time education due to disease or injury, or due to long-term adverse health status

The taxpayer can claim the tax credit for children in the form of tax reliefs or tax bonuses. If the income tax liability is lower than the tax credit for children, the difference is paid as a tax bonus through the tax administrator or tax remitter. By contrast, the tax credit of CZK 30 840 per taxpayer as well as the tax credit of CZK 24 840 per spouse both operate in the tax system as traditional tax reliefs reducing the taxpayer's tax liability, which are applicable only up to the amount of the taxpayer's tax liability.

- Tax credits for family members with disability (not modelled in TaxBEN):
  - The tax credit for children doubles if there is a child in the household with special types of disabilities (so-called “ZTP-P” cardholders). If the tax liability is too low for receiving the full children tax credit, the taxpayer can apply for a ‘tax bonus’.
  - Tax credit of CZK 24 840 per spouse (husband, wife or registered partner) shall be doubled in the case of disabled spouse (“ZTP-P” cardholder).
  - Tax credit of CZK 2 520 if the taxpayer is in receipt of a partial disability pension.
  - Tax credit of CZK 5 040 if the taxpayer is in receipt of a full disability pension.
  - Tax credit of CZK 16 140 if the taxpayer is a “ZTP-P” cardholder.
- Tax credit for educational or training programmes (not modelled in TaxBEN): tax credit of CZK 4 020 if the taxpayer takes part in a systematic educational or training programme under statutory provisions in order to prepare for his future vocation (profession) by means of such studies or prescribed training until completion of his/her 26 or 28 years (Ph.D. programme).
- Tax credit for childcare costs: Since January 1<sup>st</sup> 2015, there is a non-refundable tax credit for employed parents. The tax credit amount is equal to the annual costs paid by the taxpayer to the childcare facility up to the amount of the monthly minimum wage (see section 1) for each maintained child. TaxBEN note: the parent with the highest taxable income applies for this credit.

## 8.2. Regional and local income tax

There are no regional or local income taxes.

## 9. Selected output from the OECD tax-benefit model (TaxBEN)

This section shows selected output of the TaxBEN model for the Czech Republic in 2022 (Figures 4). The main output of the TaxBEN model is the net household income (**black line**) as well as the related income components (**coloured stacked areas**) for selected family and individual circumstances (“vignettes”, e.g. a lone parent with two

children working at different earnings levels – users are free to select many family and individual characteristics using the [online web interface](#). Figures 4 and 5 show output for four scenarios:

- By percentage of the national full-time average wage (**Panel A**);
- By unemployment duration (in months) for a jobseeker claiming unemployment benefits (**Panel B**);
- By previous gross earnings levels for a jobseeker claiming unemployment benefits (**Panel C**);
- By previous employment record, for a jobseeker claiming unemployment benefits (**Panel D**).

The stacked areas shows the household income components. Note that each component can contain more than one benefit. The table of content of this report describes the benefits included in each category.

Results in Figure 4 – Panel A refer to a couple with two children. Adults are both 40 years old whereas children are 4 and 6 years old respectively. Social assistance and housing benefits are assumed to be available in all the four scenarios, provided that the necessary income and eligibility requirements are met. Where receipt of social assistance or other benefits is subject to activity tests (such as active job-search or being available for work), these requirements are assumed to be met. Figure 4 – Panel B refers to a couple without children and without entitlements to housing benefits.

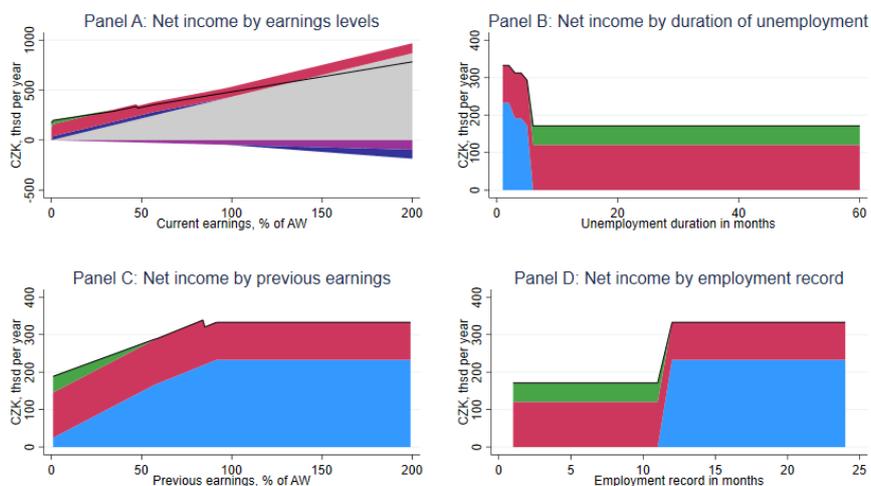
Panel A assumes that one of the partners (precisely the ‘second adult’ member, using the TaxBEN terminology) is out of work and not eligible for unemployment benefits (e.g. because they have expired). The other partner (so-called ‘first adult’) is employed full-time / full-year at earnings levels ranging between 0 and 200% of the Average Wage (AW). When earnings of the first adult are precisely 0% of the AW this person is assumed to be out of work without receiving unemployment benefits but claiming social assistance, as applicable.

Panels B to D assume that the second adult is out of work and not eligible to unemployment benefits whereas the first adult is also out of work and claiming unemployment benefits. In Panel B and C the first adult has a ‘long’ employment record of 264 consecutive months before the job loss. The x axis in Panel B measures the time of benefit receipt, starting from the first month. The x axis in Panel C shows the amount of previous gross earnings (before social contribution payments). Results in Panels C and D refer to the 2<sup>nd</sup> month of unemployment benefit receipt whereas Panel D consider the case of previous earnings equal to the average Wage. Previous earnings in Panel B are also equal to the average wage.

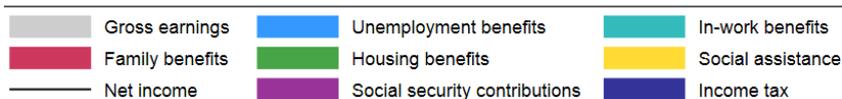
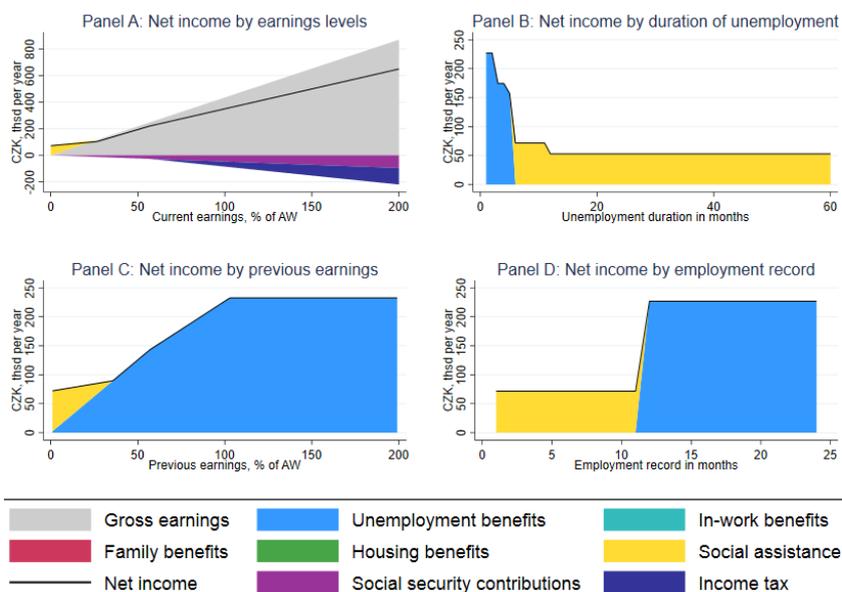
All results assume a private market rent plus other relevant charges amounting to 20% of the full-time average wage in all the four scenarios.

**Figure 4. Selected output from the OECD tax-benefit model**

**Chart A: Couple with two children**



**Chart B: Couple without children and without housing allowance entitlements**



*Note:* Section 9 provides more information on the simulation settings that apply to the four panels. Amounts are “annualized”, i.e. they are monthly values multiplied by 12. In Chart A – Panels A – the drop of the net household income between 70 and 80 % of the Average Wage is due to the full withdrawal of the child allowance (Section 4).  
*Source:* [OECD tax-benefit model, 2022](#).

## Annex: Other benefits and direct taxes

This section provides a brief description of other cash benefits and taxes on employment incomes in Czech Republic that are relevant for some members of the population below the statutory retirement age, but which are not included in the OECD tax-benefit model.

### A.1. *Retraining allowance (Podpora při rekvalifikaci)*

Jobseekers who meet the eligibility conditions for receiving unemployment benefits are also entitled to a retraining allowance if they participate in a retraining course provided by the regional branch of Labour Office. The retraining allowance shall not be paid during the provision of old-age pensions or sickness benefits. A disabled person who does not receive sick payments, old age benefits or earnings from work can be entitled to the retraining allowance on the basis of the decision of the Labour Office even if they are not registered as jobseekers in case they participate in vocational rehabilitation. During the period of retraining, the jobseeker who engaged in retraining activities receives 60% of last earned income net of tax and social security contributions. The maximum amount of retraining allowance is set at 0.65 times the average national wage for the first to third quarter of the calendar year in which the jobseeker enrolled for retraining (in 2022 CZK 24 081). If the jobseeker is not entitled to regular retraining allowance the allowance shall be set at 0.14 times the average national wage for the first to third quarters of the calendar year preceding the year in which the jobseeker enrolled for retraining. During the retraining programme, the jobseeker is not entitled to unemployment benefits.

### A.2. *Extraordinary immediate assistance (Mimořádná okamžitá pomoc)*

Extraordinary immediate assistance is part of the Assistance in material need. Benefits are provided to persons who find themselves in situations that have to be resolved immediately. The law provides for six situations that justify these additional benefits:

- When persons, due to a lack of funds, face a serious threat to their health. The benefit tops up a person's income so that it is in line with the subsistence minimum, for children with living minimum.
- When persons face extraordinary event such as a natural disaster, storms, fire, etc. The maximum amount is CZK 57 900.
- When persons do not have sufficient funds to pay one-off expenditure connected, e.g. with the payment of administrative fees. The maximum amount is the amount of the one-off expenditure.
- Where persons do not have sufficient resources to buy or repair basic furniture. The maximum amount cannot exceed CZK 38 600.
- Where persons do not have sufficient resources to cover justified costs relating to the education or special interests of dependent children, or ensuring necessary activities of social and legal protection of children. The maximum amount must not exceed CZK 38 600.
- Where persons are at risk of social exclusion, e.g. if they have been released from custody or prison, have left an orphanage, foster care on reaching adulthood, or have completed treatment for an addiction. A benefit up to CZK 1 000 may be granted. The benefit may be awarded repeatedly, but the sum cannot exceed CZK 15 360 per year.

- In response to pandemic Covid-19 a new title for Extraordinary immediate assistance was designed. Benefit called MOP COVID-19 is intended for one-off extraordinary expenses to overcome a short-term difficult social situation that has arisen as a result of pandemic. Benefit can be provided to persons and families who have lost a significant part of their income due to restrictions. It serves to cover basic living needs which mainly include livelihoods (food, drink, hygienic needs), rent and services related to housing, mortgages, internet, telephone. MOP COVID-19 was still in force in 2022.

### **A.3. Care allowance (*Příspěvek na péči*)**

This allowance is provided to persons who are dependent on another person's assistance due to their long term unfavourable health conditions. There are 4 levels of dependence: Grade I (slight dependence); Grade II (medium-heavy dependence); Grade III (heavy dependence), and Grade IV (total dependence). The grade is assessed by analysing the ability to manage a series of the following basic needs: mobility, orientation, communication, self-feeding, putting on clothes and footwear, washing oneself, toileting, looking after one's health, personal activities, household tasks. The allowance provided to persons below 18 years of age in a calendar month in 2022 is:

- a) CZK 3 300, in the case of grade I (slight dependence),
- b) CZK 6 600, in the case of grade II (medium-heavy dependence),
- c) CZK 13 900, in the case of grade III (heavy dependence),
- d) CZK 19 200, in the case of grade IV (total dependence).

Children under one year of age are not entitled to the allowance. The allowance provided to persons over 18 years of age in a calendar month is:

- a) CZK 880, in the case of grade I (slight dependence),
- b) CZK 4 400, in the case of grade II (medium-heavy dependence),
- c) CZK 12 800, in the case of grade III (heavy dependence),
- d) CZK 19 200, in the case of grade IV (total dependence).

The allowance is increased by CZK 2 000 for recipients who are dependent children below 18 years of age and parent of dependent children below 18 years of age if the income of the family is under 2.0 family's living minimum.

### **A.4. Mobility allowance and special aid grant (*Příspěvek na mobilitu and Příspěvek na zvláštní pomůcku*)**

There are two non-contributory benefits for people with disabilities that aim at reducing the social consequences of disability and supporting of social inclusion: 1) a recurrent mobility allowance of CZK 550 per month for people who are holders of Certificate of person with disability at the level labelled by a sign ZTP or ZTP/P (i.e. their abilities in mobility or orientation are worse due to long-term unfavourable health status); 2) a one-off grant for people with severe disabilities of support and motion apparatus, blind and deaf enabling. This grant seeks to support self-reliance, working activities, education, social contacts, buying or modification of a motor vehicle, adjustment of a flat.

### **A.5. Sickness Benefit (*Nemocenská*)**

#### *Entitlement and eligibility conditions*

Sickness benefits in the Czech Republic take the form of a compulsory contribution-based social insurance scheme, with mandatory continued payments by employers. All employees earning more than CZK 3, 500 per month are insured under this program. The self-employed can participate on a voluntary basis.

To be eligible for Sickness benefits, workers must obtain a certificate of incapacity from a medical doctor.

### *Benefit amounts*

After a 14-day period of continued payment by the employer (see A.6 Mandatory employer sick pay), ill workers receive 60% of the Daily Assessment Base (*Denní vyměřovací základ*) from the 15th to the 30th calendar day of incapacity. From the 31st to the 60th calendar day: 66% of the Daily Assessment Base. From the 61st calendar day onwards: 72% of the Daily Assessment Base. The benefit is paid monthly and there are not additional amounts for dependents.

The Daily Assessment Base: calculated as a percentage of gross earnings according to the following rate:

- up to CZK 1 298 per day: 90%
- CZK 1 298 to CZK 1 946 per day: 60%
- CZK 1 946 to CZK 3 892 per day: 30%
- Earnings over CZK 3 892 per day are not taken into account.

There is no minimum benefit, though there is a de facto minimum level, as employees earning less than CZK 3,500 a month cannot be insured for sickness benefits.

The maximum daily benefit is as follows:

- From the 15th to the 30th calendar day: CZK 1 285 per day.
- From the 31st to the 60th calendar day: CZK 1 414 per day.
- From the 61th calendar day onwards: CZK 1 542 per day.

### *Benefit duration*

380 days from the first day of temporary incapacity to work. It can be extended with an additional 350 days if the recipient applies for it and the Czech Social Security Administration decides (based on the medical records) that full recovery and regain of ability to work is likely.

### *Means test*

Benefits are not means tested.

### *Tax treatment*

The sickness benefit is not subject to taxation.

### *Interactions with other components of the tax-benefit system*

Sickness benefits cannot be combined with other sickness insurance benefits. They may possibly be combined with some other benefits, mainly:

- Old-age pension, to a limited extend (max 70 days per year)
- Survivors' pension
- Invalidity pension if the invalidity occurred outside the period of sickness benefit receipt, in case of III. degree disability to a limited extent only (max 70 days per year)

- Guaranteed minimum support benefits provided under the System of Assistance in Material Need (SAMN) if the means-test is passed.
- Child allowance, housing allowance, parental allowance, care allowance, mobility allowance, special aid grant. Note: Combination of parental allowance with two sickness insurance benefits – maternity benefit and sickness benefit provided in connection with childbirth - is possible, but parental allowance is due only if it is higher than the benefit, in the amount of the difference.

#### *Means test*

Sickness benefits enter the income test for child allowance, housing allowance, benefits of SAMN.

#### *Combining benefit receipt and employment/starting a new job*

Combining work and benefit receipt is possible: while benefit entitlement are linked to specific types of work activity, other activities may not be influenced by the sickness and can be carried on while receiving the benefit. Only those employments to which the certificate of incapacity is issued have to be suspended. For instance, a person who does part-time gardening and part-time accounting, may be temporarily incapacitated to continue one job, but the other may not be influenced and can be carried on.

If the recipient continues working in the job where the work incapacity occurred, the payments is terminated.

Any employee who is insured, i.e. earning more than CZK 3500 (see eligibility conditions above), can claim the benefit independently of the hours/days worked or receipt of short-time work compensations.

### **A.6. Mandatory employer sick pay (*Náhrada mzdy*)**

#### *Entitlement and eligibility conditions*

See A.5

#### *Benefit amounts*

Sick pay recipients receive at least 60% of the Hourly Average Earning (průměrný hodinový výdělek). Wage compensation is paid according to working hours. Hourly Average Earning is calculated using gross hourly earnings of the preceding calendar quarter. They are taken into account as follows:

- up to CZK 227.15: 90%
- CZK 227.15 to CZK 340.55 : 60%
- CZK 340.55 to CZK 681.10 : 30%
- earnings over CZK 681.10 are not taken into account

Wage compensation is paid monthly. Since wage compensation is regulated under labour law, employers pay on their own account.

A special benefit “Extraordinary quarantine allowance” (*Mimořádný příspěvek při nařízené karanténě, tzv. Izolačka*) with the purpose to prevent the spread of COVID-19 among employees. This benefit amounts up to CZK 370 a day of quarantine/isolation, additionally to the wage compensation paid by the employer for the first 14 days of illness. Entitlement to the contribution will last until 28 February 2022, at the latest.

### *Benefit duration*

The first 14 calendar days of a temporary incapacity for work.

### *Means test*

The benefit is not means tested.

### *Tax treatment*

The benefit is not subject to taxation.

### *Interactions with other components of the tax-benefit system*

Entitlement to mandatory employer sick pay (as well as the sickness benefit provided in connection with childbirth to recipients of maternity benefits) affects entitlement to parental allowance adversely: parental allowance can be paid only if it is higher than the above-mentioned sickness benefits.

The income from the sickness benefits enters the income test for child allowance, housing allowance, living allowance, housing supplement.

Receipt of sickness benefits does not automatically give entitlements to any other non-contributory family and social assistance benefits described in this report.

### *Combining benefit receipt and employment/starting a new job*

The same conditions that apply to the sickness benefit described in section A.5 apply also to the A.6. Mandatory employer sick pay.

## **A.7. Advance on maintenance payment (Náhradní výživné)**

### *Entitlement and eligibility conditions*

This is a non-contributory benefit in force as of July 2021. It can be granted to dependent children whose absent parents do not fulfil or fully fulfil their legal obligation to pay maintenance for their children. The first condition for the claim is that the parent (liable person) does not pay the maintenance determined by a court decision. The second condition is that execution proceedings or proceedings on the judicial enforcement of a decision to recover maintenance must be ongoing.

*OECD note:* this benefit is not included in the OECD tax-benefit model due to its temporary nature (maximum 24 months), the low frequency of payment (based on data from the Ministry of Labour), the discretionary amount (decided by a court, up to the limit of 3000 CZK), and the entitlement conditions.

### *Benefit amounts*

The amount payable is the difference between monthly maintenance determined by the court and (partial) payment of the maintenance paid by the liable parent in the relevant month. The maximum benefit amount is CZK 3.000 per month.

### *Benefit duration*

If eligibility requirements are met, the maximum period for benefit payment is 24 months, resp. 24 instalments. When the claim has ended, the amount paid is recovered from the liable parent.

### *Means test*

The benefit is not means tested.

### *Tax treatment*

The benefit is not subject to taxation.

### *Interactions with other components of the tax-benefit system*

The income from the Advance of maintenance payment enters the income test for child allowance, housing allowance, living allowance, and housing supplement. Receipt of Advance of maintenance payment does not automatically give entitlements to any other non-contributory family and social assistance benefits described in this report.

### *Combining benefit receipt and employment/starting a new job*

Combining work and benefit receipt is possible. Note: Advance of maintenance payment is a claim of dependent children.

## **A.8. Employment Support Program “Antivirus” (*Cílený program podpory zaměstnanosti “Antivirus”*)**

During the COVID-19 pandemic, the Government devised a new measure called “Antivirus” and is currently making a proposal for a systematic STW programme similar to the Austrian ‘*kurzarbeit*’.

### *Entitlement and eligibility conditions*

On 31 March 2020, the Government of the Czech Republic approved by Resolution No. 353 in accordance with Section 120 of Act No. 435/2004 Coll., On Employment, as amended, the Targeted Employment Support Program “Antivirus”.

The aim of the program is to support the maintenance of employment among employers affected by the spread of COVID-19 and related protective measures. As a result of these measures, they were forced to interrupt or significantly reduce their operations and therefore their employees are not working fully. The Antivirus program therefore corresponds to short-time working programs.

Employers are provided with an allowance to cover the wage costs (compensation of wages and related insurance) incurred by the employer during periods when employees are not working. According to the Czech Labor Code, these are so-called obstacles to work, where the employer is obliged to pay wage compensation to the employee even though the employee is not working.

The allowance is provided if the employee has been ordered to quarantine, or in cases where the employer had to close the operation from the decision of the state administration, or where the employer closes or restricts the operation due to a reduction in sales of products or services, due to restrictions on inputs (raw materials, products) or absence of a significant proportion of employees. The link to COVID-19 is not proven and is automatically assumed due to the severity of the situation and the magnitude of the impacts.

The program is intended for all employers with the exception of employers referred to in Section 109 (3) of Act No. 262/2006 Coll., The Labor Code. These are: state, territorial self-governing unit, state fund, a contributory organization whose costs for salaries and remuneration for working readiness are fully secured from the operating allowance) provided from the founder's budget or from payments under special legal

regulations, school legal entity established by the Ministry of Education, Youth and Sports, region, municipality or voluntary union of municipalities pursuant to the Education Act), or regional council of the cohesion region. These employers are excluded from the support as their labor costs are covered by public resources (budgets).

Other characteristics, such as the economic sector, the size of the employer or the region of application, are not decisive for the granting of the support. The allowance is provided on the basis of an agreement between the Labor Office of the Czech Republic and the employer, the agreement is concluded with each employer (subject to the fulfillment of the above-mentioned basic conditions) if the application is submitted.

### *Benefit amounts*

The allowance is provided for partial reimbursement of labor costs. This is the paid wage compensation (provided for the period when the employee is not working) and the insurance paid. According to the Czech Labor Code, the employer is obliged to pay this compensation to the employee. Amount of allowance:

- In mode A it is 80% of paid wage costs, maximum CZK 39,000/month/employee

Mode A applies to cases where an employee is ordered to quarantine. In such a case, the employer is obliged to pay the employee wage compensation for the first 14 days. Also, mode A applies to cases where closure of operations was directly ordered by the government (e.g. restaurants) and employer cannot use Mode Antivirus Plus (employer does not fulfill conditions for State aid granted under point 3.1 of the Temporary Framework).

On 1<sup>st</sup> of January 2022, mode A is still in force and used for cases where employees are ordered to quarantine until the end of February 2022. For other cases within the mode A, the period of eligibility ended on 31<sup>st</sup> of May 2021.

- In mode B it is 60% of paid labor costs, maximum CZK 29,000/month/employee

Mode B concerns cases where the employer has restricted or closed down operations mainly because of reduction of sales, lack of input supplies or due to the absence of a significant proportion of employees due to childcare (schools closed in the Czech Republic) or quarantine orders.

The first period of eligibility of mode B ended on 31<sup>st</sup> of May 2021. The second period of eligibility of mode B started on 1<sup>st</sup> of November 2021 and was suspended from 1<sup>st</sup> of January 2022.

- In Mode Antivirus Plus (or A Plus) it is 100% of paid labor costs, maximum CZK 50,000/month/employee

Mode Antivirus Plus applies in cases where the employer's operation is directly closed or significantly restricted directly by government measures. It is provide since 1 October 2020.

The period of eligibility of mode Antivirus Plus ended on 31<sup>st</sup> of May 2021.

### *Benefit duration*

Expenditure is eligible from 12<sup>th</sup> March 2020 to 28<sup>th</sup> February 2022 (mode A, only if obstacle in work is caused by quarantine of employee); from 12<sup>th</sup> March 2020 to 31<sup>st</sup> May 2021 (first eligibility period for mode B) and from 1<sup>st</sup> November 2021 to 28<sup>th</sup> February 2022 (second eligibility period for mode B). The second eligibility period for mode B was suspended from 1<sup>st</sup> January 2022. In other cases, expenditure was eligible

from 12<sup>th</sup> March 2020 to 31<sup>st</sup> May 2021. The validity (duration) of the scheme (programme) was approved until 30<sup>th</sup> June 2022. Contributions will be paid by 30<sup>th</sup> April 2022 at the latest.

#### *Means test*

No means test.

#### *Tax treatment*

Normal tax treatment. In the case of self-employed persons, this contribution is exempt from personal income tax pursuant to § 4 para. h) of Act No. 586/1992 Coll., Income Tax Act, as amended and such tax-exempt income cannot be claimed (see § 25 para. (i) the Income Tax Act).

#### *Interactions with other components of the tax-benefit system*

Wage compensation to employees in STW program enters the income test of other income-tested benefits in the same way as income from employment or self-employment. Wage compensation to employees in STW program has the same status in interactions and relations to non-contributory family and social benefits as normal earnings.

#### *Combining benefit receipt and employment/starting a new job*

STW benefit recipients can take up employment with another employer while receiving the STW benefit.

The allowance is intended only for employees in employment, at the same time a concurrence with the financing of these expenditures from other public sources (subsidies, contributions, etc.) is excluded.

### **A.9. Attendance allowance (*Ošetřovné*)**

#### *Entitlement and eligibility conditions*

Entitlement conditions are the same as for other sickness insurance benefits - see A.5. The self-employed cannot claim this benefit.

To be eligible for Attendance Allowance, workers must obtain a certificate confirming that a dependent person (typically a child) is ill and requires home care from a medical doctor.

Entitlement to attendance allowance may arise in the case of:

- A child who has not yet reached the age of 10 and who, due to the ordered emergency measure, cannot attend a school, kindergarten or similar facility (children's group, kindergarten, forest nursery, etc.),
- A dependent child (up to the age of 26 at the latest) who is dependent on the help of another person at least in grade I (mild dependence) according to the Social Services Act and cannot attend school due to an emergency measure during an epidemic.

#### *Benefit amounts*

Attendance allowance recipients receive 60% of the Daily Assessment Base (Denní vyměřovací základ). The Daily Assessment base is calculated the same way as for other

benefits of sickness insurance (see. A.5). As Attendance allowance is a short term benefit it is paid after the end of care period.

*Benefit duration*

Nine calendar days of necessary home care.

*Means test*

The benefit is not means tested.

*Tax treatment*

The benefit is not subject to taxation.

*Interactions with other components of the tax-benefit system*

The income from the Attendance allowance enters the income test for child allowance, housing allowance, living allowance, housing supplement.

Receipt of Attendance Allowance does not automatically give entitlements to any other non-contributory family and social assistance benefits described in this report.

*Combining benefit receipt and employment/starting a new job*

The same conditions that apply to the sickness benefit described in section A.5 apply also to the A.9. Attendance Allowance.

*The payments of the attendance allowance were extended for the whole period of school closures, i.e. "crisis attendance allowance".*

The main differences in the conditions of entitlement and the amount of the benefit between the normal state and COVID response period:

- Parents of children up to 10 years of age could receive crisis attendance allowance;
- During the care, the carers may take turns several times (the rotation is not possible on one calendar day);
- Persons working within the Employment agreement (Dohoda o provedení práce) or Agreement on working activity (Dohoda o pracovní činnosti) are also eligible to draw this allowance if they participate in sickness insurance;
- The entitlement to nursing allowance has not expired upon termination of employment;
- The amount of nursing allowance is 80% of the reduced daily assessment base.
- The minimum amount of the benefit is set at CZK 400 per day for employees working full-time.

End of this measure is set to 28 February 2022.