



GES NewsFlash

Czech Republic – Social Security Changes

January 28, 2011

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Summary

As of January 1, 2011, there are certain changes to Czech Republic social security legislation that have come into effect.

Maximum Assessment Base for Social Security Payments per Employee

As it was in 2010, the maximum assessment base for social security payments per employee in 2011 is a 72-multiple of the average wage. In 2011 the average monthly wage amounts to CZK 24,740. As such, the maximum assessment base for social security payments per employee amounts to **CZK 1,781,280**. The maximum employee social security payments amount to CZK 195.941 and employer's social security payments amount to CZK 605.636.

Deloitte's View

Employer and employee cost of Czech social security contributions continue to increase. Under these circumstances, social security planning becomes more and more appealing.

Changes in Employee Sickness Insurance

Starting 1 January 2011, sickness benefits will be paid out starting on the 22nd calendar day of an individual's temporary work disability ("TWD") or imposed quarantine. The employer will provide the employee with payroll compensation during the first 21 calendar days of the TWD or imposed quarantine.

Starting 1 January 2011, the legal guidance relating to the amount of sickness benefits per day will remain in effect, i.e., amounting to 60% of the reduced assessment base per day ("ABPD") over the whole period of the TWD or imposed quarantine. Originally, this percentage was adopted solely for 2010 (in place of the previous rate levels of the reduced ABPD of 60%, 66%, and 72%).

Deloitte's View

This measure was previously designed to decrease the level of sickness of Czech employees. Lowering the benefits is the next step in this process.

People to Contact

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