C/M/S/ Cameron McKenna v.o.s.
in association with
C/M/S/ Hasche Sigle
C/M/S/ Reich-Rohrwig Hainz

COMPARISON OF THE NEW AND OLD LABOUR CODE

January 2007

CMS CAMERON McKENNA v.o.s.
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New Code – 262/2006 Coll. (in force from 1.1.2007)	Old Code – 65/1965 Coll. (in force until 31.12.2006)
1. Principles and Structure	**1. Principles and Structure**
Principle: Anything not prohibited is permitted However, the liberal function of this principle was degraded in favour of increasing employees' and especially trade unions', rights; in practise this principle applies almost exclusively to agreements (incl. collective agreements) that bring advantages to the employees, but not vice versa. For an employer, almost everything not permitted is still forbidden.	**Principle: Anything not permitted is prohibited** This was a relic of paternalistic communist law, which aspired to fully regulate all relations between employers and employees. This principle was not compatible with employment relations in the contemporary political and economic system.
Coincidence with the Civil Code The New Code coincides with the Civil Code, but only in sections where it is explicitly stated. (§ 4 of the Labour Code) (e.g. in the case of unjust enrichment)	**Independency on the Civil Code** The Old Code was designed to be fully independent of the Civil Code.
Different Formal Structure 14 Parts, 396 Sections	**Different Formal Structure** 6 Parts, 280 Sections
Idea: To fit all employment regulations into one code The lawgiver quickly waived this idea. Though some acts and government decrees were repealed and their contents were incorporated into the New Code (e.g. the Remuneration Act (1/1992 Coll.), Travel Expenses Act (119/1992 Coll.) etc.), there are still many important employment regulations in force which are not a part of the New Code., and there is no plan to incorporate them into it, e.g. the Employment Act (435/2004 Coll.), Collective Bargaining Act (2/1991 Coll.), Act on Protection of Employees in the Event of their Employer's Insolvency (118/2000 Coll.) etc. The New Code only includes very brief anti-discrimination regulation, and its text refers to a special legal act ("the Anti-discrimination Act"), which does not yet exist. It is not, therefore, expected to come into force in the near future. Generally, there are more legal regulations that are not yet in force, or not yet written, whose existence the New Code takes into account, i.e. the new Act on People's Health (the old one 20/1966 Coll. is still in force, but no longer fits in to contemporary circumstances). A significant question is therefore, how courts and other offices will cope with the lack of subsidiary legal regulations to the New Code.	**Spread of employment regulations to more legal acts** In addition to the Old Code, employment regulations were also contained in many other acts and government decrees, e.g. the Remuneration Act, Travel Expenses Act etc. Despite some of the acts and government decrees being repealed whilst their contents were incorporated into the New Code, many employment regulations have stayed outside it, and the spread of employment law in to more legal acts has not been reduced. On the other hand, the Old Code included a detailed regulation on the prohibition of discrimination. Unfortunately, the New Code only includes very brief anti-discrimination regulation and its text refers to a special legal act ("the Anti-discrimination Act"), which does not yet exist. It is not, therefore, expected to come into force in the near future.

2. Changes 2.1 Relations between the Employers and the Employees	2. Changes 2.1 Relations between the Employers and the Employees
Working conditions of employees may differ provided that no discrimination occurs from the difference in working conditions. However, according to § 110 of the New Code, the same work or works that bring the same value must still be remunerated equally.	**All employees doing the same work must have been treated (and remunerated) equally** unless set out otherwise by law. (§ 1 (3) of the Old Code and § 4a (1) of the Remuneration Act)
Internal Rules According to the New Code, all employers may issue internal rules. However, employers at whose undertaking a trade union has been established, may only issue internal rules if such a possibility is explicitly agreed in the relevant collective agreement.	**Internal Rules** According to the Old Code, only employers at whose undertaking no trade union had been established could issue internal rules.
Dependent Work ("závislá práce") The New Code defines in Section 2(4) the term "Dependent Work" ("závislá práce"): "Dependent work means exclusively personal performance of work by an employee for his employer within the relationship of the employer's superiority and his employee's subordination, according to the employer's instructions (orders), or according to the instructions given in the employer's name, for a wage, salary or other remuneration paid for work done within the working hours (or otherwise determined or agreed time) at the employer's workplace (or at some other agreed place), at the employer's costs and liability." Further, the New Code says that **dependent work may exclusively be carried out in legal relations under the Labour Code, mainly under an employment relationship or under agreements on work outside an employment relationship** (dohody o pracích konaných mimo pracovní poměr), unless regulated by other specific statutory provisions. *This regulation is focused especially against so-called "Švarc systém" (named after its alleged inventor, entrepreneur Miroslav Švarc from Benešov - now in prison). It is often used by smaller companies or entrepreneurs as a cheap way of employing manual workers. In this system, the workers - although acting as employees (according to the New Code) – are hired as contractors. As contractors, the employer is not subject to the payment of health insurance and social*	**Dependent Work ("závislá práce")** No such term was defined in the Old Code. However, a prohibition of the so-called "*Švarc systém*" (see on left) was set out in Section 13 of the Employment Act (435/2004 Coll.). This section of the Employment Act has now been repealed due to the introduction of a more systematic regulation against *Švarc systém* contained in the New Code.

contributions for the employees, and also the employees do not have any of the rights (including the basic ones, e.g. notice period, claim for holiday etc.) which they must have according to the Labour Code. *This system of employment has been considered undesirable evasion of legislation (lowering of the state budget incomes, dispute of the employees' rights), and the regulation of the New Code should help to eliminate it.*	
Collective Bargaining Where two or more trade union organisations operate within one employer's undertaking and they do not agree on co-operation during collective bargaining, the employer is entitled to conclude a collective agreement with one or more trade union organisations with the largest membership among the employees (employed by this employer).	**Collective Bargaining** All trade union organisations were treated equally.
Interruption of Work due to Weather Conditions **In the case of idle time or interruption of work caused by unfavourable weather conditions**, the employer may transfer an employee to a different area of work **only with his consent**. (§ 41 (5) of the New Code)	**Interruption of Work due to Weather Conditions** **In case of idle time or interruption of work caused by unfavourable weather conditions**, the employer could transfer an employee to a different area of work **without his consent.** (§ 37 (4) a) of the Old Code)

2.2 Working Conditions of Employees	2.2 Working Conditions of Employees
Employees under 18 The working time of employees under **18** must not exceed 30 hours a week and, cumulatively, 6 hours a day.	**Employees under 18** The working time of employees under **16** could not have exceed 30 hours a week and, cumulatively, 6 hours a day.
New health & safety obligations on construction sites Construction companies and their clients face new obligations from 1 January 2007, now that the Act on Additional Health and Safety Conditions (309/2006 Coll.) has come into force. It does not apply to construction projects for which the Construction Permit was issued before 1 January 2007. The new Act implements EU law and also adds further health & safety requirements to those in the New Code. It makes construction companies primarily responsible for the health and safety of their employees, but also requires co-operation from the client (developer). There are additional requirements on construction projects involving more than 500 man-days of work or lasting more	**New health & safety obligations on construction sites** ---

than 30 working days with at least 20 workers being on site at once for more than one day. Key changes include requirements for the client on larger construction projects to: • appoint a qualified person as a "Health & Safety Coordinator" to coordinate situations when employees of more than one contractor are on site at the same time and give them all information needed for safe performance of their work • require the contractors to co-operate with the Coordinator during construction • notify the Health and Safety Authority at least 8 days before handing the site over to the contractor, and also to display a copy of the notification at the site • prepare a health and safety plan complying with all the legal requirements where extraordinary dangerous works are to be carried out on the site. • Construction companies, Health & Safety Coordinators and individuals participating personally in the construction also face new obligations under the Act.	

2.3 Work Contracts, their Conclusion and Contents	**2.3 Work Contracts, their Conclusion and Contents**
Written Form **With no exceptions all employment contracts must be made in writing .**	**Written Form** **All employment contracts must have been made in writing, except for employment contracts for a period shorter than 1 month.**
Establishing an Employment Relationship **An employment relationship may only be established by a contract.** The possibility of establishing an employment relationship by an appointment was only kept for explicitly stated special cases in public sector (e.g. directors of schools, state enterprises etc.). In the private sector, an employment relationship cannot be established by an appointment anymore.	**Establishing an Employment Relationship** **An employment relationship could have been started by a contract, or, in some special cases, by vote or an appointment.**

<table>
<tr><td>Recall of managerial employees

Some changes regarding the recall of managerial employees were introduced.

A managerial employee may be recalled exclusively by the statutory body of the employer (if the employer is a legal person) or directly by the employer (if the employer is a natural person), but only if parties mutually agreed this possibility in advance. Such mutual agreement must also include a clause that the employee is entitled to resign from his position (the purpose of this regulation is to build an equal position for both parties).

If a managerial employee is recalled, his performance of the managerial position shall end on the day after delivery of the recall or the resignation to the other party (unless a later date is stated in the recall/resignation).

The employment contract does not terminate upon the recall/resignation and the employer is obliged to offer another position to the employee. If such a position is not available or the employee refuses it, the employer may give the employee notice of termination due to his redundancy.</td><td>Recall of managerial employees

A managerial employee could have been recalled without any prior consent of the parties. Similarly, a managerial employee could resign from his position without any limitations.

If a managerial employee was recalled, his performance of the managerial position ended on the day after delivering the recall or resignation to the other party (unless a later date was stated in the recall/resignation).

The employment contract was not terminated by the recall/resignation and the employer was obliged to offer another position to the employee. If such position was not available or the employee refused it, the employer could give the employee a notice of termination due to his redundancy.</td></tr>
<tr><td>Prolongation of Probation Period due to obstacles to work

The probation period must be prolonged for each day on which the employee did not perform his/her work due to obstacles to work.

Furthermore, <u>from 1.1.2008</u> during the probation period, the employer may not terminate the employment relationship within the first 14 days of the employee’s incapacity to work (due to sickness, injury etc.).</td><td>Prolongation of Probation Period due to obstacles to work

The probation period must only have been prolonged if the employee did not perform his/her work for more than 10 days due to obstacles to work.</td></tr>
<tr><td>Regular Place of Work (”pravidelné pracoviště”)

According to the New Code, the regular place of work should be agreed in an employment contract for the purpose of reimbursement of travel expenses on business trips, journeys outside the employee’s regular place of work etc.

If the regular place of work is not agreed in the contract, the place of work agreed in the contract (which must be agreed, or else the contract is void)</td><td>Regular Place of Work (”pravidelné pracoviště”)

The term “Regular Place of Work” was used in the repealed Travel Expenses Act (119/1992 Coll.). Its regulation was similar to the New Code, but it did not contain any rule for situations where the place of work had been agreed more widely than by reference to one municipality. In the case of a dispute, the decision was in practice up to the relevant court.</td></tr>
</table>

shall be regarded as the regular place of work. **Where the place of work has been agreed more widely than by reference to one municipality (e.g. the whole Czech Republic, Náchod county etc.), the municipality in which the employee's business trips start most often shall be considered as the employee's regular place of work.**	
Business Trips An employer may only instruct his employee to go on a business trip **if it has been agreed with the employee**.	**Business Trips** An employer could only instruct his employee to go on a business trip if it had been agreed **in the contract of work between the employer and the employee**.
Additional Employment Relationship The New Code does not distinguish between an "Additional Employment Relationship (vedlejší pracovní poměr)" and the "Main Employment Relationship (hlavní pracovní poměr)". If an employee is a party to more than one employment relationship, all his employment relationships are treated equally by law.	**Additional Employment Relationship** If an employee was a party to more than one employment relationship, the Old Code distinguished between a "Main Employment Relationship (hlavní pracovní poměr)" and an "Additional Employment Relationship (vedlejší pracovní poměr)"..
Use of employees' birth numbers ("rodné číslo") in employment contracts According to the Amendment Act No. 53/2004 Coll. to the Birth Numbers Act (133/2000 Coll.), **the use of the birth number of an employee in an employment contract is subject to the prior consent of the employee from 1 January 2006. However, according to the standpoint of the Personal Data Protection Office ("Úřad pro ochranu osobních údajů") issued on 28 December 2006, such consent is given by the employee automatically by signing the employment contract. Thus, an employment contract may contain birth numbers of employees,** but it is important to mention that the employer must inform the employee before signing the contract, and then always when requested about the purpose ,for which the birth number will be used in the contract, and also about the exact way the employee's personal data (including the birth number) will be treated.	**Use of employees' birth numbers ("rodné číslo") in employment contracts** **Until 31 December 2005, there was no specific legal regulation regarding the birth number ("rodné číslo") of an employee in use of his employment contract. Thus, using of employees' birth number in an employment contract was in accordance with the law without any objections.**

2.4 Termination of Employment Relationship	2.4 Termination of Employment Relationship
Notice Period **The notice period is 2 months for both the employer and the employee. This period can be extended (but not shortened) by mutual agreement of the parties, however it must always be the same for both the employer and the employee.**	Notice Period **The standard notice period was 2 months**, but if that the employer gave a notice of termination to an employee because the employer's business, or part of it, was closed down or relocated or the employee became redundant, the notice period **was 3 months**. It was not possible to alternate the notice period by mutual agreement of the parties.
Assistance for sacked employees in obtaining other suitable work **The employer is no longer obliged to assist its employees in obtaining other suitable work in the case of giving a notice of termination to them.** **Furthermore, an employer is no longer obliged to provide other suitable work to any of its sacked employees.**	**Assistance for sacked employees in obtaining other suitable work** After giving a notice of termination to an employee due to the employer's closure, relocation, the employee's redundancy or because the employee lost the ability to perform his work due to an industrial injury, occupational disease or due to the risk of an occupational disease, the employer was obliged to assist him actively in obtaining other suitable work. Furthermore, an employer was obliged to provide other suitable work to some specific groups of employees (e.g. single parents taking care of a child under 15, disabled employees, employees threatened by occupational disease etc.) prior to the termination of the employment relationship. The employer's duties stated above expired if the employee had rejected the first suitable work offered or provided to him by the employer without a serious reason.
Severance Pay If an employer gives a notice of termination to an employee because of closing or relocation of the employer's business or a part of it, or because the employee has become redundant, or if the employment is terminated by mutual agreement of the parties due to the reasons above, **the employer is obliged to pay severance pay to the employee in the amount of 3 times his/her monthly average wage**. This amount may be increased (but not decreased) by a collective agreement or an internal rule. **If the notice of termination is given (or a mutual agreement concluded) because the employee has lost his ability to perform his work due to an industrial injury, occupational disease or due to**	Severance Pay If an employer gave a notice of termination to an employee because of closing or relocation of the employer's business or a part of it, or because the employee had become redundant, or if the employment was terminated by mutual agreement of the parties due to the reasons above, **the employer was obliged to pay severance pay to the employee in the amount of 2 his monthly average wage**. This amount could have been increased (but not decreased) by a collective agreement or by an internal rule.

the risk of an occupational disease (which is confirmed by a medical certificate), the employer is obliged to pay to the employee severance pay in the amount of 12 monthly average salaries of that employee. This amount may be increased (but not decreased) by a collective agreement or internal rule.	
Void Termination of Employment Relationship Where the employer has given his employee notice which is void, or has terminated an employment relationship with his employee either instantly or during the probation period in a void manner, and the employee concerned has informed the employer in writing without delay that he insists on contained employment with the employer, the employee's employment relationship will continue and the employer shall pay a compensatory wage to the employee until the time when the employer enables the employee to continue his work or until the employment relationship is brought to an end in a valid manner. **This period is no longer limited.**	**Void Termination of Employment Relationship** Where the employer had given his employee notice which was void, or had terminated an employment relationship with his employee either instantly or during the probation period in a void manner, and the employee concerned informed the employer in writing without delay that he insisted on contained employment with the employer, the employee's employment relationship continued and the employer had to pay a compensatory wage to the employee until the time when the employer enabled the employee to continue his work or until the employment relationship was brought to an end in a valid manner. **However, if the period, for which the compensatory wage was payable, exceeded 6 months, the relevant court could upon the employer's request, reduce or waive the employer's duty to pay such compensatory wage for the period exceeding 6 months.**

2.5 Working Hours	2.5 Working Hours
Working Hours Account (konto pracovní doby) The working hours account enables employers to react to changes in the market by adjusting the working hours of their employees. However, employers are obliged to pay employees a stable wage (at least 80% of the employee's average wage). The employers are further obliged to run an account of working hours and an account of the employees' wages, including the difference between the agreed working hours and the actual hours worked. At the end of so called "settlement period" which takes a maximum of 26 weeks (or a maximum of 52 weeks if agreed in a collective agreement), the employer must balance the difference between the wage the employee obtained and the average wage, if the obtained wage is lower. Prior consent is required from the employees to whom the working hours account is being applied. Furthermore, this system may only be used if this possibility is explicitly stated in a collective agreement	**Working Hours Account (konto pracovní doby)** Such a provision did not exist in the Old Code.

or in an internal rule.	
Overtime Work According to the New Code, **remuneration for any overtime work may not be included in the basic wage**. **However, it is possible to agree a lump sum for overtime work. In such a case, the employer is obliged to keep a record of the employee's overtime work. Such a lump sum may not be lower than the amount which the employee would gain if he was paid his hourly wage for overtime work according to the New Code (i.e. his average hourly wage increased by 25% for each hour of overtime work).**	**Overtime Work** According to the Old Code and the repealed Remuneration Act (1/1992 Coll.), **the parties could conclude a mutual agreement that remuneration for overtime work up to 150 hours per annum (but max. 8 hours per week) would be included in the basic wage** and the employee would not be entitled to any supplements for such work.
Standby ("pracovní pohotovost") Standby means a period during which an employee is in the state of readiness to perform work, as covered by his employment contract, and which in the event of an urgent need must be done in addition to his scheduled shifts. Standby may only take place if such a possibility was mutually agreed with the employee in advance, and only at a place agreed with the employee. **Such a place must be somewhere other than the employer's workplace(s)** (usually the home of the employee). The number of standby hours is not limited by law. The remuneration for standby (if no work is performed) is at least 10% of the employee's average wage. This rate can be altered in a collective agreement, and, although the lawgiver probably intended to say that it may be increased but not decreased, the formulation is grammatically constructed so that it allows for an interpretation that means a collective agreement may both increase or decrease it.	**Standby ("pracovní pohotovost")** According to the Old Code, **standby could have been held both at the workplace or at other place agreed with the employee** (usually a home of the employee), whereas the maximum limit for standby at the workplace was 400 hours per annual. This number could have been reduced by a collective agreement. The number of standby hours outside the workplace was not limited in the law, but it could have been limited by a collective agreement. According to the Remuneration Act, the remuneration for standby (if no work was performed) was at least 20% of the employee's average wage if the standby had been held at the workplace and at least 10% of the employee's average wage if the standby had been held at other place, unless stipulated differently by collective agreement or contract for work.

2.6 Remuneration	2.6 Remuneration
Guaranteed Wage According to the New Code, a Guaranteed Wage ("zaručená mzda") will be one to which an employee right has arisen in accordance with the (New) Code, the relevant agreement/contract, internal rule, or the relevant wage statement*. The lowest amount of a guaranteed wage and the conditions for its payment to those employees whose	**Guaranteed Wage** The Old Code did not include the term "Guaranteed Wage". However, the repealed Remuneration Act (1/1992 Coll.) together with the Government Decree No. 333/1993 Coll. defined the term "Minimum Wage Rates" ("minimální mzdové tarify"), which had a similar meaning.

wage has not been agreed in the collective agreement, shall be laid down by the Government in a decree (currently the Government Decree No. 567/2006 Coll.). According to this Decree, jobs are sorted into 8 categories regarding the complexity, responsibility and strenuousness of the work performed, with the more sophisticated jobs , having a higher minimum guaranteed wage. The guaranteed wage for the highest category of jobs must be at least twice as high as the guaranteed wage for the lowest category. Furthermore the lowest amount of a guaranteed wage may never be lower than the minimum wage (which is according to the Government Decree No. 567/2006 Coll. CZK 8000,- per month or CZK 48.10 per hour.). Currently, the guaranteed wage ranges from CZK 8000,- per month or CZK 48.10 per hour for the 1st category to CZK 16,100,- per month or CZK 96.20 per hour for the 8th category. Moreover, employers are obliged to inform their employees in writing of any changes to wages, remuneration or payment of wages. For certain employees (employees under 21, disabled employees) the minimum wage and guaranteed wage rates are reduced by up to 90, 80, 75 or 50%. To see the allowed reductions for appropriate groups of employees, see § 4 of the Government Decree No. 567/2006 Coll.). **The employer is obliged to give his employee a written wage statement on the day the employee takes up his job; this wage statement shall include details of the manner of remuneration, the pay dates and the place of wage payment (unless these details are stated in the employment contract, collective agreement or internal rules).*	
Application of regulations on minimum wage and guaranteed wage for agreements on work performed outside an employment relationship (dohody o pracích konaných mimo pracovní poměr) **Regulations on minimum wage and guaranteed wage apply not only to standard employment contracts (pracovní poměr), but also to agreements on work performed outside an employment relationship (dohody o pracích konaných mimo pracovní poměr).**	**Application of regulations on minimum wage and guaranteed wage for agreements on work performed outside an employment relationship (dohody o pracích konaných mimo pracovní poměr)** **Regulations on minimum wage only applied to standard employment contracts (pracovní poměr), not to agreements on work performed outside an employment relationship (dohody o pracích konaných mimo pracovní poměr).**
Wages for work at night, on weekends, public holidays and in an arduous working environment **For work at night and work on Saturday and**	**Wages for work at night, on weekends, public holidays and in an arduous working environment** **Supplements for both work at night and work in**

Sunday the employee is entitled to receive a supplement in the amount of at least 10% of his average wage. This rate may be increased by a collective agreement (in the case of work at night) or by a collective agreement or an internal rule (in the case of work during the weekend). **For work in an arduous environment (ztížené pracovní prostředí) the employee is entitled to receive a supplement to his wage in the amount of at least 10%** (this compulsory minimum percentage can be increased (but not decreased) by a government decree) **of the basic minimum wage rate** according to § 111 (2) of the New Code. However, this Section refers to a government decree, which is at this time the Government Decree No. 567/2006 Coll. Under this decree, the basic minimum wage rate is CZK 48,10 per hour or CZK 8000,- per month and the supplement equals 10% for each factor which makes the working environment arduous (e.g. noise, vibrations etc.). **According to this, the supplement for work in arduous working environment is at least CZK 4,81 per hour or CZK 800- per month for each factor which makes the working environment arduous.** The height of these supplements may be increased (but not decreased) by a collective agreement or an internal rule. An employee who works on a day that is a public holiday is either entitled to take a day off ("náhradní volno") with compensation of 100% of his average daily wage or – in the case of mutual agreement with the employer – to receive a supplement in the amount of at least of 100% of his average daily wage (This was assumed from the Remuneration Act without any change.).	**an arduous working environment were CZK 6,- per hour.** This rate could have been increased by a collective agreement or an internal rule. An employee who worked on a day that was a public holiday was either entitled to take a day off ("náhradní volno") with compensation of 100% of his average daily wage or – in the case of mutual agreement with the employer – to receive a supplement in the amount of at least of 100% of his average daily wage (This rule was transferred from the Remuneration Act to the New Code without any change.).

2.7 Sickness Benefits	2.7 Sickness Benefits
Sickness Benefits **(<u>Important</u>: Due to political reasons, this issue is regulated as per the Old Code until 31.12.2007!!!)** **<u>The regulation of the New Code on this issue will come into force as late as 1.1.2008, and it will bring the following changes:</u>** In the case of an incapacity to work caused by sickness or injury, **sickness benefits will be paid by the employer during the first 14 days of**	**Sickness Benefits** In the case of an incapacity to work caused by sickness or injury, **sickness benefits are fully paid by the state from public insurance from the first day of the incapability and they amount to 25% of the employee's average wage during the first 3 days** of incapacity and to 69% of the employee's average wage from the 4th day till the end of incapacity. However, they are paid for no longer than **one year** after the day of the beginning of the incapacity.

incapacity. The amount of sickness benefits will be equal to **30% of the employee's average wage during the first 3 days** of incapacity and to 69% of the employee's average wage from the 4th to the 14th day of incapacity. **Within the first 14 days of an employee's inability to work, the employer will be entitled to check whether the employee, having been recognised as temporarily unfit for work, adheres to the instructions prescribed by a doctor regarding the duty of the employee to rest and to obey the time and scope of his/her permitted walks.** The employee will be obliged to enable the employer to exercise such checks. **In the case of a breach of the prescribed regime by the employee, the employer will be entitled to adequately reduce the sickness benefits or, in the case of a gross breach, to refuse the grant of sickness benefits to him/her at all.** **From the 15th day of incapacity, sickness benefits will be fully paid by the state from public insurance** and they will amount to 69% of the employee's average wage. They will be paid until the end of the incapacity, but for no longer than for **380 days** after the day on which the incapacity began. Where the incapacity of the employee is caused by **intentional** participation in a brawl **(except self-defense or defending an assaulted person)**, drunkenness, drug abuse or committing **any deliberate crime or offence**, sickness benefits **will be awarded but reduced by 50% (i.e. to 15% or 34.5% of the employee's average wage)**. However, employees who deliberately cause themselves to become incapacitated will not be entitled to any sickness benefits. The average wage for this purpose will be calculated using the method described in **§§ 18 to 22 of Act No. 187/2006 Coll.** (O nemocenském pojištění)	An employee whose incapability incapacity has been caused by participation in a brawl, drunkenness, drug abuse, committing **a crime for which the tort law sets out a punishment of imprisonment with the upper limit of 1 year or more**, or caused deliberately in an other way by intention to elicit sickness benefits, **is not entitled to sickness benefits**. The average wage for this purpose is calculated using the method described in **§ 18 of the Act No. 54/1956 Coll.** (O nemocenském pojištění zaměstnanců).

2.8 Agreements on work performed outside an employment relationship *(dohody o pracích konaných mimo pracovní poměr)*	**2.8 Agreements on work performed outside an employment relationship** *(dohody o pracích konaných mimo pracovní poměr)*
Application of regulations on minimum wage and guaranteed wage for agreements on work performed outside an employment relationship (dohody o pracích konaných mimo pracovní poměr)	**Application of regulations on minimum wage and guaranteed wage for agreements on work performed outside an employment relationship (dohody o pracích konaných mimo pracovní poměr)**

Regulations on minimum wage and guaranteed wage apply not only to standard employment contracts (pracovní poměr), but also to agreements on work performed outside an employment relationship (dohody o pracích konaných mimo pracovní poměr).	**Regulations on minimum wage only applied to standard employment contracts (pracovní poměr), not for agreements on work performed outside an employment relationship (dohody o pracích konaných mimo pracovní poměr).**
Agreement on Work Performance (dohoda o provedení práce) An Agreement on Work Performance may now be concluded for up to **150** hours per calendar year.	**Agreement on Work Performance (dohoda o provedení práce)** An Agreement on Work Performance could have been concluded only for max. **100** hours per calendar year.

2.9 Taxes	2.9 Taxes
Deduction of costs expended on employees' rights from the tax base According to the contemporary regulation of Section 24(2)(j)(5.) of the Income Tax Act (586/1992 Coll.), in force from 1 January 2007, money spent on the employees' rights resulting from their collective agreement, their employer's internal rule **or from their contract for work or from other contract** may be deducted from the employer's tax base.	**Deduction of costs expended on employees' rights from the tax base** According to the regulation of Section 24(2)(j)(5.) of the Income Tax Act (586/1992 Coll.) valid until 31 December 2006, money spent on the employees' rights resulting from their collective agreement or from their employer's internal rule could have been deducted from the employer's tax base.

2.10 Other	2.10 Other
Liability of the employer for personal belongings brought to work by employees The liability of the employer for employees' personal belongings which are usually brought to work by employees has not been limited (this did not change). The liability of the employer for employees' personal belongings which are not usually brought to work by employees (e.g. higher amounts of cash, jewellery and other valuables), **is limited to CZK 10,000,- and it may be further increased (not decreased) by a government decree**. If it is proved that the damage was caused by an other employee, the liability of the employer is not limited.	**Liability of the employer for personal belongings brought to work by employees** The liability of the employer for employees' personal belongings which are usually brought to work by employees was not limited (this did not change). The liability of the employer for employees' personal belongings which are not usually brought to work by employees (e.g. higher amounts of cash, jewellery and other valuables), **was limited to CZK 5,000,-**. If it was proven that the damage had been caused by an other employee, the liability of the employer was not limited.
Time off in case of important personal events (weddings, funerals, birth of child, moving etc.) Small changes have occurred to the quantity of time off which the relevant employee is entitled due to such events. The list of such events, the appropriate number of days off for each of them, and the rules governing whether an employee is entitled to receive	**Time off in case of important personal events (weddings, funerals, birth of child, moving etc.)** The repealed list of such events, the appropriate number of days off for each of them, and the rules governing whether an employee was entitled to receive his wage during the period of absence, can be found in the Appendix to the Government Decree

his wage during the period of absence, can be found in the Appendix to the Government Decree No. 590/2006 Coll.	No. 108/1994 Coll. which was repealed together with the Old Code.
Death of an employer who is a natural person If an employer – natural person – dies, the employment relationship is terminated unless his successors or spouse/registered partner decide to continue the business.	**Death of an employer who is a natural person** If an employer – natural person – died, all rights and obligations arising from labour law relations were automatically transferred to his successor(s).
Training organized by a trade union An employee who takes part in a course (training) organised by a trade union is entitled to take time off up to 5 business days per annum, unless this is prevented by serious operational reasons. Such an employee is entitled to receive compensation in the amount of his average wage.	**Training organized by a trade union** No such regulation existed in the Old Code.
Personal file of an employee Employers are now entitled to administrate personal files of their employees, but it is important to mention that such files may only contain information necessary for the performance of the employees' work.	**Personal file of an Employee** No such regulation existed in the Old Code.
Wage Deductions According to the Civil Code (40/1964 Coll.), as amended (in force from 1 January 2007), an employer is obliged to deduct payments on the basis of a mutual agreement between an employee and a third party, if they are payments for a child's alimony. This regulation brings a significant simplification to the employer. *This change has had no influence on the deductions set out by law or official orders, i.e. taxes, health insurance, social contributions, deductions ordered by court etc. The employer is still subject to provide these deductions.*	**Wage Deductions** According to the Civil Code (40/1964 Coll.) in force until 31 December 2006, an employer was obliged to deduct any payments from an employee's wage to a third party, which the employee had mutually agreed with any such third party (e.g. banks, leasing companies etc.)
Conclusion of an agreement in connection with the improvement of qualifications ("prohlubování kvalifikace") of the employee Except for qualification upgrading ("zvýšení kvalifikace", Section 231), a qualification agreement (Section 234) may also be concluded in connection with the improvement of qualifications ("prohlubování kvalifikace", Section 230) provided the expected costs of such an improvement of qualifications are at least **CZK 75,000**.	**Conclusion of an agreement in connection with improvement of qualification ("prohlubování kvalifikace") of the employee** Except for qualification upgrading ("zvýšení kvalifikace", Section 231), a qualification agreement (Section 234) could have been also concluded in connection of improvement of qualifications ("prohlubování kvalifikace", Section 230) if the expected costs of such an improvement of qualifications are at least **CZK 100,000**.
Delivery of important documents related to the employment relationship	**Delivery of important documents related to the employment relationship**

<table>
<tr>
<td>Directly to the recipient, or
in an electronic form to an electronic (e-mail) address mutually agreed by the parties, however only with prior consent of the other party to this method of delivering such documents (in the case of an employee, this consent must be in writing) and only if both the sender and the recipient have provided an authorised electronic signature according to the Act No. 227/2000 Coll. (Act on Electronic Signature).
If direct or electronic delivery is not possible, then via a holder of a postal licence (i.e. Czech Post)</td>
<td>Directly to the recipient,
or, if direct delivery was not possible, then via a holder of a postal licence (i.e. Czech Post)</td>
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<tr>
<td>Information & Consultation

If an employer employs less than 10 employees, his information and consultation duty to his employees is significantly reduced in his favour.

An employer employing less than 10 employees is not obliged to inform his employees about:
the undertaking's economic and financial situation or its probable development;
the undertaking's activities, their probable development or their impact on the environment, and ecological measures related thereto.
Such an employer is also not obliged to consult his employees on the following issues:
probable economic development of the undertaking;
envisaged structural changes within the undertaking, rationalisation or organisational measures, or any measures having an impact on employment;
the latest number and structure of employees, envisaged employment development in the undertaking, fundamental issues of working conditions and their changes.</td>
<td>Information & Consultation

In the Old Code, there were no exceptions in favour of small employers regarding their information duty.</td>
</tr>
<tr>
<td>Computation of Time

Computation of time shall be governed by Section 122 of the Civil Code.</td>
<td>Computation of Time

The Old Code had its own system for the computation of time (Section 266).</td>
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