

**THE THIRTEENTH REPORT ON THE FULFILLMENT OF  
THE EUROPEAN CODE OF SOCIAL SECURITY  
SUBMITTED BY THE CZECH REPUBLIC**

**For the period from 1<sup>st</sup> July 2014 to 30<sup>th</sup> June 2015**

## SECTION 1

### ***List of applicable legislation:***

#### **Part II – Medical care**

- Act N. 48/1997 Coll., providing for Public Health Insurance and on Changes and Amendments to Certain Related Acts, as amended
- Act N. 372/2011 Coll., regulating Medical Services and Conditions for Their Providing (Medical Services Act effective from *April 1<sup>st</sup>, 2012*)
- Act N. 285/2002 Coll., to regulate the Donation, Removal and Transplantations of Tissues and Organs and on Changes to Certain Acts (the Transplantation Act), as amended

#### **Part III – Sickness Benefit**

- Act N. 187/2006 Coll., Sickness Insurance Act, as amended
- Act N. 262/2006 Coll., Labour Code, as amended

#### **Part IV – Unemployment Benefit**

- Act N. 435/2004 Coll., Employment Act, as amended

#### **Part V – Old-age Benefit**

- Act N. 155/1995 Coll., Pension Insurance Act, as amended
- Act N. 582/1991 Coll., providing the Organisation and Implementation of Social Security, as amended
- Regulation N. 284/1995 Coll., to Implement the Pension Insurance Act, as amended

#### **Part VII – Family Benefit**

- Act N. 117/1995 Coll., to regulate the State Social Support, as amended
- Act N. 110/2006 Coll., regulating the Living and Subsistence Minimum, as amended
- Act N. 586/1992 Coll., regulating income tax, as amended

#### **Part VIII – Maternity Benefit**

- Act N. 187/2006 Coll., Sickness Insurance Act, as amended

#### **Part IX – Invalidity Benefit**

- Act N. 155/1995 Coll., Pension Insurance Act, as amended
- Regulation N. 284/1995 Coll., to Implement the Pension Insurance Act, as amended
- Act N. 582/1991 Coll., providing the Organisation and Implementation of Social Security, as amended
- Regulation N. 359/2009 Coll., to determinate the Percentage Rate of the Decline in Ability to Work and Prerequisites for the Disability Assessment and Regulates the Assessment of Capacity to Work for the Purpose of Disability

#### **Part X – Survivors' Benefit**

- Act N. 155/1995 Coll., Pension Insurance Act, as amended
- Act N. 582/1991 Coll., providing the Organisation and Implementation of Social Security, as amended

## SECTION II

### *Code application*

Article 10 of the Constitution of the Czech Republic stipulates that promulgated international treaties, the ratification of which has been approved by the Parliament and which are binding for the Czech Republic, are considered to be a part of the legal order. If the provisions of an international treaty differ from the national legislation, the provisions of the international treaty shall prevail.

### *Article 2 – Provisions adopted*

The Czech Republic has adopted the obligations resulting from the following parts of the Code:

Part II	–	Medical Care
Part III	–	Sickness Benefit
Part IV	–	Unemployment Benefit
Part V	–	Old-age Benefit
Part VII	–	Family Benefit
Part VIII	–	Maternity Benefit
Part IX	–	Invalidity Benefit
Part X	–	Survivors' Benefit

### *Article 6 – Voluntary insurance schemes*

The report does not consider the protection provided under voluntary insurance schemes.

### **Parts XI – XII**

The questions on Articles 65 to 68 have been answered under the relevant section of the form.

### **General notes on benefit calculation:**

In 2014, the average gross monthly wage **of a qualified blue-collar worker was CZK 25,241** and according to the survey results approximately 52 % of the economically active people earned a lower wage than the stated amount. A qualified worker's wage corresponds to the wage of a metal turner – a machine tool setter and operator – according to CZ-ISCO 72231. In 2014, the average gross monthly wage of **a non-qualified blue-collar worker was CZK 18,647** [according to CZ-ISCO 93291 – a mechanical handling worker in industry (manufacturing)].

Information system on the average earnings is a selective statistical survey by the Ministry of Labour and Social Affairs, which is annually included as a part of the statistical research program of the Czech Statistical Office and, as a wage search with regular periodicity, it monitors the wage levels of individual professions in the Czech Republic, based on the CZ-ISCO Job Classification. The data on the average hourly wage of individual employees of selected economic entities are calculated as remuneration for labour-law-related purposes, pursuant to Section 351 and subsequent of Act N. 262/2006 Coll., the Labour Code.

The survey also allows monitoring of the amount and structure of the monthly gross wage which indicates the average salary level for the period from the beginning of the year to the end of the current period.

As the social security benefits in the Czech Republic are not subject to taxation (with the exception of pensions that exceed CZK 331 200 per year which are included in taxable income), and they are not subject to health insurance and social security contributions either, it is possible to calculate the ratio of the benefits to net wages. For pensions and sickness, the amount of the annual financial statement the tax credit of the spouse with yearly income up to CZK 68,000 is not taken into account. The net wage of a qualified blue-collar worker was CZK 19,462 and the net wage of a qualified blue-collar worker with two children was CZK 21,696.

The calculated income tax has been reduced by tax credits at the amount of CZK 2,070 for the taxpayer and tax credits of 2 x CZK 1,117 for the two nourished children.

The allowance for two children aged 6 to 15 amounts to CZK 1,220 (610 x 2).

- The benefits do not vary from region to region (paragraph 8 of Article 65 is not applied).
- The average year-on-year price inflation index in 2014 was 100.4 %.
- The year-on-year index for the average nominal wage in the national economy in 2014 was 102,4 %.

#### *Article 69 – Right of appeal*

##### Updated information:

An insured individual is entitled to lodge an appeal against a decision issued by the appropriate District Social Security Administration concerning the disallowance of his/her claim for a **sickness insurance** benefit (**sickness benefit** and **maternity benefit**), the amount of the benefit, the reduction of the benefit or the withdrawal or suspension of the payment thereof in accordance with Act N. 187/2006 Coll., the Sickness Insurance Act, as amended (hereafter referred to as “Sickness Insurance Act”). The superior body, i.e. the Czech Social Security Administration, decides on the appeal. Since 1<sup>st</sup> January 2010, it has been possible to lodge written objections concerning a decision of a social security body in matters of pension insurance as a regular legal remedy measure in accordance with Act N. 582/1991 Coll., providing the Organisation and Implementation of Social Security (hereafter referred to as “Organisation Act”), provided this is done within 30 days of the day when the participant in the proceedings was notified of the decision.

The social security body which issued the decision also decides on any objections, but the objection proceedings must be held separately from the first-instance social security decision-making body; the proceedings must not be participated in or decided upon by anybody who participated in the proceedings concerning the issuance of the disputed decision. It is possible to take a legal action against a decision upon the objections with the Regional Court. The option of a judicial review of a decision in matters of **pension insurance** is contained in the Administrative Procedure Code and elaborated in the Organisation Act.

The decisions which form the basis for decisions concerning benefits from pension insurance are excluded from the judicial review; the court only reviews any such decisions when deciding on an action brought against a decision of the Czech Social Security Administration.

*Article 70 –Expenditure on benefits*  
Updated information:

**Total revenue for 2014<sup>1</sup>**

- Pension insurance .....CZK 332,856,619,000
- Sickness insurance ..... CZK 25,697,970,000
- Contributions to the state's employment policy .....CZK 14,303,388,000

**Total expenditure for 2014<sup>2</sup>**

- Pension insurance .....CZK 376,406,471,000
- Sickness insurance ..... CZK 22,077,238,000
- Unemployment benefits .....CZK 9,279,634,000

*Article 71*  
No changes

*Article 74*

The total average number of employees in 2014 was 4,266,576 people. With self-employed persons included among the individuals covered (sickness insured), the total number is 4,356,524 people.

Total number of employees with pension insurance: .....4, 266,576 people.  
Self-employed persons with pension insurance (the average for 2014).....681,119 people.  
Individuals with sickness insurance ..... 89,948 people.

**SECTION III**

No changes

**SECTION IV**

No changes

**SECTION V**

No changes

<sup>1</sup> Source: National Accounts for Ministry of Labour and Social Affairs of the Czech Republic, chapter for 2014

<sup>2</sup> Source: National Accounts for Ministry of Labour and Social Affairs of the Czech Republic, chapter for 2014

## PART II – HEALTH CARE

### *Articles 7 and 8*

No changes

### *Article 9*

A. The Czech Republic refers to letter c).

B.

The group of covered individuals is determined in Section 2 of the Act N. 48/1997 Coll., the Public Health Insurance Act, as amended (hereafter referred to as “Public Health Insurance Act”)

The personal scope applies to all individuals with permanent residence in the Czech Republic and to individuals who do not have permanent residence in the Czech Republic, provided they are employees of an employer which has its registered office or permanent residence in the territory of the Czech Republic. Primarily, there is no derived entitlement to in-kind benefits in the system of public health insurance (to in-kind benefit / health services, respectively) in the Czech Republic.

The Czech Republic must also comply with the directly applicable EU law on coordination of social security systems which means that the Czech public health insurance involves also individuals covered on the basis of coordination regulations (i.e. Regulation of the European Parliament and the Council (EC) No 883/2004 and its implementing regulation – Regulation No 987/2009).

Furthermore, citizens outside the EU Member States, the EEC and Switzerland have also access to the Czech public health insurance system on the basis of an entitlement arising from the application of relevant international treaties, by which the Czech Republic is bound.

### C. Updated statistical information:

A. Number of covered individuals: – 10,414,102 people (average number of insured people in 2014)

B. Population: – 10,538,275 people (as of 31<sup>st</sup> December 2014)

C. 98,82 %

D. Women on maternity and parental leave and dependent children fall in the category of protected individuals who are entitled to medical care according to Article 10. However, primarily derived in-kind benefits do not exist in the Czech Republic. Women and children within the personal scope of public health insurance are entitled to medical care in pursuance of the law.

E. No changes

#### *Article 10*

A.

The scope of provided health services is determined in Chapter V of the Public Health Insurance Act.

An insured person (health service recipient) is requested to pay a regulatory fee. The amount of the fee depends on the nature of provided health service. Details are regulated in Section 16a of the Public Health Service Act.

B.

The insured person (or his/her legal representative) shall pay the respective service provider a regulatory fee in the amount CZK 90 for medical emergency service, including emergency service in stomatology (hereinafter “emergency service”). Regulatory fee is not paid if the insured individual is subsequently taken into inpatient care or in case of children under 3 years of age placed in institutional care facilities, in institutional or protective care, in institutional care for people with disabilities, in facilities for children needing immediate assistance, in foster care or guardianship or care of another person as stipulated by the Act N. 89/2012 Coll., Civil Code, people drawing assistance in material need benefits or provided with social services in residential care homes for persons with disabilities, facilities for the elderly or with special treatment in health facilities, etc. in terms stipulated in Act N. 111/2006 Coll., Assistance in Material Need Act and Act N. 108/2006 Coll., Social Services Act, as amended.

#### Article 11

No changes in the reference period.

#### Article 12

No changes in the reference period.

## PART III – SICKNESS BENEFIT

### *Articles 13 and 14*

Sickness benefit entitlement applies to all employees who are acknowledged in accordance with the Sickness Insurance Act to be temporarily unable to work, if said inability to work lasts longer than 14 calendar days. The employee is entitled to salary or wage compensation according to the Labour Code in the course of the first 14 calendar days of the duration of the temporary inability to work paid to the employee by the employer.

The scope of insured individuals is defined by the Sickness Insurance Act. This involves employees in employment, employees active upon the basis of agreements to work outside the scope of employment activity, judges, volunteers in care services, partners and company secretaries from a limited liability company, beneficiary associates directors, members of legal entity collective body, proctors, liquidators etc., Sickness insurance for self-employed persons is voluntary.

From January 1, 2012, the group of insured employees was expanded, i.e. includes among others employees active upon the basis of agreements to work outside the scope of employment activity who participate in the sickness insurance, if they operate in the Czech Republic and the amount of their income exceeds CZK 10,001 in particular calendar month during existence of such an agreement. When employee performs more than one agreement to complete a job, becomes a participant of the health insurance system if the sum of the incomes exceeds the amount of CZK 10,000 in a particular calendar month.

From January 1, 2014, the group of insured employees was expanded, i.e. everyone who pays taxes from income from employment is covered by insurance.

### *Article 15*

A. The Czech Republic refers to the provisions of letter a).

B. Not applied.

C. Updated statistical information:

A. Number of employees covered:	4,266,576 people
Number of self-employed persons covered:	89,948 people
B. Total number of employees:	4 266,576 people
C. 100 %	

### *Article 16*

A. The Czech Republic refers to the provisions of Article 65.



## Chapter I

Updated information (as of January 1, 2015):

### **A. Rules for the sickness benefit calculation:**

#### **a) Salary or wage compensation paid to employees by employers**

1. The compensation is paid out for workdays – only during the first 14 calendar days of the temporary incapacity to work.
2. The specified period for setting the average pay is the previous completed quarter.
3. The amount is set on the basis of the average hourly wage which is reduced in a similar way as the basis for determining the amount of sickness benefits.
4. The percentage rate is the same as that for sickness insurance (60 % of the reduced average salary).
5. The compensation is not paid for the first three working days (the waiting period); however, it is possible to reach an agreement between the employee and the employer or an arrangement within a collective agreement or to stipulate by an internal regulation that the compensation will also be paid for the first three days of the temporary incapacity to work.
6. The daily amount of salary compensation from the fourth working day of the temporary incapacity to work corresponds to the amount of the sickness benefit from the 15<sup>th</sup> calendar day of the temporary incapacity to work (i.e. 60 % of the daily assessment basis).

#### **b) Sickness benefit**

1. The sickness benefit is paid out for calendar days from 15<sup>th</sup> calendar day of the temporary incapacity to work.
2. The specified period for determining the average income is 12 calendar months preceding the calendar month in which the temporary incapacity to work occurred.
3. The daily assessment basis is calculated from the income divided by the number of calendar days in the specified period (some days are not counted in order to avoid the unjustified dilution of the daily assessment basis, for example the days when sickness benefits were paid).
4. The qualifying income constitutes all income subject to social security contributions and contributions to the state employment policy calculated for an employee in the specified period.
5. The reduction of the daily assessment basis: 90 % of the amount is counted up to the first reduction limit, 60 % of the amount is counted between the first and second reduction limits, 30 % is counted to third reduction limits and the amount above the third reduction limit is not taken into account.
6. In 2015, the first reduction limit is CZK 888, the second reduction limit is CZK 1,331 and the third reduction limit is CZK 2,661.
7. The daily benefit is calculated as 60 % of the daily assessment basis.
8. The sickness benefit is calculated as a multiple of the daily benefit and the number of calendar days of the duration of the temporary incapacity to work.

- B. The evaluation of the required level of sickness benefit is undertaken in accordance with Article 65, section 6, subsection b). In the Czech Republic, sick leave coverage is mandatory for all employees. The participation of self-employed persons in the health insurance scheme is voluntary.
- C. In 2014, the average gross wage of a qualified blue-collar worker was CZK 25,241 (based on Job Specification CZ-ISCO 72231 – metal turner – a machine tool setter and operator).

## Chapter II

### Updated information (as of January 1, 2015)

Salary compensation per workday for the first 14 days of the temporary incapacity to work corresponds to the amount of sickness benefit from the 15<sup>th</sup> day of the temporary incapacity to work. Therefore, we have only specified the sickness benefit calculation for the purposes of evaluating the amount of benefit paid during sickness.

#### **D. – G. The calculation of the ratio for the evaluation of the sickness benefit level:**

- The calculation is based on the average gross monthly wage of a qualified blue-collar worker (based on Job Specification CZ-ISCO 72231– metal turner – a machine tool setter and operator) in 2014, i.e. CZK 25,241.
- Gross wage from employment: CZK 25,241, of which the net wage after the tax deductions amounts (for a tax payer and two children) to CZK 21,696.
- Daily assessment basis for the calculation of sickness benefit (DAB): the ratio between the annual wage and the number of days in specified period:  $25,241 \times 12/365 = \text{CZK } 829,84$ .
- **The daily assessment basis** is reduced as follows:  
DAB:  $829,84 \times 90 \% = \text{CZK } 747$
- **Daily sickness benefit:**  
it is 60 % of the DAB from the 15th day of the temporary incapacity to work,  
 $60 \% \text{ of } 747 = \text{CZK } 449$ .
- **Monthly sickness benefit:**  $30 \times 449 = \text{CZK } 13,470$ .
- **Child benefit for two children** – in the amount CZK 1,220 (2 x CZK 610)
- Net income and child benefits = CZK 22,916.
- Sickness benefit and child benefits for two children = CZK 14,690.
- The **ratio** between the income after the insurance claim (the sickness benefit) and income before the insurance claim (net salary):  $14,690/22,916 = 64.1 \%$ .

Monthly salary in CZK		Monthly benefit for 2 children in CZK	Monthly sickness benefit in CZK	Ratio sickness benefits/salary in % *)	
Gross	Net			Gross	Net
25,241	21,696	1 220	13,470	55,5	64,1

\*) Including child benefits.

The European Code of Social Security requires the ratio of sickness benefit in comparison with preceding income in the minimum amount of 45 %. **The Czech Republic fulfills the required level of the amount of sickness benefit in respect of both gross and net wage.**

B. Not applied.

C. No changes.

#### *Article 17*

The Czech legal regulations do not determine the fulfillment of a qualification period as a precondition for the establishment of entitlement. The insured individual's entitlement to the sickness benefit arises as of the day of his/her entry into employment which provides the basis for participation in the sickness insurance scheme.

#### *Article 18*

Sickness benefit is provided from the 15<sup>th</sup> calendar day of the duration of the temporary incapacity to work, but up to a maximum of 380 calendar days from the beginning of the temporary incapacity to work according to the Sickness Insurance Act. Sickness benefit may also be provided after the expiry of this support period, if it is possible to expect that the insured individual will shortly return to capacity to work upon the basis of a statement from the health insurance company's body. It is, however, only possible to provide the sickness benefit in this way for a period of a further 350 calendar days.

In case of any new temporary incapacity to work, the previous period of temporary incapacity to work is counted in the period of 380 calendar days from the beginning of the temporary incapacity to work, provided these days fall in the period of 380 calendar days prior to the occurrence of the new case of temporary incapacity to work. This period of previous temporary incapacity to work is not counted, however, if the insured activity lasted at least 190 calendar days from the end of the last case of temporary incapacity to work.

The Sickness Insurance Act enables the payment of sickness benefits abroad upon the basis of a request received from an insured individual. It is only paid to the insured individual's bank account and in return for the payment of the associated costs.

If an insured individual who is temporarily unable to work applies for a disability pension in accordance with Act N. 155/1995 Coll., Pension Insurance Act, as amended, and is acknowledged as disabled by a social security body, the temporary incapacity to work ends at the latest 30 days from the day following the day on which the insured individual was acknowledged as disabled. The disability pension will be awarded from the day following the day of the termination of the temporary incapacity to work.

If an old age pension is awarded according to the Pension Insurance Act in the period when the insured employment or the insured individual's independent gainful activities have not ended, the entitlement to sickness benefit will not end. However, the length of the period of provision of sickness benefit will be limited in the case of this temporary incapacity to work alongside the payment of an old age pension. Sickness benefit is paid to a recipient of an old age pension for a maximum period of 63 calendar days, but not longer than the day of the termination of the insured activity and not longer than would be paid out up to the ceasing of the "general length" of the period of support.

In the course of any temporary incapacity to work, an insured individual loses his/her entitlement to sickness benefit in the situation where the insured individual becomes entitled to an old age pension in the course of said period of temporary incapacity to work and said

individual's insured employment or insured independent gainful activities ceased before the day on which the individual became entitled to the payment of the old age pension.

The temporary incapacity to work of an insured individual who is entitled to maternity benefit shall be terminated and payment of sickness benefit shall be stopped at the beginning of the sixth week before the expected date of birth, if she was not entitled to receive maternity benefit earlier.

An insured individual or any other recipient of a sickness insurance benefit who has failed to fulfil any of the imposed obligations or has received the benefit or part thereof even though he/she must have been aware from the circumstances that it had been paid out wrongfully or at a higher amount than said individual was entitled to, is obliged to repay the benefit payer any overpayment of the benefit. If another physical or legal entity has caused the benefit to be paid out wrongfully or at an amount higher than the individual was entitled to, said entity will be obliged to repay the benefit payer any overpayment of the benefit.

If the insured individual has brought about his/her temporary incapacity to work

- as a result of his/her participation in a fight;
- as a direct consequence of his/her inebriation or abuse of narcotic or psychotropic substances or
- when committing an intentional offense or an intentional misdemeanour,

the said individual will still be entitled to sickness benefit, but **at half of the amount**. An insured individual who has deliberately brought about his/her temporary incapacity to for work has no entitlement to sickness benefit.

If an incapacitated insured individual breaches the set medical treatment regime during temporary incapacity to work, his/her sickness benefit may be reduced or withdrawn for a maximum period of 100 calendar days from the day of the breach in the medical treatment, but not longer than until the end of the period of temporary incapacity to work during which the breach in this treatment occurred.

If an incapacitated insured individual breaches the set medical treatment regime during temporary incapacity to work in the course of first 15 days of the temporary incapacity to work, the employer is rightful to terminate the employment in accordance with the provision of section 52, subsection h) of the Labour Code for gross violation of "other employees obligations" stipulated in section 301a of the Labour Code.

The provision of section 301a determines "the other obligations of employees" imposes that employees are obliged to follow the directions and medical treatment in respect of an obligation to remain at the residence and respect the time and range of leaves in accordance with the Health Insurance Act in the course of the first 14 calendar days during temporary incapacity to work.

The insured individual is not entitled to the payment of the sickness benefit for the period, throughout which

- he/she carries out the insured activities, to which the sickness benefit pertains, i.e. he/she works or is involved in independent gainful activities,
- he/she is still entitled to the qualifying income from employment to which sickness benefit pertains according to the special regulations.

## PART IV – UNEMPLOYMENT BENEFIT

### *Article 19*

No changes

### *Article 20*

Act N. 435/2004 Coll., Employment Act, as amended, (hereafter referred to as “Employment Act”) determines the conditions under which an individual may be included in the register of job-seekers and under which conditions the said individual is entitled to an unemployment benefit.

A job-seeker is an individual who personally applies for finding a suitable employment at the regional branch of the Labour Office (the term Labour Office will hereafter be used for simplification), in whose territory he / she is resident, and is registered as a job-seeker by the Labour Office upon fulfilling the legally stipulated conditions.

An individual may not be included in the job-seekers’ register, if he / she is in employment or service relationship (with certain stated exceptions), if he / she is a self-employed individual, an individual gainfully employed abroad, an associate or a company secretary in a commercial organisation or a member of a cooperative, a supervisory board or a board of directors, if he / she carries out work for a company or a cooperative which is remunerated at a certain amount or if he / she is a judge, a member of parliament, etc.

Job-seekers are entitled to unemployment benefit, if they have acquired a pension insurance period of at least 12 months in the specific period (last 2 years before inclusion in the job-seekers’ register) by means of employment or other gainful activities according to the Pension Insurance Act.

#### Unemployment benefit does not apply to job-seekers:

- Who have been dismissed from employment in the period of the last 6 months before their inclusion in the job-seekers’ register due to an especially gross breach of their obligations arising from the legal regulations pertaining to the work which they performed; this also applies in the case of the termination of any other employment relation for similar reason.
- Who have been dismissed from employment in the period of the last 6 months before their inclusion in the job-seekers’ register due to gross breach of their other obligations arising from the section 301a of the Labour Code.
- Who have become entitled to a service allowance according to the special legal regulations (Section 131 and the subsequent sections of Act N. 221/1999 Coll., the Professional Soldiers Act, Section 157 and the subsequent sections of Act N. 361/2003 Coll., providing the Service Conditions for the Members of the Security Forces, as amended) and if this allowance is higher than the unemployment benefit which the job-seeker would otherwise be entitled to, if he / she were not entitled to the service allowance.
- Who carry out any of the activities according to section 25, subsection 3 of the Employment Act, i.e. any activities on the basis of work or service relations with monthly earnings not in excess of half the minimum wage, as of the day when the unemployment benefit should have been awarded, or
- Who carry out activities on the basis of a an agreement on work activity or a service contract with monthly earnings or earnings pertaining to 1 month of the period to which

they apply which are not in excess of the half the minimum wage.

#### *Article 21*

A. The Czech Republic refers to letter a).

B.

The group of covered individuals consists of those individuals who meet the conditions for the establishment of the entitlement to the unemployment benefit according to the Employment Act.

C. Updated statistical information:

- |  |                  |
|--|------------------|
| A. Number of covered employees:          | 4,266,576 people |
| Number of self-employed persons covered: | 681,119 people   |
| B. Total number of employees:            | 4,266,576 people |
| C. 100 %                                 |                  |

#### *Article 22*

A. The Czech Republic refers to the provisions of Article 65.

### **Chapter I**

A. Updated information:

The Employment Act states that the amount of the unemployment benefit and support during retraining is designated as a percentage of the average earnings which have been ascertained in the case of the job-seeker and last used for employment purposes at his / her last job in the specified period according to the employment regulations; if these employment regulations were not applied to the job-seeker due to the provisions set out in the special legal regulations pertaining to the legal relations under which the job-seeker carried out his / her last completed employment, the average of such a job-seeker's net monthly earnings is ascertained for the purposes of the unemployment benefit and support during retraining analogously according to the employment regulations.

The amount of the unemployment benefit and the support during retraining for a job-seeker who was self-employed prior to being included in the job-seekers' register is determined by using a percentage of the last assessment base in the specified period recalculated for 1 calendar month.

During the first two months of the provision of unemployment benefit (i.e. the so-called support period), the unemployment benefit amounts to 65 % of the average net monthly earnings or the assessment base; it then falls to 50 % for the next two months and 45 % for the remainder of the support period. The percentage rate for support during retraining amounts to 60 %.

A job-seeker who has terminated his / her employment without any serious grounds for doing so or by means of an agreement with employer is entitled to unemployment benefit at the amount of 45 % throughout the entire support period.

If an individual has fulfilled the condition of previous employment by means of a substitute employment period (see Article 23) and if this period has been assessed as being the last employment, the unemployment benefit is set at the amount of 0.15 times the average wage in the national economy for the 1<sup>st</sup> to 3<sup>rd</sup> quarters of the calendar year preceding the year in which the benefit application was submitted for the first 2 months, at 0.12 times for the next two months and at 0.11 times for the remainder of the support period.

The maximum amount of the unemployment benefit has been set at 0.58 times the average wage in the national economy for the 1<sup>st</sup> to 3<sup>rd</sup> quarters of the calendar year preceding the calendar year in which the benefit application was submitted. The maximum amount of the support during requalification has been set at 0.65 times the average wage in the national economy for the first to third quarters of the calendar year preceding the calendar year in which the requalification started. The maximum amount of the unemployment benefit was CZK 14,281 per month in 2014 and CZK 14,604 in 2015. The maximum amount of the support during retraining was CZK 16,005 in 2014 and in 2015 amounts to CZK 16,367.

B. Not applied

C. The state's responsibility for providing unemployment benefits is absolute. The unemployment benefit applies to any job-seeker who meets the legally stipulated conditions. Unemployment benefit applies once the conditions have been met, regardless of the individual's assets.

## Chapter II

Updated information (as of January 1, 2015):

D. - G.

The average net monthly wage of a qualified blue-collar worker with two children was CZK 21,696.

The calculation of the unemployment benefit as of January 1, 2015:

The benefit for a typical qualified blue-collar worker for the first two months of unemployment:

Benefit amount (65 % of the preceding average income) <i>/of net wage/</i>	% of the original income
<b>CZK 14,104</b>	65 %

The benefit for a typical qualified blue-collar worker for the next two months of unemployment

Benefit amount (50 % of the preceding average income) <i>/of net wage/</i>	% of the original income
<b>CZK 10,848</b>	50 %

The benefit for a typical qualified blue-collar worker for the remaining support period:

Benefit amount (45 % of the preceding average income) <i>/of net wage/</i>	% of the original income
<b>CZK 9,764</b>	45 %

Thus **the average monthly benefit** for a qualified blue-collar worker throughout the support period was  $(2 \times 14,103) + (2 \times 10,848) + 9,764/5 = \mathbf{CZK\ 11,934}$ .

The **ratio** between the income after the insured event (unemployment benefit) and the income before the insured event (the net wage) is  $11,934/21,696 \times 100 = \mathbf{55\ \%}$ .

The European Code of Social Security requires that the level of unemployment benefits in comparison to preceding wage is at least 45 %. **The Czech Republic fulfills the required level.**

B. Not applied.

C. No changes

### *Article 23*

The establishment of the entitlement to an unemployment benefit in the Czech Republic is bound to the fulfillment of the required period of pension insurance with employment or other gainful activities. The necessary period of pension insurance amounts 12 months in the last two years. It is also possible to count a so-called substitute employment period in that period.

A substitute employment period is considered to be:

- a) The period of preparation for work by an individual with a disability.
- b) The period of receipt of a disability pension for level-three invalidity.



c) The period of providing personal care for a child up to the age of four years.

d) The period of providing personal care for an individual which is considered a person dependent on the assistance of another physical entity in level II (medium dependency), level III (heavy dependency) or level IV (complete dependency) according to Section 8 of Act N. 108/2006 Coll., the Social Services Act, provided said individual lives permanently with the job-seeker and they jointly pay for their needs; these conditions are not required, if this involves an individual who is considered to be a close individual for the purposes of pension insurance.

e) The performance of long-term volunteer services upon the basis of a volunteer contract concluded with a posting organisation which has been accredited by the Ministry of Interior according to Act N. 198/2002 Coll., Volunteer Service Act, or the performance of public service upon the basis of a public service contract according to Act N. 111/2006 Coll., regulating the Assistance in Material Need, provided the extent of the realised service in excess of at least 20 hours a calendar week.

f) Personal care for an individual under ten years of age who is considered to be an individual with level I (light dependency) dependency on the assistance of another individual according to the special legal regulation.

#### *Article 24*

1. The period of the provision of the unemployment benefit (the support period) depends on the age of the individual. The support period is five months for job-seekers up to the age of 50, eight months for job-seekers between 50 and 55 and eleven months for job-seekers over 55. The decisive factor for the length of the support period is the job-seeker's age as of the date of the submission of the unemployment benefit application.

The length of the support period is also influenced by the fact as to whether or not the job-seeker has used the entire support period at any time during the last two years prior to inclusion to the unemployment register. If *the entire support period has not been used* and the job-seeker has acquired a pension insurance period of at least three months by means of employment or other gainful activities after the end of the used part of the support period, such a job-seeker will be entitled to an unemployment benefit for the entire support period. If said job-seeker has acquired a support period of less than three months, he / she will be entitled to an unemployment benefit for the remainder of the support period. At the same time, the requirement of the total necessary period of previous employment must also have been fulfilled.

If the entire support period *has been used* in the last two years prior to the inclusion of the job-seeker in the job-seekers' register, the job-seeker will be entitled to an unemployment benefit, if he / she has acquired a pension insurance period of at least six months since the full use of the original support period; this period is not required in cases when the employment was terminated for health reasons or because the employer had breached any of the essential obligations arising from the legal regulations, a collective agreement or agreed employment conditions. At the same time, the condition of the total period of previous employment must have been fulfilled.

2. The duration for the unemployment benefit granting is not graduated according to the contribution period.

3. In accordance with the European Code of Social Security, the waiting period has not been directly determinate by the Employment Act.

A job-seeker is entitled to an unemployment benefit upon the fulfillment of the set conditions from the date of the submission of the written unemployment benefit application. If the job-seeker requests the granting of the unemployment benefit at the latest within three workdays of the termination of employment or any other gainful activities or any activities considered to constitute a substitute employment period, the unemployment benefit will be awarded from the day following the termination of the employment or the aforementioned activities.

Job-seeker who has been paid the redundancy payment, reduced policy bonus or settlement under the other legal regulations, has been granted unemployment benefits after the expiration of the period determined by the number of multiples of average monthly earnings of which the minimum compensation of the legal severance pay or settlement was derived in pursuant of other legal regulations. The total duration of support period determined by the Employment Act shall not be affected by these provisions.

Job-seeker who is entitled to unemployment benefits, but he / she had not been paid a redundancy payment, reduced policy bonus or settlement after the employment/service relationship termination or at the nearest time limit for pecuniary payment settled by employer for the payment for wages or salaries or at the date of termination of employment or service, will be provided with a compensation by Labour Office from the day of placement into the job-seekers' register for a period corresponding to the amount of the a redundancy payment, reduced policy bonus or settlement. The amount of compensation is determined by multiplying the period for which the redundancy payment, reduced policy bonus or settlement pertains and 65 % of the average monthly net income of the job-seeker. The job-seeker is granted unemployment benefit after the expiration of the period covered with said compensation.

4. The Employment Act does not stipulate any special conditions for the unemployment benefits granting to seasonal workers. The general system applies.

5. No unemployment benefit is provided throughout the period of:

- Drawing an old age pension.
- Drawing a sickness insurance benefit.
- Custody.

The provision of an unemployment benefit is suspended throughout this period.

Job-seekers are not granted an unemployment benefit throughout the period of any legal relations on the basis of which they realise any of the activities which prevent inclusion in the job-seekers' register and throughout the period when they are granted support during retraining.

The entitlement to an unemployment benefit ceases with the expiration of the support period, the completion of the inclusion of an individual in the job-seekers' registry or when he/she is discharged from the registry.

## PART V – OLD AGE BENEFITS

### *Articles 25 a 26*

Updated information (as of January 1, 2015):

The retirement age and the gradual increases in it are specified by the Pension Insurance Act. The retirement age is gradually rising; for men 2 months per year and for women 4 month per year. In 2015, the retirement age is 62 years and 10 months for men, 62 years for childless women, 61 years for women who have raised one child, 60 years for women who have raised two children, 59 years for women who have raised 3 or 4 children and 58 years for women who have raised 5 or more children.

An amendment to the Pension Insurance Act which enables gradual increase in the age limit so that there will be a uniform age limit of 67 for insured men and women born in 1977 has been approved with effect from of September 30, 2011. The increase will continue by 2 months per year after this unification.

### *Article 27*

A. The Czech Republic refers to letter a).

B. The group of covered individuals also includes the groups specified under letter b). Covered individuals are those who are or were participants in the pension insurance scheme. Participation in the pension insurance scheme is mandatory for all economically active individuals, both employed and self-employed. By law, there are certain other population groups that are also covered by pension insurance without having to make contributions, such as women caring for a child of up to 4 years of age. Students have not been participants in the pension insurance scheme since January 1, 2010, but they have the option of registering for voluntary participation.

C. Updated statistical data:

- |  |                   |
|--|-------------------|
| A. Number of covered employees:          | 4, 266,576 people |
| Number of covered self-employed persons: | 681,119 people    |
| B. Total number of employees:            | 4, 266,576 people |
| C. 100 %                                 |                   |

D. Not applied

### *Article 28*

A. The Czech Republic refers to Article 65.

## Chapter I

Updated information (as of January 1, 2015):

A. Old age pension consists of two components:

**Basic Part:** CZK 2,400 per month (9 % of average gross wage)

**Percentage Part:** depends on the individual's income (calculated from the calculation base) and the number of years of insurance. For the old age benefit, this amounts to 1.5 % of the calculation base (for the period of participation in I. and II. pension pillar it amounts

to 1.2 % of the calculation base) for each completed year of insurance. The calculation base is determined on the basis of the average indexed gross income (earnings are indexed in relation to growth in average salaries in the national economy) usually for the period from 1986 to the year preceding the year in which the person first qualified for the old age pension. When determining the calculation base, this average (“personal assessment base”) is reduced in such a way that 100 % of the income is counted from the amount to the first reduction limit, between the first and second reduction limits 26 %, and the amount above the second reduction limit is not taken into account.

In 2015, the first reduction limit is CZK 11,709 and the second reduction limit is CZK 106,444.

B. No changes

C. In 2014, the average gross monthly wage of a qualified blue-collar worker was CZK 25,241 (according to the Job Specification CZ-ISCO 72231 – metal turner – a machine tool setter and operator).

### Chapter III

Updated information (as of January 1, 2015):

#### D. – G. Calculation of the ratio for the evaluation of the pension benefit:

- The calculation is based on the average gross monthly wage of a qualified blue-collar worker (according to the Job Specification CZ-ISCO 72231 – metal turner – a machine tool setter and operator) in 2014, i.e. CZK 25,241.
- **The net wage** for a taxpayer after applying the tax deductions amounts to CZK 19,462 per month.
- The personal assessment base of CZK 25,241 is reduced  
 $11,709 + (25,241 - 11,709) \times 26 \% = \text{CZK } 15,228$ .
- The **percentage part** for thirty years of insurance is  $30 \times 1.5 \% \times 15,228 = \text{CZK } 6,853$ .
- **The amount of the old age benefit** is composed of the basic part and the percentage part  
 $2,400 + 6,853 = \text{CZK } 9,253$ .
- The **ratio** between the income after the insured event (the old age benefit) and the income before the insured event (the net wage) is  $9,253 / 19,462 = 47.5 \%$ .

Monthly wage in CZK		Monthly old age benefit in CZK	Ratio pension / salary in %	
Gross	Net		Gross	Net
25,241	19,462	9,253	36.7	47.5

The European Code of Social Security requires that the ratio of old age benefit in comparison with preceding income is at least 40 %. **The Czech Republic fulfills the level of the amount of old age benefit in respect to net wage.**

#### *Article 29*

##### Updated information (as of January 1, 2015):

The pension is provided to a covered individual who had fulfilled the qualification period of at least 25 years in 2009 in accordance with the Pension Insurance Act; this period is gradually increasing by 1 year from 2010 and the target period of 35 years of insurance will apply for insured individuals who reach retirement age after 2018. Apart from that, the entitlement to an old age pension also applies to an insured individual who reaches retirement age and achieves an insurance period of at least 30 years (only the period of employment without any non-contributory periods). The gradual extension of the required insurance period to obtain an entitlement to retirement pension indeed applies to cases in which a pension is granted after achieving higher age than the retirement age. Since this Act N. 306/2008 came into force, the minimum insurance period has been gradually increased (by one year per each calendar year elapsed after the effectiveness of the act). Ministry of Labour and Social Affairs was aware of the need for legislative change in this area which will make the Czech national law compatible with Article 29 Section (2) Part V of the Code. Relevant legal regulation was adopted in 2014 and came into effect in January 1, 2015 (Act N. 267/2014 Coll.) and stipulates the entitlement to the old-age pension by reaching the age of 5 years higher than the retirement age of a men with the same birth date, to an insured person after 15 years of insurance for which premiums have been paid, (ie. without non-contributory periods). Legislation also applies to insured persons of the same age and 15 years of pension insurance reached before January 1<sup>st</sup> 2015 (i.e. in the period from 2010 to 2014; in that case, they became entitled to the old-age pension on the day of fulfillment of these conditions).

In case of the old age pension, to which an individual becomes entitled by reaching an age higher than the retirement age and acquiring the minimum necessary insurance period, there will be no reduction of the benefit on the grounds of the percentage rate for one year of insurance, but the benefit is usually lower than the average paid old age pension due to the lower number of acquired years of insurance.

#### *Article 30*

No changes

## PART VII – FAMILY BENEFIT

### *Article 39*

The regular family benefits in the Czech Republic according to Article 42 are child allowance and parental allowance.

### *Article 40*

The child allowance is provided to dependent child living in family whose decisive income is lower than the sum of the amount of the family's living minimum amount multiplied by the coefficient of 2.4. The child allowance is provided at three different amounts depending on the age of the child.

The parental allowance is provided to a parent who personally provides all-day care for the youngest child in the family. The parental allowance is stipulated by the total amount which the parent is granted until the child is four years of age. The parent's gainful activities and income are not monitored, but the placement of the child younger than two years in pre-school facilities is partially limited.

### *Article 41*

The scope of covered individuals for the regular family benefits according to Article 42 is determined by Act N. 117/1995 Coll., the State Social Support Act.

For the purposes of the child allowance, the covered group is considered to consist of dependent children. The child's entitlement does not depend on whether or not the parent is an employee, an economically active individual or a participant in the pension or sickness insurance schemes.

For the purposes of the parental allowance, parents caring for small children are considered to be the group covered. The entitlement does not depend on the parent's economic activity or whether or not he / she is a participant to the insurance scheme.

According to the definition of the individuals covered in Czech legislation, it is not possible to apply this to any of the articles in Article 41.

The statistical information for 2014:

The number of dependent children entitled to a child allowance	443,5 thousand
The number of parents receiving a parental allowance	279,7 thousand
The number of dependent children	2,308,5 thousand
The number of families with independent children	1,428,4 thousand

In 2014, the child allowance was received by an average of 443,5 thousand dependent children every month which means that it was provided to approximately to 19,2 % of all dependent children.

In 2014, the parental allowance was received by an average of 279,7 thousand families with small children, i.e. approximately to 19,6 % of families with dependent children.

#### Article 42

The Czech Republic refers to paragraph a): the family benefits take the form of monthly, regularly occurring financial payments.

The amount of the child allowance is set at a fixed monthly amount of CZK 500 for a child up to 6 years of age, CZK 610 for a child aged from 6 to 15 and CZK 700 for dependent child from 15 to 26 years of age.

The amount of the parental allowance is determined in fixed total amount of CZK 220,000. The parent who is a participant to the health insurance scheme, draws the amount on his/her selective basis in monthly maximum of CZK 11,500 but only until the child is four years of age. The parent who does not participate to the health insurance scheme is granted parental allowance in fixed monthly amount of CZK 7,600 until the child is ninth month of age and subsequently CZK 3,800 until the child is four years of age.

#### Article 43

No qualifying period has been set for the entitlement to family benefits. Also see the answer to Article 41.

#### Article 44

Statistical information for 2014:

Gross monthly wage of a non-qualified blue-collared worker – male (mechanical handling worker in industry CZ-ISCO 93291 in wage sphere)	CZK 18,647
Annual expenditure on the child allowance	CZK 3,2 billion
Annual expenditure on the parental allowance	CZK 22,9 billion
Number of dependent children*	2,308,5 thousand
Total required expenditure for monetary family benefits	CZK 7,7 billion

\*Data from the year 2013.

Total required (monetary) expenditure for family benefits:

CZK 18,647 (average gross monthly salary of an unqualified blue-collar worker) x 0.015 (1.5 % of the salary) x 12 (months) x 2,308,5 (thousand children) = **CZK 7,7 billion.**

**In 2014, the total expenditure on family benefits was CZK 26,1 billion which means that the Czech Republic has fulfilled Article 44 in relation to the total required expenditure on monetary family benefits at the amount of CZK 7,7 billion.**

Families with dependent children are also supported by means of tax relief for the supported children in the form of tax exemptions and tax bonuses or the combination thereof. The amount of the monthly tax relief for a dependent child is higher than the amount of the child allowance which is means-tested. The entitlement to child allowance is limited by the family income. To the contrary, the tax relief is applied by all families with dependent children which have taxable income.

In compliance with legal regulation, the tax payer was entitled to tax relief for each dependent child in a household in the amount CZK 13,404 per year in the form of tax exemptions and tax bonuses or the combination thereof. The maximum amount of the tax bonus for all dependent children in a household is stipulated to CZK 60,300 per year. Terms for tax relief entitlement stipulates sec. 35c of the Act N. 586/1992 Coll., regulating income tax, as amended.

#### Persons submitting a tax return

Persons submitting the tax return on income claim the tax relief after expiration of the tax period which is a calendar year. That means that in 2014 was drawn a lump sum tax benefit according to the tax return on income of individuals for the tax period 2013. This does not apply to employees who sign a tax declaration, prove the entitlement to tax relief for employers and subsequently draw the monthly benefit while running business or leasing immovable. This group of people can apply only for eventual unpaid difference on tax advantage through tax return on income.

#### a) Tax relief provided by a tax payer (an employer)

Due to the fact that the Czech legislation does not require employers to keep individual data for each employee, it is not possible to quantify what portion of the tax relief was provided through tax exemption from the tax relief. The General Directorate of Finance can only provide information concerning the tax bonus, i.e. the total amount of monthly tax bonuses and monthly tax payments from the annual settlement of prepayments and tax benefits that were paid to the individual years:

2013: CZK 4,252,000,000

2014: CZK 4,300,000,000

#### b) Data from 2013 tax return:

in billions

Tax relief for a child	Tax abatement	Tax bonuses paid out on monthly basis in total*)
14,5	8,3	6,4

\*) The amount claimed by taxpayers in tax return reduced by tax bonuses paid out to taxpayers

Given the fact that the annual increase of taxpayers who claim tax relief it can be assumed that this trend was maintained in 2014 (data is not currently available), and also for the 2015. In a consequence with above mentioned, an increase of paid tax bonuses can be expected.

#### *Article 45*

The family benefits are paid out throughout the entire period of the social event and they are not dependent upon insurance.



## PART VIII – MATERNITY BENEFIT

### *Article 46 a 47*

According to the Sickness Insurance Act, the covered social events include pregnancy, delivery and their consequences. The institution of the suspension of earnings is not expressly defined in the Czech legal regulations, but it can be inferred from a systematic interpretation that this involves the overall halting of earnings as a consequence of an absence from work and not simply the reduction of said earnings. The maternity benefit corresponds to this structure.

### *Article 48*

A. The Czech Republic refers to letter a)

B. No changes

C. Updated information:

A. Number of covered employees:

a) Employees with pension insurance 4,266,576 people

b) Self-employed persons with sickness insurance 89,948 people

B. Total number of employees: 4,266,576 people

C. 100 %

### *Article 49*

No changes

### *Article 50*

A. The Czech Republic refers to Article 65.

## **Chapter I**

Updated information (as of January 1, 2015):

### **A. Rules for the calculation of the maternity benefit**

1. Specified period: 12 calendar months preceding the calendar month in which the employee started his/her maternity leave.
2. Daily assessment base (DAB): qualifying income divided by the number of calendar days of the specified period (some days are not counted in order to avoid the unjustified dilution of the daily assessment base – for example, days when sickness benefits were paid).
3. Qualifying income – All the income subject to social security contributions and contributions to the state employment policy that is calculated for an employee in the specified period.
4. Reduction of the daily assessment base: the entire amount is counted until the first reduction limit is reached; 60 % of the income is counted from the amount between the first and the second reduction limits; 30 % of the income is counted from the amount between the second and the third reduction limits, and the amount above the third reduction limit is not taken into account.

5. In 2015, the first reduction limit is CZK 888, the second reduction limit is CZK 1,331 and the third reduction limit is CZK 2,661.
6. The daily benefit is calculated as 70 % of the daily assessment base.
7. Maternity benefit is paid out for a period of 28 weeks. This period is extended to 37 weeks for women who have given birth to more than one child at the same time and are taking care of at least two such children.

B. No changes

C. The average gross monthly wage of a qualified blue-collar worker in 2014 was CZK 25,241.

## Chapter V

Updated information (as of January 1, 2015):

### D. – G. Calculation of the ratio for the evaluation of the level of the maternity benefit

- The calculation is based on the average gross monthly wage of a qualified blue-collar worker in 2014, i.e. CZK 25,241.
- **Net wage** (of the taxpayer) is **CZK 19,462**.
- Daily assessment base (DAB) for calculation of the maternity benefit is the ratio between the annual wage and the number of days of the year: CZK 25,241 x 12/365 = CZK 829,84.
- The **daily assessment base** is reduced  
DAB from the 1st day: 829,84 x 100 % = **CZK 830**.
- **Daily amount** of the maternity benefit from the 1st day: 70 % x 830 = **CZK 581**.
- **Monthly amount of the maternity benefit:** 30 x 581 = **CZK 17,430**.
- The **ratio** between the income after the insured event (maternity benefit) and the income before the insured event (net wage) is: 17,430/19,462 = **89.6 %**.

Monthly wage in CZK		Monthly amount of the maternity benefit in CZK	Ratio maternity benefit / wage in %	
Gross	Net		Gross	Net
25,241	19,462	17,430	69.1	89.6

The European Code of Social Security requires that the ratio of maternity benefit to the preceding income is at least 45 %. **The Czech Republic fulfils the required level of the maternity benefit in respect of both gross and net wage.**

### Article 51

Maternity benefit applies to an employee, if she has participated in at least 270 days of sickness insurance in the last two years before commencing the receipt of this benefit.

The following is also included in the required period of 270 days of insurance:

- The period of study at a secondary, college or tertiary education institution or at a conservatoire considered to constitute systematic preparation for a future profession for the purposes of pension insurance, if the study was successfully finished.

- The period of receipt of a disability pension for level-three disability, if this benefit has been withdrawn and the insured activity has arisen or continued after the withdrawal of the benefit.

If a claim is made for maternity benefit from sickness insurance, in which the condition of 270 days of participation in sickness insurance has not been met, the periods of participation in previous insurance in the period of two years before the entry into maternity benefit are also included for the fulfilment of this condition; the overlapping period of participation in the insurance can only be counted once. If a claim for maternity benefit is made simultaneously from one or more types of insurance, in which the condition of participation of 270 days in sickness insurance has been met, and from insurance, in which this condition has not been met, only the days in the period of two years before the entry into maternity benefit, in which the participation in insurance for 270 days occurred in parallel in the given types of insurance, from which the claim for maternity benefit has been made, are counted towards the fulfilment of this condition for the insurance, in which this condition has not been met. If the participation condition has not been met in several types of insurance, the periods of participation in the insurance in a period of two years prior to the entry into maternity benefit are only counted for the fulfilment of this condition in the case the insurance, which has the highest daily assessment base.

#### *Article 52*

**The period of entitlement to the maternity cash benefit of an insured woman who has borne a child must not be shorter than 14 weeks and must not expire prior to the elapse of 6 weeks from the date of birth.**

The insured individual is not entitled to the maternity benefit throughout a period, in which:

1. She (he) carries out the insured activities, on which this benefit is based, i. e. work or other independent gainful activities.
2. She is still entitled to receive the qualifying income from the employment, which this benefit is based on, according to the special legal regulations.

The maternity benefit is not paid out:

1. To the mother of a child throughout the period, during which the mother has an agreement with the father of the child or the mother's husband as to the fact that said individual will assume the care of the child and as such the insured individual, with whom the mother of the child has concluded said agreement, is entitled to receive the maternity benefit; in that case the maternity benefit is not paid out to the mother of the child but to her husband or the child's father. The agreement cannot be concluded until 6 weeks from the date of birth elapse.
2. To an insured individual throughout the period, during which the child has been taken into the institutional care of a healthcare facility for medical reasons and during which the insured individual carries out the insured activity, upon the basis of which the maternity benefit is provided, work or independent gainful activities.
3. To an insured individual throughout the period, during which said individual is unable to or not permitted to care for the child due to a serious long-term illness, due to which said individual has acquired temporary inability to work and because of which the child has been taken into the care of a different physical entity or legal entity.

4. Throughout the period, in which the insured individual does not take care of a newborn child and the child is therefore assigned to foster care or to institutional care.
5. To an insured individual throughout the period, in which the child was in institutional care for reasons other than medical grounds on the part of the child or the insured individual.

In both situations stated in 4 and 5 the insured woman is in receipt of the maternity cash benefit for the minimum duration of the period of entitlement pursuant to Section 35 of the Sickness Insurance Act, irrespective of whether the woman actually takes care of the child or not over that period.

## PART IX – INVALIDITY BENEFIT

### *Articles 53 and 54*

The covered social events include level one, two and three disability.

An insured individual is disabled, if his/her work ability has fallen

- by at least 35 %, but not by more than 49 %: **level-one disability**
- by at least 50 %, but not by more than 69 %: **level-two disability**
- by at least 70 %: **level-three disability**.

The percentage of the fall in work ability, the prerequisites for the disability assessment and the assessment of the work ability for the purposes of the designation of disability are set out in Regulation N. 359/2009 Coll.

### *Article 55*

A. The Czech Republic refers to letter a).

B. No changes

C. Updated information:

A. Number of covered employees:

a) Employees with pension insurance: 4,266,576 people

b) Self-employed persons with pension insurance: 681,119 people

B. Total number of employees: 4,266,576 people

C. 100 %

### *Article 56*

The Czech Republic refers to Article 65.

## **Chapter I**

Updated information (as of January 1, 2015):

The benefit is a periodic payment calculated on the basis of the same rules as the old age pension (see the explanation of Article 26).

### **A. The rules for the calculation of invalidity benefit of the level-three disability**

The benefit consists of two components:

**Basic part:** CZK 2,400 per month (9 % of the average gross wage).

**Percentage Part:** depends on the individual's income (calculated from the calculation base) and the length of insurance in years. For the level-three disability pension, it is 1.5 % of the calculation base for each year of insurance. The calculation base is determined on the basis of the average indexed gross wage (earnings are indexed in relation to growth in average wages in the national economy) usually for the period from 1986 to the year preceding the year in which the person first qualified for the benefit).

When determining the calculation base, this average (“personal assessment base”) is reduced in such a way that 100 % of the income is counted to the first reduction limit, from the amount between the first and second reduction limits 26 % of income is counted, the amount above the third reduction limit is not taken into account.

In 2015, the amount of the first reduction limit is CZK 11,709 and the second CZK 106,444 .

B. No changes

C. In 2014, the average gross monthly wage of a qualified blue-collar worker was CZK 25,241 (according to Job Specification CZ-ISCO 72231 – a mechanical handling worker in industry (manufacturing)).

To determine the level of disability benefit in the Czech Republic, the insurance period also includes the ‘add-in’ period, from the date of entitlement to the level-three disability benefit until the retirement age; therefore, in determining the pension amount, the relevant person can be considered to have been insured for 30 years.

## Chapter II

Updated information (as of January 1, 2015):

### D. – G. Calculation of the ratio for the evaluation of the level-three disability invalidity benefit

- The calculation is based on the average gross monthly wage of a qualified blue-collar worker (according to Job Specification CZ-ISCO 72231 – a mechanical handling worker in industry (manufacturing) in 2014, i.e. CZK 25,241.
- The **net wage** (after tax relief for a taxpayer with two children) amounts to **CZK 21,696**.
- The personal assessment base (CZK 25,241) is reduced:  
 $11,709 + (25,241 - 11,709) \times 26 \% = \text{CZK } 15,228$ .
- **Percentage part** for thirty years of insurance:  $30 \times 1.5 \% \times 15,228 = \text{CZK } 6,853$ .
- **Amount of the level-three disability benefit:**  
Basic part and percentage part  $2,400 + 6,853 = \text{CZK } 9,253$   
Child allowances for two children in the amount CZK 1,220 (2 x CZK 610).
- The **ratio** between the income after the insured event (full level-three disability invalidity pension and allowances for two children) and the income before the insured event (net wage and allowances for two children) is:  $10,473/22,916 = \mathbf{45,7 \%}$ .

Monthly wage in CZK		Allowances for two children in CZK	Invalidity benefit in CZK	Ratio benefit / wage *)	
Gross	Net			Gross	Net
25,241	21,696	1,220	9,253	39,6	45,7

\*) invalidity benefit and salary including allowances for two children

The European Code of Social Security requires that the ratio of disability benefit to preceding income is at least 40 %. **The Czech Republic fulfils the required level of the disability benefit in respect to net wage ratio.**

## Chapter VI

See Annex No 1

### *Article 57*

The benefit is provided to covered individuals under the condition of acquiring the necessary insurance period. The necessary insurance period is not required, if the disability arises as a result of a work accident. An individual who is 18 years of age, has permanent residency in the territory of the Czech Republic and is an disabled with level-three disability is also entitled to disability pension, if this disability arose before said individual reached the age of 18 and said individual has not participated in the insurance for the required period. The required insurance period for other disabled persons is graded according to age in the age groups of up to 20 and from 20 to 38. It amounts to less than one year up to the age of 20, is set at one to four years up to the age of 28 and amounts to five years secured in the last ten years before the occurrence of disability from the age of 28. In the case of insured individuals who are older than 38 years of age, the condition of the insurance period required for an disability pension is also considered to have been fulfilled, if the period was acquired in the period of the last 20 years before the occurrence of the disability; the required insurance period in this case amounts to 10 years.

### *Article 58*

A disability pension applies throughout the entire period of the duration of the disability, up to the age of 65. The disability pension is transformed into an old age pension at the same level when the beneficiary of the disability benefit reaches the age of 65. Nevertheless, the old age pension beneficiary has an option to request a determination of the old age pension amount calculated under the general rules.

As far as Article 68 is concerned, the following letters are used:

- a) If the total disability occurred before the person reached the age of 18 and the person did not participate in the system for necessary insurance period, the pension is not paid out unless the beneficiary is a permanent resident of the Czech Republic.
- c) Full disability pension is not paid out while the beneficiary is receiving sickness benefits awarded before the beneficiary became entitled to the disability pension.

d) If it is discovered that the person no longer qualifies for disability pension or its payment, the beneficiary will be deprived of the benefit or its payment will be discontinued. If the benefit has been awarded or paid in an amount greater than that to which the beneficiary is entitled, or if the pension has been awarded or is being paid unjustly, the pension will be reduced or the beneficiary will be deprived of it, and the payments will be discontinued, starting on the day following the day whereby the period for which the benefit was paid elapses. If the pension has been awarded in an amount lower than that to which the beneficiary is entitled or has been wrongfully denied, or if it has been awarded from a later date than that from when the beneficiary was entitled to it, the benefit will be increased or awarded as of the date from which the beneficiary becomes entitled to such a benefit or its increase, but for no more than five years retroactively prior to the date on which the entitlement to such a benefit or its increase has been discovered or claimed. However, the pension or its increase will be retroactively paid out from the day when the beneficiary was entitled to the benefit or its increase, if the benefit was not awarded or if it was paid at an amount lower than that to which the beneficiary was entitled or was wrongfully denied or was awarded from a later date than that which the beneficiary was entitled to it due to an incorrect procedure on the part of the Social Security Authority.

e) if the disability occurred as a result of intentional harm to health that the insured person self-inflicted or had someone else inflict on the insured person or if harm to the insured person's health occurred as a consequence of the insured person's intentional crime, the 'add-in' period, i.e. the time between the date on which the person becomes entitled to the disability pension and the attainment of retirement age, will not count for the purposes of the disability pension; at the same time into is taken account the retirement age of women who did not bring any child and for men the age limit prescribed for women who did not bring any child of the same birth date.

f) the payments of the disability pension may be suspended, if the beneficiary has failed to undergo a medical examination.



## PART X – SURVIVORS’ BENEFIT

*Articles 59 and 60*

No changes

*Article 61*

A. The Czech Republic refers to letter a).

B. No changes

C. Updated statistical information:

A. Number of covered employees	4,266,576 people
Number of covered self-employed persons	681,119 people
B. Total number of employees	4,266,576 people
C. 100 %	

*Article 62*

A. No changes

### Chapter I

Updated information (as of January 1, 2015):

#### A. The rules for the calculation of widows’ (widowers’) pension

The benefit consists of two components:

**The basic part:** CZK 2,400 per month (9 % of the average gross wage).

**The percentage part:** depends on the income and number of years of insurance of the insured deceased person.

The percentage assessment:

- **widows’ (widowers’)** pension: 50 % of the percentage part of the level-three disability or an old age pension to which the deceased was or would be entitled (see the old age or disability pension).
- **orphans’** pension: for each parent 40 % of the percentage part of the level-three disability or an old age pension to which the deceased was or would be entitled (see the old age or disability pension).

B. No changes

C. The average monthly gross salary of a qualified blue-collar worker in 2014 was CZK 25,241.

## Chapter IV

Updated information (as of January 1, 2015):

### D. – G. The calculation of the ratio for evaluating the survivors' benefit

- The calculation is based on the average gross monthly wage of a qualified blue-collar worker (according to Job Specification CZ-ISCO 72231 – a mechanical handling worker in industry (manufacturing) in 2014, i.e. CZK 25,241.
- The **net wage** after tax relief for a taxpayer and two children is **CZK 21,696**.
- The personal assessment base (CZK 25,241) is reduced  
 $11,709 + (25,241 - 11,709) \times 26 \% = \text{CZK } 15,228$ .
- The percentage part of the old age (disability) pension of the deceased person for thirty years of insurance amounts to:  $30 \times 1.5 \% \times 15,228 = \text{CZK } 6,853$ .
- Percentage part of widow's pension:  $50 \% \text{ of CZK } 6,853 = \text{CZK } 3,427$ .
- **Amount of widow's (widower's) pension:** the basic part and percentage part  
 $2,400 + 3,427 = \text{CZK } 5,827$ .
- Percentage part of the orphan's benefits:  $40 \% \text{ of CZK } 6,853 = \text{CZK } 2,742$ .
- **Amount of the orphan's benefit:** basic part and percentage assessment  
 $2,400 + 2,742 = \text{CZK } 5,142$ .
- Widow's benefit and two orphan's benefits:  
 $\text{CZK } 5,827 + 2 \times \text{CZK } 5,142 = \text{CZK } 16,111$ .  
Child allowances for two children in the amount CZK 1,220 ( $2 \times \text{CZK } 610$ ).
- The **ratio** after the insured event (the survivors' benefit and child allowances) and income before the insured event (the net wage and child allowances) amounts to:  
 $17,331 / 22,916 = 75,6 \%$ .

Monthly wage in CZK		Allowances for 2 children in CZK	Survivors' benefit in CZK	Ratio benefit / wage *)	
Gross	Net			Gross	Net
25,241	21,696	1,220	16,111	65,5	75,6

\*) including child allowances

The European Code of Social Security requires that the ratio of survivors' benefit to preceding income is at least 40 %. **The Czech Republic fulfils the required level of survivors' benefit in respect to both gross and net wage.**

## Chapter VI

See Annex No 1

### Article 63

The survivor's benefit is paid out to a covered individual, whose husband (wife) or the parent of a child was a recipient of a disability pension or old-age pension or who would have met the conditions to be awarded pension or old-age pension as of the day of his/her death or whose was caused by a work accident. This involves benefits derived from pension insurance – see the interpretation of Article 29 and Article 57.

#### *Article 64*

Widow's (widower's) pension is paid for the period of one year following the death of the beneficiary's spouse; and afterwards in cases where the survivor:

- a) Cares for a dependent child.
- b) Cares for a child who is dependent on the care of another person in Category II (medium dependency), Category III (heavy dependency) or Category IV (total dependency).
- c) Cares for his / her parent or a parent of the deceased spouse, with whom the beneficiary shares the same household, and is dependent on the care of another person in Category II (medium dependency) or Category III (heavy dependency) or Category IV (total dependency).
- d) Is an disabled with level-three disability, or
- e) Has reached an age which is four years lower than the retirement age set for a man of the same date of birth or the retirement age, if the retirement age is lower.

The precondition for the entitlement to an orphan's pension is the child's dependency. The dependency is defined in section 20, Subsection 3 of the Pension Insurance Act and is recognised as lasting until the completion of the compulsory school attendance and then (if the other conditions are met) up to a maximum age of 26. The entitlement to the widow's or widower's benefit ceases when the beneficiary remarries. The entitlement to the orphan's pension ceases upon the child's adoption.

As far as Article 68 is concerned, the following letters are used:

- a) If it is discovered that the person no longer qualifies for the benefit or its payment, or if the benefit has been awarded or is being paid at an amount greater than that to which the beneficiary is entitled or if the pension has been awarded or is being paid unjustly, the benefit will be reduced or cancelled, and the payments will be discontinued, starting on the day following the day whereby the period for which the benefit was paid out. If the benefit has been awarded at an amount lower than that to which the beneficiary is entitled or has been wrongfully denied or if it has been awarded from a later date than when the beneficiary was entitled to it, the benefit will be increased or awarded as of the date when the beneficiary became entitled to such a benefit or its increase, but for no more than five years retroactively prior to the date on which the entitlement to such a benefit or its increase has been discovered or claimed. However, the benefit or its increase will be retroactively paid out from the day when the beneficiary was entitled to the benefit or its increase, if the benefit was not awarded or if it was paid at an amount lower than that to which the beneficiary was entitled or was wrongfully denied or was awarded from a later date than that since which the beneficiary has been entitled to it, due to an incorrect procedure by the Social Security Authority.
- e) The entitlement to the widow's or widower's benefit ceases to exist on the date of final and conclusive a court ruling on the widow or widower having intentionally caused the death of his / her spouse as a perpetrator or co-perpetrator or as a participant in a crime. Likewise, this applies to the entitlement to orphan's benefit.

## Annex No 1

The year-on-year indexes for old age pensions, average gross nominal wage and consumer prices (living expenses) according to Article 65, Chapter VI

Year	Old age pension *		Average wage (for recalculated numbers)		Average year-on-year consumer price index (living expenses) for households in total in %
	<i>abs. in CZK</i>	<i>index in %</i>	<i>abs. in CZK</i>	<i>index in %</i>	
2001	6,310		14,378	108.8	104.7
2002	6,830	108,2	15,524	108.0	101.8
2003	7,071	103.5	16,430	105.8	100.1
2004	7,256	102.6	17,466	106.3	102.8
2005	7,730	106.5	18,344	105.0	101.9
2006	8,175	105.8	19,546	106.6	102.5
2007	8,735	106.9	20,957	107.2	102.8
2008	9,151	104.8	22,592	107.8	106.3
2009	10,029	109.6	23,344	103.3	101.0
2010	10,090	100.6	23,864	102.2	101.5
2011	10,542	104.5	24,455	102.5	101.9
2012	10,769	102.2	25,112	102,7	103,3
2013	10,963	101.8	25 035	99,9	101,4
2014	11,065	100,9	25,607	102,3	100,4*)
<b>2015</b>	11,311	102,4			

\*) The increase in I. Q. 2014 in comparison with I. Q. 2013. The source - CSO.

## Appendix XX

### Conclusions of the Committee of Experts

#### 1. Part V (Old-age benefit), Article 29(2) of the Code

The Committee hopes that the Government will be able to report the adoption of legal change concerning the right to a reduced old-age pension after 15 years of insurance in the Czech Republic

The relevant legal amendment was adopted in 2014 (Act N. 267/2014 Coll.) and came into effect in January 1, 2015 and stipulates the entitlement to old-age pension by reaching the age of 5 years higher than the retirement age of a man with the same birth date, to an insured person after 15 years of insurance for which premiums have been paid, (i.e. without non-contributory periods). Legislation also applies to insured persons of the same age and 15 years of pension insurance reached before January 1, 2015 (i.e. in the period from 2010 to 2014; in that case, they are entitled to old-age pension on the day of fulfillment of these conditions.

#### 2. Part XII (Common provisions) Article 68(g) Suspension of sickness and unemployment benefits.

Labour Code determinates certain rights and obligations of employers and employees during temporary incapacity to work in accordance with Health Insurance Act and certain sanctions for its violation. According to Sec. 301a of Labour Code, the employee at the time of temporary incapacity to work is obliged to fulfil only two conditions in the first 14 calendar days of temporary incapacity:

- a) Obligation to stay in the place of residence.
- b) Obligation to keep the time and length of permitted leaves. The employer is entitled to check only those two obligations comply with (Sec. 192, Subsec. 6 of Labour Code) and impose a sanction when breached.

The regime of an insured person temporary incapable to work stipulated by Health Insurance Act, among others includes:

- a) Setting of the individual medical procedure.
- b) Obligation to stay during the temporary incapacity in the place of residence and follow the extent and duration of authorized leaves.
- c) Permits leave, including the extent and time, corresponding to health status of the insured person and set individualised medical treatment does not exclude these leaves.
- d) Permission to change the place of residence at the time of temporary incapacity to work (if the state of health of the insured person and set individualized treatment does not exclude this change).

Place of residence of a temporarily incapable insured person is a place that insured person reported to the physician at the beginning of temporary incapacity to work or a different place choosed later, if the insured person asked for such a change. If the change of the place of residence was authorised at the time of temporary work incapacity in the first 14 calendar days, the insured person is obliged to announce this change in advance and in writing or otherwise clearly inform the employer.

Decision of place of residence at the time of temporary incapacity is only up to the employee. If the change is agreed by a physician and an employee stays at the place of residence and respects the time of leaves, there can be no breach of the obligations imposed by Sec. 301a of the Labour Code and any penalties from the employer.

The employer may dismiss an employee only if he/she breached an obligation mentioned in Sec. 301a of the Labour Code grossly [§ 52. h) of Labour Code]. It is therefore the highest intensity of breach. In case of lower intensity of violation of obligation, employee cannot be dismissed.

If the employee disagrees with the dismissal, he/she can bring an action against it in a court for unlawful termination of employment (Sec 72 of Labour Code) and the court examines whether the employee has violated the obligation in a particularly gross manner or not.

According to the Supreme Court case law, a breach of discipline, as a reason for termination of employment by the employer, is punishable by law when by an employee breaches the obligation (at least negligently), and must reach a certain level of intensity. When considering the intensity of insubordination, the court may take into account the function he/she carried, his/her previous attitude to work, time and situation of a breach of discipline, the degree of employee's fault, manner and intensity of violation of specific employee's duties, the consequences of breach of discipline for employers, whether the employee's conduct caused harm to his/her employer, etc. (21 Cdo 1372/2002).

In the event that an employee is given notice according to Sec. 52 h) of Labour Code, wage compensation for temporary incapacity cannot be reduced (Sec. 192 of Labor Code). The double punishment of employees of the employer thus cannot occur.

### 3. Part VII – Social security and reduction of poverty

The Committee would like the Government to indicate whether the Czech Republic has established any national target for reducing poverty among these and others categories of the population and whether any supplementary resources are going to be allocated for their achievement.

The Committee would also therefore like to examine the legal conditions of entitlement to benefits under each accepted Part of the Code from the point of view of facilitating access to the minimum benefits guaranteed by the Code.

From the prevention of social exclusion and poverty reduction viewpoint, social assistance benefits play a greater role than family benefits, (i.e. benefits which are not covered by the Code). The conclusions of the Committee in assessing the (high) number of people living in poverty criticise the method of determining the terms of entitlement to social benefits, which (according to the Committee's opinion), prevent a considerable number of potential entitlement to benefit, in particular the conditions for entitlement to benefits with motivation and activation features (evaluation of effort to resolve the situation on their own, and their own means, working activity, keeping in the register of job seekers). However, such terms apply only to benefits in material need. As described in the reports on the application of Part VII of the Code, when considering the entitlement to family benefits, the effort to increase the income through own actions is not assessed. A review, by extension, to soften the requirements for entitlement to family benefits is not currently considered.

Another reason why existing social benefits cannot left all of the population above the poverty threshold, i.e. decision not to ask for social benefit due to personal reasons, low financial literacy, poor knowledge of the social protection system and its operation, voluntary (or forced by circumstances) choice of life on the edge of society or extreme social exclusion do not represent a widespread phenomenon in the Czech Republic. Social work, social counselling and social educations have a positive impact in this field. For the vast majority of

people who do not receive a pension, the main reason is not inability or unwillingness to submit an application for a pension, but lack of set insurance period.

It is not possible to agree with the statement that more than 1 million people still live in poverty and the poverty rate stood at 10 % in the Czech Republic. Following data demonstrate significant progress achieved in reducing poverty and social exclusion in the last two years. At-risk-poverty rate, in the long term the lowest in the EU, due to effective social transfers between 2012 and 2013 fell from 9.6 % to 8.6 % among others, By income poverty 886,000 persons were threatened in 2013 (which is 104 000 less than in 2012) in the Czech Republic. This indicator proves that the result in the Czech Republic is the best within the EU member states (EU 28 average in 2013, according to Eurostat's estimate, amounted to 16.7 %). The highest at-risk-poverty rate was registered in case of unemployed persons (44.5 %) and in incomplete families (27.8 %) in 2013. If less than 9 % of the population is registered below the income poverty line, despite the fact it amounts to 900 thousand people, it is a positive result. The poverty threshold is calculated as 60 % of the national equalised median of disposable income per consumption unit (after social transfers). When any quantity as the median or average is determined, always some value, from which it was calculated, appears beneath and the other above it.

The positive results achieved in the fight against poverty and social exclusion shows National Reform Programme of the Czech Republic 2015. To measure the achievement of objectives in the fight against poverty and social exclusion in the EU, a comprehensive internationally comparable indicator has been set. The indicator shows the number and proportion of people at risk of poverty or social excluding in population. In addition, except the at-risk-poverty indicator, it includes also material deprivation rate and work intensity rate. Material deprivation rate (the proportion of people who suffer from certain material shortage ie. they can not afford certain things, services or benefits) remained roughly at the same level as in 2012, i. e. 6.6 %. The rate of work intensity (the share of persons aged 0-59 years living in and worked fewer than 20 % of working time) increased slightly from 6.8 % to 6.9 % in 2013 in comparison with 2012. Decrease of risk of income poverty and material deprivation and the level of work intensity led to an overall indicator decline in risk of poverty and social exclusion in 2013 compared to 2008 by 0.7 p.p. to 14.6 %, which means 1,508 thousand people.

The Czech Republic also has positive results as part of this comprehensive indicator; a proportion of vulnerable people in the Czech Republic is the lowest of all the EU countries. According to Eurostat estimates, the average of EU-28 amounted to 24.5 %. By the national objective of the Strategy Europe 2020, a reduction in the number of people at risk of poverty and social exclusion by 30,000 people (compared with 2008) was already met by the Czech Republic. A decrease in the number of vulnerable people by 58 000 was achieved between 2008 and 2013. In the context of the positive developments in the field of poverty and social exclusion, the Czech Republic establishes a new and more ambitious target to reduce the number of people at risk of poverty and social exclusion by the year 2020 by 100,000 persons (in comparison with year 2008).

The Czech Republic has set a national target for the reduction of poverty and social exclusion: *"Keeping the number of people at risk of poverty, material deprivation, or living in jobless households in 2020 compared to 2008"*. The Czech Republic is currently developing its effort to reduce the number of people at-risk-poverty, material deprivation, or living in jobless households by 30,000 people.

It was decided to adopt a more ambitious goal to meet the national target in mid-term review as well as develop efforts to reduce the number of people at-risk-poverty, material deprivation, or living in jobless households by 100,000 people. The national objective of poverty reduction for each category of the population has not been set.

4. Article 71(2) of the Code – specification of the results achieved by the National Reform Programme and Strategy for Social Inclusion in terms of facilitating the take-up of benefits and reducing poverty.

The Committee notes that the subsistence minimum is set at the level three times lower than the at-risk-poverty threshold calculated at 40 per cent of the equalised median income and the living minimum – nearly two times lower.

The Committee would like to explain the design of the system of minimum income and benefits, assess the effectiveness of the minimum guarantees in fighting poverty and compare them to various European income and poverty indicators; to refer to the attached infographs prepared by the Office and update the statistical and legal information on which they are based; indicate also the measures taken or contemplated to raise to the at-risk-poverty threshold the level of social assistance to one-person household without earned income and unemployment benefit.

Based on current political, economic and social context the subsistence and living minimum level is kept at the set amount mainly on the grounds that it should be more profitable to work than just rely on social benefits. According to the indexation conditions specified in the Subsistence and Living (Existence) Minimum Act, the Government can increase the amount of subsistence and living (existence) minimum if the prices of food and other necessities increase in the relevant period (from October 2011 to September 2015) by at least 5%. The relevant index of customer prices passed by Czech Statistical Office will show if the condition for indexation was fulfilled and whether the Government will decide on indexation.

Exemption of housing costs from living (existence) and subsistence minimum has also proved as effective and allowed to react at a different price movement of food and other goods and services for personal consumption on the one hand and the cost of housing, where there are a number of specific factors on the other side.

In the area of social work following activities were realised:

The Methodology for integration of social work with material need beneficiaries

A certified Methodology for integration of social work with beneficiaries of material need was created (the "Methodology") focused on cooperation between -branches of the Labour Office of the Czech Republic (hereinafter "LOCR") and the municipalities in the field of social work activities. The methodology is accessible at the Ministry of Labour and Social Affairs

websites: [https://sps.mpsv.cz/sluzby/DocBaze/Pracovnazalezitosti/Metodiky%20certifikovane%20MPSV/Metodika%20integrace%20socialni%20prace%20a%20poskytovani%20DPvHN\\_FINAL%20certifikovana.pdf](https://sps.mpsv.cz/sluzby/DocBaze/Pracovnazalezitosti/Metodiky%20certifikovane%20MPSV/Metodika%20integrace%20socialni%20prace%20a%20poskytovani%20DPvHN_FINAL%20certifikovana.pdf)

The Implementation of the project "The System support of professional social work" (since February 2014)

The project is aimed at strengthening the competencies and ensuring of adequate support to existing social workers, deepening and improving their skills.

More information is available at the websites: <http://www.mpsv.cz/cs/17865>.



#### Expected laws:

Bill of Social Workers Act (professional law)

- Social Workers Act will apply to all social workers. The main areas of law are to be as follows:

- Prerequisites and conditions for the profession.
- Professional status and professional growth.
- Professional chamber as an autonomous body established by law.

#### The Concept of Permeable system of social and vocational rehabilitation

Ministry of Labour and Social Affairs began work on the setting of transparent system of social and vocational rehabilitation in 2014. The concept aims to promote employment of people with disabilities through more efficient communication between workers of social therapy workshops, rehabilitation of social workers, the LOCR employees and employers at the regional level. The proposed approach aims to ensure permeable system in which a client is motivated and supported when searching for an employment.

*5. Part XI (Standard to be complied with periodical payments). Reference wage. The Committee would like the Government to review and update the statistics used in the attached Technical note prepared by the Office, which sets out and calculates all the options allowed by the Code effort determining the reference wage for calculating the replacement level of benefits on the same basis which comparable data are available (2010).*

The Czech Republic paid attention to data in Technical note. Given the fact, that comprehensive data mentioned in the Technical note has not been changed or actual data for 2014 will be available in the second half of this year, the Czech Republic will update current data in a detailed report next year.