19/08/2026 RAP/ RCha /CZE/21(2026)

EUROPEAN SOCIAL CHARTER

Responses to the European Trade Union Confederation (ETUC)'s comments on the

21st National Report on the implementation of the European Social Charter

submitted by

THE GOVERNMENT OF THE CZECH REPUBLIC

Articles 2, 3, 4, 5, 6, and 20

Response registered by the Secretariat on

19 August 2026

CYCLE 2026

Observations by the European Trade Union Confederation (ETUC)

New reporting system on the Council of Europe European Social Charter – Reporting Cycle 2026 "1st Group of ESC provisions" – to the European Committee of Social Rights (ECSR)

PART II: ETUC (affiliates) material

(10.07.2026)

CZECH REPUBLIC

Statements of the Government of the Czech Republic are always following the ideas of the compilers

ETUC Briefing Watches - ETUC Austerity Watch

In relation to the Covid-19, the cost-of-living and energy crises, the ETUC launched a series of related briefing notes. All briefing notes benefitted from the very valuable input of the ETUC affiliated organisations.

The set of briefing notes concern the ETUC Austerity Watch as indeed in the framework of the cost-of-living crisis attempts to return Europe to a regime of austerity cuts are gaining ground. The European trade union movement stands united in rejecting a return to cuts that punish working communities. A key battlefield at EU level is the upcoming reform of the Stability and Growth Pact, which could set binding rules that would plunge Europe into austerity.

In an effort to expose decision-makers who are endorsing this approach, the ETUC has launched Austerity Watch. This series of updates focus on threats in the budgetary, fiscal, economic, social, and environmental fields.

Austerity Watch is again fed by contributions from our respective affiliated organisations as well as ETUC itself and is regularly updated.

Austerity Watch #4 (18 March 2024)

CZECH REPUBLIC: fiscal measures are harming workers' wellbeing

In the area of budgetary or fiscal measures, the Czech Government's change to the tax system means that the amount of the membership contribution paid will no longer be a deductible item in the tax base.

Government´s Statement:

Until 31 December 2023, employees who were members of a trade union were able, under Section 15(7) of Act No. 586/1992 Coll., on Income Tax, to deduct from their tax base the membership fees paid to a trade union, up to 1.5 per cent of their taxable income from employment (up to a maximum of 3,000 Kč per tax period). With effect from 1 January 2024, this tax relief was abolished as part of the so-called consolidation package, and trade union dues paid can no longer be deducted from the tax base.

The reason for abolishing the deductible portion of the tax base was the highly selective nature of this exemption. From the perspective of the principles of equality and fairness, there was no justification for granting preferential treatment to membership of trade unions, whilst membership of other non-profit organisations operating, for example, in the fields of education, youth work or sport does not confer a similar tax advantage.

The tax benefit itself is relatively small in the context of the number of administrative procedures involved in claiming this deduction. In other words, the ratio between the administrative burden and the significance of this transfer highlights the inefficiency of this instrument.

The abolition of this deduction has led to a desirable reduction in tax exemptions, with a positive budgetary impact (CZK 0.1 billion at the state budget level), whilst at the same time fulfilling the general principles of simplicity, transparency and neutrality in income tax.

Members of trade unions continue to benefit from a tax advantage consisting of an exemption for support or contributions provided from the trade union's funds. Reinstating the deduction would lead to the accumulation of two tax advantages in favour of trade union members – the deduction of membership contributions and the simultaneous exemption of support and contributions provided by the trade union. Such preferential treatment would not be in line with the principle of tax neutrality and equal treatment of taxpayers.

At the initiative of the trade unions, this change was discussed by the expert working group on the Action Plan to Support Collective Bargaining, during which it was debated whether the abolition of this measure should be one of the measures under the Action Plan to Support Collective Bargaining.

The social partners agreed on this request; however, the government of the time did not agree, given the short duration of the consolidation package and concerns about maintaining its stability should its individual measures be challenged. For these reasons, this measure was not included in the final version of the Action Plan to Support Collective Bargaining. The Action Plan to Support Collective Bargaining was approved by the Government of the Czech Republic on 20 August 2025 by Resolution No. 599. It was further agreed that discussions on this topic would take place after the 2025 elections to the Chamber of Deputies of the Parliament of the Czech Republic. However, discussions on the tax deductibility of trade union membership fees have not yet resumed, and the measure remains in force.

A reduction in the statutory allocation to the social fund may affect the well-being of employees and their social and working conditions.

Government´s Statement:

The so-called consolidation package is a comprehensive set of legislative changes, most of which came into force on 1 January 2024. Its main purpose is to restore the health of public finances and reduce the structural deficit in the state budget. The package aims to achieve this objective through a combination of savings on the state's side (cuts to subsidies and operating expenditure) and an increase in state budget revenue via tax changes (adjustments to VAT rates, an increase in corporation tax, an increase in employees' sickness insurance contributions and the abolition of tax exemptions).

ETUC Austerity Watch #5 (4 November 2025)

Contribution by the trade union for Health care and social service

BUDGETARY/FISCAL measure: Planned/announced

The government has currently prepared a draft state budget for 2026, which has not been discussed with the trade unions.

The government is cutting public spending, reducing expenditure on the running of central government bodies, social services, and public health authorities indirectly, through public health insurance, it is cutting expenditure by healthcare providers.

Government´s Statement:

In the area of public health insurance, legislation is currently being drafted to amend the assessment base for so-called state-insured persons, which will result in a year-on-year increase in payments for state-insured persons of approximately CZK 21 billion from 1 January 2027. The exact amount will depend on trends in the number of state-insured persons. Consequently, the automatic mechanism for increasing this payment will not be applied; had it been, this would have resulted in a lower increase in payments for state-insured persons into the public health insurance system from 1 January 2027.

We strongly disagree with the claim that the Government is restricting the expenditure of healthcare providers (health service providers). We would point out that the public health insurance system, through health insurance companies, ensures the reimbursement of healthcare services to health service providers. The funds that healthcare service providers receive from health insurance companies constitute their income and are increasing year on year.

An internal consultation process is currently underway regarding an amendment to the fund regulation, which will enable a further 3 billion CZK to be transferred from the health insurance companies' operating funds to cover the costs of healthcare services provided by healthcare service providers.

The government has not yet decided on adjustments to the pay scales of employees in public services and administration; the draft proposes a certain increase, but it is not known whether the funds will be provided from the state budget

Trade unions are demanding an increase in funding to raise the salaries of public service and administration employees; trade unions disagree with cuts to public funding.

In the Czech Republic, the Economic and Social Agreement Council meets and "negotiates," but the demands of the trade unions are not being met.

Government´s Statement:

The figures concerning the remuneration of employees in the public service and civil service contains out-of-date and therefore inaccurate information. The adjustment (indexation) of pay scales for public service and administration staff for 2026 has already taken place; therefore, the claim that the government has not yet decided on adjustments to the pay scales and that it is not known whether funds will be provided from the state budget is not true.

As a general rule, the government decides on any changes to pay scales following the outcome of deliberations on the State Budget Act. At the same time, the budgetary implications of the proposed measures and the method of their financing are always assessed.

On 29 October 2025, the Government adopted Government Regulation No. 471/2025 Coll., which, with effect from 1 January 2026, increased the pay scales for teaching staff in regional education – that is, for example, nursery, primary and secondary school teachers, educational assistants, teaching assistants, vocational training teachers and special needs teachers, as well as the pay scales for academic staff at state universities. This increase affected approximately 280,000 employees in the so-called public sector.

The pay scales for these employees are divided into 16 pay grades, and the pay rise was set in accordance with these pay grades:

- Pay grades up to and including 7: pay scales were increased by a fixed amount of CZK 2,000 per month.
- Pay grades 8 to 16 (inclusive): pay scales were increased by 7 per cent.

Subsequently, with effect from 1 April 2026, the (new) government adopted Regulation No. 16/2026 Coll., which was welcomed by the trade unions and under which all pay scales were adjusted:

- in the so-called basic pay scale, i.e. Annex 1 to Government Regulation No. 341/2017 Coll., by 9 per cent. This scale applies, for example, to maintenance staff, cleaners, accountants, non-teaching staff in regional education, management of state-subsidised organisations, staff at state research institutions, all employees of municipalities and regions (the average increase on this scale was CZK 2,577 per month; pay scales in Annex 1 to Government Regulation No. 304/2014 Coll. for civil servants were increased by the same amount).

- by 5 per cent (an average of CZK 1,685) in Annex 2 to Government Regulation No. 341/2017 Coll., under which non-medical healthcare staff, social workers and social services staff are remunerated (provided, however, that they are not simultaneously employees of local authorities or regions);
- by 2 per cent (an average of CZK 2,858) as set out in Annex 3 to Government Regulation No. 341/2017 Coll., under which doctors, dentists and pharmacists are remunerated.

In total, this increase in pay scales affected approximately 580,000 employees in the so-called public sector.

ECONOMIC measure: Planned/announced

The government is investing in transport infrastructure/transport is congested, slow, making it difficult for employees and companies to get around

Reforms in education/lack of places in schools, problems placing students in secondary schools

Labor market flexibility/part-time jobs, job sharing, working from home

Digitization in public services/slow

Is there or is there not a dialogue with the government about the announced austerity measure? Formal dialogue yes, measures proposed by trade unions are not being implemented. (...)

Wages/collective bargaining

(Minimum) Wages (Article 4§1)

In September 2022, an ETUC analysis of Eurostat data has found that Europe's lowest paid workers have seen the value of their wages fall by up to 19 per cent this year, representing the biggest fall in real minimum wages this century.

Statutory minimum wages have risen by an average of 7,6% over the last year in the 21 EU countries which have one. But, in the same countries, the rate of inflation has increased by an average of 12,4%. It means the real value of statutory minimum wages has fallen by an average of 4,8%, leaving millions of workers struggling to afford the most basic costs of living like food, rent and energy.

It is only the second time since 2000 that growth in real minimum wages has fallen below zero and this cut is considerably higher - at the height of austerity in 2012, real minimum wages growth was -0,7%. Real statutory minimum wages have fallen most dramatically since last summer in Latvia (-19%), Czechia and Estonia (-10%), and Slovakia (-8%). (Record fall in value of statutory minimum wages.

The 18 EU member states where real statutory minimum wages have fallen between Q2 2021 and Q2 2022

Country	Nominal statutory minimum wage growth %	Rate of inflation %	Change to real statutory minimum wage %
Latvia	0	19,2	-19,2
Czechia	6,5	16,6	-10
Estonia	11,9	22	-10
Slovakia	3,6	12,6	-8,9
Lithuania	13,7	20,5	-6,7
Poland	7,5	14,2	-6,7
Ireland	2,9	9,6	-6,6
Netherlands	3,2	9,9	-6,6
Slovenia	4,9	10,8	-5,8
Bulgaria	9,2	14,8	-5,5
Luxembourg	5,0	10,3	-5,2
Malta	0,9	6,1	-5,1
Spain	5,2	10	-4,7
Portugal	6,0	9	-2,9
Romania	10,8	13	-2,1
Greece	9,6	11,6	-1,9
Croatia	10,2	12,1	-1,8
France	5,8	6,5	-0,6

Government´s Statement:

In 2022 and 2023, Czechia was hit by very high price inflation, which actually exceeded the nominal year-on-year increase in the minimum wage. However, a decline in real wage levels was observed across the board in Czechia, i.e. not just in relation to the minimum wage.

In the long term, however, the minimum wage level in Czechia has been rising; over the last 10 years (2016 = 100 per cent), the minimum wage level had increased to 210.1 per cent by the end of the previous calendar year. Price inflation (HICP) reached 154.5 per cent over the same period. The real growth in the minimum wage therefore reached an index of 136.0 per cent, meaning that the real purchasing power of the minimum wage has increased by more than a third over the last ten years.

It is necessary to state that with regard to the minimum wage, the document also contains out-of-date information, as the minimum wage has increased for 2026 and now stands at

CZK 22,400 (in 2025, the minimum wage was CZK 20,800). Further increases are planned for subsequent years, as the minimum wage is linked by law to the average wage.

It is also worth noting that data published by Eurostat on the growth of the minimum wage from 1 January 2026 shows that the year-on-year increase in the minimum wage between 2025 and 2026 was among the highest in Czechia compared with other EU countries where the minimum wage is set by law.

Czechia currently operates under a clear and predictable mechanism for setting the minimum wage, agreed upon by both the government and the social partners. Given the relatively rapid increase in the ratio of the minimum wage to the average wage, the minimum wage has been rising significantly faster than inflation since 2024; consequently, its real level is rising substantially. We do not consider it necessary to change anything in this regard at present.

If we were to analyse the data methodologically, we consider it entirely self-serving to compare the second quarters of 2021 and 2022 at this stage and draw any conclusions from this for the current situation.

Furthermore, when calculating the change in the average real wage in the EU, one cannot proceed in the manner described – that is, by comparing the average growth rates of the minimum wage and inflation across the EU and subtracting one from the other – particularly as there has long been considerable variation among EU countries in terms of wage mechanisms and price trends.

On the subject of minimum wage indexation, we would also add that a few years ago, whilst preparing background material, we found that only a few EU countries explicitly use the inflation rate for minimum wage indexation.

We do not consider this particularly appropriate either – these are very different economic variables in many respects. In our view, linking the minimum wage to the average wage, as is currently the case in Czechia, is far more justified.