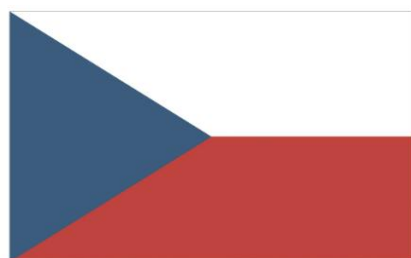


THE OECD TAX-BENEFIT DATABASE

Description of policy rules for
the Czech Republic 2024



THE OECD TAX-BENEFIT DATABASE FOR THE CZECK REPUBLIC

Description of policy rules for 2024

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Preface

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

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

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

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



[TaxBEN web calculator](#)



[Methodology and user guide](#)



[OECD tax-benefit data portal](#)



[Network of national experts](#)


Guidelines for updating this report (for national experts)



[General guidelines](#)

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

Reading notes and further details on the content of this report

- **Reference date** for the policy rules described in this report: **January 1, 2024**.
- The symbol  in the text provides a link to the glossary of technical terms.
- Section titles provide the names of taxes and benefits as they are known in the country: first, direct translation into English, then (in brackets) the name in the national language.
- **TaxBEN** variables are indicated in the text using the format **[variable name]**

The OECD tax-benefit model for Czech Republic: Policy rules in 2024

1. Reference wages

Average wage [**AW**]: The OECD tax-benefit model uses Secretariat estimates of the average full-time wage (available [here](#))¹. If Secretariat estimates are not available yet, the model uses wage projections obtained by applying forecasted wage growth² to the latest available wage estimate.

Statutory minimum wage [**MIN**]: CZK 18 900 per month. The annual minimum wage is computed by multiplying the monthly minimum wage (as of January 1, 2024) by 12, i.e. CZK 18 900 * 12 = CZK 226 800.


Reference average wage set out under the Act regulating the Social Security Insurance premiums (Section 8): CZK 43 967 per month in 2024.

Reference average wage set under the Employment Act for unemployment benefit calculations (Section 2): CZK 42 427 per month in 2024.

2. Unemployment benefits


2.1. Unemployment benefit (*Podpora v nezaměstnanosti*)

Code in the OECD tax-benefit model:³ [**UI_p**; **UI_s**]

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

2.1.1. Eligibility conditions

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

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

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

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

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

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

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

1. Has to be registered with the Labour Office and actively seeking employment;
2. Has to be ready to enter into employment relationships (they cannot refuse to take up a suitable employment or refuses to commence an agreed retraining programme);
3. Has to cooperate with the Labour Office when seeking work, e.g. they must attend meetings with the case worker and keep them updated;
4. Cannot work or be enrolled in full-time education;
5. The employment relationship was not terminated in 6 months preceding registration due to a gross violation of work discipline or employee obligations

Jobseekers who voluntarily quit their previous employment are still entitled to unemployment benefits but at a lower rate (see section 2.1.2). Jobseekers who are eligible for unemployment benefit are also entitled to participate in retraining courses and to receive a retraining allowance (see Annex).

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

2.1.2. Benefit amount

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

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

Unemployment benefit entitlements are capped at 0.58% of the Reference Average Wage set under the Employment Act for unemployment benefit calculations (see Section 1). The Reference Average Wage is calculated during the first three quarters of the calendar year preceding the year in which the application for unemployment benefits was submitted. This capped amount is received by those whose percentage calculation from previous earnings is higher than the set limit. In 2024, the capped monthly amount is CZK 24 608 (i.e. $0.58 \times \text{CZK } 42\,427$).

Unemployment benefit amounts are rounded to the nearest whole crown.

2.1.3. Benefit duration

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

Frequency/periodicity of benefit payments: monthly.

2.1.4. Means test

This benefit is not means tested.

⁶ A job seeker who has exhausted the entire period of support in the past 2 years before being included in the register of jobseekers, has the right to receive unemployment benefit for the new whole support period if they, after exhausting this period, have started to work (or entered into gainful activities involving the obligation to pay premiums for pension insurance) for a period of at least 9 months. In certain circumstances the 9-month contribution period is not required, e.g. in cases when the job seeker terminated the employment for health reasons

2.1.5. Tax treatment

The benefit is not taxable.

2.1.6. Interactions with other components of the tax-benefit system

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

2.1.7. Combining benefit receipt and employment/starting a new job

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

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

A jobseeker whose entire support period (the period for which unemployment benefits are provided depending on the age of the job seeker) has not expired in the last 2 years prior to registration in the register of job seekers and after expiration of a part of the support period, he/she reached pension insurance period of at least 6 months by an employment or other gainful activity, he/she is entitled to receive unemployment benefits for the entire support period.

If a jobseeker has reached the pension insurance period of less than 6 months by employment or other gainful activity, he is entitled to receive unemployment benefits for the remaining support period.

A jobseeker whose entire support period has expired in the last 2 years before registration in the register of job seekers is entitled to unemployment benefit if, after the expiration of this support period, he has reached the pension insurance period of at least 9 months by employment or other gainful activity.

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

2.1.8. Indexation

The unemployment benefit is not indexed to inflation but is increased in line with wage growth. The maximum amount of the unemployment benefit is automatically updated on an annual basis using as a reference the growth of the average wage set under the Employment Act for unemployment benefit (Section 1).

2.2. Unemployment assistance

OECD note: In many OECD countries, jobseekers who do not qualify for Unemployment Insurance (UI – Section 2.1), or whose entitlement to UI is low or has expired, can claim Unemployment Assistance (UA – this section) and/or Social Assistance benefits (SA – Section 3). These UA and SA benefits have different purposes (and reach different target groups). For instance, while the main purpose of UA is to encourage the labour market reintegration of jobseekers who have exhausted or are not eligible to the standard UI benefit, the purpose of SA programmes is to provide an

acceptable standard of living for families unable to earn sufficient incomes from other sources. Conditions for UA typically include requirements to register with the public employment service and participate in active job search in a similar way as for UI. This is *not always* the case for SA benefits, for which low income is the key entitlement criterion and activation requirements exist only for those who are capable of work.

Based on this definition, Czech Republic and the representative region/municipality considered in this report (Prague) in 2024 do not provide a national/local Unemployment Assistance programme. Nevertheless, Czech Republic does provide a Social Assistance programme (described in Section 3.1).

3. Social assistance and housing benefits

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

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

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

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

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

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

3.1.1. Eligibility conditions

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

In case of unemployment, the unemployed person has to be registered as a jobseeker, be active in job search and accept an offered job or participation in an active employment policy programme (unless having a serious reason to refuse it) and, upon request, take up short-term employment or participate in public works or public works programmes. Work-availability or job-search requirements must be met by all members of the household who are subject to activation requirements. Persons who are not subject to the activation requirements (to work, participate in PES measures, etc.) are defined

by the law.⁷ For those with low employability prospects, e.g. due to low mental and physical capacity, no or low education/skilled, health limitations etc., PES at the Labour office offers work and activity appropriate to their condition. Recipients of social assistance benefits are obliged to report any change in their situation, including changes that may affect their employability prospects.

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

3.1.2. Benefit amount

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

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

- The ‘relevant’ household income is defined in Section 3.1.4.
- The ‘justified’ (*přiměřené*) housing costs are described in Box 1.
- The ‘Living minimum amount’ amounts depend on the family type. Specifically, on the 1st of January 2024, the monthly amounts are as follows:
 - Single person living alone: CZK 4 860
 - First person of a household with at least 2 persons: CZK 4 470
 - Second and other persons who are not a dependent child: CZK 4 040
 - Dependent child: under 6 years: CZK 2480; between 6 and 15 years: CZK 3050; between 15 - 26 years: CZK 3490.

For instance, the monthly amount for a family with two adults without dependent children is CZK 4 470+4 040. The maximum monthly amount for a family with one adult and a dependent child under 6 years of age is CZK 4 470+2 480.

A lower benefit amount called ‘Subsistence minimum’ is used instead of the ‘living minimum’ amount for adult persons as a “sanction” for not meeting certain conditions prescribed by the law.⁸ The monthly amount of the Subsistence minimum in 2024 was CZK 3 130.

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

- The person is not obliged to increase income via work activities (see Footnote 8);

⁷ Effort to obtain income through working is not required from old-age pensioners; persons over 68; disabled persons in grade III; persons receiving sickness insurance benefits due to the pregnancy and maternity; parents providing personal care for at least 1 child and receiving parental allowance and after if the child cannot attend child care facility for serious reasons; care-dependent persons in dependency of grade II, III, IV; dependent children; parents caring for children; careers of care-dependent person in grade II, III, IV and care-dependent children up to 10 years also in grade I; persons recognized by a doctor as temporary unable to work/sick; and employees whose wage has not been paid by the employer by the due date. In case of family with children, proper compulsory school attendance of children is required.

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

- The person eligible for unemployment benefit;
- The person is complying with the activation requirements set by the PES;
- The person is employed (independently of the contractual working hours)
- The person works in public service for at least 20 hours a month;
- The person has a second grade of disability.

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

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

Housing supplement

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

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

The housing supplement aims at ensuring that a family claiming the Allowance for Living and the Housing Allowance (Section 3.2) still receives the minimum living amount (as defined above) after paying for the housing costs (as defined below).

More precisely, the housing supplement is the amount that remains after subtracting from the living minimum amount the algebraic sum of the following income components: (1) the ‘relevant’ household income (Section 3.1.4), *minus* (2) the reasonable (*odůvodněné*) housing costs (Box 1), *plus* (3) the housing allowance (Section 3.2), *plus* (4) the Allowance for Living (as defined above). In practice:

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

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

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

$Housing\ supplement = (Reasonable\ housing\ costs - Housing\ Allowance) - (relevant\ household\ income + Allowance\ for\ Living - Living\ Minimum).$ ¹⁰

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

Box 1. Description of the housing costs that enter the calculation of social assistance and housing benefits.

Note: all the definitions of housing costs in the Czech Republic include the rent as well as other housing costs, such as energy and heating costs.

- “Reasonable” (*odůvodněné*) housing costs are equal to the *actual* housing costs up to the “usual” (*obvyklé*) housing costs in a selected location (*obvyklé v místě*).
- “Usual” (*obvyklé*) housing costs in a selected location are determined methodologically by the labour Office. When the Labour Office cannot find a similar apartment in the relevant location, the prescriptive/ *normativní* housing costs apply (Table 1).

OECD note: The TaxBEN model directly uses the prescriptive/ *normativní* housing when the legislation requires the use of the “Usual” (*obvyklé*) housing costs.

- “Justified” (*přiměřené*) housing costs are equal to the “reasonable” (*odůvodněné*) housing costs, up to a maximum of 30% (in Prague 35%) of the ‘relevant’ household income (Section 3.1.2).
- “Prescriptive” (*normativní*) housing costs: the housing costs determined by the Law and that are used when the Labour Office cannot find a similar apartment in the relevant location for the calculation of the “Usual” (*obvyklé*) housing costs. See Table 1 below for the 2024 amounts.

Table 1. Prescriptive/normativní housing costs for rented accommodations (CZK/month)

Valid from 1 January to 31 December 2024

Number of persons in household	Prescriptive/normativní housing costs		
	Prague and Brno	Municipalities with at least 70 000 inhabitants	Municipalities with up to 69 999 inhabitants
1 or 2	16 729	14 197	13 737
3	19 212	15 900	15 299
4 and more	23 195	19 202	18 477

Note: The maximum number of persons in the household counted for the prescriptive housing costs is 4. Thus, the prescriptive housing costs for larger households are equal to the costs for a household with 4 members.

The housing costs that enter the calculations of the **Living Allowance** and the related housing supplement are the “justified” (*přiměřené*) housing costs. This implies the following:

¹⁰ Housing costs include rent (for tenant) and comparable costs (for owners and cooperatives), plus energy (gas, electricity, solid fuels) plus services (district heating, hot water, water and sewage, lift, lighting and cleaning of common areas, removal of wastewater and cleaning of pits, common TV and radio antenna, municipal waste removal). Monthly amounts of comparable costs and solid fuels are determined directly by law according to the number of people in the family. Other items are determined as the average of the costs paid for the previous calendar quarter.

- If the *actual* housing costs are *lower* than 30% (35 % in Prague) of the ‘relevant’ household income (section 3.1.4), the *actual* costs are used in the Living Allowance calculations *as long as* they are also lower than the “usual”/obvyklé housing costs determined by the Labour Office (otherwise the latter apply).
- If the *actual* housing costs are *higher* than 30% (35 % in Prague) of the ‘relevant’ household income (section 3.1.4), the housing costs that enter the Living Allowance calculations are equal to 30% (35 % in Prague) of the ‘relevant’ household income as long as this amount is lower than the “usual”/obvyklé housing costs determined by the Labour Office (otherwise the latter apply).

The housing costs that enter the calculations of the **Housing Allowance** (*Příspěvek na bydlení* – see Section 3.2) are the actual housing costs up to the prescriptive/normativní housing costs (Table 1). As a result, it is not needed to compare the reasonable costs with the 30% of the ‘relevant’ household income because this requirement applies only for the calculation of the Living Allowance. This implies the following when calculating the Housing Allowance:

Housing costs for Housing Allowance = min(*actual* housing costs, “usual”/“prescriptive/normativní housing costs determined by the law”).

3.1.3. Benefit duration

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

Frequency/periodicity of benefit payments: monthly.

3.1.4. Means test

Income test:

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

- Gross earnings from employment and/or self-employment, minus the related income tax liabilities (Section 8) and social security contributions for health and social insurance (Section 7).
- Other incomes specified by the tax legislation, e.g. alimony/maintenance payments¹¹),
- Selected income support measures: unemployment benefits (Section 2.1), child allowance (Section 4.1), parental allowances (Section 4.2) as well as old age, disability and survivors’ pensions. Note: the housing allowance (Section 3.2) and disability benefits are *not* included in the relevant household income.

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

¹¹ Maintenance payment either from the absent parent or from the benefit “Advance on Maintenance Payment” (see the annex for details).

Asset test:

Asset affect benefit eligibility but not the calculation of benefit amount.

The following assets are not included in the test:

Immovable properties: The main residence where the family resides (independently of its cadastral/market value) as well as any other immovable properties (houses, land, fields, etc) that the family uses for gainful activities (e.g. rent for money) or for securing the family's own needs (independently of the properties' cadastral/market value). However, any incomes generated from these properties (e.g. the rent of a flat or from the sale of grown products) enters the income test. So-called natural consumption of self-produced food is not included in the test.

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

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

3.1.5. Tax treatment

The benefit is not taxable.

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

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

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

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

¹² Building/contract saving (specific financial instruments supported by the Government) are not considered. Other forms of savings, including standard/basic saving accounts are included in the asset test. Building/contract savings are considered as a possibility of increasing income (and therefore included in the test) only after 6 months of receiving social assistance benefits. However, if the amount obtained by cancelling the building saving account is higher than 10 times the living minimum, then it is considered as a possibility to increase income immediately (Act no 111/2006 of the Coll., as amended, § 11 – 15).

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

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

3.1.8. Indexation

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

3.2. *Housing allowance (Příspěvek na bydlení)*

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

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

3.2.1. Eligibility conditions

Housing benefits are granted irrespective of the type of housing.

3.2.2. Benefit amount

The benefit amount is calculated as the difference between the ‘reference housing costs’ for the housing allowance (Box 1) and the ‘reference income’. The reference income is the household income described in Section 3.2.4, multiplied by a coefficient of 0.30.

*Housing allowance = Reference housing costs – (household income*coefficient)*

Where the “Reference housing costs” = min(*actual* housing costs, *prescriptive* housing costs). Table 1 in Box 1 shows the prescriptive housing.¹⁶

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

3.2.3. Benefit duration

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

3.2.4. Means test

The household income that is used for the means test of the housing allowance is the sum of earnings from employment and/or self-employment, after the deduction of health and social insurance contributions *and* income tax liabilities. Pensions, sickness and unemployment benefits (section 2.1) as well as any other incomes included in the tax

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

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

legislation (e.g. income from rent or alimony/maintenance payments) are part of the reference income. Finally, the reference income includes also the child allowance (Section 4.1), the parental allowance (Section 4.2) as well as the advance on maintenance payment (Annex).¹⁷ Social assistance (Section 3.1) and disability benefits are *not* part of the relevant household income.

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

3.2.5. Tax treatment

This benefit is not taxable.

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

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

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

The benefit is compatible with earnings.

3.2.8. Indexation

Housing allowance is adjusted by indexing the prescriptive/*normativní* housing costs every year on 1 January. The increase in the prescriptive/*normativní* housing costs responds to the increase in the prices of components of housing costs published by the Czech statistical office and Ministry of industry and trade.

Box 2. Example of calculation of housing and social assistance benefits

Let us consider a single person living alone in Prague with annual gross earnings of CZK 24240 and annual housing costs of CZK 21732. This person does not pay the income tax (Section 8) but pays CZK 2811,84/year of social security contributions (SSC, Section 7).

The reference income (**RI**) for the calculation of the Allowance for Living (**AL**) is equal to $0.7 \cdot (24240 - 2811,84) = 0.7 \cdot 21428,16 = \text{CZK } 14999,71$ (Section 3.1.4 for the calculation of the reference income for the Allowance for Living). The reference income (**EI**) for the calculation of the Housing Allowance (**HA**) is equal to $24240 - 2811,84 = \text{CZK } 21428,16$.

Because the *actual* annual housing costs (CZK 21732) are *higher* than the justified/*přiměřené* housing costs, i.e. higher than 35% of reference income ($0.35 \cdot \text{RI} = 0.35 \cdot 14999,71 = 5249,90$), the justified housing costs are equal to 35% of the reference income (CZK 5249,90):

Allowance for Living (AL) = Living Minimum for a single living alone (CZK 4860*12) - (RI - min(actual housing costs, justified/*přiměřené* housing costs))
 $= 58320 - 14999,71 + \min(0.3 \cdot 14999,71, 21732) = 58320 - 14999,71 + 4499,91 = \text{CZK } 47820,20$

Housing Allowance (HA) = min(actual housing costs, prescriptive/*normativní* housing costs) - reference income (EI)*0.30
 $= \min(21732, 16729 \cdot 12) - 21428,16 \cdot 0.30 = 21732 - 21428,16 \cdot 0.30 = \text{CZK } 15303,55$.

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

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

HS = Living Minimum – RI + min(actual housing costs, prescriptive/odůvodněné housing costs) –AL–HA

$$= 58320 - 14999,71 + \min(21732, 16729 * 12) - 47820,20 - 15303,55 = \text{CZK } 1928,54$$

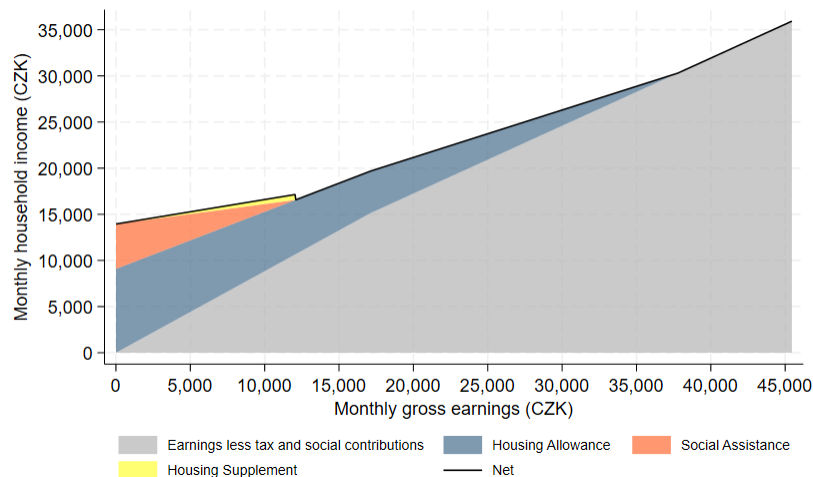
The final net income of this person is equal to:

NET = Gross earnings – SSC + AL + HS + HA

$$= 24240 - 2811,84 + 47820,20 + 15303,55 + 1928,54 = \text{CZK } 86480,45.$$

The application of these rules across the gross earnings range produces the results below.

Figure 1. Household income components by earnings levels



Note: results for a single person aged 40 without children living in Prague. Actual housing costs are fixed at CZK 9090,26/month for all earnings levels. More details on specific benefits can be found: Housing Allowance (Section 3.2), Allowance for living and Housing Supplement (Section 3.1).

Source: [OECD tax-benefit model, 2024](#)

4. Family benefits

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

4.1. Child allowance (Přídavek na dítě)

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

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

4.1.1. Eligibility conditions

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

4.1.2. Benefit amount

For those families with incomes below the eligibility threshold (Section 4.1.3), the amount of the child allowance depends on the age of children (table below). As of

January 2018, there is also an ‘increased amount’ (see table below) that is associated with a certain type of earnings (Section 4.1.3).

Frequency/periodicity of benefit payments: monthly.

Monthly amount of the child allowance, CZK per month in 2024

Age of the Dependent Child	Basic amount	Increased amount
under 6 years	830	1 330
6-15 years	970	1 470
15-26 years	1 080	1 580

4.1.3. Means test

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

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

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

4.1.4. Duration

Until the age of compulsory school attendance (under 15 years) and further if the child systematically prepares for future occupation.

4.1.5. Tax treatment

The benefit is not taxable.

4.1.6. Interaction with other components of the tax-benefit system

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

4.1.7. Combining benefit receipt and employment/starting a new job

The allowance can be received at the same time as earned income as long as the family pass the means test.

4.1.8. Indexation

Child allowance is increased ad hoc. Discretionary decision by the Government is based on political deals and takes into account the rising costs of living.

4.2. Parental allowance (*Rodičovský příspěvek*)

Code in the OECD tax-benefit model: `[pa_allow]`

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

4.2.1. Eligibility

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

Under certain conditions, this benefit can be claimed if the child attends childcare. In 2024, such attendance is limited to a maximum of 92 hours per month for children up to the age of two, whereas the time that a child older than two years spends in a nursery or kindergarten is not relevant for eligibility to the parental allowance.¹⁸ Note: Parental income and working activity have no effect on eligibility: parents can receive the parental allowance even if they work full time as long as they can assure that the child is in the care of another adult. What is relevant for the eligibility for the parental allowance is the time spent in pre-school centres, not the time spent at work.

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

4.2.2. Benefit amount

According to the rules that apply on the 1st of January 2024, the parent of a child born up to December 31, 2023, is entitled to claim a maximum benefit of CZK 350 500, until the child is 48 months old (included). In case of multiple simultaneous childbirths, the total amount of benefit extends to CZK 525 000.¹⁹

If at least one parent has a sickness insurance policy,²⁰ s/he could select the amount of the monthly parental allowance and thus the timing of its payment. For instance, if the parents of one child distribute the benefit payments over 36 months, the monthly rate would be CZK 350 000 divided by 36, i.e. CZK 9722/month. Recipients of parental

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

¹⁹ For a child born after January 1, 2024, the parent is entitled to claim a maximum benefits of CZK 350 000 until the child is 36 month old (included); in case of multiple simultaneous childbirth the total amount is CZK 525 000. This case is not modelled in TaxBEN.

²⁰ The sickness insurance policy refers to the sickness insurance system and is not related to the social security contribution for sickness insurance described in Section 7.

benefit can modify the distribution of monthly payments every three months. The longest option is until the child is 48 months old whereas the shortest option depends on the Daily Assessment Base (see below).

In case of shorter options, the maximum monthly amount of parental allowance cannot be higher than 70% of the Daily Assessment Base (DAB) multiplied by 30.²¹ In addition, the maximum monthly amount cannot be higher than the monthly ceiling of CZK 53 910 in 2024 (independently of the DAB).

When both parents have a sickness insurance policy, the higher assessment base is used for the calculation of the parental allowance. Parents can change the amount of the allowance once every three months. If none of the parents have a sickness insurance policy (e.g. because they are students, unemployed or self-employed who have not paid voluntary sickness insurance contributions), they may select the monthly amount up to CZK 13 000. In the case of multiple childbirths, the monthly amounts are adjusted appropriately. While parents can alternate the reception of the parental allowance, only one of them is entitled to the benefit at each time.

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

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

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

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

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

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

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

Frequency/periodicity of benefit payments: monthly.

4.2.3. Means test

This benefit is not means tested.

4.2.4. Duration

Until the child is 48 months. See section 4.2.2 for details.

²¹ The DAB is used for calculating the maternity benefit allowance and is derived from the average daily earnings over the past 12 months.

4.2.5. Tax treatment

Not taxable.

4.2.6. Interaction with other components of the tax-benefit system

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

4.2.7. Combining benefit receipt and employment/starting a new job

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

4.2.8. Indexation

Parental allowance is increased ad hoc. Discretionary decision by the Government is based on political deals.

5. Net costs of Early Childhood Education and Care

Childhood Education is compulsory from the beginning of the school year following the day on which the child reaches the age of five and until the beginning of the child's compulsory school attendance.²² According to the current legislation, the following facilities can provide childcare services:

- Kindergartens (regulated by the Education Act and under the responsibility of the Ministry of Education, Youth and Sports);
- Children's Groups (regulated by the Children's Group Act and under the responsibility of the Ministry of Labour and Social Affairs);
- Private childcare facilities (under the Trade Licensing Act);
- Compulsory pre-school education can be also completed by attending the preparatory class of a primary school or by attending the preparatory stage of a special primary school

According to Education Act, preschool education is available for children aged from 2 to usually 6 years. Every child from the age of three has a legal right to a place in kindergarten, the municipality is obliged to ensure sufficient capacity to fulfil this right. Kindergartens can accept two-year-old children, but they must have suitable conditions for this (sufficient capacity - children from the age of three have priority; personnel security - e.g. school assistant, caregiver; possibility of reducing the number of children in the class - for each two year old child is reduced number of children by two; material equipment suitable for two-year-old children etc.). These conditions also applies to private kindergartens. Kindergartens cover most pre-school children between 3 and 6 years old.²³

²² Compulsory school attendance in primary school is from the age of six. However, a child can also have a postponement of compulsory school attendance for one school year, or an additional postponement of compulsory school attendance, but up to the age of 8 at the most.

²³ Based on data from the Czech Statistical Office as of 31 December 2022, it is estimated that as of 30 September 2023, of the population of two- and three-years-old children, approximately

Children's Groups (CGs) are services provided on a non-commercial basis by, e.g. private companies for their employees, public institutions, and NGOs. CGs were created in 2014 because of the insufficient capacity of kindergartens and the related large number of rejected applications for admission of two- and three-year-olds.²⁴ The basic difference between kindergartens and CGs is the type of service as well as the age structure of children attending these facilities. While kindergartens are part of the educational system, Children's Groups focus more on meeting the care needs of the child, developing their abilities, and teaching cultural and hygienic habits. Accurate statistics are not available as Children's Groups are flexible services and the age composition of children may change during the year.

Private childcare facilities provide childcare for children up to three years of age on a daily or weekly basis. The service can be provided at the child's home or at the provider's premises.

5.1. Gross childcare fees

Code in the OECD tax-benefit model: `[CZcc_cost]`

Kindergartens (mateřská škola):

As of 30th September 2023, there were 5387 public kindergartens in the Czech Republic. The monthly fee (excluding meals) in public kindergartens ranged between 1 and 1000 CZK, excluding meals costs.

In the school year 2023/2024, the maximum amount paid by parents was capped at 50% of the average non-investment costs per child per month incurred by a particular school in the previous calendar year.²⁵

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

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

- Full day attendance CZK 37-74/day,
- Half-day attendance: CZK 29-59/day,
- Full day and night attendance: CZK 61-122/day.

Children's group: Access to children's groups is not related to household income or other factors. However, if the provider applies for a state allowance, the amendment sets the maximum amount of parent's compensation for children under 3 years as of 31 August at CZK 5.059,84 per month. In the case of older children or if the provider does not apply for a state allowance for the operation of a children's group, the amount is not

28.61% of children under the age of three attended kindergartens, and the proportion of three-year-olds was 83.78%.

²⁴ An amendment to the Children's Groups Act approved in October 2021 aimed to ensure quality and affordable childcare for children from 6 months to compulsory school age through stable state funding.

²⁵ From the school year 2024/2025, the monthly amount of the payment will be set by the founder of the kindergarten and the calculation will no longer be linked to the average non-investment expenditure of the particular school, but to the minimum monthly wage. The fee will be set to a maximum of 8 % of the basic rate of the minimum monthly wage in the country.

limited. Each CG set the fees based on their costs. Currently, there is no maximum limit for the fees set in CGs (in case of older children or if the provider does not apply for a state allowance), however, these should not exceed the real costs of the service provided, because of the non-profit basis. As of 2024, the average daily amount for operation per child under 3 years is CZK 529,01, per child over 3 years is CZK 311,18. Daily amount for meal per child under 3 years is CZK 25,73, per child over 3 years is CZK 15,14. The approximate monthly amount per child under 3 years is CZK 11 506, per child over 3 years is CZK 6 768.²⁶ On the basis of statutory indexation to account for increases in the consumer price index, as of 1 January 2024 the state has increased the maximum amount of the parental allowance from CZK 4 720 to CZK 5 059,84 for groups of children who also benefit from the state allowance.

Accurate statistics on the coverage of children's group are not available as children's Groups are flexible services and the age composition of children may change during the year²⁷. There are currently 1 683 children's groups registered, with 22 659²⁸ places for children. However, the number of children attending children's groups is approximately 30% higher (more than 29 000 children), because one place can be shared by two or more children. Research has shown that children generally attend playgroups between their second and third birthdays, but older children are also enrolled.²⁹ Children's groups are thus also an alternative to kindergartens in case of parental preference and/or lack of places in public childcare services.

OECD note: For the purpose of the OECD tax-benefit model, the childcare fee in 2024 for children is the average monthly fee paid in the public kindergartens of the city of Prague.³⁰ In 2024, this is equal to 813 CZK per month for the care service, plus 1 108 CZK per month for children aged between 3 and 6 (1 208 CZK per month for children older than 6) for the meals in case of full day attendance (average daily food allowance in city districts multiplied by 22 days of attendance; the maximum daily cost is established by regulation No. 107/2005 Coll). For children aged under 3, it is assumed the daily meal costs are the same as children aged from 3 to 6, and the care service fee of CZK 813 is the same. For children aged 6 or more, the calculations assume no childcare costs since most children are in primary school from the age of 6.

5.1.1. Discounts for part-time usage

Kindergartens (mateřská škola): According to the decree No. 14/2005, the individual directors of each public kindergartens determine autonomously the monthly amount of the monthly fee charged to parents. If the child is regularly educated for a shorter period

²⁶ [Early childhood and school education funding | Eurydice \(europa.eu\)](#)

²⁷ The Ministry of Labour and Social Affairs is implementing a project titled "Creation of a comprehensive monitoring and evaluation framework for early childhood education and care in the Czech Republic", which aims to create a comprehensive monitoring and evaluation framework in the field of early childhood education and care, in particular in the area of childcare services for children under three years of age.

²⁸ The data refers to 7 February 2024.

²⁹ Palonciová J., Höhne S.: Dětské skupiny a rodinná centra – jejich fungování a přístup dětí se specifickými potřebami k těmto službám (Children's groups and family centers – their functioning and the access of children with specific needs to these services). RILSA 2023, Dostupné z: https://katalog.vupsv.cz/fulltext/vz_531.pdf

³⁰ Public kindergartens in the city of Prague are included in the calculation. The Ministry received information for the calculation from 19 out of 22 city districts. The amount of school fees for half-day attendance was not stated (most kindergartens provide full-day attendance).

than corresponds to the operating time of the kindergarten, the director of the kindergarten sets the amount of payment at the maximum corresponding to 2/3 of the total amount of payment charged to parents in case of full-time attendance. Final monthly amount charged to parents cannot exceed 50% of the average non-investment costs per child per month in the past calendar year. However, when determining the amount of parents' payment, the decree does not differentiate between full day and half-day operations, only the total non-investment costs are considered. As a result, there is a large variability in the education fees across the country, and accurate statistics on the average education fees by length of operation are currently unavailable.

OECD note: Because the *average* education fee provided by the Ministry of Education (Section 5.1) includes both full-time and part-time fees, the OECD childcare cost indicator uses this average amount *independently of the selected usage* (full day or half day). However, because regulation No. 107/2005 defines different costs of the meals depending on the length of the service attendance, the part of the childcare cost indicator referring to the meal costs considers the lower meals cost in the event of part-time attendance (see the other *OECD note* in section 5.1 for further details). The TaxBEN models uses the meal cost for half-day attendance when the parents work less than 50% of full-time work. In this case, the average daily food allowance in city districts multiplied by 22 days of attendance is 822 CZK per month for children between 3 and 6 years, or 891 CZK per month for children older than 6 years.³¹ The maximum daily cost for half-day attendance is established by regulation No. 107/2005.

Children's group: The amendment to the Children's Groups Act (2021) does not set the amount of the fee paid by the parents in relation to the days or hours when childcare is provided, it sets only the monthly amount.³²

5.2. Childcare benefits

Variable name: `[cc_benefit]`

5.2.1. Fee discounts and free provision

The following persons are exempted from paying childcare fees (if they prove this fact to the director of the kindergarten):

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

At the request of a parent (legal guardian), the director of the kindergarten may decide to reduce or waive the childcare fee charged to parents of a child with a severe disability. In 2022, a subsidy program was announced for two regions of the Czech Republic to provide school meals for socially disadvantaged children and children whose families are in a long-term unfavourable financial situation, as well as for activities aimed at

³¹ Only four districts reported the amount of the meal allowance for half-day attendance.

³² In the children's group they have a lower norm, but the payment by the parent is not capped. It is up to the provider to determine the price for the service paid for by the parents.

increasing the participation of children from this target group in preschool education (elimination other financial barriers, cooperation with family, realization of leisure activities). Since 2023, this subsidy programme has been extended to the whole country.

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

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

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

5.2.3. *Childcare allowance for children NOT using childcare centres*

If the child is 2 years old or younger and the family uses centre-based childcare for more than 92 hours per month, the family loses eligibility for the parental allowance (Section 4.2).³³

6. Employment-conditional benefits

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

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

Based on this definition, Czech Republic does not have in 2024 a national “in-work” benefit.

7. Social security contributions and payroll taxes

7.1. *Social security contributions (Příspěvky na sociální zabezpečení)*

Variable names: **[SOCSEC_p; SOCSEC_s; SSCR_p; SSCR_s]**

Employee compulsory contributions: 11.6% of gross earnings. The total contribution consists of health insurance contributions (4.5% of gross wages) and social insurance (7.1% of gross wages, split between pension insurance 6.5 % and sickness insurance 0.6 %).

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

The maximum *annual* earnings amount used to calculate social security contributions and contributions to the state employment policy is 48 times the reference average

³³ This should be repealed in a new amendment to the Children's Groups Act, which could come into force from 1 July 2024.

monthly wage – see chapter 1 (CZK 2 110 416 in 2024). There is no ceiling for health insurance contributions.

Table 2. Social security contribution rates as of 1 January 2024

Contributions	Percentage of gross earnings		
	Employees	Employers	Total
Health insurance	4.50	9.00	13.50
Social insurance			
Sickness	0.60	2.10	2.10
Pension	6.50	21.50	28.00
State employment policy	0.00	1.20	1.20
Total	11.60	33.80	44.80

The above described contribution rates apply to regular workers. In case of an employee in hazardous occupation, which covers paramedics and firefighters, the pension insurance contribution rate is increased by 3 percentage points (to a total of 24.5 percent) in 2024.

Any employer can reduce the contribution pension insurance contribution rate for individual workers by 5 percentage points (to 16.5 percent) if these employees fall within a disadvantaged category and the employer provides them with a part time job (between 8 and 30 working hours per week). The disadvantaged worker categories are:

- Older workers of 55+,
- Parents caring about a child under 10 years of age,
- Persons taking care of a disabled family member in care grade III or IV (see section A.3) or grade II in case the disabled is a child under 10 years of age,
- Students under the age of 26 years,
- Has in the last 12 months undergone vocational training,
- Is a person with disability,
- Is younger than 21 years of age.

TaxBEN Note: The TaxBEN model includes older workers over 55 years and younger workers under 21 years of age. The other disadvantaged categories are out of scope.

8. Taxes

8.1. Personal income tax

Code in the OECD tax-benefit model: [\[IT_p; IT_s\]](#)

8.1.1. Tax unit

The tax unit is the individual.

8.1.2. Taxable income

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

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

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

8.1.3. Tax allowances

There are several tax allowances that reduce the taxable income. Examples include charitable donations, interest payments, contributions to old-age savings products (supplementary pension insurance, private life insurance, long-term investment product).

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

8.1.4. Tax schedule

Tax rate of 15% for the part of a tax base up to 36 times the average wage, and 23% for the part of a tax base exceeding 36 times the average wage. For the purposes of income taxes, the average wage shall mean the average wage set out under the Act regulating Social Security Insurance premiums (see Section 1 for details).

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

8.1.5. Tax credits

In 2024, there were the following tax credits:

- Tax credit of CZK 30 840 per taxpayer.
- Tax credit of CZK 24 840 per spouse (husband, wife or registered partner) living with a taxpayer in one household provided that the taxpayer lives in a jointly managed household with a spouse and dependent child of the taxpayer who has not reached the age of 3 and the spouse’s own income does not exceed CZK 68 000 in the taxable period.
- Tax credit for children: Payable tax credit of CZK 15 204 for first child, credit of CZK 22 320 for second child, credit of CZK 27 840 for third and each additional child (irrespective of the child’s own income) if the child satisfies one or more of the following criteria:
 - age below 18
 - age below 26 and receiving full-time education (or cannot receive full-time education due to disease or injury, or long-term adverse health status)

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

- Tax credits for family members with disability (not modelled in TaxBEN):
 - The tax credit for children doubles if there is a child in the household with special types of disabilities (so-called “ZTP-P” cardholders). If the tax liability is too low for receiving the full children tax credit, the taxpayer can apply for a ‘tax bonus’.
 - Tax credit of CZK 24 840 per spouse (husband, wife or registered partner) shall be doubled in the case of disabled spouse (“ZTP-P” cardholder).
 - Tax credit of CZK 2 520 if the taxpayer is in receipt of a partial disability pension.
 - Tax credit of CZK 5 040 if the taxpayer is in receipt of a full disability pension.

- Tax credit of CZK 16 140 if the taxpayer is a “ZTP-P” cardholder.

8.2. Regional and local income tax

There are no regional or local income taxes.

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

This section shows selected output of the TaxBEN model for the Czech Republic in 2024 (Figures 3). The main output of the TaxBEN model is the net household income (**black line**) as well as the related income components (**coloured stacked areas**) for selected family and individual circumstances (“vignettes”, e.g. a lone parent with two children working at different earnings levels – users are free to select many family and individual characteristics using the [online web interface](#)). Figures 4 and 5 show output for four scenarios:

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

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

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

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

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

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

Figure 3. Selected output from the OECD tax-benefit model

Chart A: Couple with two children



Chart B: Couple without children and without housing allowance entitlements



Note: Section 9 provides more information on the simulation settings that apply to the four panels. Amounts are “annualized”, i.e. they are monthly values multiplied by 12.

Source: [OECD tax-benefit model, 2024](#).

Annex: Other benefits and direct taxes

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

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

Jobseekers who meet the eligibility conditions for receiving unemployment benefits are also entitled to a retraining allowance if they participate in a retraining course provided by the regional branch of Labour Office. The retraining allowance shall not be paid during the provision of old-age pensions or sickness benefits. A disabled person who does not receive sick payments, old age benefits or earnings from work can be entitled to the retraining allowance on the basis of the decision of the Labour Office even if they are not registered as jobseekers in case they participate in vocational rehabilitation. During the period of retraining, the jobseeker who engaged in retraining activities receives 60% of last earned income net of tax and social security contributions. The maximum amount of retraining allowance is set at 0.65 times the average national wage for the first to third quarter of the calendar year in which the jobseeker enrolled for retraining (in 2024, CZK 27 578). If the jobseeker is not entitled to regular retraining allowance the allowance shall be set at 0.14 times the average national wage for the first to third quarters of the calendar year preceding the year in which the jobseeker enrolled for retraining. During the retraining programme, the jobseeker is not entitled to unemployment benefits.

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

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

- When persons, due to a lack of funds, face a serious threat to their health. The benefit tops up a person's income so that it is in line with the subsistence minimum, for children with living minimum.
- When persons face extraordinary event such as a natural disaster, storms, fire, etc. and other unforeseeable and unavoidable event threatening housing and ensuring the necessities of life. The maximum amount in the case of a natural disaster is CZK 72 900, in the case of threatening housing or basic needs it is CZK 97 200.
- When persons do not have sufficient funds to pay one-off expenditure connected, e.g. with the payment of administrative fees. The maximum amount is the amount of the one-off expenditure.
- Where persons do not have sufficient resources to buy or repair basic furniture. The maximum amount cannot exceed CZK 48 600 in calendar year.
- Where persons do not have sufficient resources to cover justified costs relating to the education or special interests of dependent children, or ensuring necessary activities of social and legal protection of children. The maximum amount must not exceed CZK 48 600 in calendar year.
- Where persons are at risk of social exclusion, e.g. if they have been released from custody or prison, have left an orphanage, foster care on reaching adulthood, or have completed treatment for an addiction. A benefit up to CZK 1 000 may be

granted. The benefit may be awarded repeatedly, but the sum cannot exceed CZK 19 440 per year.

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

This allowance is provided to persons who are dependent on another person's assistance due to their long term unfavourable health conditions. There are 4 levels of dependence: Grade I (slight dependence); Grade II (medium-heavy dependence); Grade III (heavy dependence), and Grade IV (total dependence). The grade is assessed by analysing the ability to manage a series of the following basic needs: mobility, orientation, communication, self-feeding, putting on clothes and footwear, washing oneself, toileting, looking after one's health, personal activities, household tasks. The allowance provided to persons below 18 years of age in a calendar month in 2024 is:

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

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

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

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

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

There are two non-contributory benefits for people with disabilities that aim at reducing the social consequences of disability and supporting of social inclusion: a recurrent mobility allowance and one-off special aid grant. The mobility allowance serves persons with disabilities who are eligible for the certificate of persons with disability type ZTP or ZTP/P and transport themselves repeatedly against payment. Benefit amount is CZK 900 per month or CZK 2 900 per month in the case of long-term use of oxygen therapy or pulmonary ventilation. The special aid grant helps those with severe physical, mental, internal, visual or hearing disability to pay aid that help in self-reliance, working activities, social contacts (e.g. buying or modification of a motor vehicle, adjustment of a flat, staircase climber).

A.5. Advance on maintenance payment (*Náhradní výživné*)

Entitlement and eligibility conditions

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

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

Benefit amounts

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

Benefit duration

If eligibility requirements are met, the maximum period for benefit payment is 48 months, resp. 48 instalments. When the claim has ended, the amount paid is recovered from the liable parent.

Means test

The benefit is not means tested.

Tax treatment

The benefit is not subject to taxation.

Interactions with other components of the tax-benefit system

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

Combining benefit receipt and employment/starting a new job

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

A.6. Attendance allowance (*Ošetřovné*)

Entitlement and eligibility conditions

To be eligible for Attendance Allowance, employees must obtain a certificate confirming that a dependent person (typically a child) is ill and requires home care from a medical doctor. The self-employed cannot claim this benefit.

Entitlement to attendance allowance may arise in the case of:

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

Benefit amounts

Attendance allowance recipients receive 60% of the Daily Assessment Base (Denní vyměřovací základ). The Daily Assessment Base is calculated as a percentage of gross earnings according to the following rate:

- up to CZK 1 466 per day: 90%
- CZK 1 466 to CZK 2 119 per day: 60%
- CZK 2 119 to CZK 4 397 per day: 30%
- Earnings over CZK 4 397 per day are not taken into account.

There is no minimum benefit, though there is a de facto minimum level, as employees earning less than CZK 4 500 a month cannot be insured for sickness benefits.

The maximum daily benefit is as follows:

- From the 15th to the 30th calendar day: CZK 1 452 per day.
- From the 31st to the 60th calendar day: CZK 1 597 per day.
- From the 61st calendar day onwards: CZK 1 742 per day.

Benefit duration

Nine calendar days of necessary home care.

Means test

The benefit is not means tested.

Tax treatment

The benefit is not subject to taxation.

Interactions with other components of the tax-benefit system

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

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

Combining benefit receipt and employment/starting a new job

Sickness benefits, including Attendance Allowance, cannot be combined with other sickness insurance benefits. They may possibly be combined with some other benefits, mainly old-age pension up to 70 days per year, survivors' pension, invalidity pension³⁴, guaranteed minimum support benefits, child allowance, housing allowance, parental allowance, care allowance, mobility allowance and the special aid grant.

³⁴ Recipients can receive the invalidity pension if the invalidity occurred outside the period of sickness benefit receipt, in the case of III degree disability, they may receive the invalidity pension up to a maximum of 70 days per year.