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Newsletter 03/2026 Czech Republic

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in the Czech Republic

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Supreme Court Reshapes the Landscape of Employee Benefits in Temporary Assignments

In a judgment dated 14 January 2026, case reference 21 Cdo 351/2024, the Supreme Court clarified the scope of “comparable working and pay conditions” in the context of temporary assignments. The ruling carries a significant consequence: the concept now extends to benefits provided over and above the statutory minimum, even where those benefits have no direct link to the performance of work, contributions to supplementary pension or life insurance being the most common examples.

Adam Kotyza
Rödl Praha

Previous interpretation and Labour Inspectorate practice

The principle of equal treatment for temporarily assigned employees had long been read narrowly. In practice, comparability was tied almost exclusively to statutory entitlements such as wages, supplements, working hours, annual leave, and the like. Benefits going beyond those statutory floors, without a direct connection to the performance of work, were treated as discretionary. The Labour Inspectorate grounded its approach in this position and, as a result, did not regard the withholding of such benefits from temporarily assigned employees as a breach of the law.

Equal treatment in temporary assignment covers benefits provided to permanent employees rather than just those required by statute

Subject matter of the dispute

A temporarily assigned employee sought payment of the difference between the supplementary pension contributions his host employer paid to its permanent employees and the lower amount he was receiving. The lower courts dismissed the claim, reasoning that



the benefit in question did not qualify as a working or pay condition as defined in the Labour Code.

The Supreme Court’s interpretation

The Supreme Court held that the principle of equal treatment under Section 16(1), read in conjunction with Section 43a(6) of the Labour Code, reaches beyond core statutory conditions and covers other monetary benefits and benefits with a monetary value as well. The determining factor is not whether a benefit has its basis in employment legislation or some other source of law; what matters is that comparable employees of the host employer receive it as part of their employment relationship. The assigning employer must ensure that the conditions to which the assigned employee is subject are no less favourable than those enjoyed or that would be enjoyed by a comparable permanent employee of the host employer. On that basis, the Court ruled that a supplementary pension contribution is an “other monetary benefit” and therefore falls squarely within working and pay conditions.

Summary and broader implications

The judgment widens the principle of equal treatment in a meaningful way: benefits can no longer be automatically carved out of the comparability

assessment simply because they are not prescribed by statute or lack a direct connection to the work performed. While the ruling arose in the context of temporary assignment under Section 43a of the Labour Code, its reasoning is very likely to carry over to assessments of temporary agency work as well. Host employers, assigning employers, and employment agencies should each take stock of their benefit schemes and their approach to benchmarking conditions, update their internal policies and contractual arrangements accordingly, including the disclosure provisions under Section 308(1)(f) of the Labour Code where assignment is arranged through an employment agency, and in doing so

reduce their exposure to back-payment obligations, regulatory sanctions, and potential recourse claims.

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Rent Between Related Parties: The Supreme Administrative Court Rules That Exclusive Use Demands an Arm's Length Price to Match

On 29 January 2026, the Supreme Administrative Court (the “Court”) issued judgment 21 Afs 187/2025-30, examining how rent should be priced in a related-party residential lease arrangement and underscoring the need to assess the full picture of any such transaction.

Martin Koldinský
Rödl Prague

The transaction at issue

The dispute centred on the lease of a residential property in Prague’s V Tower between related parties. Under their agreement, the tenant had exclusive use of the property at all times but paid rent only for the days it was actually occupied.

The legal framework

The case turned on the question how to determine the arm’s length reference price, or, in other words, what rent independent parties would have agreed. The Court reaffirmed the three-step framework under Section 23(7) of the Income Tax Act: first, establish that the parties are related; second, identify any difference between the transfer price and the arm’s length

reference price; and third, determine whether that difference can be satisfactorily explained. The allocation of the burden of proof follows accordingly.

The Court’s findings

Neither party disputed that they were related, nor that the agreed daily rate was, taken in isolation, consistent with arm’s length pricing. The real controversy was the methodology: the agreed calculation ignored the tenant’s right to use the property exclusively, on demand, at any time. The Court sided with the tax authority and the Regional Court, concluding that independent parties in the same position, with one party holding exclusive use of a property, would, as a matter of course, agree on rent for the full month rather than only for days of actual occupation.

The Court also highlighted the broader economic substance of the arrangement. Strikingly, the rent calculated

on an actual-use basis turned out to be materially lower than the service charges that the landlord was separately bearing in connection with the property. This disparity, the Court noted, provided further support for the conclusion that the pricing terms fell outside the arm's length range.

The Court dismissed the argument that the tax authority had effectively redefined the scope of the arrangement. What the authority had done, the Court held, was precisely what Section 23(7) of the Income Tax Act requires: a straightforward comparison of the agreed price against arm's length conditions, with proper regard for the specific terms of the transaction. In this particular case, above all, the exclusivity of the lease.

Why this matters

This judgment reinforces a principle that transfer pricing practitioners should keep front of mind: related-party transactions must be assessed in their full economic context, with every material condition weighed.

An arrangement that appears individually reasonable, such as standard daily rate, can still fall foul of the arm's length standard if the overall structure is economically unusual. Here, the exclusive reservation of a property for a single tenant, combined with payment only for days of actual use, was enough to trigger an upward adjustment of the tax base to the arm's length level.

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New Schedule to the Tax Return for Donation Deductions

Taxpayers who claim a deduction of donations from the corporate income tax base face a new filing obligation for the 2025 tax year: a dedicated supplementary schedule must now accompany the return.

The schedule must capture the following details for each donation:

- the identity of the recipient
- the value of the donation
- the nature of the donation
- the purpose for which the donation was made
- the date of the donation

No prescribed format exists, so taxpayers are free to design the schedule themselves. Our tax advisers stand ready to help you get it right.

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CZ-NACE Classification Update: What Businesses Need to Know and Do

CZ-NACE is the Czech implementation of the European NACE classification system and provides the standard framework for categorising the economic activities of businesses and institutions across statistics, taxation, subsidies, and public registers.

Martina Šotníková, Daniel Ďuriš
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What has changed and when

The updated European classification, NACE Rev. 2.1, entered into force on 1 January 2025. The Czech version, CZ-NACE, is fully aligned with the revised European framework and has introduced a new fifth level of classification, allowing for more granular national categorisation of selected economic activities.

Acting on the basis of a European Commission Regulation, the Czech Statistical Office (“CSO”) updated the CZ-NACE classification code list and incorporated the changes into the Register of Economic Entities effective from 1 January 2026. The changes reflect the pace of technological and economic development, as new types of activity emerge and others become obsolete. The CSO estimates that approximately 41 per cent of all business entities recorded in the Register will be affected.

The new code list was simultaneously introduced into the Czech Tax Administration’s information systems, also with effect from 1 January 2026. As a result, the new CZ-NACE code must now be stated when filing a corporate income tax return, including for tax periods that began before 1 January 2026.

A practical risk worth noting

Towards the end of 2025, the CSO delivered a copy of a record in the relevant register recording the change of registered data to the data boxes of taxpayers, without conducting a dedicated statistical survey. The new CZ-NACE codes were assigned using an internal algorithm, and the codes allocated in this way may not always accurately reflect the actual economic activity of the entity concerned.

We therefore recommend checking the CSO notification in your data box, where your updated CZ-NACE activity classification should be set out. If the assigned code does not match your actual business activity, this should be addressed promptly.

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Payroll Accounting 2026: Key Parameter Changes at a Glance

Payroll accounting in 2026 is subject to a range of parametric changes. As every year, various rates and statutory thresholds are being updated, including the exempt amounts used in calculating garnishment deductions. This article sets out the most important changes with a direct bearing on employee wage calculations.

Hana Valentini
Rödl Praha

Average wage for 2026

- CZK 48,967 Kč

Minimum wage for 2026

- CZK 22,400 per month or CZK 134.40 per hour (40-hour working week from 1 January 2026)
- For part-time arrangements, the figure is adjusted on a pro-rata basis

Taxation of employment income

- Monthly tax base up to CZK 146,901: income tax rate of 15%
- Monthly tax base exceeding CZK 146,901: income tax rate of 23%
- Annual threshold for the 23% rate: CZK 1,762,812

Employee benefit limits

- Goods or services of a health, medical, hygiene, or comparable nature acquired from healthcare providers, and prescription medical devices, are exempt up to CZK 48,967 per year;
- Other exempt non-monetary benefits under Section 6(9)(d) of the Income Tax Act: up to CZK 24,483.50 per year;

- The notional value of the use of pre-school childcare facilities under the relevant decree increases to CZK 1,792.

Sickness benefits from 2026

- Reduction thresholds for sickness insurance:
 - I. CZK 1,633
 - II. CZK 2,449
 - III. CZK 4,897
- Reduction thresholds for wage compensation during temporary incapacity for work:
 - I. CZK 285.78
 - II. CZK 428.58
 - III. CZK 856.98

Social insurance

- 29.8% of the assessment base determined under Section 5a(1)(b), of which:
 - 2.1% for sickness insurance, 26.5% for pension insurance and 1.2% for state employment policy; this is applicable to employees performing the work of a healthcare paramedic or a member of a company fire brigade;
- 27.8% of the assessment base determined under Section 5a(1)(c), of which:



- 2.1% for sickness insurance, 24.5% for pension insurance and 1.2% for state employment policy; this is applicable to employees performing activities classified as hazardous employment.

Maximum assessment base

- The maximum assessment base for social insurance increases to CZK 2,350,416.

Social insurance contribution discount

The discount applies where:

- the employee's aggregate assessment base across all employment relationships is less than 1.5 times the average wage, i.e. below CZK 73,451; and
- the aggregate assessment base per hour, calculated across all hours worked, is less than 1.15% of the average wage, i.e. below CZK 564.

Agreements to perform work (DPP)

- The originally planned "notified agreement" scheme and the earnings disclosure returns submitted to the Czech Social Security Administration, introduced from 1 July 2024, are being discontinued;
- Monthly income from a DPP will not attract social insurance or health insurance contributions up to 25% of the average wage, i.e. CZK 11,999 in 2026;
- The same limit applies for withholding tax purposes on DPP income.

Agreements to complete a work task and small-scope employment

- The threshold income for 2026 is unchanged: social insurance and health insurance contributions are not due on income up to CZK 4,499;
- The same limit applies for withholding tax purposes on this income.

Lump-sum meal contribution

The maximum meal contribution exempt from personal income tax and insurance contributions is CZK 129.50 per shift in 2026. This cap applies equally to the lump-sum meal contribution and to meal vouchers. The figure is derived from 70% of the upper limit of the meal allowance payable to employees on a business trip of between 5 and 12 hours, which is CZK 185 for 2026.

Remote work expense reimbursement

The flat-rate reimbursement of remote work costs under Section 190a(1)(b) of the Labour Code is CZK 4.70.

Garnishment deductions

- The basic exempt (protected) amount increases from CZK 13,026.66 to CZK 14,101.50;

- The amount per dependent person increases from CZK 3,256.66 to CZK 3,525.37;
- The amount above which the entire balance is seized in favour of the enforcement creditor increases from CZK 29,310.00 to CZK 31,521.

Social insurance contribution discount in fruit growing and vegetable cultivation

Eligibility conditions

- Available only to employees working under a DPP; the discount amounts to 7.1% of the assessment base;
- Exclusively during the period from 1 April to 30 November;
- Only for activities listed in the Agricultural Act;
- Total hours worked during the period from 1 April to 30 November may not exceed 1,280.

In 2026, the discount is not available to employees whose assessment base exceeds CZK 48,500.

Summary

- **The average wage** for 2026 is CZK 48,967;
- **The minimum wage** increases to CZK 22,400 per month (CZK 134.40 per hour);
- **The DPP income threshold below which no social or health insurance contributions are due** is CZK 11,999 per month (25% of the average wage);
- **The maximum assessment base for social insurance** increases to CZK 2,350,416;
- **Exempt (protected) amounts in garnishment proceedings** increase from 2026.

In closing

Employers need to keep a close eye on parametric payroll changes, whether the minimum wage or employee benefit limits, to stay compliant with their statutory obligations and steer clear of financial penalties. As payroll accountants, we know all too well that checking these figures in the payroll system at the start of each year is not optional; it is essential.

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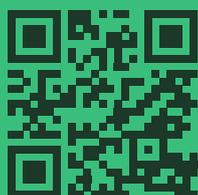
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Impressum

Newsletter
03/2026

Czech Republic



Published by

Rödl Consulting & Valuation, s.r.o.
Platněřská 191/2, 110 00 Prague 1
Reg. No. 25724231
Reg. Metropolitan Court in Prague, C 64494

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