

Working Abroad

Current GMS developments in the CEE region

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GMS in Czechia and Slovakia

Posting/Assignment foreign employees

	Czechia	Slovakia
Posting	A temporary posting of employees to render work/services based on instructions and orders of a foreign (legal) employer in Czechia	A temporary posting of employees to render work/services based on instructions and orders of a foreign (legal) employer in Slovakia
International assignment/employee agency work	The assigned employees are temporarily leased to render work abroad, with the assigned employees actually reporting/subordinated to their economic employer in Czechia	The assigned employees are temporarily leased to render work abroad, with the assigned employees actually reporting/subordinated to their economic employer in Slovakia
Direct employment/local employment	An employment contract is made locally directly with the Czech employer	An employment contract is made locally directly with the Slovak employer

Posting EU citizens to work - obligations

	Czechia	Slovakia
Obligation for foreign employers	<ul style="list-style-type: none"> Register for the Czech Corporate Income Tax + yearly filling of the Czech Corporate Income Tax Return if a service permanent establishment will arise 	<ul style="list-style-type: none"> Register for Wage Tax in Slovakia and as well as the Slovak Corporate Income Tax + yearly filling of the Slovak Corporate Income Tax Return if a service permanent establishment will arise
Obligation for employee	<ul style="list-style-type: none"> Application of “183 day rule” for taxation of employees Register the employee for the Czech Income Tax + yearly file the Czech Income Tax Return Pay the Income Tax by means of the employee’s Income Tax Return, with no retention, and pay the monthly Wage Tax in Czechia 	<ul style="list-style-type: none"> Application of “183 day rule” for taxation of employees Any tax advances are calculated and paid via the foreign employer Yearly filing of the Slovak Income Tax Return in case the Slovak annual tax settlement can not be performed by the employer (e.g. the employee will have other income sourced in Slovakia)
Obligation for local employer	<ul style="list-style-type: none"> An obligation to report the assigned employee with the Czech Labor Office within 10 calendar days after the start and then after the end of their activity in Czechia + obligation to compile the employee’s personal data (assignment contract, passport number, etc.) 	<ul style="list-style-type: none"> An obligation to report the assigned employee with the Slovak Labor Office within 7 calendar days after the start and then after the end of their activity in Slovakia (for a Slovak receiver) + an obligation to report the employee’s assignment to the National Labor Inspectorate of the Slovak Republic before the assignment begins + obligation to compile the employee’s personal data (assignment contract, passport number, etc.)

Assignment EU citizens for agency work

	Czechia	Slovakia
Obligations for economic employer	<ul style="list-style-type: none">• Register as a Czech Wage Tax payer and monthly pay the Czech Wage Tax• Register for and monthly pay the Czech health insurance premiums (if no A1 certificate available)• Report the assigned employee with the Czech Labor Office within 10 calendar days after the start and then after the end of their activity in Czechia + obligation to compile the employee's personal data (assignment contract, passport number, etc.)	<ul style="list-style-type: none">• Register as a Slovak Wage Tax payer and monthly pay the Slovak Wage Tax• Register for and monthly pay the Slovak health and social security insurance premiums (if no A1 certificate available)• Report the assigned employee with the Slovak Labor Office within 7 calendar days after the start and then after the end of their activity in Slovakia + obligation to compile the employee's personal data (assignment contract, passport number, etc.)
Obligations for foreign formal employer	<ul style="list-style-type: none">• Register for and monthly pay the Czech social security and accident insurance premiums (if no A1 certificate available)• Generally no permanent establishment in Czechia	<ul style="list-style-type: none">• An obligation to report the employee's assignment to the National Labor Inspectorate of the Slovak Republic before the assignment begins• Generally no permanent establishment in Slovakia

Assigning EU citizens to work – social security insurance

	Czechia	Slovakia
Assignments up to 24 months	<ul style="list-style-type: none"> The social security insurance legislation of the host Member State applies (Art. 12 of the EU Reg.) 	<ul style="list-style-type: none"> The social security insurance legislation of the host Member State applies (Art. 12 of the EU Reg.)
Assignment exceeding 24 months	<ul style="list-style-type: none"> General exception granted up to max. 5 years (Art. 16 of the EC Reg.) – no legal entitlement 	<ul style="list-style-type: none"> General exception granted up to max. 5 years (Art. 16 of the EC Reg.) – no legal entitlement
If the A1 certificate is not granted	<ul style="list-style-type: none"> The foreign employer has to register in Czechia with the competent authority and pay the monthly social security and health insurance contributions in Czechia 	<ul style="list-style-type: none"> The foreign employer has to register in Slovakia with the competent authority and pay the monthly social security and health insurance contributions in Slovakia

Employing EU citizens directly

	Czechia	Slovakia
Obligation for employer	<ul style="list-style-type: none">• Register as a Czech Wage Tax payer and monthly pay the Czech Wage Tax• Register for and monthly pay the Czech social security and health insurance premiums (if no A1 certificate available)• Report the employment of the EU citizen with the Czech Labor Office within 10 calendar days after the start and then after the end of their activity in Czechia + obligation to compile the employee's personal data (employment contract, passport number, etc.)	<ul style="list-style-type: none">• Register as a Slovak Wage Tax payer and monthly pay the Slovak Wage Tax• Register for and monthly pay the Slovak social security and health insurance premiums (if no A1 certificate available)• Report the employment of the EU citizen with the Slovak Labor Office within 7 calendar days after the start and then after the end of their activity in Slovakia + obligation to compile the employee's personal data (employment contract, passport number, etc.)

Direct employment of EU citizens

	Czechia	Slovakia
Calculation of the net wage	<ul style="list-style-type: none"> • 15% Wage Tax (calculated from the “super gross wage”) • 7% Solidarity surcharge (only applicable to income over CZK 130,796 / month) • 6.5% Employee’s share of social security insurance • 4.5% Employee’s share of health insurance • Soc. Security - max. contribution assessment base of CZK 1,569,552.00 for 2019 • 24.80% Employer’s share of social security insurance • 9.00% Employer’s share of health insurance • Health ins. - no max. contribution assessment base 	<ul style="list-style-type: none"> • 19% wage tax up to EUR 36,256.38 for 2019 (exceeding part 25% wage tax) • 9.4% Employee’s share of social security insurance • 4% Employee’s share of health insurance • Soc. Security – max. contribution assessment base of EUR 6,678 for 2019 • 25.2% Employer’s share of social security insurance • 10% Employer’s share of health insurance • Health ins. – no max. contribution assessment base

Direct employment of EU citizens

	Czechia	Slovakia
Calculation of the net wage - A	<ul style="list-style-type: none"> • CZK 150,000 monthly gross income • CZK 37,200 Employer's share of social security insurance (24.8 %) • CZK 13,500 Employer's share of health insurance (9.00%) 	<ul style="list-style-type: none"> • EUR 6,000 monthly gross income • EUR 564 Employee's share of social security insurance (9.4%) • EUR 240 Employee's share of health insurance (4%)
	<ul style="list-style-type: none"> • CZK 200,700 super gross wage • CZK 30,105 Wage Tax (calculated from the "super gross wage") 15 % • CZK 19,204 Tax base for solidarity tax (over CZK 130,796 / month) • CZK 1,345 Solidarity surcharge (7%) 	<ul style="list-style-type: none"> • EUR 5,196 Tax base • EUR 0 Non taxable part of tax base • EUR 1,117.71 Tax (19% / 25%)
	<ul style="list-style-type: none"> • CZK 31,450 Total payroll tax • CZK 9,750 Employee's share of social security insurance (6.5%) • CZK 6,750 Employee's share of health insurance (4.5 %) 	<ul style="list-style-type: none"> • EUR 4,078.29 Net wage • EUR 1,512 Employer's share of social security insurance (25.2%) • EUR 600 Employer's share of health insurance (10%)
	<ul style="list-style-type: none"> • CZK 102,050 Net wage (cca. EUR 4,082) 	<ul style="list-style-type: none"> • EUR 8,112 Labour costs for employer

Direct employment of EU citizens

	Czechia	Slovakia
Calculation of the net wage - B	<ul style="list-style-type: none"> • CZK 100,000 monthly gross income • CZK 24,800 Employer's share of social security insurance (24.8 %) • CZK 9,000 Employer's share of health insurance (9.00%) 	<ul style="list-style-type: none"> • EUR 4,000 monthly gross income • EUR 376 Employee's share of social security insurance (9.4%) • EUR 160 Employee's share of health insurance (4%)
	<ul style="list-style-type: none"> • CZK 133,800 super gross wage • CZK 20,070 Wage Tax (calculated from the "super gross wage") 15 % • CZK 0 Tax base for solidarity tax (over CZK 130,796 / month) • CZK 0 Solidarity surcharge (7%) 	<ul style="list-style-type: none"> • EUR 3,464 Tax base • EUR 0 Non taxable part of tax base • EUR 684.71 Tax (19% / 25%)
	<ul style="list-style-type: none"> • CZK 20,070 Total payroll tax • CZK 6,500 Employee's share of social security insurance (6.5%) • CZK 4,500 Employee's share of health insurance (4.5 %) 	<ul style="list-style-type: none"> • EUR 1,008 Employer's share of social security insurance (25.2%) • EUR 400 Employer's share of health insurance (10%)
	<ul style="list-style-type: none"> • CZK 68,930 Net wage (cca. EUR 2,757) 	<ul style="list-style-type: none"> • EUR 5,408 Labour costs for employer in total



Direct employment of third-country citizens

Czechia	Slovakia
<ul style="list-style-type: none">• Penalty for illegal work: CZK 10 million for the employer, CZK 100,000 for the employee• Work permit + residence permit – administrative processing and waiting times (60 to 90 days, yet up to 150 days before an employee from a third country can actually start working in Czechia)• Dual work cards (2in1) = work permit + residence permit	<ul style="list-style-type: none">• Penalty for illegal work: from EUR 2,000 up to EUR 200,000 for the employee• Work permit + residence permit – administrative processing and waiting times (30 to 90 days before an employee from a third country can actually start working in Slovakia)

Direct employment of third-country citizens

	Czechia	Slovakia
Employee card:	<ul style="list-style-type: none">Valid for max. 2 years and a specific job position with a particular employer	<ul style="list-style-type: none">Valid for max. 2 years and a specific job position with a particular employer
Blue card:	<ul style="list-style-type: none">Valid for max. 2 years, yet only for employees with university education	<ul style="list-style-type: none">Valid for max. 3 years , yet only for employees with university education
Changes:	<p>New government programmes effective from September 2019, e.g.:</p> <ul style="list-style-type: none">programme for key and research personnel (for all third countries, employees: members of statutory bodies, managers, specialists)programme for highly qualified farm workers and a programme for qualified farm workersQuotas increased (e.g. for Ukraine it doubled to 40,000 / year)Extended to other countries, such as Kazakhstan, Montenegro, Moldavia, Belorussia and other countries	<p>Change of legislation since 01 January 2019 – employees hired in Slovak regions with a lack of specific professions do not need to prove their highest achieved education via documentation (this condition is still valid for regulated professions such as e.g. doctors, teachers and etc.)</p>

Direct employment of third-country citizens

Czechia - specifics

Various government programmes:

- Examples: Fast Track, Welcome Package, Project Ukraine, Regimen Ukraine, Regimen Farm Workers, Pilot Projects for Ukraine and India, Regimen for other countries – such as Mongolia, Philippines, Serbia

Plus/Minus of the government programmes:

- + Shorter times for issuing the dual employee card (up to 30 days)
- Only for a specific job position, specific employees who meet legislative requirements
- Limited yearly quotas for employees

Direct employment of third-country citizens

	Czechia	Slovakia
Obligations for employer	<ul style="list-style-type: none">• Register as a Czech Wage Tax payer and monthly pay the Czech Wage Tax• Register for and monthly pay the Czech social security and health insurance premiums• Report the employment of the assigned employee with the Czech Labor Office within 10 calendar days after the start and then after the end of their activity in Czechia + obligation to compile the employee's personal data (employment contract, passport number, etc.)	<ul style="list-style-type: none">• Register as a Slovak Wage Tax payer and monthly pay the Slovak Wage Tax• Register for and monthly pay the Slovak social security and health insurance premiums• Report the employment of the EU citizen with the Slovak Labor Office within 7 calendar days after the start and then after the end of their activity in Slovakia + obligation to compile the employee's personal data (employment contract, passport number, etc.)
Calculation of the net wage	<ul style="list-style-type: none">• see before	<ul style="list-style-type: none">• see before

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