

Working Abroad

Current GMS developments in the CEE region

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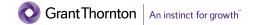
Head of Global Mobility Services

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GMS in Czechia and Slovakia

Posting/Assignment foreign employees

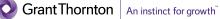
| | Czechia | Slovakia |
|---|---|--|
| Posting | A temporary posting of employees to render work/services based on instructions and orders of a foreign (legal) employer in Czechia | A temporary posting of employees to render work/services based on instructions and orders of a foreign (legal) employer 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 |



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Posting EU citizens to work - obligations

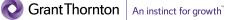
| | Czechia | Slovakia |
|-------------------------------------|--|---|
| Obligation for foreign employers | Register for the Czech Corporate Income Tax + yearly filling of the Czech Corporate Income Tax Return if a service permanent establishment will arise | Register for Wage Tax in Slovakia and as 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 | 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 | 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 | 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.) | 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 | Register as a Czech Wage Tax payer and monthly pay the Czech Wage Tax | Register as a Slovak Wage Tax payer and monthly pay the Slovak Wage Tax |
| | Register for and monthly pay the Czech health insurance premiums (if no A1 certificate available) | Register for and monthly pay the Slovak health and social security 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.) | 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 | Register for and monthly pay the Czech social security and accident insurance premiums (if no A1 certificate available) | 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 Czechia | Generally no permanent establishment in Slovakia |

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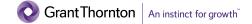
Assigning EU citizens to work – social security insurance

| | Czechia | Slovakia |
|--------------------------------------|--|---|
| Assignments up to 24 months | The social security insurance legislation of the host Member State applies (Art. 12 of the EU Reg.) | The social security insurance legislation of the host Member State applies (Art. 12 of the EU Reg.) |
| Assignment exceeding 24 months | General exception granted up to max. 5 years (Art. 16 of the EC Reg.) – no legal entitlement | General exception granted up to max. 5 years (Art. 16 of the EC Reg.) – no legal entitlement |
| If the A1 certificate is not granted | • The foreign employer has to register in Czechia with the competent authority and pay the monthly social security and health insurance contributions in Czechia | • 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 | Register as a Czech Wage Tax payer and monthly pay the Czech Wage Tax | Register as a Slovak Wage Tax payer and monthly pay the Slovak Wage Tax |
| | Register for and monthly pay the Czech social security and health insurance premiums (if no A1 certificate available) | 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 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.) | 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 | 15% Wage Tax (calculated from the "super gross wage") 7% Solidarity surcharge (only applicable to income over CZK 130,796 / month) | 19% wage tax up to EUR 36,256.38 for 2019 (exceeding part 25% wage tax) |
| | 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 | 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 |
| | 24.80% Employer's share of social security insurance 9.00% Employer's share of health insurance Health ins no max. contribution assessment base | 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 | CZK 150,000 CZK 37,200 | monthly gross income Wage Tax Employer's share of social security insurance (24.8 %) | EUR 6,000 monthly gross income EUR 564 Employee's share of social security insurance (9.4%) |
| | • CZK 13,500 | Employer's share of health insurance (9.00%) | EUR 240 Employee's share of health insurance (4%) |
| | • CZK 200,700 | super gross wage | EUR 5,196 Tax base |
| | • CZK 30,105 | Wage Tax (calculated from the "super gross wage") 15 % | EUR 0 Non taxable part of tax base EUR 1,117.71 Tax (19% / 25%) |
| | • CZK 19,204 | Tax base for solidarity tax (over CZK 130,796 / month) | • EUR 4,078.29 Net wage |
| | • CZK 1,345 | Solidarity surcharge (7%) | • EUR 1,512 Employer's share of social |
| | • CZK 31,450 | Total payroll tax | security insurance (25.2%) |
| | • CZK 9,750 | Employee's share of social security insurance (6.5%) | • EUR 600 Employer's share of health insurance (10%) |
| | • CZK 6,750 | Employee's share of health insurance (4.5 %) | • EUR 8,112 Labour costs for employer |
| | • CZK 102,050 | Net wage (cca. EUR 4,082) | _ |



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Direct employment of EU citizens

| | | Czechia | | | Slovakia |
|---|--|---|-----|----------------------------------|---|
| • | CZK 100,000 CZK 24,800 CZK 9,000 | monthly gross income Wage Tax Employer's share of social security insurance (24.8 %) Employer's share of health insurance (9.00%) | • | EUR 4,000 EUR 376 EUR 160 | monthly gross income Employee's share of social security insurance (9.4%) Employee's share of health insurance (4%) |
| • | CZK 133,800 CZK 20,070 CZK 0 | super gross wage Wage Tax (calculated from the "super gross wage") 15 % Tax base for solidarity tax | • | EUR 3,464 EUR 0 EUR 684.71 | Tax base Non taxable part of tax base Tax (19% / 25%) |
| • | CZK 0 | (over CZK 130,796 / month) Solidarity surcharge (7%) | • | EUR 2,779.2 | 9 Net wage |
| | CZK 20,070 CZK 6,500 | Total payroll tax Employee's share of social security insurance (6.5%) | • | EUR 1,008 EUR 400 | Employer's share of social security insurance (25.2%) Employer's share of health |
| _ | CZK 4,500 | Employee's share of health insurance (4.5 %) | - • | EUR 5,408 | insurance (10%) Labour costs for employer in total |
| _ | CZK 4,500 | | - | EUR 5,4 | 804 |

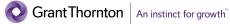
| | Czechia | Slovakia |
|----------------|---|---|
| • | egal work: CZK 10 million for the K 100,000 for the employee | Penalty for illegal work: from EUR 2,000 up to EUR 200,000 for the employee |
| • Work permit. | residence permit – administrative | Work permit + residence permit – administrative |

- ٠ 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)
- ٠ Dual work cards (2in1) = work permit + residence permit

vvork permit + residence permit – aummistrative processing and waiting times (30 to 90 days before an employee from a third country can actually start working in Slovakia)

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| | Czechia | Slovakia |
|----------------|---|--|
| Employee card: | Valid for max. 2 years and a specific job position with a particular employer | Valid for max. 2 years and a specific job position with a particular employer |
| Blue card: | Valid for max. 2 years, yet only for employees with university education | Valid for max. 3 years , yet only for employees with university education |
| Changes: | New government programmes effective from September 2019, e.g.: 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 workers Quotas increased (e.g. for Ukraine it doubled to 40,000 / year) Extended to other countries, such as Kazakhstan, Montenegro, Moldavia, Belorussia and other countries | 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. |



| | 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 | |



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| | Czechia | Slovakia |
|-----------------------------|--|--|
| Obligations for employer | Register as a Czech Wage Tax payer and monthly pay the Czech Wage Tax | Register as a Slovak Wage Tax payer and monthly pay the Slovak Wage Tax |
| | Register for and monthly pay the Czech social security and health insurance premiums | Register for and monthly pay the Slovak 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.) | 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 | see before | see before |

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