



Payroll Newsletter

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Minimum wage

As of **1.1.2022**, the basic rate of the minimum wage has increased from CZK 15 200 to **CZK 16 200 per month** through Government Decree No. 405/2021 Coll., which amends Government Decree No. 567/2006 Coll., on the Minimum Wage, the Lowest Level of the Guaranteed Wage, the Definition of Aggravated Working Conditions and the Amount of the Wage Bonus for Aggravated Working Conditions, as later amended. The hourly minimum wage rate has increased from CZK 90.50 to **CZK 96.40 for specified weekly working hours of 40 hours**. The monthly and hourly rates of the lowest level of the guaranteed wage have also increased analogically.

Increased pensions in 2022

Government Decree No. 356/2021 Coll. changes the basic amount of old-age, disability, widow's, widower's and orphan's pensions - for the year 2022 it amounts to **CZK 3 900**.

Pensions (old-age, disability, widow's, widower's and orphan's) granted before 1 January 2022 are increasing starting from the payment of the pension payable after 31 December 2021, in that:

- the basic pension amount has increased by CZK 350 a month,
- the variable amount has increased by 1.3% of the variable amount of the pension that pertains to the day from which the variable amount increases,
- the variable amount of all types of pensions by an additional amount of CZK 300 (or by a partial amount). In the case of a cumulation of rights to the payment of multiple pensions, this amount is applicable only once.



Sickness insurance

The Ministry of Labour and Social Affairs (MLSA) in Announcement No. 380/2021 Coll. from 11 October 2021 increases the reduction limits for the adjustment of the daily assessment base (DAB) valid from 1 January 2022 for the calculation of the amount of sickness insurance benefits. The new reduction limits are as follows:

Year	2021		2022
Reduction limits in sickness insurance	I.	CZK 1 182	CZK 1 298
	II.	CZK 1 773	CZK 1 946
	III.	CZK 3 545	CZK 3 892
Reduction limits for compensation of wage during a temporary incapacity for work	I.	CZK 206.85	CZK 227.15
	II.	CZK 310.28	CZK 340.55
	III.	CZK 620.38	CZK 681.10

The decisive income for participation in sickness insurance to arise is **not increasing** from 1.1.2022 – it remains at CZK 3 500.

Paternity leave

- if all other conditions are met, the support period amounts to 2 weeks (in 2021 it was 1 week, i.e., 7 calendar days)
- in the event of the hospitalisation of a child, the period during which the father may take paternity leave during the first six weeks from the date of birth of the child is extended by the number of days of hospitalisation of the child (however, it will be possible to start paternity leave up to the child's first birthday at the latest)

Long-term care

- the period during which the person to be treated must be hospitalised is reduced from a minimum of 7 consecutive calendar days to 4 calendar days
- now the condition of hospitalisation applies to persons in the final stages of incurable diseases

Social insurance premiums

The maximum assessment base for the payment of premiums for social security in 2022 amounts to **CZK 1 867 728**. Its amount is specified as 48 times the average wage that, for the purposes of the premium for the year 2022, amounts to **CZK 38 911** ($\text{CZK } 38\,911 \times 48 = \text{CZK } 1\,867\,728$).

Health insurance

The minimum assessment base for the payment of health insurance in 2022 amounts to **CZK 16 200 per month**, the minimum amount of the monthly premium amounts to **CZK 2 187** ($\text{CZK } 16\,200 \times 13.5\% = \text{CZK } 2\,187$).

The minimum amount of the premium for health insurance for a self-employed person amounts to **CZK 2 627**.



Taxes 2022

Taxpayer discount

An **increase to the taxpayer discount was approved to CZK 30 840** in 2022 from the previous CZK 27 840, which represents an increase of CZK 3000 per year (just like last year).

Tax advantages for second, third and more children

The tax advantages already increased in 2021 with retroactive validity from the beginning of 2021 – the change for the year 2021, however, will be calculated as part of the annual settlement of the tax by the employer (which the employee must request by 15.2.2022) or in the tax return for the year 2021. The new amounts of the tax advantage will first be applied monthly in the wages for January 2022.

Thus, the tax advantage for a child from the year 2021 amounts to:

- CZK 15 204 (CZK 1 267 per month) as the discount for the first child – this remains unchanged,
- CZK 22 320 (CZK 1 860 per month) as the discount for the second child,
- CZK 27 840 (CZK 2 320 per month) as the discount for the third and any additional children.

If your child is a holder of an identity card designating him/her as having a particularly severe disability with a guide, the tax advantage is doubled:

- CZK 30 408 (CZK 2 534 per month) as the discount for the first severely disabled child – this remains unchanged,
- CZK 44 640 (CZK 3 720 per month) as the discount for the second severely disabled child,
- CZK 55 680 (CZK 4 640 per month) as the discount for the third and any additional severely disabled children.

Cancellation of limit for tax bonus

In the tax package from 2021, the limit for the amount of the annual tax bonus (CZK 60 300) was cancelled. The lawmakers, however, forgot that the legislative regulations also contain a monthly limit of CZK 5 025. Thus, the monthly limit continued to be used in 2021 for the calculation of employees' wages. The reconciliation of the bonus that was not applied in 2021 due to the monthly limit will take place either in the monthly tax settlement of the employer or in the tax return for the year 2021.

The tax bonus can be used by taxpayers who had income from employment or business in the amount of at least six times the minimum wage in the given year. For the year 2021 this amounts to CZK 91 200, for the year 2022 it is CZK 97 200. Income from rent and capital assets are no longer counted in this limit.

Application of decreased limit for the deduction of interest

The decrease of the tax base by the paid interest from a loan used for housing needs can be applied in the annual tax settlement by the employer or in the tax return for the given calendar year. In the tax package for 2021, the maximum limit for the deduction of this interest was changed. The limit decreased from CZK 300,000 to CZK 150,000, but only when the housing need was obtained from 1 January 2021 on (the date of obtaining the housing need is decisive, not the date the loan agreement is concluded).

The right to the deduction of interest remains unchanged for housing needs obtained by the end of 2020.

The new limit, however, is also valid for older loans increased by other funds, e.g., for reconstruction that was completed after 1.1.2021.

Increased limit for exemption of pensions from taxation

Regularly paid pensions are exempt from income tax if the annual amount does not exceed 36 times the minimum wage. In 2021, the limit was CZK 547 200, while for 2022, the limit is CZK 583 200.

Compensation of travel expenses – meal allowance

The basic rules for providing compensation for travel expenses remains unchanged. Employees in an employment relationship continue to be entitled to compensation, as are (under certain conditions) employees performing activities according to agreements to perform work or fixed work agreements, or executives and members of statutory bodies.

Domestic meal allowances, compensation for car

The domestic meal allowance rate, rate of basic compensation for 1 km of travel and the prices of fuel pursuant to Section 158 (3) of the Labour Code are specified for the year 2022 by MLSA Decree No. 511/2021 Coll. The MLSA sets these rates on the basis of an enabling provision (Section 189 of the Labour Code).

Domestic meal allowance for the year 2022:

- 5 to 12 hours ... CZK 99 to 118
- 12 to 18 hours ... CZK 151 to 182
- more than 18 hours ... CZK 237 to 283

The amount of the meal allowance in 2022 also influences the employees' meals – the maximum amount of the monetary meal contribution (monetary contribution for meals) that is tax deductible for employees amounts to **CZK 82.60**.

Basic compensation for 1 km of travel

The basic compensation rate for 1 km of travel for a personal vehicle in 2022 amounts to **CZK 4.70 per km**.

Prices of fuel for 2022 pursuant to the third clause of Section 158 (3) of the Labour Code:

- petrol 95 octane ... CZK 37.10 per l
- petrol 98 octane ... CZK 40.50 per l
- diesel fuel ... CZK 36.10 per l
- 1 kilowatt hour of electricity ... CZK 4.10

Foreign meal allowance

Each year, the MLSA sets the basic rate for the foreign meal allowance in a foreign currency, which in 2022 amounts to:

- 35€ for Slovakia
- 40€ for Hungary, Poland, Romania
- 45€ for Germany, Austria
- 50€ for France, Italy

A complete overview of the foreign meal allowance for 2022 is given in the appendix to Decree No. 462/2021 Coll. from 3 December 2021.

Wage deductions

From 1 January 2022, there is an increase in the (basic) unseizable amount, as well as the limit of the fully seizable remainder of net wages (i.e., the calculation base), applied during enforcement deductions from wages and similar income.

- **the subsistence level for individuals amounts to CZK 10 675** and it is the sum of the amount of the normative costs for housing (CZK 6 815) and the living wage (CZK 3 860)
- **the unseizable amount for the debtor amounts to CZK 8006.25**
- **the basic unseizable amount for a dependant party amounts to CZK 2 668.75**
- **the amount above which the net wage can be deducted without limitation amounts to CZK 21 350**

The employer applies the newly-calculated unseizable amount for the first time for the payment period in which the day from which these amounts change falls, i.e., the new unseizable amount influences the wage for the month of January 2022, calculated and paid out in February 2022.

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