

Foreigners as employees

and their rights to care and benefits arising from the Czech social system

Every employee* in the Czech Republic must participate in the social welfare system**. If they do not provide confirmation that they are affiliated to the legal regulations of the social welfare system of another state of the EU/EHP/Switzerland, then they are regarded as being a participant in the Czech social security system. This **system is made up of pension insurance, sickness insurance and the state unemployment politics** and is based on the solidarity system. Employees subject to the Czech legal regulations for social insurance must take part compulsorily.

Since the Czech Republic joined the European Union, citizens of the EU form a special category of foreigners on Czech territory, which was introduced into law no. 326/1999 Coll. concerning the residence of foreigners. EU citizens along with their family members have a significantly more favourable status than citizens of third countries, because they are entitled to EU freedoms, including and primarily the freedom of free movement over the territory of the EU.

The law on the residence of foreigners in § 1 para. 2 defines the term foreigner as follows: “a foreigner is understood as a physical person who is not a state citizen of the Czech Republic, including citizens of the European Union.” In this the law refers to the definition of an EU citizen contained in the Contract concerning the European Union in article 9. The institute of EU citizenship is further developed in the contract on the operation of the European Union in articles 20-25.

Within the freedom of free movement, EU citizens, along with their family members, can travel freely across the entire European Union and all they need to do that is have a valid passport or identity card with them. The right of EU citizens to travel applies regardless of the place or reason for the journey (private or work related, like an employee, business person or tourist). Citizens of the EU have the right to enter and also the right to reside in any member state of the EU. The rules which apply to family members, who are not EU citizens are more complicated depending on whether they are travelling together with an EU citizen, or independently. The right to free movement is established in the list of basic human rights of the European Union in article 45.

PENSION INSURANCE/BENEFITS

The pension system in the Czech Republic is based on compulsory basic pension insurance in accordance with law no. 155/1995 Coll., concerning pension insurance and pension saving in accordance with law no. 426/2011 Coll. from 2013 and on supplementary pension saving in accordance with law no. 427/2011 Coll. The first pillar - the state's continually financed system, is financed in particular from deductions made for social insurance. Participation is compulsory for employees and the self-employed and employers are responsible for paying over insurance for their employees at the established level. State pensions are paid from this pillar. The 2nd pillar is supplementary pension insurance. Participation in this pillar is voluntary. The state

adds a state contribution to the participant's monthly contributions and allows a deduction of part of the contributions paid from the base for paying income tax.

The following pensions are provided from the basic pension insurance:

- **old age pension**
- **invalid pension**
- **widowers pension / widows pension**
- **orphans pension**

Right to an old age pension

The right to an old age pension arises, if the employee was insured for at least 25 years and reached pensionable age, or was insured for at least 15 years and has reached at least 65 years of age. Those who reach pension age after 2018, will have a right to the old age pension only if they are insured for at least 35 years (20 in case of a shorter period of insurance).

If an employee paid insurance in another member state of the EU prior to his residence in the Czech Republic, this period of insurance will be taken into account when deciding on the right to a pension. If they paid insurance in any of the so called third states, this period of insurance will be taken into account only if the Czech Republic has entered into the appropriate international contract with this country. This means that if you have worked for fewer years than the law requires, the time in which you paid pension insurance in a second country will be counted as well. **Each state will then pay you a partial pension according to the number of years worked.**

If a foreigner has:

- **permanent residence in the Czech Republic** - their pension is paid to them in cash or to their account,
- **permanent residence outside the Czech Republic** - their pension is sent to a bank account in the country where they have permanent residence or to a bank in the Czech Republic.

The issues of social insurance is a sovereign legislative national matter. However there are bilateral contracts concerning social insurance which were negotiated by the Czech Republic.

On the webpages of the Ministry of Labour and Social Matters items [overview of contracts](#) are accessible including markings of the branch of social welfare which the individual contracts concern.

SICKNESS INSURANCE/BENEFITS

Sickness insurance is set out in law no. 187/2006 Coll. concerning sickness insurance, in the latest version of regulations, and provides sickness insurance financial benefits to insured actively earning individuals when suffering a loss of income in cases of so called short term social events.

All employees and independent actively earning persons, who voluntarily participate in sickness insurance, are covered by sickness insurance.

The following benefits are provided from employee sickness insurance to foreigners subject to Czech legal regulations in the area of social welfare as for Czech citizens:

- **sickness payments**
- **treatment payment (OČR)**
- **balancing payment during pregnancy and maternity**
- **financial aid during maternity (PPM)**
- **fatherhood payment**
- **long term treatment payment**

STATE SOCIAL SUPPORT

The state system of social support is set out in law no. 117/1995 Coll., concerning state social support, in the latest version of the regulations. In this way the state contributes to covering the costs of living and other basic personal needs of children and families in certain social situations. State social support is provided based on levels of incomes in certain defined cases.

The following benefits are provided:

- **child benefit**
- **parental benefit**
- **housing benefit**
- **birth payment**
- **funeral payment**

A foreigner has a right to parental benefit, if they are registered as resident in the Czech Republic for more than 1 year and both they and their child have valid residency.

Requests for the provision of state social support benefits are administered by the regional branches of the Labour office of the Czech Republic depending on the place of residence of the persons. You can find more information on social support benefits on the webpage of the Ministry of Labour and Social Matters or contact your [EURAXESS](#) centre.

* This only concerns employees whose legal-work relation is based on a work contract.

**In the case of concurrence it is necessary to provide a A1 form from which it is clear which system the employee falls under.