



NEWSLETTER 2/2019

Amendment of Labour Code -
cancelation of the suspensive time clause

I. Cancelation of the suspensive time clause

- **As of 1 July 2019 the Amendment of Labour Code** (i.e. the Act No. 32/2019 Coll., amending the Act No. 262/2006 Coll., Labour Code, as amended) has **become effective**. The new legislation brings **cancelation of the so-called suspensive time clause**.
- The existing **suspensive time clause** is included in Section 192 (1) of the Labour Code and expresses the principle that during the first 3 days of the employee's temporary incapacity for work (however max. up to 24 hours and including payed holidays) the employee is not entitled to a compensatory wage or salary.
- The cancelation of the suspensive time clause means that as of 1 July 2019 **all employees will be again entitled to receive a statutory compensatory wage or salary also for the first 3 days of their illness** (they will be entitled to receive 60% of their average earnings). Such payments shall be paid directly by the employers.
- The right of the employers to carry out random inspection checks of the employees during the first 14 days of the employee's sick leave remains unaffected; i.e. the employer may still inspect whether the employee is present at the notified address and is observing the time and scope of his permitted outing during the sickness as confirmed with his health practitioner.

II. Reduction of the social insurance premiums

- With effectiveness as of 1 July 2019 the abovementioned amendment of the Labour Code also modifies **the Act No. 589/1992 Coll., on Social Security and State Employment Policy Premiums**.
- As a compensation for employers, whose labour costs will now increase due to the cancellation of the suspensive time clause, the amendment brings a **0,2 % reduction in the sickness insurance premiums**.
- This means that the social insurance premiums rates paid by the employer will decrease to **24,8% of assessment base** (instead of 25%), i.e. to **2,1%** (instead of 2,3%) for **sickness insurance**. The 21,5% rate for pension insurance and the 1,2% rate for state employment policy remain unaffected.
- The reductions will be firstly applied to July 2019 payroll, i.e. in August 2019 processing.
- The changes will also affect any self-employed individuals participating voluntarily in the sickness insurance scheme. Their sickness insurance premiums will also be reduced by the same percentage as for the employers. Additionally any sickness insurance premiums paid by foreign employees will be also reduced from the 2,3% of the assessment base to the **2,1%**.

We hope the above summary will ease your orientation in the new legislation. We are available for any of your additional requests or information or legal assistance in this area.

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