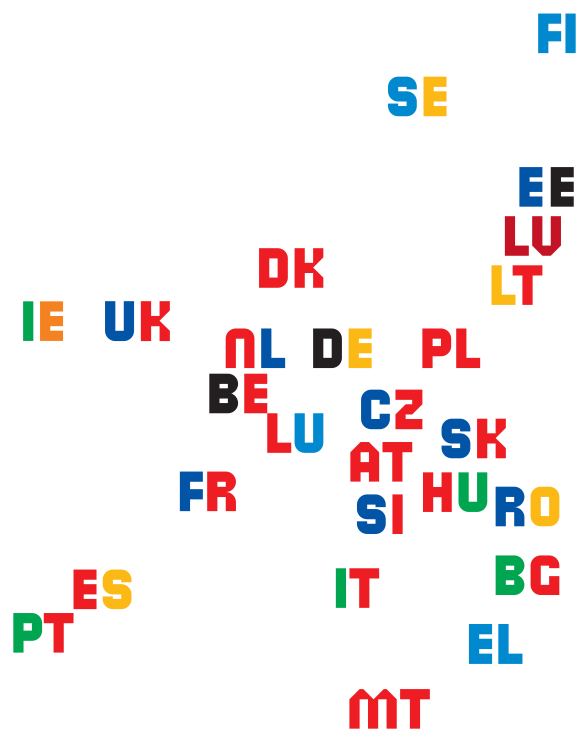


Social security system in the Czech Republic

Czech Presidency
of the Council of the EU



Social Security System in the Czech Republic



Ministry of Labour
and Social Affairs of the Czech Republic

Table of Contents

PART I: THE SOCIAL INSURANCE SYSTEM

6

1. A brief description
2. Pension insurance
 - 2.1. Participation in the pension insurance system
 - 2.2. The pension insurance benefit system
 - 2.3. The approved conceptual changes in the basic pension insurance prepared within the framework of Stage I of the pension reform and the further continuation of the pension system reform
 - 2.4. The evaluation of the pension reform with regard to the fulfilment of three Lisbon goals - sustainability, suitability and modernisation
3. Sickness insurance
 - 3.1. General information
 - 3.2. Participation in sickness insurance
 - 3.3. The sickness insurance benefit system
 - 3.3.1. Sick pay
 - 3.3.2. Monetary assistance during maternity
 - 3.3.3. The nursing allowance
 - 3.3.4. Monetary assistance in pregnancy and maternity
 - 3.4. The calculation of sickness insurance payments
4. Insurance contributions for social security
5. Organisation and realisation
6. The legal regulations

PART II: NON-CONTRIBUTORY SOCIAL BENEFIT SYSTEMS

27

- A. The state social support system
 1. General information
 2. The group of eligible individuals
 3. State social support benefits
 - 3.1. Child benefits
 - 3.2. The parental allowance
 - 3.3. The social supplement
 - 3.4. The housing allowance
 - 3.5. The birth allowance
 - 3.6. The death allowance
 - 3.7. Foster care allowances
 - 3.7.1. The contribution to cover the needs of the child
 - 3.7.2. The foster parent's remuneration
 - 3.7.3. The contribution upon the assumption of care for the child
 - 3.7.4. The contribution towards the purchase of a motor vehicle

4. The legal regulations
- B. The system of assistance in material need
 1. General information
 2. The group of eligible individuals
 3. The payments of assistance in material need
 - 3.1. The living allowance
 - 3.2. The housing supplement
 - 3.3. Exceptional immediate aid
 4. The legal regulations
- C. The system of social care allowances for individuals with disabilities
 1. General information
 2. The group of eligible individuals
 3. The social care allowances for individuals with disabilities
 - 3.1. The one-off contribution towards the purchase of special aids
 - 3.2. The contribution towards housing modifications
 - 3.3. The contribution towards the purchase, general repair and special modification of a motor vehicle
 - 3.4. The contribution towards the operation of a motor vehicle
 - 3.5. The individual transport allowance
 - 3.6. The contribution towards the payment for the use of barrier-free housing and garage
 - 3.7. The allowance for fully or practically blind citizens
 - 3.8. Exceptional benefits for seriously disabled citizens
 - 3.9. Interest-free loans
 4. The legal regulations

Information on the living and subsistence minimum

PART III: THE SYSTEM OF SOCIAL SERVICES

47

1. General information
2. The division of the social services
3. The authorisation to provide social services
4. The relationship between the user and the provider of social services
5. The care allowance
 - 5.1. The amount of the care allowance
 - 5.2. The obligations of an allowance applicant
 - 5.3. Deciding on awarding the allowance
 - 5.4. The status of individuals caring for family members or other close persons
6. Sources of information

PART IV: THE EMPLOYMENT POLICY AND THE LABOUR MARKET 53

1. General information
2. The unemployment benefit
 - 2.1 The entitlement to unemployment benefit
 - 2.2 The determinate period for the assessment of the entitlement to the unemployment benefit
 - 2.3 The support period for the provision of the unemployment benefit
3. The amount of the unemployment benefit

PART V: THE TABLE SUMMARIES

56

The basic information

Table 1	The development of GDP
Table 2	The population's age structure
Table 3	Overall fertility, the average life expectancy
Table 4	The degree of economic activity
Table 5	The number and composition of the insured individuals

Pension insurance

Table 6	Pension insurance revenues and the expenditure on pensions
Table 7	The ratio of the number of pensioners and the number of insured individuals
Table 8	The relation of the average old age pension to the average wage
Table 9	Sickness insurance revenues and expenditure
Table 10	The development of the average daily sick pay, the average daily wage and their ratio

State social support

Table 11	The costs for the state social support payments
Table 12	The average monthly number of state social support payments

Assistance in material need

Table 13	The costs for the assistance in material need
Table 14	The average monthly number of social care payments due to social need and payments of assistance in material need

The social care allowances for individuals with disabilities

Table 15	The costs for social care payments to disabled individuals
Table 16	The average annual number of social care payments for disabled individuals
Table 17	The number of holders of cards providing exceptional benefits

The employment policy and the labour market

Table 18	The unemployment rate
Table 19	Long-term unemployment
Table 20	The average monthly unemployment benefit
Table 21	Expenditure on the employment policy

THE SOCIAL INSURANCE SYSTEM

1. A brief description

The social insurance system includes the basic compulsory pension insurance and sickness insurance. The contributions to the state's employment policy are also collected within the framework of the system, as well as the social security contributions.

2. Pension insurance

The basic legal regulation which regulates the entitlements arising from the compulsory pension insurance scheme for the case of old age, invalidity or the death of the sustenance provider is Pension Insurance Act no. 155/1995 Coll. (hereafter simply referred to as the „Pension Insurance Act“) which Parliament passed on 30th June 1995. The Pension Insurance Act came into effect on 1st January 1996. It has since been amended several times.

2.1. Participation in the pension insurance scheme

The participation in the basic pension insurance scheme is compulsory upon the fulfilment of the designated conditions. The Pension Insurance Act, which contains the appropriate legal regulations, does, however, also enable voluntary participation in the pension insurance scheme at a designated extent within the framework of the basic compulsory pension insurance scheme.

A uniform set of legal regulations apply to all the individual groups of insured individuals [individuals in employment, individuals in the services, co-operative members, self-employed individuals and other groups of insured individuals].

The legal right to a pension arises once the legally designated conditions have been fulfilled.

All of the decisions on the entitlement to pension insurance payments and the amount or payment thereof are subject to court review.

The basic pension insurance scheme is economically guaranteed by the state, because it is not possible to leave pensioners without any source of the funds, on which they are existentially dependent.

The merit principle only manifests itself in the pension system to a limited extent as a consequence of the simultaneous application of the principle of social solidarity (the existence of the reduction limits, which are used to limit the charging of higher earnings in the designated manner, causes a fall in the relative level of the pension with increasing earnings which can be charged for the purposes of pension insurance).

The dynamic nature of the pension insurance is given by the annual updating of the level of earnings, which is used as the basis during the calculation of the percentile pension assessment, and the increases in the paid out pensions.

2.2. The pension insurance benefit system

The following pensions are provided from the basic pension insurance scheme:

- old age pensions (including old age pensions awarded before reaching retirement age – hereafter simply referred to as „premature old age pensions“),

The entitlement conditions:

- a necessary insurance period of at least 25 (15 years) and the achievement of the retirement age (65 years of age); the insurance period includes so-called alternative insurance periods, during which no payments are made,
- the retirement age is raised every year, specifically by 2 months for men and by 4 months for women, up to the target of 63 for men and women without children and 59 to 62 for women according to the number of children they have brought up (in July 2008, it was decided to continue increasing the retirement age up to 65 for men, women without children and women who have brought up one child and up to 62 to 64 for other women according to the number of children they have brought up) according to the currently effective legal regulations; in 2009, men who reached 62 years and 8 (or 10) months in this year and women who reached 56 years and 4 months to 60 years and 8 months of age depending on the number of children they have brought up became entitled to an old age pension,
- premature retirement is possible up to three years before the regular retirement age; the reduction of the pension for early retirement is permanent;

- full invalid pensions,

The entitlement conditions:

- the existence of a long-term unfavourable state of health corresponding to full invalidity (a fall in the ability to carry out systematic gainful activities by at least 66%),
- the acquisition of the necessary insurance period of at least 5 years in the period of the last ten years prior to the occurrence of the full invalidity (this applies to insured individuals who are 28 years of age or older; the period is shorter for younger insured individuals according to their age at the time of the occurrence of the full invalidity); the condition involving the

necessary insurance period is considered to have been fulfilled in the case of the occurrence of full invalidity as a consequence of a work accident or an occupational illness (this is also the only consideration of a work accident and/or an occupational illness in the entitlements from the basic pension insurance scheme);

- partial invalid pensions,

The entitlement conditions:

- the existence of a long-term unfavourable state of health corresponding to partial invalidity (a fall in the ability to carry out systematic gainful activities by at least 33%),
- the acquisition of the necessary insurance period to the same extent as in the case of a full invalid pension;

- widowers' and widows' pensions,

The entitlement conditions:

- the existence of a state of marriage at the time of death of one of the spouses;
- the deceased fulfilled or would have fulfilled the entitlement conditions for his/her own pension at the time of death;
- the entitlement to the pension lasts for one year after the death of the spouse without any further conditions – once this period has expired, some of the conditions designated by the Pension Insurance Act have to be met (care for a dependent child, care for a child dependent on the care of another individual at the designated level due to an unfavourable state of health, care for the beneficiary's parents or the parents of the deceased spouse living in a common household who are dependent on the care of another individual at the designated level due to an unfavourable state of health, the surviving spouse is a full invalid or has reached the designated age [55 for women and 58 for men], provided the retirement age is not lower),
- the entitlement to the pension arises again, if any of these conditions are met within 5 years of the former lapse of the entitlement to the pension; the entitlement to the pension lapses, if the surviving spouse remarries;

- orphan's pensions

The entitlement conditions:

- the entitlement arises after the death of a parent (or adoptive parent) or after the death of an individual, who has taken a child into care replacing the care of its parents and who was providing the child with sustenance at the time of death, which the child's parents were unable to provide for serious reasons,
- the deceased parent fulfilled or would have fulfilled the entitlement conditions for his or her own pension,
- the surviving child is dependent (i.e. until the end of the child's compulsory school attendance and then up to a maximum of 26 years of age, if the child is systematically preparing for his/her future profession or if the child cannot prepare for his or her future profession due to health reasons).

In essence, only benefits derived from the period of insurance and the achieved earnings are awarded from the pension insurance. the only exception is the full invalid pension which is awarded to so-called invalids from youth upon the fulfilment of the designated conditions.

The pension consists of two components (a two-part structure):

- of the basic assessment which is the same for all types of pension regardless of the insurance period and the achieved earnings,
- of the percentile assessment derived from the period of insurance and the achieved earnings.

The structure of the pension calculation contains an entire range of elements, from which those concerning the earnings which are determinate for the amount of the pension change every year with regard to the general wage developments.

The basic rules for increasing the paid out pensions are stated in of the Pension Insurance Act. The rules are as follows:

- the paid out pensions are increased regularly every year in January; a different procedure is only used in the case of very low inflation (the increase would amount to less than 2%) and very high inflation
- the increases in the pensions are designated in such a way so that in the case of the average old age pension this amounts to at least 100% of the increase in prices and also at least one third of the growth in real wages,

- the specific amount of the increase is set by the government in a decree, whereby the increase may be greater than the increase which is set out by law as the minimum,
- the increases in the aggregate consumer price index for households are ascertained during regular increases from January in the period of twelve months up to the July preceding the increase in the pensions; the calendar year two years before the year of the increase in the pensions is decisive for ascertaining the increase in real wages,
- the pensions are increased at an exceptional time, if the increase in prices during the monitored period has reached at least 5%; the government will reach a decision on any such increase within 50 days of this condition being fulfilled,
- the necessary elements for designating the amount of the increase in the pensions are ascertained according to the information provided by the Czech Statistics Office (the consumer price index, the average nominal wage) and the Czech Social Security Administration (the amount of the average old age pension).

2.3. The approved conceptual changes in the basic pension insurance scheme prepared within the framework of Stage I of the pension reform and the further continuation of the pension system reform

A „coalition agreement“ was concluded between the ODS, KDU-ČSL and SZ political parties upon the basis of the results of the elections to Parliament's Chamber of Deputies in 2006. The policy section of this agreement and the subsequently adopted government policy statement contain, amongst other things, the intention to implement pension reform in three stages.

Stage I of the pension reform

On 17.7.2008, Parliament passed Act no. 306/2008 Coll. which amends Pension Insurance Act no. 155/1995 Coll., as amended, Social Security Organisation and Realisation Act no. 582/1991 Coll. and some other Acts and will essentially come into effect from 1st January 2010.

The approved measures concern the expenditure side of the basic pension insurance scheme and they can be divided into the part concerning the insurance period and the alternative insurance period (i.e. the non-contributory period), the part concerning the entitlement conditions for the provision of the pensions, the part concerning the amount of the pensions, the amount concerning the entitlement conditions for the payout of the pensions and the part concerning the new definition of invalidity.

The most significant approved measures include:

- the gradual lengthening of the insurance period necessary for the establishment of the entitlement to an old age pension from 25 years to 35 or to 30 years without any alternative insurance periods,
- the gradual limitation of the crediting of the alternative insurance periods, including with regard to the entitlement to an old age pension,
- the smooth continuation of the gradual increase in the retirement age to 65 for men, for childless women and for women who have brought up only one child, and to 62 to 64 for all other women (according to the number of children they have brought up),
- the gradual lengthening of the period for premature retirement from three to five years,
- the cancellation of the entitlement condition for the payout of an old age pension on top of earnings from gainful employment, i.e. negotiating working relations for a maximum period of one year,
- increasing the percentile assessment of the old age pension for the period of gainful employment after the establishment of the entitlement to the old age pension, including during the simultaneous receipt of this pension in full or the receipt of this pension at half its amount,
- the change of an invalid pension to an old age pension upon reaching the age of 65,
- the harmonisation of the existing fixed age limit for the „permanent“ entitlement of women to a widow's pension and of men to a widower's pension,
- the new definition of invalidity (the introduction of three-stage invalidity),
- the harmonisation of the age limit, up to which the so-called calculated period is ascertained for the amount of the percentile assessment of the invalid pension for men and for women,
- the elimination of the study period acquired after 31.12.2009 as an alternative insurance period with the exception of the assessment of the entitlement to an invalid pension.

The changes approved within the framework of Stage I of the pension reform will contribute significantly to the improved financial sustainability of the basic pension insurance system and will significantly postpone the moment when the expenditure on pensions in a given year exceeds the revenues from the contributions

to the pension insurance scheme. This has also created space for the preparation and realisation of further measures.

Stage II of the pension reform

Changes concerning both the public basic pension insurance scheme, especially the creation of reserves for the pension reform, and voluntary private pensions have been prepared and continue to be prepared.

As far as the question of the reserves for the pension reform is concerned, the former special pension insurance account has been transformed from March 2008 into a special reserve account for pension reform as part of the state's financial assets. Every year that the revenues from the pension insurance contributions are higher than the expenditure on the pension insurance payments, the Ministry of Finance will transfer funds at the amount of the difference between these revenues and expenditure to this account from the state budget. The revenues in this account will also include the funds credited to it in accordance with the special legal regulations. Funds from the state financial asset account, in which the funds from the dividends which the Ministry of Labour and Social Affairs acquired as the administrator of the state's asset participation had accumulated since 2004, have also been credited to the special reserve account for pension reform. The funds in the special reserve account for pension reform will be used for the pension reform according to a resolution of the Parliament's Chamber of Deputies based on a governmental proposal.

As far as any other changes are concerned, a further voluntary supplementary system will be introduced alongside the existing Pension Insurance Act with state contributions. At the same time, a change will be implemented in the provision of the state contributions in the existing system of additional pension insurance involving an increase in the limit for the participant's contributions in order to become entitled to the state contribution. The draft for the appropriate legal regulation, i.e. the new Pension Savings Act has already been submitted to the government.

Stage III of the pension reform

Intensive negotiations are ongoing with the aim of achieving agreement on the diversification of the sources for income in old age with the option of redirecting part of the compulsory payments for basic pension insurance into a private system upon the basis of the insured individual's choice, i.e. the introduction of the option of an opt-out. The draft of factual solution should be submitted to the government at the beginning of the second half of year 2009. If the government approves this working

paper, the draft of the appropriate legal regulation will be prepared in cooperation with the Ministry of Finance.

2.4. The evaluation of the pension reform with regard to the fulfilment of the three Lisbon goals - sustainability, suitability and modernisation

The financial sustainability of the pension system

An essential prerequisite for ensuring the commensurate amount of pensions upon the basis of the agreed degree of solidarity is the financial sustainability of the basic pension insurance scheme. The measures should be oriented towards improving the degree of employment in general and especially towards keeping older individuals in the labour market, towards the development and increased use of private pension systems by increasing the engagement of the citizens in these systems and especially towards the strengthening of the security of these systems. In order to achieve long-term financial sustainability, it will be necessary to realise further changes in the existing pension system and at the same time to adopt measures in the area of public finances which prevent any increases in government debt. The measures in the area of the labour market and in the pension system should create stimuli for a high degree of employment among older individuals (55 to 64 years of age).

The extension of the average life expectancy must be accompanied by a corresponding extension of the working life. At the same time, increasing employment is a significant factor for improving the financial stability and sustainability of the pension system.

Despite the number of implemented changes in the basic pension insurance scheme, it is essential to continue in strengthening its long-term financial sustainability by adopting further reform steps.

The adequacy of the amount of the pensions

The adequacy of the incomes of pensioners is secured in the Czech Republic by means of the compulsory participation in the uniform basic pension insurance scheme in the period of economic activity and by means of access to voluntary (state supported) private pension systems. The method of calculating the pension ensures the reduction of the risk of poverty for elderly citizens by means of the application of the principle of income solidarity. As well as pensions, it is also possible to provide both income and means tested one-off or repeating payments from other social systems.

The basic pension insurance scheme creates the prerequisites to cover the entire population regardless of the nature of their

economic activities. The substantially extensive set of non-contributory periods, so-called alternative insurance periods, which are credited for the purpose of pension entitlements (this involves the periods when insured individuals are not active in the labour market and do not pay the insurance contributions, but do acquire pension entitlements), mean that even individuals with interrupted professional careers are not ruled out from participating in the insurance scheme.

The modernisation of pension insurance

The main bearer of the insurance scheme is the Czech Social Security Administration which was established in 1990 by means of the merger of the bearers of pension insurance and sickness insurance. It is an independent organisational unit of the state which is subordinate to the Ministry of Labour and Social Affairs. The main activities of the Czech Social Security Administration include the realisation of pension and sickness insurance, the provision of the medical assessment service, the collection of insurance contributions and the fulfilment of the tasks arising from international treaties and EC law. Despite some problems associated with the financing of operating and personnel expenses, it regularly endeavours to increase the overall technical facilities of the Czech Social Security Administration with the aim of creating a modern institution with a high level of contact with the insured individuals. Since 2005, employers have provided the insurance provider with regular annual pension insurance records for their employees, which set out the information necessary for the assessment of the entitlements arising from the pension insurance scheme. The free submission of written information concerning this data to the insured parties upon request (so-called individual insurance accounts) commenced in 2006. The Czech Social Security Administration enables the electronic submission of documents and information via the internet through the public services portal or on memory media. The clients of the Czech Social Security Administration can use several types of electronic submissions. It is possible to electronically submit pension insurance records, the registration and deregistration of employees for sickness insurance and the earnings and expenditure summaries of self-employed individuals.

3. Sickness insurance

3.1. General information

The sickness insurance system is designated for gainfully employed individuals whom it secures with monetary payouts of sickness insurance in cases of so-called short-term social events (temporary incapacity to work due to illness, injury or quarantine, caring for a family member, pregnancy and maternity or caring for a child). The citizenship of the insured individual is not critical for the purposes of sickness insurance according to the Sickness Insurance Act.

Since 1st January 2009, the sickness insurance scheme has been regulated by the new Sickness Insurance Act no. 187/2006 Coll., as amended.

3.2. Participation in sickness insurance

Sickness insurance is participated in by employees (among whom we also include the members of the armed forces and security forces) and self-employed individuals .

- Employees are obliged to participate in the sickness insurance scheme
- Sickness insurance remains voluntary for self-employed individuals.

The compulsory participation in the sickness insurance scheme arises for employees, if they fulfil the 3 basic conditions set out in the Sickness Insurance Act, which are:

- the performance of work in the territory of the Czech Republic in employment undertaken in labour law or labour relations which may form the basis for participation in the sickness insurance,
- the scope of employment which is designated by the minimum number of days (the employment has lasted or should last at least 15 calendar days),
- the minimum amount of the agreed income (this involves the so-called determinate income, the limit of which has been designated at 2 000 CZK and will be increased according to the development of the average wage).

Special conditions for the participation of employees in sickness insurance are designated for the case of small-scale employment, i.e. employment, for which the conditions of the performance of the employment within the territory of the Czech Republic and the length of the duration of the employment have been fulfilled, but the condition of the negotiated earnings in employment

at the designated amount have not been fulfilled (i.e. at least 2 000 CZK in 2009). During the performance of small-scale employment, the employee is only insured in those calendar months, in which he/ she earned at least the appropriate determinate income.

Self-employed individuals may participate in the sickness insurance scheme, if they undertake gainful activities outside the territory of the Czech Republic, but only upon the basis of an authorisation arising from the legal regulations of the Czech Republic. The participation in the sickness insurance arises upon the basis of the submission of a sickness insurance registration form and the payment of the sickness insurance contributions. The sickness insurance of self-employed individuals lapses on the first day of the calendar month, for which the self-employed individual has not duly paid the insurance contribution.

Participation in the sickness insurance scheme is newly required of individuals who are appointed or elected to the function of the director of an administrative authority according to a special Act or to the function of the statutory body of a legal entity established by means of a special Act or to the function of the deputy to any such director or statutory body, provided the director or statutory body is only a single person and their appointment or election does not mean that employment or service relations have arisen for these individuals, and in the case of individuals who carry out a public function outside of employment or service relations according to the special Act , provided the Labour Code applies to their employment relations to the designated extent.

The category of contractual employees and foreign employees has also been newly included in the group of insured individuals.

- A contractual employee is an employee of a foreign employer, whose registered office is located in a „non-treaty foreign country“, i.e. in a state outside the territory of the European Union or any of the states, with which the Czech Republic has concluded an international treaty on social security which contains provisions on the use of the legal regulations during gainful activities in the territory of a second treaty state, if the employee is in active in the Czech Republic with an employer which has its registered office within the territory of the Czech Republic (a so-called contractual employer). A contractual employer is therefore a legal or physical entity which has its registered office in the territory of the Czech Republic and who has an active contractual employee in the Czech Republic. The prerequisite is that the contractual and foreign employers have concluded an agreement on the fact that the contractual employer will pay out the earnings directly to the contractual

employee or that it will pay them to the foreign employer who will then pay them to the contractual employee. Contractual employees are compulsory participants in the sickness insurance scheme (when meeting the designated conditions).

- A foreign employee is the employee of an employer, whose registered office is in a „non-treaty foreign country“, if the employee is actively employed in the Czech Republic to the direct benefit of said foreign employer; These employees may only be voluntary participants in the sickness insurance scheme under the same conditions which apply for self-employed individuals, whereby they must also fulfil those obligations which are otherwise fulfilled by the employer.

3.3. The sickness insurance benefit system

4 types of monetary benefits are paid out from the sickness insurance scheme:

- sick pay
- monetary assistance during maternity
- the nursing allowance
- compensation during pregnancy and maternity

Sick pay is paid from the 15th calendar day of the duration of temporary incapacity to work and is paid for each calendar day. An employee, who is in employment relations which give rise to participation in the sickness insurance scheme will be provided with compensation for wages throughout the first 14 calendar days by the employer. The compensation for wages applies to workdays during temporary incapacity to work and commences from the 4th workday (from the 1st workday during quarantine).

Monetary assistance during maternity, the nursing allowance and compensation during pregnancy and maternity is paid out for each calendar day from the occurrence of the social event.

In the case of the concurrence of entitlements to the same allowance from several cases of employment which give rise to participation in the sickness insurance scheme, only one allowance calculated from the earnings achieved from all of these cases of employment is provided from all such cases of employment.

3.3.1. Sick pay

An employee who is found by the attending physician to be temporarily incapacitated for work is entitled to sick pay from the 15th day of the duration of the temporary incapacity for work up to the end of the temporary incapacity for work, but up to a maximum of 380 calendar days counted from the occurrence

of the temporary incapacity for work (including any previous period of temporary incapacity to work within the period of one year prior to the occurrence of the temporary incapacity to work).

Sick pay also applies in designated cases, if the occurrence of the temporary incapacity to work occurred after the termination of the insured employment, but within the so-called protected period. In the case of the application of the entitlement to sick pay, the protected period amounts to 7 calendar days from the end of the employment which gave rise to the participation in the sickness insurance scheme.

An employee is also entitled to sick pay, if the employee is acknowledged as having suffered temporary incapacity for work as a consequence of a work accident or an occupational illness. At present the securing of an employee who has suffered injury to health as a consequence of a work injury or an occupational illness is resolved in the Labour Code in the form of compensation for damages.

3.3.2. Monetary assistance during maternity

The basic entitlement conditions for this allowance have remained unchanged. The participation in the sickness insurance scheme or the protected period must apply as of the day when the allowance is awarded and the participation in the sickness insurance scheme must have lasted at least 270 days in the last two years before this day. A female employee would as a rule commence her maternity leave from the beginning of the sixth week prior to the expected birth date, however no earlier than from the beginning of the eighth week before that date. Maternity benefit is awarded for a maximum of 28 weeks, or 37 weeks in the case of women who have given birth to two or more children at the same time. A financial benefit is awarded for a maximum of 22 weeks or 31 weeks when accepting a child or children into permanent care.

The new Act enables the alternation of the mother of the child with her husband or the father of the child in the provision of the care for the child, whereby each of them is entitled to the payout of the monetary assistance during maternity during the provision of this care to the child for the period and under the conditions set out in the Sickness Insurance Act. The alternation is enabled from the beginning of the 7th week after the day of birth and the number of alternations is unlimited. In the case of the alternation of the care for the child, the payment of the monetary assistance in maternity is suspended to the mother and this allowance then begins to be paid out to the man from his sickness insurance, provided he fulfils the conditions for the payment of the allowance, and vice versa.

In the case of women, whose insured employment ended in the period of pregnancy, the protected period for the establishment of the entitlement to the monetary assistance in maternity will be as many calendar days as this last period of employment amounted to, but up to a maximum of 180 calendar days.

3.3.3. The nursing allowance

The entitlement to the nursing allowance applies to an employee who cannot work because he or she must:

- nurse an ill member of the household, or
- care for the health of a child who is younger than 10, because a school or children's facility has been closed (due to an accident, epidemic or other unforeseen event), the child has been placed in quarantine or if the individual who otherwise cares for the child has also become ill.

The employee cannot apply the entitlement to the nursing allowance for a child, for whom (usually) the second of the parents has already applied the entitlement to the monetary assistance in maternity or the parental allowance. This enables the gradual awarding of the nursing allowance to two individuals given the fulfilment of the designated conditions during one need for nursing (care). Allowance to the nursing care is awarded for maximum 9 calendar days. To a lone employee, who has at least one child not older than 16 years attending the compulsory education, in a permanent care the allowance is awarded to maximum 16 calendar days.

No protected period has been set for the nursing allowance.

3.3.4. Compensation in pregnancy and maternity

This allowance applies to an insured individual who has been transferred to different work due to pregnancy, maternity or breast-feeding and therefore has a lower income than before the transfer without being in any way to blame.

3.4. The calculation of sickness insurance payments

The designation of the daily assessment base and the reduction thereof

The allowances are calculated from the daily assessment base which is ascertained by dividing the creditable earnings charged to the employee in the determinate period (usually the period of 12 calendar months prior to the calendar month, in which the social event occurred) by the number of the „creditable“ calendar days falling in this determinate period. The thus designated average daily income is regulated (reduced) using three reduction limits. The reduction limits are announced in the Collection of Laws by means of an announcement of the Ministry of Labour and Social Affairs.

The reduction limits (RL) from 1. 1. 2009 amount to:

the 1st RL	786 CZK
the 2nd RL	1 178 CZK
the 3rd RL	2 356 CZK

The reductions are undertaken in the same way as they are calculated

- up to the first reduction limit
 - in the case of sick pay and the nursing allowance: 90% of the daily assessment base,
 - in the case of monetary assistance in maternity and compensation in pregnancy and maternity: 100% of the daily assessment base,
- 60% is credited from the part of the daily assessment base between the first and second reduction limits,
- 30% is credited from the part between the second and third reduction limits,
- the part above the third reduction limit is not taken into account.

The amount of the sickness insurance payments

The amount of the sick pay amounts to

- 60% of the daily assessment base from the 15th to the 30th calendar day of the duration of the temporary incapacity for work,
- 66% of the daily assessment base from the 31st to the 60th calendar day of the duration of the temporary incapacity for work, and
- 72% of the daily assessment base from the 61st calendar day of the duration of the temporary incapacity for work

The amount of the monetary assistance in maternity amounts to 70% of the daily assessment base.

The amount of the nursing allowance amounts to 60% of the daily assessment base.

4. Insurance contributions to social security

The social insurance system is financed in a concurrent manner. This means that the expenditure on payments in a given period is defrayed from the revenues from the insurance contributions collected in the given period.

The legal regulations for financing are contained in Act no. 589/1992 Coll. governing social security insurance contributions and contributions to the state employment policy, as amended, which came into effect on 1st January 1993. It especially designates:

- the group of the payers of the insurance contributions (including the contributions to the state employment policy),
- the method of designating the amount of the insurance contributions, the levying of the insurance contributions and the obligations of the payers of the insurance contributions.

The insurance contributions to social security (for sickness insurance and pension insurance) and the contribution to the state employment policy are collected according to this Act.

The insurance contributions are collected by the district social security administrations.

The insurance contributions are paid by employees, employers and self-employed individuals. The employer bears all of the responsibility for designating the correct amount of the insurance contributions which the employee and the employer have to pay and also for the timely levying of these contributions. The employer pays the insurance contributions together with the pension insurance and the contribution to the state employment policy to the account of the appropriate district social security administration and does so within a deadline from the 1st to the 20th day of the following calendar month. A penalty at the amount of 0.05% of the outstanding amount is applied in the case of any insurance contribution arrears.

The amount of the insurance contribution is designated by means of percentile rates from the assessment base ascertained for the determinate period. The insurance contribution is calculated for the chargeable earnings before tax. In the case of self-employed individuals, the chargeable earnings are reduced by the expenditure outlaid on achieving, securing and maintaining these earnings; since 2006, the basis for the levying of the insurance contributions has amounted to 50% of the difference between the earnings and expenditure.

In 2007, the maximum assessment base for self-employed individuals was 486 000 CZK. The maximum annual assessment base for the payment of insurance contributions for social security and the contribution to the state employment policy was designated for all insured individuals at the amount of 48 times the average wage in the national economy effective as of 1st January 2008. In 2009, this maximum assessment base amounts to 1 130 640 CZK.

The percentile rates of the insurance contributions valid in 2009
(% of the assessment base)

	Pension insurance	Sickness insurance	State employment policy	Total
Employers	21.5	2.3	1.2	25.0
Employers employing employees only participating in pension insurance	21.5	-	-	21.5
Employees	6.5	-	-	6.5
Self-employed individuals (sickness insurance is voluntary)	28.0	voluntary (1.4)	1.2	29.2 (30.6)
Individuals voluntarily participating in pension insurance	28.0	-	-	28.0
Foreign employees (sickness and pension insurance is voluntary)	voluntary 28.0	voluntary 1.4	-	29.4

Source: the Ministry of Labour and Social Affairs

The insurance contributions and the contribution to the state employment policy constitute earnings for the state budget. The penalties, the surcharge to the insurance contribution for social security and any fines imposed according to Act no. 489/1992 Coll., as amended, also constitute earnings for the state budget.

5. Organisation and realisation

The organisation and realisation of the area of pension insurance are designated by Act no. 582/1991 Coll. governing the organisation and realisation of social security, as amended (hereinafter referred to as "Act on Organisation and Realisation of Social Security").

- The pension insurance is realised by the social security bodies and the employers. Municipalities also carry out activities in the area of pension insurance.

The social security bodies are:

- the Ministry of Labour and Social Affairs,
- the Czech Social Security Administration,
- the district social security administrations,
- the Ministry of Internal Affairs,
- the Ministry of Justice,
- the Ministry of Defence.
- The organisation and realisation in the area of sickness insurance are regulated by Sickness Insurance Act no. 187/2006 Coll., as amended.

The sickness insurance bodies are:

- the Ministry of Labour and Social Affairs,
- the Czech Social Security Administration,
- the district social security administrations,
- the service bodies (the Ministry of Defence, the Ministry of Internal Affairs, the Prison Service of the Czech Republic, the General Customs Directorate, the Security Intelligence Service and the Office for International Contacts and Information).

The district social security administrations realise the sickness insurance for all insured individuals (with the several exceptions set out in the law).

The bearer of the pension insurance for the „civil sphere“ is the Czech Social Security Administration which regulates and inspects the activities of the district social security administrations. The jurisdiction of the Czech Social Security Administration is regulated by the Law.

According to the EU co-ordinating directives, the Czech Social Security Administration is the contact body with regard to foreign institutions for monetary allowances in sickness and maternity, pensions and monetary allowances in the case of work accidents and occupational illnesses.

contact information

The Ministry of Labour and Social Affairs
Na Poříčním právu 1, 128 01 Praha 2
Tel.: +420 221 921 111
www.mpsv.cz
e-mail: posta@mpsv.cz

the Czech Social Security Administration
Křížová 25, 225 08 Praha 5
Tel.: +420 257 062 860
www.cssz.cz
e-mail: posta@cssz.cz

6. The legal regulations

I. Pension insurance

Pension Insurance Act no. 155/1995 Coll., as amended

The amendments to the Pension Insurance Act which come into effect on 1st January 2009 or later

- Act no. 306/2008 Coll. which changes Pension Insurance Act no. 155/1995 Coll., as amended, Act no. 582/1991 Coll. governing the organisation and realisation of social security, as amended, and some other Acts. Effective as of 1st January 2010.
- Act no. 382/2008 Coll. which changes Employment Act no. 435/2004 Coll., as amended, Act no. 326/1999 Coll. governing the residency of foreigners within the territory of the Czech Republic and some other Acts, as amended, and other associated Acts

The implementing regulations which come into effect as of 1st January 2009

- Government Decree no. 363/2008 Coll. on increasing pensions in 2009
- Government Decree no. 364/2008 Coll. on increasing pension allowances in 2009
- Government Decree no. 365/2008 Coll. which designates the amount of the general assessment base for the purposes of pension insurance for 2007 and the amount of the conversion coefficient for the modification of the general assessment base for 2007 and regulates the amounts for the designation of the calculation base

II. Sickness insurance

Sickness Insurance Act no. 187/2006 Coll., as amended

- Effective as of 1st January 2009

A summary of the amendments concerning sickness insurance

- Act no. 585/2006 Coll. which changes Sickness Insurance Act no. 187/2006 Coll., Act no. 189/2006 Coll. which changes some of the Acts in association with the adoption of the Sickness Insurance Act, Act no. 262/2006 Coll., the Labour Code, Act no. 264/2006 Coll. which changes some of the Acts in association with the adoption of the Labour Code, Act no. 589/1992 Coll. governing social security insurance contributions and the contributions to the state employment policy, as amended, State Social Support Act no. 117/1995 Coll., as amended, Act no. 111/2006 Coll. governing assistance in material need, as amended by Act no. 165/2006 Coll. and Act no. 582/1991 Coll. governing the organisation and realisation of social security, as amended
- Act no. 181/2007 Coll. governing the Institute for the Study of Totalitarian Regimes and the Security Forces Archive and the changes to some Acts
- Act no. 261/2007 Coll. governing the stabilisation of the public budgets
- Act no. 239/2008 Coll. which changes some of the Acts associated with registered partnerships
- Act no. 305/2008 Coll. which changes Act no. 187/2006 Coll. governing health insurance, as amended, and some other Acts

The implementing regulations

- Regulation no. 481/2006 Coll. governing the prerequisites for the identity cards of the employees of the sickness insurance bodies who have been assigned the task of inspecting the adherence to the regimen pertaining to temporarily incapacitated insured individuals
- Government Decree no. 366/2008 Coll. which regulates the amounts for the designation of the calculation bases for the purposes of sickness insurance
- Ministry of Labour and Social Affairs Notification no. 396/2008 Coll. which sets out the amount of the reduction limits for the modification of the daily assessment base valid in 2009 for the purposes of sickness insurance

III. The insurance contributions for social security and the contributions to the state employment policy

Act no. 589/1992 Coll. governing the insurance contributions for social security and the contributions to the state employment policy, as amended

A summary of the basic amendments to the Act governing insurance contributions for social security and the contributions to the state employment policy which come into effect as of 1st January 2009 or later

- Act no. 189/2006 Coll. which changes some Acts in association with the adoption of the Sickness Insurance Act
- Act no. 261/2007 Coll. governing the stabilisation of the public budgets
- Act no. 305/2008 Coll. which changes Sickness Insurance Act no. 187/2006 Coll., as amended, and some other Acts with the draft amendment for Act no. 187/2006 Coll. governing sickness insurance, as amended.
- Act no. 2/2009 Coll. which changes Act no. 586/1992 Coll. governing income taxation, as amended

IV. The organisation and realisation of social security

- Act no. 582/1991 Coll. governing the organisation and realisation of social security, as amended

A. The state social support system

1. General information

The state social support system is a non-contributory system which is financed from the state budget and administered by the assigned state bodies. By means of the state social support system, the state contributes in particular to families with dependent children in the case of an acknowledged social situation which the family is unable to resolve using its own funds and abilities. The social support payments follow the life cycle of the dependent child from birth through to the end of the education process and they provide help to families with children in various difficult situations (such as insufficient income, care for a new-born or small child, care for a child with a disability, an incomplete family and so on).

The fundamental legal regulation which regulates the system of state social support is State Social Support Act no. 117/1995 Coll., as amended.

State social support payments

- child benefits
- parental allowances
- social supplements
- housing allowances
- birth allowances
- death allowances
- foster care allowances (contributions to the child's needs, remuneration for the foster carer, the contribution upon the assumption of care for a child, a contribution towards purchasing a motor vehicle).

For the purposes of the state social support, a family is understood to mean the cohabitation of parents and dependent children in a common household. A dependent child is considered to be a child up to the end of its compulsory school attendance and further, if the child is preparing for a future profession or is disabled, but up to a maximum of 26 years of age.

Families are not means tested during the assessment of the entitlement to state social support payments. Only the family income is tested and even then only in the case of some payments. Child allowances, social supplements and housing allowances are provided in relation to the family's income. Parental allowances, foster care allowances, birth allowances and death allowances are

provided regardless of the family's income. The income which is decisive for the entitlement to the payment of state social support includes in particular the income from employment or other self-employed gainful activities and any sickness and pension insurance benefits and unemployment benefits, including similar income from abroad. The so-called net income is calculated in the determinate income. The allowances are not subject to taxation.

The living minimum constitutes the basis for designating the limit of a family's income when assessing the entitlement to the income-tested state social support payments and for the designation of the amount of some payments. The living minimum represents the minimum socially acknowledged limit for monetary income in order to secure sustenance and other basic personal needs. The living minimum is regulated by Living and Subsistence Minimum Act no. 110/2006 Coll., as amended.

Applications for the provision of state social support payments are submitted on the prescribed printed forms at the Labour Exchange according to the location of the applicant's permanent residence. The places of appeal against the decision of the Labour Exchange are the Regional Authorities or the Municipal Authority of the Capital City Prague in Prague. The uniform approach throughout the entire territory of the Czech Republic ensures a uniform information system and application program.

2. The group of eligible individuals

Once the designated conditions have been met, the state social support payments may be made to a physical entity, provided the individual and the other individuals associated with said payments

- have a registered permanent residence within the territory of the Czech Republic (citizens of the Czech Republic) or have been awarded permanent residence within the territory of the Czech Republic (foreigners)
- are citizens of the European Union member states, to whom a directly applicable regulation of the European Community applies
- are foreigners registered for a stay within the territory of the Czech Republic of longer than 365 days and who at the same time are not applicants for international protection at a residential centre of the Ministry of Internal Affairs
- are foreigners born within the territory of the Czech Republic and registered to live within the territory of the Czech Republic within 1 year of age and under the condition that they are not applicants for international protection at a residential centre of the Ministry of Internal Affairs

- are underaged foreigners placed in care replacing the care of their parents or into institutional care within the territory of the Czech Republic
- are foreigners who are the holders of permanent residency permits with the awarded legal status of a long-term resident in the European Community in the territory of another member state of the European Union and who have been awarded a long-term residency permit in the territory of the Czech Republic and who are resident within the territory of the Czech Republic; and the family members of these individuals
- are foreigners who have been awarded a long-term residency permit for the Czech Republic for the purpose of scientific research
- are foreigners who have been awarded supplementary protection or asylum.

The entitlement to the payment of the allowances lapses 3 months from the day, which the allowances pertain to. In the case of one-off allowances, the entitlement lapses 1 year from the day, which the allowances pertain to.

3. State social support benefits

3.1. Child benefits

The child benefit is a basic, long-term allowance provided to families with children which helps them to cover the costs associated with bringing up and sustaining dependent children. Families with an income of up to 2.4 times the living minimum are entitled to this benefit.

Child benefits are provided at three levels according to the age of the child.

The age of the dependent child	The child benefit in CZK per month
up to 6 years of age	500
6 – 15 years of age	610
15 – 26 years of age	700

3.2. Parental allowances

A parent who personally and duly cares for a child who is the youngest in the family and does so throughout the whole day and for the entire calendar month is entitled to a parental allowance. The parental allowance has been designated at four assessment levels with fixed monthly amounts - increased (11 400 CZK), basic (7 600 CZK), reduced (3 800 CZK) and low (3 000 CZK).

A parent may choose to receive a parental allowance for a period of two, three or four years. The selection of the period of receipt of the allowance also affects the amount of the allowance which the parent receives as follows:

- a shorter period of receipt of the parental allowance - after monetary assistance in maternity at the increased assessment rate (11 400 CZK) until the child is 24 months of age; however, only a parent who is entitled to monetary assistance in maternity at an amount of at least 380 CZK per calendar day may apply for this form of receipt;
- classic receipt - after monetary assistance in maternity at the basic assessment rate (7 600 CZK) until the child is 36 months of age; only a parent who is entitled to monetary assistance in maternity may apply for this form of receipt;
- a longer period of receipt - after monetary assistance in maternity or from the birth of the child (if no entitlement to monetary assistance in maternity has arisen) at the basic assessment rate (7 600 CZK) until the child is 21 months of age and then at the reduced assessment rate (3 800 CZK) until the child is 48 months of age.

The parent must apply for the selected period and amount of the parental allowance in writing on the prescribed form submitted to the Labour Exchange. The parent must apply for the shorter period of receipt at the latest in the calendar month following after the calendar month, in which the youngest child reaches the age of 22 weeks or in which any simultaneously born youngest children reach the age of 31 weeks. The parent must apply for the classic period of receipt at the latest in the calendar month, in which the youngest child reaches 21 months of age. If a parent fails to apply for the shorter or classic periods of receipt of a parent allowance, said parent will be paid the parent allowance in the regimen for the longer period of receipt, i.e. at the reduced assessment rate, after the child reaches 21 months of age. The period and amount of the receipt of the parent allowance may only be selected in the stated variants. Once a decision has been reached, the selected method of receipt cannot be changed and cannot be applied retroactively, even given the alternation of the parents in the receipt of the parent allowance.

In the case of disabled children, the parent is entitled to the payment of the parent allowance at the basic assessment rate (7 600 CZK) from the day of the assessment of the child as being a child with a long-term disability or with a long-term serious disability until the child reaches 7 years of age, regardless of the formerly chosen option of receiving the parental allowance (prior to the assessment of the child's state of health). If this child is entitled to a care allowance (according to the Social Services Act), the parent will be entitled to the parent allowance at half the amount. If the parent cares for a child with a long-term disability or with a long-term serious disability and if this child does not receive a care allowance, the parent will be entitled to the parent allowance at the low assessment rate (3 000 CZK) when the child is aged from 7 to 10.

The precondition for the entitlement to the parent allowance is that a child who is younger than 3 years of age does not attend a crèche or other similar institution for pre-school children for more than 5 calendar days in a calendar month. A child who has reached the age of 3 may regularly attend a kindergarten or other similar institution at an extent not exceeding 4 hours a day or a maximum of 5 calendar days in a calendar month. The child may attend a medical rehabilitation institution or a crèche, kindergarten or similar institution for disabled pre-school children at a maximum extent of 4 hours a day. The child of a disabled parent may attend a crèche, kindergarten or similar institution for pre-school children at a maximum extent of 4 hours a day. A long-term disabled child or a long-term seriously disabled child may attend a crèche, a kindergarten or a similar institution for pre-school children at a maximum extent of 6 hours a day or may fulfil his/her compulsory school attendance.

The parent's income is not monitored. A parent may improve the social situation of the family by means of gainful employment, while being entitled to the payment of THE parent allowance, but the parent must secure the care of the child by a different individual of legal age during this period.

3.3. The social supplement

The aim of this supplement is to assist families with low incomes to cover the costs associated with securing the needs of their children. The entitlement to the social supplement is bound to the care for a dependent child and the designated limit for the family income which must have been lower than double the family living minimum in the previous calendar quarter. The supplement is gradually reduced as the family's income increases.

The social supplement is increased in cases where a child has a serious long-term disability, a long-term disability or a long-term illness and it also takes into account if the parent is disabled or a solo parent. A higher social supplement is also provided to families where several children have been born simultaneously until the children turn three or to families where a child is studying at secondary school in a daily course or at university in a presentation course.

3.4. The housing allowance

By means of this allowance, the state contributes to the housing costs of families and individuals with low incomes. The entitlement to the housing allowance applies to the owner or tenant of a flat where said individual registered his/her permanent residence, if 30% (In Prague 35%) of the family's income is not sufficient to cover the housing costs and at the same time if said 30% (in Prague 35%) of the family's income is lower than the standard costs designated by law.

3.5. The birth allowance

This allowance is used to provide the mother with a one-off contribution to the costs associated with a new-born baby. If a woman, who has given birth to a child, dies and the birth allowance has not been paid out to her or to any other individual, the father of the child will be entitled to the birth allowance. An individual who has taken a child younger than one year of age into care replacing that of the parents is also entitled to the birth allowance. The birth allowance amounts to 13 000 CZK for each born child.

3.6. The death allowance

An individual who has arranged the funeral for a dependent child or for an individual who was the parent of a dependent child is entitled to the death allowance under the condition that the deceased individual was permanently resident within the territory of the Czech Republic as of the day of the death. The amount of the death allowance is set at the fixed amount of 5 000 CZK.

3.7. Foster care allowances

These allowances are used to contribute to the needs associated with the care for a child, whom the parents are unable to look after or do not want to look after and who has been assigned to foster care. With the exception of the social supplement, the foster parents and the child assigned to foster care may also

become entitled to other state social support payments, for example the parent allowance, the child benefit and so on.

3.7.1. The contribution to cover the needs of the child

The entitlement to this contribution applies to a child assigned to foster care and after the conclusion of said care (after the age of 18), but up to a maximum of 26 years of age, if the child remains dependent and in the household with the former foster parent. The amount of the contribution to cover the needs of the child amounts to 2.3 times the child's living minimum. The contribution is increased if the child is disabled.

3.7.2. The foster parent's remuneration

This allowance is an expression of the social acknowledgement of the individual caring for somebody else's child in foster care. The amount of the remuneration has been set at the amount of part of the living minimum for each assigned child. If a foster parent cares for at least 3 assigned children who are individuals dependent on the assistance of another physical entity in levels II, III and IV, the foster parent's remuneration will amount to 5.5 times the living minimum for an individual, whereby the remuneration will be further increased for each further assigned child.

3.7.3. The contribution upon the assumption of care for a child

The purpose of this one-off allowance is to contribute to the purchase of the necessary items for a child entering into foster family care. The amount of the contribution is set as a fixed amount according to the age of the child.

The age of the dependent child	The contribution upon the assumption of care for a child in CZK
up to 6 years of age	8 000
6 – 15 years of age	9 000
15 – 18 years of age	10 000

3.7.4. The contribution towards the purchase of a motor vehicle

The contribution applies to foster parents who have at least four children in care. An entitlement condition is, however, that the foster parent may not use the vehicle for gainful activities. The contribution is provided at the amount of 70% of the acquisition price of the vehicle or the price of repairing the vehicle, but up to a maximum of 100 000 CZK.

4. The legal regulations

- State Social Support Act no. 117/1995 Coll., as amended
- Act no. 110/2006 Coll. governing the living and subsistence minimum, as amended
- Ministry of Labour and Social Affairs Regulation no. 207/1995 Coll. which sets out the levels of disability and the method of assessing them for the purposes of the state social support, as amended.

B. The system of assistance in material need

1. General information

The system of assistance in material need is a modern form of assistance provided to individuals with insufficient earnings, which motivates these individuals to actively endeavour to secure the funds to satisfy their life requirements. It is one of the measures which the Czech Republic uses to fight against social exclusion. It is based on the principle that each individual who works must be better off than those who do not work or who avoid work. The system rewards individuals who actively and quickly endeavour to change their unfavourable social situation. It was launched on 1st January 2007 and it replaced the assistance provided according to Social Needs Act no. 482/1991 Coll., as amended.

The basic legal regulation which regulates the provision of assistance in material need is Act no. 111/2006 Coll. governing assistance in material need, as amended.

The Act governing assistance in material need

- The act defines seven situations associated with the insufficient provision of basic subsistence and housing and with exceptional events. It assists in the resolution of serious life situations.
- It designates that each individual is entitled to the provision of basic information leading to the resolution of his/her current situation, but also to the prevention of the occurrence of material need. An integral part of the assistance in material need is social work.

- The Act regulates the institution of public service. Public service is (since 1st January 2009) organised by municipalities and it assists in the preservation (development) of the work skills of the individual in material need and to his/her social integration in conjunction with publicly beneficial work, short-term employment and voluntary services.

The allowances and their payout

The allowances which resolve assistance in material need are:

- the living allowance
- the housing supplement
- exceptional immediate aid

The municipal authorities decide upon and pay out the allowances associated with assistance in material need. Within the framework of the proceedings, it is assessed whether the individual (family) is truly in material need and whether they fulfil the entitlement conditions for the appropriate allowance. The amount of the allowance is designated in the final phase. The regional authorities are the place of appeal against the decisions of the municipal authorities. The uniform approach throughout the entire territory of the Czech Republic ensures a uniform information system and application program.

2. The group of eligible individuals

Once the conditions have been fulfilled, the living allowance and the housing supplement are provided to:

- individuals with permanent residence within the territory of the Czech Republic
- individuals who have been granted asylum or supplementary protection
- foreigners without permanent residence within the territory of the Czech Republic, who are guaranteed this right by an international treaty
- citizens of European Union member states who are entitled to social advantages from a directly applicable regulation of the European Community
- citizens of European Union member states who are registered in the Czech Republic for a stay of more than 3 months and who are not entitled to social advantages from a directly applicable regulation of the European Community

- the family members of citizens of European Union member states who are registered in the Czech Republic for a stay of more than 3 months and who are not entitled to social advantages from a directly applicable regulation of the European Community
- foreigners who are the holders of permanent residency permits with the awarded legal status of a long-term resident in the European Community in the territory of another member state of the European Union and their family members, if they have been awarded a long-term residency permit in the territory of the Czech Republic and who are resident in the territory of the Czech Republic;

Exceptional immediate aid is not only provided to the aforementioned individuals, but also to individuals living legally within the territory of the Czech Republic and in exceptional cases also to individuals who are living within the territory of the Czech Republic illegally.

The definition of the state of material need

This fundamentally involves the state where an individual (family) does not have sufficient income and its overall social and asset situation do not allow the satisfaction of basic life requirements at a level which is acceptable to society. At the same time, said individuals are unable to increase their income for objective reasons (by working, by applying entitlements and receivables, by means of the sale or use of assets) and to thus resolve their difficult situation through their own actions.

The following individuals, for example, are not in material need: individuals who demonstrably do not endeavour to increase their income; individuals who are not in employment or any similar relations, do not carry out independent gainful activities and are not registered among the job applicants at the Labour Exchange; individuals who refuse to carry out short-term employment or to participate in a targeted employment program without any reasonable reasons; individuals who do not have sufficient income simply because as a self-employed individual they have not registered for sickness insurance and so on.

3. The payments of aid in material need

3.1. The living allowance

This is the basic allowance in material need which helps an individual (family) in the case of insufficient income. The entitlement to the living allowance applies to an individual (family) whose income does not reach the subsistence amount after the deduction of reasonable housing costs.

The subsistence amount is designated individually for each individual upon the basis of an evaluation of their efforts, opportunities and needs (for example, it takes into account the need for dietary meals). The individual subsistence amounts for each individual are added together to find the subsistence amount for a family. The subsistence amount is derived from the amounts of the living and subsistence minimum.

The amount of the living allowance is the difference between the individual's (family's) subsistence and their income, from which reasonable housing costs have been deducted.

3.2. The housing supplement

The supplement resolves the case of insufficient income to cover housing costs in those situations where an individual's (family's) own earnings, including the housing allowance (the state social support system) are insufficient.

The supplement is provided to the tenant or owner of a flat who is entitled to the living allowance and to the housing allowance. The law also enables the exceptional payment of the supplement to an applicant who is not entitled to the living allowance or uses a form of housing other than rented accommodation.

The amount of the housing supplement is designated in such a way so that the individual (family) is left with the subsistence amount after paying justified housing costs (i.e. rent, the services associated with the housing and the costs for energy supplies).

3.3. Exceptional immediate aid

This aid is provided to individuals who find themselves in situations which must be resolved immediately. The law designates five such situations:

- The situation where the conditions of material need are not met, but the given individual's health may be endangered, if no aid is provided. The payment can be provided at an amount which supplements the individual's income up to the amount of the subsistence minimum (or up to the living minimum in the case of a dependent child).

- The situation where an individual is afflicted by a serious exceptional event (a natural disaster, a wind storm, an ecological accident, a fire and so on) The aid may be provided up to the amount of 15 times the amount of the living minimum to an individual, i.e. up to the amount of 46 890 CZK.
- The situation involving a lack of funds to pay a one-off expense associated, for example, with the payment of the fee for the issuance of duplicates of personal documents or in the case of the loss of funds. The payment can be provided up to the amount of the given one-off expense.
- The situation involving a lack of funds to purchase or repair items of long-term use or to pay justified costs arising in association with the education or hobby activities of dependent children. The payment can be provided up to the amount of these expenses, but up to a maximum of 10 times the living minimum to an individual, i.e. 31 260 CZK, within the course of the calendar year.
- The situation involving the threat of social exclusion. This involves, for example, the situation of individuals returning from prison, from children's homes and from foster care after coming of age or after the completion of the treatment of chronic dependency. The payment can be provided up to the amount of 1000 CZK. It may be repeatedly provided during the course of the year, but the sum of the payments may not exceed the amount of 4 times the living minimum to an individual, i.e. 12 504 CZK.

4. The legal regulations

- Act no. 111/2006 Coll. governing assistance in material need, as amended
- Act no. 110/2006 Coll. governing the living and subsistence minimum, as amended
- Ministry of Labour and Social Affairs Regulation no. 504/2006 Coll. which implements some of the provisions of the Act governing assistance in material need.

C. The system of social care allowances for individuals with disabilities

1. General information

The social care allowances for individuals with disabilities react to the certain specific needs for this group of individuals. They assist in resolving the need for mobility, housing and aids.

The basic legal regulation which regulates the conditions, under which the social care allowances for disabled individuals are provided, is Ministry of Labour and Social Affairs Regulation no. 182/1991 Coll. which implements the Social Security Act and the Czech National Assembly Act governing the activities of the bodies in social security, as amended.

The allowances and their payout

Individuals with disabilities are provided with the following allowances:

- one-off contributions towards the acquisition of special aids
- the contribution towards housing modifications
- the contribution towards the purchase, general repair and special modification of a motor vehicle
- the contribution towards the operation of a motor vehicle
- the individual transport allowance
- the contribution towards the payments for using barrier-free housing and the payment for the use of a garage
- the allowance for fully or practically blind citizens

Disabled individuals are also provided with non-allowance support:

- exceptional benefits for seriously disabled citizens
- interest-free loans

The applications for the allowances are submitted to the municipal authority according to the place of the applicant's permanent residence. The municipal authorities in municipalities with extended jurisdiction decide on and pay out the one-off allowances; the municipal authorities decide on and pay out the repeated allowances. The state of health of the applicants is assessed by the assessment physicians at the Labour Exchange. The regional authorities are the place of appeal against the decisions of the municipal authorities.

2. The group of eligible individuals

Once the designated conditions have been fulfilled, the social care allowances for disabled individuals are provided to:

- individuals with permanent residence within the territory of the Czech Republic
- individuals who have been granted asylum
- individuals who are subject to a directly applicable European Community regulation
- citizens of EU member states and their family members who have been registered within the territory of the Czech Republic for longer than three months.

3. The social care allowances for individuals with disabilities

3.1. The one-off contribution towards the purchase of special aids

This is a facultative one-off monetary allowance which may be provided to seriously disabled individuals to acquire the aids they need in order to eliminate, ameliorate or overcome the results of their disability. There is a demonstrative list of the aids, for which the contribution can be provided. The contribution is not provided, if the aid in question is loaned or paid for by the health insurance company. The precondition for the provision of the allowance is a written pledge; the individual is obliged to refund a commensurate part of the contribution, if, for example, he or she sells the aid within 5 years of the payment of the contribution.

- Physically handicapped citizens can be provided with contributions for aids which enable self service, individual movement or the maintenance of the state of health or towards aids for the preparation and realisation of employment.
- Sight impaired citizens can be provided with contributions for aids which enable them to acquire information or contact with their environs by means of touch or sound perception or by means of the use of the remainder of their sight or for aids used for the preparation and realisation of employment. Fully or practically blind citizens can be paid the expenses associated with the training and receipt of a guide dog.
- Hearing impaired citizens can be provided with aids which compensate for their loss of hearing, contribute to their social adaptation and are essential for contact with their environs.

The contribution to the purchase of special aids is provided at an amount which enables the purchase of the aid in the basic model up to the current designated limit for the payment of the price of the given aid. At the same time, it is also possible to provide a contribution to cover the costs associated with the training to use the aids.

3.2. The contribution towards housing modifications

This obligatory one-off allowance is provided to individuals with serious defects of the movement system which significantly limit their ability to move and to individuals who are fully or practically blind to enable them to modify the housing which they use as their permanent residence.

The modifications to housing are considered to mean modifications to the access to the housing, the garage and the lift including the stairs, to the windows and the balcony, the modification of the floor surface, the control elements in the housing and the interior electrical installations, the kitchen unit or other furniture, the widening and modification of doors, the removal of door sills, the adaptation of the bathroom and toilet, including suitable sanitary amenities and easily operable taps, the installation of the necessary sound and light signals, the introduction of suitable heating, the installation of a telephone line and structural modifications associated with the installation of a lift.

The precondition for the provision of the allowance is a written pledge; the individual is obliged to refund a commensurate part of the contribution, if, for example, the individual changes or sells the flat within 10 years of the provision of the contribution or if the contribution exceeded 70% of the actually outlaid costs.

The amount of the contribution towards the modification of housing is designated with regard to the income and assets of the citizen and his or her family and up to the amount of 70% of the substantiated costs, but up to a maximum of 50 000 CZK or 100 000 CZK in the case of a contribution towards structural modifications associated with the installation of a lift.

3.3. The contribution towards the purchase, general repair and special modification of a motor vehicle

This obligatory one-off allowance for the purchase of a motor vehicle and the contribution towards the general repair of a motor vehicle is provided to individuals with serious defects of their movement system who will use the motor vehicle for their own transport, who have not been placed in year-round institutional care and who are reliant on individual transport. It is also provided to the parents of a dependent child, if the child is older than three years of age and has a serious defect

of the movement system, is fully or practically blind or seriously mentally disabled and if the parents will use the motor vehicle to transport the child.

The amount of the contribution towards the purchase of a motor vehicle amounts to a maximum of 100 000 CZK, while the amount of the contribution towards the general repair of the motor vehicle amounts to a maximum of 60 000 CZK. The amount of the contribution is designated especially with regard to the assets of the applicant and his or her family. The frequency and method of use of the vehicle is also usually evaluated.

The obligatory one-off contribution towards the special modification of a motor vehicle is provided to individuals with a serious defect of the movement system, who can drive themselves and who essentially require the special modification of the motor vehicle due to their permanent disability. The contribution is provided at the full amount of the price for any such modifications.

The precondition for the provision of the stated allowances is a written pledge; the individual is obliged to refund a commensurate part of the contribution, if the individual sells the vehicle within 5 years of its payment or if the individual ceases using the vehicle for regular transport. The sum of the contributions towards the purchase, general repair and special modification of the motor vehicle paid out in the period of ten consecutive years may not exceed the amount of 200,000 CZK.

3.4. The contribution towards the operation of a motor vehicle

This obligatory one-off allowance is provided for the period of a calendar year to an individual who is the owner or operator of a motor vehicle, whose disability justifies the awarding of special benefits for seriously disabled citizens (level II or level III) and who will use the motor vehicle for his/ her own regular transportation or will use the vehicle for the regular transportation of a spouse, child or other close person, whose disability justifies the awarding of special benefits for seriously disabled citizens (level II or level III), or who is the parent of a dependent child who is treated at a hospital clinic for a malignant tumour or haemoblastosa, and it is provided during the period of the essential treatment of the acute phase of the illness at the given healthcare facility

The amount of the contribution differs according to the seriousness of the disability, the type of motor vehicle, the number of transported individuals who are entitled to the contribution and the number of kilometres travelled; for example, in the case of individuals whose disability justifies the awarding of exceptional benefits for level III disabled citizens and for the parents of a child with a malignant tumour, this amounts to

4 200 CZK for a single track vehicle (motorcycle) and 9 900 CZK for other vehicles and for individuals, whose disability justifies the awarding of exceptional benefits for level II disabled citizens, this amounts to 2 300 CZK for single track vehicles and 6 000 CZK for other vehicles.

The precondition for the provision of the allowance is a written pledge; the individual is obliged to refund a commensurate part of the contribution, for example in the case of a change in the state of health of the transported individual, the lack of roadworthiness of the vehicle and so on.

3.5. The individual transport allowance

This obligatory one-off allowance is provided for a calendar year to individuals with serious disabilities of the movement system, to individuals who are fully or practically blind or to the parents of a dependent child who is treated at a hospital clinic for a malignant tumour or haemoblastosa, who require regular individual transport and do not own or operate a motor vehicle and are not the recipients of a contribution towards the operation of a motor vehicle or are not transported in a motor vehicle, for whose operations a contribution towards the operation of a motor vehicle has been awarded, and the allowance is provided during the period of the essential treatment of the acute phase of the illness at the given healthcare facility.

The precondition for the provision of the allowance is a written pledge; the individual is obliged to refund a commensurate part of the contribution, if his/her state of health changes, a contribution towards the operation of a motor vehicle is awarded and so on.

The amount of the contribution towards individual transport is 6 500 CZK.

3.6. The contribution towards the payment for the use of barrier-free housing and a garage

This obligatory, repeating contribution towards the use of barrier-free housing is provided to individuals with serious disabilities of the movement system and to individuals who are fully or practically blind who make use of barrier-free housing. The allowance amounts to 400 CZK per month.

Individuals with serious disabilities of the movement system and individuals who are fully or practically blind who make use of barrier-free housing can also be provided with a facultative, repeating contribution towards the payment for the use of a garage up to the amount of 200 CZK a month.

3.7. The allowance for fully or practically blind citizens

This facultative, repeating allowance can be provided to the fully or practically blind owner of a guide dog to cover the costs of the dog's feed at the amount of 800 CZK per month.

3.8. Exceptional benefits for seriously disabled citizens

The exceptional benefits for level I, II or III are provided to individuals older than one year of age with a serious disability which substantially limits their movement or orientational abilities.

The exceptional benefits for level I (a "TP" card) involve:

- entitlement to a seat on public transport,
- entitlement to priority during the hearing of their matters.

The exceptional benefits for level II (a "ZTP" card) involve amongst other things:

- entitlement to free transport on regular public transport routes,
- entitlement to a 75% discount on the ticket price in second class passenger trains and express trains on inland routes and to a 75% discount on regular inland coach routes,
- the possibility of a 50% discount on the ticket price for theatre performances and film screenings, concerts and other cultural and sports events.

The exceptional benefits for level III (a "ZTP/P" card) involve amongst other things:

- the entitlement to the free transport of a guide on public transport in regular inland passenger transport,
- in the case of the fully or practically blind, entitlement to the free transportation of a guide dog, if not guided by a human guide.

The further relief, discounts and exemptions (the free use of motorways and expressways, exemptions from administrative fees and so on) for individuals who have been awarded exceptional benefits of a specific level are designated by the regulations of the other resorts.

3.9. Interest-free loans

An individual who has been awarded a contribution towards the purchase of a motor vehicle can be provided with an interest-free loan for the purchase of the motor vehicle. The maximum amount of the loan is 40 000 CZK and the repayment period is 5 years.

4. The legal regulations

- Social Security Act no. 100/1988 Coll., as amended
- Act no. 114/1988 Coll. governing the activities of the bodies of the Czech Republic in social security, as amended.
- Ministry of Labour and Social Affairs Regulation no. 182/1991 Coll. which implements the Social Security Act and the Czech National Assembly Act governing the activities of the bodies of the Czech Republic in social security, as amended.

INFORMATION ON THE LIVING AND SUBSISTENCE MINIMUM

The institutions of the living and subsistence minimum designated by Living and Subsistence Minimum Act no. 110/2006 Coll. play a very important role in the social systems. They are especially used in the area of assistance in material need (according to Act no. 111/2006 Coll. governing assistance in material need) when assessing the material need and also as social protection coefficients. The amount of the living allowance is derived from their level upon the basis of the designated conditions.

The living minimum is also used in the area of the state social support allowances (based on State Social Support Act no. 117/1995 Coll.), especially in the case of the child benefit and the social supplement. The comparison of the household income with the level of the designated multiple of the living minimum ascertains the entitlement to these allowances which ensure targeted assistance to families with children in designated social situations and the living minimum also forms the basis for the calculation of the social supplement.

The living minimum represents the minimum socially acknowledged limit for monetary income in order to secure sustenance and other basic personal needs. The subsistence minimum is the minimum level of monetary income which is considered to be essential for securing subsistence and other fundamental personal needs at a level enabling survival. The subsistence minimum cannot be used in the case of dependent children, old age pensioners, individuals with a full invalid pension or individuals older than 65.

Neither the living minimum nor the subsistence minimum includes the essential costs for housing. The protection in the area of housing is resolved within the framework of the state social support system by means of the provision of the housing allowance and the housing supplement in the system of assistance in material need.

The amounts of the living minimum stated by the Law from 1. 1. 2007 in CZK per month

● for individuals	3 126
● for the first individual in the household	2 880
● for the second and further individuals in the household who are not dependent children	2 600
● for a dependent child at the age of:	
up to 6	1 600
6 to 15	1 960
15 to 26	2 250

The living minimum is the sum of all the living minimum amounts for the individual members of the household.

The amount of the subsistence minimum from 1. 1. 2007 in CZK per month

● the subsistence minimum	2 020
---------------------------	-------

Examples of the living minimum for different types of household in CZK per month

an individual	3 126
2 adults	$2\,880 + 2\,600 = 5\,480$
1 adult, 1 child at the age of 5	$2\,880 + 1\,600 = 4\,480$
2 adults, 1 child at the age of 5	$2\,880 + 2\,600 + 1\,600 = 7\,080$
2 adults, 2 children at the age of 8 and 16	$2\,880 + 2\,600 + 1\,960 + 2\,250 = 9\,690$
2 adults, 3 children at the age of 5, 8 and 16	$2\,880 + 2\,600 + 1\,600 + 1\,960 + 2\,250 = 11\,290$

The government can increase the amounts of living and subsistence minimum by the administrative order from the beginning of the calendar year according to factual development (relevant index) of consumer prices, if costs for food and other fundamental personal needs rise more than 5% in the particular year. Under special conditions the government can accept valorisation of living and subsistence minimum.

1. General information

The system of social services in the Czech Republic is regulated by Social Services Act no. 108/2006 Coll. and Ministry of Labour and Social Affairs Regulation no. 505/2006 Coll. which implements some of the provisions of the Social Services Act.

Social services offer assistance and support to people in an unfavourable social situation in a form which guarantees the preservation of human dignity, respects individual human needs and at the same time strengthens the ability of social inclusion of each individual into society in a natural social environment.

The Social Services Act offers the following fundamental tools:

- It guarantees each person free social consultancy.
- It offers a very wide range of social services, from which a person can freely choose according to his or her own considerations, financial options or other individual preferences.
- People who are dependent on the help of other individuals, are provided with social allowances - contributions towards care.
- The Act guarantees that the provided services will be safe, professional and adapted to the needs of users.
- The Act also creates space for the participation of the people in the decision-making process concerning the scope, types and accessibility of the social services in their municipality or region.

The social services are the sum of the expert activities which assist a person to resolve an unfavourable social situation. As the causes of these situations are different, there is an entire range of social services.

2. The division of the social services

The social services are divided into three basic areas:

- Social consultancy which usually specialises in a certain target group or situation, whereby the basic consultancy is an integral component of all the social services.
- Social care services include those services which mainly aim to provide people with basic life requirements which cannot be secured without the care and assistance of other individuals.
- Social prevention services are mainly used to prevent the social exclusion of individuals who are threatened by socially negative phenomena.

The social services are also divided according to the place where they are provided:

- Field services are provided in the environment where the person lives, i.e. in the household or at the places where the individual works, is educated or spends his/her free time. Examples may include day care, personal assistance or field programs for at-risk youth.
- Ambulatory services are provided to people at specialised facilities such as advisory centres, social welfare day centres or contact centres.
- Residential services are provided at facilities where the individual lives all year round for a certain period of his/her life. This especially involves rest homes or homes for the disabled. For residential services can be considered also some social prevention services, i.e. the residency is provided for a fixed-term period, maximum 1 year. There are several types: residential, ambulatory or field services.

An important principle is the option of combining various types of services and also the combination of services with aid and support from the family or other close persons.

3. The authorisation to provide social services

Social services may only be provided upon the basis of the registration. Registration is understood to mean the issuance of authorisation to provide specific types of services. The authorisation is issued by the Regional Authorities in administrative proceedings upon the basis of an assessment of whether the provider is able to fulfil all of the conditions set by law. The adherence to the legal prescribed conditions, which include the quality standards for the social services, is checked by means of an inspection of the social services. If the provider does not fulfil these conditions, the authorisation to provide the social services may be revoked. The basic measure of the quality of the social services is the adherence to human rights during the provision of the social services.

Social services may be provided by any legal or physical entity which meets the legal conditions.

Almost 5 000 social services are provided by 2 500 service providers in the Czech Republic. The social services are provided to approximately 350 000 people.

4. The relationship between the social service users and providers

The provision of the social services is based on the contractual principle according to the Social Services Act. The negotiation of the type of services and the extent of the provided services according to the individual needs in the contract, including the specific conditions for the provision of the services, constitutes a significant step towards the application of the free will of the individuals, to whom the services are provided. The contract enables the service user to receive the negotiated scope of the services and the provider pledges to provide the services in a manner which is safe and professional for the user.

Some contracts must be entered into in writing according to the Law. Others have to be drawn up in writing only in case that at least one party has such a requirement. In both cases the Law clearly states the particular social services. Contracts on providing other social services are entered into on informal bases., e.g. telephone HELpline, threshold facilities for children and teenagers.

5. The care allowance

The care allowance applies to those people who are dependent on the assistance of another individual, especially due to their unfavourable state of health, in the area of the regular daily care of their person and in the case of self-sufficiency. Care for one's person is mainly understood to mean the daily acts which concern the securing or intake of nutrition, personal hygiene, getting dressed and movement. Self-sufficiency is understood to mean acts which enable participation in social life, for example the ability to communicate, to handle money or personal items, to manage personal matters, to cook for oneself and to wash and clean.

The allowance is provided to the individual who should be cared for and not to the individual who secures the care. The care allowance cannot be awarded to children younger than one year of age.

The ability to manage the care for one's own person and to be self-sufficient is different for each person and the law therefore recognises four levels of dependency upon the assistance of another individual ranging from slight dependency to full dependency.

The application for the allowance is submitted to the municipal authority, in whose area the applicant's permanent or registered residence is located.

5.1. The amount of the care allowance

The amount of the allowance for individuals up to 18 years of age is as follows for each calendar month

- a) 3 000 CZK in the case of level I (slight dependency),
- b) 5 000 CZK in the case of level II (medium dependency),
- a) 9 000 CZK in the case of level III (serious dependency),
- d) 11 000 CZK in the case of level IV (full dependency),

The amount of the allowance for individuals older than 18 years of age is as follows for each calendar month

- a) 2 000 CZK in the case of level I (slight dependency),
- b) 4 000 CZK in the case of level II (medium dependency),
- c) 8 000 CZK in the case of level III (serious dependency),
- d) 11 000 CZK in the case of level IV (full dependency),
- e) The Ministry of Labour and Social Affairs plays a role of liaison body in relation to the foreign institutions for care allowance, according to coordination regulations of the EU.

5.2. The obligations of an applicant for the allowance

The applicant for the allowance must adhere to the designated obligations or submit to some procedures.

First of all, the applicant must correctly submit the allowance application and state all of the required, compulsory information, i.e. not only the personal information, but also information as to the way, in which the allowance should be paid out and information about who will receive the necessary care.

This is followed by the process of assessing the level of dependency on the help of another entity which is commenced by a social worker. The social worker will undertake a social investigation in the environment where the applicant lives.

After the social investigation, the assessment physician at the Labour exchange evaluates the functional impact of the state of health on the applicant's ability to care for him or herself and to be self-sufficient and in doing so proceeds from the results of the social investigation.

If the applicant refuses to submit to any of the aforementioned procedures, for example refuses to enable the realisation of the social or medical assessment, the applicant will lose the option of receiving the care allowance.

5.3. Deciding on the allowance

A municipal authority with extended jurisdiction decides on the basis of the report on level of addiction written by assessment physician, whether the allowance will or will not be granted. The decision on the care allowance will be delivered to the applicant

and, if it is positive, the applicant (now the recipient of the allowance) will be obliged to inform the municipal authority in writing as to how and by whom the care will be provided and to do so within a deadline of 8 days, unless the applicant has already done so upon submitting the application. If the applicant fails to do so even after a repeated request (once again within 8 days), the payment of the allowance will be suspended.

The payment of the contribution is also suspended in cases where the comprehensive care is realised within the framework of hospitalisation, but also in the case of imprisonment and so on. This applies, if this period lasts at least one calendar month.

The law enables the municipal authority with extended jurisdiction to pay out the allowance in cash (i.e. also by means of a postal order) or by direct credit to the account designated by the recipient.

The entitlement to the payout of the allowance arises with the submission of the application for the awarding of the allowance. The allowance may be awarded and paid out at the earliest from the start of the calendar month, in which the proceedings on the awarding of the allowance commenced. The first payout of the allowance also includes the payment of the allowance for the period, in which the administrative proceedings took place.

The allowance can only be used for those expenses which are associated with the securing of assistance and support for the individual who is dependent on the care of another individual. It can therefore be "consumed" as the payment for the care which the social services provider secures and, of course, also used to cover the expenses which arise for the carer, i.e. a family member or any other individual who is not a social service provider. It can be expected that the recipient will combine both of the aforementioned methods as needed.

The method of use of the allowance is inspected by the employees of the municipal authority with extended jurisdiction. If it is discovered that the allowance has been used incorrectly, the municipal authority may designate a so-called special recipient who will secure the correct use of the allowance and, in cases of the abuse of the allowance, may withdraw the payment of the allowance in full.

The care allowance is not counted as income for the purposes of other allowance systems or for the purposes of taxation. Housing shortage for together assessed persons includes a part of care allowance and a family allowance is limited. This is valid for applicants who reach only the first stage.

The care allowance is provided to up to 270 000 individuals, whereby this most frequently involves allowances in level I (115 000 people) or level II (90 000 people). More than 70% of the recipients of the allowance are over the age of 65.

In 2007, the state spent 14.6 billion CZK from the state budget on the payment of the care allowance.

5.4. The status of individuals caring for family members or other close persons

If people care for a family member or other close person who is dependent on the help of others (i.e. usually has been awarded a care allowance) and do so independently or with partial assistance from social services, they are awarded the following elements of social protection by law:

- the care allowance is not calculated in the carer's income for the purposes of the allowance system or the taxation system
- the care allowance is paid out partially in parallel with the family benefit, if a child of up to 7 years of age is being cared for
- the period of care is usually counted as an alternative period for the carer for the purposes of pension insurance
- the main carer is a so-called "state insuree" in the area of public health insurance
- the carers are not limited in any way with regard to their ability to work
- neither the authorised individual nor any of the individuals in the household are means tested for the award of the allowance

6. Sources of information

The social services information can be acquired at town, municipal or regional authorities (the Social Services Departments), in civil or other specialised advisory centres or directly from the social service providers.

The social service providers are set out in the register of social services which is a publicly accessible database enabling searches according to a number of criteria. The register is available on the website of the Ministry of Labour and Social Affairs:

(http://iregistr.mpsv.cz/socreg/vitejte.fw.do?SUBSESSION_ID=1231397303718_1).

1. General information

The basic regulation for the area of securing the state employment policy is Employment Act no. 435/2004 Coll., as amended (hereafter simply referred to as the "Employment Act"). The Employment Act also regulates the entitlement conditions for the provision of the unemployment benefit.

The unemployment benefit is provided to job seekers upon the fulfilment of the conditions set out by the Employment Act.

A job seeker may be a physical entity who

- personally applies to the Labour Exchange, in whose area the job seeker is resident, for the mediation of employment, and
- fulfils the legally designated conditions for inclusion in the job seeker records.

2. Podpora v nezaměstnanosti

2.1. Entitlement to unemployment benefit

The entitlement to the unemployment benefit applies to a job seeker who

- has acquired a pension insurance period of at least 12 months in accordance with Act no. 155/1995 Coll. in the determinate period (3 years before inclusion in the job seeker records) by means of employment or other gainful activities (hereafter simply referred to as the "previous employment"); if there are overlapping pension insurance periods, only one is counted,
- has requested the Labour Exchange, which keeps the job seeker records, to provide an unemployment benefit,
- is not the recipient of an old age pension as of the day that the unemployment benefit should be awarded.

The entitlement to the unemployment benefit does not apply to a job seeker who

- has had his/ her labour-law relations terminated due to a gross breach of the obligations arising from the legal regulations applying to the employment in question in the period of 6 months prior to the inclusion in the job seeker records; this also applies in the case of the termination of any other employment relations for similar reasons
- has repeatedly terminated suitable employment mediated by the Labour Exchange without any serious reasons for doing so and within the period of the last 6 months prior to inclusion in the job seeker records,

- has become entitled to an allowance which is higher than the unemployment benefit. If any such allowance is lower, the job seeker will be entitled to the unemployment benefit at an amount corresponding to the difference between the unemployment benefit and the given allowance.

2.2. The determinate period for assessing the entitlement to the unemployment benefit

The determinate period for assessing the entitlement to the unemployment benefit is the last three years before the inclusion in the job seeker records.

The previous employment includes any alternate employment period, i.e. the period

- of preparing a disabled individual for work,
- of receiving a full invalid pension,
- of personal care for a child up to the age of 4,
- personal care for an individual who is considered to be an individual dependent on the help of another individual in level II (medium dependency), level III (serious dependency) or level IV (full dependency) according to the special legal regulation, provided the job seeker permanently lives with the individual and jointly covers the costs for said individual's needs; these conditions are not required, if this involves an individual who is considered to be a close person for the purposes of pension insurance,
- the performance of long-term volunteer services upon the basis of a volunteer contract with an organisation which has been issued accreditation by the Ministry of Internal Affairs or the performance of public service upon the basis of a public service contract, provided the scope of the performed service exceeds an average of at least 20 hours in a calendar week,
- personal care for an individual younger than 10 years of age who is considered to be an individual dependent on the help of another physical entity in level I (slight dependency) according to the special legal regulation.

2.3 The support period for the provision of unemployment benefit

The support period for the provision of unemployment benefit is as follows for job seekers as of the day of the submission of their unemployment benefit application

- 5 months up to 50 years of age,
- 8 months between 50 and 55 years of age,
- 11 months above 55 years of age,

3. The amount of the unemployment benefit

The amount of the unemployment benefit is designated as a percentile rate of the average net monthly income from the last completed employment or from the assessment base, if the job seeker was last self-employed.

The percentile rate for the unemployment benefit amounts to

- 65% for the first 2 months,
- 50% for the next 2 months,
- 45% for the remaining period.

THE TABLE SUMMARIES

The basic information

Table 1 The development of GDP

Year	GDP (billions of CZK)	Annual growth in fixed prices (%)	Level per inhabitant (given a conversion using the regular purchasing power parity)	
				EU 27 = 100
2003	2 577	3,6	15 215	73,4
2004	2 815	4,5	16 262	75,1
2005	2 984	6,3	17 058	75,8
2006	3 216	6,8	18 299	77,4
2007	3 530	6,0	19 966	80,2
2008	3 706	3,1	.	.

Source: the Czech Statistics Office and Eurostat

Table 2 The age structure of the population

Year	Age group						Total (thou- sands of peo- ple)
	0 – 14 years of age		15 – 64 years of age		65 and more		
	(thou- sands of peo- ple)	(% of popu- lation)	(thou- sands of peo- ple)	(% of popu- lation)	(thou- sands of peo- ple)	(% of popu- lation)	
2003	1 554	15,2	7 234	70,8	1 423	13,9	10 211
2004	1 527	14,9	7 259	71,0	1 435	14,0	10 221
2005	1 501	14,6	7 293	71,2	1 457	14,2	10 251
2006	1 480	14,4	7 325	71,2	1 482	14,4	10 287
2007	1 477	14,2	7 391	71,2	1 513	14,6	10 381

Source: the Czech Statistics Office

Table 3 Overall fertility, the average life expectancy

Year	Overall fertility	Average life expectancy (number of years)					
		at birth		at 60		at 65	
		men	women	men	women	men	women
2003	1,18	72,0	78,5	17,2	21,3	13,8	17,1
2004	1,23	72,6	79,4	17,6	21,6	14,2	17,5
2005	1,28	72,9	79,1	17,8	21,7	14,4	17,6
2006	1,33	73,5	79,7	18,2	22,1	14,8	18,0
2007	1,44	73,7	79,9	18,4	22,3	15,0	18,2

Source: the Czech Statistics Office

Table 4 The degree of economic activity

Year	55 – 59 years of age	60 – 64 years of age	55 – 64 years of age	Total	Total	
					men	wo- men
2003	60,4	21,9	44,2	59,4	68,7	50,8
2004	62,8	21,4	45,1	59,2	68,4	50,5
2005	65,4	23,0	47,0	59,4	68,7	50,6
2006	66,7	23,8	47,7	59,3	68,6	50,5
2007	66,9	26,4	48,2	58,8	68,3	49,8
2008	69,8	27,2	49,5	58,5	68,2	49,3

Source: the Czech Statistics Office

Table 5 The number and composition of the insured individuals

Year	Employees			Self-employ- ed individuals	Total
	Total	orga- nisa- tion	small organisa- tion		
	Numbers (thousands of people)				
2003	4 020	3 084	936	646	4 666
2004	4 041	3 093	948	727	4 768
2005	4 085	3 127	958	740	4 825
2006	4 162	3 194	967	714	4 876
2007	4 254	3 267	987	714	4 968
2008	4 338	3 342	997	725	5 064

Source: the Czech Social Security Administration Note:

*) Average number in the year

Pension insurance

Table 6 The pension insurance income and expenditure on pensions in billions of CZK
(Chap. 313 – the Ministry of Labour and Social Affairs)

Year	Income ¹⁾	Expenditure ²⁾ on pensions	Income - Expenditure
2003	202,8	220,3	-17,6
2004	235,8	225,2	10,6
2005	250,1	241,2	8,9
2006	268,4	266,2	2,2
2007	295,9	282,6	13,3
2008	310,8	304,9	5,9

Source: the State Finance Accounts.

Notes:

- 1) Including fines, penalties and voluntary additional insurance.
- 2) Excluding the advance payments provided in the previous year and including the advance payments provided for the following year, excluding operating expenses.

Table 7 The ratio of the number of pensioners and the number of insured individuals

Year	Number of insured individuals (thousands)	Number of pensioners (thousands)	Ratio of number of pensioners and number of insured individuals (percents)
2003	4 666	2 591	55,5
2004	4 767	2 626	55,1
2005	4 826	2 645	54,8
2006	4 876	2 684	55,0
2007	4 968	2 719	54,7
2008	5 064	2 754	54,4

Source: the Czech Social Security Administration

Table 8 The relation of the average old age pension to the average wage

Year	Average pension ¹⁾ (in CZK)	Průměrná mzda		The relation of the average pension to the average wage	
		gross (in CZK)	net ²⁾ (in CZK)	gross (in %)	net (in %)
2003	7 071	16 769	12 807	42,2	55,2
2004	7 256	17 882	13 601	40,6	53,3
2005	7 728	18 809	14 252	41,1	54,2
2006	8 173	20 050	15 506	40,8	52,7
2007	8 736	21 527	16 509	40,6	52,9
2008	9 347	23 395	17 800	40,0	52,5

Notes:

- 1) The average pension is the monthly average for paid solo pensions in the year.
- 2) The average net wage is the average gross wage reduced by the income tax and the health insurance and social security contributions corresponding to this wage.
- 3) Za průměrnou mzdu je pro tyto účely užit všeobecný vyměřovací základ, který je stanoven podle § 17 zákona č. 155/1995 Sb.

Sickness insurance

**Table 9 Sickness insurance income and expenditure
(Chap. 313 – the Ministry of Labour and Social Affairs)**

Year	Income* (billions of CZK)	Expenditure (billions of CZK)	Income - Expenditure (billions of CZK)	Expenditure (% of GDP)
2003	33,3	34,3	-1,0	1,34
2004	35,7	29,6	6,2	1,07
2005	37,7	31,7	6,0	1,06
2006	40,5	32,8	7,8	1,01
2007	44,4	34,7	9,7	0,98
2008	46,7	31,9	14,8	0,84

Note: *) Including fines, penalties and insurance surcharges

Table 10 The development of the average daily sick pay, the average daily wage and the ratio thereof

Year	Average sick pay (CZK/Day)	Average wage		Relation of sick pay to average wage	
		Gross (CZK/Day)	Net (CZK/Day)	Gross (percents)	Net (percents)
2003	262	551	421	48	62
2004	254	588	447	43	57
2005	260	618	469	42	56
2006	273	659	510	41	54
2007	285	708	543	40	52
2008	290	765	582	38	50

Source: the Ministry of Labour and Social Affairs

State social support

Table 11 The costs for state social support allowances
(in millions of CZK)

	2003	2004	2005	2006	2007	2008
child benefits	12 519	11 790	11 215	11 033	10 236	6 232
social supplements	5 822	5 262	4 803	4 418	4 607	3 174
birth allowances	807	832	896	1 591	2 097	1 647
parental allowances	7 964	10 425	12 644	13 526	28 690	28 294
foster care allowances	407	427	471	585	771	844
including:						
the contribution to cover the needs of the child	305	320	343	369	402	433
the foster parent's remuneration	92	96	112	203	353	393
the contribution upon the assumption of the care of the child	7	8	9	10	10	14
the contribution towards the purchase of a motor vehicle	2	3	3	4	5	4
death allowances	549	525	534	513	509	71
housing allowances	2 835	2 548	2 474	2 287	1 565	1 619
the transport allowance	1 267	856	0	0	x	x
the contribution towards school requirements	x	x	x	52	57	2
the one-off contribution to the child	x	3 868	x	x	x	x
Total	32 178	36 537	33 046	34 051	48 532	41 880
Share of GDP (in %)	1,25	1,30	1,11	1,06	1,37	1,13

Source: the Ministry of Labour and Social Affairs

Table 12 The average monthly number of state social support payments

	2003	2004	2005	2006	2007	2008
child benefits	1 965 336	1 893 269	1 812 039	1 759 946	1 670 077	887 573
social supplements	413 184	371 208	332 135	296 880	240 838	166 049
birth allowances (annually)	93 470	95 068	101 898	105 538	113 753	118 831
parental allowances	262 502	275 144	292 655	306 568	338 948	357 575
foster care allowances						
the contribution to cover the needs of the child	6 619	6 822	7 250	7 590	7 978	8 532
the foster parent's remuneration	5 137	5 311	6 145	7 442	8 043	8 829
the contribution upon the assumption of the care of the child (annually)	908	956	1 135	1 165	1 196	1 631
the contribution towards the purchase of a vehicle (annually)	26	29	41	32	53	59
the transport allowance	423 081	406 783	x	x	x	x
death allowances (annually)	110 316	104 063	107 087	102 568	101 880	14 144
housing allowances	323 982	292 133	264 703	233 872	115 026	85 783
the contribution for school requirements (annually)	x	x	x	64 935	57 279	1 586
the one-off contribution to the child (annually)	x	1 933 661	x	x	x	x

Source: the Ministry of Labour and Social Affairs

Assistance in material need

Table 13 The costs for assistance in material need
(in millions of CZK)

	2003	2004	2005	2006	2007	2008
social care allowances based on social need	10 181	10 127	9 605	8 722	949	261
total payments of assistance in material need	x	x	x	x	3 287	2 794
of that:						
the living allowance	x	x	x	x	2 593	2 176
the housing supplement	x	x	x	x	524	472
exceptional immediate aid	x	x	x	x	170	146
Total social care payments based on social need and payments of assistance in material need	10 181	10 127	9 605	8 722	4 236	3 055
Share of GDP (in %)	0,40	0,36	0,33	0,27	0,12	0,08

Source: the Ministry of Labour and Social Affairs

Note:

The system of assistance in material need was launched on 1st January 2007: the transition to the new system was gradual. During part of 2007, allowances based on social need and payments of assistance in material need were paid out.

Table 14 The average monthly number of social care payments due to social need and payments of assistance in material need

	2003	2004	2005	2006	2007	2008
social care allowances based on social need	239 265	236 526	213 434	185 791	x	x
the payments of aid in material need						
the living allowance	x	x	x	x	68 807	58 195
the housing supplement	x	x	x	x	25 078	20 403
exceptional immediate aid	x	x	x	x	5 707	5 205

Source: the Ministry of Labour and Social Affairs

The social care allowances for individuals with disabilities

Table 15 The costs for social care payments to disabled individuals (in millions of CZK)

	2003	2004	2005	2006	2007	2008
the contribution towards acquiring special aids	605	664	694	726	779	409
the contribution towards the modification of housing and for the payment for the use of barrier-less housing and a garage	71	76	72	77	73	76
the contribution towards the purchase, general repair and special modification of a motor vehicle	487	446	406	418	407	424
the contribution towards the operation of a motor vehicle	1 129	1 214	1 284	1 456	1 516	1 541
the individual transport allowance	40	40	39	41	38	36
Total	2 332	2 440	2 495	2 718	2 813	2 486
Share of GDP (in %)	0,09	0,09	0,08	0,08	0,08	0,07

Source: the Ministry of Labour and Social Affairs

Table 16 The average annual number of social care payments for disabled individuals

	2003	2004	2005	2006	2007	2008
the contribution towards acquiring special aids	7 513	7 861	7 321	7 826	8 227	7 993
the contribution towards the modification of housing and for the payment for the use of barrier-less housing and a garage	2 033	2 298	2 117	2 099	1 984	2080
the contribution towards the purchase, general repair and special modification of a motor vehicle	6 492	5 923	5 416	5 494	5 193	5 474
the contribution towards the operation of a motor vehicle	189 249	203 226	217 068	229 032	239 339	243 120
the individual transport allowance	6 823	6 323	6 559	6 469	5 922	5 888

Source: the Ministry of Labour and Social Affairs

Table 17 The number of holders of cards enabling exceptional benefits

	2003	2004	2005	2006	2007
level I exceptional benefits (a "TP" card):	35 123	38 555	40 260	47 541	62 515
level II exceptional benefits (a "ZTP" card)	184 342	203 326	214 437	227 966	254 792
level III exceptional benefits (a "ZTP/P" card)	62 443	68 936	69 747	73 033	82 172
Total cardholders	281 908	310 817	324 444	348 540	399 479

Source: the Ministry of Labour and Social Affairs

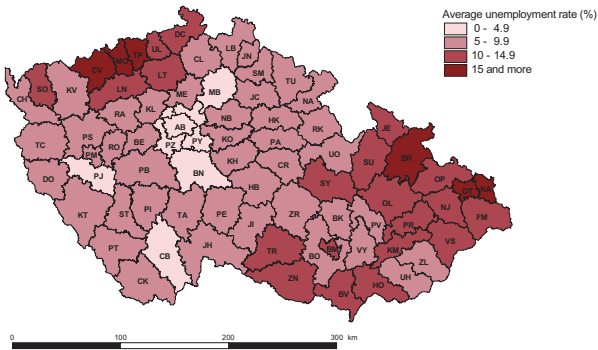
The employment policy and the labour market

Table 18 The unemployment rate

Year	15-24			Total 15+		
	Total	men	women	Total	men	women
2003	18,6	18,3	18,8	7,8	6,2	9,9
2004	21,0	22,2	19,5	8,3	7,1	9,9
2005	19,2	19,3	19,1	7,9	6,5	9,8
2006	17,5	16,6	18,7	7,1	5,8	8,8
2007	10,7	10,6	11,0	5,3	4,3	6,7
2008	10,2	10,1	10,2	4,4	3,5	5,7

Source: Eurostat

AVERAGE UNEMPLOYMENT RATE IN THE REGIONS OF THE CZECH REPUBLIC IN 2003



AVERAGE UNEMPLOYMENT RATE IN THE REGIONS OF THE CZECH REPUBLIC IN 2008

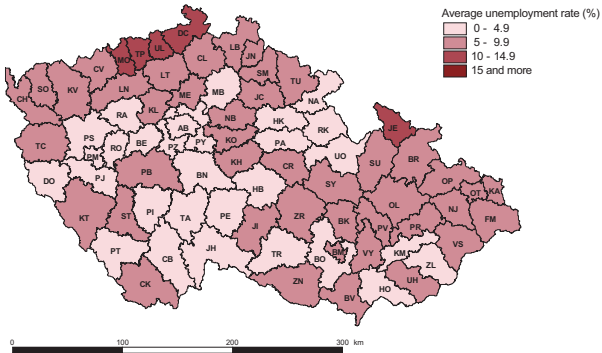


Table 19 The long-term unemployment rate

Year	the long-term unemployment rate			% of long-termed unemployed in total unemployment		
	Total	men	women	Total	men	women
2003	3,8	2,9	5,0	48,8	46,4	50,6
2004	4,2	3,4	5,3	51,0	48,4	53,3
2005	4,2	3,4	5,3	53,0	52,1	53,7
2006	3,9	3,1	4,9	54,2	53,1	55,2
2007	2,8	2,1	3,6	52,2	50,6	53,6

Source: Eurostat

Table 20 The average monthly unemployment benefit (in CZK)

Year	Total	men	women
2003	3 324	3 619	3 038
2004	3 562	3 905	3 241
2005	4 215	4 698	3 758
2006	4 491	5 004	4 011
2007	4 830	5 429	4 289
2008	5 309	5 920	4 766

Source: the Ministry of Labour and Social Affairs

Table 21 Expenditure on the employment policy
(in millions of CZK)

Year	Total	Unemployment benefit	Active employment policy	Support for the employment of disabled individuals	Insolvencies
2003	10 960,4	6 949,3	3 274,2	524,4	212,6
2004	11 750,4	7 030,0	3 937,9	649,0	133,5
2005	11 959,1	7 046,8	4 027,9	736,9	147,5
2006	14 202,3	7 307,5	5 300,7	1 410,6	183,6
2007	15 073,4	7 015,8	5 674,2	2 187,4	196,0
2008	15 681,2	7 114,9	6 132,3	2 283,7	150,3

Source: the Ministry of Labour and Social Affairs

Publisher:
Ministry of Labour and Social Affairs of the Czech Republic

Translations and Revisions:
Ministry of Labour and Social Affairs of the Czech Republic

Graphic Design:
MARCO BBN Czech Republic

Graphic concept:
Tomáš Pakosta

Printed by:
REPROPRESS

