

**THE FOURTH REPORT ON FULFILMENT OF THE
EUROPEAN CODE OF SOCIAL SECURITY**
(detailed)

for the period between 1 July 2005 and 30 June 2006

SECTION I.

List of legal regulations:

Part II – Health care

- Act No. 48/1997 Coll., on Public Health Insurance, amending and supplementing certain related Acts, as amended
- Act No. 20/1966 Coll., on Population Health Care, as amended
- Act No. 285/2002 Coll., on Donating, Taking and Transplanting Tissues and Organs, amending certain Acts (the Transplantation Act), as amended

Part III – Sickness benefits

- Act No. 54/1956 Coll., on Employee Sickness Insurance, as amended
- Regulation No. 31/1993 Coll., on evaluation of temporary sickness leaves for the purposes of social security, as amended
- Act No. 100/1988 Coll., on Social Security, as amended
- Act No. 582/1991 Coll., on Organization and Implementation of Social Security, as amended
- Act No. 32/1957 Coll., on Medical Care in Armed Forces, as amended
- Regulation No. 143/1965 Coll., on provision of cash benefits in sickness insurance
- Regulation No. 165/1979 Coll., on sickness insurance of certain employees and provision of sickness benefits to citizens in special cases

Part IV – Unemployment benefits

- Act No. 435/2004 Coll. on Employment (the Employment Act), as amended

Part V – Retirement pension

- Act No. 155/1995 Coll., on Pension Scheme (The Pension Scheme Act), as amended
- Act No. 582/1991 Coll., on Organization and Implementation of Social Security, as amended

Part VII – Family benefits

- Act No. 117/1995 Coll., on State Social Support, as amended
- Act No. 463/1991 Coll., on Subsistence Level, as amended

Part VIII – Maternity benefits

- Act No. 88/1968 Coll., on Prolongation of Maternity Leave, Maternity Benefits and Child Benefits from the Sickness Insurance Scheme, as amended
- Act No. 582/1991 Coll., on Organization and Implementation of Social Security, as amended

Part IX – Disability pension

- Act No. 155/1995 Coll., on Pension Scheme, as amended
- Regulation No. 284/1995 Coll., implementing the Act on Pension Scheme, as amended
- Act No. 582/1991 Coll., on Organization and Implementation of Social Security, as amended

Part X – Survivor benefits

- Act No. 155/1995 Coll., on Pension Scheme, as amended
- Act No. 582/1991 Coll., on Organization and Implementation of Social Security, as amended

SECTION II.

Application of the Code

Article 10 of the Constitution of the Czech Republic stipulates that promulgated international treaties (agreements) that have been ratified by the Parliament and that have become binding upon the Czech Republic, form part of the legislation; if an international treaty (agreement) stipulates otherwise than the national law, the international treaty shall apply.

Article 2 – Adopted provisions

The Czech Republic has adopted obligations arising from the parts listed below:

Part II	-	Health care
Part III	-	Sickness benefits
Part IV	-	Unemployment benefits
Part V	-	Retirement pensions
Part VII	-	Family benefits
Part VIII	-	Maternity benefits
Part IX	-	Disability pensions
Part X	-	Survivor benefits

Article 6 – Voluntary insurance schemes

The report does not take into account protection arising from voluntary insurance.

Parts XI – XII

Questions on Articles 65 to 68 have been answered within the relevant part of the form.

General comments on calculations of benefits:

- In 2005 the average gross monthly wage of a **skilled worker** was CZK **19,507** and according to the results of a survey the wage of about 62 % of economically active employees was lower than the above mentioned sum. The number of the insured persons whose income does not exceed the wage of a skilled worker is 2,314,000. The income of a skilled worker corresponds to the wage of a metal turner – a tool setter and an operator – under KZAM 72231. In 2005 the average gross monthly wage of an **unskilled worker** was CZK **12,896**.

The Labour Cost Information System is a selective statistical survey of the Ministry of Labour and Social Affairs which is every year included in the statistical survey program of the Czech Statistical Office and as a quarterly payroll survey it monitors the wage level of individual jobs in the Czech Republic, in accordance with the KZAM job classification. It is the average hourly wage calculated for wage compensations for labour-law purposes in accordance with Section 17 of the Act No. 1/1992 Coll. on wages, remuneration for being on duty and the average income that is determined in

individual quarters for individual employees of selected economic entities. The survey also makes it possible to monitor the amount and structure of the gross monthly wage showing the average wage level throughout the period from the beginning of the year to the end of the current calendar quarter.

- As in the Czech Republic social benefits are not subject to taxation (with the exception of pension amounts exceeding CZK 198,000 a year that are included in the income tax base) and no health or social insurance contributions are deducted from them, shares of benefits can be compared to net income (wage). The net wage of a skilled worker with a dependent wife and two children in 2005 was CZK 15,911 (the income tax effective since 1 January 2006 includes CZK 600 for taxpayer, CZK 2,*500 for children and CZK 350 for dependent wife) /the benefits for two children amounted in January 2006 to CZK 1,364/- the average monthly net income of a skilled worker was CZK 14,561.
- The benefit rate does not differ between regions (para 8 Art 65 is not applied).
- The year-on-year price inflation index in 2005 was 101.9 %
- The year-on-year nominal wage index in the national economy in 2005 was 105.5 %

Article 69 – Right of appeal

- An insured person is entitled to participate in the control of provided **health care** paid from the public health insurance (Section 11 of the Act No. 48/1997 Coll.).
If an insured person believes that he/she is not provided with proper health care, he/she can:
 - a) submit a review proposal to the head of the health facility or its founder,
 - b) appeal to the Czech Medical Chamber, the Czech Dental Chamber or the Czech Pharmaceutical Chamber if the shortcomings are connected with a professional or ethical conduct of a physician or a pharmacist or to another professional organization if it has been established, if the shortcomings pertain to other medical staff,
 - c) appeal to the health insurance company he/she is insured with, mainly if a particular physician refuses to carry out a medical performance belonging to the covered medical care,
 - d) appeal to the competent public administration authority that has registered the health facility under a special act.
- An insured person is entitled to lodge an appeal against a decision of the competent regional social security administration on dismissing the claim for **sickness insurance benefits (sickness benefits and maternity benefits)**, on the amount of these benefits, their reduction, withdrawal or stopping of their payments (Section 57 to 68 of the Act No. 582/1991 Coll., on Organization and Implementation of Social Security, as amended). The appeal is resolved by the superior body, in this case the Czech Social Security Administration. The first instance proceedings and appellate proceedings are governed by the statutory rule of procedure generally applicable to deciding on rights and interests of citizens and organizations protected by law – the Act No. 71/1967 Coll. on Administrative Procedure (the Rules of Administrative Procedure), as amended. An insured person can bring an action against a decision of the appellate authority to the competent regional court (the Act No. 150/2002 Coll., the Judicial Rules of Procedure).

- The option of a judicial review in cases of **retirement pensions** is provided for in the Act No. 150/2002 Coll., the Judicial Rules of Procedure and specified in Section 89 of the Act No. 582/1991 Coll. No remedial measures (actions) are permitted against decisions of the Czech Social Security Administration on retirement pension issues in *administrative proceedings*. Decisions that serve as *source materials* for rulings on granting a pension from the pension scheme are excluded from the judicial review. The court will review such a decision only when deciding on an action against a decision of the Czech Social Security Administration on a pension.
- **Unemployment benefits** are granted by the job centre in administrative proceedings. The administrative decision approving the right to receive the benefit is based on the certificate of the previous employer confirming the length of employment and the amount of the average monthly net income from this employment which is used for the calculation of the amount of the unemployment benefit. An appeal (remedial measure) may be lodged against the decision of the job centre and it is the superior body, i.e. the Ministry of Labour and Social Affairs that resolves this appeal. Within the review proceedings the superior appellate authority examines whether the amount of the benefit was only based on the previous income from the employment (i.e. regardless of the financial circumstances). A motion to review the decision issued in the appellate proceedings may be lodged with the competent regional court.

Family benefits: In accordance with Chapter 3 of the Act on State Social Support (Section 71) a citizen is entitled to appeal against a decision on the benefit (its amount, granting, withdrawal, stopping of payments) issued by the competent authority (job centre, and in the City of Prague, the borough council, competent with regard to the permanent address of the citizen). The appeal is resolved by the regional authority. The proceedings are governed by general regulations on administrative procedure (the Act No. 71/1967 Coll., on Administrative Procedure). Decisions of administrative authorities may be also subject to a judicial review.

Article 70 – Cost of benefits

1.

- The costs of provided **unemployment benefits** are covered from the contribution to the state employment policy. Contributions to the state employment policy are collected together with the pension insurance contributions by the Czech Social Security Administration from insurance payers (from employees through employers and from employers). The contributions are transferred to the state budget and from the state budget the costs of unemployment benefits are included back into the relevant budgetary chapter of the Ministry of Labour and Social Affairs and distributed to individual job centres through the Ministry.
- The costs of provided **pensions and sickness benefits** are covered from social insurance contributions forming part of the state budget. The provisions of Section 7 of the Act No. 589/1992 Coll. stipulate the insurance rates from the assessment base, amounting to 26% in the case of organizations (out of which 3.3 % for the sickness insurance scheme, 21.5 % for the pension insurance scheme and 1.2 % for the state employment policy) and in the case of employees 8 % (out of which 1.1 % for the sickness insurance scheme, 6.5 % for the pension insurance scheme and 0.4% for the state employment policy).

- Under Section 1 of the Act No. 117/1995 Coll., the state social support benefits (**family benefits**) are paid from the state budget of the Czech Republic. The income of the state budget consists of taxes – personal income taxes and corporate income taxes, sales (turnover) taxes and a number of other taxes, administration fees, fines and many other items. The level of taxes is unrelated to an entitlement to and the amount of state social support benefits.

2. Not applied.

3.

Total income for 2005

- Pension scheme	CZK 250,224 million
- Sickness insurance scheme	CZK 37,679 million
- Contribution to the state employment policy.....	CZK 14,289 million

Total costs for 2005

- Pension scheme	CZK 243,648 million ¹
- Sickness insurance scheme	CZK 31,660 million
- Contribution to the state employment policy (for payments of unemployment benefits) ²	CZK 7,046,845,000

Article 71

The administration and payment of state social support benefits is managed by state authorities. On the first level of administration, job centres are involved (borough councils in the City of Prague), on the second level of administration then regional authorities (Municipal Council of the City of Prague).

The scope of participants in the proceedings is determined differently from the Rules of Administrative Procedure which govern these issues in general.

Under Section 68c of the Act on State Social Support, participants in the proceedings on benefits are as follows:

- entitled (eligible) person
- recipient of the benefit (entitled person or the statutory representative of the entitled person, a person into whose care a minor child was put in accordance with the decision of the competent authority, a person directly maintaining a minor child, the institute, if a minor entitled person is maintained by such institute.)
- a person examined together with the entitled person
- natural person or legal entity – special recipient (the conditions are governed by Section 59 of the Act on State Social Support).

¹ Source – Balance sheet of benefit expenditure of the Czech Social Security Administration (expenditure net of advances)

² Source – State Closing Account

³ Estimate of the Ministry of Labour and Social Affairs

³) Zdroj – Bilance dávkových výdajů ČSSZ (čisté výdaje bez záloh)

⁴) Zdroj – Státní závěrečný účet

Article 74

The total number of employees in 2005: 4,000.8 thousand (inclusive of members of production cooperatives).

(If we include into the number of protected persons also self-employed persons and parents on additional maternity leave, then the total number is 5,100,103 persons).

Total number of employees covered by pension scheme (average number for 2005) – 4,085,335 persons

Self-employed persons covered by pension scheme (average number for 2005) – 740,499 persons

out of this covered by sickness insurance scheme - 251,358 persons.

SECTION III.

- The administration and payment of state social support benefits (family benefits) is managed by state authorities. On the first level of administration, job centres are involved (borough councils in the City of Prague), on the second level of administration then regional authorities (Municipal Council of the City of Prague).

The scope of participants in the proceedings is determined differently from the Rules of Administrative Procedure which govern these issues in general.

Under Section 68c of the Act on State Social Support, participants in the proceedings on benefits are as follows:

- a) entitled (eligible) person
 - b) recipient of the benefit (entitled person or the statutory representative of the entitled person, a person into whose care a minor child was put in accordance with the decision of the competent authority, a person directly maintaining a minor child, the institute, if a minor child is maintained by such institute.)
 - c) a person examined together with the entitled person
 - d) natural person or legal entity – special recipient (the conditions are governed by Section 59 of the Act on State Social Support).
- The granting of unemployment benefits and retraining benefits is decided by the competent job centre (Section 39 para 3 and Section 40 para 2 of the Act No. 435/2004 Coll., on Employment (Employment Act), as amended).
 - The competent authority in the area of **sickness insurance** (and **maternity benefits**) is the District Social Security Administration, which is responsible for the implementation of the sickness insurance scheme or provides sickness benefits. Sickness benefits are paid by District Social Security Administrations on a monthly basis in arrears, no later than by the end of the calendar month following the month the benefits are paid for, if the claim for the benefits has been put forward timely and in the prescribed way. As regards sickness insurance, it is also the employer having the position of an “organization” (which is for the purpose of sickness insurance a legal entity or a natural person employing more than 25 people or employing less than 25 people, but whose payroll records are kept by another legal entity or natural person employing more than 25 people) who plays an important role in the sickness insurance scheme as he/she pays sickness insurance contributions on behalf of his/her employees, collects insurance contributions, administers the collected insurance fees and uses the money to pay benefits, arranges for administrative work connected with the organization of sickness insurance at his/her own expense, etc.
 - The basic element in area of the **pension scheme** is the Czech Social Security Administration, which decides on the pension insurance benefits on the first level, District Social Security Administrations are only competent to decide on matters pertaining to source materials on which the payments of pensions are based. Within the pension scheme employers also have some duties. This involves mainly duties in advance proceedings (Section 40 of the Act No. 582/1991 Coll.) imposing a duty on employers to request from the Czech Social Security Administration by means of a prescribed form a copy of an entry in the Administration's register of insurance periods.

SECTION IV.

Principal issues relating to the application of the relevant parts of the Code still have not been addressed by Czech courts.

SECTION V.

The adopted provisions of the Code are taken into account within the process of consideration of the prepared legal regulations governing areas affected by the provisions of the Code, so that the legal regulation concerned can comply with the requirements of the Code. The supervisory authorities in their previous conclusions noted that the Czech Republic meets its obligations arising from the European Code of Social Security.

PART II – HEALTH CARE

Article 7 and 8

The right of health care without direct payments is laid down in the constitutional Charter of Fundamental Rights and Freedoms and in the Act No. 48/1997 Coll., as amended. Under Act No. 48/1997 Coll., any insured person suffering from any disease or injury (accident), regardless of its causes has the right of health care without direct payment. The same applies to pregnancy, childbirth and its consequences.

Article 9

The scope of protected persons who are entitled to the provision of health care in the Czech Republic is defined by the Act No. 48/1997 Coll., on public health insurance, amending and supplementing certain related laws, as amended. Under this Act, the personal scope of public health insurance applies to natural persons with permanent residence in the territory of the Czech Republic or natural persons whose permanent residence is not in the territory of the Czech Republic, but who are employed by an employer whose registered office is in the territory of the Czech Republic which means in practice that in the territory of the Czech Republic all natural persons whose permanent residence is in the Czech Republic or who are employed by an employer whose registered office is in the Czech Republic are covered by the health insurance on an obligatory basis (i.e. the scope of persons participating in the health insurance scheme – protected persons covers 100% of the persons). Every person is covered by insurance on an individual basis, the Czech health insurance scheme does not use the so-called substitute payment which is based on the breadwinner's payments of higher insurance contributions for economically dependent persons which are then compensated by higher tax allowances for the maintained (dependent) persons or by increased social benefits. In the Czech Republic, each insured person pays insurance contributions accounting for 13.05% of the assessment base which is, however, different for various groups of citizens. The principle of the public health insurance based on solidarity of the insured persons has been chosen as the manner of financing of health care. Health care thus has been since 1992 paid from public funds which are derived in particular from insurance contributions paid by the scope of persons defined by the

Act No. 48/1997 Coll. – these are gainfully employed persons in the labour-law relationship who pay part of health insurance contributions from their income and for whom part of insurance contributions are paid by their employer (self-employed persons pay insurance contributions only from their income after the deduction of costs), self-employed persons, persons without taxable income who pay health insurance contributions completely on their own and persons, for whom under the law insurance contributions shall be covered by the state.

All persons for whom insurance contributions are covered by the state are entitled to receive the complete provided health care that is defined by the Act No. 48/1997 Coll., under the same conditions as the person who pays insurance contributions from income from gainful activities or who has to pay insurance contributions himself/herself, which means that these persons are entitled to receive the same scope, quality, and length of the provided material health care benefits. These material benefits include all benefits listed in Article 10 in point 1. a) (i) to (iv) and 1. b) (i) to (ii).

The above facts do not take into account the impact of EU legislation. When applying directly applicable Regulations (EEC) No 1408/71 and 574/72 on coordination of social security schemes, situations may arise when persons with permanent residence in the territory of the Czech Republic do not participate in the Czech public health insurance scheme and on the contrary persons whose permanent residence is not in the territory of the Czech Republic and who are not employed by an employer whose registered office is in the territory of the Czech Republic, either, may participate in the Czech scheme. Such persons must be treated precisely in the same manner as Czech nationals and health care must be provided to them under the same conditions. There have been also certain shifts in the entitlement (eligibility) of Czech insured persons when using health care in the territory of another EU Member State.

Article 10

A. – B.

Material health care benefits provided to persons insured in the Czech Republic from the health insurance scheme include under the Act No. 48/1997 Coll. the care provided to the insured person with the aim to maintain or improve his/her health condition and also outpatient and inpatient medical treatment, emergency and rescue service, preventive care, dispensary care, taking of tissues or organs designed for transplantation and required handling of them, providing medicaments, medical equipment and dental products, food for special medical purposes, spa treatment and treatment in specialized children's sanatoria and resorts, corporate preventive care, transport of the sick and reimbursement of travelling expenses, transport of a living or dead donor to the place of taking the tissue or organs, transport of taken tissues and organs, medical advisory activities, examination of a dead insured person and transport to dissection. From health insurance, also health care associated with pregnancy and childbirth and dental care is covered in accordance with the applicable legal regulations. The participation of the insured persons (i.e. contribution to the cost of health care) concerns additional payments for certain medicaments and medical aids, some dental performances (work) and special performances that are not from the medical viewpoint necessary for improving or maintaining health condition (plastic surgery...). Hospitalization and other cases are fully covered by insurance. For hospitalization the insured person does not pay any extra costs.

Benefits in the Czech Republic include all health care specified under points 1. a) i) to iv) and point 1.b) i) to ii).

The patient's participation (i.e. contribution to the cost of health care) in the Czech Republic only concerns some extra payments for medicaments and medical aids, including glasses frame and some dental work. In other cases, including hospitalization, health care is covered fully from the insurance, without the insured person's participation. In cases where the contribution to extra

payments for medicaments or medical aids is too expensive for the patient, the physician may offer a medicament or medical aid that is completely free of any extra payment.

The legal regulation laid down in the Act No. 20/1966 Coll., on Population Health Care, as amended, is based on the following principles (Article II – IV of the Act on Population Health):

- The society's care of health of the population must also be accompanied with efforts of every individual to live in a healthy way and to avoid harmful effects on his/her health. At the same time every citizen should support positive development of his fellow citizens' health by contributing actively to the creation of healthy conditions and healthy way of life and work.
- The main prerequisites for the care of the population health include continuous development of science and technology and prompt putting of results of scientific research into practice. This is why science must provide enough required pieces of knowledge in advance and use them in all sectors of the national economy the activities of which have an impact on population health .
- The care of the population health primarily focuses on preventive protection and continuous reinforcement and development of physical and mental health of the population while special attention is paid to the care of the new generation and health protection of working people.

Health care provided to insured persons with the aim to maintain or improve his/her health condition is covered by (paid from) health insurance (Section 13 of the Act No. 48/1997 Coll.). Health care covered by the insurance within the scope and under conditions specified by the Act No. 48/1997 Coll. (hereinafter the “insurance-covered care”) includes:

- a) Outpatient and inpatient medical treatment (including diagnostic care, rehabilitation, care for patients suffering from chronic diseases, the long-time sick and health care of donors of tissues or organs connected with their taking);
- b) Emergency and rescue service;
- c) Preventive care;
- d) Dispensary care;
- e) Taking of tissues or organs designed for transplantation and required handling of them (maintaining, storing, processing and examinations);
- f) Providing medicaments, medical equipment and dental products;
- g) Spa treatment and treatment in specialized children's sanatoria and resorts;
- h) Corporate preventive care;
- i) Transport of the sick and reimbursement of travelling expenses;
- j) Transport of a living donor to and from the place of taking the tissue or organs, to and from the place where treatment connected with the taking is provided and reimbursement of travelling expenses;
- k) Transport of a dead donor to and from the place of taking the tissue or organs;
- l) Transport of taken tissues and organs;
- m) Medical advisory activities;
- n) Examination of a dead insured person and dissection, including transport.

As to a) (Section 19 – 27 of the Act No. 48/1997 Coll.) Outpatient care means:

- a) Primary health care;
- b) Specialized outpatient health care;
- c) Special outpatient care;
 - i) Home health care if it is based on a recommendation of the registering general

- practitioner, registering paediatrician or a specialist in the case of hospitalization;
- ii) Health care in short-stay wards if it is based on a recommendation of the general practitioner;
- iii) Health care provided in medical inpatient facilities for people who are positioned in these facilities for other than health reasons;
- iv) Health care in social care institutes.

Inpatient (institute) care:

If the health condition of an insured person requires so, he/she will be provided insurance-covered care in an inpatient facility. Inpatient care means care in hospital and specialized medical institutes.

An insured person must be given inpatient care if a refusal to admit him or postponing of his admittance to inpatient care would endanger his/her life or seriously endanger his/her health and in the case of a childbirth.

As to b) (Section 28 of the Act No. 48/1997

Coll.) Emergency and rescue service:

Insurance-covered care includes medical treatment provided within:

- a) Health care provided in acute cases by general practitioners and dentists outside their office hours;
- b) First aid services and inpatient emergency services;
- c) Medical rescue services when providing specialized pre-hospital urgent care.

Insurance-covered care also includes urgent medical treatment provided by a physician within his/her emergency service outside his/her specialization

As to c) (Section 29-30 of the Act No. 48/1997 Coll.; Regulation of the Ministry of Health No. 56/1997 Coll.)

Preventive examinations of insured persons are carried out:

- a) In the first year of life nine times a year, out of which at least six times in the first six months of their life, out of which at least three times in the first three months of their life in they are not provided with dispensary care;
- b) At the age of 18 months;
- c) At the age of three years and further once every two years.

Preventive dental examinations are carried out:

- a) Twice a year in the case of children and adolescents up to the age of 18;
- b) Twice in the course of pregnancy in the case of pregnant women;
- c) Once a year in the case of adults.

In the area of gynaecology preventive examinations are carried out at the end of the compulsory school attendance and then, starting from the 15th year of age, once a year.

Preventive examinations involve establishing data necessary for the evaluation of the insured person's health condition and health risks as well as detailed clinical examination and arranging for required laboratory analyses.

Insurance-covered care comprises examinations and inspections performed within measures taken against infectious diseases. Examinations of insured persons performing activities that are serious from the epidemiological point of view carried out in connection with the issuance of a health certificate are not included in the insurance-covered care.

Insurance-covered care further includes:

- a) Specified vaccination performed by medical care institutes;
- b) Providing vaccines against rabies, against tetanus in case of injuries and non-healing wounds, against tuberculosis and testing with the use of the tuberculosis test;
- c) Taking of materials performed in medical care institutes for microbiological, immunological and parasitological examinations for clinical purposes in connection with the occurrence of infections;
- d) Analyses of materials mentioned under letter c) carried out by laboratories of contractual medical institutes;
- e) HIV, anti HCV and HbsAG diagnostics of donors of blood, tissues, organs and gametes and HIV diagnostics carried out in institutes of therapeutic preventive care in cases of therapeutically preventive procedures and at a request of the insured person with the exception of:
 - 1. anonymous examinations;
 - 2. examinations for private or business trips abroad.

Insurance-covered care does not include:

- a) Vaccination carried out by institutes of public health protection;
- b) Providing vaccines with the exception mentioned above under letter b);
- c) Taking of materials performed by institutes of public health protection and their analysis;
- d) HIV diagnostics including examinations carried out in hygienic service institutes at the insured person's request including anonymous examinations.

As to d) (Section 31 of the Act No. 48/1997 Coll.)

Dispensary care

Within the insurance-covered care dispensary care is provided to healthy, endangered and sick insured persons in these groups:

- a) Children under one year of age;
- b) Selected children older than one year who suffer from chronic diseases and are endangered by disorders of their health condition due to unfavourable family or other social environment;
- c) Selected adolescents;
- d) Pregnant women from the day the pregnancy is established;
- e) Women who use hormonal and intrauterine contraception;
- f) Insured persons who are endangered or who suffer from serious diseases.

As to e, j), k), l) (Section 35a and Section 36, para 4 of the Act No. 48/1997 Coll.; the Act No. 285/2002 Coll., the Transplantation Act)

Medical care of a living donor connected with the taking of tissues and organs, taking of tissues and organs from a living or dead donor, necessary handling of taken tissues and organs and the transport of a living donor or reimbursement of his/her travelling expenses and transport of a dead donor is paid by the health insurance company that the living donor is, or the dead donor was insured with.

As to f) (Section 15 of the Act No. 48/1997 Coll.)

In each group of medicaments there is one that is fully covered by the public health insurance. The public health insurance always fully covers medicaments containing these healing substances:

- a) Serum against staphylococcus infections;
- b) Anti-diphtheria serum;
- c) Anti-venom serum;
- d) Anti-botulism serum;

- e) Anti-gas gangrene serum;
- f) Anti-rabies serum;
- g) Immunoglobulin against tetanus;
- h) Immunoglobulin against hepatitis B;
- i) Tetanus toxoide;
- j) Vaccine against staphylococcus infections;
- k) Vaccine against rabies;
- l) Antidotes (used for treatment of poisoning by organic phosphates, heavy metals and cyanides).

Within the outpatient care the health insurance covers medicaments containing healing substances belonging to groups of substances specified by a special regulation and medicaments prepared individually are also covered.

Within the inpatient care the health insurance covers all medicaments and medical aids fully and insured persons do not participate in these payments.

If medical aids are not fully covered by the public health insurance, the patient's participation is set at 25% of their price for the end user at the most. In the case of needy people it is possible to apply with the Ministry of Labour and Social Affairs for compensation of the participation up to its full amount.

Dental care

Performances (=work) of dentists are fully covered by the public health insurance. In each group of dental products (dentures, dental filling, dental braces, etc.) there is at least one that is fully covered by the public health insurance. If other material is used, the insured person pays the difference between the basic payment specified by the law and the real price of the product.

As to g) (Section 33 and Section 34 of the Act No. 48/1997 Coll.)

a) Spa care

Spa care, including the determination of the degree of urgency, provided as an integral part of the treatment process is recommended by the attending physician, approved by the medical assessor and paid for by the relevant health insurance company. Spa care is provided and paid for as complex spa care or contributory spa care.

Complex spa care follows up on hospital care or specialized outpatient health care and it is focused on after-treatment, prevention of the occurrence of disability and lack of self-sufficiency or on minimizing the degree of disability. Complex spa care is fully paid by the health insurance company. Contributory medical care is mainly provided to insured persons with chronic diseases in cases when conditions for providing complex spa care are not complied with. The health insurance company only pays for the examination and treatment of the insured person. This type of care may be provided once every two years unless decided otherwise by the medical assessor.

b) Care in specialized children's sanatoria and health resorts

Health care provided as an integral part of the treatment process as recommended by the attending physician to children and adolescents under 18 years of age in children's specialized sanatoria and health resorts is paid by the health insurance company. The length of the treatment in specialized children's sanatoria depends on the health condition of the patient and it is the head physician of the sanatorium who determines it.

Children between 3 and 15 whose health is weak due to unfavourable environmental conditions, children with health problems connected with an incorrect lifestyle and

convalescent children whose health condition does not require specialized treatment in a children's spa or in a children's specialized sanatorium are provided with care in a health resort based on a recommendation of the attending physician and an approval of the medical assessor of the health insurance company. The length of such a stay usually does not exceed 21 days; a longer stay must be approved by the medical assessor.

As to h) (Section 35 of the Act No. 48/1997 Coll.)

In co-operation with the employer the corporate preventive care secures prevention including protection of employee health from occupational diseases and other impairments of health resulting from their work and prevention of accidents.

Insurance-covered care includes:

- a) First-aid medical performances;
- b) Periodical preventive examinations of employees carrying out epidemiologically serious activities, employees working in risky conditions, employees whose activities can endanger the health of the other employees or other persons and employees in the case of whom special health capabilities are required;
- c) Extraordinary examinations ordered for health reasons;
- d) Dispensary examinations of persons with a reported occupational disease and persons suffering from impacts of working risks even after the end of their exposure to the risk.

As to i) (Section 36 and Section 37 of the Act No. 48/1997 Coll.)

The health insurance company pays for the transport of an insured person in the territory of the Czech Republic, or possibly the Slovak Republic if it arises from an agreement between the government of the Czech Republic and the Slovak Republic to a contractual medical facility, from a contractual medical facility to the place of permanent or temporary residence, or to a social care institute, or between contractual medical facilities, or within a contractual medical facility if the health condition of the insured person does not allow to transport the patient normally without using the medical transport service in accordance with the opinion of the attending physician who indicates this transport.

If an insured person has fallen ill in the place of temporary residence, the transport from the medical facility to the place of permanent residence, which is more distant than the place of temporary residence, is only covered if the health condition of the insured person requires so necessarily, in the attending physician's opinion.

Insured persons are transported by vehicles of the contractual medical transport service. If the attending physician indicates that the insured person must be accompanied, the health insurance company which covers the costs of the insured person's transport also pays for the transport of the accompanying person, to the same extent as the transport of the insured person. The health insurance company pays for the transport in the amount corresponding to the distance of the nearest contractual medical facility that is capable of providing the required medical care.

The health insurance covers indicated transport of a physician and other medical staff to the insured person's place of residence.

If an insured person who is entitled to receive free transport decides on transport by a private vehicle and if the attending physician approves of such transport, the insured person is entitled to receive reimbursement of travelling expenses.

If the health condition of an insured person necessarily requires so and if his/her life is in

immediate danger, within the territory of the Czech Republic the health insurance company covers the transport of transfusion aids, special treatment aids, tissues and organs for transplantation as well as the transport of a physician or other medical staff to a specialized and inevitable performance.

As to m) (Section 38 of the Act No. 48/1997 Coll.)

Insurance-covered care includes assessment of temporary inability to work (sickness) or study performed by the attending physician and assessment of facts that represent important personal obstacles to work in accordance with Section 127 of the Labour Code and similar performances in the case of schoolchildren and students.

As to n) (Section 39 of the Act No. 48/1997 Coll.)

Insurance-covered care also includes an examination of a dead insured person, dissection, transport to the place of dissection, from the place of dissection to the place where the death occurred or possibly to the place of funeral if it is in the same distance or nearer than the place where the insured person died.

C.

For all provided health care in cases of pregnancy, childbirth and after-care, no financial participation of the insured person is required. In these cases everything is covered by the public health insurance.

D.

In order to avoid the abuse of the benefits, the employer and the social administration have the right to control the sick insured person whether he/she complies with the treatment regimen. If he/she fails to do so, the state (through the Ministry of Labour and Social Affairs) has the right to withdraw the sickness benefits from the insured person and the employer may qualify such transgression as the breach of the Labour Code and the employment contract and either impose on the employee financial sanctions or even terminate his/her employment.

Every insured person is under the Act No. 48/1997 Coll., obliged to co-operate in the medical performance and control of the medical treatment process and comply with the determined medical regimen, furthermore he/she is obliged to undergo preventive medical examinations, comply with the measures aimed at warding off the diseases and avoid any conduct which is aimed at intentional self-inflicted impairment of the insured person's health.

Article 11

If a particular person meets the condition for the participation in the public health insurance stipulated by Section 2 of the Act No. 48/1997 Coll., he/she does not have to comply with any other condition of the qualification period.

Under the Czech public health insurance scheme, insurance periods are not added up and no previous insurance periods are required for the insured person in order to become entitled to receive the benefits. Starting from the first day when any person commences to participate in

the public health insurance scheme (starts to pay or becomes the state insured person), such person has all rights arising from his/her participation in the scheme (health care).

Article 12

In the case of illness or accident, material health care benefits are provided over the whole period of sickness duration and over the whole period of convalescence. There is no time limit for drawing material benefits.

PART III – SICKNESS BENEFITS

Article 13 and 14

The provision of Section 15 of the Act No. 54/1956 Coll., on Employee Sickness Insurance, as amended, stipulates that an employee who is recognized as temporarily unable to perform his/her existing job in accordance with a special regulation (Section 2 of Regulation No. 31/1993 Coll.) is entitled to sickness benefits. The scope of insured persons is defined by Section 2 of the Act No. 54/1956 Coll. on Employee Sickness Insurance, as amended; it includes – if conditions for participation in the sickness insurance scheme are met – employees with an employment contract, employees active on the basis of an agreement on work activity, civil servants in accordance with the Civil Service Act, judges, voluntary community care staff, etc.

Sickness insurance of self-employed persons is voluntary (Section 145b of the Act No. 100/1988 Coll.). However, a self-employed person can participate in the sickness insurance scheme in those calendar months only for which he/she is obliged to pay advances for the pension insurance contributions and the contribution to the state employment policy.

Article 15

The Czech Republic refers to the provision of Art 15 letter a) of the European Code of Social Security (ECSS).

Number of protected employees: 4,085,000

Number of protected self-employed persons : 251,000.

Article 16

A. The Czech Republic refers to the provision of Art 65.

Chapter I

A. – Rules for the calculation of sickness benefits:

1. Specified period: 12 calendar months preceding the date (in a calendar month) when the insured person became unable to work.
2. Daily assessment base: countable income divided by the number of calendar days of the specified period (some days are not counted to avoid unjustified dilution of the daily assessment base, for instance days when sickness benefits were paid).
3. Countable income: all income subject to social security contributions and contribution to the state employment policy accounted for an employee in the specified period.
4. Reduction of the daily assessment base: for the period of the first 14 days of the sickness leave, up to the 1st reduction limit 90% income is counted, between the 1st

and 2nd limit 60% is counted, and the amount over the 2nd reduction limit is not taken into account. From the 15th day of the sickness leave the whole amount up to the first reduction limit is counted, between the 1st and 2nd reduction limit 60% income is counted, and the amount over the 2nd reduction limit is not taken into account.

5. For 2006 the 1st reduction limit is CZK 510, the 2nd reduction limit is CZK 730.
6. The daily benefit is calculated at 25% of the daily assessment base for the 1st to 3rd day of the sickness leave and at 69% of the daily assessment base for the 4th and the following days.
7. The total sickness benefit is the product of the daily benefit and the number of calendar days of the sickness leave.

B.

The evaluation of the required level of sickness benefits is governed by Art 65 para 6 letter b) of the ECSS. Economically active population is covered (protected) by sickness insurance in the Czech Republic. Insurance of self-employed persons is on a voluntary basis.

C.

In 2005 the average gross wage of a skilled worker was CZK 19,507 (according to job classification under KZAM 72231 – a metal turner – a tool setter and an operator).

Chapter II

D - G Calculation of the proportion for the evaluation of the level of sickness benefits

- Calculations are based on the gross wage of a skilled worker (according to job classification under KZAM 72231 – a metal turner – a tool setter and an operator) in 2005, i.e. CZK 19,507.
- Gross wage from employment: CZK 19,507; of this net wage (taxpayer, dependent wife and two children) amounts to CZK 15,883.
- The daily assessment base (DAB) for the calculation of sickness benefits: the quotient of the annual wage and the number of days in the year: $CZK 19,507 * / 12/365 = CZK 642$.
- The daily assessment base is reduced: (the first reduction limit is CZK 510, the second reduction limit is CZK 730)
 - DAB₁ for the first 14 days of sickness: $510 * 90\% + (642 - 510) * 60\% = CZK 539$
 - DAB₂ from the 15th day: $510 + (642 - 510) * 60\% = CZK 590$
- The daily sickness benefit is calculated as follows:
 - 1st – 3rd day: 25% of the DAB₁. i.e. $25\% * 539 = CZK 135$
 - 4th – 14th day: 69% of the DAB₁ i.e. $69\% * 539 = CZK 372$,
 - from the 15th day: 69% of the DAB₂; i.e. $69\% * 590 = CZK 408$.
- **Monthly amount of sickness benefits:** $3 * 135 + 11 * 372 + 16 * 408 = CZK 11,025$.
- The amount of **benefits for 2 children**, 9 and 14 years-old: CZK 546 and CZK 647 = CZK 1,193.
- Sickness benefits and benefits for two children: CZK 11,025 + CZK 1,193 = CZK 12,218.
- The income prior to the insured event: CZK 15,883 + CZK 1,193 = CZK 17,076.

- **The proportion** of income after the insured event (sickness benefits and benefits for two children) and income prior to the insured event (net wage plus benefits for two children): CZK 12,218 / CZK 17,076 = **71.6%**.

Monthly wage in CZK		Benefits for two children in CZK per month	Sickness benefits in CZK per month	Proportion of the pension benefits / wage in %	
gross	net			gross	net
19,507	15,883	1,193	11,025	59.0	71.6

*) including benefits for 2 children

The ECSS requires the proportion of sickness benefits to previous income of the insured person at 45%. The Czech Republic fulfills the required level in the case of the proportion of sickness benefits to both the gross and the net wage.

B. Not applied.

C. The wording of Section 15 of the Act on Employee Sickness Insurance stipulates that an employee is entitled to receive sickness benefits regardless of his/her financial circumstances.

Article 17

The Czech law does not require any condition of qualification period for an employee to become entitled to sickness benefits. The entitlement of a person covered by sickness insurance to sickness benefits arises already on the day the person enters into the employment that established the sickness insurance (Section 7 of the Act No. 54/1956 Coll., on Employee Sickness Insurance, as amended).

Article 18

1. Sickness benefits are provided under the law from the first calendar day of the sickness leave for the period of one year from the beginning of the sickness leave at the most. Sickness benefits can also be provided after the elapse of the period of one year if on the basis of an opinion of the competent authority it is possible to expect that the insured person will be able to work again within a short period – this way sickness benefits can be provided for the period of another year at the most (Section 15, para 3 and 5 of the Act No. 54/1956 Coll., on Employee Sickness Insurance, as amended).

If a new sickness leave occurs, the period of one year also includes the previous periods of sickness leave if they fall within the period of one year before the occurrence of the new sickness leave. However, these periods are not included (counted) if the employment lasted for at least 6 months after the end of the last sickness leave or if the new sickness leave has been caused by an industrial accident or occupational disease. The period of one year from the beginning of the sickness leave also does not include previous periods of sickness leave caused by an industrial accident or an occupational disease (Section 15, para 4 of the Act No. 54/1956 Coll. on Employee Sickness Insurance, as amended).

2. As to a) In accordance with the provisions of Section 51 of the Act No. 54/1956 Coll. on Employee Sickness Insurance, as amended, sickness benefits are not paid abroad unless stipulated otherwise by an international social security agreement or unless the Ministry of Labour and Social Affairs permits an exception or unless this involves paying these benefits to employees posted abroad by their employer to perform their working duties there. For the period of stopping of the payments the insured persons remain to be entitled to receive the benefits (Section 43a of the quoted Act).

As to b) In these cases no stopping of payments of sickness benefits is applied.

As to c) If within the period of six months of a sickness leave an insured person who is unable to work applies for full or partial disability pension and any of these pensions is granted to the person, the payments of sickness benefits are stopped as of the date when the granted pension starts to be paid to the person (Section 93 of the Act No. 582/1991 Coll. on the Organization and Implementation of Social Security, as amended).

If within the above mentioned period of six months the insured person did not apply for one of these pensions and the person is found fully or partially disabled by the competent authority in the course of the relevant proceedings, the payments of sickness benefits are stopped upon expiration of his/her sickness leave after the elapse of one month from the delivery of the decision on the recognition of his/her full or partial disability (Section 94 to 98 of the Act No. 582/1991 Coll. on the Organization and Implementation of Social Security, as amended).

If the insured person becomes entitled to the retirement pension, the payments of sickness benefits are not stopped and the retirement pension only starts to be paid from the day following the end of the sickness leave and the stopping of payment of sickness benefits (Section 65, para 1 of the Act No. 155/1995 Coll. on Pension Scheme, as amended).

For a woman which is entitled to receive maternity benefits the sickness leave will be terminated and sickness benefits will cease to be paid at the beginning of the sixth week before the expected day of childbirth unless the woman started her maternity leave before this date (Section 7, letter g/ of the Regulation No. 31/1993 Coll. on evaluating temporary sickness leaves for the purposes of social security).

As to d) Sickness benefit payments that have been granted on the basis of fraudulent practices of the insured person will be stopped and the insured person is obliged to return the received sum (Section 48, para 2 of the Act No. 54/1956 Coll. on Employee Sickness Insurance, as amended).

As to e) If the sickness leave of an insured person occurs as a direct consequence of an intentional criminal act committed by the insured person for which the law requires imprisonment with the upper limit over one year, the insured person loses his/her entitlement to sickness benefits. If the insured person has a family, family members may receive voluntary sickness benefits up to three quarters of the amount and if the insured person does not have any family, he may receive voluntary sickness benefits up to one half of their amount (Section 24 of the Act

No. 54/1956 Coll. on Employee Sickness Insurance, as amended).

As to g) If an insured person who is unable to work breaches the treatment regimen prescribed by the physician, sickness benefits may be withdrawn from the insured person or reduced, but only for a period for which they have not been paid yet. If the insured person has a family, sickness benefits may only be reduced by one third at the most (Section 47 of the Act No 54/1956 Coll. on Employee Sickness Insurance, as amended).

Sickness benefits are not granted to the insured person for a sickness leave period for which the insured person receives countable income resulting from the activity establishing participation in the sickness insurance scheme for which the sickness benefits are granted with the exception of income that the insured person is entitled to receive even for the period of the sickness leave without the insured person performing the activity for which he/she is entitled to countable income. Countable income means wages, salaries and other income included in the assessment base for determination of social security insurance contributions under a special Act (Section 15, para 1 of the Act No. 54/1956 Coll. on Employee Sickness Insurance, as amended).

PART IV – UNEMPLOYMENT BENEFITS

Article 19 and 20

Unemployment benefit belongs to a person who

- is a job-seeker (he/she is not in an employment relationship or other form of service, he/she is not self-employed, he/she is not a person systematically training for a future job, he/she does not carry out other activities which are an obstacle to inclusion and keeping in the job-seeker records pursuant to Section 25 para 1),
- meets the condition of an entitlement to unemployment benefit, i.e. he/she has been employed or was engaged in another gainful activity establishing the obligation to pay pension insurance contributions and a contribution to the state employment policy for a period of at least 12 months in the specified period (three years prior to the inclusion in the job-seeker records),
- apply for the provision of the unemployment benefit with the job centre,
- is not the recipient of the retirement pension.

On fulfilment of the above-mentioned conditions, the insured person is entitled to the unemployment benefit as of the date the application for this benefit is submitted. (The period of seven days for the mediation of employment, on expiry of which only a decision was taken on entitlements to this benefit, has been abolished)

Article 21

- A. The Czech Republic refers to letter a).
- B. The scope of protected persons, (i.e. persons supported by unemployment benefits) includes all persons who comply with the conditions stipulated for entitlement to benefits by the Act No. 435/2004 Coll., (see information on Art 20).

Article 22

- A. The Czech Republic refers to Art 21 letter a) of the European Code of Social Security, the calculation will be performed according to Article 65.

Chapter I

- A. The provision of Section 50 of the Act No. 435/2004 on Employment, as amended, stipulates that the amount of unemployment benefits and retraining benefits will be determined as the percentage rate from the average monthly net income of the job seeker that was established with respect to the job seeker and was last used for labour-

law purposes in his/her last ended job in accordance with labour-law regulations in the specified period. The percentage rate of unemployment benefits accounts for 50% in the first 3 months of unemployment, 45% of the average monthly net income from the last job in additional months; the percentage rate of the retraining benefits accounts for 60% of the average monthly net income or the assessment base. The maximum possible amount of unemployment benefits (2.5 times the amount of the subsistence level of an individual) amounted to CZK 11,050 per month in 2006.

Chapter II

D. to G.

The average monthly net income of a skilled worker in 2005 amounted to CZK 15,883, benefits for 2 children, CZK 1,193 in the aggregate and the previous income, inclusive of child benefits was CZK 17,076.

The amount of the unemployment benefit of a typical skilled worker during the first three months of unemployment:

Amount of benefit (50% of average previous income) <i>/from net wage/</i>	Child benefits	Total income	% of original income increased by child benefits
CZK 7,942	CZK 1,193	CZK 9,135	53.5 %

The amount of the unemployment benefit of a typical skilled worker during the following three months of unemployment (in the case of job-seekers older than 50 years in the following 6 or 9 months)

Amount of benefit (45% of average previous income)	Child benefits	Total income	% of original income increased by child benefits
CZK 7,148	CZK 1,193	CZK 8,341	48.9 %

B. Not applied.

C. The responsibility of the state for providing unemployment benefits is absolute. The insured person is always entitled to receive the unemployment benefit if he/she complies with the conditions required by law (regardless of his/her financial circumstances).

Article 23

Under the new legislation, the entitlement to unemployment benefit is still subject

to the fulfilment of the condition of the necessary period of employment. Unemployment benefit belongs to a person who, in the specified period (three years prior to inclusion in the job-seeker records), has been employed or self-employed which activity established the obligation to pay pension insurance contributions and a contribution to the state employment policy for a period of at least 12 months.

Unemployment benefit is also available in cases where, in the specified period, the person has been engaged in activities which are considered to be periods in lieu of employment (the training of handicapped persons for work, receiving full disability pension, military service, community service, personal care of a child up to four years of age, and other periods specified in Section 41 para 3). With effect from 1 January 2006, the scope of periods in lieu of employment also includes the period of systematic training for a job (secondary school or university studies). For the purposes of entitlement to the unemployment benefit, however, only 6 months of this period are counted. In cases where a person meets the condition of the required period of employment by way of periods in lieu of employment, the amount of unemployment benefit is determined as a percentage of the subsistence level valid for an individual citizen over 26 years.

In the case of persons who have become unemployed repeatedly in the past three years, under the new legislation it still examined whether this job-seeker exhausted the whole period of support in the previous time of registration.

- A job-seeker who, in the previous time of registration completely exhausted the period of support must be employed (or self-employed) for at least six months in order to become entitled to the unemployment benefit; at the same time the condition of the overall period of previous employment (12 months in the previous three years) must be met.

A job-seeker who, in the previous time of registration, did not exhaust the whole period of support is entitled to unemployment benefits for the remainder of the period of support. However, if, in the period before reclassification among job-seekers, this person was employed (was engaged in gainful activities) for a period of at least three months, he is entitled to unemployment benefits for the whole period of support. At the same time, the condition of the overall period of previous employment (12 months in the past three years) must be fulfilled.

Article 24

1. The period for the provision of unemployment benefits (the period of support) is
 - six months for persons up to the age of 50 years
 - nine months for persons aged 50-55 years
 - twelve months for persons aged over 55 years.

Since 1 January 2006, job-seekers aged between 50 and 55 years and over 55 years need not prove the period of participation in the pension insurance scheme and the condition of the determined period of participation in the pension insurance scheme has been abandoned.

2. The period for the provision of unemployment benefits is not determined in the Czech Republic according to the period of support, the period of previously provided benefits is

taken into account only when considering the entitlement to benefits under Section 39 of the Act on Employment (see comment on Article 23).

3. No waiting period is set under the new Act on Employment. A job-seeker is entitled to receive benefit on fulfilment of the set conditions as of the date on which the application for unemployment benefits is submitted.
4. For seasonal workers, the general system for the provision of benefits applies
5. The payment of unemployment benefits may be stopped for the following reasons:
 - the provision of retirement pension,
 - the provision of sickness insurance benefits,
 - over periods of custody.

Unemployment benefits cannot be provided to a person abroad.

PART V – RETIREMENT PENSION

Article 25 and 26

The retirement age is stipulated in Section 32 of the Act No. 155/1995 Coll.. In 2006 the retirement age of men is 61 years and 6 months, the retirement age of childless women is 59 years and 8 months, the retirement age of women who have raised one child 58 years and 8 months, the retirement age of women who have raised two children 57 years and 8 months, the retirement age of women who have raised 3 and 4 children 56 years and 8 months and the retirement age of women who have raised 5 and more children 55 years and 8 months. The retirement age is gradually increased every year by 2 months in the case of men and by 4 months in the case of women, until it reaches 63 years for men and childless women, 62 years for women who have raised one child, 61 years for women who have raised 2 children, 60 years for women who have raised 3 and 4 children and 59 years for women who have raised 5 and more children.

The concurrence of the retirement pension (except for the early retirement) with the gainful activity is possible on the assumption of entering into the employment contract for the definite period of one year as a maximum.

Article 27

- A. The scope of protected persons includes the persons mentioned under letter a) and accounts for more than 50%.
- B. The scope of protected persons also includes groups mentioned under letter b). Protected persons are persons who participate in or have participated in the pension scheme. The participation in the pension scheme is obligatory. Economically active persons, both employees and self-employed persons are insured obligatorily. The law stipulates that other groups of population are insured without paying the contributions and therefore protected. These groups include students, soldiers doing their military service, women taking care of a child less than 4 years old.
- C. Number of protected employees: 4,085,000.
Self-employed persons covered by the pension scheme: 741,000.

Article 28

- A. A benefit is the repeated (revolving) payment calculated in accordance with letter a) of this Article. A benefit is calculated in accordance with Article 65 of the ECSS, where the income of a skilled worker is taken as the base.

Chapter I

- A. The retirement pension consists of two components:
Basic sum: amounts to CZK 1,470 per month.

Percentage sum: depends on the level of income (it is calculated from the personal assessment base) and the number of years of insurance. For the retirement pension it amounts to 1.5% of the personal assessment base for every year of insurance. The personal assessment base is determined as the average of indexed gross income (income is indexed in relation to the growth of average wages in the national economy) for the period from 1986 to the year preceding the year the retirement pension is granted. For determination of the personal assessment base, this average amount (personal assessment base) is reduced so that only 30% of income is counted between the 1st and 2nd reduction limit and only 10% of income is counted above the 2nd reduction limit.

In 2006 reduction limits are CZK 9,100 and CZK 21,800, respectively (these limits are increased every year, depending on the growth of wages).

- B. The evaluation of the required level of the retirement pension is governed by Art 65 para 6 letter b) of the ECSS. Economically active population is covered (protected) by pension scheme in the Czech Republic
- C. In 2005 the average gross wage of a skilled worker was CZK 19,507 (according to job classification under KZAM 72231 – a metal turner – a tool setter and an operator). As in the Czech Republic social benefits are mostly not subject to taxation (with the exception of pension amounts exceeding CZK 198,000 a year – i.e. some 0.2%) and no health or social insurance contributions are deducted from them, shares of benefits can be compared to net income (wage).

Chapter III

D.– G.

Calculation of the proportion for the evaluation of the level of the retirement pension:

- Calculations are based on the gross wage of a skilled worker (according to job classification under KZAM 72231 – a metal turner – a tool setter and an operator) in 2005, i.e. CZK 19,507.
- From the gross wage of CZK 19,507 the **net wage** for a taxpayer with a dependent wife is **CZK 15,103**.
- Personal assessment base (CZK 19,507) is reduced as follows: CZK 9,100 + (CZK 19,507 – CZK 9,100)*30% = CZK 12,223.
- Percentage sum for thirty years of insurance is $30 * 1.5\% * 12,223 = \text{CZK } 5,501$.
- **Amount of retirement pension** : basic sum and percentage sum CZK 1,470 + CZK 5,501 = **CZK 6,971** .
- **Proportion** of income after the insured event (retirement pension) and income prior to the insured event (net wage) $\text{CZK } 6,971 / 15,103 = \mathbf{46.2\%}$.

<i>Wage in CZK per month</i>		Amount of retirement pension in CZK per month	<i>Proportion pension / wage in %</i>	
gross	net		gross	net
19,507	15,103	6,971	35.7	46.2

The ECSS requires the proportion of the retirement pension to previous wage of the insured person at 40%. The Czech Republic fulfills the required level in the case of the proportion of the retirement pension to the net wage.

Article 29

1. Retirement pension is granted to a protected person who has complied with the qualification period of 25 years of insurance (para 1, letter a)/ (see Section 29 of the Act No. 155/1995 Coll.).

Also the wording of para 2, letter a) is fulfilled as a national regulation stipulates that a person becomes entitled to receive the retirement pension benefit after the minimum insurance period of 15 years (if the additional condition of reaching 65 years of age is met) (see Section 29 of the Act No. 155/1995 Coll.).

2. In the case of a retirement pension that a person becomes entitled to after reaching 65 years of age and at least 15 years of insurance period the benefits are not reduced due to a lower percentage rate for one year of insurance, but the benefit is usually lower than the average paid retirement pension due to the lower number of reached years of insurance.

Article 30

The social event is reaching the required age, the payments are provided for life.

As regards **Article 68** the following letters are used:

d) If some retirement pension payments are found to be higher than the person is entitled to receive or if they are found to be granted or paid unjustly, the pension is reduced or withdrawn and the payments are stopped from the day following the last day of the period for which it was paid.

PART VII – FAMILY BENEFITS

Article 39 and 40

In the Czech Republic care of children is mainly supported through the system of the state social support. The benefits of this system are non-contributory.

The scope of entitled persons is defined in Section 3 of the Act No. 117/1995 Coll. on State Social Support, as amended. Entitled to state social support benefits are only natural persons who are registered for permanent residence in the territory of the Czech Republic. Equal status as permanent residence, for the purposes of state social support benefits, has also temporary residence granted to foreigners, however only after 365 days from registration in accordance with the Act No. 326/1999 Coll. on Foreigners' Residence in the Territory of the Czech Republic. Entitled to state social support benefits are also persons whose right to equal treatment arises from directly applicable EC legislation, Regulation (EEC) No 1408/71 on the application of social security schemes to employed persons, self-employed persons and their families moving within the Community, Regulation (EEC) No 574/72 fixing the procedure for implementing Regulation (EEC) No 1408/71 and Regulation EEC No 1612/68 on free movement for workers within the Community).

Within the state social support system the most important benefit is the child benefit. For the entitlement to child benefits the income of the family is examined. For this purpose, net income is taken into account, i.e. after deduction of expenses paid to generate, assure and maintain the income, furthermore, after deduction of the income tax, social security contributions, contribution to the state employment policy and the health insurance contributions. A family is entitled to receive child benefits if the income of the family does not exceed three times the amount of the family's subsistence level in the specified period.

Another condition for entitlement to child benefits is the dependent status of the child. A dependent child is a child until the end of the compulsory school attendance and thereafter, however, up to 26 years of age as a maximum, if he/she is being trained systematically for his/her future job or if he/she cannot be trained systematically for his/her future job or perform a gainful activity due to his/her unfavourable health condition, illness or injury (accident).

Legal regulations stipulating that a person is entitled to receive a benefit (child benefit):

- The Act No. 117/1995 Coll. on State Social Support
- The Act No. 463/1991 Coll. on Subsistence Level, as amended

As at 1 January 2006, the subsistence level amounts are set as follows:

Amounts necessary to provide for sustenance and other basic needs of a person

- a) CZK 1,750, if it is a child up to 6 years of age
- b) CZK 1,950, if it is a child between 6 and 10 years of age
- c) CZK 2,310 if it is a child between 10 and 15 years of age
- d) CZK 2,530 if it is a dependent child between 15 and 26 years of age
- e) CZK 2,400 in the case of other citizens

- Amounts necessary to provide for basic household costs
 - f) CZK 2,020 in the case of an individual
 - g) CZK 2,630 if there are two persons living in the household
 - h) CZK 3,260 if there are three or four persons living in the household
 - i) CZK 3,660, if there are five or more persons living in the household

Child benefits are provided in three various amounts depending on the amount of the specified income (see Section 18 of the Act No.117/1995 Coll.). Generally, it is possible to conclude that the entitlement to the child benefit arises if the specified income is lower than the product of the family's subsistence level and the coefficient 3.0.

Article 41

The scope of protected persons is defined in the Act No. 117/1995 Coll. on State Social Support. Dependent children are considered as protected groups (in the case of child benefits). The entitlement of a child does not depend on the fact whether a parent participates in the pension scheme or health insurance scheme).

Some 76% of dependent children received child benefits in 2005.

Article 42

The Czech Republic refers to paragraph a) of this Article.

Amounts paid for a child in relation to the family income (per month) as at 1 January 2006

- a) up to 1.1 times the subsistence level of the family (a coefficient of 0.32 times the amount required to cover sustenance and other basic personal needs of a child)

up to 6 years	CZK 560
6 – 10 years	CZK 624
10 – 15 years	CZK 740
15 – 26 years	CZK 810

- b) from 1.1 to 1.8 times the subsistence level (a coefficient of 0.28 times the amount required to cover sustenance and other basic personal needs of a child)

up to 6 years	CZK 490
6 – 10 years	CZK 546
10 – 15 years	CZK 647
15 – 26 years	CZK 709

- c) from 1.8 to 3.0 times the subsistence level (a coefficient of 0.14 times the amount required to cover sustenance and other basic personal needs of a child)

up to 6 years	CZK 245
6 – 10 years	CZK 273
10 – 15 years	CZK 324
15 – 26 years	CZK 355

Article 43

No qualification period is required for a person to become entitled for state social support benefits. The entitlement to receive the benefit arises when conditions specified in the Act No. 117/1995 Coll. are met together with the submission of an application for the benefit. For foreigners who are not registered for permanent residence in the territory of the Czech Republic or for nationals of the EU Member State who are outside the scope of the directly applicable EU legislation (Council Regulation (EEC) No 1408/71 and Council Regulation (EEC) No 1612/68), the elapse of 365 days from the day of registration for residence in the territory of the Czech Republic is required under a special legal regulation.

Article 44

Expenditure on child benefits within the state social support (2005).....CZK 11,2 billion
Number of dependent children.....2,282,19 thousand
Number of dependent children entitled to receive child benefit.....1,805.3 thousand
Gross wage of a skilled worker.....CZK 19,507

Required expenditure on family benefits:
CZK 19,507 (gross wage of a skilled worker) * 0.015 (1.5% of the wage) * 12 (months) * 2.3 (million children) = a result of CZK **8 billion**

Article 45

Payments of child benefits can be stopped for reasons mentioned in Article 68, para d) of the Agreement and further in accordance with the Act No. 117/1995 Coll.

The provisions of Section 53 of the Act No. 117/1995 Coll. stipulate that if a child benefit is found to be granted or paid in a higher amount than it should be or if it is found to be granted or paid unjustly, the allowance will be reduced or withdrawn, or its payments will be stopped.

And furthermore, the provisions of Section 54, para 4 stipulate that if a person is in custody or in prison, his/her entitlement to child benefits ceases to exist.

PART VIII – MATERNITY BENEFITS

Article 46 and 47

In accordance with national regulations covered social events are pregnancy, childbirth and their consequences (The Act No. 88/1968 Coll. on Prolongation of the Maternity Leave, Maternity Benefits and Child Benefits from the Sickness Insurance Scheme, as amended). Under the Czech legal regulations the institute of stopped earnings is not explicitly defined, nevertheless from the systematic interpretation it can be implied that it is the case of a complete stoppage of earnings due to absence from work, not just their reduction. Cash maternity benefits correspond to this interpretation.

Article 48

- A. The Czech Republic refers to letter a).
- B. In the case of **cash benefits** all employed women are protected. The personal scope of the **health care** provided during pregnancy and maternity includes all women who are citizens of the Czech Republic and women who work in the territory of the Czech Republic for an employer with the registered office in the territory of the Czech Republic.
- C. Number of protected employees:

employees covered by the pension scheme :	4,085,000 persons
Self-employed persons covered by the sickness insurance :	251,000 persons

Article 49

See the answer to Article 10.

Article 50

- A. The calculation is performed in accordance with provisions of Article 65.

Chapter I

- A.
 1. Specified period: 12 calendar months preceding the beginning of the maternity leave.
 2. Daily assessment base: countable income divided by the number of calendar days of the specified period (some days are not counted to avoid unjustified dilution of the daily assessment base – for instance days when sickness benefits were paid).
 3. Countable income: all income subject to payments of social security contributions and the contribution to the state employment policy accounted for a female employee (male employee) in the specified period.
 4. Reduction of the daily assessment base: up to the 1st reduction limit 100% income is counted, between the 1st and 2nd limit 60% is counted and over the 2nd reduction limit isn't taken into account.

5. For 2006 the 1st reduction limit is CZK 510 and the 2nd reduction limit is CZK 730.
6. The daily benefit is determined at 69% of the daily assessment base.
7. The (cash) maternity benefit is provided for 28 weeks.

B.

The evaluation of the required level of cash benefits is governed by Article 65, para 6 letter b) of the ECSS. Economically active population is covered (protected) by health insurance in the Czech Republic. Insurance of self-employed persons is on a voluntary basis.

Chapter V

C.

In 2005 the average gross wage of a skilled worker was CZK 19,507 (according to job classification under KZAM 72231 – a metal turner – a tool setter and an operator). As in the Czech Republic social benefits are mostly not subject to taxation and no health or social insurance contributions are deducted from them, shares (proportions) of benefits can be compared to net income (wage) .

D. - G

Calculation of the proportion for the evaluation of the level of maternity benefit:

- Calculations are based on the gross wage of a skilled worker in 2005, i.e. CZK 19,507.
- Gross wage from employment: CZK 19,507, of this **net wage** (of a taxpayer) is CZK **14,743**.
- The daily assessment base (DAB) for the calculation of maternity benefits is the quotient of the annual wage and the number of days in the year: $CZK\ 19,507 * 12/365 = CZK\ 642$.
- The daily assessment base is reduced (the first reduction limit is CZK 510 and the second reduction limit is CZK 730). DAB from the 1st day: $510 + (642 - 480)*60\% = CZK\ 590$.
- The daily amount of maternity benefit from the 1st day: $69\% * 590 = CZK\ 408$.
- **The monthly amount of maternity benefit:** $30 * 408 = CZK\ 12,240$.
- **The proportion** of income after the insured event (maternity benefit) to the income prior to the insured event (net wage): $12,240 / 14,743 = 83.0\ \%$.

Monthly wage in CZK		Amount of maternity benefits in CZK per month	<i>Proportion of the benefits / wage in %</i>	
gross	net		gross	net
19,507	14,743	12,240	62.7	83.0

The ESSC requires the proportion of maternity benefits to previous income of the insured person at 40%. The Czech Republic fulfills the required level in the case of the proportion of maternity benefits to both the gross and the net wage.

Article 51

Maternity benefits are granted to a female employee if she participated in the sickness

insurance scheme for at least 270 days in the previous two years before the childbirth. This period of 270 days also includes periods in which the female employee in the two years before the childbirth

- participated in health care of armed forces;
- received pension from the social security scheme;
- participated in the security scheme of sick farmers and the system of social security for mother and child or in the sickness insurance scheme of self-employed persons;
- after the termination of an insurance or another security scheme (care) received maternity benefits;
- was registered in the job-seeker records (Section 6, para 1 and 2 of the Act No. 88/1968 Coll. on Prolongation of the Maternity Leave, Maternity Benefits and Child Benefits from the Sickness Insurance Scheme, as amended).

For the purposes of entitlements to maternity benefits from several jobs the period of 270 days includes only the period of participation in the sickness insurance scheme resulting from such an employment. The period of participation in the sickness insurance scheme from other jobs can be counted only once and to the extent the insurance lasted before the beginning of the sickness insurance from which the claim for maternity benefits is put forward. If the periods of participation in the sickness insurance scheme in different jobs overlap, the overlapping periods can also be included in the 270 days required for entitlement to maternity benefits in other jobs, however, in such a case the period of participation in one sickness insurance scheme can only be counted once. The previous sentences apply similarly for the counting of the above mentioned periods (participation in the sickness insurance scheme in armed forces, receiving pensions from the social security scheme, etc.) for the period of 270 days (Section 6, para 3 of the Act No. 88/1968 Coll.).

See also the answer to Article 11.

Article 52

1. See the answer to Article 12.
2. Maternity benefits are not granted for a period for which a female employee receives countable income (see Section 15, para 1 of the Act No. 54/1956 Coll. on Employee Sickness Insurance, as amended) derived from the activity establishing the participation in the sickness insurance scheme for which the maternity or sickness benefits are granted with the exception of income that the female employee is entitled to receive even for the period of the maternity leave without performing the activity for which she is entitled for countable income.

If the child is taken to an infant institute or another health care institute for health reasons and the female employee takes a job, at the moment of the start of the employment the maternity benefits cease to be paid. Starting from the day the employee commences to look after the baby again and stops working again for this reason, the maternity benefits continue to be paid until the total entitlement is exhausted, however until the day the baby reaches one year of age at the latest. With the

consent of the competent authority the payments of maternity benefits can be stopped also if the employee cannot or must not take care of the baby in accordance with a medical opinion due to a serious long-term sickness because of which she is unable to work and for this reason the baby would have to be taken to an infant institute or another inpatient medical facility or another person would have to take over the care of the baby (Section 12, para 1 of the Act No. 88/1968 Coll.).

An employee who has ceased to look after a born baby and this baby has been entrusted to a family or institute care substituting for parental care and an employee whose baby is in an in an institute care for another reason than mentioned in the previous paragraph is not entitled to receive maternity benefits for the period that she would have otherwise been entitled to receive these benefits (Section 12, para 2 of the Act No. 88/1968 Coll.).

PART IX – DISABILITY PENSION

Article 53 and 54

The covered social event is full disability or partial disability (Section 38 and Section 43 of the Act No. 155/1995 Coll.). An insured person is **fully disabled** if due to his/her long-term unfavourable health condition his/her ability to perform continuous gainful activities has dropped at least by 66% or if he/she is able to perform gainful activities only under completely extraordinary conditions due to his/her physical handicap. An insured person is **partially disabled** if due to his/her long-term unfavourable health condition his/her ability to perform continuous gainful activities has dropped at least by 33% or if the long-term unfavourable health condition makes his/her general living conditions considerably more difficult. The way of evaluation and the percentage of the drop in the ability to perform a continuous gainful activity and the scope of physical handicaps enabling continuous gainful activities only under extraordinary conditions are specified in the implementing regulation (Regulation No. 284/1995 Coll. implementing the Act on Pension Scheme).

Article 55

- A. The Czech Republic refers to letter a).
- B. We refer to the explanation of Art 27, the scope of protected persons is the same.
- C. Number of protected employees:

employees covered by the pension scheme:	4,085,000
self-employed persons covered by the pension scheme:	741,000.

Article 56

The Czech Republic refers to Article 65.

Chapter I

The benefit is a regularly repeated (revolving) payment calculated according to the same rules as the retirement pension (see the explanation of Art 26).

A – rules for the calculation of the disability pension

The pension consists of two components:

Basic sum: amounts to CZK 1,470 per month.

Percentage sum: depends on the level of income (it is calculated from the personal assessment base) and the number of years of insurance. For the retirement pension it amounts to 1.5% of the personal assessment base for every year of insurance. The personal assessment base is determined as the average of indexed gross income (earnings are indexed in relation to the growth of average wages in the national economy) for the period from 1986 to the year preceding the year the pension is granted. For determination of the assessment base this average ("personal assessment base") is reduced so that only 30% of income is counted between the 1st and 2nd reduction limit and only 10% of income is counted above the 2nd reduction limit.

In 2006 reduction limits are CZK 9,100 and CZK 21,800, respectively (these limits are increased every year, depending on the growth of wages).

B

The evaluation of the required level of the disability pension is governed by Art 65 para 6 letter b) of the ECSS. Economically active population is covered (protected) by the pension scheme in the Czech Republic.

C

In 2005 the average gross wage of a skilled worker was CZK 19,507 (according to job classification under KZAM 72231 – a metal turner – a tool setter and an operator).

As in the Czech Republic social benefits are mostly not subject to taxation (with the exception of pension amounts exceeding CZK 198,000 – i.e. some 0.2% of cases) and no health or social insurance contributions are deducted from them, shares (proportions) of benefits can be compared to net income (wage). As in the Czech Republic for the calculation of the amount of disability pensions also the time from the day of establishment of an entitlement to the full disability pension is included in the insurance period, it is possible to envisage 30 years of insurance.

Chapter II

D – G

Calculation of the proportion for the evaluation of the level of the disability pension

- Calculations are based on the gross wage of a skilled worker (according to job classification under KZAM 72231 – a metal turner – a tool setter and an operator) in 2005, i.e. CZK 19,507.
- From the gross wage of CZK 19,507 **the net wage** for a taxpayer with a dependent wife and two children is CZK **15,883**.
- Personal assessment base (CZK 19,507) is reduced as follows: CZK 9,100 + (CZK 19,507 – CZK 9,100)*30% = CZK 12,223.
- Percentage sum for thirty years of insurance: $30 * 1.5\% * 12,223 = \text{CZK } 5,501$
- **Amount of disability pension:** Basic sum and percentage sum CZK 1,470 + CZK 5,501 = CZK **6,971**.
- Amount of **benefits** for 2 children, 9 years old and 14 years old: CZK 546 and CZK 647 = CZK 1,193.
- The disability pension and benefits for two children: CZK 6,971 + CZK 1,193 = CZK 8,164.
- Income prior to the insured event: CZK 15,883 + CZK 1,193 = CZK 17,076.

The proportion of income after the insured event (the disability pension and benefits for two children) to the income prior to the insured event (net wage and benefits for two children): $\text{CZK } 8,164 / \text{CZK } 17,076 = \mathbf{47.8\%}$.

Wage in CZK per month		Benefits for 2 children in CZK	Amount of disability pension in CZK per month	Proportion pension / wage *)	
gross	net			gross	net
19,507	15,883	1,193	6,971	39.4	47.8

*) including benefits for 2 children

The ECSS requires the proportion of the disability pension and benefits for two children to previous wage of the insured person and benefits for two children at 40%. The Czech Republic fulfills the required level in the case of the proportion of the disability pension to both the gross and the net wage.

Article 57

The benefits are secured for protected persons on condition that they achieve the required insurance period. This period is not required if full or partial disability occurred due to an industrial accident or occupational disease. The insurance period is not required either if the full disability arose before the insured person reached 18 years of age. The condition for entitlement in these cases is the insured person's permanent residence in the territory of Czech Republic. The required period is 5 years for an insured person older than 28 in ten years before the occurrence of full or partial disability. In the case of insured persons younger than 28, the required insurance period is graduated and it amounts to 4 years at the most (Section 40 of the Act No. 155/1995 Coll.).

There are no percentage reductions due to a shorter time of contributions. Full disability pension can be reduced if the full disability results from a self-inflicted injury or if it is a consequence of an intentional criminal act.

Article 58

Full disability pension belongs to the insured person for the whole period of disability, no transfer to the retirement pension is obligatory. Partial disability pension is reduced or its payment stopped due to concurrence with earnings (income) from gainful activities in accordance with rules mentioned in Section 46 of the Act on Pension Scheme.

As regards **Article 68**, the following letters are used:

- a) There is no entitlement to full disability pension if its recipient performs a gainful activity abroad; if the full disability arose before the age of eighteen, the pension is not paid if the permanent residence of the recipient is not in the territory of the Czech Republic.
- c) Full and partial disability pension is not paid for the period of granted sickness benefits before the disability pension is granted.
- d) If some pension payments are found to be higher than the insured person is entitled to receive or if they are found to be granted or paid unjustly, the pension is reduced or withdrawn and the payments stopped from the day following the last day of the period for which they were granted.

- e) If full or partial disability results from intentional self-inflicted injury that the insured person caused to himself/herself or had it caused or from impairment of the insured person's health resulting from his/her intentional criminal act, for the calculation of full or partial disability pension the additional calculated period, i.e. the period from the establishment of entitlement to full or partial disability pension until the retirement pension is not counted.
- f) The payments of full or partial disability pension can be stopped if the pension recipient failed to undergo an examination of his/her health condition. The payments of partial disability pension can also be stopped if the pension recipient has not submitted the statement of income or notification in accordance with Section 47, para 3 of the Act No. 155/1995 Coll., as amended, by the end of the calendar month the document is due for submission.

PART X – SURVIVOR BENEFITS

Article 59 and 60

The covered social event is a loss of subsistence funds due to the death of a spouse and in the case of a child a loss of one or both parents; the entitlement does not depend on the fact that the surviving person is not able to take care of himself/herself. The option mentioned in paragraph 2 is not used, survivor benefits are not reduced or withdrawn due to concurrence with earnings from gainful activities.

Article 61

- A. The scope of protected persons corresponds to the group set out under letter a) (see also the explanation of Art 27).
- B. Protected persons are survivors (widow/widower, dependent child) after persons who were recipients of the retirement pension, full, or partial disability pension or complied by the day of their death with the condition of the required insurance period for the entitlement to full disability pension or complied by the day of their death with the conditions for the entitlement to the retirement pension or died due to an industrial accident.
- C. Number of protected employees:
- | | |
|---|-------------------|
| employees covered by the pension scheme | 4,085,000 persons |
| self-employed persons covered by the pension scheme | 741,000 persons |

Article 62

- A. The benefit is a regular payment calculated in accordance with Article 61, letter a) pursuant to Article 65.

Chapter I

- A. Rules for the calculation of the widow's (widower's) pension

Basic sum: it amounts to CZK 1,470 per month.

Percentage sum: depends on the level of income and the number of years of insurance of the demised person.

Percentage sum :

- for the **widow's (widower's)** pension it is 50% of the percentage sum of the disability (retirement) pension that the demised person was entitled to or would have been entitled to (see the retirement or disability pension).
- for the **orphan's** pension it is after each parent 40% of the percentage sum of the disability (retirement) pension that the demised person was entitled to or would have been entitled to (see the retirement or disability pension).

B.

The evaluation of the required level of survivor pensions is governed by Art 65 para 6 letter b) of the ECSS

C.

In 2005 the gross average wage of a skilled worker was CZK 19,507 (according to job classification under KZAM 72231 – a metal turner – a tool setter and an operator).

As in the Czech Republic social benefits are mostly not subject to taxation (with the exception of pension amounts exceeding CZK 198,000 a year, i.e. some 0.2%) no health or social insurance contributions are deducted from them, shares of benefits can be compared to net income (wage).

Chapter IV

D - G

Calculation of the proportion for the evaluation of the level of survivor pensions:

- Calculations are based on the gross wage of a skilled worker (according to job classification under KZAM 72231 – a metal turner – a tool setter and an operator) in 2005, i.e. CZK 19,507.
- From the gross wage of CZK 19,507 the **net wage** for a family with two children is **CZK 15,883**
- Personal assessment base: (CZK 19,507) is reduced as follows: CZK 9,100 + (CZK 19,507 – CZK 9,100)*30% = CZK 12,223
- Percentage sum of the retirement (disability) pension of the demised person for thirty years of insurance is: $30 * 1.5\% * 12,223 = \text{CZK } 5,501$.
- Percentage sum of the widow's pension: 50% of CZK 5,501 = CZK 2,751.
- **Amount of the widow's pension (widower's) pension** basic sum and percentage sum CZK 1,470 + CZK 2,751 = **CZK 4,221**.
- Percentage sum of the orphan's pension: 40% of CZK 5,501 = CZK 2,201.
- **Amount of the orphan's pension:** basic sum and percentage sum: CZK 1,470 + CZK 2,201 = **CZK 3,671**.
- Amount of **benefits** for 2 children, 9 years and 14 years old: CZK 546 and CZK 647 = CZK 1,193.
- The widow's pension, two orphan's pensions and benefits for two children: CZK 4,221 + 2*3,671 + 1,193 = CZK 12,756.
- Income prior to the insured event: CZK 15,883 + CZK 1,193 = CZK 17,076

The proportion of income after the insured event (survivor pensions and benefits for two children) to income prior to the insured event (net wage and benefits for two children):
 $\text{CZK } 12,756 / \text{CZK } 17,076 = \mathbf{74.7\%}$.

Wage in CZK per month		Benefits for 2 children in CZK	Survivor pensions in CZK	Proportion between pension / wage *)	
gross	net			gross	net
19,507	15,883	1,193	11,563	61.6	74.7

*) including benefits for 2 children

The ECSS requires the proportion of survivor pensions and benefits for two children to previous income and benefits for two children of the insured person at 40%. The Czech Republic fulfills the required level.

Article 63

The survivor benefit belongs to a protected person whose spouse or parent was the recipient of retirement pension, full, or partial disability pension or complied with the condition of the required insurance period for full disability pension or complied with the conditions for the retirement pension by the day of his/her death or died due to an industrial accident. The minimum insurance period is five years – see the explanation of Article 57 (see also Art 29). The national legislation does not use para 3, 4 and 5.

Article 64

Widow's and widower's pensions are granted one year after the death of a spouse and thereafter under conditions mentioned in Section 50 of the Act No. 155/1995 Coll. on Pension Scheme, as amended, i.e. in cases when the surviving person:

- a) looks after a dependent child;
- b) looks after a juvenile child with a long-term severe disability (handicap) requiring extraordinary care or looks after an adult child that is mostly or completely helpless;
- c) looks after his/her mostly or completely helpless parent or for parent of the demised husband who lives in the same household or after a parent who is partly helpless and older than 80;
- d) is fully disabled; or
- e) has reached the lower of the age of 55 years (58 years in the case of a widower) or the retirement age.

A necessary prerequisite for entitlement to orphan's pension is dependent status of the child. The Act on Pension Scheme in Section 20 para 3 defines dependence and acknowledges it throughout the compulsory school attendance period (if other conditions are met) up to 26 years of age as a maximum. The entitlement to widow's or widower's pension ceases to exist upon entering into new marriage. The entitlement to orphan's pension ceases to exist upon an adoption.

As regards **Article 68**, the following letters are used:

- d) If some pension payments are found to be higher than the person is entitled to receive or if they are found to be granted or paid unjustly, the pension is reduced or withdrawn and the payments are stopped from the day following the last day of the period for which they were granted (Section 56).

- e) The entitlement to widow's or widower's pension ceases to exist with the effective date of the judgment of the court that the widow or widower caused the death of his/her spouse intentionally as offenders, accomplices, or participants in a criminal act (Section 50, para 6). A similar provision applies to orphan's pension.

Annex

Changes in indices of living costs

		Retirement pension		Average wage		Index of consumer prices (Index of living costs)
		absolute in CZK index		absolute in CZK index		
A beginning of period	2001	6,352		14,793		104.7
	2002	6,830	1.075	15,866	1.073	101.8
	2003	7,071	1.035	16,917	1.067	100.1
	2004	7,256	1.026	18,035	1.066	102.8
B end of period	2005	7,28	1.065	19,030	1.055	101.9
	2006 ³	8,159	1.056	20,072	1.055	