

**THE FOURTEENTH REPORT ON THE FULFILMENT
OF THE EUROPEAN CODE OF SOCIAL SECURITY
SUBMITTED BY THE CZECH REPUBLIC**
(detailed)

for the period since 1 July 2015 till 30 June 2016

SECTION I.

List of applicable legislation:

Part II – Health Care

- Act No. 48/1997 Coll., providing for Public Health Insurance and on Changes and Amendments to Certain Related Acts, as amended
- Act No. 372/2011 Coll., regulating Medical Services and Conditions for Their Providing (Medical Services Act)
- Act No. 285/2002 Coll., to regulate the Donation, Sampling and Transplantation of Tissues and Organs and on Changes to Certain Acts (the Transplantation Act), as amended

Part III – Sickness Benefits

- Act No. 187/2006 Coll., Sickness Insurance Act, as amended
- Act No. 262/2006 Coll., the Labour Code, as amended
- Act No. 500/2004 Coll., the Rules of Administrative Procedure, as amended

Part IV – Unemployment Benefits

- Act No. 435/2004 Coll., Employment Act, as amended
- Act No. 500/2004 Coll., the Rules of Administrative Procedure, as amended
- Act No. 111/2006 Coll., the Assistance in Material Need Act, as amended

Part V – Old-age Benefits

- Act No. 155/1995 Coll., Pension Insurance Act, as amended
- Act No. 582/1991 Coll., providing the Organization and Implementation of Social Security, as amended
- Regulation No. 284/1995 Coll., implementing the Pension Insurance Act, as amended
- Act No. 150/2002 Coll., the Judicial Rules of Procedure, as amended

Part VII – Family Benefits

- Act No 117/1995 Coll., to regulate the State Social Support, as amended
- Act No 110/2006 Coll., regulating Living and Subsistence Minimum, as amended
- Act No. 586/1992 Coll., regulating Income Tax, as amended
- Act No. 500/2004 Coll., the Rules of Administrative Procedure, as amended
- Act No. 111/2006 Coll., the Assistance in Material Need Act, as amended

Part VIII – Maternity Benefits

- Act No. 187/2006 Coll., Sickness Insurance Act, as amended
- Act No. 500/2004 Coll., the Rules of Administrative Procedure, as amended

Part IX – Invalidity Benefits

- Act No. 155/1995 Coll., Pension Insurance Act, as amended
- Regulation No. 284/1995 Coll., implementing the Pension Insurance Act, as amended
- Act No. 582/1991 Coll., providing the Organization and Implementation of State Social Support, as amended
- Act No. 500/2004 Coll., the Rules of Administrative Procedure, as amended

- Regulation No. 359/2009 Coll., to determine the Percentage Rate of Decline in Ability to Work and Prerequisites for Disability Assessment and Regulates the Assessment of Capacity to Work for the Purpose of Disability

Part X – Survivors’ Pensions

- Act No. 155/1995 Coll., Pension Insurance Act, as amended
- Act No. 582/1991 Coll., providing the Organization and Implementation of State Social Support, as amended
- Act No. 500/2004 Coll., the Rules of Administrative Procedure, as amended

SECTION II

Application of the Code

Article 10 of the Constitution of the Czech Republic stipulates that promulgated international treaties, the ratification of which has been approved by the Parliament and which are binding for the Czech Republic, are considered to be a part of the legal order. If an international treaty determines differently from the national legislation, the provisions of the international treaty shall prevail.

Article 2 – Provisions Adopted

The Czech Republic has adopted the obligations resulting from the following parts of the Code:

Part II	–	Health care
Part III	–	Sickness benefits
Part IV	–	Unemployment benefits
Part V	–	Old-age pension
Part VII	–	Family benefits
Part VIII	–	Maternity benefits
Part IX	–	Invalidity benefit
Part X	–	Survivor benefit

Article 6 – Voluntary insurance schemes

The report does not cover the protection provided under voluntary insurance scheme.

Parts XI – XII

The questions on Articles 65 to 68 have been answered under the relevant section of the form.

General notes on benefits calculation:

In 2015, the average gross monthly wage of a **skilled blue-collar worker** was CZK **25,932** and according to the survey results approximately 52% of the economically active population earned a lower wage than the stated amount. A skilled worker's wage corresponds to a wage of a metal turner – a machine tool setter and operator – according to CZ-ISCO 72231. In 2015, the average gross monthly wage of an **unskilled worker** was CZK **19,521** [CZ-ISCO 93291 – a mechanical handling worker in industry (manufacturing)].

Information system on average earnings is a selective statistical survey of the Ministry of Labour and Social Affairs, which is included in the program of statistical surveys of the Czech Statistical Office annually and as a wage survey with regular periodicity it monitors the wage levels of individual professions in the Czech Republic, based on the CZ-ISCO Job Specification. The data on the average hourly wage of individual employees of selected economic entities is calculated as remuneration for labour law related purposes pursuant to Section 351 *et seq.* of Act No. 262/2006 Coll., the Labour Code, as amended (hereinafter the "Labour Code"). The survey allows monitoring of the amount and structure of the monthly

gross wage as well, which indicates the average wage level from the beginning of the year until the end of the given period.

Given that the social benefits in the Czech Republic are not subject to taxation (with the exception of pensions that exceed CZK 356,400 per year which are included in the taxable income), and they are not subject to health insurance and social contributions either, it is possible to calculate the ratio of the benefits to the net wage. For pensions and sickness benefits, the - amount of the annual financial statement - the tax credit of a spouse with a yearly income of up to CZK 68,000 was not taken into account. The net monthly wage of a skilled worker was CZK 19,938 and the net monthly wage of a skilled worker with two children was CZK 22,372.

Calculated income tax was reduced by a tax credit in the amount of CZK 2,070 for a taxpayer and the tax credit for dependent children of two 2 x CZK 1,117. Allowances for two children aged 6 and 15 years amounts to CZK 1,220 (610 x 2).

- Benefits rate does not differ within regions (Article 65, Paragraph 8 not used).
- The average year-on-year price inflation index in 2015 was 100.3%.
- Year-on-year index of an average nominal wage in the national economy in 2015 accounted for 102.7%.

Article 69 – Right of Appeal

Sickness insurance benefits

An insured person has a right to lodge an appeal against a decision issued by the appropriate District Social Security Administration concerning the disallowance of his/her claim for sickness insurance benefits (sickness and maternity benefits), the amount of the benefit, the reduction of the benefit or the withdrawal or suspension of the payment thereof in accordance with Act No. 187/2006 Coll., the Sickness Insurance Act, as amended (hereinafter referred to as “Sickness Insurance Act”). The appeal is decided by a superior authority which is the Czech Social Security Administration. The first instance proceedings and appellate proceedings are governed by Act No. 500/2004 Coll., the Rules of Administrative Procedure, as amended. An insured person can bring an action against the decision of the appellate authority to a competent regional court (by Act No. 150/2002 Coll., the Judicial Rules of Procedure).

Pension insurance benefits

Since 1 January 2010, a written objection against the decision of a social security authority in matters of pension insurance may be raised, as a regular legal remedy under Act No. 582/1991 Coll., providing the Organization and Implementation of Social Security, as amended (hereinafter referred to as “the Organization Act”) provided this is done within 30 days since the day when the participant in the proceedings was notified of the decision. A social security authority which issued the decision decides on the objections. But the objection proceedings must be held separately from the first-instance social security decision-making body. The proceedings must not be participated in or decided upon by anybody who participated in the proceedings concerning the issuance of the disputed decision. An insured person can take a legal action against the decision upon the objections to the relevant regional court (by Act No. 150/2002 Coll., the Judicial Rules of Procedure).

The decisions which form the basis for decision concerning benefits from the pension insurance are excluded from the judicial review. The court only reviews such a decision only

when deciding on an action brought against the decision of the Czech Social Security Administration.

Unemployment benefits

A job applicant may lodge an appeal against the decision of the regional branch of the Labour Office of the Czech Republic (hereinafter “the Labour Office”) concerning a removal from the register of job applicants, of the suspension/termination of payment of unemployment and retraining benefits. With regard to reduction/suspension of payment of unemployment and retraining benefits, the job applicant may lodge an appeal to the regional branch of the Labour Office in the administrative proceedings. The Ministry of Labour and Social Affairs is the administrative authority of appeal.

Family benefits

Decisions on family benefits are issued in the administrative procedure by the regional branches of the Labour Office. The authority of appeal is the Ministry of Labour and Social Affairs. The proceedings are regulated by Act No. 500/2004 Coll., the Rules of Administrative Procedure, as amended. Administrative authorities’ decisions may be subject to judicial review.

Article 70 – The costs of benefits

The costs of provided unemployment benefits are paid from contributions to the state employment policy. The Czech Social Security Administration collects the contribution to the state employment policy along with pension contributions from taxpayers (i.e. from employees through their employers along with the contributions from employers themselves). The contribution is a part of the income side of the state budget and - vice versa – the benefits form a part of the state budget expenditure. As such, it is included in the relevant budgetary chapter of the Ministry of Labour and Social Affairs. Through the Ministry, resources are distributed to the regional branches of the Labour Office.

Total revenue for the year 2015¹

- Pension insurance CZK 351,805,223 thousand
- Health insurance CZK 27,141,478 thousand
- Contribution to the state’s employment policy CZK 15,118,349 thousand

Total expenditures for the year 2015²

- Pension insurance CZK 385,519,643 thousand
- Health insurance CZK 24,109,948 thousand
- Unemployment benefits CZK 8,303,370 thousand

Article 71

Administration and payment of unemployment benefits is managed by the state authorities. The regional branch of the Labour Office decides on unemployment benefits. It is possible to lodge an appeal against the decision within 15 days since the notification of the decision, in accordance with the instructions set out in the decision. The appeal will be decided by the appellate administrative authority – the Ministry of Labour and Social Affairs.

¹ Source: National Account for the chapter of MLSA of the Czech Republic for 2015

² Source: National Account for the chapter of MLSA for the year 2015.

Health and pension insurance are managed by administrative authorities.

Article 74

The total average number of employees was 4,348,261 persons in 2015. If we also include the self-employed persons (participating in the sickness insurance scheme), the total number is 4,437,887 persons.

The total number of employees with pension insurance is	4,348,261 persons
Self-employed persons with pension insurance (average for the year of 2014)	677,359 persons
Self-employed persons with sickness insurance	89,626 persons

SECTION III

Administration and payment of state social support benefits (family benefits) is a responsibility of state authorities. In the first instance it is the Labour Office (regional branches and a branch of the City of Prague), in the second instance it is the Ministry of Labour and Social Affairs.

The scope of participants in the proceedings is determined divergently from the Rules of Administrative which governs these issues in general.

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

- a) Authorized person
- b) The recipient of the benefit (the authorized person or the statutory representative of the authorized person, a person into whose care a minor was placed in the custody according to the decision of the competent authority, a person directly maintaining a minor, the institution, if an entitled minor is maintained by such institution.)
- c) A person evaluated jointly with the entitled person
- d) Natural person or legal entity - a specific recipient (the conditions are regulated by Section 59 of the State Social Support Act).

The Labour Office decides on granting of unemployment benefits and retraining benefits (Section 39 Subsection 3 and Section 40 subsection 2 of Act No. 435/2004 Coll., the Employment Act, as amended).³ and

The competent authority in the field of sickness insurance (and maternity benefits) is the District Social Security Administration which is responsible for the implementation of the sickness insurance scheme and provides sickness benefits. Sickness benefits are paid by the District Social Security Administration at the latest within one month following the day on which the complete documents relating to payment of benefits were received by the District Social Security Administration.

An employer provides (Section 192 of the Labour Code) protection of an employee in case of the emergence of temporary incapacity to work. An employer pays compensation of wage/salary to an employee for the first 14 calendar days of temporary incapacity to work for

working days, which are his/her working days (scheduled shifts) and for national holidays, for which the employee is entitled to salary compensation under Section 115 par. 3 of the Labour Code or for which his/her salary is not reduced (Section 135 par. 1 of the Labour Code), if on these particular days he/she complies with the terms of right for the payment of sickness benefits under the Sickness Insurance Act and if the employment lasts but no longer than until the date of expiration of the supportive period intended for the payment of sickness benefits under Section 26 *et seq.* of the Sickness Insurance Act.

The authorities responsible for the implementation of pension insurance are the Czech Social Security Administration, which decides on pension insurance benefits and pays them, and the District Social Security Administrations that have decision-making power only in terms of the component issues for pension provision, draw up applications for granting of a pension and assess disability with the insured. Within the pension insurance scheme some of the obligations are imposed on employers as well. These obligations include the requirement to keep and report annually to the Czech Social Security Administration the so-called pension insurance records, which contain information on the insurance period and on an assessment base from which the insurance contribution was paid for each employee participating in the pension insurance for a particular year.

SECTION IV

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

SECTION V

The adopted provisions of the Code are taken into account within the process of consideration during preparation of legal regulations governing areas affected by the provisions of the Code, so that the legal regulations concerned comply with the requirements of the Code.

The supervisory authorities in the previous conclusions noted that the Czech Republic meets its obligations arising from the Code.

PART II – HEALTH CARE

Article 7

Right to health care without direct payment is enshrined in the Charter of Fundamental Rights and Freedoms, which is the fundamental law, and in Act No. 48/1997 Coll., the Public Health Insurance Act (hereinafter referred to as the „Public Health Insurance Act"). According to the Public Health Insurance Act each insured individual suffering from any disease or injury, regardless of its cause, has the right to health care without direct payment. The same applies to pregnancy, childbirth and its consequences.

Article 8

The Public Health Insurance Act defines the scope of health care in detail, which is covered by public health insurance, i.e. the scope of covered contingencies referred to in this Article. As for, among others, preventive care, continuing care (long term illness), diagnostic, treatment, pharmacy, clinical and pharmaceutical, medical rehabilitation, consultative, nursing, palliative and others. Covered health care also includes, among others, the provision of medicines, food for special medical purposes, medical devices and dental products. The scope of the covered health care provides protection, recovery and improvement of the health of protected persons as well as their ability to work and ability to satisfy personal needs.

Article 9

A.

The Czech Republic (hereinafter “CR”) refers to letter c).

B.

The group of protected persons is determined in Section 2 of the Public Health Insurance Act.

According to this law, insured by the health insurance are all the persons who have permanent residence in the Czech Republic, and persons who do not have permanent residence in the Czech Republic but they are employees of an employer which has its registered office or permanent residence in the territory of the Czech Republic. In the Czech system of public health insurance there is no derived entitlement to in-kind benefits in the system of public health care insurance.

The Czech Republic must also comply with directly applicable EU law on social security coordination which means that the Czech public health insurance system includes also individuals covered on the basis of coordination regulations [i.e. Regulation of the European Parliament and Council Regulation (EC) No. 883/2004, Regulation No. 987/2009 and No. 1231/2010].

Furthermore, citizens outside the EU, European Economic Area and Switzerland also have access to the Czech public health insurance system on the basis of an entitlement arising from the application of relevant international treaties by which the Czech Republic is bound.

C.

Statistical information:

A. Number of covered persons: 10,421,308 persons (the average number of insured persons in 2015)

B. Population: 10,553,843 persons (as of December 31, 2015)

C. 98.74%

D.

Women on maternity and parental leave and dependent children fall into the category of protected individuals who are entitled to medical care according to Article 10. In the Czech Republic, however, primarily derived in-kind benefits do not exist in the Czech Republic. Women and children within the personal scope of public health insurance are entitled to medical care according to the law.

E.

The Czech Republic does not refer to Article 6 regarding voluntary insurance. This insurance is not applied in the Czech Republic.

Article 10

A.

The scope of health services provided within the Czech public health insurance system is defined in Part Five of the Public Health Insurance Act. The benefits include general practitioner care, including domiciliary visiting, specialist care for hospitalized persons provided by specialists, care for persons in hospitals attending outside the hospital, basic medical prescription providing, care before, during and after childbirth provided by a doctor and hospitalization. The insured person (recipient of health services) is required to pay a regulatory fee. The amount of the regulatory fee – can be found in Section 16a of the Public Health Insurance Act.

B.

According to Section 16a par. 1 of the Act, the insured individual or his/her legal representative shall pay the regulatory fee of CZK 90 to the respective provider of services for medical emergency services, including emergency service in stomatology (hereinafter referred to as "emergency service"). This regulatory fee is not paid if the insured person is placed in institutional care facilities for children under 3 years of age, in school facilities for institutional care or institutional protective care or placed for institutional upbringing in homes for persons with disabilities or if the insured person is placed according to a court's decision in a facility for children in need of immediate assistance, in foster care, in guardianship or care of another person as stipulated by Act No. 89/2012 Coll., the Civil Code. Further, in case of the insured person who proves a decision, notification or certificate issued by the authority providing assistance in material need that he/she is being provided with a benefit which is provided according to Act No. 111/2006 Coll., Assistance in Material Need Act. The document confirming this fact must not be older than 30 days. If the insured person is being provided with social services according to Section 48-50 and Section 52 of Act No. 108/2006 Coll., the Social Services Act, i.e. social services provided in residential care homes for persons with disabilities, in homes for the elderly or in homes with special treatment regime or in health care facilities of inpatient care, under the condition that 15% of their income (at least 15% of the income must remain at the client's disposal after payment for accommodation and meals) is less than CZK 800 or if the insured person has no income. Moreover, the regulatory fee is not paid if a doctor within the emergency service found out that the condition of the insured individual requires hospitalization.

C.

In the case of pregnancy, childbirth and its consequences participation in the form of a regulatory fee of CZK 90 for the use of emergency services is required, if that happens, in accordance with the procedure set out above in the point B.

D.

The Public Health Insurance Act defines the scope of health care in detail, which is covered by public health insurance (see Art. 8). It can therefore be considered that the scope of covered health care provides protection, recovery and abilities to improve the health of protected persons as well as their ability to work and ability to satisfy personal needs, as required by the paragraph 3 of this Article.

The state and the health insurance companies that are public institutions in the Czech Republic, take measures to ensure that health care covered by public health insurance is available to a wide range of people. In the Czech Republic a financial limit in terms of cost of care which the insured person may draw for a certain time period is not set. The so-called waiting periods are not established, so the insured individual is entitled to a full range of covered health care insurance since the first day of health insurance. There are no time limits regarding the length of the health care utilization until health insurance lasts. Health insurance cannot be terminated by a health insurance company, unless there is some kind of facts foreseen by the law (termination of permanent residence in the Czech Republic).

Health insurance companies organize and finance preventive programmes for their insured, which try to motivate to prevention and healthy lifestyle in order to improve the health status of the insured and reduce expenditures on health care. In 2015, the previously initiated programme of individualised invitations for screening of tumour diseases was conducted jointly by the Ministry of Health in association with health insurance companies. Under this programme the individual invitations were sent to the selected age groups of the insured for screening examination to detect any potential tumour diseases, which are risk in this group.

Article 11

In the Czech Republic, the qualifying period during which the person would have to be healthy insured to gain access to covered health care is not established. Since the first day of the public health insurance every insured in case of a covered contingency is eligible for the full range of paid health services, regardless of the duration of insurance and regardless of the amount of premiums paid. It can be stated that the public health insurance system in the Czech Republic is based on a high degree of solidarity which is also reflected in this regard.

Article 12

Benefits referred to in Article 10 shall be provided throughout the contingency without time limit, supposing that the insurance of the person lasts.

PART III – SICKNESS BENEFITS

Article 13 and 14

Sickness benefit entitlement applies to an employee acknowledged in accordance with the Sickness Insurance Act to be temporarily unable to work if his/her temporary inability to work lasts more than 14 calendar days. The employee is entitled to salary or wage compensation according to Labour Code in the course of the first 14 calendar days of temporary inability to work paid to the employee by the employer.

The scope of insured persons is defined by the Sickness Insurance Act. This includes employees in employment, employees active upon the basis of agreement to work outside the scope of employment, judges, community care service volunteers, associates and managing directors of a limited liability company, the directors of charitable companies, members of collective bodies of legal entities, authorized representatives, liquidators and others. Sickness insurance for self-employed persons is voluntary.

Since 1 January 2012, the group of sickness insured employees is enlarged. It now includes among others workers active upon the basis of agreement to work outside the scope of employment, who participate in sickness insurance only if they work in the Czech Republic and the amount of their income exceeds CZK10,001 in a calendar month during the existence of such an agreement.. Employee participates in sickness insurance also if he/she performed with one employer more than one agreement to complete a job in a calendar month and if the total revenue from these agreements reached during the calendar month an amount higher than CZK 10,000.

Since 1 January 2014, the group of insured employees was enlarged again; everyone who pays income taxes from employment is usually covered by insurance³.

Article 15

A.
The Czech Republic refers to the provision of letter a).

B.
Not applied.

³ Participation in sickness and pension insurance emerges automatically if the **arranged** amount of the assessable income from this job for a calendar month **is at least CZK 2,500**.

For employment small in scale, i.e. employment in which assessable income in an amount lower than CZK 2,500 per month was agreed, or income was not agreed at all, the employee participates in sickness and pension insurance only in those calendar months (for the duration of employment) in which assessable income of at least CZK 2,500 was cleared to him/her.

An employee active on the basis of an agreement to complete a job (ACJ) participates in sickness and pension insurance only in those calendar months for the duration of this agreement, in which his/her assessable income of more than CZK 10,000 was cleared; participation in insurance is monitored on monthly basis. This means that e.g. the income from the ACJ in the amount of CZK 9,000 is subject to taxation but not insurance, and participation in the insurance is not requested. Similarly it works in the case of small-scale employment.

C.

Statistical information:

A. Number of employees covered:	4,348,261 persons
Number of self-employed persons covered:	89,626 persons
B. Total number of employees:	4,348,261 persons
C. 100%	

D. The Czech Republic does not refer to the provision of Article 6 regarding voluntary insurance.

Article 16

A.

The Czech Republic refers to the provisions of Article.65.

Chapter I

A. Rules for sickness benefit calculation:

a) Wage or salary compensation paid by employers to employees

1. The compensation is paid for workdays only during the first 14 days of the temporary incapacity to work.
2. The specified period for setting the average earnings is the previous completed quarter.
3. The amount is set on the basis of the average hourly earnings which are reduced in a similar way as the basis determining the amount of the sickness benefits.
4. The percentage rate is the same as for sickness benefits (60% of reduced average earnings).
5. The compensation is not paid for the first three working days of the temporary incapacity to work (waiting period), but it is possible to conclude an agreement between the employee and an employer or include such an arrangement in a collective agreement or to stipulate by an internal regulation that wage/salary compensation will be provided for the first three days of temporary incapacity to work as well.
6. The daily amount of wage/salary compensation since the fourth working day of temporary incapacity to work corresponds to the amount of sickness benefits since the 15th calendar day of temporary inability to work (i.e. 60% of the daily assessment base).

b) Sickness benefits

1. The sickness benefit is paid out for calendar days since the 15th calendar day of temporary incapacity to work.

2. The decisive period for determination of average earnings is usually⁴ 12 calendar months preceding the calendar month in which the temporary incapacity to work occurred.
3. The daily assessment base is the assessable income divided by the number of calendar days of the specified period (some days are not included in order to avoid unjustified dilution of the daily assessment base, for example the days when sickness benefits were provided).
4. The qualifying income consists of all income subject to social security contributions and contributions to the state employment policy calculated for an employee in the specified period.
5. Reduction of the daily assessment base: 90% of the amount up to the first reduction limit is counted, 60% of the amount between the first and second reduction limit is counted, 30% between the second and third reduction limit is counted and the amount above the third reduction limit is not taken into account.
6. In 2016, the first reduction limit is CZK 901, the second reduction limit is CZK 1,351 and the third reduction limit is CZK 2,701.
7. The daily benefit is fixed at the rate of 60% of the daily assessment base.
8. Sickness benefit is a multiple of the daily benefit and the number of calendar days of the duration of the temporary incapacity to work.

B.

To evaluate the required level of sickness benefits, it is preceded in accordance with Article 65, Section 6 Subsection a). It is compulsory in the Czech Republic to provide sickness insurance to all employees. The participation of self-employed individuals in sickness insurance scheme is voluntary.

C.

In 2015, the average gross wage of a skilled worker was CZK 25 932 (based on Job Specification CZ-ISCO 72231 – a metal turner – a machine tool setter and an operator).

Chapter II

Wage compensation for the first 14 days of temporary incapacity to work corresponds to the amount of sickness benefits from the 15th day of temporary incapacity to work; therefore just calculation of sickness benefits to assess the level of sickness is stated.

Data of 1 January 2016

D. – G. The **calculation of the ratio for the evaluation of the sickness benefits level:**

- A gross wage of a skilled worker is used for calculation (based on Job Specification CZ-ISCO 72231 – a metal turner – a machine tool setter and an operator) in 2015, i.e. CZK **25 932**.
- Gross wage from employment: CZK 25 932, of which the net salary after the tax deduction amounts (for a taxpayer with two children) to CZK 22,372.
- The daily assessment base for the calculation of sickness benefits (DAB): the ratio between the annual wage and the number of days in the specified period: $25,932 \times 12/365 = \text{CZK } 852.56$.

⁴ The specified period is determined in Section 18 par. 3–6 of the Sickness Insurance Act, in which all variants are stated, e.g. a situation when employment has lasted for less than 12 months, etc.

- **The daily assessment base** is reduced as follows:
DAB: $852.56 \times 90\% = \text{CZK } 768$.
- **Daily amount of sickness benefit:**
It is 60% of the DAB since the 15th day of temporary incapacity to work,
 60% out of $768 = \text{CZK } 461$.
- **The monthly amount of sickness benefit:** $30 \times 461 = \text{CZK } 13,830$.
- **Child benefits for two children** – amounting to **CZK 1,220** ($2 \times \text{CZK } 610$).
- Net income and child benefits = CZK 23,592.
- Sickness benefit and child benefits for two children = CZK 15,050.
- **The ratio between** the incomes after the insured claim (sickness benefit + child benefits) and incomes before the insured claim (net wage + child benefits): **$15,050 / 23,592 = 63.8\%$** .

Monthly salary in CZK		Monthly benefits for 2 children in CZK per month	Monthly sickness benefits in CZK	Ratio sickness benefits / wage in % *)	
gross	net			Gross	Net
25,932	22,372	1,220	13,830	55.4	63.8

*) Including child benefits.

The European Code of Social Security requires the ratio of sickness benefits to the preceding income of an insured individual in the minimum amount of 45%. **The Czech Republic fulfils the required level of the amount of sickness benefit in respect of both gross and net wage.**

B.
Not applied.

C.
General requirements for sickness insurance benefits entitlement are regulated by Section 15–17 of the Sickness Insurance Act. Entitlement to sickness benefit is established regardless of the financial circumstances of the insured person.

Article 17

The Czech legislation does not establish the fulfilment of a qualifying period as a condition for the establishment of entitlement to sickness benefit. The entitlement of insured individual to sickness benefits arises as the date of his/her entry to employment which constitutes the basis for participation in sickness insurance scheme.

Article 18

Temporary incapacity to work of an employee in the first 14 days

In accordance with Section 192 Subsection 1 of the Labour Code, an employee has who is temporarily incapable to work right to receive compensation of wage / salary paid by the employer for the first 14 days of temporary incapacity / quarantine paid by an employer. The compensation of wage/salary for temporary incapacity / quarantine for the first three days of temporary incapacity to work is not provided (i.e. waiting period).

The compensation wage / salary paid by the employer to the employee for the period specified above belongs in the amount of 60% of the employee's average earnings. The calculation of

average salary is determined in a similar way as the daily assessment base for the calculation of sickness benefits from sickness insurance.

Temporary incapacity/quarantine of the employee is an obstacle to work for the employee which does not allow the employee from performance of work. The employer is obliged to excuse the employee for the duration of an obstacle to work and the employee is obliged to prove the existence of an obstacle.

If the insured individual who is temporarily incapable to work violates the fixed mode during the first 14 days of temporary inability (for example he/she does not fulfil the obligation to stay in the place of residence or works during the time of sickness for another employer), than the reason of obstacle for which the employer is obliged to excuse the employee ceases to exist and the employee should return back to work. If he/she does not do so, such behaviour is considered as a violation of obligations the employer may, according to the provisions of Section 52. h) of the Labour Code, impose a sanction or terminate employment as a result of violating of other employee's obligation specified in Section 301 of the Labour Code in a particularly gross manner. The provision of Section 301a governs the "Other duties of the employees" and states that employees are obliged in the first 14 calendar days of temporary inability to work to fulfil the prescribed regime at the time of temporary incapacity to work regarding the obligation to remain in the place of residence in a period of temporary incapacity and to observe the time and length of permitted leaves, as stipulated by the Sickness Insurance Act.

Temporary incapacity to work of an employee since 15th day

Sickness benefits are provided according to the Sickness Insurance Act since the 15th calendar day of duration of the temporary incapacity to work up to a maximum period of 380 calendar days since the beginning of temporary incapacity to work. Sickness benefits can be provided even after the expiry of the support period, if it can be expected the insured individual will shortly return to capacity to work upon the basis of a statement from the sickness insurance authority. It is, however, only possible to provide the sickness benefit in this way for a period of a further 350 calendar days. Sickness benefits are paid by the Czech Social Security Administration or by service authorities.

In case of a new temporary incapacity to work, the previous periods of temporary incapacity are included in the period of 380 calendar days since the beginning of temporary incapacity, provided those days fall into a period of 380 calendar days prior to the occurrence of a new case of temporary incapacity to work. Previous periods of temporary incapacity to work are not included if the insured activity lasted at least 190 calendar days since the end of the last case of temporary incapacity to work.

The Sickness Insurance Act enables the payment of sickness benefits abroad on the basis of the request of the insured individual. It is only paid to the insured individual's bank account and in return for the payment of the associated costs.

If an insured person who is temporarily unable to work applies for a disability pension in accordance with Act No. 155/1995 Coll., Pension Insurance Act, as amended (hereinafter the "Pension Insurance Act"), and is acknowledged as disabled by the social security body, the temporary incapacity to work ends at the latest on the thirtieth day since the day following the day on which the insured individual was acknowledged as disabled. The disability pension

will be granted since the day following the date of termination of the temporary incapacity to work.

If an old age benefit is awarded according to the Pension Insurance Act in the period when the insured employment or insured individual's independent gainful activities have not ended, the entitlement to sickness benefit will not end. However, the length of the period of provision of sickness benefit will be limited in case of this temporary incapacity to work alongside the payment of an old age pension. Sickness benefit is paid to a recipient of an old age benefit for a maximum period of 70 calendar days, but not after than the day of the termination of the insured activity and no longer than would be paid out up to the ceasing of the "general length" of the period of support.

In the course of any temporary incapacity to work, an insured individual loses his/her entitlement to sickness benefit in the situation when the insured individual becomes entitled to an old age benefit in the course of said period of temporary incapacity to work and said individual's insured employment or insured independent gainful activities cease before the day on which the individual became entitled to the payment of the old age pension.

The temporary incapacity to work of an insured individual who is entitled to maternity benefit shall be terminated and payment of sickness benefits shall be terminated at the beginning of the sixth week before the expected date of birth, if she was not entitled to receive maternity benefits earlier.

The insured individual is not entitled to the payment of sickness benefits for the period during which

- he/she performs work or self-employed activity during the time when drawing sickness benefit from another insured activity,
- he/she receives chargeable income under the special regulations of employment, of which sickness benefits belong..

An insured individual or any other recipient of a sickness benefit who has failed to fulfil any of the imposed obligations or has received the benefit or part thereof even though he/she must have been aware from circumstances that it had been paid out wrongly or at a higher amount than the said individual was entitled to is obliged to repay the benefit payer any overpayment of the benefit. If another physical or legal entity has caused the benefit to be paid out wrongfully or at an amount higher than the individual was entitled to, said entity will be obliged to repay the benefit payer any overpayment of the benefit.

If the insured individual has brought about his/her temporary incapacity to work

As a result of his/her participation in a fight,

- As a direct consequence of his/her inebriation or abuse of narcotic or psychotropic substances, or
- While committing an intentional offence or an intentional misdemeanour,

The said individual will still be entitled to sickness benefits, but at **half the amount**. An insured individual who has deliberately brought about his/her temporary incapacity to work has no entitlement to sickness benefits.

If an incapacitated insured individual breaches the prescribed medical regime during temporary incapacity to work, his/her sickness benefit may be reduced or suspended for

a maximum period of 100 calendar days from the day of the breach in the medical treatment, but no longer than until the end of the period of temporary incapacity to work during which the breach in this treatment occurred.

PART IV – UNEMPLOYMENT BENEFITS

Article 19

Legal regulations on unemployment benefits are contained in Act No. 435/2004 Coll., Employment Act, as amended which among other things defines the requirements for entitlement to unemployment benefits, the determination of its amount as well as support period, the period during which the unemployment benefits are provided to the job seeker. In the reference period the system of providing unemployment benefits was not changed.

Article 20

The Employment Act determines the conditions under which a natural person may be included into the register of job seekers and the conditions under which the said individual is entitled to unemployment benefits.

A job seeker is an individual who personally applies for finding a suitable employment at the regional branch of the Labour Office. He/she applies at the branch in whose territorial jurisdiction the natural person has residence and when legally stipulated conditions are met, he/she is included in the register of job seekers by the Labour Office (Section 24 of the Employment Act).

An individual may not be included in the job seekers' register if he/she is in an employment or service relationship (with certain specified exceptions) as well as a self-employed person, an individual gainfully active abroad, an associate or company secretary in a commercial organisation or a member of cooperative, a supervisory board or a board of directors, if he/she performs work for a company or a cooperative which is remunerated at a certain amount, a judge, a member of a parliament, an individual acknowledged as temporarily incapable of work, serving sentences or is in custody, etc. (Section 25 of the Employment Act).

Job seekers are entitled to unemployment benefit, if they have participated in pension insurance for at least 12 months during the decisive period of employment or other gainful activity under the Pension Insurance Act (Section 39 of the Employment Act). The decisive period for the assessment of entitlement for unemployment benefits is the last two years prior to inclusion in the register of job seekers (Section 41 of the Employment Act).

A job seekers are not entitled to apply for unemployment benefits if they are persons:

Who have been dismissed from employment in the period of the last 6 months before his/her inclusion in the job seekers' register due to an particularly gross breach of their obligations arising from the legal regulations pertaining to the work which they performed; this also applies in the case of termination of any other employment relation for a similar reason.

- Who have been dismissed from employment in the period of the last 6 months before the application for inclusion to the job seekers register due to particularly gross breach of their obligations arising from the Section 301a of the Labour Code.
- Who become entitled to a service allowance according to the special legal regulations (Section 131 *et seq.* of Act No. 221/1999 Coll., Professional Soldiers Act, Section 157 *et seq.* of Act No. 361/2003 Coll., providing the Service Conditions for the Members of Security Forces, as amended), and this allowance is higher than the unemployment

benefit which the job seeker would otherwise be entitled to, if he/she were not entitled to the service allowance;

- Who performs any of activities stipulated in Section 25 Subsection 3 of the Employment Act to the date on which the unemployment benefits should be granted, i.e., works on the basis of an employment or a service relationship with monthly earnings not exceeding half the minimum wage; performs work under the contract for work or an agreement on working activity with a monthly earning or reward per one month period for which it is stated, not exceeding half the minimum wage;
- Who is on the date on which the unemployment benefits are to be granted, in the position of one of the categories mentioned in Section 25 par. 1 letter c) to f) and s) i.e. e.g. a partner or a manager of a limited liability company, a member of the Board or the Management Board of a joint stock company, a member of a supervisory board of a company; the amount of earnings or remuneration is not taking into account; it does not apply to a member of a housing cooperative, who performs work or services for the housing cooperative outside the employment relationship, or is responsible for the business management of a housing cooperative (effective since 1 October, 2015).

Article 21

A.
The Czech Republic refers to letter a).

B.
The group of covered individuals consists of all individuals who meet the conditions for the establishment of the entitlement to unemployment benefits under the Employment Act.

C.
Data of 1 January 2016

A. Number of covered employees:	4,348,261 persons
Number of self-employed persons covered	677,359 persons
B. Total number of employees:	4,348,261 persons
C. 100%	

Article 22

A.
The Czech Republic refers to the provisions of Article 65.

Chapter I

A.
The Employment Act stipulates that the amount of an unemployment benefit and support during a retraining is designed as a percentage rate of average net monthly earnings which has been ascertained in the case of the job seeker and was last used for employment purposes in his/her last terminated employment during the specified period according to employment regulations; if these employment regulations were not applied due to the provisions set out in the special legal regulations pertaining to the legal regulations under which the job seeker performed his/her last completed employment, the average of a job seeker's net monthly earnings is ascertained for the purposes of unemployment benefits and support during

analogously according to employment regulations.

The amount of unemployment benefits and support during retraining for job seeker, who was self-employed prior to be included in the register of job seekers is set as a percentage rate of the last assessment base in the specified period recalculated for 1 calendar month.

The unemployment benefit amounts to 65% of the average net monthly earnings for the first two months of unemployment (i.e. the supporting period), for the next two months it is 50% and 45 % of the average net monthly earnings or assessment base for the remaining period of support. The percentage rate for support during retraining amounts to 60% of the average net monthly earnings or of assessment base.

If the job seeker has terminated an employment without serious grounds for on his own or by an agreement with employer before inclusion in the register of job seekers, he/she is entitled to unemployment benefits for the entire supportive period of 45 % of the average net monthly earnings or assessment base.

If a person has fulfilled the conditions of previous employment by means of employment (see below on Article 23) and if this period has been assessed as being the last employment, the unemployment benefit is set at the amount of multiple of 0.15 for the first two months of an average wage in the national economy for the first to third quarters of the calendar year preceding the year in which the benefit application was submitted, in the amount of multiple of 0.12 for the next 2 months and multiple of 0.11 during the remaining period of support period.

There is the maximum upper limit determined for the amount of unemployment benefits which is determined as multiple of 0.58 of the average wage in the national economy for the first to third quarter of the calendar year preceding the calendar year in which the application for unemployment benefits was submitted. The maximal amount of a support during retraining has been set at multiple of 0.65 of the average national wage for the first to the third quarter of the calendar year preceding the calendar year in which the requalification of a job seeker started. The maximum amount of unemployment benefits was CZK 14,604 in 2015, CZK 15,054 in 2016. The maximum amount of support during retraining was CZK 16,367 in 2015 and CZK 16,837 in 2016.

B.

Not applied

C.

State responsibility for providing unemployment benefits is absolute. The unemployment benefit is granted to every job seeker who meets the legally stipulated conditions.

Unemployment a benefit is due once the conditions has been met, regardless of the individual's assets.

Chapter II

Data of 1 January 2015

D. to G.

The average net monthly wage of a skilled worker with two children amounted to CZK **22,372**.

The calculation of unemployment benefits of 1 January, 2016:

The amount of benefit of a standard skilled worker during the first two months of unemployment:

Benefit amount (65% of the preceding average income) <i>/ of net wage /</i>	% of the original income *)
CZK 14,542	65%

The amount of benefit of a standard skilled worker for the next two months of unemployment

Benefit amount (50 % of the preceding average income) <i>/ of net wage /</i>	% of the original income
CZK 11,186	50%

The amount of benefit of a standard skilled worker for the remaining support period

Benefit amount (45 % of the preceding average income) <i>/ of net wage /</i>	% of the original income
CZK 10,068	45%

The average monthly benefit of a skilled worker throughout the entire support period was amounted to $14,542 \times 2 + 11,186 \times 2 + 10,068 / 5 = \text{CZK } 12,305$.

The ratio between the income after the insurance claim (unemployment benefits) and the income prior the insurance claim (net salary) is $(12,305 : 22,372) \times 100 = 55\%$.

The European Code of Social Security requires the level of unemployment benefits in comparison to preceding wage of at least 45%. **The Czech Republic fulfils the required level.**

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

In the Czech Republic, an entitlement to unemployment benefits is conditioned by completing of the required period of pension insurance obtained in an employment or in other gainful activity. The necessary period of pension insurance is 12 months during the last two years. Within this time, the so-called substitute employment period can be included.

A substitute employment period is considered to be:

- a) The period of preparation for work by an individual with disabilities,
- b) The period of drawing of a disability benefit for level-three disability,
- c) The period of providing personal care for a child up to age of four years,
- d) The period of providing personal care for an individual who is considered a person dependent on the assistance of another natural person in level-two (medium dependence), level-three (heavy dependence) or level-four (complete dependence) according to Section 8 of Act No. 108/2006 Coll., Social Services Act), if such an individual lives permanently with a job seeker and pay the costs of their needs jointly; these conditions are not required in the case of a person who is considered a close individual for purposes of pension insurance,
- e) The performance of a long-term volunteer service upon the basis of a volunteer contract concluded with posting organization which has been accredited by the Ministry of Interior according to Act No. 198/2002 Coll., Volunteer Service Act, or of the performance of community service upon the basis of a community service contract according to Act No. 111/2006 Coll., Assistance in Material Need Act, provided the extent of the realised community service in exceeds 20 hours in a calendar week.
- f) Personal care for an individual under ten years of age who is considered to be a person with level-one (light dependence) dependent on the assistance of another person according to the special legal regulation,
- g) The period of the duration of temporary incapacity to work or of ordered quarantine of a person after the termination of a gainful activity, which established his/her participation in the sickness insurance under a special law, if a person did not bring about temporary incapacity to work intentionally and if the temporary incapacity to work or ordered quarantine did not arise at the time of such a gainful activity or of the protection period under a special law (with effect since 1 October 2015).

Article 24

1. The period of provision of unemployment benefits (support period) depends on the age of the beneficiary. The support period for a job seeker under 50 years is 5 months, between 50 and 55 years of age it is 8 months and over 55 years the support period is 11 months. The decisive factor for the length of the support period is the job seeker's age of the date of the submission of application for unemployment benefits.

The length of the support period is also affected by the fact as to whether or not the job seeker has used the entire support period at any time during the last two years prior to inclusion to the unemployment register. If the entire support period has not been used and the job seeker has completed pension insurance period of at least 3 months by an employment or other gainful activity after the end of the used part of the support period, such a job seeker is entitled to receive unemployment benefits for the entire support period. If a said job seeker has completed a support period of less than 3 months, he/she is entitled to unemployment benefits for the remaining support period. At the same time, the requirement of the total qualification period of previous employment must also be completed.

If the entire support period had expired in the last two years prior to the inclusion of the job seeker in the job seekers' register, a job seeker is entitled to receive unemployment benefits if he/she has acquired a pension insurance of at least six since the full use of the original support period; this period is not required when an employment was terminated for health reasons or because an employer breached one of the essential obligations arising from the legal regulations, a collective agreement or agreed employment conditions. The condition of the total period of previous employment must be fulfilled at the same time.

Entitlement to unemployment benefits expires at the end of the support period, by termination of the registration in a register of job seekers or by removal from the register.

2. Duration of provision of unemployment benefits is not graded according to the contribution period or by benefits previously received during a specified period.

3. The waiting period under the European Code of Social Security is not directly determined in the Employment Act.

A job seeker is entitled to unemployment benefits upon the fulfilment of set conditions since the date of the submission of a written unemployment benefit. If a job seeker applies for unemployment benefits at the latest within 3 working days after termination of employment or of other gainful activity or of activities considered to constitute a substitute employment period, the unemployment benefits are awarded since the day following the termination of the employment or aforementioned activities.

A job seeker to whom redundancy payment was paid in the last employment, the unemployment benefits is provided only after expiration of a period determined by the number of multiples of average monthly salary of corresponding to redundancy payment stipulated pursuant to other legal regulations. Provision of unemployment benefits during entire period stipulated in the Employment Act is not affected.

The job seeker who is entitled to unemployment benefit, but he/she had not been paid any form of redundancy payment based on the termination of employment/service relationship on the date of termination of employment or service, will be provided with a compensation by

the Labour Office from the day of placement into the job seekers' register for a period corresponding to the amount of the redundancy payment. The amount of compensation is determined by multiplying the period for which redundancy payment severance pay pertains and 65% of the average net monthly income of the job seeker. Unemployment benefits will be provided to a job seeker after expiration of the period covered with said compensation.

4. The Employment Act does not determine any special conditions for granting unemployment benefits to seasonal workers. The general system is applied here.

PART V – OLD-AGE PENSION

Article 25 and 26

Data of 1 January 2015

Retirement age and its gradual increase are determined by the Pension Insurance Act. It increases by two months per year in men and by four, respectively six months per year in women until reaching uniform age limit of 67 for men and women. After this unification, the increasing of retirement age will continue by two months for each year. In 2016, the retirement age of men was 63 years, of childless women 62 years and four months, of women who raised one child it was 61 years and four months, of women who raised two children it was 60 years and four months, of women who raised three and four children the age was 59 years and four months and of women who raised five and more children it was 58 years and four months.

A beneficiary of an old-age pension who has already reached retirement age can be gainfully active. Payment of old-age pension is not stopped or reduced in concurrence with a gainful activity the old-age pension is not reduced as well. On the contrary, such an old-age pensioner may request a pension increase of 0.4% of the calculation basis after having worked for every 360 calendar days.

Article 27

A.

The Czech Republic refers to letter a).

B.

The scope of protected persons includes persons mentioned under letter b). Protected persons are those who participate or participated in the pension insurance. The scope of persons participating in the pension insurance on the basis of their gainful activity is identical to the scope of persons participating in the sickness insurance – see Part III Article 13 and 14. Participation in pension insurance is for all economically active persons, both in employment and self-employed persons compulsory under conditions stipulated by law. By law, other groups of people are covered by pension insurance without paying it (and thus protected), e.g. the persons who personally care for a child aged up to four years, the persons who personally care for a person under ten years of age dependent on an assistance of another person of the level-one (slight dependence), of the level-two (medium dependence), of the level-three (heavy dependence) or of the level-four (complete dependence) and beneficiary of the level-three disability benefit. Students since 1 January in 2010, do not participate in the pension insurance, however, they have an option to volunteer for participation.

C.

Statistical information:

A. Number of covered employees:	4,348,261 persons
Number of covered self-employed:	677,359 persons
B. Total number of employees:	4,348,261 persons
C. 100%	
D. Not applied	

Article 28

A.

A benefit is a repeated payment calculated according to the letter a) of this Article. The benefit is calculated in accordance with Article 65, which is based on the wage of a skilled worker.

Chapter I

Data of 1 January 2016

A. Old-age pension consists of two components:

Basic rate: CZK 2,440 per month (9% of the average gross wage).

The percentage rate: depends on the amount of earnings surveyed in the decisive period before the occurrence of an old-age pension and the number of years of insurance. For an old-age benefit it amounts to 1.5% of the calculation basis⁵ for each completed year of insurance. The calculation basis is determined by the average of the indexed gross earnings (earnings are indexed in relation to the average wage growth in the national economy) usually for the decisive period since 1986 until the year preceding the pension application. For the determination of the calculation basis this average ("personal assessment basis") is reduced in this way: 100% of the income is counted from the amount to the first reduction limit, between the first and second reduction limit is counted 26%, and the amount higher than the second reduction limit is not taken into account.

In 2016, the first reduction limit is CZK 11,883 and the second reduction limit is CZK 108,024.

B.

For the assessment of the required level of an old-age pension is proceeded in accordance with Article 65, paragraph 6 point a). In the Czech Republic, economically active population is covered by pension insurance.

C.

In 2015, the average gross wage of a skilled worker was CZK 25,932 (according to Job Specification CZ-ISCO 72231 – a metal turner – a machine tool setter and an operator).

Chapter III

Data of 1 January 2016

D. - G. **Calculation of the ratio for the evaluation of the amount of the pension benefit:**

⁵ The percentage rate of the calculation basis for each complete year of insurance is during the time of participation in I and II pension pillars simultaneously just 1.2%. Since the pillar II (pension savings) was abolished with effect since 1 January 2016 (Act No. 376/2015 Coll., regulating the Termination of Pension Savings), the simultaneous participation in the I and II pillars relates only to the years 2013–2015. Former participants of pillar II will have the possibility of paying the rest of reduced premiums paid in those years to pillar I additionally. Those participants paid reduced premium to a compulsory pension insurance (I. pillar) at the time of participation in pension savings (II pillar), i.e. instead of 6.5% only 3.5%, and the difference (3%) was transferred to their private account into II pillar. If they pay the difference, the percentage rate of old-age pension will be in their case for each completed year of the participation in both pillars 1.5% of the calculation basis. Financial means accumulated in pillar II will be paid to them until 31 December 2016 at the latest, until 29 December 2017 they will have an option to pay premiums in pillar I.

- The calculation is based on the gross monthly wage of a skilled worker (according to Job Specification CZ-ISCO 72231 – a metal turner – machine tool setter and an operator) in 2015, i.e. CZK 25,932.
- A **net wage** for a taxpayer after applying the tax deduction is **CZK 19,938** monthly.
- The personal assessment basis of CZK 25,932 is reduced
 $11,883 + (25,932 - 11,883) \times 26\% = \text{CZK } 15,536$.
- **The percentage rate** of thirty years of insurance is $30 \times 1.5\% \times 15,536 = \text{CZK } 6,992$.
- **The amount of the old-age benefit is composed** of the basic rate and the percentage rate
 $2,440 + 6,992 = \text{CZK } 9,432$.
- **The ratio between** the income after the insurance claim (an old-age benefit) and the income before the insurance claim (net salary) is $9,432 / 19,938 = 47.3\%$.

Monthly wage in CZK		Monthly old-age benefit in CZK	Ratio pension / wage in %	
Gross	Net		Gross	Net
25,932	19,938	9,432	36.4	47.3

The European Code of Social Security requires that the ratio of an old-age benefit in comparison with preceding income of the insured is at least 40%. **The Czech Republic fulfils the required level of the amount of old age benefit in respect to net wage.**

Charter VI

1.

Pensions have been increased regularly in January of a particular year. The total amount of the increase is determined by data of the Czech Statistical Office so that the average old-age benefit increase amounted to an amount equivalent to 100% growth of CPI for households in total and also the amount corresponding to one-third of real wage growth. Basic assessment of the paid pensions are increasing in regular time to maintain the amount of basic pension assessment was always 9% of the average wage, determined in accordance with the Pension Insurance Act for particular calendar year⁶. The percentage assessment of paid pensions will be increased by the number of percentage to maintain that with the average old-age pension the total amount of basic pension increase and the amount of increase in the pension percentage assessment corresponds to the increase in the average old-age pension established equal to the sum of prices increases and one-third of real wage growth.

⁶ The average wage is stipulated by the Section 15, par. 4 of Act No. 155/1995 Coll., Pension Insurance Act. The amount of the average wage determined in this way for pension insurance purposes was CZK 27,006 for the year 2016.

2.

Year	Average wage (for recalculated numbers)		Average year-on-year index of consumer prices (cost-of-living index) for households in total in %
	<i>abs. in CZK</i>	<i>index in %</i>	
2011	24,455	102.5	101.9
2012	25,067	102.5	103.3
2013	25,035	99.9	101.4
2014	25,768	102.9	100.4
2015	26,467	102.7	100.3
2011-2015	-	108.2	105.5

3.

Year	An average old-age benefit ¹⁾		An old-age benefit of a standard beneficiary	
	<i>abs. in CZK</i>	<i>index in %</i>	<i>abs. in CZK</i>	<i>index in %</i>
2011	10,542	-	8,955	-
2012	10,769	102.2	8,792	98.2
2013	10,963	101.8	9,015	102.5
2014	11,065	100.9	8,992	99.7
2015	11,331	102.4	9,253	102.9
2016	11,415 ²⁾	100.7 ²⁾	9,432	101.9
2011-2015		108.3		103.3

¹⁾ An old-age benefit paid separately (not simultaneously paid with the survivor's benefit).

²⁾ Data of the first quarter of 2016.

Article 29

The protected person is entitled to an old-age benefit if he/she has completed the qualification period of insurance and has reached a specified retirement age, or has met other requirements stipulated in the Pension Insurance Act.

Data of 1 January 2015

The benefit is granted to a protected person who has completed qualifying period under the Pension Insurance Act for at least 25 years of insurance and has reached retirement age before 2010; since 2010, this period has been gradually extended each year by 1 year, so the target status of 35 years of insurance period will apply to the insured individual who will reach the retirement age after 2018. In addition, even the insured person who reaches the retirement age and obtains insurance for at least 30 years (only the period of employment without non-contributory periods) is entitled to receive an old-age benefit. Entitlement to receive an old-age pension arises also when reaching the age of 5 years higher than the retirement age of men with the same birth date, when an insured individual who has achieved at least 15 years of insurance for which insurance was paid, i.e. without non-contributory periods or 20 years of insurance, including contribution periods.

Article 30

As a covered contingency is considered reaching the required age; a benefit payment is provided for the rest of one's life.

As regard Article 68, the following letters are used:

d) If it is found that the pension was granted or is paid at a higher amount than the person was entitled to receive, or was granted or paid unjustly, the pension is reduced or withdrawn, the payment is terminated since the day following the day of the period for which it was paid.

PART VII – FAMILY BENEFITS

Article 39

Family benefits are regulated by Act No. 117/1995 Coll., State Social Support Act (hereinafter the „State Support Act"), as amended. The regional branches of the Labour Office decide on the benefits in administrative proceedings. The authority of appeal is the Ministry of Labour and Social Affairs. The decisions concerning the benefits are subject to judicial review.

The costs of family benefits are paid from the state budget; these are mandatory expenditures whose source is general taxation.

With the exception of the abolition of the social supplement since 1 January 2012, there are no changes of legislation or practices that would be reflected in compliance with the provisions of the European Code of Social Security. Currently, there are no measures with significant impacts being prepared.

The child allowance and parental allowance are regular family benefits in the Czech Republic under Article 42.

Article 40

A dependent child is entitled to receive the child allowance if he or she lives in a family whose decisive income lower than the sum of the amount of the family's living minimum amount multiplied by the coefficient of 2.4. The child allowance is provided at three different levels depending on the age of a child.

The parental allowance is provided to a parent who personally provides all-day care for a child who is the youngest in the family. The parental allowance is determined by the total amount that a parent can draw up to four years of a child's age. A gainful activities or income of a parent are not monitored, the placement of a child under two years in preschool facilities is partly limited.

Article 41

The scope of covered individual for regular family benefits according to Article 42 is defined by Act No. 117/1995 Coll., State Social Support Act.

For the purposes of the child allowance, dependent children are considered the covered group. As Children are considered dependent until the end of compulsory schooling and thereafter, but not later than 26 years of age if they are continuously preparing for their future profession (study at secondary schools and universities, theoretical and practical preparation for employment, preparing to become a member of a church, education in diagnostic classes), or they cannot systematically prepare for future career or perform gainful activity due to illness or injury, or because of long-term unfavourable health condition to perform gainful activity. A child's entitlement is not dependent on whether the parent is or is not an employee or an economically active individual or a participant in the pension or sickness insurance.

For the purposes of parental allowance, parents caring for small children are considered to be the group covered. Entitlement is not dependent on economic activity of the parent or his/her participation in the insurance scheme.

According to the individuals covered in Czech legislation, it is not possible to apply this to any of the paragraphs of Article 41.

Statistical information for 2015:

The number of dependent children entitled to receive a child allowance	424.0 thousand
The number of parents receiving a parental allowance	277.3 thousand
The number of dependent children*	2,310.4 thousand
The number of families with dependent children*	1,420.1 thousand

* Data of 2014.

In 2015, the child allowance was received by an average of 420,800 of dependent children every month. This means that it was awarded to about 18.4% of all dependent children.

By an average of 271,700 families with young children received a parental allowance monthly in 2015, i.e. approx. 19.5% of families with dependent children.

Article 42

The Czech Republic refers to paragraph a). Family benefits are in the form of monthly periodic financial payments. Child benefits are linked to the cost of living; in terms of the entitlement (families with income up to 2.4 times the subsistence level are entitled). Parental allowance is established by a fixed total amount.

The amount of the child benefit is a fixed monthly amount, which is CZK 500 for a child up to six years of age, CZK 610 for a child between 6 and 15 years and CZK 700 for a dependent child between 15 and 26 years.

The amount of the parent allowance is determined as the total amount of CZK 220,000 to which is entitled a parent-participant to the sickness insurance scheme. It is drawn monthly in amounts of his/her choice within a maximum of four years of a child's age and the maximum monthly amount of CZK 11,500. Parents without sickness insurance are entitled to receive a parental allowance in fixed amounts of CZK 7,600 monthly up to nine months of a child's age and then CZK 3,800 within four years.

Article 43

To be entitled to receive family benefits a qualifying period is not established. Entitlement is linked to the occurrence of a social situation and to the fulfilment of the conditions stipulated by the State Social Support Act. For foreigners who are not registered for permanent residence in the Czech Republic, or are not citizens of a EU member state, or are not explicitly mentioned in Section 3 of Act No. 117/1995 Coll., (foreigners having a specific kind of residence under a special law) 365 days since the date of signing up residence in the Czech Republic under a special law are required.

Article 44

Statistical information of 2015:

Gross monthly wage of an unskilled worker (according to Job Specification CZ-ISCO 93291 in the wage sphere)	CZK 19,521
Annual expenditure on child allowances	CZK 31 billion
Annual expenditure on parental allowances	CZK 22.5 billion
The number of dependent children*	2,310.4 thousand
The total required expenditure for monetary family benefits	CZK 8.1 billion

*Data of 2014.

The total required (monetary) expenditure of family benefits:

19,521 (wage of an unskilled labourer) x 0.015 (1.5% of wage) x 12 (months) 2,310.4 (thousands of children) = CZK **8.1 b.**

In 2015, the total expenditure on family benefits was CZK 25.6 billion which in relation to the total required expenditure on monetary family benefits in the amount of CZK 8.1 billion means that the Czech Republic fulfils Article 44.

Families with dependent children are also supported through tax relief for dependent children through tax exemption and tax bonus, or through a combination of those. The conditions under which a taxpayer is entitled to tax exemption for a dependent child and the manner of its application by the taxpayer are stipulated in Section 35c of Act No. 586/1992 Coll., regulating Income Taxes effective for the relevant accounting period.

The monthly amount of the tax benefit for a dependent child is higher than the child allowance. Entitlement to child benefit is limited to family income. On the contrary, the tax exemption is applied to all families with dependent children whose income is taxable.

In 2015, under valid legislation a taxpayer was entitled to receive a tax exemption for each dependent child living with him/her at home in the amount of CZK 13,404 per year, for the second child CZK 15,804 per year and for the third and any subsequent child CZK 17,004 per year. A taxpayer may have applied in the form of tax exemption, tax bonus, or of a combination of tax exemption and tax bonus. A family is entitled to tax bonus if the income is at least equal to six times the minimum wage, i.e. at least CZK 55,200 in 2015 (6 x CZK 9,200). The maximum amount of tax bonus for all dependent children in the household was set to CZK 60,300 per year. The conditions for occurrence of an entitlement to tax benefit are defined in the Section 35c of Act No. 586/1992 Coll., regulating Income Taxes, as amended, for the relevant tax periods.

Persons submitting a tax return

Persons submitting the tax return on income claim the tax relief after expiration of the tax period which is the calendar year. This means that in 2015 they draw a lump sum tax benefit according to the tax return of a natural person income for the 2014 tax period. This does not apply for employees who sign the tax declaration, prove an entitlement to a tax relief for the employer and subsequently draw the monthly benefit while running a business or leasing immovable. This group of people can apply for eventual unpaid difference of tax advantage through tax returns on income.

a) The tax advantage provided by the tax payer (the employer)

With regard to the fact that the Czech legislation does not impose an obligation to keep personal data for individual employees to an employer it is not possible to quantify what proportion of the tax relief was provided through the tax exemption from the tax relief because the taxpayer proves after the end of the year the total withheld deposit in the bill after the end of the year, i.e. after all discounts, i.e. even after the reduction of tax relief. The General Directorate of Finance may therefore only provide only information on the tax bonus provided, i.e. the total amount of monthly tax bonuses and additional payments for tax bonus from the annual clearing of advances and tax benefits that was paid for individual years:

Monthly bonus paid by an employer in a wage of an employee.

2014: CZK 4,300,000,000

2015: CZK 4,650,000,000

b) Data from the tax return for 2015

tax relief to a child	Tax abatement (by how much the tax was reduced)	Tax bonus difference *) (Paid out in bonuses)
13.35 b.	7.75 b.	4.23 b.

*) The amount that was claimed in tax returns taxpayers, reduced by tax bonuses paid by the taxpayer.

Due to the fact that, with effect since 1 January 2015 the tax relief was increased for the second, third and another child, there is an assumption that there will be a rise in tax bonuses paid for tax year 2015 and notwithstanding the fact that the total amount that can be paid, has remained unchanged for the tax period and it is CZK 60,300.

Article 45

Family benefits are paid throughout the entire contingency (child dependence, care for the youngest child in the family), do not depend on insurance.

Payment of benefits may be stopped on the grounds of reasons listed in Article 68 par. d) of Act No. 117/1995 Coll.:

– According to the Section 53(2) of Act No. 117/1995 Coll.: If it is found out that the benefit was granted or is paid in a higher amount than was due, or it was granted or paid unjustly, the benefit should be reduced or withdrawn, or its payment will be stopped.

- In accordance to the Section 54, para 4: If the authorized person is in custody or in imprisonment.

His/her entitlement to benefits ceases to exist.

PART VIII – MATERNITY BENEFITS

Article 46 and 47

A covered contingency is according to the Sickness Insurance Act pregnancy, childbirth and their consequences. The institute of earnings suspension is not explicitly defined in the Czech legislation, however, the fact there is a total suspension of earnings due to absence from work, not only for its reduction can be inferred from the systematic interpretation. The maternity benefit corresponds with this structure.

Article 48

A.

The Czech Republic refers to letter a).

B.

In the case of monetary benefits all employed women are protected.

C.

Data of 1 January 2015

⋮

A. Number of covered employees:

a) Employees with pension insurance

4,348,261 persons

b) Self-employed persons with sickness insurance

89,626 persons

B. Total number of employees

4,348,261 persons

C. 100%

Article 49

See notes with respect to Article 10.

Article 50

A. The Czech Republic refers to Article 65.

Chapter I

Data of 1 January 2015

A.

The rules for calculation of maternity benefits

1. The specified period: 12 calendar months (as a rule) preceding the calendar month in which the employee started his/her maternity leave.
2. The daily assessment base (DAB): qualifying income divided by the number of calendar days of the specified period (some days are not included to avoid unjustified dilution of the daily assessment base, for example the days of providing sickness benefits).
3. Qualifying income: all income subject to social security contribution and contributions to the state employment policy is calculated for an employee (employees) for the specified period.

4. Reduction of the daily assessment base: the amount to the first reduction limit is counted in full. Out of the amount between the first and second reduction limit 60% is counted. Out of the amount between the second and third reduction limit 30% is counted and the amount above the third reduction limit is not taken into account.
5. In 2016, the first reduction limit is CZK 901, the second reduction limit is CZK 1,351 and the third reduction limit is CZK 2,701.
6. The daily benefit is fixed at the rate of 70% of the daily assessment base.
7. Maternity benefit is granted for a period of 28 weeks. In the case of women who gave birth to more children at the same time and take care of at least two of them, the maternity benefit is provided for 37 weeks.

B.

The assessment of the required level of maternity benefit is regulated by Article 65, paragraph 6 point a). In the Czech Republic, participation of an employee in sickness insurance is compulsory and these employees are secured by sickness insurance. Insurance of self-employed persons is voluntary.

C. The average gross wage of a skilled worker was CZK 25,932 in 2015.

Chapter V

Data of 1 January 2015

D. – G. Calculation of the ratio for the evaluation of the level of maternity benefits

- Gross wage of a skilled worker of 2015 is used, i.e. CZK 25,932.
- **Net wage** (of a taxpayer) is **CZK 19,938**.
- The daily assessment base for the calculation of maternity benefits (DAB) is the ratio of annual wage and the number of days in the year: $\text{CZK } 25,932 \times 12/365 = \text{CZK } 852,56$.
- **The daily assessment base** is reduced
DAB since the first day: $852,56 \times 100\% = \text{CZK } 853$.
- **Daily amount** of maternity benefits from the 1st day: $70\% \times 853 = \text{CZK } 598$.
- **Monthly amount of maternity benefits:** $30 \times 598 = \text{CZK } 17,940$.
- **The ratio** of income after the insurance claim (maternity benefit) to income before the insurance claim (net wage): $17,940 / 19,938 = \mathbf{90.0\%}$.

Wage in CZK per month		The amount of maternity benefits in CZK per month	Ratio maternity benefit / wage in %	
Gross	Net		Gross	Net
25,932	19,938	17,940	69.2	90.0

The European Code of Social Security requires ratio of maternity benefit to preceding income of the insured 45%. **The Czech Republic fulfils the required level of maternity benefits to gross as well as net wage.**

Article 51

Maternity benefit applies to an employee if she participated in a period of at least 270 days of sickness insurance in the last two years before drawing this benefit and if her employment or

the protection period after termination of employment continues. The protection period is a maximum of 180 days after the termination of an employment.

The following is also included the required period of 270 days of insurance:

- A period of study at a high school, at a vocational school or at a university or at a conservatoire considered as systematic preparation for future occupation for purposes of pension insurance, if the study has been successfully completed,
- The period of disability pension drawing for level-three disability, if that pension was withdrawn and the insured activity has arisen or continued after the withdrawal of the benefit.

If the claim is made for maternity benefits from sickness insurance, in which the condition of 270 days of participation in sickness insurance is not met, duration of participation in previous insurances in two years prior to the commencement of maternity is taken into account of this requirement. Overlapping periods of insurance benefits can only be counted once. If at the same time the claim to maternity benefits is made from one or more types of insurance, in which the condition of participation of 270 days of sickness insurance was met, and from insurance, in which this condition has not been met, only days in the period of two years prior to the commencement of maternity benefit, in which the participation in insurance of 270 days occurred in parallel in the given types of insurance, from which the claim for maternity benefit has been made are counted towards the fulfilment of this condition for the insurance, in which this condition has not been met. If the condition of insurance was not met in multiple types of insurance, the periods of participation of two years prior to the commencement of maternity benefit are only counted for the fulfilment of the said condition in case of insurance which has the highest daily assessment base.

Article 52

The period of entitlement to maternity benefit of an insured woman who has borne a child must not be shorter than 14 weeks and must not expire earlier than six weeks since the date of birth of the child.

An insured individual is not entitled to the maternity benefit for the period during which:

- Individual performs the insured activity of which this benefit is based, work or is self-employed,
Individual is entitled to receive the qualifying income from employment of which this benefit is based under the special legal regulations.

Maternity benefits are not paid:

- To a mother of a child for the period of time when she concludes an agreement with a child's father or husband of the mother as to fact that said individual will assume the care of the child and such insured individual is entitled to receive the maternity benefit, ; in this case the maternity benefit is not paid to the mother of the child, but to her husband or to the child's father. Such an agreement cannot be concluded sooner than after 6 weeks after birth of the child.
- To an insured individual for the period of time when a child was taken into institutional medical facility care due to medical reasons and the insured person performs work or self-employment in the insured activity of which the maternity benefit is provided at this time,
- To an insured individual for the time when he/she cannot or will not care for a child due to a serious long-term illness, for which he/she was recognized temporarily unable

to work, and the child was in the care of another natural person or legal entity due to this reason,

- For the period during which the insured person does not care for a new born child and the child was entrusted to foster care or to institutional care due to this reason,
- To an insured individual for the time a child has been in institutional care due to other than medical reasons of a child or of an insured person.

PART IX – INVALIDITY BENEFIT

Article 53 and 54

A covered contingency is the disability of the level-three according to the Section 39 of the Pension Insurance Act. An insured person is disabled of the level-three, if there is decrease of his/her ability to work by at least 70% due to long-term unfavourable health condition⁷.

The percentage rate of decrease of working ability, prerequisites for assessment of disability and assessment of working ability for the purposes of the designation of disability are stipulated by the regulation of the Ministry of Labour and Social Affairs No. 359/2009 Coll.

Article 55

A.

The Czech Republic refers to letter a).

B.

The Czech Republic refers to the interpretation of Article 27; the scope of protected persons is the same.

C.

A. Number of covered employees:

a) Employees with pension insurance:

4,348,261 persons

b) Self-employed persons with pension insurance:

677,359 persons

B. Total number of employees

4,348,261 persons

C. 100%

Article 56

The Czech Republic refers to Article 65.

Chapter I

Data of 1 January 2015

A benefit is a periodic payment calculated according to the same rules as the old-age benefit (see interpretation in the Art. 26).

A.

The rules for calculating invalidity benefit of the level-three disability

The benefit consists of two components:

Basic rate: CZK 2,440 per month (9% of the average gross wage).

The percentage rate: depends on the individual's income earnings ascertained in the specified period before the entitlement to the invalidity benefit and the number of years of insurance. For invalidity benefit granted to level-three disability it is 1.5% of the calculation basis for each

⁷ CR also provides invalidity benefits for disability of the first and the second level in cases when the working ability of the insured individual is maintained to a certain extent and it enables further employment. If a working ability of the insured person has fallen by at least 35% but not more than 49%, it is the level-one disability; if dropping by at least 50% but 69% at most, it is the level-two disability. An invalidity benefit for the first and second level are not covered contingencies and benefit within the meaning of Article 54 and 56 of the Code.

entire year of insurance. The calculation basis is determined on the basis of the average indexed gross wage (earnings are indexed in relation to the average wage growth in the national economy) for the specified period, i.e. usually since 1986 to the year preceding the year in which the person first qualified for the benefit. To determine the calculation basis, this average ("personal assessment base") is reduced in this way: to the first reduction limit 100% is counted out of this amount, between the first and the second reduction limits 26% is counted and the amount above the second reduction limit is not taken into account.

In 2016, the first reduction limit is CZK 11,883 and the second is CZK 108,024.

B.

For the assessment of the required level of invalidity benefit is proceeded by Article 65, paragraph 6 point a). In the Czech Republic, economically active population is covered with pension insurance.

C. In 2015, the average gross wage of a skilled worker was CZK 25,932 (according to a Job Specification CZ-ISCO 72231 – a metal turner – a machine setter and an operator).

In the Czech Republic, a period since the date of entitlement to invalidity benefit ("add-in" period) is calculated to retirement age for the amount of invalidity benefit, therefore 30 years of insurance may be counted on with for the amount of the benefit.

Chapter II

Data of 1 January 2016

D. – G. Calculation of the ratio for the evaluation of the invalidity benefit of level-three disability

- Gross wage of a skilled worker is used (according to Job Specification CZ-ISCO 72231 – a metal turner – a machine setter and an operator) in 2015, i.e. CZK 25,932.
- **Net wage** (after application of the tax relief to a taxpayer and two children) is **CZK 22,372**.
- Personal assessment basis (25,932) is reduced:
 $11,883 + (25,932 - 11,883) \times 26\% = \text{CZK } 15,536$.
- **The percentage rate** for thirty years of insurance: $30 \times 1.5\% \times 15,536 = \text{CZK } 6,992$.
- **The amount of the level-three disability benefit:**
 basic rate and the percentage rate $2,440 + 6,992 = \text{CZK } 9,432$.
- **Child allowances for two children** –in the amount of 1,220 (2 x CZK 610).
- **The rate of incomes** after the insurance claim (disability benefit of the level-three and allowances for two children) to incomes before the insurance claim (net wage and allowances for two children): $10,652 / 23,592 = 45.2\%$.

Wage in CZK per month		Allowances for 2 children in CZK	Invalidity benefit in CZK	Ratio benefit / wage *)	
Gross	Net			Gross	Net
25,932	22,372	1,220	9,432	39.2	45.2

*) Invalidity benefit and salary including allowances for two children.

The European Code of Social Security requires the rate of incomes of the invalidity benefit to the previous insured incomes of 40%. **The Czech Republic fulfils the required level of invalidity benefit to net wage.**

Chapter VI

1. See answer in Part III Article 28, Chapter VI
2. The indexes are stated in Part III Article 28, Chapter VI
- 3.

Year	Average invalidity benefit ¹⁾		Invalidity benefit of a standard recipient ²⁾	
	<i>abs. in CZK</i>	<i>index in %</i>	<i>abs. CZK</i>	<i>in index in %</i>
2011	10,006	-	8,955	-
2012	10,163	101.6	8,792	98.2
2013	10,257	100.9	9,015	102.5
2014	10,274	100.2	8,992	99.7
2015	10,434	101.6	9,253	102.9
2016	10,422 ³⁾	99.9 ³⁾	9,432	101.9
2011-2015	-	104.3	-	103.3

¹⁾ Level-three disability benefit is paid separately (not simultaneously paid with the survivor's benefit) without child allowance.

²⁾ Level-three disability benefit, without child allowances.

³⁾ Data of the 1st quarter of 2016.

Article 57

The benefit is granted to protected individuals under the requirement of completing a necessary insurance period. If the disability was a result of a work accident, no insurance period is required. A person who has reached at least 18 years of age, has a permanent residence in the territory of the Czech Republic and is disabled with level-three disability, is also entitled to a corresponding disability benefit if such disability arose before said individual reached 18 years of age and this person was not participated in the insurance system for the required period. The required insurance period for other disabled persons is graded according to the age reached at the date of disability. There are three phase: up to 20 years, between 20 and 38 years and over 38 years. Till 20 years, the necessary contribution period is one year, between 20 and 28 years it is set in the range of one to four years and since 28 years it is five years and the last ten years preceding the disability occurrence are considered. For an insured individual older than 38 years, the condition of the required insurance period for entitlement to disability benefit is considered to be fulfilled also, if the period was completed in the last 20 years before the occurrence of the disability; the required insurance period in this case is 10 years.

Article 58

Level-three disability benefit is granted during the entire duration of disability until the age of 65 or the retirement age, if it is higher than 65 years. On the day of reaching the age, an entitlement to a disability benefit expires and an entitlement to an old-age benefit of the same amount as the previously entitled disability benefit occurs. Nevertheless, the beneficiary of the

old-age benefit has an option to ask for a calculation of his/her old-age benefit according to the general rules.

Regarding Article 68, the following letters are used:

- a) If the disability occurred before reaching the age of 18, and disabled person did not participated in the insurance system for the required period, the benefit is not paid, if the beneficiary is not a permanent resident in the Czech Republic.
- c) Disability benefit is not paid for the period of provision of sickness benefits granted before the entitlement to disability benefit.
- d) If it is discovered that the entitlement to a benefit or to its payment expired, the pension shall be withdrawn or its payment stopped. If the benefit has been granted or is paid at a higher amount than beneficiary was entitled, or has been granted or paid unjustly, the benefit is reduced or withdrawn, or its payment is stopped on the day following the date on which the period for which it was paid has expired. If the pension has been granted at a lower amount than was due, or it was unjustly denied or granted at a later date than since when it was entitled, the benefit is increased or awarded since the date when the benefit or the increase is entitled; five years retroactively is the maximal period since the date of the determination or claim of entitlement to a benefit or its increase. The benefit or its increase is paid since the date on which the benefit or the increase is entitled regardless of the five-years years retroactive rule if the benefit was not granted or was paid at a lower amount than the beneficiary was entitled, or was unjustly denied or granted at a later date than since when the entitlement arose as a result of an incorrect procedure of a social security authority.
- e) If the disability arose as a result of intentional self-inflicted injury that the insured individual caused to himself/herself or he/she allowed to another person to cause this harm to health of the insured person which arose as a result of its intentional crime, the add-in period (i.e. the period from the establishment of the entitlement to disability benefit until the attainment of retirement age) is not counted for the purpose of disability benefit amount; - the retirement age of women who have raised no children is taken into account, and the age set for women of the same birth date who have raised no children is taken into account for men.
- f) Payment of disability benefit may be suspended if a beneficiary failed to undergo an examination of his/her health condition.

PART X – SURVIVORS’ BENEFITS

Article 59 and 60

The covered contingency is the loss of subsistence resources due to the death of a spouse and, in the case of a child, due to the loss of one or both parents; the entitlement does not depend on the fact the surviving person is not able to take care of himself/herself. The option mentioned in paragraph 2 is not used; survivors’ benefits are not reduced nor suspended for concurrence with income or gainful activity. Conditions of entitlement are stipulated in Part IV Title 4 and 5 of the Pension Insurance Act.

Article 61

A.

The scope of covered individuals corresponds to the group set out under letter a); see also the statement in Article 27.

B.

The protected persons are survivors (a widow/a widower, a dependent child) left after persons who were beneficiary of old-age or disability benefit or who have met conditions of the insurance period required for entitlement to disability benefit or old-age benefit on the date of their death or died as a result of an industrial accident.

In case of orphans, the requirement of completing the qualified insurance period by a deceased parent to be entitled to an orphan's pension and draw a disability pension is alleviated: it is sufficient if the deceased parent received at least half of the required period of insurance.

C. Data of 1 January 2016

A. Number of protected employees:	4,348,261 persons
Number of protected self-employed persons:	677,359 persons
B. Total number of employees:	4,348,261 persons
C. 100%	

Article 62

A.

A benefit is a regular payment calculated in accordance with the Article 61 letter a) under Article 65.

Chapter I

Data of 1 January 2016

A:

The rules for calculation the widow’s (widower’s) pension

The benefit consists of two components:

The basic rate: amounts to CZK 2,440 per month (9% of the average gross wage).

The percentage rate: depends on the income and number of years of insurance of the insured deceased person.

The percentage rate:

- **Widow's (a widower's)** benefit: 50% of the percentage rate of the level-three disability benefit or of an old-age benefit to which the deceased was or would be entitled (see the old-age or disability benefit).
- **Orphan's** benefit 40% of the percentage rate of disability benefit for level-three disability or of old-age benefit for each parent to which the deceased individual was or would be entitled (see the old-age or disability benefit).

B.

For the assessment of the required level of survivors' benefits the procedure is described in accordance with Article 65, paragraph 6 letter a).

C.

The average gross monthly wage of a skilled worker was CZK 25,932 in 2015.

Chapter IV

Data of 1 January 2015

D. – G. The **calculation of the ratio for the evaluation of the survivor's benefit**

- A gross average monthly wage of a skilled worker is used (according to Job Specification CZ-ISCO 72231 – a metal turner – a machine tool setter and an operator) in 2015, i.e. CZK 25,932.
- **A net wage** after tax relief for a taxpayer with two children is CZK **22,372**.
- Personal assessment rate (CZK 25,932) is reduced
 $11,883 + (25,932 - 11,883) \times 26\% = \text{CZK } 15,536$.
- Percentage rate of an old-age (disability) benefit of the deceased of thirty years of insurance amounts to: $30 \times 1.5\% \times 15,536 = \text{CZK } 6,992$.
- Percentage rate of a widow's benefit: $50\% \text{ of CZK } 6,992 = \text{CZK } 3,496$.
- **The amount of a widow's (a widower's) benefit:** the basic and the percentage rate
 $2,440 + 3,496 = \text{CZK } 5,936$.
- The percentage rate of an orphan's benefit: $40\% \text{ of CZK } 6,992 = \text{CZK } 2,797$.
- **The amount of an orphan's benefit:** the basic rate and the percentage rate
 $2,440 + 2,797 = \text{CZK } 5,237$.
- A widow's benefit and two orphan's benefits
 $\text{CZK } 5,936 + 2 \times \text{CZK } 5,237 = \text{CZK } 16,410$.
- **Child allowances for two children** – entitled in the amount of CZK 1,220 (2 x CZK 610).
- **The ratio** of income after the insured contingent (survivor's benefit and child allowances) to income prior the insured contingent (net wage and child allowances for two children): $17,630/23,592 = 74.7\%$.

Monthly wage in CZK		Allowances for 2 children in CZK	Survivors' benefit in CZK	Ratio benefit / wage *)	
Gross	Net			Gross	Net
25,932	22,372	1,220	16,410	64.9	74.7

*) Including child allowances (for each child in the amount of CZK 610).

The European Code of Social Security requires share of incomes of the survivors' benefits to the previous insured income of 40%. **The Czech Republic fulfils the required level of survivors' benefit in respect to gross and net wage as well as.**

Chapter VI

1. See answer in Part III, Article 28, Chapter VI
2. The indexes are stated in Part III, Article 28, Chapter VI
- 3.

Year	Average widow's and widower's benefits		Average orphan's benefit		Survivor's benefit of a standard beneficiary ¹⁾	
	abs. in CZK	index in %	abs. in CZK	index in %	abs. in CZK	index in %
2011	6,801		5,397	-	15,433	-
2012	6,926	101.8	5,525	102.4	15,289	99.1
2013	7,032	101.5	5,639	102.1	15,681	102.6
2014	7,075	100.6	5,685	100.8	15,668	99.9
2015	7,222	102.1	5,827	102.5	16,111	102.8
2016	7,265 ²⁾	100.6 ²⁾	5,875 ²⁾	100.8 ²⁾	16,410	101.9
2011-2015	-	106.8	-	108.0	-	104.4

¹⁾ A widow's and two orphans' benefits.

²⁾ Data of the 1st quarter of 2016.

Article 63

A survivor's benefit is granted to a covered individual whose spouse was a beneficiary of disability or old-age benefit or who have met the conditions for entitlement for granting of the benefit on the day of the death or the day he/she had died as a result of a industrial accident.

An orphan's benefit is granted in case a deceased child's parent was a beneficiary of disability or old-age benefit or he/she would met the conditions for an old-age benefit entitlement on the date of death or he/she would completed at least half of the necessary contribution period for disability benefit entitlement on the day of the death or who had died as a result of industrial accident.

These are derived pension benefits – see explanation to Article 29 and Article 57.
National legislation does not use paragraphs 3, 4 and 5.

Article 64

A widow's and a widower's pension are granted for the period of one year after the death of a spouse, and then only in cases when the survivor:

- a) Cares for a dependent child,
- b) Cares for a child who is dependent on assistance from others in the level II (medium dependence), level III (heavy dependence) or level IV (full dependence),
- c) Cares for his/her parent or for parents of the deceased spouse who live with him/her in household and is dependent on the care of another person in level II (medium dependence), level III (heavy dependence) or level IV (full dependence),
- d) Is an individual with level-three disability, or
- e) Has completed the age which is four years lower than the retirement age set for men with the same date of birth or retirement age, if the retirement age is lower.

The condition for an entitlement to an orphan's benefit is dependence of a child. Dependence is defined by the Pension Insurance Act in Section 20 Subsection 3 and is recognized for the period of compulsory school attendance, and then (if other conditions are met) up to reaching 26 years of age.

An entitlement to a widow's or a widower's benefit ceases to exist with remarriage. An entitlement to an orphan's benefit ceases to exist with adoption.

As regards Article 68:

d) In case when the entitlement to benefit or its payment has expired or benefit has been granted / paid at a higher amount than was due, or has been granted / paid unjustly the benefit in question can be reduced or withdrawn and the payment can be suspended since the day following the date on which the time period for which it was granted, has expired,.

If the benefit has been granted at a lower rate than was due, or it was unjustly denied or granted at a later date than since when it was entitled, the benefit will be increased or granted since the date when the beneficiary became entitled to such benefit or the increase, but five years retroactively at maximum prior to the date of the determination or claim of entitlement to a benefit or its increase.

If the benefit or its increase has not been granted or was paid at a lower rate than was due, or was unjustly denied or granted on a later date than since when it is entitled as a result of an incorrect procedure of a Social Security Authority, the benefit or its increase is paid since the date on which the pension or its increase is entitled.

e) An entitlement to a widow's or a widower's benefit ceases to exist on the date of the final and conclusive court ruling that the widow or widower intentionally caused the death of his/her spouse as perpetrators or co-perpetrator or a participant in a crime. This is applied to the entitlement to an orphan's benefit likewise.

Appendix XX

Conclusions of the Committee of Experts

1. Part II. (Medical care), Article 10(3) of the Code red in conjunction with Article 70 and 71

Noting that the EC recommendation to achieve a fiscal adjustment of 0,5 per cent of GDP in 2016 should be largely fulfilled by improving the cost-effectiveness and governance of the health care sector, the Committee would like the Government to explain the indicators used to measure the quality and effectiveness of the medical care inside and outside hospitals, including care provided by general practitioners, in terms of maintaining, restoring or improving the health of the population (Article 10 of the Code).

Quality of health care at the level of legislation is determined by Act No. 372/2011 Coll., Medical Services Act (Section 98–106) and by Regulation No. 102/2012 Coll., regulating Evaluation of the Quality and Safety of Inpatient Health Care. The stated act regulates preconditions to be met by the person who will carry out the evaluations in particular. Authorization for this activity is granted by the Ministry of Health. Regulation No. 102/2012 determines minimal standards of evaluation for which it stipulates the specific indicators and the ways of their designing and monitoring. Evaluation standards and indicators used to measure are as follows:

1. Minimal Evaluation Standards of Quality and Safety

1.1 A standard of program implementation for improving quality and safety

The standard is met if

- a) A program of improving the quality and safety throughout the healthcare facility is introduced and if this program is regularly updated
- b) There are appointed persons responsible for implementing the program of improving the quality and safety
- c) Principles and activities to improve the quality and safety are included in operational procedures introduced in the practice, which are updated at least once a year
- d) Persons engaged in the provision of inpatient care are actively involved in the program of improving the quality and safety.

1.2 The standard of monitoring and evaluation of undesirable accidents

The standard is met if

- a) The evidence of undesirable accidents is established, at least of unexpected worsening of the clinical condition of the patient, having resulted in permanent physical impairment of health or death of the patient, the incidence of hospital infections, falls, bedsores, accidents associated with the use or preparation of medication and accidents associated with therapeutic or diagnostic performance
- b) An evaluation of the individual undesirable accidents is carried out, including identifying their causes
- c) Time trends of numbers of undesirable accidents are evaluated
- d) Precautionary measures to prevent undesirable accidents are taken.

1.3 A standard of monitoring of patients' satisfaction

The standard is met if

- a) The patients' satisfaction is monitored at least with conditions of hospital stay including meals, approach of health workers and other professionals to patients

- and providing information to patients about their health status and diagnostic, therapeutic and nursing treatment
- b) Evaluating the satisfaction of patients is carried out and steps to remove identified deficiencies are taken.

1.4 A standard of monitoring and evaluation of complaints and suggestions related to inpatient health care

The standard is met if

- a) A record of all complaints and suggestions of patients and other persons lodged in connection with inpatient medical care including the method of execution is kept
- b) An evaluation of complaints and suggestions, including identifying their causes is carried out
- c) Steps to remove identified deficiencies and necessary preventive measures are taken.

1.5 A standard of the use of recommended diagnostic, therapeutic and nursing procedures

The aim of the standard is to ensure the use of diagnostic, therapeutic and nursing procedures recommended by expert and professional organizations of health workers and other professionals in the health sector.

1.5.1 Indicators of quality and safety to meet the standard

The standard is met if

- a) A provider of inpatient health care uses diagnostic, therapeutic and nursing procedures recommended by specialized and professional organizations, health workers and other professionals in the health sector and
- b) The internal diagnostic, medical and nursing practice in the care for patients with sensory or physical disabilities are developed.

2. Minimal Evaluation Standards of Patient Care

2.1 Standard of observance of the rights of patients and of persons close to patients

The aim of the standard is to respect the rights of patients and those close to patients in providing inpatient health care.

2.1.1 Indicator of quality and safety to meet the standards

A standard is met, if monitoring and evaluation of the rights of patients and persons close to patients is carried out and if the steps to remove identified deficiencies are taken.

2.2 The Standard of setting internal rules of medical records

The aim of the standard is keeping medical documentation, dealing with this documentation and access to it in relation to the specific requirements of providing inpatient health care and the organizational structure of medical equipment.

2.2.1 Indicators of quality and safety to meet the standard

The standard is met if the following are established and respected

- a) Principles of keeping medical documentation in relation to the specific requirements of the provision of inpatient health care and organizational structure of medical equipment
- b) Principles to ensure access to medical documentation in relation to the specific requirements of the provision of inpatient health care

- c) Procedures for medical documentation depositing and its protection against misuse, loss and damage.

2.3 A standard of ensuring consultancy services

The aim of the standard is to provide consulting services for healthcare professionals in providing inpatient health care.

2.3.1 Indicator of quality and safety to meet the standard

The standard is implemented if the consulting services for other disciplines necessary for diagnostic and medical care are provided in individual cases when it is required by a patient's health condition.

2.4 A standard of secure handling with medicines and medical devices

Indicators of quality and safety to meet the standard

The standard is met if the following are identified, observed and evaluated

- a) Internal procedures for ordering, receiving, storing, prescribing, preparation and distribution of medicines and elimination (liquidation) of unused medicines, including documentation of procedures and checks
- b) Internal procedures for ordering, receiving, storing, prescribing and use of medical devices and elimination (liquidation) unusable medical devices, including documentation of procedures and checks
- c) Internal procedures for the use of unregistered medicinal products
- d) Internal procedures for reporting on adverse drug reactions and adverse accidents and side effects of medical devices
- e) Certifications and duties of employees in carrying out the activities listed in letters a) – d).

2.5 A standard of quality of patients' dieting

Indicators of quality and safety to meet the standard

The standard is met if there is

- a) Procedure of organization of nutritional care established
- b) The dietary system is elaborated.

2.6 A standard of providing medical rehabilitation

Indicators of quality and safety to meet the standard

The standard is met if

- a) The plan of curative rehabilitative care is elaborated and the plan of its evaluation following inpatient health care provision
- b) Patients and healthcare professionals are introduced to the curative rehabilitation care plan and to its evaluation to the required extent.

2.7 A standard of health support and of disease prevention

Indicators of quality and safety to meet the standard

The standard is met if

- a) The plan of activities oriented at basic health promotion, disease prevention, in addiction to tobacco, alcohol and other addictive substances and psychological support in particular is elaborated
- b) Patients and staff have access to information on factors influencing health in health care facilities.

2.8 A standard of health care continuity

Indicators of quality and safety to meet the standard

The standard is met if

- a) The procedures for transferring patients among employees in related shifts in the workplace are established, for the transfer of patients among workplaces of a medical device, for the transfer of patients to another healthcare facility and for discharge of patients from medical devices, including ensuring follow-up healthcare
- b) The procedure for cooperation with other healthcare providers and possibly also with social service providers is established.

2.9 A standard identification of a patient

Indicator of quality and safety to meet the standard

The standard is met if the procedure to unique incommutable identification of patients is established and observed.

2.10 A standard of ensuring of cardiopulmonary resuscitation care

Indicators of quality and safety to meet the standard

The standard is met if

- a) The annual training plan including checking medical staff in cardiopulmonary resuscitation is elaborated and fulfilled
- b) The plan of checking equipping workplaces with medicinal products and medical devices for providing cardiopulmonary resuscitation, including checks on their functionality is elaborated and fulfilled
- c) Documentation on the implementation of training and examination of medical professionals is kept under a) and on the implementation of the checks under b).

3. Minimal Evaluation Standards in Human Resource Management

3.1. A standard of personal security of inpatient health care

Indicators of quality and safety to meet the standard

The standard is met if

- a) Working places are divided in accordance with the requirements for personal security of inpatient health care and the program for lifelong training of workers in health care services is elaborated as well
- b) Induction courses/training for workers at their inclusion in a new work place are established
- c) Job descriptions of individual health workers and other professionals are elaborated in accordance with their competence to practice a profession of a medical worker or of other professional worker
- d) Satisfaction of employees with their working conditions for the performance of tasks is monitored and observed and steps are taken to remove identified deficiencies.

4. Minimal Evaluation Standards of Providing a Safe Environment for Patients and Staff

4.1 A standard of a safe environment for patients and staff

Indicators of quality and safety to meet the standard

The standard is met if

- a) A program to ensure a safe environment for patients and staff is introduced; it includes the identification of risk locations in particular and activities in terms of the safety of patients and staff.
- b) A method of providing electricity, drinking water and medical gases is established, both in the usual mode of supply and at supply interruptions.

Regarding the efficiency of health care, the hospital care in the Czech Republic is covered mainly on the basis of internationally accepted methodology, so-called *diagnosis-related group* (hereinafter "DRG"). DRG is a tool creating a limited number of clinically and economically homogeneous groups – cases of acute hospitalization and enables comparison of the relative intensity on resources for the cases included in these groups (sorted by diagnosis or groups). In addition to financing of acute inpatient health care, this system is also used as a tool for hospital management, measuring the provision or the quality of health care. In 2015 in the Czech Republic the previously initiated project DRG Restart continued, whose aim is to develop the mechanism of payment for health care further on the basis of this methodology and its application in practice.

As to what concerns the governance of the healthcare sector, please explain the measures taken to control current expenditures of the sector in a manner which avoids hardship to persons of small means, ensures its long-term financial sustainability and strengthens participatory management of the institutions and service concerned (Article 70 and 71 of the Code).

As mentioned above, the public health insurance system in the Czech Republic is based on a high degree of solidarity that all insured persons are entitled to the same range of health care that is paid from this system, regardless of the amount of insurance that the insured pay and regardless the duration of insurance. At the same time, the state pays premiums for public health insurance for over 60% of the insured. These are mainly dependent children, pensions' beneficiaries, persons on maternity or parental leave, job seekers and other groups.

The Public Health Insurance Act sets a maximum limit of additional payments for drugs or foodstuff for special medical purposes covered by public health insurance that the insured should pay for a calendar year. The limit is CZK 5,000 per year. For children and persons under 18 years of age and persons over 65 years, the amount is CZK 2,500 per year. If the amount of the additional payments that were paid by the insured in a given year exceeds specified limits, the health insurance company is obliged to reimburse the amount by which the limit was exceeded to the insured.

Regarding the overall evaluation of the efficiency of health care in the Czech Republic, we note that according to the independent ratings of European health care systems the Euro Health Consumer Index 2015 (EHCI) published by the Institute of Health Consumer Powerhouse, the Czech Republic was rated 13th out of 35 countries surveyed. After adjusting the score for the volume of spent funds, the Czech Republic was assessed even on the 3rd place among the surveyed countries.

Management of the health sector is governed by the Ministry of Health; the public health insurance is conducted by 7 health insurance companies which are institutions with public mandate. Members of their self-governing bodies are the representatives of insured, i.e. representatives of the state, employers and employees, more precisely of the insured.

2. Part V (Old-age benefit, Article 26(2). Pension age.

Taking into account the unification of the retirement age for both sexes, the Committee asks the Government to specify what retirement age is fixed for men who have raised the same number of children and what other factors are taken into account in setting lower age of retirement for particular categories of workers. Please indicate the time schedule for the progressive increase of the retirement ages for men and women up to 67 years.

Retirement age is determined by year of birth and by gender, while the retirement age for men is not differentiated according to the number of children raised. The Czech Republic is aware of the fact that lower retirement age for women and its differentiation according to the number of children raised does not correspond to the principles of equality between men and women in social security, therefore there is a gradual consolidation of retirement ages for men and women and the gradual elimination of differentiation according to the number of children raised. After the unification of the retirement age to 67 years for men and women, its increase will continue by 2 months for each year of birth. The gradual increase of the retirement age for men and women born between 1936–1977 until the age of 67 is noted below in the attached table.

Regarding the determination of lower retirement age for certain categories of workers, the professions were in the Czech Republic (more precisely in the former Czechoslovakia) classified in different categories until 31 December 1992. Entitlement to an old-age benefit in lower age than the general retirement age resulted from number of factors (type of employment, the total period of employment or specific reason of termination of employment). Partial entitlements attained before that date "are decreasing as the citizens in question gradually attain the set reduced retirement age.

An entitlement to a lower retirement age after 31 December 1992 covers only miners with a permanent workplace in underground mines; it is conditioned by the fact that those entered into such an employment before 1 January 1993, and they have worked off the number of shifts worked differentiated by a type of mineral, or by achieving the maximum allowable exposure. In the Regulation No. 363/2009 Coll., regulating the decrease of the retirement age for persons performing the profession of mining underground is adjusted in this way: 5 years are deducted from the general retirement age in accordance with Section 32 of the Pension Insurance Act. Under the approved amendment to the Pension Insurance Act with effect from 1 October 2016, the retirement age of 7 years less than the general retirement age is established for persons working in the mining industry in selected occupations who have a permanent work in underground mines, regardless the period when they had entered into this profession for the first time before the effective date of the amendment. For any other categories of workers a lower retirement age is not set.

Overview of increasing the retirement age for the insured born between the years 1936–1977

Year of birth	Retirement age					
	men	Women with the number of raised children				
		0	1	2	3 to 4	5 and more
1936	60y + 2m	57y	56y	55y	54y	53y
1937	60y + 4m	57y	56y	55y	54y	53y
1938	60y + 6m	57y	56y	55y	54y	53y
1939	60y + 8m	57y + 4m	56y	55y	54y	53y
1940	60y +	57y + 8m	56y+4m	55y	54y	53y
1941	61y	58y	56y+8m	55y+4m	54y	53y
1942	61y+2m	58y+4m	57y	55y+8m	54y+4m	53y
1943	61y+4m	58y+8m	57y+4m	56y	54y+8m	53y+4m
1944	61y+6m	59y	57y+8m	56y+4m	55y	53y+8m
1945	61y+8m	59y+4m	58y	56y+8m	55y+4m	54y
1946	61y+10m	59y+8m	58y+4m	57y	55y+8m	54y+4m
1947	62y	60y	58y+8m	57y+4m	56y	54y+8m
1948	62y+2m	60y+4m	59y	57y+8m	56y+4m	55y
1949	62y+4m	60y+8m	59y+4m	58y	56y+8m	55y+4m
1950	62y+6m	61y	59y+8m	58y+4m	57y	55y+8m
1951	62y+8m	61y+4m	60y	58y+8m	57y+4m	56y
1952	62y+10m	61y+8m	60y+4m	59y	57y+8m	56y+4m
1953	63y	62y	60y+8m	59y+4m	58y	56y+8m
1954	63y+2m	62y+4m	61y	59y+8m	58y+4m	57y
1955	63y+4m	62y+8m	61y+4m	60y	58y+8m	57y+4m
1956	63y+6m	63y+2m	61y+8m	60y+4m	59y	57y+8m
1957	63y+8m	63y+8m	62y+2m	60y+8m	59y+4m	58y
1958	63y+10m	63y+10m	62y+8m	61y+2m	59y+8m	58y+4m
1959	64r	64y	63y+2m	61y+8m	60y+2m	58y+8m
1960	64y+2m	64y+2m	63y+8m	62y+2m	60y+8m	59y+2m
1961	64y+4m	64y+4m	64y+2m	62y+8m	61y+2m	59y+8m
1962	64y+6m	64y+6m	64y+6m	63y+2m	61y+8m	60y+2m
1963	64y+8m	64y+8m	64y+8m	63y+8m	62y+2m	60y+8m
1964	64y+10m	64y+10m	64y+10m	64y+2m	62y+8m	61y+2m
1965	65y	65y	65y	64y+8m	63+2m	61y+8m
1966	65y+2m	65y+2m	65y+2m	65y+2m	63y+8m	62y+2m
1967	65y+4m	65y+4m	65y+4m	65y+4m	64y+2m	62y+8m
1968	65y+6m	65y+6m	65y+6m	65y+6m	64y+8m	63y+2m
1969	65y+8m	65y+8m	65y+8m	65y+8m	65y+2m	63y+8m
1970	65y+10m	65y+10m	65y+10m	65y+10m	65y+8m	64y+2m
1971	66y	66y	66y	66y	66y	64y+8m
1972	66y+2m	66y+2m	66y+2m	66y+2m	66y+2m	65y+2m
1973	66y+4m	66y+4m	66y+4m	66y+4m	66y+4m	65y+8m
1974	66y+6m	66y+6m	66y+6m	66y+6m	66y+6m	66y+2m
1975	66y+8m	66y+8m	66y+8m	66y+8m	66y+8m	66y+8m
1976	66y+10m	66y+10m	66y+10m	66y+10m	66y+10m	66y+10m
1977	67y	67y	67y	67y	67y	67y

Note: y – year; m – month

3. Article 29(2) of the Code.

As the Code does not permit to establish for the entitlement to a reduced pension an age different from the statutory pension age, the Government is asked to explain how the right to a reduced pension ensured for the persons protected under Part V of the Code who have completed 15 years of contributions at the statutory pension age referred to under Article 26(2) above.

The Czech Republic has reintroduced an amendment into the Pension Insurance Act with effect since 1 January 2015 which stipulates the entitlement to an old-age benefit to the insured individual, who has had at least 15 years of insurance by reaching the age of 5 years higher than the retirement age of a man with the same birth date. This amendment is, in the Czech Republic's opinion, in accordance with the provisions of Article 29 because the European Code of Social Security enables to member states to provide in case of failure of the minimal contribution period of 30 years or 30 years of employment instead of the reduced benefits (Article 29, paragraph 2) a benefit under Article 29, paragraph 1, 3 or 4 at higher age than the normal retirement age (Article 29 par. 5).

In its previous reports on the application of the European Code of Social Security, the Czech Republic referred to the provisions of the Article 29, paragraph 2, which regulates the granting of a reduced benefit of a protected person who has, prior to the contingency, completed the qualifying period of 15 years of contribution or 15 years of employment. However, the benefit is not reduced in case of an old-age benefit, to which entitlement arises when reaching higher than the normal retirement age and by completion of a minimum insurance period required in the Czech Republic. The amount of a pension is determined in the same way as in case of an old-age benefit to which an entitlement arises when reaching normal retirement age. A benefit, to which an entitlement emerges after completion of 15 years of insurance, consists of unreduced basic rate and of the percentage rate which amounts to 1.5% of the calculation rate for each complete year of insurance. There is thus no reduction of a benefit due to reduced percentage rate for one year of insurance, but the benefit is usually lower than the average old-age benefit due to the lower number of completed years of insurance.

Ensuring the protection of individuals who do not reach the required insurance period for granting an old-age benefit under Article 29 para 1 is thus modified by a higher retirement age (Article 29 para 5 of the European Code of Social Security, rather than by providing the reduced benefits (the Article 29, paragraph 2).

Provision of an old-age benefit is confirmed historically in the Czech legislation upon achieving a shorter insurance period and achieving a higher retirement age. The current legislation was evolved by gradual modification of legislation from 1948, when it was possible to retire in 60 years of age if completing at least 20 years of contribution. However, the normal retirement age when completing a shorter period of insurance was 65 years and was thus about 5 years higher.

For the retirement age which is 5 years higher than the retirement age set for men with the same birth date, the requirement that the number of residents having attained that age is not less than 10% of the total number of the number of residents under that age but over 15 years is met. This share was 20.5% in 2015. According to the latest available data of 2014, life expectancy in good health reached at the age of 65 years (HLY indicator) 9.3 years for

women and 8.5 years for men. Shares of years lived in good health after the age of 65 years (47% of women and 53% for men), the Czech Republic is above the EU average and above this indicator for some countries (e.g. Italy, Finland, France, Germany and Greece) that have set the retirement age higher than 65 years. HLY indicator is not monitored in division by groups of ISCO. In 2015, there were about 5% of the unemployed economically active persons in the Czech Republic; in the age group over 65 years, the unemployment rate was only 1.1%. The unemployment rate in the age group over 65 years is not published in division by groups of ISCO due to low sample rate and the low statistical reliability.

About 9,398 persons, i.e. 0.4% of all old-age beneficiaries, were granted a benefit due to short periods of contribution under the above provisions in April 2016.

4. Part IX (Invalidity benefit), Article 58

The Committee asks the Government to show in concrete examples in which situation it will be more advantageous to the disabled person to have disability pension converted into an old-age pension under the general rules.

5. The Committee asks the Government to include in its next report detailed calculation under Article 65 of the Code showing the amounts of the invalidity pension and the subsequent old-age pension which would receive the standard beneficiary (Article 65(5) of the Code) with prescribed levels of disability.

The covered contingency is disability of the level-three disability. The amount of the disability benefit of the level-three disability for a skilled worker with average gross wage CZK 25,932 is CZK 9,432 (without child allowances) in 2016. The detailed procedure for calculating disability benefit is given in Part IX.

By attaining the age of 65, or retirement age (if it is higher), the disability benefit is automatically converted into an old-age benefit (Section 61a of the Pension Insurance Act). If a disability benefit is for example CZK 9,432, the subsequent old-age benefit is granted in the same amount (in this case it is 47.3% of net wage of a skilled worker).

If the beneficiary of a disability benefit has attained retirement age and meets the qualifying period of contribution, he/she is entitled to apply for an old-age benefit under the general rules. As a rule, the higher pension (Section 58 of the Pension Insurance Act) is granted to a beneficiary. If the calculated old-age benefit is higher than the paid disability benefit, the old-age benefit is granted. Otherwise, an entitlement of the disabled person to draw a disability benefit continues in the original amount.

For a benefit entitlement and its calculation, the period of level-three disability benefit drawing as a substitute contribution is included. The protection of beneficiary of a disability benefit is established within the meaning that the future old-age or disability benefit cannot be calculated from the calculation base lower than of what the previous benefit was assessed. If the beneficiary of a disability benefit meets the conditions for entitlement to a benefit under the general rules and applies for it, **he/she will be paid that benefit which is higher.**

However, it cannot be indicated in specific cases, when the calculated old-age benefit will be higher than the previously paid disability benefit because the specific amount of benefit depends on a number of parameters, especially on the method and amount of disability benefit adjustments prior to applying for a benefit, on the development of the average wage in the

national economy, if the disabled person was working while drawing disability benefit, and on the amount of his/her earnings. The amount of benefits is therefore very individual and it is not possible to submit examples of the standard situations.

But it can be stated that the transition into an old-age benefit will be more profitable for a disability benefit beneficiary in case of a higher old-age benefit.

6. Part XII (Common provisions), Article 68(g). Suspension of sickness and unemployment benefits.

The Committee asks the Government to confirm that, notwithstanding the above explanation, it is indeed the set of sanctions it considers appropriate to impose under Article 68(g) of the Code in cases where the person concerned neglects to make use of the medical or rehabilitation services place at his/her disposal or fails to comply with residence or leave rules during temporary incapacity to work.

Concerning the suspension of sickness and unemployment benefits, the Czech Republic invites the possibility to explain inaccuracies in the Conclusions.

a) Job termination – in general, the employee can be dismissed only when he/she breaches his/her obligation in especially gross manner and the employer cannot be justly expected to employ such employee any further (includes excessive unauthorised absences, repeated positive testing for presence of alcohol in blood or intoxication at work, simulate sickness etc.).

The reason of notice of termination must be factually specified, so that it cannot be confused with another reason. The employment will come to end upon the expiry of the notice period. The notice period shall be at least two month and starts to run on the first day of the calendar month following delivery of the notice and come to end upon the expiry of the last day of the relevant calendar month.

Dismissed person can be registered as a job seeker at the Labour Office regardless the reason of the job termination (Section 25 of the Act No 435/2004 Coll, Employment Act, as amended).

The only obstacles to inclusion in the register have been described in Sec. 25 Subsec. 8, and cover situations when insured person terminated the employment mediated by Labour Office without any serious reason according to section 52 (g)⁸ or was dismissed from employment mediated by Labour Office in accordance with section or 55(1b)⁹. Thus, there is no connection with temporary incapacity to work, wage compensation, sickness benefits or

⁸ Notice of Termination Given by the Employer (Dismissal) Section 52

(1) The employer may give notice of termination to an employee only for the following reasons:

(g) if there are reasons on the employee's side due to which the employer could immediately terminate the employment relationship, or if the employee has seriously breached some obligation arising from statutory provisions and relating to work performed by him; in case of ongoing but less serious breaches of some obligation that arises from statutory provisions and relates to the work performed by the employee, this employee may be given notice of termination by his employer provided that in the last six months the employer notified the employee of this possibility in writing (with regard to breach of some obligation that relates to work performed by this employee);

⁹ Section 55 Immediate Termination of an Employment Relationship by the Employer (Instant Dismissal)

Subsec. (1) The employer may immediately terminate an employment relationship only:

(b) If an employee has breached some obligation that arises from the statutory provisions and relates to his work performance in an especially gross manner.

double punishment, but with the other breaching of labour law obligations of an employee in his/her labour law relationship mediated by Labour Office. This measurement prevents job seekers misuse unemployment services and benefits.

b) Sickness benefit - employer pays a compensatory wage to employee only during first 14 days of the temporary incapacity to work. Sickness benefit from 15th day of the temporary incapacity to work is provided by Czech Social Security Administration without regard to employment, unemployment or reason of job termination.

c) Unemployment benefit – a person during temporary incapacity to work, drawing sickness benefit, cannot be registered as a job seeker and draw unemployment benefit at the same time. As soon as he/she is able to work, can be registered at the Labour Office and services for the unemployed are fully provided.

d) Material need - the benefit system covers also persons who are not in labour-law relationship or registered/not registered at the Labour Office as a job seeker.

Lack of income to secure livelihoods and justified housing costs and the inability to increase one's own income because of age, health or other serious reasons are the criteria for assessing poverty. By meeting these conditions, the assessed person becomes a client of the system of assistance in material need. Depending on the situation, such a person may draw benefits provided for in Act No. 111/2006 Coll., regulating Assistance in Material Need, as amended (hereinafter the " Assistance on Material Need Act ")i. e allowance for living, supplement for housing and extraordinary immediate assistance.

Failure to fulfil the prescribed medical treatment at the time of employee's temporary incapacity to work is not and has never been listed among the legal grounds for not considering a person to be in material need. Such a person does not lose entitlement to family benefits (state social support benefits) and the access to social benefits in the form of assistance in material need benefits is guaranteed.

The Assistance in Material Need Act even covers persons who fail to meet the legal requirements for providing assistance in material need (if there is serious risk of impairment of health under Section 2 para 3 in connection with Section 36–37 of the on Assistance in Material Need Act, or in other justified cases in accordance with Section 3 para 3 of the Assistance in Material Need Act).

e) Sanction - it is preventive measure in Czech legal regulation; a person must be aware that misuse of all benefits, failing to comply with rules prescribed for verifying the occurrence, continuance of the contingency or for conduct of the beneficiaries, when a fraudulent claim was made etc., as stated in Article 68 of the Code.

f) Right to appeal in case of refusal of the benefit - judicial decisions concerning dismissal during temporary incapacity to work 21 Cdo 630/2015, 21 Cdo 5126/2014 when the court ruled in favour of employees (Article 70 of the Code).

7. Part XI (Standards to be completed with by periodical payments) Adequacy of social security benefits.

With reference to its previous conclusion on the Code raising similar issues, the Committee of Experts wishes to once again ask the Government to supply more concrete information on the design of the minimum benefits in terms of the conditions of entitlement, effective coverage, number of recipients and amounts payable under each accepted Part of the Code.

An institute of a minimum benefit is not established in the legislation of the Czech Republic.

8. Adjustments of benefits to the cost of living.

The Committee asks the Government to explain its policy of maintaining the purchasing power of the long-term benefits in payment, as well as giving the pensioners a fair share of the growth of the national economy. Please include in the next detailed report full statistics on the adjustment of benefits under Parts V, IX and X for the period 2011 – 2016 requested in the Report Form on the Code under Title VI of Article 65.

The government determined the increase of benefits by a regulation before 2011. Under certain requirements, the government was compelled to increase benefits, while the act established only minimal increases at a level of 100% in the CPI and of one third of real wage growth. A fundamental change in the rules for benefit increases was enacted in by Act No. 220/2011 Coll. The method of determining the increase in benefits on the basis of statistical data on the development of prices and wages has recently been defined in detail; the amount of increase according to legal rules was determined by the Ministry of Labour and Social Affairs's regulation. The new rules were first used for the adjustment in 2012.

Legal provision specifies that for the increase in benefits in the regular period since January, the aggregate amount of increase is determined by the Czech Statistical Office in a following way: to secure that it will be amounted to equivalent to 100% growth of CPI in the average old-age benefit increase for households in total and also an amount corresponding to one third of the rise in real wages. Basic assessment rates of the benefits paid are increased in the increase of benefits in the regular term to secure that the amount of basic benefit rate was always 9% of the average wage.

The percentage assessment of paid benefits will be increased by the such a number of percentage to secure that with the average old-age pension, the total amount of basic benefit increase and the amount of increase of the benefit percentage rate corresponds to the increase of the average old-age benefit established equal to the sum of prices increases and one-third of real wage growth. In connection with the savings in the State Budget expenditures, there were made temporary arrangements for the adjustments of benefits in the years 2013 to 2015, so only one-third of a percentage increase in the consumer price index was used for the establishment of price increases, taking an increase of real wages into consideration has not changed. The revised rules for pension increases had a negative impact on the real value of benefits, therefore they were abolished in 2014, and for the determination of price growth 100% of the percentage increase in the consumer price index is used again. In order to strengthen the real value of benefits, the special adjustments to the rules for increasing benefits in January 2015 were established. Those are based on the fact that while maintaining all the other rules of benefits increasing, the benefits were increased in a way to maintain total amount of the increase in the basic benefit assessment and the amount of increase in the percentage assessment of the benefit was 1.8% of the average old-age benefit.

On the basis of the approved change of adjustment mechanism, the benefits will be increased by government regulation since 2017 and during an increase in benefits in the regular deadline, the percentage rates of the benefits paid may be increased up by the number of per cent to ensure that total amount of the increase in the basic benefit rate (considering an old-age benefit) and the amount of increase in the percentage calculation income was 2.7% of its amount if the increase of benefits paid corresponding with 100% growth of CPI and one-third of real wage growth would be lower.

Overview of adjustments of old-age benefits in the years 2011–2016

Date of increase	01/01/2011	01/01/2012	01/01/2013	01/01/2014	01/01/2015	01/01/2016
Increase of the basic rate of CZK (amount united for all beneficiaries)	60	40	60	10	60	40
Increasing of the percentage rate (differentiated according to the amount of the benefit)	3.9%	1.6%	0.9%	0.4%	1.6%	0.0%
The amount of the basic rate after the increase (in CZK)	2,230	2,270	2,330	2,340	2,400	2,440

Note :. lump-sum contribution for pensioners to an old-age benefit was paid in the amount of CZK 1,200 in 2016.

Data on development of average pensions, average wages and consumer prices are stated in Parts V, IX and X, Title VI.