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Taxation of employees and payments of social security insurance premiums from 2014

Tax base, tax rate and solidarity tax surcharge

In 2014 the calculation of personal income tax from employment will continue to be based upon the so-called "super-gross wage", i.e. the employee's income plus social security and health insurance contributions. The tax rate will remain at 15 %. The solidarity tax surcharge shall also remain unchanged at 7 % and apply to employees whose monthly income exceeds one twelfth of the maximum sum for the assessment of social security insurance premiums (CZK 103,768 for the year 2014).

Obligation to file a tax return

Employees to whom the solidarity surcharge applied in 2013, even for a single month, are obliged to file a personal income tax return by 1st April 2014. Their employer may not carry out their annual settlement, even if their only income comes from such employment. In this context, we would like offer you and your employees our assistance in preparing tax returns. Please feel free to contact us.

Rates and maximum assessment basis for insurance premiums

The rates for social security and health insurance remain unchanged for 2014. The maximum sum for the assessment of social security insurance premiums will increase to CZK 1,245,216. The lack of a maximum figure for the assessment of health insurance premiums will continue to apply.

Withholding tax with agreements to complete a job

From 1 January 2014, the final 15% withholding tax will only apply to agreements to complete a job if the remuneration received arising from such an agreement does not exceed CZK 10,000 per month. It will no longer be possible to apply this form of taxation to employees who have concluded an employment agreement or an agreement to perform work and have not signed a tax declaration. The aforementioned change has been adopted by means of a statutory measure of the Senate that will have to be passed by the newly-elected Chamber of Deputies.

Tax exemption on the income of apprentices and students

The income of apprentices and students from training-related work experience will be exempt from income tax and social security and health insurance. This change will also have to be passed by the newly-elected Chamber of Deputies.



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Electronic communication with the Social Security Administration

From 1st January 2014, employers will be obliged to exchange information with the Social Security Administration solely by use of electronic communication. The required forms will have to be sent using a data box or accepted electronic signature. Health insurance companies are exempted from this obligation.

Should you require more detailed information, please feel free to contact us.

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