

July 8, 2020

On June 26, 2020, a significant amendment to the Czech Labor Code, (which we informed you about in our newsletter back in February 2020), was published in the Collection of Laws as the Act No. 285/2020 Coll. Adoption of the amendment was originally planned with an earlier date, but was delayed due to extraordinary circumstances caused by the coronavirus. Nevertheless, apart from this delay, the adoption procedure was smooth and the amendment (particularly as a result of the previous tripartite consensus) did not undergo any significant changes during the legislative procedure.

The amendment and its provisions will enter into force gradually in two waves.

The new rules for the delivery of documents between the employee and employer and for the transfer of rights and obligations from employment relationships will become effective as of **July 30, 2020**.

The new regulation on the **delivery** of documents is a long-awaited and desirable change. Although a personal handover to the employee at a workplace will remain the primary method of delivery, the amendment will allow the employer to immediately proceed with alternative forms of delivery, including by data box or post, if delivery at the workplace is not possible. The employer will no longer be forced to try to deliver documents to the employee at places other than the workplace and will not have to send any "delivery teams" to various addresses where the employee might possibly be present.

There are also changes in delivery by post. Nowadays, the Czech Post does not offer a service that meets the current requirements for delivery by post set out by the Labor Code. This makes postal delivery more of a theoretical option from which legal counsel often discourage employers.

The amendment adapts the length of the period for depositing documents that could not be delivered at the post office to standard services of the Czech Post and therefore makes postal delivery a viable option. However, the amended Labor Code will still contain the requirement for the employee to be duly advised about the consequences of refusing the acceptance of the document. From our previous experience, Czech Post struggles to meet even this requirement. Therefore, we are not sure to what extent the amendment is sufficient in this respect.

On the same day, stricter rules for the **transfer of rights and obligations from employment relationships** (also known as the automatic transfer of employees), which follow the case law of the European Court of Justice, become effective. In principle, such an employee transfer should only take place if a complete economic unit is being transferred. Most cases of outsourcing, insourcing or change of supplier would therefore not trigger an automatic transfer of employees from one employer to another.

The second wave of the amendment's provisions will take effect on **January 1, 2021**, when the new rules for calculating paid leave (vacation) will take effect and job sharing will be introduced.

The **method of calculating paid leave** will change completely as it will be now calculated based on worked hours,

not days. This should eliminate the unfairness of the current method, for example in relation to employees with shorter or unevenly distributed working hours. In addition, employees shall be newly entitled to request a transfer of part of paid leave exceeding the statutory minimum of four weeks to the next calendar year. Currently, employees do not have the right to defer any paid leave to the next year.

Finally, an important new provision of the amendment is the explicit regulation of **job sharing**. These fresh rules will allow the employer to set up one work position with a weekly working time of 40 hours and assign to it two or more part-time employees who will alternate on the position and schedule their work on their own. This is to introduce further flexibility in employment relationships.

This amendment represents a fundamental change to the Labor Code. It will have an impact on both the employment (calculation of paid leave, document delivery) and business (transfer of employees due to outsourcing and disposals with an enterprise) matters and will ultimately affect all employers.

We will be glad to help you with implementation of the new and amended rules of the Czech Labor law in your company as well as with any other related questions or requests.

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