Employment Guide

A – Z for Czech Republic (per November 2012)

1. Anti-discrimination regulations

The Czech Act on Employment prohibits any form of discrimination of people exercising their right to employment. There has to be ensured an equal treatment of all people claiming their right to be employed.

The Czech Labour Code defines the obligation of the employer to ensure the equal treatment of employees and to follow a prohibition of any discrimination as one of the fundamental principles. The employers are obliged to ensure the equal treatment of all employees in relation to their working conditions, remuneration for work and providing the other monetary payments and payments of a monetary value, professional preparation and the opportunity to achieve functional or other promotion in the employment.

There is no discrimination if it is from the nature of the working activity obvious that the difference in treatment is a very essential requirement for the work performance. The aim pursued by such an exception must be rightful and the requirement proportionate.

The terms, e.g. direct discrimination, indirect discrimination, harassment, sexual harassment, mobbing etc., and the cases where a different treatment is permissible and the legal means of protection against discrimination in employment relationships are regulated by the Anti-discrimination Act (Act on Equal Treatment and Legal Instruments of Protection from Discrimination, which incorporates relevant EU directives). Besides the Labour Inspection

Office may impose a penalty to the employer who commits an offence if breaking the prohibition of discrimination or by failing to ensure the equal treatment of all employees.

2. Business transfers

Rights and obligations under the employment relationships transfer only in cases regulated in the Labour Code and special legal regulations (namely the Commercial Code). The transfer of employees cannot be realised (created) only on the basis of a contract between an employer and another employer; i.e. there has to be a business ground.

An automatic transfer of rights and obligations from employment relationships is regulated quite broadly in the Czech Republic. The rights and obligations under the employment law may be transferred not only when an economic entity or its part, which retains its identity (as required by the EC Transfer Directive No. 2001/23/EC) is being transferred. The transfer also takes places where the activities of an employer or only part of the activities of an employer are being transferred or where tasks of an employer or part thereof are being transferred to another employer. For these purposes, tasks or activities of an employer shall mean especially tasks related to providing the production or provision of services and similar activities according to a special legal regulation.

To the new employer are transferred both rights and duties from the labour law relationships and all the unsatisfied claims (requirements) which occurred between the former employer and the employee until the day of the transfer (e.g. if an employee committed a damage, which was not paid until the day of the transfer, this claim goes over to the new employer). It means that the transfer includes all the rights and duties existing within the date of the transfer. The rights and obligations from a collective agreement are being transferred to the new employer for the period of effectiveness of the collective agreement, however not longer than until the end of the next calendar year.

In case the employment relationship terminates before the date of the transfer, the rights and duties of the former employer towards these employees are not transferred. Since 1st. January 2012 an employee can decide that he/she does not want to be transferred and can terminate his/her employment by notice before the transfer date. In a different case, if an employee delivers to the employer the notice within two months of the date when the transfer is effective (or the employment relationship was within the same period terminated by agreement) the employee may seek a determination at the court that the employment law relationship was terminated on the grounds of considerable worsening of working conditions in the connection with the transfer. Only when the court agrees (i.e. it has to be proved that the working conditions worsened in connection with the transfer), the employee would be entitled to severance pay.

3. Compromise agreements

Termination of an employment relationship by agreement between the employer and the employee is one of the possibilities of termination regulated in the Czech Labour Code, which requires such an agreement in writing. The employment relationship is terminated on the agreed date. The Czech labour law does not regulate a special compromise agreement.

Termination by agreement is usually preferred by the employers, especially if an employer wants to terminate but there are no legal grounds for termination by notice. In addition, when terminated by notice the employees are unlikely to claim the invalidity of the termination of an employment relationship at the court. The employees are also often made to conclude a termination agreement if it is connected with a bonus payment as a kind of compensation.

On the other hand, conclusion of the agreement is connected with a disadvantage for the employee if asking for the unemployment benefit, because the amount of this benefit is on this account reduced. Therefore if the termination is asked by the employer many employees agree with termination by agreement only under the condition that the employer would provide them with either the severance pay amounting to more than is regulated in the Labour Code, or with any other monetary payments.

4. Employment contracts

An employment contract is a standard legal act which establishes an employment relationship. Each employment contract must include at least the type of work that is to be performed by the employee for the employer, the place or places of performance of work, where the work is to be performed, and the date of commencement of work. The relationship between the employer and the employee may influence not only legislation and the individual terms of the employment but also collective agreement, if concluded, and internal regulation issued by the employer.

The employment contract must be concluded in writing. A verbally concluded employment contract shall be deemed to be invalid only if a contracting party invokes the invalidity and the performance of work has not commenced yet. Nevertheless the Labour Inspection Office can impose a fine amounting up to 10.000.000 CZK on the employer for breaking the obligation to conclude an employment contract in writing.

An employment relationship shall exist for an indefinite term unless its specific term has been explicitly agreed. An employment relationship between the same parties may be agreed for a term not exceeding 3 years from the date of commencement of the employment. There are also specific rules concerning the number of successive contracts for a fixed period of time. The restrictions of employment relationships concluded for a definite term do not apply to so-called agency employment between an employment agency and an employee.

The employer shall be obliged to ensure that the given person (prospective employee) undergoes an initial medical examination prior to concluding the employment contract.

A trial period may be agreed not later than on the date that was agreed as the date of commencement of work and an agreed trial period may not be subsequently extended. The agreed trial period may not exceed three, and in case of a management employee six, consecutive months from the date of commencement of the employment relationship.

The Czech Labour Code allows the parties to perform the dependant work (i.e. performed in the employer's name, according to the employer's instructions, and personally by the employee for the employer) on the basis of so called agreements on work performed outside employment relationship, which allow the parties to enter into employment relationship for a reduced scope of work and which are characterised by their higher level of flexibility (these agreement are not subject to many provisions regulating the employment relationship established by the employment contract).

5. Employee benefits

In the Czech labour law we can distinguish between mandatory benefits provided by the employer on the basis of the law, and “real” benefits (non-mandatory), which are different at each employer and constitute the entitlements above the minimum (standards) required by the law.

As mandatory benefits could be mentioned e.g. minimum wage and minimum rate of the so called guaranteed salary, limitation of fixed-term employment, protection against dismissals (starting in general after probationary period if agreed), paid holiday.

Non-mandatory benefits are mostly dependent on the employer's capacity, its economic situation or whether the labour union is established. These benefits are generally extraordinary advantages relating to the employment at the employer. These are usually regulated in the internal regulations issued by the employer. Some examples of them: prolongation of holiday, increase of the severance pay, contribution to pension or life insurance, sickness benefit, providing of vouchers (e.g. for meal, culture, medical care).

6. Handbook for employees

The Czech Labour Code regulates so called working rules (working order) which is a special type of internal regulation and which is in fact a handbook for employees. Its purpose is to apply the provisions of the law to the specific conditions at the particular employer in relation to the duties of both the employer and the employees arising from the employment relationships. Generally speaking, these working rules represent for employers and employees detailed guidelines concerning the working conditions and the organization of work performance at the employer.

However, these working rules may not establish new duties of employees. That is why working order is used when employment conditions arise from the law and it is not necessary and/or efficient to include such duties in the employment contract. An employer with an active trade union may issue or modify working rules only with the prior written consent of the trade union.

Some employers, especially companies belonging to an international group of companies, often issue a so called Code of Conduct which is, as much as possible, the same in the whole group and which regulates some rules of conduct at workplaces (e.g. privacy policy, conflicts of interests, gifts and bribes, protection of the environment etc).

7. Health and safety

Employers shall ensure occupational safety protection and health protection of employees at work with respect to risks which might endanger employees' life and health during work performance. This requirement is not confined to the employees but applies to all people who are present at the employer´s workplaces with his knowledge.

In relation to the health and safety of employees the employer has a number of obligations which are regulated in several statutory acts and decrees. The basic obligations are defined in the Labour Code. The costs connected with securing occupational safety and health protection at work shall be borne by the employer. These costs may not be directly or indirectly transferred to employees. An employer employing more than 25 employees has to ensure a skilled safety specialist to perform some duties in the field of preventing danger to life and health at work.

The employer shall be liable to an employee for any damage caused by an accident at work if the damage arose in the performance of working tasks or in direct connection therewith, as well as for any damage caused by an occupational disease if the employee last worked for the employer before the disease was found under such conditions that had given rise to the occupational disease of the employee. The liability of employers for damage in case of

accidents at work and occupational diseases is covered by a special kind of mandatory insurance - statutory accident insurance.

The employer has to ensure occupational-health care and for this purpose conclude a written contract with a company doctor on providing occupational preventive healthcare. This care focuses especially on a consideration of the employee´s health ability to perform a required type of work and involves an evaluation of the employee´s health state within the medical check-ups ensured by the company doctor.

8. Illness regulation

A temporary unfitness to work is an important personal impediment to work on part of employee and the employer shall excuse an employee from work for the duration of such unfitness to work.

An employee has to be acknowledged by a doctor to be unable to perform work due to his/her illness. The employee has to prove the illness or its duration with a medical certificate – record of temporary unfitness to work, which has to be issued by the doctor (general practitioner) of the employee. The employee shall be obliged during his illness to comply the regime set by the doctor, especially the obligation to stay at the place of residence and comply with the time and extend of permitted absence from home. This obligation may be checked by the employer during the first twenty-one calendar days of illness, and after this period this obligation may be checked only by the Czech Social Security Administration.

Employees are entitled to the following compensation of salary during their sickness:

- for the first three working days no compensation of salary during sickness is paid;
- from the fourth working day (or the twenty-fifth hour of scheduled shifts) to the twenty-first working day of the employee's illness, the employer pays the employee 60 % of his average earnings, reduced in accordance with respective law;
- from the 22nd calendar day of the employee's sickness the Social Security Administration pays the sickness allowance for each calendar day of sickness under the Act on Sickness Insurance. The support period lasts no longer than 380 calendar days from the date of the temporary unfitness to work, unless stated otherwise. The amount of sickness benefit per calendar day is 60% of the reduced daily basis of assessment.

Those insured who have intentionally incurred a temporary unfitness to work are not entitled to sickness benefit.

The employer may not terminate the employment relationship during the trial period within the first twenty-one calendar days (from 1 January 2014 within first fourteen calendar days) of the employee´s temporary unfitness to work. As a result of a temporary unfitness to work, when the employee does not perform work, his/her trial period shall be extended. Further at the time when the employee is found temporarily unfit to work, the employer may not give termination notice to the employee, with the exception of some events explicitly defined in the Labour Code.

If the unfitness to work is a result of an accident at work, the employee is entitled to compensation for loss of earnings during this period. This kind of compensation is equal to the difference between the employee's average gross earnings which the employee received prior to sustaining damage caused by a job-related injury and full sickness pay.

9. Immigration and work permits

Citizens of countries that do not require a visa may remain in the Czech Republic for three months and after that they have to obtain a long-term visa or residence permit. Citizens of states that require a visa may also remain in the Czech Republic without a visa if they have been issued with a residence permit by another Schengen state or with a long-term visa issued by another Schengen state and this also applies to residents of another EU Member State.

The employer may only employ a foreigner who holds a valid employment permit from the relevant Employment Office, a valid residence visa for the purpose of employment or, where appropriate, a short-term or a long-term residence permit for the purpose of employment and an employment contract concluded in writing for the period within which the employment is to be pursued.

An employer may recruit foreigners to fill only those vacancies which cannot be filled otherwise. The employer is obliged to notify the relevant Employment Office, its intention to employ foreigners including the information on the number of foreigners, the type of work to be performed by them and the expected period of the foreigner's performance and to discuss the intention with that Office in advance.

The notification and examination of the intention to employ a foreigner are not required from an employer who intends to employ a foreigner:

- who is not required to have an employment permit or has obtained an employment permit irrespective of the labour market situation,
- who will be employed as a holder of so called Green Card or Blue Card.

Neither the employment permit nor the Green or Blue Card are required:

- from a citizen of the EU/EEA and Switzerland or his/her family member does not need an employment permit to be employed in the Czech Republic;
- from a family member of a European Union citizen who is not a citizen of the European Union, may enter the labor market without a work permit after he/she obtained a temporary residence permit,
- in cases regulated in Employment Act employment permits may be issued irrespective of the labour market situation (i.e. person with a permanent residence permit for the Czech Republic, a member of educational staff, an academic of a higher education institution, a scientist taking part in a scientific meeting, a pupil or student up to the age of 26, a sportsman/sportswoman etc.).

The foreigner must apply in writing for an employment permit to the relevant regional office of the Employment Office, usually prior to entering the territory of the Czech Republic. The main precondition of issuing an employment permit to a foreigner is the labour market situation and the circumstance that there is a vacancy which, given the required skills or temporary lack of available workforce, cannot be filled otherwise. The regional office of the Employment Service within the district of which the foreigner will be employed shall always be competent to issue this permit.

An employment permit is also required from a foreigner who will perform work in the territory of the Czech Republic under an employment relationship with the foreign employer that has posted the foreigner to perform work for the purpose to fulfil tasks arising from a contract which this foreign employer concluded with a Czech legal subject.

For the purposes of the obligation to have a valid employment permit as the employment is considered if a partner, a statutory body or a member of the statutory or other body of a company instead of the company's corporate tasks performs also its business activities.

The green card and the blue card combine the residence permit and the work permit in one document. A foreigner who has a green card or a blue card issued for a specific job is entitled to:

- reside in the Czech Republic and
- work in a job for which the card was issued.

The green card simplifies an entry to the job market for foreigners who have qualifications for which the Czech Republic has a job opening (citizens of the countries listed, which are not members of the European Union). The blue card makes for easier access to the job market for foreigners with a higher qualification that is in demand in the Czech Republic (university education or higher specialised education where the studies lasted for at least 3 years).

10. Industrial action (strike)

In the Czech Republic the right to strike is guaranteed under constitutional law. (The Declaration of Human Rights and Basic Freedoms) which declares the right to strike is guaranteed under the conditions determined in a statutory act. The right to strike is prohibited for the judges, public prosecutors and members of the armed forces.

The only legal act which regulates the right to strike is the Act on Collective Bargaining and it regulates a strike in dispute about conclusion of collective agreement. According to the provisions of this Act a strike is an ultimate instrument when the collective agreement is not concluded neither after the proceedings in front of a mediator, nor after the contracting parties requested an arbitrator to solve the dispute.

An employee may not be forced to take part at a strike. At the same time an employee must not be disadvantaged because of participating in a strike. The participation in a strike is considered as an excused absence of an employee from work. An employee is not entitled to a wage during his participation in a strike. On the other hand the employer is not allowed to recruit new employees instead of the employees being in a strike. Such a strike can take place only if at least 1/2 of all employees of the employer take part at the voting on the strike and at least 2/3 of the employees present at the voting agreed with the strike.

According to the interpretation of the Czech Constitutional Court strike in other cases than at collective bargaining cannot be excluded (banned) only because of the missing legislation. Nevertheless the purpose of such a strike (which has not a special legal regulation) is not unlimited and shall be exercised in order to claim especially economic and social rights.

11. Non competition clause / other restrictive stipulations

<u>Non-competition during employment</u>
The Labour Code includes the prohibition of employees to pursue any other gainful activity during the employment relationship. However, this prohibition is applied only to such a gainful activity which is identical with the business activities of the employer they are employed with.

An exemption from this prohibition is possible only if the employee receives a prior written permission from the employer for such gainful activity. Without this approval the prohibition is automatically valid by law. This prohibition does not apply to the performance of scientific, pedagogical, publishing, literary or artistic activities.

'Gainful activities' are not only business activities or work performed under the employment relationship but also all gainful activities related to active work which includes for instance membership in statutory bodies of business companies. On the other hand, mere ownership of property (i.e. shares in a business company) cannot be considered as a performance of a gainful activity, unless such ownership relates to the active performance of work.

Non-competition after employment

The non-competition clause (agreement) has to be in writing and may be concluded only after expiry of the trial period. However the non-competition does not have to constitute a part of the employment contract and can be included in a separate agreement. This non-competition clause shall contain an obligation of the employee to refrain from performance of a gainful activity that will be identical or compete with the employer´s objects of activities for a certain period after termination of the employment. This obligation shall not exceed one year. During this period the employer is obliged to provide the employee with an appropriate monetary compensation, at least an amount of one half of the average monthly earnings for each month of performance of the employee's obligation.

The non-competition clause may be concluded with an employee just if this can be fairly required from the employee with regard to the nature of information, findings and knowledge of the working and technological procedures which the employee obtained under the employment with the employer and whose usage could substantially hinder the employer´s business.

The parties may agree that if an employee breaches the non-competition agreement, he/she will be obliged to pay an adequate financial penalty to the employer. In case of payment of such penalty the employee's obligation not to compete expires.

12. Restructuring and redundancy

If the employee is given notice on the ground of redundancy, the basic condition for it is an organizational change that was decided on before the employee was given notice. The decision which employee is redundant and which employee will be given notice lies solely with the employer. On the other hand, the dismissed employee's position must really be cancelled (i.e. the redundancy of an employee shall not be simulated). If the restructuring is connected with business transfer, the business transfer itself is not a reason for redundancy of the employees.

The Czech regulation of collective redundancy incorporates the Council Directive 98/59/EC on the approximation of the laws of the Member States relating to collective redundancies. According to the Czech Labour Code a collective redundancy (mass dismissal) is the situation when the employer within a short period of time terminates the employment of a greater number of its employees for organizational reasons by notice of termination:

- 10 employees, in the case of an employer employing from 20 to 100 employees;
- 10% of employees, in the case of an employer employing from 101 to 300 employees;
- 30 employees, in the case of an employer employing more than 300 employees.

Prior to giving notice to the individual employees, the employer shall be obliged to notify the trade union or council of employees of its intention in writing in due time, but in no case later than thirty days in advance (if no representative has been appointed / is active at the employer, the employer shall be obliged to fulfil the duties to employee who the mass redundancy is concerned with).

At the same time the employer shall be obliged to consult on the mass dismissals with the employee representative to reach an agreement, in particular with regard to measures aimed at prevention or reduction of mass dismissals, the moderation of their adverse implications for employees, especially in respect to the possibility of their placement in suitable jobs at other employer's places of work (sites).

Moreover the employer shall inform the competent Employment Office in writing especially of the measures of the collective dismissal in particular of the reasons for such measures, a total number of employees, and a number of those employees to be affected by the measures. The employer shall also declarable deliver to the competent Employment Office written final report on the decision concerning collective dismissals (decision on collective dismissals and giving notices or termination by agreement) and on the results of consultation with the employees. One copy of this written report shall be delivered to the trade union (or to each employee) with information on the day when the written report was delivered to the labour office. This is an important duty because the employment relationship of an employee who is affected by collective dismissals shall terminate by notice earliest on expiry of 30 consecutive days after the day when this employer's report was delivered to the competent Employment Office except when the employee states that he does not insist on observance of such time-limit.

13. Secondment of employees and expatriates

Secondment may have different employment structures. The choice of structure mainly ensues from the nature of the work of the employee and the relations between the organisations involved, regardless if abroad or in the home country.

Should the employee continue in performing the work for his/her legal employer, the secondment is often realised as a business trip, which means that the employer dispatches the employee to perform work away from the agreed place of work for a necessary period (e.g. to realize a business contract – provide services). Sometimes, especially if a longer posting of employees is needed, there could be agreed a temporarily change of the place of work or the employee could be relocated, which may be also only with the employee's consent and within the framework of the employer if this is required by operational requirements.

Different situation concerns employment by an agency where the employer temporarily assigns its employees for the performance of work to some other employer (so called "user"). An employment agency runs the assignment of employees for a fee, which the user pays to the employment agency as legal employer. It means that any employer who charges for the assignment of its employees (even only one) to another employer must obtain a special licence for this work mediation issued by the Ministry of Labour and Social Affairs.

Since January 1st 2012 the Czech Labour Code incorporates also a possibility of a temporary assignment, which is realized as non-profit. The legal employer has no more than the right to compensation of the wage costs and travelling expenses, which have to be paid if the assigned employee has been relocated to a place of performance of work other than agreed in his/her employment contract and also differs from the employee´s place of residence as a consequence of the temporarily assignment.

In case an employer from the territory of an EU-member state posts workers within the transnational provision of services to the Czech Republic, the Directive 96/71/EC concerning the posting of workers in the framework of the provision of services shall apply.

14. Social security

The Czech social security system includes pension and sickness insurance and contribution on state policy of employment. The insurance is based on regular payment of a contribution – premium. Obligations to pay premiums have employers, employees, self-employed persons and persons voluntarily participating on pension insurance.

The amount of premiums is determined by a percentage rate from the basis of assessment established for the decisive period. The basis of assessment for employees is usually a sum of his/her gross incomes in a calendar month. The basis of assessment for employers is the sum of the basis of assessment of all of its employees.

The insurance rate paid by the employer is 25 %. The premium rates from the basis of assessment for employees is 6,5 %. The employer is obliged to calculate premiums for employees and deduct it from their wages. Together with premiums, which the employer is obliged to pay for itself, it should transfer it to account of the competent District Social Security Administration.
The benefits provided to employees from the sickness insurance are sickness benefit, maternity benefit, attendance allowance and compensatory benefit in pregnancy and maternity.

15. Specifics Czech employment law

The main legal regulation of employment law in the Czech Republic is covered especially by the Labour Code. The Civil Code can be applied to employment relationships on the basis of the principle of subsidiarity, i.e. if the provisions of the Labour Code cannot be applied.

Parties to an employment relationship may do everything that is not prohibited by law. The flexible concept of this principle is then unfortunately significantly restricted by a comprehensive list of mandatory provisions which it is not possible to differ from.

As for some matters the Labour Code contains or refers to a special regulation for employees in the public sector (especially remuneration).

If the employer or employee files an action to the court, the employment law proceedings take place at the regional court in front a jury, which has three members – the presiding judge is a professional judge and two associate judges, who are lay judges.

16. Tax matters

Income from a dependent activity and functional benefits is subject to income tax according to the Czech Act on Income Taxes. The tax base is the income from a dependent activity or functional benefits, increased by the sum corresponding to the social security premium and the contribution to the state employment policy and the general health insurance premium that must be paid from such income by the employer. That is why the tax base is so called super-gross pay, which is equal to gross pay plus statutory payments of the employer (34 %). The tax rate makes 15 % of the tax base.

If the employer provides the employee, free of charge, with a car that can be used by the employee for both business and private purposes, a sum amounting to 1 % of the initial price of the car for each even only partial calendar month of the car's provision shall be deemed to be the employee's income.

The employer as the tax remitter shall calculate the advance on the tax on income of its employees from a dependent activity and functional benefits from the base for calculating the

advance. Then the employer is entitled and obliged to deduct for its employees personal income the tax from the employee´s earnings.

The employer is obliged to keep for its employees payroll sheets and a summary of deducted advances and tax deducted at a special tax rate for each calendar month and the whole period of taxation, and the sums deducted or paid as social security premium, the contribution to the state employment policy and the general health insurance premium.

17. Termination of employment

An employment relationship may be terminated only by agreement, notice, immediate termination, or termination within the trial period. An employment relationship for defined period shall also end on the date stipulated in the employment agreement.

Both the employer and the employee may terminate the employment relationship during the trial period with immediate effect on any grounds or without stating the grounds. The act of termination must be made in writing. In case of termination of employment relationship by agreement the employment relationship shall end on the agreed date. The agreement shall be concluded in writing.

A termination by notice must be made also in writing. An employee may give a notice to the employer on any grounds or without stating grounds. The employer may terminate the employee´s employment relationship by notice only on the grounds set out explicitly in the Labour Code. Such a ground of the notice must be specified and described in the notice otherwise the notice is invalid. These grounds shall be related to:

- organizational reasons (dissolution of the employer or a part thereof, relocation of the employer or part thereof, or redundancy of the employee because of other organizational changes),
- health reasons (according to a medical report the employee may not perform his current work owing to a job-related injury or occupational disease, or according to a medical report of the employee´s long-term unfitness to perform work),
- or to reasons associated with the employee´s behaviour (employee´s failure to meet the requirements for the performance of work, unsatisfactory work results, breaching of duties or obligations, or breaching of the set regime of a person who is temporarily unfit to work).

The employment relationship terminates on expiry of the notice period which cannot be shorter than two months.

In case of the notice for organizational reasons or by the termination of the employment relation by agreement for the same reasons the employee is entitled to severance pay in amount from one time to three times the average earnings, according to the length of duration of the employment relationship. An employee is entitled to the severance pay in amount of twelve times of average earnings if the employee may not perform his/her current work owing to a job related injury or occupational disease.

An employer may terminate an employment relationship by immediate termination only for a conviction of the employee of an intentional criminal offence and his imprisonment under the conditions stated in the Labour Code, or for a breaching of duties and obligations by the employee in an especially gross manner. An employee may terminate an employment relationship by immediate termination only if the employee cannot perform the work without serious threat of his health based on a medical report, or if the employer has failed to provide wage or any part thereof to the employee within fifteen days of expiry from the date of maturity. Immediate termination must be made in writing, with specification of the ground.

Invalidity of termination of an employment relationship by notice, immediate termination, termination during a trial period, or termination by agreement may be claimed by employer or employee at the court not later than within two months of the date when the employment relationship terminated.

18. Trade unions

Trade unions come into existence independently of the state and it is inadmissible to limit their numbers as well as to favour any of them within an enterprise or industry. Pursuant to the Czech Charter of Fundamental Rights and Basic Freedoms, everyone has a right to associate with others for the purpose of protecting their economic and social interests (i.e. every employee has right to join a trade union). However, no one may be forced to do so and no one may be discriminated against for doing so. Any discrimination against or in favour of a trade union or, as the case may be, of its members in respect of their rights is prohibited.

A trade union has the right to exercise its activities and the right to act at the employer only if these rights are stipulated in the union's statutes and at least three of its members are in the employment relationship at the employer. This competence of the trade union arises the next day after the announcement of the trade union that the required conditions were fulfilled. On the contrary, if a trade union loses these conditions, i.e. competence, it shall announce this fact to the employer without delay. Trade union members are obliged to maintain confidentiality about information which the employer especially provided as confidential.

Multiple forms of cooperation between trade union bodies and employers are regulated in the Czech Labour Code. The manner of cooperation consists in the execution of trade unions' rights to information, consultation, co-determination (acting in concert), inspection and collective bargaining. Only a trade union may conclude a collective agreement on behalf of employees, including those employees who are not organised under a trade union.

If more trade unions than one are operating at an employer, the employer is obliged, in cases affecting all or a larger number of employees, to perform the said duties with respect to all trade unions, unless the employer agrees on a different manner with them.

19. Works council

The employee council is regarded as being an employee´s representation which has the right to information and consultation. This type of employee's representation does not have an old history in Czech labour law and that is probably why it does not occur very often. However, the employee council is not a legal entity and it cannot enter into legal relationships, including collective agreements. The council may be elected at every employer without consideration of the number of employees and must have at least three and no more than fifteen members.

Since 2008 (after decision of the Constitutional Court) an employee council may exist by an employer disregarding an existence of a trade union by the same employer *(independent of the existence of a trade union in the work place?* The legal competences of an employee council are more limited than the competences of a trade union and an employee council works only as an element between the employer and employees having the right to be informed and consulted.

Contact: Andrea Krásná, Partner, Baroch Sobota, advokátní kancelář s.r.o., Prague, krasna@baroch-sobota.cz

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