Legal Update
Labour Law
July and August 2026

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Please see below our labour law update. If you have any questions about the update, please do not hesitate to contact us.

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Legislation

- Following the completion of the consultation procedure, the Ministry of Labour and Social Affairs ("MLSA") revised the draft Platform Work Act, with the more significant changes concerning, in particular, the proposed definition of dependent work under the Labour Code.
- Following the completion of the consultation procedure, the draft amending act intended to transpose the Pay Transparency Directive was also revised, resulting in several changes compared to the original proposal.

Practical Information

- The European Union has extended temporary protection for persons displaced from Ukraine until 2028. At the same time, for new applications, Ukrainian citizens aged 18–60 will be required to demonstrate that they are complying with their military obligations.
- As of 1 July 2026, the minimum advance payments for pension insurance payable by self-employed persons have been reduced.

Case law

- The granting of an early retirement pension does not, in itself, mean that an employee is not ready and able to work for the purposes of compensation for lost wages resulting from invalid termination of employment. The employee may therefore claim compensation for lost wages if they prove that they were able and ready to work.
- The Supreme Court confirmed that a probationary period is extended also by periods during which the employer did not assign work due to its mistaken belief that the employment relationship had ended, as this constitutes an obstacle to work on the employer's side under Section 208 of the Labour Code.
- Under certain conditions, a sole managing director who is also the sole shareholder may validly enter into an employment contract with himself or herself.

Legislative changes

Draft amendment to the Labour Code in connection with the proposed Platform Work Act clarifies the definition of dependent work

The draft Platform Work Act also includes an amendment to the Labour Code intended to clarify the relationship of superiority and subordination as one of the fundamental characteristics of dependent work.

Compared to the current legislation, the draft defines the relationship of superiority and subordination in greater detail. While the Labour Code currently does not expressly link this relationship to specific criteria and lists working time among the conditions under which dependent work is performed, the amendment would expressly provide that a relationship of superiority and subordination exists where:

- the employer organises the work;
- the employer monitors the employee's performance of work;
- the employee performs the work in accordance with the employer's instructions; and
- the employee performs the work during specified working hours.

The proposed amendment is therefore not limited to work performed through digital platforms but may also be relevant to ordinary commercial relationships with self-employed individuals. According to the draft, the amendment should take effect on 1 December 2026.

Changes to the transposition of Directive (EU) 2023/970 on pay transparency

Following the consultation procedure, the MLSA revised the draft legislation transposing the Pay Transparency Directive. The new version is available **here**. Compared to the information provided in our April HR Legal Update, the following changes have been made:

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- The obligation to provide information on starting pay has been moved to a later stage, namely no later than before the employment contract is concluded. Under the original proposal, employers were required to inform applicants of the minimum level of pay before negotiations on the conclusion of the employment contract commenced.
- Failure to comply with the written-form requirement when agreeing on pay will not affect the validity of the arrangement if the employee begins to perform work. Such failure will nevertheless constitute a breach of the Labour Code for which the labour inspectorate may impose a fine.
- The wording has been clarified to provide that the remuneration system may be agreed in a collective agreement or, alternatively, established by the employer in internal regulations. The obligation to divide jobs into groups according to their value remains unchanged. The explanatory memorandum expressly states that factors such as the market value of the work, an employee's accident-free record or absence record may not be taken into account when determining the value of work and remuneration for work. The explanatory memorandum now also states that the remuneration system does not need to specify payments or benefits provided by the employer in an amount prescribed by law.
- As regards the remuneration of agency workers, the original intention to require the employment agency to remunerate employees in accordance with the user undertaking's remuneration system has been revised. Under the new proposal, before agreeing, setting or determining remuneration, the agency must obtain the user undertaking's consent to its amount and structure. The user undertaking must provide the agency with the relevant part of its remuneration system and inform it of subsequent changes affecting the remuneration of assigned employees.
- The conditions triggering a pay assessment have been clarified. The obligation arises where the difference **in the average hourly level of remuneration for work and other monetary or non-monetary benefits between women and men within a particular category of work** amounts to at least 5%, cannot be justified and is not remedied within six months.
- For the purposes of the pay assessment, the proposal now expressly refers to average gross annual and hourly remuneration. When assessing pay progression following an employee's return, an absence from work due to the provision of long-term care has also been added alongside maternity, paternity and parental leave.
- The role of the Public Defender of Rights in pay assessments has been limited. Section 287d will no longer require employers to provide a pay assessment to the Public Defender of Rights upon request. The obligation to provide it to the labour inspectorate remains and is now expressly limited to the purposes of its inspection activities. The employer's right to request an opinion from the Public Defender of Rights on the implementation of remedial measures has also been removed.
- The individual employee's right to information on remuneration under Section 306b has been amended. The proposal now expressly provides that:
  - information must be provided in writing;
  - the information must relate to the preceding calendar year;
  - an employee may submit such a request only once per calendar year;
  - any explanation or supplementary information must also be provided in writing; and
  - where the information would result in the disclosure of the remuneration of a specific other employee, the employer will not provide that information directly to the requesting employee.
- Protection of individual remuneration data – under the original proposal, where information concerning remuneration within a category could not be disclosed to an employee because it would make another employee identifiable, the employer was required to provide

the information to the Public Defender of Rights. Under the revised proposal, the employer will not provide the sensitive part of the information to the employee, and the employee may designate a trade union to which the employer must provide it. Where no trade union operates at the employer, the employee will not have access to such information.

- A similar procedure is introduced in relation to the report on pay differences under Section 306c. The deadline for providing an explanation or supplementary information has been changed from "without undue delay" to two months. In addition, a right to request available information from reports covering the previous four years has been added.
- Section 306d introduces an express obligation on employment agencies to maintain confidentiality regarding non-public information obtained from the user undertaking, not to use such information for any other purpose and not to disclose it to third parties without the user undertaking's consent. The confidentiality obligation continues even after the temporary assignment has ended.
- The consequences of breaches of pay transparency obligations in court proceedings have been expanded. The reversal of the burden of proof will no longer apply only to breaches of Sections 30, 109a, 306a and 346a, but also to obligations concerning consultation on the report, joint pay assessments, the individual right to information, reporting obligations and obligations under the Labour Inspection Act.

Practical Information

Temporary protection for persons displaced from Ukraine extended until 4 March 2028

On 30 July 2026, the Council of the EU adopted Implementing Decision (EU) 2026/1912, extending temporary protection granted to persons displaced from Ukraine by another year, i.e. until **4 March 2028**.

A new condition has been introduced concerning compliance with military obligations in Ukraine. Temporary protection is now to be granted **only to persons who provide evidence that they have complied with their military obligations**. However, this rule **does not apply to persons who were already benefiting from temporary protection in the relevant Member State before or on 30 July 2026 and who subsequently maintain such protection without interruption**.

According to the recitals to the Decision, compliance with this condition may be demonstrated, in particular, by evidence of having legally left the territory of Ukraine, an exit stamp in a passport or another readily verifiable official document, such as an electronic document available through the Reserv+ application.

The Decision entered into force on the first day following its publication in the Official Journal of the EU. The extension of temporary protection will apply from 5 March 2027, while **the new condition concerning military obligations has applied since 31 July 2026**. When temporary protection is granted in the Czech Republic, this condition is taken into account in respect of new applications submitted from 5 August 2026.

For employers of persons benefiting from temporary protection, their employment-law status remains essentially unchanged for the time being. However, the extension of the temporary protection regime means that persons meeting the relevant conditions will continue to enjoy the rights associated with this status, including access to the labour market, until March 2028. Nevertheless, we recommend verifying that such employees have duly applied for an extension of their temporary protection.

Change in the minimum advance payments for self-employed persons

As of 1 July 2026, the minimum advance payments for pension insurance payable by self-employed persons have been reduced.

For self-employed persons carrying out self-employment as their **main activity**, the minimum monthly assessment base decreased from CZK 19,587 to **CZK 17,139** as of 1 July 2026, corresponding to a reduction in the minimum insurance advance payment from CZK 5,720 to **CZK 5,005**.

For self-employed persons carrying out self-employment as a **secondary activity**, the minimum advance payment remains CZK 1,574 per month.

The new minimum advance payment of CZK 5,005 also applies to self-employed persons who **commence their main self-employment activity during 2026**. For newly self-employed persons who have not carried out self-employment during the preceding 20 years, the minimum advance payment remains CZK 3,575.

Case Law

Granting an Early Retirement Pension Does Not, in Itself, Mean That an Employee Is Not Ready and Able to Work for the Purposes of Compensation for Lost Wages Following Invalid Termination of Employment

In its judgment of 1 July 2026, Case No. I. ÚS 970/25, the Constitutional Court of the Czech Republic dealt with the case of an employee who first sought a declaration that the termination of his employment was invalid and subsequently also claimed compensation for lost wages under Section 69 of the Labour Code for the period during which he was unable to work as a result of the invalid termination of his employment. During the proceedings concerning compensation for lost wages, the employee applied for an early retirement pension, which was granted to him. The ordinary courts subsequently refused to award compensation for lost wages for the period following the grant of the early retirement pension, taking the view that the employee was no longer able and ready to perform work for the employer. "*The Supreme Court based its conclusion on the fact that the employee's source of income was no longer his employment, but the pension granted to him, and that he was therefore no longer ready and willing to continue performing work for the employer under the employment contract ... an insured person cannot continue to perform work under an employment contract while simultaneously receiving an early retirement pension.*"

The Constitutional Court therefore considered whether the mere filing of an application for an early retirement pension and the subsequent granting of that pension automatically means that the employee is no longer willing, ready and able to continue working for the employer and is therefore not entitled to compensation for lost wages under Section 69 of the Labour Code for that period.

The Constitutional Court emphasised that **the filing of an application for an early retirement pension and the granting of such pension to an employee who has brought an action seeking a declaration that the employer's termination of employment is invalid does not automatically — i.e. irrespective of the employee's actual intention and the reasons that led the employee to submit the application** (in this case, the need to secure income in the event of invalid termination of employment) **— mean that the employee is unwilling, unprepared or unable to continue working for the employer.** The Constitutional Court stated that it was *"understandable that, in a situation where, as a result of the unlawful conduct of his employer, he was unable to work and earn income from that work, he applied for an early retirement pension, since this was a means by which he could secure a stable income to meet his living needs in the circumstances. Such conduct, however, says nothing about his internal attitude towards continuing to work for his employer and does not indicate that he was no longer willing to perform the work if the employer were to start assigning work to him again."* When assessing an entitlement to compensation for lost wages, it is therefore necessary to take into account **the specific circumstances of the case and the employee's actual intention**.

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The Probationary Period Is Extended Also by Obstacles to Work on the Employer's Side Consisting in the Employer's Failure to Assign Work to the Employee

In its judgment of 24 June 2026, Case No. 21 Cdo 18/2026, the Supreme Court of the Czech Republic (the "**Supreme Court**") considered **whether a probationary period is also extended by a period during which the employer failed to assign work to the employee because of its mistaken belief that the employment relationship had already terminated**.

In the case at hand, the parties had agreed on a probationary period which was originally due to expire on 30 November 2023. During the probationary period, the employee took two days of annual leave, as a result of which the probationary period was extended by operation of law until 4 December 2023. On 1 December 2023, the employer attempted to terminate the employment relationship during the probationary period, but failed to prove that the relevant legal act had been duly served on the employee. Subsequently, from 4 December 2023 until 21 February 2024, the employer did not assign any work to the employee because it believed that the employment relationship had already ended.

On 22 February 2024, the employee returned to work and, on the same day, the employer served him with a notice terminating the employment relationship during the probationary period. The employee subsequently brought an action seeking a declaration that the termination was invalid.

The Supreme Court stated that, for these purposes, the Labour Code does not distinguish between obstacles to work on the employee's side and obstacles to work on the employer's side. **The probationary period is therefore extended by any relevant obstacle to work, irrespective of whether it was caused by objective circumstances, chance, the conduct of the employee or the employer, or by fault on either side.**

During the period of an obstacle to work, the employee does not perform work and the very purpose of the probationary period — namely, the practical mutual assessment of whether the employment relationship meets the expectations of both the employee and the employer — cannot therefore be fulfilled. This conclusion also applies to an obstacle to work under Section 208 of the Labour Code arising where the employer fails to assign work to the employee, for example as a result of its mistaken belief that the employment relationship has already terminated.

A Sole Managing Director and Sole Shareholder May, Subject to Certain Conditions, Enter into an Employment Contract with Himself

In its judgment of 21 July 2026, Case No. 21 Cdo 838/2026, the Supreme Court considered the validity of an employment contract concluded between a single-member company and its sole shareholder, who was at the same time the company's sole managing director.

Factual Background

In 2017, the sole shareholder and managing director of the company entered into an employment contract for the position of an international truck driver, signing the contract on behalf of the company as employer and, at the same time, in his own name as employee. The work performed under the employment contract did not overlap with the duties associated with the office of managing director.

The employee subsequently suffered an occupational accident while performing his work and claimed compensation for the resulting harm. The insurer providing the employer's statutory liability insurance for occupational accidents and occupational diseases refused to provide indemnification, arguing that no valid employment relationship had arisen between the managing director and the employee. The lower courts also considered the employment contract invalid, in particular due to a conflict of interest between the employer and the employee.

Conclusions of the Supreme Court

The Supreme Court confirmed that a member of a company's statutory body may perform work for the company within an employment relationship, provided that the work performed does not constitute the performance of the duties of the statutory body.

The mere fact that the same person signs the employment contract on both the employer's and the employee's side does not automatically render the contract invalid on grounds of a conflict of interest.

Where that person is both the sole managing director and the sole shareholder of a company that has no supervisory board, the Supreme Court held that:

- it is not necessary for that person to notify himself of his intention to enter into a contract with the company;
- by signing the contract in his capacity as managing director, he simultaneously approves it in his capacity as sole shareholder;
- any potential conflict of interest does not prevent that person from representing the company;
- the contract is binding on the company from the outset and does not require subsequent approval.

In such a case, the general rules on conflicts of interest under Section 437 of the Civil Code do not apply.

Requirement for Officially Certified Signatures

At the same time, however, the Supreme Court emphasised that Section 13 of the Business Corporations Act may apply to the employment contract.

A contract concluded between a single-member company represented by its sole shareholder and that shareholder must be made in writing and bear officially certified signatures, unless it is a contract concluded in the ordinary course of business and on terms customary therein.

The purpose of this requirement is, in particular, to prevent subsequent alterations to the content or date of the contract and to protect the legal certainty of third parties, especially the company's creditors.

A failure to have the signatures officially certified may be remedied subsequently. Such remedy takes effect only prospectively, i.e. from the date on which the formal requirements applicable to the contract were satisfied. At the same time, in each particular case it is necessary to assess whether, notwithstanding the failure to comply with the formal requirements, the purpose of the statutory rule was achieved by other means, for example where there is no doubt as to the content of the contract or the date on which it was concluded.

Practical Implications

The judgment confirms that an employment contract entered into by a sole managing director and sole shareholder "with himself" is not automatically invalid.

When entering into such a contract, however, it is advisable in particular to:

- clearly distinguish the employee's type of work from activities falling within the competence of the company's statutory body;
- conclude the employment contract in writing;
- have the signatures officially certified;
- retain documentation evidencing the agreed terms and the actual performance of dependent work.

The Supreme Court set aside the judgments of the lower courts and remitted the case to the court of first instance for further proceedings. The final determination as to the validity of the particular employment contract will therefore depend primarily on the assessment of the requirements under Section 13 of the Business Corporations Act and the circumstances in which the contract was concluded.

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