

## AMENDMENT TO THE LABOUR CODE – WHAT NOT TO MISS?

On April 9, 2025, the Senate approved an amendment to the Labour Code, commonly referred to as "Flexinovela". The amendment is designed to address current trends in the labour market, promote greater flexibility in employment relationships, and align the legal framework with the needs of a fast-evolving modern world. The amendment now awaits the President's signature and subsequent publication in the Collection of Laws. If the process proceeds without delay, the amendment is expected to take effect as early as June 1, 2025. Below, we outline the key changes introduced by the amendment and their implications for employment law practice.

### LONGER PROBATIONARY PERIOD

The amendment extends the maximum permissible length of the probationary period from 3 to 4 months for regular employees, and from 6 to 8 months for managerial employees.

The law now explicitly allows for the probationary period to be extended by agreement after the employment contract has been signed. However, the total duration must not exceed the new statutory limit. In practice, this creates an opportunity to set the probationary period at its full extended length directly in new employment contracts, thereby taking full advantage of the expanded scope. The option of a subsequent extension may also prove useful, for example, in cases where the scope of the job role changes or when an employee is promoted to a managerial position.

### CHANGES RELATED TO TERMINATION OF EMPLOYMENT

**Commencement of the Notice Period:** The amendment introduces a significant change to the rules governing the start of the notice period - it will now begin on the day the notice is delivered, rather than on the first day of the following calendar month. For example, if notice is delivered on January 10, the notice period will start on that same day, meaning the employment relationship (assuming the standard two-month notice period) will end on March 10, rather than on March 31, as was required under the previous rules.

**One-Month Notice Period:** In cases where the employer terminates the employment for reasons specified under Section 52, letters f) to h) of the Labour Code, the notice period is now reduced to one month. In all other cases, the standard two-month notice period remains unchanged. This change allows for quicker termination of the employment relationship with employees whom the employer no longer trusts due to repeated violations of work duties.

Given this change, it is advisable to review and potentially revise existing employment contracts. In practice, many contracts explicitly stipulate a two-month notice period. If such a provision is included in the contract, it takes precedence over the statutory regulation, meaning the reduced notice period introduced by the amendment cannot be applied.

**Unification of Health-Related Grounds for Termination:** The amendment consolidates the existing health-related grounds for dismissal into a single provision. It will now be possible to terminate employment due to an employee's long-

#### Key points:

- **Probationary period:** Up to 4 months for regular employees and 8 months for managerial employees.
- **Notice period:** In certain cases, it may be reduced to 1 month.
- **Start of the notice period:** Now begins on the day it is delivered.
- **Merging of dismissal grounds under Section 52d) and e) of the Labor Code.**
- **Wage payment in foreign currency:** Available for employees with an international element.
- **Return from parental leave:** Obligation to assign the original position until the child turns 2 years old.
- **Work under DPP/DPČ during parental leave:** Now allowed even for the same type of work.
- **Prohibition of confidentiality agreements regarding wages:** Violation may incur a fine of up to CZK 2 million.

term medical incapacity to perform the agreed work, regardless of whether the reason would previously have fallen under the current Section 52(d) or (e) of the Labour Code.

The amendment also changes the rules on compensation for termination of employment for these reasons. Severance pay or one-time compensation will no longer be paid by the employer directly but will instead be covered by the employer's mandatory liability insurance. This compensation will still only apply in cases of occupational injury or occupational disease.

**Extension of Time Limits for Dismissal and Immediate Termination of Employment:** The amendment extends the time limits within which an employer can take action in response to an employee's breach of duties. The subjective time limit, i.e. the period during which the employer becomes aware of the reason for dismissal or immediate termination, is extended from 2 to 3 months. The objective time limit, i.e. the latest possible deadline for taking such action regardless of when the employer becomes aware of the reason, is extended from 1 year to 15 months.

## **NEW RULES RELATED TO WAGES**

**Cashless Wage Payment:** The amendment establishes a preference for cashless payment of wages by bank transfer. No agreement with the employee is required – cash payments are only permitted if the employee explicitly objects to the bank transfer or fails to provide the necessary information.

**Payment in Foreign Currency:** Employers will now be allowed to pay salaries in a foreign currency for which the Czech National Bank (ČNB) publishes an exchange rate, provided that the employee agrees and that there is a "foreign element" involved. This could include situations where the employee works abroad or has permanent residence outside the Czech Republic. If the employee's salary is originally agreed in Czech crowns, it will be converted each month into the relevant foreign currency using the current ČNB exchange rate. If the salary is agreed directly in a foreign currency, no conversion is needed - except for mandatory conversions for purposes of health and social security contributions.

**Confidentiality About Salary:** Under the amendment, employers may not prohibit employees from sharing information about their salary, wages, or other forms of remuneration with other employees. Any provisions in employment contracts, internal policies, or workplace rules that restrict such communication will be unlawful once the amendment takes effect and must be removed. Keeping these clauses in place could constitute a violation of labour law under the Labor Inspection Act and may result in a fine of up to CZK 2,000,000.

**Delivery of Wage Statement:** Employers will be required to provide the wage statement to employees no later than before the commencement of work; delivery on the first working day will no longer be sufficient. The amendment also introduces a special regime for electronic delivery of wage statements. Wage statements may be sent to an electronic address other than the one designated by the employee for regular communication, as long as the statement is electronically signed by the employer and the employee can save and print it. If the employee does not acknowledge receipt within 15 days, the statement will be considered undelivered. All other forms of delivery remain unchanged.

## **CHANGES FOR EMPLOYEES - PARENTS**

**Chain of Fixed-Term Contracts:** The Amendment introduces several updates impacting employees with young children. The general restriction on successive fixed-term contracts will no longer apply when hiring replacements for employees on maternity, paternity, or parental leave. These replacement contracts can now be renewed repeatedly, for a total duration of up to 9 years.

**Guarantee of Job Role After Parental Leave:** Under the current legal framework, employees returning from parental leave are entitled to be assigned work that aligns with the type of work specified in their employment contract. However, this does not guarantee a return to the exact same job position or workplace. This protection applies until the child reaches three years of age.

The amended law will now explicitly provide that if an employee returns from parental leave before their child turns two, they are entitled to return to their original job and workplace, mirroring the current protection offered when returning from maternity leave. Between the child's second and third year, employees still have the right to be assigned work corresponding to the type of work specified in their contract, but the guarantee of returning to the same position no longer applies.

**Concurrent Full-Time Employment and Agreements for the Same Type of Work:** The amendment will allow employees on parental leave to earn additional income by performing the same type of work for their current employer - through agreements such as agreement to perform work (DPP) and agreement to complete a job (DPČ). Under current regulations, performing the same type of work for the same employer during parental leave is not permitted.

## OTHER SIGNIFICANT CHANGES

Beyond the key amendments related to probationary periods, termination conditions, and employment arrangements connected to parenthood, the amendment also introduces several other changes that employers should be aware of:

- **Adjustment to the Calculation of Average Earnings:**

The amendment revises the reference date used for calculating average earnings (relevant for matters such as severance pay or other termination-related compensations). Previously, average earnings were calculated based on the first day following the end of the previous calendar quarter (i.e., 1 January, 1 April, 1 July, or 1 October), regardless of whether the employee was still employed. Under the new rules, the employee must still be employed on the reference date; if not, an earlier reference period must be used.

*Example: An employee's employment ends on 31 December 2025, and they are eligible for severance pay. Under the previous rules, average earnings would have been calculated as of 1 January 2026, based on earnings received in Q4 2025. Under the new rules, however, the reference date for calculating average earnings must fall within the period of active employment. Since the employment ends before 1 January 2026, that date can no longer be used. Instead, the reference date shifts to 1 October 2025, using earnings from Q3 2025.*

- **Proof of Trade Union Activity:**

At the employer's request, a trade union must now prove that it has at least three members employed with the company. This can be demonstrated, for example, through a notarial deed.

- **Occupational Medical Examination:**

Under the proposed amendment, mandatory pre-employment medical examinations for "non-risk" jobs (Category 1) will no longer be required. However, both the employer and the employee will still have the right to request a medical examination before employment begins.

- **Employment of Minors:**

Individuals who have reached the age of 14 may now be employed during the main school holidays. This is limited to light work (Category 1 without additional risks) that does not endanger the minor's health, safety, education, or moral development. Parental or legal guardian consent is required, along with strict compliance with the rules regarding working hours and rest periods. A pre-employment medical examination remains mandatory, even for work performed under an agreement to perform work (DPP) or to complete a job (DPČ).

## CONCLUSION

The Amendment to the Labour Code marks a significant step toward modernising employment relations. While it introduces new opportunities, it also brings obligations that employers must incorporate into their HR policies and contractual arrangements. Special attention should be given to the updated rules on probationary and notice periods, the procedures for temporary replacements during parental leave, and the new framework for returning to work and performing work during parental leave.

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