

Czechia

Wage guarantee in case of insolvency

Phase	Act No. 118/2000 Coll., on the protection of employees in the event of insolvency of their employer; Act No. 182/2006 Coll., on bankruptcy and settlement (Insolvency act)
Native name	Zákon č. 118/2000 Sb., o ochraně zaměstnanců při platební neschopnosti zaměstnavatele ve znění pozdějších předpisů; Zákon č. 182/2006 Sb., o úpadku a způsobech jeho řešení (insolvenční zákon ve znění pozdějších předpisů)
Type	Wage guarantee in case of insolvency
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Article

Section 169 and 305 in Act No. 182/2006 Coll., on bankruptcy and settlement (Insolvency act); Section 2–5, 10, 11 in Act No. 118/2000 Coll., on the protection of employees in the event of insolvency of their employer

Description

In case of employer insolvency, employees' claims have priority in the liquidation process (judicial liquidation and reorganisation). All private law employment relationships are eligible, including part-time workers, fixed-term workers, domestic servants, but excluding some public officials.

In the following cases, employees are excluded from protection:

- employees who are members of the employer's statutory body and shareholders with half and higher participation;?
- employees who work for the employer as temporary agency workers (TAW) and whose wages are covered by a TAW insurance in case of insolvency.

In court decisions, wages have the same rank as the claims of the liquidation administrator ('super priority') (Bankruptcy law).

Managers must not obtain any property from assets of their employer (Bankruptcy law).

The application for claims has to be submitted for approval by the employee to the public employment service. The employee has to apply within 5 months and 15 calendar days following the date on which the labour office published its to official board information regarding the employer who has filed an insolvency petition or had been impounded property. The application has to be submitted to the public employment service which approves or rejects it. The instruction of the Deputy Minister for Employment of the MoLSA came in force in January 2019. It pinpoints the due date of the wage entitlements for the purposes of Act No. 118/2000 Coll.

All claims (wage, replacement alimony, payment for holidays, termination of a job, payment for time off to visit a doctor, etc.) that arose in the period of three months before and three months after the month when the insolvency was announced are covered. Wage claims are covered for a maximum period of three months, for a monthly amount of one and a half average wage in the Czech Republic as it is determined by law.

The guarantee is financed by the state; there are no employers' contributions.

Commentary

Data on the number of employers, processed applications (satisfied workers) and paid funds followed the economic is available through the [Ministry of Labour and Social Affairs](#), as it can be seen in the table below. For data until 2020, refer to the publication "[Analysis of the development of employment and unemployment](#)".

Data on expenditure on employment policy in the Czech Republic can be found [here](#).

Additional metadata

Cost covered by	National government
Involved actors other than national government	Public employment service Court
Involvement (others)	None

Thresholds

Affected employees: No, applicable in all circumstances
Company size: No, applicable in all circumstances
Additional information: No, applicable in all circumstances

Sources

- Deutsch, A., 2011, Europäische Beispiele für die Insolvenzentgeltsicherung, Vienna, Federal Ministry of Labour, Social Affairs and Consumer Protection/IEF~~~ Sargant, M., 2007, Implementation Report Directive 80/987 EEC amended by Directive 2002/74/EC [protection of employees in the event of the insolvency of their employer], Human European Consultancy/Middlesex University Business School~~~ European Commission, 2011, Report on the implementation and application of certain provisions of Directive 2008/94/EC on the protection of employees in the event of the insolvency of their employer, Brussels, COM(2011) 84 final, ~~~ [Ministry of Labour and Social Affairs](#)~~~ [Law on the Protection of Employees in the Event of Insolvency of Their Employer \(Act No. 118/2000 Coll.\)](#)~~~ [Insolvency Law \(Act No. 182/2006 Coll.\)](#) ~~~

Citation

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