LEGAL ALERT

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Act on the Unified Monthly Employer Report

On 1 January 2026, the Act on the Unified Monthly Employer Report will enter into force.

This legislation represents a significant step towards the **modernisation and digitalisation of public administration**, as it is intended to allow employers to fulfil all obligations set out by the relevant legal regulations through a single electronic report.

The unified monthly report has the following functions:

1. **SUMMARY** – containing the basic identification details of the employer (Company ID number, name, registered office), as well as information on the period for which the report is submitted and aggregated financial information
2. **INSURANCE** – including data on social security and health insurance contributions
3. **INDIVIDUALISED** – comprising information on each individual employee and their employment relationship (birth number or other identifier, type of employment contract, amount of gross salary, temporary incapacity for work, parental leave, etc.)

The Act also defines the method of recording, communicating, and transmitting the reported data, as well as the mutual communication between certain public authorities and employers.

Income Tax Exemption on the Sale of a Business Share

Income from the transfer of business shares or from the sale of shares will be exempt from income tax even **above 40 million CZK**. The exemption will not apply to income from the sale of cryptocurrencies.

This proposal from the Senate was approved by the Chamber of Deputies at the beginning of September and incorporated into the bill that also amends other laws in connection with the introduction of the unified monthly employer report. The bill was later signed by the President.

The bill also introduces, for example, an electronic form of pension insurance records and abolishes the institute of withholding tax on income.

New Rules for Employing Foreign Nationals

From 1 October 2025, an amendment to the Employment Act will take effect, changing the obligations of employers when hiring foreign nationals. Until now, it was sufficient to notify the Labour Office of the arrival of a foreign worker no later than on the day they started work; under the new rules, the new employee must be reported to the Labour Office **before they begin performing work**.

The aim of this amendment is to **combat illegal employment** and to enable the state to gain a better overview of who is working in the Czech labour market.

This change applies to **all foreign nationals** — not only to third-country citizens requiring a work permit, but also to EU citizens and holders of temporary protection.

If an employer fails to meet the obligation to report a new foreign employee before they start work, the situation will automatically be considered as **unregistered work**. Unregistered work constitutes an administrative offense for which the State Labour Inspection Office may impose a **fine of up to 3 million CZK**.

Employers should therefore, in preparation for the new wording of the law, review their internal processes for **reporting new foreign employees to ensure compliance** — that is, to ensure that notification is made with sufficient time in advance.

New Rules for Start-ups

The Ministry of Industry and Trade has announced that it plans to present the Start-up Act in the first quarter of next year.

Based on an analysis carried out by the Ministry, the main issue in the Czech environment is the low number of newly established technology companies. The core problem for these types of firms is especially the high **administrative and tax burden**, which the proposed regulation aims to address.

The amendment should facilitate the **operation and development of start-ups** through more flexible rules. It should also lead to the deregulation of start-up investments for pension funds and make it easier for start-ups to access public procurement opportunities.

The Ministry of Industry and Trade Has Prepared a Draft Regulation on Artificial Intelligence

The Ministry of Industry and Trade (MPO) has prepared a draft for implementing the European regulation on artificial intelligence, the so-called AI Act.

AI brings new opportunities in industry, healthcare, transport, and public administration. At the same time, however, it raises questions related to security, data protection, and ethical use. For this reason, the European Union has adopted the first comprehensive legal framework for AI.

The draft regulation aims to ensure the **protection of citizens and the safe use of AI**, while also creating an environment that **supports innovation and reduces administrative burdens** for companies. It is to establish clear obligations for developers and operators of AI systems, especially in areas such as **healthcare, transport, and public administration**. The regulation also includes requirements for algorithm transparency.

This proposal, expected to come into effect in 2026, is currently undergoing interdepartmental consultation.

Independent Electricity and Gas Price Comparison Tool

An independent electricity and gas price comparison tool for consumers is being introduced by an amendment to the Energy Act, which enters into force on 1 October. The comparison tool will be operated by the Energy Regulatory Office.

It is intended to help customers who are considering switching suppliers save money. It will be available **free of charge on the Office's website**. Electricity and gas traders will be required to provide the tool with information about their publicly available offers.

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If you have any questions or need consultation, please do not hesitate to contact us at info@sirokyzrzavecky.cz.