

LEGAL ALERT

SELECTION OF LEGAL UPDATES

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Labor Code upheld by Constitutional Court: Overtime is not unconstitutional

The Constitutional Court assessed the constitutionality of a section of the Labor Code where there were doubts as to whether it constituted forced labor.

The main argument of the complainants was that the Labor Code (specifically focusing on mandatory overtime or specific duties in key sectors such as healthcare or emergency services) forces employees to work against their will, which could be construed as forced labor. The Constitutional Court rejected this argument and ruled that the contested part of the Labor Code remains in force. The Constitutional Court stated that it found no grounds for repealing Section 41(3) of the Labor Code for violating the prohibition of forced labor under Article 9(1) of the Charter, as employees enter into employment voluntarily on the basis of a contract where the conditions (including possible overtime) are known in advance. A key factor in the Constitutional Court's decision was the fact that employees always have the right to terminate their employment (by giving notice), which is directly contrary to the definition of forced labor. The court further emphasized that legal obligations (e.g., ensuring on-call duty) are balanced by statutory bonuses, compensatory time off, and mandatory rest periods.

This ruling provides legal certainty for both employers and the state. It confirms that the current provisions of the Labor Code, which allow work beyond normal working hours to be ordered within the limits set by law, are constitutional and do not constitute an unjustified interference with individual freedom.

(Constitutional Court ruling ref. no. Pl. ÚS 31/24)

Complaints about property defects: How do courts now calculate reasonable discounts?

In its ruling, the Supreme Court analyzed a simplified method for determining the amount of a "reasonable discount" when claiming defects (typically in real estate or works of art).

Previously, the discount was calculated as the ratio between the value of the item without the defect and the value of the item with the defect at the time of purchase. This procedure was extremely complicated in practice, required costly expert opinions, and often led to inaccurate results.

1. Costs of remedying the defect

The Supreme Court ruled that the primary and most objective criterion for determining a "reasonable discount" is the cost of repairing the defect—if the defect can be repaired, the amount of the discount should, in principle, correspond to the cost of the repair.

2. Taking into account reduced functionality and aesthetics

In cases where the defect cannot be completely removed (or only at disproportionate cost), the discount must also reflect the reduction in the useful value of the item, its aesthetic shortcomings, and potential complications during further use.

The aim is for the buyer to receive an amount that will actually enable them to repair the item or compensate them for its permanent impairment. This method reduces the costs of legal proceedings and shortens their duration, as there is no

need to prepare complicated expert opinions on "market values with defects."

It is now easier for the injured party (the buyer) to prove the amount of the discount – it is sufficient to provide a repair estimate or invoices, instead of complicated evidence of hypothetical market prices from the past.

(Supreme Court in its judgment of June 25, 2025, file no. 23 Cdo 2666/2024)

AI and HR

According to the AI Act, systems used for recruitment, employee evaluation, or termination of employment fall into the category of high-risk systems. This entails strict obligations for employers and developers alike, as AI tools may violate the principle of non-discrimination and equal treatment.

1. Discrimination

Algorithms can use historical data to exclude certain groups of applicants (e.g. based on age, gender, or place of residence), which is in direct conflict with Czechia legislation.

2. The human element

Employers may not make decisions (e.g., regarding termination) based solely on automated processing. According to the GDPR and the Labor Code, employees must have the right to have decisions reviewed by a human and to receive an explanation of how the algorithm arrived at its conclusion.

3. GDPR

AI tools often analyze large amounts of personal data, which raises issues regarding employee privacy. Emotion tracking and overly invasive productivity monitoring are legally very risky areas.

For companies, this means that they must audit all AI tools used in HR. It is not enough to rely on the software supplier's

statements—the end user (employer) is responsible for compliance with the law.

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

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