



PAYROLL CHANGES CE4

2024

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APPROACH. SOLUTION. BUSINESS.

In the evolving landscape of business operations, one of the most critical functions is managing payroll. As of 2024, significant changes have been instituted in payroll regulations, reshaping the way organizations handle compensation and compliance. Understanding these changes is imperative for businesses to maintain legal compliance, mitigate risks, and foster sustainable growth.

The year 2024 has brought forth a series of pivotal adjustments in payroll regulations, reflecting the evolving socioeconomic and legislative environment. These alterations encompass a spectrum of areas including tax codes, wage laws, benefits administration, and regulatory compliance frameworks. Such changes necessitate meticulous attention from employers, payroll professionals, and human resource practitioners to ensure seamless adaptation and adherence to legal requirements.

In response to the dynamic landscape of payroll regulations in 2024, organizations are faced with the imperative to stay current and compliant with the latest updates. The interplay between tax codes, wage laws, benefits administration, and regulatory frameworks demands a proactive approach in understanding, implementing, and communicating these changes effectively.

Employers are encouraged to foster open communication channels with their payroll professionals and human resource teams to facilitate a smooth transition. Collaboration and knowledge sharing become paramount in navigating the complexities of the evolving regulations and minimizing the risk of non-compliance.

In this brochure ASB Group bring you an overview of important deadlines and changes of regulation in the payroll area for 2024.



CZECH REPUBLIC

Maximum Assessment Base for 2024

The maximum amount of gross income subject to social security contributions is 2,110,416 CZK as of January 1, 2024. Effective from January 1, 2024, there is also the introduction of an obligation to pay insurance premiums for sickness insurance for employees. Employees are thus also payers of sickness insurance contributions (previously they were only payers of pension insurance contributions). The total insurance rate for employees from January 1, 2024, is 7.1% (of which 6.5% is for pension insurance and 0.6% for sickness insurance). For employers, the insurance rate remains the same at 24.8%.

Changes in Agreements on Work Performance and Work Activity

Changes in this area have already occurred from October 1, 2023, mainly in the area of working time records and supplements. The most significant change from January 1, 2024, is the introduction of a right to leave according to the number of shifts worked. All provisions relating to leave for employees in an employment relationship now also apply to contractors. The essential condition for entitlement is the duration of the agreement for at least four weeks and working 80 hours. For determining the amount of entitlement, a so-called fictitious working time is introduced, amounting to 20 hours per week.

Employees working under an agreement on work performance will be subject to participation in sickness insurance contributions from **July 1, 2024**, if their income from all agreements with one employer exceeds **25% of the average wage (10,500 CZK in 2024)** or from all agreements with multiple employers **40% of the average wage (17,500 CZK in 2024)**. In the case of agreements with multiple employers, the employee himself will pay the social security contribution of 7.1%, while the obligation to pay health insurance contributions for the employee remains with the employer. However, changes in this area are expected, about which we will inform you if necessary.

Electronic Delivery of Documents

There is a partial relaxation of the rules in this area. In brief, the changes can be summarized as follows:

Delivery into one's own hands remains mandatory for documents mentioned in paragraph 334 of the Labor Code. Typically, these are unilateral legal acts such as the termination of employment.

All other documents must have a written form without the necessity of delivery into one's own hands, and the precise rules regarding signing are then stated in paragraph 21 of the Labor Code.

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Efficiency and effectiveness within payroll teams are critical for driving the company's strategic initiatives forward. As stewards of financial integrity, payroll professionals ensure accurate compensation processing and compliance with regulatory requirements. By emphasizing the importance of streamlined processes and collaborative teamwork, payroll teams become instrumental in supporting the organization's goals. Their meticulous attention to detail and commitment to excellence not only safeguard employee trust but also optimize operational efficiency. Through effective implementation of payroll strategies, these teams play a pivotal role in fostering organizational success, enabling seamless adaptation to changing regulations, and ultimately driving sustainable growth.



Lucie Šťastná

Head of Payroll, ASB Group, Czech Republic

Threshold for Progressive Tax Payment (rate of 23%) for 2024

The maximum assessment base of social security insurance no longer influences the taxation of personal income. According to the approved consolidation package, incomes exceeding 1,582,812 CZK (monthly 131,901 CZK) will be subject to a higher tax rate of 23%, while incomes below this threshold will be taxed at a rate of 15%. This represents a significant reduction of this threshold, and the obligation to pay higher tax will affect a larger number of employees.

Abolition of Student Discount and Other Tax Deductions

From January 1, 2024, the student discount of 335 CZK per month is abolished. Simultaneously, the so-called kindergarten fee is abolished, and the deduction for a spouse is now conditional on caring for a child up to three years old. The deduction from the tax base for exams verifying the results of further education and the deduction of the contribution paid to a trade union are also abolished. For deductions applied on an annual basis, this will be applied for the first time for the tax calculation for 2024

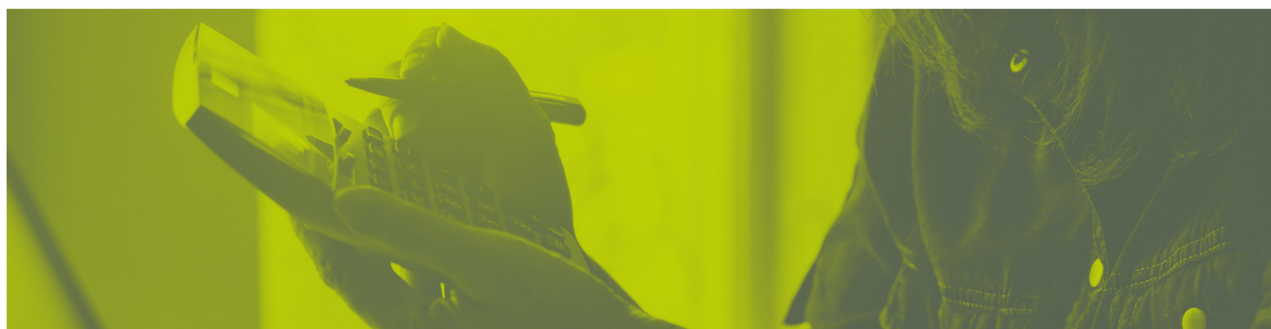
Meal Voucher Allowance

The monetary contribution for meals for one shift is tax-exempt (and thus also from insurance contributions) on the employee's side up to 70% of the upper limit of the meal allowance for a business trip lasting 5 to 12 hours set for employees remunerated with a salary, i.e., employees mentioned in § 109 subsection 3 of the Labor Code.

From January 1, 2024, this amount will be **116.20 CZK (70% of 166 CZK)**. **This limit is now also applied to a meal contribution provided in a non-monetary form**, typically paper meal vouchers or a meal voucher card. Any amount above this limit is considered a non-cash income of the employee and is subject to all contributions.

Minimum Wage

The minimum wage for a 40-hour work week is set at 18,900 CZK per month and 112.50 CZK per hour for 2024. The minimum assessment base for 2024 is equal to this amount, and the minimum health insurance premium is 2,552 CZK.



Further Changes Concerning Benefits

Based on the approved consolidation package, there are significant changes in the area of non-cash benefits. A new annual limit for providing these benefits has been set at half the average wage, which for 2024 is 21,983.50 CZK.

This amount does not include the contribution for meals, the contribution for education organized by the employer (professional training, language courses necessary for work), and the contribution for life and pension insurance up to a total of 50,000 CZK per year.



All other non-cash benefits above the state-established annual limit are considered taxable income and thus subject to all contributions (tax, social and health insurance) both on the part of the employee and the employer.

Here we note that among benefits, the sale of products (purchase of products at a discounted price) or the provision of employer services (such as accommodation in a facility operated by the employer at a discounted price) are also counted, to the extent of the difference between the price paid by the employee and the usual price. For example, if you provide your employee with free accommodation in your hotel, the value of the non-cash benefit equals the price that a regular customer would pay for this type of stay. This price should then be included in the annual limit.

Guaranteed Wage

Employees in an employment relationship, whose wages are not agreed upon in a collective agreement, are protected from being provided too low wages by the "guaranteed wage." The work performed is graded according to its complexity, responsibility, and strain into eight individual groups, with the lowest level of guaranteed wage established for each group. Therefore, employers are not only obliged to pay the minimum wage but also to remunerate at least at the level of the respective groups of the lowest level of guaranteed wage. This year, however, the increase applies only to the first to third and eighth groups. Similarly to the minimum wage, the lowest levels of guaranteed wage are determined both hourly and monthly, and just as a wage lower than the minimum wage must be compensated, so must a wage lower than the guaranteed wage. For this purpose, overtime pay, holiday pay, night work pay, work in a difficult environment, and work on Saturday and Sunday are not included in the wage or salary.



POLAND

Increase of the Minimum Wage

Minimum wage in 2024 in Poland :

1. From **1 January 2024** – PLN 4,242
2. From **1 July 2024** – PLN 4,300

Increase of Minimum hourly rate

Minimum hourly rate in 2024 in Poland

1. From **1 January 2024** – PLN 27.70
2. From **1 July 2024** – PLN 28.10

The following benefits will be affected by the increase in the minimum wage:

- Increase in allowance for night work – due to the different number of hours to be worked in individual months, this amount may vary from PLN 4.67 to PLN 5.66.
- Compensation to an employee for breach of equal treatment in employment or harassment – cannot be less than PLN 4,242 and, from July 2024 – PLN 4,300.
- The maximum amount of severance pay for termination of employment for reasons not related to employees until 30 June 2024 cannot exceed PLN 63,630, and from 1 July – PLN 64,500.
- The minimum benefit assessment basis will amount from January 1, 2024, to PLN 3,660.42, and from July – PLN 3,710.47.

Higher amounts free from wage deductions

The increase in the minimum wage will also affect the amounts free from deductions from wages. It is necessary to take into account the fact that different percentages are used for different types of deductions, which range from 75 to 100% of the minimum wage after deducting social security contributions and income tax advances.

Amount of limitation of the annual basis

The limit on the annual basis for calculating contributions to pension and disability insurance, which cannot exceed thirty times the forecasted average monthly salary in the national economy for a given calendar year, will be PLN 234,720 gross in the year 2024.

Write-offs for the Social Fund

Write-offs for the Social Fund in 2024 are:

- basic deduction 37.5% – PLN 2,417.14
- increased deduction (work in special conditions or work of a special nature) 50% - PLN 3,222.86
- deduction for juvenile employees in the first year of education 5% - PLN 322.29
- deduction for juvenile employees in the second year of education 6% - PLN 386.74
- deduction for juvenile employees in the third year of education 7% - PLN 451.20

Greater protection against termination

If an employee applies for reinstatement and the court finds the employee's right, then in accordance with Article 477 (2) of the Code of Civil Procedure, the judgment will have to impose on the employer the obligation to continue employing the employee until the final conclusion of the proceedings. It is worth taking into account the fact that the parties to the proceedings may appeal to a higher instance. Therefore, until such a case is concluded, the employer must employ the employee and pay him remuneration. Such proceedings may take one, two or even three years. Art. also received a new wording. 755 (5) of the Code of Civil Procedure, which describes the rights of employees subject to special protection. This includes, among others: pregnant women, trade union activists, employees on vacation, employees on parental leave, employees at pre-retirement age, employees on parental leave.



Possibility of co-financing contact lenses

The changes concern the right of employees to subsidize contact lenses. Before the change in regulations, employees could only count on subsidies for vision-correcting glasses. However, since November 2023, the rule has been in force that the employer must provide funding for contact lenses, provided that there is such a doctor's recommendation.

New rules for working with a laptop

If the employee works on a portable computer and take up more than half of his daily work time, it is necessary to provide an additional desktop monitor or laptop stand. In addition, the portable computer must be equipped with a mouse and an additional, attachable keyboard. For jobs created after November 17, 2023, the new regulations must be applied immediately. However, for positions existing before this date, the time to adapt to the new requirements is 6 months. This means that from May 17, 2024, all positions will be covered by the new regulations.

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In 2024, more changes in labour law are expected, which should be taken into account when planning the organization of the work process. Many of them are eagerly awaited by employees as they provide additional protection or rights in various situations. The changes are planned to come into effect throughout the year, so we cannot report on all of them at this early stage.

Although it appears, that 2024 can be a period of stability, it is crucial for businesses to remain adaptable and ready to navigate any updates or modifications that may arise. Embracing flexibility in operations and cultivating a culture of open communication with employees will be key in successfully implementing any new labour laws that may come into effect.



Justyna Trochimiuk

Head of Payroll, ASB Group, Poland



SLOVAKIA

Minimum wage

The minimum wage applicable for 2024 is 750 EUR/month or 4,023 EUR/hour for employees in the first level of work difficulty. The work performed by the employee is graded according to its complexity, responsibility, and strain into six individual groups - degrees of difficulty. The minimum wage is guaranteed for each group by the law. Therefore, employers are not only obliged to pay the minimum wage but also to remunerate at least at the level of the respective groups of the lowest level of guaranteed wage. Down here you can find the minimum wage for each one of the 6 difficulty degrees applicable for 2024. Please note that these figures are calculated for 40-hour work week. For different work weeks the minimum wages must be recalculated.

degree of difficulty	minimum monthly wage in €	minimum hourly wage in €
1	750	4,31
2	866	4,977
3	982	5,644
4	1098	6,31
5	1214	6,977
6	1330	7,644

Wage supplements

Employees are entitled for the wage supplement of at least 50% of the minimum hourly wage for the **work on Saturday**. The minimal supplement for 1 hour of work on Saturday in 2024 is **2,155 EUR**.

Employees are entitled for the wage supplement of at least 100% of the minimum hourly wage for the **work on Sunday**. The minimal supplement for 1 hour of work on Sunday in 2024 is **4,31 EUR**.

Employees are entitled to the wage supplement of at least 40% of the minimum hourly wage for the **work on the night shift**. Minimal supplement for 1 hour of work on the night shift in 2024 is **1,724 EUR**.

Wage supplement for the standby outside the workplace is **0,862 EUR per hour**.

Wage supplement for performed work in difficult conditions is **0,862 EUR per hour**.

Social and health security contributions

The maximum amount of gross income subject to social security contributions is 9128 EUR per month. Please note, that the accident insurance and the health insurance do not have the maximum assessment base. Means that the complete taxable salary of the employee is included in the base for the calculation of these two insurance types for both employee and the employer

Minimum advance payment for the health insurance of an employee for the entire calendar month in 2024 is 37,63 EUR. The annual minimum health insurance is 451,71 EUR.

An important change with an impact on the total labour costs applicable from January 2024 is related to the health insurance. The employer's contribution to the health insurance was increased by 1% from 10% to 11% of the taxable income



Tax parameters

The non-taxable part of the taxpayer's tax base for 2024 is 5 646,48 EUR, means 470,54 EUR per month.

The basic tax rate is 19%. 25% tax rate is applied for the tax base exceeding 3961,50 EUR per month.

Tax bonus on child remains without change: 140 EUR for child younger than 18 years, 50 EUR for child over 18. Employee must obtain certain level of the partial tax base to be entitled to the complete amount of the tax bonus, especially when applying the tax bonus on more kids. Please contact our payroll team for more details.

Meal allowances

The meal allowances for business trips have been legally increased in October 2023 and apply in the same amount also in 2024 (until the next legislative update):

- a) 7,80 EUR for period of 5 – 12 hours
- b) 11,60 EUR for period of 12 – 18 hours; and
- c) 17,40 EUR for period of over 18 hours.

The minimum value of a meal voucher is 5,85 EUR (75% of 7,8).

The minimum employer's contribution for the meal is 3,22 EUR and maximum is 4,29 EUR. Please note that the employer may contribute also higher amount on employee's meal, but the value over the maximum is considered taxable income for the employee

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Our payroll solutions provide access to local proficiency and assistance, guaranteeing that your employees in Slovakia receive accurate, compliant, and timely compensation without fail.

Our team of experts is well-versed in the intricate nuances of Slovakian payroll regulations to ensure that your payroll processes run seamlessly. By entrusting us with your payroll management, you can rest assured that your employees will be compensated accurately and on time, leaving you with the peace of mind to focus on other aspects of your business. Let us handle the complexities of Slovakian payroll for you, so you can thrive and grow your business without any worries about compliance or accuracy.



Mária Hildebrandová

Head of Payroll, ASB Group, Slovakia



HUNGARY

Minimum wage

From December 1, 2023 the new Hungarian minimum wage had been increased to HUF 266,800 gross, while the guaranteed wage minimum is now HUF 326,000 gross and this prevails for fiscal year 2024 as well.

The **minimum contribution threshold for employees** has also changed and is now 30% of the minimum wage, so from 1 January the social security contribution and social contribution tax will be payable on HUF 80,040.

Changes in Personal Income Tax Allowance

In 2024, the amount of the allowance is HUF 576,601 per month of entitlement, which means a tax saving of HUF 86,490, and for a full year of entitlement, HUF 6,919,212, totaling a tax saving of HUF 1,037,880. If the employee is eligible for the allowance for young people under 25, the employer or payer automatically takes it into account until they provide a statement to partly or wholly waive it. The same amount applies to the benefit for mothers under 30.

Family Tax Allowance

From January 1, 2024, there has been no change compared to before, i.e., the applicable gross family tax benefit – depending on the number of dependents – **per dependent and per month of eligibility**:

- **HUF 66,670** for one dependent,
- **HUF 133,330** per dependent for two dependents,
- **HUF 220,000** per dependent for three or more dependents.

From January 1, 2024, the monthly amount of the benefit for a chronically ill or severely disabled dependent child is increased by HUF 66,670.

Tax allowance for mothers with four or more children

From January 1, 2024, mothers with four or more children still have the opportunity to reduce their total taxable amount by obtaining a tax relief. Eligible are the birth or adoptive mothers with four children who are entitled to the family allowance, or no longer entitled but were entitled for at least 12 years, or whose entitlement has ceased due to the death of a child and whose number of children four.

Personal allowance

The personal allowance must be considered as an item reducing the tax base. This means that the eligible individual can reduce their total taxable amount by an amount equivalent to one-third of the minimum wage, rounded to 100 forints, which is HUF 88,900 from January 1, 2024.

Documentation of personal discounts

There has been a change in the documentation of personal income tax benefits. For mothers of four children, it is sufficient to declare once to the employer, and for the first-married couples' allowance, it is sufficient to declare once, which the employee does until it is withdrawn.

Social contribution tax

An important change from 14 August 2023 in relation to employer social contribution tax allowances, according to which, a **worker considered a third-country national** does not qualify as a person entering the labour market. This means that the **labour market entrants' allowance may not be applied** for employees who are citizens of countries that do not fall under the scope of the bilateral social security convention between the European Economic Area and Hungary.

SZÉP card allowances (fringe benefits)

Regarding **fringe benefits**, the preferential public charges for SZÉP cards remain unchanged from January 1, 2024. For fringe benefits, 28% (social contribution and personal income tax or PIT) is payable up to the preferential framework amount (HUF 450,000 per year). The part exceeding the preferential framework amount is classified as a specific benefit, for which employers must pay a 33.04% obligation.

Social Contribution Tax

The rate of social contribution tax paid by the employer remains, it is 13% for FY 2024 as well.

Simplified Employment

From January 1, 2024, the minimum hourly wage for simplified employees is HUF 1,300. For employment requiring at least upper secondary education or vocational training, the minimum hourly wage is HUF 1,600.

The exempted limit (i.e., the amount up to which the employee's income from simplified employment is exempt from personal income tax) remains the daily minimum wage or guaranteed minimum wage 130%, thus in 2024, HUF 15,951 for the minimum wage and HUF 19,487 for the guaranteed minimum wage per day.

From January 2024, the public charges payable by the employer for simplified employment will be linked to the minimum wage, HUF 2 700/person/day for casual work and HUF 1 300/person/day for seasonal agricultural/tourist work. Please note that you should pay close attention to the number of simplified staff authorized for the number of staff.

It is important that companies closely monitor the number of simplified employment staff allowed in relation to their total workforce.

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In Hungary's dynamic business environment, frequent payroll regulation changes pose risks for non-compliance.

ASB Group offers tailored and customer-oriented local complaint payroll solutions, ensuring smooth transitions and avoiding financial penalties. Our expertise ensures seamless compliance, empowering businesses to focus on core operations. Partner with ASB Group for precise, efficient payroll management, navigating regulatory complexities with confidence.



Mónica Marczin

Managing Director, ASB Group, Hungary

ABOUT ASB GROUP



Our **Approach**. Our unique approach and out-of-the-box thinking help to build your success in data-driven decision-making in every aspect of your organization. Through advisory and functional solutions, we make businesses more efficient, strategy more effective, and the operational level more flexible.

Our **Solution**. We deliver sustainable business solutions at all corporate services levels. We have developed ASB's IT Platform, which significantly simplifies interactions and business processes with clients using advanced scanning, data capture technology, document approval system and shared document libraries, all available on various devices.

Your **Business**. After determining the scope of services that will best help your organization, we provide dedicated people to deliver them. Our team of industry specialists covers the full spectrum of accounting and financial reporting, tax advisory, payroll, and corporate services, as well as the advisory line of transaction services.

We work with clients of all sizes and types, including global corporations, foreign investors, family businesses, investment funds, and private equity firms, to deliver the most efficient solution to expanding their business strategy across the CEE region.

WHERE WE OPERATE

CZECH REPUBLIC
POLAND
SLOVAKIA
HUNGARY

Czech office

Established 2002
Employees 110+

Established in 2002, with offices in **Prague, Warsaw, Bratislava, Budapest, Toruń, Wrocław** and **Płock** with **400+** highly skilled professionals.

Polish offices

Established 2008
Employees 260+

Slovak office

Established 2007
Employees 30+

Hungarian office

Established 2018
Employees 15+



WHAT WE DO

SCOPE OF SERVICES

We are a professional provider of **high-value solutions**. A true "**ONE STOP SHOP**" for all corporate outsourced services under one roof.



Accounting and reporting



Transaction advisory



Tax advisory & compliance



Corporate services



Company formation & liquidation



Payroll & HR administration

Our payroll clients range from small representative offices to global multinationals, for whom we process thousands of payslips monthly. Working with international clients has taught us to use simple language to explain local payroll issues. We have practical experience in importing payroll data from various HR systems and exporting payroll outputs to many customised formats.

- Complete processing of salaries and payment management;
- Representation at the relevant authorities;
- Preparing reports in the required form;
- Payroll and HR consultancy;
- Payroll and tax issues;
- HR database administration and payroll audit;
- Employer of record services.

***Let's discuss your payroll needs
Our global payroll experts can help evaluate
your challenges and help you find the right
solution for your organization.***

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