

CORPORATE BENEFITS

Corporate benefits are perks that employers offer their employees beyond their basic pay and statutory entitlements. These benefits can be provided in various forms, such as meal vouchers, sports & cultural activities allowance, flexible working hours, paid vacation, retirement savings allowance, insurance allowance, and many more.

The range of benefits in offer can vary depending on the size and type of the employer, as well as the demands and needs of the employees. All benefits are non-claimable, and employers have no obligation to provide them to their employees. The aim of providing corporate benefits is to improve the working environment, motivate employees, and increase their level of satisfaction and loyalty to their employer. Employers can also use employee benefits when recruiting new employees and to retain their current talented workers. Employee benefits are getting increasingly popular in the Czech Republic and are becoming an important part of job offers. Therefore, many employers strive to ensure that their benefits package is as attractive as possible and meets the needs and requirements of both current and future employees.

The most common employee benefits offered by employers in the Czech Republic include:

1. **Meal Vouchers or Meal Allowance (*stravenkový paušál*)**
 - Employers can provide employees with meal vouchers or a meal allowance, e.g. to pay lunch at various catering establishments.
 - Meal allowances are convenient because employers provide them to their employees directly, not via other companies.
 - *From employees' point of view, meal vouchers are a tax-exempt income. From employers' point of view, meal vouchers within a certain limit can be listed as tax deductible expenses in their tax return.*
 - *From employees' point of view, meal allowances within a certain limit are tax-exempt incomes. From employers' point of view, they always are tax-deductible expenses with no limit.*

2. **Pension Insurance & Life Insurance Allowance**
 - Employers can contribute to their employees' pension insurance and help secure them financially for retirement.
 - Some employers also contribute to their employees' life insurance, which allows the employees to grow their savings faster and use them sooner.

- *If employers' contributions to both insurance types combined total less than 50,000 CZK per year, it is a case of a tax-exempt income for employees. As for employers, contributions can be listed as tax-deductible expenses.*

3. Sports & Cultural Activities Allowance

- Sports, cultural and recreational allowance covers a wide range of benefits, such as gym & swimming pool memberships, movie & concert tickets, or tour & holiday allowances.
- Premium benefits include company kindergartens, which enable parents of small children to achieve a good work-life balance.
- *If an employer provides non-pecuniary benefits worth less than 20,000 CZK per year, then these benefits are tax-exempt incomes for the employee they were provided to, and they cannot be listed as tax-deductible by the employer.*

4. Professional Training and Education

- Employers can provide their employees with training and education in various areas to improve their work skills and knowledge.
- As employees want to develop not only professionally, but also on a personal level, employers have recently been offering mentoring and coaching options.
- *If an employer provides employees with training related to their line of work, it can be list as tax-deductible.*

As for employee preferences, employees typically prefer benefits that directly help them to develop both professionally and personally, such as professional training, contributions to insurance or sports and cultural activities. However, employees also appreciate flexible working hours and the possibility of working from home. The most popular benefit of all is a possibility to take extra vacation above the statutory limit.

When it comes to the future development of employee benefits, it can be expected that it will reflect employers' concern for their employees' health and well-being. More and more often, we encounter employers offering employee benefits such as work out classes, massages and mental health support. Just like they do with employee health, more and more employers lay emphasis on environmental responsibility and enable their employees to use electric cars, prepaid public transport tickets, or contributions to bicycle purchases to support sustainable transportation. These are just some of the trends we have lately been seeing in the employee benefits market. However, it is



important to realize that each company has its specific needs and priorities, and therefore, employee benefits should always be tailored to its needs and the needs of its employees.

We will monitor the news around the so-called Cost-Saving Package (*Úsporný balíček*), which was introduced on May 11, 2023, and if it gets approved, we will inform you about its tax-related effects on the aforementioned employee benefits.

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