

Employment Agencies

The amendment to Act No. 435/2004 Coll., on Employment, was signed by President Petr Pavel after being approved by legislators in mid-December. Thus, the amendment came into effect on January 1, 2024. Based on the amendment to Act No. 435/2004 Coll., on Employment, as amended (hereinafter referred to as the "Employment Act"), changes have been made in employment mediation through employment agencies. These new changes affect the process and conditions for granting licenses to employment agencies for employment mediation and also change the obligations of employment agencies, especially in the field of agency employment. What exact changes were adopted?

Most important changes:

1. **Elimination of the labor market test for employee cards** (effective from July 1, 2024)
 - o Employers planning to employ foreigners are now required to notify the Labor Office (*Úřad práce ČR*) of a vacancy. The Labor Office then conducts a ten to thirty-day verification to determine whether the position can be filled by a citizen of the Czech Republic. According to the new regulations, companies do not have to wait for approval and can immediately announce a vacancy for foreigners. This change significantly speeds up the process of employing foreigners.
2. **The Labor Office of the Czech Republic will remove vacancies from its database after 6 months**
 - o The goal is to ensure that the job offers remain up to date and correspond to the current situation in the labor market.
3. **A penalty for non-cooperation during inspections by the State Labor Inspection Office (*Státní úřad inspekce práce – SÚIP*) is among the reasons for why a vacancy cannot be published**
 - o The maximum penalty for non-cooperation during an inspection according to the labor inspection law increased from the original 200,000 CZK to 1,000,000 CZK.
4. **New reporting obligations for employment agencies regarding their user and the number of workers allocated to individual companies**

- The report will include the number of natural persons a job was mediated for and people temporarily assigned to perform work for the agency users, as well as the identification of users to whom agency employees have been temporarily assigned, and the number of employees according to the CZE-ISCO classification assigned to individual companies.

In addition to the above-listed changes, conditions for obtaining a license for employment mediation for agencies are also being tightened:

- ❖ The applying agency must be debt-free, both at the time of application and for the entire duration of the license;
- ❖ Both natural and legal persons must prove that they have not been effectually fined for an offense in the last three years that would constitute a reason for revoking the employment mediation license;
- ❖ The deposit is increased by 100 percent (to 1,000,000 crowns), also for existing agencies, which will have to pay the amount upon request from the General Directorate of the Labor Office (*Generální ředitelství Úřadu práce ČR*).

The amendment also **introduces stricter penalties for illegal employment**, covert employment mediation, and enabling covert employment mediation. In these cases, an agency can be banned from operating for a maximum duration of up to 2 years.

Liability for the payment of fines is also being expanded. This means that obligations related to financial coverage of fines for illegal employment in supplier-customer relationships are now newly extended from the original 3 months to 12 months.

The amendment **modifies the unilateral termination of temporary job assignments** (§308 to §309 of the Labor Code). From now on, it is no longer possible to terminate a job assignment within 24 hours or within three days without a clear reason. The minimum notice period for termination of employment is at least 14 days from the delivery of written notification to the employee, effective from January.



The amendment to the Employment Act, however, removed the prohibition on concluding employment contracts between an agency and an employee for a fixed period, limited by the duration of the temporary assignment of the employee to the respective agency's user. The limit on the duration of the temporary assignment of an agency employee to its user was reduced to a maximum of 3 years. The original proposal stipulated that the assigned employee could work only for a period of 3 years with a 2-year break within a five-year reference period (in § 307b (2) of the Labor Code). This provision was omitted.

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