

Insurance & Taxes After Finishing School

Up to a certain point, students' insurance in the Czech Republic is covered by the state. At the same time, their parents can claim tax advantages and thus reduce their total income tax. However, things change when a student finishes their studies. We will therefore summarize the most common scenarios that can occur.

Health Insurance

When it comes to health insurance, a student who finishes school in a certain month is still seen as a dependent person in the following month. What matters is the date of the final exam, not the date of the graduation ceremony. However, the state only covers students' insurance provided that they are "on holiday" during this month, i.e. they are not working or drawing unemployment and retraining benefits.

As for graduates of BA programs, the period can be extended up to 3 months, provided that the student enrolls in a follow-up program within 3 months.

These rules apply until the age of 26; students over 26 are no longer considered dependent children, even if they are PhD students.

A student who successfully passes their *maturita* or other type of final exam in due time is considered a dependent child regarding health insurance payments until the end of the corresponding school year, i.e. until August 31. If they enroll at a university, the state continues to cover their insurance until they finish their studies or until they turn 26.

Students must notify their health insurance company of continuing their studies, and as in the previously described case, they cannot perform gainful employment or be registered with the Labor Office – with the exception of having an agreement to complete a job and earning less than 10,000 CZK per month, or having an agreement to perform work and earning less than 4,000 CZK per month.

From September 1 of the corresponding year, a student who does not continue studying or fails their final exams needs to cover their insurance themselves, or, if they get a job, their health insurance will be covered by their employer. If they



register with the Labor Office after the summer holiday, their insurance will be covered by the state.

The same condition applies when a person finishes their compulsory school attendance, regardless of whether they are under 18 years of age or not. Therefore, even elementary schoolers who do not go to high or vocational school after the summer holiday must cover their health insurance.

Social Insurance

Since the payment of social insurance is only compulsory for self-employed persons, it is generally not necessary to cover. However, it is important to note that the years spent studying after 18 years of age are not counted as substitute periods when calculating pension insurance.

If a student did business during their studies, it is considered an additional job, where social insurance contributions are only paid if the person earns a certain amount of money (with the amount being derived from the national average wage).

Tax Credits and Tax Advantages

First, I would like to specify the difference between a tax credit (*daňová sleva*) and a tax advantage (*daňové zvýhodnění*). A tax credit always applies to a specific person, whereas a tax advantage is claimed by a parent for their child.

Tax Advantage

A parent automatically has the right to a tax advantage for their child until the child reaches adulthood. Until the age of 18, the only condition for claiming a tax advantage is a jointly managed household according to Section 21e, Article 4, of the Act of Income Taxes. Therefore, temporary stay of the child outside of the household is not taken into account – for example, when a pupil goes on a convalescent stay or a student lives in a dormitory, they still belong to the jointly managed household.

After reaching adulthood, the right to a tax advantage does not expire, but further conditions must be met. The tax advantage can then be claimed for the last time



in the month when the child reaches the age of 26, even if their preparation for future employment continues, e.g. in a PhD program.

A child who successfully completed high school and does not continue in further university studies is considered a student until the end of the school year, provided that they do not work for the entire month and are not registered with the Labor Office for the entire month. If they start working during the summer holiday or start a business, they are no longer considered a student, and their parents' right to a tax advantage ceases.

A child who did not successfully complete high school in due course ceases to be a student on June 30 of the corresponding year. If their parents want to claim tax advantages even during the following summer holiday, the child must again meet the above-mentioned conditions.

A child who successfully finishes high school and continues to university in the same year is considered to be a student even during the summer holiday, regardless of whether or not they perform gainful employment or are entitled to unemployment benefits.

If a child interrupts their studies or drops out of school, they are not preparing for future employment anymore, and their parents cannot claim a tax advantage. The last month when a tax advantage can be claimed is the month in which the studies were interrupted or terminated.

Please keep in mind there is one exception to the above mentioned rule: if a student interrupts their studies due to taking a maternity or parental leave, it is possible for their parents to claim tax advantages, provided that they share a household and maintenance obligation is fulfilled by the parents.

When a student successfully finishes university, their parents can still claim tax advantages in the month following the month their child passed their final exams – provided that the child is “on holiday” during this time, they are not working, or receiving unemployment or retraining benefits.

As for graduates of BA programs, this period may extend up to 3 months if they enroll in follow-up studies within 3 months at the latest.



Tax Credit

The above-mentioned conditions for tax advantages must be met by a student also in case they intend to claim a tax credit, with the exception of a jointly managed household with their parents,

The only difference in the rules for a tax credit to be provided, as opposed to a tax advantage, is the maximum age limit for application. For a tax credit, the limit is 28 years, provided that the student is preparing for their future employment in a full-time PhD program.

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