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## Czechia: Severance pay/redundancy compensation

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Czechia

Phase:

Management

Type:

Severance pay/redundancy compensation

Last modified: 18 June, 2021

Native name:	Zákon č. 262/2006 Sb., Zákoník práce v posledním znění (novelizován v roku 2011 zákonem č. 365/2011 Sb.)
English name:	Law No. 262/2006 Coll., Labour Code - latest edition (amended by Law No. 365/2011 Coll.)

### Article

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### Description

An employee whose employment relationship is terminated by notice given by an employer due to reorganisation or by agreement for the same reason is entitled to receive severance pay. The severance pay amounts to one month's payment for termination of employment in the first year, two months for the second year and three months for those who have worked more than two years for the employer.

For the purpose of paying the severance pay to the employee concerned, average monthly earnings are considered as average earnings.

This regulation applies to collective dismissals of employees as well as to individual dismissals and is commonly applicable both for full-time and part-time contracts, for permanent and fixed-term contracts.

### Comments

According to the 'Information on working conditions' survey, in 2018 higher severance pay was agreed than stipulated in legislation in 429 (32.8%) company-level collective agreements (CLCA) for employment contracts of up to 1 year, 440 (33.6%) CLCAs for employment contracts of up to 2 years and 679 (51.9%) CLCAs for employment contracts of more than two years of a total of 1,309 CLCAs monitored in the private sector. In the case of organisations operating in the public services and administration sector, higher severance pay was agreed in 38 (9.6%), 39 (9.8%) and 64 (16.2%) CLCAs (same employment contract durations as above) of a total of 396 such agreements monitored in the public sector. The above figures do not differ significantly from year to year.

#### Cost covered by

Employer

#### Involved actors other than national government

Trade union

#### Thresholds

No, applicable in all circumstances

#### Sources

- DG Employment, Social Affairs and Equal Opportunities/Héra (2011), Selected companies' legal obligations regarding restructuring
- Eurofound (2012), Cautious welcome for changes to Labour Code, EIROnline Articles

- 📖 Ius Laboris (2009), Collective Redundancies Guide, Brussels
- 📖 [EMCC legal framework of restructuring](#)
- 📖 [EMCC support of restructuring](#)
- 📖 Clauwaert, S./Schönmann, I. (2013), The crisis and national labour law reforms: a mapping exercise. Country report: Czech Republic. ETUI
- 📖 Labour Code (Law No. 262/2006 Coll.)
- 📖 Zákoník práce, zákon 262/2006 Sb.
- 📖 Information on working conditions (2018)
- 📖 International Labour Organization EPLex - Czech Republic

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