



Collection of Legislative Acts and International Treaties

CZECH REPUBLIC

Accessed on 27 December 2024

Act No 468/2024

WISE Act

468
ACT
of 18 December 2024
on work integration social enterprises

Parliament has passed the following Act of the Czech Republic:

DIVISION ONE
WORK INTEGRATION SOCIAL ENTERPRISE

Section 1

Subject of regulation

- (1) This Act governs the conditions under which an employer has the right to be granted the status of a work integration social enterprise work (hereinafter referred to as the “status“), the rights and obligations of an employer related to the granting of the status, the register of employers granted the status (hereinafter referred to as the “register”) and allowances and conditions for the granting of allowances provided to an employer granted the status (hereinafter referred to as a “work integration social enterprise”).
- (2) A work integration social enterprise shall carry out its activities in accordance with the values of social and environmental sustainability, solidarity, trust, reciprocity, local development, social cohesion and inclusion.

Section 2

Employment of persons with specific needs

- (1) Of the total number of employees employed by a work integration social enterprise, at least 30%, on an average quarterly basis, shall be persons with specific needs as defined in Section 3. The maximum period of time for which an employee shall be judged to be a person with specific needs for the purposes of this obligation shall be two years from the start of employment, save for persons pursuant to Section 3(a)(6) and (b).
- (2) A work integration social enterprise shall provide support to employees pursuant to Section 3 that is appropriate to their specific needs. This support shall consist mainly of assistance with integration into the labour market and society by providing information about the current situation on the labour market, counselling, and accompanying them in dealing with matters necessary for integration into the labour market and society.
- (3) For employees pursuant to Section 3, other than employees pursuant to Section 3(a)(1), a work integration social enterprise shall conduct an initial diagnosis of the barriers preventing these employees from obtaining employment with an employer who is not an employer recognised as an employer on the protected labour market pursuant to Section 78 of the Employment Act or a work integration social enterprise, on the basis of which it shall draw up an individual plan for the employee with an assessable goal and the manner in which such goal is to be pursued. A work integration social enterprise shall check progress in the implementation of the individual plan once a year.
- (4) A work integration social enterprise shall provide support through a social worker pursuant to Section 35(1) of the Social Services Act to its employees whose situation requires it and who are persons with specific needs pursuant to Section 3(a)(2), (4) and (5) and (c) to (e).

Section 3

Person with specific needs

A person with specific needs is a natural person:

- a) who, on the date immediately preceding the start of employment with the work integration social enterprise, was registered as a job-seeker with the Labour Office of the Czech Republic (hereinafter referred to as the “Labour Office”), had been registered as a job-seeker with the Labour Office for a total of at least 12 months in the last 24 months before the start of the employment with the work integration social enterprise, and on the date of the start of the employment with the work integration social enterprise was also
 1. a person personally caring for a natural person who is considered to be dependent on the assistance of another natural person at level III (severe dependence) or level IV (total dependence) under the Social Services Act, if he or she lives permanently with that person and jointly pays the costs of his or her needs, or if he or she is considered to be a close person for the purposes of pension insurance;
 2. a person who has not attained any level of secondary education;
 3. a person who has completed systematic training for a future occupation within the last two years; systematic training for a future occupation shall be assessed in accordance with Section 5(d) of the Employment Act;
 4. a person who has been granted asylum or subsidiary protection;
 5. a person against whom enforcement of a judgment or execution for pecuniary benefit is being conducted; or
 6. a person who is at least 60 years old;
- b) who is a person with a disability pursuant to Section 67 of the Employment Act;
- c) who has received a social prevention service under the Social Services Act in the 12 months prior to the start of employment with the integration enterprise;
- d) who was homeless on the start date of employment with the integration enterprise;
- e) who is a person who has completed a custodial sentence or has been released from the protective measure of preventive detention; or
- f) who is a person in respect of whom, within the last 10 years, ordered institutional care or imposed protective care in a diagnostic assessment institute, a children’s home, or a children’s home with a school or school facility has been completed, or the provision of services in a centre of institutional care in boarding form has been completed pursuant to the Act on Institutional or Protective Care in School Facilities and on Preventive Educative Care in School Facilities;

DIVISION TWO

STATUS

Section 4

Conditions for the granting of status

- (1) The Ministry of Labour and Social Affairs (hereinafter referred to as the “Ministry”) shall grant the status to an employer:
- a) which engages in systematic economic activity;
 - b) which employs persons with specific needs in the number provided for by this Act for the purpose of their integration into the labour market with an employer who is not an employer recognised as an employer in the protected labour market pursuant to Section 78 of the Employment Act or a work integration social enterprise, the support of their work and social skills, and the alleviation of their adverse social situation, or for the purpose of their stable employment;
 - c) which is of good character;
 - d) which is established or domiciled in the Czech Republic, or to an employer which is established or domiciled in another Member State of the European Union, a State party to the Agreement on the European Economic Area, the United Kingdom of Great Britain and Northern Ireland, or the Swiss Confederation, insofar as such employer engages in activities in the Czech Republic through a branch;
 - e) which does not have a record of arrears, except for arrears for which payment is authorised to be deferred or spread over instalments:
 1. with the bodies of the Financial Administration of the Czech Republic;
 2. with the bodies of the Customs Administration of the Czech Republic;
 3. in respect of insurance contributions and penalties for public health insurance; and
 4. in respect of social security contributions and penalties, and the state employment policy contribution;
 - f) which is not bankrupt on the basis of a final decision by an insolvency court, unless the insolvency court has approved a reorganisation plan or approved debt relief and has not decided on the conversion thereof into bankruptcy;
 - g) whose insolvency has not been addressed in bankruptcy proceedings in the last three years prior to the date of submission of the application;
 - h) which is not in liquidation or in a similar situation under the law of the country where it is established or domiciled;
 - i) which, in the 12 months preceding the date of submission of the application, has not been convicted of an offence under the Employment Act or under the Labour Inspection Act, if the offence is one for which the Act provides for an upper limit on the fine of at least CZK 200,000;
 - j) which, in the 12 months preceding the date of submission of the application, has not been convicted of an offence under the Beneficial Owners Register Act or under the Act on Certain Measures to Combat Money Laundering and Terrorist Financing;
 - k) whose project of activity meets the requirements of Section 7; and
 - l) whose subject of activity is not the operation of games of chance under the Gambling Act.
- (2) Where a person pursuant to paragraph (1) is a legal person, the conditions pursuant to paragraph (1)(c), (i) and (j) shall be met by that legal person and by each member of its governing body.
- (3) Where a legal person is a member of the governing body, the condition pursuant to paragraph (1)(c) shall be met by that legal person and by each member of its governing body.

Section 5

Application for the granting of status

- (1) An application for the granting of status shall be submitted by the applicant to the Ministry on a form prescribed by the Ministry by decree. The Ministry shall decide whether to grant the status.
- (2) In addition to general requirements, an application for the granting of status shall include information on the fulfilment of the obligation pursuant to Section 2(1) and the activity project pursuant to Section 7.
- (3) Public authorities shall, at the request by the Ministry, provide information without undue delay and free of charge for the purpose of obtaining information on the fulfilment of the condition pursuant to Section 4(1)(j).

Section 6

Good character

- (1) For the purposes of this Act, persons who have been convicted of an intentional criminal offence shall not be deemed to be of good character if they are not regarded as not having been convicted, or of a negligent criminal offence, the substance of which is related to the subject of activity of a work integration social enterprise, if they are not regarded as not having been convicted.
- (2) In order to verify the applicant's good character, the Ministry shall request an extract from the Register of Criminal Records relating to the applicant and other persons concerned. The request for an extract from the Register of Criminal Records and the extract from the Register of Criminal Records shall be transmitted in electronic form in a manner facilitating remote access.
- (3) Natural persons who have resided continuously for more than six months in a foreign state in the last three years shall prove their good character by an extract from the register of crimes or an equivalent document issued by a competent judicial or administrative authority of that state, or by an extract from the register of criminal records containing that information.
- (4) In order to prove their integrity, persons who are a foreign national or a foreign legal person shall also submit an extract from the register of crimes or equivalent document issued by the foreign state:
 - a) of which such natural person is a citizen; for the purpose of proving the good character of a natural person who is or has been a citizen of another Member State of the European Union, it shall be sufficient to provide an extract from the register of criminal records with an annex containing information on his or her final criminal convictions and related information on such convictions entered in the records of that state;
 - b) in which such foreign legal person is established, or was established in the last three years, and by the foreign state in which such foreign legal person has a branch, or had a branch in the last three years, if the legal system of that state regulates the criminal liability of legal persons.
- (5) If the foreign state does not issue an extract from the register of crimes or equivalent document pursuant to paragraph (3) or (4), or if there are legal or other obstacles to the production of an extract from the register of crimes, such person shall provide a declaration on honour of good character.

Section 7

Activity project

The activity project shall include at least:

- a) the planned number of all employees of the work integration social enterprise, including the number of employees who will be persons with specific needs, including a definition of target groups;
- b) a description of the way in which the social skills of employees who are persons with specific needs will be strengthened, and the way in which the support pursuant to Section 2(2) to (4) will be provided.

Section 8

Decision on the granting of status

The Ministry shall issue a decision on the granting of status within 60 days.

Section 9

Change to an activity project

- (1) A work integration social enterprise may apply to the Ministry for approval to change its activity project.
- (2) An application for approval of a change to an activity project shall be submitted on a form prescribed by the Ministry by decree. In addition to general requirements, an application for approval of a change to an activity project shall include justification for the change to the activity project and the new activity project.
- (3) If the Ministry finds that the activity project meets the conditions pursuant to Section 7, it shall enter the activity project in the register; in such a case, the decision shall not be made in writing. Otherwise, it shall reject the application for approval of the change to an activity project.

Termination and revocation of status

§ 10

The status shall terminate:

- a) upon the death, or declaration of death, of a natural person who has the status;
- b) upon the dissolution of a legal person having the status.

§ 11

- (1) The Ministry shall revoke the status:
 - a) at the request of a work integration social enterprise; or
 - b) *ex officio* if a work integration social enterprise:
 1. does not employ the prescribed number of persons pursuant to Section 2(1) in a calendar quarter;
 2. repeatedly provides false or incomplete information in its activity report, unless this is information which it cannot reasonably have been expected to know is false or incomplete;
 3. does not fulfil the conditions pursuant to Section 4(1)(a) to (f), (h) and (l);
 4. has been convicted of an offence under the Employment Act or under the Labour Inspection Act, if the offence is one for which the Act provides for an upper limit on the fine of at least CZK 200,000;
 5. has been convicted of an offence under the Beneficial Owners Register Act or under the Act on Certain Measures to Combat Money Laundering and Terrorist Financing; or
 6. breaches an obligation pursuant to Section 17 or 18.
- (2) The Ministry may revoke the status *ex officio* if a work integration social enterprise:
 - a) fails to send an activity report or fails to include the mandatory requirements pursuant to this Act and fails to supplement it even after a demand from the Ministry;
 - b) fails to provide the support pursuant to Section 2(2) and (3) or fails to provide the support pursuant to Section 2(4); or
 - c) fails to remedy the deficiencies pursuant to Section 34(2) within the prescribed time limit.

Section 12

- (1) Proceedings on the *ex officio* revocation of the status cannot be initiated if more than three years have passed since the legal fact which would otherwise be the reason for its revocation. This shall not apply if a work integration social enterprise or person pursuant to Section 4(2) or (3) no longer meets the condition of good character.
- (2) The Ministry shall discontinue proceedings on the *ex officio* revocation of the status if more than five years have elapsed since the occurrence of the legal fact which would otherwise be the basis for its revocation. This shall not apply if a work integration social enterprise or person pursuant to Section 4(2) or (3) no longer meets the condition of good character.
- (3) If the Ministry initiates proceedings for the *ex officio* revocation of the status, it shall at the same time discontinue proceedings on a previously submitted application for the revocation of the status of work integration social enterprise.
- (4) A person whose status has been revoked *ex officio* may reapply for the status no earlier than three years after the date on which the revocation decision became final.
- (5) A person who was a member of the governing body of a work integration social enterprise at the time the facts leading to the *ex officio* revocation of the status of that work integration social enterprise occurred or continued may apply for the granting of the status at the earliest after three years from the date the decision on the revocation of the status has become final.
- (6) A legal person of which a person pursuant to paragraph (5) is a member of the governing body or a representative of a legal person in such a body may apply for the granting of the status at the earliest after the expiry of the period pursuant to paragraph (5).
- (7) If a person pursuant to paragraph (5) is a member of the governing body of a work integration social enterprise or a representative of a legal person in such a body, this shall be a reason for *ex officio* revocation of the status.

DIVISION THREE

REGISTER

Section 13

Maintenance of the register

The Ministry shall maintain the register and shall be the administrator thereof.

Section 14

Entry in the register

The Ministry shall enter a work integration social enterprise in the register without undue delay, no later than five working days from the date of entry into force of a decision on the granting of the status.

Section 15

Content of the register

- (1) The publicly accessible part of the register shall contain:
 - a) the name of the work integration social enterprise;
 - b) the company registration number of the work integration social enterprise, if assigned;
 - c) the registered office or place of residence and the subject of activity of the work integration social enterprise;
 - d) the identifier of the data box of the work integration social enterprise, if it is an entrepreneur;

- e) the date of entry into force of the decision granting the status; and
 - f) a collection of documents containing:
 - 1. the activity project; and
 - 2. activity reports.
- (2) The non-public part of the register shall contain:
- a) the date of termination or the date of entry into force of the decision to revoke the status, indicating whether the revocation of the status was at the request of the work integration social enterprise or *ex officio*, and for what reason;
 - b) the information pursuant to paragraph (1) after the deletion of a work integration social enterprise from the register; and
 - c) a collection of documents containing:
 - 1. the application for the granting or revocation of the status;
 - 2. the decision to grant or revoke the status; and
 - 3. the documents pursuant to paragraph (1)(f) after the deletion of the work integration social enterprise from the register.
- (3) The Ministry shall publishes the information contained in the publicly accessible part of the register on its website.
- (4) The Ministry shall have access to the information contained in the non-public part of the register. The Ministry shall also grant access to the non-public part of the register to another public authority on the basis of a reasoned request to the extent necessary.

Section 16

Deletion from the register

- (1) The Ministry shall delete information from the public part of the register without undue delay, at the latest within five working days from the date of entry into force of the decision on the revocation of the status or from the date on which it becomes aware of the termination of this status.
- (2) Information on a work integration social enterprise shall be kept in the non-public part of the register for a period of
10 years from the date of termination of the status or the entry into force of the decision to revoke the status.

DIVISION FOUR

INTEGRATION FUND

Section 17

Creation of an integration fund

- (1) A work integration social enterprise shall create an integration fund that corresponds to at least:
 - a) 5% of equity within one year of obtaining the status;
 - b) 10% of equity in the period from the moment at which one year elapses from the date of obtaining the status until the moment at which two years elapse from the date of obtaining the status;
 - c) 15% of equity once two years have elapsed from the date of obtaining the status.
- (2) At least 50% of the profit of the current accounting period shall be allocated to the integration fund.
- (3) An integration fund may also be created:
 - a) upon takeover of assets corresponding to the integration fund from another work integration social enterprise;
 - b) by way of a contribution; or

- c) from another part of equity.
- (4) The integration fund may not be abolished or reduced except under the conditions laid down in this Act; this shall not apply to the parts of the integration fund created pursuant to paragraph (3)(b) and (c).
- (5) For the purposes of determining an increase in the integration fund, negotiations intended to reduce the allocation to the integration fund shall not be taken into account.

Section 18

Maintenance of assets in the amount of the integration fund

- (1) A work integration social enterprise shall maintain assets dedicated to the activity of strengthening the social skills of employees who are persons with specific needs and the method of providing support pursuant to Section 2(2) to (4) at least in a value corresponding to the integration fund.
- (2) The governing body shall be liable for compliance with the obligation pursuant to paragraph (1).

Section 19

Integration fund upon revocation of status

- (1) Upon revocation of the status of a work integration social enterprise, assets corresponding to the integration fund shall be transferred without undue delay to another work integration social enterprise that is not a related party pursuant to the Income Tax Act.
- (2) If assets are not transferred pursuant to paragraph (1), they shall be transferred to the state.
- (3) The amount pursuant to paragraph (1) shall be reduced by the part of the integration fund created:
 - a) by way of a contribution; or
 - b) from any part of equity other than profit for the current accounting period.
- (4) A work integration social enterprise that receives assets pursuant to paragraph (1) shall increase the integration fund by a corresponding portion of the amount of the integration fund of the original work integration social enterprise.
- (5) The transfer of assets pursuant to paragraphs (1) and (2) shall reduce the amount of the integration fund by those amounts.

Section 20

Integration fund for entities that are not an accounting entity

- (1) For the purposes of determining profit under this Act, legal persons accounting in the simple accounting system shall base their profit on the difference between income and expenses.
- (2) In the case of natural persons who are not an accounting entity, profit under this Act shall be deemed to be the partial tax base for income from self-employment pursuant to the Income Tax Act, with the proviso that, for taxpayers claiming flat-rate expenses or having a tax equal to the flat-rate tax, the difference between income and actual expenses shall be used.

DIVISION FIVE

OTHER RIGHTS AND OBLIGATIONS OF A WORK INTEGRATION SOCIAL ENTERPRISE

Section 21

Obligation to register

A work integration social enterprise shall:

- a) keep records of the total number of all employees and the number of employees who are persons with specific needs, broken down pursuant to Section 3, together with the period of their previous registration as job-seekers with the Labour Office; and
- b) keep information on the average quarterly full-time equivalent numbers of employees and employees who are persons with specific needs.

Section 22

Activity report

- (1) A report on the activities of a work integration social enterprise (hereinafter referred to as the “activity report”) shall contain information on the activities of the work integration social enterprise relating to the period for which the activity report is drawn up. In the activity report, the work integration social enterprise shall indicate at least:
 - a) the number of all employees of the work integration social enterprise, of which the average quarterly full-time equivalent numbers of employees and employees who are persons with specific needs;
 - b) a list of target groups of employees who are persons with specific needs;
 - c) the number of former employees for whom an incentive allowance may be payable pursuant to Sections 29 to 33;
 - d) the method employed to strengthen the social skills of employees who are persons with specific needs and the method employed to provide support.
- (2) A work integration social enterprise shall draw up an activity report:
 - a) covering the period of one calendar year in the first three years as of the granting of the status;
 - b) covering the period of two calendar years once first three years have elapsed as of the granting of the status.
- (3) Activity reports shall be submitted by a work integration social enterprise to the Ministry via data box by 1 July of the following calendar year after the end of the period for which the given activity report has been drawn up.
- (4) The Ministry shall demand that a work integration social enterprise remedy deficiencies if an activity report does not contain the mandatory requirements, or contains errors, within 60 days of receipt thereof. The work integration social enterprise shall remedy the deficiencies within 30 days of receipt of the demand.

Section 23

Right to use the designation of work integration social enterprise

Only an employer with the status under this Act may use the term work integration social enterprise or its derivatives in its name, on its products, in its advertising, or in the description of its activities.

DIVISION SIX

ALLOWANCES

TITLE I

Allowance for employment-related costs of persons with specific needs

Section 24

Allowance for employment-related costs of persons with specific needs

- (1) A work integration social enterprise shall be entitled to an allowance for employment-related costs of persons with specific needs (hereinafter referred to as the “cost allowance”) incurred for the calendar month in respect of a person with specific needs pursuant to Section 3(a)(1) to (5) or (c) to (f) if:
 - a) it employs that person to the extent of at least 0.3 of the prescribed weekly working time pursuant to Section 79 of the Labour Code;
 - b) that person is not a person with a disability in the given calendar month pursuant to Section 67(2) of the Employment Act and is not employed by an employer who is recognised as an employer in the protected labour market pursuant to Section 78 of the Employment Act;
 - c) no other allowance is provided by the Labour Office for that person for that calendar month, the amount of which is determined on the basis of the actual expenditure on wages or salaries for the employee, including social security contributions, the state employment policy contribution, and public health insurance contributions, which the employer has deducted for itself from the assessment base of that employee; and
 - d) the work integration social enterprise does not apply a discount on social security contributions and the state employment policy contribution to that person for that calendar month.
- (2) The maximum period of time for which an employee is judged to be a person with specific needs pursuant to paragraph (1) for the purposes of the cost allowance shall be two years from the start of employment with the work integration social enterprise.
- (3) The cost contribution shall be expenditure of the state budget. The cost contribution shall not be considered a subsidy under the Budgetary Rules Act.

Section 25

Amount and conditions of the cost allowance

- (1) The cost allowance shall be granted in the amount of:
 - a) CZK 1,000 per calendar month for an employee pursuant to section 24(1) who is a person with specific needs pursuant to Section 3(a)(1) to (5); or
 - b) CZK 2,500 per calendar month for an employee pursuant to Section 24(1) who is a person with specific needs pursuant to Section 3(c) to (f).
- (2) If more than one work integration social enterprise applies for a contribution to the costs of the same employee, the contribution shall be granted to the work integration social enterprise with which the employee first entered into employment. If an employee is employed on the same day by more than one work integration social enterprise claiming the allowance, the allowance cannot be granted to any one of them.
- (3) The cost allowance shall be granted on condition that the work integration social enterprise has no arrears recorded as at the last day of the relevant calendar quarter, with the exception of arrears for which a delay in payment or the staggering of payment into instalments is permitted:

- a) with the bodies of the Financial Administration of the Czech Republic;
- b) with the bodies of the Customs Administration of the Czech Republic;
- c) in respect of insurance contributions and penalties for public health insurance; and
- d) in respect of social security contributions and penalties, and the state employment policy contribution;

Section 26

Competence for proceedings on cost allowances

The regional branch of the Labour Office in whose district the work integration social enterprise is established or domiciled shall be competent for proceedings on cost allowances and for proceedings on the return of cost allowances.

Section 27

Application for a cost contribution

- (1) The cost allowance is granted quarterly in arrears on the basis of a written application from a work integration social enterprise, which shall be received by the regional branch of the Labour Office no later than the end of the calendar month following the end of the relevant calendar quarter.
- (2) In addition to the general requirements, the application for a cost allowance shall include:
 - a) a list of the employees for whom the work integration social enterprise is claiming a cost contribution in that quarter, including the employee's identification details, information on the type of specific needs pursuant to Section 3, and the date of commencement and termination of employment; and
 - b) documentation of the fact that the employee for whom the allowance is requested is a person with specific needs pursuant to Section 3(a)(1) to (5) or (c) to (f), if the regional branch of the Labour Office does not already have this information; this fact shall be documented by the work integration social enterprise at the time of the first application for a cost allowance and further in the event that there is a change in facts already documented.
- (3) The facts pursuant to paragraph (2)(b) shall be documented by a work integration social enterprise by means of:
 - a) a declaration on honour of the highest level of education attained if the employee is a person with specific needs pursuant to Section 3(a)(2);
 - b) proof of the residence permit of an asylum seeker or proof of the authorisation to stay of a beneficiary of subsidiary protection, in the case of an employee pursuant to Section 3(a)(4);
 - c) a final decision ordering the enforcement of a decision or execution, if the employee is a person with specific needs pursuant to Section 3(a)(5);
 - d) a document issued by a municipal authority or a facility that has provided the person in question with a social prevention service under the Social Services Act in the 12 months prior to the start of employment with the work integration social enterprise, if the employee is a person with specific needs pursuant to Section 3(c);
 - e) a document issued by a municipal authority or a facility providing a social service to a homeless person under the Social Services Act, if the employee is a person with specific needs pursuant to Section 3(d);
 - f) a document issued by the competent facility certifying the completion of a custodial sentence or release from the protective measure of preventive detention, if the employee is a person with specific needs pursuant to Section 3(e); or
 - g) a document issued by the competent facility certifying the termination of a stay in that facility, if the employee is a person with specific needs pursuant to Section 3(f).

Section 28

Cost allowance decision, due date, and return

- (1) A cost allowance shall be payable no later than 14 calendar days after the end of the month following the end of

the relevant calendar quarter.

- (2) A decision to provide a cost allowance shall not be made in writing by the regional branch of the Labour Office.
- (3) The regional branch of the Labour Office shall reject an application for a cost allowance if the conditions for its provision are not met or if there are reasons for not providing it. The regional branch of the Labour Office shall partially reject an application for an allowance if the conditions for granting an allowance for a specific employee are not met or if the conditions for granting an allowance for a specific month of the relevant calendar quarter are not met.
- (4) A work integration social enterprise shall return a cost allowance or part thereof if it has been paid unduly. The regional branch of the Labour Office shall decide on the obligation to return a cost allowance.

TITLE II

Incentive allowance

§ 29

Incentive allowance

- (1) A work integration social enterprise shall be entitled to an incentive allowance for the successful work integration of persons with specific needs pursuant to Section 3(a)(2) to (5) and (b) to (f) (hereinafter referred to as the “integrated person”) if:
 - a) the integrated person has been employed for at least one year by the work integration social enterprise; the maximum period of time for which an employee shall be judged to be an integrated person for the purposes of granting the incentive allowance shall be four years from the start of the employment with the work integration social enterprise;
 - b) the integrated person’s employment with the work integration social enterprise has ended;
 - c) an incentive allowance has not been granted by the Labour Office for the integrated person in the last 10 years before the end of employment with the work integration social enterprise; and
 - d) no later than in the month following the month in which the integrated person’s employment with the work integration social enterprise ends, that person has concluded an employment contract with an employer who is not a work integration social enterprise or an employer recognised as an employer on the protected labour market pursuant to Section 78 of the Employment Act (hereinafter referred to as the “new employer”), where the scope of such employment is at least half the prescribed weekly working time pursuant to Section 79 of the Labour Code.
- (2) In the case of persons pursuant to Section 3(e) upon completion of their custodial sentence, whose employment with the work integration social enterprise lasted for at least three months after the completion of their custodial sentence, the period of employment of the convicted person with the work integration social enterprise pursuant to the Imprisonment Act shall be included in the minimum period for which such person must be continuously employed pursuant to paragraph (1)(a).
- (3) The incentive allowance shall be expenditure of the state budget. The incentive allowance shall not be considered a subsidy under the Budgetary Rules Act.

§ 30

Amount and conditions of the incentive allowance

- (1) An incentive allowance shall be granted to a work integration social enterprise for a period of 24 months from the conclusion of the integrated person’s employment contract with the new employer, always retroactively for the past calendar year.
- (2) The amount of the incentive allowance for an integrated person shall be 17% of the annual assessment base. The

annual assessment base shall be the aggregate of the integrated person's assessment bases pursuant to Section 5 of the Act on Social Security Insurance Contributions and the State Employment Policy Contribution for the individual calendar months of the calendar year for which the incentive allowance is granted, and which the person has achieved with a new employer or with several new employers, if the condition of the amount of working time pursuant to Section 29(1)(d) is met with at least one new employer throughout the period for which the allowance is claimed. The condition of scope under the second sentence shall be deemed to be met if an integrated person has not been employed by the new employer to the extent specified or has not been employed at all for a maximum of 30 calendar days in a given calendar year.

- (3) If the employment with a new employer or with several new employers lasts for a full calendar year, the minimum amount of the incentive allowance per calendar year shall be 120% of the average monthly wage in the national economy for the first to third quarters of the calendar year for which the incentive allowance is granted. If the employment with a new employer or several new employers does not last for a full calendar year, the minimum amount of the incentive allowance shall be equal to the product of the number of calendar months with the new employer or several new employers and one twelfth of 120% of the average monthly wage in the national economy for the first to third quarters of the calendar year for which the allowance is granted.
- (4) For the purposes of determining the amount of the incentive allowance pursuant to paragraph (2), the assessment base shall not include the assessment bases from:
 - a) an employer who is not considered a new employer pursuant to Section 29(1)(d); or
 - b) an employer who has been provided with an allowance for that person by the Labour Office, the amount of which is determined on the basis of the funds actually spent on wages or salaries, including social security contributions, the state employment policy contribution, and public health insurance premiums, which the employer has deducted for itself from the assessment base of that employee, or funds from European Social Fund programmes.
- (5) If more than one work integration social enterprise applies for an incentive allowance for the same integrated person and the applicant work integration social enterprises are entitled to the allowance, the incentive allowance shall be granted to the applicant who applied first.
- (6) The amount of the average wage in the national economy for the first to third quarters shall be the amount of the average wage announced by a Ministry communication for the purposes of the Employment Act.

Section 31

Competence for proceedings on incentive allowances

The regional branch of the Labour Office in whose district the work integration social enterprise is established or domiciled shall be competent for proceedings on incentive allowances and for proceedings on the return of incentive allowances.

Section 32

Application for an incentive allowance

- (1) An incentive allowance is granted on the basis of an application from a work integration social enterprise. An application for the incentive allowance may be submitted to the regional branch of the Labour Office no later than 30 April of the following calendar year for which the incentive allowance is requested.
- (2) In addition to the general requirements, the application for a incentive allowance for the calendar year shall include:
 - a) the identification data of the work integration social enterprise;
 - b) the identification data of the integrated person; and
 - c) information on compliance with the conditions pursuant to Section 29(1)(a), (b) and (d).

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- (3) An application for an incentive allowance shall incorporate:
 - a) an employment contract between the integrated person and the work integration social enterprise;
 - b) a document proving the termination of the integrated person's employment with the work integration social enterprise;
 - c) proof of the opening of an account of the work integration social enterprise with a bank established in the European Union.
 - (4) To verify the facts pursuant to Section 30(2) and (3), the Labour Office shall be entitled to obtain the following from the new employer or from the Czech Social Security Administration in a manner facilitating remote access:
 - a) information on the integrated person's employment;
 - b) the name of the employer, including the address of its registered office or place of residence, with whom the integrated person was employed after the end of the employment with the work integration social enterprise;
 - c) information on the assessment bases of the integrated person for determining the rate of insurance contributions under the Act on Social Security Insurance and the State Employment Policy Contribution.

Section 33

Decision to grant an incentive allowance, due date, and return

- (1) The incentive allowance for the calendar year shall be payable no later than 31 May of the following year for which the incentive allowance is requested, if the application for the incentive allowance is submitted with the requirements pursuant to Section 32(2) and (3).
- (2) A decision to provide an incentive allowance shall not be made in writing by the regional branch of the Labour Office.
- (3) The regional branch of the Labour Office shall reject an application for an incentive allowance if the conditions pursuant to Section 29(1) or Section 30(2) or (3) are not fulfilled, or if there are reasons for not granting it pursuant to Section 30(5).
- (4) The work integration social enterprise shall return an incentive allowance if it has been paid unduly. The regional branch of the Labour Office shall decide on the obligation to return an incentive allowance.

DIVISION SEVEN
INSPECTIONS AND OFFENCES

TITLE I
Inspections

Section 34

Inspection activities of the Ministry

- (1) The Ministry shall inspect whether a work integration social enterprise is fulfilling its obligations under this Act.
- (2) The Ministry may impose measures to remedy deficiencies identified by an inspection and set reasonable time limits for their remedy.

TITLE II
Offences

Section 35

Unauthorised use of the designation of work integration social enterprise

- (1) An offence shall be committed by anyone who, in contravention of Section 23, uses in their name, on their product, in advertising or in the description of their activities the designation work integration social enterprise or derivatives thereof.
- (2) A fine of up to CZK 200,000 may be imposed for an offence under paragraph (1).

Section 36

Failure to comply with the registration obligation

- (1) A work integration social enterprise shall commit an offence by failing to comply with the registration obligation under this Act.
- (2) A fine of up to CZK 10,000 may be imposed for an offence under paragraph (1).

Section 37

Common provisions on offences

- (1) Offences under this Act shall be handled by the Ministry.
- (2) Fines for offences under this Act shall be levied by the Ministry.

DIVISION EIGHT

COMMON PROVISIONS

Section 38

- (1) The cost allowance and the incentive allowance may be granted only under the de minimis aid scheme in accordance with directly applicable European Union regulations.¹⁾
- (2) In relation to the cost allowance and the incentive allowance, the status is revoked as at the date of the application for revocation.

Section 39

Calculation of the average quarterly full-time equivalent number of employees and employees with specific needs

- (1) Only employees in an employee relationship shall be included in the average quarterly full-time equivalent number of employees.
- (2) For the purposes of this Act, the average quarterly full-time equivalent number of employees shall be determined as a proportion of:
 - a) the total number of hours actually worked by those employees in the calendar quarter, increased by any hours not worked:
 1. as a result of temporary incapacity for work for which sick pay is granted;
 2. as a result of taking leave;
 3. as a result of attending to or caring for a child or attending to another member of the household, for which an attendance allowance is payable;
 4. because of obstacles to work on the employer's side; or
 5. because of obstacles to work on the part of the employee, if these are obstacles for which the employee is entitled to wage or salary compensation; and
 - b) the total prescribed weekly working time, excluding public holidays, in the given calendar quarter per employee working the prescribed weekly working time.
- (3) Where a work integration social enterprise operates as an employer for only part of a calendar quarter, the total prescribed working time, excluding public holidays, per employee working the prescribed weekly working time in the months in which the employer operated shall be used in determining the average full-time equivalent number of employees.
- (4) The average quarterly full-time equivalent number of employees shall be obtained as the sum of the average full-time equivalent number of employees working in each mode of work.

DIVISION NINE

EFFECT

Section 40

This Act shall take effect on 1 January 2025, except for Sections 23 and 35, which shall take effect on 1 July 2025.

Pekarová Adamová *m.p.*

Pavel *m.p.*

Fiala *m.p.*

¹⁾ Commission Regulation (EU) 2023/2831 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid.

Commission Regulation (EU) No 1408/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid in the agriculture sector, as amended.

Commission Regulation (EU) No 717/2014 of 27 June 2014 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid in the fishery and aquaculture sector, as amended.

ISSN 3029-5092

Publisher: Ministry of the Interior, Nad Štolou 3, PO Box 21, 170 34 Prague 7 • **Editorial Office of the Collection of Legislative Acts and International Treaties**: Ministry of the Interior, nám. Hrdinů 1634/3, PO Box 155/SB, 140 21, Prague 4, telephone: 974 817 289, email: sbirka@mvcz.cz • Typesetting: Printing House of the Ministry of the Interior, Bartůňkova 1159/4, PO Box 10, 149 00 Praha 11-Chodov • **The legally binding electronic version of the Collection of Legislative Acts and International Treaties is available at www.e-sbirka.cz** • The printed version of the Collection of Legislative Acts and International Treaties can be ordered from the Printing House of the Ministry of the Interior, telephone: 974 887 312, email: info@tmv.cz, www.tmv.cz • Subscriptions discontinued as of 1 January 2024.