



International Employment Lawyer

GUIDE TO PAY TRANSPARENCY

CZECHIA

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Gender pay gap reporting

1. What laws are in place regarding gender pay gap reporting in your jurisdiction?

The Czech Republic currently does not have specific national legislation that mandates the reporting of gender pay differences.

The principle of equal treatment in employment relationships has, however, for many years been embedded in the Czech legal system mainly through the Labour Code^[1] and the separate Anti-Discrimination Act.^[2] Despite these legal provisions, the practical application and enforceability of these principles remain challenging. Despite the pay gap in Czechia being larger than the EU average, we do not expect the Czech law to go much beyond minimum requirements of the Directive 2023/970.

[1] Act No. 262/2006 Coll., the Labour Code

[2] Act No. 198/2009 Coll. on equal treatment and legal measures of protection against discrimination and on amending certain acts (Anti-discrimination Act)

2. Which companies are in scope of mandatory gender pay gap reporting?

At present, companies in Czechia, whether in the private or public sector or public administration in general, are not required to report gender pay gaps.

3. When determining employee numbers, what is the relevant test (for example, the number of employees in a particular entity, those within a specific jurisdiction, or is it necessary to include employees in foreign branches and parent entities)?

When determining employee numbers, there is currently no established criteria in Czechia, as there is no obligation to report gender pay gaps. As a result, there is no specified method for calculating the number of employees or determining which entities would be subject to this requirement. It is anticipated that such criteria and guidelines will be introduced with the implementation of the relevant EU-directive. However, at present, no legislative proposal for this implementation exists.

4. What types of employees must be taken into account for gender pay gap reporting purposes? Are certain non-employees/employee-like staff to be included (for example, self-employed contractors and agency staff)?

Since there is currently no obligation to report gender pay gaps, there are no established guidelines regarding which types of employees should be included in such reporting. Nevertheless, contractors are never taken into account as employees in other provisions.

5. Do employee representative bodies have any rights in the reporting process and, if so, please specify the nature of the involvement right?

Currently, there is no legal framework addressing the involvement of employee representative bodies in gender pay gap reporting. However, if gender pay gap reporting becomes mandatory, employee representative bodies (such as trade unions or workers' councils) would likely have the right to be informed about the findings and participate in discussions on how to address any disparities. They

may also advocate for greater transparency and push for changes in the company's pay practices.

6. What is included as “pay” for gender pay gap reporting purposes?

Since there is currently no obligation to report gender pay gaps, there is no definition in place regarding what constitutes “wages” for reporting purposes. But already now for deciding on discrimination under the Labour Code, all components of wages will be considered, including base salary, variable pay elements, and any monetary benefit. We assume the adjusted pay gap will have to be shown, but this depends on the new legislation and methodology that still has to be passed.

7. Whom must the report be provided to and where does it have to be published?

There is currently no requirement to publicly disclose gender pay gap reports in Czechia. Only some subsidiaries of large international companies collect such data but usually do not publish it nationally. It is expected that in the future it will be reported to the Czech Labour Inspection, which is the authority, which is currently entitled to carry out inspections and issue fines for offences in this area.

8. How frequently and when do employers have to report?

Since there is no current obligation, companies do not need to submit reports. However, if a reporting requirement were established, companies might be expected to file reports on annual or tri-annual basis depending on their size. Again, we do not expect the Czech lawmaker to go beyond the requirements in the Directive 2023/970.

9. What are the penalties or sanctions for non-compliance with the reporting obligation?

As of now, there are no sanctions for failing to report gender pay gaps in Czechia, as the law does not require such reporting. If this changes, it is likely that penalties would be imposed for non-compliance, potentially in the form of fines or restrictions on public procurement contracts.

10. Is there any suggestion that other pay gap reporting requirements may be implemented in the future; for example, pay gaps regarding ethnicity or disability?

At present, there are no proposals to introduce further requirements regarding pay gap reporting based on other factors like ethnicity or disability nor do we expect such a proposal considering the present political climate.

Job evaluation systems

11. Is it mandatory for employers to have a job evaluation system in place and are there any legal requirements pertaining to the methodology and the criteria to be applied?

In Czechia, employers are not required to implement a job evaluation system. However, if an employer does apply such a system, the Labour Code explicitly mandates that the same criteria be used for both men and women, without any gender-based discrimination. The fundamental criteria for job evaluation should include factors mentioned in Section 110 Czech Labour Code. Only these criteria may be used and they will mainly be equivalent to those to be used for evaluation under the Directive.

All employees employed by the same employer shall be entitled to the same salary for the same

work or work of the same value. Same work or work of the same value shall mean work of the same or comparable complexity, responsibility and difficulty that is performed under the same or similar working conditions, with the same or similar working performance and results of work.

The complexity, responsibility and difficulty of work shall be assessed according to the education and practical knowledge and skills required for the performance of this work, the complexity of the subject of the work and working activity, the organisational and management difficulty, the degree of liability for damage and responsibility for health and safety, and the physical, sensory and mental load and influence of adverse effects of the work.

The working conditions shall be assessed according to the difficulty of work regimes. Are working hours distributed in shifts, on non-working days, night work or overtime work? Additional criteria would be harmfulness or difficulty caused by other adverse effects of the working environment and the risks associated with the working environment.

The working performance shall be assessed according to the intensity and quality of the performed work, working abilities and working capacity, and the results of work shall be assessed according to the quantity and quality.

The Czech Supreme Court in the famous case of Czech Post [3] decided, that "From the point of view of the principle of equal pay, the socio-economic conditions and the corresponding cost of living in the place where the employee performs the work are not relevant to the assessment of whether the work is the same or of equal value in a particular case".

[3] Resolution 21 Cdo 3955/2018

12. Is the introduction of a job evaluation system subject to involvement rights of employee representative bodies? If so, please specify the nature of the involvement right.

Job evaluation systems are typically implemented in the form of internal regulations by the employer. Trade unions (if they exist at employer – still not the majority of large companies) have a right to consult these measures in advance.

An exception are so-called Work Rules, issued by the employer which serve as a comprehensive internal regulation, aiming to specify the rights and obligations of both the employer and employees as established by the Labour Code. Sometimes (in practice) this may include job evaluation as part of its provisions. For such Work Rules to be valid, the approval of trade unions (if active at employer) is required.

13. If not mandatory, is it common market practice for employers to have a job evaluation system in place and what are typical characteristics of such a system?

Job evaluation systems are common at large Czech companies, especially in international groups, across various industries such as banking, IT, manufacturing, industry, and energy. These systems are also used in state and public institutions for categorising positions into appropriate salary grades.

Most companies that have implemented job evaluation systems adhere to global standards, focusing on the need to ensure effective human resource management and fair evaluation of performance and workload. The primary purpose of implementing such a system, which is often associated with a complex implementation process, is to optimise compensation, support career growth, and ensure transparency and equality. This process helps organisations maintain a high level of employee motivation and satisfaction, as well as prevent potential discrimination.

Pay information entitlements of applicants and employees

14. Do applicants have a legal entitlement to information on the pay or pay range for the role they are applying for, and, if so, what information must be provided to applicants, in what form, and when in the application process?

At present, the employer is not required to publish the salary when advertising a vacant position.

Prior to concluding the employment contract, the employer must, among others, acquaint the given natural person with the rights and obligations that would follow for him or her from the employment contract, or from their appointment to a working position, as appropriate, and with the working conditions and conditions of remuneration under which he or she is to perform the work.

Salary must be agreed, stipulated or set prior to commencement of the performance of the work for which the salary is to be paid.

15. Is there a requirement to make information on pay, pay structure, or grading available to all employees or employee representative bodies without request? If so, what type of information must be made available?

Under the current legislation, there is no legal obligation in Czechia to disclose information about pay, pay structure, or grading to all employees or employee representatives without a request.

16. If not a legal entitlement, is it nonetheless common practice to make information on pay, pay structure, or grading system available to all staff or to specific groups/levels of staff, or not at all?

Employers must consult their trade union (if one exists) on the system of remuneration and evaluation of employees. But neither under the law, nor in practice sharing of such information directly to employees would be considered to be common practice.

17. Is it common to require non-disclosure clauses with employees relating to their pay or is this considered unlawful in your jurisdiction?

In the past, it was common practice to include confidentiality clauses in employment contracts regarding salary. Sometimes, we still see such clauses in contracts but the number of the employers, who use such clauses, is getting low, in particular as the amendment of the Czech Labour Code to enter into effect in summer 2025 will not allow such clauses anymore.

Individual claims to information on pay of the opposite sex?

18. Do individual employees have a claim to information regarding their pay and that of co-workers of the opposite sex performing the same work or work of equal value? If so, are there any restrictions to such individual information claims?

Czech employees do not have a legal right to access information regarding the salaries of their colleagues. As a result, obtaining full information on pay equity compliance is challenging. Labour inspectors have the authority to monitor compliance, but employers are only required to provide relevant information once an inspection is initiated.

Typically, inspections take place when:

- there is a specific case of verifying compliance with labour law regulations at a particular employer; or

- when the employer is included among the employers to be inspected in a national or regional inspection action.

When an inspection is carried out, it is often done in such a way that the inspectors identify employees who may be remunerated in breach of the equal pay obligation (ie, they have been working for the employer for the same amount of time) but their wages are not the same in the same job. Inspectors then require these employees to produce a pay slip. The employer must then explain any differences. The employer may only use the distinguishing features referred to in Section 110 Czech Labour Code as distinguishing features.

19. What is the role of employee representative bodies when it comes to enforcing equal pay claims of individual employees?

Trade unions can play a role in advocating for employees' wage claims, particularly through collective bargaining, which may result in the conclusion of a collective agreement. Such agreements can regulate the wage conditions of employees.

However, when it comes to enforcing individual employees' rights to equal pay, trade unions do not play a relevant role. It is up to the individual employee, who believes that the principle of equal pay has been violated, to approach the court or file a complaint with the Labour Inspectorate, which is authorised to investigate the situation. If an employee seeks compensation, such as rectifying their wage discrepancy, they must approach the court to pursue their claim. Litigation financiers have declared their willingness to support such mass claims.

20. What are the legal consequences where an employee successfully brings a claim for equal pay or gender-based pay discrimination?

In Czechia, when an employee successfully brings a claim for equal pay or gender-based pay discrimination, the main legal consequence is already under the existing law that the burden of proof is reversed. The employee must be able to identify the discrimination. The employer must then be able to prove that no violation took place. This emphasises the need for employers to maintain clear and transparent compensation systems that can demonstrate compliance with equality principles.

A civil-law lawsuit specifically addresses the claims of the individual employee who files it. In practice, this often involves seeking compensation for wage discrepancies up to three years back.

Due to the expensive, cumbersome and lengthy nature of court proceedings in Czechia, such lawsuits are relatively rare.

National legislation transposing the EU's Pay Transparency Directive

21. What is the status of the Pay Transparency Directive transposition in your jurisdiction?

As of April 2025, Czechia has not yet introduced any draft legislation to transpose the Pay Transparency Directive into national law. While the directive is expected to be implemented by June 2026, no formal proposal has been made to align Czech regulations with the new European requirements. The transposition process will likely involve significant legal and administrative steps, but for the time being, there is no official roadmap or timeline for its adoption nor information regarding the calculation of the pay gap.

22. When do you expect the Pay Transparency Directive will be implemented in your jurisdiction?

Given the current situation and upcoming elections in the second half of 2025, we do not anticipate that the Pay Transparency Directive will be transposed significantly ahead of the June 2026 deadline.

23. How do the requirements under the Pay Transparency Directive differ from your jurisdiction's current gender pay gap reporting system?

Currently, Czechia does not have a mandatory gender pay gap reporting system for private companies or public institutions.

The implementation of the Pay Transparency Directive on the other hand, will introduce several significant requirements that differ from the existing situation in Czechia. Notably, the Directive will require companies with 150 or more employees, starting in 2026, to report gender pay gaps and conduct regular pay audits.

Under the Directive, employers will be required to publicly disclose gender pay gap information, which may include individual salary figures or ranges. This is a departure from the current Czech system, where salary details are generally kept confidential, and there is no obligation for employers to publicly disclose pay disparity data.

The Directive also mandates that companies address identified gender pay gaps by creating action plans to close these gaps, complete with specific timelines for implementation. In contrast, Czechia's national strategy for gender equality aims to reduce gender-based wage disparities, but there is no enforceable requirement for companies to develop such action plans or take concrete steps to close the gaps.

Employees will have the right to request information about their employer's pay practices under the Directive. This contrasts with the current situation in Czechia, where employees do not have a legal right to access detailed information about pay practices within their organisations.

Furthermore, the Directive requires employers to implement a system that ensures equal pay for jobs of equal value, providing greater transparency in how salaries are determined. In Czechia, however, current regulations lack specific guidelines for pay transparency or criteria for evaluating gender-based pay disparities.

In conclusion, the Pay Transparency Directive will establish a more structured and transparent approach to gender pay gap reporting, with enforceable obligations for companies to monitor, report, and address gender-based wage discrimination. Czechia's current legal framework and practice lacks specific requirements for reporting or transparency in pay practices.

24. Are there already any legal requirements in place pertaining to joint pay assessments with employee representative bodies? If so, when are such assessments triggered?

As of 2025, Czechia does not have specific legal requirements that mandate joint pay assessments with employee representative bodies, such as trade unions or works councils, for reporting gender pay gaps or general pay practices. However, under Czech labour law, employers are obliged to inform a trade union of the development of salaries, the average earnings and individual components including classification according to the individual professions, unless agreed otherwise.

25. What type of sanctions do you consider likely to be introduced as part of the implementation of the Pay Transparency Directive in your jurisdiction?

In Czechia, common penalties for violations of labour laws, including discrimination laws, typically

include fines. It is therefore likely that similar sanctions could be introduced for violations of the principle of equal pay for equal work. Claims for repayment by employees would also come into mind, in particular once litigation financiers see a new business.