

## MEAL VOUCHER FLAT RATE IN 2021

Certain changes in labour law will be taking effect in 2021, which we outlined in previous news alerts. One major change for employers is the option of providing employees with their meal contribution in monetary form.

As of January 2021, employers can provide employees with a canteen or meal contribution in the form of meal vouchers or a monetary contribution. This option, like the other options for contributing to employee meals, comes with tax benefits.

This means that the meal voucher flat rate will be feasible even for employers who did not find this benefit cost effective in the form of a canteen or meal vouchers. Canteens are not cost effective for smaller employers, while meal vouchers as an employee benefit involve a higher administrative load and commissions for the companies issuing the vouchers.

The way the meal voucher flat rate works is that the employer adds the meal contribution to the employee's wages in the amount the employer intends to provide to the employee as a benefit. The tax deductible base of up to 55% of the price of a meal for one shift remains in place. The difference is that the employer will pay the tax deductible portion of the meal contribution directly to the employee along with the wages, not e.g. to a meal voucher company if providing the benefit in the form of meal vouchers.

The deductible basis of 55% of the price is limited to 70% of the upper limit of the meal allowance that can be provided to salaried employees on a business trip lasting five to 12 hours. For 2021 this means CZK 75.60 / meal / shift.

Like existing non-monetary meal contributions, the meal voucher flat rate is exempt from personal income tax for the employee and does not count toward their tax base for health insurance and social security.

### Practical advice for employees who want to switch from meal vouchers to a flat rate

The deciding factor in switching from meal vouchers to the flat rate system is how the employee's claim to meal vouchers was established:

- the provision of meal vouchers is regulated in the employer's internal regulation - in that case the internal regulation must be revoked and a new one issued, or the existing one must be amended; please note that an internal regulation cannot be issued retroactively; the internal regulation takes effect on the date stated in the regulation, no earlier than the date on which it was issued at the employer; the employee must naturally be informed if an internal regulation is amended or a new one is issued.
- the provision of meal vouchers is agreed with the employee directly in the employment agreement or another bilateral arrangement between employer and employee - in that case it will be necessary to agree with the employee on an amendment to the employment agreement or other bilateral arrangement on the basis of which the meal vouchers are provided.
- the provision of meal vouchers is agreed in a collective agreement - in that case it will be necessary to negotiate with the relevant union organization active at the employer and make an addendum to the collective agreement amending it in this regard. Another option is to wait until the effective period of the existing collective agreement has passed and negotiate the provision of meal voucher flat fee instead of meal vouchers into that agreement. Please keep in mind that the employee must be informed of any such changes.

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The method of providing the meal contribution to employees is determined by the employer; the employee cannot choose the form of the contribution. The meal voucher flat fee is not subject to the enforcement of a decision or restraint, as it is not income included in income withholdings according to the Civil Procedure Code. From a payroll perspective it is best to switch to the meal voucher flat fee as of the first day of the calendar month.

For more on tax issues relating to the meal voucher flat rate, we recommend our newsflash available here: [http://www.bpv-bp.com/download/newsalerts/na\\_1\\_2021\\_i\\_en.pdf](http://www.bpv-bp.com/download/newsalerts/na_1_2021_i_en.pdf)

### Brief summary of other major changes for employers and their employees

As we informed in our news alert (available here: [http://www.bpv-bp.com/download/newsalerts/na\\_7\\_2020\\_i\\_eng.pdf](http://www.bpv-bp.com/download/newsalerts/na_7_2020_i_eng.pdf)), as of January 1, 2021 other major changes have been made in labour law. The amendment to the Labour Code introduces a new system for accruing and using annual leave as well as the concept of a shared work position. Another change is the increased assessment base for the employer's obligation to pay levies for health insurance and social security for employees working under an agreement for work (DPC) – as of January 2021 the limit is increased to CZK 3500.

### News about support for employers

In its first session of 2021 the government has approved support of CZK 400 per day for every employee of an employer who had to shut down due to coronavirus measures. The support will be provided in the form of subsidies on operating costs retroactively for the period between October 14, 2020 and January 10, 2021, although the end date may be extended depending on the course of the epidemic. Support can be drawn through existing subsidy programmes such as the Antivirus programme.

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