

The Czech Republic is an Eastern European country that's a part of the European Union (EU). It borders Germany, Slovakia, and Poland, giving companies that expand the opportunity to form business relationships with other European countries. However, planning an expansion also includes considering how to set up your Czech Republic payroll and stay compliant.

That's why Globalization Partners offers Czech Republic payroll outsourcing for companies that don't want to go through the hassle of establishing a subsidiary before hiring in the Czech Republic. As a global PEO, we have an entire team of experts ready to hire employees on your behalf and add them to our established payroll. You won't have to worry about compliance, establishing a subsidiary, or analyzing your payroll options.

Taxation Rules for Payroll in the Czech Republic

Employees and employers both contribute to different tax funds at varying rates. For example, employers contribute 25% of employees' salaries to the state social security funds. In 2015, the Czech Republic set a social security fund cap at 48 times the monthly average wage, or 1,277,328 CZK.

The Czech Republic also uses a flat income tax of 15% for all employees, and you need to pay a flat corporate tax of 19%. All taxes get withheld at the source using a Pay As You Earn (PAYE) system, so employers have to deduct taxes and give employees a net wage.

Czech Republic Payroll Options

You can choose the Czech Republic payroll option that works best for you out of the following options:

- **Remote:** You can add employees to an existing payroll if you already run one out of your parent company. Doing so will require you to pay employees remotely and make sure you're following the right regulations for each country.
- **Internal:** Larger subsidiaries that want to work in the Czech Republic long-term may want to use an internal payroll. However, you'll need HR staff with knowledge of local labor laws.
- **Local outsourcing company:** A local payroll processing company works for companies that need to outsource their payroll, but this option means you'll still need to worry about compliance.
- **Globalization Partners:** A global PEO such as Globalization Partners will outsource your payroll and take on all compliance. You won't have to worry about setting up your Czech Republic payroll, following tax obligations or completing similar steps — we'll have compliance covered for you.

Requirements for Establishing a Payroll

Your company will need to spend weeks or months establishing a subsidiary before you can set up your Czech Republic payroll. Fortunately, you won't have this same time-consuming requirement when you work with Globalization Partners. You won't have to set up a subsidiary with us, as we'll use our existing subsidiary to help your company start working in as little as one day. With Czech Republic payroll outsourcing, you won't worry about your payroll being compliant either. We will handle all payroll laws and regulations so you can focus on building your business in the Czech Republic.

Entitlement and Termination Terms to Set up Payroll

One of the more challenging aspects of an expansion is learning how to terminate employees. Adding entitlement and termination terms to an employment contract before you choose a Czech Republic payroll option can help you stay compliant. Employees can get terminated by notice, agreement, immediate termination, or termination within a probationary period. Your employees should receive severance pay if they're terminated for organizational reasons.

Contact Us Today

Globalization Partners will help make your expansion fast and easy. Contact us today to learn more about Czech Republic payroll outsourcing.