

Special regulation of liability for wages, salaries and remuneration from agreements in the construction industry

The amendment to the Labour Code as of 1 January 2024 introduced a new regulation of the contractor's liability for the wage claims of the subcontractor's employees in the construction industry, specifically in the provisions of Section 324a. The contractor is now liable for the wages, salaries and remuneration of the subcontractor's employees to the extent that they have participated in contractual performance for the contractor. This liability applies up to the minimum wage. For the purposes of these provisions, a contractor refers to a construction enterprise pursuant to Section 14d of the Building Act, who provides performance through a subcontractor during the construction, modification or maintenance of a completed building (structure) or during the demolition of a building (structure). A subcontractor also refers to an employment agency that has temporarily assigned its employees to the contractor as the user in order to perform the activities referred to in the second sentence.

A confirmation pursuant to Section 324a(8) may be requested directly from the [State Labour Inspection Office of the Czech Republic](#).

Wording of Section 324a of the Labour Code:

- 1) The contractor is liable for wages, salaries and remuneration from the agreements (hereinafter referred to as "wage claims") of the subcontractor's employees to the extent that they have participated in contractual performance for the contractor, up to the minimum wage. For the purposes of this Act, a contractor refers to a construction enterprise pursuant to Section 14d of the Building Act, who provides performance through a subcontractor during the construction, modification or maintenance of a completed building (structure) or during the demolition of a building (structure). A subcontractor also refers to an employment agency that has temporarily assigned its employees to the contractor as the user in order to perform the activities referred to in the second sentence.
- 2) In a contractual chain with multiple subcontractors, the contractor at the highest level of the contractual chain shall also be jointly and severally liable with the contractor referred to in subsection (1).
- 3) If the employer has not paid the employee's wages, salary or remuneration for the work performed for the contractor as per the agreement by the end of the payment deadline pursuant to Section 141(1), the employee may, within 3 months of the end of the payment deadline, call upon the guarantor in writing to satisfy the wage claims.
- 4) The guarantor is obliged to satisfy the wage claims under subsection (1) within 10 days of receipt of the request. The guarantor is also obliged to inform the employer of the amounts paid to individual employees and the deductions made. In a contractual chain of multiple subcontractors, it shall also inform the other guarantor.
- 5) The request pursuant to subsection (3) must include
 - a) the employee's name,
 - b) the designation of the employer,
 - c) the type of work performed,
 - d) the period for which wages are claimed and the extent of work performed in the course of performance for the contractor,
 - e) information about the expiry of the payment deadline for wage claims,

f) the required payment method, including the necessary particulars; the provisions of Sections 142 and 143 shall apply mutatis mutandis; and

g) information required to calculate the advance on income tax or income tax on the wage claims to be satisfied pursuant to subsection (1), and designation of the health insurance company in whose favour contributions are made pursuant to special legislation.

- 6) The guarantor shall make deductions and payments in accordance with special legislation, including the deduction and payment of advances on income tax or income tax on the wage claims to be satisfied in accordance with subsection (1).
- 7) If the guarantor has fulfilled its obligation under subsection (4), it is entitled to reimbursement from the subcontractor for the performance provided on the subcontractor's behalf.
- 8) The guarantor is not liable for the wage claims under subsection 1 if, at the commencement of performance of the contract, the subcontractor provided the guarantor with confirmation that it has had no arrears on social security and state employment policy contributions and public health insurance for at least 3 months, and furthermore the subcontractor has not been fined more than CZK 100,000 for breach of obligations arising from labour law regulations in the 12 months preceding the commencement of performance of the contract. If the conditions of the first sentence are met, the guarantor is not liable for the wage claims of employees of subcontractors lower down on the contractual chain.