

State Labor Inspection Office Annual Summary Report on Work Inspections for 2019

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The Annual Summary Report on Work Inspections released by the State Labor Inspection Office is always interesting to read; the current Report for 2019 is no exception. In our opinion, the Report ([HERE](#)) may serve as a guidance for random internal inspections aimed at verifying the level of compliance with labor law regulations in your company. Browsing through the chapters of the Report, you will certainly want to focus on those parts that are most relevant to your business. Based on my experience with our clients' queries concerning compliance with labor law regulations, I was particularly interested to read the following facts:

1. The grounds for initiating an inspection most frequently involved employee remuneration and termination of employment (including failure to issue a certificate of employment);
2. In the area of occupational health and safety, most submitted complaints called particular attention to insufficient personal protective equipment and breach of the employer's duties related to injuries at work and, in general, ensuring proper quality of the work environment;
3. Most complaints in the area of illegal employment ("undeclared work") concerned citizens of the Czech Republic; nevertheless, in relation to the number of offences, citizens from countries outside the EU were the most represented group. Yet, there was no jump in the rise of the number of illegal jobs, as seen between 2017 and 2018.

Considering my experience with labor inspections carried out in our clients focusing on the so-called "Švarc system" (i.e. work performed outside an employment contract while the actual employment is disguised by another agreement), in reading these Annual Reports, I always focus on this particular area of the inspection agenda. According to the attached Report, the Švarc system is still practiced in Czech Republic; last year, a total of 273 cases of violation were identified. In this context, the fact that labor inspectors emphasize in the Report the contractual freedom in commercial and civil law relationships and generally accept the fact that certain activities can be carried out under both employment contracts and self-employment arrangements, i.e. by both employees and contractors, fills me with optimism. As an example, the Report indicates financial advisory services, teaching and training or creative activities; the latter category, in particular, may certainly be rather broad.

I hope that you, too, will take a creative approach and find something positive in the attached Report.



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