

3. ECONOMIC ACTIVITY OF FOREIGNERS

Data on employment of foreigners in the territory of the Czech Republic (CR) are based on records of the Ministry of Labour and Social Affairs on valid work permits, Employee Cards, and Blue Cards issued to foreigners, and on pieces of information on commencement of work by citizens of the EU/EEA, Switzerland, and third-country nationals who do not need for their work a work permit, an Employee Card, a Blue Card, or the Intra-Corporate Employee Transfer Card that are registered by regional offices of the Labour Office of the Czech Republic, as well as on records of the Ministry of Industry and Trade on foreigners holding trade licences.

1) Records of the Ministry of Labour and Social Affairs

Employment of foreign nationals with economic status of employees

Since 1 May 2004, citizens of the EU/EEA and Switzerland and their family members are no longer considered foreigners from the point of view of the Act No 435/2004 Sb, on Employment, and pursuant to the Act they enjoy the same legal status as Czech citizens do, which means they have free access to the labour market in the Czech Republic. The following belong to the EU¹ Member States: Austria, Belgium, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, and Sweden. Besides the EU Member States, the following countries belong to the European Economic Area (EEA): Norway, Liechtenstein, and Iceland.

Other foreigners, who are neither citizens of the EU/EEA and Switzerland nor their family members, can perform work in the territory of the Czech Republic on condition that they have received a work permit and a residence permit or the Employee Card, the Blue Card, or the Intra-Corporate Employee Transfer Card, provided that the Act on Employment does not set down otherwise.

Employment of foreign nationals with economic status of registered entrepreneurs

Fulfilment of tasks following from the subject-matter of business ensured by an associate, a statutory body, or a member of a statutory body, or of another body of a business corporation for the business corporation is also regarded as employment.

The foreigners can fulfil the tasks provided that they were granted a work permit and a residence permit.

Tasks following from the subject-matter of business of a business corporation are not tasks, which are fulfilled by statutory or other bodies of a business corporation on the grounds of their function, e.g. conduct of a business by the company executive, activities of a member of the supervisory board, etc. Tasks of statutory bodies are specified in detail in the Business Corporations Act.

A work permit can also be issued to a foreigner, who is a holder of a long-term residence permit for investment purposes or a long-term residence permit for business purposes and besides that activity the foreigner wants to work in an employment relationship pursuant to the Labour Code, too.

Posting of workers by a foreign employer to the territory of the CR

1) A foreign employer from a third country may post an employee to the territory of the CR providing that the foreigner will perform work in the territory of the CR in an employment relationship with the foreign employer that will post the foreigner for the work so that the foreigner fulfils tasks following from a contract concluded with a domestic (resident) legal or natural person. For the purposes of posting, the domestic legal or natural person is obliged to negotiate with the competent regional labour office of the CR mainly the numbers and professions of workers being

¹ Tables containing data before 2020 also include the United Kingdom of Great Britain and Northern Ireland, because it ceased to be a Member State of the European Union in 2020.

posted and the period for which they are posted. Based on that, they will obtain a valid work permit for posted workers.

2) A foreign employer settled in the territory of an EU Member State may post workers to the CR either within transnational provision of services or within a group of enterprises or as a temporary work business (posting by an agency).

In all of the aforementioned cases, an employment relationship must exist between the enterprise (undertaking) making the posting or the temporary work business or the enterprise providing workers on one side and the worker on the other side during the period of the posting. Pursuant to the Directive 96/71/EC, a posted worker is a worker who, for a limited period, works in the territory of an EU country other than the one in which they normally work.

For comprehensive information about posting of workers to the territory of the CR (pursuant to the Directive 96/71/EC) see the website of State Labour Inspection Office (SLIO): <http://www.suip.cz/vysilani-pracovniku/>.

Valid work permits of foreigners

The information on valid work permits granted to foreigners provided in this chapter pertains exclusively to persons with a temporary residence upon short-term visas for stay up to 90 days and to persons with a long-term residence over 90 days. The below mentioned conditions of employment of foreigners in the Czech Republic are related to legislation valid as at 31 December 2020.

A work permit can be granted to a foreigner by a regional labour office for a job vacancy, which is reported by the employer to be vacant and which cannot be filled otherwise with regards to the required qualification or lack of free labour force. Concurrently, the employer shall announce to the regional labour office the job description, i.e. type of work and place of work performance, prerequisites and requirements determined for the job, basic information on labour and wage conditions including expected duration of the work performance.

A work permit with regards to the conditions on the labour market is granted by a regional labour office to a foreigner, who wants to be employed in the territory of the Czech Republic. It applies to:

- a) seasonal work for the period of six months as a maximum in any period of 12 successive months, when it applies to activity depending on a season; a list of occupational branches, which include activities depending on a season is determined by the Ministry of Labour and Social Affairs by its decree;
- b) fulfilment of tasks following from the subject-matter of business of a legal person ensured by an associate, a statutory body or a member of a statutory body or of another body of a business corporation for the business corporation;
- c) a holder of a long-term residence permit for business purposes;
- d) a holder of a long-term residence permit for investment purposes;
- e) a short-term employment up to three months;
- f) a temporary allocation (by a foreign employer) of a foreigner to perform work at a user in the territory of the CR, provided that the foreign employer had been granted an authorization to mediate employment.

A work permit is granted to foreigners **regardless conditions on the labour market** if

- a) they are posted to the territory of the Czech Republic by a foreign employer based on a contract concluded with the domestic (resident) legal or natural person to fulfil tasks following from the contract;
- b) they are to be employed for a limited period for the purpose of enhancement of their skills and qualification in the selected job (training), however, only for a period of six months as a maximum. This period can be prolonged, but as a maximum only for the period necessary to obtain professional qualification in accordance with regulations valid in the Czech Republic;

- c) *they are up to 26 years of age and performing occasional and time-limited jobs within exchanges between schools or within programmes for the youth, in which the Czech Republic participates;*
- d) *it is set down for them in a promulgated international treaty, the ratification of which was approved by the Parliament of the Czech Republic and which is binding for the Czech Republic;*
- e) *they were granted a visa for tolerated stay / leave to remain (acceptance of the residence) in the territory in accordance with the Act on the Residence of Foreigners or were granted a long-term residence permit for the same purpose;*
- f) *they are applicants for international protection or were issued a confirmation about the toleration/acceptance of the residence (leave to remain) in the territory of the CR pursuant to the Asylum Act, however, after 6 months after they have provided data for the submitted application for international protection, at the earliest.*

Data on work permits granted come from the records of competent regional labour offices, which pursuant to the Act No 435/2004 Sb, on Employment, decide within the administrative procedure on granting or revocation of a work permit.

A work permit, an Employee Card, a Blue Card, or an Intra-Corporate Employee Transfer Card is not required for foreigners

- a) *who have been granted permanent residence;*
- b) *who are family members of members of diplomatic missions and consular authorities or family members of employees of international government organisations with the seat in the territory of the Czech Republic;*
- c) *who have been granted an asylum or subsidiary protection;*
- d) *whose performance of work in the territory of the Czech Republic does not exceed 7 consecutive calendar days or the total of 30 days in a calendar year and who are concurrently performing artists, teachers and lecturers, academics at universities, science, research, and development workers participating in a scientific meeting, pupils or students up to 26 years of age, athletes, persons ensuring in the Czech Republic deliveries of goods or services, or delivering the goods, or persons assembling stuff based on a business contract, or, as the case may be, performing guarantee and repair works;*
- e) *for whom it is set down in a promulgated international treaty the ratification of which was approved by the Parliament of the Czech Republic and which is binding for the Czech Republic;*
- f) *who are members of rescue units and provide assistance in compliance with international agreements on mutual assistance in remediation and mitigation of effects of accidents and natural disasters and in cases of humanitarian aid;*
- g) *who are employed in international transport, if they are posted by their foreign employer to perform their work in the territory of the Czech Republic;*
- h) *who are accredited in the area of mass media;*
- i) *who are military or civilian staff of the armed forces of the posting country in accordance with a special act;*
- j) *who are systematically preparing in the Czech Republic for their future careers;*
- k) *who have been posted to the territory of the Czech Republic within services provided by an employer settled in another EU Member State;*
- l) *who reside in the territory of the Czech Republic based on a long-term residence permit for the purpose of family reunification, if it is family reunification with a foreigner under the letters a), c), or n) or with a foreigner, who stays in the territory of the Czech Republic based on a valid long-term residence permit;*

- m) *who stay in the territory of the Czech Republic based on a long-term residence permit of a resident of another EU Member State;*
- n) *who perform in the Czech Republic systematic educational or scientific activity as a teacher or a lecturer or an academic of a university or as a science worker, researcher, or development worker in a public research institute or another research organisation pursuant to a special regulation;*
- o) *who have acquired secondary education or short-cycle tertiary education or short-cycle tertiary education in a conservatoire pursuant to the Education Act, or higher education pursuant to the Higher Education Act;*
- p) *who reside in the territory of the Czech Republic based on a long-term residence permit for the purpose of protection in the territory pursuant to the Act on the Residence of Foreigners in the Territory of the Czech Republic;*
- r) *who are clergymen of a church registered in the Czech Republic or of a religious society registered in the Czech Republic;*
- s) *who are holders of an Intra-Corporate Employee Transfer Card issued by another Member State of the EU and are intra-corporate transferred to the territory of the CR for a period not exceeding 90 days in any period of 180 days; or*
- t) *whose performance of work in the territory of the Czech Republic is in the interest of the CR.*

A work permit, an Employee Card, an Intra-Corporate Employee Transfer Card, or a Blue Card is not required pursuant to the Act on Employment also in the case that an employee is posted to the territory of the Czech Republic by his/her foreign employer based on a contract with a Czech legal or natural person exclusively for the purpose of enhancing skills and improvement of qualification of the foreigner necessary for the performance of his/her work with the foreign employer outside the territory of the Czech Republic. The Czech legal or natural person will inform the competent regional labour office about posting of the foreigner.

A work permit cannot be granted to foreigners

- *who applied for granting of international protection in the Czech Republic, for the period of 6 months since the day when data were provided for the submitted application for international protection;*
- *who do not meet some of the conditions set down by the Act on Employment for granting of a work permit;*
- *whose submitted documents had been fraudulently obtained, forged, fraudulently altered or contained false information;*
- *on the employer of whom a penalty was legitimately imposed due to enablement of performance of illegal work during the period of 4 months preceding the submission of an application for granting of a work permit;*
- *on the employer of whom a penalty of over CZK 50 000 was legitimately imposed due to breach of a duty following from labour law regulations or other legal regulations during the period of 3 months preceding the submission of an application for granting of a work permit;*
- *who have an employer the property of whom was declared bankrupt based on a final and conclusive decision of a court and the bankruptcy has not been cancelled.*

Employee Cards

With effect from 24 June 2014, in relation to the transposition of the Directive 2011/98/EU of the European Parliament and of the Council, the Employee Card was introduced, which is of dual nature, i.e. it is a work permit and a residence permit at the same time.

The Employee Card is issued by the Ministry of the Interior for a concrete job vacancy, which is kept by the Ministry of Labour and Social Affairs in the central register of job vacancies that can be filled with Employee Card holders.

A job vacancy, which can be filled under the Employee Card regime means such job vacancy, which has not been filled within 30 days since it was notified to the regional labour office, except for job vacancies of officials of territorial self-governing units and job vacancies of employees, who perform state administration in administrative authorities.

The employment contract or a contract for work (an agreement for work activity) also has to contain besides requisites stipulated by the Labour Code a stipulation from which it results that regardless the scope of work the monthly wage, salary, or reward of a foreigner shall not be lower than the basic rate of the monthly minimal wage. The weekly working hours in each basic employment relationship has to be at least 15 hours.

The condition to prove professional qualification for the performance of required employment results from the character of the employment.

An application for the Employee Card shall be submitted at a representative office of the Czech Republic abroad. During the stay in the territory for a visa for stay over 90 days or for a long-term residence permit granted for another purpose a foreigner can apply for an Employee Card at the Ministry of the Interior.

A change of the employer, work placement of an Employee Card holder, or employment of the foreigner at another job position with the same or different employer is subject to a notification to the Ministry of the Interior.

As at 31 December 2020, there were 71 759 Employee Card holders in total registered in the territory of the Czech Republic.

Blue Cards

Since 1 January 2011, based on the transposition of the Council Directive 2009/50/EC to the Czech legislation, conditions were made for an introduction of another type of permitting of employment and residence of foreigners in the territory of the Czech Republic for the purpose of performance of highly qualified employment, the so-called Blue Card.

A job vacancy, which can be filled under the Blue Card regime means such vacancy that has not been filled within 30 days since it was reported to the regional labour office and for performance of which a high qualification is required – i.e. regularly completed higher education or short-cycle tertiary education provided that the study lasted for at least 3 years.

The Ministry of the Interior decides on issuance of Blue Cards.

The employment contract has to be concluded for the period of at least one year with weekly working hours stipulated by law and – besides requisites stipulated by the Labour Code – it has to contain the amount of contracted gross monthly or annual wage corresponding at least to 1.5 times the average gross annual wage announced in the announcement of the Ministry of Labour and Social Affairs.

A change of the employer or work placement of a Blue Card holder during the first two years of residence in the territory of the Czech Republic is subject to prior consent of the Ministry of the Interior provided that the Blue Card holder will continue to occupy a post requiring a high qualification that can be pursuant to a special regulation filled with a foreigner. After the two years pass, the Blue Card holder is obliged to announce such changes to the Ministry of the Interior within the period of 3 working days.

As at 31 December 2020, 838 Blue Card holders in total were registered in the territory of the Czech Republic.

Economic migration programmes

Selected ministries of the state administration have implemented or guaranteed since 2012 several projects of economic migration (the Fast Track project, the Welcome Package project, the Specific Procedure for Highly Qualified Employees from the Ukraine and India pilot project, a Regime of Special Treatment for Qualified Employees from the Ukraine referred to as “the Regime Ukraine”, a Regime for Other States (for citizens of Mongolia, Philippines, and Serbia), and a regime for workers in agriculture). These economic migration projects were aimed mainly at achieving of time savings at receiving and dealing with applications for resident permits of foreign workers who will fill the lack of labour force in the Czech labour market and will thus strengthen competitiveness of Czech companies.

With effect from 1 September 2019, the Ministry of Industry and Trade in close cooperation with the Ministry of the Interior, the Ministry of Foreign Affairs, and the Ministry of Labour and Social Affairs implement the following economic migration programmes: the Key and Research Staff Programme, the Highly Qualified Employee (Worker) Programme, and the Qualified Employee (Worker) Programme.

Key and Research Staff Programme

The aim of the Programme is to support important Czech and foreign investors, research organisations, technological companies, and start-ups, which need to bring to the Czech Republic foreigners enjoying the status of statutory bodies, managers, and specialists.

The Programme is not limited as for the territory and applies to employees from all third countries. As for applications for a visa for a stay of over 90 days for business purposes and employee card applications, a quota has been set for selected countries by a decree of the Government of the CR.

As for employees, the Programme is intended for intra-corporate transferred specialists, managers, and workers enjoying the status of statutory bodies, and for newly hired employees who according to the valid wording of the updated Classification of Occupations (CZ-ISCO) perform activities in major groups 1–3 in the area of manufacturing, services, or the public sector (with the exception of medical professions, which are covered only by the Highly Qualified Employee (Worker) Programme).

Further information can be found at: <https://www.mpo.cz/en/foreign-trade/economic-migration/key-and-research-staff-programme--248597/>.

Highly Qualified Employee (Worker) Programme

The aim of the Programme is to provide support to direct employers who need to bring highly qualified foreign workers to the Czech Republic.

The Programme is not limited as for the territory and applies to employees from all third countries. As for applications for an Employee Card, a quota has been set for selected countries by a decree of the Government of the CR.

As for employees, the Programme is intended for newly hired employees who according to the valid wording of the updated Classification of Occupations (CZ-ISCO) perform activities in major groups 1–3 in the area of manufacturing, services, or the public sector. As for employers, it is for entities doing their business in the CR for at least 2 years, without any due commitments to the state (no arrears in respect of payments to the public health insurance fund and social insurance contributions, no tax arrears) and that employed or were employing at least 3 persons during the period of 2 years prior to the submission of an application.

Further information can be found at: <https://www.mpo.cz/en/foreign-trade/economic-migration/highly-qualified-worker-programme--248598/>.

Qualified Employee (Worker) Programme

The aim of the Programme is to provide support to direct employers who need to bring qualified foreign workers to the Czech Republic.

The Programme applies to employees from the Ukraine, Mongolia, Serbia, Philippines, India, Belarus, the Republic of Moldova, Montenegro, and Kazakhstan.

As for employees, the Programme is designed for newly hired foreign employees who according to the valid wording of the updated Classification of Occupations (CZ-ISCO) perform activities in major groups 4–8 in the area of manufacturing, services, or the public sector. As for employers, it is for entities doing their business in the CR for at least 2 years, without any due commitments to the state (no arrears in respect of payments to the public health insurance fund and social insurance contributions, no tax arrears) and employing at least 6 employees.

Further information can be found at: <https://www.mpo.cz/en/foreign-trade/economic-migration/qualified-worker-programme--248608/>.

One of the oldest economic migration projects, that is still in operation, is Job Training (in Czech it is called Zácvik); it was launched on 24 November 2014 in cooperation with the Ministry of Industry and Trade and the Confederation of Industry of the Czech Republic; it is designed for foreigners from third countries who are posted by foreign employers to Czech legal persons (usually manufacturing enterprises) or to natural persons so that their competencies/skills and qualifications are enhanced for the purposes of further employment of these foreigners with their foreign employers; their job training may last 6 months as a maximum.

From 1 December 2019, in cooperation of the Ministry of Agriculture with the Ministry of the Interior, the Ministry of Foreign Affairs, and the Ministry of Labour and Social Affairs, a **Special Work Visa Programme** is being implemented for nationals of the Ukraine working in agriculture, food industry, and forestry.

The aim of the Programme is to provide support to direct employers doing their business in the sectors of forestry, agriculture, and food industry who need to bring foreign workers to the Czech Republic. For that purpose, their foreign workers who meet the required criteria are guaranteed the opportunity to submit an application for a special work visa at the Representative Office of the Czech Republic in Kiev.

A special work visa can be only granted for an occupation, which falls under economic activities (divisions) of an employer according to the Classification of Economic Activities (CZ-NACE) designated by the following codes and names:

- 01 Crop and animal production, hunting and related service activities;
- 02 Forestry and logging;
- 10 Manufacture of food products; or
- 11 Manufacture of beverages.

Job positions (posts) of an applicant for a special work visa must fall under the types of work designated in the Classification of Occupations (CZ-ISCO) by the following codes and names (translator's note: the International Standard Classification of Occupations, ISCO, uses 5 digits; the 5th place is for classification at the national level, CZ-ISCO):

- 51649 Other pet groomers and animal care workers (in Czech: "Ostatní chovatelé a ošetřovatelé zvířat v zařízeních určených pro chov a příbuzní pracovníci");
- 61 Market-oriented skilled agricultural workers;
- 621 Forestry and related workers;
- 723 Machinery mechanics and repairers;
- 751 Food processing and related trades workers;
- 752 Wood treaters, cabinet-makers and related trades workers;
- 816 Food and related products machine operators;
- 817 Wood processing and papermaking plant operators;
- 8183 Packing, bottling and labelling machine operators;
- 83221 Car drivers and van drivers (excluding taxi drivers and ambulance drivers) (in Czech: "Řidiči osobních a malých dodávkových automobilů (kromě taxikářů a řidičů zdravotnické dopravní služby)");

- 834 Mobile plant operators;
- 921 Agricultural, forestry and fishery labourers; or
- 93292 Unskilled labourers in manufacturing (in Czech: "Pomocní dělníci ve výrobě").

Further information can be found at: <http://eagri.cz/public/web/mze/ministerstvo-zemedelstvi/proexportni-okenko/mimoradne-pracovni-vizum-novy-nastroj.html> (Czech only).

Types of work permits

An individual permit shall mean a work permit, an Employee Card, an Intra-Corporate Employee Transfer Card, or a Blue Card of a foreigner in an employment relationship with a domestic employer. The domestic employer is a legal or a natural person that has a permission to carry out this activity in the territory of the Czech Republic: a record in the competent Commercial Register or other register as determined by law (e.g. the Trade Licences Register or the Register of Patent Attorneys), a record in a relevant list (e.g. the list of auditors or the list of tax advisers), or an entry in specified registers kept by a competent authority of the Czech Republic (e.g. Register of Self-Employed Farmers). The domestic employer is also a natural person that does not run a business, yet employs another natural person for his or her personal needs.

A contract shall mean an employment of a foreigner by a legal or a natural person with the registered office or residence outside the territory of the Czech Republic, which is not permanently engaged in business in the Czech Republic, yet posts their employees to the Czech Republic to perform a business contract or another contract concluded with a domestic legal or natural person.

Employer's duty to inform

Citizens of the EU/EEA and Switzerland and their family members do not need to have a work permit, an Employee Card, a Blue Card, or an Intra-Corporate Employee Transfer Card for the purposes of employment in the territory of the Czech Republic. The same applies to the family members of citizens of the Czech Republic who are not citizens either of the Czech Republic or any other EU Member State. Employers to which or whom citizens of the EU/EEA and Switzerland and their family members are posted by their foreign employer, are obliged to inform in writing about this fact the locally competent regional labour office (depending on the locality of the workplace, where the work is performed), on the day of commencement of the performance of work of these persons, at the latest.

This duty to inform also applies to other foreign nationals who received a work permit, an Employee Card, a Blue Card, or an Intra-Corporate Employee Transfer Card or who do not need a work permit (see letters a) to e) and letters j) to t) of the aforementioned information starting with "A work permit, an Employee Card, a Blue Card, or an Intra-Corporate Employee Transfer Card is not required for foreigners") for the performance of their work in the territory of the Czech Republic.

The employer is obliged to inform the competent regional labour office within 10 calendar days at the latest that foreign nationals ended performance of their work in the territory of the Czech Republic or that their posting there has finished. The employer does not have this duty provided that the employment or performance of work in the territory of the Czech Republic ended on the day that has originally been notified by the employer. The same is also valid in the case that a foreign national has not commenced work.

The duty to inform that a foreigner (holder of the Employee Card or the Blue Card) has not commenced work has to be fulfilled by the employer within 45 calendar days at the latest since the date when the application of the foreigner for the issue of the Employee Card or the Blue Card was complied with.

Keeping records of foreign nationals

Employers are obliged to keep records of citizens of the EU/EEA and Switzerland and their family members as well as of all foreigners employed by them.

A foreign employer that concluded a contract with a legal or a natural person, based on which workers were posted to the territory of the Czech Republic to fulfil their tasks following from the contract, is obliged to have records of the posted workers at the place of work.

With regards to changes of information systems during 2012–2013, only qualified estimates were available as for the total number of foreign nationals performing work in the territory of the Czech Republic in the employee status. Since 2014, precise numbers of these foreigners have been available again.

The number of foreign nationals on the Czech labour market was significantly increasing during the last years. In relation to the epidemiologic situation in the world, the number of employees from abroad was decreasing; afterwards, their number was increasing again and the numbers exceeded the level from the end of 2019.

As at 31 March 2020, 644 914 foreign nationals with employee status were on the Czech labour market. Afterwards, the number of those employees decreased; the total of 602 513 foreign nationals were on the Czech labour market as at 30 June 2020. Statistical data from the end of 2020 show an increase in the number of foreign nationals engaged in an occupation in the territory of the CR to 644 164. The total number of foreign employees thus increased by 22 294 persons, year-on-year. It can be stated, that the year-on-year increase was observed in all categories of foreign workers (i.e. third-country nationals who need a work permit, an Employee Card, or a Blue Card to perform their work in the Czech Republic and the foreign nationals who do not need such permits for the performance of their work, as well as the nationals of the EU/EEA and Switzerland and their family members who have free access to the labour market).

2) Register of the Ministry of Industry and Trade

Foreigners holding a trade licence

Pursuant to the Act No 455/1991 Sb, on Trade Licensing (the Trade Licensing Act), as subsequently amended, also foreigners can do business in the Czech Republic the same as Czech citizens do, if they fulfil requirements as set down in this Act and related regulations. Foreigners are allowed to carry out a business activity pursuant to the Trade Licensing Act as natural persons, but they can also establish legal persons (usually business companies or cooperatives according to a public register), or set up in the territory of the Czech Republic organisational units of their enterprises abroad. Pursuant to the Trade Licensing Act, the foreign natural person is a natural person who does not have residence (i.e. permanent residence) in the territory of the Czech Republic. Pursuant to the Act No 326/1999 Sb, this person must have permitted residence in the Czech Republic, unless it is a national of an EU Member State or a state with which the Czech Republic concluded a treaty that does not allow this restriction. This provision thus also applies to citizens of a state, which is bound by an international treaty concluded with the European Communities, as well as to citizens of a state, which is bound by the Agreement on the European Economic Area.

*For this publication, the term of **a foreigner holding a trade licence** has been chosen; the numbers of entrepreneurs include entrepreneurs-foreigners with granted long-term visa (over 90 days) or a long-term residence permit, entrepreneurs-foreigners with permanent residence, family members of residents with a long-term stay, persons, who were granted asylum or subsidiary protection (hereinafter only as refugees), and citizens of the EU Member States (EU nationals) and citizens of Switzerland, Norway, Iceland, and Liechtenstein and their family members.*

The United Kingdom of Great Britain and Northern Ireland (hereinafter also referred to as Great Britain) ceased to be a Member State of the European Union and became the so-called third country. Citizens of Great Britain are therefore kept in the group of other countries.

The number of entrepreneurs - foreigners holding a trade licence was gradually increasing year by year. Their number dropped for the first time in 1998, namely in relation to an amendment to the Trade Licensing Act, which was published in the Collection of Laws (abbreviated as Sb) of the Czech Republic under the No 286 in 1995. The amendment imposed stricter duties on entrepreneurs as for submitting documents stipulated by law. The second decline in the number of

entrepreneurs occurred after 2001 due to the adoption of a large amendment to the Trade Licensing Act, which was published in the Collection of Laws of the Czech Republic under the No 356 in 1999. At the same time, the Act No 326/1999 Sb, on the Residence of Foreigners in the Territory of the Czech Republic and amending certain acts, also made conditions for acquisition of a long-term visa for business purposes stricter.

The trade licensing offices terminated trade licences of entrepreneurs-foreigners who had not submitted mandatory documents on the residence. Due to that, entrepreneurs-foreigners decreased in number already in 1998 and then in 2002. However, since 2003, there was already a rather high increase in the number of these persons.

On 1 May 2004, an amendment to the Trade Licensing Act harmonising it with EU legislation came into force, which was published in the Collection of Laws of the Czech Republic under the No 167 in 2004. This legal document made, among others, the status of EU nationals and Czech citizens equal. On 1 July 2008, an amendment to the Trade Licensing Act came into force, which was published in the Collection of Laws of the Czech Republic under the No 130 in 2008. This amendment introduces the only one free trade, namely with the subject-matter of business of **“Production, trade, and services not classified in Annexes 1–3 to the Trade Licensing Act”** with 80 economic activities replacing the then existing 125 free trades. This resulted in a decrease in the number of trade licenses issued.

Before 31 December 2010, for foreign natural persons with the duty to have a residence permit for stay over 90 days the trade licence originated only at the time of the record in the Commercial Register, whereas to other foreigners doing their business under the Trade Licensing Act (EU nationals, citizens of the countries that have acceded to the EEA Agreement, foreigners with permanent residence in the Czech Republic, family members of residents with a long-term stay, and refugees) their trade licence originated on the day of notification or, at permitted trades with a trade permit (licence/concession) on the day when the decision on granting of the trade permit (licence/concession) comes into force. After the Act No 427/2010 Sb came into force on 1 January 2011, the right to perform trade originates for a foreigner, who is obliged to have his or her stay permitted, on the day of notification of their trade to the municipal trade licensing office or on the day when the decision on granting of a trade permit (licence/concession) comes into force, providing that a foreigner at notification of the trade (at submitting of an application for granting of a trade permit (licence/concession) meets all requirements for performing of the trade including the permitted stay. In case that a foreigner obtained a copy of an entry from the trade licensing office for the purpose of proceedings on a residence permit, his or her trade licence originates on the day, when the foreigner supplies evidence (that a long-term visa or a long-term residence permit has been granted to him or her) to the trade licensing office, at which the trade has been notified or at which the application for a trade permit (licence/concession) has been submitted, providing that the document on a residence permit was documented within 3 working days from the day of notification of the place of residence of the foreigner in the territory of the Czech Republic and concurrently in the period of 6 months at the latest from the day, when the copy of an entry was delivered.

On 1 July 2012, a system of basic registers has been launched, which is regulated by the Act No 111/2009 Sb, on Basic Registers, as subsequently amended. In relation to the connection of the Trade Licensing Register with the system, data kept in the Trade Licensing Register have been updated (e.g. of persons with terminated stay in the territory of the Czech Republic; duplicate identification numbers of persons (that originated in the past) were eliminated; trade licences of deceased persons have been terminated). It was also reflected in the number of persons kept in the Trade Licensing Register. This decrease in the number of foreigners continued in 2014, too.

In 2016, an increase was recorded again, which also continued in the following years. In 2020, over 97 thousand foreigners were kept in the registers. As for the regional breakdown, the highest number of foreigners holding a trade licence kept in the register was in the territory of the Capital City of Prague (39 652 persons) followed by the Středočeský Region (11 316 persons) and the Ústecký Region (7 879 persons).

The number of foreigners – EU nationals with a valid trade licence was constantly increasing. In 2004 and 2005, over 14 thousand foreign persons were doing business in the Czech Republic. In

2006, the number of foreigners – entrepreneurs dropped. The decrease was not deep and it can be explained by implementation of the planned data relocation from the existing local registers of entrepreneurs to the new central information system, which, among others, resulted in the elimination of duplicate entries recorded in the system of respective local registers. In 2007, however, the number of EU nationals holding a trade licence exceeded the level from the year 2005. A significant increase occurred in 2008 and continued in the following years as well. Most of the foreigners coming from the EU27 countries are citizens of Slovakia (20 253 persons); compared to 2019 (19 035 persons) it is an increase by 1.2 thousand persons. They are followed by Germans (3 075 persons) and citizens of Poland (2 742 persons). In 2020, compared to 2019, there was an increase in the number of third-country nationals by about 1.8 thousand persons. The most frequent third-country nationals are citizens of the Ukraine (24 155 persons) and Viet Nam (20 505 persons). Compared to 2019, the number of citizens from Viet Nam decreased, namely by 0.2 thousand. Furthermore, over 1 thousand foreigners holding a trade licence were found in citizens of the Russian Federation (3 764 persons), citizens of newly included United Kingdom of Great Britain and Northern Ireland (1 967 persons), and the United States of America (1 685 persons). They are followed, after a significant gap, by citizens of the Republic of Moldova (806 persons), Belarus (723 persons), and Kazakhstan (668 persons).

3) Total employment of foreigners

The total employment of foreigners refers in this chapter to the sum of valid work permits, Employee Cards, and Blue Cards of foreigners, of the number of foreigners registered by regional labour offices, and of the number of foreigners holding a trade licence.

Illegal employment

The State Labour Inspection Office (SLIO) and Regional Labour Inspectorates perform supervisory activities over compliance with provisions of the Act on Employment. They are also empowered to conduct administrative proceedings imposing fines due to found infractions, misdemeanours, and administrative delicts.

Inspections in the area of illegal employment focus primarily on uncovering of performance of illegal work and of enablement of performance of illegal work to citizens of the Czech Republic, EU nationals, and foreigners. It was also inspected how related duties of employers in the area of employment are adhered to. Inspectors, while doing their inspecting activities, inspect how basic duties in the area of labour law relations and occupational health and safety are adhered to.

An important part of activities of both the SLIO and Regional Labour Inspectorates also is to provide basic consultancy in the area of labour law relations. It is provided either in person or in written or electronic form.

In 2020, 5 557 inspections were made in total, which directly focused on the area of illegal employment. The inspections were made in a wide range of employers while taking into account possible suspicion of enablement of performance of illegal work. The mentioned inspections were made in 5 277 entities in total, of which 1 693 natural persons and 3 584 legal persons were inspected.

Inspections aimed at illegal employment uncovered 4 323 breaches of labour law regulations in total. They were in the area of adherence to duties determined by the Act on Employment (including the ban on illegal employment) as well as in the area of adherence to basic labour law institutes and occupational health and safety, which also were part of the inspections.

During inspections made, Regional Labour Inspectorates found out 3 110 persons in total performing illegal work. They were citizens of the Czech Republic in 556 cases, 141 were nationals of other EU Member States, and 2 413 cases were foreigners from non-EU countries. Illegal employment was found by Regional Labour Inspectorates in 835 entities.

In 2020, illegally working foreigners found were most often citizens of the Ukraine (1 999 persons). Much lower numbers of them were citizens of the Republic of Moldova (130 persons) and of Viet Nam (88 persons). Among most frequently uncovered illegally employed

workers from the EU Member States were citizens of Slovakia (83 persons), Hungary (22 persons), Romania (20 persons), and Bulgaria (13 persons) in 2020.

Illegally working persons were in 2020 found most often at employers with prevailing economic activity of construction (according to the Czech version of the NACE Rev. 2 classification; it applied to 183 entities). Following were prevailing economic activities of wholesale and retail trade; repair of motor vehicles and motorcycles (at 106 entities), manufacturing (at 106 entities), accommodation and food service activities (at 80 entities), and professional, scientific and technical activities (at 61 entities). As for the size category of the employers, employers with up to 9 employees were committing illegal employment most frequently.

In 2020, 549 fines in the total amount of CZK 132 660 600 were imposed for enablement of performance of illegal work or for performance of illegal work. Of that, 6 fines in the amount of CZK 12 600 were imposed on natural persons for a misdemeanour of performance of illegal work and 4 fines in the amount of CZK 205 000 were imposed on natural persons for a misdemeanour of enablement of performance of illegal work.