

Czechia

The interplay of supply- and demand-side instruments in financing CVT/ adult learning (in particular job-related)

Public support for the adult learning system had been mainly withdrawn after the system change (1989) and never been fully restored since. Supply-side funded CVET or adult education in general is only partially developed, with an emphasis on the unemployed registered at the Public Employment Service (PES) as part of the active labour market policy. In general, support for adult Learning is fragmented in Czechia, without a broadly established policy framework.

Demand-side instruments in financing CVT/ adult learning (in particular job-related)

- **Key institutions involved and funding sources**

Public financial support for adult learning comes almost exclusively from EU funding through the ESF. The PES is the most relevant institution for the implementation of demand-side instruments based on ESF funding.

- **Instruments targeting individuals**

Demand-side support for individuals is limited. Only job applicants and job seekers registered at the PES are eligible for a grant for individuals (#43), which is co-funded by the European Social Fund (ESF). Public funding is up to 100% of retraining costs for a broad range of vocational courses. Furthermore, tax incentives are established for specific groups of individuals (students) in the form of a tax credit (#39), or for deducting examination costs (#40) of a vocational qualification listed in the Register of Qualifications NSK. In addition, a paid or unpaid training leave (#274) can be agreed between the employee and the employer, however, without a strong legal position of the individual employee.

- **Instruments targeting companies**

Demand-side schemes for companies are substantial and provide a high level of support. Companies can access a grant providing co-funding to training expenses (including wage costs) of 85% (#41). The scheme is co-funded by the ESF and the amount of funding is directly transferred to the employer. Furthermore, a payback clause valid for up to 5 years can be agreed between the employer and the employee safeguarding employers against the loss of their investment due to premature termination #248.

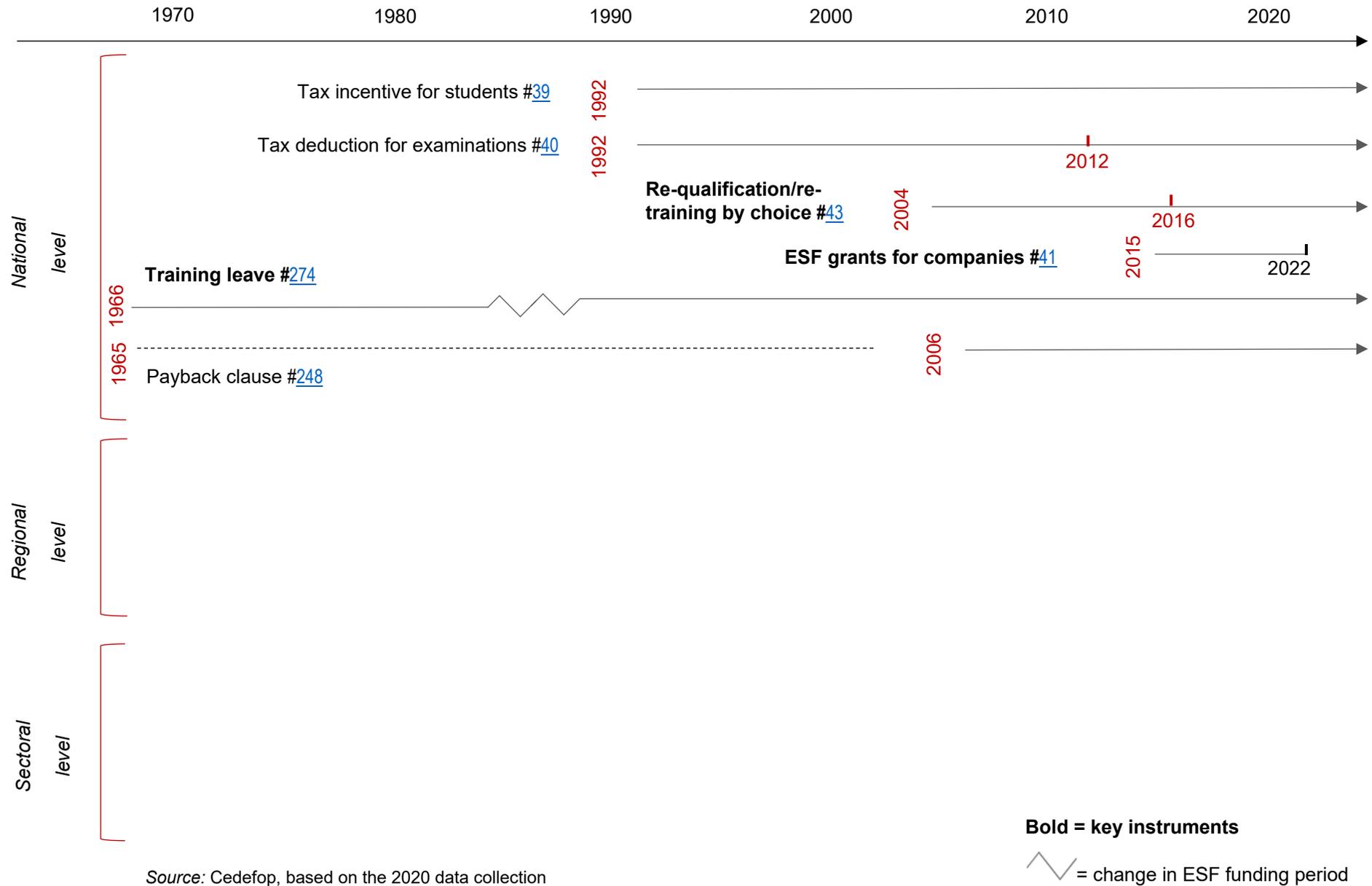
Table 1. Overview of demand-side financing instruments in Czechia by 2020

Level of implementation	Importance of the level of implementation	Overall importance of the instrument	Demand-side instruments targeting individuals		Demand-side instruments targeting companies	
National level	High	Key instruments	Grants for individuals	Re-qualification / re-training by choice #43	Grants for companies	Grant project under Operational Programme Employment (OPE); ESF programming period 2014 - 2020 POVEZ II #41
			Training leave	Paid leave for qualification upgrading #247		
National level	High	Further instruments	Grants for individuals	Tax credit for students continuously preparing for future employment #39	Payback clause	Payback clause #248
				Tax deduction for examinations stipulated by Act 179/2006 #40		
Regional Level	Moderate	Key instruments				
		Further instruments				
Sectoral Level	Moderate	Key instruments				
		Further instruments				

Source: Cedefop, 2020 data collection

- Evolution of demand-side instruments over time

Figure 1. Overview on the evolution of demand-side instruments in Czechia until 2020



Source: Cedefop, based on the 2020 data collection

- **Statistics on volumes of funding and beneficiaries**

Table 2. Statistical data on volumes of funding and beneficiaries

ID	Name of the instrument	Year of reference	Volume of funding (EUR)	Year of reference	Beneficiaries (individuals)	Year of reference	Beneficiaries (companies)
39	Tax credit for students continuously preparing for future employment	2018	5 384 000	2018	42 789	-	-
40	Tax deduction for examinations stipulated by Act 179/2006	2018	6 224	2018	245	-	-
41	Grant project under Operational Programme Employment (OPE); ESF programming period 2014 - 2020 POVEZ II	2014-2020	129 548 000	2019	9 438 ^e	2018	1 567 ^e
43	Re-qualification / re-training by choice	2019	3 762 000	2019	9 561	-	-
274	Paid leave for qualification upgrading	Not applicable	Not available	Not applicable	Not available	-	-

Source: Cedefop, 2020 data collection (^e = estimate)

Table 3. Short description of the financing instruments

ID	Name	Level of implementation	Importance of the instrument	Short description
(1) Training funds				
	No training fund is established.			
(2) Tax incentives for companies				
	No tax incentives for companies are established.			
(3) Tax incentives for individuals				
39	Tax credit for students continuously preparing for future employment	National	Further instrument	Tax-paying students (up to 26 years old, or 28 years old in doctoral programmes) (ISCED 3-8 level) can receive a tax credit of up to CZK 4 020 per year (approx. EUR 159 per year) during the tax filling. The eligible costs are not defined, tax credit applies to any taxed income regardless of source. The students must have some taxable income in order to claim the tax credit. The tax incentive can be used in each calendar year.
40	Tax deduction for examinations stipulated by Act 179/2006	National	Further instrument	Adults that paid for an examination of a vocational qualification listed in the Register of Qualifications NSK (but not a training course) and that submit income tax returns, can deduct the costs of validation of their learning from their individual income tax base up to a set maximum limit - CZK 10 000 (approx. EUR 396). The state co-funding – in the form of foregone tax revenues – equals the eligible costs multiplied by the marginal tax rate (between 15 % and 23 %). A higher amount can be deducted for groups with preferential treatment: CZK 13 000 (approx. EUR 515) for adults with disabilities, and CZK 15 000 (approx. EUR 594) for adults with heavy disabilities. The tax incentive can be used once in each calendar year. The incentive has been rarely used in the past years.
(4) Grants for companies				
41	Grant project under Operational Programme Employment (OPE); ESF programming	National	Key instrument	Companies can apply for a grant to cover their training expenses. The eligible education and training activities depend on specific calls published. Occupational courses connected to the present economic activity of the participant are considered eligible types of training to be funded. The public co-funding is 85% of the eligible costs. The contribution compensates for tuition fees/fees for participation (external providers), costs for internal training personnel, and costs of wages during training. ESF funds are deployed for financing the scheme. Preferential treatment is given to companies hiring the low qualified, people within the age range of 55-64.

period 2014 -
2020 POVEZ II

(5) Grants for individuals

43	Re-qualification / re-training by choice	National	Key instrument	There are 2 groups that may apply for the grant during the current EU programming period: job applicants and job seekers. The overall condition for eligibility is registration in PES databases. Specific conditions may include a sufficient prior qualification level or positive outcome of skill needs analysis by PES. The eligible education and training activities include vocational courses aimed at deepening or upgrading qualifications, re-training/re-skilling. Retraining may be selected by applicants or it may be assigned to job-seekers by PES. The co-funding rate is 100% of eligible costs. The scheme can be re-used by the same applicant after a break of a particular period.
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(6) Loans

No loan incentive is established.

(7) Training leaves

274	Paid leave for qualification upgrading	National	Key instrument	<p>Employees have the right to time off (official translation of the incentive in the Labour Code) to undertake training for professional development, being understood as the education necessary for the performance of job requirements stipulated by law or necessity. An employee has to receive an employer's permission to enter training leave. Professional development must be in the interest of the employer. The law stipulates minimum requirements, modifications in favour of the employee are subject to negotiation between employee and employer, or to collective agreements. The duration of the paid training leave depends on the objective of training leave (e.g. two days for participating and completing a test, thesis defenses entitle students to ten days' leave).</p> <p>The training leave can be paid or unpaid. Study time conflicting with work hours and examinations are paid, but entrance examinations, resits, and ceremonies are unpaid.</p>
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(8) Payback clauses

248	Payback clause	National	Further instrument	Employer and employee may conclude a qualification agreement that includes the employer's commitment to enable and pay for the employee qualification upgrading and the employee's obligation to remain in employment with this employer for an agreed period, though for no longer than 5 years, or to reimburse the employer for the costs of this qualification upgrading. The payback clause can be applied also in case of improvement of qualification when training costs exceed CZK 75 000 (approx. EUR 2 970). Share paid back is reduced according to the duration of employment as a proportion of the total compelled duration of employment. The national courts would become involved in the event of a dispute.
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