

**WHO PAYS INTO THE PUBLIC COFFERS AND HOW MUCH?
TAXATION OF INCOME FROM EMPLOYMENT AND
SELF-EMPLOYMENT IN THE CZECH SYSTEM**

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Abstract

What do the statistics tell us about the real differences in taxation between employees and self-employed individuals? We identify significant differences in the taxation of employees and the self-employed. The average employee is taxed at an overall rate (combining income tax and all social security and health insurance contributions) of 37.4 percent, while the average self-employed individual is taxed at 28.1 percent. Almost all employees are taxed at a higher rate compared with self-employed individuals – while the average tax rates for most self-employed vary between 22 and 38 percent, the rate for most employees is between 30 and 44 percent. Overall 30 percent of employees do not pay any income tax (or may even receive a tax bonus), and as many as 38 percent of self-employed individuals are also in this situation. These taxpayers pay only social security and health insurance contributions. The average tax rate for income from self-employment at first decreases as gross income increases (from a starting level around 33 percent, down to 23 percent for annual income of about CZK 280 000) and only above this point does the tax rate increase in line with income. For employees, the average tax rate goes up together with increasing income right from the lowest level.

Download the [complete study](#) and
background papers for [individuals](#) and [households](#) (in Czech only).

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