



Agreement Between The United States And The Czech Republic

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Introduction

An agreement effective January 1, 2009, between the United States and the Czech Republic improves Social Security protection for people who work or have worked in both countries. It helps many people who, without the agreement, would not be eligible for monthly retirement, disability or survivors benefits under the Social Security system of one or both countries. It also helps people who would otherwise have to pay Social Security taxes to both countries on the same earnings.

The agreement covers Social Security taxes (including the U.S. Medicare portion) and Social Security retirement, disability and survivors

benefits. It does not cover benefits under the U.S. Medicare program or the Supplemental Security Income program.

This booklet covers highlights of the agreement and explains how it may help you **while you work** and **when you apply for benefits**.

The agreement may help you, your family and your employer

- **While you work**—If your work is covered by both the U.S. and Czech Social Security systems, you (and your employer, if you are employed) would normally have to pay Social Security taxes to both countries for the same work. However, the agreement eliminates this double coverage so you pay taxes to only one system (see pages 2-5).

- **When you apply for benefits**—You may have some Social Security credits in both the United States and the Czech Republic but not have enough to be eligible for benefits in one country or the other. The agreement makes it easier to qualify for benefits by letting you add together your Social Security credits in both countries. For more details, see the section on “**Monthly benefits**” beginning on pages 5.

Coverage and Social Security taxes

Before the agreement, employees, employers and self-employed people could, under certain circumstances, be required to pay Social Security taxes to both the United States and the Czech Republic for the same work.

Under the agreement, if you work as an employee in the United States, you normally will be covered by the United States, and you and your employer will pay Social Security taxes only to the United States. If you work as an employee in the Czech Republic, you normally will be covered by the Czech Republic, and you and your employer pay Social Security taxes only to the Czech Republic.

On the other hand, if your employer sends you from one country to work for that employer or an affiliate in the other country for five years or less, you will continue to be covered by your home country and you will be exempt from coverage in the other country. For example, if a U.S. company sends an employee to work for that employer or an affiliate in the Czech Republic for no more than five years, the employer and

the employee will continue to pay only U.S. Social Security taxes and will not have to pay in the Czech Republic.

Special rules apply to self-employed persons who, without the agreement, would have to pay Social Security taxes to both countries (see the table on pages 2-3).

NOTE: *In addition to the Czech Social Security taxes that cover retirement, disability and survivors benefits, the agreement also includes the Czech taxes that cover unemployment insurance taxes. As a result, workers exempted from Czech Social Security coverage by the agreement pay no Social Security taxes for these programs and generally cannot receive benefits from them. If the agreement exempts you from Czech coverage, you and your employer may wish to arrange for alternative benefit protection.*

Summary of agreement rules

The following table shows whether your work is covered under the U.S. or Czech Social Security system. If you are covered under U.S. Social Security, you and your employer must pay U.S. Social Security taxes. If you are covered under the Czech system, you and your employer must pay Czech Social Security taxes. If you are self-employed and temporarily transfer your activity from your home country to the other country, you will remain covered by your home country. The next section (beginning on page 5) explains how to get a form from the country where you are covered that will prove you are exempt in the other country.

Your work status	Coverage and taxes
You are working in Czech Republic:	
<i>For a U.S. employer who:</i>	
• Sent you to work in Czech Republic for five years or less	U.S.
• Sent you to work in Czech Republic for more than five years	Czech Republic
• Hired you in Czech Republic	Czech Republic
<i>For a non-U.S. employer</i>	Czech Republic

Your work status	Coverage and taxes
<i>For the U.S. government and you are a:</i>	
• U.S. national	U.S. (either Social Security or federal retirement program)
• Czech national	Czech Republic
<i>You are working in the United States:</i>	
<i>For an employer in Czech Republic who:</i>	
• Sent you to work in the U.S. for five years or less	Czech Republic
• Sent you to work in the U.S. for more than five years	U.S.
• Hired you in the U.S.	U.S.
<i>For a non-Czech employer</i>	U.S.
<i>For the Czech government and you are a:</i>	
• Czech national	Czech Republic
• U.S. citizen	U.S.
<i>You are self-employed and you:</i>	
• Work only in the U.S.	U.S.
• Normally work in the U.S. but transfer your business activity to the Czech Republic for five years or less	Czech Republic
• Work only in the Czech Republic	Czech Republic
• Normally work in the Czech Republic but transfer your business activity to the U.S. for five years or less	Czech Republic
<i>If this table does not seem to describe your situation and you are:</i>	
• Working in the U.S.	Write to the U.S. address on page 4 for further information.
• Working in Czech Republic	Write to the Czech address on page 4 for further information.

NOTE: As the table indicates, a U.S. worker employed in the Czech Republic can be covered by U.S. Social Security only if he or she works for a U.S. employer. A **U.S. employer** includes a corporation organized under the laws of the United States or any state, a partnership if at least two thirds of the partners are U.S. residents, a person who is a resident of the U.S. or a trust if all the trustees are U.S. residents. The term also includes a foreign affiliate of a U.S. employer if the U.S. employer has entered into an agreement with the Internal Revenue Service under section 3121(l) of the Internal Revenue Code to pay Social Security taxes for U.S. citizens and residents employed by the affiliate.

Certificate of coverage

A certificate of coverage issued by one country serves as proof of exemption from Social Security taxes on the same earnings in the other country.

Certificates for employees

To establish an exemption from compulsory coverage and taxes under the Czech system, your employer must request a certificate of coverage (Form USA/CZ 1) from the United States at this address:

Social Security Administration
Office of International Programs
P.O. Box 17741
Baltimore, MD 21235-7741
USA

If preferred, the request may be sent by FAX to **(410) 966-1861**. Please note this FAX number should only be used to request certificates of coverage.

No special form is required to request a certificate but the request must be in writing and provide the following information:

- Full name of worker;
- Date and place of birth;
- U.S. Social Security number;
- Czech Birth Certificate Number (if known);
- Citizenship;
- Country of worker's permanent residence;
- Date of hire;
- Country of hire;
- Name and address of the employer in the United States and the Czech Republic; and
- Date of transfer and anticipated date of return.

In addition, your employer must indicate if you remain an employee of the U.S. company while working in the Czech Republic or if you become an employee of the U.S. company's affiliate in the Czech Republic. If you become an employee of an affiliate, your employer must indicate if the U.S. company has an agreement

with the Internal Revenue Service (IRS) under section 3121(l) of the Internal Revenue Code to pay U.S. Social Security taxes for U.S. citizens and residents employed by the affiliate and, if yes, the effective date of the agreement.

Your employer also can request a certificate of U.S. coverage for you over the Internet using a special online request form available at www.socialsecurity.gov/coc. Only an employer can use the online form to request a certificate of coverage. A self-employed person must submit a request by mail or fax.

To establish your exemption from coverage under the U.S. Social Security system, your employer in the Czech Republic must request a certificate of coverage (Form CZ/USA 1) from the Czech Republic at this address:

Česká správa sociálního zabezpečení
(Czech Social Security Administration)
Křížová 25
225 08 Praha 5
CZECH REPUBLIC

The same information required for a certificate of coverage from the United States is needed to get a certificate from the Czech Republic except that you must show your Czech Birth Certificate number rather than your U.S. Social Security number.

Certificates for self-employed people

If you are self-employed and would normally have to pay Social Security taxes to both the U.S. and Czech systems, you can establish your exemption from one of the taxes.

- If you will be covered by the United States (see table on pages 2-3), write to the Social Security Administration at the address on page 4 or fax to **(410) 966-1861**; or
- If you will be covered by the Czech Republic (see table on pages 2-3), write to the Česká správa sociálního zabezpečení (Czech Social Security Administration) at the address on page 4.

Be sure to provide the following information in your letter:

- Full name of worker;
- Date and place of birth;
- U.S. Social Security number;
- Czech Birth Certificate Number (if known);
- Citizenship;
- Country of worker's permanent residence;
- Nature of self-employment activity;
- Dates the activity was or will be performed; and
- Name and address of your trade or business in both countries.

Effective date of coverage exemption

The certificate of coverage you receive from one country will show the effective date of your exemption from paying Social Security taxes in the other country. Generally, this will be the date you began working in the other country, but no earlier than the effective date of the agreement.

Certificates of coverage issued by the Czech Republic should be retained by the employer in the United States in case of an audit by the IRS. No copies should be sent to IRS unless specifically requested by IRS. However, a self-employed person must attach a **photocopy** of the certificate to his or her income tax return each year as proof of the U.S. exemption.

Copies of certificates of coverage issued by the United States will be provided for both the employee and the employer. It will be their responsibility to present the certificate to the Czech authorities when requested to do so. To avoid any difficulties, your employer (or you,

if you are self-employed) should request a certificate as early as possible, preferably before your work in the other country begins.

If you or your employer request a certificate of coverage, you should read the Privacy Act and Paperwork Reduction Act statements at the end of this booklet.

Monthly benefits

The following table shows the various types of Social Security benefits payable under the U.S. and Czech Social Security systems and briefly describes the eligibility requirements that normally apply for each type of benefit. If you do not meet the normal requirements for these benefits, the agreement may help you to qualify (see page 9).

This table is only a general guide. You can get more specific information about U.S. benefits at any U.S. Social Security office or by using the contact information on the inside cover of this publication.

You can get more detailed information about the Czech system by writing to the Czech address on the inside cover of this publication or by visiting the Česká správa sociálního zabezpečení's (Czech Social Security Administration) website at www.cssz.cz.

Under U.S. Social Security, you can earn up to four work credits each year depending on the amount of your covered earnings. The amount needed to earn a work credit goes up slightly each year. For more information, ask for *How You Earn Credits* (Publication No. 05-10072).

Under the Czech system, credits are measured in days. To simplify the information in the table, requirements are shown in years of credits.

Retirement or old-age benefits	
United States	Czech Republic
Worker —Full benefit at full retirement age.* Reduced benefit as early as age 62. Required work credits range from 1½–10 years (10 years if age 62 in 1991 or later).	Worker —Full benefit at full retirement age.** At least 25 years of coverage is required. Age 65 for men and women with 15 years of coverage. Reduced benefit up to three years prior to normal retirement age with at least 25 years of coverage and not employed.

Disability benefits	
United States	Czech Republic
Worker —Under full retirement age* can get benefits if unable to do any substantial gainful work for at least a year. 1½–10 years credit needed, depending on age at date of onset. Some recent work credits also needed unless worker is blind.	Worker —Full disability for workers with reduced capacity of at least 66 percent for any economic activity. Partial disability for workers with at least 33 percent disability. Workers age 28 or older must have at least five years of coverage out of the 10 years immediately preceding disability onset or coverage in any 10-year period after disability onset.

Family benefits to dependents of retired or disabled people	
United States	Czech Republic
Spouse —Full benefit at full retirement age* or at any age if caring for the worker's entitled child under age 16 (or disabled before age 22). Reduced benefit as early as age 62 if not caring for a child.	Spouse — No provision.
Divorced spouse —Full benefit at full retirement age.* Reduced benefit as early as age 62. Must be unmarried and have been married to worker for at least 10 years.	Divorced spouse —No provision.
Children —If unmarried, up to age 18 (age 19 if in an elementary or secondary school full time) or any age if disabled before age 22.	Children —Full disability if it began before age 18 (no Czech coverage required).

*The full retirement age is 66 for people born in 1943-1954 and will gradually increase to age 67 for people born in 1960 or later.

**The retirement age under the Czech system is being increased by two calendar months per year for men and four calendar months per year for women from January 1, 1996 to December 2012. After 2012, the retirement age will be 63 years for men and from 59 to 62 years for women, depending on the number of children raised.

Survivors benefits	
United States	Czech Republic
Widow(er) —Full benefit at full retirement age* or at any age if caring for deceased’s entitled child under age 16 (or disabled before age 22). Reduced benefit as early as age 60 (or age 50 if disabled) if not caring for a child. Benefits may be continued if remarriage occurs after age 60 (or age 50 if disabled).	Widow(er) —Worker must have met coverage requirements for entitlement to either retirement or disability benefit at time of death. Must have been married to the deceased. Eligible to receive benefits for one year. After the first year, benefits are only paid to a surviving spouse who is disabled or who has attained age 55 or older for women and age 58 or older for men. May continue to receive benefits if caring for a dependent child, a parent of the deceased worker or his or her own partially disabled parent over age 80.
Divorced widow(er) —Same as widow(er) if marriage lasted at least 10 years.	Divorced widow(er) —No provision.
Children —Same as for children of retired or disabled worker.	Orphan children —Eligible if deceased parent met the minimum contribution requirements for retirement or disability on date of death (or was receiving a pension), or the parent died due to a work accident. Payable until child completes compulsory school attendance or up to age 26.
Lump-sum death benefit —A one-time payment not to exceed \$255 payable on the death of an insured worker.	Lump-sum death benefit —No provision.

*The full retirement age for survivors is age 66 for people born in 1945-1956 and will gradually increase to 67 for people born in 1962 or later.

How benefits can be paid

If you have Social Security credits in both the United States and the Czech Republic, you may be eligible for benefits from one or both countries. If you meet all the basic requirements under one country’s system, you will get a regular benefit from that country. If you do not meet the basic requirements, the agreement may help you qualify for a benefit as explained below.

- **Benefits from the United States**—If you do not have enough work credits under the U.S. system to qualify for regular benefits, you may be able to qualify for a partial benefit from the United States based on both U.S. and Czech credits. However, to be eligible to have your Czech credits counted, you must have earned at least six credits (generally one and one-half years of work) under the U.S. system. If you already have enough

credits under the U.S. system to qualify for a benefit, the United States cannot count your Czech credits.

- **Benefits from Czech Republic**—Social Security credits from both countries can also be counted, when necessary, to meet the eligibility requirements for Czech benefits. To be eligible to have your U.S. and Czech credits counted, you must have at least one year of coverage credited under the Czech system.

How credits get counted

You do not have to do anything to have your credits in one country counted by the other country. If we need to count your credits under the Czech system to help you qualify for a U.S. benefit, we will get a copy of your Czech earnings record directly from the Czech Republic when you apply for benefits. If the

Czech Republic needs to count your U.S. credits to help you qualify for a Czech benefit, they will get a copy of your U.S. earnings record directly from the Social Security Administration when you apply for the Czech benefit.

Although each country may count your credits in the other country, your credits are not actually transferred from one country to the other. They remain on your record in the country where you earned them and can be also used to qualify for benefits there.

Computation of U.S. benefit under the agreement

When a U.S. benefit becomes payable as a result of counting both U.S. and Czech Social Security credits, an initial benefit is determined based on your U.S. earnings as if your entire career had been completed under the U.S. system. This initial benefit is then reduced to reflect the fact that Czech credits helped to make the benefit payable. The amount of the reduction will depend on the number of U.S. credits: the more U.S. credits, the smaller the reduction; and the fewer U.S. credits, the larger the reduction.

A Czech pension may affect your U.S. benefit

If you qualify for Social Security benefits from both the United States and the Czech Republic and you did not need the agreement to qualify for the U.S. benefit, the amount of your U.S. benefit may be reduced. This is a result of a provision in U.S. law which can affect the way your benefit is figured if you also receive a pension based on work that was not covered by U.S. Social Security. For more information, ask for *Windfall Elimination Provision* (Publication No. 05-10045). If you are outside the United States, you may write to us at the address shown on the inside cover of this publication.

What you need to know about Medicare

Medicare is the U.S. national health insurance program for people age 65 or older or who are disabled. Medicare has four parts:

- Hospital insurance (Part A) helps pay for inpatient hospital care and certain follow-up services.
- Medical insurance (Part B) helps pay for doctors' services, outpatient hospital care and other medical services.
- Medicare Advantage plans (Part C) are available in many areas. People with Medicare Parts A and B can choose to receive all of their health care services through a provider organization under Part C.
- Prescription drug coverage (Part D) helps pay for medications doctors prescribe for medical treatment.

You are eligible for free hospital insurance at age 65 if you have worked long enough under U.S. Social Security to qualify for a retirement benefit. People born in 1929 or later need 40 work credits (about 10 years of covered work) to qualify for retirement benefits.

Although the agreement between the United States and the Czech Republic allows the Social Security Administration to count your Czech credits to help you qualify for U.S. retirement, disability or survivor benefits, the agreement does not cover Medicare benefits. As a result, we cannot count your credits in the Czech Republic to establish entitlement to free Medicare hospital insurance.

For more information about Medicare, ask for *Medicare* (Publication No. 05-10043) or visit Medicare's website at www.medicare.gov.

Claims for benefits

If you live in the United States and wish to apply for U.S. or Czech benefits:

- Visit or write any U.S. Social Security office; or
- Phone our toll-free number, **1-800-772-1213**, 7 a.m. to 7 p.m., Monday-Friday. People who are deaf or hard of hearing may call our TTY number, **1-800-325-0778**.

You can apply for Czech benefits at any U.S. Social Security office by completing application form CZ/USA 202.

If you live in the Czech Republic and wish to apply for U.S. or Czech benefits, contact:

- The Federal Benefits Unit at the U.S. Embassy in Warsaw, Poland, (phone **48-22-504-2112**) to file for U.S. benefits; or
- Any Czech Social Security office to file for Czech benefits.

You can apply with one country and ask to have your application considered as a claim for benefits from the other country. Information from your application will then be sent to the other country. Each country will process the claim under its own laws—counting credits from the other country when appropriate—and notify you of its decision.

If you have not applied for benefits before, you may need to provide certain information and documents when you apply. These include the worker's U.S. Social Security number, the worker's Czech Birth Certificate number, proof of age for all claimants, evidence of the worker's U.S. earnings in the past 24 months and information about the worker's coverage under the Czech system. You may wish to call the Social Security office before you go there to see if you need any other information.

Payment of benefits

Each country pays its own benefit. U.S. payments are made by the U.S. Department of Treasury each month and cover benefits for the preceding month. Czech payments are made by

the Czech National Bank four times a year (in March, June, September and December) and cover benefits for the previous three months.

Absence from U.S. territory

Normally, persons who are not U.S. citizens may receive U.S. Social Security benefits while outside the U.S. only if they meet certain requirements. Under the agreement, however, you may receive benefits as long as you reside in the Czech Republic regardless of your nationality. If you are not a U.S. or Czech citizen and live in another country, you may not be able to receive benefits. The restrictions on U.S. benefits are explained in the publication, *Your Payments While You Are Outside the United States* (Publication No. 05-10137).

Appeals

If you disagree with the decision made on your claim for benefits under the agreement, contact any U.S. or Czech Social Security office. The people there can tell you what you need to do to appeal the decision.

The Czech Social Security authorities will review your appeal if it affects your rights under the Czech system, while U.S. Social Security authorities will review your appeal if it affects your rights under the U.S. system. Since each country's decisions are made independently of the other, a decision by one country on a particular issue may not always conform with the decision made by the other country on the same issue.

Authority to collect information for a certificate of coverage (see pages 4-5)

Privacy Act

The Privacy Act requires us to notify you that we are authorized to collect this information by section 233 of the Social Security Act. While it is not mandatory for you to furnish the information to the Social Security Administration, a certificate of coverage cannot be issued unless a request has been received. The information is needed to enable Social Security to determine

if work should be covered only under the U.S. Social Security system in accordance with an international agreement. Without the certificate, work may be subject to taxation under both the U.S. and the foreign Social Security systems.

Paperwork Reduction Act Notice

This information collection meets the clearance requirements of 44 U.S.C. section 3507, as amended by section 2 of the *Paperwork Reduction Act of 1995*. You do not need to answer these questions unless we display a valid Office of Management and Budget control number. We estimate that it will take you about 30 minutes to read the instructions, gather the necessary facts, and answer the questions to request a certificate of coverage.

Contacting Social Security

Visit our website

The most convenient way to conduct Social Security business from anywhere at any time, is to visit www.socialsecurity.gov.

There, you can:

- Apply for retirement, disability, and Medicare benefits;
- Find copies of our publications;
- Get answers to frequently asked questions; and
- So much more!

Call us

If you don't have access to the internet, we offer many automated services by telephone, 24 hours a day, 7 days a week. If you're in the United States, call us toll-free at **1-800-772-1213** or at our TTY number, **1-800-325-0778**, if you're deaf or hard of hearing.

If you need to speak to a person, we can answer your calls from 7 a.m. to 7 p.m., Monday through Friday. We ask for your patience during busy

periods since you may experience a higher than usual rate of busy signals and longer hold times to speak to us. We look forward to serving you.

For more information

To **file a claim** for U.S. or Czech benefits under the agreement, follow the instructions on page 9.

If you live outside the United States, write to:

Social Security Administration
Office of International Operations (OIO)
OIO—Totalization
P.O. Box 17769
Baltimore, MD 21235-7769
USA

For more information about the Czech's Social Security programs, contact any Social Security office in the Czech Republic. If you do not live in the Czech Republic, write to

Česká správa sociálního zabezpečení
(Czech Social Security Administration)
Křížová 25
225 08 Praha 5
CZECH REPUBLIC

If you **do not wish to file a claim for benefits** but would like more information about the agreement, write to:

Social Security Administration
Office of International Programs (OIP)
P.O. Box 17741
Baltimore, MD 21235-7741
USA

For additional information visit our website: www.socialsecurity.gov/international



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and tomorrow

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