

Business trips

The rights and obligations of sending employees to business trips are stipulated in the **Employment Contracts Act**.

The Regulation No. 110 of the Government of the Republic „**Procedure for the payment of compensation for the expenses of a business trip; and the minimum daily allowance for a business trip, the conditions and procedure for payment**” (hereinafter the Business Trip Regulation) of 25 June 2009 provides for the formalisation of business travel and reimbursement of tax-exempt expenses.

- ✓ The employer may send the employee to perform work duties outside the place of work specified in the employment contract. A business trip cannot last more than 30 days unless the employer and the employee have agreed on a longer period.
- ✓ The employee's consent is not required if they are sent to a business trip for a period not exceeding 30 days. A pregnant woman and an employee who is raising a child under the age of three or a child with a disability may be sent on a business trip only with the employee's consent. An employee who is a minor may be sent on a business trip only with the prior consent of the minor and their legal representative (§ 21 of the Employment Contracts Act).

REIMBURSEMENT OF EMPLOYEE'S EXPENSES

Employees have the right to demand reimbursement of the costs associated with business trips in accordance with clauses 2-4 of § 628 of the Law of Obligations Act. An agreement on reimbursement of expenses at the expense of wages is void. An employee has the right to demand compensation for the costs associated with a business trip. In the case of a business trip abroad, an employee also has the right to demand daily allowance related to the business trip abroad on the conditions and to the extent of the minimum rate, unless the parties have agreed upon compensation at a higher rate (subsections 1 and 2 of § 40 of the Employment Contracts Act).

An employee has the right to demand compensation for possible expenses relating to a business trip within a reasonable time before the beginning of the business trip.

An employee has the right to refuse to go on a business trip if the employer has not made an advance payment within a reasonable time (subsection 4 of § 40 of the Employment Contracts Act).

Since the term „reasonable time„ is an undefined legal concept, it should be based on the principle that the employer's advance payment should reach the employee by the time the employee needs to buy tickets, exchange currency, etc.

It is not considered a business trip, and no compensations or daily allowances are paid as established by the Business Trip Regulation if the employee makes trips between the place of residence and the

place specified in the employment contract.

All expenses related to business trips are reimbursed on the basis of documents certifying the expenses. The legislator has not set limits for the expenses related to a business trip (except for the tax-exempt daily allowance). Pursuant to subsection 3 of § 2 of the Business Trip Regulation, the employer makes a written decision to reimburse the costs of the business trip and pay the daily allowance, which indicates the destination, duration and task of the business trip, as well as the rates of the reimbursed costs and daily allowance of the business trip abroad.

If there is no written decision of the employer, or if it turns out that it was not a business trip, the payments made on the basis of expense documents must be taxed and declared as a fringe benefit given by the employer to the employee. Monetary transfers to employees are taxed as income from employment.

The Employment Contracts Act and the Business Trip Regulation cannot be applied to sole proprietors. A sole proprietor cannot be reimbursed tax-exempt for expenses incurred when travelling outside of their usual location, as the expenses incurred due to work duties are expenses related to their business.

Expenses are not taxed if the employer cancels the employee's business trip abroad due to the spread of the coronavirus.

Prepaid transport costs, accommodation costs, etc. are treated as business-related costs.

When cancelling a business trip abroad, the employer protects the health of its employee, which results from the **Occupational Health and Safety Act** (the employer is obliged to take preventive measures to avoid health risks). The costs of various disinfectants are also treated as non-taxable business expenses.

Last updated on 08.01.2025