This paper studies role of the so called Taylor rules in the complex procedure of interest rate setting. The Czech National Bank is described as the monetary authority in the Czech Republic, then optimal monetary policy and form of monetary policy rule is discussed, yielding conditions on the optimal rule. These conditions are then applied to the forward-looking reaction function of the Czech National Bank and the role of this reaction function within the Czech National Bank's monetary policy is addressed. Last section presents empirical estimates of a Taylor-like rule for the Czech National Bank and shows variability of possible utilization for the modified Taylor rule.