

Doing business in Slovakia

March 2022

VGD
audit - tax &
accountancy



Let's talk

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Corporate law

01

Main types of business entities

- Joint-Stock Company (a.s.)
- Limited Liability Company (s.r.o.)
- Limited Partnership (k.s.)

Other types of business entities exist but are not that common used.

All these structures must be registered with the Commercial Register of the Slovak Republic.

Slovak and foreign individuals operating a small business do not need to be registered with the Slovak Commercial Register, they just have to be announced into the Slovak Trade Register before starting their business in Slovakia.

Limited Liability Company

Number of shareholders:

One or more partners (up to 50); a single-member limited liability company cannot form or be a single member of another limited liability company; One individual may be a member of not more than three limited liability companies.

Minimum capital: 5.000 EUR

Minimum value of 1 share: 750 EUR

Contributions:

In cash or in kind

Supervision:

A supervisory board may be formed - it is optional, e.g. not required by law.

Responsibility:

Shareholders are jointly and severally liable (as sureties) for their company's obligations up to the total of unpaid portions of their investment contributions according to the entry in the Commercial Register.

Should a company be wound up, a shareholder is liable for company's obligations up to the extent of his/her share in the liquidation balance.

Joint Stock Company

Number of shareholders:

May be formed by one person provided that such person is a legal entity; otherwise by two or more persons.

Minimum capital: 25.000 EUR

Minimum value of 1 share: no limit

Contributions:

In cash or in kind

Supervision:

A supervisory board of at least 3 members. If the company hires more than 50 employees, one member must be nominated by the employees

Responsibility:

A shareholder is not liable for a company's obligations during that company's life.

Should a company be wound up, a shareholder is liable for company's obligations up to the extent of his/her share in the liquidation balance.

Steps to Register a Limited Liability Company

Article of Association/ Deed of Foundation

Entry into Commercial Register

Opening a Bank Account

Registration with the Revenue Office,

Taxpayer's Identification Number (DIČ)

Registration with the Social Security Administration

**Articles of Association / Deed of Foundation**

A limited liability company is formed by means of founding documents - articles of association signed by all partners; or a deed of foundation in the event of a company set up by a single partner.

The founding documents do not have to be in the form of a notary deed only notary verified signature of each founder.

Entry into the Commercial Register

The registration fee amounts to 150EUR with additional notary fees. A company is officially formed on the day it is entered into the Commercial Register. The register is managed by the local district (registration) court.

Opening a Bank Account

In the Slovak Republic, entrepreneurs are not obliged to open their own bank accounts. However, an entrepreneur may have to open a bank account as a result of restrictions regarding business operations in cash.

Entrepreneurs are obliged to make all payments exceeding 5.000 EUR via bank transfers. Such operations may not be carried out in cash. Also, related party with the limited liability company may provide loans for company only via bank transfer.

Registration with the Revenue Office

A taxpayer has to file an application for registration with the local tax authority within 30 days of obtaining a license for performing business activity. This obligation may be fulfilled during registration of the entrepreneur in the Trade register on one click. Businesses are obliged to disclose their:

- Name and registered seat

- Identification number
- Trade licenses/other licenses
- Bank accounts containing financial means relating to its business activity
- Data necessary for identifying types of taxes to be paid by the taxpayer
- Data necessary for identifying the local tax office of the taxpayer
- Statutory body / other persons authorized to act on behalf of the company in tax issues
- A person located in the Slovak Republic authorized to receive mail on behalf of the company

Registration with the Social Security Administration

A taxpayer starting a business must register with the Social Security Administration as soon as he intends to hire employees.

Bookkeeping / Accounting

02

Accounting requirements

On yearly basis: a balance sheet and profit and loss account needs to be drawn up.

Books, records and financial statements must be drawn up in in the official language (Slovak).

Accounting period

With respect to reporting, businesses may decide to use the accounting period identical to a calendar year, or to apply their individual economic year (of 12 months). Businesses must inform their local tax authority of their intention to make use of an economic year at the latest 15 days before the intended new year-end.

Accounting records

The following books and records must be kept and retained for at least 10 years:

- Financial statements, statements of selected data from financial statements, an annual report
- Accounting documents, books of account, lists of accounts, lists of numerical characters or other symbols and abbreviations used in the accounts, depreciation plan, inventories, chart of accounts
- accounting records which are information holders concerning the method of bookkeeping and by which the accounting entity documents the form of bookkeeping

Consolidated financial accounts

As from January 2005 it is possible for local groups to apply for an exception of the sub-consolidation, provided that they form an integral part of a larger group and certain conditions are fulfilled.

A company that controls (cfr. the regulations of the EU-Directives) another company must prepare consolidated statements if it exceeds at least two of the following thresholds (based on the figures of the previous year):

- **Total value of assets** (i.e. after corrections) is more than **24.000.000 EUR**
- **Total turnover** exceeds **48.000.000 EUR**
- **Average number of employees** is more than **250**

Audit requirements

A statutory auditor must be appointed in a company if at least two of the following conditions are met on the date on which the financial statements are prepared and for the immediately preceding accounting period:

	2022	2021
• Average number of employees	50	40
• Turnover (VAT excl.)	8,000,000	6,000,000
• Gross asset value	4,000,000	3,000,000

All companies requiring statutory audit must also fulfil the following additional formalities:

publish their Financial Statements into the Register within 6 months from the end of period for which it was drawn up,

publish an Annual report, the auditor's opinion, and a directors' report commenting on results and prospects of the company within 1 year from the end of period for which it was drawn up.

Employee representation

In order to form a trade union, it is necessary to obtain at least 3 candidates for membership in trade unions, of which at least one is 18 years old (legal condition; at least one of them should be an employee of the employer with which the trade unions are established);

Distribution of profits

Annually a Limited Liability Company must accumulate 5% of the net profits as a legal reserve until this reserve reaches 10% of the paid-in capital.

When a joint-stock company is established legal reserve fund in the amount of 10% of the paid-in capital has to be created. It is obliged to contribute this fund annually with the amount at least of 10% of the net profit until this reserve reaches 20% of the paid-in capital.

Income tax

Corporate income tax

All legal entities are subject to corporate income tax, except for the so-called transparent entities (i.e. unlimited partnerships, and unlimited partners in limited partnerships) which are taxed at the level of a natural person's income.

A Slovak tax resident is a legal entity having its seat or place of management in the Slovak Republic.

A Slovak tax non-resident (i.e. a foreign entity which does not have its seat in the Slovak Republic) must pay tax on the income generated from sources in the Slovak Republic only. Income generated by the so-called "permanent establishment" is also subject to tax.

A "permanent establishment" is a facility located in the Slovak Republic (e.g. a workshop, an office, a place of sale or a building site) where a foreign legal entity carries out its activities. Any activity carried out continuously or in several periods for more than 183 days in 12 continuous months.

In addition, a person who represents a foreign legal entity. Income generated by a permanent establishment located in the Slovak Republic may be subject to tax in Slovakia only if such taxation is permitted by the relevant double-taxation treaty.

Tax base

A company's tax base is the difference by which its revenues

exceed its expenses.

If a company keeps accounting books, its accounting profit (or loss) is considered to be tax base which is adjusted according to the Income Taxes Act in force. Tax base may be decreased by deductible expenses.

Tax deductible expenses are expenses incurred in order to generate, assure and maintain a company's taxable income, for example: tax depreciation, social and health insurance contributions. Some of the expenses, such as expenses on advisory and legal services, lease or marketing studies, are tax deductible on cash basis, i.e. after their payment.

Tax non-deductible expenses are for example: entertainment and representation expenses, penalties and fines from state authorities.

Tax calculation

	Gross income from all activities
-	expenses incurred
=	Net profit before taxes as shown in the accounting records
+	non-deductible expenses
-	income subject to withholding tax (interests)
-	non-taxable income
-	other adjustments
=	Tax base
-	tax loss recorded in previous years under certain conditions
=	Tax base after deduction of tax loss
	Tax of 15% or 21%
	Final Tax Liability

Thin Capitalisation Rules

Thin capitalisation rules regulate the tax deductibility of interests and other related financial costs (e.g. arrangement fees, commitment fees) charged in connection with loans and credits provided by related parties.

When granting a loan or credit to a dependent, the debtor shall include in tax expenses interest and related costs on borrowings up to a maximum of 25% of the EBITDA indicator.

EBITDA = a statutory profit / loss before tax (either under local accounting standards or IFRS) + accounting depreciation + total accounting interest expenses.

Thin capitalization should neither limit capitalized interest expenses (booked in accordance with the Slovak Accounting Standards) nor shall it be applied to selected financial institutions, i.e., banks, insurance companies, re-insurance companies and their Slovak branches and collective investment companies.

Depreciation

- Accounting depreciation
- Tax depreciation

Tangible assets are depreciated for tax purposes over a period ranging from 4 to 40 years, depending tangible asset depreciation categories of which there are 6. The categories are determined by law.

Intangible assets are depreciated in accordance with the depreciation plan set by the company; therefore no differences should arise with respect to the tax base.

Tangible assets with acquisition value less than 1.700 EUR, intangible assets costing less than 2.400 EUR, or assets with a useful life of less than 1 year may be fully expensed in the year of their acquisition.

Land, works of art and movable cultural monuments are not subject to depreciation.

Income Out of Scope of Tax

The following examples of income are out of scope of tax:

- shares in profit after tax, e.g., in the form of dividends paid to shareholders who participate on the share capital of the entity distributing dividends from profit after tax generated after 1 January 2004, unless they are paid by a company from a country that the Slovak Republic has no double taxation treaty nor agreement on exchange of information concluded with,
- dividends paid from gains generated in the tax periods up to 31 December 2003 but paid after 1 April 2004 by a Slovak subsidiary to an EU Parent Company (as well as from an EU Subsidiary to a Slovak Parent company); provided that at the time of distribution the receiving (parent) company directly

possess a holding of at least 25% of share capital,

- income received from inheritance or donations subject to further conditions.

Capital Gains and Losses

Capital gains (i.e. gains from the sale of securities) are usually included in the income and taxed as such. Capital losses are usually not tax deductible.

Tax Losses

The tax loss reported for 2020 can be deducted unevenly by the taxpayer for five consecutive tax periods, starting in 2021. The taxpayer can claim this deduction of tax loss up to a maximum of 50% of the tax base, however unamortized tax losses may not be carried forward. For the tax period of 2021, micro-taxpayer can amortize tax losses during 5 following taxable periods up to of the tax base of the taxpayer.

Tax losses reported for the years 2018 to 2019 can be deducted evenly over four consecutive tax periods, beginning with the tax period immediately following the tax period for which the tax loss was recognized.

Losses cannot be carried back or offset against taxable income from another group-entity.

Tax rate

The corporate income tax rate is applied:

- 21% -> if taxpayer has earned taxable income exceeding EUR 49,790 for the tax period of 2021,
- 15% -> if taxpayer who has earned taxable income not exceeding EUR 49,790 for the tax period of 2021.

Tax Returns and Tax Payments

It is considered the tax period:

- calendar year,
- fiscal year - any period of 12 months (full calendar months).

The corporate income tax return shall be filed with the Tax Office at the end of three calendar months after the end of tax period. The corporate income tax must be paid within the same term (without notice of assessment)

Prolongation of the above-mentioned term is possible:

- by up to three whole calendar months, based on an official notification submitted to the relevant tax administration – the taxable party shall specify the new term, which represents the end of the calendar month, in which a corporate tax return shall be filed. Within this new term, the corporate tax shall also be paid
- by up to six whole calendar months based on an official notification to the relevant tax administration, provided that the taxable party has income part of which is also income originating from sources abroad.

An advance payment shall be made monthly or quarterly in advance. The calculation of advance payments depends on the amount of corporate income tax of the preceding tax period.

Quarterly advance payment shall be paid if the amount of corporate income tax for the preceding tax period amounted between 5.000 EUR and 16.600 EUR, while monthly advance payment shall be paid if the amount of corporate income tax for the preceding tax period exceeded 16.600 EUR.

Personal Income tax

The Slovak tax liability is determined by a person's residency.

Residency

Slovak tax residents are taxed on their world-wide income, regardless of where they earn it. Non-residents are taxed on their Slovak source income only.

For income tax purposes, according to the Slovak income tax law, the following persons are treated as Slovak tax residents:

- Persons having a permanent residence in the Slovak Republic, or,
- Persons spending at least 183 days a year in the Slovak Republic.

Slovak tax non-residents are individuals who reside in the Slovak Republic less than 183 days in the relevant calendar year.

Tax base

The tax base for a resident is his gross income from both domestic and foreign sources.

The income of individuals in the Slovak Republic is divided into categories. The taxation of each category is usually slightly different.

The main income categories are:

- Employment income
- Income from business activities and rental income
- Income from capital investment (e.g. interest, sale of goodwill, royalties, annuities)
- Other income (e.g. profit shares - dividends).

Tax Exemption and Income Out of Scope of Tax

The following income is either not subject to tax or certain provisions of the Income Tax Act allow the exemption from personal income tax:

- amounts paid by an employer for professional training of employees in connection with an employer's business activity;
- dividends from profits realised in periods between 1 January 2004 and before 31 December 2016 paid after 31 December 2016;
- the value of food made available by an employer to his/her employees for consumption at the workplace as a non-monetary benefit;
- the value of non-alcoholic beverages provided by an employer at the workplace as part of non-monetary benefits,
- non-monetary benefits in the form of a possibility to use recreational and educational purposes, healthcare, pre-school facilities, workplace libraries, etc., if they are provided by employers to their employees and are financed from a fund for cultural and social needs, social fund, or from profit after tax, etc.

Capital Gains

There is no preferential tax rate for capital gains: these are taxed as income, unless such income (interest and other income derived from securities, interest from loan) fall under the employment income or entrepreneurial income.

Other income

Some exemptions from taxation are granted for proceeds of the sale of certain types of assets that have not been used for commercial purposes, for example:

- tangible assets,
- property after five years from its acquisition or its exclusion from business assets,
- sale of stocks under certain conditions.

Deductions

The following may be deducted from the taxable income by both residents and non-residents:

- mandatory social security and health insurance contributions paid by the employee in Slovakia or abroad
- a general non-taxable personal allowance. The maximum personal allowance is 4.511,43 EUR for the year 2021. However, the personal allowance of a given year shall be gradually decreased depending on the amount of the taxpayer's tax base non-taxable allowance for spouse
- The taxpayer's tax liability is reduced by an annual child allowance in the amount of:
 - 557,28 EUR p.a. per child up to 6 years.
 - 376,14 EUR p.a. per child over 6 years and at the same time up to 15 years,
 - 278,64 EUR p.a. per child over 15 years.

For other types of income, the taxpayer may claim 60% of taxable income up to a maximum of 20.000 EUR in expenses.

Tax Rates

If the taxpayer achieves income from dependent activity, income from rental, income from the use of work and artistic performance in the calculation of tax liability may use the income tax rate:

- 19% up to income tax base amounting to 37.981,94 EUR and
- 25% for part of tax base exceeding the threshold 37.981,94 EUR.

If the taxpayer obtains income from business and income from other self-employed activity, may use the income tax rate of 15%, 19% and 25%.

The income tax rate of 15% shall be apply by the taxpayer who has earned taxable income from business or other self-employed activity, which is less than EUR 49,790 during the tax period.

The income tax rate of 19%, 25% shall be applied by the taxpayer who has earned taxable income from business or other self-employed activity which is more than EUR 49,790 during the tax period:

- 19% up to income tax base amounting to 37. 981,94 EUR and
- 25% for part of tax base exceeding the threshold 37. 981,94 EUR.

Registration with the tax office

All individuals who have taxable income from sources other than income from employment via Slovak payroll, i.e. entrepreneurial or rental income, are required to register with the Tax Authority by the end of the month following the month of registration of the business from which they derive their taxable income, or from the month when such taxable income is obtained.

Foreigners generating income other than via Slovak payroll or income via a permanent establishment, should register by the end of the month following the month of registration of the business from which they derive their taxable income, or from the month when such taxable income is obtained.

Tax Returns

Slovak tax residents and non-residents are required to file a tax return in a prescribed form.

A tax return must be filed by 31 March of the following year. This deadline may be extended by 3 or 6 months if the tax payer files for this.

The aforementioned dates are also the due dates of tax payments.

No return needs to be filed for tax exempt income, or if tax is withheld at source at a special rate (e.g. interests on securities, a silent partner's share, interest related to deposits in savings accounts, interests on credits and loans). (For further information on withholding tax please see section 04.)

It is not required to file a tax return if individual's total taxable income does not exceed 2.255,72 EUR.

Tax Payments

Income tax from dependent activity (employment) must be withheld by an employer on a monthly basis.

An employer is to withhold income tax from an employee's gross income. If employment is the only source of income, employee can request that their employer performs an annual tax reconciliation for them. In that case employee is not required to submit the tax return. Should an employee have additional sources of income, it is the employee's duty to file a tax return.

If income tax is not withheld via payroll procedures, the individual must make tax prepayments under the same conditions as in the case of corporate income tax

Withholding taxes

A withholding tax of 19 % is levied on the majority of Slovak source income paid to tax non-residents:

- Income from dependent activity;
- Services provided in the Slovak Republic;
- Financial leasing of a real estate located in the Slovak Republic;
- Independent activities, artistic and sports activities;
- Payments made by a Slovak tax resident to a tax non-resident for royalties, industrial licences, copyrights, interest payments.

Withholding taxes may be reduced or exempt, subject to the provisions of the applicable double taxation treaty (for detailed information see Table 4: Reduced rates at the end of the brochure).

The tax shall be withheld by the taxpayer at the time the payment is made. This withheld tax has to be transferred to the Slovak Tax Authority until the 15th of the following month for the previous calendar month. Within the same deadline, an announcement on payment of withholding tax shall be submitted electronically to the Slovak Tax Authority.

Dividends

With effect from 1 January 2017 the dividends paid from the profits realised in period after 1 January 2017 and in some cases also from the profits realised before 31 December 2016 are subject to 7% tax. Although, dividends received from profits generated in tax periods between 2011 and 2016 are not subject to tax, an obligation to pay health insurance contributions exists.

In the case of income of silent partnership and dividends paid from a non-cooperating State tax shall be collected by means, regardless of

the taxpayer with limited and unlimited tax liability.

Interests

Interests paid to tax non-residents are subject to a 19% withholding tax, unless the rate is reduced pursuant to a double-taxation treaty.

With effect from 1 March 2014, a 35% tax rate applies to income that is paid out, remitted or credited to a tax payer of non-contracting country, i.e. non-EU member state or a country where the Slovak Republic has no double taxation treaty nor agreement on exchange of information concluded.

Interest, which is earned by a legal entity, which is a taxable party of another member State of the European Union, and which is paid by a legal entity – Slovak tax resident – is exempt from the tax in Slovak Republic for compliance to certain conditions.

Royalties

Royalties, where author has not concluded an agreement with the publisher about not applying the withholding tax, paid to tax non-residents are subject to a 19% withholding tax, unless the rate is reduced pursuant to a tax treaty.

With effect from 1 March 2014, a 35% tax rate applies to income that is paid out, remitted or credited to a tax payer of non-contracting country, i.e. non-EU member state or a country where the Slovak Republic has no double taxation treaty nor agreement on exchange of information concluded.

Royalties earned by a legal entity, which is a taxable party of another member State of the European Union, and which are paid by a legal entity – Slovak tax resident – are exempt from the tax in Slovak Republic for compliance to certain conditions.

Value added tax

Rates

20% (standard rate)

10% (a reduced rate) applicable to food, pharmaceutical products, books, music records and to accommodation services;

0% applicable to postal and financial services, healthcare, social help services, etc.

Registration

- a voluntary registration of VAT
- a compulsory registration of VAT

Compulsory registration of VAT

A taxable person who has a seat, place of business or fixed establishment in the Slovak Republic shall register as a VAT payer and apply VAT if the person's turnover exceeded 49.790 EUR in the immediately preceding 12 calendar months.

Voluntary registration of VAT

A taxable person may apply for registration as a VAT payer even before reaching the statutory turnover.

VAT grouping for group companies is allowed with effect from 1 January 2010 if certain conditions are met.

VAT Return

VAT returns are due monthly; or quarterly (if the previous year's turnover was less than EUR 100.000).

Payment is due within 25 days of the end of a taxable period. If input tax (VAT deduction) exceeds output tax for a certain period. The difference is refunded within 30 days of filing a tax return.

According to the Slovak VAT Act effective from 1 January 2010, the EC Sales List (reporting the IC supply of goods and services) must be filed monthly or quarterly and must be filed by electronic means within 25 days of the end of the respective period.

As of 1 January 2014, VAT payers are required to submit the VAT control statement monthly or quarterly.

Other indirect taxes

Customs Duties

Due the Slovak Republic's accession to the European Union, the country's customs authorities perform only limited routine customs checks of goods transferred across the EU internal borders.

Since the Slovak Republic does not have any borders with non-EU countries, the routine customs checks of goods transferred across the Slovak border are usually conducted either at international airports or at the external borders of the EU.

Any trade with EU Member States is considered intra-Community trade and is not subject to routine customs checks or duties or other fees collected in relation to the import or export of goods. Customs procedures apply to goods moved from/to non-EU countries.

Excise Taxes

Excise taxes are payable on the import or production of certain consumption of the goods in the European Union territory:

- alcoholic beverage, including wine, beer and spirits
- electricity, coal and natural gas
- mineral oils
- and tobacco products.

Excise taxes are mostly levied at a fixed amount per unit of measure of each product.

In accordance with the requirements of the European Union, a duty of applying excise taxes on electricity, natural gas and solid fuels came into force on 1 January 2008.

Excise taxes are levied at a fixed amount per unit of measure of each product.

Real Estate Tax

Real estate tax is due by owners or users of land and buildings in the territory of the Slovak Republic and is a municipality tax.

Real estate tax (land tax and buildings tax) base is:

- the value of land, or area of a plot of land in m²
- in the case of buildings, built-up area or floor area in m².

The land tax shall be calculated by multiplying the land area in m² and the soil rate per m² and the annual land tax rate.

The tax on buildings shall be calculated as the product of the buildings built-up area in m² and the annual rate of the tax on buildings.

The apartment tax shall be calculated as the product of the floor area of the apartment or non-residential premises in m² and the annual rate of the apartment tax.

Real estate tax is calculated as at 1 January, and tax return must be submitted by 31 January of the current year.

Real estate tax is deductible for the purposes of corporate income tax.

Road tax

Road Tax is levied on any motor vehicle and its trailers registered and operated in the Slovak Republic, if they are used or determined for business activities or in direct connection with such activity.

Road tax varies from 50 EUR to 218 EUR for cars (depending on the engine capacity), and from 74 EUR to 2.480 EUR for other vehicles (depending on the number of axles and weight).

Road tax returns must be filed by 31 March of the following year and road tax must be paid within the same deadline. Advance payments on road tax are payable in monthly or quarterly instalments depending on the amount of reported road tax.

Table 4: Reduced rates

Reduced rate available under the relevant Double Taxation Treaty			
Country	Dividends	Interest	Royalties
Australia	15%	10%	10%
Austria	10%	Nil	0 or 5%
Belgium	5 or 15%	0 or 10 %	5%
Bosnia and Herzegovina	5 or 15%	Nil	10%
Belarus	10 or 15%	10%	5 or 10%
Brazil	15%	10 or 15%	15 or 25%
Bulgaria	10%	10 %	10%
Canada	5 or 15%	10%	0 or 10%
China	10%	10%	10%
Croatia	5 or 10%	10%	10%
Cyprus	10%	10%	0 or 5%
Czech Republic	5 or 15%	Nil	0 or 10%
Denmark	15 %	Nil	0 or 5%
Egypt	Not yet ratified	Not yet ratified	Not yet ratified
Estonia	10%	10%	10%
Finland	5 or 15%	Nil	0 or 1 or 5 or 10%
France	10%	Nil	0 or 5%
Georgia	Nil	5%	5%
Germany	5 or 15%	Nil	5%
Greece	19%	10%	0 or 10%
Hungary	5 or 15%	Nil	10%
India	15 or 25%	15%	19%
Indonesia	10%	10%	10 or 15%
Ireland	0 or 10%	Nil	0 or 10%
Israel	5 or 10%	2 or 5 or 10%	5%
Iceland	5 or 10%	Nil	10%

Tunisia	10 or 15%	12%	5 or 15%
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Italy	15%	Nil	0 or 5%
Japan	10 or 15%	10%	0 or 10%
Kazakhstan	10 or 15%	10%	10%
Kuwait	Nil	10%	10%
Libya	Nil	10%	5%
Latvia	10%	10%	10%
Lithuania	10%	10%	10%
Luxembourg	5 or 15%	Nil	0 or 10%
Malta	5%	Nil	5%
Mexico	Nil	10%	10%
Macedonia	5%	10%	10%
Moldova	5 or 15%	10%	10%
Montenegro	5 or 10%	10%	10%
Mongolia	Nil	Nil	Nil
Netherlands	0 or 10%	Nil	5%
Nigeria	12.5 or 15%	15%	10%
Norway	5 or 15%	Nil	0 or 5%
Poland	0 or 5%	5 %	5%
Portugal	10 or 15%	10%	10%
Republic of Korea	5 or 10%	10%	0 or 10%
Romania	10%	10%	10 or 15%
Russia	10%	Nil	10%
Serbia	5 or 10%	10%	10%
Singapore	5 or 10%	Nil	10%
Slovenia	5 or 15%	10%	10%
South Africa	5 or 15%	Nil	10%
Spain	5 or 15%	Nil	0 or 5%
Sri Lanka	15%	10%	0 or 10%
Sweden	0 or 10%	Nil	0 or 5%
Switzerland	0 or 15%	5 %	0 or 10%
Syria	5%	10%	12%
Taiwan	10%	10%	5 or 10%

Turkey	5 or 10%	10%	10%
Turkmenistan	10%	10%	10%
Ukraine	10%	10%	10%
United Arab Emirates	5%	10%	10%
United Kingdom	5 or 15%	Nil	0 or 10%
United States	5 or 15%	Nil	0 or 10%
Uzbekistan	10%	10%	10%
Vietnam	5 or 10%	10%	5 or 10 or 15%

Note: the above rates are only available provided the specific Treaty criteria are satisfied. It is possible that lower rates than those shown above may be available provided that certain criteria are satisfied. As treaties will not be identical, guidance should be sought in all cases. The applicable rate for dividends shall not exceed 7

Labor law and social security

Employing People in the Slovak Republic

A company which has its own employees must:

- register as a new employer in Social Security Authority before the employment of the 1st employee – the latest 2 days before the employment starts,
- register a new employee at the Social Security Authority the latest 1 working day before an employment starts. Other EU country citizens has to be registered as a person before the employee registration.
- Register/deregister with health insurance companies within 8 days. As each employee is entitled to choose his/her own health insurance company, an employer should be registered with all health insurance companies of his/her employees.

With respect to its employees, a company must:

- Register its employees with the Social Security Administration at the latest the day before the employment relation starts or ends by e-mail and on paper within 8 days of the date they started work;
- Inform its employee's health insurance company on the change of employer within 8 days of the date an employee started work.

Employment Contract

In the Slovak Republic, employment contracts must be made in writing form in Slovak language. An employee must always

receive an original of such a contract.

Basically, there are two types of employment contracts:

- Job contract (full time working hours, shorter time working hours, unlimited time period, limited time period),
- Part-time contract (most frequently for students, pensioner, etc.).

Each employment contract must include at least the following data:

- The employee's full name and permanent residence, the employer's identification details and registered office;
- type of work for which the employee was accepted, and a job description;
- Place of work (country, area, city, address);
- Day of starting work;
- If a trial period has been agreed upon (maximum 3 months, for some management job position is maximum 6 months),
- Salary/wage conditions and salary payment calendar day (if not agreed in the Collective Union Contract);
- Working time, paid holiday and notice period (if not agreed in the Collective Union Contract)

Working Term Notes

In the Slovak Republic, the work week is max. 40 hours for 1-shift working regime, 38,75 hours for 2-shifts working regime and 37,5 hours for 3-shifts working regime, not including 30 minutes meal

break per day. An employee may be charged for overtime work up to a maximum of 150 hours in a calendar year. An employer may, for substantive reasons, agree upon overtime work with an employee (must be written agreement) beyond the limits of 150 hours, in an extent of at most 250 hours. Overtime hours are thus overall limited to 400 hours per year.

Maximum weekly worked hours included overtimes is 48

The minimum salary is adjusted annually by the government and represents a subsistence minimum. For year 2022 it is 646,00 Eur

The minimum annual leave (paid holiday) is 4 weeks or 5 weeks in the case of an employee who reaches the age 33 years before the end of given calendar year.

Termination of Employment Contract

A time limited employment contract will expire as at the agreed termination date.

A time unlimited employment contract may be terminated by:

- Agreement;
- Notice of termination;
- Immediate termination;
- Termination during the trial (probation) period.

An agreement on termination of employment, concluded between an employer and his/her employee, must be in writing. The reason of the termination has to be stated if the employee

asked for or in case of planned redundancy.

Social and Health Insurance

An employer is obliged to pay social security contributions both on behalf of an employer and on behalf of an employee to the Social Insurance Agency.

Social Insurance

Employer 25,2% from gross income, employee 9,4% from gross income – the maximum base for social insurance is 7 931,00 Eur for year 2022.

Health Insurance

Employer 10% from gross income, employee 4% from gross income – no maximum base for health insurance

Both social and health insurance contributions are paid monthly, at the pay-date stipulated in the labour contracts for the employees

Labor Office

Employers having more than 20 employees are obliged to employ certain quotas of disabled persons (3,2% of the total amount of the employer's employees). If a company fails to meet the criteria, it has to pay a special contribution to the Labour Office on an annual basis, the latest until March 31st for the previous year (calculated from the average annual salary in previous calendar year) for each non-employed disabled person). It is possible to balance this contribution by purchasing working/marketing items from special companies that employ disabled persons with the special licence for this purpos

Intellectual property



Patent protection

Can be obtained under:

- Domestic law
- European Patent Convention
- Patent Cooperation Treaty



Trademark and design protection

Can be obtained under:

- Domestic law
- European Community Trademark and Design system
- International system (Madrid system or the Hague system)



Copyright

Protected by domestic law, which covers also related rights, including the rights of performers, producers and broadcasters.

About VGD

We are VGD: let's talk... about us

Values

Through credibility, we create tailor-made solutions for your future. That is the starting point for any action we take, from deploying our skilled people and addressing your current needs to anticipating what the future may bring. These needs are different for each client, which is why we completely tailor our solutions to your company's requirements.

Vision

- **Sparring together:** at VGD, we encourage one-to-one talks. Together, we'll create a rich dialogue about the present and the future, why or why not, your goals and ambitions and what keeps you up at night.
- **Growing together:** VGD inspires you to identify where you want to go and explore the goals and possibilities. We actively guide you as you take your own path forward.
- **Doing business together:** VGD excels at guiding entrepreneurs who must respond to dynamic change. We open the discussion, and based on our years of experience, we identify opportunities, consider the options and collaborate to establish a decision-making process that takes every stakeholder into account.



Approach

300 experts and a broad international network form the foundation of VGD. You get one point of contact, a sparring partner who keeps track of the situation and opens the door to our network of specialists. By using this approach, for every challenge, we connect you with the expert that has the most profound expertise in related fields.

VGD in figures



Slovakia

- 7 partners
- +/- 150 employees
- 2 offices
- Rev. = EUR 6,2M



VGD International

- +/- 90 partners
- +/- 1,200 employees
- 8 countries
- Rev. = EUR 115M



Part of Nexia international

VGD is also part of Nexia International, the world's 9th-largest international network of independent accountants, tax advisors and auditors. Its members support both national and international companies and individuals in their worldwide activities. With more than 35,600 employees and around 790 offices in 125 countries, Nexia International offers a comprehensive range of services in the field of auditing, tax and business advice.

How can we help you?

VDG offers a broad ecosystem of business lines, empowering us to help your company flourish, no matter your ambitions:

Want to make an appointment?

Contact us via sk.vgd.eu

WE ARE VGD

Thinking along with the needs of the customer – tailored solutions



