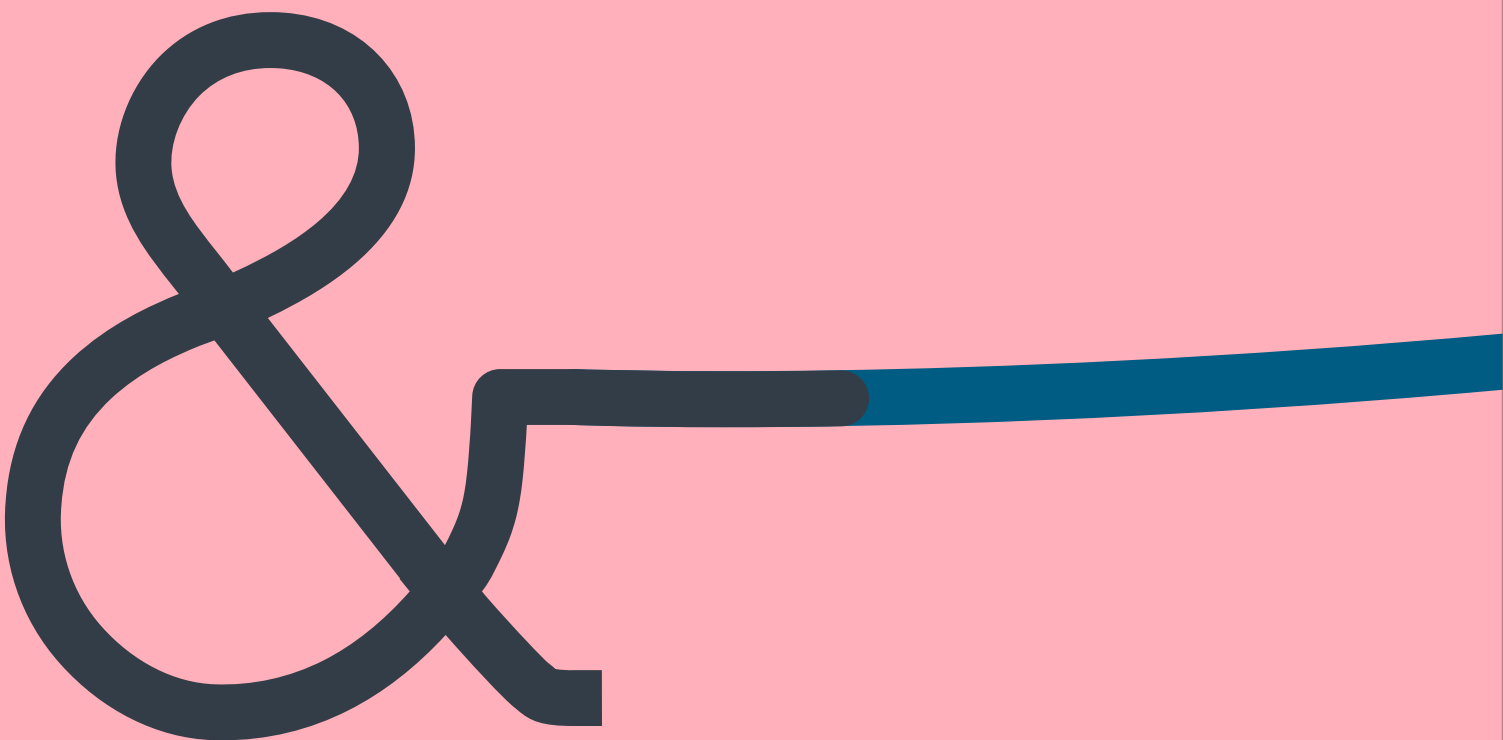


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Setting up a business in Slovakia

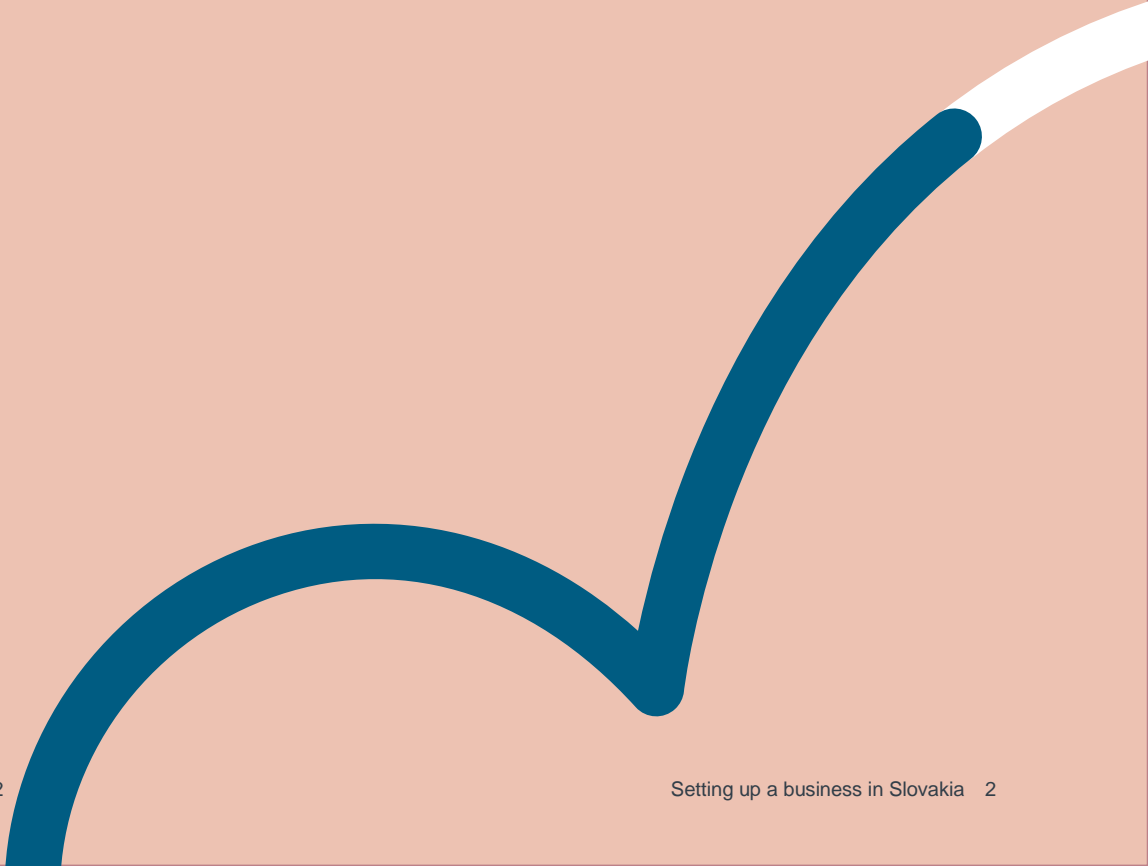
2022





“Bird & Bird have a global reach, can navigate the issues and implications of a course of action in overseas jurisdictions, and help us drive towards strategic aims in complex areas.”

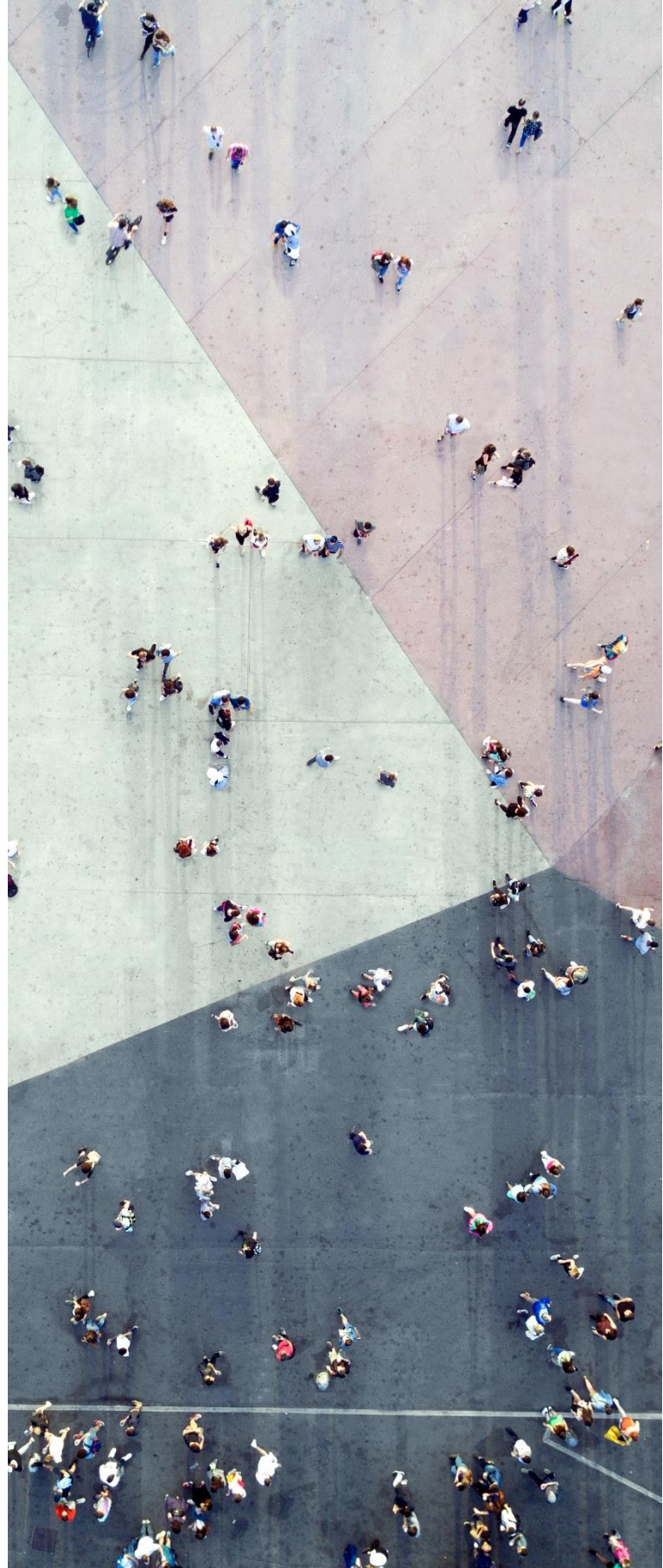
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Setting up a business in Slovakia

Over the last decade the Slovak Republic has become an attractive country to foreign investors. This is due to factors including low tax rates for individuals and legal entities in comparison with other mainly western and northern European countries (despite the fact that dividends are subject to 7 or 35 per cent tax under specific conditions; the Euro being the official currency since 1 January 2009; a skilled and educated workforce and the country's favourable location between Western and Eastern Europe.

Bank accounts may be held in any major foreign currency and there are no specific laws governing inward investment. The country is a member of the EU, OECD, WTO, NATO, OBSE and the Schengen Area.





“Bird & Bird is responsive, efficient and, most importantly, offers pragmatic answers to complex issues.”

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Choice of legal entity

A foreign company can carry on business in Slovakia either by incorporating a Slovak registered subsidiary company or by registering a Slovak establishment (e.g., a branch), which is considered an extension of the foreign company.

Subsidiary	Branch
Limited liability at subsidiary level.	Parent company retains direct liability.
Separate legal entity to contract.	Parent accounts show Slovak revenue.
Incorporation/registration: within 2 working days from the filing of an application at the Commercial Register. In practice, sometimes slightly longer.	
Trade licences: 3 working days for a standard licence. Licences must be obtained prior to filing of an application for incorporation/registration at the Commercial Register.	
Statutory cost to incorporate: €150 for a limited liability company (€375 for a joint stock option) exclusive of legal fees.	Statutory cost to register: €150 exclusive of legal fees.
UBO has to be disclosed to the Commercial Register in course of registration (information on UBO is not publicly available in this register)	
Directors do not need to be Slovak nationals.	Directors do not need to be Slovak nationals.
Meetings do not need to be held in Slovakia.	No need for meetings.
Slovak company accounts to be prepared and may need to be audited.	Parent company accounts may need to be filed.
Corporate tax on worldwide profits and gains (tax rate 21%, in case of subjects with profits and gains up to €49 790 in a tax period, tax rate is 15%).	Corporate income tax of 21% on profits that arise in Slovakia, in case of subjects with profits and gains up to €49 790 in a tax year, tax rate is 15%.
Intra-group transactions require arm's length terms.	
Tax losses can be deducted from the tax base during 5 consecutive years starting with the tax period following the period during which the tax loss was incurred.	

Employment

Weekday working hours: 40. There are certain categories of employees where this limit has been decreased. Maximum overtime hours: Eight hours per week and 400 hours per calendar year in total.

Public holidays: 15 days per year. Minimum wage in 2022: €646 per month.

Minimum paid leave: Four weeks (i.e., equivalent to 20 days for a five-day working week); for employees 33 years old or older and for employees permanently taking care of a child, five weeks (i.e., equivalent to 25 days for a five-day working week); certain categories of employees are entitled to one week of supplementary leave per calendar year.

Sick pay: Paid by the employer. The employer pays wage compensation for the first 10 days of temporary work incapacity (25% of the gross daily salary for the first three days, 55% of the gross daily salary from the fourth day).

Social security: Paid by the employer. 14% for pension insurance, 3% for disability insurance, 1.4% for sickness insurance, 1% for unemployment insurance, 0.8% for injury insurance, 0.25% for guaranteed insurance and 4.75% insurance for a reserve solidarity fund.

Health insurance: Paid by the employer. 10% of the employee's gross salary.

Termination of the employment contract: Employees may terminate for any reason, employers only for reasons specified in the Labour Code.

Ceilings: The total amount of social security/health insurance payments paid by an employer is capped except for payments for injury insurance.

Notice period: Usually one month; two months (if an employee has been working from one to five years with a particular employer); or three months (if an employee has been working five years or more with a particular employer).

Redundancies: From one to five months average salary (depending on for how long an employee has been working for a particular employer and whether employment is terminated by a notice or an agreement).

Foreign workers (non-EU): Residence and work permits, sometimes visa.

Commercial Contracts

Slovakia has a civil law system. There is considerable freedom for all types of collaboration, licensing and distribution agreements.

EU legislation applies in Slovakia and regulates consumer protection, sales agents, distance selling, government procurement, direct marketing and the privacy of personal data.

With regard to the contracts concluded with state/state authorities, i.e., public (procurement) contracts, to support higher transparency, these are in generally publicly available with the Slovak Central Register of Contracts. Moreover, as of February 2017 the new Register of Public Sector Partners was established in Slovakia. In case the statutorily prescribed financial limits are exceeded, the registration shall be mandatory for all sole traders and companies which intend primarily to receive any public funds or enter into the contract with the state/state authorities. Statutorily prescribed financial limits are exceeded, the registration shall be mandatory for all sole traders and companies which intend primarily to receive any public funds or enter into the contract with the state/state authorities.

Slovak law restricts certain consumer contract terms, including limits on liability.

Slovak and EU competition law prohibits anti-competitive behaviour (e.g., price fixing) where there is an appreciable effect on trade in Slovakia and/or between EU Member States.

Foreign companies should also be aware of any industry specific laws that apply to their businesses.

Real Estate

An acquisition of real estate must be registered with the Land Register in order for the buyer to acquire the title/ownership. The registration can take up to 30 days from the delivery of petition for registration (20 days if the real estate transfer contract is in the form of notary deed or authorized by advocate) but in practice this may take slightly longer since cadastral offices are very busy and understaffed. The income from the sale of real estate may be subject of the income tax according to the conditions stipulated by the laws (e.g., upon sale of real estate which occurs up to 5 years since its acquisition). Under the Slovak Foreign Exchange Act a foreigner (individual or foreign entity) cannot freely acquire certain types of agricultural land.

Most companies setting up in Slovakia will rent serviced offices or lease their premises rather than buying them. Serviced offices are flexible. They are ready to go and can be rented for very short periods. In comparison, leases of office space are usually for 5—10 years often with break clauses.



“They guide us, so we focus our time and effort negotiating on important practical matters.”

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Setting up a business in Slovakia

Data Protection/Privacy

Organisations processing personal data (which includes employee data and business contact data) will need to comply with the Regulation (EU) 2016/679 (General Data Protection Regulation — GDPR) and the Slovak Data Protection Act (Act No. 18/2018 Coll. on Protection of Personal Data) which fully reflects GDPR. As in the whole of the EU, this legislation imposes some restrictions on the transfer of data out of the EEA unless prescribed compliance measures are taken.

Intellectual Property

Business names need more than the protection afforded by registering at the Slovak Commercial Register. Company and brand names should be registered as trademarks. This can be done on a Europe-wide basis through the Community trademark scheme.

Designs and artistic creations can also be protected through design registration in Slovakia or on an EU-wide basis.

Patents can be applied for through an EU-wide single process although the patents granted are national and are not centrally enforceable.

Business Model Design

Alongside legal challenges, whatever the nature of your international ambitions the planning process requires some key questions to be addressed:

- Is internationalisation a feasible option, and are you ready for it?
- What is your internationalisation strategy, and how will you prioritise which markets to target?
- What business model will be most effective for driving profitable growth?
- Will you require business partners, and how do you plan to find them?
- What will your penetration strategy be for your selected markets?
- How will you build the infrastructure and operating model required to support your move into the new markets?
- How will you execute the plan and implement the business model?

Wherever your starting point, our consultancy arm OXYGY can help you answer these questions and create a fit-for-purpose roadmap to guide your business through its internationalisation journey.

Contact us

If you would like further information on setting up business in Slovakia, please e-mail our Set up Desk at new.company@twobirds.com and we will contact you within 24 hours.

This summary gives general information only as of July 2022 and is not intended to give a comprehensive analysis. It should not be used as a substitute for legal or other professional advice, which should be obtained in specific circumstances.



Bird and Bird “has a strong international network, and its people are really knowledgeable and great to work with.”

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