



Doing Business in Slovakia 2021

Accounting / Audit / Tax / Advisory

Smart decisions. Lasting value.

Welcome

to Doing Business in Slovakia

Doing Business in Slovakia has been prepared by the Crowe Global member firm in Slovakia in order to provide general information for persons planning to do business with or in the country concerned and/or individuals intending to live and work in Slovakia temporarily or permanently.

This Guide includes relevant information about business operations and taxation matters. It is intended to assist organizations that are considering establishing a business in Slovakia either as a separate entity or as a subsidiary of an existing foreign company. It will also be helpful to anyone planning to come to Slovakia to work and live here either on secondment or as a permanent life choice.

Unless noted otherwise, the information contained in this Guide is believed to be accurate as of 1 January 2021. However, general publications of this nature cannot be used and are not intended to be used as a substitute for professional guidance specific to the reader's particular circumstances.

All lasting business is built on friendship.

Alfred A. Montapert



About Crowe Global

Crowe Global is ranked among the top 10 global accounting networks, with over 200 independent accounting and advisory firms in more than 145 countries. Crowe Global's member firms are committed to impeccable quality service, highly integrated service delivery processes and a common set of core values that guide decisions daily.

Each firm is well-established as a leader in its national business community and is staffed by nationals, thereby providing the knowledge of local laws and customs which is important to clients undertaking new ventures or expanding into other countries. Crowe Global member firms are known for their personal service to privately and publicly held businesses in all sectors and have built an international reputation in the areas of audit, tax and advisory services.

General information

| | |
|----------------|-----|
| Local currency | EUR |
|----------------|-----|

Types of organization

LLC

| Name in local language | Spoločnosť s ručením obmedzeným (abb. s. r. o. or spol. s r. o.) | | | | | | | | | | | | | | | | |
|--|---|--------|------|------|------|------------------------------|-----|-----|-----|----------------------|-----|-----|-----|-------------------------|----|----|----|
| Registrable in commercial register / legal entity | Yes | | | | | | | | | | | | | | | | |
| Minimum capital | 5 000 EUR (if more shareholders, each min. of 750 EUR, together must be 5 000 EUR) | | | | | | | | | | | | | | | | |
| Minimal number of shareholders/ Maximum number of shareholders | 1 / 50 | | | | | | | | | | | | | | | | |
| Capital tax / Registration fees | Stamps = 300 EUR if in written form; 150 EUR if via e-form; stamps for trade registration = 5 EUR for free trade; 15 EUR for craft or regulated trade, both if in written form; none if via e-form | | | | | | | | | | | | | | | | |
| Written form/ notarization | Written form till 30.9.2020, then solely in e-form | | | | | | | | | | | | | | | | |
| Registration with tax authorities | Yes | | | | | | | | | | | | | | | | |
| Statutory audit | Yes, if at least 2 of 3 conditions are met for current and prior accounting period: <table border="1"><thead><tr><th>In EUR</th><th>2020</th><th>2021</th><th>2022</th></tr></thead><tbody><tr><td>Total amount of gross assets</td><td>2 M</td><td>3 M</td><td>4 M</td></tr><tr><td>Net turnover exceeds</td><td>4 M</td><td>6 M</td><td>8 M</td></tr><tr><td>Average no.of employees</td><td>30</td><td>40</td><td>50</td></tr></tbody></table> | In EUR | 2020 | 2021 | 2022 | Total amount of gross assets | 2 M | 3 M | 4 M | Net turnover exceeds | 4 M | 6 M | 8 M | Average no.of employees | 30 | 40 | 50 |
| In EUR | 2020 | 2021 | 2022 | | | | | | | | | | | | | | |
| Total amount of gross assets | 2 M | 3 M | 4 M | | | | | | | | | | | | | | |
| Net turnover exceeds | 4 M | 6 M | 8 M | | | | | | | | | | | | | | |
| Average no.of employees | 30 | 40 | 50 | | | | | | | | | | | | | | |

Public company (joint-stock company)

| | |
|---|--|
| Name in local language | Akciová spoločnosť (abb. a. s. or akc. spol.) |
| Registrable in commercial register / legal entity | Yes |
| Minimum capital | 25 000 EUR (min. per 1 shareholder is not established) |

| Minimal number of shareholders/ Maximum number of shareholders | 2 / - (possible to be established by 1 legal person) | | | | | | | | | | | | | | | | |
|--|--|--------|------|------|------|------------------------------|-----|-----|-----|----------------------|-----|-----|-----|-------------------------|----|----|----|
| Capital tax / Registration fees | Stamps = 750 EUR if in written form; 375 EUR if via e-form; stamps for trade registration = 5 EUR for free trade; 15 EUR for craft or regulated trade, both if in written form; none if via e-form; preparation of documentation if lawyers used 400 - 800 EUR, notary fee = 550 EUR for notary minutes (form of establishment contract) | | | | | | | | | | | | | | | | |
| Written form/ notarization | Either written form or e-form | | | | | | | | | | | | | | | | |
| Registration with tax authorities | Yes | | | | | | | | | | | | | | | | |
| Statutory audit | Yes, if at least 2 of 3 conditions are met for current and prior accounting period: <table border="1"> <thead> <tr> <th>In EUR</th> <th>2020</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Total amount of gross assets</td> <td>2 M</td> <td>3 M</td> <td>4 M</td> </tr> <tr> <td>Net turnover exceeds</td> <td>4 M</td> <td>6 M</td> <td>8 M</td> </tr> <tr> <td>Average no.of employees</td> <td>30</td> <td>40</td> <td>50</td> </tr> </tbody> </table> | In EUR | 2020 | 2021 | 2022 | Total amount of gross assets | 2 M | 3 M | 4 M | Net turnover exceeds | 4 M | 6 M | 8 M | Average no.of employees | 30 | 40 | 50 |
| In EUR | 2020 | 2021 | 2022 | | | | | | | | | | | | | | |
| Total amount of gross assets | 2 M | 3 M | 4 M | | | | | | | | | | | | | | |
| Net turnover exceeds | 4 M | 6 M | 8 M | | | | | | | | | | | | | | |
| Average no.of employees | 30 | 40 | 50 | | | | | | | | | | | | | | |

Branch (permanent establishment)

| | |
|--|--|
| Name in local language | Pobočka (stála prevádzkareň) |
| Registrable in commercial register / legal entity | Branch office (definition of Commercial Code) listed in Commercial register / Permanent establishment registered at Slovak Tax Authority. Branch office does not automatically equal to permanent establishment for tax purposes |
| Minimum capital | n/a |
| Minimal number of shareholders/ Maximum number of shareholders | 1 / n/a |
| Capital tax / Registration fees | Part of foreign company / Standard court fees |
| Written form/ notarization | Either written form or e-form |
| Registration with tax authorities | Permanent establishment for tax purposes shall be registered at respective Slovakia tax office. |
| Statutory audit | n/a |

General commercial partnership

| Name in local language | Verejná obchodná spoločnosť (abb. v. o. s. or ver. obch. spol.) | | | | | | | | | | | | | | | | |
|--|---|--------|------|------|------|------------------------------|-----|-----|-----|----------------------|-----|-----|-----|-------------------------|----|----|----|
| Registrable in commercial register / legal entity | Yes | | | | | | | | | | | | | | | | |
| Minimum capital | n/a | | | | | | | | | | | | | | | | |
| Minimal number of shareholders/ Maximum number of shareholders | 2 / n/a | | | | | | | | | | | | | | | | |
| Capital tax / Registration fees | Stamps = 300 EUR if in written form; 150 EUR if via e-form | | | | | | | | | | | | | | | | |
| Written form/ notarization | Either written form or e-form | | | | | | | | | | | | | | | | |
| Registration with tax authorities | Yes | | | | | | | | | | | | | | | | |
| Statutory audit | <p>Yes, if at least 2 of 3 conditions are met for current and prior accounting period:</p> <table border="1"> <thead> <tr> <th>In EUR</th> <th>2020</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Total amount of gross assets</td> <td>2 M</td> <td>3 M</td> <td>4 M</td> </tr> <tr> <td>Net turnover exceeds</td> <td>4 M</td> <td>6 M</td> <td>8 M</td> </tr> <tr> <td>Average no.of employees</td> <td>30</td> <td>40</td> <td>50</td> </tr> </tbody> </table> | In EUR | 2020 | 2021 | 2022 | Total amount of gross assets | 2 M | 3 M | 4 M | Net turnover exceeds | 4 M | 6 M | 8 M | Average no.of employees | 30 | 40 | 50 |
| In EUR | 2020 | 2021 | 2022 | | | | | | | | | | | | | | |
| Total amount of gross assets | 2 M | 3 M | 4 M | | | | | | | | | | | | | | |
| Net turnover exceeds | 4 M | 6 M | 8 M | | | | | | | | | | | | | | |
| Average no.of employees | 30 | 40 | 50 | | | | | | | | | | | | | | |

Limited partnership

| | |
|--|--|
| Name in local language | Komanditná spoločnosť (abb. k. s. or kom. spol.) |
| Registrable in commercial register / legal entity | Yes |
| Minimum capital | Min. per shareholder is 250 EUR |
| Minimal number of shareholders/ Maximum number of shareholders | 2 partners with different legal status/ 1. Limited partner; 2. Unlimited partner |
| Capital tax / Registration fees | Stamps = 300 EUR if in written form; 150 EUR if via e-form |
| Written form/ notarization | Written form till 30.9.2020, then solely in e-form |
| Registration with tax authorities | Yes |

Yes, if at least 2 of 3 conditions are met for current and prior accounting period:

Statutory audit

| In EUR | 2020 | 2021 | 2022 |
|------------------------------|------|------|------|
| Total amount of gross assets | 2 M | 3 M | 4 M |
| Net turnover exceeds | 4 M | 6 M | 8 M |
| Average no.of employees | 30 | 40 | 50 |

Value added tax (VAT)

| | |
|---|--|
| Tax rates | Basic rate of 20% / Reduced rate of 10% |
| Supply of goods | Basic tax rate of 20% / Reduced tax rate of 10% as per Annex No. 7 to Slovak VAT Act. |
| Supply of services | Basic tax rate of 20% / Reduced tax rate of 10% as per Annex No. 7a to Slovak VAT Act. |
| Special provisions (exemptions to the general rule) | Implementation reverse charge mechanism as per Article 194 of the EU Directive 2006/112/EC applied to delivery of goods within Slovakia by foreign person with no permanent establishment within Slovakia. |
| Reverse charge on local supplies | Yes, applies to construction works; delivery of metal scrap; transfer of immovable property etc. under certain conditions as per Article 69 (12) of the Slovak VAT Act. |
| Import of services | Standard B2B rule shall be applied between taxable persons, exempt for services under Article 16 of the Slovak VAT Act and based on EU Regulation No. 282/2011. |
| Deadline and conditions for VAT refund | General deadline for VAT refund shall be by 30 days, following the submission of VAT return next VAT period |
| Major Tax exemptions | Applied to selected services, such as postal services, health services, educational services, social services, cultural services, etc. |
| Real Estate | Transfer of real estate under domestic reverse charge mechanism based on certain circumstances. |
| Foreign taxable persons (VAT registration) | Yes before commencing a business activity, which is subject to VAT exempt for import of goods. Exemptions to foreign VAT registration are stated in Article 5 of the Slovak VAT Act. |

Corporate tax

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|---|---|
| Accounting rules | For companies double entry bookkeeping, Act No. 431/2002 Coll. on accounting and Slovak GAP. |
| Tax rate | General of 21%, since 1 January 2021 for companies/entrepreneurs with turnover less than 49 790 EUR reduced income tax rate of 15% |
| Tax base | Accounting profit before taxation adjusted by items increasing tax base (tax non-deductible expenses) and by items decreasing tax base as per Act No. 595/2003 Coll. on income taxes as amended. |
| Tax assessment period | Accounting period - calendar year or financial year |
| Loss set-offs/ carry forwards | The tax base shall be adjusted for the loss from the 5 preceeding years. Maximum 50% of tax base. Loss carry back does not exist in Slovakia |
| Tax/ accounting depreciation | Accounting depreciations depends on expected lifetime of tangible fixed assets / or expected use of intangible assets. Tax depreciations are stipulated in Slovak Income Tax Act. |
| Tax deductibility of interest, Excessive interest rate rule, Thin capitalization rule | The limit for the maximum amount of tax-deductible interest and related fees on credits and loans between related parties is established as 25% of the adjusted EBITDA |
| Reserves for bad debts, leaves, etc. | Bad debt provisions shall be considered as tax deductible expenses based on provisions of Slovak Income Tax Act. |
| Other Major tax adjustments a) increasing and b) decreasing taxable profit | The tax base is adjusted for deductible and non-deductible items (such as "patent box" income; penalties and fines, entertainment expenses, etc.) |
| Transfer pricing, Transfer pricing documentation, Related parties | TP is mandatory, and shall be submitted to Slovak Tax Authority by 15 days upon receipt of the written request (appeal), otherwise Slovak Tax Authority might impose a fine from 30 EUR to 3 000 EUR. |
| Withholding tax | Based on Slovak Income tax Act of 7% / 19% / 35%, in line with appropriate double tax treaty. |
| Interest | Generally 19% / 35% |
| Royalties | Generally 19% / 35% |
| Services | Generally 19% / 35% |
| Group taxation | Each legal entity is separate taxpayer for income tax purposes. |

Personal income tax

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|--|--|
| Taxable income | Active taxable income: 1. Employment activities; 2. Entrepreneurs - physical persons / Passive taxable income: 1. Rent of intangible assets; 2. Income from IP rights; 3. Income from capital gains; 4. Other income |
| Income from employment/ self-employment | Employment activities shall be levied at 19% with the tax base up to EUR 37,981.94, the tax base above this amount shall be levied at progressive tax rate of 25%. Entrepreneurs - physical person with income less than 49 790 EUR may use reduced tax rate of 15% under certain conditions |
| Income from property and property rights | With the tax base up to EUR 37,981.94, the tax base above this amount shall be levied at progressive tax rate of 25% |
| Income from capital | 19% |
| Other income | With the tax base up to EUR 37,981.94, the tax base above this amount shall be levied at progressive tax rate of 25% |
| Withholding tax | Generally of 19% |
| Interest | 19% |
| Royalties | Generally of 19% /35% depending on respective Double tax treaty and stipulations of Slovak Income tax act. |
| Dividends | WHT from dividends is applied to physical person of 7% or of 35%, if the person receiving dividends is reside in country, which is on black list of non-cooperating countries with Slovakia. |
| Capital gain | Based on stipulations of double tax treaty and provisions of Slovak income tax act. |

Mandatory social contributions

| | |
|----------------------------------|--|
| Contribution rates | 25.2% social insurance, 10% health insurance paid by the employer |
| Minimum and maximum contribution | No minimum, maximum base of 7,644.00 EUR monthly on social insurance |
| Self-employed individuals | 14% health insurance, 33.15% social insurance |
| Employed individuals | 9.4% social insurance, 4% health insurance paid by the employee |

BEPS implementation

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|--|--|
| <i>CFC</i> | Yes, implemented from 1 January 2019 |
| <i>DAC6</i> | Within 31 August 2020 for period from 25 June 2018 to 30 June 2020. 1st announcement was postponed in 6 month, due to Covid-19 |
| <i>CRS</i> | DAC2/CRS was implemented based on Act No. 359/2015 Coll. |
| <i>Profit shifting rule</i> | ATAD 2 - Hybrid mismatches implemented since 1 January 2020 |
| <i>GAAR/ other anti-abuse rules (PPT, etc)</i> | GAAR already implemented based on ATAD; Exit taxation implemented since 1 January 2019 |

Global employment issues

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|---------------------------|--|
| Work and Residence permit | The employees of EU and EHP can be employed the same as Slovak citizens, the employees from third countries need work and residence permit |
| Minimum salary | 623 EUR (3.58 EUR/hour) |

Taxation of immovable property

| | |
|------------------------------|--|
| Tax depreciation | Applicable in case of tangible or intangible fixed assets, |
| Depreciation categories | 6 categories plus new category 0 for electromobiles |
| Land | No depreciation |
| Building | Category 5 or 6 (20 or 40 years) |
| Tax base | The depreciation lowers the tax base |
| Special depreciation | Some property is not subject to depreciation such as land, rivers, caves, etc. |
| Real estate transfer tax | Transfer tax on real estate has been cancelled |
| Property tax (rate and base) | Depends on municipality. Each location has different rates |
| Real estate funds | Depending on UBOs and tax structure of the fund |
| Owner of the fund assets | Depending on UBOs |

| | |
|----------------------|--|
| Valuation | n/a |
| Investment | Holding structures with repatriation exemption of 10% under certain conditions |
| Risk diversification | Depending on tax structure |

Other significant business-related taxes

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|----------------------------|---|
| Description of other taxes | Other direct taxes: Motor vehicle tax, Municipality taxes, Insurance tax; Indirect taxes: Excise duties from electricity, alcohol, beer, wine, gas, tobacco, etc. |
|----------------------------|---|

Incentives

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|--|--|
| Investment incentives | There is a regional investment incentive - the applications can be submitted mostly for industrial work, technological centers and centers of business services |
| R&D incentives | 1) Deduction of R&D Costs (super deduction) to support and promote R&D 2) Patent Box – Income Tax Deduction of Revenues from sales of products where the patent is used |
| Young employees, elderly employees | Students and elderly employees do not pay the social insurance up to 200.00 EUR a month |
| Educational incentives | For dual education: 3,200.00 EUR for student who worked more than 400 hours 1,600.00 EUR for student who worked more than 200 hours |
| Other special incentives/ tax regimes and opportunities for business models (where relevant) | Social insurance relieves when a person on a long term unemployment is employed |

Tax liabilities

| | For taxpayers | For directors (chief officers) | For shareholders |
|--|---|---|-----------------------------|
| <i>Binding opinion/ Advanced tax rulings</i> | It is possible to request a binding opinion from the Financial Directorate (on the application of tax laws in the specific areas). | n/a | n/a |
| <i>Penalties for late payment of tax</i> | If payment is delayed, interest on the amount owed is charged which is calculated as an annual percentage on the outstanding amount. The penalties levied by the Tax Office will depend on the time elapsed from the deadline for filing the regular tax return to the date of filing the amended tax return or the start of the tax audit, e.g. 3% a year for self-assessment via an amended tax return, 10% a year for an assessment made by the Tax Office during a tax audit. | n/a | n/a |
| <i>Tax misdemeanor provisions</i> | The Financial Administration Criminal Office, besides other things, manages duties in connection with the detection of criminal offences involving violations of tax laws in the area of value added tax and excise duties or customs laws | n/a | n/a |
| <i>Criminal provisions</i> | See "Tax misdemeanor provisions" | n/a | n/a |
| <i>Piercing the corporate veil</i> | n/a | n/a | n/a |
| <i>Advanced pricing agreements</i> | Advance pricing agreements are possible only in certain cases e.g. in case of transfer pricing or in case of determining the tax base for a permanent establishment. They are valid for maximum of 5 years. | n/a | n/a |

Deadlines for reporting and payment of taxes and social contributions

| Type of tax | Reporting deadline | Payment deadline |
|----------------------|--|--|
| CIT | Up to 3 calendar months after end of tax period (CY/FY) unless the taxpayer announces the prolongation period for next 3 months or 6 months. | Up to 3 calendar months after end of tax period (CY/FY) unless the taxpayer announces the prolongation period for next 3 months or 6 months. |
| PIT | Up to 31 March unless the taxpayer announces the prolongation period for next 3 months or 6 months | Up to 31 March unless the taxpayer announces the prolongation period for next 3 months or 6 months |
| VAT | 25th day after the reporting VAT period (calendar month/calendar quarter) | 25th day after the reporting VAT period (calendar month/calendar quarter) |
| Social contributions | Till the date stated as a payment date on the employees contracts | Till the date stated as a payment date on the employees contracts |



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About Crowe in Slovakia

Crowe Slovakia serves its clients since 2005 and provides mostly audit, accounting, tax and payroll. It also offers legal services through its partners. Our clients appreciate especially the personalized approach and our professionalism.

Our Global Reach

In addition to our local and regional services, as members of Crowe Global, we can draw on a worldwide network of independent professionals and their know-how. The Crowe Global network consists of more than 180 independent accounting and advisory services firms in about 140 countries around the world.

As member firm of Crowe Global we offer comprehensive, international expertise in a broad range of business consulting practices, including assurance, M&A, corporate finance, forensic services, human resources services, tax & regulatory.

This unique combination of our local and regional talent coupled with the global reach of our network provides us with the local expertise and global worldwide capabilities our clients expect and deserve.