About Vistra Slovak Republic

Slovak Republic

The Slovak Republic has a population of over five million and an area of about 49,000 square kilometres (19,000 sq mi). Slovakia is bordered by the Czech Republic and Austria to the west, Poland to the north, Ukraine to the east and Hungary to the south. The largest city is the capital, Bratislava. The official language is Slovak, however, other European languages are spoken and especially English can be used for business transactions.

Slovakia is a member state of the European Union, Eurozone, Schengen Area, NATO, the United Nations, the OECD and the WTO, among others. Slovakia adopted the Euro currency on 1 January 2009 as the 16th member of the Eurozone.

Slovakia is a high-income advanced economy with one of the fastest growth rates in the European Union and the OECD. It is an attractive country for foreign investors mainly because of its low wages, low tax rates and well educated labour force. In recent years, Slovakia has been pursuing a policy of encouraging foreign investment.

Taxation

The corporate income tax in the Slovak Republic is 21%. The lower rate of 15% applies to revenues lower than €49,790. No taxation of received and paid dividends is a feature that distinguishes the Slovak tax system from most of the other EU jurisdictions. Please be aware of the existing network of double tax treaties signed by Slovakia and the EU directives, such as the Parent-Subsidiary Directive. Both the directives and the treaties enable businesses to transfer dividends tax free (or almost tax free) to and from Slovakia, regardless of the Slovak legislation.

Personal income tax is paid by employees and small businesses or so called self-employers. The personal income tax rate is a flat rate of 19% (25% for incomes over c. €37,163.37 per year). Employers are obliged to deduct tax advances under a payroll deduction scheme. Self-employers pay tax advances themselves and file an income tax return every year to settle any differences between the amount due and amount advanced. It is possible to claim a tax exemption for a dependent child, dependent spouse etc.

The basic rate of Value Added Tax amounts to 20% and the reduced rate to 10%. The majority of goods and services are subject to the basic rate. The reduced rate applies to foods, medicines, printed matter, public transportation, undertaker services, water distribution, cultural activities, accommodation, constructions work and heat distribution.

Types of Companies

The Slovak Republic regulates a few types of companies: partnership, branch office, limited liability company (s.r.o.) and the joint stock company (a.s.), etc. The last two are the most popular.

- Limited Liability Company
  - Established by one or more individuals or legal entities. May not be established as a wholly owned subsidiary of another wholly owned company.
  - Liable for its debts and obligations with its whole property.
  - Minimum capital of €5,000.
- Joint Stock Company
  - Established by one or more individuals or legal persons.
  - Minimum share capital of €25,000.
- European company
  - Minimum share capital of €120,000.

Contact

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