

IV. **B**usiness in Slovakia

Preface

Dear reader,

Many thanks for taking the time to read this short, guide of cooperation and investing in Slovakia. We hope that you will find it helpful and informative.

Over the last 15 years Poland and Slovakia have come a long way - entry to NATO and the EU.

Today Poland and Slovakia are a full members of the EU, NATO, OECD. This guide has been prepared to provide a general overview of the current situation in Poland and Slovakia.

The information contained in guide is of a general nature and is not intended to address the circumstances of any particular individual or entity, there can be no guarantee that information will continue to be accurate in the future. Whenever a business decision is to be made, the actual laws and regulations in force should be consulted.

General remarks

- The main source of preparing this part of the guide is "Investment in Slovakia" (- 6th edition 2005) prepared by the KPMG in Slovakia and its services, Slovak member firm of KPMG International, a Swiss cooperative.
- KPMG was established in Slovakia in 1991. During the past years, the office has grown substantially. Today, KPMG in Slovakia employs over 250 people and has 10 partners. They have a strong position in Slovakia in many sectors and we are the largest audit and advisory company in Slovakia. KPMG offers a wide range of financial services to domestic and multinationals alike operating in Slovakia. Their market position in Slovakia is the result of their consistent focus on the aspects that are important from their clients perspective including the creation of added value and competitive advantages. KPMG is one of the leading providers of audit, tax, financial advisory and risk advisory services in Slovakia. Their professionals have broad experience in dealing with businesses operating in a variety of industries
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IV. Business in Slovakia

CONTENTS

1. Slovakia - General Information.....	190
1.1. History.....	190
1.2. Geography and Climate.....	190
1.3. Political System and Government	191
1.4. Population	192
2. Economic Environment and Foreign Trade	192
2.1. GDP and Inflation	192
2.2. Reforms of Economic Environment	193
2.3. Taxation System	194
2.4. Labour Law	202
2.5. Government Controls.....	206
2.6. Tourism	208
2.7. Why Slovakia?	210
3. Operating in Slovakia and Foreign Investment	211
3.1. Operating in Slovakia.....	211
3.2. Accounting and Auditing.....	219
3.3. Foreign direct investment	223
3.4. Residence of Foreigners.....	224
3.5. Tax Residents.....	224
3.6. Foreign Exchange.....	228
3.7. Employment of Foreigners	228
4. Other Information	229
4.1. State holidays	229
4.2. Useful Addresses.....	229
4.3. Useful Organizations for Investor	232
4.4. Slovakia – Website of Embassy	233

IV. Business in Slovakia

1. Slovakia - General Information

1.1. History

The Slovak Republic (also referred to as 'Slovakia') has a long and important cultural and scientific history. Archaeological evidence suggests that, by the 5th century, the Slav tribes living in western Slovakia had united under the rule of kings and moved to the East. At the start of the 11th century Slovakia was incorporated into the multinational Hungarian State. The Slovaks became subjects of the Polish Jagellonian dynasty at the end of the 15th century. Due to the Turkish military threat in central Europe, the Austrian Habsburgs took control of the Czech and Hungarian thrones and created a multinational monarchy lasting until 1918. Slovakia together with the Czech Republic formed an independent Czechoslovak state at the end of the First World War. In March 1939 (during the Second World War) Slovakia became a "free state" and nominally independent. Following World War II Czechoslovakia was re-established. After the seizure of power by the Communists in February 1948, the "socialist industrialization" of Slovakia became one of the aims of the government. In the 1960's some Czechoslovak communists, led by Alexander Dubček, a Slovak, tried to initiate a reform programme under the slogan "socialism with a human face". The invasion by the Soviet-led Warsaw Pact army in August 1968 put an end to the reforms of that period. Czechoslovakia was constitutionally reorganized in 1969 into a federation of the Czech and Slovak Republics. Mass street protests throughout Czechoslovakia in November 1989 led to many governmental changes at the turn of the year. This "velvet revolution" ended Communist rule in the country. In November 1992 a law was enacted in the Federal Assembly enabling the dissolution of Czechoslovakia and the separation of the Czech and Slovak Republics on 1 January 1993.

1.2. Geography and Climate

The Slovak Republic is a country of 49,000 square kilometres, situated in the heart of Europe. Much of the border to the North of the country is made up of the Carpathian and Tatra mountains, with the River Danube to the south. Slovakia shares borders with Poland, Ukraine, Hungary, Austria and the Czech Republic. Slovakia is a mountainous country with its highest peak, Gerlachovský štít (2,655m), situated in the High Tatras. The Danube is the largest Slovak river in terms of water volume, whilst the Váh is the longest (390km). The country is not rich in raw materials, but has deposits of black coal, lignite, iron, non-ferrous ores, and gold. The climate is varied with relatively hot summers and cold winters, especially in the mountains. Bratislava (population app. 450 thousand), the capital city is strategically situated downstream from Vienna on the River Danube close to the Austrian and Hungarian borders. The second largest city, Košice, is located in the east of the country, near the Ukrainian border and is the

most important banking and economic centre outside of Bratislava with major steel production (US Steel) as well as engineering and food-processing plants.

1.3. Political System and Government

The Government of the Slovak Republic (SR) is the head of the Executive. It is made up of the Prime Minister, presiding over it, his or her Deputies and Government Ministers. The Government is appointed by the President of the Slovak Republic on the recommendation of the Prime Minister. For its policy and administration the Government is responsible to the SR National Council (the Slovak parliament).

As the chief formulator of the nation's public policy under the SR Constitution, the Government has the authority to make major policy on the matters of national economy and social security. Acting in the best interests of the nation, it is responsible for meeting the Government programme objectives within the scope of the adopted national budget. The main functions of the Government also include making proposals on the state budget, preparing the annual closing balance sheet, and issue government regulations and decrees under power given to it by law. One of the Government's duties is the formulation and management of the nation's foreign policy. It submits draft Bills to the Slovak parliament, which are frequently preceded by nationwide discussions and consultations with the relevant organizations. As established by law, the Government can discuss in its proceedings a confidence vote motion, cases of pardoning criminal offenders, and appointment or removal from office of senior civil servants.

Although the four-party centre-to-right coalition government that emerged after the 2002 election - SDKU (Slovak Democratic Coalition Union), SMK (Slovak Hungarian Coalition), KDH (Christian Democratic Union) and ANO (Alliance of New Citizen) – is ideologically more coherent compared to the former coalition government, the coalition members have been engaged in on-going internal conflicts, resulting in some members of Parliament leaving their parties and either sitting as independents or forming new parties. Government Coalition Opposition & Others Party Seats Party Seats SDKU 22 HZDS 26 SMK 20 Smer 25 KDH 15 KSS 9 ANO 12 Independent 21 The country is currently ruled by a minority coalition government which has 69 of the 150 seats in Parliament. It is expected that the current government will survive the entire term and complete its programme of major reforms. Elections are held on the basis of proportional representation with a requirement to obtain a minimum of 5% of the ballot to qualify for a seat. Although there are four main opposition parties in the parliament, they do, on occasions support government proposals. Strategy for economic development The current government has embarked on a challenging programme of major economic reforms including to: Decrease inflation and government spending to below 3% of GDP in order to meet the Maastricht criteria. Slovakia aims to adopt the Euro in 2009. Finish reforms of healthcare and education sectors as well as of public administration systems to reduce financial burden on fiscal spending. Improve infrastructure and the business environment to attract high value-added investments and decrease

unemployment. Maintain the level of growth of GDP at a constant 5% target (constant prices).

International affairs - Slovakia is a member of the OECD and WTO and on 1 May, 2004 joined the EU. The country belongs to NATO and is involved in a several ongoing operations under NATO and United Nations command.

1.4. Population

The population of the Slovak Republic is currently 5.4 million with a working population of 2.6 million. The influence of religion on population is still significant, with over 60% Slovaks being Roman Catholic. Life expectancy, compared with West European countries, is relatively low at 67/68 years for men and 76 for women. The educational level of the population is generally high with compulsory basic schooling for all. Whilst the younger generation are generally more proficient in foreign languages, knowledge of Western languages still has room for improvement.

2. Economic Environment and Foreign Trade

2.1. GDP and Inflation

Many European and global companies have found Slovakia to be a home for highly profitable enterprises with a long-term prospect for continued growth. Some of the most significant foreign investors in Slovakia include: Many big investment projects are under construction such as the new car production plants of PSA Peugeot Citroen and Hyundai in Trnava and Zilina respectively. The Slovak economy is on a high growth path driven by rising foreign direct investment (FDI) inflows, attracted by the favourable operating environment of a country which has recently joined the EU. With labour costs remaining the second lowest in the OECD, Slovakia is set to become the top OECD manufacturer of cars per capita in 2006. Real GDP is growing at around 5% pa, exports are expanding steadily and private domestic.

The current account deficit has returned to a more easily sustainable level. Wages are rising in line with productivity, keeping inflationary pressures and external imbalances in check while core inflation continues to decline. The state budget deficit peaked in 2002, reducing in 2003 to 3.6% of GDP. In 2004, the budget deficit should worsen temporarily to 3,9% of GDP, but with a goal of narrowing the deficit to under 3% of GDP by 2007 in order to fulfill Maastricht criteria. As a result, Slovakia should be ready to join the Euro, in 2009. Real GDP is sustained at around 4% pa and this is slowly beginning to reduce the very high unemployment rate which remains at over 16% The economic growth has been led by exports, and the current account deficit was reduced sharply in 2003. Meanwhile, core inflation remains low, although large increases in administrative prices and indirect taxes are keeping CPI inflation high.

Indicators	SK	HU	CZ	SLO	LTU	LTV	EST
Population, mln	5.4	10.2	10.2	2.0	3.5	2.3	1.4
GDP per capita, US\$ (in thousands)	5.8	7.8	8.1	10.17	5.0	4.3	5.9
CPI inflation, % y/y	8.5	4.7	0.1	5.6	-1.2	2.9	1.3
GDP growth, % y/y	4.2	2.9	3.1	2.3	9.0	7.5	5.1
Gen. Government deficit, % of GDP	-3.5	-5.9	-12.9	-1.8	-1.7	-1.8	2.6
Current account deficit, % of GDP	-0.9	-8.9	-6.5	0.1	-6.6	-8.7	-13.2
Unemployment rate, % labor force	17.4	5.8	7.8	6.7	12.4	10.6	10.0
Interest rate, comm. Long Term lending,%	7.5	10.5	5.1	10.2	5.4	5.2	5.4
Gen. Government debt, % of GDP	45.1	57.9	30.7	27.4	23.6	14.4	2.8
External debt, % of GDP	49.0	34.5	34.4	71.9	41.4	85.8	72.3

Source: World Bank EU-8 Quarterly economic report July 2003. Key: SK = Slovakia, HU = Hungary, CZ = Czech Rep, SLO = Slovenia, LTU = Lithuania, LTV = Latvia, EST = Estonia.

2.2. Reforms of Economic Environment

Reforms Slovakia is engaged in an ambitious reform process which has the potential to speed productivity growth, reduce the un-employment rate and accelerate convergence to the per capita income levels of more advanced OECD countries. The government's current reform agenda focuses on tax, pension, social, schooling and healthcare systems as well as the judiciary. It is estimated that the reform programme is approximately 80% complete. Entry to the Euro in 2009 is serving as a major driving force and fiscal policies will be more responsible than in 1998-2002. The best tax regime in the region Parliament approved a radical tax reform, which from January 2004 put emphasis on indirect taxes and the simplicity of the tax system. The majority of tax breaks and exemptions were abolished. The most visible change was the introduction of a flat 19% income-tax rate for individuals and companies. The former split VAT rates were united at 19%. There is no withholding tax on dividends.

Low Labour Cost - At identical productivity rates, labour in Slovakia is ca. 30% cheaper than in the Czech Republic, Hungary and Poland and 6.5 times lower than much of Western Europe. Pension system reform The state pensions system is moving to a, so-called, pay-as-you-go system. The new act on Social Insurance raised the retirement age to 62 years, and increased the links between insurance contributions and the pension actually paid. The next stage is to be the introduction of a second pillar of personal accounts from 2005, with a contribution to this fund of 9% of gross wages. The overall impact on total payroll taxes will be an increase although the government emphasizes that the

reform creates space for their gradual reduction in the future. All in all, this is one of the most ambitious pension reforms in Europe. Other recent developments In the past, work incentives had been distorted by very generous welfare benefits. Social security benefit reform, although causing hardship in some sections of the population, has increased the incentive to seek employment. On the demand side, increased flexibility for work relationships and job creation was introduced into the labour code in July 2003, although the wage setting mechanism is still not flexible enough. Important measures have been taken to facilitate market entry and access to credit, in particular for small and medium-sized enterprises. The government has recognized an urgent need for wide-ranging education reform and has been implementing a number of measures in this respect. Although more will need to be done, the Government has introduced a number of measures that are aimed at remedying some of the problems for the business environment, such as a simplification of the procedure to start up a new business, the introduction of a new bankruptcy law and strengthening of the legal framework. Challenges The opinion of the World Bank is that to keep track of the Lisbon strategy, Slovakia should: Take measures to improve labour market participation, reduce structural unemployment and the level of regional disparity in employment. It should address the structural problems in the labour market, especially to reduce youth unemployment and unemployment of low-skilled workers, increase flexibility in wage setting and remove barriers to regional mobility. Improve productivity, in particular by reforming the education system (including raising the number of university graduates) and training systems and by encouraging R&D and innovation. Further improve the business environment, especially with respect to the clarity and enforcement of the legal framework, and support entrepreneurship in order to promote the development of higher value-added sectors.

2.3. Taxation System

With effect from 2004, significant new legislation regulating the Slovak tax system became effective. The Slovak tax system comprises the following taxes:

- Income taxes (personal income tax, corporate income tax);
- Value Added Tax (VAT);
- Excise duties;
- Real estate tax;
- Tax on motor vehicles;
- Other municipal taxes;
- Stamp duties.

Inheritance and gift tax has been abolished as of 2004. Real estate transfer tax was abolished as of 1 January 2005.

Corporate Income Tax

Corporate income tax is levied on legal entities and on entities not qualifying as natural persons when their seat or their place of effective management is located in the Slovak Republic. They are then liable to pay tax on income derived from Slovak sources and also on income derived from sources abroad

(the place of effective management is specified as the place where managerial and business decisions of statutory and supervisory bodies of such an entity are adopted).

Other legal entities are liable to pay Slovak corporate income tax only on income derived from Slovak sources.

Corporate income taxes are computed by reference to the "tax base". The tax base is generally gross income of the entity less related expenses, modified by a number of adjusting items.

The general tax rate was reduced from 25% to **19%** of the tax base as of 1 January 2004.

Examples of Income, which is not subject to tax:

- 1) Shares in profit after tax, e.g., in the form of dividends, unless the distributed profit was generated prior to 1 January 2004;
- 2) Dividends paid after 1 April 2004 by a Slovak subsidiary to an EU Parent Company as from an EU Subsidiary to a Slovak Parent company even if such dividends relate to profits earned before 1 January 2004. The receiving (parent) company needs to possess a holding of at least 25% of capital at the time of distribution;
- 3) Income received from inheritance or donations;
- 4) Payments related to liquidation surpluses and settlement amounts to which the shareholders became entitled from 1 January 2004. As a general rule, expenses spent on attaining, ensuring and maintaining taxable income booked in the records of the taxpayer are tax deductible, unless they are specifically listed as tax non-deductible items (see following examples).

Documentation should be kept on file to support deductibility. Certain expenses, e.g.; contractual penalties, have to be paid within a set period of time in order to qualify as tax deductible costs. Correspondingly a taxpayer receiving such payments should tax the income in the tax period when the invoiced amount is received. It should be appreciated that the categories of expenditure or income qualifying as deductible or taxable only when paid, were significantly reduced from 1 January 2004.

Tax deductible items:

- Depreciation costs;
- Tax residual value of depreciable assets sold;
- Obligatory social security contributions paid by an employer;
- Expenses incurred for the provision of health and social facilities for employees;
- Operational expenses of facilities used for protecting the environment;
- Taxes and fees, other than those listed as non-deductible items (see below);
- Losses carried forward from previous tax years (see below);
- Expenses incurred by the founder of a permanent establishment (PE) for the purpose of this PE, including management and administration expenses, regardless of the place where they were incurred, provided specific conditions in the Act are fulfilled;
- Advertising costs with the exception of representation and high value promotional expenses (see below).

- Advertising costs are costs incurred for the advertisement of the taxpayer's business activities, advertisement of goods, services, immovable property, trade name, trade mark, trade labeling of products, and other rights and liabilities related to the taxpayer's activities carried out with the intention to generate, maintain or increase his income; Interest paid on credits and loans;
- Specific types of reserves and provisions, e.g.; reserves created for supplies and services not yet charged; reserves for the audit of financial statements and preparation of tax return; and certain bad debt provisions (subject to limitations). The rules for creation and release of reserves and provisions are regulated directly by the Income Taxes Act.

Tax non-deductible items:

- Acquisition costs of fixed assets;
- Specific penalties and fines;
- Accounting depreciation costs, which exceed tax depreciation costs;
- Individual and corporate income tax and taxes paid on behalf of another taxpayer;
- Expenses incurred in providing proper working, social and health care conditions for employees exceeding limits set by law;
- Expenses on business trips above the allowed limit;
- Expenses on the generation of tax-free income;
- Shortages and damages exceeding the compensation received (shortages and damages qualify in certain cases as a tax deductible expense);
- Representation expenses (with the exception of promotional items with a purchase price not exceeding SKK 500 per item);
- Losses derived from the sale of receivables.

The tax period is usually a calendar year. However, it is now possible to opt for an accounting period that is not identical to a calendar year, i.e., a period of 12 consecutive calendar months (a so-called financial year). Such cases arise when for example the entity is considered to be a controlled party and the controlling party uses such a period. A notice should be submitted to the local Tax Authority advising them of the change to the accounting date. According to the Income Tax Act, if an entity is uses an accounting period different from a calendar year, it is also allowed to use such a period for tax purposes. The tax return should be filed with the respective Tax Authority within 3 months following the end of the tax period. It is possible to apply for an extension of the filing period but this is at the discretion of the Tax Authority. There is no group taxation in the Slovak Republic. All entities are taxed separately. There is a special tax treatment for partnerships, which are in principle treated as wholly or partially transparent. Tax losses:

- 1) A tax loss incurred prior to a year in which a tax profit arises can be carried forward over five consecutive years starting with the first tax profit period. In contrast to rules which applied prior to 1 January 2004 the tax loss does not have to be carried forward in equal portions nor does a portion of the carried forward loss have to be reinvested in fixed assets.

- 2) A company wound up without liquidation (e.g., on a merger), is allowed to transfer the right to carry forward its tax losses to its legal successor to set off against subsequent taxable profits.
- 3) Each year's tax loss should be considered separately and can be carried forward over five consecutive tax periods.

Assets	Useful life	Annual Depreciation
mechanical tools; cars; printers	4 years	1/4
Some machinery and equipment used for construction and roads, machinery for agriculture, furniture, etc.; assets not allocated to a specific group;	6 years	1/6
Some machinery and equipment; special technical equipment; air condition equipment; metal constructions placed on the ground	12 years	1/12
Pipe lines; buildings and electric and telecommunication network	20 years	1/20

Depreciation is a tax deductible expense and is calculated for tax purposes at statutory rates. Both straight-line and accelerated methods of depreciation are allowed. Companies may have different depreciation rates for accounting and tax purposes. Intangible assets must be depreciated over a maximum of five years in accordance with accounting regulations. As of 1 January 2004 a taxpayer may depreciate assets which it leases under a financial lease. In such a case the leased asset may not be depreciated by the lessor.

Permanent Establishments

The phrase "permanent establishment" ("PE") is a term used in tax legislation to define a fixed place of business, which represents a taxable entity in the territory in which it is located. In the Slovak Republic, a PE can be either a branch that is registered in the Commercial Register, or an unregistered entity that has no legal status ("deemed PE"). Thus, for instance, a person who acts on behalf of a foreign company and repeatedly enters into agreements on its behalf, under a power of attorney, is also considered to create a PE. Under present law a PE is constituted when services have been performed in the territory of the Slovak Republic for a period of more than 6 months within a period of 12 consecutive calendar months. The parent company can register the PE immediately, but in all cases the PE must be registered within 30 days of the date when the PE was constituted. Whether or not a PE is created is subject also to the provisions of applicable double tax treaties. Generally speaking, all employees assigned to a PE are subject to Slovak personal income taxes.

Withholding Taxes

Withholding tax is deducted from certain types of income derived in the territory of the Slovak Republic by both residents and non-residents at a single **rate of 19%**. Such income comprises mainly interest and revenues derived from

participation certificates, from certificates of deposit, and from deposit letters. Withholding tax also applies to dividends, but only on profits arising before 2004. In the case of non-residents, withholding tax is also charged on interest and royalties. The rate of withholding can be reduced in accordance with applicable double taxation treaties. According to the EU Interest and Royalties Directive, interest payments to EU associated companies should be exempted from withholding tax if certain conditions apply. The Slovak Government has implemented this as of January 2005. For royalties, there is a transitional period of two years, i.e. until 1 May, 2006. Slovak entities are also obliged to deduct a withholding **tax of 19%** from payments for business, advisory and consulting services rendered in the Slovak Republic if they are made to a non-treaty country before a PE is constituted (the first 183 days of activity in the Slovak Republic). If the supplier comes from a treaty country, and it is likely that a PE will not be constituted, then no withholding tax applies. In addition to withholding tax, Slovakia also levies a "security tax" on payments to PE's. If a PE exists or is likely to be established, a Slovak entity making payments to the PE must **withhold 19%** security tax from all payments. The security tax represents an advance payment of the corporate income tax liability of the PE. It is possible to agree to cancel or reduce this 19 % advance payment on the basis of specific approval from the relevant tax authority. The taxpayer is obliged to remit withholding taxes within 15 days of the following month and to notify the tax authority regarding the amount of payment.

Double Taxation Avoidance Treaties

Double taxation avoidance treaties concluded between the Slovak Republic and Western countries follow the OECD Model Treaty.

Transfer Pricing

Slovak tax law contains transfer pricing rules. These are largely based on OECD principles (especially OECD Transfer Pricing Guidelines), which permit the Authorities to adjust prices charged between foreign related parties that are not in accordance with the arm's length principle (fair market value). Price methods (comparable uncontrolled price method, resale method and cost plus method) and profit methods (profit split method and transactional net margin method) are allowed on this basis. Due to the current wording of the law, the application of the transfer pricing rules to Slovak related parties is limited, though it can be expected to be changed, as such an approach discriminates against foreign entities.

Tax Holiday Legislation and Investment Incentives

Introduction Slovakia has historically had extensive tax holiday legislation which gave automatic entitlement to such relief if certain conditions were met, subsequently subject to compliance with EU State Aid rules. However the availability and entitlement to such tax holidays has been significantly reduced. The Income Tax Act, effective as of 1 January 2004, does not contain extensive provisions regarding tax relief; the issue is governed only by transitional provisions from older legislation.

Slovakia has specific investment stimuli legislation which provides for both tax incentives in the form of a tax holiday for up to 10 years and labour subsidies. The latter are connected with the creation of new jobs and to the training of employees.

The general conditions for investment stimuli under this legislation are:

- Establishment of a new plant or modernization or extension of an existing plant to be used for the production of goods or provision of services; Investment of at least SKK 400 million in assets (of which at least SKK 200 million must come from the founders' equity) or SKK 200 million (with SKK 100 million founders equity) when the company is domiciled in a region with an unemployment rate exceeding 10%;
- The investment must be made and relevant activity must commence within three years after the final decision on investment qualification is issued; At least 80% of the sales of the company are sales from activities stated in the investment plan;
- A confirmation of the Slovak Government is required.

It should be stressed that:

- There are many additional detailed provisions and exceptions which need to be taken into account. There is no automatic entitlement to (tax) incentives or other grants under this legislation in the Slovak Republic:
- All incentives need to be agreed with the Slovak Government and have to be formally applied for;
- All incentives are subject to limits set by EU law and must be approved by the EU.

It should also be noted that Slovak law and practice in this area has changed frequently in the past and is expected to change again in the future since draft legislation has already been prepared for a new Investment Stimuli Act.

Indirect Taxes

Value Added Tax (VAT) The previous VAT Act was replaced by a new VAT Act as of 1 May 2004.

Registration As of 1 May 2004 Slovak taxable entities, with their seat, place of business or establishment in the Slovak Republic, must register for VAT if their turnover within the previous twelve calendar months exceeded SKK 1,500,000.

Registration for VAT purposes is also obligatory for:

- A legal entity or individual, which acquires a business or part of a business through a contract of sale of business; A foreign entity performing economic activities in Slovakia that are subject to VAT;
- A foreign entity, which makes distance sales in Slovakia to persons who are not registered for Slovak VAT purposes, and the total value of the supplied goods exceeded SKK 1,500,000;
- A foreign entity, which makes distance sales of goods to individuals for personal consumption, and these goods are subject to excise duties;
- An entity that is not registered for VAT purposes, but acquires goods from another EU-member state at a value exceeding SKK 420,000 in a calendar year.

Voluntary registration is also possible; a request for VAT registration should be filed with the tax authorities. It is not possible for group companies to register as a single VAT entity. Persons are regarded as taxable from the date of their registration.

De-registration for VAT can be applied for as a result of the following situations:

- A taxpayer who has finished economic activities that are subject to VAT;
- A taxpayer whose taxable turnover did not reach SKK 1,500,000 in the last twelve calendar months;
- A foreign entity making distance sales if the total value of the supplied goods did not reach SKK 1,500,000 in the relevant calendar year and also did not reach SKK 1,500,000 in the previous calendar year;
- An entity, registered for acquisition of goods from another EU-member state, which did not acquire goods from another EU-member state at a total value of SKK 420,000 in the relevant calendar year and also did not reach that threshold in the previous calendar year.

Rates There is one single **flat rate of 19 %**. Recovery A taxpayer is entitled to deduct VAT from transactions related to the business activity of the taxpayer. The taxpayer can recover the VAT provided:

- a) VAT is charged by the supplier on the supply of goods or services,
- b) in the case of import of goods, the import VAT was paid,
- c) reverse charge or acquisition VAT was applied on supplies from non-Slovak suppliers.

The following specific situations should be noted: VAT liable supplies with no entitlement to VAT recovery; this applies to a selection of supplies, including acquisition and rental of personal cars, catering, acquisition of returnable bottles; exempt from VAT with entitlement to VAT recovery: this applies to export of goods and certain services, the transfer or use of rights abroad, international transportation; exempt from VAT with no entitlement to VAT recovery: this applies mainly to postal services, broadcasting and television, financial and insurance services (unless provided to a customer having its seat outside EU), education and science, health care services, lotteries and other similar games, transfer and leasing of real estate (in the event an option to tax is not applied). Refunds Slovak taxpayers Excess input VAT should be carried forward and offset against subsequent VAT liability. If a taxpayer cannot offset a VAT credit in the VAT period following that in which it arose, the tax authorities should refund the amount to the taxpayer within 30 days.

Reverse charge mechanism

A special procedure whereby the customer acts as both the supplier and recipient for VAT purposes, which means that he accounts for VAT payable on received services. This affects intellectual services (e.g., advertising, consulting, banking services, supply of staff, transfer and assignment of copyrights, patents, licenses, trademarks and similar rights).

Simplifications

Simplifying the taxation of transactions between subjects identified for tax in 3 Member States provided the delivery takes place between only 2 Member States and specific conditions are fulfilled. This will apply for example where

B purchases goods from A, sells them to C but the goods are delivered directly to C without passing through B's hands.

Provides non-Slovak suppliers from other Member States relief from the obligation to register for VAT purposes, if they keep stock in Slovakia. Specific conditions must be met, the main one being that the merchandise on stock must be supplied to only one Slovak customer and this customer notifies the Tax Authorities that he will be responsible for payment of acquisition VAT.

Foreign persons

A foreign person who is registered for VAT abroad, or is registered as a payer of a similar general consumption tax abroad, is entitled to claim a refund of Slovak VAT paid upon the delivery of certain goods or the provision of certain services, if the following conditions are met:

- a. The person did not have any seat, a place of business, a fixed establishment or residence in Slovakia during the period for which the VAT refund request was filed.
- b. The goods or services were purchased in Slovakia, or goods were imported to Slovakia for the purpose of his business activities carried out outside Slovakia.
- c. During the period for which they filed a VAT refund request, they did not supply any goods or provide any services in Slovakia.

The VAT refund can be claimed by submitting a request to the Tax Office Bratislava I. The minimum amount of VAT, which can be claimed, is SKK 1,001 in one calendar year and the request must be submitted within six months after the end of the relevant calendar year. The request can also be submitted before the end of the calendar year if the request covers at least three consecutive months and the VAT amount exceeds SKK 8,000. The request for a VAT refund must be filed using a form, which is available from the tax authorities. If the tax authorities approve the request, the VAT amount will be paid to the foreign company within six months from the day of filing the request. Slovak VAT should be refunded in this manner to all VAT payers from EU countries. It is also refunded to those from non-EU countries based on reciprocity. Individuals An individual with no residence permit in any EU country exporting goods (except fuel for personal purposes) from EU countries can file a request for a VAT refund. The individual can submit a request for a VAT refund if:

- 1) the amount of the goods exported outside the EU exceeds SKK 5,000;
- 2) the possessor has a document on purchase of goods issued by taxpayer;
- 3) export of goods is carried out within three months from the day the goods are purchased;
- 4) the Customs Office of any EU country certifies the export of goods.

Since 1 May 2004 rates are based on the EU customs tariff and depend on the classification of goods and their origin. The customs duty is normally paid within 10 days from the date of importation of goods. Normally, payments cannot be deferred for more than 30 days.

The Excise Duty Act, effective 1 January 1993, was divided into five independent acts, which set out the conditions under which excise duty is levied on mineral oils, spirits - pure alcohol and spirits - wine, beer and tobacco

products (referred to as "selected products"). Taxable persons are all legal entities and natural persons who produce these selected products in the Slovak Republic or to whom selected products are released in Slovakia. Excise duties are stipulated as a set amount per unit of measure for each group of products. Excise duties are administered relevant by a customs office. Monthly excise taxes returns have to be filed within 25 days of the end of the taxable period and excise tax liabilities must be paid within this period. The taxable period is a calendar month.

Road tax is imposed on commercial vehicles only. This includes private vehicles used for commercial purposes. The tax is payable annually by the holder of the vehicle. The taxable base is determined as a combination of vehicle weight and number of axles.

Tax rates are determined by Regional Authorities prior to the respective calendar year.

Real property tax is paid by owners of buildings (including private and weekend houses), flats and land (or tenants of land, registered with the cadastral register) and is paid on annual basis. The taxable base is determined by the size, location and the type of buildings, flats and value of land. Tax rates are determined by the municipal authorities prior to respective calendar year.

Taxation of Individuals

Slovak tax residents are liable to personal income tax on their worldwide income, subject to restrictions under applicable double taxation treaties. Slovak tax non residents are taxed only on income from Slovak sources, such as salaries, rent, interest or dividends (to the extent such dividends arise from profits earned prior to 1 January 2004). The tax year is the calendar year and the income tax rate is a **flat rate of 19%**.

2.4. Labour Law

Working hours

The maximum working week is 40 hours, although in some particularly arduous or hazardous occupations the maximum figure may be lower. Overtime work cannot, on average, exceed 8 hours per week during a period not exceeding four consecutive months, unless the employer agrees with the employees' representatives on a longer period, which may not exceed 12 consecutive months. The total ordered (compulsory) overtime work of an employee may not exceed 150 hours in the calendar year. The employer may, in case of real need, agree with the employee on overtime work above this limit, but subject to a maximum of 250 hours per calendar year.

Pensionable age

The pensionable age is 62 years for both men and women. Additional Pension Insurance An employer, may provide employees with additional pension insurance. Whilst an employee cannot require his employer to provide Additional Pension Insurance, both employees and the self employed may take out a policy themselves. Source:

- 1) Slovak Labour Code Act No. 311/2001 Coll., as amended,
- 2) Act No. 461/2003 Coll. on the Social Insurance, as amended,
- 3) Act No. 123/1996 Coll. on Additional Pension Insurance, as amended.

Average wage

According to data from Statistical Office of the Slovak Republic, the average gross monthly wage in the first half of 2004 was SKK 14,550. For industrial workers, the average gross monthly wage in the same period was SKK 15,400 and in construction SKK 12,000. Professionals (lawyers, auditors, and interpreters) earn substantially more. The acute shortage of personnel with good western language and marketing skills has led to increased salaries for people with these abilities. At present, a bilingual executive secretary employed in Bratislava by a western company can earn up to SKK 30,000 per month if he or she has five years or more professional experience.

Minimum wage

The official minimum monthly wage as at 1 September 2004 was SKK 6,500 and the minimum hourly salary was SKK 37.

Unemployment

On the basis of data from the Ministry of Labour, Social Matters and Family, unemployment in the Slovak Republic was 15.56% at the end of December 2003. There are substantial regional differences and in Bratislava the figure is much lower, (approx. 4%). There are imbalances in the labor market with over-employment prevalent in the agricultural sector and under-employment in the service sectors.

Employment Contracts

Pre-contractual relations. When recruiting staff, employers must comply with rules aimed at preventing discrimination against certain individuals. An employer may not ask a potential employee questions on a defined range of matters such as family circumstances, age, etc. If the interviewee believes that his rights have been violated in this area he/she may take legal action and claim financial compensation from the employer. Employment contracts are normally in writing. The parties agree the job description, the place of work, the date on which employment commences and the salary (unless this has been agreed in a collective agreement). Prior to signing the employment contract, the employer must inform the employee of the terms of the contract, the respective rights and duties under the contract, the employer's rules and health and safety regulations, and collective agreements, if any. If the contract is for a fixed term, this normally does not exceed three years, otherwise the contract is deemed to be of indefinite duration, and can only be terminated on notice following the occurrence of a limited range of termination events. Fixed term employment contracts exceeding three years may be prolonged only as follows:

- substitution of employees,
- performance of works requiring substantial increase of the number of employees for a transitory period not exceeding eight months in a calendar year (e.g., seasonal works),

- fulfilment of a task specified by the outcome,
- reasons agreed upon in a collective bargaining agreement.

Fixed term employment contracts where none of the above circumstances apply may also be extended beyond the three-year period for certain categories of employees, e.g., executives, employees employed in the area of research and development, etc.

Termination of Employment Contracts. An employment contract can only be terminated by mutual agreement in writing. The expiry of a fixed-term labour contract is also a valid form of termination, although it should be borne in mind that in the case of a foreign national, the date of expiry of his or her residence permit (either by virtue of time or revocation) also serves as a valid termination of the contract of employment.

Both employer and employee may terminate (in writing) the employment during the three month probationary period without having to give a reason. Written notice should be given and delivered to the opposite party at least three days before the day of termination of the contract. An employee can terminate his employment immediately if:

- there is a serious threat to his/her health the employer does not reassign him/her to some other suitable position, within 15 days of the submission of the opinion of a medical expert,
- the employer did not pay him/her wages or compensatory wages within a period of 15 days from the due date,
- the life or health of the employee is in jeopardy. To be effective however,
- the employee must terminate the contract within one month of his becoming aware of the situation.

When a contract is ended this way, the employee is entitled to two months salary/wages in lieu.

An employer can cancel an employment relationship immediately if:

- an employee has been convicted of an intentional criminal act,
- there was a serious breach of work discipline by the employee.

For termination on this basis to be effective, notice must be given within one month of the employer becoming aware of the grounds for immediate dismissal and at the latest within one year of the day on which those grounds arose. Cancellation of the employment contract must be in writing and the grounds for the immediate dismissal stated.

Redundancy and severance payments

An employer may make a severance payment when the employment is terminated due to organizational or health reasons. The Labour Code also provides for a severance payment of at least two months average earnings (three months earnings for staff with 5+ years of service) provided that the employee agrees to the termination of employment relationship before the start of the notice period.

Employment Appraisals and Confirmation of Employment

If an employee requests his employer to carry out an appraisal of his performance, this needs to be prepared within 15 days. An employer, however,

is not obliged to issue an appraisal for an employee more than two months in advance of the termination of an employment contract. When an employee leaves his employment, the employer must issue him with a confirmation of employment stating the duration of the employment, the employee's position, salary deductions (if any), a list of payments out of his/her salary (including already deducted pre-payments and payments relevant to an annual reconciliation of tax pre-payments).

Liability for Damages/Losses

Employees are liable for damages caused to the employer during the employment. If the damage was caused by negligence, the amount of compensation for damage is limited to a maximum of 3 times the employee's monthly salary. A special liability agreement (documented in writing) may be concluded if the employee is responsible for cash, securities, goods and inventories, or for a deficit in any of these items.

Holidays and Absences from employment

Any employee who works for the employer for at least 60 days in a calendar year is entitled to annual paid holiday on a pro rata basis. The basic holiday entitlement is a minimum of 4 weeks per year, rising to 5 weeks for employees with 15+ years service with the employer. Many trade union agreements increase these allowances by one additional week. Wages during holidays are based on the employee's average monthly remuneration. State Holidays are regarded as paid leave in addition to the normal holiday entitlement.

An employee may be granted time-off with or without pay in the following circumstances: medical examination or treatment; an employee's wife gives birth to a child; accompanying a family member to a medical facility for emergency examination or treatment of a disease or following an accident; accompanying a handicapped child to a social care facility or special boarding school; death of a family member; the employee's own marriage; when a disabled employee is unable to get to work due to severe weather; unexpected breakdown or delay of public transport; moving house; job-searching during the notice period.

Social Benefits

Contributions Both the employer and the employee are required to contribute to the social and health security systems. The current rates are total: 13,4 % - employee, 35,2 % - employer. Social Fund Employers are required to contribute a minimum of 0.6% of gross monthly salary to a separate company bank account on behalf of their employees. The purposes for which payments from the Social Fund can be made are explicitly specified by law, e.g.; employees' rest and recuperation, subsidy on commuting etc.

Sic leave

Period of absence:

- Days 1 to 3 – 25% of salary paid by Employer,
- Days 4 to 10 – 55% of salary paid by Employer,
- Day 11 – 55% of salary paid by Social Insurance.

2.5. Government Controls

Competition and Antitrust Laws

Under the Commercial Code, unfair competition is defined as behaviour which is contrary to standard competition practices and which may be detrimental to other competitors or consumers. The following are seen as being unfair competition: deceptive advertising, misleading descriptions of goods and services, misrepresentation, parasitic exploitation of competitor's reputation, products or services (e.g., it is unacceptable to advertise a product by describing it as being "the same as the products of company x"), bribery, defamation, violation of business secrets, and endangering consumer health or the environment. Other forms of unlawful restrictions of competition and business are covered by law. Neither legal entities nor individuals may enter into agreements restricting competition, abuse a dominant position in the market, proceed with the creation of a, so called, concentration without the consent of the Antimonopoly Authorities.

Agreements restricting competition

Agreements (written, oral or otherwise) restricting competition are defined as agreements, harmonized actions or decisions of associations of entrepreneurs that aim to or may result in the restriction of economic competition. The Antimonopoly Act strictly states that any agreements restricting competition are prohibited, in particular agreements involving:

- direct or indirect price fixing, or fixing of other commercial conditions;
- commitment to limit or control production, sale, technological development or investments;
- division of market or sources of supply;
- agreements involving discrimination against third parties;
- conclusion of contracts subject to conditions of acceptance of other supplementary obligations which are not related to the subject of the original contracts,
- either by their nature or according to their commercial usage (tying);
- co-ordination of offers in public tenders (e.g., rigging).

Abuse of dominant position

As regards a dominant position, acquisition or holding of such position on the relevant market is not prohibited by law, however, abuse of a dominant position is strictly forbidden. The Antimonopoly Act does not assume any particular threshold with respect to the size of market share of a particular entrepreneur in order to determine that such entrepreneur holds a dominant position. It simply states that a dominant position on the relevant market is held when one or more entrepreneurs, who are not exposed to significant competition, may behave independently on the market due to their economic power.

Abuse of dominant position is in particular:

- direct or indirect enforcement of disproportionate contractual conditions;
- restriction or threat of restriction of production, sales or technical development of goods with detrimental effects towards consumers;

- applying different conditions for equal or comparable transactions to individual entrepreneurs resulting in real or possible competitive disadvantage;
- making conclusion of a contract conditional upon another party's acceptance of conditions unrelated to the subject of contract;
- temporary abuse of economic competition with the aim of excluding competition;
- abuse of a dominant position by an owner or administrator of a so-called 'unique' facility.

Concentration is a process of the economic linking of entrepreneurs through (i) a merger or amalgamation of two or more previously independent entrepreneurs, or (ii) an acquisition of direct or indirect control by one or more entrepreneurs over an enterprise (or part thereof) of another entrepreneur(s). The establishment of joint venture jointly controlled by two or more entrepreneurs that will in future permanently operate as an independent economic subject is also considered to be a concentration. Notification to the Slovak Antimonopoly Office is mandatory if: the combined worldwide turnover of the participants to the concentration is over SKK 1,200 mln and at the same time two or more participants to the concentration had an aggregate turnover in the Slovak Republic of SKK 360 mln during the accounting period preceding the concentration, or one or more of the participants to the concentration had an aggregate turnover of at least SKK 500 mln in Slovakia and at least one other participant to the concentration achieved a worldwide turnover of SKK 1,200 mln during the accounting period preceding the concentration. The Antimonopoly Office must be notified within 30 days of any triggering event giving rise to a concentration (e.g., conclusion of a relevant agreement, announcement of the European Commission to an entrepreneur that the matter is to be dealt with by the Slovak Antimonopoly Office, etc.). The Antimonopoly Office must decide on the concentration within 60 working days from the day of delivery of notification.

Price Controls

With the introduction of a market economy, the former strict price controls were removed and at present, about 95% of prices are set freely by companies. Only the prices of energy, rents for particular premises and the prices of certain services are still regulated.

Import/Export Controls

The Slovak Republic is a member of the WTO, and is trying to maintain as high degree of trade freedom as possible. However, in order to safeguard the economic stability of the country, imports and exports of some products are subject to licenses issued by the Ministry of Economy of the Slovak Republic. At present, the restrictions relate mainly to the import of some commodities, such as brown coal, electric energy, livestock and some agricultural products, and to the export of certain raw materials, including crude oil and natural gas.

Certification of imported goods

Certain specified products are subject to a mandatory certification procedure when imported into Slovakia. The list of products changes from time to time. To confirm that imported goods comply with Slovak technical standards, Slovak customs may require a product certificate before goods can be imported into the country. The certificate can be obtained from the appropriate office after testing has taken place. However, if the product already has a foreign certificate complying with Slovak standards, only a certificate of conformity is issued without any prior testing of the product.

2.6. Tourism

There are good conditions for the development of tourism in Slovakia. Slovakia is rich in natural beauty including high mountains (Vysoké Tatry - High Tatras) with conditions for high mountain hiking tourism, several lower mountains with excellent conditions for tourism and winter sports, nature reserves with rare nature formations, plants and fauna, spa centers, thermal spas, dams, castles and other cultural and architectonic attractions. When talking about home tourism in Slovakia they say that in Slovakia there is everything but the sea. There are more details in the chapter Attractions in Slovakia.

Fundamental forms of tourism which seem most suitable for Slovakia and which should be preferentially developed in next few years include:

- City and cultural tourism,
- Spa and health-care tourism,
- Winter tourism,
- Summer mountain and water tourism,
- Country tourism and agro-tourism.

Doing business in the field of tourism is not different from doing business in other fields e.g. in trade and founding of trade companies. A necessary condition for issuing a license for operating a travel agency is a certificate confirming a two year working experience of a licensee in the field of tourism. Certain changes were brought by Law No. 281/2001 on trips. It categorized so-called tourist agencies and tourist offices. Each of them has its own rights and duties. It also founded a guarantee fund insuring tourists against bankruptcy or against providers of tourist services not fulfilling their obligations.

Remarkable Places in Slovakia

In Slovakia there are many natural and historic places which are worth seeing and where people may also relax. Many historical sights are hidden in well preserved castles e.g. Antol, Bojnice Castle, Ceervený Kameň, Bratislava Castle, Betliar, Trenčín Castle, Zvolen Castle, Orava Castle, Krásna hôrka, Spiš Castle ... On the territory of almost every district there is a castle, palace or a sight hiding inside itself a part of Slovak history. A stroll through history, as well as the specific atmosphere, can be also experienced in historic city centers like Bratislava, Bardejov, Banská Bystrica, Banská Štiavnica, Kremnica, Kežmarok, Košice, Zvolen or Žilina. Nowadays there is sensible effort by city councils in almost all cities to revive city centers and old traditions. These traditions can be learned as well as seen in open-air museums of folk architecture and well-

preserved villages e.g. museum of Orava village in Zuberec, Kysuce open-air museum in Vychylovka or in live open-air museums Čičmany and Ždiar. Specific atmosphere has also been kept by many spa cities and small towns – Bardejov, Bojnice, Brusno, Číž, Dudince, Korytnica, Kováčová, Nimnica, Piešťany, Rajecké Teplice, Sklené Teplice, Sliač, Smrdáky, Trenčianske Teplice, Turčianske Teplice and Vyšné Ružbachy. Well-preserved natural beauty especially astounds people in both the High and Low Tatras, Small Carpathians, Slovak Karst, Strážov Mountains, Upper Orava, Kysuce or Muráň Plateau. There are protected territories and national nature parks in all these places. There are interesting strolls through caverns, the most famous of which include Belianska Cave, Demänovská Cave, Bystrianska Cave, Domica, Drina, Gombasecká Cave, Harmanecká Cave, Jasovská Cave, Ochtinská Aragonite Cave or Važecká Cave. Great tourist centers are concentrated around these sights but there are also other centers close to big lakes and dams e.g. Orava Dam, Zemplínska šírava, Veľká domaša, Liptovská mara, Gabčíkovo or Zlaté piesky in Bratislava.

From a territorial point of view the most frequently visited part of Slovakia is the capital Bratislava. It is visited by every fourth visitor to Slovakia. The number of visitors to Podunajsko (area around the river Danube in Southern Slovakia) with interesting protected areas in the branches of the Danube as well as new tourist possibilities in the area around this big river has also been on a continuous increase achieving 15% attendance of Slovakia in last few years. The attendance rate in the High Tatras has been around 14-20% depending on weather conditions during seasons of the year. Around a 5% share of attendance has been kept by the Low Tatras, regions of Kysuce, Orava, Dolný Zemplín and Ponitrie. In 1997 60% of foreign visitors answered positively when they were asked whether they would recommend a visit to Slovakia. Reserves in achieving satisfaction of visitors to Slovakia can be a stimulus for new ideas, better quality of services and investments for new owners of tourist facilities and local representatives. New moments in this field include the regular international festival of ghosts at the Bojnice Castle, various events in historical centers of Bratislava and Košice. Further qualitative steps can be expected in connection with the candidacy of Slovakia to organize the Winter Olympic Games. Recently especially the ski resort sector has been developing. Significant investment was made into new ski lifts, regulation of skiing grounds and into the production of artificial snow. Close to these centers many hotels, mountain chalets and pensions offering services for various categories of tourists were newly built or rebuilt. It is worth mentioning that there are app. 80 ski centers equipped with technical snow producing machines in Slovakia. Within the framework of business support it is possible to acquire tax allowances up to 50% of total investment. Several grant schemes for the development and support of tourism were prepared by the state using its own resources and resources from EU pre-entry funds. These appropriation schemes are directed to the removal of weak points in the development of tourism and services including an increase in the accommodation level, improvement of catering, building supplementary attractions – sport grounds, fitness centers, entertainment centers etc. In the north of Slovakia several aqua centers with thermal water were opened in the past few years. Recently more importance

started to be devoted to agro-tourism which allows visitors to Slovakia to know better the customs and habits of various regions.

In 1998 more than 23 million people traveled abroad, i.e. every inhabitant including babies traveled abroad four times that year. Obviously, business trips and shopping trips into neighboring countries are included in this number. Most frequently visited countries via travel agencies are Croatia, Greece, Italy, France, Austria, and recently also Bulgaria, then Africa and Asia from other continents. In the year 2003 within passive tourism most Slovaks traveled to Croatia, Greece, Italy, Hungary, Czech Republic, Bulgaria, Tunisia, Spain. Stays from 8 to 14 days prevailed especially during the summer season; 35.3% of holiday makers traveled by bus, 31.2% went by car, 25.4% by plane and 6.2% by train. They usually stayed at facilities of a hotel type (more than 51%), in privately rented accommodation facilities (16.6%), privately not-rented facilities (14.4%) and at camping sites (10.7%).

There are more than 2,500 accommodation facilities in Slovakia with more than 45,000 rooms and 120,000 beds. The number of lodgers varies around three million, the number of overnight stays is around ten million. Income from accommodation in them has been about SKK5bn annually in last few years. The average rate of occupancy of accommodation capacities has been around 30% with the highest occupancy rate facilities in Piešťany (spas – 49%), Bratislava (34%). However, in the year 2003 the highest occupancy rate was reached by the spa town Trenčianske Teplice with 61%. The majority of foreign visitors are from the Czech Republic, Poland, Hungary, Germany, Italy, Austria and the Netherlands.

Surveys show that only a half of the Slovak population can afford to spend holidays at an accommodation facility. The length of stay at a recreational facility depends not only on the amount of income but also on whether these people come from towns or the countryside. Incomes of travel agencies continue to grow. While in 1993 it was SKK 1bn, in 2001 they reached more than SKK 8bn (passive tourism representing almost four fifths of this volume). According to the Association of Tourism Facilities in the year 2002 the total revenues from tourism in Slovakia reached USD 515 million. In the year 2003 the foreign currency expenses in tourism totaled USD 572 million and foreign currency revenues totaled USD 863 million (with a USD 281 million balance).

2.7. Why Slovakia?

The reasons:

1. Rated by the World Bank as being one of the 20 most investor friendly countries in the world.
2. 220 million potential customers within 1000 km.
3. Almost the whole of the EU within a radius of 2000 km.
4. The gateway to the Balkans and an other 440 m inhabitants.
5. Politically stable.
6. EU Member State.
7. 19% flat tax regime.
8. No withholding taxes on dividends.
9. Investment incentive packages (subject to EU rules).

10. Highly skilled and flexible workforce.
11. Low cost of labour.
12. Liberal labour code.
13. Low cost of living.
14. Wide selection of land available for purchase.
15. Excellent telecommunications infrastructure.
16. Highway network growing steadily.
17. Excellent rail services for both passengers and freight.
18. Trans European water transportation via the River Danube.
19. Direct international air services between Bratislava and many European cities including Brussels, London, Milan, Munich, Paris, Prague, Rome, Warsaw and Zurich.
20. A country of great natural beauty.

Industrial Traditions

Slovakia can pride itself on its industrial heritage with well-developed sectors such as electro-technology, automotive, engineering and wood processing industries. The country has recently started to offer new investment possibilities in information technology and strategic services.

Slovakia is both an OECD and WTO member. In 2004, Slovakia became a full member of both the EU and NATO. 91% of Slovak exports go to the OECD countries.

Strategic Position

Geographically, Slovakia is at the very centre of Europe, with the combined market potential of over 350 million people. Several principal transport routes (road, rail and river), oil and gas pipelines cross the territory of Slovakia. It is however important to note that approximately 220 million people live within a 1,000 km radius of Slovakia which also a gateway to the east and the Slavonic countries and another 440 million people.

3. Operating in Slovakia and Foreign Investment

3.1. Operating in Slovakia

The majority of laws relating to business activities were adopted in the early 1990 s and were changed during recent years to harmonize with EU legislation. One of the fundamental laws in this area is the Civil Code, which provides the basic rules applying to the rights and obligations of individuals and legal entities ("legal persons"), ownership, co-ownership and various types of contracts. Business relationships are specifically governed by the Commercial Code. Under the Commercial Code, business (entrepreneurial) activities are defined as being systematic activities conducted independently by an entrepreneur (either an individual or legal entity), in his/her/its own name and at his/her/its own responsibility, for the purpose of making a profit. Slovak business companies,

partnerships and co-operatives must be registered in the Commercial Register. The same applies to foreign persons engaged in regular entrepreneurial activities in Slovakia. The Commercial Code states that a foreign person is an individual domiciled abroad, or an entity whose seat is located outside the territory of the Slovak Republic. An entity with its seat in the Slovak Republic is considered to be a Slovak legal person. Foreigners may do business in the Slovak Republic under the same conditions and to the same extent as Slovaks, unless the law provides otherwise. Foreigners can therefore participate in the establishment of a Slovak legal entity and may participate in an existing Slovak legal entity as a partner, member or shareholder. A foreigner can also establish a Slovak legal entity, or become the sole partner, member or shareholder of a Slovak legal entity, provided a sole founder or a sole partner, member or shareholder is admitted by law. Business activities conducted by foreign companies in Slovakia are usually carried out through a Slovak subsidiary company (the forms of which are listed below), or through an enterprise or branch office of a foreign person located in Slovakia. A foreign entity's right to engage in entrepreneurial activities in the Slovak Republic is established on the day when its enterprise or branch office is entered into the relevant Commercial Register.

Types of Business Entities

The Commercial Code provides various options for the structure of business entities in Slovakia. These, all of which require registration, are: Joint-Stock Company Limited Liability Company General Commercial Partnership Limited Partnership

Co-operative Enterprise or Branch office of a foreign company European Company (or "SE", Societas Europaea) see Appendix, page 82 Except for enterprises and branch offices, all of the above forms constitute Slovak legal entities.

Joint-Stock Company (akciová spoločnosť - "a.s.")

A joint stock company is one, the registered capital of which is composed of a set number of shares of a certain nominal value. Whilst shares may be 'partly paid' at issue there are strict time limits within which the whole of the capital must be fully paid. The company exists independently of its shareholders, who are not liable for the debts and obligations of the company. The company is liable with its total assets for any breach of its obligations. The shareholders do not guarantee the obligations of the company. However, the shareholders are liable to the company to pay the full issue rate of the shares for which they subscribed. This means that if, for example, the business defaults whilst its shares are still only partly paid, then the shareholder is liable to pay the balance of the capital outstanding. The company must include "akc. spol." Or "a.s." in its business name. The company may exist as either a private or a public joint-stock company. If the company issues all or part of its shares through a public call for subscription of shares, or if its shares are traded by a stock exchange it is a public joint-stock company. The company may be established by a sole founder (provided that the founder is a legal entity), or by two or more shareholders. If the company is established by two or more

shareholders, a foundation agreement must be executed. If the company is established by a sole shareholder, a foundation deed must be executed rather than a foundation agreement. Both the foundation agreement and the foundation deed must be made in the form of a notarial deed on a legal act. A company may be formed by a private agreement to subscribe for all shares or by a public call for subscription of shares. The company's registered capital in each case must be at least SKK 1 million. Prior to the incorporation of a joint-stock company, the entire registered capital must be subscribed and at least 30% of the monetary contributions fully paid. The nominal value of shares subscribed must be fully paid within the time period stipulated by the company's by-laws (articles of association), otherwise within a maximum of one year from company's registration in the Commercial Register. Shares may be issued in either registered or bearer form. Registered shares may be issued in documentary form with a share certificate or book-entered (dematerialized) form, whereas bearer shares can only be issued in book-entered (dematerialized) form. Both types are generally transferable. The articles of association may restrict (but not exclude) the transferability of shares. The company may issue ordinary shares (including collective shares that substitute more shares of the same class having the same nominal value), voting and non-voting preference shares. The option to issue employees' shares as a specific type is no longer allowed. The nominal value of preference shares issued by the company cannot exceed 50% of its registered capital. Companies must create a reserve fund at the time of incorporation with a minimum amount of 10% of the registered capital. This reserve fund has to be replenished each year with an amount shown in the articles of association, but subject to a minimum of 10% of the net reported profits, until such time as it reaches a limit shown in the articles of association (which must be at least 20% of the company's registered capital). The reserve fund may only be used to cover the losses of the company. The supreme body of a company is the General Meeting of its shareholders. Each shareholder is entitled to attend general meetings, vote, ask for information and explanations concerning the dealings of the company and to make proposals. The powers of the general meeting include, for example, amendments to the articles of association, increase or reduction of the registered capital, appointment and removal of members of the Board of Directors and the Supervisory Board, approval of financial statements and profit distribution, decisions concerning the winding-up of the company and change of its corporate form. The Board of Directors is the statutory body of the company that manages company's operations and acts on its behalf. The Board of Directors decides on all matters of the company, except for those reserved to the authority of General Meeting or Supervisory Board by law or the articles of association and is responsible for ensuring proper accounting and reporting procedures. Members of the Board of Directors who breach their duties have joint and several liability to compensate damage caused to the company. Joint-stock companies must also have a Supervisory Board with at least three members, to supervise the exercise of powers by the Board of Directors and the conduct of business by the company. The Annual financial statements must be audited by an authorized auditor and have to be published.

Limited Liability Company (spoločnosť s ručením obmedzeným - "spol. s r. o." r. o.) This is the most common form of business entity in the Slovak Republic. The registered capital of the company is made up of predetermined contributions of its members (shareholders). The company exists independently of its members. The company is liable for the breach of its obligations with its total assets. The liability of a shareholder for obligations of the company is limited up to the amount of un-paid shareholder's contribution registered in the Commercial Register (e.g. the balance due in respect of a partly paid share). The company may be established either by a sole shareholder, a natural or legal person, or by two or more persons. However, the company may not have more than 50 shareholders. A company with a sole shareholder cannot be the sole founder or sole shareholder of another company. A natural person may not be the sole shareholder of more than three companies. The company's business name must include "spol. s r. o." or "s. r. o." The founders are obliged to execute articles of association specifying the company's activities, shareholders and their shares, company representatives and the details of its reserve fund. The company must have a minimum registered capital of SKK 200,000 with a minimum contribution by each founder of SKK 30,000. 30% of the share capital must be paid up before filing the proposal for the company's registration in the Commercial Register. The balance of the unpaid capital must normally be fully paid within five years of the registration of the company, unless the memorandum of association stipulates a shorter period. The aggregate value of monetary and non-monetary contributions paid up before submitting the application for incorporation must be at least SKK 100,000. If there is only one founder the entire registered capital must be fully paid up before company's registration. The company must create a reserve fund at the time and in the amount specified in the memorandum of association. Unless the reserve fund is established upon incorporation of the company, the company must create such a fund from the first reported net profits by transferring a minimum of 5% of the net profits to the reserve, subject to a maximum of 10% of the registered capital. The reserve fund must be replenished annually by the transfer of at least 5% of the net profits for the respective financial year, until it reaches the amount set out in the memorandum of association of the company, which has to be at least 10% of the company's registered capital. The reserve fund may be used only to cover the company's losses. The General Meeting of shareholders is the supreme body of the company. It is authorised to make all major decisions. It has to be held at least once a year. The General Meeting appoints one or more executives (managing directors) serving as the statutory body of the company. A Supervisory Board may be established, but is not mandatory for this type of company. The size of the ownership interest (business interest) in the company determines the rights and duties of a shareholder and his participation in the company. The level of a shareholders participation is generally determined as a ratio of the shareholder's capital contribution to the company against the total registered capital. Unless the memorandum of association provides otherwise, a shareholder is free to transfer his business interest to another existing shareholder by means of a written agreement, subject to the approval of the transfer by the General Meeting. The shareholding may be transferred to a third party who is not already an existing shareholder of the company, only if it is allowed by the memorandum

of association (e.g. A, B and C each own all of the shares in xyz spol s.r.o. Shareholder A may transfer his shares to B or C subject to the approval of the General Meeting. If however A wishes to transfer his shares to D, who is not an existing shareholder, then this can only be done if allowed in the memorandum of Association). The company does not have to appoint an auditor to verify its balance sheet unless two or more of the following apply:

- a) the turnover in the previous year exceeded SKK 40 million (excluding VAT);
- b) the assets at the end of the previous year exceeded SKK 20 million;
- c) the company had an average staff of 20 or more employees in the previous year.

General Partnership (verejná obchodná spoločnosť - "ver. obch. spol." or "v.o.s.")

A company in which at least two persons carry on business activities under a common business name and guarantee the liabilities of the company jointly and severally with their entire assets. Legal persons, as well as individuals, may be partners. The company is formed by the preparation of a memorandum of association specifying the seat and the business name of the partnership, the names and addresses of all the partners and the scope of business activities of the business. The partnership must include the designation "ver. obch. spol." or "v.o.s." in its name, unless it includes the surname of at least one of its partners, in which case "a spol." is sufficient. The company does not have to create registered capital; however a commitment to contribute capital may be agreed in the memorandum of association. Any contribution made to the general partnership becomes the property of the partnership. If not otherwise stated in the memorandum of association, each partner is entitled to act on behalf of the partnership. There is no legal requirement for an audit of the accounts. Limited Partnership (komanditná spoločnosť - "kom. spol." or "k.s.") A company, in which one or more partners guarantee the partnership's liabilities up to the amount of their un-paid contributions registered in the Commercial Register (limited partners) and one or more partners guarantee the partnership's liabilities with their entire property (general partners). For example, A, B and C form a partnership A, B and Partners kom. spol. with the agreement that A and B will be general partners whilst C will be a limited partner in the amount of SKK 1 m. The total agreed capital for the partnership is SKK 3m. A paid in SKK 1 m, whilst B & C each paid in SKK 0.5m. If the business fails then C will be required to pay the balance of his agreed capital (in this case SKK 0.5m) whilst A and B will be liable for the whole of the remainder of the partnership debts. A Limited Partnership must have, in addition to the limited partners, general partners with unlimited liability. The partners must complete a memorandum of association specifying the company's business activities, the partners, their capital contribution, and indicating which partners bear limited or general liability. The partnership must include the designation "kom. spol." or "k.s." in its business name. If the business name includes the name of a limited partner, he or she shall have unlimited liability for the partnership's obligations. Note that in the example above, the name of partner C, the limited partner, was left out of the business name. If his name had been included in the title then, notwithstanding the Memorandum of Association, C would have had unlimited liability for the liabilities of the business. A limited partner has to make a capital contribution to

the partnership of the amount specified in the memorandum of association, but subject to a minimum of SKK 10,000. The contribution must be paid by the date specified in the memorandum of association, otherwise without undue delay after incorporation of the company. There is no stipulated minimum capital from general partners. The statutory body of a limited partnership is its general partners, each of whom is entitled to act on behalf of the company individually, unless the memorandum of association specifies otherwise. Only general partners are authorised to participate in the management of the company's business. No audit is required.

Co-operative (družstvo)

A co-operative is formed by at least five members who are natural persons. However it is perfectly permissible for two legal entities to form a co-operative. The purpose of a co-operative is to undertake business activities or for the economic or social benefit of its members. An example of social benefit would be where all of the owners or occupiers of flats in a building or group of buildings form a co-operative to handle building maintenance, cleaning, letting of common space etc. The co-operative is fully liable for its liabilities. Members do not however guarantee the obligations of the co-operative. The co-operative must include the designation "družstvo" in its business name. The co-operative must have a registered capital of at least SKK 50,000. To join the co-operative, new members may be required to pay a fee or make a capital contribution in accordance with the requirements of the articles of association. The outstanding amount of a member's contribution must be paid within three years, unless the articles of association provide otherwise. A co-operative is established at a Members' Meeting which determines the amount of the registered basic capital, approves the articles of association and appoints the members of the Board of Directors (the statutory body of the co-operative) and the Supervisory Committee. The supreme body of a co-operative is the Members' Meeting. When the co-operative has fewer than 50 members the articles of association may allow the powers of the Board of Directors and the Supervisory Committee to be vested to the Meeting of Co-operative's Members. Any member may transfer his membership rights and duties to another member of the co-operative, unless such a transfer is excluded by the articles of association. Any agreement concerning the transfer of membership rights and duties to a third party is subject to approval by the co-operative's Board of Directors. An non distributable Fund of at least 10% of the co-operative's registered capital must be established at its incorporation. This fund may not be distributed to the members during the existence of co-operative. The Fund must be replenished annually with at least 10% of the net profits achieved each year until the balance of the fund reaches 50% of the co-operative's registered basic capital. The fund exists to cover any losses which may arise in subsequent periods. A co-operative does not have to appoint an auditor to verify its balance sheet unless two or more of the following apply:

- a) the turnover in the previous year exceeded SKK 40 million (excluding VAT);
- b) the assets at the end of the previous year exceeded SKK 20 million;
- c) the company had an average staff of 20 or more employees in the previous year.

Enterprise or Branch office of a foreign person or organization (podnik alebo organizačná zložka podniku zahraničnej osoby)

Foreign persons (both natural and legal) may carry on business in the Slovak Republic provided that they have their business or branch offices located in Slovakia registered in the relevant Slovak Commercial Register. The Commercial Registration must give details of the business activities of the company or the branch offices of foreign entities operating in Slovakia, the name and address of the office manager of the enterprise or branch and the seat of the enterprise or branch office, as well as certain other data relating to its foreign ownership. An enterprise/branch office of a foreign person is not regarded as a Slovak legal entity since it does not have legal capacity. The nominated branch office manager can be either a Slovak national or an expatriate, who, when appropriate, should have a valid temporary Slovak residence permit. Citizens of EU or OECD member states are not required to have such residence permit. There are no minimum capital requirements, nor is an audit required.

Trade Licenses

No entity or individual (resident or non-resident) may carry on any 'for profit' business activity on a regular basis without having the appropriate trade license (issued by the respective trade licensing office or by the special state authorities) required for a particular business activity. Trades fall into two main categories, namely notifiable ("ohlasovacie živnosti") and concession trades ("koncesované živnosti") depending on the professional qualification requirements. Where a trade is notifiable it must be registered with the relevant trade licensing office. If the stipulated conditions are fulfilled, the licensing office must issue a trade certificate within 7 calendar days of receiving the complete application. In the case of a concession, an application must be submitted to the trade licensing office responsible for the location of the proposed place of business. The office has 30 days to reply from receiving the completed application. Unlike the notifiable trades, the grant of a concession is at the discretion of the authority and there is no legal compulsion for granting a concession even if all statutory requirements are observed.

The Commercial Register

All forms of business entities, including their branches and organizational units must be registered in the Commercial Register. Registration of individual entrepreneurs is, in general, voluntary. The Commercial Register is maintained by the courts. A business may only commence operations in Slovakia once the registration formalities have been completed. The current government is making great efforts to make the business environment friendlier and major changes have been introduced in the legal framework in order to make this possible. The new Commercial Register Act which took effect on 1 February 2004 introduced some major changes in connection with the registration procedure:

- the Registration Court should complete the registration within 5 working days of the day of delivery of the petition;

- special forms must be used when filing petitions for registration in the Commercial Register;
- petitions for registration have to be accompanied by the annexes listed in the relevant Decree of the Ministry of Justice.

Bankruptcy

The law on Bankruptcy and Composition, as amended, (the "Bankruptcy Act") applies to the settlement of property claims against a debtor who has gone bankrupt. The aim of bankruptcy or composition is to satisfy the claims of the creditors vis-a-vis the insolvent debtor on a proportionate basis. There are two reasons for a declaration of bankruptcy. Any debtor is regarded bankrupt if he/she/it: has several creditors, is unable to meet its financial obligations for more, than 30 days from the date of their maturity, has a negative equity (entrepreneur, individual or legal entity). This applies whether the entrepreneur is an individual person or a legal entity. Bankruptcy proceedings commence with either a petition filed by the debtor, his/her/its creditors, or the liquidator of the legal entity in question. In addition there is specific legislation which may, in certain circumstances entitle other persons to petition for a declaration of bankruptcy or require a statutory body of the debtor to apply for bankruptcy. Once the petition for declaration of bankruptcy is filed, the debtor may not do anything that would lead to a reduction of its assets. Even so it may carry on its normal business activities. Bankruptcy proceedings fall under the jurisdiction of the debtor's regional court. The court has the authority to appoint a preliminary administrator to ascertain the debtor's assets and to review its books and records. Once a preliminary administrator has been appointed, the debtor may only dispose of assets with the consent of the administrator; anything done without such permission is null and void. If the court passes a resolution declaring bankruptcy, it must also appoint a bankruptcy administrator. If all conditions for declaring bankruptcy have been met, the court will issue a bankruptcy resolution. The creditors then have 60 days from the date of the resolution to file their claims. The law gives the administrator in bankruptcy power to dispose of the assets of the bankrupt. Further consequences of the bankruptcy resolution are:

- non-matured receivables and liabilities of the debtor become immediately due and payable; all instructions,
- powers of attorney and outstanding proposals of the debtor for concluding contracts that have yet to be acted upon are cancelled and have no effect;
- setting-off receivables due to the bankrupt party is prohibited;
- execution proceedings against the assets of the debtor are prohibited;
- all acts of the debtor relating to its assets and undertakings are declared null and void;
- a party entering into a contract with the debtor after the issue of the declaration of bankruptcy is entitled to repudiate it except if he/she/it was aware of a declaration of bankruptcy over the debtor;
- the right to act on behalf of the debtor in labour relations passes to the administrator; civil and other proceedings are suspended if they relate to assets which have been included in the bankrupt estate.

The assets of the bankrupt may be converted to cash either through sale by auction or by private treaty. The bankruptcy administrator must submit reports on the disposal of assets from the bankrupt's estate to the court. After disposing of all of the assets, the administrator submits a final statement to the court for its review and approval. After the court approves the final report and accounts and costs of the bankruptcy proceedings, it issues a resolution on the distribution of assets ('distribution order'). This sets out the percentage amount to be paid of the sum owed. The courts may take several months to declare bankruptcy and the whole process of the bankruptcy can take many years. Secured creditors whose debts are secured by pledge or retention rights are entitled to have their claims met out of the proceeds of their security. The secured assets are treated as being separate from the bankrupt estate, and the general order of priority for the satisfaction of creditors does not apply. Certain claims defined by the Bankruptcy Act can be settled at any time during the bankruptcy proceedings (e.g., claims for the refund of an advance payment for the costs of the proceedings and for the fees of the preliminary bankruptcy administrator, claims for a separate settlement or claims that arose after the declaration of bankruptcy and that became due in the course of bankruptcy proceedings). Other claims may be satisfied only on the basis of distribution order of the court. Prior to the issue of the distribution order by the court handling the bankruptcy proceedings, the debtor can propose its own scheme of settlement to the creditors. When such a settlement is proposed, the court can only confirm it if more than 75% of the creditors (measured not on number but by the value of the lodged claims) approve the agreement. If the court agrees to the compulsory settlement, the debtor regains the right of disposal of its property and the rights, which were curtailed by the declaration of bankruptcy, are restored. Voluntary composition A scheme of voluntary composition can only be proposed by a debtor, who fulfils the normal conditions for declaring bankruptcy, namely: has several creditors, and is unable to meet its financial obligations for more than 30 days from the date of their maturity. The court may negotiate the petition for composition only if bankruptcy has not yet been declared by the court. Under a proposed voluntary composition, the creditors should achieve proportional satisfaction of their claims. The debtor must provide the court with all the details of the composition being offered. In addition, in the case of a business, he/she/it must include data on the number of his/her/its employees and proposals regarding the reorganisation/restructuring of the business. The application must also contain a list of all the debtor's assets. It is up to the creditors to decide whether or not the scheme of reorganisation/restructuring proposed by the debtor is acceptable. The debtor must fulfil all obligations under an accepted composition scheme promptly and in full. Debts written off by the scheme are discharged.

3.2. Accounting and Auditing

Accounting regulatory framework Slovak accounting standards are governed by the Act on Accounting which regulates general accounting principles, maintaining and closing the books, asset and liability valuation, profit and loss calculation, financial statements formats, consolidation procedures and auditing requirements. There are also requirements contained in the Commercial Code

and decrees issued by the Ministry of Finance. Starting from 2005 all consolidated financial statements will have to be prepared according to IFRS. Additionally, starting from 2006 all banks, insurance companies, listed companies and certain other large companies will be obliged to prepare their individual financial statements according to IFRS (see section Preparation and submission of individual financial statements below for more details). Chart of accounts There are separate statutory charts of accounts and accounting procedures for:

- Entrepreneurs Banks Insurance companies There are also separate charts for non-profit organizations,
- municipalities,
- political parties,
- social insurance organizations,
- the EXIM (Export-Import) Bank etc.

The chart of accounts for entrepreneurs consists of the following accounting classes: A company is required to design its own chart of accounts, which must contain the prescribed accounts and additionally may contain other accounts or sub-accounts necessary for the recording of all accounting transactions and for the preparation of the financial statements. Accounting records Slovak bookkeeping rules do not differ very much from those commonly employed worldwide (entries are made on a double-entry basis, chronologically and mainly on a historic cost basis and have to be documented). All accounting books and financial statements must be prepared and maintained in the Slovak language and in Slovak currency. All source documents, accounting books, schedule of depreciation and amortization, protocols of physical count, confirmation procedures etc. must, as a rule, be retained for a period of five years; however, the annual financial statements and annual report must be kept for ten years. Companies may use all types of processing techniques, as long as they provide all the information needed to prepare statutory financial statements. If the company maintains accounting records in electronic form, it is required to convert the accounting records into a legible form. Accounting period Since 2004 companies whose business requires it, or whose parent organisations have an accounting period other than the calendar year, have been allowed to select their own 12 month accounting periods. Currently a company may only apply a different accounting period with the written permission of the tax authority, however starting from 1 January 2005 a 15-day notice will be sufficient. Reconciliation procedures A company must reconcile cash on hand at least four times during the accounting period. Physical stocktaking of fixed assets must be performed at least every two years. A physical inventory count must be performed at least once a year. Closing balances outstanding on all other accounts must also be reconciled and documented (balances of receivables and payables can be agreed directly with contractors). Summary of Slovak Accounting Principles Slovak accounting principles are gradually converging with IFRS although some recent international standards, such as IAS 32 and 39 and the concept of fair valuation are not yet fully implemented or commonly used. Generally, Slovak accounting principles are less detailed than those of IFRS and therefore the international standards may often act as additional guidance on specific topics and issues. When valuing assets and

liabilities and preparing the income statement, the following major principles apply:

- Assumption of the going concern basis;
- Use of accruals and matching concepts;
- Generally prudent valuation of each asset item takes place on a cost basis;
- Fixed assets are valued at acquisition cost, net of depreciation; raw materials and merchandise, finished products and work in progress are valued at the lower of cost or net realizable value;
- Cost of inventories may be established either on a specific identification, weighted average or FIFO basis;
- Certain financial investments can be valued based on the equity method;
- Provisions should be made for impaired fixed assets, financial investments, obsolete and slow-moving inventory and doubtful receivables;
- Valuation of creditors and debtors at their nominal amount;
- If denominated in foreign currency they need to be recalculated into SKK in accordance with the exchange rate published by The National Bank of Slovakia as at the balance sheet date.

Non-current items should be discounted to net current value; Provisions should be made for certain or probable future liabilities (being in principle an obligation resulting from past events), when the amount can be reliably estimated; Consistency between accounting periods and full disclosure of changes in accounting policy. Compared to accounting standards commonly used elsewhere, Slovak GAAP offers similar possibilities for creating provisions for losses and costs, as well as writing down the value of inventory or receivables. However, accruals and provisions, although justified from an economic point of view, and obligatory according to accounting standards, may not necessarily be fully tax-deductible. From 1 January 2004 leased assets must be accounted for and depreciated by the lessee. Previously the leased asset was depreciated by the lessor (based on the legal ownership). The result is therefore an approximation of the IFRS concerning the treatment of finance leases with certain minor deviations (e.g., the definition of a finance lease). Lease contracts signed prior to 1 January 2004 should however be recorded according to the previous rules. Legal reserve fund The Slovak Commercial Code requires companies to create a legal reserve fund of at least 5% of their after tax profits until the fund amounts to at least 10% of the share capital for limited liability companies and 20% for joint stock companies. The legal reserve fund is not distributable to shareholders by way of dividend. As mentioned previously, the reserve fund exists solely to cover possible future losses.

Financial statements

Preparation and submission of individual financial statements financial statements must contain the balance sheet, income statement and notes to the financial statements (including the statement of changes in equity and cash flow statement). The balance sheet and income statement, which accompany the tax return, must be prepared on special forms, and the notes must contain

information as specified by the Ministry of Finance. Starting from 2006 all companies meeting any two of three size criteria (whose total assets and/or their turnover exceed SKK 5,000 mln and/or whose average number of employees exceeds 2000), all banks, insurance companies, listed companies and certain other companies will prepare individual financial statements and annual reports in accordance with IFRS. The year-end financial statements must be submitted together with the tax return to the tax office within 3 months after the chosen year-end. With the prior permission of the tax office, this deadline can be postponed by a maximum of an additional 3 months. Financial statements are filed with the tax office twice - the first time in support of the tax return, and the second time after approval by the general shareholders' meeting which is assumed to be held within 6 months of the balance sheet date. It therefore follows that there can be changes to the financial statements between the date of their submission to the tax office (with the tax return) and the date that they are approved by the shareholders. Financial statements (and the annual report) must be filed with the Commercial Register within 30 days of the date of approval by the shareholders meeting. Annual report Companies that must have their financial statements audited (by an auditor) must prepare an annual report containing the financial statements for the accounting period and the auditor's report. Other information required by law is: financial position of the company over at least two preceding accounting periods, important events after balance sheet date, expected future development of the company's activities, research and development expenditures, proposals for the distribution of profit (settlement of losses) etc.

Consolidated financial statements Consolidated financial statements must be prepared in accordance with Slovak accounting principles only up to 31 December 2004. Starting from 2005 all consolidated financial statements will have to be prepared according to IFRS. All banks, insurance and reinsurance companies must prepare consolidated financial statements regardless of their size. Companies must prepare consolidated financial statements only if the group exceeds two of the following three criteria (financial statements of all subsidiaries, joint ventures and associates are aggregated at their full amounts):

- total assets of the consolidated group exceed SKK 350 mln (total assets defined as gross amounts before adjustments such as accumulated depreciation and provisions);
- net turnover of the consolidated group exceeds than SKK 700 mln (net turnover defined as revenue from the sale of products, goods and provision of services);
- average number of employees exceeds 250 during the accounting period.

All consolidated financial statements must be audited. A consolidated company is required to prepare a consolidated annual report. Consolidated annual reports must be prepared using the same policies as for individual annual reports. Audits are intended to verify the consistency of the financial statements with the Slovak accounting principles and other legal provisions as well as to ensure that the financial statements give a true and fair view of the financial position of the company and result of its operations. An audit includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. All facts which

might adversely affect the financial standing of the company, threats to its future activities including reservations about the going concern principle, and infringements of law have to be duly reported.

3.3. Foreign direct investment

Although the influx of foreign direct investment (FDI) into Slovakia is lower than its neighbouring countries, the results for 2003 show that foreign investors have discovered the Slovak Republic and consider this country to be one of the best places in Europe for investment. In 2003 PSA Peugeot Citroen started construction of a plant near Trnava and in 2004 the South Korean car maker Hyundai decided to invest EUR 700 mln and the German company Getrag Ford announced the construction of a EUR 350 mln transmission plant in the Slovak Republic. Tax reform and cheap labour were cited as the main reasons behind this decision (Graph 1, page 18). The driving force behind such a sharp increase in FDI was primarily the investor friendly policies adopted by the current government of the Slovak Republic. Many laws and instruments have been introduced within the last three years to help foreign investors in Slovakia. As at 31 December, 2003 the industrial sector accounted for over 37.9 percent of FDI, of which the majority was directed towards automotive components, consumer electronics and precision engineering. Other important sectors were banking and insurance (22,7%), transport, warehousing and communications (10.1%), wholesale and retail trade (11.5%) and production and distribution of electricity, gas and water (12,0%). FDI inflows have been heavily skewed towards the western regions of the country, which are geographically closer to the rest of the EU, Slovakia's main source of FDI. Bratislava alone absorbed 69.7% of total FDI up to the end of December 2003. The industrial region of Kosice, which ranked second, only accounted for 10.1% of the total FDI inflow. Privatization of the energy utilities (which are based in Bratislava) only widened these regional disparities.

Residency

Legal entities that are seated in the Slovak Republic or whose management is seated in Slovakia are generally regarded as resident and liable to pay Slovak corporate income tax. Individuals, who have a permanent address in the Slovak Republic or stay in the Slovak Republic for at least 183 days in a given calendar year, either continuously or intermittently, are regarded as resident persons in the Slovak Republic under the Income Tax Act. Residency as determined under domestic law is subject to applicable double tax treaties.

Registration

Under the Act on Administration of Taxes, a taxpayer should register with the Tax Authorities within 30 days after obtaining permission to conduct business in Slovakia. Further, a taxpayer should notify the Tax Authorities about changes in registration within 15 days following the day when such changes arise. A taxpayer is also obliged to notify the Tax Authorities when he starts to achieve taxable income.

3.4. Residence of Foreigners

Visa requirements have been gradually reduced. Few visitors need a visa for the first 90 days, but travellers from certain countries must still apply to enter the Slovak Republic. The following types of visas are issued by the Slovak authorities:

- airport transit visa - authorizes a foreigner to stay in the transit area of a public airport in the territory of the Slovak Republic;
- transit visa - authorizes a foreigner to travel through the territory of the Slovak Republic from the territory of one country to the territory of the third country;
- short-term visa - authorizes a foreigner for one or more entries and for the residence period the length of which is stated in the visa;
- an uninterrupted residence or number of additional stays may not exceed 90 days in 6 months;
- long-term visa - authorizes a foreigner to enter and reside for over 90 days;
- this type of visa is issued when required to meet commitments of the Slovak Republic resulting from international agreements.

In case of a foreigner's intended long-term stay in the Slovak Republic, particularly for the purposes of doing business, work, study or activities under the special programmes, he/she must apply for a temporary residence permit. The application should be filed with the Embassy of the Slovak Republic in the country which issued his travel document or in the country where he/she resides. The relevant police department decides on the application within 90 days of the application. A temporary residence permit may be granted for a maximum of 1 year. Prior to its expiry the permit may be renewed and extended up to a maximum of 5 years. Please note that a statutory representative of a business must be either a Slovak resident or a foreigner holding a long term residence permit, unless such foreigner is a citizen of a member state of the European Union or a member state of the Organization for Economic Co-operation and Development (OECD). A foreigner may, subject to his meeting statutory requirements, be granted permanent residence or tolerated residence permits. A special regime applies for citizens of the European Economic Area. These do not have to apply for the above mentioned permits when intending to reside in the Slovak Republic. However, if they contemplate a permanent stay, they must register with the local police department.

3.5. Tax Residents

In accordance with the Slovak Income Tax Act an individual will generally be considered a Slovak resident for tax purposes if: the individual is granted permission for permanent residency in Slovakia or the individual stays for at least 183 days in any calendar year in the territory of Slovakia.

If individuals do not have a permanent residence or usual domicile in Slovakia, they are not considered to be Slovak residents and thus they are only liable

to pay taxes on their Slovak source income (i.e., income from activities performed in Slovakia). Additionally, individuals working for a Permanent Establishment (PE) whose salary costs are borne by the PE are subject to personal income tax even if they are not in the country for at least 183 days in a calendar year. The individual will be taxed only on income originating from Slovak sources if he/she is present in Slovakia for less than 183 days. If the individual is in Slovakia for more than 183 days, he/she will be treated as resident unless applicable double taxation treaties states otherwise. If individuals have their domicile in a country with which Slovakia has concluded a double taxation treaty, their Slovak tax liability will be limited in accordance with the provisions of the applicable double taxation treaty. Income can be subject to Slovak tax regardless of whether or not it is remitted to Slovakia. Expatriates who are employees of foreign companies and are paid from abroad for activities performed in Slovakia could in some cases be exempt from personal income tax. This is not the case if they stay in the Slovak Republic more than 183 days in a calendar year; or if the foreign company has a PE in the Slovak Republic; or if their remuneration is borne by a Slovak entity.

Taxable income

Taxable income comprises specified categories of income, less the deductions allowable for each category and certain general deductions. The income categories are as follows:

- Income from dependent activities (i.e., employment activities);
- Income from independent activities (i.e., entrepreneurial activities, for example, partnerships and professional consultancies and self employed individuals);
- Rental income; Income from capital (i.e., dividends, interest, etc.);
- Other income (including gains other than exempt gains).

Income from employment activities includes any employment related monetary and nonmonetary benefits obtained by an employee or family member.

Examples of benefits in kind that are considered fully taxable are as follows:

- Company car available for private use (the taxable benefit is calculated as 1% of the acquisition price of the car including VAT for each month);
- Petrol expenses for company car used for private purposes;
- Rental paid by the employer for a house or flat used by employee (the employer generally cannot treat the rental payments as tax deductible expenditure);
- All payments connected with a house or flat of the employee (electricity, telephone, water etc.);
- Pension plan contributions paid by the employer;
- Individual insurance or endowment policy premiums paid by the employer;
- Bonuses paid in connection with work performed in Slovakia;
- Income tax paid by the employer on behalf of the employee;
- Paid home leave;
- Relocation expenses paid by the employer;

- Other non-monetary benefits provided by the employer (i.e., dinners, travel expenses exceeding the amounts set by special legislation etc).
- Income tax must be withheld from employment income on a monthly basis and remitted to the tax authorities in respect of the following individuals:
- All employees of a Slovak company;
 - All employees of a Slovak branch of a foreign company;
 - All employees of a PE or individuals employed in Slovakia for 183 days or more;
 - All individuals hired by a Slovak company as "economic employees".

When an individual, who is an employee of a foreign company, is hired by a Slovak company to perform activities for the Slovak company, the individual is treated as an 'economic employee'. A number of tests apply to determine whether an individual should be treated as an economic employee, but broadly this applies in cases where the foreign employer's contractual obligations in terms of the services provided by the individual are to provide manpower to the Slovak employer who supervises and takes responsibility for the activities of the individual. The individual's Slovak tax liability is incurred from his/her first day of physical presence in Slovakia. The Slovak company is treated as effectively leasing manpower and is deemed to be the economic employer of the individual (often an expatriate). The salary paid to the expatriate by the foreign employer is subject to Slovak income tax as if the individual were on the Slovak company's payroll. The tax is normally collected by deduction at source from payments of the service fee incorporating the charge for the employee from the foreign entity to the Slovak employer (e.g., by deduction from the amount invoiced) unless it is agreed that it be collected in some other way such as through tax prepayments.

Entrepreneurial activities. Income from independent consultancy work and other self-employed activities are subject to Slovak taxation in accordance with general tax principles. Individuals who are not Slovak tax residents will be taxed on Slovak sourced income. Broadly, expenses incurred to attain, secure and maintain the income of the taxpayer are deductible for tax purposes. A deduction of 25% of income can be claimed provided the business has not been registered for VAT purposes.

Rental income. Income from the rental of real estate or moveable property is subject to Slovak tax. Depreciation may be claimed against the income from letting a building, generally over a period of 20 years. Deductions can also be claimed for interest and finance charges, repairs and maintenance and real estate taxes. A deduction of 25% of income can be claimed provided the business has not been registered for VAT purposes.

Income from capital. Income from capital includes dividend income in respect of profits earned prior to 1 January 2004, securities income, profit shares from partnerships and interest income. Dividends from profits earned after 1 January 2004 are not subject to tax. Each item of taxable income is subject to specific tax rules and generally the Slovak entity making the payment will withhold tax at source which will constitute either the final tax liability for the recipient or a prepayment. An individual who is Slovak tax resident must include all taxable foreign sourced dividend and interest income in his/her taxable income. Subject to the provisions of applicable double taxation treaties, foreign tax paid

on dividends and interest received can be offset against the Slovak tax liability on the same income up to the amount of the Slovak tax liability.

Tax - exempt income

Non-monetary benefits that are not subject to tax in Slovakia include:

- The employer's share of payments on behalf of the employee to the compulsory domestic social security system;
- Reimbursement of business travel expenses up to the statutory limit.

Salary earned from abroad

Non-residents are not subject to Slovak income tax on compensation attributable to services performed outside Slovakia. Slovak tax residents are subject to tax on non-Slovak source income unless exempt under the provision of a double tax treaty.

Deductions from income

The following may be deducted from taxable income by both residents and nonresidents:

- A personal allowance which is updated on an annual basis. As at 1 January 2004 the personal allowance is SKK 87,936;
- Mandatory social security contributions paid by the employee in Slovakia or abroad.
- A child allowance of SKK 4,800 p.a. is directly deducted from the tax obligation.

This is however subject to certain conditions including a permanent residency in Slovakia.

Personal income tax compliance

An annual personal income tax return must be filed with the tax authorities not later than March 31 following the end of the tax period. Payment of personal income tax liabilities is also due by the filing date. An application to the tax authorities to extend the filing and tax payment date up to a maximum of a further three (in some cases six) months can be made. There are significant penalties for non compliance with the regulations.

Social Security

Since the accession of Slovakia into the EU as of 1 May 2004, the EU Social Security Regulation is applicable in Slovakia. As a result of this, social security rules, including Council Regulation (EEC) No 1408/71 on the application of the social security schemes of employed and self-employed persons moving within the Community apply, unless any transitional arrangements have been agreed between Slovakia and other member states. This Regulation states that, subject to specific exceptions, the law of the state where the employment is exercised should apply. This means that an employee assigned from another member state to perform work for a Slovak company becomes, in principle, subject to the Slovak social system. However, the EU Regulation includes exemptions allowing an assigned employee to remain in his/her home social security system. There is a specific exemption available if the assignment is not expected to exceed 12 months. An exemption can also apply if the assignment period is extended

by an additional 12 months provided the specific conditions of the Regulation are met and the competent authorities grant approval. The EU Regulation is not applicable to third country nationals (i.e., EU-non-residents) assigned to Slovakia. Foreigners who are employed in Slovakia by a Slovak entity must contribute to the Slovak social security system.

3.6. Foreign Exchange

A business seeking to trade in foreign exchange assets and/or provide foreign exchange services in the Slovak Republic needs to obtain a foreign exchange license from the National Bank of Slovakia. Foreign Exchange Licenses cannot be transferred to any other person, or pass on to a legal successor. A foreign exchange resident (an individual with residence in, or a legal entity with the seat in the Slovak Republic) and the branch offices of a non-resident in Slovakia are obliged to provide the National Bank of Slovakia with information and data relating to: collections, payments and transfers relating to foreign exchange residents abroad and in relation to non-residents, except for such collections, payments and transfers in relation to the branch office of non-resident in Slovakia in respect of direct investments and other investments, financial loans, securities, operations in the financial market, including operations performed through non-residents, establishment of accounts abroad and balances thereof. A foreign exchange resident must also notify the National Bank of Slovakia regarding the assets and liabilities of non residents except for assets and liabilities of a branch office of a non-resident in the Slovak Republic. Cross-border transfers of funds may be performed only through the National Bank of Slovakia, or through a licensed foreign exchange dealer (usually a bank) or a special payment system. Many of the restrictions regarding Slovaks holding assets abroad were ended on accession to the EU.

3.7. Employment of Foreigners

Foreign nationals coming to work in Slovakia, even for short periods, must in general have a work permit and a temporary residence permit for the purpose of work (as regards the latter, please see the previous section). Source: Act No. 48/2002 Coll. on the Residence of Foreigners, as amended Work permits are granted by the local labour office on the basis of a written application. The main requirement is a job offer by an employer to the respective foreigner. The work permit can be granted only if the job cannot be filled by a registered unemployed person. There is no legal requirement for granting of the work permit to a foreigner, even if all the statutory requirements are met. Certain categories of foreigners do not need work permit in order to work in the Slovak Republic. These are:

- citizens of the member states of the EU;
- those having a permanent residence permit for the Slovak Republic; educationalists, students, artists, persons procuring supplies of goods or services or service workers, whose employment in Slovakia does not exceed 7 consecutive calendar days or 30 days in a calendar year in total;

- appointed to Slovakia by an employer with its seat in another member state of the EU in connection with the provision of services being secured by such employer;
- shareholders or the members of the statutory bodies of business companies or co-operatives operating the Slovak Republic.

A work permit may be granted for a maximum time period of 1 year. It may be renewed annually for a further twelve months. The main sources: Act No. 5/2004 Coll. on Employment Services.

4. Other Information

4.1. State holidays

The state holidays in the Slovak Republic are as follows:

- **1 January** New Year and Independence Day
- **6 January** Three Kings Day
- **March/April** Good Friday
- **March/April** Easter Monday
- **1 May** Labour Day
- **8 May** Day of Victory (conclusion of WWII)
- **5 July** St Cyril and St Methodius Day (national patron saints)
- **29 August** SNP Day (commemorating the Slovak National Uprising in 1944)
- **1 September** Constitution Day
- **15 September** Mary of the Seven Sorrows
- **1 November** All Saints Day
- **24 - 26 December** Christmas Holidays

The benefit of a state holiday is lost if the state holiday falls on a weekend.

4.2. Useful Addresses

Slovak Government Offices:

The Slovak Republic Government Office
 Námestie slobody 1 tel.: +421 (2) 57 29 51 11
 813 70 Bratislava fax: +421 (2) 52 49 75 95
 Slovak Republic www.government.sk

Slovak Ministry of Economy
 Pavol Rusko, Minister tel.: +421 (2) 48 54 11 11
 Mierová 19 fax: +421 (2) 43 33 78 27
 827 15 Bratislava www.economy.gov.sk

Slovak Ministry of Finance
Ivan Mikloš, Minister and Deputy Prime Minister tel.: +421 (2) 59 58 11 11
Štefanovičová 5 fax: +421 (2) 52 49 80 42
817 82 Bratislava www.finance.gov.sk

Slovak Antimonopoly Office
Ing. Danica Paroulková, Chairperson tel.: +421 (2) 48 29 71 11
Drieňová 24 fax: +421 (2) 48 29 73 65
826 03 Bratislava www.antimon.gov.sk

Financial Trade Institute
Doc. Ing. Jozef Makuch PhD, Chairperson tel.: +421 (2) 57 26 81 00
Vazovova 2, fax: +421 (2) 57 26 82 00
813 18 Bratislava www.uft.sk

Financial Institutions - Central Bank
Národná banka Slovenska
Ing. Marián Jusko, Csc. Governor (until 31.12.2004) tel.: +421 (2) 57 87 11 11
Imricha Karvaša 1 fax: +421 (2) 57 87 11 00
813 25 Bratislava www.nbs.sk
Financial Institutions - Commercial Banks

Banka Slovakia, a. s.
Viliam Ostrožlík tel.: +421 (48) 431 71 11
J.Kráľa 1 fax: +421 (48) 413 22 22
974 01 Banská Bystrica www.basl.sk
KPMG Slovensko spol. s r.o.
Mostová 2 811 02 Bratislava

CALYON BANK SLOVAKIA, a.s.
Jean-Michel Giovannetti tel.: +421 (2) 59 26 21 11
Klemensova 2/A fax: +421 (2) 59 26 21 12
811 09 Bratislava www.calyon.sk

Citibank (Slovakia) a.s.
Igor Thám tel.: +421 (2) 68 27 81 11
Viedenská cesta 5 fax: +421 (2) 68 27 82 08
851 01 Bratislava www.citygroup.com

COMMERZBANK Aktiengesellschaft, pobočka zahraničnej banky Bratislava
Martin Horváth tel.: +421 (2) 57 10 31 11
Rajská 15/A fax: +421 (2) 57 10 31 16
811 08 Bratislava www.commerzbank.sk

Československá obchodní banka, a.s., pobočka zahraničnej banky v SR
Ing. Ladislav Unčovský tel.: +421 (2) 59 66 51 11
Michalská 18 fax: +421 (2) 54 43 05 30
815 63 Bratislava www.csob.sk

ČSOB stavebná sporiteľňa, a. s.
Ing. Erika Hasonová tel.: +421 (2) 59 88 71 11
Radlinského 10 fax: +421 (2) 59 88 72 10
813 23 Bratislava www.csobsp.sk

Dexia banka Slovensko, a. s.
Marc Lauwers tel.: +421 (41) 511 11 35
Hodžova 11 fax: +421 (41) 562 41 29
010 11 Žilina www.dexia.sk

Eximbanka SR
Ladislav Vaškovič tel.: +421 (2) 59 39 81 11
Grösslingova 1 fax: +421 (2) 52 93 16 24
813 50 Bratislava www.eximbanka.sk

HVB Bank Slovakia, a. s.
Christian Suppanz tel.: +421 (2) 59 69 11 11
Mostová 6 fax: +421 (2) 59 69 94 06
814 16 Bratislava www.hvb-bank.sk

ING Bank N.V., pobočka zahraničnej banky
Han van-Essen tel.: +421 (2) 59 34 65 51
Jesenského 4/C fax: +421 (2) 52 93 12 22
811 02 Bratislava www.mying.sk

ISTROBANKA, a.s.
Mag. Volker Pichler tel.: +421 (2) 59 29 99 99
Laurinská 1 fax: +421 (2) 54 43 17 44
811 01 Bratislava www.istrobanka.sk

Komerční banka Bratislava, a. s.
Henri Robert Kerneis tel.: +421 (2) 52 93 21 54
Medená 6 fax: +421 (2) 52 96 48 01
811 02 Bratislava www.koba.sk

ĽUDOVÁ BANKA, a.s.
Ing. Jozef Kollár, PhD tel.: +421 (2) 59 65 11 11
Vysoká 9 fax: +421 (2) 54 41 24 44
810 00 Bratislava www.volksbank.sk

OTP Banka Slovensko, a.s.
Ing. Karoly Hodossy tel.: +421 (2) 52 96 20 85
Štúrova 5 fax: +421 (2) 52 96 34 84
813 54 Bratislava www.otpbanka.sk

Poštová banka, a.s.
Ing. Tomáš Salamon tel.: +421 (2) 59 60 31 11
Gorkého 3 fax: +421 (2) 59 60 33 44
814 99 Bratislava www.postovabanka.sk

Slovenská sporiteľňa, a.s.
Mag. Regina Ovesny-Straka tel.: +421 (2) 58 50 31 11
Suché mýto 4 fax: +421 (2) 59 57 40 22
816 07 Bratislava www.slsp.sk

Slovenská záručná a rozvojová banka, a. s.
Ing. Ľudovít Konczer tel.: +421 (2) 57 29 21 11
Štefánikova 27 fax: +421 (2) 52 49 99 12
814 99 Bratislava www.szrb.sk

Tatra banka, a.s.
Dkfm. Rainer Franz tel.: +421 (2) 59 19 11 11
Hodžovo námestie 3 fax: +421 (2) 59 19 24 29
811 06 Bratislava 1 www.tatrabanka.sk

UniBanka, a. s.
Jozef Barta tel.: +421 (2) 49 50 21 11
Vajnorská 21 fax: +421 (2) 44 37 39 75
832 65 Bratislava www.unibanka.sk

Všeobecná úverová banka, a.s.
Tomas Spurny tel.: +421 (2) 50 55 11 11
Mlynské nivy 1 fax: +421 (2) 55 56 66 56
829 90 Bratislava 25 www.vub.sk

Wüstenrot stavebná sporiteľňa, a.s.
Dir. Mag. Karl Peter Giller tel.: +421 (2) 59 27 51 11
Grösslingova 77 fax: +421 (2) 52 92 09 12
824 68 Bratislava www.wustenrot.sk

4.3. Useful Organizations for Investor

KPMG in Slovakia and its services

KPMG was established in Slovakia in 1991. During the past years, the office has grown substantially. Today, KPMG in Slovakia employs over 250 people and has 10 partners. We have a strong position in Slovakia in many sectors and we are the largest audit and advisory company in Slovakia). KPMG offers a wide range of financial services to domestic and multinationals alike operating in Slovakia. Their market position in Slovakia is the result of consistent focus on the aspects that are important from clients' perspective including the creation of added value and competitive advantages. KPMG's goal is to considerably increase clients' success in the market. KPMG is one of the leading providers of audit, tax, financial advisory and risk advisory services in Slovakia. Their

professionals have broad experience in dealing with businesses operating in a variety of industries.

KPMG Slovensko spol. s r.o.

Mostová 2
811 02 Bratislava
Tel.: +421 (2) 59984 111
Fax: +421 (2) 59984 222
e-Mail: skmarketing@kpmg.sk
www.kpmg.sk

Slovak Investment and Trade Development Agency – SARIO

In Slovakia and around the world, SARIO provides complex services to companies and individuals looking to make Slovakia a home for investment. Our team of experts is ready to help with all parts of the investment process, from initial inquiries through to product manufacture and release.

SARIO

Martinčekova 17
821 01 Bratislava
Slovakia
Tel.: +421 2 58 260 100
Fax: +421 2 58 260 109
E-mail: sario@sario.sk
Web: www.sario.sk

4.4. Slovakia – Website of Embassy

Algeria /www.algiers.mfa.sk
Argentina/www.buenosaires.mfa.sk
Australia /www.canberra.mfa.sk
Austria /www.vienna.mfa.sk
Belgium/www.brussels.mfa.sk
Belorussia/www.minsk.mfa.sk
Brazil /www.brasilia.mfa.sk
Bulgaria /www.sofia.mfa.sk
Canada/www.ottawa.mfa.sk
China/www.beijing.mfa.sk
Croatia/www.zagreb.mfa.sk
Cuba/www.havana.mfa.sk
Cyprus/www.nicosia.mfa.sk
Czech republic/www.prague.mfa.sk
Denmark/www.copenhagen.mfa.sk
Egypt/www.cairo.mfa.sk
Finland/www.helsinki.mfa.sk
France/www.paris.mfa.sk
Germany/www.berlin.mfa.sk
Great Britain /www.london.mfa.sk
Greece/www.athens.mfa.sk
Holland/www.hague.mfa.sk

Hungary/www.budapest.mfa.sk
India/www.newdelhi.mfa.sk
Indonesia/www.jakarta.mfa.sk
Iran/www.tehran.mfa.sk
Ireland/www.baghdad.mfa.sk
Ireland/www.dublin.mfa.sk
Israel/www.telaviv.mfa.sk
Italy /www.rome.mfa.sk
Japan/www.tokyo.mfa.sk
Kenya/www.nairobi.mfa.sk
Kuwait /www.kuvajt.mfa.sk
Latvia/www.riga.mfa.sk
Libya/www.tripoli.mfa.sk
Malaysia/www.kualalumpur.mfa.sk
Mexico/www.mexicocity.mfa.sk
Nigeria /www.abuja.mfa.sk
Norway/www.oslo.mfa.sk
Poland/www.warsaw.mfa.sk
Portugal /www.lisbon.mfa.sk
Romania/www.bucharest.mfa.sk
Russia/www.moscow.mfa.sk
Serbia and Montenegro /www.belgrade.mfa.sk
Slovenia/www.ljubljana.mfa.sk
South Africa/www.pretoria.mfa.sk
South Korea/www.seoul.mfa.sk
Spain/www.madrid.mfa.sk
Sweden/www.stockholm.mfa.sk
Switzerland/www.bern.mfa.sk
Syria/www.damascus.mfa.sk
Thailand/ www.bangkok.mfa.sk
Turkey /www.ankara.mfa.sk
Ukraine/www.kiev.mfa.sk
USA/www.washington.mfa.sk
Uzbekistan/www.tashkent.mfa.sk
Vatican/www.vaticancity.mfa.sk