

News Flash

January 7th 2015

Introduction of reductions of health insurance contributions

As of 1.1.2015, the minimum wage in Slovakia will rise by EUR 28, from current EUR 352 to the amount of **EUR 380**. As a compensation for employers, Amendment to the Health Insurance Act was approved. The amendment introduces reductions of health insurance contributions for so-called low-wage employees.

Minimum wage increase

The minimum wage increase will also impact the compensations for standby duty, work difficulty (based on 3 difficulty levels) and night work.

As the compensation of the minimum wage increase the reductions of health insurance contributions for low-wage employees were approved.. Reduction will depend on the income and, as a result, **the employees with the minimum wage will not have to pay any health insurance contributions.**

Height of the reductions of health insurance contributions

If an employee earns EUR 380 per month (i.e. EUR 4560 per year) his/her reduction of health insurance contributions will be in the same amount, i.e. his/her assessment base for health insurance is 0.

The reduction of health insurance contributions will decrease by EUR 2 with every EUR 1 earned above the minimum wage, i.e. the reduction of health insurance contributions will be EUR 0 for an employee with the monthly wage of EUR 570.

Conditions

The reduction of health insurance contributions will only apply for: employees with the monthly assessment base of **EUR 380 – 570**, i.e. yearly EUR 4 560 – 6840, employees working based on employment relationship, employment or service relationship with the state or employees in state public service.

The employee can claim the reductions at the employer **within 8 calendar days** in the written form. It will be possible to claim the reductions in January 2015 for the first time while the employee can apply for the reductions till January 25th 2015.

The reductions of health insurance contributions **can not be applied** by:

- Self-employed individuals
- Employees with reduced compulsory contributions for long-term unemployed
- Employees working on work agreements outside an employment relationship
- Members of statutory bodies receiving payments for function performance
- Partners of LLC receiving payments for working in the own company
- Members of municipalities, state officials
- Persons working in custody
- Persons working on contract pursuant the Commercial Code
- Persons with taxable income pursuant to §7 and 8 ITA
- Persons with income from profit-sharing

The reductions can be applied on monthly or yearly basis. However, only employee

who meets the abovementioned conditions and who is employed at only 1 employer can apply the reductions on monthly basis.

An employee does not lose the possibility to apply for reduction of health insurance contributions in case he/she is employed by two employers at the same time or he/she also carries out activities as self-employed and he/she meets the above mentioned conditions. However, in this case the employee can apply for the reductions only on the yearly base – with the annual health insurance reconciliation.

Comparison of minimum wage with regard to reduction of health insurance contributions

Comparison of minimum wage (1st degree of difficulty) with regard to the of health insurance contributions :

	Calculation of minimum wage 2014	Calculation of minimum wage 2015	Difference
Minimum wage	352,00	380,00	28,00
Contributions to Social Insurance Company - employee	33,08	35,72	2,64
Contributions to Health Insurance Company - employee	14,08	0,00	-14,08
Contributions to Social Insurance Company - employer	88,69	95,76	7,07
Contributions to Health Insurance Company - employer	35,20	0,00	-35,20
Taxes (by applying the non-taxable part of tax base)	0,00	5,19	5,19
Labour costs	475,89	475,76	-0,13
Net wage	304,84	339,09	34,25

Comparison of minimum wage (2nd degree of difficulty) with regard to the reduction of health insurance contributions :

	Calculation of minimum wage 2014	Calculation of minimum wage 2015	Difference
Minimum wage	422,40	456,00	33,60
Contributions to Social Insurance Company - employee	39,69	42,86	3,17
Contributions to Health Insurance Company - employee	16,89	9,48	-7,41
Contributions to Social Insurance Company - employer	106,41	114,90	8,49
Contributions to Health Insurance Company - employer	42,24	23,70	-18,54
Taxes (by applying the non-taxable part of tax base)	9,28	16,48	7,20

Labour costs	571,05	594,60	23,55
Net wage	356,54	387,18	30,64

Comparison of minimum wage (3rd degree of difficulty) with regard to the reduction of health insurance contributions:

	Calculation of minimum wage 2014	Calculation of minimum wage 2015	Difference
Minimum wage	492,80	532,00	39,20
Contributions to Social Insurance Company - employee	46,30	50,00	3,70
Contributions to Health Insurance Company - employee	19,71	18,24	-1,47
Contributions to Social Insurance Company - employer	124,15	134,05	9,90
Contributions to Health Insurance Company - employer	49,28	45,60	-3,68
Taxes (by applying the non-taxable part of tax base)	20,87	27,90	7,03
Labour costs	666,23	711,65	45,42
Net wage	405,92	435,86	29,94

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