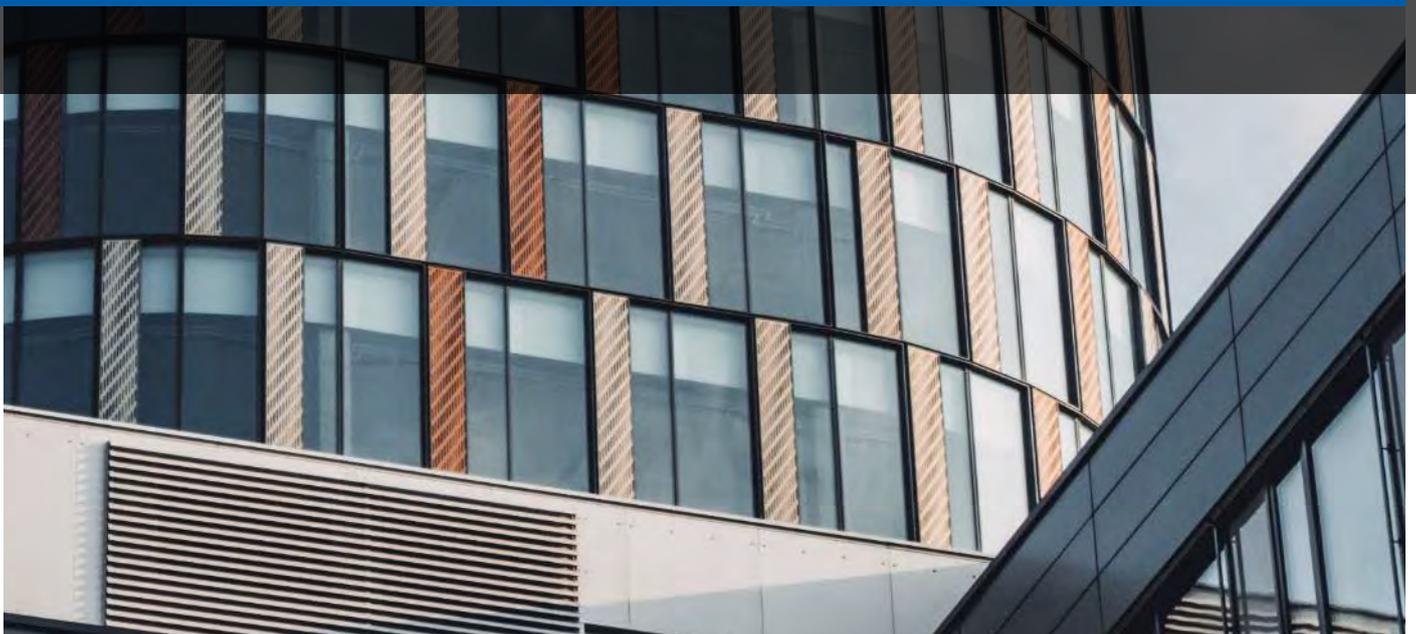




Company formation in Slovakia



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INTRODUCTION

Slovak or foreign investors entering the Slovak market may choose between several corporate forms. The fundamental law in this area is the Slovak Commercial Code. The Commercial Code regulates the corporate forms and business (entrepreneurial) activities that are defined as systematic activities conducted independently by an entrepreneur (either an individual or legal entity), in their own name and under their own responsibility for the purpose of making a profit.

Foreign persons may conduct entrepreneurial activity in the territory of the Slovak Republic under the same conditions and to the same extent as Slovak persons, unless stipulated otherwise by law. A foreign natural or legal person may establish any form of company either together with other foreign or Slovak persons or alone as a sole shareholder. In this respect, foreign natural and legal persons enjoy the same rights and bear the same responsibilities as Slovak persons and may not be discriminated against.

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LEGAL FORMS OF BUSINESS, MINIMUM CAPITAL, CONTRIBUTION

Corporate forms introduced by the Slovak Commercial Code are:

General Partnership

Slovak: “verejná obchodná spoločnosť” or the abbreviation “v. o. s.” or “ver. obch. spol.”



A General Partnership is a company in which at least two persons carry out business activities under a common business name and bear joint and several liabilities for the obligations of the partnership with their entire property. There is no requirement of a minimum registered capital.

Limited Partnership

Slovak: “komanditná spoločnosť” or the abbreviation “k. s.” or “kom. spol.”



A company in which one or more partners are liable for the partnership’s liabilities up to the amount of their unpaid contributions (**limited partners**), and one or more partners are liable for the partnership’s liabilities with their entire property (**general partners**). The minimum contribution of the limited partner is in the amount of EUR 250.

Limited Liability Company

Slovak: “spoločnosť s ručením obmedzeným” or the abbreviation “spol. s r.o.” or “s.r.o.”



This is the most common form of doing business in Slovakia. The company exists independently of its members and it may be established either by one person, a natural or legal person (with statutory restrictions described hereunder), or by two or more persons (up to 50).



According to the Commercial Code, minimum **registered capital of EUR 5,000** is required. The minimum contribution of each shareholder is in the amount of **EUR 750**. The Commercial Code also requires that at least 30% from each contribution of the shareholder, but altogether at least 50% of the minimum registered capital stipulated by the Commercial Code shall be paid before the application for the registration of the company is filed with the Commercial Register.

A Limited Liability Company is liable for the breach of its obligations with all its assets, while shareholders guarantee for the breach of the obligations of the Limited Liability Company only up to their committed but unpaid contributions to the registered capital registered with the Commercial Register.

Simplified method of establishment of an LLC company

As of February 1, 2023, the shareholders may establish a limited liability company in addition to the standard method of incorporation also by using a simplified method, which consists in filling in a **special electronic form for the drafting of the memorandum of association**.

The simplification also consists in the elimination of one of the steps prior to the registration of company in the Commercial Register, which is the obligation to apply to the Trade Licensing Authority for a trade licence. On the other hand, it is important to mention that the registered court is obligated to verify the integrity of the executive director. The regime for verifying the integrity of executive director is set more strictly for the incorporation of a company established by simplified method compared to the regime set in the Trade Licensing Act, as in this case absolute integrity is required, i.e. an executive director cannot be legally convicted of any criminal offence or have his/her convictions expunged.

Due to the fact that this is a simplified method of incorporation, the law stipulates certain limitations, resp. conditions according to which it is possible to use this method of incorporation over the standard method.

These conditions especially relate to:

- the maximum number of shareholders, which is five;
- the fact that the company can only be established for business purposes;
- limit the shareholders to decide about the type and number of business activities of company;
- stipulate executive director as the administrator of the contributions and prohibit the creation of a supervisory body.

With this method of incorporation, the shareholders are largely bound by the pre-prepared wording of the memorandum of association within the electronic form, from which they cannot deviate.

Joint-Stock Company

Slovak: “akciová spoločnosť” or the abbreviation “a. s.” or “akc. spol.”

The company may be established by a sole founder (provided that the founder is a legal entity) or by two or more founders. A Joint-Stock Company may be formed by a private agreement to subscribe for all shares, or by a public call for the subscription of shares.

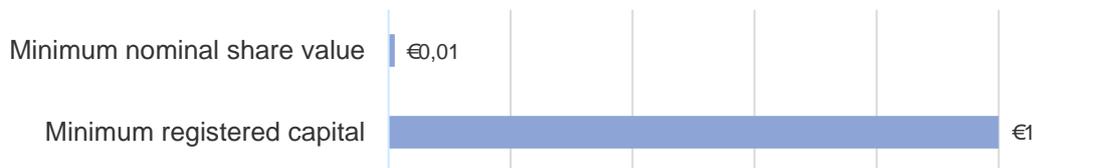
The minimum registered capital is of EUR 25,000.



Simple Joint-Stock Company

Slovak: “jednoduchá spoločnosť na akcie” or the abbreviation “j.s.a.”

The Simple Joint-Stock Company is a new corporate form, introduced in Slovakia in 2017. It represents a lean version of Joint-Stock Company with minimum registered capital of EUR 1 and minimum nominal share value of Cent 1.



Simple Joint-Stock Company can provide greater flexibility comparing to Limited Liability Company or Joint-Stock Company in relation to unlimited number of shareholders (although the Simple Joint-Stock Company cannot be formed by public call for subscription of shares), minimum registered capital, or the possibility to issue several different types of shares with different rights of shareholders (e.g. more voting rights or greater profit share).

However, it is presumed that this form of company should cease to exist within following years and be replaced by LLC.

Co-operative

Slovak: “družstvo”



The purpose of a Co-operative is to undertake business activities or to ensure the economic and social or other benefits of its members.

The Co-operative bears liability for obligations of the Co-operative with its entire property, however the members do not bear liability for the obligations of the Co-operative.



Minimum registered capital of EUR 1,250 is required. The Co-operative can be established by minimum of 5 natural persons or 2 legal persons.

The Co-operative can provide certain level of anonymity to its owners (members) comparing to the other corporate forms, as the owners (members) are not registered within the Commercial Register, only listed internally within the Co-operative.

Enterprise or Organizational Branch of a foreign company

Slovak: “podnik” or “organizačná zložka podniku zahraničnej osoby”



Persons may conduct business in Slovakia provided that they have their business or branch offices located in Slovakia, registered with the Slovak Commercial Register, from the day of its registration.

However, there are exceptions from the obligation to establish business or branch offices located in Slovakia for persons established in EU or EEA member states stipulated within the free movement of services guaranteed by the EU in Treaty on the Functioning of the European Union.

Simplified method of establishment of an enterprise or an organizational branch of a foreign company

As of February 1, 2023, in addition to the standard method of establishment of an enterprise or an organizational branch of a foreign company with its registered office in an EU or EEA state, there is introduced a simplified method of their establishment.

It is not possible to use this simplified method in all situations, but only if the conditions stipulated by law are fulfilled. The simplification consists in the **elimination of one of the necessary steps** prior registering an enterprise or an organizational branch of a foreign company in the commercial register, which is the obligation to apply to the Trade Licensing Authority for a trade licence certificate.

Consequently, on the basis of data from the information systems of public administration authorities, the Trade Licensing Authority shall issue a trade licence immediately after the registration of the enterprise or organizational branch of the foreign company in the commercial register. Registered persons may use this method of establishment only if they seek to register an object of business which is included in the relevant list according to the law.

The last but not least, it should be underlined that even in this simplified method of establishment it is necessary to **verify integrity of a head of the enterprise** or the organizational branch of the foreign

company. In addition, foreign company may open a bank account only at a bank, which has its registered office in one of the EU or EEA member states.

Exchange of information by the system of interconnection of registers

As of February 1, 2023, the registered court is obliged to **notify to the commercial register** or other register in which the foreign legal entity is registered or in which the foreign legal entity is obliged to file documents the registration of data or the deletion of data on the enterprise or on the organizational branch of a foreign legal entity with its registered office in one of the EU or EEA member states, through the system of interconnection of registers.

Other forms of business

Legal forms of business entities primarily regulated by EU regulations, which are legally binding for all EU Member States:

- European Company (or “SE”, Societas Europaea)
- European Cooperative Society
- European Economic Interest Group

A Limited Liability Company (in Slovak: *spoločnosť s ručením obmedzeným*) is the most used corporate form and is therefore dealt with in detail in the following parts.

Planning to enter the Slovak market? Benefit from our market entry support:

- Brief analysis of your needs based on the information provided
- Country-specific aspects that may be important to your investment
- Basics of the Slovak tax, accounting and legal framework

Reach out to our experts

REGISTRATION REQUIREMENTS



Registration procedure and documents

The procedure consists of the following phases:

1. Establishment of the company by signing of:
 - the Memorandum of Association/Foundation Deed,
 - other required documents mainly as Signature Specimen of the persons who will form the statutory body; administrator's declaration regarding the payment of the contributions,
 - approval for the premises of the registered seat in the Slovak Republic,
 - affidavit that the founders have no debts accrued on tax or stamp duties or in respect to payments of social security insurance, otherwise consent of the respective authority to the establishment of the company; this duty, however, does not apply to foreign nationals/companies.
2. Acquisition of the necessary trade licences.
3. Registration in the Commercial Register of the competent District court. Please note, that as of November 01, 2018, ultimate beneficial owners (UBOs) of a company about to be registered have to be specified in an application for registration of the company with the Commercial Register as a new AML requirement. For more information on legislation regarding ultimate beneficial owners, please refer to our [Newsflash](#).

It is important to stress that a limited liability company acquires legal personality status upon its registration in the Commercial Register.

3 weeks

The incorporation time is approximately **3 weeks** after the receipt of duly executed establishment documentation.

Requirements for foreign investors



The citizens of the EU or EEA (except Slovak citizens) who will form the statutory body have to prove their integrity by obtaining and submitting the criminal record from the state of citizenship or residency (if residing for longer than 6 months in other country than country of their citizenship).



The non-EU or non-EEA citizens, in order to become members of the statutory body, shall have a residence in Slovakia.



Under Slovak law, the company shall have **registered seat in the territory of Slovakia**. The document proving the seat (confirmation with the seat in the premises) is the obligatory annex to the Registration application.



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SHAREHOLDERS AND STATUTORY BODY



A Limited Liability Company may be established by a sole shareholder or by more shareholders, in both cases it is irrespective of whether they are a legal or a natural person. In respect of one shareholder there are the following restrictions:

- a limited liability company owned by a sole shareholder must not be a sole shareholder in another limited liability company,
- a natural person must not be a sole shareholder in more than three limited liability companies.

The maximum number of shareholders is limited to 50.



The **registered capital must be at least of EUR 5,000** with a **minimum contribution of EUR 750 of each shareholder**. Contributions can be monetary or non-monetary, while an official appraiser must value a non-monetary contribution.

At least 30% of each shareholder's monetary contribution, and in cases of non-monetary contributions at least 50%, must be paid up before the application for the registration of the Limited Liability Company is filed at the Commercial Register. The contributions do not have to be paid to the bank account and for the purposes of registration, the person administering the contributions will issue an affidavit declaring that the respective contributions have been paid up. If the Limited Liability Company is founded by a single entity, the registered capital must be paid up in full.

A **shareholders' meeting** is composed of all shareholders and decides on all major issues as the appointment and dismissal of the executive directors, modification of the statutes and Memorandum of Association/Foundation Deed, increases and decreases of the registered capital.

The **statutory body** of the Limited Liability Company is formed by one or more executives (executive directors). Only a natural person can be appointed as an executive director. In the event that there are several executive directors, each of them is entitled to act individually on behalf of the company unless stipulated otherwise in the Memorandum of Association/Foundation Deed.

Establishment of a **supervisory board** is optional. If it is established, the supervisory board must be composed of at least three members appointed by the shareholders' meeting.

FEEES AND PENALTIES

The activity would be regarded as an unauthorized trading if the person systematically, independently, on own behalf, on own responsibility, for the purpose of earning profits, without holding a trade licence performs an activity subject to craft, regulated or unregulated trades or licenses.

The fine for unauthorized trading ranges from EUR 1,659 to EUR 3,319. Unauthorized trading can be also considered as an offence under the Slovak Criminal Code.



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GENERAL OVERVIEW OF CORPORATE TAXES



The Slovak tax system comprises the following taxes:

Income taxes (personal income tax, corporate income tax)

Personal income tax

The tax rates applicable for income derived in 2023 are:

- annual taxable income (except for income from business activity, capital and dividend income) up to **EUR 41,445.46** is taxed at **19%**
- annual taxable income (except for income from business activity, capital and dividend income) above **EUR 41,445.46** is taxed at **25%**
- **income from business activity is taxed at reduced tax rate of 15%**, if its annual taxable value **does not exceed EUR 49,790** (note: in 2020 the threshold was EUR 100 thousand); otherwise, **19%** rate applies for taxable business income up to EUR 41,445.46 and **25%** rate applies to the amount, which is above that threshold
- income from **capital** is taxed at flat rate of **19%**
- income from **dividends** paid out of pre-2004 profits and profits derived from January 1st, 2017 is taxed at **7%** (35% applies if dividends are from foreign sources of non-cooperating state).

Moreover, an additional tax of 5% is to be paid by the representatives of constitutional bodies (e.g. the President, Members of Parliament) on their employment income.

Certain types of income are not aggregated but are subject to a final **withholding tax** of 19% or of 7% in the case of dividends paid out by domestic company.

Corporate income tax

21%

Corporate income tax is levied at a rate of **21%**. However, since January 1st, 2021, taxpayers with taxable revenues not exceeding EUR 49,790 per tax period (note: in 2020 the threshold was EUR 100,000) are entitled to apply reduced tax rate of **15%**. This is the final tax burden on 2023 corporate profits in some cases because dividends paid out of 2023 profits are not taxed in the hands of shareholder if the shareholders are corporate and based in other than non-cooperating state.

Starting January 1st, 2018, a minimum corporate tax (so-called tax licenses), which was introduced in 2014, is abolished.

Value added tax (VAT)

20% is the standard VAT rate in Slovakia

10% is the reduced VAT rate

Export of goods and services is zero rated.

Intra-Community supplies of goods are zero rated under certain conditions.

Excise duties

Excise duties are levied on mineral oil, beer, wine, spirits, electricity, coal, natural gas and tobacco products.

Motor vehicle tax

Levied on motor vehicles and trailers in categories L, M, N, and O if registered in Slovak Republic and used for business purposes.

Special taxes

Special taxes cover special duty paid by regulated industries and special levy on non-life insurance premium. Further, in 2023, companies operating in the oil, gas, coal and refinery sectors shall pay a special solidarity contribution.

Moreover, there are local taxes to be paid, e.g. real estate tax.

For more details about taxation in Slovakia, [download our free 2023 Tax Guideline!](#)



Struggling with taxes? Get an extensive tax consultation on our eShop.

INVESTMENT INCENTIVES

Investment incentives are a serious argument in favour of Slovakia. As an EU member country, Slovakia must ensure compliance with EU rules. In general investment incentives (or state aid) are linked to the region where the investment takes place and the European Commission has determined which regions are entitled to receive aid and the amount of aid each of those regions may receive. The connection with a certain region is one of the fundamental characteristics of the incentives and their provision shall serve to support not only foreign, but also Slovak investments.

In general, there are four categories of projects that can be supported by the investment incentives:



industrial production



technological centres



shared service centres



tourism

Each category has specifically defined conditions which shall be met in order to apply for the investment incentives. The incentives are provided in general in the form of:

- a subsidy for the acquisition of material assets and immaterial assets
- an income tax relief
- a contribution for newly created jobs
- transfer of immovable property or exchange of immovable property at a price lower than a general asset value

The provision of the state aid is governed in particular by the European Union law that forms the basic legal framework also for the Slovak authorities.

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COMPLEX CORPORATE AND SECRETARIAL SERVICES IN SLOVAKIA

In order to help companies that are new to the Slovak market, we have developed a wide range of services, covering the go-to-market research, tailored incorporation and necessary administrative support for the business launch, followed by a full package of accounting, tax, payroll outsourcing and consultancy services.

Our service portfolio offers:

- Go-to-market services: Market research, risk analysis and solution-defining consultancy
- Consultancy on legal frameworks and local compliance risk exposure
- Support by evaluation of business start-up costs
- Company establishment and registration in Slovakia
- Corporate and administrative services for a new-to-market company, consultancy on the operational structure
- Due diligence on acquisitions and mergers, other transactions
- Research and definition of potential incentives and statutory framework
- Arrangement of required licences, opening of bank accounts and nominee services
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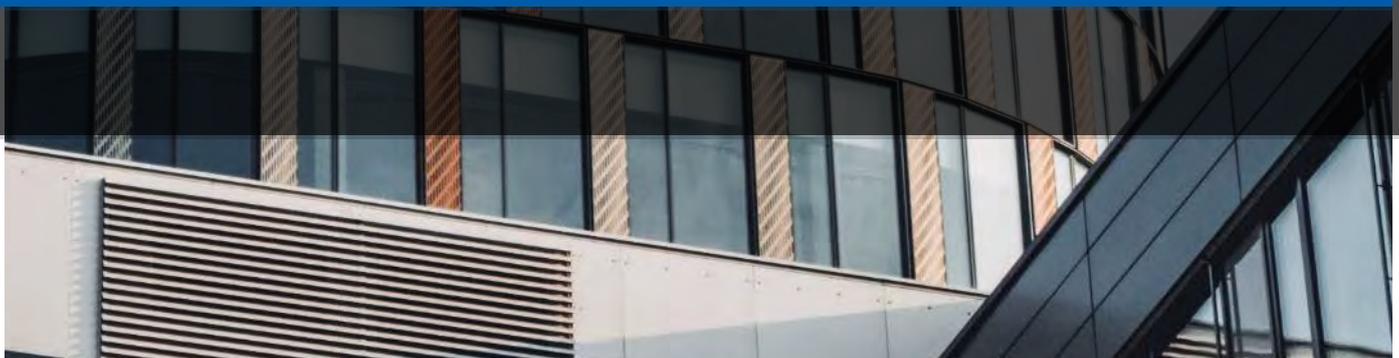
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Accace Slovakia currently employs more than 120 professionals united by mutual drive for progress, new technologies and personal approach. Given our experience gained throughout the years, we have moved from a provider of traditional services to a strategic partner in consultancy and outsourcing – bridging the gap between needs and solutions. Accace Slovakia is trusted by start-ups, SMEs, and global businesses thanks to our comprehensive range of services in the field of accounting, taxes, law, payroll and HR solutions. We are proactive members of start-up and fintech communities. The legal services are covered by our law firm, Accace Legal. Within Accace group, we gather more than 800 experts and provide services to over 2,000 customers. You can find us in Bratislava, Košice and Trenčín.

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