

**accace**

# Labour Law and Employment in Slovakia - 2018 Guide



[slovakia@accace.com](mailto:slovakia@accace.com)

[www.accace.com](http://www.accace.com) | [www.accace.sk](http://www.accace.sk)

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## ENTITLEMENT TO WORK IN SLOVAKIA

Pursuant to the Act on Illegal employment, it is prohibited for an employer to employ persons without an established employment relationship. This is applicable for all types of individuals below:

- Slovak citizens
- citizens of European Union ("EU") or of contracting states of the Agreement on the European Economic Area and Switzerland ("EEA")
- non-EU and non-EEA citizens.

A third-country national has the same right to use employment services as a citizen of Slovakia, **with the following restrictions:**

### EU citizens

EU citizens are entitled to stay in Slovakia without any conditions or formalities for three months after the date of entry into the territory of Slovakia.

An EU citizen staying in Slovakia for more than three months is required to apply for registration of residence in Slovakia, while one of the reasons under which an EU citizen is authorized to stay in Slovakia is an employment in Slovakia.

### NON-EU citizens

Citizens of other countries than the EU or EEA countries are entitled to work in Slovakia if they have a work permits / temporary residence permits for the purpose of employment.



## EMPLOYMENT CONTRACTS

### Minimum specifications

In order to conclude an employment contract, the employer and the future employee need to agree on the following minimum specifications that will be included in the contract:

- job description
- place of work
- date on which employment commences
- the salary (unless this has been agreed in a collective bargaining agreement).

### Obligations

On taking up the employment, an employer is obliged to acquaint the employee with work rules, health and safety regulations and collective agreements, if any.

Pursuant to the Act on Illegal work and illegal employment, it is prohibited for an employer to employ persons without an established employment relationship.

### Contract duration

The employment contracts in Slovakia can be concluded for **definite period** or **indefinite period**.

The Labour Code contains certain **limitations** in respect to the employment contract concluded for **definite period** of time. Such contracts can be concluded for a maximum of two years and it is possible to extend them or conclude them again only twice within these two years. The limited duration (i.e. definite period of time) of the contract must be agreed in writing in the contract, otherwise the contract is deemed to be concluded for indefinite period.

### Probationary Period

The parties can agree on an initial probationary period of maximum **3 months for general employees**. For certain managerial positions, the initial probationary period may be extended up to 6 months.

## TERMINATION OF EMPLOYMENT

### Cases

The employment contracts in Slovakia can be terminated **in writing** by both parties as follows:

- **mutual agreement**
- **immediate termination**, while in this case, the employer must terminate the employment within two months since becoming aware of the grounds for the immediate termination, and at least at the latest within one year of the day on which those ground arose. This method of termination of employment relationship can be used only in exceptional circumstances stipulated by the Labour Code
- **termination in the probationary period** by both the employer or employee who may terminate the employment during probationary period without providing any reason for termination by a written notice that should be given and delivered to the other party at least 3 days before the day of stipulated termination
- **notice**, in this case both employer and employee may terminate an employment contract by a written notice. The employee may terminate the employment contract for any reason or without stating any reasons. On the other hand, the employer may terminate the employment contract only in the situations expressly stipulated in the Labour Code

The employment contract terminates also:

- **by lapse of time** in case of the employment contract concluded for definite period
- **expiry of residence permit in case of foreign employees**, either by virtue of time or revocation

### Notice period

Both employer and employee may terminate an employment contract by a written notice. The employee may terminate the employment contract for any reason or without stating any reasons. On the other hand, the employer may terminate the employment contract only in the situations expressly stipulated in the Labour Code, e.g.:

- if the employer's business or a part thereof is wound-up or relocated and the employee does not agree with the change of agreed place of work



- if the employee is made redundant due to change in the employer's business scope, technical equipment, reduction in the number of employees with the aim of increasing work efficiency, or other organizational changes
- if there is an (a) ongoing but less serious breach of working discipline, the employee may be dismissed, provided he/she has been warned in writing within the previous six months as to the possibility of dismissal or (b) the employee does not satisfactorily fulfil the work tasks, and the employer has in the preceding six months challenged her/him in writing to rectify the insufficiencies, and the employee failed to do so within a reasonable period of time.

The general length of the notice period for a Slovak labour contract is:

- the statutory **minimum** notice period is 1 month (unless longer notice period is stipulated by the Labour Code)
- 2 months, if the employee was employed for at least 1 year but less than 5 years
- 3 months, if the employee was employed for at least 5 years

Longer statutory notice period depends on the length of employment, as stated above.

## SOCIAL CONTRIBUTIONS AND INCOME TAX

### Social contributions

The employer is obliged to pay monthly contributions to health insurance, social insurance and advances on the income tax. The amounts of contributions are presented in the table below.

Payrolls and Contribution	Employee rate	Employer rate	Maximum monthly assessment base
Sickness insurance	1.40%	1.40%	EUR 6,384
Pension contribution	4.00%	14.00%	EUR 6,384
Disability insurance	3.00%	3.00%	EUR 6,384
Unemployment insurance	1.00%	1.00%	EUR 6,384
Guarantee insurance	-	0.25%	EUR 6,384
Accident insurance	-	0.80%	unlimited
Reserve fund	-	4.75%	EUR 6,384
Health insurance	4.00%	10.00%	unlimited
<b>TOTAL</b>	<b>13.40%</b>	<b>35.20%</b>	

Please note that as of January 1<sup>st</sup>, 2018 the minimum monthly wage in Slovakia is EUR 480.

## **Income tax**

An individual's tax liability is derived from the taxable income. Slovak tax residents are liable to personal income tax on their worldwide income, subject to provisions under applicable double taxation treaties. The tax year is the calendar year and the income is taxed at a progressive tax rate of 19 % and 25 %:

- The 19 % tax rate applies to the tax base up to 176.8 times the current amount of the subsistence minimum per annum
- The tax base in excess of this limit is taxed at the 25 % tax rate.



## WORKING TIME AND VACATION

### Regular working time

The maximum weekly **working time is 40 hours**, employees working on the basis of a two-shift system may work up to 38.75 hours per week and employees working on a three-shift system or who are involved in continuous operation may work up to 37.5 hours per week. It is also possible to agree on an uneven distribution of working time with the representatives of the employees.

### Overtime

In general upon agreement with the employer, employees may perform overtime work. Overtime work may reach up to 400 hours per calendar year. Of this time, the employer may order the overtime work in the extent of up to 150 hours per calendar year, the remainder of overtime work shall be agreed with the employee. For the work performed in excess of the standard working time, the employee is entitled to an allowance, specifics of which are regulated in the Labour Code.

### Time off

Any employee who works for the same employer constantly for at least 60 days in a calendar year is entitled to annual paid leave on a proportionate basis. The basic annual leave entitlement is at least 4 weeks, rising up to 5 weeks for employees who are 33 years old or older (already in the year in that the employee reaches the age of 33, regardless of the birth date of the employee).



## MOST COMMON EMPLOYEE BENEFITS

Benefits include **cash benefits** and **non-cash benefits** provided by the employer to the employee.

The cash benefit refers to the financial bonus on top of the standard wage or salary.

The most common non-cash benefits in Slovakia are:

- meal tickets with the remittance of the employer over the minimum amount according the law
- company cars also for private use
- company computers or mobile telephones also for private use
- extra holiday
- contribution to health insurance
- premium health care
- contribution to old-age pension scheme
- reimbursement of sporting and cultural events
- flexible working hours or optional home working



## TEMPORARY WORK CHARACTERISTICS

### Special types of contracts

Besides an employment contract, the Labour Code recognizes three other contract types: (a) Work performance contract, (b) Work activities contract and (c) Temporary student job contract.

#### Work performance contract

The work performance contract may be concluded if the anticipated extent of work (work tasks) for which the agreement is concluded is not in excess of 350 hours in a calendar year. It can be concluded for maximum 12 months.

#### Work activities contract

Under the work activities contract the working period may not exceed 10 hours per week and the contract can be concluded for maximum 12 months.

#### Temporary student job contract

The temporary student job contract can be concluded only with a person with the status of student, who is under the age of 26 years. Work performance may not exceed 20 hours per week and the contract can be concluded for maximum 12 months.

### Personnel leasing

Temporary assignment (personnel leasing) is also one form of employing individuals. This is a flexible form of employment where employees are temporary assigned to a so-called user employer, while the employee is in employment relationship with another employer or temporary employment agency.

A temporary employee cannot be assigned to a particular user employer for more than 24 months. Subject to that 24-month limit, a temporary assignment of a temporary employee to a particular user employer can be extended or renewed up to four times. A temporary employee is entitled to be paid at the same rate as the user employer's core employees. If there is a difference between those pay rates, the user employer is obliged to pay any shortfall to the temporary employee. The user employer is not permitted to assign a temporary employee on to another user employer.



## OVERVIEW OF APPLICABLE LEGISLATION

- The Labour Code
- Act on Illegal Employment
- Occupational Safety and Health Protection Act
- Act on International Cooperation when Posting Employees
- Act on Travel Allowances



### Disclaimer

Please note that our material has been prepared for general guidance on the matter and does not represent a customized professional advice. Furthermore, because the legislation is changing continuously, some of the information may have been modified after the material has been released and Accace does not take any responsibility and is not liable for any potential risks or damages caused by taking actions based on the information provided herein.



## ABOUT ACCACE

With more than 550 professionals and branches in 13 countries, Accace counts as one of the leading outsourcing and advisory services providers in Central and Eastern Europe. During the past years, while having more than 2,000 international companies as customers, Accace set in motion its strategic expansion outside CEE to become a provider with truly global reach.

Accace offices are located in the Czech Republic, Hungary, Poland, Romania, Slovakia, Ukraine, Bosnia and Herzegovina, Croatia, Germany, Macedonia, Montenegro, Serbia and Slovenia. Locations in other European countries and globally are covered via Accace's trusted network of partners.

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## CONTACT US!

### Karol Ďuriga

Senior Associate, Accace Legal o.z.  
+421 2 325 53 000  
[Karol.Duriga@accace.com](mailto:Karol.Duriga@accace.com)

### Katarína Matejčíková

Senior Associate, Accace Legal o.z.  
+421 2 325 53 000  
[Katarina.Matejcikova@accace.com](mailto:Katarina.Matejcikova@accace.com)