



Invest in Slovakia



S A R I O

Slovak Investment
and Trade Development Agency

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1 Introduction

"Invest in Slovakia" acquaints the reader with the economic facts and figures of Slovakia, information on the business environment, sector strengths, vision, and strategy for economic development and other useful information in order to illustrate why Slovakia is an ideal location for business. We hope that this publication will encourage you to consider investing in Slovakia.

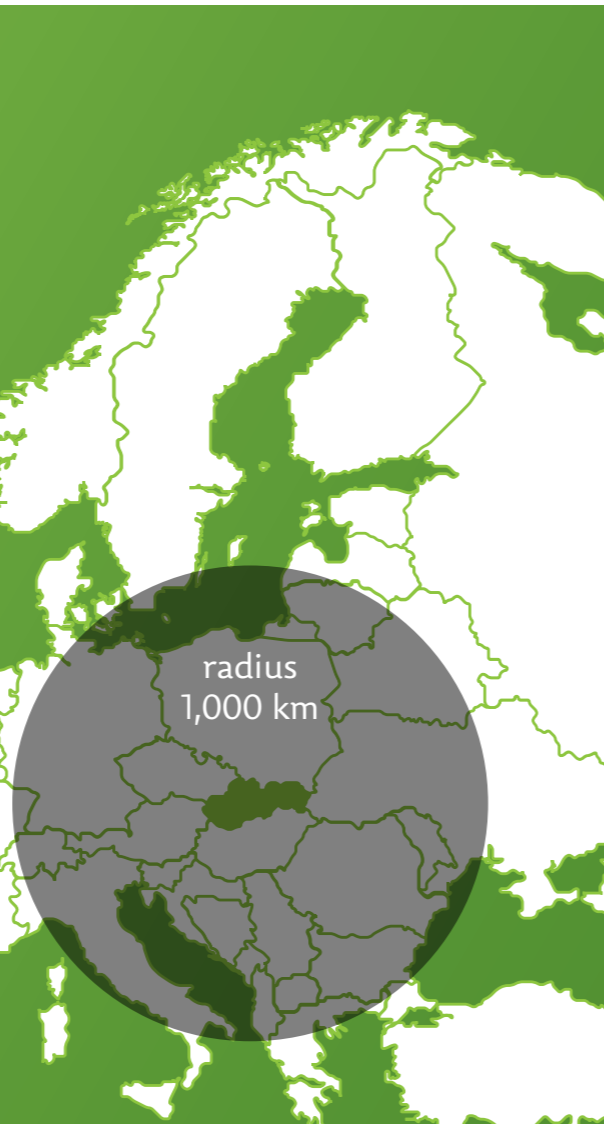
Slovakia, the country in the heart of Europe, offers great advantages to foreign investors: strategic location between East and West with great export potential, the common European currency Euro, flat tax rate of 19% (VAT has been temporarily increased to 20%) and flexible Labor Code. Until the global economic crisis, Slovakia was enjoying sustained high economic growth. In 2008 Slovakia had a GDP growth of 6.4%, which was the second highest in the European Union. Due to global economic crisis Slovakia's GDP growth in 2009 was -4.7%. As expected, in 2010 Slovak economy recorded a 4% GDP growth, one of the highest in EU. The inflation (HICP) in Slovakia was kept at the low level of 0.9% in 2009 and 0.7% in 2010.

The EU membership provides Slovakia multiple benefits from a business point of view, of which the most important are:

- stable legal environment
- nearly unlimited access to other markets within the EU 27
- lower costs of operations due to the liberalisation effort of the various markets and increases in competition (telecommunication, financial services, etc.)
- less regulated migration of the work force
- improvement of transport corridors – lower lead times and logistic costs
- access to EU funds
- intra-EU non-VAT trading
- common currency – Euro

10 reasons for investing in Slovakia

- Central European hub and favourable geographic location
- political & economic stability, forecasted one of the highest economic growth in the EU in 2010
- 19% flat tax rate (VAT has been temporarily increased to 20%) and 0% dividend tax
- availability of highly skilled workforce
- low labour costs vs. high labour productivity
- Euro as the official currency
- large selection of industrial land and offices available for purchase/lease
- harmonised investment incentives
- steadily growing infrastructure
- high innovation potential for R&D projects



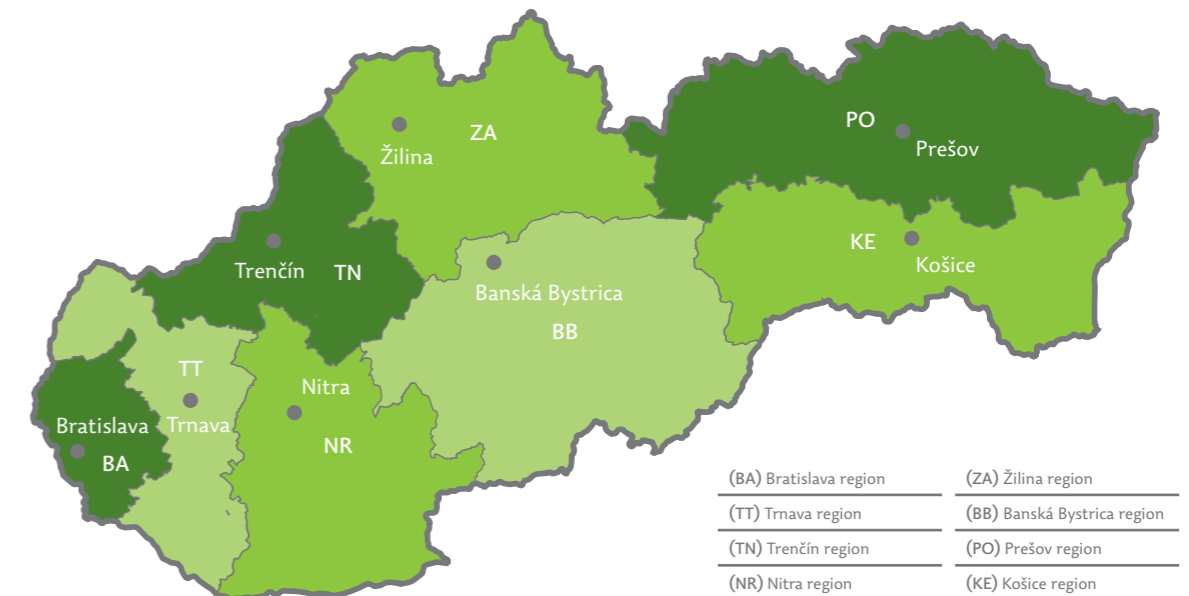
General information on the Slovak Republic



Official name	Slovak Republic
Area	49,035 km ²
Population	5.4 million
Capital	Bratislava
Regions	Bratislava, Trnava, Trenčín, Nitra, Žilina, Banská Bystrica, Prešov, Košice
Member of	EU, Euro Area, Schengen Area, OECD, WTO, NATO, etc.
Currency	Euro, (since 1 January 2009)
Time zone	GMT + 1 hour
Type of government	Parliamentary system
Official language	Slovak
Electoral system	Proportional representation
Proportional representation	4 years (Parliament) 5 years (President)

The largest cities and towns	
City/Town	Population
Bratislava Area	601,132
Košice	235,006
Prešov	91,767
Nitra	85,742
Žilina	85,268
Banská Bystrica	81,704
Trnava	69,140
Trenčín	56,850

Source: The Statistical Office of the Slovak Republic, 2010



(BA) Bratislava region	(ZA) Žilina region
(TT) Trnava region	(BB) Banská Bystrica region
(TN) Trenčín region	(PO) Prešov region
(NR) Nitra region	(KE) Košice region

2 Investment environment

2.1 Economy

Ten years ago, Slovakia embarked on an ambitious plan of deep structural reforms with a vision to become one of the best business locations within the European Union (EU). Today, Slovakia is widely seen as a success model for other EU countries for creating an investment and business-friendly environment. Slovakia is a full member of the EU, NATO, OECD, Euro and Schengen Area.

Slovakia adopted the Euro on 1 January 2009 and thus became the 16th member state of the Euro Area. It was thanks to the sustainable development and good inflation forecasts. The official exchange rate was 30,1260 SKK/EUR. Membership in the euro zone reduces the currency exchange risks and tightens the fiscal discipline of the adopting countries, which results in more opportunities for a stable economy. In the long run, this will be beneficial for the businesses active in Slovakia.

2.1.1 Macroeconomic figures

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Real GDP Growth	4.8%	4.7%	5.2%	6.5%	8.5%	10.4%	6.4%	-4.7%	4%	3.5% (1Q 2011)
Inflation (HICP)	3.5%	8.4%	7.5%	2.8%	4.3%	1.9%	3.9%	0.9%	0.7%	3.6% (1H 2011)
Registered level of unemployment	17.8%	15.2%	14.3%	11.6%	10.4%	8.4%	7.7%	11.4%	12.48%	12.92% (2Q 2011)
SKK/EUR**	42,70	41,49	40,05	38,59	37,25	33,78	31,29	30,1260 (official since 1. 1. 2009)		
Export in EUR billion	15,4	19,4	29,6	32,9	40,9	47,3	49,5	39,7	48,791	22,65 (1.- 5.2011)
Nominal wage inflation (conversion rate)	9.2%	6.3%	10.1%	9.2%	8.6%	7.4%	8.1%	3.0%	3.2%	2.9% (1Q 2011)

** Average yearly exchange rate

Note: Amount in EUR was calculated with the average exchange rate in the respective year.

Source: The Statistical Office of the Slovak Republic, www.statistics.sk, 2011; National Bank of Slovakia, www.nbs.sk, 2011; ING Bank, www.ing.sk, 2011; Central Office of Labour, Social Affairs and Family, www.upsvar.sk, 2011

2.1.2 Country credit ratings

Slovakia is generally recognised as an open market economy, which is able and willing to pay its liabilities. Based on Standard and Poor's ratings, Slovakia has become the leader of the Central European region.

The following table shows the various credit ratings for the countries of the V4. Slovakia has maintained its positive momentum and has the best ratings in the V4. This is a great advantage for foreign investors, as it means that Slovakia, Slovak banks and companies are in a strong financial position and are able, and willing, to repay their debts. In spite of the current situation, Slovakia is one of the few countries to maintain a stable/positive outlook, in which our ratings are not expected to change in the near future.

Country	Standard and Poor's	Moody's	Fitch	OECD Country Risk (the lower the better)
Slovakia	A+ positive Outlook	A1 stable outlook	A+ stable outlook	0
Czech Republic	A positive outlook	A1 stable outlook	A+ positive outlook	0
Poland	A- stable outlook	A2 stable outlook	A- stable outlook	2
Hungary	BBB- negative outlook	Baa3 negative outlook	BBB negative outlook	0

Source: Standard & Poor's, www.standardandpoors.com, 2011; Moody's, www.moody.com, 2011; Fitch, www.fitchratings.com, 2011; OECD Country Risk Report as of 22 October, 2010, www.oecd.org, 2010

2.1.3 Ease of doing business ranking

This ranking of the World Bank considers the quality and attractiveness of the business environment. Economies are ranked on their ease of doing business, from 1-183, with first place being the best. A high ranking on the ease of doing business index means that the regulatory environment is conducive to the operation of business. The rating factors are: political and institutional environment, macroeconomic stability, market potential, private entrepreneurship support, taxation system, finance, enforcing contracts, the starting and closing of a business, labour market and infrastructure.

Rank	Country
41	Slovakia
51	Bulgaria
46	Hungary
42	Slovenia
56	Romania
70	Poland
63	Czech Republic

Source: Doing Business Report 2010, World Bank, www.doingbusiness.org, 2011

2.2 Slovak business environment

Comprehensive and deep structural reforms of the Slovak Government in recent years have focused on creating a business friendly environment for investors. The following is an overview of the main reforms, directly or indirectly, influencing economic stability.

Flat tax rate of 19% – Simple, Fair, Neutral and Effective – All the types and amounts of income are taxed at a flat rate of 19%; there is no double taxation and no dividend tax. A reduced 10% VAT was introduced for medicaments and books. Repatriation of profits is 100%. Please note, that VAT has been temporarily increased to 20%.

Flexible Labour Code – This was recognised by the World Bank as one of the most flexible in the EU.

Reformed social system – Among other things, new measures to avoid the abuse of the social system and better aimed targeting of social allowances were introduced. The introduction of employers' obligation to pay sickness insurance benefits for the first 10 days of an employee's illness leave resulted in a decrease of sickness rate from 9% to 3%.

Second pension pillar – Individual pension saving accounts in the pension administration companies were introduced.

Health care system reform – Market principles were introduced into the health care system.

Reformed Act on Commercial Registry – The amount of the time required to register a new company has been cut to a maximum of 5 days; the same applies to the issuance of a trade licence with a maximum allotted time of 7 days. As of 1 October 2007, onestop shop centres were introduced at the Trade Licensing Offices. The one application form contains an application for trade licences, tax registration and registration with a health insurance company.

Banking & Finance – The banking sector was privatised with 97% foreign ownership and it underwent a dramatic recovery.

Investment incentives programme – Act on Investment Aid enables a fast and transparent negotiation and describes the requirements that should be met in a more detailed way.

2.3 Labour market

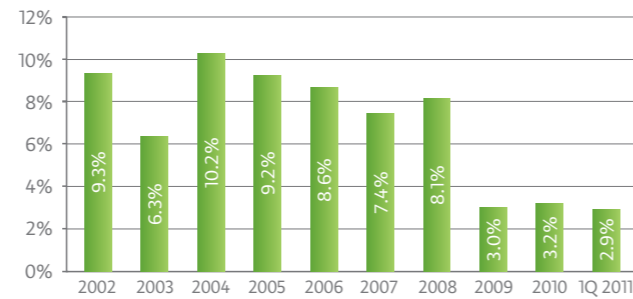
2.3.1 Wages

The average monthly salary is still low compared to those paid in Western Europe. In 2010, the average gross wage was 769 EUR per month, excl. obligatory social security contributions. The minimum monthly wage in 2011 is 317 EUR.

Social security contributions in Slovakia cover all the contributions in which there are no extra or hidden costs for the employer. The employer has to pay the social security costs for his employee of 35.2% on top of his salary. The employee pays for himself the social security costs of 13.4%.

The contributions in Slovakia are upwardly limited. Everything earned above the limit is not subject to social security payments.

The wage growth since 2002 has been following:



Source: The Statistical Office of the Slovak Republic, www.statistics.sk, 2011, Sario calculations, www.sario.sk, 2011

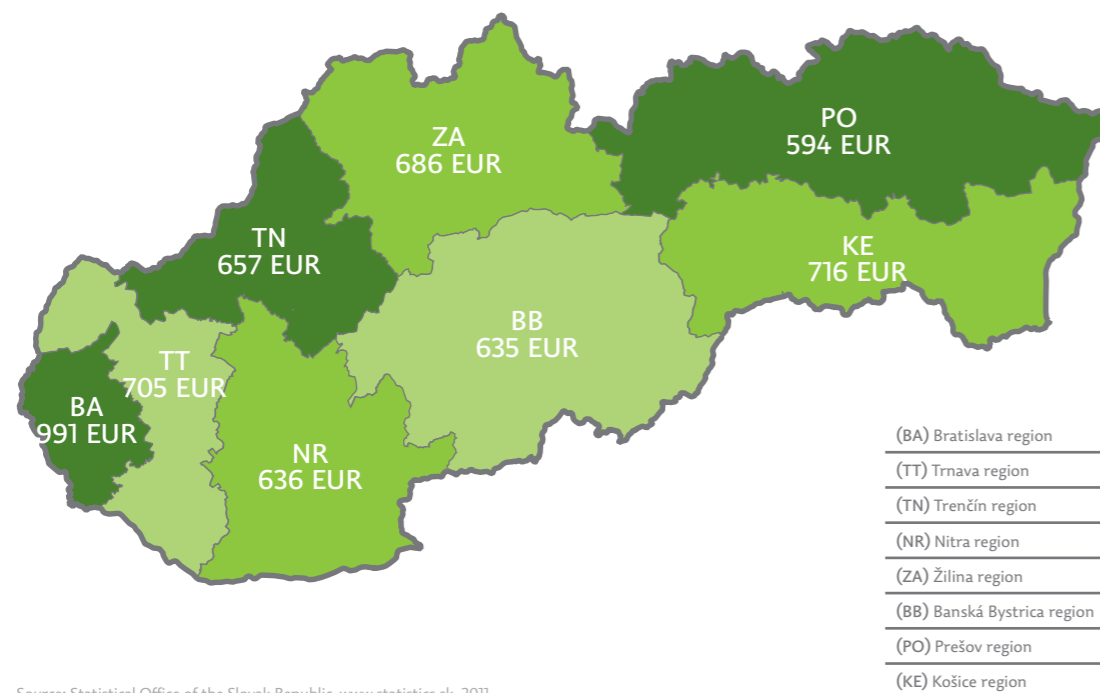
Average monthly wage and labour costs in 2010

	Slovakia 2010	Czech Republic 2010	Poland 2010	Hungary 2010
Average monthly wage	769 EUR	976 EUR (23,951 CZK)	806 EUR (3,224,98 PLN)	760 EUR (202,576 HUF)
Social Security paid by employer	35.2%	34%	17.48% – 20.41%	27%+1.5%
Total monthly labour costs	1,040	1,308	947 – 970,5	976

Source: National Statistical Offices of Czech Republic, Hungary, Poland, Slovakia, 2011

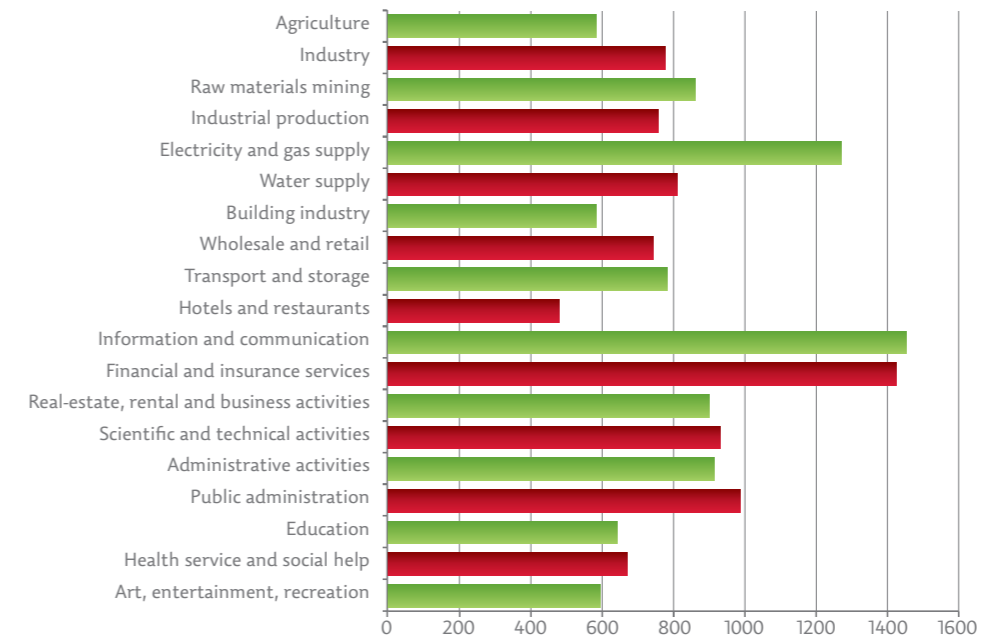
Regional and sector differences

There are significant regional and sector differences in the level of wages within Slovakia. The latest regional data are from 2010. The highest average monthly salary was in Bratislava region, the lowest in Prešov region.



Source: Statistical Office of the Slovak Republic, www.statistics.sk, 2011

In 2010 the highest salaries were in information and communication, financial and insurance services and electricity and gas supply. The lowest salaries were in hotels and restaurants, building industry and agriculture.

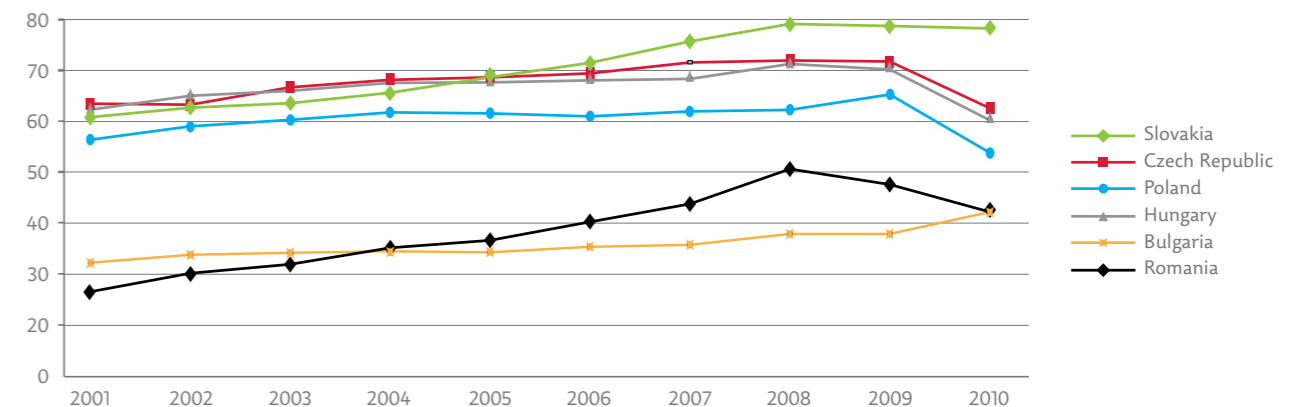


Source: Statistical Office of the Slovak Republic, www.statistics.sk, 2011

2.3.2 Labour productivity

Labour productivity is presented per hour worked. It is expressed as GDP per hour worked. It is intended to give a picture of the productivity of national economies shown in relation to the European Union (EU-15) average. Basic figures are manifested in Purchasing Power Standards (PPS), i.e. a common currency that eliminates the differences in price levels between countries

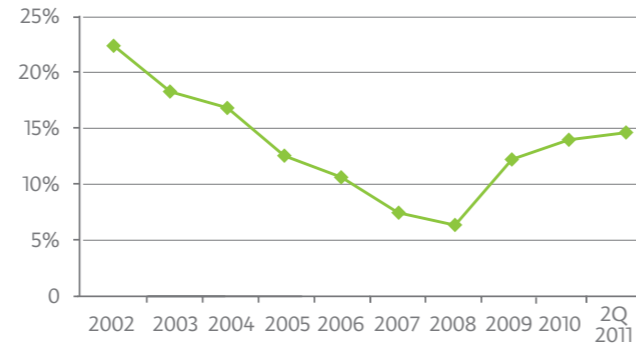
allowing meaningful volume comparisons of GDP between countries. Labour productivity in Slovakia continuously rises. In comparison with the Czech Republic, Poland, Hungary, Romania and Bulgaria, Slovakia proves the highest long-term labour productivity also in 2010.



Eurostat, www.epp.eurostat.ec.europa.eu, 2010, EU 15 = 100

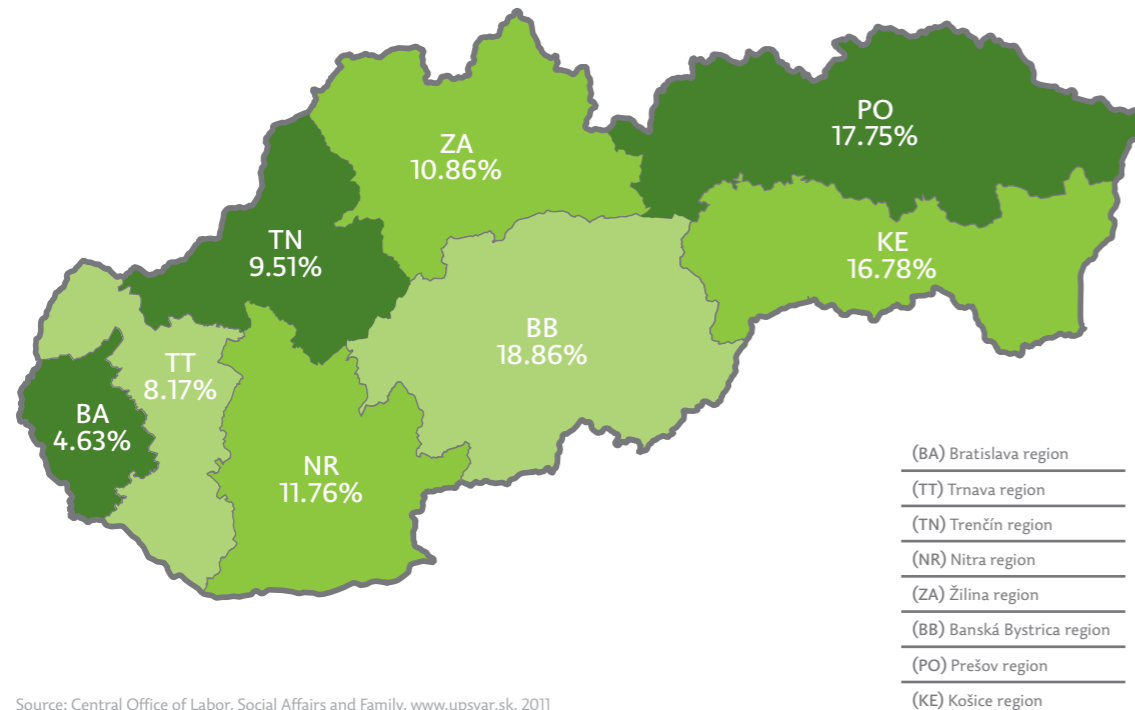
2.3.3 Unemployment

In recent years the unemployment level has fallen considerably, thanks also to foreign direct investments, to 9.6% in 2008. However, because of the economic crisis, some companies were forced to discharge employees, thus total unemployment rose to 11.4% in 2009. Even though the Slovak economy experienced a significant growth in 2010, the unemployment continued to rise to 12.5% and reached 12.9% in the second quarter of 2011. This means that the availability of skilled and productive labour force has increased.



Source: Central Office of Labour, Social Affairs and Family, www.upsvar.sk, 2011

Also the unemployment level differs according to region. The lowest level of unemployment in 2010 was in Bratislava region, the highest in Banská Bystrica, Prešov and Košice regions.

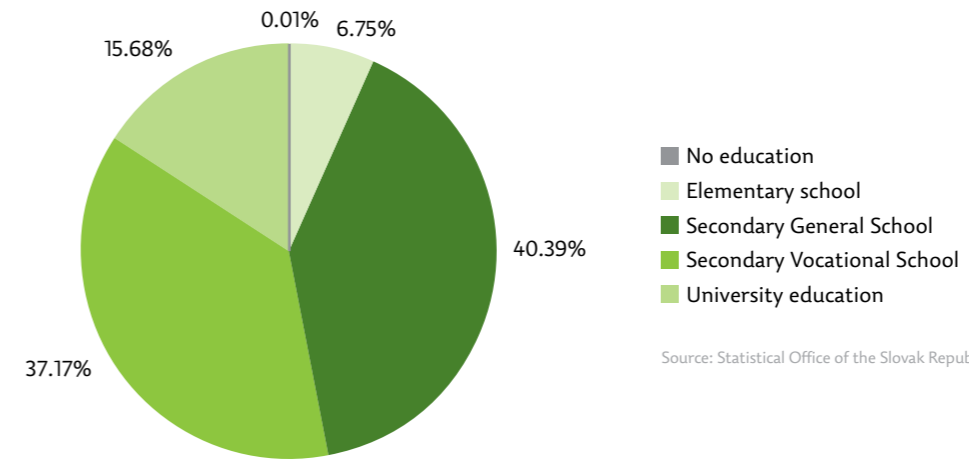


Source: Central Office of Labor, Social Affairs and Family, www.upsvar.sk, 2011

2.3.4 Education

Slovakia reaches one of the highest shares of workforce with the secondary, higher and the university education among all the European countries.

Furthermore, the share of people with a university education is on the rise.



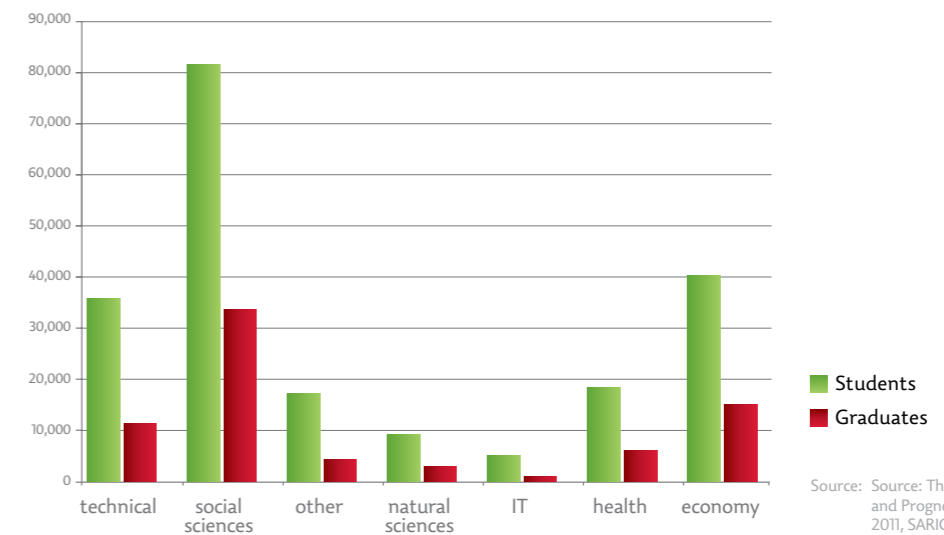
Source: Statistical Office of the Slovak Republic, www.statistics.sk, 2010

The workforce of more than 2.1 million has a strong tradition in engineering and mechanical production. Foreign companies frequently praise the motivation and abilities of Slovakia's workers who also possess good language and computer skills.

University education in numbers

There are 33 universities in Slovakia spread all over the country. In the academic year 2010/2011, there were 209,478 students enrolled at Slovak universities and 70,398 graduated (both data include Bachelor and Master studies). There are two reasons behind these large numbers: the baby boom in the 1980s and a high percentage of secondary school graduates that enroll in universities. Slovakia is among the top countries in the world of secondary school graduates attending university.

The subjects of studies are following:



Source: Source: The Institute for Information and Prognosis in Education, www.uips.sk, 2011, SARIO calculations, 2011



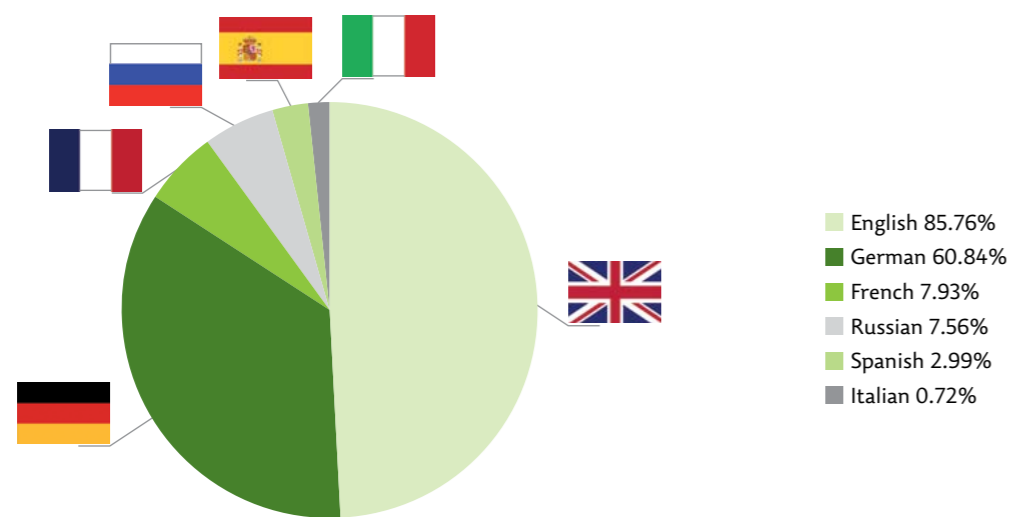
Secondary schools

Slovakia has a well established system of specialized training and vocational schools. To accommodate the changing requirements on the labour market, secondary schools are being given a higher degree of control in creating their own educational programmes to meet the current needs of the local industry.

Language skills

Slovakia is an export-oriented economy that can offer a workforce with a high degree of language skills. The foreign language spoken most often is English. The proximity to Austria and Germany has resulted in German being the second most-spoken foreign language. The result has been the inflow of multilingual contact centres and shared services centres. Slovaks are mostly taught a foreign language already at primary schools and later on they deepen their language knowledge (or start learning a language) at secondary schools.

The most common foreign languages taught at Slovak secondary schools in 2009/2010 were:



Source: The Institute for Information and Prognosis in Education, www.uips.sk, 2010, SARIO calculations, 2010

3 Investment incentives

The aim of investment incentives is to promote the economic development of certain disadvantaged areas in the Slovak Republic and is targeted at specific regions in order to eliminate regional disparities and to assist the development of the most disadvantaged regions by supporting investment and job creation.

3.1 Forms of investment projects and conditions

Eligible projects

The Act on Investment Aid divides the projects which may be supported into four categories:

- industry
- technological centers
- shared services centers
- tourism

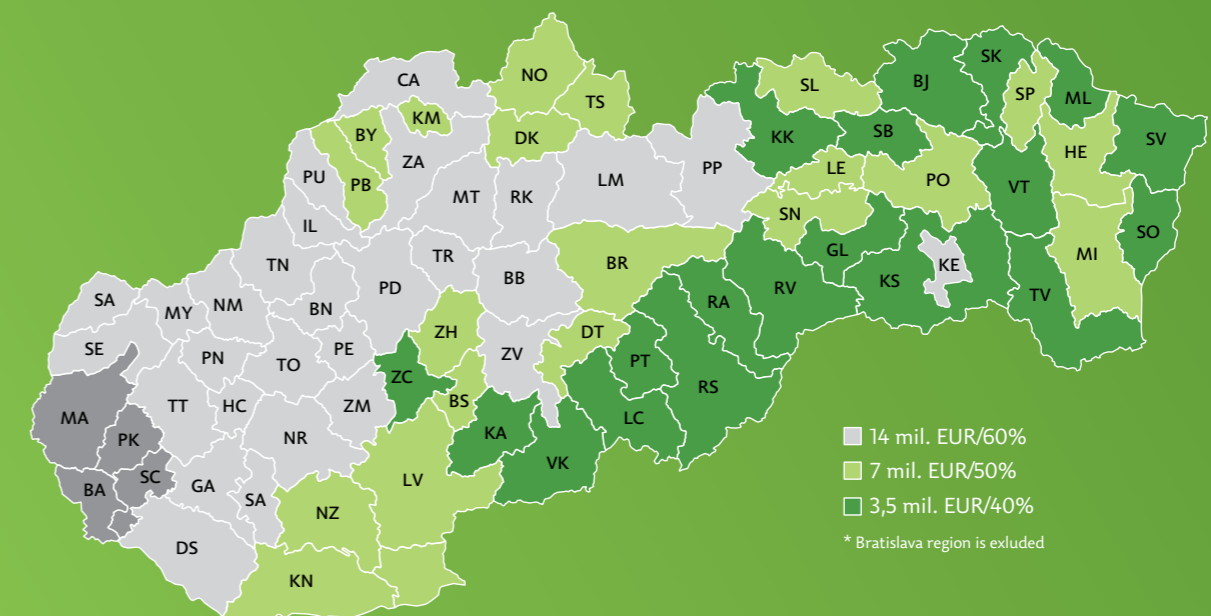
- at least 50% of the minimum investment must be covered by own equity of the investor
- work on the project cannot start before the Ministry of Economy gives its preliminary consent with granting of the aid
- the recipient of the aid can be only a Slovak entity
- the investment plan must be submitted in Slovak
- there is no legal entitlement to receive investment incentive

The common conditions for all categories are:

Minimum amount of investment in industry depends on the unemployment rate in the proposed location.

- incentives are available for the launch of a new entity as well as for the extension of an existing one

Unemployment rate	Minimum investment amount	The share of new technological equipment	The amount that has to be covered by own equity
lower than Slovak average (<12.48%)	14 million EUR	60%	7 million EUR
higher than Slovak average (> 12.48%)	7 million EUR	50%	3,5 million EUR
at least by 50% higher than Slovak average (> 18.72%)	3,5 million EUR	40%	1,75 million EUR



Minimum 60%/50%/40% of eligible costs (according to the unemployment in the specific region) must be used for acquisition of new machinery and equipment.

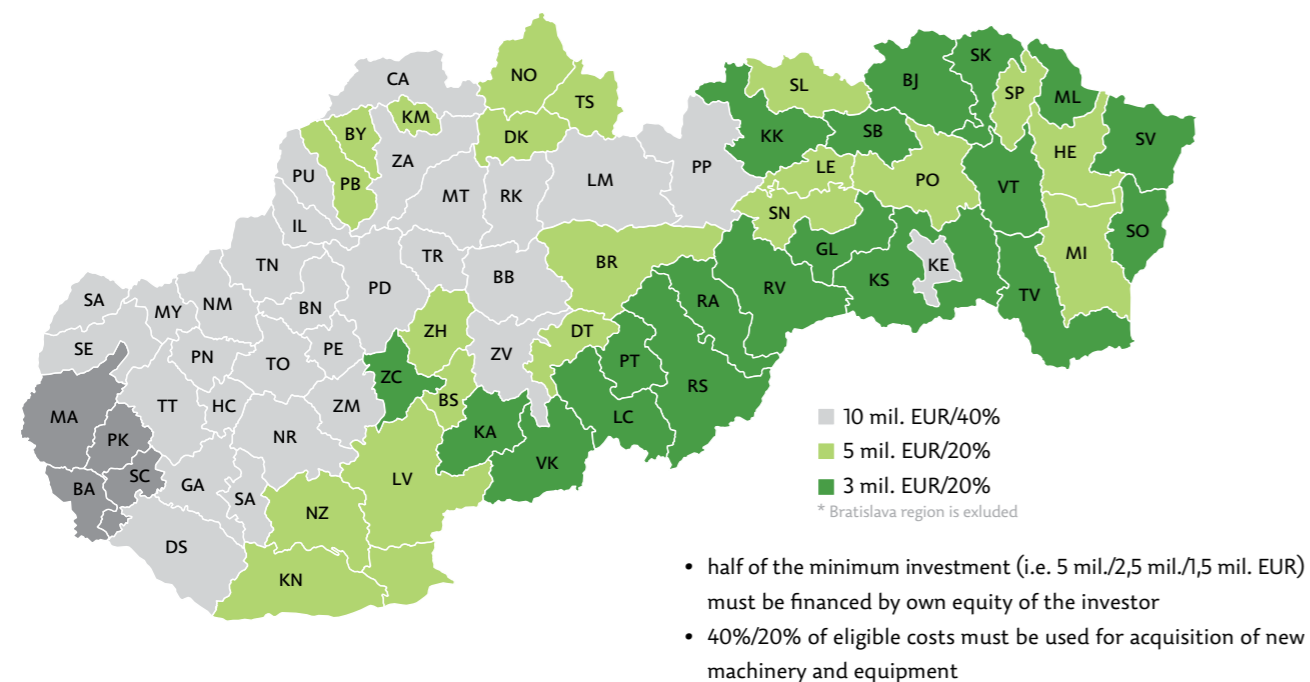
Minimum amount of investment in technological centres and shared services centres is independent from the unemployment rate in the proposed location. The conditions are following:

Technological centres	Shared services centres
<ul style="list-style-type: none"> • minimum investment of 500 ths. EUR on the fixed assets • at least 250 ths. EUR must be covered by own equity • the company must employ at least 60% of employees having university education 	<ul style="list-style-type: none"> • minimum investment of 400 ths. EUR on the fixed assets acquirement • at least 200 ths. EUR must be covered by own equity • the company must employ at least 30% of employees having university education

Minimum amount of investment in tourism is again dependable on the unemployment rate in the proposed district:

Unemployment rate	Minimum share of new technological equipment	Minimum investment amount	The amount that has to be covered by own equity
lower than Slovak average (<12.48%)	40%	10 mil. EUR	5 mil. EUR
higher than Slovak average (>12.48% - <18.72%)	20%	5 mil. EUR	2,5 mil. EUR
at least by 50% higher than Slovak average (>18.72%)	20%	3 mil. EUR	1,5 mil. EUR

Minimum investment amount/share of new machinery, from 1 August 2011:



3.2 Forms of incentives

- cash grant
- partial tax relief
- contribution to new jobs
- transfer of the state/municipality property to the investor for a discounted price

3.3 Eligible costs

- costs of land acquisition
- costs of buildings acquisition
- costs of technological equipment and machinery acquisition
- intangible fixed assets – licenses, know-how, etc.

More up-to-date information related to this topic you can find on the SARIO web page <http://www.sario.sk/?state-aid>

4 Research and development

It is not about the quantity, it is about the quality. Slovakia, a small country in the heart of Europe, offers a wide range of opportunities for investors. In recent years, Slovakia has managed to attract and satisfy needs of various foreign investors including Volkswagen, PSA Peugeot Citroen, Kia Motors, Samsung, Sony, AU Optronics, Johnson Controls, Getrag Ford Transsmision, Faurecia, Valeo, Visteon, Magneti Marelli, Ness, IBM, T-Systems, AU Optronics and a lot of other well-known and respected companies. Slovakia has gained reputation by offering an educated and well trained working population, able to work with and utilise the latest technologies.

Although Slovakia has gained its reputation of offering an ideal investment environment for mostly production and assembly plants, in the next few years, it intends to intensify its focus on research and development (R&D) and enhance cooperation between foreign R&D centres and local R&D institutes and univesities.

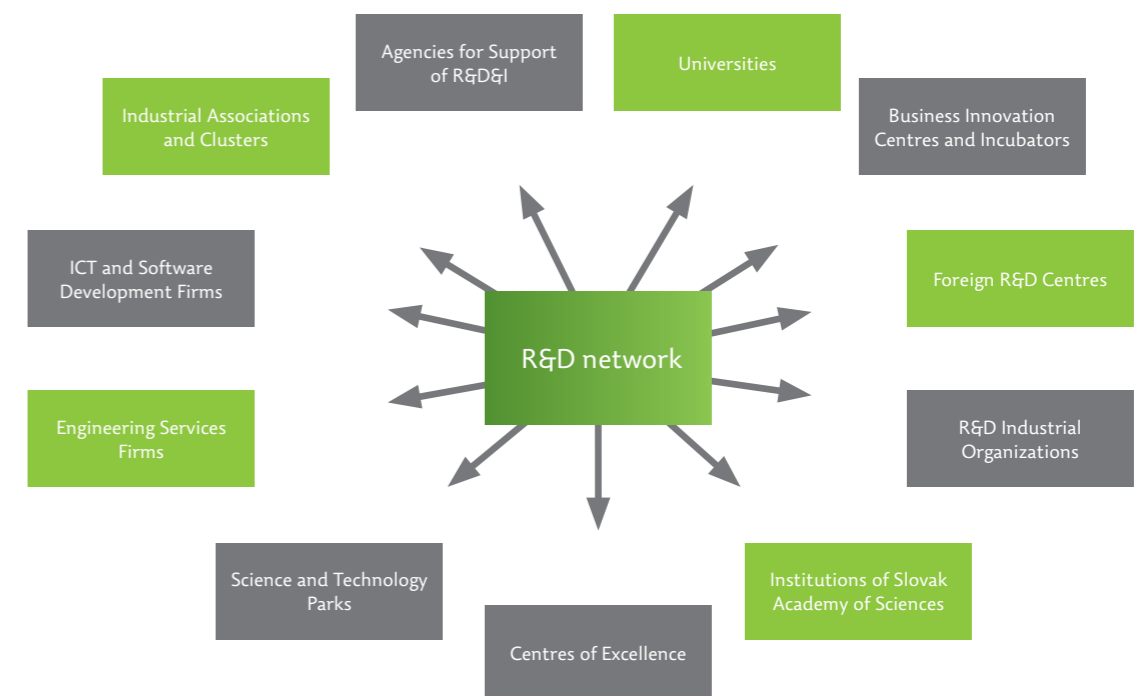
Slovakia, in its history, gave birth to many researchers and scientists including Aurel Stodola, Milan Rastislav Štefánik, Jozef Maximilián Petzval, Štefan Anián Jedlík, Maximilián Hell, Vojtech Gerster, Matej Bel, Jozef Murgaš, Štefan Banič, who all received an international recognition for their achievements

4.1 Slovak R&D environment

As an open economy based on R&D and innovation activities presents a crucial element of further development, Slovakia aims to build strong cooperation partnerships with foreign countries as well as companies, universities and other relevant R&D institutions.

Development of human resources, personal skills and talents, competitive R&D costs and availability of high-qualified labour are significant advantages of doing business in Slovakia.

University environment is rapidly changing in an effort to adapt to the latest industrial and sectoral needs. Close cooperation with strategic companies is built on long-term relationships.

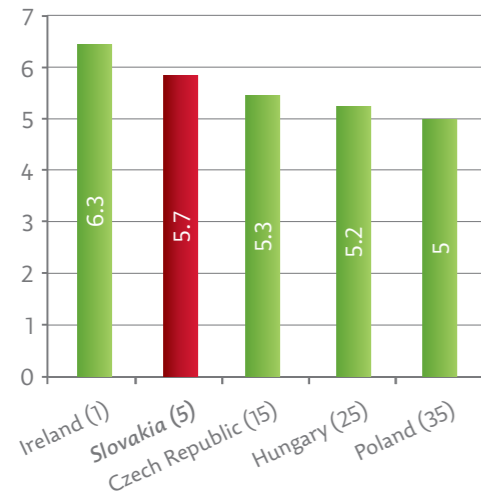


Top 5 advantages of R&D in Slovakia:

- 5th place in the world in FDI and Technology Transfer
- 10th place in the world in Pay and Productivity
- 13th place in the world in Business Impact of Rules on FDI
- 35th place in the world in Production Process Sophistication
- 41st place in the world in Local Availability of Research Training Services

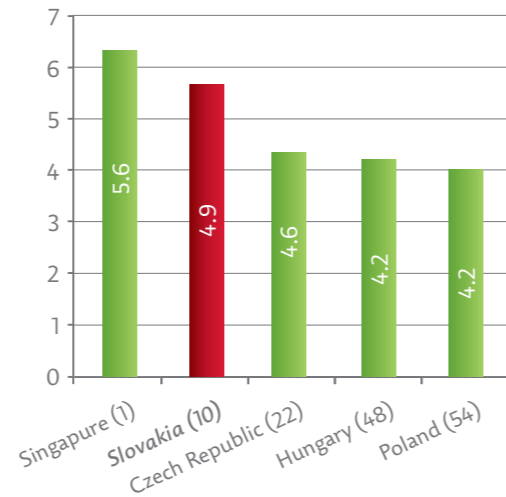
Source: The Global Competitiveness Report 2010-2011, World Economic Forum
 Note: Rank out 139 countries

FDI and Technology Transfer (Rank out 139 countries)



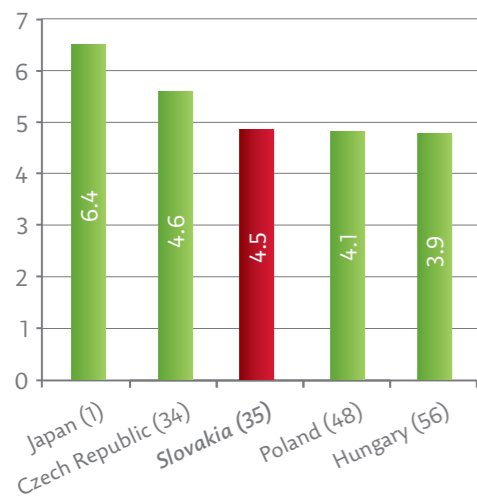
Source: The Global Competitiveness Report 2010-2011, World Economic Forum, 2010
 Note: To what extent does foreign direct investment (FDI) bring new technology into your country? (1 = not at all; 7 = FDI is a key source of new technology); 2009-10 weighted average

Pay and Productivity (Rank out 139 countries)



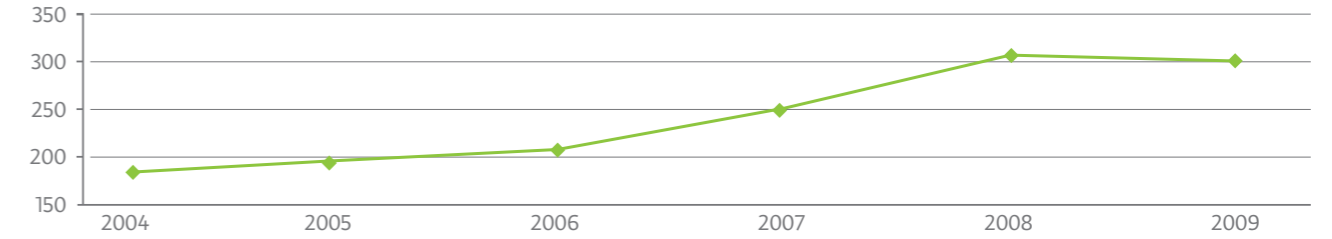
Source: The Global Competitiveness Report 2010-2011, World Economic Forum, 2010
 Note: To what extent is pay in your country related to productivity? (1 = not related to worker productivity; 7 = strongly related to worker productivity); 2009-10 weighted average

Production Process Sophistication (Rank out 139 countries)



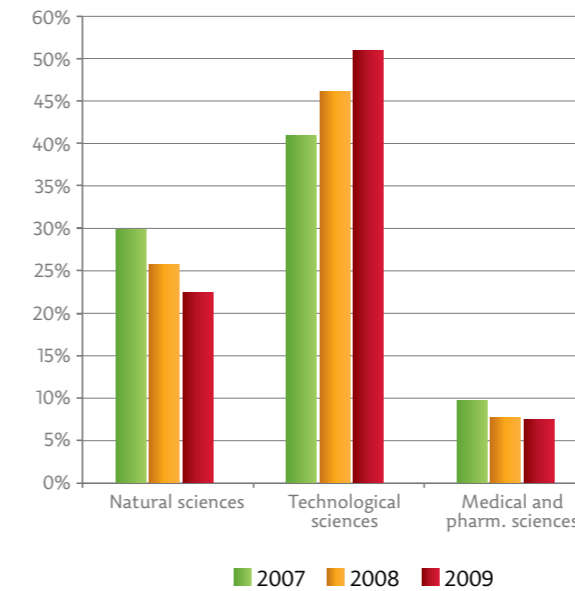
Source: The Global Competitiveness Report 2010-2011, World Economic Forum, 2010
 Note: In your country, how sophisticated are production processes? (1 = not at all—labor-intensive methods or previous generations of process technology prevail; 7 = highly—the world's best and most efficient process technology prevails); 2009-10 weighted average

Gross Domestic Expenditures on R&D, in mil. EUR



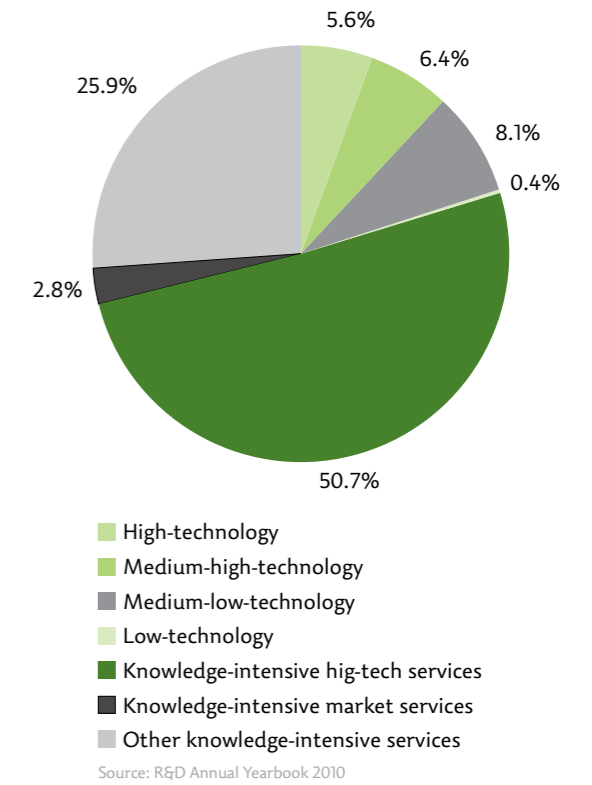
Source: Statistical Office of the Slovak Republic, www.statistics.sk, 2010

Gross expenditure on research and development (GERD) is primarily focused on technological sciences and natural sciences



Source: Statistical Office of the Slovak Republic, www.statistics.sk, 2010

Structure of R&D Expenditures by Technological Sectors in 2007-2009



Source: R&D Annual Yearbook 2010

4.2 Highly prospective opportunities for doing business in R&D

The best opportunities for doing R&D in Slovakia are in:

• Automotive industry and supplier sector

Slovakia has a long-term tradition in mechanical engineering, which is in close connection with the automotive industry. Three global car producers VW, PSA, KIA together with global subcontracting companies are the best proof of a very favourable environment, indeed, for automotive FDI in Slovakia. Nevertheless, the next phase of automotive structure development is focused on automotive R&D foreign direct investments. The strongest advantages of Slovakia lie in the high quality of human resources and availability of engineers, researchers, and scientists.

• Electronics

The second largest and a fast growing industry in Slovakia. In recent years, the interest in Electronics FDI has been on its rise, mainly as far as optoelectronics is concerned. Slovakia became one of the world's leaders in LCD production. The list of significant investors in the sector includes Samsung, Sony, Panasonic and AU Optronics.

• Energetics and renewable energy sources

Energetics is very important for the Slovak economy. The long-term concept of the energy policy is based on the continuous reduction of energy severity. Nuclear power, natural gas and renewable energy sources (RES) play the most important role in the Slovak energy consumption. Slovakia has built its own R&D capacities such as VÚJE in Trnava (Research Institute of Nuclear Power), university RES centres and other centres with a focus on RES such as: THERMO/SOLAR Žiar s.r.o. in Žiar nad Hronom.

• New materials and lightweight materials

Slovakia has an interesting potential of domestic R&D university workplaces, institutes of the Slovak Academy of Sciences and is building up several new Centres of Excellence which are focused on materials research. Slovak R&D potential in material research recognized by participation in various EU projects and in cooperation with industrial firms.

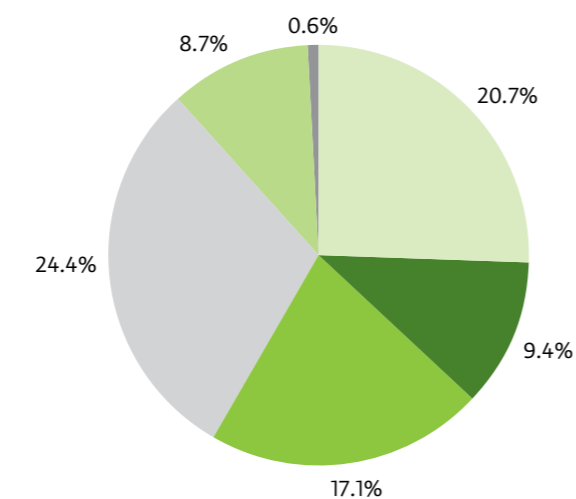
• Medical technologies and welfare & care

To most biotechnology organizations and research institutions are located in Bratislava region. Three universities are active in the field of biotechnology and several Slovak Academy of Sciences institutes are doing research on biotechnology. In Slovakia there are established interesting companies active in biotech? Fermas, Imuna Pharm Holding, Azoter, Biotika, Liko, Axxon, Danube Clone, BioScience, Arbor etc.

• ICT and software development

Fast growing in Slovakia. World-renowned firms which are focused on various segments in ICT were established here. Slovakia has several software houses focusing on software development, for example: Eset, Siemens, Asseco, Gratex, Softec, Ness, Unicorn, Datalan, PosAm, Anasoft APR, Ipesoft, Datalock, Axa, Kros, Millennium 000, and several services centres: Slovak Telekom, Lenovo, Soitron, Dell, Competence Call Center Bratislava, Accenture, Amazon.

IT services market in Slovakia in 2010



- Tailor-made software development
- New implementations
- Support of existing applications
- Outsourcing
- Technical hardware maintenance
- IT security

Source: Trend Magazine, 2011, Trend TOP v infotechnológiách, www.etrend.sk

Slovakia's attractiveness and great opportunities for research and development have already been discovered by many investors, e.g.: Siemens, Johnson Controls, ON Semiconductor.

ZTS VVÚ KOŠICE a.s.	power-one™	OSRAM	ZENTIVA	EIT
U.S. Steel Košice United States Steel LLC	CARTECHNOLOGY	SPINEA	Slovnaft	SAUER DANFOSS
PRVA ZVARACSKA a.s. FIRST WELDING, INC.	thermo solar	SEMIKRON innovation+service	EDAG ENGINEERING+DESIGN AG	COBA
Matador	TECHNODAT	ZE	SIEMENS	JM Johns Manville
KABELSCHLEPP the power to innovate	SAARGUMMI Sealing the future	accenture	ON Semiconductor	
KNOTT Brzdy • Nápravy	HIP HTP.HIGH.TECH.PLASTICS	KRAUSS MAFFEI	MAGNETARELLI	vúje
ZPVVO	KONŠTRUKTA INDUSTRY	Johnson Controls	eset	
Continental	B/S/H/	DELL	MTS	

4.3 Sources of support to investment in R&D

The support to investment in research and development in Slovakia can be obtained from several sources

Investment aid (Act no. 561/2007 Coll on investment aid) – for building technology centers in Slovakia	Investment incentives for research and development under the Law No. 185/2009 Coll on incentives for R&D	7 th framework program of EU for research, technical development
EU Structural Funds	National grants (Slovak Research and Development agency)	Other programs and schemes for providing assistance (both direct and indirect)

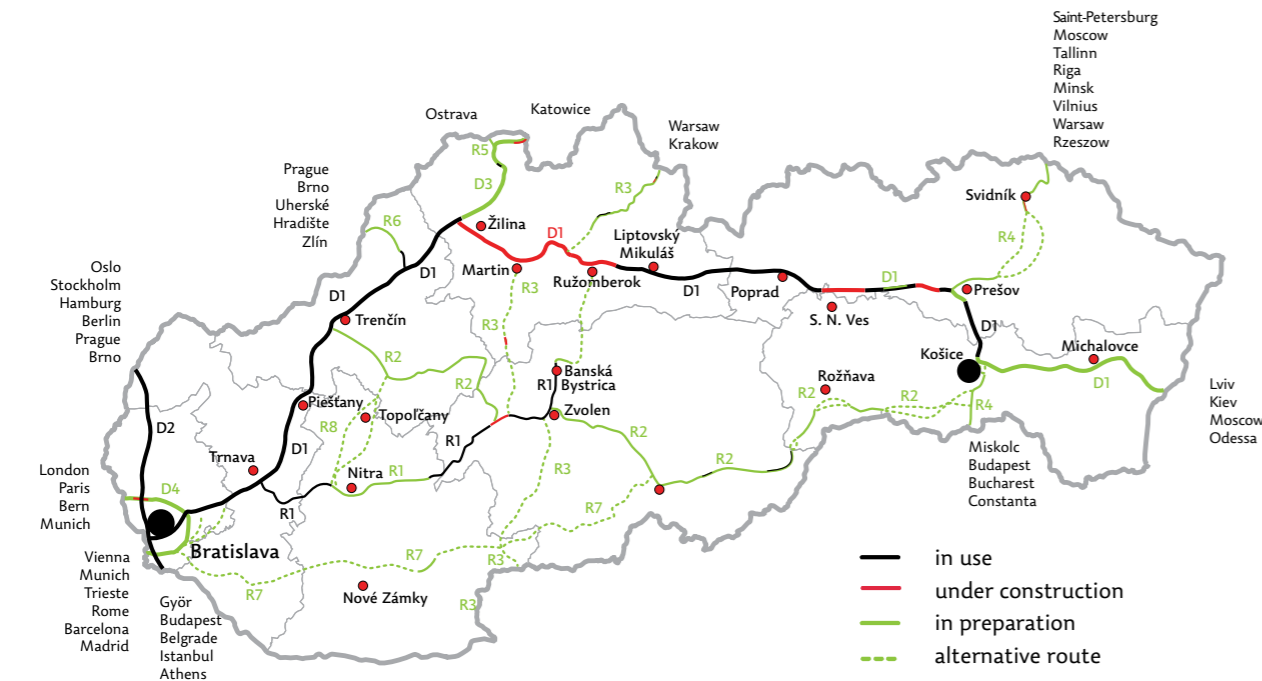
5 Infrastructure

Slovakia's strategic geographical location makes the country an ideal platform for approaching the dynamically growing markets of CEE as well as the countries of Western Europe. Major European transit corridors pass through Slovakia connecting the Western and Eastern parts of the European continent.

5.1 Road network

The Slovak road network consists of 17,946 km roads and motorways, incl. 180 km expressways, 3,317 km 1st class roads, 3,644 km 2nd class roads and 10,406 km 3rd class roads. International roads "E" are of 1,537 km, international routes "TEM" of 932 km and "TEN-T" corridors of 926 km. The length of urban roads represents 25,942 km.

The present infrastructure is in the process of intensive development and modernization. In order to promote economic development and investments, the Slovak Government is following up on the priority of connecting the western and eastern part of Slovakia with a highway running between Bratislava and Košice by the end of the year 2012.



Source: The National Highway Company, www.ndsa.sk, 2010

5.2 Railway network

The railway infrastructure in Slovakia has been ranked according to Moody's Investors Service – Moody's Central Europe A1 / Aaa.sk rating with outlook stable, thanks to continuous modernization of the railway infrastructure, railway corridors and stations, realization of new railway tracks, modernization of teleinformation network MOTIS2. Most of the Slovak railway tracks are part of the network of international corridors and all comply with international standards.

According to the Pan-European conference of ministers of transport, three railways corridors were approved to be included in the Trans-European corridor networks:

- Corridor No. IV (Berlin – Prague – Bratislava – Štúrovo – Budapest – Istanbul/Thesaloniki)
- Corridor No. V (Terst – Budapest/Bratislava – Uzhorod – Lvov)
- Corridor No. VI (Gdansk – Lodz – Žilina)

In 2009 the loading volume of passenger transportation represented 31,995 thousand tkm (8,101 mil. grtkm) and cargo transportation 12,962 thousand tkm (15,204 mil. grtkm).



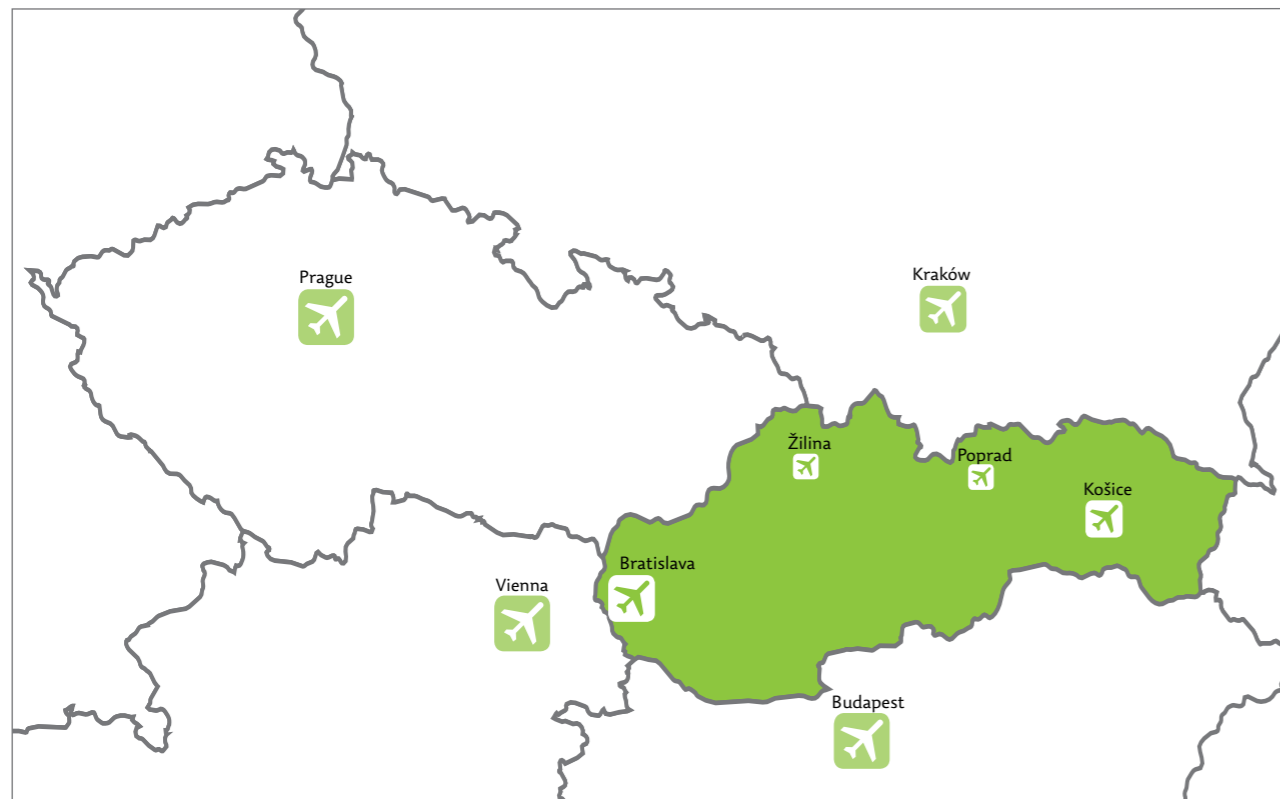
Source: The Railways of the Slovak Republic, www.zsr.sk, 2009



5.3 Aviation network

In Slovakia there are 4 major airports: in Bratislava, Poprad, Košice, Žilina. The most important Slovak airports are Airport Bratislava and Airport Košice. Both provide regular and charter European flights.

The possibility to fly to Europe and the rest of the world is also secured via Vienna International Airport (app. 60 km from Bratislava), Budapest Airport (app. 180 km from Bratislava) or Prague Airport (app. 351 km from Bratislava).



Source: SARIO, www.sario.sk, 2010

List of regular flights from major Slovak airports as of April 2010

Bratislava Airport	Alicante, Barcelona-Gerona, Birmingham, Bristol, Brussels-Charleroi, Dublin, Edinburg, Gran Canaria, Jerevan, Košice, Liverpool, London-Stansted, London-Luton, Malaga, Milan-Bergamo, Paris-Beauvais, Prague, Rome-Ciampino, Stockholm-Skavsta, Tel Aviv, Warsaw
Košice Airport	Bratislava, Prague, Vienna
Žilina Airport	Prague
Poprad/Tatry Airport	Charter flights to Egypt, Turkey, Bulgaria

Source: Bratislava Airport, www.letiskobratislava.sk, 2010; Košice Airport, www.airportkosice.sk, 2010; Žilina Airport, www.letisko.sk, 2010; Poprad/Tatry Airport, www.airport-poprad.sk, 2010

5.4 Water network

There are currently two public ports serving cargo ships in Slovakia: Bratislava, Komárno. Both provide an advantageous connection to railway and road transport networks. The river Danube is the second longest river in Europe and is navigable for

ships along a nearly 2,600 km long corridor. The Danube connects the Black and the North Seas (the significant ports of Sullina and Rotterdam) as a part of the Trans-European artery that is about 3,500 km long.

5.5 ICT network

Slovakia has a lower broadband penetration rate than other EU member states. The average rate in the EU27 is 21.7% and 24.7% in the EU15. Slovakia has reached a 9.6% penetration rate. This situation provides an opportunity for future growth.

Statistics:

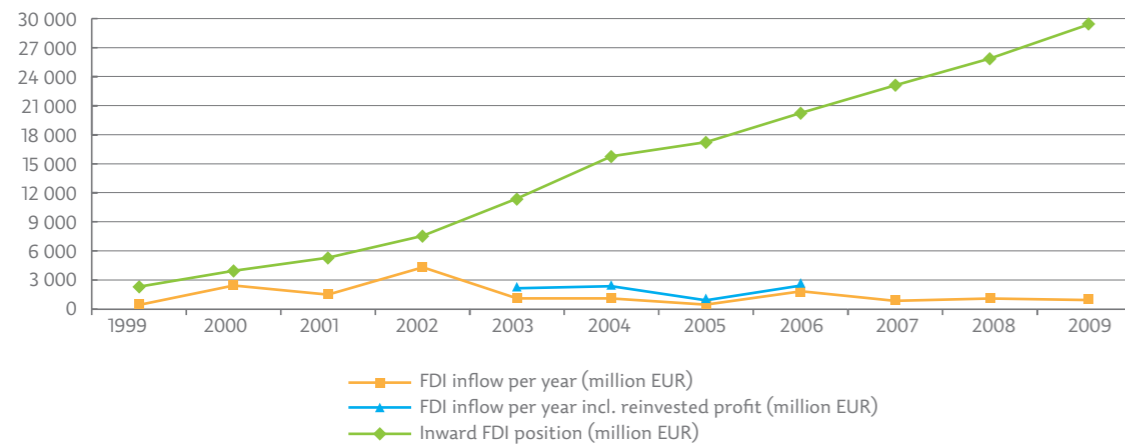
- 98.3% of companies have Internet access and 99.1% are using PCs
- Slovakia is under the EU27 average in the rate of households having their own Internet access, but it has shown a catching up tendency. The average rate in the EU15 in 2010 was 73%; Slovakia has reached 67%. However, this rate is growing faster than the average of the EU15 countries (raise of 45.7% in Slovakia from 2007 to 2010, 23.7% in EU 15 in the same time), leaving nearly all new member states behind
- in 63.2% Slovak households is a PC and in 38.8% Slovak households is TV with digital connection

- 88.5% Slovaks have a cellular phone
- in 2006, there were around 22 telephone lines per 100 people. Mobile telephone penetration was in 2009 102%, and more than 99% of the population was covered by mobile networks
- digital broadcast (DVB-T) will, at the latest in 2012, fully substitute the analogue television broadcast. DVB-T provides an opportunity for new TV channels, more competition and should effectively increase the overall offered quality. In 2009, the Telecommunications office of the Slovak Republic announced a call for submitting of offers for a public tender regarding various frequencies allocations

6 Success stories

The advantages of Slovakia as an investment destination are proved by many investors that have already decided to settle in Slovakia. Currently the most important industries in Slovakia are the automotive industry (Volkswagen, KIA Motors, PSA Peugeot Citroen) and electronics (Sony, Samsung, AU Optronics). Important sectors are also machinery, chemical industry and IT services.

Since Slovakia's declaration of independence in 1993, Slovakia has handled several hundred successful investment projects from various countries and in a wide range of industrial sectors. These investment projects have had a substantial impact on the economic growth of the country. The total volume of FDI inflow to Slovakia reached 26,645,06 million EUR by 31 December 2009.



Note: Amount in EUR was calculated with the average exchange rate in the respective year. Data for 2009 are not available yet.

Note: From 2003 the NBS has been using a different methodology as in the previous years – it started including reinvested profit in the FDI inflow and inward FDI position. Thus, data from the period 1999 – 2002 (FDI inflow per year, Inward FDI position) contain only equity capital. Data of Inward FDI position in the period 2003 – 2008 contain equity capital + reinvested profit. Data of FDI inflow per year contain equity capital. FDI inflow per year incl. reinvested profit was not available for 2007, 2008 and 2009.

Source: National Bank of Slovakia, www.nbs.sk, 2010

The table shown below is an overview of the major foreign investors in Slovakia. It includes only the new Greenfield or Brownfield investments, not acquisitions or takeovers:

Country of Origin	Investor
USA	U. S. Steel, Emerson, DELL, Whirlpool, IBM, HP, Johnson Controls, AT&T, Accenture, Getrag Ford
Germany	Siemens, Volkswagen, T-Systems
Japan	Yazaki, Mitsui Sumitomo, Sony, Panasonic
Korea	Samsung, KIA Motors, Hyundai Mobis
Taiwan	AU Optronics, ESON, Foxconn, Delta Electronics
France	PSA Peugeot Citroen, Alcatel R&D
Spain	Soitron

7 Legal framework

7.1 Starting a business

There are four types of companies that can be established in the Slovak Republic:

- Spoločnosť s ručením obmedzeným (Limited Liability Company), official abbreviation: (s.r.o. or spol. s r.o.)
- Akciová spoločnosť, (Joint Stock Company) official abbreviation: (a.s. or akc. spol.)
- Verejná obchodná spoločnosť (General Commercial Partnership) official abbreviation: (v.o.s. or ver.obch. spol.)
- Komanditná spoločnosť (Limited Partnership) official abbreviation: (k.s. or kom. spol.)

The most common type is the Limited Liability Company.

Limited Liability Company

A limited liability company (hereinafter the "SRO") may be established by one or more founders (up to 50), either legal or natural persons, irrespective of their nationality. A limited liability company having one partner (shareholder) may not be the sole shareholder of another limited liability company. This rule applies also to foreign entities.

The minimum registered capital in the SRO is 5,000 EUR and minimal contribution of a partner (shareholder) is at least 750 EUR. The registered capital must be paid up within the time period set out by the Foundation Deed, however at the latest within five years from the date of incorporation. If the company is founded by a single founder, 100% of the registered capital must be paid before the incorporation. It can be contributed in kind or in cash. The contribution to the registered capital is not required to be tied in the company's bank account during the whole existence of the company but may be used for activities of the company.

The limited liability companies are obliged to have a reserve fund in the amount of 10% of its registered capital. It is not necessary to do so immediately at the time of company establishing, but in the year in which a company records its first profit.

An SRO has the following bodies:

- general meeting
 - the supreme body that decides on the major corporate matters of the company
- executive(s)
 - the statutory body authorized to act on behalf of the company

A supervisory board may also be established but it is not obligatory.

The company shall be liable for any breach of its obligations with its entire property.

Each member's liability for the company's obligations is limited to the outstanding part of its contribution to the registered capital of the company which is registered with the Commercial registry.

Important steps before starting a business

The following steps concern the Limited Liability Company. Steps for the other three types of companies are similar, however they may slightly differ. Also the fees for establishing may be different.

1. Obtain extract of the clean criminal registry of the Executive (s)	
Time to complete:	1 day (in case of Slovak criminal extract)
Comments:	The extract is not required for registration in the commercial registry, but is required for obtaining the trade license. The extracts from foreign countries must be apostilled or superlegalized. The extract in respect of a Slovak national does not need to be submitted to the Trade Licensing Office, as the office may obtain it by itself if relevant information is provided in the forms without any fee being payable.
Cost to complete:	3 EUR if extract is obtained from the Slovak criminal register; fees in other countries may vary.

2. Verify the uniqueness of the proposed company name	
Time to complete:	1 day
Comments:	Before incorporation it is necessary to verify the uniqueness of the proposed business name. It can be done via internet on the official Commercial Registry web page: http://orsr.sk/search_subjekt.asp?lan=en

3. Execution of Memorandum of Association / Foundation Deed	
Time to complete:	The whole procedure, including drafting of the documents may take at about 1week, or longer if done without professional help.
Comments:	SRO is established by execution of a Foundation Deed (in case of more founders by execution of a Memorandum of Association). Signatures of the founders have to be certified by a notary. It may also be executed by a person authorized under the power of attorney granted by the founder. The power of attorney – with an officially authenticated signature of the founder – shall be attached to the Memorandum of Association (or the Foundation Deed). The Foundation Deed must contain the following information: The business name and registered office of the company Details of the founder(s) The scope of business activities The amount of the registered capital, including each founder's contribution to the registered capital Details of the first Executives of the company and the manner of their representation Details of the first members of the Supervisory Board (if created) Details of the administrator of the paid-up contributions of the founders The amount of the statutory reserve fund (if created at the time of establishment) and the manner of its replenishment The benefits granted to persons involved in establishing the company and in obtaining the required permits and authorizations The expected costs associated with the company's establishment and incorporation; and The founder(s) must appoint one or more first executive(s) who can only be natural persons. Their names have to be included in the establishing document. Please note that documents that will not be executed in Slovakia shall be apostilled or superlegalised.
Cost to complete:	Notary fee for verifying a signature: 2,39 EUR + VAT/signature. The approximate lawyer's fees for drafting of the documents are about 500 – 1,000 EUR.

4. Obtain registered office	
Time to complete:	The entire procedure may take at about 1 week, or longer, depending on requirements for the premises (it can be combined with procedure 3).
Comments:	The company must lawfully use premises for the purpose of maintaining its registered office. The registered office must be stated in the Foundation Deed and supported in the application for the registration of the company in the Commercial Register with evidence of the title of the company to its premises (such as an ownership deed for the premises, a lease agreement or a declaration of the owner of the premises allowing the company to register its office therein). Often at the time of its foundation, a company uses temporary (virtual) premises/office and obtains permanent premises at a later stage.

5. Contribution to the registered capital/administration of contributions	
Time to complete:	1 day
Comments:	Prior to the registration of the company in the Commercial Register, the founder's contributions or portions thereof must be administered by the entity so entrusted in the Memorandum of Association or the Foundation Deed, i.e. one of the founders or a bank.

Comments:	If there is one shareholder in SRO the capital must be fully paid before applying for incorporation, otherwise, at least 30% of each shareholder's capital and in total at least 2,500 EUR must be paid. The administrator of contributions is obliged to release a written statement on the paid-up parts of contributions by individual partners (members). Such statement shall be enclosed to the application for the incorporation. In the latter case, the opening of a bank account is necessary.
Cost to complete:	If contributions are made into bank account of the company, then fees may vary from bank to bank Opening of a bank account approximate cost: 5 EUR. Additional fees apply for related services.

6. Apply for incorporation in the commercial register at the Registry Court	
Time to complete:	5 working days
Comments:	Company shall officially come into existence on the date on which it is incorporated into the Companies Register. The application must be filed not later than 90 days from the execution of the Foundation Deed/ Memorandum of Association or from the receipt trade license. The list of documents required for the incorporation: Filled-in form signed by all executives and their signatures have to be verified by a notary public Foundation Deed/ Memorandum of Association signed by all executives and their signatures have to be verified by the notary public Copy of the trade license – verified by a notary public Extract(s) from the Commercial Registry of the founder(s) – if legal entities Statement of the administrator of the founder's contributions to the registered capital Document proving title to the property to be registered as the seat of the company Declaration that the founder who is a limited liability company, has more than one member Residency permits of Executive(s) – not necessary if they are EU citizens Copy of the Executive(s) passport, if the Executive is not a Slovak citizen Specimen signature of the Executive(s) – notary certified Please note that documents that will not be executed in Slovakia shall be apostilled or superlegalised. Incorporation time is 5 working days when all necessary documents are submitted.
Cost to complete:	331,50 EUR – incorporation fee

7. Register with the tax authorities for income tax and VAT	
Time to complete:	The tax number for income tax purposes shall be processed within 7 days and the registration for VAT purposes shall be processed within 30 days from the submission of the application.
Comments:	A company doing business in Slovakia must register for corporate income tax purposes within 30 days from the date of its registration in the Commercial Register. The registration form must be filed with the local Tax Office, depending on registered seat of the company. The company is subject to compulsory VAT registration if it exceeds a turnover (revenues) of 49,790 EUR in the course of a maximum of the 12 preceding consecutive calendar months. The company may also apply for voluntary registration in order to be able to deduct VAT as of the start of its operation in Slovakia.
Cost to complete:	no charge

8. Register with social insurance at the local Social Insurance Office (Socialna poisťovňa)	
Time to complete:	1 day
Comments:	The company must register employees for pension, sickness, disability insurance and unemployment insurance at the local Social Insurance Office ("Socialna poisťovňa") prior to their starting work. Also, the company has to register to the employers register within 8 days after a first employee started working for the company.
Cost to complete:	no charge

9. Register for health care insurance at any health insurance company (Zdravotna poisťovňa) that the employees choose	
Time to complete:	1 day
Comments:	For health insurance purposes, the company must be registered with Health Insurance Companies ("Zdravotna poisťovňa"), depending on the employees' choice of insurance company (the registration must be made within 8 days after employee started or should have started working for the company).
Cost to complete:	no charge



7.2 Labour code

Employer/employee relations are governed by the Labour Code, which regulates such matters as establishment of employment, dismissal, working hours, annual vacation, salary conditions, working conditions, protection of expectant mothers, protection of adolescent employees, work safety and health regulations.

7.2.1 Establishment of employment

The following types of employment contracts are possible according to the Labour Code:

- employment for a definite term (for up to three consecutive years)
- employment for an indefinite term
- employment for reduced working hours

Additional extra-employment agreements are possible:

- off-employment agreements
- specific task agreement

If the contract is for a definite term, this cannot 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.

Trial period

The trial period agreed in the employment agreement must not be longer than three months or six months in case of executive employees. If it is stipulated in the collective agreement, the trial period can be prolonged for 6 months or 9 months in case of executive employees. During this period either party can cancel the contract at any time and without having to state the reason.

7.2.2 Termination of employment

The Labour Code stipulates a notice period of one, two or three months (depending on the time the employee works for the company) for terminating employment by written notice given by the employer or by the employee. The employee does not have to state the reasons for leaving, but the employer can only terminate an employee's contract in compliance with conditions set out in the Labour Code. The notice period starts from the first day of the following month following delivery of notice.

When notice is given by the company to the employee, one of the following reasons must be stated:

- the company (or a part of the company) is being disbanded or transferred
- the employee is made redundant by a written resolution of the employer based on the organizational changes
- the employee is not able to work for long-term health reasons.
- the employee does not meet the preconditions for the job (e.g. there is unsatisfactory performance of the employee)
- other serious reasons, e.g. substantial company restructuring

If both parties agree, employment can be terminated at any time. If employment is terminated as a result of organizational changes or cutbacks, the employee is protected by at least one-month termination period (or at least a two-month termination period if he/she has been working for the employer for more than one year but less than five years and three-month termination period applies if he/she has been working for the company for more than 5 years).

Furthermore, the company can terminate an employment contract immediately if:

- the employee is convicted of an intentional criminal act
- the employee seriously breaches work discipline

Redundancy and severance payments

The Labour Code provides a severance payment of at least one month average earnings for employees with less than 1 year of service with the employer (severance of two months average earnings apply in case of employees with more than 1 year but less than 5 years of service with the employer and three months severance applies in case of employees working more than 5 year for the employer). If the employee agrees with the notice period (one, two or three months depending on the length of service with the employer), the employer is not obliged to pay the severance payment and the employee's regular salary at the same time.

7.2.3 Working hours

The weekly working time is 40 hours, excluding breaks (min. 30 minutes), which are not paid. One 30-minute break has to be provided if the employee's working time is longer than 6 hours. Additional breaks may be arranged between the employer and the employee or the employer and a trade union.

Shifts: Employees who work alternatively on two shifts can work a maximum of 38 and $\frac{3}{4}$ hours per week. Employees who alternatively work on three shifts or on a continuous basis can work a maximum of 37 and $\frac{1}{2}$ hours each week.

Overtime work

Overtime work shall not exceed on average 8 hours per week during not more than four consecutive months, unless the employer agrees to a longer period with the representatives of the employees; however, this period shall not be longer than 12 consecutive months. The maximum amount of overtime work that an employer may request from an employee in any calendar year shall be 150 hours. The employer can agree with the employees, if there are serious reasons, on overtime work in excess of the limit set above, to the extent of not more than 400 hours per employee or 550 hours in case of executive employees.

Bonuses for overtime work

The employee is entitled to his normal wage plus a special bonus equal to at least 25% of his average salary for overtime hours worked (working on Saturday is also considered as overtime work). If the employer and the employee agree to leave as a consideration for the overtime work, the employee shall be entitled to one hour of leave for one hour of overtime work; with no entitlement to any special bonus.

In a collective agreement, an employer may agree on a set of employees with whom it is possible to agree that potential overtime will be included in their pay, up to a maximum total of 150 hours per year. If the collective agreement does not define such a set of employees pursuant to the first sentence, the employer may agree with managers and with employees responsible for planning, systems, creative, methodological or commercial activities, employees who direct, organise or coordinate complex processes or an extensive set of highly complex equipment, that their pay will include overtime, though not more than 150 hours per year.

Wage for night work

The term "night work" means work performed between 10.00 p.m. and 5.00 a.m. With regard to night work, the employee shall be entitled to a special bonus for each hour of the night work of at least 20% of the minimum wage claim stipulated in § 120 of the Labour Code.

Wage for work during bank holidays

As a consideration for work performed during bank holidays (15 days in the year), the employee shall be entitled to his normal wage, plus a special bonus of at least 50% of his average earnings (Sundays are also considered bank holidays in this respect). If the employer and the employee agree on leave as a consideration for work performed during bank holidays, the employee shall be entitled to one hour of leave for one hour of work during bank holidays; with no entitlement to any special bonus.

Vacation and time off

In addition to public holidays, employees are entitled to at least 20 days of paid vacation. Employees older than 33 years are entitled to at least 25 days of paid vacation.

7.2.4 Pension age

The pension age for both men and women is 62 years of age in general. Pensioners can still work if they wish to.

7.2.5 Employing foreigners

Before arriving in the territory of the Slovak Republic, a foreigner who is from a non-EU member state has to apply in writing to the appropriate Office of Labour, Social Affairs, and Family for a work permit, either by himself/herself or through the future employer or through the legal person or natural person to whom he/she should be posted to perform work. A foreigner from an EU member state does not need a work permit. The appropriate Office of Labour, Social Affairs, and Family issuing the work permit is the office of territorial competence at the work location of the foreigner.

The application for issuing a work permit has to be accompanied by the employer's promissory statement to employ the foreigner.

The appropriate Office of Labour, Social Affairs, and Family may grant the foreigner a work permit, providing that the vacancy could not be filled by a job seeker in the register of job seekers. In issuing the work permit the Office shall consider the labour market situation. There is no legal claim to the issuance of a work permit.

A work permit is also required for a foreigner

- employed by an employer whose domicile or site of organisational unit with labour law personality is outside of the territory of the Slovak Republic and posted by that employer to perform work in the territory of the Slovak Republic, based on a contract concluded with a legal person or with a natural person
- who is going to be employed in a border area of the Slovak Republic, who would return at least once a week to the state of his/her permanent residence neighbouring the Slovak Republic; a border area of the Slovak Republic is defined as the territory of a district neighbouring the state borders

Issuance of a work permit is not required for a foreigner who is a partner of a business company, or the authorized body of a business company, or a member of the authorized body of a business company performing an activity on behalf of the business company in the territory of the Slovak Republic, or who was assigned to perform activities in the territory of the Slovak Republic within the framework of services of an employer whose domicile is in another EU member state.

Validity of the work permit shall expire upon lapse of the period of issuance, upon termination of the employment before lapse of the period of validity of the work permit, upon lapse of validity of the residence permit issued to the foreigner, or upon expiry of the residence permit for other reasons, etc.

The appropriate Office of Labour, Social Affairs, and Family issues the work permit with a two-year validity at most; with six-month validity in any one calendar year at most in the case of seasonal work, in which case a period of at least six months shall separate two individual employments in the territory of the Slovak Republic.

The employer is obliged to inform the Office in writing about the commencement and termination of the employment of an EU citizen and his/her family members and about the commencement and termination of the employment of the foreigner who is not required to submit a work permit within seven working days of the commencement and termination of employment. The employer is obliged to inform the Office in writing within seven days, of the fact that the foreigner who had been granted a work permit either did not commence the employment or his/her employment finished before the expiration of the employment period specified in the work permit. Furthermore, the employer is obliged to inform the police about the termination of the employment of the foreigner from a third country (other than EEA member state).

Valid from January 1, 2010, certain categories of foreigners do not have to possess a temporary residence permit for the purpose of employment for up to 90 days from the day of entering to Slovakia.

Consequently, they will be allowed to begin their employment immediately after entering Slovakia if they hold the pertinent work permit. This measure is for employees sent by their employers to Slovakia for a short-term period, or employees of strategic investors.

7.3 Immigration policy

7.3.1 Visa regime

A visa is required for all foreigners except:

- EU citizens
- citizens of Andorra, Argentina, Australia, Brazil, Brunei, Guatemala, Honduras, Hong Kong, Chile, Croatia, Israel, Japan, Canada, Republic of Korea, Costa Rica, Malaysia, Mexico, Nicaragua, Panama, Paraguay, El Salvador, Switzerland, Uruguay, USA, and Venezuela for visits of up to 90 days
- citizens of Monaco and New Zealand for visits of up to 3 months
- citizens of San Marino and the Vatican for visits of up to 30 days

The Slovak ministries responsible for visas and the entry of foreigners to Slovakia are the Ministry of Foreign Affairs and the Ministry of the Interior.

Types of visa

There are two types of visa: Schengen visa and national visa.

Schengen visa

A Schengen visa is an authorisation issued by an EU member state with a view to:

- transit through or an intended stay in the territory of the EU member states of a duration of no more than three months in any six-month period from the date of first entry in the territory of the EU member states
- transit through the international transit areas of airports of the EU member states

It may be issued for one, two or multiple entries. The period of validity shall not exceed five years. In the case of transit, the length of the authorised stay shall correspond to the time necessary for the purpose of the transit. The period of validity of the visa includes an additional "period of grace" of 15 days. However, member states may decide not to grant such a period of grace.

National visa

A National visa may be issued to a foreigner along with the residence permit or in connection with Slovakia's commitments under international treaties or if it is for the benefit of the Slovak Republic. The national visa is valid only for the territory of the Slovak Republic; however it entitles its holder to transit through one or more Schengen member states when travelling to Slovakia. No return transit is allowed. The foreigner is required to have a Schengen visa for a return trip, if he/she decides to leave the Schengen Area outside the Slovak Republic. The national visa is granted for the stay which is longer than three months.

Slovak authorities abroad

A list of the Slovak authorities abroad can be found at the web page of the Ministry of Foreign Affairs of the Slovak Republic, www.foreign.gov.sk, in its English version. Click on the tab "Web for Honorary Consulates" and then on "Contacts".

7.3.2 Settling in Slovakia

A citizen of a third country (other than an EEA member state)

A citizen of a third country (other than an EEA member state) has to apply for a residence permit. He/she may apply for a temporary residence permit or permanent residence permit.

Temporary residence permit

A temporary residence permit (for up to 2 years) is given for a specific purpose and thus is bounded with this purpose. The most significant purposes in the case of foreigners are the following:

- business
- employment
- joining a family member

A foreigner should always file an application for a temporary residence permit in person abroad, either at the representative authority (the embassy or a consulate) accredited for the country in which his/her travel document was issued or at the representative authority accredited for the country of his/her domicile.

A foreigner may also file the application directly at the Border and Foreign Police Department in Slovakia, at its respective section according to his/her place of residence, if:

- he/she does not need a visa for entry to Slovakia
- he/she represents a foreign investor in Slovakia and is a citizen of a member state of the Organization for Economic Cooperation and Development (OECD)
- he/she works for a foreign investor in Slovakia and is a citizen of a member state of the OECD

Also a spouse or a child of the foreigners in question younger than 18 years may file an application at the respective section of the Border and Foreign Police Department.

In the case of a relative who is not able to file an application for a temporary residence permit for the purpose of joining a family member because of indisposition, a foreigner with whom he/she applies for joining a family member may file the application on their behalf.

A foreigner may begin performing his/her activities (business, employment) only after he/she is granted a residence permit. The only exception is following:

A foreigner does not need a temporary residence permit for employment purposes within 90 days of entry into Slovakia if:

- he/she works for a significant foreign investor in Slovakia
- he/she was sent to work in Slovakia by an employer with headquarters in another EU member state
- he/she is employed in international public transportation and he/she was sent to work in Slovakia by his/her international employer

- he/she is working for an employer who has headquarters or affiliated branch outside of Slovakia and he/she was sent by his/her employer to work in Slovakia on the basis of an agreement with a legal or personal entity

However, such foreigner still needs to have a work permit. He/she can begin work immediately after entering Slovakia.

Permanent residence permit

In case the residence of the foreigner in Slovakia is significant in terms of economic importance (e. g. the foreigner is an important foreign investor), he/she may request a permanent residence permit in the interest of the Slovak Republic. He/she may file an application at the representative authority (the embassy or a consulate) or at the Border and Foreign Police Department. He/she may file an application in person or through his/her authorized representative.

A foreigner may also request a permanent residence permit if he/she is married to a Slovak citizen. Dependent relatives in direct line of a Slovak citizen and children of a foreigner with a permanent residence permit are also eligible to receive a permanent residence permit. They must file the application in person.

Decision

The police have to decide on the complete application within 90 days of its delivery (within 30 days in case of significant investors or their employees). In especially complicated cases the period may be prolonged by up to 90 days. The foreigners themselves may shorten the period for the decision of the police by attaching all documents required by the Acts when filing the application.

ALL THE DOCUMENTS HAVE TO BE OFFICIALLY TRANSLATED INTO THE SLOVAK LANGUAGE.

Length of the residence permit and its renewal

The temporary residence permit may be granted for up to two years and is bounded with one purpose. The temporary residence permit is always granted up to the time for which the purpose of its request is given. For example, if a foreigner receives a work permit for one year, he/she also receives a temporary residence permit for one year.

If the foreigner decides to do an activity other than the activity he/she has received the residence permit for, he/she needs to submit a new application for a residence permit or leave the territory of Slovakia.

The police grant the permit to relatives for the same period for which the foreigner whom they follow to the territory of Slovakia has been granted the residence permit.

If a foreigner has been granted a permanent residence permit in some of the member states of the EEA, he/she can be granted a temporary residence permit in Slovakia for up to five years. The foreigner has to prove permanent residence with a certificate of residence issued by another EEA member state in which the expression a person with EEA permanent residence in the appropriate language version must be stated.

The police may renew the residence permit for up to three years if the supposed length of residence of a foreigner will be at least three years. The foreigner submits the application for the renewal of the temporary residence permit personally at a police station, at the latest 60 days before the termination of his/her residence permit. There is an application fee that is payable through fee stamps (available at a post office). The police have to decide at least seven days before the termination of the foreigner's residence permit.

If the continuous residence of a foreigner in Slovakia has lasted for at least five years and he/she has a temporary residence permit for the purpose of business or employment or joining a family member, he/she may apply for the permanent residence permit, for a so called other permanent residence permit.

If a foreigner applies for the permanent residence permit, the police firstly issues the so-called first permit (after fulfillment of legal conditions), which grants the residence permit for five

Fees

There are several fees that are associated with the relocation and/or immigration process and that have to be paid in the form of a fee stamp to the Slovak authorities upon the submission of an application. They are listed in the table shown below.

Temporary residence permit for the purpose of	
Business	232,00 EUR
Employment	165,50 EUR
Joining a family member	132,50 EUR
Temporary residence permit renewal for the purpose of	
Business	132,50 EUR
Employment	99,50 EUR
Joining a family member	66,00 EUR
Permanent residence permit	
Permanent residence permit	165,50 EUR

Source: Unified automated system of legal information – JASPI, <http://jaspi.justice.gov.sk/>, 2009

After the residence permit is granted or renewed, the police issue a certificate of residence to the foreigner for which he/she pays 4,50 EUR. The certificate of residence has a limited validity and when it is renewed, the foreigner has to pay a fee stamp of 4,50 EUR again.

years. After granting the residence permit, the police inform the representative authority (the embassy or the consulate) in which the foreigner filled in the application that the residence permit has been granted. The representative authority issues a visa free of charge that entitles the foreigner to enter the Slovak Republic and collect the documents of the residence permit at the police station. Within three working days of entry into the territory of Slovakia, the foreigner is obliged to present himself/herself at the respective section of the Border and Foreign Police Department, according to his/her place of residence. If the foreigner is legally in the territory of Slovakia at the time of the residence permit being granted, he/she has to collect the Certificate of Residence at the police station.

The police may, upon request, issue another permanent residence permit to the foreigner who has the first permanent residence permit and who has the residence permit for the purpose of employment or entrepreneurship or who is a relative of the foreigner. All abovementioned foreigners must have a previous stay lasting continuously for at least five years before the submission of the application.

The police may also, upon request, issue another permanent residence permit to the foreigner who has a temporary residence permit for the purpose of business or employment or joining a family member if his/her continuous stay in Slovakia has lasted for at least five years.

There are further costs associated with the immigration process; these include translation fees, notary fees, fees paid to the institutions as well as the fee for a required medical check-up.

Examples of additional fees

Type	Fee
Translation (one page)	20,00 – 80,00* EUR
Signature verification	3,00 EUR
Foreign language copy verification (one page)	7,00 – 9,00 EUR
Slovak language copy verification (one page)	3,00 EUR
Slovak Criminal Record official fee	3,00 EUR
Slovak Business Register excerpt	6,00 EUR
Slovak Cadastre excerpt	3,00 EUR
Medical check-up (depending on case)	113,80 – 249,00 EUR

*price per page depends on the language, speed of translation and pages to translate
Source: SARIO, 2010

8 SARIO one-stop-shop for investors

The Slovak Investment and Trade Development Agency (SARIO) is a governmental investment and trade promotion agency. In Slovakia, and around the world, SARIO provides a range of services to those companies that would like to invest in Slovakia. Our team of experts is ready to help with all aspects of the investment process.

Mission

The mission of SARIO is to promote the growth of economic development and improve the quality of life in Slovakia. SARIO works toward this goal by promoting the economic environment of Slovakia, attracting foreign direct investment and developing foreign direct investment to the final stage of its realization. Since 2002, when the agency was established, until 2009, SARIO successfully assisted in 346 investment projects with a total value of 7,1 billion EUR, which together created 71,142 new jobs.

Vision

SARIO works actively to make the Slovak Republic a country with a well-developed economy and an educated population with a high quality of life. In order to achieve these goals, SARIO utilizes its valuable contacts, both in Slovakia and abroad.

SARIO is a government-funded agency under the management of the Ministry of the Economy of the Slovak Republic. SARIO's primary objective is to improve the standard of living of Slovak citizens by increasing the employment rate and reducing regional disparities.

It achieves these objectives in a variety of ways:

- the agency presents the business environment in Slovakia to the domestic and foreign target groups to increase the awareness of the name "Slovakia" and to create interest in foreign direct investment and trade
- it focuses on maximizing the inflow of foreign direct investment to Slovakia via active and targeted international marketing, and by increasing the knowledge of the investment environment in Slovakia, as well as by supporting creation of industrial parks
- the agency supports foreign trade via match-making for bids and offers generated by the Commercial Representatives Network and by other sources as well as via subcontracting activities

SARIO is an entity which has a high level of credibility internationally and domestically; its officials are regularly invited to attend professional forums where they present and discuss the current issues of the foreign direct investment and foreign trade. SARIO has a network of six regional offices in Slovakia and operates worldwide via 46 commercial representatives of the Ministry of Economy of the Slovak Republic.

Activities offered by Sario to foreign investors

Comprehensive consultancy services and up-to-date information regarding the investment environment in Slovakia:

- assistance in implementing investment projects
- analyses of the investment environment: labour market, taxation, legislation, macroeconomics etc.
- advice on issues related to starting a business
- sector and regional analyses
- selection and recommendation on ideal location and suitable real estate
- facilitation of communication with national and local authorities, self-governing bodies
- consultancy in the area of state aid and assistance with applications for investment incentives
- assistance in finding Slovak partners for joint-venture or suppliers
- aftercare services for foreign investors already operating in the Slovak Republic
 - support regarding the expansion, reinvestment and development of research operations
 - development of investor co-operation with schools
 - assistance regarding applications for work permits, visas and permanent residence for foreign citizens

The new agenda and one of the priorities of the Sario agency is attracting FDI to tourism in Slovakia. Activities of this agenda include: searching for investment opportunities in Slovakia, creation of database with these opportunities in order to offer them to foreign investors, providing consultations regarding the best investment opportunities and state aid as well as coordination of the preparation of the respective projects.

All our services for foreign investors are free of charge.

For additional information and insight, please refer to our website www.sario.sk and click on "Invest in Slovakia" for information on company registration, taxation and statutory social security contributions, expatriates and labour related legislation as well as the investment incentives of the Slovak Government.

Our awards



2011 Global Best to Invest 2010, Selection Site magazine



2007 'Best European Investment Agency Award for High-Tech' at the World Investment Conference in La Baule (France)

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