INVEST in Slovakia

SARIO

Slovak Investment and Trade Development Agency

Contents:

General information on the Slovak Republic

Official name	Slovak Republic
Area	49,035 km2
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)

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 and eight lowest debt of GDP in the EU27. 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. By the end of 2011, the GDP growth fell to 3.3%, but with the positive outlook for 2012. The European Commission forecast expects Slovak economy to grow by 2,6% in 2012 and reach the highest GDP growth in Eurozone. The inflation (HICP) in Slovakia was kept at the low level of 0.9% in 2009 and 0.7% in 2010. In 2011 the inflation reached 3.9%.

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 – the Euro.

10 reasons for investing in Slovakia

- Central European hub and favourable geographic location with great export potential
- Political & economic stability
- The fastest GDP growth (2012F) in Eurozone
- Best conditions for doing business in CEE
- Low labour costs vs. high labour productivity and available highly skilled workforce
- Number 9 worldwide in adapting to new technologies and high innovation potential for R&D projects- best in CEE region
- Official currency EURO as one of a few countries in CEE
- Large selection of industrial land and offices ready for purchase/lease
- Steadily growing infrastructure
- Attractive investment incentives

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, Eurozone and Schengen Area.

Slovakia adopted the Euro on 1 January 2009 and thus became the 16th member state of the Eurozone. 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%	3.3%
Inflation (HICP)	3.5%	8.4%	7.5%	2.8%	4.3%	1.9%	3.9%	0.9%	0.7%	3.9%
Registered level of unemployment	17.8%	15.2%	14.3%	11.6%	10.4%	8.4%	7.7%	11.4%	12.48%	13.16%
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	48.27	56.4
Nominal wage inflation (conversion rate)	9.2%	6.3%	10.1%	9.2%	8.6%	7.4%	8.1%	3.0%	3.2%	2.2%

** 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, 2012, National Bank of Slovakia, www.nbs.sk, 2012, Central Office of Labour, Social Affairs and Family, www.upsvar.sk, 2012

2.1.2 Country credit ratings

Slovakia is generally recognised as an open market economy, which is able and willing to pay its liabilities.

The following table shows the various credit ratings for the countries of the CEE. Slovakia has maintained its positive momentum what 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.

Country	Standard and Poor's	Moody's	Fitch	OECD Country Risk (the lower the better)
Slovakia	A stable	A2 negative	A+ stable	0
Czech Republic	AA- stable	A1 stable	A+ stable	0
Poland	A- stable	A2 stable	A- stable	0
Hungary	BB+ negative	Ba1 negative	BB+ negative	0
Bulgaria	BBB stable	Baa2 stable	BBB- stable	4
Romania	BB+ stable	Baa3 negative	BBB- stable	4

Source: Standard & Poor's, www.standardandpoors.com, 2012; Moody's, www.moodys.com, 2012; Fitch, www.fitchratings.com, 2012; OECD Country Risk Report as of 2012, www.oecd.org, 2012

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
46	*Slovakia*
54	Hungary
55	Poland
65	Czech Republic
66	Bulgaria
72	Romania

Source: Doing Business Report 2013, World Bank, www.doingbusiness.org

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.

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%.

Reformed Act on Commercial Registry – The amount of the time required to register a new company has been cut to a maximum of 5 working days; the same applies to the issuance of a trade licence with a maximum allotted time of 7 working days. As of 1 October 2007, one stop 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.

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

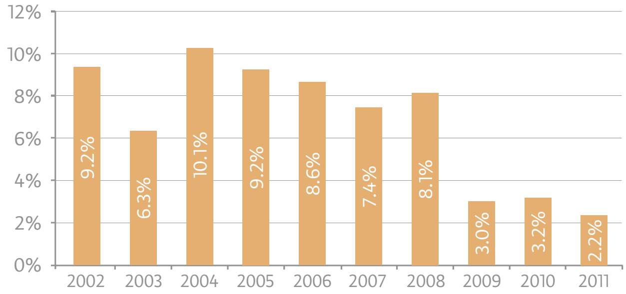
Health Care System Reform – Market principles were introduced into the health care system.

2.3 Labour market

2.3.1 Wages

The average monthly salary is still low compared to Western Europe. In 2011, the average gross wage was € 786 per month, excl. obligatory social security contributions. The minimum monthly wage in 2012 is € 327.2.
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, 2012

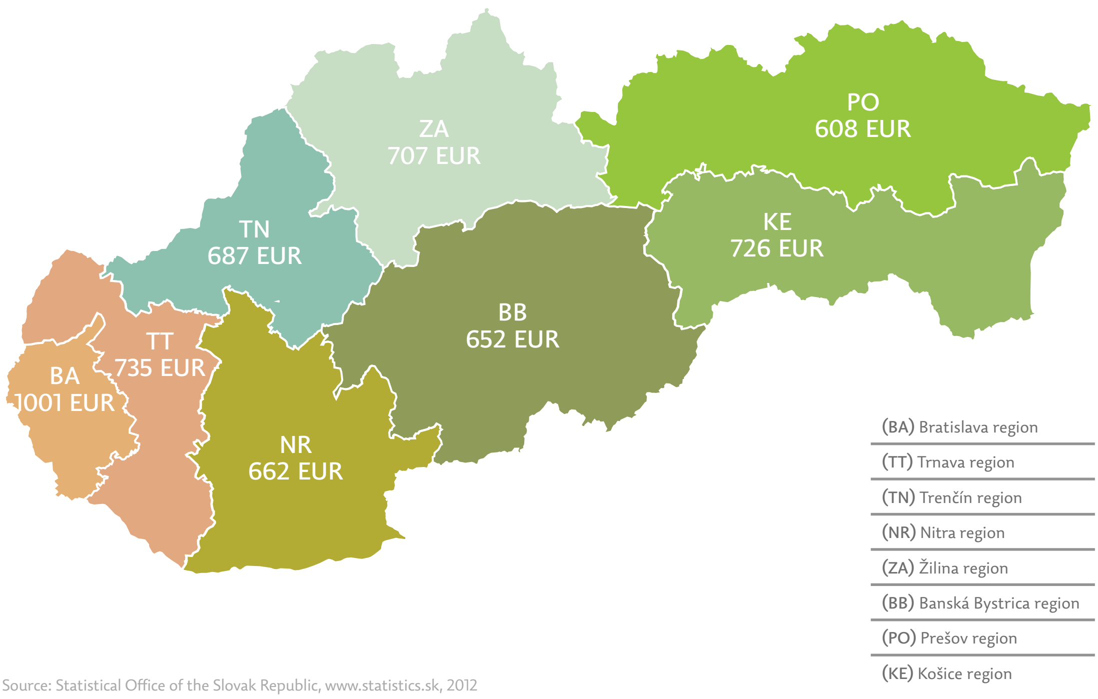
Average monthly wage and labour costs in 2011

	Slovakia	Czech Republic	Poland	Hungary
Average monthly wage	786 €	989 € (24,319 CZK)	825 € (3,400 PLN)	708 € (197,883 HUF)
Social security paid by employer	35.2%	34%	17.48% - 20.14%	28.5%
Total monthly labour costs	1,062.67 €	1,325.26 €	969.21 € – 991.16 €	909.78 €

Source: National Statistical Offices of Czech Republic, Hungary, Poland, Slovakia, 2012; Source: National Statistical offices of Czech republic, Hungary, Poland, Slovakia, exchange rate (2011 annual exchange rate)

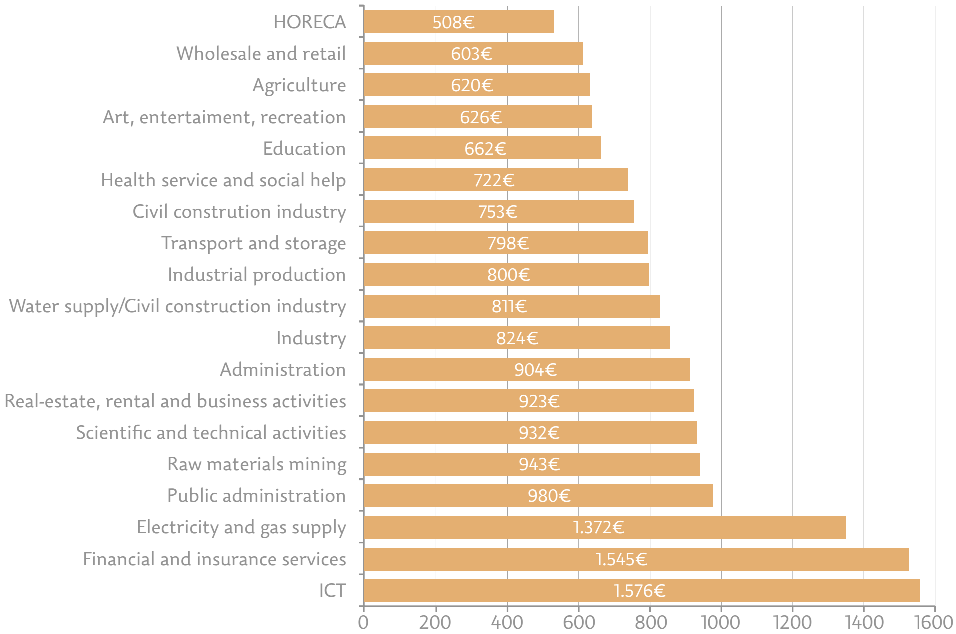
Regional and sector differences

There are significant regional and sector differences in the level of wages within Slovakia. The latest regional data are from 2011. The highest average monthly salary was in Bratislava region, the lowest in Prešov region.



Source: Statistical Office of the Slovak Republic, www.statistics.sk, 2012

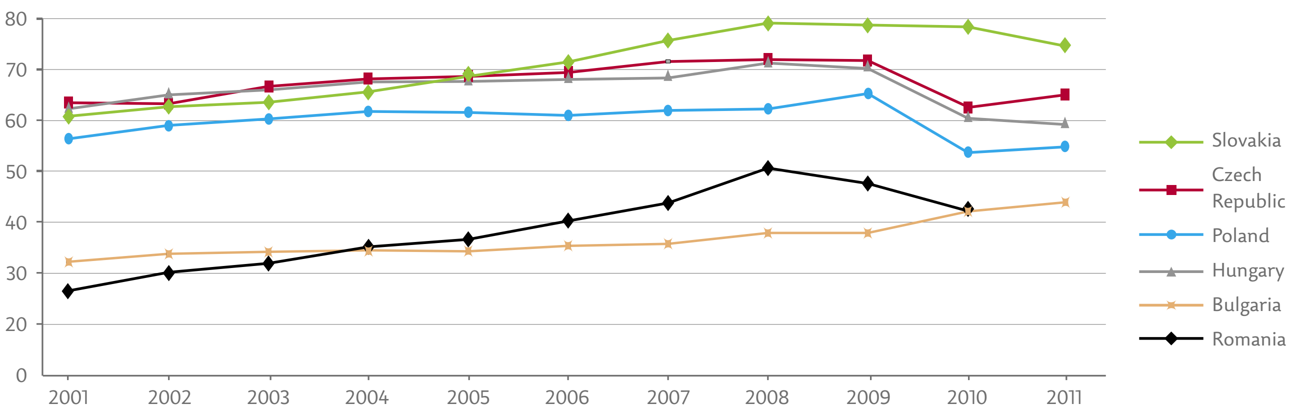
In 2011 the highest salaries were in ICT sector, financial and insurance services, electricity and gas supply. The lowest salaries were in HORECA (Hotel- Restaurant- Cafe) sector, building industry and agriculture.



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

2.3.2 Labour productivity

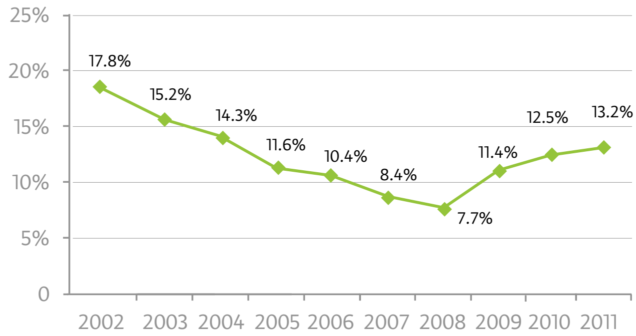
Labour productivity is expressed as GDP per hour worked. It is intended to give a picture of the productivity of national economies shown in relation to the European Union (EU-15) average. Basic figures are manifested in Purchasing Power Standards (PPS), i.e. a common currency that eliminates the differences in price levels between countries allowing meaningful volume comparisons of GDP between countries. In comparison with the Czech Republic, Poland, Hungary, Romania and Bulgaria, Slovakia proves the highest long-term labour productivity also in last years.



Eurostat, www.epp.eurostat.ec.europa.eu, 2012, EU15=100
Note: 2011 data for Romania are not available (November 2012)

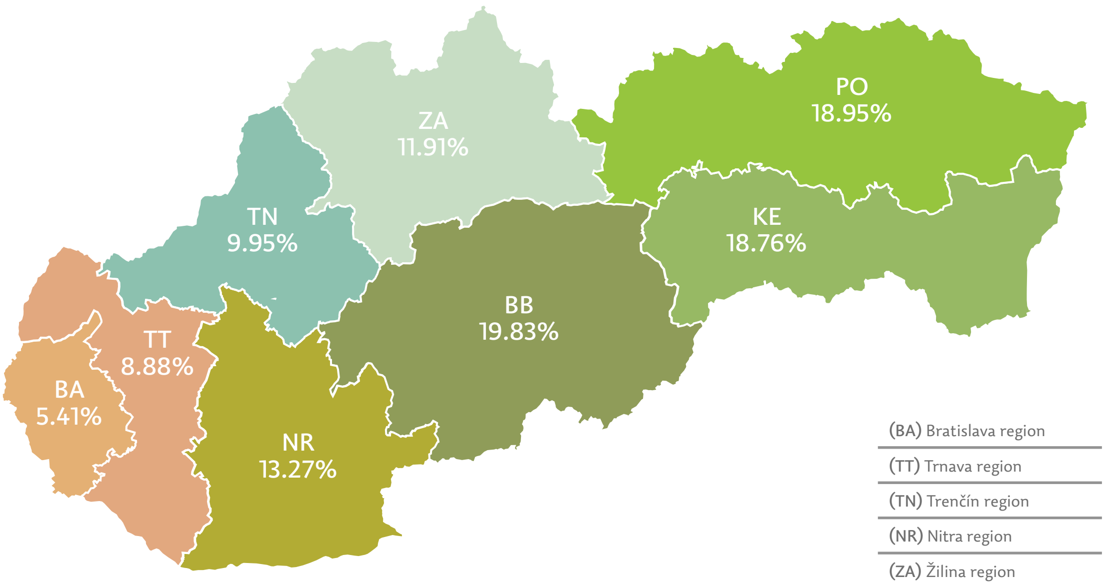
2.3.3 Unemployment

In recent years the unemployment level has fallen considerably, thanks also to foreign direct investments, to 7.7% 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 13.16% in 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, 2012

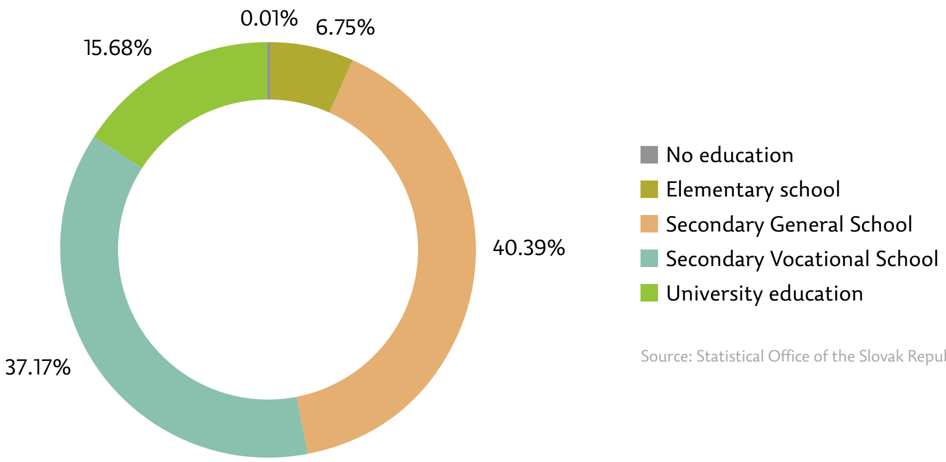
Also the unemployment level differs according to region. The lowest level of unemployment in 2011 was in Bratislava region, the highest in Banská Bystrica, Prešov and Košice regions.



Source: Central Office of Labor, Social Affairs and Family, www.upsvar.sk, 2012

2.3.4 Education

93% of Slovak workforce has secondary or higher education - this share is one of the highest among all the European countries. Furthermore, the share of people with a university education is on the rise. 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.

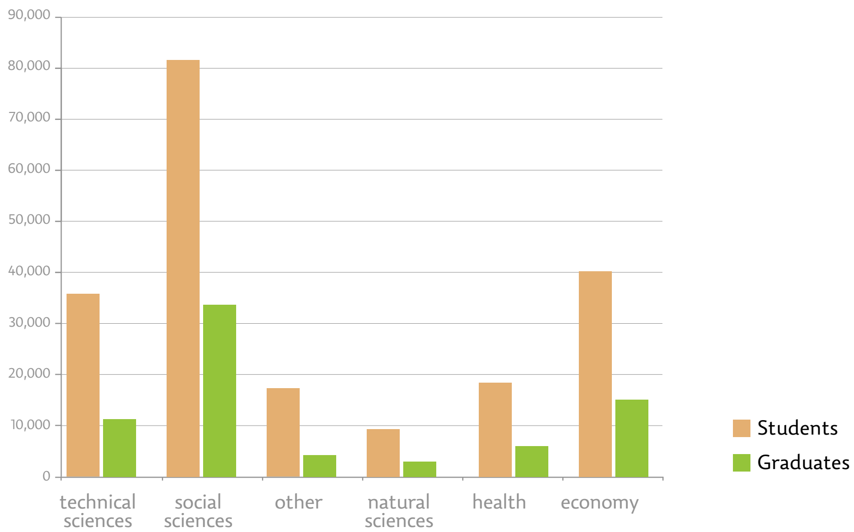


Source: Statistical Office of the Slovak Republic, www.statistics.sk, 2011/2012

University education

There are 35 universities in Slovakia spread all over the country. In the academic year 2011/2012, there were 204,158 students enrolled at Slovak universities and in 2011 71,092 students 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

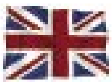
Secondary schools

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.

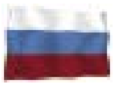
Language skills

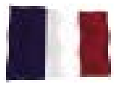
Slovakia is an export-oriented economy that can offer a workforce with a high degree of language skills. The foreign language spoken most often is English. The proximity to Austria and Germany has resulted in German being the second most-spoken foreign language. The percentage of people speaking foreign languages resulted in the inflow of multilingual technology 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 school year 2011/2012 were:


English
85.76%


German
60.84%


Russian
7.56%


French
7.93%


Spanish
2.99%

Source: The Institute for Information and Prognosis in Education, www.uips.sk, 2012, SARIO calculations, 2012

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

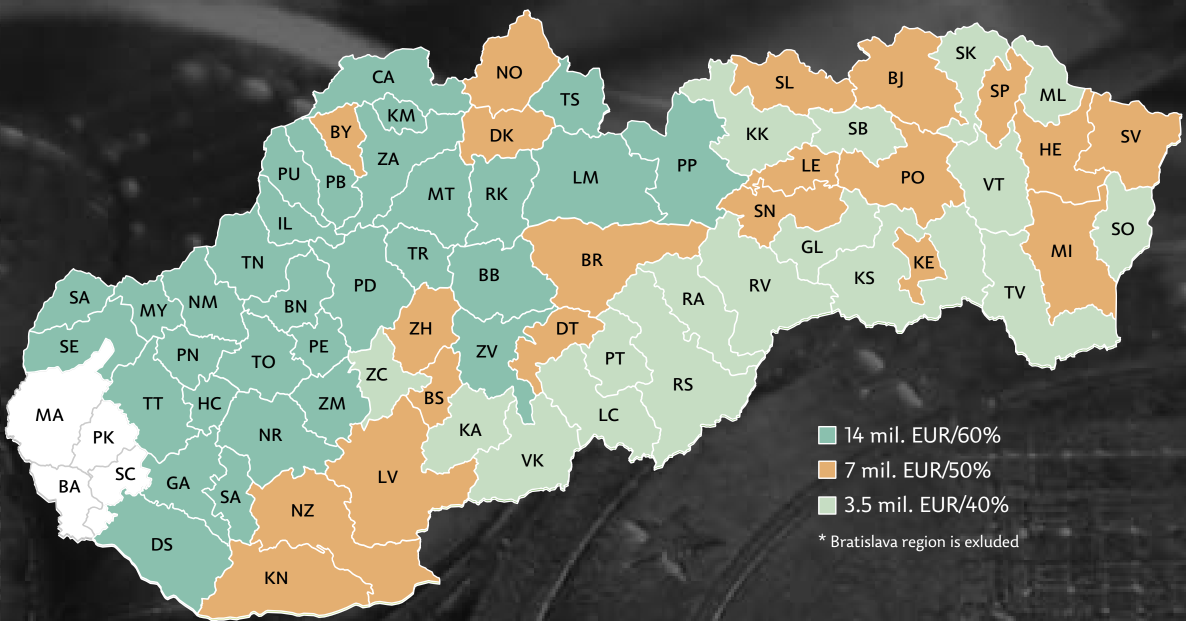
The common conditions for all categories are:

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

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

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 (<13.16%)	14 million EUR	60%	7 million EUR
higher than Slovak average (> 13.16%)	7 million EUR	50%	3.5 million EUR
at least by 50% higher than Slovak average (> 19.74%)	3.5 million EUR	40%	1.75 million EUR

Minimum investment amount/share of new machinery, valid for year 2012:



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.

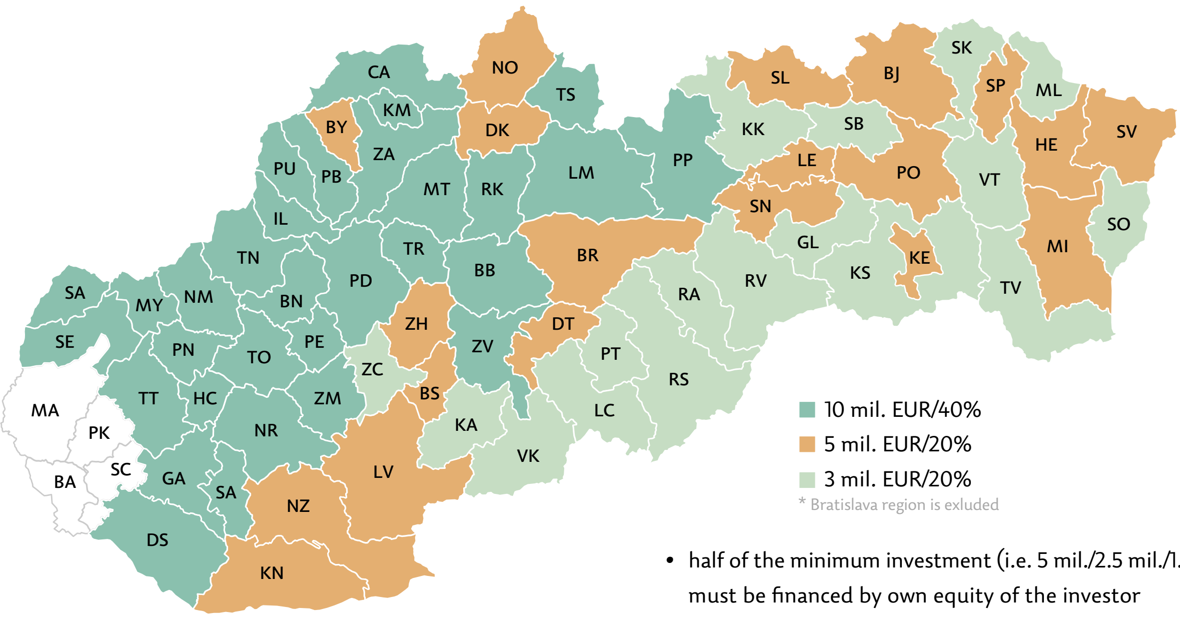
Minimum amount of investment in technological centres and shared services centres is independent from the unemployment rate in the proposed location. The conditions are following:

Technological centres	Shared services centres
• 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	• 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 (<13.16%)	40%	10 mil. EUR	5 mil. EUR
higher than Slovak average (>13.16%)	20%	5 mil. EUR	2.5 mil. EUR
at least by 50% higher than Slovak average (>19.74%)	20%	3 mil. EUR	1.5 mil. EUR

Minimum investment amount/share of new technological equipment, valid for year 2012:



- half of the minimum investment (i.e. 5 mil./2.5 mil./1.5 mil. EUR) must be financed by own equity of the investor
- 40%/20% of eligible costs must be used for acquisition of new machinery and equipment

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.

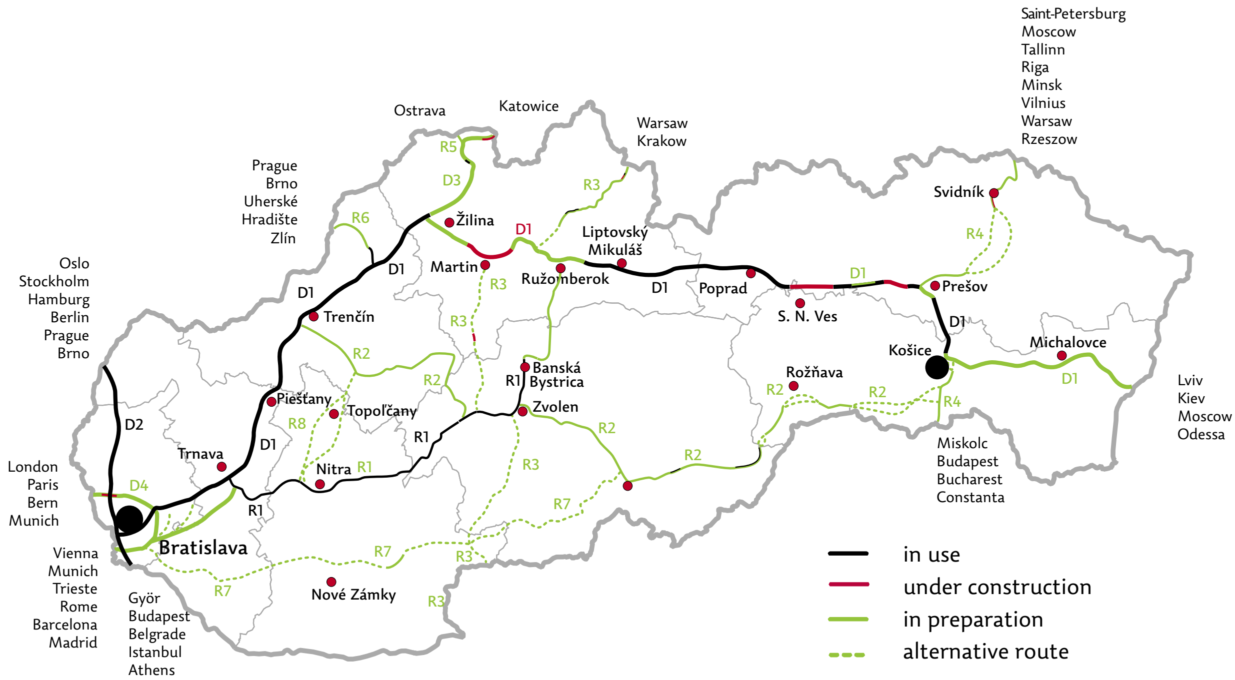
More up-to-date information related to this topic you can find on the SARIO web page http://www.sario.sk/?state-aid

4 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.

4.1 Road network

The Slovak road network consists of 18,040 km roads and motorways, incl. 430 km highways in operation, 242 km motorways; 3,317 km 1st class roads; 3,639 km 2nd class roads and 10,411 km 3rd class roads. International roads "E" are of 1,536 km, international routes "TEM" of 931 km and "TEN-T" corridors of 925 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 between Bratislava and Košice by the end of the year 2020.



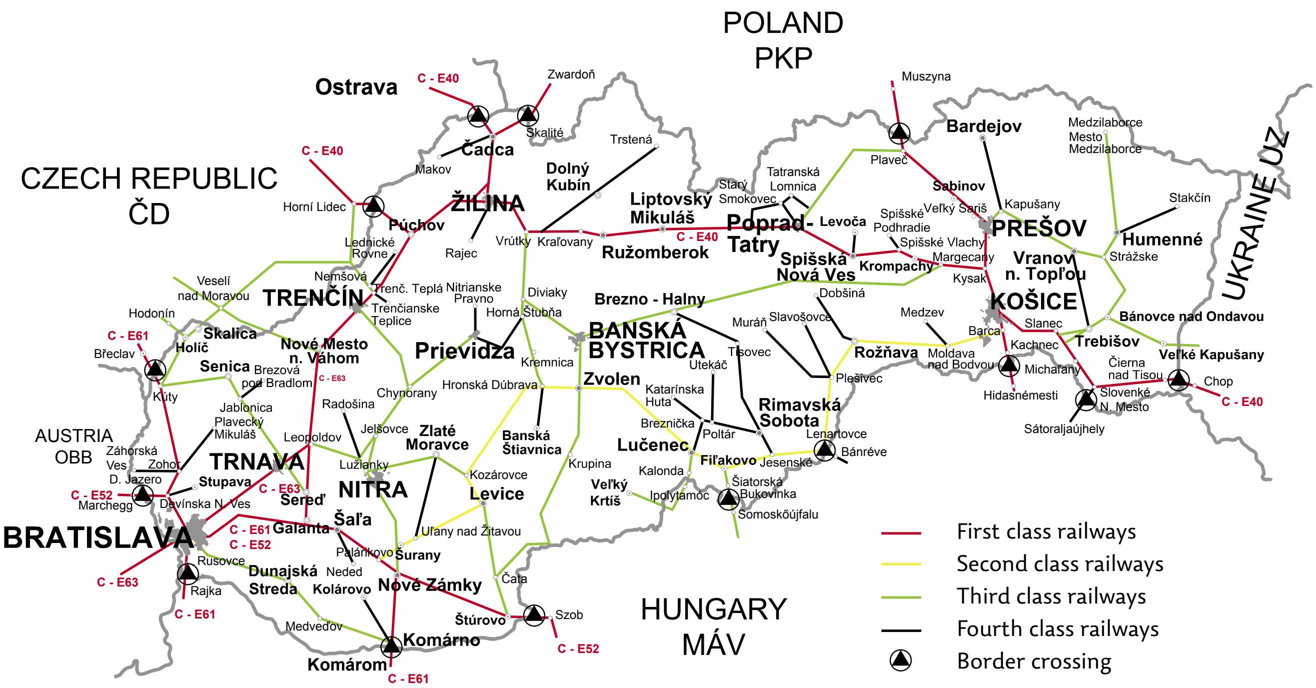
Source: The National Highway Company, www.ndsas.sk, 2011

4.2 Railway network

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

In 11 months of 2011 the loading volume was 34 457 mil. tons which represented 17,2% of the total volume of loaded goods. 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 – Sturovo – Budapest – Istanbul/Thesaloniki)
- Corridor No. V (Terst – Budapest/Bratislava – Uzhorod – Lvov)
- Corridor No. VI (Gdansk – Lodz – Zilina)



Source: The Railways of the Slovak Republic, www.zsr.sk, 2011

4.3 Aviation network

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

The advantage of strategic geographical location is proved also by proximity of important European aviation hubs: 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, http://www.europe-airports.com, 2012

List of regular flights from major Slovak airports as of February 2012

Bratislava Airport	Alghero, Barcelona- Gerona,Birmingham, Bristol, Brussels-Charleroi, Copenhagen, Dublin, Edinburg, Gran Canaria, Kosice, Liverpool, London-Stansted, London-Luton, Malaga, Milan-Bergamo, Moscow-Vnukovo, Oslo, Palma De Mallorca, Paris-Beauvais, Rome-Ciampino, Split, Tel Aviv, Venezia, Warsaw, Zadar
Košice Airport	Bratislava, Prague, Vienna
Žilina Airport	Prague
Poprad/Tatry Airport	Gdansk, Warsaw, Prague, Charter flights to Egypt, Turkey, Bulgaria

Source: Bratislava Airport, www.letiskobratislava.sk, 2012; Košice Airport, www.airportkosice.sk, 2012; Žilina Airport, www.letisko.sk, 2012; Poprad/Tatry Airport, www.airport-poprad.sk, 2012

4.4 Water network

There are currently two public ports serving cargo ships in Slovakia: Bratislava and Komárno. Both provide an advantageous connection to railway and road transport network. The river Danube is the second longest river in Europe and is navigable for ships along nearly 2,600 km long corridor. The Danube connects the Black and the North Sea (the significant ports of Sullina and Rotterdam) as a part of the Trans-European artery that is about 3,500 km long.

4.5 Broadband network

Slovakia has a lower broadband penetration rate than other EU member states. The average rate in the EU27 is 26.5%, Slovakia has reached a 16.4% penetration rate. This situation provides an opportunity for future growth.

Slovak broadband in numbers:

- 97% of companies have Internet access and 98% are using PCs.
- Slovakia is under the EU27 average in the rate of households having their own Internet access, but we see a catching up tendency. The average rate in the EU27 in 2011 was 73%; Slovakia has reached 71%. However, our rate is growing faster than the average of the EU15 countries (raise of 25% in Slovakia from 2007 to 2011, 19% in EU 27 in the same time), leaving nearly all new member states behind.
- In 2011, 75% Slovak households owned a PC and 38.8% of Slovak households had TV with digital connection.
- 88.5% Slovaks have a cellular phone.
- In 2011 mobile telephone penetration in Slovakia was 115,5%, and more than 99% of the population was covered by mobile network.
- Digital broadcast (DVB-T) in 2012, fully substituted the analogue television broadcast. DVB-T provides an opportunity for new TV channels, more competition and should effectively increase the overall offered quality.

5 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.

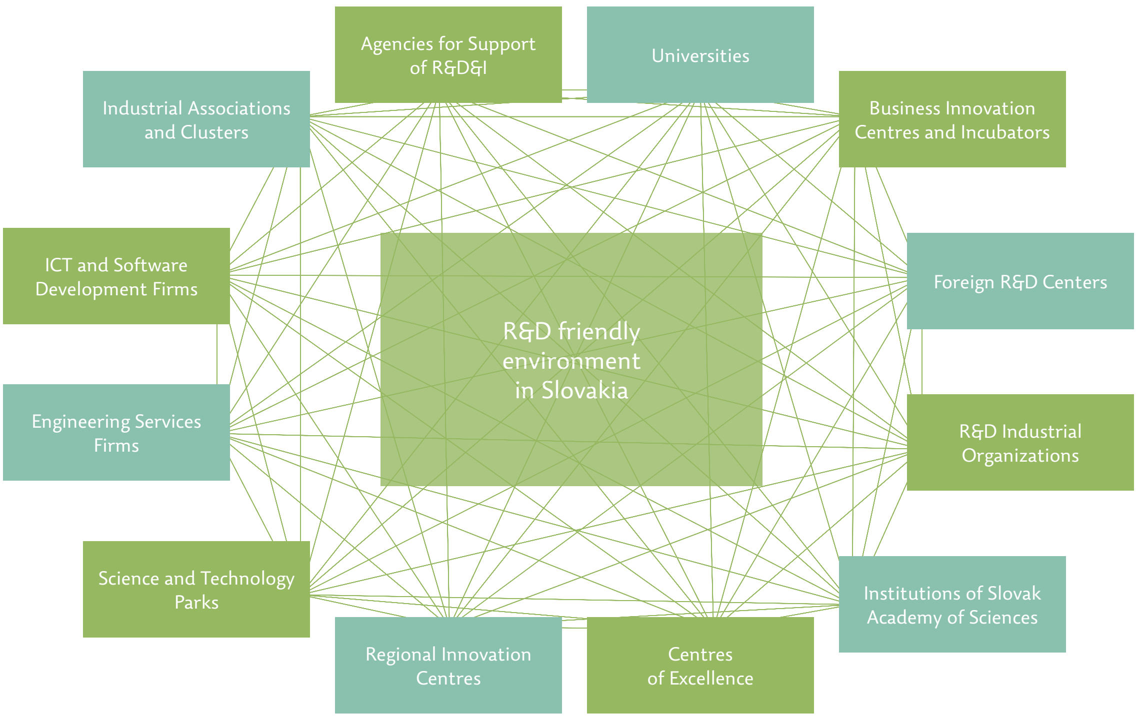
Slovakia, in its history, gave birth to many researchers and scientists including Aurel Stodola, Milan Rastislav Štefánik, Jozef Maximilián Petzval, Štefan Anián Jedlík, Maximilián Hell, Vojtech Gerster, Matej Bel, Jozef Murgaš, Štefan Banič, who all received an international recognition for their achievements.

5.1 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 R&D 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.



Key Facts Why to Consider Slovakia for R&D

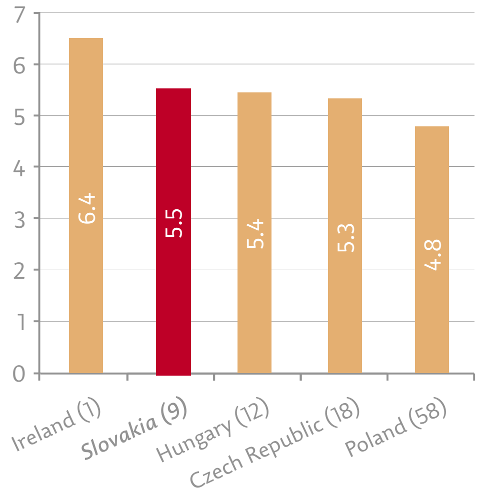
1. Highly qualified human resources at affordable costs
2. Presence of production plants in high-tech industries
3. Presence of R&D centres and technology clusters
4. Broad R&D and innovation network
5. Established cooperation between companies and domestic universities
6. R&D incentives

Advantages of R&D in Slovakia:

- 8th place in the world in Business Impact of Rules on FDI
- 9th place in the world in FDI and Technology Transfer
  (To what extent does FDI bring new technology into your country?)
- 14th place in the world in Pay and Productivity
  (To what extent is pay in your country related to productivity?)

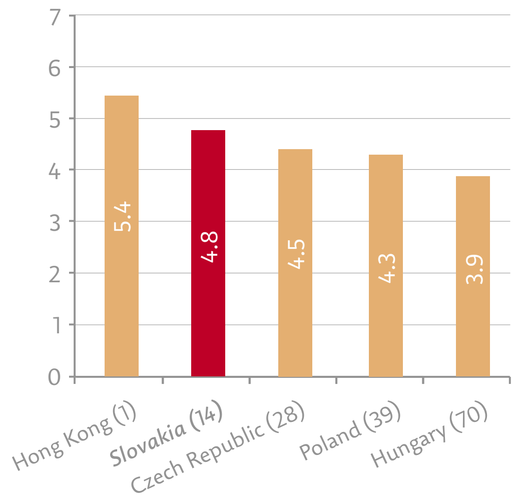
Source: The Global Competitiveness Report 2012-2013, World Economic Forum
Note: Rank out 144 countries

FDI and Technology Transfer (Rank out of 144 countries)



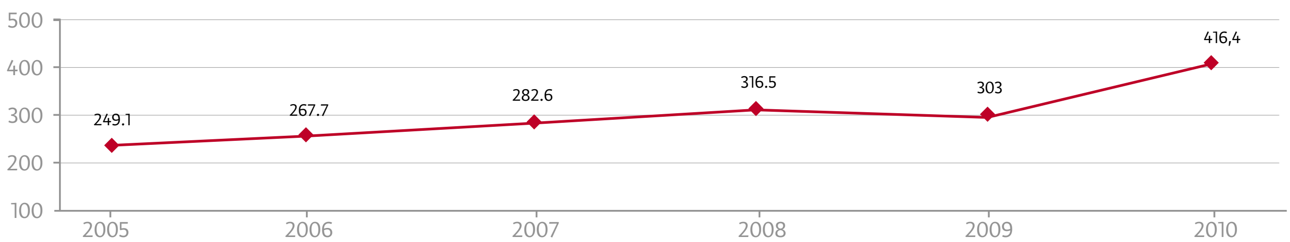
Note: 1 = not at all; 7 = FDI is a key source of new technology
2011–12 weighted average

Pay and Productivity (Rank out of 144 countries)



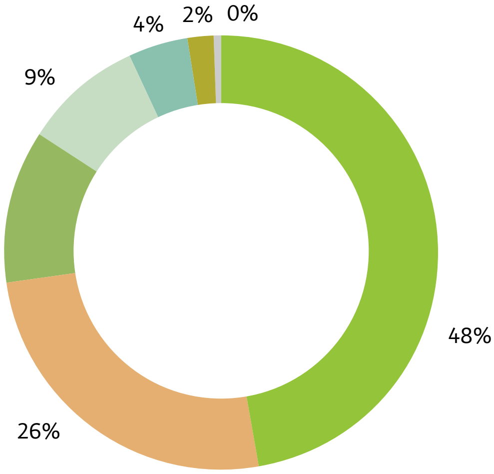
Note: 1 = not related to worker productivity; 7 = strongly related to worker productivity; 2011–12 weighted average

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



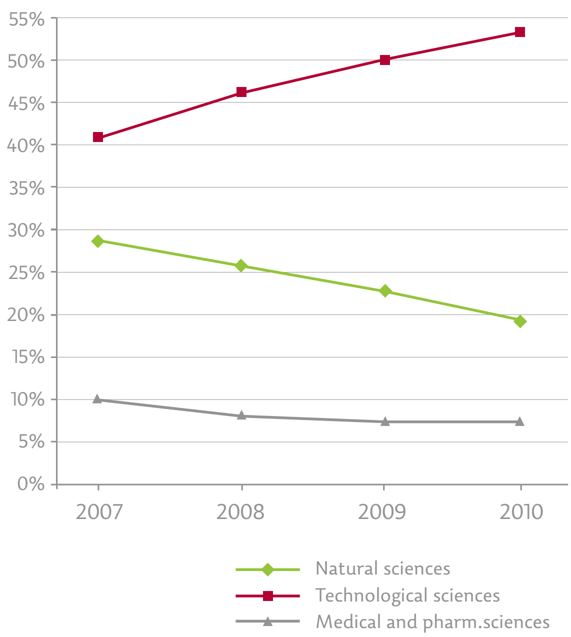
Source: Yearbook of Science and Technology in the Slovak Republic 2011, Statistical Office of the Slovak Republic

Structure of R&D Expenditures by Technological Sectors in 2005-2011



Source: Yearbook of Science and Technology in the Slovak Republic 2011, Statistical Office of the Slovak Republic

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



Source: Statistical Office of the Slovak Republic, 2011
Note: GERD - Gross domestic expenditure on R&D

"You do not have to be afraid to make the decision to establish your R&D in Slovakia. The investors will find here highly qualified engineers, with maybe a little bit lower level of mastering foreign languages, but who are willing to get over this handicap. They are flexible, diligent and they are relatively abundant in the labour market. R&D costs are still at a lower order than in more developed countries while these people do not have to be used only locally."

Miloš Kraus, CEO,
Sauer - Danfoss, a.s.

5.2 Highly prospective opportunities for doing R&D business in Slovakia

• **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**

Electronics is 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 could be recognized by participation in various EU projects and in cooperation with industrial firms.

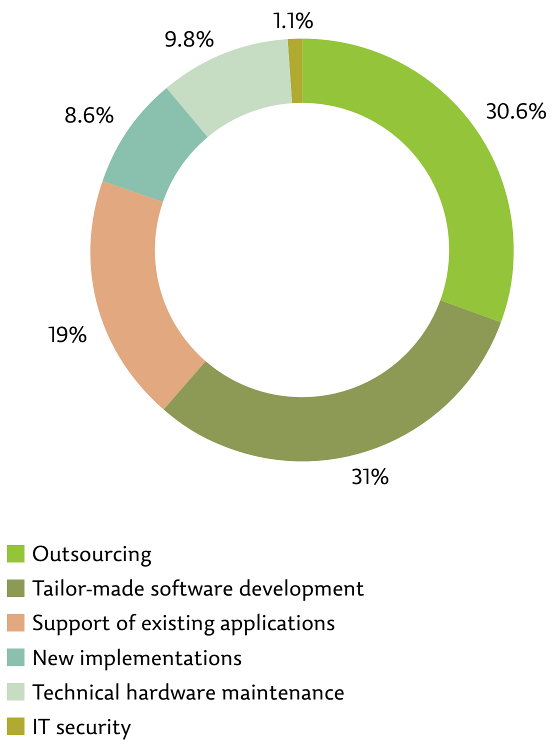
• **Biotechnology sector**

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 biotechnology; e.g. Fermas, Imuna Pharm Holding, Azoter, Biotika, Liko, Axxon, Danube Clone, BioScience, Arbor etc.

• **ICT and software development**

ICT is the third strongest sector in Slovakia in terms of revenue, employing almost 40 000 professionals. World-renowned firms which are focused on various segments in ICT are established here. Slovakia has several software houses focusing on software development, for example: Eset, Siemens, Asseco, Gratex International, Softec, Ness KDC, Unicorn, Datalan, PosAm, Anasoft APR, Ipesoft, Datalock, Axa, Kros, Millennium 000 and several service centres: Slovak Telekom, Lenovo, Soitron, Dell, Accenture, Amazon, AT&T, Swiss Re, IBM, Kone, Henkel, Allianz.

IT services market in Slovakia in 2011



Source: Trend Magazine, 2012, Trend TOP v infotechnológiách, www.etrend.sk

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

5.3 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

7th framework program of EU for research, technical development

EU Structural Funds

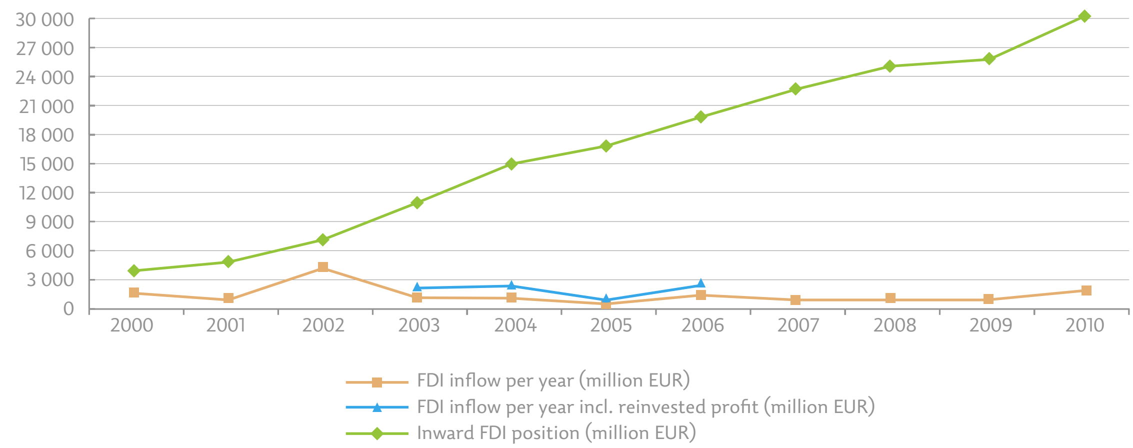
National grants (Slovak Research and Development agency)

Other programs and schemes for providing assistance (both direct and indirect)

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 hundreds of 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. Based on full statistics of the National Bank of Slovakia the total volume of FDI inflow to Slovakia reached 30 757,421 million EUR by 31 December 2010.



Note: Amount in EUR was calculated with the average exchange rate in the respective year. Data for 2011 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, 2012

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
	US Steel, Emerson, DELL, Whirlpool, IBM, HP, Johnson Controls, AT&T, Accenture, Getrag Ford , Honeywell
	Siemens, Volkswagen, T-Systems
	Yazaki, Mitsui Sumitomo, Sony, Panasonic
	Samsung, KIA Motors, Hyundai Mobis
	PSA Peugeot Citroen, Alcatel
	Soitron
Taiwan	AU Optronics, ESON, Foxconn, Delta Electronics

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 EUR 5,000 and minimal contribution of a partner (shareholder) is at least EUR 750. 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 following bodies:

a) general meeting
   - the supreme body that decides on the major corporate matters of the company

b) 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.

* Description of starting a business process was prepared in cooperation with law company White & Case

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 itself if relevant information is provided in the forms without any fee being payable.
Cost to complete:	EUR 3 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 about 1 weeks, 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.* 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: EUR 2,39 + VAT/signature. The approximate lawyer's fees for drafting of the documents are about EUR 500 – 1,000.

4. Obtain registered office	
Time to complete:	The entire procedure may take 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 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 EUR 2,500 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 that 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 working 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 EUR 49,790 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 poistovna)	
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 poistovna") 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 poistovna) that the employees choose	
Time to complete:	1 day
Comments:	For health insurance purposes, the company must be registered with Health Insurance Companies ("Zdravotna poistovna"), depending on the employee´s 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, it 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 can 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 stating 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 after 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 because of 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 moths 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 ¾ hours per week. Employees who alternatively work on three shifts or on a continuous basis can work a maximum of 37 and ½ 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 wage, 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 wage 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

a) 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;

b) 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 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:

a) European Union and European Free Trade Association citizens;
b) 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, Singapore, Uruguay, USA, and Venezuela for visits of up to 90 days
c) citizens of Monaco and New Zealand for visits of up to 3 months
d) citizens of San Marino and the Vatican for visits of up to 30 days.

Responsible authorities for visas and the entry of foreigners to Slovakia are the Ministry of Foreign Affairs and the Ministry of 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:

a) 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
b) 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 3 months but no more than 1 year.

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 (i.e. non-EU resident) has to apply for a residence permit. He/she may apply for either a temporary or permanent residence permit.

Temporary residence permit

A temporary residence permit is issued for and bounded with a specific purpose of stay in Slovakia, which are categorized as follows:

- Business – for up to 3 years;
- Employment - for up to 2 years; Seasonal work – for up to 180 days during 12 consecutive months;
- Study – for up to 6 years;
- Specific activity (i.e. Lecturing, Sport, Artistic activities) – for up to 2 years;
- Research and development – for up to 2 years;
- Maintaining family unity – for up to 5 years;
- Fullfilment of official duties by civil units of Armed Forces – for up to 5 years;
- Slovaks living abroad – for up to 3 years;
- Foreigner with long term residence in another EU member state – for up to 5 years.

A temporary residence permit is also a permit based on the Blue Card of the European Union.

A foreigner should always file an application for a temporary residence 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. If such representative authority does not exist, the Ministry of Foreign Affaires in cooperation with the Ministry of Interior of the SR will determine the competent representative authority.

A foreigner may also file the application directly at the Office of Border and Foreign Police in Slovakia, if his/her stay in Slovakia is legitimate, respectively does not require a visa for entry to Slovakia. Filing an application does not allow the applicant to stay in Slovakia over the limits set out by the respective conditions (e.g. stay of max 90 days without a visa).

Exemption from applying for permits in person:

- Foreigner of a third country unable to file, e.g. due to indisposition, an application for temporary residence permit for the purpose of joining a family member may use a proxy, the person with whom he/ she intends to unite as a family;
- Foreigner already issued a Blue card can act on behalf of his/ her relatives (also foreigners) intending to apply for a temporary residence permit for the purpose of joining him/her as family members.

Exemption from applying for permits in case of Employment purpose

A third country resident does not need a temporary residence permit for employment purposes within 90 days of entry into SR 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 an international public transportation company and was sent to work in Slovakia by this international employer;
- he/she is working for an employer with headquarter or affiliated branch outside of Slovakia and was sent by this employer to work in Slovakia based on an agreement with a legal entity or natural person.

However, such foreigner still needs to have a work permit. He/she can begin work immediately after granting work permit, or if work permit is not needed, immediately after entering Slovakia.

A foreigner may begin performing his/her activities (e.g. business, employment) only after he/she is granted a residence permit, unless some exceptions stipulated by law may be applied.

Permanent residence permit

Permanent residence permit is categorized and issued as follows:

1. **For 5 years**
   Issued for a third country resident (non-EU resident):
   a) spouse, dependent family member of a Slovak citizen with permanent residence permit in Slovakia;
   b) a child younger than 18 years old consigned to the care of a foreigner from a third country who is a spouse of a Slovak citizen with permanent residence in Slovakia;
   c) a child younger than 18 years old either direct family member or consigned to the care of a foreigner from a third country already with an issued permanent residence permit in Slovakia;
   d) a child older than 18 years old, but unable to take care of him/herself is either a direct family member or consigned to the care of a foreigner from a third country already with an issued permanent residence permit in Slovakia;
   e) for a foreigner, in whose case it is in the interest of the Slovak Republic.
2. **Unlimited period of time**
   Issued for a third country (non-EU resident) resident:
   a) with already issued permanent permits for continuously lasting at least four (4) years;
   b) a child younger than 18 years direct family to a third country foreigner with unlimited residence in Slovakia;
   c) special cases determined by the Ministry of Interior;
   d) stateless foreigners.

3. **Foreigner with long term residence in another EU member state**

Issued for a third country (non-EU resident) resident:

a) who is legally resident in Slovakia continuously for at least five (5) years preceding the application;
b) who has continuously a five (5) years of residence as a holder of the EU Blue Card in the territory of EU member states and practices a stay in Slovakia for at least (2) years as an EU Blue Card holder preceding the application;
c) whose long-term residence was terminated due to the purposes stipulated by law.

Decision

The police shall decide on the complete application within 90 days of its delivery; in complicated cases the period may be prolonged by up to 30 days.
The police can decide within 30 days in the following cases of third country applicants:

- the foreigner represents or works for an investor in the Slovak Republic and at the same time is a citizen of one of the OECD member countries;
- the foreigner represents or works for a significant investor in the Slovak Republic;
- the foreigner is a family member (spouse, child younger than 18 years old) of the above described cases;
- in cases of residence for purpose of studying, specific activity, research and development or in case of Slovaks living abroad.

Applicants may shorten the period of police decision making by exactly following the application procedure in accordance with the Act. ALL THE DOCUMENTS HAVE TO BE OFFICIALLY TRANSLATED INTO SLOVAK LANGUAGE.

Renewal of the residence permit and other conditions

The temporary residence permit may be granted for additional time period:

- up to 180 days is case of seasonal work;
- up to 3 years, if expected stay shall be at least 3 years;
- up to 5 years in case of purpose of studying or uniting the family if expected stay shall be at least 5 years;
- up to 5 years in cases of Slovaks living abroad or third country citizens who were granted long-term residence in some other EU member state.

The police may renew the residence permit. The applicant has to submit the application for renewal at the foreign police office at latest on the last day of validity of the residence permit. On the day of application the police issues a confirmation entitling the applicant to remain at the territory of the Slovak Republic until the police decide on the permit renewal.

Obligations of the foreigner when receiving the permit:

- to pick up the residence permit within 180 days from the permit approval, otherwise the residence permit is null and void and he/she would have to file a new application for granting the residence permit;
- within 3 days the foreigner is obliged to notify the police about the beginning of the stay in the country, if the provider of accommodation does not have such a duty.

The foreigner granted a residence permit must report all changes related to his/her residence to the police unit within up to five (5) days from the date when the change arose. The important duty of the foreigner is to inform the police unit in writing that he/she shall stay out of the territory of the SR more than one hundred and eighty (180) days.

The duty to inform the police unit that the purpose for which the residence permit was granted has expired is also one of the most important ones. In such case the police unit shall cancel the residence permit and the foreigner must leave the territory of the SR. It may arise, for example, in cases when the Office of Labour, Social Affairs and Family shall take the work permit away from the foreigner or foreigner loose his/her job in Slovakia. Also the duty of the foreigner to leave the territory of the SR on the last day of the permitted residence if he/she did not apply for its prolongation is very important. In the case that the foreigner has applied for renewal of the residence permit, his/her residence permit shall be considered as valid up to the decision on the application. In the case that he/she has not applied for renewal of the residence permit, he/she must leave our country on the last day of the permitted residence.

Fees

There are several fees associated with the immigration process which have to be paid as a fee stamp to the authorities upon the submission of an application:

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. 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.

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 or expand their business in Slovakia. Our team of experts is ready to help with all aspects of the investment process.

Mission

The mission of SARIO is to support the economic development and improve the quality of life in Slovakia. SARIO works toward this goal by promoting the business environment of Slovakia, attracting foreign direct investment and developing investment projects to the final stage of its realization. Since 2002, when the agency was established, until 2011, SARIO successfully contributed to 356 investment projects with overall planned volume of EUR 7.03 billion, with potential to create up to 87,045 new jobs.

SARIO is an organization which has a high level of credibility internationally and domestically. Its officials are regularly invited to attend professional forums where we present and discuss the current issues of the foreign direct investment and foreign trade. SARIO has a network of four regional offices in Slovakia and operates worldwide via Commercial Counsellors of the Ministry of Foreign Affairs of the Slovak Republic.

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.

The agency achieves these objectives in a variety of ways:

- the agency presents the business environment in Slovakia to already established companies in order to increase the awareness of business potential for futher expansion in terms of FDI and support the export of Slovak products abroad by utilising SARIO services;
- it focuses on maximizing the inflow of foreign direct investment to Slovakia via active and targeted international marketing, and by increasing the knowledge about investment environment in Slovakia;
- the agency communicates with Slovak exporters and distributes trade leads based on demand from local and foreign entities; networking and matchmaking events form an integral part of our activities.

SARIO's services for potential investors

We offer comprehensive consultancy services and up-to-date information regarding the investment environment in Slovakia custom made for your needs.

- 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.

Services for established investors

- Identification of local suppliers, service providers;
- Assistance with expansion preparation and execution;
- Relocation assistance, work/stay permits;
- Support of innovation and R&D activities;
- Social networking.

R&D services

- Business case assistance– providing all necessary information, statistics and references;
- Professional support in identifying suitable financing opportunities, e.g. R&D grants or incentives;
- Site visits of selected R&D capacities in Slovakia;
- Broad networking opportunities among production companies and representatives of academic society.

All our services 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

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

2011 Global Best to Invest 2010, Selection Site magazine

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