

# Slovakia

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## in Figures 2023



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# Invest in Slovakia



Inexpensive, talented, highly productive, **high quality** and available **labor force**



Highly **productive industries**, **world class services** and **innovative economy**



Part of stable **Euro area Currency**



Member of **NATO**



Close proximity to major EU markets - Vienna only 45 min. drive - **easily reachable** from anywhere in the world



**Nice place to live** - over 100 castles, eight Unesco sites and beautiful mountains, nature, and national parks



**Stable politics** and **good ratings**

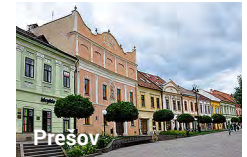
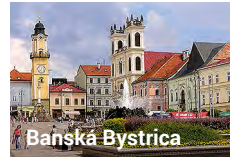


**Excellent infrastructure**

# People and districts



8 regions  
79 districts

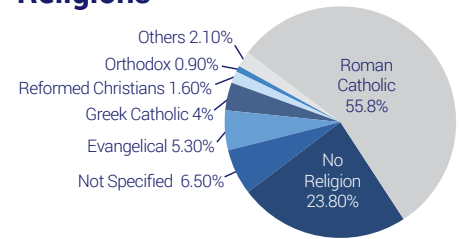


## The largest cities and towns in Slovakia (population)

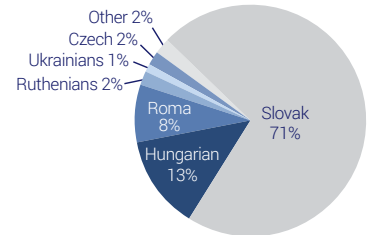


- Population:** 5.4 mil. (Similar to Denmark, Finland, Singapore, Minnesota, or New Zealand)
- Suffrage:** Universal at 18 years
- Literacy:** 99%
- Life Expectancy:** 80 yrs. females; 72 yrs. males. (2011)
- Total Area:** 49,000 sq km / 19,000 sq mi (Slightly larger than Denmark, Netherlands or Switzerland. Slightly smaller than Costa Rica.)

## Religions



## Ethnicity



Source: Slovak census 2021

## Politics



**President**  
Zuzana Čaputová  
(2019 - 2024)



**Prime Minister**  
Eduard Heger  
(2021 - 2023)  
OLaNO

### Government

- Type:** Parliamentary democracy
- Independence:** The Slovak Republic was established on January 1, 1993 (former Czechoslovak Republic established in 1918).
- Branches**
  - Executive - President (head of state), Prime Minister (head of government), Cabinet.
  - Legislative - National Council of the Slovak Republic (150 seats).
  - Judicial - Supreme Court, Constitutional Court.
- Next parliamentary elections: probably September 2023

### Slovak parliament: 150 seats

- Political parties**  
OLaNO, Sme rodina, SaS, ZA ĽUDÍ  
Smer, Hlas-SD, LSNS, Other Independent



## Ratings

Slovakia scores higher compared to several Euro area members, including Italy, Spain, Portugal and Slovenia.

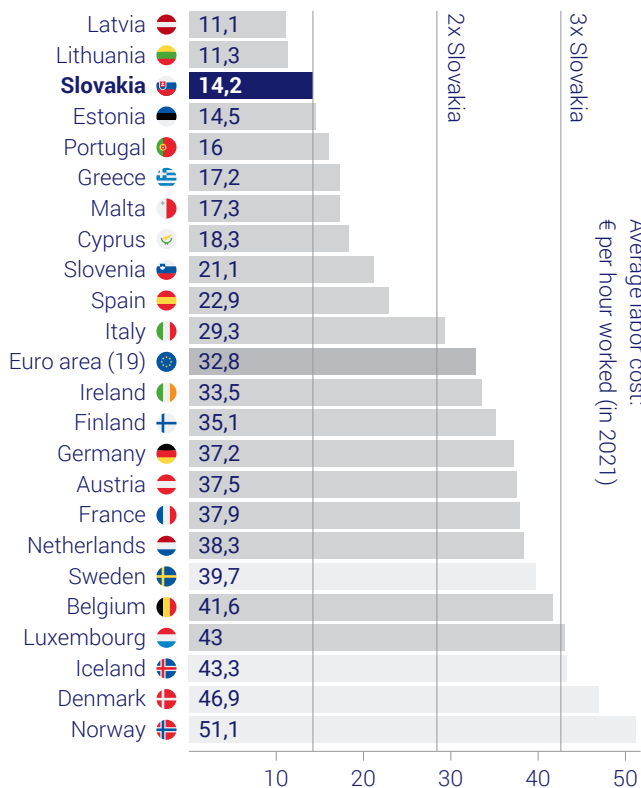
	S&P	FITCH	MOODY
Ireland	A+	A-	A2
Slovakia	A	A+	A3
Poland	A-	A-	A2
Slovenia	A-	A-	Ba1
Spain	BBB+	BBB+	Baa2
Italy	BBB	BBB-	Baa3
Portugal	BBB-	BBB	Baa3
Hungary	BB+	BBB	Baa3
Greece	BB+	BB	Caa2

Lowest rating  Highest rating  
Source: Trading Economics, Nov. 21, 2022

# Labor market

## Third lowest labor cost in Euro area

Labor costs are among the lowest in Eurozone. Labor laws allow more flexibility for employers than those in most other Eurozone countries.

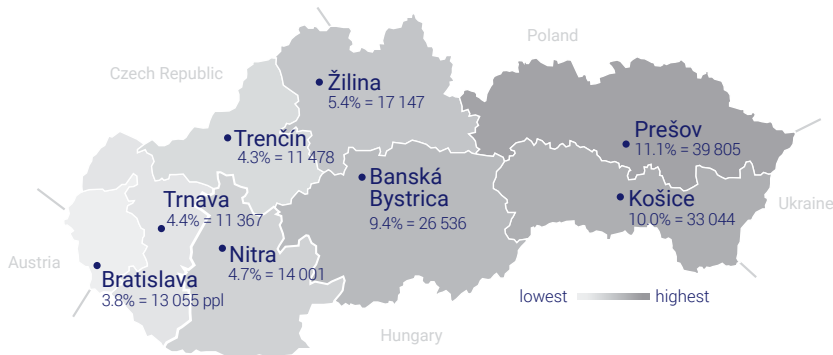


Not a member of Eurozone. Source: Eurostat, Oct. 8, 2022

Labor market and availability is **favorable** for employers when **compared to most other** Euro area countries.

## Unemployment (August 2022)

Unemployment rate is 6.8% and number of unemployed people in regions is 166 433.



Source: Central Office of Labour, Social Affairs and Family, October 2022

## Labor cost structure (simplified)

	Employee	Employer	Total
Social Security	9.4%	25.2%	34.6%
Healthcare Insurance	4.0%	10.0%	14.0%
<b>Total</b>	<b>13.4%</b>	<b>35.2%</b>	<b>48.6%</b>

The fees are derived from employees' gross salaries

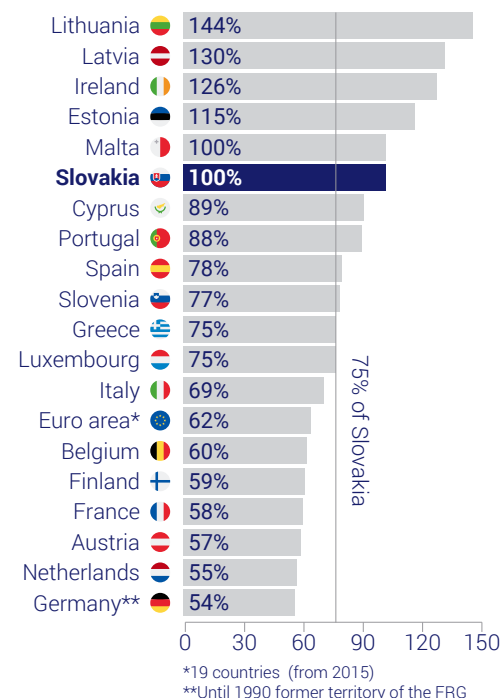
**National holidays:**  
15 days

# Labor cost and effectiveness

## Labor cost in Slovakia in various industries in 2021 (€)

Indicator	Total labor costs	Direct labor costs	Basic (tariff) wages and salaries	Indirect labour costs
Slovak Republic (Average)	1 804	1 343	888	505
Agriculture, forestry and fishing (A)	1 488	1 090	739	412
Mining and quarrying (B)	1 962	1 427	789	591
Manufacturing (C)	1 802	1 332	830	517
Electricity, gas, steam and air conditioning supply (D)	2 872	2 035	1 171	843
Water supply, sewerage, waste management and remediation activities (E)	1 647	1 207	781	475
Construction (F)	1 449	1 112	781	405
Wholesale and retail trade; repair of motor vehicles and motorcycles (G)	1 664	1 262	830	464
Transportation and storage (H)	1 631	1 220	794	478
Accommodation and food service activities (I)	847	759	502	277
Information and communication (J)	3 144	2 332	1 594	846
Financial and insurance activities (K)	3 100	2 241	1 486	862
Real estate activities (L)	1 686	1 257	921	453
Professional, scientific and technical activities (M)	2 097	1 566	1 129	562
Administrative and support service activities (N)	1 424	1 086	758	397
Public administration and defence; compulsory social security (O)	2 019	1 459	951	561
Education (P)	1 786	1 300	876	487
Human health and social work activities (Q)	2 074	1 535	1 028	554
Arts, entertainment and recreation (R)	1 456	1 129	716	418
Other service activities (S)	1 340	1 029	720	369

## Labor effectiveness in Euro area in 2019 compared to Slovakia's. Index (Slovakia = 100%)



\*19 countries (from 2015)  
\*\*Until 1990 former territory of the FRG

Source: Eurostat, Nov 2022 calculations by ECENTER

# Logistics & ICT infrastructure

Modern and developed infrastructure

## Slovakia is easily accessible and has an excellent infrastructure including IT and mobile network.

Easily accessible from Western Europe - Bratislava only 70km from Vienna, Austria.  
Direct flights to over 260 destinations are available within 1 hour drive from Bratislava city center.



## High speed mobile services with excellent coverage

Various options of high-speed Internet are available through landlines and satellite operators including FTTH (fiber-to-the-home)

Provider	Mobile Network Coverage			Data Connection	
	Population	Pop. 4G	Pop. 5G	Download	Upload
Orange	99.0%	99.1%	8.0%	1300 Mbps	130 Mbps
Slovak Telekom	99.0%	94.7%	13 towns, 40% of towns	1150 Mbps	131 Mbps
4ka (swan)	99.0%	85.0%	2 towns Bratislava and Trnava	540 Mbps/5G	73 Mbps
O2	99.7%	97.6%	164 locations around SR	200 Mbps /5G	23 Mbps

Source: Orange, Slovak Telekom, O2, 4ka; Nov. 2022

## Great for business centers and centers of excellence



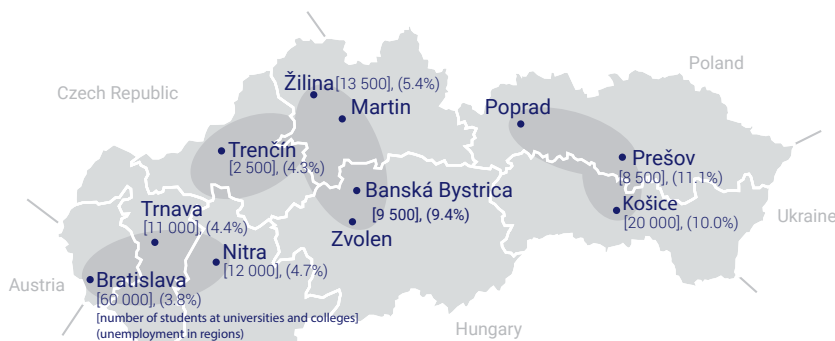
## Economy, R&D and knowledge centers

High quality labor: a hub for ICT and shared service centers

Slovakia is noteworthy for having a significant number of X-Large Business Service Centers (BSCs) each employing more than a 1000 people. Mature centers provide high value-add services and sophisticated processes for their global or regional operations.

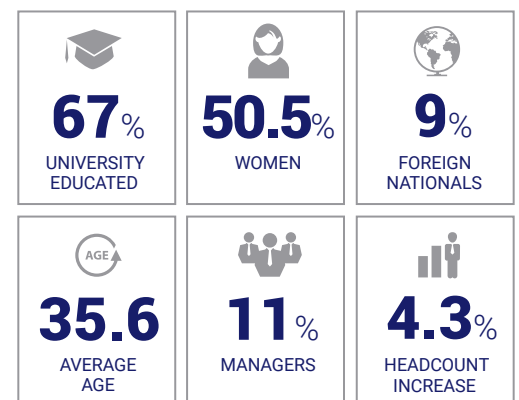
### Main Slovak academic and research clusters

Total number of college and university students: 137,000



Sources: Slovak Statistics Office, Nov. 2022; Ministry of Education, Nov. 2022; Central Office of Labour, Social Affairs and Family, Nov. 2022

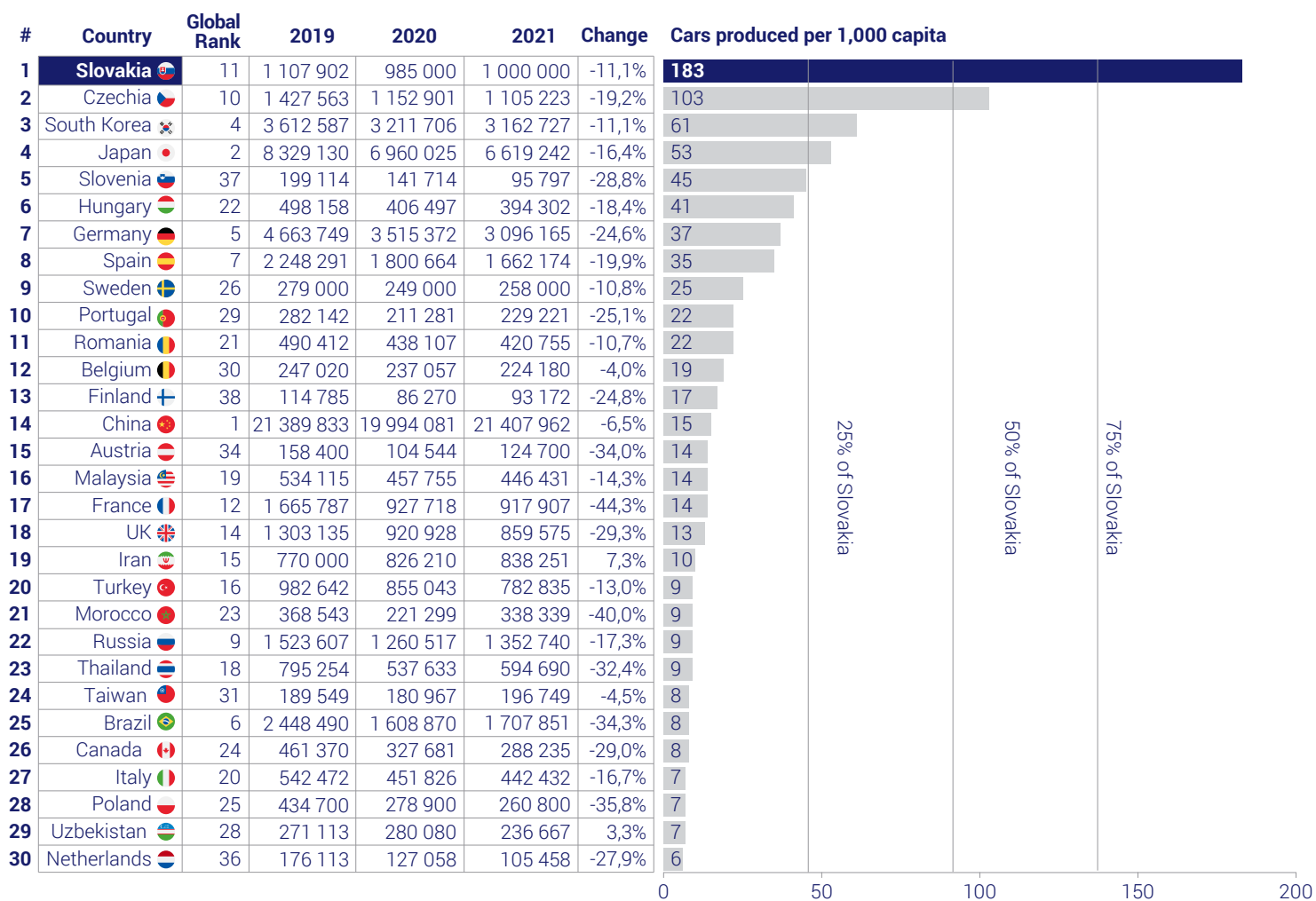
**65** centers in Slovakia  
**40,000** of employees  
**€2,050** - average monthly gross salary in BSCs  
**67%** of staff continued to work remotely by end of August 2022



Source: AmCham Business Service Center Forum 2022

# Global leader in cars produced per capita

## Cars produced per 1,000 inhabitants in 2021



Source: OICA, October 2022. Audi, BMW, JLR, data not reported; JLR has manufacturing facility in Slovakia



### Automotive superpower

Slovakia is an automotive superpower. Producers assemble number of top-of-the-line models.

Slovakia is likely to become the next superpower for batteries for electric vehicles and flying cars.



Production starting in 2026

# Economic forecast

Indicator (Slovakia, if not mentioned otherwise)	in	Real									Forecast			
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
GDP in current prices	bil.EUR	76.3	79.8	81.0	84.5	89.7	93.9	92.1	97.1	107.0	120.6	128.3	136.8	
Slovak Republic*	%	2.6	4.8	2.1	3	3.8	2.6	-4.4	3	1.8	1.5	3.4	3.0	
Czech Republic*	%	2.3	5.4	2.5	5.2	3.2	3	-5.8	3.3	1.9	1.5	3.4	2.8	
Germany*	%	2.2	1.5	2.2	2.7	1.1	1.1	-4.6	2.8	1.5	-0.3	1.5	2.2	
Euro area*	%	1.4	2	1.9	2.6	1.8	1.6	-6.4	5.3	3.1	0.5	1.8	1.9	
European Union*	%	1.7	2.5	2.1	3	2.2	2	-5.9	5.4	3.2	0.7	2.1	2.2	
United States*	%	2.3	2.7	1.7	2.3	2.9	2.3	-3.4	5.7	1.6	1.0	1.2	1.8	
World*	%	3.5	3.4	3.3	3.7	3.6	2.9	-3.1	6.1	3.2	2.7	3.2	3.4	
Russia*	%	0.7	-2	0.2	1.8	2.8	2.2	-2.7	4.7	-3.4	-2.3	1.5	1.0	
Household consumption real growth	%	1.8	2.6	3.5	6.2	6.6	5.3	0.8	4.4	19.1	9.6	5.7	5.8	
Government consumption real growth	%	4.1	6.0	3.2	4.5	4.3	10.4	7.5	5.9	7.0	12.3	7.4	5.0	
CPI Growth (Consumer Price Index - Inflation)	%	-0.1	-0.3	-0.5	1.3	2.5	2.7	1.9	3.2	12.4	13.5	3.4	3.8	
Creation of Gross fixed capital (real growth)	%	2.4	21.5	-10.0	4.6	5.1	7.9	-11.6	0.6	5.4	16.3	-6.4	1.7	
HICP (Eurozone)	%	0.4	0.2	0.2	1.5	1.8	1.2	0.3	2.6	8.0	4.2	2.2	1.5	
Average monthly salary real growth	%	4.2	3.3	3.8	3.3	3.6	5.0	1.8	3.6	-3.6	-2.7	3.9	2.1	
Salaries as % of GDP	%	29.8	29.9	31.1	31.8	32.6	33.7	35.0	35.2	35.4	34.8	35.4	35.4	
Average Nominal Monthly Salary Growth	%	4.1	2.9	3.3	4.6	6.2	7.8	3.8	6.9	8.3	10.4	7.5	6.0	
Average Nominal Monthly Salary	€	858	883	912	954	1 013	1 092	1 133	1 211	1 312	1 449	1 557	1 651	
Private Sector	€	853	877	900	941	998	1 061	1 084	1 157	1 265	1 397	1 495	1 592	
Public Sector	€	877	906	957	1 005	1 072	1 216	1 320	1 409	1 489	1 647	1 800	1 888	
Labor Productivity (real growth)	%	1.2	2.8	-0.2	0.8	1.6	1.5	-2.5	3.6	0.0	0.4	1.0	1.5	
Unit labour cost	%	0.8	0.9	2.5	4.3	4.2	5.2	6.3	2.2	6.9	9.8	6.7	4.9	
Employment	1,000 ppl	2 205	2 252	2 307	2 349	2 393	2 416	2 399	2 385	2 431	2 436	2 453	2 473	
Employment: average growth	%	1.3	2.1	2.5	1.8	1.9	1.0	-1.9	-0.6	1.9	0.2	0.7	0.8	
Unemployment rate	%	13.2	11.5	9.6	8.1	6.5	5.8	6.7	6.9	6.1	6.1	5.6	4.8	
Export /products and services/ (real growth)	%	3.7	6.6	5.0	3.6	5.2	0.8	-7.3	10.2	-1.6	1.7	7.6	5.8	
Import /products and services/ (real growth)	%	4.5	8.5	4.8	3.9	5.0	2.1	-8.2	11.2	-0.9	2.4	5.5	4.8	
Exchange rate (Eur/USD)	USD to €	1.23	1.09	1.05	1.18	1.14	1.11	1.22	1.13	1.00	1.09	1.12	1.13	
Exchange rate end of year JPY/EUR	JPY to €	147.0	132.5	122.3	133.7	127.6	121.27	126.32	128.82	135.00	137.00	136.00	136.00	
Exchange rate end of year CHF/EUR	CHF to €	1.20	1.08	1.07	1.17	1.13	1.09	1.08	1.04	0.97	1.04	1.04	1.04	
Exchange rate end of year CZK/EUR	CZK to €	27.63	27.03	27.03	25.66	25.84	25.49	26.30	25.23	25.00	24.70	24.30	24.30	
Euribor (3 month average)	%	0.21	-0.02	-0.26	-0.33	-0.32	-0.36	-0.43	-0.55	0.16	2.06	2.28	2.30	
Slovak 10-year bonds yield (average)	%	2.17	0.91	0.58	0.98	0.97	0.32	0.06	-0.06	1.74	2.98	3.39	3.62	
German 10-year bonds yield (average)	%	1.31	0.55	0.11	0.39	0.48	-0.22	-0.48	-0.34	1.02	1.80	2.02	2.20	
Crude oil (average price)	€/bl	74.58	48.31	40.73	48.57	60.63	57.3	37.8	60.0	96.0	82.9	72.2	66.7	
ECB Key Interest Rate	%	0.16	0.05	0.01	0.00	0.00	0.00	0.00	0.00	0.49	1.89	1.98	2.00	
Savings Interest Rates	%	0.77	0.58	0.42	0.27	0.21	0.18	0.13	0.10	0.10	0.35	0.75	1.16	
Net disposable income per household member	%	2.9	9.7	2.2	3.6	3.7	3.0	3.3	-0.4	-4.4	-3.5	5.1	1.4	
Deposits	(bil. €)	45.2	48.4	52.1	54.8	58.2	61.1	64.2	67.9	69.9	75.2	80.4	83.9	
EU Funds	(mil. €)	1 897	4 096	1 289	1 439	2 069	2 186	2 469	2 564	2 432	4 050	1 841	1 818	
- in public sector	(mil. €)	1 146	2 654	578	654	998	1 019	1 051	1 190	1 403	2 512	879	848	
- in private sector	(mil. €)	751	1 443	712	785	1 070	1 166	1 418	1 374	1 029	1 537	962	970	
Sole proprietors	1 000	364	367	384	386	379	389	378	379	390	390	396	405	

Source: Ministry of Finance of the Slovak Republic, Sep 2022, \*IMF, Jan 19, 2023

## Taxes, state aid, subsidies, and support

The tax system is compliant with EU tax systems

- Corporate income tax: 21%, 15% for taxpayers (including individual entrepreneurs) with income (revenues) of less than EUR 49,790. Capital gains tax for corporate entities: 21% (participation exemption possible if specific conditions met)

### Withholding tax

- Interest, royalties: 19% (35% withholding tax may apply, for example, to payments to jurisdictions where no double tax treaty or tax information exchange agreement with Slovakia exists, or to non-cooperative jurisdictions on the EU blacklist).
  - Withholding tax rate may be reduced by an applicable Double Tax Treaty or EU Directive, the beneficial ownership must be proved to apply such benefit.
  - Dividends paid to individuals from profits generated after 1 January 2017 are in general subject to a 7% tax rate. Dividends paid to legal entities domiciled in the EU or other treaty jurisdictions are in general not subject to tax.
  - Dividends paid to, or received from, residents (individuals or legal entities) of non-treaty jurisdictions are subject to a special tax of 35%.
  - Thin capitalization rules do not permit tax deduction of interest and other financing charges on loans provided between related parties in excess of 25% of adjusted EBITDA. This also applies to cash-pooling or back-to-back funding arrangements.
  - Transfer pricing rules apply to intra-group transfers and statutory documentation requirements are in place.
- ### R&D super-deduction and patent box
- Tax exemption of 50% of income from intangibles (e.g. patent, software) created by a Slovak taxpayer, and 50% of part of

income from selling goods manufactured on the basis of a protected patent or a utility model.

- R&D super-deduction: Taxpayers undertaking R&D are entitled to an extra deduction of at least 100% of qualifying R&D costs and expenses from their tax base.
- Deduction of expenses (costs) for investments: the goal is to support higher added-value investments linked to Industry 4.0. This provides an additional deduction of an expense (cost) from 15% to 55% of the tax depreciation charge on the invested assets in the respective taxable period.

### Personal income

- Personal Income tax: 19% and 25% if annual tax base is more than EUR 38,553.01.
- Capital gains tax for individuals: 19% (exemption for listed shares may apply)

### Value Added Tax

- 20% - almost all products and services, 10% - textbooks, print media, most healthcare related products and services, specific basic and healthy food items and accommodation services.
  - Registration is obligatory for entities with revenues exceeding EUR 49,790 in a period of 12 consecutive months.
- ### Other taxes
- Excise tax on certain types of goods: mineral oils, liqueurs, beer, wine, tobacco products, electricity, coal and natural gas.
  - Real estate tax covers land tax, tax on apartments and non-residential premises in apartment buildings, and tax on buildings.
  - Land tax is assessed by municipalities and rates vary

Simple tax system; Available state aid

- depending on the type of land and its location.
- Rate of tax on apartments and non-residential premises and tax on buildings depends on the municipality. Final tax is calculated with reference to floor area and other physical attributes of the property.
- No real estate transfer tax, stamp duties or capital taxes apply.
- Special taxes are imposed on certain assets or businesses (e.g. vehicle road tax for cars for business purposes, special levy in regulated industries, insurance tax on non-life insurance if risk is located in Slovakia).

## Stimulus laws

- Act No. 57/2018 Coll. on regional investment aid
- Act No. 595/2003 Coll. on income tax, as amended
- Act No. 5/2004 Coll. on employment services, as amended
- Act No. 358/2015 Coll. on adjustment of certain relations in the field of state aid and de minimis aid and amendment to certain acts (State Aid Act)
- Regulation 195/2018 on maximum intensity of investment aid and the amount of investment aid in individual regions of the Slovak Republic

## State aid in regions

Bratislava:	0%
Western Slovakia:	30%
Central Slovakia:	40%
Eastern Slovakia:	50%

Percentage value represents the maximum level of state aid contribution per project in a specific region.

Maximum aid intensities may be increased by 20% for small enterprises and by 10% for medium-sized enterprises.

Source: PwC, www.pwc.com/sk

# Pripi si aj s nealkom.

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