

# Legislative and Policy Updates

JANUARY 2021



## Slovakia

### Tax amendment

The amendment to the law introduces rules for the taxation of income of controlled foreign companies (CFC companies) and individuals. The change is intended to prevent individuals from avoiding paying taxes and exporting their income to tax havens. The benefits for taxpayers provided by the financial administration are also being extended. The advantage of the 13th and 14th salaries is abolished, and the tax bonus will also be adjusted.

1/1/2021 <https://ekonomika.sme.sk/c/22565195/zacinaju-platit-viacere-zmeny-v-danovej-oblasti.html>

### Energy efficiency

Slovakia, together with other EU countries, committed itself to reducing greenhouse gas emissions by 40 percent by 2030. It may even increase this target to 55 percent in December as proposed by the European Commission. Environment Minister Ján Budaj considers the renovation and modernization of buildings one solution that effectively addresses the climate crisis.

4/1/2021 <https://spectator.sme.sk/c/22555868/renewing-buildings-is-a-way-to-cope-with-the-climate-crisis.html>

### Bratislava budget 2021

The coronavirus pandemic continues to affect the Slovak capital in 2021, reducing its budget for 2021 by €18 million to €432 million compared to the previous year. The capital city council

does not plan any increases in local taxes, but assumes their better collection including tax arrears.  
7/1/2021 <https://spectator.sme.sk/c/22567385/covid-19-shaves-off-bratislava-budget-for-2021.html>

### **Green restart**

Municipalities and regions will become more important in creating innovation potential and employment in the future. To achieve this, regions should support local companies and cooperate with them when developing various innovative solutions. Support is aimed at companies providing green and environmentally friendly ways of leading its business.

7/1/2021 <https://spectator.sme.sk/c/22574422/economic-restart-after-covid-19-should-be-green.html>

### **Court map**

The bill on a new "court map" related to judicial reform will stay open for comments a month longer than originally anticipated. The period when comments can be attached to the legislation will be thus extended until February 28. The reform is geared towards curbing corruption ties in the judiciary, reorganizing courts, founding the Administration Court and introducing judge specializations.

13/1/2021 <https://www.tasr.sk/tasr-clanok/TASR:20210113TBA02896>

### **Second wave**

Second wave of Covid-19 pandemic will have a long lasting impact on Slovak economy. The impact of the extended lockdown from late December to late February may amount to 1.1 percent of gross domestic product from 2019, according to analysts from the Institute of Financial Policy (IFP), running under the Finance Ministry.

13/1/2021 <https://spectator.sme.sk/c/22572661/second-pandemic-wave-has-milder-economic-effect-but-lasts-longer.html>

### **Inflation**

Consumer prices grew by 1.9 percent on average over 2020, compared to the 2.7 percent reported for 2019. The slowdown in inflation growth in 2020 can be chiefly ascribed to the coronavirus pandemic, which resulted in lower commodity prices on global markets. Analysts pointed to the fact that last year's inflation was mainly driven by prices in miscellaneous goods and services and in education, both of which rose by 4.1 percent.

14/1/2021 <https://www.tasr.sk/tasr-clanok/TASR:20210114TBB00226>

### **Taxes**

The introduction of an obligation for entrepreneurs to send selected invoicing data to the financial report before the final version of the invoice is issued will not have a positive effect for the entrepreneur in practice. It points out that the intention of the Ministry of Finance based on the need to reduce the gap in the choice of tax value added tax (VAT).

14/1/2021 <https://ekonomika.sme.sk/c/22573507/medzery-z-dph-by-sa-podla-zivnostikov-nemali-dobiehat-priamymi-danami.html>

### **Drawing funds**

Investment Minister Veronika Remišová announced that local governments had prepared plans for improved and more meaningful drawing of EU funds in the 2021-27 period. Minister stated that local governments have to decide, on what project will they spend the 13 billion package from EU funds.

15/1/2021 <https://www.tasr.sk/tasr-clanok/TASR:20210115TBB00271>

### **Recovery fund**

The new big challenge for the Slovak economy is to have the Recovery fund's resources released into the real economy as soon as possible and with minimum red tape, finance minister Eduard Heger declared at a session of the EU's Economic and Financial Affairs Council (Ecofin). The finance ministers discussed mostly the implementation of the recovery plan.

15/1/2021 <https://www.tasr.sk/tasr-clanok/TASR:20210119TBA03042>

### **Foreign department**

With Peter Batora leaving the post of President's advisor for foreign policy, security and defense to start his tenure as the head of Slovakia's Permanent Delegation to NATO, his former agenda was taken over by Jana Kobzová, who was tasked with heading the foreign affairs department temporarily.

19/1/2021 <https://www.tasr.sk/tasr-clanok/TASR:20210118TBB00304>

### **Banks**

After the acceptance of new legislation, banks will approach clients individually with deferred payments. According to Minister of Finance Eduard Heger, the banks will help the remaining clients who could have problems with repayment to find the best possible way to continue repaying the loans.

21/1/2021 <https://www.teraz.sk/ekonomika/mf-banky-budu-individualne-pristupova/521958-clanok.html>

### **Labor market**

In 2020, the Slovak labor market was characterized by a fair approach, consideration, and loyalty. That is according to a survey by Grafton's recruitment agency. The pandemic of the new coronavirus had a significant impact on the work of 47% of employers, changes occurred in the area of benefits or in the field of education.

23/1/2021 <https://www.teraz.sk/ekonomika/prieskum-trh-prace-bol-v-roku-2020-tyt/522447-clanok.html>

## **Business register**

All new companies established after October 2020 already have to state the birth number of their partners, authorized representatives, and members of the boards of directors and supervisory boards when registering with the business register. Foreigners have to state the number of their ID, passport or residence card.

27/1/2021 <https://spectator.sme.sk/c/22582966/companies-have-to-add-their-representatives-birth-numbers-to-business-register-some-call-it-bureaucratic-nonsense.html>

## **Banking sector**

Slovakia's banking sector posted a profit of €465 million at the end of 2020, down by almost 27 percent year-on-year, according to preliminary non-audited data released by the Slovak central bank (NBS). Net interest income fell by 4 percent over the past year, while net income from fees and commissions didn't change. Revenues from fees paid by clients declined by 1.3 percent.

29/1/2021 <https://www.tasr.sk/tasr-clanok/TASR:20210129TBA02339>

# **EU & World**

## **Portuguese Presidency**

On January 1, Germany ended its presidency in the EU Council, making Portugal the leading state of the Council. Portugal announced their three fundamental priorities - economic and social recovery, development of the European Union Social Pillar and Reinforcement of EU strategic autonomy.

1/1/2021 <https://www.2021portugal.eu/en/news/welcome-message-from-the-prime-minister/>

## **Brexit**

Europe was expected to see its biggest transfer of share trading in more than two decades when stock exchanges opened for business in 2021, with Brexit shifting its center of gravity away from London. The EU wants to reduce reliance on the City of London for financial services and see more euro-based trading in Frankfurt, Paris, Amsterdam and other financial centers in the bloc.

4/1/2021 <https://www.euractiv.com/section/uk-europe/news/brexit-big-bang-to-trigger-tectonic-trading-rift-in-europe-2/>

## **Global economy**

The global economy is expected to expand by 4% in 2021, assuming an initial COVID-19 vaccine rollout becomes widespread throughout the year. Although the global economy is growing again after a 4.3% contraction in 2020, the pandemic has caused a heavy toll of deaths and illness, plunged millions into poverty, and may depress economic activity and incomes for a prolonged period.

5/1/2021 <https://www.worldbank.org/en/news/press-release/2021/01/05/global-economy-to-expand-by-4-percent-in-2021-vaccine-deployment-and-investment-key-to-sustaining-the-recovery>

## **Biometric Surveillance**

The European Commission decided to register a European Citizens' Initiative (ECI) entitled 'Civil society initiative for a ban on biometric mass surveillance practices'. The organizer of ECI proposed a legal act to permanently end indiscriminate and arbitrarily-targeted uses of biometric data in ways which can lead to mass surveillance.

7/1/2021 [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_21\\_22](https://ec.europa.eu/commission/presscorner/detail/en/ip_21_22)

## **Digital regulation**

Portugal's minister for economic affairs said that Portugal intends to take forward negotiations on the Digital Services Act and the Digital Markets Law during the Portuguese presidency of the Council of the European Union. EU must come up with legislation that is effective and that everyone thinks is fair, even if it has an immediate impact on business models.

7/1/2021 <https://www.euractiv.com/section/digital/news/portugal-vies-to-push-ahead-with-new-eu-digital-regulation/>

## **Green Finance**

The European Commission was forced to delay publication of detailed implementing rules on the EU's sustainable finance taxonomy, because of the sheer number of comments received and a threat of blockage from eastern and southern EU member states. The paper was signed by Bulgaria, Croatia, Cyprus, Czechia, Greece, Hungary, Malta, Poland, Romania, and Slovakia.

18/1/2021 <https://www.euractiv.com/section/energy-environment/news/brussels-postponed-green-finance-rules-after-10-eu-states-wielded-veto/>

## **New European Bauhaus**

The Commission launched the design phase of the New European Bauhaus initiative, announced by President von der Leyen. Bauhaus priorities are aimed to combine design, sustainability, accessibility, affordability and investment in order to help deliver the European Green Deal.

18/1/2021 [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_21\\_111](https://ec.europa.eu/commission/presscorner/detail/en/ip_21_111)

## **EU Economy**

On January 19, The European Commission presented a new strategy to stimulate the openness, strength and resilience of the EU's economic and financial system for the years to come. This strategy is in line with President von der Leyen's ambition for a geopolitical Commission and follows the Commission's May 2020 Communication "Europe's moment: Repair and Prepare for the Next Generation".

19/1/2021 [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_21\\_108](https://ec.europa.eu/commission/presscorner/detail/en/ip_21_108)

## **Joe Biden Inauguration**

January 20, the Inauguration Day marked the beginning of a new four-year presidential term in the United States for Joe Biden. The US domestic agenda will be a crucial priority for the Administration, tackling the global pandemic and its effects on the wellbeing of citizens and the economy. American companies in Europe are committed to working with the new US Administration to advance the trade and investment relationship between the EU and the US.

20/1/2021 <https://www.amchameu.eu/news/amcham-eu-congratulates-president-biden-and-vice-president-harris>

## **Pandemic stimulus**

The European Central Bank (ECB) said on 21 January that it would not use its €1,850 trillion pandemic bond-buying program. The central bank stated that its pandemic program will remain in place as long as Europe struggles with COVID-19 or at least until the end of March 2022.

21/1/2021 <https://www.euractiv.com/section/economy-jobs/news/ecb-considers-not-using-e1-8-trillion-pandemic-stimulus-in-full/>

## **Digital Euro**

The ECB is preparing to launch a digital euro, a complex project that would facilitate payments but could also shake the foundations of the financial system. Some central banks, including Sweden and China, were already working on digital versions of their own currencies. But many more decided to explore the idea to protect their monetary sovereignty.

22/1/2021 <https://www.euractiv.com/section/economy-jobs/news/digital-euros-moment-of-truth-to-come-in-april/>

## **Europe Battery Innovation**

The EU Commission approved, under EU State aid rules, a second Important Project of Common European Interest ("IPCEI") to support research and innovation in the battery value chain. The twelve Member States, including Slovakia, will provide up to €2.9 billion in funding for the project, called "European Battery Innovation".

26/1/2021 [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_21\\_226](https://ec.europa.eu/commission/presscorner/detail/en/ip_21_226)

### **Cloud Services**

Cloud infrastructures underpin an ever-increasing range of online services and tools used by businesses, other organizations, and individuals. In OECD countries, over one third of businesses purchased some form of cloud services in 2018 up from 20% in 2015. However, such measures, which are based on surveys of ICT usage in business, give only a partial view of the diffusion of cloud services; they do not reveal the intensity or volume of use by businesses, or the amount businesses spend on cloud services.

27/1/2021 [https://www.oecd-ilibrary.org/science-and-technology/measuring-cloud-services-use-by-businesses\\_71a0eb69-en](https://www.oecd-ilibrary.org/science-and-technology/measuring-cloud-services-use-by-businesses_71a0eb69-en)

### **Autonomy**

The United States, as the EU's closest and most powerful ally, will be an essential partner in the EU's pursuit of open strategic autonomy. The EU is now turning its attention to recovery from the crisis, and how to enhance its resilience. It is in this context that the concept of 'open strategic autonomy' is gaining traction within EU policy circles.

28/1/2021 <https://www.euractiv.com/section/global-europe/opinion/open-strategic-autonomy-what-is-in-a-name/>

### **European Institute of Innovation and Technology**

European Parliament and EU Member States reached agreement on an update of the legal basis of the European Institute of Innovation and Technology (EIT) as well as its new Strategic Innovation Agenda for 2021-2027. EIT will be able to deliver on the main EU priorities in the field of education, innovation and research and thus contribute to the recovery of Europe's economy and society.

29/1/2021 [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_21\\_207](https://ec.europa.eu/commission/presscorner/detail/en/ip_21_207)

WE FOCUS OUR ADVOCACY EFFORTS ON THE FOLLOWING FOUR PILLARS:



[www.amcham.sk](http://www.amcham.sk)