

Slovakia

in Figures²⁰²¹

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Part of Eurozone and NATO

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Highly productive industry and innovative economy



Excellent infrastructure

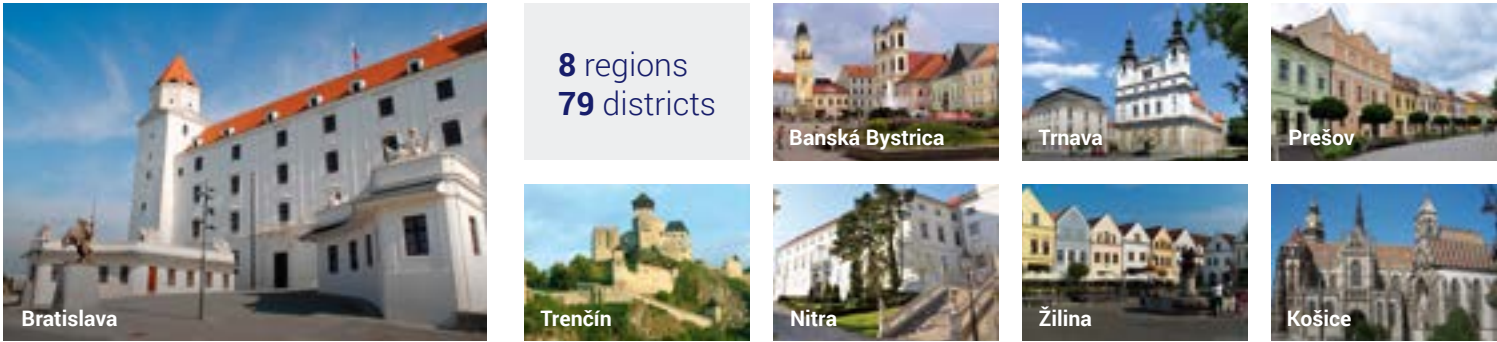


Nice place to live - over 100 castles, eight Unesco sites and beautiful mountains

FRESHNESS ON THE HIGH!
SUGAR ON THE LOW!
OUR NEW 0.0% RADLER, WITH NO ADDED SUGAR

100% PRIRODNÝ
NA ZDRAVIE SLOVENSKEJ

People and districts

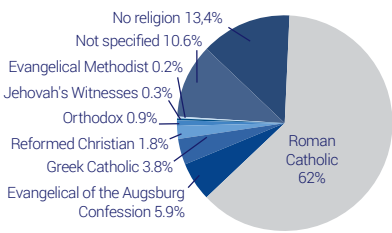


The largest cities and towns in Slovakia (population)

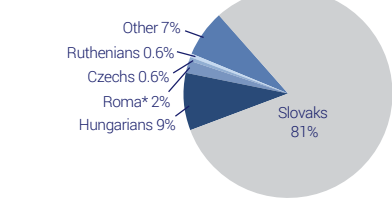


Population: 5.4 mil. (Similar to Denmark, Finland, Singapore, Minnesota, or New Zealand)
Suffrage: Universal at 18 years
Literacy: 99%
Life Expectancy: 80 yrs. females; 72 yrs. males. (2011)
Total Area: 49,000 sq km / 19,000 sq mi (Slightly larger than Denmark, Netherlands or Switzerland. Slightly smaller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

Religions



Ethnicity



*Unofficial estimates place the Roma population between 6% - 10%.
Source: Slovakia census 2011

Politics



President
Zuzana Čaputová
(2019 - 2024)

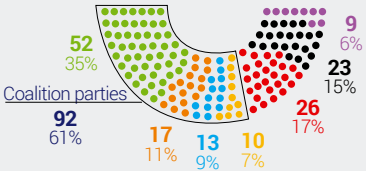
Prime Minister
Eduard Heger
(2021 - 2024)
OĽaNO

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: 2024

Slovak parliament: 150 seats

Political parties
Coalition (•OĽaNO, •Sme rodina, •SaS, •ZA ĽUDÍ)
Opposition (•Smer-SD, •Independent, •ĽSNS)



Ratings

Higher rating than Greece, Portugal, Spain and Italy.
2nd highest in V4 region.

V4 - Visegrad countries:
Czech Republic, Hungary, Poland and Slovakia

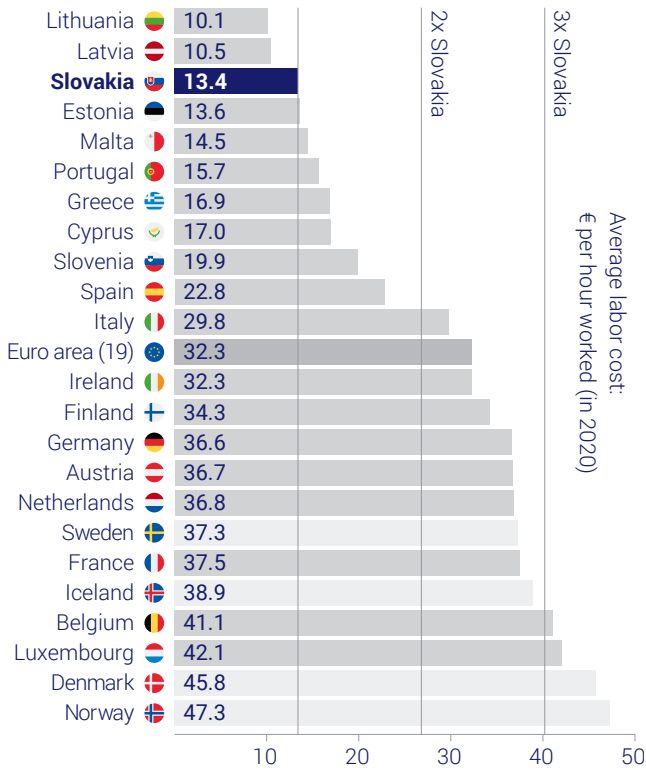
Lowest rating ————— Highest rating
Source: Trading Economics, June 21, 2021

	S&P	FITCH	MOODY
Czechia	AA-	AA-	Aa3
Slovakia	A	A-	A3
Poland	A-	A-	A2
Spain	A	A+	A1
Italy	BBB	BBB-	Baa3
Portugal	BBB-	BBB	Baa3
Hungary	BB+	BBB	Baa3
Greece	BB	BB	Ba3

Labor market

Third lowest labor cost in Europe.

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

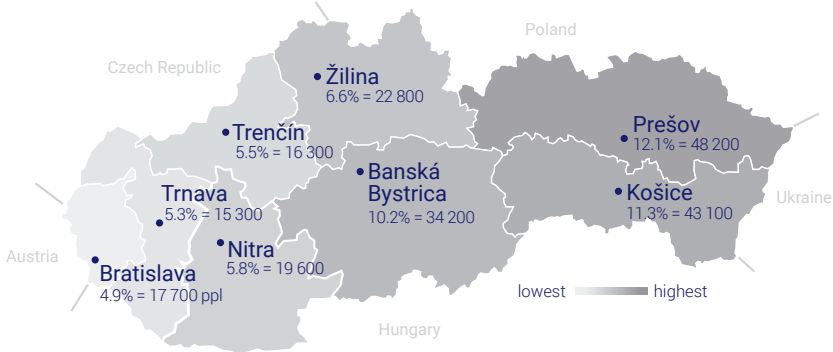


Not a member of Eurozone. Source: Eurostat, May 2020

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

Unemployment (May 2021)

Unemployment rate is 7.9% and number of unemployed people in regions is 217 000.



Source: Central Office of Labour, Social Affairs and Family, June 2021

Labor cost structure (simplified)

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

The fees are derived from employees' gross salaries

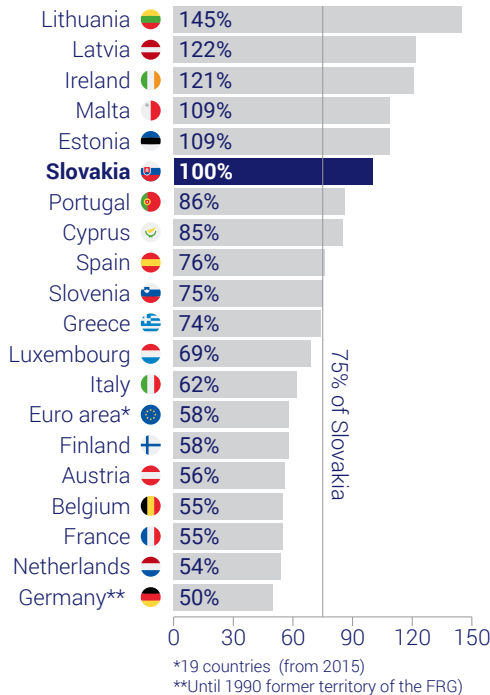
National holidays: 15 days

Labor cost

Labor cost in Slovakia in various industries in 2019 (€)

Indicator	Total labor costs	Direct labor costs	Indirect labor costs	Basic (tariff) wages and salaries
Slovak Republic (Average)	1 702	1 239	464	1 227
Agriculture, forestry and fishing (A)	1 378	998	380	989
Mining and quarrying (B)	1 819	1 288	531	1 277
Manufacturing (C)	1 714	1 239	475	1 233
Electricity, gas, steam and air cond. supply (D)	2 630	1 859	771	1 819
Water supply; sewage, waste mgnt and remed. act. (E)	1 463	1 066	419	1 054
Construction (F)	1 484	1 087	397	1 076
Wholesale and retail trade; motor vehicles repair (G)	1 640	1 200	440	1 180
Transportation and storage (H)	1 525	1 103	433	1 097
Accommodation and food service activities (I)	1 068	782	285	780
Information and communication (J)	2 953	2 173	782	2 140
Financial and insurance activities (K)	2 914	2 090	824	2 072
Real estate activities (L)	1 611	1 182	428	1 176
Professional, scientific and technical activities (M)	2 145	1 583	562	1 560
Administrative and support service activities (N)	1 286	940	346	933
Public admin. and defence; compulsory soc. sec. (O)	1 772	1 283	489	1 277
Education (P)	1 590	1 158	432	1 155
Human health and social work activities (Q)	1 729	1 270	460	1 245
Arts, entertainment and recreation (R)	1 444	1 061	383	1 058
Other service activities (S)	1 188	873	315	870

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



Source: Eurostat, July 2020 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	Population 4G	Download	Upload
Orange	99.8%	99.0%	1300 Mbps	75 Mbps
Slovak Telekom	99.0%	97.4%	1150 Mbps	131 Mbps
O2	99.7%	82.0%	73 Mbps	23 Mbps
4ka	99.8%	94.7%	90 Mbps	30 Mbps

Source: Orange, Slovak Telekom, O2, 4ka; May 2021

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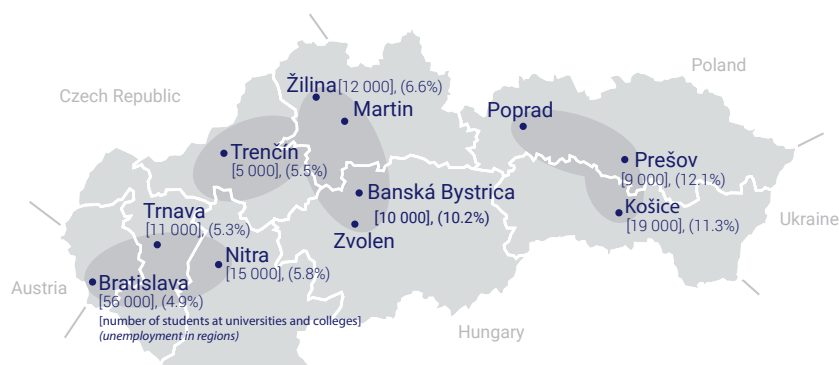


Economy, R&D and knowledge centers

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

Main Slovak academic and research clusters

Total number of college and university students: 135,000



Sources: Slovak Statistics Office, June 2021; Ministry of Education, June 2021; Central Office of Labour, Social Affairs and Family, June 2021

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.

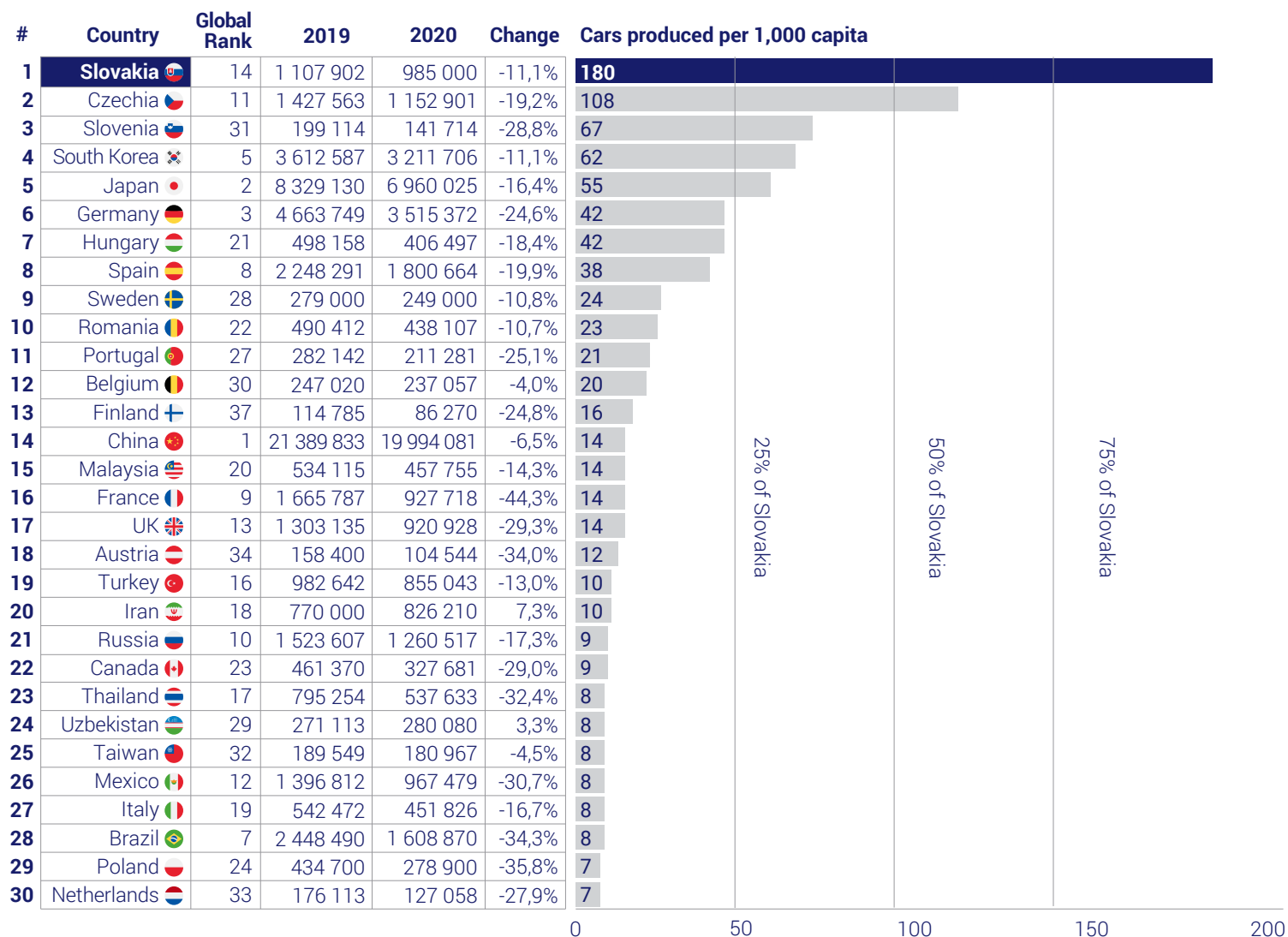
65 centers in Slovakia
39 000+ of employees
€1900 - average monthly gross salary in BSCs

 70% UNIVERSITY EDUCATED	 49% WOMEN	 11% FOREIGN NATIONALS
 34,6 AVERAGE AGE	 9,2% MANAGERS	 5,5% HEADCOUNT INCREASE (2020)

Source: AmCham Business Service Center Forum 2021

Global leader in cars produced per capita

Cars produced per 1,000 inhabitants in 2020



Source: Oica, July, 2021. Audi, BMW, JLR, Mercedes are not reported; JLR has manufacturing facility in Slovakia



Automotive superpower

Slovakia is also 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 as well as flying cars.



Economic forecast

	Indicator (Slovakia, if not mentioned otherwise)	in	Real							Forecast			
			2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
GDP related	GDP in current prices	bil.EUR	76.3	79.8	81.0	84.5	89.7	93.9	91.6	97.0	103.8	111.0	113.7
	Slovak Republic*	%	2.6	4.8	2.1	3	3.8	2.3	-5.2	4.7	4.4	3.8	3.1
	Czech Republic*	%	2.3	5.4	2.5	5.2	3.2	2.3	-5.6	4.2	4.3	3.7	3.2
	Germany*	%	2.2	1.5	2.2	2.6	1.3	0.6	-4.9	3.6	3.4	1.6	1.5
	Euro area*	%	1.4	2	1.9	2.6	1.9	1.3	-6.6	4.4	3.8	1.9	1.6
	European Union*	%	1.7	2.5	2.1	3	2.3	1.7	-6.1	4.4	3.9	2.3	1.9
	United States*	%	2.5	3.1	1.7	2.3	3	2.2	-3.5	6.4	3.5	1.4	1.5
	World*	%	3.6	3.5	3.3	3.8	3.6	2.8	-3.3	6	4.4	3.5	3.4
	Household consumption real growth	%	1.8	2.6	3.5	6.2	6.6	5.3	1.0	3.9	5.1	3.2	3.8
	Government consumption real growth	%	4.1	6.0	3.2	4.5	4.3	10.4	6.8	3.6	-1.3	6.7	3.3
	CPI Growth (Consumer Price Index - Inflation)	%	-0.1	-0.3	-0.5	1.3	2.5	2.7	1.9	1.5	2.9	2.4	0.9
	Account Balance (as a % of GDP)	%	1.1	-2.1	-2.7	-1.9	-2.2	-2.7	-1.2	-1.5	-1.3	-1.3	-0.9
	Creation of Gross fixed capital (real growth)	%	2.4	21.5	-10.0	4.6	5.1	7.9	-11.4	5.4	21.7	16.9	-6.9
	GDP Growth Deflators	%	-0.2	-0.2	-0.5	1.2	2.0	2.5	2.4	1.4	1.9	2.0	1.4
Labor related	Average monthly salary real growth	%	4.2	3.3	3.8	3.3	3.6	5.0	1.8	4.6	1.2	2.4	3.7
	Salaries as % of GDP	%	29.8	29.9	31.1	31.8	32.6	33.7	35.2	35.1	34.5	34.1	35.0
	Average Nominal Monthly Salary Growth	%	4.1	2.9	3.3	4.6	6.2	7.8	3.8	6.2	4.1	4.9	4.6
	Average Nominal Monthly Salary	€	858	883	912	954	1 013	1 092	1 133	1 203	1 252	1 313	1 374
	Private Sector	€	853	877	900	941	998	1 061	1 084	1 158	1 213	1 276	1 343
	Public Sector	€	877	906	957	1 005	1 072	1 216	1 320	1 371	1 403	1 454	1 490
	Labor Productivity (real growth)	%	1.2	2.8	-0.2	0.8	1.6	1.5	-2.9	5.3	4.1	4.1	0.4
	Unit labour cost	%	0.8	0.9	2.5	4.3	4.3	5.3	6.4	1.6	0.0	0.9	4.1
	Employment	1,000 ppl	2 205	2 252	2 307	2 349	2 393	2 416	2 372	2 362	2 382	2 399	2 415
	Employment: average growth	%	1.3	2.1	2.5	1.8	1.9	1.0	-1.8	-0.4	0.9	0.7	0.7
	Unemployment rate	%	13.2	11.5	9.6	8.1	6.5	5.8	6.7	7.0	6.3	5.7	5.1
Trade & finance	Export /products and services/ (real growth)	%	3.7	6.6	5.0	3.6	5.2	0.8	-7.5	14.9	6.5	5.9	3.6
	Import /products and services/ (real growth)	%	4.5	8.5	4.8	3.9	5.0	2.1	-8.3	15.4	6.2	5.9	2.2
	Exchange rate (Eur/USD)	USD to €	1.23	1.09	1.05	1.18	1.14	1.11	1.22	1.21	1.24	1.24	1.24
	Exchange rate end of year JPY/EUR	JPY to €	147.0	132.5	122.3	133.7	127.6	121.2	126.3	131.0	131.0	137.0	137.0
	Exchange rate end of year CHF/EUR	CHF to €	1.20	1.08	1.07	1.17	1.13	1.09	1.08	1.12	1.14	1.12	1.12
	Exchange rate end of year CZK/EUR	CZK to €	27.63	27.03	27.03	25.66	25.84	25.49	26.30	25.30	25.00	24.20	24.20
	Euribor (3 month average)	%	0.21	-0.02	-0.26	-0.33	-0.32	-0.36	-0.43	-0.53	-0.46	-0.38	-0.27
	Slovak 10-year bonds yield (average)	%	2.17	0.91	0.58	0.98	0.97	0.32	0.06	0.17	0.98	1.51	1.84
	German 10-year bonds yield (average)	%	1.31	0.55	0.11	0.39	0.48	-0.22	-0.48	-0.16	0.28	0.59	0.82
	Crude oil (average price)	€/bl	74.58	48.31	40.73	48.57	60.63	57.3	37.8	55.4	54.1	50.8	49.1
	ECB Key Interest Rate	%	0.16	0.05	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.15
	Savings Interest Rates	%	0.77	0.58	0.42	0.27	0.21	0.18	0.13	0.11	0.11	0.11	0.12
	Disposable income (in current prices)	%	2.2	4.8	4.1	3.6	6.7	2.3	-0.3	3.6	-1.1	0.4	2.4
	Deposits	(bil. €)	45.2	48.4	52.1	54.8	58.2	61.1	64.2	69.1	70.8	73.2	75.4
	EU Funds	(mil. €)	2 223	4 241	1 610	1 897	2 234	2 071	2 337	2 322	2 471	4 652	1 868
	- in public sector	(mil. €)	1 283	2 729	716	721	1 122	931	910	892	1 553	2 960	899
	- in private sector	(mil. €)	940	1 511	895	1 176	1 112	1 139	1 427	1 430	919	1 691	969
	Sole proprietors	1 000	364	367	384	386	379	389	378	361	363	365	369

Source: Ministry of Finance of the Slovak Republic, July 2021, *World bank, July, 2021

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 200% of qualifying R&D costs and expenses from their tax base.

Personal income

- Personal Income tax: 19% and 25% if annual tax base is more than EUR 37 981.94.
- 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.

Simple tax system; Available state aid

- Land tax is assessed by municipalities and rates vary 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:	25%
Central Slovakia:	35%
Eastern Slovakia:	35%

Percentage value represents 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



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