Slovakia

A. Definitions and sources of data

Data on foreign direct investment (FDI) in Slovakia are reported by the National Bank of Slovakia (NBS). Even prior to its independence in 1993, Slovakia had been able to transform its production base into metallurgical, chemical and engineering industries. Private-sector initiatives enabled the economy to expand rapidly with increasing outputs, while maintaining a low inflation rate. However, concerns regarding widening current-account and budget deficits in 1998 forced the authorities to adopt a number of austerity measures, including price and taxation increases. The financial and legal systems were restructured, and new legislation was adopted in 2000 to encourage FDI flows and accelerate the privatization process. In pursuing a policy of regional and international integration and co-operation, among other things, the country joined the Organisation for Economic Co-operation and Development in July 2000. With its accession to the OECD, the Government agreed to meet most of the requirements for equal treatment of foreign and local investors. Despite difficulties, further progress was made in co-ordinating policies and reforms for enhancing the country as an investment destination. The country will join the European Union in 2004.

The Slovak Investment and Trade Development Agency (SARIO), a governmental body, acts as a one-stop shop to potential investors and is responsible for private business development. It provides information on investment opportunities, and helps investors to identify joint-venture partners and implement projects. Though ownership may be limited in certain areas, there is, practically, no formal screening process, or performance requirement imposed for establishing an investment. Protection against expropriation is available. As a result of the country’s joining the OECD, capital export and outward direct investment are substantially liberalized. Prior to operating a business, registration has to be made in the Commercial Register of a local district court.

Under the Commercial Act, foreign nationals may invest in any of the following forms: sole proprietorship, partnership, branch, public trading company, limited liability company, joint-stock company and new joint venture. The purchase of a portion of shares in existing entities, or the acquisition of ownership through the privatization process is authorized. The usual way of conducting business is through a limited liability company. A firm may be established under the Slovak law, or any other foreign law as mentioned in the founding contract, with regulations no less than those provided for similar business under the Commercial Code. Any entity, established under foreign law and having its headquarters abroad, may relocate its headquarters in Slovakia. Even after its relocation in Slovakia, internal affairs of the entity may continue to be governed by foreign laws. A company needs to create a reserve fund, which may be used to cover eventual loss, or face difficult situation. Since January 2001, foreign entities are no longer required to establish a legally registered company to own real estate in the country.

The foreign investment policy has moved towards greater openness since early 2000. It allows duty-free entry of imported capital goods for the establishment of a business and of imported raw materials for meeting re-processing and export needs. Under the association agreement with the European Union, import duties on goods and services originated from the EU have been abolished. High technology imports of machinery and equipment from the OECD countries are also allowed duty-free entry in the country. Since January 2000, the corporate income tax has been reduced from 40 to 29 per cent. Investors investing more than 100 millions of koruna (about 2 million of euro) are rewarded with corporate tax holidays of up to 10 years from the first year of profitability. In addition, subsidies are offered for job creation in regions with unemployment rate of over 10 per cent. Entities may have access to Free Trade Zones and more industrial parks are planned.

Data reported by the NBS are in accordance with the guidelines set out in the Balance of Payments Manual, 5th edition, 1993 of the International Monetary Fund. An analysis of flows and stocks into equity investment and reinvested earnings, and intra-company loans, based on reports of enterprises and balance sheets of commercial banks, is given. Inward and outward investment stock data, both by geographical origin/destination and industrial sector breakdown, are presented.
B. Statistics on FDI and the operations of TNCs
## Table 1. Summary of FDI

(Millions of dollars)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Inward</th>
<th>Outward</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. FDI flows, 1998-2001 (annual average)</td>
<td>1,145.0</td>
<td>-41.9</td>
</tr>
<tr>
<td>2. FDI flows as a percentage of GFCF, 1998-2001</td>
<td>17.4</td>
<td>-0.6</td>
</tr>
<tr>
<td>(annual average)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. FDI stocks, 2001</td>
<td>5,715.7</td>
<td>460.1</td>
</tr>
<tr>
<td>4. FDI stocks as a percentage of GDP, 2000</td>
<td>25.6</td>
<td>2.0</td>
</tr>
</tbody>
</table>

Sources: Based on tables 3 and 4; UNCTAD, FDI/TNC database.
### Table 3a. FDI flows, by type of investment, 1997-2001

(Millions of dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Equity and Reinvested earnings</th>
<th>Intra-company loans</th>
<th>Total</th>
<th>Equity and Reinvested earnings</th>
<th>Intra-company loans</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>214.8</td>
<td>15.8</td>
<td>230.6</td>
<td>94.3</td>
<td>0.8</td>
<td>95.1</td>
</tr>
<tr>
<td>1998</td>
<td>527.3</td>
<td>179.4</td>
<td>706.7</td>
<td>138.3</td>
<td>8.3</td>
<td>146.6</td>
</tr>
<tr>
<td>1999</td>
<td>403.0</td>
<td>25.0</td>
<td>428.0</td>
<td>-390.3</td>
<td>19.3</td>
<td>-371.0</td>
</tr>
<tr>
<td>2000</td>
<td>2 155.0</td>
<td>-229.6</td>
<td>1 925.4</td>
<td>15.5</td>
<td>5.5</td>
<td>21.0</td>
</tr>
<tr>
<td>2001</td>
<td>1 211.7</td>
<td>308.0</td>
<td>1 519.7</td>
<td>42.0</td>
<td>-6.3</td>
<td>35.7</td>
</tr>
</tbody>
</table>

Source: International Monetary Fund, September 2002 Balance of Payments CD ROM.

### Table 3b. FDI flows, by type of investment, 1993-2000

(Millions of dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Inward investment</th>
<th>Outward investment</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Equity</th>
<th>Reinvested earnings</th>
<th>Intra-company loans</th>
<th>Total</th>
<th>Equity</th>
<th>Reinvested earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>..</td>
<td>..</td>
<td>..</td>
<td>198.8</td>
<td>..</td>
<td>..</td>
</tr>
<tr>
<td>1994</td>
<td>269.9</td>
<td>..</td>
<td>..</td>
<td>269.9</td>
<td>13.9</td>
<td>..</td>
</tr>
<tr>
<td>1995</td>
<td>224.8</td>
<td>0.1</td>
<td>11.2</td>
<td>236.1</td>
<td>8.9</td>
<td>0.0</td>
</tr>
<tr>
<td>1996</td>
<td>327.6</td>
<td>0.5</td>
<td>22.7</td>
<td>350.8</td>
<td>51.6</td>
<td>..</td>
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<tr>
<td>1997</td>
<td>157.4</td>
<td>0.7</td>
<td>15.6</td>
<td>173.8</td>
<td>94.4</td>
<td>0.1</td>
</tr>
<tr>
<td>1998</td>
<td>385.7</td>
<td>0.4</td>
<td>176.0</td>
<td>562.1</td>
<td>136.7</td>
<td>..</td>
</tr>
<tr>
<td>1999</td>
<td>330.4</td>
<td>0.1</td>
<td>23.9</td>
<td>354.3</td>
<td>-395.5</td>
<td>0.2</td>
</tr>
<tr>
<td>2000</td>
<td>1 960.3</td>
<td>0.5</td>
<td>91.7</td>
<td>2 052.5</td>
<td>14.8</td>
<td>..</td>
</tr>
</tbody>
</table>

### Table 4: FDI stocks, by type of investment, 1994-2000

(Millions of Koruna)

<table>
<thead>
<tr>
<th>Year</th>
<th>Inward Investment</th>
<th></th>
<th></th>
<th>Outward Investment</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Equity and Reinvested earnings</td>
<td>Intra-company loans</td>
<td>Total</td>
<td>Equity and Reinvested earnings</td>
<td>Intra-company loans</td>
<td>Total</td>
</tr>
<tr>
<td>1994</td>
<td>24 332.0</td>
<td>3 726.0</td>
<td>28 058.0</td>
<td>4 436.0</td>
<td>769.0</td>
<td>5 205.0</td>
</tr>
<tr>
<td>1995</td>
<td>34 345.0</td>
<td>4 009.0</td>
<td>38 354.0</td>
<td>3 285.0</td>
<td>811.0</td>
<td>4 096.0</td>
</tr>
<tr>
<td>1996</td>
<td>51 159.0</td>
<td>14 453.0</td>
<td>65 612.0</td>
<td>5 116.0</td>
<td>748.0</td>
<td>5 864.0</td>
</tr>
<tr>
<td>1997</td>
<td>58 107.0</td>
<td>15 055.0</td>
<td>73 162.0</td>
<td>7 469.0</td>
<td>752.0</td>
<td>8 221.0</td>
</tr>
<tr>
<td>1998</td>
<td>78 568.0</td>
<td>29 205.0</td>
<td>107 773.0</td>
<td>13 989.0</td>
<td>1 080.0</td>
<td>15 069.0</td>
</tr>
<tr>
<td>1999</td>
<td>96 038.0</td>
<td>40 380.0</td>
<td>136 418.0</td>
<td>12 801.0</td>
<td>1 821.0</td>
<td>14 622.0</td>
</tr>
<tr>
<td>2000</td>
<td>176 400.0</td>
<td>48 518.0</td>
<td>224 918.0</td>
<td>15 179.0</td>
<td>2 557.0</td>
<td>17 736.0</td>
</tr>
<tr>
<td>2001</td>
<td>227 182.0</td>
<td>43 346.0</td>
<td>270 528.0</td>
<td>18 819.0</td>
<td>2 956.0</td>
<td>21 775.0</td>
</tr>
</tbody>
</table>

Table 11: FDI stocks in the host economy, by industry, 1996-2000

(Millions of dollars)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>1 446.8</td>
<td>1 670.6</td>
<td>2 128.4</td>
<td>2 272.2</td>
<td>3 733.0</td>
</tr>
<tr>
<td>PRIMARY SECTOR</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture, hunting, forestry and fishing</td>
<td>24.2</td>
<td>25.9</td>
<td>25.9</td>
<td>29.1</td>
<td>43.7</td>
</tr>
<tr>
<td>Mining, quarrying and petroleum</td>
<td>23.2</td>
<td>24.6</td>
<td>24.7</td>
<td>24.7</td>
<td>39.7</td>
</tr>
<tr>
<td>SECONDARY SECTOR</td>
<td>725.8</td>
<td>738.7</td>
<td>1 044.7</td>
<td>1 126.9</td>
<td>1 979.4</td>
</tr>
<tr>
<td>TERTIARY SECTOR</td>
<td>696.9</td>
<td>906.0</td>
<td>1 057.7</td>
<td>1 116.2</td>
<td>1 710.0</td>
</tr>
<tr>
<td>Electricity, gas and water</td>
<td>7.4</td>
<td>11.6</td>
<td>11.6</td>
<td>10.1</td>
<td>9.2</td>
</tr>
<tr>
<td>Construction</td>
<td>32.4</td>
<td>39.8</td>
<td>43.0</td>
<td>42.3</td>
<td>43.5</td>
</tr>
<tr>
<td>Trade</td>
<td>282.1</td>
<td>304.1</td>
<td>359.1</td>
<td>417.4</td>
<td>433.8</td>
</tr>
<tr>
<td>Hotels and restaurants</td>
<td>19.8</td>
<td>22.2</td>
<td>20.8</td>
<td>29.2</td>
<td>27.5</td>
</tr>
<tr>
<td>Transports, storage and communications</td>
<td>54.5</td>
<td>67.2</td>
<td>68.9</td>
<td>75.7</td>
<td>628.7</td>
</tr>
<tr>
<td>Finance</td>
<td>250.3</td>
<td>396.7</td>
<td>457.8</td>
<td>422.6</td>
<td>445.4</td>
</tr>
<tr>
<td>Real estate, renting and business services</td>
<td>40.7</td>
<td>54.1</td>
<td>85.8</td>
<td>106.1</td>
<td>108.4</td>
</tr>
<tr>
<td>Health and social services</td>
<td>0.3</td>
<td>0.5</td>
<td>0.5</td>
<td>0.4</td>
<td>1.4</td>
</tr>
<tr>
<td>Community, social and personal service activities</td>
<td>9.4</td>
<td>9.8</td>
<td>10.2</td>
<td>12.4</td>
<td>11.9</td>
</tr>
<tr>
<td>Unspecified tertiary</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.2</td>
</tr>
</tbody>
</table>


Notes: Data refer only to equity capital and reinvested earnings. The secondary sector represents the industrial production as a whole.
### Table 12: FDI stocks in the host economy, by geographical origin, 1996-2000

(Millions of dollars)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total world</strong></td>
<td>1 246.9</td>
<td>1 670.6</td>
<td>2 128.5</td>
<td>2 272.2</td>
<td>3 732.9</td>
</tr>
<tr>
<td><strong>Developed countries</strong></td>
<td>1 074.4</td>
<td>1 386.7</td>
<td>1 833.4</td>
<td>1 950.2</td>
<td>3 223.2</td>
</tr>
<tr>
<td>Western Europe</td>
<td>989.6</td>
<td>1 258.6</td>
<td>1 628.0</td>
<td>1 673.2</td>
<td>2 966.1</td>
</tr>
<tr>
<td><strong>European Union</strong></td>
<td>965.1</td>
<td>1 233.2</td>
<td>1 583.2</td>
<td>1 623.5</td>
<td>2 915.9</td>
</tr>
<tr>
<td>Austria</td>
<td>291.0</td>
<td>379.0</td>
<td>411.0</td>
<td>404.0</td>
<td>539.3</td>
</tr>
<tr>
<td>Belgium</td>
<td>14.4</td>
<td>23.0</td>
<td>36.7</td>
<td>34.7</td>
<td>57.5</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>1.6</td>
<td>1.6</td>
<td>2.1</td>
<td>3.9</td>
<td>7.2</td>
</tr>
<tr>
<td>Denmark</td>
<td>3.0</td>
<td>3.1</td>
<td>3.7</td>
<td>5.7</td>
<td>14.3</td>
</tr>
<tr>
<td>Finland</td>
<td>0.6</td>
<td>0.6</td>
<td>3.7</td>
<td>5.0</td>
<td>4.5</td>
</tr>
<tr>
<td>France</td>
<td>91.5</td>
<td>113.9</td>
<td>100.2</td>
<td>96.1</td>
<td>124.1</td>
</tr>
<tr>
<td>Germany</td>
<td>292.2</td>
<td>351.3</td>
<td>431.6</td>
<td>508.6</td>
<td>1 063.6</td>
</tr>
<tr>
<td>Ireland</td>
<td>0.2</td>
<td>0.2</td>
<td>0.6</td>
<td>1.7</td>
<td>0.3</td>
</tr>
<tr>
<td>Italy</td>
<td>27.8</td>
<td>42.1</td>
<td>37.1</td>
<td>40.9</td>
<td>57.9</td>
</tr>
<tr>
<td>Netherlands</td>
<td>91.8</td>
<td>153.4</td>
<td>312.3</td>
<td>321.0</td>
<td>907.8</td>
</tr>
<tr>
<td>Spain</td>
<td>-</td>
<td>-</td>
<td>0.2</td>
<td>4.7</td>
<td>4.3</td>
</tr>
<tr>
<td>Sweden</td>
<td>17.8</td>
<td>15.2</td>
<td>15.0</td>
<td>12.9</td>
<td>16.2</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>133.2</td>
<td>149.8</td>
<td>229.0</td>
<td>187.9</td>
<td>118.9</td>
</tr>
<tr>
<td><strong>Other Western Europe</strong></td>
<td>24.5</td>
<td>25.4</td>
<td>44.8</td>
<td>49.7</td>
<td>50.2</td>
</tr>
<tr>
<td>Liechtenstein</td>
<td>2.0</td>
<td>1.8</td>
<td>19.0</td>
<td>19.9</td>
<td>23.0</td>
</tr>
<tr>
<td>Switzerland</td>
<td>22.5</td>
<td>23.6</td>
<td>25.8</td>
<td>29.8</td>
<td>27.2</td>
</tr>
<tr>
<td><strong>North America</strong></td>
<td>84.8</td>
<td>128.1</td>
<td>205.4</td>
<td>277.0</td>
<td>257.1</td>
</tr>
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<td>Canada</td>
<td>0.6</td>
<td>1.0</td>
<td>0.9</td>
<td>0.8</td>
<td>0.8</td>
</tr>
<tr>
<td>United States</td>
<td>84.2</td>
<td>127.1</td>
<td>204.5</td>
<td>276.2</td>
<td>256.3</td>
</tr>
<tr>
<td><strong>Central and Eastern Europe</strong></td>
<td>136.5</td>
<td>221.4</td>
<td>223.6</td>
<td>225.2</td>
<td>402.6</td>
</tr>
<tr>
<td>Croatia</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.3</td>
<td>2.9</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>128.6</td>
<td>201.8</td>
<td>205.2</td>
<td>191.3</td>
<td>217.8</td>
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<tr>
<td>Hungary</td>
<td>7.7</td>
<td>19.3</td>
<td>18.2</td>
<td>32.5</td>
<td>181.8</td>
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<tr>
<td>Poland</td>
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<td>0.3</td>
<td>0.2</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Unspecified</strong></td>
<td>36.0</td>
<td>62.5</td>
<td>71.5</td>
<td>96.8</td>
<td>107.1</td>
</tr>
</tbody>
</table>


**Notes:** Data presented refer only to equity capital and reinvested earnings. For 1996, the data pertain to the corporate sector as no detailed breakdown is available for the $199.9 million inflows in the financial sector which would give a total of $1 438.9 million.
### Table 14: FDI stocks abroad, by industry, 1996-2000

(Millions of dollars)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>160.4</td>
<td>214.5</td>
<td>379.1</td>
<td>302.8</td>
<td>323.1</td>
</tr>
<tr>
<td>PRIMARY SECTOR</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture, hunting, forestry and fishing</td>
<td>-</td>
<td>-</td>
<td>0.1</td>
<td>3.9</td>
<td>3.2</td>
</tr>
<tr>
<td>Mining, quarrying and petroleum</td>
<td>0.8</td>
<td>0.7</td>
<td>19.5</td>
<td>23.5</td>
<td>24.0</td>
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<tr>
<td>SECONDARY SECTOR</td>
<td>63.6</td>
<td>69.6</td>
<td>129.7</td>
<td>89.1</td>
<td>100.8</td>
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<tr>
<td>TERTIARY SECTOR</td>
<td>96.0</td>
<td>144.2</td>
<td>229.8</td>
<td>186.3</td>
<td>195.0</td>
</tr>
<tr>
<td>Electricity, gas and water</td>
<td>1.5</td>
<td>34.2</td>
<td>46.7</td>
<td>38.8</td>
<td>31.4</td>
</tr>
<tr>
<td>Construction</td>
<td>0.9</td>
<td>0.9</td>
<td>1.1</td>
<td>1.0</td>
<td>12.2</td>
</tr>
<tr>
<td>Trade</td>
<td>19.5</td>
<td>43.9</td>
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**Notes**: Data refer only to equity capital and reinvested earnings. The secondary sector represents the industrial production as a whole.
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Note: Data presented refer only to equity capital and reinvested earnings.
Table 86: Largest home-based TNCs, 2001

(Millions of dollars)

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**A. Industrial**

**B. Tertiary**

**C. Finance and Insurance**

Assets

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C. Legal framework for FDI

1. National policy framework

The Slovak Republic considers FDI an important source of capital, markets, technology and management techniques. It recognizes its role in enhancing the export performance of its economy, in job creation, and in augmenting the development of its regions. To this end, the government has increased its effort to create a more transparent, complete and consistent regulatory framework. Recently, it has undergone significant legal and institutional reforms. In 2000 it established the Slovak Investment and Trade Development Agency (SARIO) responsible for ensuring close co-ordination and links to a number of state administration institutions and providing among other things a one-stop-shop to foreign investors. A strategy has been developed for the promotion of foreign investment inflows, setting out goals, areas, instruments and measures conducive to making the county's investment climate more attractive. The strategy mainly focuses on handling hitherto challenges to foreign investors and on developing incentives in support for FDI inflows. It aims at promoting activities pursued by strategic investors--investors with a long-term and relatively substantial investment in new technologies and constructions, thereby creating bigger jobs and improving the level of working conditions. Relevant legislations include the commercial code, the foreign exchange Act of 1999 (as amended), industrial parks law (as amended); Decree on Measures in support for significant foreign investments (May 2000); Act No. 175/1999 on certain measures relating to the preparation of major investments (effective August 1999), and strategic investors tax law and Income Taxation Act No. 466 (effective since 1 January 2001). As of December 2002, the main features of the national FDI regime included the following:

Admission and establishment: As a rule, foreign entities are permitted to establish business enterprises and to engage in most remunerative activities. There are limitations in certain fields. Foreign investor may enter the country both through establishment of a new company (incorporation) or by creating branch office. Business may be organized in the form of a public commercial company, a limited partnership, a limited liability company, or a joint-stock company. All companies are required to register with the commercial register before conducting business. The registration process bears a slight distinction between foreign and domestic residents.

Operational Conditions: There are no formal performance requirements for establishing, maintaining, or expanding foreign investments. However, certain requirements are imposed on projects involving large-scale privatization by direct sale or public auction. Foreigners need permits for work and for a long-term residence in the country.

Ownership and control: Foreign ownership of enterprises is unrestricted. However, in fields such as the broadcast service foreign participation may not exceed 49 per cent. A foreign entity may own real estate even with out being a legally registered Slovak company. Acquisition of real estate necessary for business premises for foreign investors (non-resident) is permitted if the investor has a place of business in a EU or OECD member state or has an enterprise unit established in Slovakia. Engagement in any type of authorized land transactions requires registration in a cadastre system.

Foreign exchange controls: The Slovak crown is fully convertible for current account and capital transactions. Advance notice may be required to transactions exceeding $50 million. Notification to the Customs authorities is mandatory for the export and import of more than 150,000 Slovak crowns ($3,750). Upon liquidation, foreign investors may repatriate the remaining funds once they have paid all their obligations. Transfers of payments including the initial and increased capital for the investment, profits, interest, dividends, and other income; funds in repayment of loans, royalties, or fees; and the earnings of foreign employees working in the country may be guaranteed through a bilateral arrangement.

Incentives: Investors are offered various kinds of incentives often contingent upon the performance or the existence of certain requirement determined by laws. A tax holiday is offered to
companies manufacturing import-substituting goods or goods that have never been manufactured in the country for export purposes. Foreign investors are eligible to a 100 per cent tax holiday for the first five years of operation, starting from the first profitable year and a 50 per cent tax holiday for the second consecutive five years (if the registered capital is increased) provided that (i) the source of their investment is abroad (ii) it exceeds 60 per cent of the total registered capital during the entire period of the tax holiday, (iii) the taxpayer is registered in the Commercial Register before 31 December 2003, and (iv) the foreign entity or its branch is located in Slovakia. In addition, other requirements are also set in terms of the minimum contribution based on the type and location of their activities. Strategic investors receive 100 per cent tax credit for a full 10 years provided they meet certain requirements including the creation of a new place of business, or upgrade an existing place of business or existing services, and invest $8 million, of which at least half must come from the company's own funds.

To provide potential investors with competitive investment incentives, the government has prepared a draft law on investment incentives while altering and amending certain laws. The primary goal pursued in developing the law on incentives was to establish a legislative framework allowing it to grant investment incentives through tax reliefs, contributions to newly created jobs and staff retraining comparable with neighbouring countries.

Corporate income tax on profits is generally imposed at an average rate of 25 per cent and 15 per cent on individual income tax. There is an average of 5.6 per cent value added tax (VAT). Withholding taxes are imposed on dividends, capital gains, royalties and other income paid to non-residents at a general rates of 15 per cent on dividends and interest and 25 per cent on fees and leasing income.

Source: based on received from the government of Slovak Republic, the Economist Intelligence: Internet (http://www.viewswire.com), the United States Commercial Service (http://www.usatrade.gov) and the IPA-net Investment Promotion Network (http://www.ipanet.net).

2. International Framework

a. Multilateral and regional instruments

b. Bilateral treaties


D. Sources of information

1. Official

Ministry of Economy
Ministry of Finance
National Bank of Slovakia
Slovak Investment and Trade Development Agency

2. Secondary


11. SNAZIR, “Strategy of the Slovak government to support the influx of foreign direct investment” (http://www.pubnet.sk/~snazir/Incentiv.htm).
