

PETERKA PARTNERS

YOUR CEE LAW FIRM

Czech Republic Slovakia Ukraine Bulgaria
Poland Romania Belarus Hungary

Ukrainian Desk

The Ukrainian Desk of PETERKA & PARTNERS is the main contact for Ukrainian business people wishing to expand their businesses outside Ukraine. While our Ukrainian office acts as a centre for doing business in Ukraine, the members of the Ukrainian desk also assist those Ukrainian businesses which do their business abroad.

We act as a bridge from Ukraine to our experts in the EU countries of the CEE region who advise on all aspects of corporate, commercial, tax, employment, immigration, and intellectual property law, as well as provide tailor-made solutions in almost any field of law to meet the expectations of the clients.

Our advantages:

- We speak Ukrainian, as well as other languages in order to make our clients feel at home
- We have a deep understanding of the business cultures of both Ukraine and the EU
- We have six offices in the EU and an extensive network of business contacts in 90+ jurisdictions throughout the world

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AVAILABLE STRUCTURES

(i) Self-employed individual, (ii) Business company, or (iii) Branch

The most common type of company and also easiest to establish/operate is a limited liability company (LLC). It can be established by one or several shareholders. An LLC must have registered capital of at least EUR 5,000, at least one trade licence, a registered office in Slovakia, and at least one executive director appointed and registered with the Slovak Commercial Register.

Unlike a company, a branch is a form of formal representation of a foreign company in Slovakia. It has no legal personality and any actions taken by it are considered to be taken on behalf of its founder, e.g., a foreign company. A branch does not create registered capital, but must have a registered office in Slovakia and comply with other requirements (licensing).

All companies and branches must be registered with the Slovak Commercial Register. If all conditions are complied with, the process is straightforward and it takes 2 to 4 weeks (in the case of an LLC).

Each of the above-mentioned structures can be an employer, i.e., it may employ employees in Slovakia.

LICENCES FOR CONDUCTING BUSINESS

A trade licence must be obtained if any of the above structures is used. It is granted by Trade Licensing Offices. In a number of cases, only general conditions are required to be met in order to obtain a trade licence (free trades). For conducting certain qualified activities, a specific professional ability or practice is required (craft trades and regulated trades). Subject to compliance with all statutory requirements, obtaining a trade licence is a quick process (usually a few days).

WHO CAN BE A FOUNDER OR SHAREHOLDER OF A COMPANY IN SLOVAKIA

Individual or entity can be the founder or the shareholder of a company, including foreign ones, regardless of their nationality or place of incorporation. A foreign individual is not required to obtain a residence permit in Slovakia in order to be the founder or shareholder of a Slovak company.

ACTING ON BEHALF OF A COMPANY OR BRANCH, REPRESENTATION

Each LLC must have at least one executive director (only an individual-natural person) who may act on its behalf in all matters. If more executive directors are appointed, they may act individually or jointly. In the case of branch, a director of the branch (only an individual-natural person) must be appointed. All companies and branches must be registered with the Slovak Commercial Register. If all conditions are complied with, the process is straightforward and it takes 2 to 4 weeks (in the case of an LLC). Third country nationals appointed as executive directors or directors of a branch, who are EU or OECD member state citizens, are exempted from the requirement to obtain a residence permit in Slovakia. Nationals of other countries appointed as executive directors or directors of a branch must apply for a temporary residence for the purpose of business before they are registered with the Slovak Commercial Register.

Each of the above-mentioned structures can be an employer, i.e., it may employ employees in Slovakia.

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TAX

The **corporate income tax** rate is 21% or 15%, for taxable revenue not exceeding EUR 49,790 in the relevant tax period. It is levied on legal entities and on entities not qualifying as natural persons, if their seat or their place of effective management is in Slovakia (tax residents). They are then liable to pay tax on income derived from Slovak sources and on income derived from sources abroad (worldwide income). Taxable income is accounted profit adjusted for items specified by the Slovak Income Tax Act. The tax period is the calendar year or financial year (it is the decision of the taxpayer).

There is no **withholding tax** on dividends paid out to corporate shareholders. Interest/royalties paid by a Slovak resident company to non-residents is in general subject to withholding tax of 19% or 35%, if paid to a non-resident from a state with which Slovakia has not concluded a DTT or agreement on the exchange of tax information. Interest/royalties paid by a Slovak resident company to any associated resident in another EU member state is not subject to withholding tax in Slovakia under certain conditions. The withholding tax rate may be reduced by a respective DTT.

Personal income tax rates in Slovakia are 19% (applicable for earnings less or equal to EUR 38,553.01 per year) or 25% (applicable for earnings above EUR 38,553.01).

Withholding tax of 7% applies to dividends paid out by domestic companies to individual shareholders (35% tax applies, if dividends are from foreign sources of a state with which Slovakia does not have a DTT or agreement on the exchange of tax information).

Indirect taxes. The Slovak VAT system applies EU VAT rules. The standard VAT rate is currently 20%. A reduced 10% VAT rate applies to selected products. The registration threshold for VAT purposes is EUR 49,790 within the preceding 12 calendar months. Taxable persons below such threshold may apply for voluntary VAT registration.

There is a standard system of **excise taxes** imposed on selected commodities such as beer, wine, spirits, tobacco products, mineral oil, liquid petroleum gas and methane, natural gas, electricity and coal.

There is a Double Tax Treaty for the avoidance of double taxation between Slovakia and Ukraine in place.



Ukrainian Desk

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