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EIT-Food Startup Guide **Slovakia**



Contact

EIT Food accelerates innovation to build a future-fit food system that produces healthy and sustainable food for all.

We believe inclusive systems innovation, which enables all people and places to participate and benefit, is essential to a strong food system that is better for everyone. With teams on the ground across Europe, we bridge the gap between countries and regions with low innovation capacity and those leading the way. And we put consumers at the heart of our work, helping build trust by reconnecting them to the origins of their food, directly involving them in the innovation process, and working with the food sector to increase transparency. Collaboration is central to all our work, which spans the whole food value chain, and is vital to meet the big challenges we face. Together with our community, we will build an innovative and resilient food system that in turn creates a healthier society and planet.

**This report was prepared by Enky Consulting
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Disclaimer: The guide is intended to help entrepreneurs and startups. However, it does not replace seeking professional advice and guidance. As such, although EIT Food has made every effort to ensure that the information in this book is useful, they do not assume any responsibility for the outcome of your business.



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Welcome to the market!

We are pleased to hand over to you this very latest edition of the EIT-Food's startup guide. Doing business requires strength and resilience, but doing business in agriculture and in the food industry requires passion and willingness to overcome specific challenges. Some of those challenges are nature driven to which we may just need to be able to adapt and manage. The other group of challenges stem from complexity of the markets, regulatory environments or geographical differences. These we can address and that is precisely the aim of this guide. We want to help you in your business location decisions, whether you are at the start of your entrepreneurial journey or already plan to internationalize your business across Central & Eastern Europe.

As an entity building the EIT-Food network in Central & Eastern Europe (as well as in the Nordics region), our Co-Location Centre (North-East) implements a variety of programmes targeting the key challenges and priorities of agricultural and food system development. We are pleased to see your interest in making it happen through products and services brought to our market.

In current macroeconomic environment where supply chains remain volatile and market transparency is hampered, the access to information about the ecosystem is essential. That is why we focus in this guide on helping you quickly determine how a local ecosystem in Slovakia in the ag-food sector works. In view of that we give you a picture of top regulators, policy makers and startup community developers. We hope the guide would serve as a reference for your entrepreneurial efforts all across the way from being technology developer to acting as a solid market player on the market.

Wishing you all the best for your ag-food business,

Marja-Liisa Meurice
Director of EIT-Food CLC North-East

EIT-Food Startup Guide Slovakia 2022

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EXECUTIVE SUMMARY

GDP: **USD104.6 billion** in 2020

Registered unemployment rate (end year): **7.57%**, 2020

Member of the European Union, NATO, OECD, WTO and Schengen zone

Total area: **49,033,908 sq. km**

Slovakia is the second-largest country in the world in terms of the supply of **drinking water**

The only country in the V4 region that uses the **euro as its currency**

According to the fDi Markets ranking, Slovakia is an attractive FDI destination due to a relatively low-cost yet skilled labour force, and a favourable geographic location in the heart of Central Europe

GDP per capita (Current PPP); **USD19,156,89** in 2020

In the Slovak economy, agriculture creates about **2%** of gross value added and employs about **2.8%** of the workforce

Slovakia has the highest average area of monocultures in the EU. The average size of fields in Slovakia is up to **12 hectares** (ha) according to satellites

LOCAL AGRIFOOD MARKET INSIGHTS



1.1. Introduction

Since 2002, Slovakia has been the fastest-growing economy among all Central European countries and one of the fastest-growing economies of all 30 OECD member countries. As a result, we are gradually catching up with the standard of living of the most advanced countries. Slovakia actually has an A+ rating by Standard & Poor's and an A2 rating by Moody's.

The traditional driver of the Slovak economy, which accounts for about 27% of GDP, is industrial production. Slovakia's strong industrial tradition and long-term focus on technical skills are currently reflected in the dominant position of the automotive industry (Slovakia is the largest car producer per capita in the world) and other closely related sectors, such as engineering and electrotechnical industries, in the Slovak economy. In addition to traditional sectors, new sectors such as the information and communication technology sector and the shared and corporate service centres sector have also taken a significant position in our economy.

Thanks to gradual automation and innovation, the modern food sector has maintained a strong position in the Slovak economy. Development in private companies takes place in close cooperation with public research institutions such as the AgroBioTech Research Centre, the National Agricultural and Food Centre, and the Faculty of Chemical and Food Technology at the Slovak University of Technology in Bratislava. The food industry has a strong presence in all regions of Slovakia and produces a wide range of food products, from meat processing through bakery, dairy and other products to the production of various types of beverages.

“Business figures are encouraging, at least for a large part of the industry, indicating that the sector is strong and resilient and able to supply the market with safe and affordable food. However, this by no means means that the chain is strong and cohesive. We must continue to strive for fair cooperation, an even and above all, we must strive to sign long-term contracts for the cooperation. It is only by cooperating with each other that we will maintain and improve our economic position of family farms, agricultural businesses and the food processing industry and, ultimately, to satisfy the needs and demands of the modern consumer. ”

Tatjana Zagorc, PhD GZS-ZKŽP and Janez Rebec, MSc UO GZS-ZKŽP



Why invest in Slovakia – top 10 reasons¹

1

CONVENIENT LOCATION

Slovakia has not only a strategic location in the heart of Europe, but above all excellent motorway and rail connections to the main European sales and supply markets. There are 600 million potential consumers within a radius of 2,000 km from the Slovak border. For shared service centres, the time zone (GMT+1) is also an advantage, as it allows you to collaborate with clients around the world.

2

SECURITY AND STABILITY

According to data from the credit insurance group Credendo, Slovakia is one of the safest and most politically stable countries in Europe. Slovakia has the lowest risk among EU countries specifically in the following categories: risk of political unrest, risk of state interference in private property, and currency and transfer risks (credit insurance group Credendo).

3

MEMBERSHIP OF THE EUROZONE

Slovakia, as one of the few countries in the region, has been a member of the euro area since 2009. The introduction of the euro as the official currency means reduced transaction costs for investors, reduced risk from currency volatility, and increased economic and financial stability.

4

SKILLED AND AVAILABLE WORKFORCE

The workforce in the Slovak Republic is characterized by quality, qualifications, loyalty to the employer and excellent language skills. Compared to the countries of Western Europe, the cost of this labour is still relatively low.

5

LABOUR PRODUCTIVITY

According to OECD data, Slovakia has the highest labour productivity in the region. This allows investors to achieve higher output rates at the same labour costs as other Central and Eastern European countries (OECD).

¹ <https://www.sario.sk/sk/investujte-na-slovensku/sektorove-prehlady/potravinarsky-priemysel>

6

IMPROVING BUSINESS ENVIRONMENT

The growing competitiveness of the Slovak economy is also reflected in the long-term progression in the Global Competitiveness Ranking (World Economic Forum). Progress in the ranking is the result of long-term and systematic implementation of measures in favour of entrepreneurs. Examples of such measures are regular anti-bureaucratic packages (the so-called “entrepreneurial kilometre”, the introduction of the “one year - one rule” rule and the introduction of the so-called “Kurzarbeit”).

7

INNOVATIVE ECONOMY AND TECHNOLOGY TRANSFER

Slovakia is not only a regional leader in the number of installed industrial robots per employee in industry (International Federation of Robotics), but also in the ability of the workforce to adopt and adapt to new technologies (World Economic Forum). Statistics show a high potential for technologically demanding industrial projects and technology centres.

8

OPENNESS OF THE ECONOMY

Slovakia has long been one of the most open economies in the world. When comparing countries based on the ratio of the value of exports of goods to the GDP of a country, Slovakia is the most open country in the EU (Eurostat).

9

DEVELOPED INFRASTRUCTURE

Several EU major transport corridors pass through Slovakia. In connection with the advanced and constantly developing road and rail infrastructure, it can be concluded that Slovakia has the potential to become one of the most important logistics hubs in Europe.

10

SUPPORT MECHANISMS

Investors in Slovakia can benefit from an attractive regional investment aid scheme, a preferential tax regime for research and development activities, and other support mechanisms.

1.2. Local agrifood market statistics

In the Slovak economy, agriculture creates about 2% of the gross value added and employs about 2.8% of the workforce. It is the issue of the high number of areas of monocultures in Slovakia that resonates in professional circles as an element disturbing biodiversity in the agricultural country. Slovakia has the highest average area of monocultures in the EU. The average size of the fields in Slovakia is up to 12 hectares (ha) according to satellites. The EU average is 3.9 ha. We see the contradiction between direct support to farmers, which is paid on the basis of acreage and biodiversity requirements of the country, but which does not enjoy financial protection among farmers, as the reason for this policy. There are only a few farms that systematically reduce monocultures and plant trees, including along country roads, at their own expense in order to restore the biodiversity of the environment. Such farmers are rather the exception.

The second interesting phenomenon is the gradual increase in the share of growing industrial crops that are not intended for consumption, but as a component of biofuels. Despite the fact that Slovakia has relatively large areas of fields and pastures, it is not self-sufficient in the field of food production. In addition, Slovakia is beginning to experience more significant climate change, which is manifested especially in the spring and summer months by long periods of drought.

In the case of livestock production, there has been a decline in the number of pigs (mainly due to swine fever). Among the EU member states, 143 million pigs, 77 million cattle, 62 million sheep and 12 million goats were kept in 2019. The numbers of all four of the most common species of livestock have been declining in the last two years. Their breeding in Slovakia has the same curve. The number of cattle has been decreasing since 2012 – from 471,000 to 432,000 in 2019.

The support for bio breeding and bio cultivation is very low, and this type of business is not financially interesting. Therefore, it is rather typical for small farmers and households. Direct and indirect subsidies to farmers are paid by the Agricultural Paying Agency. Available resources in English (link and references): <https://www.apa.sk/en/>

The food industry is distributed relatively evenly throughout the Slovak Republic. Some unions are represented mainly in cities, at the point of consumption, such as breweries, the meat industry and confectionery, while others are linked to the production areas of agricultural crops, which are processed raw materials of the sector, such as distilleries, canneries, wineries, meat, bakeries and confectioners although they do not avoid investment in novelties. The balance of Slovakia's foreign trade in the food category traditionally shows a relatively high negative balance. Thus, more food will be imported into Slovakia than exported from Slovakia. In addition to this imbalance, the structure of cross-border food trade is also a problem. Food, which could come from domestic production, also accounts for a significant share of almost four and a half billion imports, as agriculture is too focused on growing cereals and oilseeds. Fruits, vegetables, but also meats are imported in large quantities. In addition, basic raw materials predominate in exports. Exports of finished food with higher added value are relatively low. The share of value added in food production is less than 6%.

**MAIN
STAKEHOLDERS IN
THE LOCAL AGRIFOOD
INDUSTRY**

2



2.1. Key Slovak private and public companies

The main trend in the food industry is the evident increase in demand for products suitable for a specific lifestyle. This, given the trend for alternative foods, has put specific pressure on the growing supply of plant-based foods. Significant innovative elements are gradually penetrating food production, not only in the field of food production automation, but also in energy saving and greening of production processes.

In Slovakia, companies that have been able to innovate and introduce products that are healthier or respect the specific lifestyle of their customers have been gaining ground recently. This pressure is exerted mainly from below – by the customer. The high proportion of allergy sufferers and people with various food intolerances is gradually changing the market and is fuelling the return to healthier production while reducing the proportion of stabilizers and emulsifiers. These trends are already reflected at the level of retail chains, which want to ensure higher sales and customer satisfaction through such products. And it is the retail food chains that make up the largest share of sales of food products by Slovak food producers. The largest food producers are as follows:

1. Among the largest producers of meat products we can include:

Tauris Group – ca EUR117 mil. turnover in 2021
MECOM GROUP – ca EUR139 mil. turnover in 2021
HYZA – ca EUR99 mil. turnover in 2021

2. The largest milk producers are:

AGRO TAMI – ca EUR74 mil. turnover in 2021
Zvolenská mliekareň – ca EUR27 mil. turnover in 2021
Levické mliekarne – ca EUR20 mil. turnover in 2021

It is interesting that cattle breeding and thus milk production have been declining in Slovakia for a long time, yet all larger dairies are able to survive. The reason is the possibility of importing cheaper foreign milk, which domestic producers are often unable to compete with. Again, this is an anomaly in farmers' subsidy policy, which is causing disproportionate foreign milk production.

The largest bakeries in Slovakia are:

Penam – ca EUR57 mil. turnover in 2021

VAMEX – ca EUR19 mil. turnover in 2021

However, the trend of establishing smaller bakeries, which offer healthier pastries, although at higher prices, is very interesting. Finally, we would like to mention other important segments that are moving the food market. It is mainly hotel restaurants and public catering businesses that consume a large part of food production.

And it is important for them to know the origin of food and be sure of its origin. In recent years, there has been a noticeable trend that better restaurants buy food from local producers and see this approach as a marketing tool through which they can gain, but also retain, customers. There are far worse impacts on those catering establishments that rely on purchasing the cheapest foodstuffs (school catering entities, hospitals, large entities, large kitchens, variations of larger entities), which perceive food quality as a secondary issue. There is also no support for the procurement of food from local suppliers, small producers and holders of regional product brands, which guarantees not only the origin of the food but also the quality.

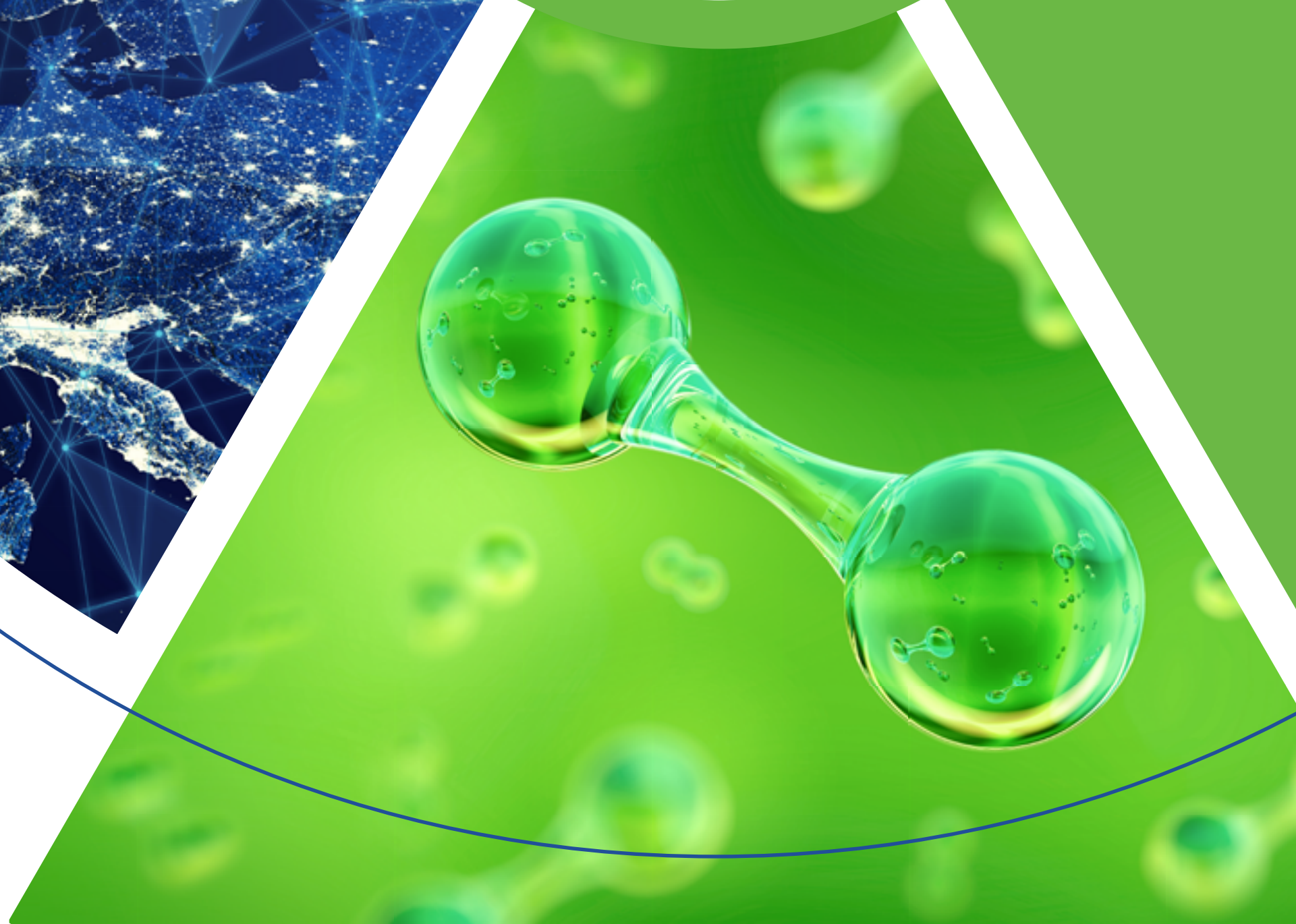
Research organizations are another important component of the agrifood sector:

Slovak Centre for Agricultural Research based in Nitra. National agricultural and food centre including the following research institutes:

- Research Institute of Plant Production in Piešťany
- Research Institute of Animal Production in Nitra
- Research Institute of Grasslands and Mountain Agriculture in Banská Bystrica
- Research Institute of Soil Science and Soil Protection in Bratislava
- Food Research Institute in Bratislava
- Research Institute of Agricultural and Food Economics in Bratislava
- Research Institute of Agroecology Michalovce

AgroBioTech is a research centre focused on applied research in agriculture and food. This regional competence centre of applied research and development in Nitra integrates top applied research through a partnership of three institutions: Slovak University of Agriculture in Nitra, Constantine the Philosopher University in Nitra and the Centre for Plant Biology and Biodiversity SAS. AgroBioTech is a research centre equipped with a modern research infrastructure that enables the implementation of research at the international level. Finally, it is necessary to mention the new trend of food production using traditional non-automated processes. These include, in particular, craft breweries, distilleries, producers of healthy confectionery, poultry farmers and small-vegetable growers. Vegetables make up a very high share of imported production to Slovakia from abroad due to the very low subsidy support for vegetable growers.

AGRIFOOD ECOSYSTEM



3.1. Funding opportunities for agrifood start-ups

Please see the mapping document [here](#) for all local incubators and accelerators that support opportunities for agrifood start-ups.

| Name of opportunity/ investor/ organisation | Type of support (risk capital financing, angel investors, government financing, EU funding, start-up loans, incubator/accelerator financing, competition for cash prizes, etc.) | Short description of opportunity, target group (vertical and stage), eligibility requirement, and funding amount or average ticket size | Link | Timeline (application deadline, important dates, etc.) |
|---|--|--|---|---|
| Ministry of Economy of the SR | Non-repayable financial assistance | Scheme to support small and medium-sized enterprises in the Slovak Republic Scheme to support the development of the creative industries Family business support scheme Programme to support successful business practice and business education Start-up support programme Internet economy support programme | http://www.sbagency.sk/statne-programy | Some calls are already closed but are expected to open |
| Slovak Business Agency | Non-financial assistance – various types of counselling and education | Non-financial assistance <ul style="list-style-type: none"> ▪ Business consulting ▪ Management consulting ▪ Legal advice ▪ Accounting advice ▪ Tax advice ▪ Financial advice <ul style="list-style-type: none"> ▪ Web campaigns ▪ Support in obtaining grants, loans and financial contributions ▪ Economic and technological research ▪ Support for participation in research and development programmes | http://www.sbagency.sk/nefinancne-sluzby-pre-zaujemocov-o-podnikanie | Assistance is ongoing |

- Commercialization of the results of research and development programmes
- Technology marketing
- Protection of intellectual property
- Regional innovation strategies
- Networking
- Entry into European markets
- Targeted international company meetings
- Services for foreign companies in investment consulting

Financial aid:
Startup Sharks

Startup Sharks

Is implemented through the Start-up Support Scheme (de minimis aid scheme) and the Start-up Support Programme announced by the Ministry of Economy of the Slovak Republic and financed from the state budget of the Slovak Republic. The support provided under Startup Sharks will contribute to a more economically suitable setting of business plans and thus reduce the risk of start-ups failing.

<http://www.sbagency.sk/startup-sharks-0#.YZutLNDMJPY>

Assistance is ongoing

Microloans

Microloans

- loan amount: from EUR2,500 to EUR50,000
- loan maturity: 6 months to 4 years (possibility of deferred payments by 6 months)
- interest rate: from 1.26% to 9.16%

<http://www.sbagency.sk/mikropozicky>

Assistance is ongoing

Innovation and Technology Fund

Innovation and Technology Fund

The mission of the Innovation and Technology Fund is to support entrepreneurial initiative by providing risk capital and thus to develop entrepreneurship, employment and the economy towards an innovative economy. It was created in response to the emerging demand for venture capital

<http://www.fondfit.sk/>

Assistance is ongoing

Venture capital fund

Venture capital fund – Národný holdingový fond s.r.o. Fund

- a specialized subsidiary of Slovak Business Agency, which implements support in the form of risk capital
- support for growth-oriented business projects in the form of providing risk capital (contribution to the share capital of companies)
- directs the activities of individual funds so as to stimulate the development of the SME sector in the whole territory of the Slovak Republic
- manages funds directly under the management of the company (without legal personality) and funds in which private investors have invested capital together with the NH Fund – Slovak Growth and Capital Fund, Slovakia

<http://www.nhfond.sk/>

Assistance is ongoing

Eterus Capital

Venture capital fund – Národný holdingový fond s.r.o. Fund

The aim is to acquire majority and minority business shares and provide a contribution to the equity of successful Slovak companies and projects that provide an adequate return and risk profile.

<https://eterus.sk/>

Assistance is ongoing

SIEA – Slovak Innovation and Energy Agency

Innovation voucher

Innovation vouchers can be used by companies for education, i.e. for innovative training, seminars and capacity building.

<https://www.siea.sk>

From 22.06.2021

Innovation voucher

Also for consulting services focused on mapping, planning, implementation, analysis and technical feasibility of innovations in the company. And also services and consulting in the field of research and development. At the same time, the SIEA provides non-repayable financial assistance through various types of calls.

[https://www.siea.sk/strukturalne-fondy-eu/aktualne-vyzvy-
implementovane-siea/](https://www.siea.sk/strukturalne-fondy-eu/aktualne-vyzvy-implementovane-siea/)

Calls are published on an ongoing basis

Seal of excellence

Exceptional projects that have received the European Seal of Excellence mark can apply for support from Eurofunds

Funding can be obtained from R&D projects of micro-, small and medium-sized enterprises that have been awarded the Seal of Excellence mark after 1 January 2018 under the Horizon 2020 EIC Accelerator Pilot scheme for their technological innovation and have not been directly involved. managed by the European Commission. The mark of excellence for quality is awarded to projects based on evaluation and ranking by independent experts, and these projects are considered to be excellent and worthy of public funding. In terms of focus, these are industrial research and experimental development projects in various sectors of the economy, while directly contributing to the achievement of the Green Deal and/or Digital Europe objectives.

<https://www.opvai.sk/vyzvy>

Assistance is ongoing

Agricultural Paying Agency (PPA)

Non-repayable aid EU aid for young farmers

Support for the start of farming up to €50,000. There is currently no challenge and it is not certain when and if such a challenge will take place. However, we expect that the pressure of young farmers on PPA will perhaps renew the challenge, and that is why we present this information.

www.apa.sk

Agricultural Paying Agency (PPA)

Innovative technologies in agriculture

Non-repayable financial assistance for farmers for innovation in production technologies and energy savings. Unfortunately, these challenges are not active at the moment, but we expect them to open in the near future.

<https://www.apa.sk/aktualne-vyzvy>

3.2. Local incubators and accelerators that support agrifood start-ups

The most important science and research centre in the field of agrobiotechnologies is AgroBioTech in Nitra. It is equipped with a modern research infrastructure, thus enabling the implementation of high-level research, applicable in practice, linked to the key needs of priority themes in agrobiology, agricultural processing technology and agrifood, biotechnology, genetic technologies, agroecology, bioenergy and bioeconomics. Its mission is to act as a regional centre for applied research, integrating crucial research activities, which will allow the achievement of a synergic effect in the use and increase of the research potential of SUA.

The role of the AgroBioTech Research Centre is to carry out top research, but especially research with a direct impact on social practice, the emergence of innovations, and the development of modern technologies and consulting services for the implementation of research and development results into practice.

Another important entity in Slovakia is the Slovak Business Agency, which offers the services of a business incubator. Incubators provide a wide range of services, which vary according to the type and specialization of the incubator and its capacity, and adapt to demand, regional requirements and the local level of development, the structure of the local business environment and the business infrastructure. As part of their consulting services, they offer a wide range of advice in several interesting and necessary areas for successful business.

Most successful incubators provide complete services through a combination of internal resources (provided by incubator staff) and external suppliers and partners. The basic services of an incubator according to their focus include rental of non-residential premises, information services and consulting services. According to the payment for the service, we distinguish between services included in the lease, services provided on a commercial basis and intermediary services provided on a commercial basis.

Incubators provide services free of charge or for a fee to entrepreneurs in the pre-incubation stage in order to create the basic conditions for meeting the conditions of entry into the incubator, e.g. the provision of basic information and advisory services for business registration, and the development of a business and financial plan. However, the largest range of different services is available to existing entrepreneurs – incubator tenants. But even former tenants can use some special services such as project elaboration, project management, project involvement, sponsorship, website promotion, etc.

The AgroBioTech SPU Research Centre in Nitra focuses on the following main areas:

- agrobiology
- applied ecology and bioenergy
- bioeconomics
- biosystem engineering
- biotechnology and landscape modelling
- food technology and biotechnology

Výskumné centrum AgroBioTech SPU v Nitre

Trieda A. Hlinku 2, 949 76 Nitra

<https://www.agrobiotech.sk/>

HOW TO SET UP A COMPANY IN SLOVAKIA



4



4.1. Setting up a legal entity in Slovakia

Since a legal entity has legal personality (legal capacity), it must be represented by someone, someone must be its founder and it must meet the conditions prescribed by law at the beginning of its creation.

Establishment of legal entity

The establishment of a legal entity consists in the writing of founding agreements, which according to the law and depending on the selected legal form can be called something different. It is important to note that such a founding document must be written in the Slovak language. The foreign founder of the company must therefore look for a professionally qualified person who will prepare the documentation for them. However, as this is a relatively simple procedure, it is also cheap and the processing of founding documents does not usually exceed €200. It is expensive to set up a European company, but this legal form is not typical of start-ups.

The establishment of a legal entity is subject to administrative court fees for registration:

- a) Joint-stock company EUR700/using electronic method EUR375
- b) Other legal entities EUR300/using electronic method EUR150
- c) Organizational unit of the legal entity EUR300/in the case of electronic submission EUR150
- d) An enterprise or an organizational unit of an enterprise of a foreign person EUR300/in the case of electronic submission EUR150

Conditions for the establishment of individual legal forms of a legal entity:

All legal entities are registered as entrepreneurs in the Commercial Register, which is kept by the district courts at the registered office of the established legal entity.

“Slovakia has a strong position in the production of field crops, mainly cereals, and oilseeds. Within the framework of the Common Agricultural Policy for the years 2023-2027, Slovak agriculture has the ambition to reverse the significant decline in the production of fruit and vegetables and livestock products and thus create the prerequisites for sustainable farming and ensuring a diversified diet for consumers. The Common Agricultural Policy national strategic plan aims to develop mainly those agricultural sectors that bring the highest added value to the Slovak countryside, environment, and society. Slovakia, with more than 3,800 food processing companies, is one of the most labour-productive countries in the CEE region, in terms of costs, productivity, and qualification. Higher demand for environmental protection and food quality and quantity nowadays requires innovation throughout the whole food chain. The necessary investments will also be supported with modern financial instruments that will increase the time flexibility, and transparency of subsidies, and reduce administration and bureaucracy. Another important aspect is the improvement of cooperation between farmers and food producers with experts from research institutions and universities.”

Miroslav Záhradník, Dairy Economics Specialist, National Agricultural and Food Centre, Slovakia

Public trading company (VOS)

A VOS is defined in the Commercial Code (Act No. 513/1991 Coll.) in § 76 – § 92. Conditions for the establishment:

ADVANTAGES

- Easy to set up
- No capital is required
- There is a ban on competition for all partners
- Simple organizational structure (bodies are created only by agreement, they are not created by law)
- Profit is not taxed and is passed on to shareholders

DISADVANTAGES

- At least two partners
- They are fully liable for the company's liabilities
- They all bear the profit and the loss equally
- Although a VOS does not pay income tax, it must file a tax declaration
- Partners who admit their share in the profit of a VOS also submit a tax declaration
- This profit is subject to levies

Documents required for registration in the Commercial Register:

- Company establishment contract
- Authorization to do business in the subject of business

The articles of association must contain:

- Business name and registered office of the company
- Names and residences of the partners
- Type of business
- The application for registration, which is submitted and signed by all founders, and their signatures must be officially certified



Limited partnership (KS)

A KS is defined in the Commercial Code (Act No. 513/1991 Coll.) in § 93 – § 104. Conditions for establishment:

ADVANTAGES

- Easy to set up
- No capital is required
- In a limited partnership, the prohibition of competition applies to the limited partner. This only applies if the memorandum of association is not stated otherwise
- General partners guarantee all their property
- The limited partners guarantee the amount of their unpaid deposit
- Simple organizational structure (bodies are created only by agreement, they are not created by law)
- Profit is not taxed and is passed on to shareholders

DISADVANTAGES

- At least two partners
- Although a KS does not pay income tax, it must file a tax declaration
- The partners who admit their share in a KS's profit also submit a tax declaration
- This profit is subject to levies

The business register shall provide:

- Memorandum of association – signed by all founders with officially certified signatures
- Authorization to do business in the subject of business
- Declaration of the deposit administrator – according to a special law (§ 60 par. 4 of the Commercial Code)



Limited liability company (SRO)

An SRO is defined in the Commercial Code (Act No. 513/1991 Coll.) in § 105 – § 153.

ADVANTAGES

- An SRO can be established by one physical or legal person (fee €331.50)
- The partner is liable for a breach of obligations only up to the amount of unpaid share capital
- The company guarantees all its assets
- The value of capital is only €5,000, and these funds are intended for business
- The minimum deposit of one partner is €750
- The deposit can be repaid gradually
- A share in an SRO can be inherited
- An SRO has no obligation to create a reserve fund. It has a simple organizational structure
- The directors and members of the SRO Supervisory Board are subject to the prohibition of competition

DISADVANTAGES

- An SRO company may have a maximum of 50 partners
- An SRO company with one partner cannot be the sole founder or sole partner of another SRO
- If the company is founded by one founder, the entire share capital must be paid up upon its registration in the Business Register
- The partner cannot withdraw from the limited liability company via a unilateral legal act
- Profit after tax in the case of dividend payments is subject to additional taxation

Documents and steps to be required for registration purposes:

- Authorization to do business in the subject of business
- Memorandum of association – in the case of a single founder with an officially certified signature or the memorandum of association; in the case of several founders with their officially certified signatures, or the articles of association – if they have been adopted
- If there is only one founder, they submit a Single Shareholder Statement – the single founder confirms that they are not the only shareholder in more than two SROs
- A depositor's statement on the repayment of deposits – that the share capital of EUR5,000 was paid in cash at the hands of the depositor. The administrator of the deposit is one of the founders of the company, which is listed in the articles of association (charter)
- If the share capital is invested by a non-monetary contribution, an expert opinion is also submitted – it proves that the value of the non monetary contribution corresponds to the value of the assumed liability for the contribution to the company's assets, if a non-monetary contribution was made to the company
- Signature specimen of the manager or managers
- Lease agreement or consent of the property owner, required for registration of the property address, or letter of ownership, to the property
- The completed form "Proposal for registration of a limited liability company in the Business Register" is submitted to the Business Register



Joint-stock company (AS)

An AS is defined in the Commercial Code (Act No. 513/1991 Coll.) in § 154 – § 220.

ADVANTAGES

- Joint-stock companies are attractive for entrepreneurs who plan to do business in capital-intensive industries (unlimited number of shareholders)
- The shareholder is not liable for the company's liabilities at all
- One gets the impression that a joint-stock company can withstand market turbulence for longer than a limited liability company
- In the eyes of financial institutions such as banks, a joint-stock company can act as a strong entity that will be allowed to lend rather than a limited liability company
- The relative anonymity of shareholders in a joint-stock company (the list of shareholders in the Central Securities Depository is not accessible to the public)

DISADVANTAGES

- At least EUR25,000 is required as a contribution to the share capital when it is set up
- At its inception, it must have already created a reserve fund of at least 10% of the share capital
- It can be established by one founder only if the founder is a legal entity
- The complex structure of the company's bodies + members of the Board of Directors and the Supervisory Board are elected for a maximum period of five years
- More expensive company formation (€829.50)
- Profit after tax in the case of dividend payments subject to additional taxation

Conditions and steps for registering an AS on the Business Register:

- Subscription of the entire value of the registered capital
- Repayment of all non-cash deposits to which the founders have committed
- Repayment of at least 30% of all cash deposits

Documents required for establishing an AS:

- Founder contract – in the form of a notarial record in the case of a single founder (only a person with legal personality can be the sole founder)
- Memorandum of association – in the form of a notarial record in the case of several founders
- Statutes
- Decision of the Supervisory Board on the election of the Board of Directors – if the Board of Directors is elected by the Supervisory Board on the basis of the articles of association
- Written statement by the deposit manager
- Expert opinion – proves that the value of the non-monetary contribution corresponds to the issue price of the shares paid up by this deposit if a non-monetary deposit was made in the company
- Authorization to do business in the subject of business
- Other documents that certify the facts according to special regulations

Simple stock company

A simple stock company (JSA) is a new type of business company regulated by Act No. 513/1991 Coll. Commercial Code as amended. This type of business company could be established from 2017. A simple stock company is a capital trading company, which combines elements of an SRO (low capital requirements, simple company structure) and an AS (the share in the registered capital is determined by the share with a certain (nominal) value; the sum of the values of the shares corresponds to the registered capital).



Cooperative legal entity

A cooperative legal entity is defined in the Commercial Code (Act No. 513/1991 Coll.) in § 221 – § 260.

ADVANTAGES

- Entry capital only €1,250
- In legal relations with third parties, the cooperative is liable for breach of its obligations with all its assets
- The members of the cooperative do not guarantee the obligations of the cooperative
- Anonymity of ownership – the owners of the cooperative (its members) do not register in the commercial register or in any state records
- "Openness" of the cooperative – membership can be transferred without the need to comply with legal formalism.
- The transfer of membership does not even have to be approved by any bodies of the cooperative or its members
- There is no need to change the articles of association or the statutes
- No entry in the registers is required. From day to day, a person can be a member of a team, or may leave it

DISADVANTAGES

- It must have at least five members; this does not apply if its members are at least two legal entities
- Its "image" prejudices in understanding the name of the team. However, this disadvantage is questionable when making a serious comparison

Documents required for registration in the Commercial Register:

- Notary summary – from the inaugural membership meeting
- Statutes – these are attached to the notarial minutes
- Proof of repayment of a specified part of the registered capital
- Proof of trade or other business licence

4.2. Opening a branch of a foreign entrepreneurship

A branch is the best way to do business in cases where a foreign company wants to start a business in Slovakia. The main feature of a branch office is that the parent company is fully liable for the branch's liabilities. A branch established in Slovakia is not considered a legal entity and the foreign company is entirely responsible for its actions. A Slovak branch office must present every year the balance sheet and the statements on losses and profits of the foreign parent company. Also, it must keep its own statements of accounts and deposit them every year, like a regular local company.

Usually, a trade permit must be received before starting certain types of business by local companies, but also by branches. The licence may be a free trade licence, a conditional trade licence or a trade certificate (for businesses that require a higher degree of performance). The trade licences or certificates are received from a one-stop shop after paying a fee and are released at a maximum rate of one a month.

It is mandatory for branches that have opened in Slovakia to apply with the relevant documents at the one-stop shop before beginning any activities. A registration fee must also be paid.

Requirements for setting up a branch office in Slovakia in 2022

Although it is a rather simple business form, there are still specific requirements that must be respected upon the creation of a branch in Slovakia in 2022. The following aspects must be considered when setting up a branch office in this country:

- a) The branch office can be registered by a single foreign entity, therefore it is not permitted for two companies to join their efforts in a branch office.
- b) It is a mandatory requirement for the branch office to have a registered address in Slovakia.
- c) The branch must have at least one director who is a natural person and who is a resident of an EU country.
- d) If the director is from a non-EU country, he or she must obtain a Slovak residence permit.
- e) There are no share capital requirements imposed on a foreign company for the creation of a branch office.
- f) The parent company will bear all the liability for the Slovak branch office's debts and obligations.
- g) All companies in Slovakia, including branch offices, are required to have e-mail addresses starting from 2017.



4.3. Required permits for agrifood businesses

Doing business in the field of agriculture is not a mortgaged trade and therefore a legal entity does not need to obtain any authorization for such a business. However, they must register it in the Business Register.

In the field of food, as well as in the production of their own products from crops that the farmer grows, or from animals that they keep themselves they already require a business licence. It is food production that is subject to strict hygiene standards. Therefore, in addition to the authorization to conduct business in this area, it is necessary to have permits from the Regional Office of Public Health, and in the case of production located in real estate (which is most cases of food production), it is necessary to have these premises approved. A number of state institutions have commented on the approval, taking into account not only food safety, but also the processes that take place in food production in order to protect not only the consumer but also the produce's employees.

<https://www.ruvz.sk/>

The State Veterinary and Food Administration of the Slovak Republic is another state body that enters the food trade.

<https://www.svps.sk/>

The Central Agricultural Inspection and Testing Institute in Bratislava certifies the biodegradability of a product that a manufacturer claims is biodegradable.

<https://www.uksup.sk/>

4.4. Organizations providing support in setting up company in hub country

In addition to a number of commercial consulting companies, there are also state-organized forms of support for business start-ups. The activity of commercial consultants differs significantly from the support of state organizations. Private consulting companies provide assistance mainly in orienting oneself in the legal environment, in the field of taxation, in the field of employment and in the establishment of legal entities.

4.5. Contact details for the hub organization

Slovak Business Agency

Karadžičova 2

811 09 Bratislava

T: +421220363100

E: agency@sbagency.sk

W: <http://www.sbagency.sk/kontakt>