

“100 measures for business sector” - Overview of the most recent measures to enhance the business environment after the downturn caused by the COVID-19 pandemic

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Following the adoption of the first series of anti-bureaucratic measures to support the business sector in recovering from the situation caused by the COVID-19 pandemic, our alert provides a summary of the most significant measures with a general impact on the business environment in the Slovak Republic.

If you are interested in more detailed information on the measures being taken in relation to the spread of the COVID-19 in Slovakia and around the world, please visit the centralized White & Case hub at: <https://www.whitecase.com/coronavirus-hub>.

The first part of the “100 measures for business sector” was adopted by the Parliament on 9 July 2020 in the form of an act that amends certain laws in connection with the improvement of the business environment affected by measures to prevent the spread of the dangerous contagious human disease COVID-19 (the “Act”). In particular, it amends 40 acts regulating the business environment and public administration, and it shall become effective on the day of its publication in the Collection of Laws.

The Act is awaiting signing by the President of the Slovak Republic and its subsequent publication in the Collection of Laws. The intention of the Ministry of Economy, which introduced the Act, is to remove certain general bureaucratic restrictions affecting entrepreneurs and to support the business sector. This overview covers the most important measures broken down by the sectors they regulate. According to available information, other measures from the “100 measures for business sector” package are expected to be adopted in autumn 2020.

Overview of the Most Important Measures

1. Accounting, Audit and Taxes

Narrowing the range of entrepreneurs who will have to audit their financial statements

- The measures raise the thresholds, in **two phases**, for the obligation to have individual financial statements audited. **With effect from 1 January 2021**, the parameter of total assets rises from EUR 2 million to EUR 3 million; the parameter of total net turnover rises from EUR 4 million to EUR 6 million, and the parameter of average number of employees rises from 30 to 40. **With effect from 1 January 2022**, the parameter of total assets rises from EUR 3 million to EUR 4 million; the parameter

of total net turnover rises from EUR 6 million to EUR 8 million, and the parameter of average number of employees rises from 40 to 50. However, the obligation to have financial statements verified by an auditor if at least two of the three parameters set out above are met on the date on which the financial statements are prepared and for the immediately preceding accounting period remains unchanged.

Other selected tax measures

- The minimum period for the submission of a statement to a tax inspection report shall be increased from 15 business days to 30 business days.
- The tax deductions for fuel consumption shall be increased by 20% compared to the consumption indicated in the vehicle registration certificate or vehicle registration book or additional information from the producer or dealer.
- Changes or amendments to tax and levy laws shall always become effective from January 1 of the following year.

Obligation to verify financial statements when increasing share capital

- The measures include the proposal to cancel the obligation of a limited liability company and joint stock company to submit approved audited financial statements when its registered capital is increased through the use of retained earnings or its other own resources. After the change, companies will be able to increase their registered capital under the above circumstances based on the approved financial statements, which shall be prepared on the basis of information collected no later than six months before its General Meeting is held.

2. Labour and Social Security Areas

Abolition of certain registration and administrative obligations towards the Social Insurance Agency

- The following obligations of employers towards the Social Insurance Agency are annulled: the obligation to (i) de-register from the Register of Employers (the Social Insurance Agency will automatically cancel the registration of the employer based on the employer's de-registration of its last employee from the register of insured persons and contributors to old-age pension savings); (ii) notify the Social Insurance Agency of the commencement and termination of the use of maternity or parental leave by its employees; and (iii) report any changes in the data of employees. Furthermore, the entrepreneur's obligation to notify the Social Insurance Agency of the cessation of its business activities is also cancelled.
- The Social Insurance Agency will no longer require documents that are available to it regarding facts which can be obtained from the Register of Natural Persons, which contains reference data (such data include the name, surname or permanent residence, among others, of employees or self-employed persons).
- The extension of the period for meeting the employer's obligation to provide the Social Insurance Agency with pension insurance forms for employees who, after the termination of their employment relationships, do not request old-age pension, from 8 days until the end of the calendar month following the month in which the employment ended.

Relaxation of sanctions

- The fines for an employer's failure to meet the obligation to notify the Office of Labour, Social Affairs and Family of job vacancies and their descriptions shall be cancelled.
- An additional seven-day period to meet the obligation under Act No. 461/2003 Coll. on Social Insurance for those who fail to meet their obligation within the periods determined in the individual provisions of this act shall be introduced.

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- The obligation of a controlled entity to submit a written report to the Social Insurance Agency regarding its compliance with measures adopted for the rectification of detected discrepancies shall be cancelled.

3. Occupational Health and Safety

Abolition of certain obligations in connection with the preparation of occupational safety and health documentation and other obligations for certain categories of employers / employees

- The employer's obligation to regularly update its internal health and safety regulations shall be cancelled. The obligation to review these regulations should only apply if such revision is required by a change in the working conditions at the workplace.
- The obligation to appoint an employee as a safety representative¹ shall not apply to those employers who employ **less than 10** employees and for employers whose employees do not carry out higher-risk activities that may cause serious damage to their health or that may increase the frequency of damage to their health.
- The obligation of employers to prepare rules for operations² (i) in which employees perform work classified in the first category³; (ii) in which employees are exposed to heat and cold; and (ii) in which employees are exposed to work which is physically demanding, save for operations in which, pursuant to health risk criteria, the employees perform risky work, shall be cancelled.
- The frequency of assessment of health risks at a workplace at which employees perform work classified in the second category⁴ shall be reduced from 18 months to 24 months.

4. Energy Industry

Simplification of obligations related to repeated energy audits

- A simplified repeated energy audit for large enterprises that did not experience any material change of circumstances from the previous energy audit shall be introduced. The simplified energy audit shall apply if (i) a large enterprise has reduced its total energy consumption by at least 8% for the last four years through the implementation of measures arising from the previous energy audit; or (ii) the energy consumption of a large enterprise for the last four years was less than 10 MW. If one of the conditions above is fulfilled, the large enterprise will request that the organization designated by the Slovak Ministry of Economy (Slovak Innovation and Energy Agency) issue a confirmation of the energy audit update for the following four years. This procedure may only be applied once after the performance of a proper energy audit, which in practice means that a large enterprise will conduct the full energy audit once in eight years.

Other selected measures in the energy sector

- The obligation of the Regulatory Office for Network Industries to publish its decision regarding prices as well as its proposals of prices and all changes and supplements thereto with regard to certain regulated activities in the electricity industry, gas industry, heat industry and water management determined by Act No. 250/2012 Coll. on the Regulation in Network Industries shall be introduced.
- The minimum fine for large enterprises for the failure to arrange for an obligatory energy audit once in 4 years shall be reduced to EUR 500.

¹ Pursuant to Section 19 (1) of Act No. 124/2006 Coll., on safety and health protection at work, an employer is obliged to appoint an employee or several employees as an employee safety representative.

² Pursuant to the provisions of Section 21 of Act No. 355/2007 Coll. on the protection, promotion and development of public health.

³ The first category includes work for which there is no risk of damage to the health of an employee due to the work or work environment, or for which the risk to health is acceptable in terms of the work and work environment.

⁴ The second category includes work for which there is no assumption that the workers' health will be damaged; however, the negative response of an organism to the burden created by the work and work environment factors cannot be excluded.

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- Large enterprises will only be required to provide an electronic data file for the monitoring system and summary information records to the monitoring system operator if the energy auditor fails to send such information to the operator.

5. Subsidies for micro enterprises and small and medium-sized enterprises

The measures expand the possibility of providing state aid under the act on the support of small and medium-sized enterprises⁵ in the form of a subsidy from the budget of the Ministry of Economy of the Slovak Republic to compensate for the economic loss caused by the spread of COVID-19 as a result of the measures adopted in order to mitigate the negative consequences of the pandemic for micro, small and medium-sized enterprises.

For the purposes of assessing the application, certain applicable conditions required under Act No. 523/2004 Coll. on Budgetary Rules of Public Administration (such as, for instance, the absence of arrears on social insurance premiums) are considered complied with. Fulfillment of certain other conditions for the provision of a subsidy (such as, for instance, the absence of insolvency or restructuring proceeding pending against the entrepreneur) might be evidenced by a declaration of the entrepreneur (instead of an official confirmation by the competent court). In case of a false declaration, the entrepreneur will have to return the subsidy.

6. Other Measures

In addition to the above, the following measures have also been adopted: (i) banks and branches of foreign banks will not have to pay the instalments for the 3rd and 4th quarters of 2020 of a special levy pursuant to Act No. 384/2011 Coll. on a Special Levy of Selected Financial Institutions and on an Amendment to Certain Laws, as amended, (ii) the obligation to prepare and publish the rules for complaints for all entrepreneurs that sell products or provide services to consumers will be cancelled, (iii) entrepreneurs who sell goods which are not subject to price regulation will not have to maintain the records of prices, including costs and profit calculations, (iv) the period for the settlement of a complaint shall commence on the moment when the complaint is received by the seller.

We will continue to monitor the situation and related additional measures and forms that are under discussion.

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⁵ I.e., Act No. 290/2016 Coll., on Support of Small and Medium-sized Enterprises and on Amendment of Act No. 71/2013 Coll., on Provision of Subsidies Within the Competence of the Ministry of Economy of the Slovak Republic, as amended.