

Obligatory Registration of Ultimate Beneficial Owners in Slovakia

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In an effort to bring increased transparency to the ownership structures of legal entities, the “ultimate beneficial owners” (the “UBOs”) of Slovak legal entities must be recorded in the Slovak Commercial Register.

Loosely speaking, a UBO is a natural person at the absolute top of a corporate hierarchy who exercises material control over the way in which a legal entity operates, and/or who profits from these operations. A typical example of a UBO is a private individual who directly or indirectly holds a decisive share in a company or receives a decisive share of its profits.

All legal entities who are entered in the Slovak Commercial Register are now obliged to arrange for the entry of their UBOs’ identifying data therein by December 31, 2019 at the latest.

1. Obligation to Register UBOs

In connection with the implementation of the 4th AML Directive in the legislation of the Slovak Republic, entities registered in the Slovak Commercial Register are also obligated to register their UBOs therein.

The registration deadline for existing companies is December 31, 2019.

New entities are required to provide information on their UBOs upon their registration in the Slovak Commercial Register.

2. Identification of the UBO

Under the rules stipulated in Act No. 297/2008 Coll., on Anti–Money Laundering (the “**Slovak AML Act**”), a UBO is a natural person who:

- a) holds a direct or indirect share (or their sum) amounting to at least 25 % of the voting rights in an entity, or a share of at least 25 % of its registered capital (incl. bearer shares);
- b) is entitled to appoint or recall the entity’s statutory, supervisory and/or controlling body and/or members of its top management;
- c) controls the entity by ways other than those stipulated under points (a) and (b) above; or

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- d) enjoys the right to participate in at least 25% of the entity's profits.

A group of two or more individuals may also be considered to be a UBO if such individuals, acting in concert, fulfill the conditions specified above.

In the event that the UBO is unknown or cannot be determined based on the rules above, the entity's top management must be registered as its UBOs.

3. Registration of the UBO

The following data concerning UBOs must be entered in the Slovak Commercial Register:

- a) name and surname;
- b) address of permanent residence;
- c) birth identification number (in Slovak: *rodné číslo*) (or date of birth if a birth identification number was not assigned);
- d) citizenship;
- e) type and number of relevant identity document (e.g., ID card or passport), and
- f) information on the status of the UBO pursuant to the Slovak AML Act (see point 2 of this Alert, i.e., whether the UBO's identification is based on ownership, control, participation in profits, participation in the top management, etc.).

Specific forms (in an electronic or hard-copy version) available at the website of the Ministry of Justice of Slovak Republic must be used for the submission of registration applications. There is no registration fee.

4. Required Documentation / Evidence

The law does not require companies to provide the Slovak Commercial Register with any documents evidencing the authenticity of the data entered with respect to UBOs. However, the authenticity of such information will have to be proved in the event that the relevant authority conducts an inspection. In other words, companies need to have sufficient internal records on the registered UBOs on file.

Unlike other information entered in the Commercial Register, information on UBOs will not be publicly available. The accessibility of this information is governed by a specific regime according to which the Statistical Office of the Slovak Republic (the relevant authority in this respect), will make information on UBOs available only to certain public authorities and other subjects determined by law. Such subjects include public authorities (e.g., the courts, the Ministry of Finance of the Slovak Republic and law enforcement authorities), other specialized subjects listed by the law and certain qualified persons, such as financial institutions, which, pursuant to the Slovak AML Act, are required to identify the UBOs of their clients with respect to certain transactions.

5. Consequences of the Failure to Register UBOs

Failure to comply with the registration obligation is punishable by a fine of up to EUR 3,310 imposed on the companies' statutory body.

Furthermore, pursuant to the Slovak AML Act, the failure to keep and regularly update the company's internal records (in electronic or paper form) regarding its UBOs is punishable by a fine of up to EUR 200,000.

6. UBOs of Entities not Registered in the Commercial Register

The obligation to register UBOs also applies to certain other entities, in particular to non-investment funds (in Slovak: *neinvestičné fondy*), non-profit organizations providing services of general benefit (in Slovak: *neziskové organizácie poskytujúce všeobecne prospešné služby*) and foundations (in Slovak: *nadácie*), who are required to register their UBOs in the Register of Non-governmental and Non-profit Organizations.

7. Register of Public Sector Partners

The registration of UBOs in the Slovak Commercial Register does not eliminate the obligation of an entity to register itself and its UBOs in the Register of Public Sector Partners, if the entity engages in activities with the public sector and needs to register pursuant to Act No. 315/2016 Coll., on the Register of Public Sector Partners.

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