

30 March 2020

## ECONOMIC MEASURES FOR ENTREPRENEURS PROPOSED BY SLOVAK GOVERNMENT

On 29 March 2020, the Slovak Government introduced economic measures aimed at supporting businesses whose operations were **compulsorily closed**, and businesses **experiencing a decline in sales** (i.e., those secondarily affected by the crisis). Except for point 4 below (sick leave/care leave payments) which has already been approved, **the measures are expected to be approved by the Government on 31 March 2020 and passed by the Parliament on 1 April 2020.**

Please note therefore, the below summary of the measures as announced to the public is of informative value only and more details will follow as details of the legal conditions become available.

### 1. Contributions to firms with compulsorily closed operations

The State will reimburse 80% of an employee's salary to businesses whose operations compulsorily closed by/since 16 March 2020 on the basis of public health authority measures.

The payment will also include tax and social/health insurance contributions per employee. The limits shall be 80% of the gross salary of EUR 1,100 per person and EUR 200,000 monthly per company. The contribution is provided for both fixed-term and indefinite period employees. However, a condition should be that the employee is not in a notice period (after elapse of which employment will end).

### 2. Contribution to firms affected by decline in sales

The amount of the contribution will depend on the amount of the decline in sales (a maximum of EUR 800,000 per year). If the company's sales decline:

- more than 20 percent, the State will contribute EUR 180,
- more than 40 percent, the State will contribute EUR 300,
- more than 60 percent, the State will contribute EUR 420, and
- more than 80 percent, the State will contribute EUR 540.

The State will rely on affidavits when assessing the decline in sales and will review the correctness of sales after the crisis.

Sales would be compared to the same period last year. Contributions for March 2020 will be aliquoted from 16 March 2020.

The system should be administered by local offices of labour, social affairs and family (*úrad práce sociálnych vecí a rodiny*) and application forms for requesting the contribution should be available **from 6 April**. First payouts of the contributions are scheduled from 15 April.

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Please note that it is currently not definitely known whether or not the employee must be in "not in notice period" status for the contribution to apply. As the contribution is a part of the same package aimed at maintaining the employment rate, it is highly probable that the "not in notice period" condition will apply as well.

## 3. State-backed loans

The State shall provide bank guarantees for loans of EUR 500 million per month, which commercial banks should then pass on to businesses on favourable terms.

## 4. Payment of sick leave/care leave

The State shall pay, instead of the employer, 55% of the gross salary of quarantined staff drawing on sick leave/family member care leave.

5. **Deferred social insurance contribution (paid by employers)** for entrepreneurs with a decline in sales of more than 40%.

6. **Deferred income tax advances** for entrepreneurs with a decline in sales of more than 40%.

## 7. Tax loss set off

Firms should be able to set off the unused tax loss from 2014 onwards (probably already in their 2019 tax return).

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*This summary is for informational purposes only and may not be considered a legal opinion or advice on how to proceed in a particular case. The summary reflects the status as of 30 March 2020.*

*For any legal matters arising in these special circumstances, please do not hesitate to contact our COVID-19 Help desk at [covidhelpdesk@peterkapartners.com](mailto:covidhelpdesk@peterkapartners.com).*