



ATLAS

BY BNP PARIBAS

CASH MANAGEMENT

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Slovakia has a population of 5.5 million and total GDP of €137bn in 2023 - with expectations of a 2.2% growth in 2024.

It belongs to the group of high-income countries. It has been a NATO member and an EU member since 2004. Slovakia joined the Eurozone in January 2009. Slovakia is a small open economy, with significant exposure to the automotive sector.

Inflation is projected to moderate to 3.1% in 2024, before accelerating to 5.1% in 2025 due to the withdrawal of energy subsidies and increased taxes, and to stabilise at 3% in 2026. Amid the tight labour market, real wages are set to pick up. The Slovakian public deficit is expected to increase to 5.8% of GDP in 2024 before decreasing to 4.7% in 2025, owing to the phase-out of energy-support measures and the consolidation of public finances, and to 4.1% in 2026.

Summary

BNP Paribas presence

BNP Paribas supports customers in Slovakia through its fully licensed bank BNP Paribas Fortis S.A. Prague branch, which offers comprehensive cash and trade solutions to both local corporations and foreign multinationals. We support our clients through non-resident accounts in Czech Republic, with full integration with Slovak payment systems and specificities. Capabilities incl. tax, social security and salary payments, full integration with global products, including cross-border /cross-currency pooling and intercompany position reporting

Currency

Currency

- Euro (EUR).

Exchange rates

	2016	2017	2018	2019	2020
Exchange rate: EUR per USD	0.9040	0.8873	0.847	0.893	0.88

Source: IMF, International Financial Statistics, July 2021.

Central Bank

- The Slovakian central bank is the Národná banka Slovenska (NBS – www.nbs.sk).
- The NBS is a member of the European System of Central Banks (ESCB) and undertakes certain activities, such as issuing currency, under the authority of the European Central Bank ([ECB – www.ecb.int](http://www.ecb.int)).

Bank supervision

- In November 2014, the ECB, via the Single Supervisory Mechanism (SSM), assumed responsibility for supervising the financial stability of banks operating within the euro zone. However, while the ECB has final supervisory authority over all banks operating within the euro zone, it will only directly supervise those banks classified as 'significant' under the terms of the SSM (115 significant banking groups have been recognized to date). 'Less significant' banks will continue to be supervised by the national supervisory authority, i.e. the NBS.

Bank accounts

Resident / non-resident status

- A company is generally considered resident in Slovakia if its place of effective management is located there.

Bank accounts for resident entities

	Within SLOVAKIA	Outside SLOVAKIA
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Local Currency	<ul style="list-style-type: none"> • Permitted without restriction, fully convertible 	<ul style="list-style-type: none"> • Permitted without restriction, fully convertible
Foreign Currency	<ul style="list-style-type: none"> • Permitted without restriction, fully convertible 	<ul style="list-style-type: none"> • Permitted without restriction, fully convertible

Bank accounts for non-resident entities

	Within SLOVAKIA	Outside SLOVAKIA
Local Currency	<ul style="list-style-type: none"> • Permitted without restriction, fully convertible 	<ul style="list-style-type: none"> • Permitted without restriction, fully convertible
Foreign Currency	<ul style="list-style-type: none"> • Permitted without restriction, fully convertible 	<ul style="list-style-type: none"> • Not applicable




Lifting fees

- There is no standard approach to [lifting fees](#).











BNP Paribas Cash Management Capabilities

Collections




Cash collections	✓
Cheque collections	✓
Direct debit collections	✓
Domestic incoming transfers	✓
Virtual IBAN	●

Virtual accounts	
International incoming transfers	
Card acquiring	

Payments

Cash withdrawals	
Cheque payments	
Direct debit payments	
Domestic outgoing transfers	
Commercial cards	
Virtual cards	
International outgoing transfers	
SWIFT gpi	
Real-time international payments through BNP Paribas' network	
Card issuing	

Channels

Local e-Banking	
Global e-Banking - Connexis	
SWIFT/ host to host	

Market overview

Cash remains a common method of payment in Slovakia, especially for low-value retail transactions. However, there has been a significant shift towards electronic payment methods in the past 12 months. For example, the total number of mobile payments increased from 13.6 million in 2019 to 36.6 million in 2020, with the total value rising from EUR 262 million to more than EUR 781 million. Over 99% of card payments are contactless. Electronic credit transfers are the most widely used instrument by companies to make supplier and payroll payments.

Electronic banking services are available from all banks in Slovakia. There is no national electronic banking standard in Slovakia; most banks use MultiCash and Gemini alongside proprietary systems. Transaction and balance reporting and transaction initiation services are available.

Digital-only banks and the digital transformation of the country's banking sector is driving the adoption of online and mobile banking services.

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Payment Systems

TARGET 2	TYPE	<ul style="list-style-type: none">• Real-time gross settlement.• Slovakian component of the pan-European TARGET2 system.
	PARTICIPANTS	<ul style="list-style-type: none">• 39 direct.
	TRANSACTION TYPES PROCESSED	<ul style="list-style-type: none">• SEPA credit transfers and direct debits.
	OPERATING HOURS	<ul style="list-style-type: none">• 07:00– 18:00 CET, Monday to Friday.
	CLEARING CYCLE DETAILS (e.g cut-off times)	<ul style="list-style-type: none">• Payments are cleared and settled in real time.• Interbank payment cut-off time = 18:00 CET.

	SYSTEM HOLIDAYS	<ul style="list-style-type: none"> • TARGET2 is closed at weekends and on 1 January, Good Friday, Easter Monday, 1 May, and 25 and 26 December.
SIPS	TYPE	<ul style="list-style-type: none"> • Multilateral net settlement system.
	PARTICIPANTS	<ul style="list-style-type: none"> • 27 direct.
	TRANSACTION TYPES PROCESSED	<ul style="list-style-type: none"> • Domestic and cross-border SEPA credit transfers and direct debits.
	OPERATING HOURS	<ul style="list-style-type: none"> • 07:00–17:00 CET, Monday, before reopening at 18:00 CET and remaining open until 17:00 CET the following day. This cycle repeats until 17:00 CET, Friday.
	CLEARING CYCLE DETAILS (e.g cut-off details)	<ul style="list-style-type: none"> • Cut-off time for same-day settlement = 13:00 CET. • Payment processing in SIPS is carried out in four clearing cycles.
	SYSTEM HOLIDAYS	<ul style="list-style-type: none"> • SIPS is closed on all Slovakian bank holidays. • Slovakia's bank holidays are: • 2nd half 2021: 29 August, 1, 15 September, 1, 17 November, 24–26 December. • 2022: 1, 6 January, 2, 5 April, 1, 8 May, 5 July, 29 August, 1, 15 September, 1, 17 November, 24–26 December.

Credit transfers

- Credit transfers are used by companies to pay salaries and suppliers, and to make tax and treasury payments.
- SEPA credit transfers can be settled via SIPS, STEP2 or via correspondent banking networks.
- Eighteen banks in Slovakia participate in the SEPA credit transfer scheme.
- High-value and urgent domestic and cross-border (within the eurozone) credit transfers can be settled in real time via TARGET2-SK.
- High-value and urgent cross-border credit transfers can also be settled with end-of-day value via the Euro Banking Association's EURO1 system. Slovakian banks do not have direct access to EURO1 but can access the system indirectly through international networks.
- Cross-border transfers can also be made via SWIFT and settled through correspondent banks abroad.
- The European Payment Council's SCT Inst scheme (a pan-European 24/7 instant payment scheme for SEPA credit transfers) enables the transfer of funds (the maximum threshold value is EUR 100,000) to another account in less than ten seconds. Slovakia is not a participant of the SCT Inst scheme at present but plans to implement it on 1st February 2022.

- EBA Clearing and Italy's SIA Group have developed and implemented a pan-European platform for instant EUR payments called RT1. It is fully compliant with the SCT Insts scheme and is in line with the ISO 20022 global messaging standards for instant payments.
- EBA Clearing has launched a pan-European request to pay (R2P) infrastructure solution with the support of 27 payment service providers from 11 countries. The new 24/7 service is compatible with the SCT and SCT Inst schemes and allows payees to take the initiative to request a specific payment from the payer.
- TIPS is a pan-European service for the settlement of instant payments in central bank money. The service enables payment service providers and ACHs with access to TARGET2 to offer fund transfers 24/7, 365 days a year. TIPS is aligned with SCT Insts. It is primarily focused on EUR payments but is technically capable of settling payments denominated in other currencies.

Direct debits

- Direct debits are used for regular payments, such as utility bills.
- Direct debits can be settled on a same-day basis via SIPS or via STEP2.
- SEPA direct debit CORE and B2B SEPA direct debit schemes are available in Slovakia. Fifteen banks in Slovakia participate in the SEPA direct debit scheme, seven in the B2B scheme.
- In 2020, SIPS processed more than 261.48 million transactions with a total value of EUR 277,696.19 million. Just 6.57% of the total number of transactions processed were direct debits, comprising just 0.6% of the total value.

Cheques

- Cheques are rarely used in Slovakia.
- Cheques can be cleared and exchanged bilaterally between banks in Slovakia.

Card payments

- Card payments are increasingly popular, especially for retail transactions.
- There were 5.5 million payment cards in circulation at the end of 2020. The majority of these cards were either VISA or Mastercard-branded cards, and virtually all (99.56%) of them featured contactless technology.
- Payment cards issued in Slovakia were used to make almost 561 million payments in 2020 (an increase of 4.7% on 2019), with a value of EUR 14.3 billion (a 9.9% increase).
- American Express and Diners Club credit cards are available.
- Fiserv Slovakia, Slovakia's national payment card operator, clears Visa and MasterCard card payments.

- All cards issued are SEPA-compliant with EMV chips.

ATM/POS

- There were 2,778 ATMs in Slovakia at the end of 2020.
- There were 62,836 POS terminals in Slovakia at the end of 2020.
- The Bank Card Association operates a national ATM network for its 20 member banks. Other banks operate their own proprietary ATM networks.
- All ATMs and POS terminals are EMV-compliant.

Electronic wallet

- Single-purpose e-purse schemes are available for use on transport networks and for mobile phone payments.
- Mobile wallet apps, such as Google Pay, Garmin Pay, Fitbit Pay and Apple Pay, are available. Samsung Pay is set to launch in Slovakia in 2021.
- The total number of mobile payments based on domestically issued payment cards increased from 13.6 million in 2019 to 36.6 million in 2020. The total value rose from EUR 262 million to more than EUR 781 million.

Short term investments

Market overview

Interest payable on credit balances

- Interest-bearing current accounts are permitted for residents and non-residents.

Demand deposits

- Demand deposits are permitted for residents and non-residents.

Time deposits

- Time deposits are available in EUR or major foreign currencies for terms of one, three, six or 12 months.

Certificates of deposit

- Certificates of deposit are offered by commercial banks with maturities up to one year.

Treasury (government) bills

- The Ministry of Finance issues Treasury bills (T-bills). T-bills are issued with terms up to 12 months.
- The National Bank of Slovakia also issues NBS bills.

Commercial paper

- Domestic commercial paper is issued by large domestic and international companies with terms ranging from one week to one year.

Money market funds

- Money market funds are available.

Repurchase agreements

- Repurchase agreements are available.

Banker's acceptances

- Banker's acceptances are not used in Slovakia.

BNP Paribas Trade Finance Capabilities

Trade payments

Documentary credits	
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Documentary collections	●
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Guarantees

Bank guarantees	●
Standby letters of credit	●

Supply chain management

Receivables	●
Payables	●
Inventory	●

Trade channels

Connexis Trade	●
Connexis Supply Chain	●
SWIFTNet Trade for Corporates	●
Connexis Connect	●
Connexis Guarantee	●
SWIFTnet Supply Chain	●

- Please contact your BNP Paribas Global Trade Solutions (GTS) relationship manager for more information.

International trade

General trade rules

- As a member of the EU, Slovakia follows the EU customs code and applies all associated regulations and commercial policies.
- Trade with other countries in the European Economic Area (EEA) and Switzerland is exempt from tariffs and other controls.

Trade agreements

- The EU has trade agreements in place with over 30 countries.
- The EU is currently in free trade negotiations with a number of countries, including the Association of Southeast Asian Nations (ASEAN), Australia, Indonesia, Mercosur (the Southern Common Market), Uruguay, and the USA.
- The EU-UK Trade and Cooperation Agreement came into force on 1 May 2021.

Imports / exports

Imports	Cars and vehicle parts	Broadcasting equipment	Crude petroleum	Natural gas	Insulated wiring	
Primary Import sources	Germany (18.0%)	Czechia (18.0%)	Poland (8.0%)	Hungary (7.0%)	Russia (5.0%)	
Exports	Cars and vehicle parts	Video displays	Broadcasting equipment	Tyres	Refined petroleum	
Export markets	Germany (22.0%)	Czechia (11.0%)	Poland (7.0%)	France (7.0%)	Hungary (6.0%)	Austria (5.0%)

Import / export volumes

		2016	2017	2018	2019	2020
Exports	- goods USD m	74,294	79,698	88,704	84,722	79,795
	- services USD m	9,242	10,577	12,058	13,318	10,124
Imports	- goods USD m	72,468	79,043	88,956	85,808	79,037
	- services USD m	8,719	9,574	10,959	10,945	8,913
Current account as % GDP		– 2.1	– 2.0	– 2.3	– 2.9	• - 0.3

Source: IMF, International Financial Statistics, July 2021.

Trade finance - Imports

Documentation

- Documentation is not required for imports from within the EU, although a commercial invoice should be supplied.
- The following documentation is usually required in order to import goods into Slovakia from outside the EU:
 -
 - customs declaration
 - commercial invoice
 - bill of lading
 - packing list
 - certificate of origin (in certain cases).

Import licences

- Import licences are required for agricultural products with quantitative restrictions, in accordance with the EU's Common Agricultural Policy.

- Import licences with quotas are required for certain steel products from Kazakhstan, wood from Russia, and textiles from Belarus and North Korea.

Import taxes and tariffs

- Tariffs are set according to the EU customs code for all imports from outside the EU with higher tariffs for agricultural imports.

Financing requirements

- None

Risk mitigation

- None

Prohibited imports

- Slovakia prohibits the import of certain items in line with EU regulations and UN Security Council resolutions.
- Specific imports are prohibited in order to protect fauna and flora, for health and safety or moral reasons, and/or for national security.

Trade finance - Exports

Documentation

- Documentation is not required for exports from within the EU, although a commercial invoice should be supplied.
- The following documentation is usually required in order to export goods from Slovakia outside the EU:

- customs declaration
- commercial invoice
- bill of lading
- packing list
- certificate of origin (in certain cases).

Export licences

- Export licences are required for dual-use goods and technological products, military equipment, armaments and ammunition, dangerous chemicals, poisons, narcotics and psychotropic substances.

Export taxes and tariffs

- None

Financing requirements

- None

Risk mitigation

- Slovakia has implemented the EU directive on export credit insurance.
- The Export-Import Bank of the Slovak Republic (Eximbanka SR), Slovakia's export credit agency, provides state-supported export credit insurance in addition to state-subsidised export credit.
- Export credit insurance is also available from private insurance companies.

Prohibited exports

- Slovakia prohibits the export of certain items in line with EU regulations and UN Security Council resolutions.

Regulatory requirements

Reporting regulations

- All transactions between residents and non-residents above EUR 12,000 must be reported to the NBS. Payments made to and from accounts held by residents abroad must also be reported.

Reporting method

- Transactions between residents and non-residents must be reported to the NBS within 15 days of the end of the month.
- Banks undertake reporting on behalf of their customers, although the resident entity is ultimately responsible for compliance.
- All reporting is conducted through the IS ŠZP collection portal.

Exchange controls

- Slovakia does not apply exchange controls.
- Restrictions apply to foreign investment in banking (NBS approval is required for investments of 20% or over), airlines (majority ownership is restricted to investors from within the EU), and gambling (restricted to residents from countries within the EU or OECD).
- Restrictions apply to resident bank investments in foreign entities. Resident banks can invest up to 15% of their eligible capital in a foreign-based company, with investment in multiple foreign-based companies having a cap of 60%.

Taxation

Resident / non-resident

- A company is considered resident if its seat or place of effective management is in Slovakia.
- Slovak legal entities and permanent establishments of foreign entities are required to register for corporate income tax purposes by the end of the calendar month following the month of obtaining relevant approval (e.g. registration in the commercial register) with the respective tax authority. Foreign entities are also obliged to report the creation of a permanent establishment (PE) and its establishment in Slovakia, by the end of the calendar month following the month of its establishment.

Financial instruments

- The tax treatment of financial instruments is generally based on their accounting treatment. Revenues derived from financial instruments (e.g. loans, options, futures, swaps) are taxable at a rate of 21% when they are recognised for accounting purposes. A loss generated from transactions in derivatives (including swaps, options and futures) is tax-deductible only if it is considered to be a hedging derivative for accounting purposes (i.e. the hedging is effective, proper documentation exists, etc.). The loss from derivatives is calculated on an aggregate basis for the entire tax period.
- The loss from derivative transactions is tax deductible for certain taxpayers such as banks, stockbrokers and insurance companies.
- Losses on the disposal of securities are tax deductible, subject to certain limitations. Special taxpayers (e.g. banks and traders) have no limitations on the tax-deductibility of such losses.

Interest and financing costs

- There are no specific rules on the deduction of financing costs. The general tax-deductibility test requires that expenses are incurred to generate, assure, and maintain the taxpayer's taxable income.
- In practice, the interest expense incurred on loans that are taken out for the acquisition of shares may be questioned by the Slovak tax authorities, as various interpretations exist. This approach is based on the theory that expenses incurred on exempt income (e.g. exempt dividends) are not tax-deductible. On the other hand, a capital gain from the sale of shares is taxable, so that a deduction might then be claimed. In addition, no consistent approach is applied in relation to the tax deductibility of interest expenses incurred to finance dividend distributions.

Foreign exchange

- Foreign exchange differences are included in the tax base when they are accounted for in the profit and loss account.
- A taxpayer can choose the tax treatment applicable to its unrealised foreign exchange differences arising from the revaluation of assets and liabilities denominated in a foreign currency, as follows:
- Taxation in accordance with the accounting treatment (no notification is needed); or
- Taxation in the tax period in which foreign exchange differences are realised. Companies can only apply this treatment if they file a written request with the respective tax authorities prior to the first day of the relevant taxation period.
- Taxable profits, and the tax liability, should be calculated in euros.

Advance tax ruling availability

- Upon request, the Slovak authorities may approve the [transfer pricing](#) of controlled foreign transactions. Approval is issued for five tax years upon written request, with the possibility of

extending it for a further five-year period provided that the facts covered by the ruling have remained the same. It is also possible to request an opinion from the tax authorities on areas where the interpretation of law is unclear. These opinions are not legally binding.

- Other than [transfer pricing](#), it is not possible to agree formally the treatment of specific transactions in advance.

Capital gains tax

- Capital gains are included in taxable income, and are subject to a 15% or 21% Slovak corporate tax rate.
- Some capital losses are considered non-deductible, e.g. losses from the sale of certain assets, land, receivables, or an ownership interest in a limited liability company. The losses on the disposal of receivables may be deductible in certain circumstances.

Withholding tax (subject to tax treaties)

Payments to:	Interest	Dividends	Royalties	Other income
Resident entities	0%/19%	None	None	None
Non-resident entities	0%/19%/35%	0%/35%	0%/19%/35%	19%/35%

- Interest paid to a non-resident is subject to a 19% withholding tax unless the rate is reduced under a tax treaty or exempt under the EU Interest and Royalties Directive. A 35% rate applies where the payment is made to a resident of a non-contracting state (usually a country with Slovakia does not have a double tax treaty or agreement on the exchange of information for tax purposes).
- Royalties paid to a non-resident are subject to a 19% withholding tax unless the rate is reduced under tax treaty or exempt under the EU Interest and Royalties Directive. A 35% rate applies where the payment is made to a resident in a non-contracting state.
- Dividends distributed out of profits generated from 2017 onwards and paid to a resident of a non-contracting state are subject to a 35% withholding tax. Dividends distributed by a Slovak-resident entity out of profits generated from 2017 onwards to an entity resident in a country that has concluded a tax treaty with Slovakia is exempt from WHT. Dividends distributed by a Slovak-resident entity out of profits generated from 2017 onwards to individuals are subject to a 7% withholding tax.

Tax treaties / tax information exchange agreements (TIEAs)

- Slovakia has concluded around 70 income tax treaties.
- The OECD MLI entered into force for Slovakia on 1 January 2019.

Thin capitalisation

- Thin capitalisation rules restrict the maximum amount of tax deductible interest on related party loans to 25% of the taxpayer's EBITDA. The thin capitalisation rules apply to taxation periods starting on or after 1 January 2015, including interest arising on or after that date on existing loans.

Transfer pricing

- Slovak transfer pricing rules generally follow the OECD transfer pricing guidelines. Transfer pricing rules apply to transactions between domestic related parties as well as those between a Slovak resident and a non-resident related party.
- Slovak taxpayers must prepare contemporaneous transfer pricing documentation, related to the methodology used in determining transfer prices with related-party transactions.
- Slovakia has implemented country-by-country (CbC) reporting legislation. CbC reporting applies to Slovakian resident companies that were, in the fiscal year preceding the reporting fiscal year, members of a multinational company group with a total annual consolidated group revenue exceeding EUR750 million. The first CbC reports and notifications must be filed for the fiscal year commencing on or after 1 January 2016, within 12 months of the last day of that fiscal year.

Stamp duty

- Fees are imposed but are usually insignificant.

Cash pooling

- There are no specific tax arrangements for cash pools.

Financial transactions / Banking services tax

- Since 1 January 2012, a special levy on selected financial institutions has been imposed as a precautionary measure to safeguard the stability of the banking sector in Slovakia. Selected financial institutions that are obliged to pay the levy include banks and branches of foreign banks operating in Slovakia.
- The special levy rate is 0.2% and is applied to a tax base calculated in accordance with specific rules.

All tax information supplied by Deloitte Touche Tohmatsu and Deloitte Highlight 2021 (www.deloitte.com).



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