

# The establishment of Slovakia's Company and different types of companies

The registration in Slovakia takes the following 6-stage process:

- Check whether the company's name is not yet in use, which takes approximately a day.
  - You need to have a notarized contract of association
  - Apply for trade licences, tax registration and health insurance at the one-stop shop. This takes between 5 to 30 days.
  - Register at the County Registry Court, which takes 5 days.
  - Register for pension, sickness, disability and unemployment insurance with a social insurance company. This takes one day.
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- Enterprise or branch office of a foreign company
  - Joint-stock company
  - Limited Liability Company
  - Limited partnership
  - General partnership
  - Co-operative

Except for enterprises and branch offices, all of these forms constitute Slovak legal entities. There is no limit to the percentage interest a foreign investor may have in a Slovak legal entity, nor are there any legal requirements for local participation. Foreigners may establish both joint ventures and wholly owned subsidiaries in Slovakia.

## Limited Liability Companies

One person is sufficient to form a company. The shareholders may be individuals or a limited company. The liability of the owners of the company is limited to the sum of capital invested. The total number of shareholders will not exceed 50.

## A Joint Stock Company

The company may issue and sell shares to the public. A board of directors manages the company. The shareholders' liability is limited to the sum of capital invested. The minimum number of shareholders is two. When the shareholder is a limited company, one shareholder is sufficient. A general meeting of the shareholders must be held within 60 days of founding the company.

The following are also available:

- Limited partnership

- General partnership
- Cooperative

There are a few complicated incorporation procedures:

- The company statutes must be drafted for the company
- A company representative who is a Slovak resident must be appointed
- The bank has to show that the share capital is deposited in the bank
- A business license must be obtained according to the nature of the business
- Registration must be effected with the Commercial Registrar
- The company must be registered with the income tax and national insurance authorities

## **Offshore Companies**

By choosing to incorporate an offshore company, business owners and investors can set-up a business outside the jurisdiction of its operations. Offshore companies are traditionally, but not exclusively, incorporated for lower fees and taxes. Business owners must abide the regulations of the offshore jurisdiction, and must not trade within the jurisdiction.

The benefits are vast. As aforesaid, reduced tax and fees are often big factors when considering offshore incorporation. A company may also choose an offshore location to:

- Simplify set-up and maintenance - entrepreneurs may find bureaucracy and red tape less of an obstacle in offshore jurisdictions
- Assume anonymity - the names of owners and directors are not for public record, and references to the company may only be made in its registered agent
- Ensure legal protection - for instance, some jurisdictions favour corporate governance, meaning a company is only liable to offshore laws as opposed to those in its areas of operation
- Protect assets - business owners may opt to arrange their assets and transactions in such a way that protects them from liability

Characteristics of an offshore company:

- Memorandum and Articles of Association
- Certificate of Incorporation
- Registered Office/Agent
- Shareholders / Members
- Directors / Managers
- Company secretary
- Statutory Register
- Bookkeeping

Traditional locations for offshore incorporation are tax havens, such as the British Virgin Islands, Panama and Monaco. Other favoured areas include India, the

Bahamas, Dubai, the Cayman Islands, Cyprus, Seychelles, Marshall islands, Delaware, Turks & Caicos Islands, Hong Kong, Jersey, Guernsey and the Isle of Man.