

A branch of an enterprise in Slovakia

One of the options how a foreign person can do business in Slovakia is a branch of a foreign enterprise.

The branch itself does not have a legal capacity and doesn't need a registered capital. Its internal relationships, liability, management and business activities are ruled by the law of its founder (a foreign person which forms the branch). In charge of the branch is a head of the branch (similar to a manager) appointed by the founder. The head is entitled to undertake any legal acts relating to this branch on the founder's behalf. The head of the branch is available in public Commercial Register. The branch can perform any entrepreneurial activity in Slovakia after gaining a trading license and registering with Commercial Register. After this registration the branch becomes a tax payer and has to keep accounts and submit tax return in Slovakia. Naturally the branch pays a corporation tax only from a profit generated in Slovakia. More details about taxation can be found in Double Taxation Treaties with Slovak Republic and a country of the founder. If the branch does not perform real business activity, it cannot obtain a VAT identification number. If it is economically active and perform business activities, it can obtain a VAT ID but has to pay some deposit (in the amount set by the financial authority). The head of the branch must be EU citizen or citizen of any OECD member state or has a permanent residence permit.

Following documents have to submit during branch establishment:

- Memorandum or Articles of Association of the founder with an official translation into Slovak language
- By-laws of the founder with an official translation into Slovak language
- Extract from the judicial record of the appointed head of the branch and also the director of the founder (not older than 3 months and also with a translation)
Certificate of Good Standing or Certificate of Incumbency or similar documents with an official translation into Slovak language

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After receiving these documents we will prepare everything else from documents required by Slovak law (e.g. Statement of the Board or Director that the founder decides to create a branch) to any necessary trading licenses including a registered seat for the branch.

Other information:

The branch is obliged to keep accounts from the day of registration with Commercial Register, so we recommend signing a contract with an accountant. If the branch becomes a VAT payer, it has to pay a deposit in advance that is kept in custody at the financial authority. As was mentioned above, the branch has to perform real business activities and for this purpose the financial authority controls its office, a presence of the head or employers, active phone number, mail, business contracts and so on. Since the branch does not need a registered capital, it doesn't have to open a bank account, however we strongly recommend to do so. It is useful also for the founder because this way the financial and economic activities of the branch can be easily divided from the financial flows of its founder or the founder can send here money necessary for starting a business at the beginning.

Prices related to the branch formation:

- formation of a branch including the preparation of the documents and gaining a trading license: € 390,-
- notary fee (some documents need to be signed before a notary max. € 30,-
- official translation (depends on the number of pages and the original language) about € 12 – 25 per page
- assistance with a bank account in Slovak bank: € 50,-, Czech bank: € 250,- and in offshore bank € 700,-