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MINISTRY

OF TRANSPORT
OF THE SLOVAK REPUBLIC



MINISTRY
OF ECONOMY
OF THE SLOVAK REPUBLIC



REPORT ON THE STATE OF SMALL AND MEDIUM-SIZED ENTERPRISES IN THE SR

2022

Slovak Business Agency

Bratislava 2023



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Report on the State of Small and Medium-Sized Enterprises in the Slovak Republic in 2022

Bratislava

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List of Acronyms

ALMMs	Active labour market measures
ALMP	Active labour market policy
APVV	Slovak Research and Development Agency
APZD	Industrial Unions and Transport Association
ASPEK	Association of Industrial Ecology in Slovakia
AVF	Audio-visual Fund
OHS	Occupational Health and Safety
BRDS	Bratislava regional subsidy scheme
BSK	Bratislava self-governing region
BRC	Better Regulation Centre
COSME	EU Programme for the Competitiveness of Small and Medium-Sized Enterprises
COVID-19	disease caused by SARS-CoV-2 coronavirus
CRIF	Slovak Credit Bureau s.r.o.
EaSI	Employment and Social Innovation Programme
EBRD	European Bank for Reconstruction and Development
ECB	European Central Bank
EEN	Enterprise Europe Network
EF	Environmental Fund
EFSI	European Fund for Strategic Investments
EGF	European Guarantee Fund
EIB	European Investment Bank
EIC	European Innovation Council
EIF	European Investment Fund
EIT	European Institute of Innovation & Technology
EC	European Commission
ECo	Enforcement Code
ERDF	European Regional Development Fund
ESF	European Social Fund
ESIF	European Structural and Investment Funds
EU	European Union
EUBA	University of Economics in Bratislava
FLPG	First loss portfolio guarantee
FM UK	Faculty of Management, Comenius University in Bratislava
NP	Natural person
FPU	Slovak Arts Council
GEM	Global Entrepreneurship Monitor
GDP	Gross Domestic Product

Horizon Europe	Horizon Europe Framework Programme
INIR	Identification number(s) of the insurance relationship
IROP	Integrated Regional Operational Programme
s.c.s.	simple company for shares
RIA committee	Permanent Working Commission of the Legislative Council of the Government of the Slovak Republic for the Assessment of Selected Impacts
KSK	Košice self-governing region
KRT	Košice Tourism Region
MH SR	Ministry of Economy of the Slovak Republic
MF SR	Ministry of Finance of the Slovak Republic
MIRRI SR	Ministry of Investments, Regional Development and Informatisation of the Slovak Republic
MK SR	Ministry of Culture of the Slovak Republic
MO SR	Ministry of Defence of the Slovak Republic
MPK	Interdepartmental comment procedure
MPRV SR	Ministry of Agriculture and Rural Development of the Slovak Republic
MPSVR SR	Ministry of Labour, Social Affairs and Family of the Slovak Republic
SMEs	Small and medium-sized enterprises
MŠVVaŠ SR	Ministry of Education, Science, Research and Sport of the Slovak Republic
MZVEZ SR	Ministry of Foreign and European Affairs of the Slovak Republic
MŽP SR	Ministry of Environment of the Slovak Republic
NBS	National Bank of Slovakia
NCP	National Contact Point
NEET	not in employment, education or training
NRFC	non-repayable financial contribution
NIP	National Labour Inspectorate
NP	National project
NBC	National Business Centre
NRP	National Reform Programme
NR SR	National Council of the Slovak Republic
NS SR	Supreme Court of the Slovak Republic
NUTS	Nomenclature of territorial units for statistics
OECD	Organization for Economic Co-operation and Development
OP	Operational Programme Integrated Infrastructure
OP II	Operational Programme
OP F	Operational Programme Fisheries
OR SR	Business Register of the Slovak Republic

RES	renewable energy sources
p. p.	percentage point
WP	work places (jobs)
LP	legal person(s)
BC	Business Centre
RRP	Recovery and Resilience Plan
PPA	Agricultural Paying Agency
PPK	Preliminary comment procedure
PRSL	Portfolio Risk Sharing Loan
RDP	Rural Development Program
PVV	Programme Declaration of the Government
OHS	Occupational health service
R&D	Research & Development
RIS3 SK	Research and Innovation Strategy for Smart Specialisation of the Slovak Republic
RAIC	Regional Advisory and Information Centre
SACR	Slovak Tourism Agency
SAFE	Survey on the Access to Finance of Enterprises
SAIDC	Slovak Agency for International Development Cooperation
SARIO	Slovak Investment and Trade Development Agency
SBA	Slovak Business Agency
SBAfE	Small Business Act for Europe
SDGs	Sustainable Development Goals
SIH	Slovak Investment Holding, a. s.
SIHAG	SIH Anti-Corona Guarantee
SLOVSEFF III	Slovakia Sustainable Energy Finance Facility
SLSP	Slovenská sporiteľňa
IB	Intermediate Body
SCCI	Slovak Chamber of Commerce and Industry
SPU	Slovak University of Agriculture in Nitra
SR	Slovak Republic
STN	Slovak Technical Standard
STU	Slovak University of Technology
SEP	Sole traders person
SZRB	Slovenská záručná a rozvojová banka, a. s.
SŽZ	Slovak Craft Industry Federation
SO	Specific Objective
SO SR	Statistical Office of the Slovak Republic
TUKE	Technical University in Košice

UNDP	United Nations Development Programme
UNIZA	University of Žilina
UNMS SR	Office for Standards, Metrology and Testing of the Slovak Republic
JAs	job applicants
COLSAF SR	Central Office of Labour, Social Affairs and Family
IPO SR	Industrial Property Office of the Slovak Republic
UTI STU	University Technology Incubator of the Slovak University of Technology
USP	University Science Park
R&D	Research and development
VFR	Multiannual financial framework
HTU	Higher Territorial Unit
TFEU	Treaty on the Functioning of the European Union
YEAS	Young Entrepreneurs Association of Slovakia
EAS	Entrepreneurs Association of Slovakia
ZSPS	Association of Construction Enterprises of Slovakia
RO SR	Representative Office of the Slovak Republic
AfNRFC	Application for non-repayable financial contribution
Project Biz4Fun	Project “Let’s have fun with the business start-up”
Project BRESE	Project “Border Regions in Europe for Social Entrepreneurship”
Project COCO4CCI	Project “Culture and Creative Industries COoperation COlider”
Project INNO INDUSTRY	Project “Improving innovation delivery of policies within 4.0 industry”
Project ROB-SME	Project “Robotics and SMEs”
Project THINGS+	Project “Introducing Service Innovation into product-based manufacturing companies”

Introduction

In long term perspective, the position of small and medium-sized enterprises (hereinafter referred to as the “SMEs”) in the national economy is significant, especially in terms of contributions to total employment, added value and support for economic development. The importance of small and medium-sized enterprises can also be observed in the structure of economically active business entities.

The submitted publication follows up on the series of Reports on the state of SMEs with current information about the positions and trends observable in the Slovak SMEs environment that have been elaborated since 1993. The Report on the State of SMEs in the Slovak Republic in 2022 (hereinafter referred to as the “Report on the State of SMEs”) provides an overview of the most significant legislative changes affecting SMEs in the period under review, together with proposals to reduce the regulatory burden in favour of the targeted size category of enterprises - SMEs (chapter 1). Chapter 2 provides an overview of the development of the macroeconomic environment in 2022, including an assessment of the position of SMEs in the Slovak Republic and a section on expectations for future developments.. The Report on the State of SMEs also includes a summary of the implemented support, which was provided for SMEs in Slovakia in 2022 (Chapter 3). The presented document also contains a summary of conclusions from the analyses and surveys conducted by the Slovak Business Agency (Chapter 4), which complete the overall picture of the position of SMEs. In view of the findings under consideration, the present Report aims to provide relevant recommendations in relation to improving the business environment primarily in the SME sector and supporting the dynamics of their growth. The assessment of the business situation of SMEs in Slovakia in 2022 also includes the presentation of the results of the Global Entrepreneurship Monitor (GEM), which represents a major global study on business dynamics.

The assessment of the state and development trends of SMEs is used as a basis for an analysis of the state of the Slovak business environment that is submitted to the Slovak government annually as a part of the Report on the State of the Business Environment in the Slovak Republic under the Resolution No. 792 of the Government of SR of 17 July 2002. The Report on the state of SMEs is used as a basis for activities of the SME Envoy. The document is also used as a data base for informing EU institutions, OECD and other entities, while it also serves as a basis for various analyses and studies of the Slovak business environment. Similarly to previous years, the Report on the State of Small and Medium-Sized Enterprises in the Slovak Republic in 2022 is available to the public through the SBA website. Authors of the document thank to their collaborators from state and public administration organizations, business unions and associations as well as non-governmental organizations for the submitted documents which helped elaborate the Report in the required scope and quality.

Executive Summary

The submitted Report on the State of Small and Medium Enterprises in the SR in 2022 presents a comprehensive view of the state and development of the business environment in the sector of small and medium-sized enterprises and support of SMEs in the period under review. The objective of Report is to highlight the developmental trends and the most significant approved and effective legislative changes in course of the year which have an impact on SMEs. It also seeks to highlight the existing barriers, together with proposals for measures to improve the business environment for the benefit of SMEs.

The importance of small and medium-sized enterprises in the Slovak economy may be described using several indicators. Small and medium-sized enterprises account for 99.9 % of the total number of business entities in the Slovak economy. In 2022, SMEs accounted for 74.7 % of employment in the corporate economy.

According to preliminary data from the SO SR, Slovakia's gross domestic product (GDP) growth in 2022 was 1.7 %. In terms of the development of the Slovak economy, the growth of the economy was most prominent in the first quarter, when GDP increased by 3 %. The Slovak economy grew at a significantly lower rate in the second and third quarters (1.3 %). In the last quarter, the growth rate declined to 1.2 %.

In the European Union as a whole, performance slowed to 3.4 % year-on-year, mainly due to lower growth in major European Union economies such as France and Germany. Only Estonia's economy experienced a contraction last year. The performance of the Slovak economy in 2022 was almost the lowest within the EU. The performance of the Slovak economy lagged behind not only the V4 countries, but also the majority of EU countries.

According to the production method of compiling gross domestic product, the economic growth achieved was associated with a 1.4 % increase in value added, a 4.8 % increase in gross output and a 7 % increase in intermediate consumption. Net taxes on products increased by 3.8 %. Growth in gross value added was achieved by most of the sectors, with the most significant impact on the development of the economy coming from the wholesale and retail sector; the transport and storage sector; and the accommodation and food services sector, with growth of 7.5 %.

Employment in the national economy of the Slovak Republic showed positive trends in 2022, after a previous two-year negative trend due to the effects of the coronavirus crisis. The average number of employed persons in the national economy increased by 1.7 % to 2 394.9 thousand (according to the quarterly business reporting of the SO SR).

The number of employed persons increased in almost all sectors of the economy in 2022. According to the employment indices, employment in the sectors of accommodation (up 9.8 %) and food services (up 7.9 %) grew the most in the previous year. It is in these sectors in particular the employment has fallen most sharply in previous years as a result of the coronavirus crisis. Significant employment growth (4.8 %) was also recorded in the information and communication activities sector. Employment remained unchanged for the second consecutive year in the market services sector. Entrepreneurs in the industry sector also had a problem retaining their employees in 2022. Employment in industry fell by almost 1 %.

In 2022, SMEs accounted for 74.7 % of employment in the corporate economy. The share of SMEs in total employment in the Slovak economy was 59.3 %. Employment increased year-on-year in all size categories and legal forms, except for small enterprises. In small enterprises, the number of persons employed fell by 3.0 %. Micro-enterprises recorded the

largest increase in employment in 2022, with a 6.4 % increase in the number of persons employed. Medium-sized enterprises increased employment by 4.2 %.

Several economic indicators of SMEs recorded positive developments. Gross fixed capital formation of SMEs increased by more than one-fifth in 2022. The increase in SME investment activity was typical for all categories of SMEs. The share of SME legal entities in gross fixed capital formation rose to 67.2 %. This is the fourth consecutive year of growth in the SME share. **SMEs also recorded a significant increase in exports in 2022.** Exports of all SME size categories increased year-on-year. The highest dynamics was achieved by the growth of exports of medium-sized enterprises. The share of SMEs in Slovakia's total exports rose to 29.5 % as a result of stronger export growth of small and medium-sized enterprises than large enterprises. In terms of the territorial structure of SMEs, the EU remains a key market. The share of SME exports to non-EU countries increased by 4.0 pp year-on-year to 13.3 %, but there remains a need for more support for SMEs in this area.

In 2022, there was a renewed increase in the number of business establishments. The number of established small and medium-sized enterprises increased by 2.2 % (or 2 065) to 94,603. The number of disestablished business entities increased (by 3.9 %) to 53,721 entities. The largest group among the disestablished business entities were trade entrepreneurs with a share of 79.2 %. The higher number of business entities established than disestablished is also reflected in the net increase of **business entities in 2022.** The amount of net increase remained almost unchanged year-on-year (40,882 business entities). This is the highest value of net increase in the past 10 years. The results also show that **the disestablishment of one enterprise in 2022 was offset by the creation of almost two new business entities.** According to the data of the Ministry of Justice of the Slovak Republic, in 2022 the number of declared bankruptcies increased by more than 8 % to 290. The number of authorised restructurings increased to 24.

The lacklustre representation of women in the Slovak business sector persisted in 2022. The share of women among natural persons - entrepreneurs remained almost unchanged year-on-year. Women are only more prominent among entrepreneurs in the form of liberal professions. In 2022, almost one in two (47.9 %) liberal profession entrepreneurs were female. Approximately one-quarter of women's representation was among trade entrepreneurs (26.2 %) and sole traders farmers (24.2 %). The development of the age structure of natural persons - entrepreneurs has been characterized in recent years by an increase in the representation of entrepreneurs in younger age categories of less than 30 years of age. The increase in the representation of young entrepreneurs has been continuous since 2014. The representation of older entrepreneurs was unchanged year-on-year at 10.4 % in 2022. The largest number of NP - entrepreneurs is in the age category of 40-49 year old.

In line with the long-term development tendencies observed in the sectoral structure of SMEs, entities operating in the field of services had the most significant representation in 2022 (48.1 %). A slight increase in representation has been perceived in recent years in the construction sector, which represented 19.3 % of all entities within the size category of SMEs in 2022. 15.3 % of small and medium-sized enterprises were active in trade, 13.4 % in industry and 3.8 % in agriculture.

The business environment in Slovakia is characterized by frequent legislative changes affecting, among other things, obligations and requirements with an impact on the SME sector. Also 2022, a number of legislative changes were passed by legislators. Frequent legislative changes are perceived by entrepreneurs as mostly negative, as monitoring them represents inefficient time spent for entrepreneurs. However, it is necessary to underline that in 2022, the changes necessary to mitigate the negative impacts related to the COVID-19

pandemic were not adopted to the same extent as before. Changes were adopted rather in the context of the energy crisis. Specific measures are set out in the section Overview of the most relevant legislative changes in 2022.

The total volume of SME support in 2022 was at the level of EUR 1,545.3 mil. In terms of the structure of the forms of financing of regular support (excluding the so-called COVID support), the direct form of support dominated, accounting for 85.6 % of the total support to SMEs. The indirect form of support amounted to 14.4 % in the case of regular support (a slight year-on-year decrease in the indirect form of support). The overall real use of regular support was higher year-on-year. The main reason for this was the fact that the funds allocated for planned activities in the current year were no longer moved and accumulated to such a large extent in instruments and measures with the intention of mitigating the negative impacts of the COVID-19 pandemic. The most significant share in the support of SMEs in terms of individual categories of regular support is attributed to the category of loans or credits (40.1 % of the total support provided to SMEs) and the category of subsidies, NFP, grants (41.5 % of the total support provided to SMEs). A more detailed overview of SME support is provided in Chapter 3.

In 2022, the Slovak Business Agency (hereinafter referred to as "SBA") continued to meet the objectives of providing comprehensive assistance focused on the SME sector, while continuing to support them through the implementation of several national projects, offering a wide portfolio of services for SMEs and those interested in entrepreneurship, whether in Bratislava or in the individual regions of the Slovak Republic. The SBA also implements international (pilot) projects for the purpose of opening up "Small Business Act" topics.

The SBA actively assessed materials with an impact on the business environment, provided opinions and comments on proposals for new regulations through the Better Regulation Center (hereinafter "BRC"). In the monitoring year, the BRC assessed (from the content and procedural point of view) the reality of the captured impacts in all the Business Environment Impact Analysis and provided detailed opinions containing suggestions for better capturing the impacts of the new regulation on business environment from the perspective of SMEs..

The submitted Report on the State of Small and Medium Enterprises in the SR in 2022 contains also comprehensive proposals and recommendations for further improvements of the business environment in the SME sector the main goal of which is to support positive trends and to contribute to a growth of the SME sector and its dynamics and in particular to enhance its competitiveness

Supporting the creation and growth of businesses, especially SMEs, is one of the key activities that ultimately improves the performance not only of regions but also of the economy as a whole. In line with the needs of SMEs, it is therefore essential to continue to streamline support for SMEs (at both regional and national level). Support for business is an important instrument for the development and stabilisation of the business sector and the competitiveness of the country. In order to promote a stable business environment, it is necessary to continue in a systematic cooperation and coordinated approach of all relevant departments, as well as taking into account the proposals and recommendations of individual entities. Mutual and intensive cooperation should be aimed at improving business conditions for SMEs.

1 Monitoring of the legislative environment in 2022 (with an impact on SMEs)

1.1 EU and national government approach to supporting SMEs



The aim of the subchapter is to provide a brief overview of selected support programmes for SMEs¹ created at European and national level (continuously valid or currently approved or effective). The European Union has set up several programmes to support SMEs, with the aim of encouraging natural persons to become more involved in business activities. Through its activities, the Government of the Slovak Republic intends to support SMEs through several support measures consisting in the approval of legislative changes and in improving access to finance for SMEs.

One of the impacts of the COVID-19 pandemic was an increase in energy prices as early as the end of 2021. The reason for this was the global increase in energy demand due to the easing and improvement of the pandemic situation. Limited gas supply and adverse natural conditions have also led to further tensions within the business environment. This situation was significantly exacerbated by the war in Ukraine in 2022, during which gas and energy prices reached record levels.

This subchapter also deals with support programmes or measures in the context of the ongoing impact of the COVID-19 pandemic as well as the impact of the war conflict in Ukraine in an effort to avoid their negative impact on the business environment with an emphasis on SMEs.

Single Market Programme

Under the new programme period 2021-2027, the **COSME programme²** has become part of the EU's Single Market Programme³, which aims to empower and protect

¹The support programmes also include an overview of the European Structural and Investment Funds with an emphasis on support for SMEs.

²Europe's programme for SMEs.

consumers and enable SMEs to thrive. The European Commission has proposed (for the EU long-term budget 2021-2027) a new specific programme with a budget of €4.2 billion. For each objective, the percentage distribution of funds from the set budget is also set.⁴ SMEs were allocated 24 % of the total budget.

This new programme has a total of 6 objectives, one of which is to support SMEs as a priority. Specifically, Objective 3 - **Increase the competitiveness of enterprises, in particular SMEs.** The purpose of the objective is to provide various forms of support to businesses, in particular SMEs, such as grants and loan guarantees to SMEs under the InvestEU Fund, to facilitate access to markets and reduce administrative burdens, to promote the diffusion of innovation and address global and societal challenges, to foster a favourable business environment and an entrepreneurial culture.



Single market emergency instrument

A new crisis management instrument to coordinate and ensure the ⁵free movement of goods, services and persons **as well as the availability of critical products in times of crisis affecting the single market was approved at the end of September 2022** as part of the approved proposal for a Council Regulation to address high energy prices.⁶ One of the measures adopted under the instrument is targeted exclusively at SMEs. Based on this measure, **EU countries can temporarily set a price for electricity supply to SMEs to further support those SMEs facing high energy prices.** The measures under that Regulation shall apply from the beginning of December 2022 until the end of December 2023.⁷

Digital Europe Programme

The new EU funding programme for 2021-2027⁸ makes additional **financial resources** available over and above the existing programmes⁹. For 2021-2023, four work programmes are defined to implement the Digital Europe agenda.¹⁰ The main objective of the programme is to maximise the benefits of digital transformation for EU citizens, businesses and public

³The EU single market is the largest in the world, where people, goods, services and capital can move almost as freely as within a single country. Online. Available at: <https://www.consilium.europa.eu/en/policies/deeper-single-market/>

⁴EU Single Market Programme budget in %: Food safety 41 %, Consumer protection 5 %, Increasing SME competitiveness 24 %, Single market 11 %, Production of statistics 14 %, Developing effective European standards 5 %.

⁵Available online: <https://data.consilium.europa.eu/doc/document/ST-12999-2022-INIT/sk/pdf>

⁶Available online: <https://www.consilium.europa.eu/sk/policies/deeper-single-market/timeline-single-market/>

⁷Available online: <https://www.consilium.europa.eu/en/press/press-releases/2022/09/30/council-agrees-on-emergency-measures-to-reduce-energy-prices/>

⁸Available online: https://eraportal.sk/eraportal/ine-europske-programy/digital-europe-programme/#tabs_desc_68216_2

⁹Horizon Europe Research and Innovation Programme, Connecting Europe Facility for Digital Infrastructure, Recovery and Resilience Facility.

¹⁰DIGITAL Europe Work Programme 2021-2022, EDIH Work Programme 2021-2023, Cybersecurity Work Programme 2021-2022

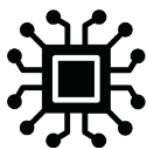
administrations by strengthening the EU's digital capacities in five key areas. The programme offers SMEs an increased co-financing rate of 75 % for specific measures.¹¹ In addition to **financial support for SMEs**, the programme also supports the **creation of European Digital Innovation Hubs**. They are one-stop shops that help businesses become more competitive, with an emphasis on the use of digital technologies in relation to business and production processes, as well as service and product offerings.

Connecting Europe Facility

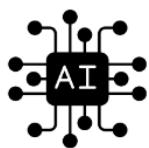
One of the key priorities of the ongoing programme for the period 2021-2027 is to enable and **strengthen synergies** between the three sectors: **transport, energy and information and communication technologies**. One of the three areas supported under the programme is digitisation, with the aim of improving digital infrastructure and **access to cloud services for SMEs**.¹²

EU Invest programme

The programme builds on the successful model of the 2015-2020 Investment Plan for Europe and brings together many different forms of EU funding.¹³ In the period 2021-2027 the programme aims¹⁴ to **stimulate innovation and job creation in Europe** through four supported programme areas: Sustainable infrastructure, Research, innovation and digitalisation, SMEs and Social investment and skills. The budget includes private and public funds protected by a €26.2 billion guarantee from the European Fund for Strategic Investments, which supports investment projects of financial partners such as the European Investment Bank Group, national support banks and international financial institutions.¹⁵ By 2027, the programme is expected to mobilise investments of more than EUR 372 billion.¹⁶



High-performance computing



Artificial intelligence



Cybersecurity and trust



Advanced digital skills



Deployment, best use of digital capacity and intermobility

¹¹ Available online: https://digital-strategy.ec.europa.eu/en/activities/support-businesses#tab_5

¹² Available online: <https://www.bayfor.org/en/eu-funding/research-funding-programmes-for-smes/connecting-europe-facility-cef2-digital.html>

¹³ Available online: https://commission.europa.eu/funding-tenders/find-funding/eu-funding-programmes/investeu_sk

¹⁴ Available online: <https://eraportal.sk/eraportal/ine-europiske-programy/investeu/>

¹⁵ An example is the national investment bank Bpifrance in France. As part of the InvestEU programme, it plays a central role in European financing in France by continuing its cooperation with the European Investment Fund, having already signed two guarantee agreements for a total amount of EUR 276 mil. to support innovative SMEs, industry and the creative and cultural sector. In 2022, with the support of the European Commission, it launched advisory services to modernise industry and support businesses affected by the war in Ukraine, with a total budget of EUR 15 mil. and more than 2,000 beneficiaries by 2027. Available online: <https://www.bpifrance.com/2023/02/17/european-investeu-program-is-now-launched-in-france/>

¹⁶ Available online: <https://www.bpifrance.com/2023/02/17/european-investeu-program-is-now-launched-in-france/>

HORIZON Europe

With HORIZON EUROPE¹⁷ programme the **European Innovation Council** (EIC) continues to build on the experience of the previous Horizon 2020 programme (2014-2020 programming period). HORIZON EUROPE is a new EU framework programme targeting in particular small businesses to support them in research and innovation for the period 2021-2027, with a proposed budget of around EUR 95.5 billion.

The primary purpose of the programme is to **provide funding for breakthrough research**, development and scaling of innovations at all stages of the cycle and to act as a one-stop-shop for all innovators whose high-risk technologies and solutions with a high potential for market success are unable to obtain funding from other sources. Applicants for funding may include scientific and research and development institutions, **individual scientists, non-profit organisations**, as well as **public and private sector bodies**.

In support of the above, this programme seeks to **simplify the rules as much as possible and to strengthen transparency and synergies between programmes**. HORIZON Europe is based on the principle of **reducing the number of intermediaries between the provider and the beneficiary**. The entire documentation, i.e. from the preparation of calls, their publication, the acceptance of grant applications, their evaluation, as well as the communication is carried out directly with the European Commission or its executive agencies.

Pillar 1	Pillar 2	Pillar 3
Excellent science	Global Challenges and European Industrial Competitiveness	
European Research Council (ERC)		European Innovation Council (EIC)
Marie Curie - Skłodowska Actions	<p>Clusters</p> <ul style="list-style-type: none"> • Health • Culture, Creativity and Inclusive Society • Civil Security for Society • Digital, Industry and Space • Climate, Energy and Mobility • Food, Bioeconomy, Natural Resources • Agriculture and Environment 	European innovation ecosystems
Research infrastructures		European Institute of Innovation and Technology (EIT)
	Joint Research Centre	
Widening participation and strengthening the European Research Area		
Widening participation and spreading excellence	Reforming and enhancing the European R&I system	

New elements of Horizon Europe include: EU Missions, A New Approach to Partnerships, Open Science Policy, Wider Associations and Dissemination of Excellence. A

¹⁷The new EU Framework Programme for Research and Innovation 2021-2027.

particularly important new element for SMEs is the European Innovation Council to promote innovation, which can be a risk for private investors (70 % of the budget earmarked for SMEs)¹⁸. In 2022, it provided financial support through three schemes: **EIC Pathfinder, EIC Transition, EIC Accelerator**.¹⁹

In 2022, the European Innovation Council launched a new initiative called the EIC Scale-up 100, which aims to identify 100 deep-tech companies. It has also enabled companies, especially technological SMEs of strategic importance, to apply for equity investment through the EIC Accelerator scheme of more than EUR 15 mil. and also to apply for the “Seal of Excellence”. Under the EIC Pathfinder scheme, a call has been launched in 2022 to support projects in 6 areas, i.e. carbon and nitrogen management and recovery, integrated mid-term energy storage solutions, cardiogenomics, continuous healthcare technologies, DNA-based digital data storage, alternative quantum information processing, communication and sensing. Under the EIC Transition scheme, 2 thematic calls were launched in 2022, i.e. the EIC Transition Challenge: Green Digital Devices for the Future and the EIC Transition Challenge: RNA-based therapy and diagnosis of complex or rare genetic diseases. In addition, it has developed an innovation gender & diversity index in support of women innovators to identify gaps in this area and provide comprehensive information to investors, customers and policy makers.²⁰

Under the third pillar of the programme, the European Institute of Innovation and Technology has launched the **EIT Manufacturing - Switch On Programme**²¹ call and the **EIT Manufacturing - Supercharge Programme**²² call in 2022, targeting start-ups and scale-ups to provide them with support services in access to finance and business development. Another call, the **EIT Digital Accelerator**, focused on technology scale-ups with the aim of supporting them in different areas (digital industry, digital technology, digital city, finance).²³

EIC Accelerator

In addition to non-financial support, the **European Innovation Council provides financial support** to SMEs through the various schemes mentioned above. The most important of these is the EIC Accelerator scheme²⁴, which in the new programming period 2021-2027 has replaced the EIC Accelerator Pilot support scheme operating since 2018. Compared to the original EIC Accelerator Pilot scheme, the new **EIC Accelerator** has substantially modified submission rules.²⁵

¹⁸ Available online: <https://research-and-innovation.ec.europa.eu/system/files/2022-06/rtd-2021-00013-02-00-sk-tra-01.pdf>

¹⁹ Available online: <https://www.slord.sk/aktuality/prehľad-vyziev-eic-na-rok-2022-17-miliardy-pre-inovacie-s-globalnym-trhovym-potencialom/>

²⁰ Available online: <https://eraportal.sk/aktuality/eic-oblast-s-najvacsim-rocnym-rozpoctom-na-podporu-globalneho-skalovania-inovacii-zverejnila-svoj-program-na-rok-2022/>

²¹ Available online: <https://eraportal.sk/vyzvy/eit-manufacturing-switch-on-programme/?portal=heu>

²² Available online: <https://eraportal.sk/vyzvy/eit-manufacturing-supercharge-programme/?portal=heu>

²³ Available online: <https://eraportal.sk/vyzvy/eit-digital-accelerator/?portal=heu>

²⁴ Available online: https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/horizon/wp-call/2021/wp_horizon-eic-2021_en.pdf

²⁵ Available online: https://eraportal.sk/horizont-europa/inovativna_europa/europska_rada_pre_inovacie/#tabs_desc_62568_1

Despite some differences, the EIC Accelerator continues to support its stated objectives, with a priority focus on supporting highly innovative SMEs with breakthrough products and the ambition to compete in international markets. The objective of the programme is to help fill the gap in funding for early stage high-risk research and innovation, stimulate breakthrough innovations and increase private-sector commercialization of research results using financial, coaching and acceleration tools. Each year, EIC schemes provide funding in both non-thematic (Open) and thematic (Challenge) calls. Topics are updated regularly in the annual work programmes.



Under the scheme, technology SMEs of strategic importance, in particular, were able to apply for capital investment of more than EUR 15 million in 2022 (and subsequently in 2023). In 2022, several calls have been launched under the programme. The **EIC Accelerator Challenge: Technologies for Open Strategic Autonomy** aimed to support innovative SMEs in different areas (Components, Technologies and Systems for the Pharmaceutical Industry, Strategic Health Technologies, Sustainable and Innovative Approaches including Circularity for Critical Raw Materials, New Applications of Quantum Technologies, Innovative Applications using Data and Signals from EU Space Infrastructures, Security Technologies, Technologies for Innovative Financial and Payment Infrastructures and Services).²⁶ Another challenge, the **EIC Accelerator Challenge: Technologies for 'Fit for 55'**, aimed to support businesses to develop and scale up technologies that enhance the green transformation of EU countries.²⁷ Other calls launched in 2022 and completed the following year in 2023 were aimed at supporting innovative SMEs in the fields of cancer treatment, semiconductor and quantum technology components, space technologies, digitisation of architecture and civil engineering, and new technologies for resilient agriculture.²⁸

The Eurostars 3 programme

The ongoing 2008 **funding programme**²⁹, which is part of the activities of the EUREKA network, **supports in particular R&D intensive SMEs with high growth potential** in collaboration with project partners (large companies, universities, research organisations and other types of organisations). By financing international projects, SMEs have the opportunity to become part of global value chains and new markets. Eurostars 3 is the flagship grant scheme of the European Partnership for Innovative SMEs, which the Slovak Republic joined in 2022.³⁰ The most important benefit of the partnership, compared to the previous Eurostars 2 programme, is in particular the **Innowwide support scheme**, which allows SMEs to obtain additional funding to carry out the technical, commercial, legal and socio-economic aspects of

²⁶Available online: <https://www.horizon-europe.gouv.fr/eic-accelerator-challenge-technologies-open-strategic-autonomy-29459>

²⁷Available online: <https://www.horizon-europe.gouv.fr/eic-accelerator-challenge-technologies-fit-55-29462>

²⁸Available online: https://eraportal.sk/archive-vyzvy/page/2/?s&post_type=vyzvy&order_field&order_type=asc&portal=heu&oblast-horizont=1124&status

²⁹Available online: <https://www.minedu.sk/eurostars/>

³⁰Available online: <https://vedanadosah.cvtisr.sk/ludia/slovenski-podnikatelia-mozu-expandovat-globalne-vdakanojej-podpore/>

the feasibility of a business idea (e.g. launching a product on an international market). In 2022, the programme launched two calls for innovative SMEs.³¹

Euratom research and training programme

It represents another of the European programmes of the Multiannual Financial Framework for the period 2021-2027. The aim of the programme is to **implement nuclear research and professional training**, with emphasis on the continuous improvement of nuclear safety, the improvement of the physical protection of nuclear materials and nuclear facilities, the enhancement of radiation protection and, in particular, the contribution to the safe and efficient long-term decarbonisation of energy systems. For the period 2021-2022, the European Commission has signed 28 grant agreements under the programme, with a total budget of EUR 100 mil. All projects with Slovak partners have been successful in obtaining grants and **Slovakia is thus involved in up to ten projects**³². Successful Slovak partners included one SME³³.

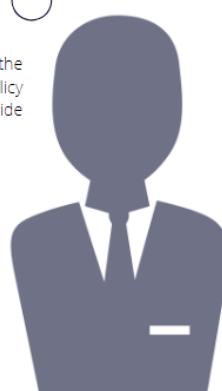
Small Business Act for Europe Initiative

The Small Business Act for Europe initiative was adopted in 2008.



It recognizes the key role of SMEs in the European economy.

The Small and Medium Enterprises Act consists of a set of **10 principles** (values).



The initiative seeks to promote one of the principles - "think small first" - in European policy and administration, which in turn would provide better conditions for SMEs to create new jobs.

Recovery plan for Europe

The COVID-19 pandemic has put EU Member States to an extraordinary test. The crisis they began to face was a combination of a public health crisis and a recession. In the immediate aftermath of the pandemic, the EU started to take various measures to support, in particular, jobs (creation and retention), businesses and Member States.

A collective effort at EU level was to set up a recovery fund to target the sectors most affected by the COVID-19 pandemic and to tackle the overall emergency situation in a first step and a gradual economic recovery in a second step.

After the initial joint deliberations in 2020, the following year saw the adoption of the necessary measures for the recovery plan. On 21 July 2020, EU leaders agreed on a comprehensive package in an amount of **EUR 2,017.8 billion**, combining the EUR 1,210.9 billion **Multiannual Financial Framework (MFF)** with the EUR 806.9 billion emergency

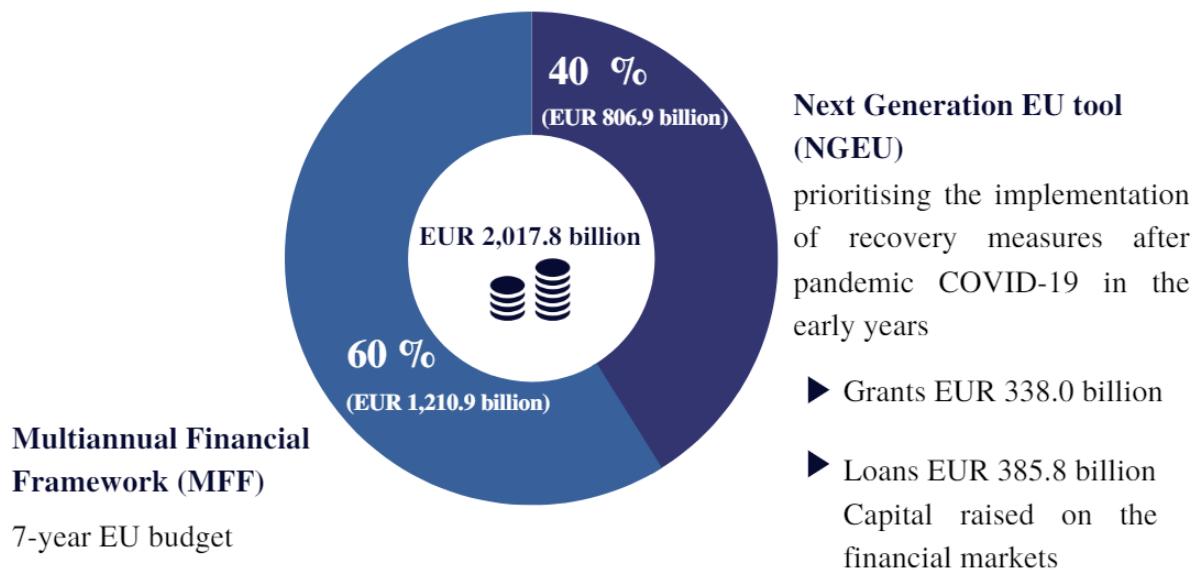
³¹ Available online: <https://www.slord.sk/aktuality/program-eurostars-v-roku-2022-spusti-dve-vyzvy-pre-inovativne-msp/>

³² Available online: <https://eraportal.sk/aktuality/rekordna-uspesnost-slovenska-v-ramci-vyzvy-euratomu-a-vznik-noveho-partnerstva-v-oblasti-ionizujuceho-ziarenia/?heu=1>

³³ Inžinierska výpočtová spoločnosť Trnava, s.r.o

recovery effort **under the Next Generation EU instrument**. Of this, EUR 723.8 billion has been allocated to national recovery and resilience plans in the form of grants and loans under the proposed Recovery and Resilience Facility programme.

To finance NextGenerationEU, the EC is borrowing funds on the capital markets at more favourable interest rates than most EU Member States. These are then redistributed to the EU Member States. However, to cover the repayments of the NextGenerationEU instrument, the EC is seeking to create new sources of EU revenue, such as a border carbon offset mechanism, a digital or financial transaction tax, a financial contribution linked to the business sector or a new common tax base on LP income.



In the first half of February 2021, the European Parliament and the Council of the EU adopted a regulation³⁴ establishing the Recovery and Resilience Facility for a total amount of EUR 723.8 billion, a key programme of the EU's NextGeneration instrument. EU Member States have received support gradually over the course of 2021 based on their national recovery and resilience plans. They were tasked with setting out a coherent package of projects, reforms and investments in the National Recovery Plans, which were to cover six policy areas of European importance. The national recovery and resilience plans had to be submitted to the EC by 30 April 2021. In the second half of June 2021, the Slovak draft recovery plan was also positively assessed.

³⁴Regulation (EU) 2021/241 of the European Parliament and of the Council establishing a Mechanism to support recovery and resilience.



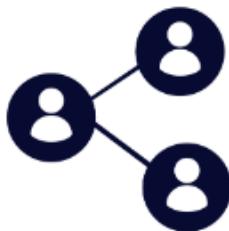
Green transformation



Digital transformation



Smart, sustainable, inclusive growth and jobs



Social and territorial cohesion



Policies for the next generation, children and youth, including education and skills



Health and resilience

The **investment and reform measures** defined in the individual components of the EU Recovery and Resilience Plans contribute to the fulfilment of the **six pillars defined in the “Recovery and Resilience Mechanism” programme**.

At the same time, they reflect on the (negative) impacts of the COVID 19 pandemic and the associated widening regional disparities, but also on country-specific challenges.

In general, measures under the different components and pillars complement each other and contribute (directly or indirectly) to the achievement of each of the six pillars.

In particular, components covering **Pillar 1** - Green Transformation, **Pillar 2** - Digital Transformation, **Pillar 3** - Smart, Sustainable and Inclusive Growth and Jobs, and **Pillar 5** - Health, Economic, Social and Institutional Resilience (with an emphasis on institutional resilience) **contribute to supporting the business environment (in particular SMEs)**. **Targeted support to SMEs** is contained in stand-alone components, sub-components (measures) or within components to support selected sectors (in particular those affected by the COVID-19 pandemic).

Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU)

It represents additional EU resources funded by the Recovery Plan for Europe (NextGenerationEU). With a total financial resources of EUR 50 billion it will mainly support, through Cohesion Policy in the new programming period 2021-2027, investment projects that contribute to a green, digital and resilient economic renewal, including support for job preservation. In addition to job creation, support also includes measures to promote

youth employment, health care systems and the **provision of working capital and investment support for SMEs³⁵**.

SME Fund programme (Ideas Powered for Business SME Fund)

The programme is the EU's second fund for SMEs³⁶ to support their recovery from the COVID-19 pandemic, as well as green and digital transformation for 2022-2024, with a budget of EUR 47 mil. The grant programme is designed to help small and medium-sized enterprises in the EU to protect their intellectual property rights. It is an initiative of the European Commission, implemented by the European Union Intellectual Property Office (EUIPO). Intellectual property protection through the SME Fund can cover a variety of assets, including trademarks, designs, patents and plant varieties. This is a "reimbursement scheme" under which vouchers are issued that can be used to partially cover fees for selected activities.³⁷

LIFE Programme

One of the main and ongoing programmes to support environmental projects aims to contribute to the transition towards a sustainable, circular, energy-efficient, climate-neutral, renewable and climate-resilient economy. It is an **important source of experience and inspiration**, including for cooperation in the field of the green economy (creation of green jobs and support for SMEs in the circular economy)³⁸. In the new programming period 2021-2027, support under the programme with a budget of EUR 5.432 billion is implemented through two areas, i.e. "Environment", which includes the Nature and Biodiversity sub-programme and the Circular Economy and Quality of Life sub-programme. The second area, "Climate Action", includes the sub-programme on Climate Change Mitigation and Adaptation and the sub-programme on Clean Energy Transition.³⁹

Programme REPowerEU

In the wake of the war in Ukraine, the European Union presented a plan in 2022⁴⁰ to save energy, promote renewable energy and diversify Europe's energy supply. The plan builds on the ambitious actions proposed in 2021 to help the EU meet its climate and environmental targets. Its implementation will be carried out through a specific "REPowerEU" chapter included in the Recovery and Resilience Plans of EU Member States⁴¹. The main source of funding for the plan⁴² is the Mechanism for Recovery and Resilience (NextGenerationEU). Grant funding of up to EUR 20 billion will come from the Innovation Fund (60 %) and from the sale of Emissions Trading Scheme (ETS) emission allowances (40 %).⁴³

³⁵ Available online: https://commission.europa.eu/funding-tenders/find-funding/eu-funding-programmes/react-eu_sk

³⁶ Available online: <https://euiipo.europa.eu/ohimportal/sk/online-services/sme-fund>

³⁷ Available online: <https://innonews.blog/2023/01/31/europsky-sme-fund-podpori-msp-v-oblasti-ochrany-prav-dusevneho-vlastnictva/>

³⁸ Available online: <https://www.switchtogreen.eu/the-life-programme/>

³⁹ Available online: <https://www.mizp.sk/life-2021-2027/program>

⁴⁰ Plan submitted on May 18, 2022. In December 2022, the European Parliament and the Council of the EU reached a political agreement on the financing of the REPowerEU plan, allowing EU countries to add specific chapters or a REPowerEU chapter to their national recovery and resilience plans. The Council of the EU formally adopted the relevant amending regulation at the end of February 2023.

⁴¹ EU Member States that submit a recovery and resilience plan after the entry into force of the Regulation should be required to include a REPowerEU chapter in their recovery and resilience plan.

⁴² Available online: <https://www.consilium.europa.eu/sk/policies/eu-recovery-plan/repowereu/>

⁴³ Moreover, any revenues raised through the ETS cannot be used for investment in fossil fuels.

Key objectives of the REPowerEU plan include **energy savings, diversification of energy supply and accelerated deployment of renewable energy sources**. The measures proposed under the REPowerEU plan will **support SMEs** in overcoming the energy crisis and investing in renewables, energy infrastructure and disruptive technologies.⁴⁴

European Regional Development Fund (ERDF)

It provides finance to public and private bodies in all EU regions to **reduce economic, social and territorial disparities**. In the 2021-2027 programming period, with a total budget of more than € 226 billion, the fund will enable investments in European regions to⁴⁵:

- **making them more competitive by promoting innovation, digitalisation and SMEs⁴⁶,**
- their transition to renewable and low-carbon sources,
- interconnectivity through improved mobility,
- increased employment, better education, social inclusion and equal access to healthcare, as well as strengthening the cultural sector and sustainable tourism.

European Social Fund (ESF+)

With a budget of more than EUR 99 billion for the 2021-2027 programming period, it finances the principles of the European Pillar of Social Rights through **measures in the areas of employment, education and skills and social inclusion**. The objective of the fund is to support EU Member States in⁴⁷:

- addressing the crisis caused by the coronavirus pandemic,
- achieve high levels of employment and fair social protection
- **support a skilled and resilient workforce that is ready for the transition to a green and digital economy** (support SMEs to improve their competitiveness, e. g. through training).

Just Transition Fund

It represents a new fund under Cohesion Policy for the programming period 2021-2027. **Provides financial support to fossil fuel-dependent regions for their ecological transformation**. Areas supported by the fund include, for example:⁴⁸

- **investment in SMEs,**
- the establishment of new enterprises,

⁴⁴ Available online: <https://europske.noviny.sk/2023/02/14/repowereu-zahrnutie-energetickyh-opatreni-donarodnych-planov-obnovy/>

⁴⁵ Available online: https://commission.europa.eu/funding-tenders/find-funding/eu-funding-programmes/european-regional-development-fund-erdf_sk

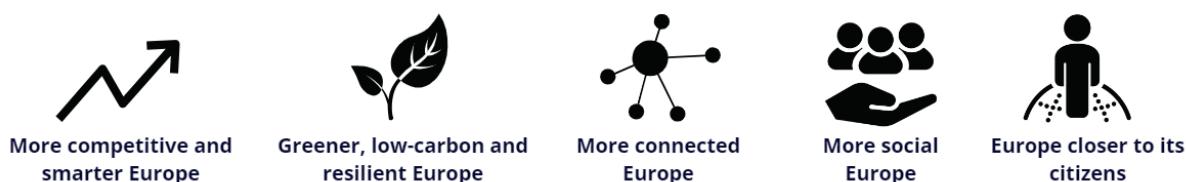
⁴⁶ The part of the fund's budget (EUR 570 mil.) that is allocated to interregional investment in innovation is implemented under direct management by the Executive Agency of the European Innovation and SME Council (EISMEA) on the basis of a two-year work programme.

⁴⁷ Available online: https://commission.europa.eu/funding-tenders/find-funding/eu-funding-programmes/european-social-fund_sk

⁴⁸ Available online: https://commission.europa.eu/funding-tenders/find-funding/eu-funding-programmes/just-transition-fund_sk

- research and innovation,
- transformation of existing carbon-intensive facilities,
- increasing the skills and retraining of workers in order to preserve jobs as a result of the ecological transition.

The European Regional Development Fund, the Cohesion Fund, the European Social Fund+ and the Just Transition Fund make up the cohesion policy funds and almost a third of the 2021-2027 MFF budget. EU cohesion policy (in particular the European Regional Development Fund) is the largest source of investment under the 2021-2027 MFF budget to support SMEs⁴⁹. The priority areas of support within the scope of the five objectives of the EU Cohesion Policy are aimed at, or some of them contribute to, supporting the business environment (including SMEs).⁵⁰



In 2022, the EU proposed to make the expiring 2014-2020 Cohesion Policy framework more flexible to help Member States and regions meet the challenges of the current energy crisis through targeted and temporary measures, up to 10 % of the funds allocated to Member States, amounting to almost EUR 40 billion.⁵¹ The amounts shall be disbursed subject to the availability of funds within the ceilings of the multiannual financial framework. Support is targeted at SMEs, which are particularly affected by energy price rises, to preserve the jobs of employees and the business activities of the sole traders through more flexible working arrangements.

European Agricultural Guarantee Fund (EAGF)

It represents the **first pillar of the Common Agricultural Policy** with a budget of more than EUR 291 billion in the new programming period 2021-2027⁵². It **supports EU farmers** through various **payment schemes**, including the basic payment scheme, payments for sustainable agricultural practices ("green direct payments") and **payments for young farmers**. The financial support includes measures to stimulate and stabilise agricultural markets, to assist storage activities and to support individual sectors. It also provides financial resources to EU countries to finance **specific programmes for farmers and agricultural SMEs** operating in areas with adverse natural conditions⁵³.

⁴⁹ Available online: <https://cohesiondata.ec.europa.eu/stories/s/An-Economy-that-works-for-people-Cohesion-Policy-s/n4ee-2h83/>

⁵⁰ Available online: <https://rokovania.gov.sk/RVL/Material/27416/1>

⁵¹ Available online: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2022:553:FIN&pk_campaign=preparatory&pk_source=EURLEX&pk_medium=T&pk_keyword=Energy&pk_content=Communication

⁵² During the first two years of the new programming period, the existing regulations from the previous 2014-2020 programming period continue to apply in order to ensure a smooth transition to the implementation of the future Common Agricultural Policy strategic plans.

⁵³ Available online: https://agriculture.ec.europa.eu/common-agricultural-policy/financing-cap/cap-funds_en#eagf

European Agricultural Fund for Rural Development (EAFRD)

The second pillar of the Common Agricultural Policy with a budget of more than EUR 95,5 billion, provides support to improve the competitiveness of agriculture, sustainably manage natural resources and achieve balanced territorial development of rural communities. Support includes **investment support through financial instruments (loans, guarantees) for rural enterprises (especially SMEs)**. As a result of the war conflict in Ukraine, in June 2022 the EU adopted a EUR 500 mil. support mechanism under the fund, which allows EU Member States to provide **temporary financial support for farmers** (up to EUR 15 thousand) and **agricultural SMEs** (up to EUR 100 thousand) to cover increased input costs until 2023⁵⁴.

European Maritime, Fisheries and Aquaculture Fund (EMFAF)

In the 2021-2027 programming period, with a budget of more than EUR 6 billion, the fund will support in particular small-scale coastal fisheries, young fishermen and outermost regions, as well as the promotion of sustainable aquaculture. These are innovative projects that contribute to the sustainable use and management of water and marine resources. **In particular, it facilitates the transition to sustainable low-carbon fisheries and the protection of marine biodiversity and ecosystems.** It also aims to improve skills and working conditions in the fishing and aquaculture sectors and the economic and social vitality of coastal communities.⁵⁵ In addition, the fund provides **financial support for young fishermen** under 40 who register their boat for the first time in the EU fishing fleet.⁵⁶

Fishing and aquaculture operators (including SMEs) in the EU have also been negatively affected by rising energy and raw material prices. In order to assist the sector, the European Union activated the European Maritime, Fisheries and Aquaculture Fund⁵⁷ in 2022 to provide **financial compensation** to recognised producer organisations and associations of producer organisations storing fisheries products and financial compensation to operators in the fisheries and aquaculture sector, including the processing sector, for the loss of income and additional costs incurred due to the market disruption caused by the military conflict in Ukraine and the related impacts on the supply chain of fisheries and aquaculture products.⁵⁸.

Since the start of the energy crisis, the European Commission has come up with a number of initiatives to support not only households but also SMEs. Already in October 2021, the Commission published a set of measures that EU countries can use to help the business environment (e.g. energy vouchers, subsidies, tax breaks, solidarity contributions from fossil fuel producers to businesses).⁵⁹

Given the differences in energy and tax systems across the EU, national and local governments are best placed to help local SMEs rather than seeking a one-size-fits-all approach at EU level. At the same time, the European Commission has a number of support programmes targeting SMEs, with an increasing focus on the clean energy transition. These are EU funding programmes such as the aforementioned COSME programme, LIFE Clean

⁵⁴ Available online: <https://www.globaltradealert.org/state-act/64694/eu-new-mechanism-to-provide-exceptional-temporary-support-to-farmers-and-agricultural-smes-under-the-eafrd>

⁵⁵ Available online: <https://www.fi-compass.eu/funds/emfaf>

⁵⁶ Available online: <https://www.europarl.europa.eu/news/sk/headlines/society/20210701STO07545/europsky-namorny-rybolovny-a-akvakulturny-fond-pre-lepsiu-udrzatelnost>

⁵⁷ Available online: <https://eur-lex.europa.eu/legal-content/SK/TXT/?uri=CELEX:32022R1278>

⁵⁸ Available online: <https://eur-lex.europa.eu/legal-content/SK/TXT/?uri=CELEX:32022R1278>

⁵⁹ Available online: https://energy.ec.europa.eu/topics/markets-and-consumers/action-and-measures-energy-prices/coping-crisis_en

Energy Transition, Horizon Europe, InvestEU and the European Structural and Investment Funds.

Programme Declaration of the Government of the Slovak Republic for years 2020-2024

Pursuant to the new *Programme Declaration of the Government of the Slovak Republic for the years 2020 - 2024*⁶⁰ (hereinafter referred to as the "Programme Declaration of the Government of the Slovak Republic" or "PVV SR"), the **Government is committed to creating favourable business conditions** in the spirit of simple legislation with a low administrative, financial and regulatory burden for all. It is also committed to fundamentally simplifying the tax and social security system and to paying attention to domestic companies. In terms of strengthening the systemic approach to improving business conditions, which has long been absent, a flexible labour code and labour law legislation are identified as key, which is considered particularly important not only during booms and crises, but also for adapting to new post-crisis conditions.

In the context of the business environment linked to small and medium-sized enterprises, the current *Programme Declaration of the Government of the Slovak Republic* states a commitment to creating a favourable environment for the development of SMEs and taking into account the application of the "Think Small First" principle. It further states that the government will focus on the introduction of universal free trade and will create more favourable conditions not only for the development of family business, but also entrepreneurship for young people, women and seniors. In the field of social economy, the government will support the development of the social economy and the creation of social enterprises, for which it will also provide quality service and advisory services in cooperation with the Ministry of Labour and Social Affairs of the Slovak Republic. By involving SMEs in subcontracting chains, the Government of the Slovak Republic is committed to supporting the internationalisation of SMEs.

Better Regulation Centre

The Government of the Slovak Republic has pledged to remove some of the bureaucracy by 2020 through changes to laws that will make it easier to do business. At the same time, it committed to further implementation of the Better Regulation agenda, which is a prerequisite for improving the quality of the legislative process and the laws adopted. Based on input from business, the government will conduct an ex post assessment of regulatory and administrative obligations in legislation affecting business. Furthermore, the Government of the Slovak Republic will ensure compliance with and control of the principle of the effectiveness of changes to the most important laws affecting business once a year (as of 1 January). The problem of unpredictability and non-transparency of the approval of laws in the Parliament, the lack of impact assessment of parliamentary proposals, as well as the lack of consultation of these proposals will be addressed by the Government through the introduction of more rigorous commenting on parliamentary bills, the introduction of a sufficient period of time between the second and third readings in the National Assembly of the Slovak Republic, and a detailed impact assessment.

The Government of the Slovak Republic has introduced the „1 in - 1 out“ principle from 2021 and the „1 in - 2 out“⁶¹ principle came into force with effect from 1 January 2022. The objective of fulfilling one of the Government's commitments is to halt the increase and

⁶⁰The PVV SR for 2020-2024 was updated in April 2021.

⁶¹Each newly introduced regulation in the field of economic policy will have a quantified financial impact of the increase in administrative burden on both businesses and citizens, and at the same time a proposed equivalent decrease (1 in 1 out) or double decrease (1 in 2 out) of the administrative burden.

subsequently achieve a reduction in regulatory obligations. At the same time, the existing form of analysis of impacts on the business environment will be reviewed. An innovative approach will be promoted in the development of regulations, using smart solutions in line with the principles of e-Government.

Resolution of the Government of the Slovak Republic No.383/2022, which updated the Unified Methodology for the Assessment of Selected Impacts, also fulfilled another of the commitments of the Government of the Slovak Republic aimed at **carrying out ex post evaluation** of regulatory and administrative obligations in legislation. The purpose of ex post evaluation is to assess whether regulations resulting from legislation or measures resulting from non-legislative material are fit for purpose after a certain period of time and whether they are effective and appropriate to address the issue at hand⁶².

Improving the business environment

In 2022, the Government of the Slovak Republic approved the so-called "**Kilečko 2**", containing 198 measures to reduce excessive regulatory burdens in business and increase the incentive to start a business. The measures include those that apply to all entrepreneurs, but also to entrepreneurs in selected sectors⁶³.

In addition, in the year under review, the Government of the Slovak Republic partially fulfilled another of its commitments aimed at introducing a system of second chances and the **possibility of correction without penalty** for breaches of obligations by entrepreneurs to the extent that do not endanger the health and safety of consumers, so that they are given the opportunity for redress, especially in the case of administrative breaches. Amendment No. 496/2022 Coll. the tax administrator shall not impose a fine, which may be determined according to an interval range, but shall warn the entrepreneur to comply with the obligation.

Family

With an emphasis on family support, which is perceived by the Slovak Republic as a priority instrument for addressing the issue of adverse demographic development, one of the commitments of the Slovak Government in this area was fulfilled in 2022. In the said year, an amendment to Act No. 112/2018 Coll. on the Social Economy and Social Enterprises was approved⁶⁴, which introduced the **concept of a family-type business company**.

Tourism

According to the Programme Declaration of the Government of the Slovak Republic, the Strategy for the Development of Sustainable Tourism until 2030 should determine the further orientation in the field of tourism.⁶⁵ In the context of COVID-19, dealing with the negative consequences of the pandemic, as well as the recovery of the sector in Slovakia, should be of paramount importance. In this regard, the Government of the Slovak Republic has committed to take measures aimed at maintaining employment and ensuring the competitiveness of tourism entities. In addition, it will support the activities of the tourism agency (Slovakia Travel). The Agency will be financed from the state budget as well as from the business

⁶²National Reform Programme of the Slovak Republic 2022

⁶³Available online: <https://www.podnikajte.sk/pripravovane-zmeny-v-legislative/kilecko-2-ake-opatrenia-zmenia-podnikanie-od-2022>

⁶⁴The amendment will enter into force in 2023.

⁶⁵The Government of the Slovak Republic is of the opinion that the basic infrastructure that would create a market for tourism business should in principle be created by the state. Programme Declaration of the Government of the Slovak Republic for years 2020-2024

community. Its task will be mapping and analysis of tourism facilities in Slovakia, promotion of Slovak tourism abroad, as well as analysis of individual foreign markets.

In 2022, the Government of the Slovak Republic continued to provide a **financial contribution** to NPs or LPs operating in the field of tourism to cover **fixed costs**.⁶⁶ In addition, in 2022, **tourism organisations could also use the annual subsidy from the state budget, partly to the extent of 15 %, for operating costs (e.g. for marketing and promotion, the operation of the tourist information centre, the creation and operation of a reservation system, etc.)**.⁶⁷

National Reform Programme of the Slovak Republic (2020-2024)

The National Reform Programme focuses on the longer-term process of preparing structural reforms while responding to the EU Council's specific recommendations for Slovakia with measures. The document in question also takes into account the Programme Declaration of the Government for the years 2020 to 2024, and for this reason the National Reform Programme is also linked to the above-mentioned four-year period. It also serves as a tool to communicate the implementation of the 2030 Agenda for Sustainable Development and the European Pillar of Social Rights, thus replacing the Europe 2020 strategy that has been in place for the past decade. **Education, the labour market and allocative efficiency conditioned by efficient public administration** were identified as the remaining major structural challenges to the convergence of the Slovak economy.⁶⁸

In 2022, in addition to implementing measures to mitigate the impact of the COVID-19 pandemic, the Government continued to implement and propose measures in key structural areas (public finance, education, productivity: research, development, innovation and digitalisation, labour market and social affairs, housing, quality of institutions, health and health and social long-term care, and green transformation).

Measures to mitigate the impact of the COVID-19 pandemic, with an emphasis on the business environment:

In light of the ongoing negative impacts of the COVID-19 pandemic, the Government of the Slovak Republic has continued to **support employment retention and provide assistance to entrepreneurs without income through the First Aid scheme** in 2022. Employers could apply for a contribution to reimburse employees' wage costs. The eligible period for financial assistance was from 13 March 2020 to 28 February 2022. The scheme also covered sole traders persons who are employers and who maintained their jobs even if their activities were interrupted or restricted during the state of emergency. Employers and sole traders persons could still claim this support for February 2022. From the beginning of March 2022, the **legislation on support during shortened work** came into force, replacing the ad hoc schemes adopted during the crisis period (so-called permanent Kurzarbeit).

Until the end of February 2022, the Government of the Slovak Republic provided entrepreneurs and sole traders persons who did not have income with a lump-sum contribution to compensate for the loss of income from gainful employment (EUR 315). For sole traders

⁶⁶Businesses that reported a drop in sales of more than 40 % compared to the period (January and February) prior to the COVID-19 pandemic were eligible for the January and February allowance.

⁶⁷Available online: <https://www.zmos.sk/co-prinasa-novela-zakona-o-podpore-cestovneho-ruchu-oznam/mid/405616/.html>

⁶⁸Resource efficiency in the economy is largely influenced by institutions in the broader sense. Slovakia is still characterised by low enforceability of property rights, high regulatory barriers for entrepreneurs, low labour mobility between employers and between regions, inefficiency of the public sector and generally low trust in public institutions.

persons whose sales dropped due to the pandemic or who had to close their establishments, the amount of the lump sum contribution ranged from EUR 270 to EUR 810.

To support the retention of employment, financial support was also provided to businesses in 2022 through the **reimbursement of rent paid**.

Deferment of social contributions during the COVID-19 pandemic may have been requested by sole traders persons and employers on behalf of employees even for February 2022.

Measures in selected key structural areas with an emphasis on the business environment⁶⁹

Research, development, innovation and digitalisation

At the beginning of 2022, the **transformation of the Slovak Academy of Sciences (SAV)** was completed with the aim of more effective cooperation with the private sector. The change will allow for multi-source funding, including private sources that **stimulate incentives for collaboration with the private sector**, especially in the area of intellectual property protection and the resulting financial profitability.

In the same year, the **amended Act No.452/2021 Coll. came into force on electronic communications**, in response to the implementation of the European Directive establishing the European Electronic Communications Code⁷⁰. The main purpose of this legislative change is to promote competition in the field of electronic communications, to develop the internal market, to protect the interests of end-users and to ensure access to and use of high-capacity networks by all citizens and businesses at a reasonable price.

Labour market and social affairs

In April 2022, **Government Regulation 521/2022** came into force to **grant visas to highly qualified third-country nationals**. In addition, the regulation allows graduates of Slovak and Czech schools, graduates of leading foreign schools, and specialists in selected professions with high added value to come to the territory of the Slovak Republic, find a job for 90 days, and then be employed. In the same year, Government Regulation 520/2021⁷¹ came into force with the aim of granting visas for **bus drivers and truck drivers for national and international transport**.⁷²

In 2022, an **amendment to Act No. 576/2004 Coll. was adopted on the provision of health care** with the aim of **streamlining the process of admission to certain health professions**, shortening the time limits for processing applications, removing the requirement for official certification of a copy of documents and streamlining the continuing education of health professionals.

⁶⁹National Reform Programme 2022. Available online: https://commission.europa.eu/system/files/2022-04/nrp_2022_slovakia_sk.pdf

⁷⁰Directive (EU) 2018/1972 of the European Parliament and of the Council of 11 December 2018 establishing the European Electronic Communications Code

⁷¹Available online: <https://www.employment.gov.sk/sk/uvodna-stranka/informacie-media/aktuality/zamestnavanie-cudzincov-z-tretich-krajin-prinesie-pracovnu-silu-do-nedostatkovych-profesii.html>

⁷²Labour mobility from third countries is regulated by setting quotas for individual occupations. After the visa has been granted (until the quota is exhausted), selected jobs can be filled by a third-country national without a temporary residence permit for the purpose of employment, but the employer will have an information obligation in these cases by means of an information card at the beginning as well as at the termination of the employment relationship.

At the beginning of 2022, an **amendment to Act No.61/2015 Coll. on vocational education and training** entered into force, which introduces the concept of **supra-company training centres** and will enable the provision of practical training for pupils with apprenticeship contracts with other employers. This modification will support the entry of SMEs and sole traders persons into the dual training system in cases where they do not meet the conditions for the performance of practical training.

Quality of institutions

In the second half of 2022, the new Act No. 111/2022 Coll. on the resolution of imminent bankruptcy⁷³ came into force in order to create **effective rules for preventive restructuring**. In addition, the legislation allows for effective restructuring at an early stage of the insolvency process in order to prevent insolvency and to help viable companies to emerge from difficulties.

In the same year, **two-way electronic communication** across all types of taxes towards the tax subjects was launched in order to promote voluntary compliance and reduce the administrative burden.

In 2022, the **tax reliability index** began to be published and became legally enforceable. The whole process of evaluating tax subjects and their classification into individual groups (according to reliability) will be transparent so that every tax subject has an overview of what the tax administration evaluates when compiling the index. At the same time, the tax administration will provide benefits or apply restrictions according to the classification of the tax entity in the above-mentioned groups.

Resolution of the Government of the Slovak Republic No.383/2022 updated the Unified Methodology for the Assessment of Selected Impacts and introduced the **implementation of ex post evaluation** of regulatory and administrative obligations in legislation. The purpose of ex post evaluation is to assess whether regulations resulting from legislation or measures resulting from non-legislative material are fit for purpose after a certain period of time and whether they are effective and appropriate to address the issue at hand.

The introduction of **protection against the so-called goldplating** in 2022 is intended to prevent the unreasonable extension of obligations beyond the minimum requirements when transposing EU legislation into the national legal system.⁷⁴

Health and health-social long-term care

At the beginning of 2022, a **one-off financial allowance** (max. EUR 60 thousand) was introduced **for the establishment of new out-patient departments** in underserved districts and municipalities⁷⁵. The aim of the introduction of the allowance is to remove financial barriers to the establishment of new primary care practices. This support should also motivate male and female doctors to operate in areas with reduced access to primary health care.

Green transformation

A **deposit system for disposable beverage packaging** has been in place in Slovakia since January 2022 with the aim of increasing the collection rate of beverage packaging, recycling it efficiently and then using the material in the production of new packaging.

⁷³ Available online: <https://www.nrsr.sk/web/Default.aspx?sid=zakony/zakon&MasterID=8519>

⁷⁴ Available online: <https://www.mfsr.sk/files/archiv/12/Narodny-program-reforiem-2023.pdf>

⁷⁵Priority is given to the provision of outpatient primary care in so-called black districts.

Area	Measures under preparation/under consideration in 2022 with an impact on the business environment
Research, development, innovation and digitalisation	<ul style="list-style-type: none"> preparation of the National Strategy for Support and Development of Research, Development and Innovation⁷⁶ approval of the Digital Transformation Action Plan 2023-2026⁷⁷ completion of the adoption of legislation establishing the legal framework for the unification and full digitisation of bankruptcy liquidation, restructuring and insolvency, including procedures for the digitisation of compulsory liquidation.⁷⁸ The new information system also includes an early warning function for imminent bankruptcy preparation of a proposal for a digital support (electronic platform) for public procurement⁷⁹ digitisation in the field of spatial planning and building procedures⁸⁰ preparation of a study and initiation of the process of introducing new information systems for the digitalisation of processes (the Business Register and the Centralised Court Management System)⁸¹
Labour market and social affairs	<ul style="list-style-type: none"> recognition of foreigners' education and professional qualifications beyond the health professions approval of the amendment of Act No 5/2004 on employment services⁸² with a view to innovating mechanisms for the participation of labour market participants in education and training⁸³
Quality of institutions	<ul style="list-style-type: none"> implementation of 2 anti-bureaucratic packages⁸⁴ with measures to reduce the administrative burden and focus on the business environment
Green transformation	<ul style="list-style-type: none"> approval of the Concept for the Development of Intermodal Transport until 2030⁸⁵ implementation of investments in the form of upcoming calls to promote renewable energy sources⁸⁶ and increase the flexibility of the electricity system promoting the interest of freight operators to shift road freight transport to rail or intermodal transport through the preparation of legislative changes and support schemes⁸⁷ supporting the development of alternative fuel in the transport sector, including the preparation of calls to support the development of infrastructure for alternative fuel vehicles

⁷⁶Approved on 28.03.2023. Available online: <https://eraportal.sk/aktuality/strategia-vyskumu-vyvoja-a-inovacie-je-schvalena/>

⁷⁷Approved on 14.12.2022. Available online: <https://www.mirri.gov.sk/sekcie/informatizacia/digitalna-transformacia/akcny-plan-digitalnej-transformacie-slovenska-na-roky-2023-2026/index.html>

⁷⁸On 18 January 2023, the Government of the Slovak Republic approved a bill amending Act No. 7/2005 Coll. on Bankruptcy and Restructuring and on Amendments and Supplements to Certain Acts, as amended, and supplementing certain Acts. Full deployment of the system is expected by June 2024.

⁷⁹From 1.2.2023 there is an obligation to use the electronic platform.

⁸⁰on 27.04.2022 the Act on Spatial Planning and the Act on Construction were approved with their effect from 1.4.2023. Available online: <http://lepsiezakony.sk/bola-prijata-nova-stavebna-legislativa/>

⁸¹Launch of the Business Register allowing full electronic communication between entrepreneurs and courts is planned for 2023.

⁸²The amendment was approved on 28.09.2022 with effect from 01.01.2023. Available online: <https://www.employment.gov.sk/sk/uvodna-stranka/informacie-media/aktuality/efektivnejsie-opatrenia-trhu-prace-prinesu-zmeny-zakone-sluzbach-zamestnanosti.html>

⁸³The aim of the amendment is, among other things, to strengthen the motivation of employers to contribute to the training of their employees without creating additional administrative burdens and increasing costs. One of the measures is the establishment of the Alliance of Sector Councils, which monitors employers' requirements for skilled labour and translates these labour market demands into the lifelong learning system.

⁸⁴The anti-bureaucratic package "Kilecko2" was approved on 16.06.2022 and "Kilecko3" was introduced on 04.07.2022. Available online: <https://www.economy.gov.sk/podnikatelske-prostredie/opatrenia-na-zlepsenie-podnikatelskeho-prostredia/kilecko-3?csrt=9470535126071304283>

⁸⁵Approved in April 2022. It contains the basic framework of steps needed for the systemic development of environmentally friendly freight transport modes

⁸⁶In 2022, the Ministry of Economy of the Slovak Republic announced the first call with an allocation of EUR 39 million for the construction of new renewable energy sources. Available online: <https://www.mfsr.sk/files/archiv/12/Narodny-program-reforiem-2023.pdf>

⁸⁷At the beginning of 2023, the Ministry of Transport announced two calls for the development of intermodal freight transport. Available online: <https://www.planobnovy.sk/aktuality/ministerstvo-dopravy-vyhlasilo-vyzvy-pre-kombinovanu-dopravu/>

Recovery and Resilience Plan of the Slovak Republic

The Recovery and Resilience Plan of the Slovak Republic (hereinafter referred to as “RRP”) was developed in response to the negative impact of the COVID-19 pandemic on the Slovak economy. It also responds to its identified structural challenges, with target areas for support including:

- Green economy,
- Education
- Science, research and innovation
- Healthcare,
- efficient public administration and digitalisation.

It is also linked to the six pillars of the Recovery and Resilience Mechanism, which, according to Article 3 of Regulation (EU) 2021/241, should provide effective and substantial financial support for a stronger implementation of sustainable reforms in EU Member States. In the context of global megatrends, the challenge is also to increase the resilience of the economy to demographic, technological and climate change on the one hand, and the ability to make the most of new opportunities on the other. It consists of **97 milestones** and **99 targets**,⁸⁸ the achievement of which is closely linked to the implementation of measures under the **National Reform Programme of the Slovak Republic (2020-2024)**.

The Slovak Republic submitted its RRP to the European Commission on 29.4.2021, which approved it on 13.7.2021. The total volume of approved allocated financial resources in the form of grants (so-called non-repayable financial assistance) for the implementation of investment and reform measures under the National Recovery and Resilience Plan is at the level of EUR 6 328.6 mil.⁸⁹ The Slovak Recovery and Resilience Plan includes 18 components that reflect Slovakia's specific challenges while contributing to the fulfilment of the six core pillars defined in the “Mechanism for Recovery and Resilience” programme. The Slovak Republic has started to implement its RRP through reforms in **three key areas, namely education, justice and health**. For the initial implementation of the reform measures, it requested grants in the form of pre-financing amounting to EUR 822.7 mil., which were disbursed on 13 October 2021.

At the end of July 2022, the first payment request⁹⁰ (EUR 398.7 mil. without pre-financing)⁹¹ was approved under the RRP based on the achievement of 14 milestones and 2 targets in the areas of judicial system, higher education, R&D, fiscal framework, energy system, health system, circular economy, sustainable mobility, digital skills, public procurement, digitisation of the public sector.⁹²

⁸⁸Milestones are more concentrated in the first instalments and targets are more concentrated in the last instalments of the Slovak RRP.

⁸⁹Due to better-than-expected macroeconomic performance in the period 2020-2021, the total allocation in June 2022 for Slovakia has been reduced to EUR 6,007.3 mil. (-5.1 %). In addition, on the basis of the February 2023 agreement, which allows Member States to add REPowerEU chapters to their plans, Slovakia will have additional resources in the form of grants (EUR 367 mil.) to be spent on energy measures, with a particular focus on ending dependence on Russian fossil fuels and accelerating the energy transition.

⁹⁰Slovakia submitted a payment request on 29.04.2022.

⁹¹Available [https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/733642/EPRS_BRI\(2022\)733642_SK.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/733642/EPRS_BRI(2022)733642_SK.pdf) online:

⁹²Available [https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/733642/EPRS_BRI\(2022\)733642_SK.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/733642/EPRS_BRI(2022)733642_SK.pdf) online:

The following section presents an **overview of the measures implemented** within the selected areas of the RRP in **2022 with an impact on the business environment**, which were necessary for the achievement of individual milestones.

Energy and renewable energy sources

In the **energy sector**, **two key reforms** have been planned to integrate new renewable energy sources more extensively into the electricity grid. As a result of the **energy sector** reform, the amendment to Act No 251/2012 on Energy, approved and effective from 2022, **deregulated retail electricity prices**, defined **new electricity market participants**, and **streamlined the permitting process**, including **reducing the administrative burden** for market participants.⁹³ This change allows the state to react flexibly and efficiently in risk situations related to the unavailability of electricity and gas, the price of which is largely formed on the wholesale markets⁹⁴. The reform in the area of **renewable energy sources** (hereinafter only “**RES**”) aims, among other things, to **strengthen transparent, competitive and efficient rules** for tenders for the construction of new sources, thereby contributing to an increase in the use of **RES** in the electricity and heating sectors.⁹⁵

In the area of **regulation of network industries**, an amendment to Act No. 250/2012 Coll. on regulation in network industries was approved in 2022 and came into force in the same year. This amendment **extended the powers of the Regulatory Office for Network Industries (URSO)** and strengthened the Office's cooperation with the regulatory authorities of other Member States.⁹⁶

Circular economy

Following the green transformation and **reform of construction waste management** within the RRP, an amendment to Act No. 79/2015 Coll. on Waste was approved in 2022 and came into force at the beginning of July, aimed at **improving waste management in the construction and demolition sector**.⁹⁷ The main objective of the amendment is to increase the potential of the circular economy in the construction waste and construction sector, leading to higher recycling rates and prevention of construction waste. One of the introduced changes with an impact also on the business environment is the change in the amount of fees for landfilling of construction and demolition waste, the obligation to preferentially recycle part of construction and demolition waste, the selection of demolition of buildings⁹⁸ and the fulfilment of new reporting obligations.⁹⁹

Judicial system

In the area of the **judicial system** (with an impact also on the business environment), a **reform was adopted in 2022 to reorganise and realign the courts geographically**

⁹³Available online: <https://www.mhsr.sk/top/velka-novela-zakona-o-energetika-a-o-regulacii-v-sietovych-odvetviach-schvalena>

⁹⁴Available online: <https://www.nrsr.sk/web/Dynamic/DocumentPreview.aspx?DocID=517677>

⁹⁵Available online: <https://www.mhsr.sk/top/velka-novela-zakona-o-energetika-a-o-regulacii-v-sietovych-odvetviach-schvalena>

⁹⁶Available online: <https://www.nrsr.sk/web/Dynamic/DocumentPreview.aspx?DocID=517677>

⁹⁷Available online: <https://www.odpady-portal.sk/Dokument/106824/stavebny-odpad-zakon-o-odpadoch-2022.aspx>

⁹⁸A process or activity in which sequences of demolition activities are determined to enable the separation and segregation of construction materials and wastes.

⁹⁹Available online: <https://www.odpady-portal.sk/Dokument/106539/stavebny-odpad-caka-reforma-ministerstvo-chce-stavebnikom-ulozit-nove-povinnosti.aspx>

(the so-called judicial map¹⁰⁰) with the aim of speeding up court proceedings and allowing for specialisation of courts. The aim of the change of the judicial map¹⁰¹ in the conditions of the Slovak Republic will be to create space for better and faster decision-making and to ensure adequate access to justice also with regard to the business environment. In the same year, the Government of the Slovak Republic approved 5 laws regulating the system of the new judicial map, which will bring, for example, a reduction in the number of local and specialized courts and the creation of 5 specialized groups of judges, i.e. civil, commercial, criminal, family and administrative. In addition, the creation of municipal courts in Bratislava and Košice was approved in 2022. A project to build and strengthen alternative dispute resolution through mediation should also contribute to speeding up court proceedings.¹⁰²

Public procurement

Also with regard to the war conflict the amendment to Act No. 343/2015 Coll. on Public Procurement, was approved and became effective in 2022. The amendment modifies two areas, i.e. the **limitation of participation in public procurement and the unification of the conditions of the direct negotiation procedure**. The stricter **restriction on participation in public procurement** makes it impossible for entities in selected areas to enter into contractual relations with suppliers from third countries.¹⁰³

Another of the changes relates to the **application of the direct negotiated procedure**, whereby the **scope of the fulfilment of the conditions** of participation necessary for the evaluation in the sub-limit procedure for the award of a contract by direct negotiated procedure has been explicitly **defined**. As a result of this change, the contracting authority will not have to evaluate the fulfilment of the conditions of participation. This change reflects the need to respond flexibly in implementing procurement in specific situations such as the COVID-19 pandemic. On the basis of the above-mentioned amendment, a **specific reason for the use** of the direct negotiation procedure has also been defined. Under the previously applicable conditions, the direct negotiated procedure could be used in exceptional cases where the contracting authority could invite one particular tenderer to negotiate the terms of the contract. From March 2022, the direct negotiation procedure may be applied if, in the course of performance under the contract, it is not possible for the contractor to fulfil its obligations under the contract. In such a case, the contracting authority may conclude a contract with the contractor ranked next in the order of preference in the public procurement procedure, provided that at least one of the following conditions is met, i.e. the contracting authority effectively withdraws from the original contract due to a material breach of the contractor's obligation, the contractor withdraws from the contract in breach of the contract or of the generally binding regulations, or the contractor loses the ability to perform the obligation arising from the contract in the course of the performance of the contract.¹⁰⁴

At the end of October 2022, Slovakia submitted a request for payment of the second instalment (EUR 708.8 mil. in grants without pre-financing)¹⁰⁵ covering 23 milestones and

¹⁰⁰ Available

online:

[https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/733642/EPRS_BRI\(2022\)733642_SK.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/733642/EPRS_BRI(2022)733642_SK.pdf)

¹⁰¹ Changes proposed as part of the judicial map are expected to be implemented in course of 2023

¹⁰² The project is aimed at identifying barriers to out-of-court dispute resolution, proposing appropriate measures to raise public legal awareness of out-of-court dispute resolution and introducing alternative dispute resolution tools.

¹⁰³ Available online: <https://www.uvo.gov.sk/metodika-vzdelavanie/velka-novela-zakon-c-395-2021-z-z/velka-novela-v-kocke>

¹⁰⁴ Available online: <https://www.uvo.gov.sk/metodika-vzdelavanie/velka-novela-zakon-c-395-2021-z-z/velka-novela-v-kocke>

¹⁰⁵ The payment was approved on 22.03.2023

6 targets in the areas of energy and renewables, intermodal transport, spatial planning, pre-school education, university development, as well as the design and approval of the National Strategy for Research, Development and Innovation, the National Digital Skills Strategy and the Action Plan for the Digital Transformation of Slovakia for 2023-2026).¹⁰⁶

Better Regulation Strategy – RIA 2020

The long-term continuous priority of the Government of the Slovak Republic is to facilitate business by eliminating unreasonable regulatory barriers and bureaucracy, which cause additional financial costs or time burden. This effort is part of a broader agenda of better regulation, which is not only aimed at entrepreneurs, but through the optimizing of regulatory environment also on all Slovak citizens.

At the beginning of 2018, the Slovak Government adopted the Better Regulation Strategy - RIA 2020 to improve the quality of laws and remove redundant regulation. The strategic material contains a series of tools, analyses and measures related to the elimination and prevention of gold-plating, looking at regulations and their design through behavioural approaches or testing the one-in one/two-out method (for every euro of new regulatory burden, the burden of the same amount should be eliminated, or even with twice of the amount). The aim is to ensure a thorough assessment of the impact of laws on entrepreneurs and to put pressure on reducing the costs caused by legislation. Its main aspects include improving the regulatory cycle of laws and strategy papers by systematically applying the principles of openness, simplicity, public involvement in their preparation and decision-making based on information.

The year 2021 brought the achievement of one of the main milestones of the RIA 2020 Strategy through changes in the Unified Methodology for Selected Impact Assessment aimed at reducing bureaucracy and costs for the business environment - with effect from 1.6. 2021, the aforementioned **one in - two out** principle officially came into practice, which obliges the submitters of materials for the consideration by the Government of the Slovak Republic or the Permanent Working Commission of the Legislative Council of the Government of the Slovak Republic to reduce the costs of the business environment (OUT) by at least double for each increase in the costs of the business environment (IN). However, during the transition period from June 1, 2021 to December 31, 2021, the submitters were allowed to reduce the cost of doing business (OUT) by at least the same amount for each increase in the cost of doing business (IN) (one in - one out). For the purpose of record-keeping, a **virtual regulatory account** managed by the Ministry of Economy has been set up for each submitter, which contains data on the quantified impacts of the submitted materials on the business environment. The result of the control of the implementation of the bureaucracy and cost reduction mechanism will be included in the summary report on the implementation of the bureaucracy and cost reduction mechanism, which the Minister of Economy will submit to the Government of the Slovak Republic for the previous calendar year annually by the end of April. This step fulfils one of the most important objectives of RIA 2020 - the Better Regulation Strategy. Another important objective met under the RIA 2020 Strategy was the updating of the Rules of Procedure of the Permanent Working Commission in 2021.

The year 2022 brought the fulfilment of another of the main milestones of the RIA 2020 Strategy through changes in the Unified Methodology, which introduced **ex post evaluation of existing regulations operating in the business environment** with effect from 10.6.2022. The aim of ex post evaluation of regulations is to evaluate regulations, or provisions of

¹⁰⁶ Available

[https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/733642/EPRS_BRI\(2022\)733642_SK.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/733642/EPRS_BRI(2022)733642_SK.pdf)

online:

legislation, after a certain period of their operation in the environment, whether they fulfil the purpose for which they were adopted, what their actual impacts are, and whether unintended consequences, unforeseen at the time of their creation, did not occur during the operation of the regulations in the environment. **Ex post evaluation is divided into in-depth and systematic ex post evaluation** and focuses on regulations operating in the business environment. The amendments to the Unified Methodology in relation to ex-post evaluation represent a first step for the development and implementation of a future comprehensive ex-post evaluation, also in relation to the other impacts tracked by the Unified Methodology.

A **control mechanism** has also been introduced, which can be applied by the submitter if it is of the opinion that the Permanent Working Commission of the Legislative Council of the Government of the Slovak Republic for the assessment of selected impacts at the Ministry of the Economy of the Slovak Republic has exceeded its competence in its opinion in the preliminary commentary procedure or the final assessment of selected impacts. Disagreement with the opinion may be submitted by the submitter to the Chairman of the Legislative Council of the Government of the Slovak Republic, who will take a position on the matter.

Furthermore, at the end of 2022, the Uniform Methodology partially modified the **institute of protection against unjustified goldplating** with effect from 31.12.2022. The aim is to avoid unreasonable extension of the content of national legislation beyond the minimum requirements of EU legislation. The use of goldplating in the transposition or implementation of EU legislation may be undesirable and therefore the submitter should not go beyond the minimum (necessary) requirements of EU legislation.

Pursuant to the changes to the Unified Methodology, the MH SR is obliged to carry out colour differentiation of the informative consolidated text of the legislation in the framework of the preliminary comment procedure, so that provisions or parts thereof are distinguished by colour in categories which have impacts on the business environment, which are the transposition of EU law in its minimum extent and which are forms of goldplating.

The Permanent Working Committee of the Legislative Council of the Government of the Slovak Republic for the assessment of selected impacts (RIA Commission) holds the position of the national coordinator of impact assessment in the Slovak Republic. In terms of the individual phases of the legislative process, the RIA Commission is active in the preparatory phase of regulations (ex ante). It focuses in particular on the assessment of the quality of the selected impacts clause and the relevant analyses of selected impacts through a preliminary comment procedure (hereinafter "PPK") and a final assessment of selected impacts. It does not deal with the substance and content of the submitted documents.

The opinions of the RIA Commission most often relate to incorrect or insufficient completion of the clause of selected impacts and individual analyses of selected impacts and quantification of the costs that the proposed regulation brings. The RIA Commission also comments on the **non-compliance with the selected impact assessment process, which happened a total of five times in 2022**. The most common example is the submission of regulation to the PPK and at the same time to the interdepartmental comment procedure (hereinafter "MPK"), where the RIA Commission stops the PPK process and applies comments within the MPK, basically with a request for submission for final assessment.

Programme Slovakia 2021 - 2027

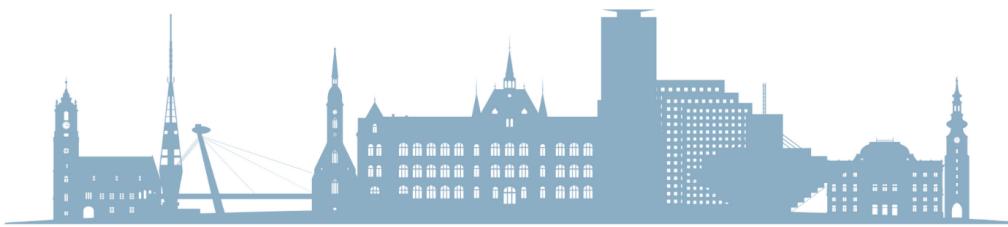
At the end of June 2022, the Government of the Slovak Republic approved the Slovakia 2021-2027¹⁰⁷ Programme, which is the reference document for the implementation of the new

¹⁰⁷Programme approved by the EC on 23.11.2022

EU funds.¹⁰⁸ Investments from the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund and the Equitable Transition Fund will be implemented through the Programme in the period 2021-2027. EU funds for the period 2021-2027 will be allocated to priority areas of support across the five objectives of EU cohesion policy.¹⁰⁹ Financing the business environment through financial instruments (equity, quasi-equity, guarantees, loans,) will make it possible to support a greater number of investments by revolving the use of resources, simplifying the process of using the funds, especially in terms of administrative burden. In addition, the use of a combination of repayable and non-repayable forms of assistance in a single operation will help improve the effectiveness of the implementation of financial instruments.¹¹⁰

The working meetings with representatives of the main interest associations and associations of business entities of the Slovak Republic showed¹¹¹ that within the framework of the objective **“More competitive and smarter Europe”**, the emphasis was placed on the **research and development infrastructure** and the associated **tools** for its implementation, the creation of space for the **business sector in the process of preparation of calls for proposals**, the implementation of **R&D and innovation activities** in enterprises, at **each stage of the innovation chain**, in order to introduce the innovation achieved into the production process and the protection of intellectual property rights (including non-financial and voucher support), as well as the **cooperation** of universities and colleges with the private sector in the deployment of innovations. Under the **„Greener, low-carbon and resilient Europe”** objective, attention was given to areas related to the **installation of zero-emission equipment and central heat supply systems** to reduce greenhouse gas emissions, including methane emissions from biodegradable waste, as well as air pollutants. Under the **“More social and inclusive Europe”** objective, **improving conditions for access to employment** and conditions for **activation measures** was discussed, with support targeted in particular at disadvantaged jobseekers, with an emphasis on young people.

Through a separate action under the programme objective **“More competitive and smarter Europe”** (Specific objective: Strengthening the sustainable growth and competitiveness of SMEs and job creation in SMEs, including through productive investment), particular attention is focused on stimulating the development of micro, small and medium-sized enterprises in different sectors of the economy. The measure also aims to increase the competitiveness of SMEs by improving their access to finance, including tailor-made equity finance instruments aimed at supporting start-ups. Other measures under this specific objective are aimed at supporting activities related to the internationalisation of SMEs through non-financial and voucher support and at supporting the networking of business entities.¹¹²



¹⁰⁸ Available online: https://www.minv.sk/?ros_vsetky-spravy&sprava=niekolkorocne-usilie-speje-do-konca-vlada-sr-schvalila-program-slovensko-na-obdobie-2021-27

¹⁰⁹ An overview of the areas covered in the section on the EU's approach to supporting SMEs

¹¹⁰ Available online: <https://rokovania.gov.sk/RVL/Material/27416/1>

¹¹¹ Available online: <https://rokovania.gov.sk/RVL/Material/27416/1>

¹¹² Available online: <https://www.partnerskadohoda.gov.sk/program-slovensko-2021-2027-schvaleny-Europskou-komisiou-dna-23112022/>

1.2 Overview of the most significant legislative changes in 2022

Also 2022, a number of legislative changes were passed by legislators. Frequent legislative changes are perceived by entrepreneurs as mostly negative, as monitoring them represents inefficient time spent for entrepreneurs. Top eleven Acts (Commercial Code, Trades Licensing Act, Business Register Act, Value Added Tax Act, Tax Administration Act, Act on Accounting, Labour Code, Income Tax Act, Electronic Cash Register Act, Health Insurance Act, Act on Social Insurance), which should be regularly monitored by SMEs, as they have a strong impact on them, have been amended **47 times** in the past year (the number of amendments with effect in 2022). Compared to 2021, when the aforementioned laws affecting the business environment were amended a **total of 40 times** (the number of amendments with effect in 2021), this is a **year-on-year increase of 17.5 %**. However, it is necessary to underline that in 2022, the changes necessary to mitigate the negative impacts related to the COVID-19 pandemic were not adopted to the same extent as before. Changes were adopted rather in the context of the energy crisis. **Amendments of Acts in course of the year have brought positive changes in business conditions, but also had a negative impact on SMEs.**



Legislation passed in 2021 with effect from 2022

The legislation listed below was approved by the National Council of the Slovak Republic in 2021, and entered into force only from 1st January 2022.



a) Increasing the minimum wage for 2022

As the social partners (representatives of employers and employees) had not reached an agreement by 15 July 2021, the amount of the minimum wage was determined on the basis of the so-called automatic mechanism (i.e. according to the provisions of Section 8 of Act No.663/2007 Coll. on the minimum wage) as 57 % of the average monthly nominal wage of an employee in the economy of the Slovak Republic for 2020, which according to the data of the Statistical Office amounted to EUR 1,133.

As of 1 January 2022, the following occurred:

- **an increase in the minimum wage for 2022 to EUR 646**, which represents an increase of EUR 23 compared to the minimum wage for 2021,
- **an increase in the hourly minimum wage to EUR 3,713.**

b) Employee allowances for 2022

By changing the mechanism for determining the amount of the allowances as of 1 January 2021, the amount of the allowances for 2022 was set at a fixed amount based on the amount of the minimum wage approved for 2021 (i.e. EUR 623). For this reason, the amount of most allowances will remain unchanged in 2022.

From 1 January 2022, the allowance for work on Saturdays shall be at least EUR 1.79 per hour, and a lower amount may be agreed, but not less than EUR 1.61 per hour. The allowance for work on Sundays shall be at least EUR 3.58 per hour, although a lower amount

may be agreed, but not less than EUR 3.22. The night work allowance shall be at least EUR 1,43 per hour for non-hazardous work and at least EUR 1,79 for hazardous work.

The amount of wage compensation for the inactive part of on-call duty at the workplace, unlike the other allowances, remained the **only one linked to the minimum hourly wage**, and therefore its amount was set for 2022 at a minimum of the minimum hourly wage for 2022, i.e. EUR 3,713. The amount of wage compensation for the inactive part of on-call time away from the workplace for 2022 has been set at EUR 0.72 per hour.

c) Abolition of the obligation to send a certificate of registration (so-called „VAT cards“) and introduction of a tax reliability index

Amendment to Act No. 408/2021 Coll., which amends Act No. 563/2009 Coll. on Tax Administration (Tax Code) and on Amendments and Supplements to Certain Acts *with effect from 1 January 2022*, abolished the obligation of the tax administrator to send tax subjects a certificate of registration, the so-called “VAT cards”, which had to be returned after the end of the business and brought to the tax administrator always for the purpose of indicating changes.

A **transparent tax reliability index** has also been introduced - taxpayers who fulfil their tax obligations responsibly will be rewarded with various benefits. In connection with the introduction of the tax reliability index, **Decree of the Ministry of Finance of the Slovak Republic No. 544/2021 Coll.** on the criteria for determining the Tax Reliability Index was adopted *with effect from 1 January 2022*, which established the exact criteria for determining this index. The criteria include, for example, compliance with the obligation to file a tax return, summary statement and control statement within the time limit, compliance with the obligation to file a tax return and summary of income from employment, compliance with the obligation to state the tax in the tax return in the correct amount, compliance with the obligation to pay or remit the tax, compliance with the obligation to allow a tax inspection to be carried out, or proper compliance with the obligations in relation to the use of an electronic cash register or an e-cash register by the client.

Through the tax reliability index, the Financial Administration of the Slovak Republic provides **benefits to tax entities** assessed as reliable and highly reliable. Highly reliable taxpayers are entitled to benefits, some of which derive directly from the relevant legislation and some of which are determined by the tax administration (e.g. the fee for a request for a decision on the approval of the use of the valuation method in transfer pricing is reduced to half the amount, or priority is given to the performance of a local enquiry rather than a tax audit for the purpose of verifying a claim for a refund of an over-deduction). Reliable taxpayers are only allowed to use benefits that are determined by the tax administration (e.g. issuance of a confirmation of the status of a personal account within 15 days).

Taxpayers who have been determined to have a less reliable tax reliability index are motivated to change their behaviour by the impossibility of using the benefits in question and the tax administrator will be entitled to apply restrictions against them.

The tax reliability index is incentive-based and not penalty-based. Each assessed taxpayer knows the reasons for its assessment and, in the event of disagreement, has the opportunity to lodge an appeal, which is an objection.

The assessment of tax entities is published by the Financial Directorate of the Slovak Republic on its website in the form of an updated list of tax entities for which a tax reliability index has been determined. In the list of tax entities for which the tax reliability index has been determined, the assessed tax entity shall be published only after the expiry of the time

limit for lodging an objection against the notification of the tax reliability index or after the entry into force of the decision by which the objection has not been upheld.

Another related change is the introduction of disqualification of natural persons - **the exclusion of natural persons who are statutory officers of tax entities that do not fulfil their legal obligations.** This decision will exclude a natural person from being, in particular, a statutory body or a member thereof, a member of a supervisory body or a proxy in all companies and cooperatives, for up to three years.

d) Simplifying the computerisation of accounting documents

The amendment to Act No. 456/2021 Coll. amending Act No. 431/2002 Coll. on Accounting *with effect from 1 January 2022* has clarified and simplified the provisions of the Act on the paper and electronic form of the accounting record.

The possible ways of changing the form of the accounting record (from paper to electronic form) have been redefined. **It has been made possible to replace the handwritten signature with any electronic signature that allows the demonstrable identification of a person, as well as to scan documents without the use of a guaranteed conversion.** The archiving of accounting has also become easier - documents no longer have to be kept in paper form, just electronically.

Other changes include the provision of mandatory content of the annual report for non-profit organisations that did not have it and the mandatory submission of accounting documents (financial statements, reports or notes) to the Register of Financial Statements only electronically.

The lower limit of the fine for serious breaches of the Accounting Act has been set as starting from EUR 1 000. The amount of the penalty has also been determined in the event that the entity fails to comply with the obligation to deposit the accounting document in the register, as the tax authority will not have the financial statements on the basis of which it would be possible to quantify the amount of the penalty from the value of the assets. The amount of this fine is set between EUR 100 and EUR 10 000.

e) Farmers may sell meat at so-called farm slaughterhouses

Amendment to Act No 405/2021 Coll., supplementing Act No 39/2007 Coll. on Veterinary Care *with effect from 1 January 2022, introduced so-called farm slaughterhouses.*

Farmers, as food business operators, may place on the market meat of domestic ungulates and farmed game which has been produced and handled in an establishment which complies with the requirements under the special rules and has been approved or conditionally approved.

f) The institute of the so-called supra-company training centre has been introduced

Amendment to Act No. 413/2021 Coll., which amends Act No. 61/2015 Coll. on Vocational Education and Training and on Amendments and Supplements to Certain Acts *with effect from 1 January 2022 introduced a new institute, the so-called supra-company training centre*, which supported the entry of small and medium-sized enterprises and sole traders persons into the system of dual education.

Practical training in the dual training system may be carried out, *inter alia*, at the workplace of another employer or at a supra-company training centre. A specific model for experimental validation of education fields in vocational secondary schools, secondary sports

schools, secondary art schools and conservatories has also been introduced to align the needs of the labour market and employers.

An employer may use the designation supra-company training centre in addition to its name if it provides at least three years of practical training in the dual education system to pupils who have an apprenticeship contract with another employer, carries out professional development of teaching staff, cooperates with universities in the development of vocational education and training, or carries out at least two years of training of instructors or chief instructors.

Authorisation to use the designation of supra-company training centre shall be granted to the employer by the relevant trade union or professional organisation. At the same time, this organisation also checks compliance with the conditions under which it has granted the authorisation to use the designation of supra-company training centre. If an employer ceases to meet the conditions for use of the supra-company training centre designation, the relevant trade union or professional organisation shall have the right to withdraw the authorisation to use the designation.

Pursuant to the provisions of Article 22 par. (1) to (3) of the Act, **an employer may use the designation supra-company training centre in addition to its name if it:**

- a)** provides at least three years of practical training in a dual education system to pupils who have an apprenticeship contract with another employer,
- b)** provides professional development for teaching staff,
- c)** provides training for instructors or lead instructors for at least two years,
- d)** has an adopted strategy for the quality of vocational education and training according to labour market needs,
- e)** cooperates with universities in the development of vocational education and training; and
- f)** meets other criteria laid down in the internal rules of the relevant professional body or professional organisation concerned.

Authorisation to use the designation of supra-company training centre shall be granted to the employer by the relevant trade union or professional organisation. The relevant professional body or professional organisation shall monitor compliance with the conditions under which it has granted authorisation to use the designation of supra-company training centre. The relevant trade union or professional organisation shall withdraw the authorisation to use the designation of supra-company training centre if the employer ceases to comply with the statutory conditions.

g) Equalisation of the tax burden on meal vouchers and the financial contribution for meals

Amendment to Act No. 76/2021 Coll., which amends Act No. 311/2001 Coll. the Labour Code, with *effect from 1 January 2022*, introduced equalisation of the tax burden on meal vouchers and the earmarked financial contribution for catering. **The meal allowance**, like the meal ticket, **was exempted from income tax up to EUR 2.81** until 30 April 2022, from 1 May 2022 **up to EUR 3.30** and from 1 September 2022 **up to EUR 3.52** (55 % of the meal allowance provided for business trips lasting between 5 and 12 hours). The exemption is thus subject to the ceiling set by the Labour Code and other laws.

Another change concerns **sole traders persons, whereby it is no longer necessary to prove the amount of the meal allowance by a tax document** (e.g. receipts from meals or receipts from the purchase of meal vouchers).

i) Establishment of a new food register for the “food traffic light”

Amendment to Act No. 69/2021 Coll., amending Act No. 152/1995 Coll. on food products **with effect from 1 January 2022, created a new register - the food register for the food traffic light** for the purpose of providing information and promoting the sale of manufactured food products.

It is an information system that contains information about the food and the operator, such as the composition of the food, its quality, origin, target consumer group, etc. **Registration is voluntary.**

j) New Electronic Communications Act

A new Act No. 452/2021 Coll. on electronic communications has been adopted **with effect from 1 February 2022.**

Its purpose is to **promote competition, develop the internal market, protect the interests of end-users and ensure access to and use of high-capacity networks** by citizens and businesses, as far as possible at a fair price (in the context of the introduction and use of new technologies and the increase in demand for online services).

The changes concern the definitions of terms (including the definition of micro and small enterprises), the regulation of competition in the electronic communications sector, the strengthening of consumer protection in relation to the use of electronic communications, etc.

The Act also regulates the rights and obligations of consumers and business entities operating in the electronic communications sector, as well as the competences of state administration bodies in this area.

k) Launch of electronic two-way communication with the Financial Administration of the Slovak Republic

With effect from 1 January 2022, two-way communication for tax has been launched.

Thus, the financial administration communicates with tax subjects entirely electronically. Notices of deposit at the post office - the so-called yellow slips - have become a thing of the past. Official documents are sent to electronic mailboxes via the Central Portal of Public Administration.

l) Mandatory rounding of prices for cash payments

Amendment No. 457/2021 Coll. amending Act No. 18/1996 Coll. on prices **with effect from 1 July 2022** introduced **mandatory rounding of prices and goods and services in cash payments** in order to minimise the need to use 1 and 2 euro cent coins, which should lead to a reduction in the costs of entrepreneurs and the public for bank charges for the insertion or processing of 1 and 2 euro cent coins and to simplification of the issuance of coins in cash payments. **Merchants have thus eliminated payments in 1 and 2 cent coins.**

However, these smallest coins are not being abolished, only the way they are rounded up when paying in cash is being adjusted; customers can continue to pay with them. **Only the final purchase amount will be rounded up**, mathematically to the nearest five cents. The change only applies to cash payments; if the entire purchase is paid for with a credit card, for example, the amount is not rounded.



Legislation passed in 2022 with effect from 2022

The legislation listed below was approved by the National Council of the Slovak Republic in 2022, with entry into force also in 2022. These acts significantly change the existing legislation.

a) Changes to the Copyright Act

Based on **Amendment No. 71/2022 Coll.**, which amends Act No. 185/2015 Coll., the Copyright Act **with effect from 25 March 2022, the EU Directives have been transposed and several important changes have been made in this area**, for example, the following:

- expanded definition of an uncommercially available work, regardless of the type of protection,
- introduction of new law specifically for publishers of periodicals (i.e. periodically published newspapers, magazines, etc.),
- introduction of new obligations for providers of online content sharing services,
- facilitation of the cross-border provision of online services and content,
- introduction new ways of using and licensing creative content,
- introduction new rules for contractual relations between entrepreneurs - authors of works or licensees and acquirers or users,
- modification of the rules for granting rewards to authors.

A new exception for the use of a work for the purpose of preserving cultural heritage has been introduced. Under this exception, it will be possible to make reproductions of the work using an appropriate means or technology of preservation, in any format or medium, in the quantities required, at any stage of the life of the works and to the extent necessary for the purposes of preserving the work.

At the same time, the amendment in question has also **extended and supplemented the commercially unavailable works**. A published work shall be deemed to be an unavailable work if a copy of it cannot (even after reasonable efforts) be made available on the market otherwise than by purchase of the thing used or on the basis of an application for a licence which is not generally available, has been permanently deposited in a library, archive, museum or statutory depository, and has been entered in a publicly accessible list of unavailable works maintained by the Intellectual Property Office of the European Union for a period of not less than 6 months and has not been withdrawn from the market.

The conclusion of extended bulk licensing agreements has also been modified. In such a licence agreement, the collective management organisation may grant the acquirer consent, for example, to the use of a commercially unavailable work by making a reproduction, public transmission or public distribution of a reproduction by transfer of ownership for non-commercial purposes, the broadcasting of works, including by satellite, the making of a reproduction of a literary work, or a public transmission by an online content sharing service provider.

The Copyright Act also incorporates the country-of-origin principle for supplementary online services into existing institutions and contracts under the Copyright Act. By extending the territorial scope of the licence, it will no longer be necessary to settle rights in other EU Member States where additional online services are also available. The right of the publisher of a periodical includes exclusive property rights, which are also transferable. These property rights last for 2 years from the date of publication.

As regards the **granting of royalties to authors**, these should be granted as one-off payments, in particular where the term of the licence is one year or less or where the use of the work is for a term of 5 years or less. It is also the case where, at the time the licence is granted, it is possible to quantify the expected income or revenue that can be obtained from the use of the licence and that income or revenue is expressly quantified in the licence agreement and the remuneration is commensurate with that income or revenue and is proportionate.

However, if the remuneration is proportional to the author's creative contribution to the work being utilised, but clearly does not correspond to the return achieved by the later exploitation of the work, the author is entitled to additional remuneration (or compensation). The author may exercise the right to additional remuneration at the earliest three years after the publication of the work. For the purpose of exercising this right, the author shall be entitled to information on the income or revenue from the use of the licence separately for each use and an account of the remuneration.

Obligations for providers of online content sharing services have also been introduced, while the **liability of providers for specific uses of copyrighted content has also been regulated**. An online content sharing service provider shall be liable for unauthorised public transmission of a work unless it can prove that it has made efforts to obtain consent for such use, has made efforts to ensure the unavailability of the work (in accordance with high industry standards of professional care), and has made the notified work inaccessible or removed it from its website without undue delay after receiving a sufficiently substantiated notification from the author.

b) Market in metrology has been liberalised

Based on **Amendment No. 58/2022 Coll.**, which amends Act No. 157/2018 Coll. on Metrology and on Amendments and Supplements to Certain Acts, as amended by Act No. 198/2020 Coll. ***with effect from 1 April 2022, various rules in the field of metrology have been relaxed.***

These include strict regulations on the verification of certain types of measuring instruments, the amendment specifies the official measurement, repair and assembly of designated measuring instruments, as well as the performance of official measurement and registration for the repair or assembly of designated measuring instruments or the packaging and import of consumer packaging. The period of validity of the verification of designated measuring instruments has also been extended to a maximum of 5 years.

The amendment **removes some of the information obligations**: the obligation to attach certain documents to the application for authorisation and to the application for registration has been abolished - copies of documents (articles of incorporation, proof of competence in the field of metrology, affidavits of the statutory body on the fulfilment of the requirements, certificate of accreditation). The obligation for authorised persons to inform the Slovak Metrological Inspectorate about inspections and their results has also been abolished.

The Act also **rationalizes the conditions of metrological supervision in relation to the imposition of fines**, allowing the inspectors of the Slovak Metrological Inspectorate (SMI) to impose a block fine also in cases where the supervised person does not use a designated measuring instrument in the measurements performed or where there is more than one violation of the Metrology Act, which will have a positive impact on the business environment, as the supervised person will be able to avoid administrative proceedings and the imposition of a higher fine by paying a block fine.

A system is also introduced which allows the amount of the fine imposed in the framework of metrological supervision to be reduced by one third for the supervised person, provided that the conditions laid down are met. If the supervised person fails to comply with the conditions, it shall be liable to pay the full amount of the fine.

c) New law on the resolution of impending bankruptcy of entrepreneurs

A new Act No. **111/2022 Coll.** on the resolution of impending bankruptcy and on Amendments and Supplements to Certain Acts has been adopted *with effect from 17 July 2022*.

The new legislation on the resolution of impending bankruptcy of entrepreneurs **aims at quick restructuring at an early stage and preventing both the debtor's bankruptcy and the resolution of the situation through insolvency proceedings**.

Imminent bankruptcy will be dealt with in a precautionary procedure, which is a public or non-public precautionary restructuring. Early warning tools are also being introduced to alert the entrepreneur to take action to avert bankruptcy.

The newly adopted law further introduced, for example the following:

- the debtor's obligation to choose a trustee in preventive proceedings,
- the obligation to register the debtor in the Register of Public Sector Partners, - an increase in the court fee for insolvency proceedings,
- court fee for bankruptcies lasting 4 years or longer,
- an increase in the court fee for filing a plea of bias,
- the possibility of holding the creditors' meeting also by videoconference,
- the possibility for the debtor to continue his/her business activity or to obtain a trades licence,
- electronic filing of claims.

A special examination for trustees has also been introduced, while the annual trustee fee has also been increased for the duration of the trustee's registration on the list of trustees.

The new law also **regulates the so-called temporary protection of entrepreneurs** who are in financial difficulties, as well as its conditions. The granting of temporary protection will give the entrepreneur sufficient time to implement restructuring. Temporary protection will be granted to the debtor by the court for a period of 3 months, renewable for a further 3 months.

For example, for the duration of the temporary protection, the debtor cannot be:

- declared bankrupt or restructured,
- subject to enforcement proceedings,
- subjected to the enforcement of a security right over his property,
- subject to a set off of a related claim against him.

The new Act on the Resolution of Imminent Bankruptcy **repealed Act No. 421/2020 Coll. on the Temporary Protection of Entrepreneurs in Financial Difficulties**.

d) The Central Register of Accounts was introduced

New Act No. **123/2022 Coll.** on the Central Register of Accounts has been adopted *with effect from 1 May 2022*, which implements V. AML Directive on anti-money laundering.

A central register of accounts has been established as a centralised automated mechanism for the timely identification of owners and disposers of bank or payment accounts, including safety deposit boxes, which will be administered by the Ministry of Finance of the Slovak Republic.

The use of data from the register will be a prerequisite for the subsequent seizure of assets and proceeds of crime as well as for the effective prevention, detection and investigation of organised crime, corruption, legalisation of the proceeds of terrorist financing and tax evasion.

Pursuant to the adopted law, banks provide the central register of accounts with data on their customers for the registration of persons holding or controlling accounts and safety **deposit boxes**, while communication between banks and authorised entities is also made more efficient. Existing rules to prevent money laundering and the financing of terrorism have also been amended. According to the Ministry of Finance of the Slovak Republic, the Central Register of Accounts should be launched at the end of 2023.

e) A new coefficient of the tax rate of the so-called dilapidated building has been established

Amendment to Act No. 178/2022 Coll., which amends Act No. 582/2004 Coll. on Local Taxes and Local Fees for Municipal Waste and Small Construction Waste **with effect from 15 June 2022, towns and municipalities were allowed to levy a higher tax on so-called dilapidated buildings** - these are unmaintained buildings that do not meet basic requirements or endanger the life and health of persons.

The most effective means to motivate owners of dilapidated buildings to ensure their proper maintenance is an economic instrument in the form of an obligation to pay a higher tax on buildings.

The amendment to the Act regulates the coefficient (multiple) of the annual tax rate, the value of which (from 1 to 10) will be determined by cities and municipalities in a generally binding ordinance, and which will affect the calculation of the amount of the tax on so-called dilapidated buildings.

The increased tax on so-called dilapidated buildings can only be levied on the taxpayer if the intention to apply such a coefficient to his property has been notified to him at least twice in writing. The tax rate coefficient of an unmaintained building can only be changed or cancelled as of 1.1. of the tax period.

f) Changes in the food segment

Amendment to Act No. 211/2022 Coll., amending Act No. 152/1995 Coll. of the National Council of the Slovak Republic on Foodstuffs, as amended, and amending Act No. 491/2001 Coll. on the organisation of the market in selected agricultural products, as amended, **with effect from 1 July 2022, has led to significant changes in the food regulation segment (sales, marketing, export of foodstuffs and the amount of penalties for violation of the provisions of the Act)**.

- It is possible to sell food beyond its best before date, but only if it is safe to do so:**

These foods must be clearly labelled and placed separately from other foods. An operator with a sales area of more than 400 m² shall offer foodstuffs which have passed their best before date to at least one charitable organisation at least 48 hours before placing them on the

market. The operator may sell food that has passed its best before date if the charitable organisation does not express an interest in the food or rejects it within 48 hours of the offer.

- **The mandatory 50 % share of Slovak food in advertising material has been abolished:**

Whoever sells foodstuffs, including distance selling, when promoting and marketing agricultural products and foodstuffs by means of a leaflet, advertising magazine or other similar form of communication, is obliged to include on any page of the promotional leaflet information on the percentage of agricultural products and foodstuffs produced in the Slovak Republic (*indicated in the promotional leaflet by the following words: “This promotional leaflet contains ... % of food produced in Slovakia.”*). **Sellers are therefore free to decide which products to include or exclude from the leaflets and how much space to allocate to them.** The font size of this information shall be at least 8 millimetres and shall be legible without being distorted by other text, images or other elements.

- **Any major planned export of food commodities with a volume of over 400 tonnes during the duration of an emergency, state of emergency or state of exception will have to be reported to the state by the Slovak exporter:**

The state will then assess whether the trade in question might cause a shortage of domestic supply of raw materials. If the state does not intervene against the trade, the exporter can implement it. In connection with this obligation, **Decree No. 258/2022 Coll. of the Ministry of Agriculture and Rural Development of the Slovak Republic was published, which determines the list of agricultural and food commodities and the critical value of their stockpiles, which are necessary to ensure the food security of the state, and the templates of notifications establishing the list (hereinafter referred to as the “Decree”).** All three types of commodity stock notifications are submitted via an electronic form published on the website of the Ministry of Agriculture and Rural Development of the Slovak Republic (hereinafter referred to as “the Ministry”). Wheat, rye, barley, oats, corn, soybeans, canola, sunflowers, and baker's yeast have been added to the list of commodities that are essential to ensure the nation's food security.

Entrepreneurs who place any of these selected commodities referred to in the Decree on the market are required to notify the Ministry electronically, within ten days, of the quantity of their stocks as at 31 July and 31 December of the calendar year.

Entrepreneurs planning to export to another EU Member State or to a third country any of the selected commodities listed in the Decree in quantities exceeding 400 tonnes per calendar month during the duration of an extraordinary situation, state of emergency or extraordinary state are obliged to notify the Ministry electronically of this fact by the tenth day of the calendar month immediately preceding the calendar month in which they wish to export the commodity.

In the event of failure to comply with the notification obligation, entrepreneurs are liable to a fine of between EUR 100 and EUR 20,000.

- **The minimum level of the fine shall be reduced for repeated infringements for which a fine has already been imposed:**

Thus, retail chains should no longer be threatened with devastating fines, which often resulted in the complete closure of the affected outlet, as the minimum threshold for fines has been reduced to 4 times the fine rate, i.e. at least EUR 4,000.

g) Introduction of an obligation to ensure the recycling of construction waste

Amendment to Act No. 230/2022 Coll., which amends Act No. 79/2015 Coll. on Waste and on Amendments and Supplements to Certain Acts *with effect from 30 June 2022*, introduced **mandatory selective demolition**, including a system of control before and after the demolition of buildings.

There is also an obligation to set up a waste sorting site for construction and demolition, which will increase the need for storage capacity. An obligation has been added for entrepreneurs to ensure the recovery and recycling of construction and demolition waste, including backfilling works for constructions over 300 m². The producer of the waste is also obliged to recover the waste materials and to use the recyclates on site as a priority in his activities.

Administrative obligations have also been added, including written notification at least 3 days in advance of the demolition and a further written notification no later than 30 days after the demolition to the state waste management authority.

The main objective of this amendment is to increase the potential of the circular economy in the construction waste and construction sector, leading to **higher recycling rates and the prevention of construction waste**. It is also intended to increase the processing and reuse of construction material.

h) New media services act

A new media services act No. 264/2022 Coll. was adopted *with effect from 1 August 2022*, repealing the original broadcasting and retransmission act and the digital broadcasting act.

The new legislation includes **video sharing platforms** in the regulatory framework for audiovisual media services. The amendment regulates their rights and obligations; for example, fines are introduced for these platforms if they do not remove harmful content (in terms of incitement to hatred, violence or terrorism) or if they do not prevent its further dissemination, up to EUR 100,000.

The terms and **conditions of media commercial communication**, i.e. teleshopping, telemarketing, sponsorship, product placement, etc., have also been amended in detail.

All media are obliged to join the register of public sector partners, regardless of whether they do business with the state or not (or face a fine).

Media outlets are also **obliged to publish a list of their investors or donors** if the contribution exceeds EUR 2,000 in a calendar year.

Mandatory quotas for Slovak music in commercial media of 25 % and for the public broadcaster RTVS of 35 % of the airtime of musical works per calendar month **have been amended**. The broadcaster shall provide subtitling and sign language interpretation: subtitling in 25 % of all programmes and voice commentary for the blind in 10 % of all programmes.

i) New publications act

A new Act No. 265/2022 on publishers of publications and on the register in the media and audiovisual sector (Publications Act) has been adopted *with effect from 1 August 2022*.

The aim of the new Publications Act is to reflect current developments and new requirements in the dissemination of information, not only through the traditional periodical press, but also through electronic periodical publications and web portals.

The new Publications Act defines a publication as a content or set of contents expressed in words, writing or images, publicly disseminated in the territory of the Slovak Republic or intended to be made available to the public in the territory of the Slovak Republic for the purpose of informing, entertaining or educating the general public.

According to the provisions of the Act, the following is not considered a publication:

- an audiovisual work, an audiovisual recording of an artistic performance and an audiovisual recording of a programme,
- a sound recording of an artistic performance of a musical work and a sound recording of a programme.

The publications are classified into:

- periodical publications (periodicals, electronic periodicals and web portal),
- non-periodical publications.

In addition to this classification of publications, the act also introduces **new categories of scientific publications** and professional publications, which predetermine to which depositories the mandatory deposits of such publications are to be handed over.

The new act **regulates the obligations of publishers of periodical publications, press agencies and operators of web portals**. In particular, the mechanism of handing over compulsory copies of periodical and non-periodical publications and compulsory copies of Slovak works to libraries has changed - works are sent in a smaller scale and to a smaller number of libraries.

Furthermore, the obligations of publishers of periodical publications, press agencies and operators of web portals are also regulated, in particular by **introducing the obligation to make advertising** easily distinguishable from editorial content, and neither the publisher nor the press agency is to be held liable for the truthfulness of the information published in advertising, other forms of promotion or misleading and comparative advertising.

The obligation for the publisher of a periodical publication and the operator of a news web portal to **register in the Register of Public Sector Partners (RPVS)** before starting to publish or make available a periodical publication has also been introduced. They are also obliged to be registered in the register of public sector partners when publishing or making available to the public a periodical publication. If this obligation is not fulfilled, the Ministry of Culture of the Slovak Republic will delete them from the list of periodical press on its own initiative.

The obligation to register in the RPVS does not apply to the publisher of a periodical publication and the operator of a news web portal who publishes or makes available to the public exclusively a periodical publication that is:

- a scientific periodical publication,
- community periodical.

The new act replaces the right of reply and the right of correction with a **right of expression**, which will now also apply to news web portals that are classified as periodical

publications. The subject of the right of expression concerns a false or incomplete factual statement about a particular natural or legal person.

Another significant change is the **establishment of the Media and Audiovisual Register** to be maintained by the Ministry of Culture of the Slovak Republic in order to provide the public with comprehensive and transparent access to up-to-date information on providers, services and goods in the field of media and audiovisual sector. This register will contain, for example, data on publishers of periodical publications, operators of web portals, retransmission operators or distributors of audiovisual works.

j) Changes have been introduced in relation to the private security service (SBS)

Amendment to Act No. 247/2022 Coll. amending the Act on the Provision of Private Security Services (Private Security Act) No. 473/2005 Coll. *with effect from 1 August 2022 brought a number of innovations in the area of private security.*

It was provided that the records of persons registered for training, the recorders issued to persons registered for training and the records of recorders **were consolidated** into a newly created register of persons and training.

The registration of persons in charge of the technical service has also been introduced and the institution of the person in charge has been abolished.

The amendment also introduced a **new form of professional competence test**. The test, consisting of a written and an oral test, has been replaced by an electronic test. This test is carried out on the premises of the Ministry of the Interior of the Slovak Republic, therefore the accredited person will no longer be obliged to provide a place to carry out the test. The accredited person will also no longer be obliged to provide test aids.

k) Changes to the Trade Licensing Act

Amendment No. 249/2022 Coll., amending and supplementing certain acts in connection with the improvement of the business environment (the so-called “Kilečko 2”) *with effect from 1 September 2022, introduced the following significant changes to the Trade Licensing Act, namely:*

- **extension of period** after which the trade licensing authority may revoke a trade if the entrepreneur has not started to operate the trade after the trade licence has been granted or if the entrepreneur has ceased to operate the trade without suspension of the trade, **from two years to four years**,
- in Annex 2 of the Trade Licensing Act, the **trade of sale of pyrotechnic products of category F2, category F3, category T1 and category P1 has been deleted from the so-called regulated trades.**

These trades have become unregulated. The term “*seller of pyrotechnic articles*” shall be replaced by “*person selling pyrotechnic articles*”. It also abolishes the professional qualification of a pyrotechnic articles seller and the related certificate of professional competence of a pyrotechnic articles seller.

m) The option of selling smokeless tobacco products and electronic cigarettes over the internet was introduced

Amendment No 249/2022 Coll., amending and supplementing certain acts in connection with the improvement of the business environment (so-called “Kilečko 2“) *with effect from 1 September 2022 introduced the possibility of selling smokeless tobacco products and*

electronic cigarettes via the internet (electronic devices, tobacco refills, accessories, or various combinations thereof).

The provision prohibiting sales in places where vulnerable groups - children and the elderly - are present has been supplemented by a ban on the sale of smokeless tobacco products and electronic cigarettes. **The ban on door-to-door sales of tobacco products was repealed.**

The sale of tobacco products, products intended for smoking and not containing tobacco, smokeless tobacco products and electronic cigarettes at a distance has been made possible. However, the law only allows such sales if the seller is equipped with an age verification system that can verify at the time of sale whether the buyer meets the minimum age requirement of 18 years and provides the Slovak Trade Inspection with detailed information on the age verification system and its operation.

n) The original Slovak technical standards were made available free of charge in times of emergency

Amendment No. 249/2022 Coll., amending and supplementing certain acts in connection with the improvement of the business environment (so-called "Kilečko 2") **with effect from 1 September 2022** enabled the Office for Standardization, Metrology and Testing of the Slovak Republic to **decide on granting consent to provide original Slovak technical standards or original technical standardization information free of charge to a wide range of entities** - the original ones were made available free of charge on the web site of the Slovak Technical Standards Institute for the duration of the emergency situation.

This decision of ÚNMS SR **was not subject to the provisions of the Administrative Procedure Act and therefore was not subject to a fee**. The selected original STNs or original TNIs could have helped, for example, to modify technical equipment or production processes in times of emergency, thus e.g. ensuring safety and business continuity or the supply of urgently needed products.

o) The amendment to the Labour Code modifies the working conditions of employees

Amendment to Act No. 350/2022 Coll., which amends Act No. 311/2001 Coll. the Labour Code, and amending and supplementing certain acts **with effect from 1 November 2022, ensures transparent and predictable working conditions for employees through the mandatory transposition of 2 directives, namely:**

- EU Directive on transparent and predictable working conditions in the European Union,
- EU Directive on work-life balance for parents and carers.

The following changes were adopted:

- *Supplementing selected provisions of the Labour Code relating to the employment contract and the provision of information on working conditions and terms and conditions of employment,*

In particular, it concerns the precise definition of the categories of information to be provided by the employer to its employees, as well as the definition of the timeframe for the provision of such information. At the same time, the possibility of providing information also in electronic form has been provided for. The transposition of the Directives is largely merely

a legislative adjustment of current common practice among employers and does not constitute the introduction of a new type of obligation:

- *expanding or clarifying the information to be provided to the employee in order to ensure the requirement of transparency and predictability of the work carried out,*
- *providing for the employee's right to request a transfer to another form of employment (e.g. from a fixed term to an indefinite term),*
- *provision for the provision of information also in electronic form.*

A clear expression of the possibility of electronic communication in the legislation, as well as a clear division of information into the agreed content of the employment contract (i.e. its elements) and the remaining information, which may or may not become the contractual content of the employment contract, will facilitate the functioning of employers in everyday life, since most of the rules are set by the employer himself (if he does not have employee representatives) in accordance with the provisions of the Labour Code (e.g. the exact length of working time, working days, work schedules, the scope of leave, etc.).

The amendment to the Labour Code **supplemented and clarified provisions relating to the work-life balance of parents and carers**, e.g. the institute of paternity leave, the possibility to request flexible forms of work when it comes to persons who, for example, take care of children.

At the same time, the Social Insurance Act was amended to **allow both the father and the mother of a child to receive maternity benefits for two weeks at the same time during the six-week period following the child's birth**.

The amendment to the Act on parental allowance has enabled the simultaneous provision of parental allowance and maternity allowance, which is paid to the father of the child during the duration of the so-called paternity leave. **Paternity leave (of the father) is paid for by social security, so there is no additional cost to the employer.**

p) Abolition of the Integrated citizen service point (IOMO)

Amendment No. 325/2022 Coll., which amends Act No. 305/2013 Coll. on the electronic form of exercising the powers of public authorities and on Amendments and Supplements to Certain Acts (e-Government Act), and which amends and supplements certain acts **with effect from 7 October 2022, improved the quality of electronic public communication.**

The rules for delivery to public authorities in the position of a party to proceedings have been clarified and the rules for delivery have been modified in order to avoid speculative behaviour of the owner of the electronic mailbox when deactivating it, i.e. the deactivation does not affect the delivery of an electronic official message, including all electronic documents, which was stored in the electronic mailbox before the deactivation.

In the area of authorisation, the **use of click-through authorisation for all submissions** sent via the Central Portal of Public Administration **has been clarified**. The obligation to keep a local register of certified conversions has been abandoned and the use of only a central register of certified conversions has been introduced, in combination with a simplification of the formalities of the certification clause.

A fundamental change in particular is the **abolition of the institute of the integrated citizen service point, while some of the activities will continue to be provided on the basis of other provisions of the e-Government Act or special regulations** (e.g. implementation of guaranteed conversion or issuing electronic copy and output from public administration information systems).

r) Introduction of graphic symbols for registered designations of origin

Amendment No 337/2022 Coll., amending Act No 469/2003 Coll. on Designations of Origin for Products and Geographical Indications for Products and on Amendments and Supplements to Certain Acts *with effect from 1 November 2022*, introduced graphic symbols for a registered designation of origin for a product and for a registered geographical indication for a product, thus giving these products protection through industrial property law.

The amendment was in response to demand from users of the system of designations of origin and geographical indications. A designation of origin or geographical indication may be obtained for exceptional products the specific characteristics, quality or reputation of which are due to the geographical environment with its characteristic natural and human factors.

These products do not include agricultural products, foodstuffs, wines, aromatised wine products and spirits and are usually also referred to as craft or industrial products.

In order to make the category of products better known, to make it easier to identify these products on the market and to facilitate the consumer's orientation on the market, graphic symbols for the registered designation of origin of the product and for the registered geographical indication of the product have also been introduced for this category of products, which were previously absent in the law. The use of the relevant graphic symbol on the product will be on a **voluntary basis**.

s) Reducing the administrative burden of registering small vessels

Amendment No. 336/2022 Coll., amending Act No. 338/2000 Coll. on Inland Navigation and on Amendments and Supplements to Certain Acts *with effect from 1 November 2022*, reduced the administrative complexity of registering small vessels with self-propelled propulsion, following scientific and technical progress in the development of marine engines and their performance.

This is by increasing the own machinery power threshold for the registration of a self-propelled small craft. The purpose is to **relieve operators of small self-propelled vessels from the obligation to register small vessels** with propulsion machinery power greater than 4 kW and to increase the registration threshold to propulsion system power greater than 11 kW.

The obligation to be in possession of a certificate of professional competence for small vessels when operating a small vessel is retained in the law even when the power of the propulsion system is greater than 4 kW.

The adopted amendment also harmonises the conditions for the operation of small vessels on the following waterways between the Czech Republic and the Slovak Republic, and also allows, in accordance with the law, the operation of a small vessel with its own propulsion system without a certificate of professional competence for small vessels also on other unmonitored waterways of the Slovak Republic in the interest of the development of the tourism industry.

t) New obligations have been created for authorised firearms persons

Amendment No. 268/2022 amending Act No. 64/2019 Coll. on making firearms and ammunition for civilian use available on the market as amended by Act No. 376/2019 Coll. and amending and supplementing certain acts *with effect from 15 October 2022* introduced changes to the regulation of the terminology used, the requirements for the silencer, the

conformity assessment of the silencer, the marking of the silencer and the output documents of the conformity assessment of the silencer.

One of such modifications is the introduction of the obligation for authorised persons to make a photodocumentation of the firearm during the conformity assessment of a firearm manufactured by a substantial modification of a firearm as well as of a firearm manufactured by a substantial modification of a firearm that includes a silencer.

Photodocumentation is a common part of the conformity assessment output documents of notified bodies, for example in the field of personal protective equipment, toys, and is used in the identification of products in various areas of public interest.

The introduction of this obligation will therefore simplify the way of checking whether the output documents have been issued for the relevant firearm, which will significantly help, for example, in checking when submitting an application for the import and export of firearms. The amendment added to the annexes of the Act provisions on the basic requirements for the silencer, the method of performing the piecewise verification of the silencer and the subsequent piecewise verification of the silencer.

§

Legislation passed in 2022 with effect from 2023

The legislation listed below was approved by the National Council of the Slovak Republic in 2022, but did not enter into force in course of 2023. These Acts significantly change the existing legislation.

a) It shall be possible to set up a limited liability company in a simplified manner

Amendment to Act No. 8/2023 Coll., amending Act No. 513/1991 Coll., the Commercial Code, as amended and supplementing certain acts, *with effect from 1 February 2023*, made it possible to **establish a limited liability company in a simplified manner** by means of a designated electronic form for the creation of a memorandum of association.

A limited liability company may be incorporated in a simplified manner if the following conditions are met:

- the company has no more than five shareholders,
- the company is established for the purpose of doing business,
- the subject of the company's business are only selected activities corresponding to the list of unregulated trades according to the special regulation on trade business,
- the subject of the company's business does not consist of more than 15 selected activities corresponding to the list of unregulated trades according to the special regulation on trade business,
- the name of the company must include an appendix indicating the legal form "s. r. o.",
- the contributions of the company's shareholders are exclusively in cash,
- the administrator of the deposit is the executive director,
- the company does not have a supervisory board.

The amendment allows the establishment of an enterprise or an organisational unit of an enterprise of a foreign legal entity having its registered office in one of the EU Member States, also in a simplified manner after fulfilling the statutory conditions.

The amendment also introduced a list of unregulated trades. If the establishers follow the simplified method of establishment and registration in the business register in relation to these unregulated trades, the **trade licence will automatically** arise upon registration in the business register. It is not necessary to apply to the Trade Licensing Office for a trade licence certificate before registration in the Business Register.

Applications for registration of companies established in a simplified manner will be handled by the **District Court in Žilina**.

b) Introduction of a notification obligation for digital platform operators

Amendment to Act No. 250/2022 Coll., amending Act No. 442/2012 Coll. on international assistance and cooperation in tax administration *with effect from 1 January 2023*, introduced a reporting obligation for operators of digital platforms, who must report to the Financial Administration of Slovak Republic once a year information on sellers who use the platform for sales, as well as data on their revenues in e-shops and applications. **This has introduced a new kind of automatic exchange of information on sellers using digital platforms.**

The notification obligation applies in particular to digital platforms in the fields of real estate rental, the provision of services (accommodation, transport, catering), the sale of goods and the rental of transport. **If entities fail to comply with the notification obligation, they are liable to a fine of up to EUR 3 000.**

c) Extension of the exemption from illegal work and illegal employment of family members to 2-person limited liability companies (“s.r.o.”)

Amendment to Act No. 112/2022 Coll. amending Act No. 82/2005 Coll. on illegal work and illegal employment *with effect from 1 January 2023* extended the exemption from illegal work and illegal employment for family members also to 2-person limited liability companies - (“s.r.o.”) (if the partners are relatives in the direct line, siblings or spouses).

In order for a family member to qualify for an exemption from illegal employment or illegal work, a **number of conditions must currently be met**, namely:

- the work is carried out by that family member for a natural person - an entrepreneur or a legal person, which is a limited liability company with no more than two partners,
- the family member has a pension insurance or is a pensioner, or is a pupil or student up to the age of 26.

d) Simplifying conditions of employment for seasonal workers

Amendment to Act No. 248/2022 Coll., amending Act No. 311/2001 Coll., the Labour Code, as amended, *with effect from 1 January 2023*, introduced a new subtype of employment agreement, namely an **employment agreement for the performance of seasonal work**. The agreement is to be limited to a maximum of **520 hours** per calendar year and the average weekly working time over a period of no more than four months **may not exceed 40 hours**.

A person carrying out seasonal work under such an agreement will also be an employee for the purposes of sickness, pension and unemployment insurance, regardless of whether he or she is entitled to a regular or irregular monthly income.

The amendment also provides for an exemption from the payment of old-age pension insurance premiums and unemployment insurance premiums in the form of a **new levy**

deductible item for the performance of seasonal work (in the amount of 50 % of the average monthly wage in the Slovak economy two years ago).

If the employee's **income exceeds** the levy deductible, he or she and his or her employer will pay the old-age pension insurance and unemployment insurance premiums only on the amount exceeding the deductible amount. The seasonal worker will not be entitled to early retirement pension, old-age pension and related survivors' pensions or unemployment benefit for the periods during which no insurance premiums are paid.

e) Changes to the Income Tax Act

Amendment to Act No. 496/2022 Coll., amending Act No. 595/2003 Coll. on Income Tax, as amended, and amending and supplementing certain acts *with effect from 1 January 2023*, changed the method of registering taxpayers for income tax so that the **tax administrator will register taxpayers - legal and natural persons for income tax ex officio**. The registration shall be carried out by the tax administrator on the basis of data entered in registers such as the Business Register and the Trade Licensing Register.

The definition of economic affiliation has been supplemented by the addition of the aggregation of the shares of close persons. Under this amended provision, for the purposes of calculating a direct interest, an indirect interest or an indirect derivative interest, the interests of close persons shall be aggregated and, if the aggregate of the interests is 25 % or more, the persons or entities concerned shall be deemed to be economically connected.

For example, if the husband has a 100 % interest in Alfa company and a 15 % interest in Beta company and the wife also has a 15 % interest, but only in Beta, the new wording treats these companies as related, since the sum of the interests of the persons concerned is more than 25 %.

The definition of a significant controlled transaction or group of controlled transactions has also been added. **The following is no longer considered a controlled transaction:** a legal relationship or other similar relationship on the basis of which neither dependent person achieves taxable income (revenue) nor tax expenditure in the relevant tax period in excess of EUR 10 000. This does not apply if the loan or credit has a principal amount of more than EUR 50 000.

In addition, the rules for adjusting the tax base of a dependent person are clarified, namely: the rules for adjusting the tax base in the event of non-compliance with the arm's length principle and the rules for adjusting the inclusion of costs incurred by another dependent person in the tax base of the taxpayer. These rules are divided into two separate points in order to eliminate problems in tax audits (e.g. ambiguous indication of the title of additional tax for services received from dependants, etc.).

The tax expense of the creditor was also the liability waived under the restructuring plan. The amendment also adds a provision that regulates situations of the so-called statutory and tax-recognised write-off of receivables by the cessation of the receivable as a result of its waiver in the case of a so-called precautionary restructuring. Precautionary restructuring is based on the active behaviour of the debtor who initiates the restructuring. It is responsible for drawing up a plan containing restructuring measures, which may include the forgiveness of the debtor's liability.

From 1.1.2023, to the extent that the liability (debt) is forgiven under the confirmed plan, the receivable is a tax expense with the creditor.

Another change related to precautionary restructuring proceedings is the **addition of the possibility to include the creation of provisions for claims against the debtor related to these proceedings in tax expenses**, similarly to the case of claims against the debtor in the so-called classical (bankruptcy) restructuring.

f) Employers have the possibility to contribute to the housing of their employees

A new Act No. 222/2022 Coll. on State Support for Rental Housing and on Amendments and Supplements to Certain Acts was adopted *with effect from 1 January 2023*, providing **for the possibility for employers to provide a rent allowance to their employees** who will be tenants of state-supported flats - **rent allowance**.

The amount of this allowance per employee is limited to a maximum of EUR 4 per m² of floor area of the flat, and at the same time the **maximum amount of the allowance is EUR 360** per calendar month. An employee can only apply for a state-supported rental housing allowance from **one employer** per calendar month.

g) Permanent reduction of VAT for sports venues, ski lifts and the catering sector to 10 %

Amendment to Act No. 516/2022 Coll., amending Act No. 222/2004 Coll. on Value Added Tax, as amended, *with effect from 1 January 2023*, **reduced the VAT rate for sports venues, ski lifts and the gastro sector (restaurant and catering services) from the original 20 % to 10 %**. However, this VAT reduction under the amendment in question was valid only until the end of March 2023 (i.e. only for three months).

The permanent reduction of VAT for sports venues, ski lifts and the catering sector to 10 % was approved by the **amendment to Act No. 9/2023 Coll.**, which amends Act No. 530/2011 Coll. on Excise Duty on Alcoholic Beverages *with effect from 1 April 2023*.

h) Introduction of conditions for the trial operation of automated vehicles

Amendment to Act No. 429/2022 Coll. amending certain acts in connection with the development of automated vehicles *with effect from 2 January 2023* **introduced conditions for the test operation of automated vehicles and fully automated vehicles**, as well as the regulation of other aspects related to the introduction of such vehicles into the test operation on roads. At the same time, the conditions for the authorisation of the operation of an automated delivery vehicle have been laid down, including the specific obligations of the holder of the authorisation for the operation of an automated delivery vehicle.

Only a person over 18 years of age may be the driver of an automated delivery vehicle. An automated delivery vehicle may also drive on pavements and other places where pedestrians may walk, but in this case it may move at a speed of no more than 6 km per hour. An automated delivery vehicle may only transport cargo in an enclosed transport area.

In connection with the new legislation on the test operation of automated vehicles, there is also a **new administrative fee for the issuance of the so-called automated vehicle operation permit**.

New concepts have also been established for the field of intelligent mobility, namely automated driving systems and automated delivery vehicles.

i) Enforcement of fines for non-compliance with the obligation to submit an application for registration of a change in the registered data (birth numbers) in the commercial register has been waived

Amendment to Act No. 8/2023 Coll., amending Act No. 513/1991 Coll., the Commercial Code, as amended and supplementing certain acts *with effect from 1 February 2023*, waived the enforcement of fines for non-compliance with the obligation to file a proposal for the registration of a change of registered data (birth numbers) in the Business Register.

Companies registered in the Business Register before 1 October 2020 were obliged to have the identification data of persons, i.e. the birth number of, for example, managing directors, partners, shareholders and other persons registered in the Business Register, entered until 30 September 2022 at the latest. **In case of non-compliance with this obligation to record data, entrepreneurs were threatened with a fine of up to EUR 3 310.** As of the end of 2022, as many as 87 370 business entities had not complied with the obligation to register their birth numbers in the commercial register.

j) Introduction of the definition of a family business and the basic conditions of a family business

Amendment to Act No. 494/2022 Coll. amending Act No. 112/2018 Coll. on Social Economy and Social Enterprises *with effect from 1 July 2023* introduced the definition of a family business and the basic conditions of a family business.

One of the first changes brought about by the amendment to the Act is the **introduction of the definition of a family business**, which means not only a commercial company (e.g. "s.r.o.") or a cooperative, but also a natural person - an entrepreneur (e.g. a sole trader), provided that the members of a joint family (e.g. spouses) meet the legal requirements (i.e. they have statutory ties to the business - e.g. a sole trader can have the status of a family business if he or she employs at least one member of the joint family in a labour law relationship).

Following this definition, the amendment determined who is to be considered a member of a joint family. These are, for example, spouses, descendants or siblings.

The amendment allowed family businesses to obtain a special status. As of July 1, 2023, the law distinguishes the following types of family businesses:

- listed family business,
- registered family business.

A business that meets the defining characteristics of a family business may apply to be included in the register of family businesses. In addition to the listed family business, the amendment to the law also distinguishes a registered family business, but the **registration itself is on a voluntary basis**.

To be designated as a registered family business, a business must go through the registration process. The application form for registration will be determined by the Ministry of Labour, Social Affairs and Family of the Slovak Republic, which will assess the application, verify that the conditions are met and issue a **certificate granting the status of a registered family business**.

An important condition for the registration of a family business is the **establishment of a so-called family business council**, which must have at least three members and a majority of its members must be members of the joint family. The internal organisation and functioning

of the family business council is to be regulated by the **statutes of the family business council**, which are approved by the family business (i.e. the company, cooperative or natural person-entrepreneur). The family business council is to meet at least once a calendar year. Minutes of the meeting of the family business council shall be drawn up and provided by the family business to the Ministry of Labour, Social Affairs and Family of the Slovak Republic upon request.

The **core competencies of the family business council** include, for example, deciding on the long-term strategic direction of the family business or on succession and preparing the next generation to take over the family business.

A registered family business is also required to use the designation “*registered family business*” or the abbreviation “*r.r.p.*” in written communications. **The designation “registered family business” shall also be entered in the business register.**

The application for registration of a family business must also include information on what percentage of after-tax profits the family business will use to strengthen its internal and external relations (at least 12 % of after-tax profits).

The use of funds for contributions to voluntary pension insurance, old-age pension insurance, education of family members, or recreation for family members or even employees is considered to strengthen internal and external relations. At the same time, however, 12 % of the after-tax profit can also be used to cover the company's accounting loss.

This 12 % will have to be tracked separately in the accounts of the family business through analytical or other subsidiary records, after which the Ministry will grant the status of a registered family business. **The conditions for status must be met at all times.**

The amendment also defines the so-called family farm, which is a family enterprise that carries out agricultural activities, including fish farming, or produces, processes and trades in agricultural raw materials and products. **Family farms also have the opportunity to register.**

State administration in the area of family businesses will be carried out by the Ministry of Labour, Social Affairs and Family of the Slovak Republic as of 1 July 2023. Its powers under the amended legislation include, for example:

- grant and revoke registered family business status,
- include the family business in the register of family businesses and remove the business from that register,
- exercise control and compliance with obligations under the Act,
- impose fines in case of violation of the provisions of the law.

k) Changes in employment services

Amendment to Act No. 488/2022 Coll., amending Act No. 5/2004 Coll. on Employment Services *with effect from 1 January 2023, introduced several significant changes in the area of employment services.*

The adopted amendment to the Act revised the legal framework for the provision of financial contributions under active labour market measures (ALMMs) in order to improve their efficiency and effectiveness.

In this sense:

- **The amount of the graduate traineeship allowance** has been increased from 65 % of the minimum subsistence level for an adult natural person **to 100 % of the minimum subsistence level** for an adult natural person. At the same time, the allowance is reduced for hours of absence, not for days of absence, in particular pointing out that some absences (e.g. a visit to the doctor) last only a few hours.
- **The duration of the obligation to be continuously sole traders (SEP) has been reduced from three years to two years** after the allowance is granted.
- **The allowance for education and training for the labour market**, which had been provided on own initiative, **was replaced by an allowance to support the retraining of the jobseeker**. The adjustment aims to help people develop their skills in a rapidly changing labour market, who need to continuously update their knowledge, skills and competences because their education and training are not sufficient to meet current or expected labour market needs.
- **The nature of the contribution for activation action in the form of smaller municipal services** for the municipality or in the form of smaller services for the self-governing region has been changed to **optional**, i.e. non-profit, while the period of support has also been adjusted to a maximum of six calendar months in the scope of no more than 20 hours per week with the possibility of extending their implementation for a maximum of another six calendar months. The aim is to apply a more intensive approach to maintaining work habits and developing the skills of a long-term unemployed citizen who is a member of a household receiving assistance in material need and also to shorten the period during which he or she must not be in an employment relationship.
- ALMMs aimed at **supporting the employment of disadvantaged jobseekers** has been consolidated and more emphasis will be placed on supporting the employment of the most vulnerable groups in the labour market, citizens over 50 years of age, the long-term unemployed and low-skilled citizens or jobseekers under 30 years of age who are significantly vulnerable in the labour market.
- **The job relocation allowance has been abolished** as it has an almost equivalent focus to the job mobility allowance.

The amendment also introduces an **information obligation for the employer to whom the EU citizen will be posted**. Compared to the previous legislation, the obligation differs in the person responsible. In the case of the amendment, it is a domestic employer, whereas under the previous legislation it was a hosting employer.

The most significant difference lies in the scope of the data submitted by these entities, which is necessary for control, analytical and statistical purposes.

In the area of employment of third-country nationals, the amendment focused on facilitating the employment of third-country nationals by linking the identification of occupations with labour shortages to the level of regions, with the removal of the condition of a registered unemployment rate of less than 5 %.

With regard to the retention of skilled labour, the amendment **introduces the possibility of employing a third-country national during the period of determining the application for renewal of the temporary residence for employment purposes** and facilitates the renewal of the temporary residence for employment purposes by removing the requirement to

take into account the labour market situation and to allow for the retention of skilled labour in the same employment.

The amended law also **eliminated the obligation of the employment intermediary to submit monthly reports on the facilitated employment** for remuneration and, similarly to temporary employment agencies, retained the **submission of only one annual summary report on the intermediary's activities**.

At the same time, it was made possible for intermediaries of employment for remuneration to keep a register of citizens to whom they have facilitated employment for remuneration and to **provide the data electronically** using the employment services information system via the Entrepreneur Portal.

The data provided electronically are the basis for the reports on the activities of the paid employment intermediary for a calendar year. **The written form of submission** of the above documents and the processing of data from the paper form for various statistical and control purposes have been eliminated.

§ Legislation approved in 2022 to take effect in 2022 related to the energy crisis

The following legislation was passed by the National Council of the Slovak Republic in 2022, **with an effective date of 2022**, and these acts were passed in response to the emerging energy crisis related to the war in Ukraine.

a) Introduction of price regulation for electricity and gas

Amendment No. 85/2022 Coll., which amends Act No. 250/2012 Coll. on regulation in network industries, as amended, and which amends certain acts *with effect from 1 April 2022*, **introduced price regulation of electricity and gas supplies for price-regulated groups of customers** (if they request to take energy at regulated prices), namely:

- for household electricity consumers,
- for household gas customers,
- for so-called small enterprises, i.e. non-household electricity and gas consumers with an annual electricity consumption of 30 000 kWh or less or an annual gas consumption of 100 000 kWh or less.

The amendment was aimed at supporting the development of local renewable energy sources, which end-users of electricity will be able to install up to the maximum reserved capacity of their customer points. The limit on the installed capacity of local sources of 500 kW as well as an additional limit of 10 % of the installed capacity of the local source for the supply of surplus electricity generated by the local source have been removed.

Special liability for damages of electricity and gas suppliers towards customers if they have lost the capacity to supply electricity or gas has also been introduced. Any “bankrupt” energy supplier that asks for its licence back will have to hand over the gas or electricity to the supplier of last resort at the purchase price (procurement cost plus core inflation).

b) Defining an energy emergency

The amendment to Act No. 324/2022 Coll. amending Act No. 251/2012 Coll. on Energy and on Amendments and Supplements to Certain Acts, as amended, and amending Act No. 250/2012 Coll. on Regulation in Network Industries, as amended, *with effect from 7 October 2022*, avoided the negative impact of the high increase in electricity and gas

prices on the most vulnerable customers through the proposal of general economic interest and the extension of the state of emergency in the energy sector.

The amendment to the Act expanded the current concept of an energy emergency to include a situation where the price of wholesale energy commodities on the markets reaches very high values, which could result in price unavailability of electricity and gas for consumers, and at the same time could cause a threat to the security of the state, health, or life of a large group of electricity consumers, or a threat of significant economic damage to end-users in a defined territory.

The amendment also defined a set of measures such as limitation of inter-area capacity for cross-border trading of electricity, use of generation capacities of domestic electricity generation facilities for supply to end-users at set prices. The same mechanism applies in the case of gas.

In this case, the government will be able to declare a state of emergency only on the proposal of the Ministry of Economy of the Slovak Republic and at the same time it will be entitled to decide on the imposition of measures ordered by the Ministry of Economy by decree.

In this case, the government will set prices by regulation and the amendment will provide for an exemption from normal price regulation. The price will therefore not be set by the Regulatory Office for Network Industries (URSO).

At the same time, a time limit of 180 days for the duration of the state of emergency has been introduced, with the possibility of repeated extensions and control by the government, namely through the necessity for parliament to approve the extension of the duration of the state of emergency.

At the same time, the obligation to supply gas to designated customers at specified prices in times of emergency will not apply to strategic stocks of other countries stored in reservoirs on the territory of Slovakia. This obligation will also not apply to the basic filling of the container.

(c) New participants in the energy market

Amendment to Act No. 256/2022 Coll., amending Act No. 251/2012 Coll. on Energy and on Amendments and Supplements to Certain Acts *with effect from 1 October 2022, added* active consumers, energy communities, operators of electricity storage facilities and aggregators to the energy market, **in addition to producers, transmission and distribution system and network operators, and gas and electricity suppliers.**

In addition to the legal regulation of new participants in the electricity and gas markets, the amendment also introduced legal regulation of electricity storage, changes in the area of consumer protection and modification of the existing legal conditions for the deployment of so-called smart metering systems in specific consumption points.

In order to achieve and maintain safe and reliable operation of the transmission or distribution system in real time, the amendment also defines new rights and obligations of distribution system operators and transmission system operators. **The adoption of the above-mentioned amendment to the Energy Act is one of the milestones, the fulfilment of which will make it possible to draw EU funds from the Recovery and Resilience Plan of the Slovak Republic for investments aimed at the development of renewable energy sources and increasing the flexibility of the electricity system.**

d) The state has subsidised the high energy prices of enterprises

Amendment to Act No.402/2022 Coll., amending Act No.71/2013 Coll. on the provision of subsidies within the competence of the Ministry of Economy of the Slovak Republic *with effect from 30 November 2022*, made it possible to extend state support for enterprises to include subsidies for high electricity and gas prices.

Entrepreneurs could apply for the subsidy in paper or electronic form. The maximum amount of the subsidy, the eligible period and the eligible cost for determining the amount of the subsidy were determined by the Ministry of Economy of the Slovak Republic in the call for applications.

Bills for September and October 2022, when energy prices were highest, were compensated for retroactively. The amount per megawatt-hour (MWh) of gas and electricity for determining the amount of the subsidy was established by the Government of the Slovak Republic by **Regulation No. 425/2022 Coll.**, which establishes the amount per MWh of gas and the amount per MWh of electricity for determining the amount of the subsidy, namely:

- the amount per MWh of gas was set at 99 Euros,
- the amount per MWh of electricity was set at 199 EUR.

The eligible cost for determining the amount of the subsidy was the product of the quantity of natural gas and/or electricity, expressed in MWh, which the applicant, as an end-user, took from the supplier and the price increase it paid for the consumed supply of the natural gas and/or electricity commodity, expressed in EUR/MWh.

The price increase in question was calculated as the difference between the unit price for the supply of the commodity paid by the applicant on average during the eligible period and the unit price for the supply of the commodity electricity of EUR 199 per MWh and/or the unit price for the supply of the commodity gas of EUR 99 per MWh.

At the same time, the amendment to the Act allowed for the current expenditure on support provided from the state budget expenditures to compensate for the increase in gas and electricity prices budgeted in 2022 and 2023 to be used until the end of 2024.

e) A solidarity contribution from activities in the oil, gas, coal and refinery sectors was introduced

A new Act No. 519/2022 Coll. on solidarity contribution from activities in the oil, gas, coal and refinery sectors and on the amendment of certain Acts has been adopted *with effect from 31 December 2022 to address high energy prices*.

The Act contains measures that will implement the **compulsory temporary solidarity contribution**. The Act specifies the calculation of the solidarity contribution of legal persons active in the oil, gas, coal and refinery sectors. The Act further regulates the administration and use of the solidarity contribution.

Contribution Calculation:

- **the contribution base calculation is based** on the income tax base less the tax loss deduction and after applying income tax basis reduction claims for each income taxable year of the contributor beginning in calendar year 2022 and for each taxable year of the contributor beginning in calendar year 2023,
- **the rate of the contribution shall be 55 % of the contribution calculation base,**

- the contribution period shall be the twelve immediately consecutive calendar months following the relevant taxable period,
- the contributor is obliged to deliver to the tax office by the expiry of the deadline for filing the income tax return for the relevant tax period a notification in which he/she provides the following: identification data on the contributor, in particular his/her name, registered office, organisational identification number and tax identification number, if it has been assigned to him/her, the tax period for the purposes of payment of the contribution, the basis for the calculation of the contribution, the amount of the contribution,
- the Tax Code shall apply mutatis mutandis to the administration of the contribution.
- The administration of the Contribution shall be carried out by the tax office competent for the administration of the Contributor's income tax under the Tax Code.

§ Legislation approved in 2022 to take effect in 2023 related to the energy crisis

The following legislation was passed by the National Council of the Slovak Republic in 2022, with an effective date of 2023, and these acts were passed in response to the emerging energy crisis related to the war in Ukraine.

a) Introduction of an excess revenue levy for energy suppliers and producers and an institute of crisis regulation

Amendment to Act No 433/2022 Coll., amending Act No 251/2012 Coll. on Energy and on Amendments and Supplements to Certain Acts, as amended, *with effect from 5 February 2023, introduced a 90 % levy on excess revenues for energy suppliers and energy producers from installations with an installed capacity of more than 0.9 megawatts.*

Excess revenue is defined as revenue in excess of a defined ceiling, to be determined by the government by regulation, ranging from EUR 50 to EUR 250 per MWh depending on the type of energy source. At the same time, the subject of the levy will not be energy produced in pumped hydroelectric energy storage, from biomethane and from renewable sources by producers who claim the support by means of a surcharge, at the same time claiming the support by means of the purchase of electricity by the electricity purchaser at the price of the purchased electricity and at the same time claiming the right of the electricity producer to take over the responsibility for the deviation by the electricity purchaser for this installation, nor the excess income for redispatching or the refunds for the electricity not used.

The levy is to apply to individual calendar months until 31 December 2024, with the first month to be determined by the Government in its regulation setting price ceilings.

The amendment to the Act also allows the Government of the Slovak Republic to provide subsidies to entrepreneurs in the heat energy sector to cover the difference between the price of heat approved or determined by the Regulatory Office for Network Industries and the price of heat determined by the Government by regulation.

The amendment also introduces the institute of crisis regulation, which allows the government to regulate activities, goods or prices in the network industries if there is an emergency situation on the market for goods and related regulated activities, a threat to customers due to a disproportionate increase in the price of goods, or a threat of significant economic damage to the state.

In crisis regulation, price decisions issued by the Regulatory Office for Network Industries do not apply. The Government shall determine the prices and the conditions for

their application by its regulation, and may determine prices for a statutorily regulated activity or individual prices for a regulated entity. The government can only implement crisis regulation following a proposal from the Ministry of Economy and for a maximum period of one year. If the reasons for which the crisis regulation was implemented persist, the government may extend the crisis regulation for the time strictly necessary.

b) Provision has been made for the issuance of guarantees of origin for gas from renewable sources

Amendment No. 363/2022 Coll., amending Act No. 309/2009 Coll. on the promotion of renewable energy sources and high-efficiency combined production and on Amendments and Supplements to Certain Acts, as amended, *with effect from 1 January 2023*, established a **new legal framework for the issuance of guarantees of origin for gas from renewable sources**. This has created a single means of proving the origin of renewable gas to end-users, thereby facilitating cross-border trade in such gas.

A guarantee of origin of electricity is a document proving that the electricity was produced in an electricity generation facility from the source specified in the guarantee.

The amendment to the Act also modifies the **method of promotion and the conditions of promotion of renewable gas**, namely the priority distribution of renewable gas, which is biomethane through the gas distribution network, the issuance of a guarantee of origin for renewable gas, the issuance of a certificate of quantity of biomethane and the actual promotion of electricity production from biomethane on the basis of the application of the certificate of quantity of biomethane.

The right of combined heat and power producers who produce electricity from natural gas to **claim the right to a supplementary payment** for the amount of electricity produced by high-efficiency combined heat and power production from biomethane shall be preserved if they deliver to the support clearing house a confirmation of the amount of biomethane.

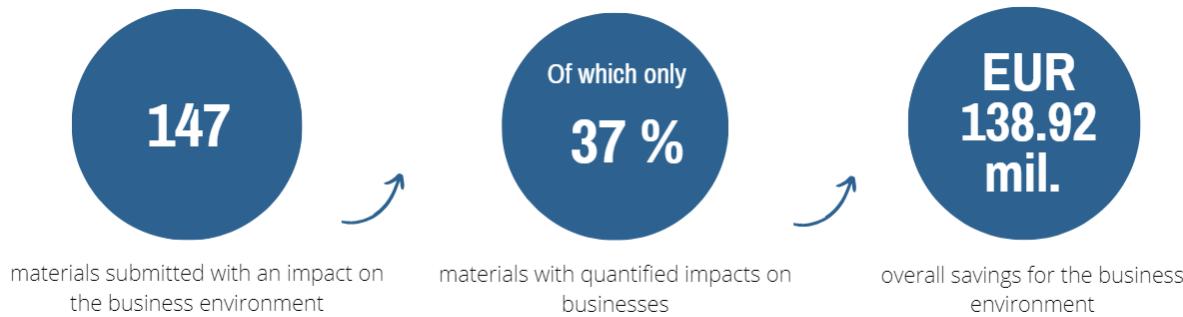
The changes in question will help to fulfil the Slovak Republic's commitment to meeting European targets in the field of electricity production from renewable energy sources and **achieving carbon neutrality**.

1.3 Proposals for decreasing the regulatory burden in favour of SMEs



The purpose of the section of the *Report on the State of Small and Medium Enterprises in the Slovak Republic in 2022* aims to convey draft measures to improve regulation in favour of SMEs. Despite the efforts of the BRC, in particular in the form of substantive remarks within the preliminary comment procedure and final evaluation, it can be stated that the trend of insufficient quantification of the costs / savings of regulation by the submitters continued in 2022. Submitters **quantified the costs of regulation in only 54 business impact materials**, which, with a total of 147 business impact materials submitted, represents just under 37 %. The total cost to the business environment for the 54 materials in question was EUR 116.29 mil., with total savings of EUR 138.92 mil. Thus, the net savings for the business environment in these 54 cases where the submitters quantified the impacts amounted to EUR 22.63 mil. . Significant savings for the business environment were estimated by the submitters especially in the case of the amendment to Act No.79/2015 on waste (in the amount of approx. EUR 11.5 mil.) the Decree of the Regulatory Office for Network Industries laying down the price regulation of gas supply (approx. EUR 39.9 mil.) the Decree of the Regulatory Office for Network Industries

laying down the price regulation of heat energy (approx. EUR 7.2 mil.) or the amendment of the Decree of URSO no 24/2013 Coll., laying down rules for the functioning of the internal electricity market and rules for the functioning of the internal gas market, as amended (approx. EUR 18.9 mil.). **However, these figures represent a very distorted view of the total costs and savings of the submitted documents, and it is therefore necessary for the submitters in the future to make substantially greater efforts to quantify the costs of regulation.**



The BRC sees the following areas in which reduction could occur for the regulatory burden. The BRC therefore proposes concrete measures:

A) Better regulation for SMEs

The principles and recommendations formulated by BRC in part A, based on the experience of its day-to-day activities and cooperation with relevant business organizations representing SMEs should be adopted by all regulators to be an acceptable system of rules for SMEs. Many of these recommendations are part of the strategic document RIA 2020 - Strategy for Better Regulation of the Ministry of Health of the Slovak Republic, or are already enshrined in the Unified Methodology itself. These principles and recommendations are classified as follows: a) in terms of the process of applying better regulation rules; b) in terms of their content; c) in the light of existing initiatives which include a collection of measures which have resulted from practice and the application of which is a precondition for eliminating the administrative and other burden on SMEs. In part B the focus is put on the specific content proposals, in case of clear responsibility, the relevant regulator is mentioned.

a) In terms of process¹¹³

- clearly formulate the content of the **preliminary information** to make clear the intention of the regulator as to the potential for impacts on SMEs,
- carry out **consultations** with stakeholders and take their suggestions into account, accept compromises, perceive the consulting SMEs as equal partners in drafting regulation,
- in the **Analysis of the impact on the business environment** determine which of the size categories of enterprises will be affected by the proposed material and to quantify the approximate number of affected entrepreneurs using available statistics, records and data,
- in the context of introducing new obligations for businesses, consider the obligation to introduce **simplified schemes for SMEs** (e.g. in the form of exemptions from obligations, transitional periods, reduced rates, simplified forms),

¹¹³From the moment of the idea to amend the regulation to the assessment of its effectiveness after a certain period from the entry into force.

- in case of proposal for a new obligation or stricter existing obligation, propose removal or simplification of another existing obligation or more obligations **in the amount corresponding to twice the amount of the burden (the principle of one in, two out - accept one, cancel two)**,
- avoid implementation of EU directives beyond their minimum framework; i.e. not creating unnecessary expanding obligations (the so-called **unjustified gold-plating effect**),
- extend the rules of the better regulation agenda also to the regulation adopted on the basis of the legislative initiative of deputies and committees of the **National Council of the Slovak Republic** (e.g. mandatory Business Environment Impact Analysis with impact quantification, opinion of the Impact Assessment Commission),
- in line with OECD recommendations, introduce an impact assessment process also for **regulations adopted at the regional level** (i.e. at the level of cities, municipalities and higher territorial units).

b) In terms of content¹¹⁴

- Continue to improve the functionality of the **Slov-lex portal** (e.g. improvement of search filters, introduction of a change tracking mode, up-to-dateness of the legislative process of individual materials as well as accompanying documentation, etc.),
- **implement all the ambitions of the RIA 2020 project**, including support for building analytical capacities in individual ministries or creating a register of regulations (which would also include a so-called decision tree tool, and through which every entrepreneur would get a practical and easy overview of regulations which apply to his/her business),
- perform the **audit of validity and adequacy of all obligations arising from the regulation of entrepreneurs**, quantify the total costs associated with their fulfilment, make international comparisons in disputed areas and get inspired by best practices from abroad and then eliminate all obligations that are disproportionate (as in relation to the purpose these cause a disproportionate administrative or financial burden on businesses).

c) In terms of previous initiatives

- Continue to implement the measures adopted as part of the Anti-Bureaucratic Packages - the so-called “Kilečko I. - III.” (17 measures in the status of “not implemented”),
- consistently **apply the one in - two out principle** also in the case of parliamentary laws and at the same time extend its application to regulations governing the amount or rate of taxes, levies and duties,
- to monitor the implementation of the tasks of the individual ministries and the Central government authorities resulting from the 2019 gold-plating audit and to **consistently apply the principle of protection against unjustified gold-plating** in the transposition of the EU Directives,
- improve the **ex-post evaluation process** by increasing business participation in the consultation process,
- resolve complaints from the business community sent for the **Bureaucratic Nonsense** survey for several years now and evaluated by representatives of the business

¹¹⁴To ensure the functioning of better regulation rules through these institutes.

community and experts on better regulation - so far **around 50 % of complaints** from the TOP 10 ranking in the period of 11 years of the survey have been **resolved**.

B) Specific proposals for regulatory change



a) Labour law and employment

- adopt a compromise in the payment of overtime, for work on Saturday, Sunday and public holidays for all SMEs without exemption by way of exemption from tax and levy (up to a certain amount / increased or newly established / in full) (MPSVR SR),
- remove the confusing legal regulation of the employee's registration in the Social Insurance Company within 8 days from the commencement of the activity in relation to the performance of control and the possibility of imposing a fine (MPSVR SR),
- abolish the restriction of being a contract worker if the person is also registered at the labour office for 40 days per calendar year with one employer (MPSVR SR),
- remove the prohibition of the contract workers to programme, photograph, create graphic works, professional texts or other copyrighted works in Section 223 par. 4 of the Labour Code (MPSVR SR),
- increase the time allocation for labour agreements from 10 to 20 hours per week in the provisions of Section 228a par. 1 letter a) of Act No. 311/2001 Coll. Labour code (MPSVaR SR),
- mitigate the consequences of illegal employment, for which the entrepreneur is punished by a double fine, as well as the consequences resulting from the 5-year entry in the Central register of illegal employers (MPSVR SR),
- determine the list of recommended documents that the labour inspectorate may request during an inspection pursuant to Section 12 par. 1 letter d) of Act No. 125/2006 Coll. on labour inspection and on amendment and supplementation of Act No. 82/2005 Coll. on undeclared work and undeclared employment (MPSVaR SR),
- abolish the obligation of the entrepreneur to identify whether the employees of its supplier do not perform illegal work pursuant to Section 7b par. 4) to 11) of Act No. 82/2005 Coll. on Illegal Work and Illegal Employment (MPSVR SR),
- abolish the employer's obligation to report the vacancy and its characteristics to the Labour, Social Affairs and Family Office pursuant to Section 62 par. 6) of Act No. 5/2004 Coll. on Employment Services and on Amendments and Supplements to Certain Acts (MPSVR SR),
- abolish the obligation for the employer to send a written report on the implementation of the measures taken to remedy the detected infringements after a labour inspection according to Section 14 par. 2 of the Act no. 125/2006 Coll. on Labour Inspection also according to the model of abolishing of the same obligation to submit a written report on the fulfilment of measures to eliminate the identified deficiencies and the causes of their occurrence after an inspection of the Social Insurance Agency (the given

obligation was abolished by Amendment No. 198/2020 Coll. to Act No. 461/2003 Coll. on Social Insurance with effect from 21.7.2020) (MPSVaR SR),

- increase the weekly working time of students from 20 hours to 40 hours (according to Section 227 par. 2 of the Labour Code),
- allow contracts for work performed outside the employment relationship to be concluded for an indefinite period of time (Section 226 par. 1 Section 228 par. 2 Section 228a par. 3) of the Act no. 311/2001 Coll. the Labour code) (MPSVaR SR),
- to allow that unpaid help of relatives in all commercial companies (not only in 1 and 2-person s.r.o.) is not considered illegal work according to Section 2a par. 2) of Act No. 82/2005 Coll. on Illegal Work and Illegal Employment and on Amendments and Supplements to Certain Acts (MPSVR SR),
- to reduce the maximum amount of the fine imposed by the Social Insurance Agency for late payments or for payments in incorrect amounts as provided for in Section 239 of Act No. 461/2003 Coll. on Social Insurance (MPSVaR SR),
- reduce the disproportionately severe penalties for late registration of a new employee with the Social Insurance Agency pursuant to Section 2 par. 2) letter b) of Act No. 82/2005 Coll. on Illegal Work and Illegal Employment (MPSVR SR),
- to remove the duplicate notification obligation of employers towards the employee's health insurance company when the employee switches from maternity leave to parental leave provided for in Section 24 par. 1) letter c) of Act No. 580/2004 Coll. on Health Insurance (MPSVaR SR),
- abolish the obligation for employers to send pension record sheets to the Social Insurance Institution pursuant to Section 231 of Act No. 461/2003 Coll. on Social Insurance (MPSVaR SR),
- abolish the provision of meals for staff in the form of meal vouchers in accordance with Section 152 par. 7) of the Act No. 311/2001 Coll. Labour code (MPSVaR SR),
- to make voluntary the recreational vouchers provided for in Section 152a of Act No. 311/2001 Coll. Labour code (MPSVaR SR),
- abolish the obligation laid down in the provisions of Section 152 of the Labour Code to provide meal vouchers/financial allowance in advance (MPSVaR SR).

b) Taxes and accounting

- to allow again the exemption of income from occasional activities up to EUR 500 for a natural person also in the case of a counterparty who claims this expense as a tax expense (or can claim it) (MF SR),
- reintroduce a reduced income tax rate for entities with a turnover of up to EUR 100 000 (MF SR),
- resolution of the tax-levy burden in the case of concurrence of trade and dependent work (if SEP does business in a secondary activity, i.e. especially in addition to primary employment - dependent activity, from the income of which the levies are already paid - this fact should be reflected in a favourable formula for calculating contributions (MF SR; SP; MPSVR SR),
- reduce the obligatory period for archiving accounting documents from the current 10 years to at least the original 5 years, as entrepreneurs are incurring additional costs by implementing this measure (MF SR),

- remove the obligation to fill in an application for refund of tax overpayment in case of its occurrence (MF SR),
- enable the recording of a tax loss when renting real estate (MF SR),
- change the obligation to send monthly reports on deducted and paid tax advances to at least quarterly reports on deducted and paid tax advances, which will reduce the administrative burden on entrepreneurs (MF SR),
- reconsider the 8 % tax on non-life insurance (MF SR),
- to increase or completely abolish the limit of EUR 20 000 for the application of lump-sum expenses for sole traders persons (MF SR),
- Increase the % rate of flat-rate expenses from the current 60 % in key sectors of the economy (e.g. agricultural business) (MF SR),
- change of the complex formula used for the calculation of the monthly basis of assessment on which the amount of social insurance of a sole traders person is based (MF SR),
- abolish the obligation or extend the deadline for notifying the termination of the application of the special VAT regime on the basis of received payments (MF SR),
- reconsider the taxation of contributions for employees from the social fund (e.g. the contribution for participation in cultural and sporting events is also taxable income of the employee and the employer is obliged to deduct the advance tax from it pursuant to Section 35 of Act No. 595/2003 Coll. on Income Tax) (MF SR),
- to introduce a simplified tax-tax regime for sole traders persons with a certain income threshold, below which income tax and social and health insurance contributions would be replaced by a single monthly fee (MF SR),
- reduce the annual rate of levy on heavy trucks; i.e. motor vehicles or combinations of vehicles intended exclusively for the carriage of goods by road with a maximum permissible laden weight of at least 12 tonnes, closer to the minimum rates set by EU legislation (MF SR),
- to abolish the obligation to purchase a motorway vignette for a trailer (trailer or sidecar) when the sum of the maximum technically permissible total weight of the motor vehicle and the maximum technically permissible total weight of the trailer exceeds 3.5 t, pursuant to Section 2 par. 2 letter b) of Act No 488/2013 Coll. on the Motorway Vignette (MDaV SR),
- exclude controlled transactions from the definition of a micro-taxpayer in the Income Tax Act, as the entrepreneur loses the status of a micro-taxpayer in case of their execution, and thus also the benefits associated with it (e.g. favourable conditions for depreciation of tangible assets, favourable rules for deduction of tax losses) / or completely abolish the institute of a micro-taxpayer in the legal order of the Slovak Republic (MF SR),
- reduce the tax on cryptocurrencies from the current 21 % (MF SR),
- merge 3 VAT statements - tax return, control statement and summary statement and replace it by sending one filing (MF SR),
- to reduce the depreciation period for electric bicycles from 6 to 2 years provided for in Section 26 par. 1) of Act No. 595/2003 Coll. on Income Tax (MF SR),

- extend the range of taxpayers and transactions for which it is not necessary to prepare transfer documentation (MF SR),
- to provide for an exemption from the obligations of the obliged person under Section 5 of the Act on Protection against Money Laundering in justified cases (MF SR).

c) Commercial law

- abolish the ban on the use of raw materials from small farmers for business purposes (MPRV SR),
- facilitate the transfer of assets within the framework of generational change in business companies (MH SR),
- abolish the condition for the owners of nurseries to have a university education and barrier-free operation (MŠVVaŠ SR),
- reduce the required share capital of a limited liability company (s.r.o.) to EUR 1 (MS SR),
- to establish that s.r.o. with a minimum share capital does not have an obligation to create a reserve fund / or completely abolish the mandatory maintenance of a reserve fund in commercial companies (MS SR),
- in line with the increasing level of digitalisation, to allow companies to participate in management by remote means (i.e. per rollam) and to introduce rules and conditions for such voting in companies (MS SR),
- abolish the requirement for verification of the signature of the chairman of the General Assembly (MS SR),
- Introduce the possibility to issue different types of shares (founder and investor shares) to companies with variable share capital (MS SR),
- introduce the institute of general free trade (MV SR),
- to allow the establishment of a free trade also for persons from 16 years of age or to allow the entrepreneurship of minors in Slovakia following the example of the Czech Republic (MS SR),
- enable the establishment of any commercial company online in accordance with the Commercial Code (MS SR),
- to allow a responsible representative in Slovakia to be appointed in several establishments without the need for an exemption permit, following the example of the Czech Republic, i.e. one person (responsible representative) can perform this function in several establishments, while a limit is set in the law - e.g. for no more than 4 entrepreneurs (MV SR),
- introduction of automatic notification and registration of the fact that a statutory officer has changed his/her permanent residence and a new identity card has been issued in the business register, taking into account the unnecessary bureaucracy and costs that the change of permanent residence or the issue of a new identity card of a statutory officer currently entails (MS SR),
- abolish the obligation to deposit an advance on the liquidator's remuneration if the liquidator performs his/her function without remuneration (MS SR),

- establish a limitation period for claims of the company against the members of the bodies, which will commence from the date on which they cease to hold their office (MS SR),
- Introduce as a standard regime of gratuitous performance of the functions of members of the statutory body, proxies, members of the supervisory body and the head of the organisational unit (MS SR),
- to introduce the right to unemployment benefit also for statutory officers of commercial companies, provided their monthly remuneration is low (MPSVaR SR),
- to harmonise the terminology in the field of commercial, accounting, bankruptcy and tax law in terms such as e.g. share capital, business capital, core capital, enterprise, etc. (MH SR; MS SR),
- remove obstacles to obtaining a licence for bus transport operators wishing to provide transport on the territory of several HTUs by adding a new provision to the Act No. 56/2012 Coll. on Road Transport (e.g. Section 10a), which would make it possible to automatically grant a licence to an operator who already has a licence on the territory of another HTU within the Slovak Republic and at the same time fulfils all the current statutory conditions defined in Section 10 par. 3 of the Act on Road Transport (MDaV SR),
- to take account of scientific and technical progress in the field of motor vehicle legislation in the Travel Compensation Act (to extend the wording of the Act to cover the use of electric vehicles during business trips, as the Act regulates the method of determining the compensation for fuel consumed only in relation to motor vehicles powered by standard fuels such as petrol, diesel, LPG, CNG or hydrogen, but does not regulate the procedure for determining the compensation for fuel consumed in the case of the use of a plug-in hybrid electric vehicle or an electric vehicle) (MDaV SR).

d) Excessive bureaucracy, disproportionate financial burden and legal uncertainty

- significantly liberalize the illogical obligation of accommodation providers to report accommodated foreigners within 5 days of accommodation to the Foreign Police, which, apart from excessive administrative burden, does not bring the desired purpose, as the average period of accommodation is less than 5 days limit in Section 113(c) of Act No. 404/2011 Coll. on the Residence of Foreigners and on Amendments and Supplements to Certain Acts (MV SR),
- simplify the process of assessing applications for indirect forms of business support (MH SR),
- to solve the situation when exchanging an ID card with an electronic chip, as it is not possible to log in to the electronic mailbox with a temporary document - in Act No. 305/2013 Coll. on the electronic form of exercising the powers of public authorities and on Amendments and Supplements to Certain Acts (e-Government Act) (MV SR),
- to introduce an alternative option of logging in to the electronic mailbox with a name and password or a mobile key - in Act No. 305/2013 Coll. on the electronic form of exercising the powers of public authorities and on Amendments and Supplements to Certain Acts (Act on e-Government) (MIRRI SR),
- in the case of private security services, to provide for an exemption from the obligation to employ the mandatory proportion of employees with disabilities pursuant to Section 63 of Act No. 5/2004 Coll. on Employment Services, as the

law allows them to employ only persons without disabilities, or persons with disabilities (private security services are thus practically automatically obliged to pay the mandatory levy pursuant to Section 65 of Act No. 5/2004 Coll. on Employment Services for failing to comply with the obligation to employ a specified proportion of persons with disabilities) (MPSVaR SR),

- abolish the redundant obligation for nursery school operators to report to the authorities on how they operate and what their economic result is, even if they do not receive any subsidies for their operation pursuant to Section 67a par. 1) and 3) of Act No. 448/2008 Coll. on Social Services and on Amendments to Act No. 455/1991 Coll. on Trade Enterprise (Trade Licensing Act) (MPSVaR SR),
- to delete the obligation to carry out an originality check when exporting a car abroad laid down in Section 116 par. 6) of Act No 8/2009 Coll. on Road Traffic and on Amendments and Supplements to Certain Acts, which constitutes a financial and administrative burden for entrepreneurs (MD SR),
- resolve the situation of the lack of possibility to register a change of the end user of the benefits in the same form as another change in the limited liability company - s.r.o. (currently it is necessary to file two applications with the Business Register under two different filing numbers, which are usually assigned to two different senior court officials and departments), so that the entrepreneur can make both changes of data in one form and pay only one administrative fee of EUR 33 (MS SR),
- to list directly in the relevant legislative regulations or in a consolidated law all Slovak technical standards that employers are obliged to comply with in the field of OSH, and at the same time to provide these standards free of charge to employers through a web portal (taking into account the fact that the field of OSH and the standards that must be complied with in this area are not clearly regulated and the legislator should clearly indicate which STNs are necessary to ensure minimum safety in the field of OSH on the part of the employer) (MPSVaR SR),
- supplement Act No. 145/1995 Coll. on administrative fees with a clarification according to which the taxpayer (entrepreneur) will not be obliged to prove the payment of the fee, which will be verified by the competent authority itself, or to electronize the process in such a way that the authorities have an overview of the payment of the taxpayer immediately and do not have to interrupt the administrative proceedings because of it (MV SR),
- to make the exchange of information between regional public health authorities automated after the approval of the relevant establishment, so that if it is an establishment related in any way to food, the entrepreneur does not have to separately notify the establishment to the competent regional veterinary and food administration of the Slovak Republic under the threat of a heavy fine, or to abolish or reduce the sanction for failure to notify the establishment pursuant to Section 28 par. 2) letter 1) of Act No. 152/1995 Coll. on Foodstuffs (MPaRV SR),
- abolish the municipality's authority to impose on natural persons - entrepreneurs and legal entities the obligation to notify the municipality of the time of sale in the shop and the time of operation of services because the obligation to notify the establishment of the establishment has already been fulfilled by the entrepreneur in relation to the trade licensing authority (MV SR),

- abolish the obligation to indicate the origin of meat in catering and restaurant establishments, since even in the case of the use of semi-finished products in the preparation of meals, the origin of meat does not have to be indicated and, moreover, this obligation has been in force for more than 3 years, but there is still no decree specifying the method of indicating the origin of meat in these establishments (MPaRV SR),
- abolish the obligation to report the state of stocks that are necessary to ensure the food security of the state pursuant to Article 24 par. 1) and (2) of Act No. 152/1995 Coll. on Foodstuffs, as this is a duplication of data transmission by the obliged entities (the obligation pursuant to Article 24 par. 1) of Act No. 152/1995 Coll. is imposed on entrepreneurs twice a year, but they also fill in the semi-annual report from the Statistical Office at the same frequency) (MPaRV SR),
- ensure that electronically signed documents from public authorities can be printed and used for legal purposes without the need for guaranteed conversion (MIRRI SR),
- remove the obligation to apply to the municipality for a permit if the employer wants to give the employee a pallet for domestic use pursuant to Section 97(1)(n) of Act No. 79/2015 Coll. on Waste and on Amendments and Supplements to Certain Acts (MŽP SR),
- to reduce the burden on entrepreneurs associated with obtaining consent from the state waste management authority for the transfer of waste suitable for household use (e.g. waste wood from pallets, boxes for goods, etc.), i.e. we propose to abolish the obligation to obtain this consent from the state waste management authority, which is also subject to a fee of EUR 11 (MŽP SR),
- reduce the amount of penalties for breaches of obligations under the Personal Data Protection Act (GDPR) and introduce the possibility of a second chance, or remission of the penalty for the first breach (ÚOOÚ SR - The Office for Personal Data Protection of the Slovak Republic),
- to introduce the possibility of registration in the Business Register of the Slovak Republic through notary offices, following the example of the Czech Republic (MS SR),
- introduce the so-called second chance into the legislative sanction mechanism (e.g. the Consumer Protection Act or the Waste Act) - i.e. the imposition of a fine should be preceded by a warning and the possibility of remedying minor deficiencies (MS SR; MH SR; MŽP SR),
- abolish the renewed obligation of duplicate reporting of business bank accounts (MF SR),
- to create a one-stop shop, allowing in one step to make and report changes in the Business Register of the Slovak Republic and alignment with other registers such as CDCP, NCDCP, OCP, ZRSR, and the related centralized system for managing, updating, registering and sharing data between public institutions (MS SR),
- abolish the obligation to keep and maintain records on non-packaging materials and to report data from them to the Ministry of the Environment for producers of non-packaging products who place on the market in the Slovak Republic in an aggregate quantity of less than 100 kg of non-packaging products per calendar year, taking into account the already valid provision of Section 74 par. 4) of Act No. 79/2015 Coll. on Wastes, which releases these producers from a number of obligations (Ministry of the Environment of the Slovak Republic),

- adjust the storage temperatures of meat products so that their values are not set by Decree No 83/2016 Coll. of the Ministry of Agriculture and Rural Development of the Slovak Republic on meat products, but only by the manufacturer (MPaRV SR),
- to provide for the setting of acceptable temperature conditions for the storage of foodstuffs by extending the ranges in the provisions of Section 9 par. 3) letters (a) to (c) of Decree No 28167/2007-OL of the Ministry of Agriculture and Rural Development of the Slovak Republic of 25 July 2007, which issues the title of the Food Code of the Slovak Republic (MPaRV SR),
- reconsider the possibility to purchase a motorway vignette for any number of days, up to a maximum of 365 days in Act No. 488/2013 Coll. on the motorway vignette and on amendments to certain acts (MDaV SR),
- reduce the fines provided for in Article 124 of Act No. 452/2021 Coll. on Electronic Communications relating to cookies to the European minimum (MD SR and MIRRI SR),
- to establish a central register of all sole traders farmers (SHR) and to enable electronic reporting of SHR activities in Act No. 105/1990 Coll. on Private Enterprise of Citizens (MPaRV SR),
- to transfer the competence of registering sole traders farmers from municipalities to the Ministry of Agriculture and Rural Development of the Slovak Republic (MPaRv SR),
- abolish the obligation to draw up operating rules and keep hygiene rules only within the limits of the HACCP regulation (MZ SR),
- abolish the obligation to carry out inspections and revisions for electrical appliances of group E (printers, PCs in offices) (MPSVaR SR).

2 Development of the economic environment in 2022

2.1 Development of the macro-economic environment in 2022

Gross domestic product

The consequences of the military conflict in Ukraine and the subsequent high energy prices have negatively affected the performance of the Slovak economy. Nevertheless, the Slovak economy maintained its positive development, but grew at a significantly lower pace compared to the previous year (4.7 % growth in 2021).

Slovakia's gross domestic product (GDP) growth reached 1.7 %, according to preliminary data from the SO SR¹¹⁵. In terms of the development of the Slovak economy in individual quarters, the growth of the economy was most prominent in the first quarter, when GDP increased by 3 %. The Slovak economy grew at a significantly lower rate in the second and third quarters (1.3 %). In the last quarter, the growth rate declined to 1.2 %.

According to the production method of compiling gross domestic product, the economic growth achieved was associated with a 1.4 % increase in value added, a 4.8 % increase in gross output and a 7 % increase in intermediate consumption. Net taxes on products increased by 3.8 %. Growth in gross value added was achieved by most of the sectors, with the most significant impact on the development of the economy coming from the wholesale and retail sector; the transport and storage sector; and the accommodation and food services sector, with growth of 7.5 %.

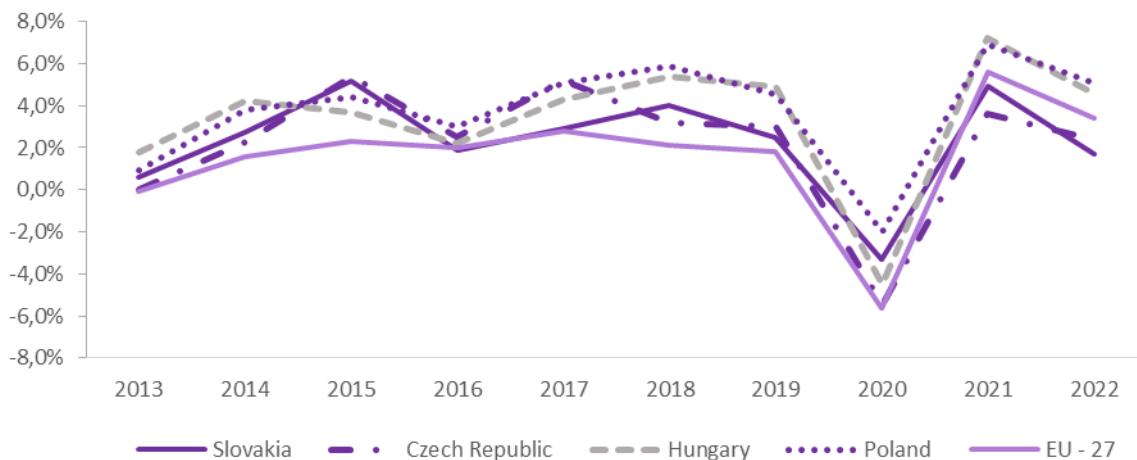
All expenditure components of GDP are also positive in 2022. Foreign demand increased by 1 % year-on-year. Imports of goods and services also increased (by 3 %). Domestic demand grew by 3.6 %. Increased uncertainty did not slow down household consumption, which increased by 5.2 % and made a significant contribution to economic growth. Gross capital formation increased by 6.3 %, of which gross fixed capital formation was 6.5 % higher. Investment increased in most industrial production sectors, most significantly in the manufacture of computer, electronic and optical products (by 46 %). The production of transport equipment showed a 6.4 % increase in investment. Investments increased in particular for machinery and equipment, vehicles, but also in construction.

The performance of the Slovak economy in 2022 lagged behind that of the other V4 countries as well as the EU-27. Among the V4 countries, the Polish economy performed the best with 5.1 % growth, followed by Hungary (4.6 % growth). The Czech Republic (2.4 % growth) and Slovakia (1.7 % growth) were well behind Hungary.

In the European Union as a whole, performance slowed to 3.4 % year-on-year, mainly due to lower growth in major European Union economies such as France and Germany. Only Estonia's economy experienced a contraction last year. The performance of the Slovak economy in 2022 was almost the lowest within the EU. The performance of the Slovak economy lagged behind not only the V4 countries, but also the majority of EU countries.

¹¹⁵Source: SO SR, Statistical report on the Slovak economy in the 4th quarter of 2022

Chart 1 Year-on-year GDP change at constant prices in the V4 countries and in the EU-27



Source: Eurostat, processed by SBA

The lower performance of the Slovak economy was also related to negative developments in the industrial sector, the most important sector of the Slovak economy, which accounts for one-fifth of the total gross domestic product.

In 2022, industrial production recorded a decline of 4.7 % after a previous increase. Industrial production declined in most industries. Production in the key transport equipment manufacturing sector fell by 3.1 %. The production of metals and metal structures (by 5.7 %) and the production of computer and electronic equipment (by 8.9 %) also declined. The production of machinery and equipment was almost unchanged year-on-year. Only the production of non-durable goods increased.

Construction production in Slovakia in current prices grew by almost EUR 1 billion, or by 17.5 %. There was an increase in the volume of construction work in the areas of new construction, modernisation and restructuring, repairs and maintenance, as well as construction production carried out abroad. **However, due to high price growth, construction production growth in constant prices was only 0.1 %.** There was also an increase in retail sales, which rose by 4.3 % year on year at constant prices. After the previous decline, sales in food services also increased, rising by up to 18.2 % at constant prices.

Foreign Trade

The slowdown in economic activity among our major trading partners has also reduced demand for our products and services. Exports of goods and services increased by 1.0 % year-on-year. Goods and services in the total value of EUR 107,047.3 mil. were exported from Slovakia.

Imports of goods and services increased more significantly (by 3.0 %) than exports, the volume of imported goods and services amounted to EUR 113,850.9 mil.

The negative balance of foreign trade in goods and services reached an amount of EUR 6,803.6 mil. The export performance of the economy, which represents the share of exports of goods and services in GDP, reached 99.4 %. The import intensity, representing the share of imports of goods and services in GDP, was 105.7 %.

From a territorial point of view, exports have increased to most countries. Among the most important trading partners, exports of goods grew at a double-digit rate, especially to Germany, the Czech Republic, Italy, Austria and Hungary. Within the main economic groups, exports grew by around 16 % to both EU and OECD countries.

The commodity structure was characterised by a 10.2 % increase in exports of motor vehicles, a 21.3 % increase in exports of electrical machinery and apparatus and a 14.8 % increase in exports of machinery and equipment.

Labour market

Employment in the national economy of the Slovak Republic showed positive trends in 2022, after a previous two-year negative trend due to the effects of the coronavirus crisis. The average number of employed persons in the national economy increased by 1.7 % to 2 394.9 thousand (according to the quarterly business reporting of the SO SR).

The number of employed persons increased in almost all sectors of the economy in 2022. According to the employment indices, employment in the sectors of accommodation (up 9.8 %) and food services (up 7.9 %) grew the most in the previous year. It is in these sectors in particular the employment has fallen most sharply in previous years as a result of the coronavirus crisis. Significant employment growth (4.8 %) was also recorded in the information and communication activities sector. Employment remained unchanged for the second consecutive year in the market services sector. Entrepreneurs in the industry sector also had a problem retaining their employees in 2022. Employment in industry fell by almost 1 %.

Employment has also increased in the corporate sector. Compared to 2021, it increased by 1.6 % (by 29.5 thousand persons) to 1,900.1 thousand employed persons. The share of persons employed in the profit-oriented corporate sector in the total number of persons employed in the national economy of the Slovak Republic remained almost unchanged at 79.3 %.

The number of foreigners working in Slovakia increased to 87 998 in 2022. In the year under review, the largest groups of foreign workers were nationals of Ukraine, Serbia and Romania.

The increase in the number of employed persons was naturally reflected in the improvement of the indicators documenting the unemployment trend. **At the end of 2022, the registered unemployment rate in Slovakia reached 5.9 %.** During the first 11 months of last year, unemployment fell regularly month-on-month, rising slightly only in December (by 0.07 p.p.). Last year there was also a decline in the number of registered jobseekers, with a decrease of 11.0 % or 22 082 persons. There were also significantly fewer people unemployed for more than 12 months, citizens over the age of 50 and young people on the register of jobseekers.

Chart 2 Development of the average number of employed persons and of the unemployment rate in SR



Source: Statistical Office of the Slovak Republic, processed by SBA

The average wage in the Slovak economy showed dynamic growth in 2022. It increased by 7.7 % year-on-year and reached EUR 1 304. Average wage growth was higher than in the previous year (up 6.9 %). Real wages fell by 4.5 % due to high inflation. The growth of the average wage was visible in all regions of the Slovak Republic, with the most significant increase recorded in the Banská Bystrica and Nitra regions.

Average wages increased in all size categories of business entities. From a sectoral point of view, the highest wages were achieved in the information and communication activities sector (EUR 2 254) and in financial and insurance services (EUR 2 247). On the other hand, the lowest wage was recorded in hotels and restaurants sector (EUR 764), in other activities (EUR 860) and in construction (EUR 914).

Price development

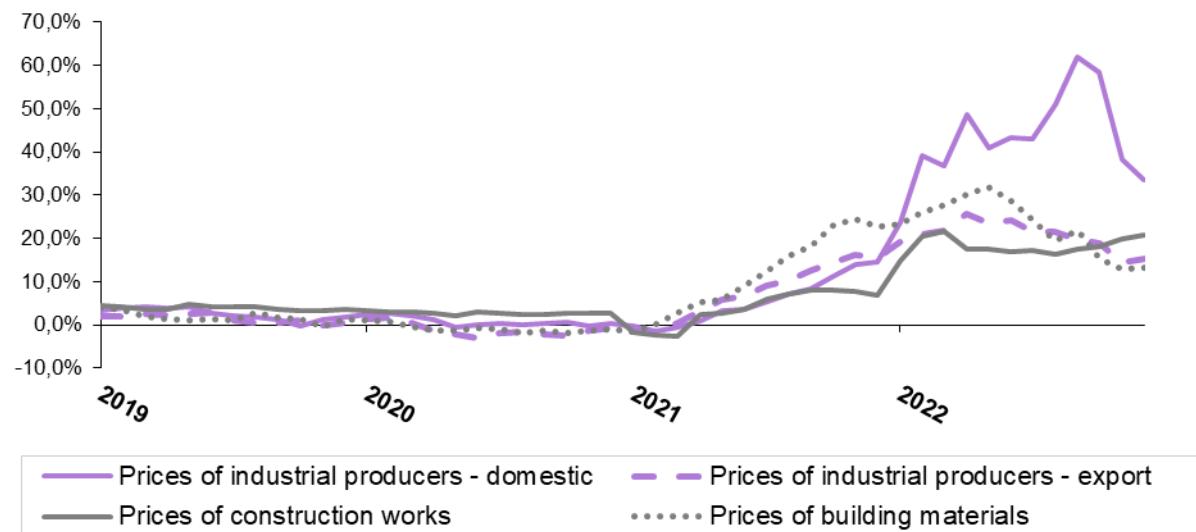
The development of consumer prices in 2022 was characterised by increasing dynamics. Inflation has been rising continuously since the beginning of last year and at the end of the year prices of goods and services reached a 22-year high (15.2 %). The average inflation rate has increased to 12.8 % in 2022. In 2021, it reached only 3.2 %.

The increase in the price level was decisively influenced by the increase in the prices of food (by 19.3 %), housing costs including energy (by 15.5 %) and fuel (by 26.1 %). Fuel prices started to rise significantly in the second quarter of the year as a result of the outbreak of the war in Ukraine, with a year-on-year increase of more than 37 %. Since summer, fuel prices have gradually started to fall and at the end of the year they were only 14.8 % more expensive.

Dynamic price increases have negative consequences not only for the population, but also for the economic activity of the business sector. Significant price increases were recorded for most major products. Industrial producer prices for the domestic market in 2022 increased by up to 43.3 % year-on-year. Of the domestic industrial producer prices, the highest growth was recorded for coke and refined petroleum products (up 70.4 %) and chemicals and chemical products (up 50.4 %). Prices of industrial products for export increased by one-fifth.

In the construction sector, prices of materials and products rose by almost one-quarter. Prices of construction works increased at a slightly lower rate (by 18.3 %). Prices of agricultural products also increased significantly, rising by more than one-third.

Chart 3 Year-on-year producer price growth (index 100 = romr)



Source: NBS, based on data from the SO SR, processed by SBA

Provision of bank loans

According to NBS¹¹⁶ information, lending activity in the corporate sector was characterised by diverging trends during 2022. **A relatively strong year-on-year growth in corporate loans disbursements was achieved by the end of the third quarter.** Short-term loans accounted for a significant part of the increase in corporate loans in this period. The most pronounced growth in short-term credit was evident in the trade, industry and energy sectors. Lending activity also grew thanks to higher financing of the commercial real estate sector. The contribution of long-term loans with a maturity of more than 5 years declined slightly over this period.

The slowdown in corporate loan disbursements occurred in the last quarter of 2022 and continued in early 2023. The slowdown in lending activity was widespread across loan categories as well as across all size categories of enterprises.

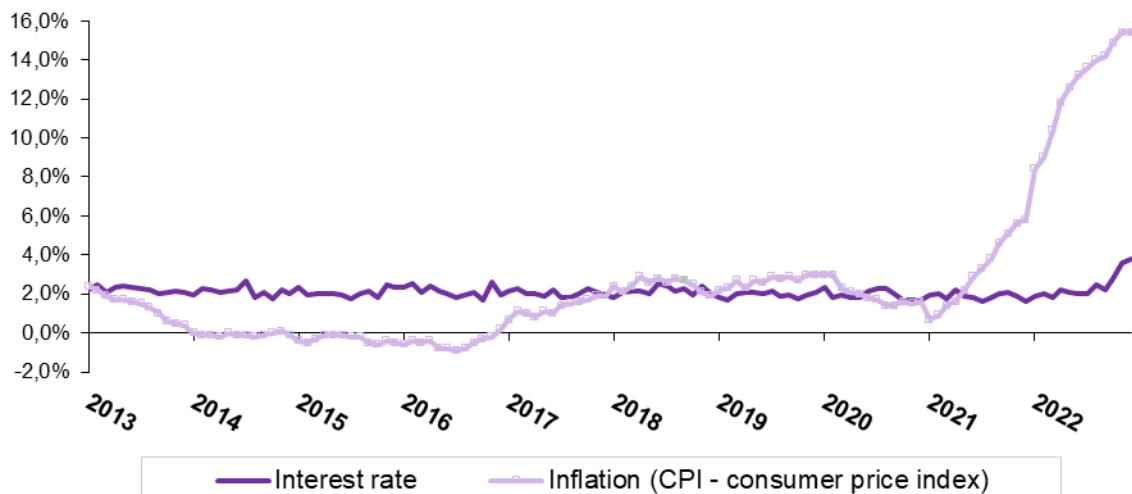
The more moderate growth in corporate loans was mainly driven by demand factors. On the supply side, an increase in interest rates due to the rise in the base rate dampened lending activity. The decline in demand for loans was also due to higher interest rates. Lower interest in investment loans and in refinancing existing debt also contributed to the declining demand. Only operational financing has retained an element of interest.

Increasing interest rates on corporate loans are putting pressure on a significant part of the corporate sector in the context of rising debt servicing costs. According to NBS sources, only 28 % of corporate loans have a fixed interest rate. In the remaining and dominant part of corporate loans, there is an increase in the interest rate due to the rising base interest rate. Around 60 % of corporate loans are granted at a variable interest rate linked to EURIBOR. These loans were characterised by the highest increase in interest rates.

¹¹⁶NBS: Financial Stability Report, November 2022; Financial Stability Report, May 2023.

The deterioration in corporate lending conditions has not yet translated into an increase in the share of defaulted loans. The share as well as the volume of non-performing loans was characterised by a decline, with the share of non-performing loans declining in most sectors. Only accommodation and food services, which were most affected by the pandemic, saw an increase in this indicator.

Chart 4 Development of average interest rates of corporate loans and of the inflation in SR



Source: NBS, SO SR, processed by SBA

2.2 Expected performance of the Slovak economy in 2023

The COVID-19 pandemic has been a factor influencing the development of both the global and the Slovak economy since 2020. We have presented the impact of the pandemic on the economy in the *State of Small Business report 2020* and the *State of Small Business report 2021*. However, in 2022 the situation has changed and the war in Ukraine has become a central factor.

Despite the consequences of the war in Ukraine, the Slovak economy recorded positive development, but the growth achieved was significantly lower than in 2021. The lower growth dynamics of the Slovak economy was also reflected in the activity of small and medium-sized entrepreneurs. The number of active SMEs increased, but the growth rate was lower than in the previous year. The positive trend in SME investment activity continued in 2022 and was typical for all size categories. Gross fixed capital formation of SMEs increased by more than one-fifth.¹¹⁷

Energy prices were already increasing in 2021. This was mainly due to the gradual loosening of anti-pandemic measures and increasing mobility, leading to a global increase in oil demand during 2021. On the other hand, oil supply has not responded flexibly enough. The upward pressure on prices (especially energy) was exacerbated in 2022 by the war in Ukraine. The increase in inflation was mainly driven by energy prices, which thus translated into higher costs for businesses. Food prices have also been accelerating. The problem of rising prices also affected a further range of inputs.¹¹⁸ The European Central Bank has been

¹¹⁷SBA. 2023. Small and medium-sized enterprises in 2022. Available online: <https://monitoringmsp.sk/2023/03/31/analyticky-a-statisticke-vystupy-pravidelne/>

¹¹⁸NBS. Frankfurtské hárky. May 2022. Available online: <https://nbs.sk/publikacie/frankfurtske-harky/>

forced to respond to the situation and is gradually reducing the level of support for the economy by increasing interest rates. After a period of supporting the economic recovery during the pandemic, the monetary policy stance is being tightened.¹¹⁹

While in 2022 high inflation in Slovakia was mainly influenced by external factors (prices of energy and agricultural commodities on foreign markets, exchange rates and import prices), in 2023 the NBS expects a change in the nature of inflation and a higher influence of domestic factors (demand and wages).¹²⁰ In 2023, according to NBS estimates, inflation should continue its downward trend from high levels and weaker consumer demand should dampen further price growth.¹²¹

The estimate of Slovakia's economic performance (NBS, June 2023) is unchanged from the spring forecast. The main source of growth in 2023 should mainly come from foreign demand and the use of EU funds. However, consumer demand should act as a dampener. Slovak export performance is positively influenced by favourable developments in the automotive industry. On the other hand, real purchasing power in the countries with which Slovakia trades the most continues to decline. Although the forecast for export performance has deteriorated slightly, net exports should support the economy. Among the components of domestic demand, investment should be the only one contributing to economic growth. The potential is mainly represented by the volume of unused European funds.¹²²

The emergency situation linked to the war in Ukraine raises specific needs for structural changes. In this context, the importance of renewable energy sources, reducing energy dependence and strengthening energy security is highlighted. On the other hand, a deteriorating investment climate may slow down the necessary structural changes.

2.3 Development of quantitative indicators of SMEs in 2022

Number of SMEs

The number of small and medium-sized enterprises is one of the basic quantitative indicators characterizing the state of the SME sector. Also in 2022, entrepreneurs in Slovakia had to deal with a number of negative impacts that significantly affected their business activities. First and foremost, it was the consequences of the military conflict in Ukraine, as well as the high prices of energy inputs and other prices.

According to the data of the Statistical Office of the Slovak Republic, the number of small and medium-sized enterprises will continue to grow in 2022. **The number of small and medium-sized enterprises increased by 5.7 %.** The growth achieved was lower than in 2021 (6.2 %). **In absolute terms, the number of active SMEs was 670,161.** Year-on-year, the number of SMEs increased by 35,852.

In terms of individual size categories of enterprises, the **most significant increase in the number of micro-enterprises with 0-9 employees took place in the group of micro-enterprises with a year-on-year increase of 5.8 %, i.e. by 35,677 entities.** No significant changes were observed for other SME size categories. The number of small and medium-sized enterprises increased by only 1.1 % and 0.8 % respectively.

¹¹⁹NBS. Frankfurtské hárky. October 2022. Available online: <https://nbs.sk/publikacie/frankfurtske-harky/>

¹²⁰NBS. Economic and Monetary Developments - Spring 2023. Electronic version: <https://www.nbs.sk/sk/publikacie/ekonomicky-a-menovy-vyvoj>

¹²¹NBS. Economic and Monetary Developments - Summer 2023. Electronic version: <https://www.nbs.sk/sk/publikacie/ekonomicky-a-menovy-vyvoj>

¹²²NBS. Economic and Monetary Developments - Summer 2023. Electronic version: <https://www.nbs.sk/sk/publikacie/ekonomicky-a-menovy-vyvoj>

Table 1 Number of active enterprises by size category of enterprises in 2022

Size category	total number	in %	Index 2022/2021	total diff.
Microenterprises (0-9)	653,792	97.5 %	105.8	35,677
Small enterprises (10-49)	13,622	2.0 %	101.1	153
Medium enterprises (50-249)	2,747	0.4 %	100.8	22
Large enterprises (250 and more)	656	0.1 %	100.2	1
Total SMEs	670,161	99.9 %	105.7	35,852
Enterprises in total	670,817	100.0 %	105.6	35,853

Source: Statistical Office of the Slovak Republic, processed by SBA

The business sector in Slovakia has long been characterised by a high proportion of micro-enterprises. **Micro-enterprises accounted for up to 97.5 % of the total number of active businesses in 2022.** In absolute terms, this amounts to 653,792 entities. The high representation of micro-enterprises may be related to firms' reluctance to increase the number of jobs due to restrictive recruitment procedures and the persistently high levy burden. The structure of business entities was further complemented by small enterprises with a share of 2.0 % and medium-sized enterprises with the smallest share of 0.4 %.

Almost half of active SMEs (48.1 %; 322,564) were in the service sector last year. Around one fifth of SMEs were active in the construction sector (19.3 %, 129,490). The top three industries also include trade (15.3 %, 102,733). In addition, 13.4 % of active SMEs were active in the industrial sector (90,128) and 3.8 % in the agricultural sector (25,246).

In the long term, the SME sectoral structure is characterized by an increasing representation of the service sector, which is accompanied by a decline in the trade sector. The representation of agriculture and industry has not changed in recent years. The construction industry has shown a slight increase in its share in recent years.

The sectoral structure is highly differentiated in terms of the different size categories of enterprises. SMEs with a higher number of employees are characterised by a higher representation of industry. Micro and small enterprises, on the other hand, are over-represented in the construction and service sectors.

Chart 5 Number of SMEs in the period
2018-2022

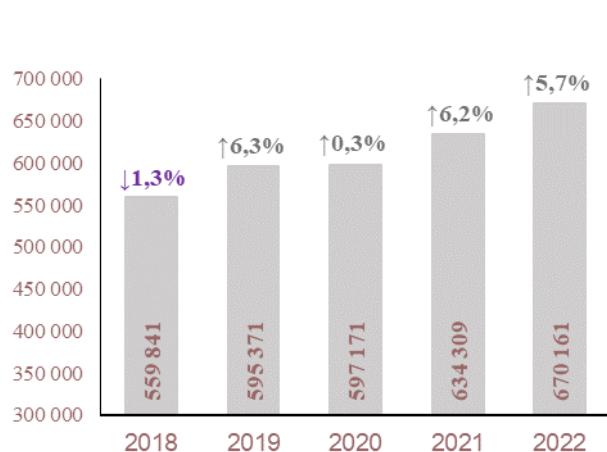
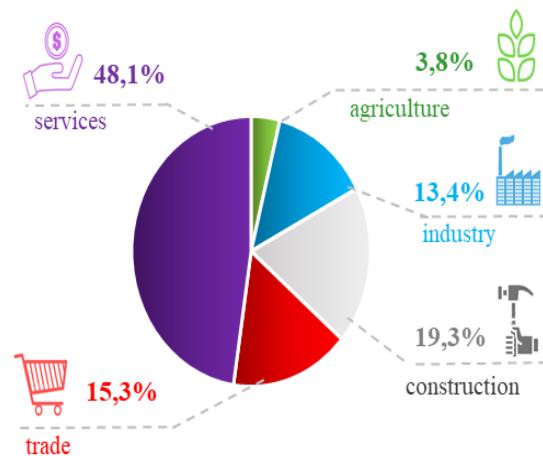


Chart 6 Sectoral structure of SMEs in 2022



Source: Statistical Office of the Slovak Republic, processed by SBA

Source: Statistical Office of the Slovak Republic, processed by SBA

The rate of entrepreneurial activity of SMEs, which expresses the number of active small and medium-sized enterprises per 100 economically active inhabitants (EAI) in Slovak Republic, increased in 2022 as well. It reached the level of 24.7 %. This means that there are approximately 25 active SMEs per 100 economically active inhabitants in Slovakia. Compared to other EU countries, Slovakia ranks among the countries with the highest number of small and medium-sized enterprises per total population.

In 2022, the share of natural person - entrepreneurs in the total number of active SMEs increased for the second consecutive year, to 60.3 %. The representation of SMEs - legal entities decreased by 0.9 p.p. to 39.7 %. **The number of active natural persons - entrepreneurs increased by 7.3 %.** The year-on-year growth of natural persons - entrepreneurs is due to the renewed "recovery" of trade entrepreneurs. Their number increased by 7.6 %. There was a 3 % year-on-year growth in liberal professions. The number of sole traders farmers declined by 2.1 %.

The number of SMEs - legal entities also increased year-on-year. **Their number increased by 3.3 % to 265,929 entities.** In terms of individual legal forms of SMEs - legal entities, limited liability companies have long been the most represented, accounting for 95.3 % in 2022. Among SMEs - legal entities in Slovakia, there is a clear predominance of entities in private domestic ownership. Last year they accounted for 88.3 %. The ownership structure is further complemented by foreign-owned enterprises with 7.6 %, international private ownership with 2.7 % and cooperative ownership with 0.6 %.

Establishment and disestablishment of business entities¹²³

In 2022, there was a renewed increase in the number of business establishments.¹²⁴ **The number of established small and medium-sized enterprises increased by 2.2 % (or 2 065) to 94,603.**

Of the total number of newly registered SMEs, approximately one-fifth (21.7 % or 20,492) were legal entities. Another 72.5 % (or 74 111) of new SMEs were NP-entrepreneurs, with the greatest interest in trade entrepreneurship. Startups have been able to take advantage of new business opportunities in many sectors. In particular, interest in entering business increased in the sectors that had felt the negative impact of the pandemic most significantly in the previous two years, namely other services (by 23.4 %) and accommodation and food services (by 11.0 %). High growth of new business entities was also recorded in the industry sector (by 9.2 %) and in transport and information activities (by 9.4 %).

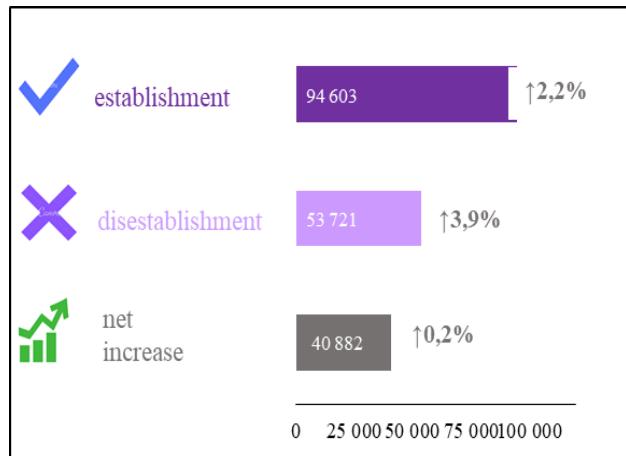
The number of disestablished business entities increased (by 3.9 %) to 53,721 entities. Of the total number of dissolved firms, legal entities accounted for 12.8 % (6 880). The largest group among the disestablished business entities were trade entrepreneurs with a share of 79.2 %.

The increase in the number of disestablished entities was mainly related to the growth in the number of discontinued trades, which increased by 15.4 % year-on-year. Positive year-on-year developments can be observed for other legal forms. The number of disestablished legal entities fell by 34 %. The number of sole traders farmers was down by 9.5 % and that of liberal professions by 3 %.

¹²³Data is processed based on the date of establishment and disestablishment of the entity from the total number of active and inactive business entities.

¹²⁴The establishment and dissolution of enterprises is determined from the data of the Register of Organizations of the SO SR according to the date of administrative establishment or dissolution of business entities.

Chart 7 Establishment, disestablishment and net increase of business entities in 2022



Source: Statistical Register of Organisations, processed by SBA.

This is the highest value of net increase in the past 10 years. The results also show that the **disestablishment of one enterprise in 2022 was offset by the creation of almost two new business entities**, more precisely 1.8.

The increased number of business discontinuations was also reflected in the results of the bankruptcy statistics. According to the data of the Ministry of Justice of the Slovak Republic, in 2022 the number of declared bankruptcies increased by more than 8 % to 290. The number of authorised restructurings increased to 24.

In comparison with other EU countries, Slovakia ranks among the countries with an above average share of established as well as disestablished entities in the total number of business entities, which indicates a high dynamics of business in Slovakia.

Gender and age structure of NPs - entrepreneurs

The lacklustre representation of women in the Slovak business sector persisted in 2022. The share of women among natural persons - entrepreneurs remained almost unchanged year-on-year. For the second consecutive year, it fell slightly (by 0.1 p.p.), to 27.5 %. This is the lowest level of female representation in the long term over the previous 10 years. Men accounted for more than two thirds (72.5 %) of the total number of active natural persons - entrepreneurs.

Women are only more prominent among entrepreneurs in the form of liberal professions. In 2022, almost one in two (47.9 %) liberal profession entrepreneurs were female. Approximately one-quarter of women's representation was among trade entrepreneurs (26.2 %) and sole traders farmers (24.2 %). Compared to 2021, the representation of women has increased slightly only among sole traders farmers (by 0.1 p. b.)

From a sector perspective, women start their businesses mainly in service industries, which are less capital intensive. This preference for female entrepreneurship is also reflected in the representation of women sole traders within the different sectors of the economy. The highest representation of female tradeswomen is recorded in the other services sector (67.0%; NACE Sections P to S), which is also characterised by a long-term increase in the representation of women.

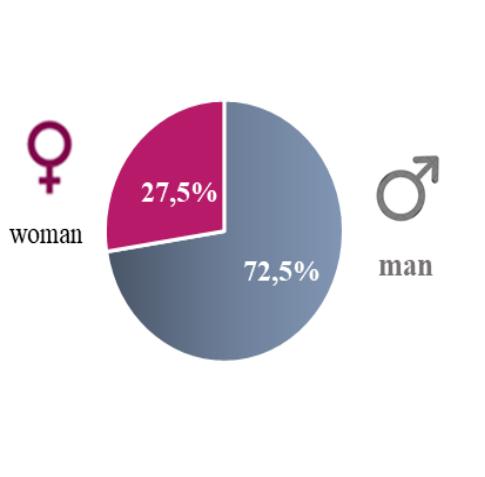
Increased numbers of disestablished entities were recorded in almost all major sectors of the economy in 2022. The number of disestablished companies increased by more than one tenth in construction (by 13.2 %), transport, information and communication activities (by 12.8 %) and agriculture (by 12.9 %). Decline in the number of disestablished entities was recorded only for two sectors - trade (by 15.6 %) and accommodation and catering (by 9.2 %).

The higher number of business entities established than disestablished is also reflected in the net increase of **business entities** in 2022. The amount of net increase remained almost unchanged year-on-year (40,882 business entities).

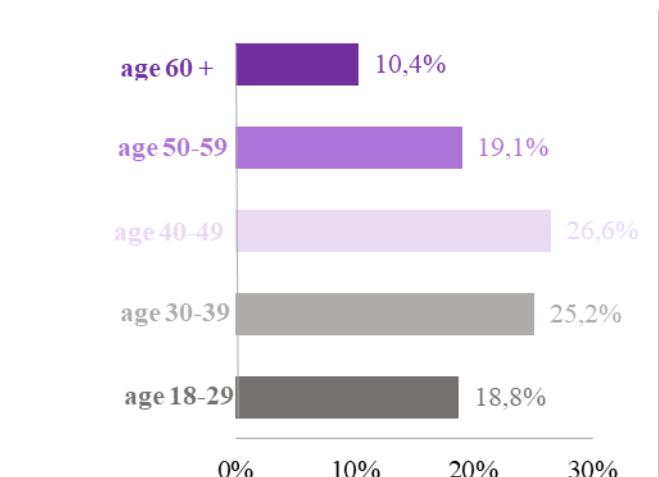
The highest representation of active natural persons - entrepreneurs in terms of age is in the category of 40 to 49 years of age. Their share reached more than a quarter (26.6 %) in 2022. The second largest group in terms of age were entrepreneurs in the age category 30-39 years, who accounted for almost one quarter (24.9 %) of the total number of natural persons - entrepreneurs. The top three most represented age categories also include entrepreneurs in the 50-59 age group, whose share accounted for almost one-fifth (19.4 %).

The development of the age structure of natural persons - entrepreneurs has been characterized in recent years by an increase in the representation of entrepreneurs in younger age categories of less than 30 years of age. The increase in the representation of young entrepreneurs has been continuous since 2014 - until then their representation decreased every year. The representation of older entrepreneurs was unchanged year-on-year at 10.4 % in 2022. In the medium term, it fluctuates around 10.5 %.

Chart 8 Gender structure of NPs - entrepreneurs in 2022 **Chart 9 Age structure of NPs - entrepreneurs in 2022**



Source: Statistical Office of the Slovak Republic, processed by SBA



Source: Statistical Office of the Slovak Republic, processed by SBA

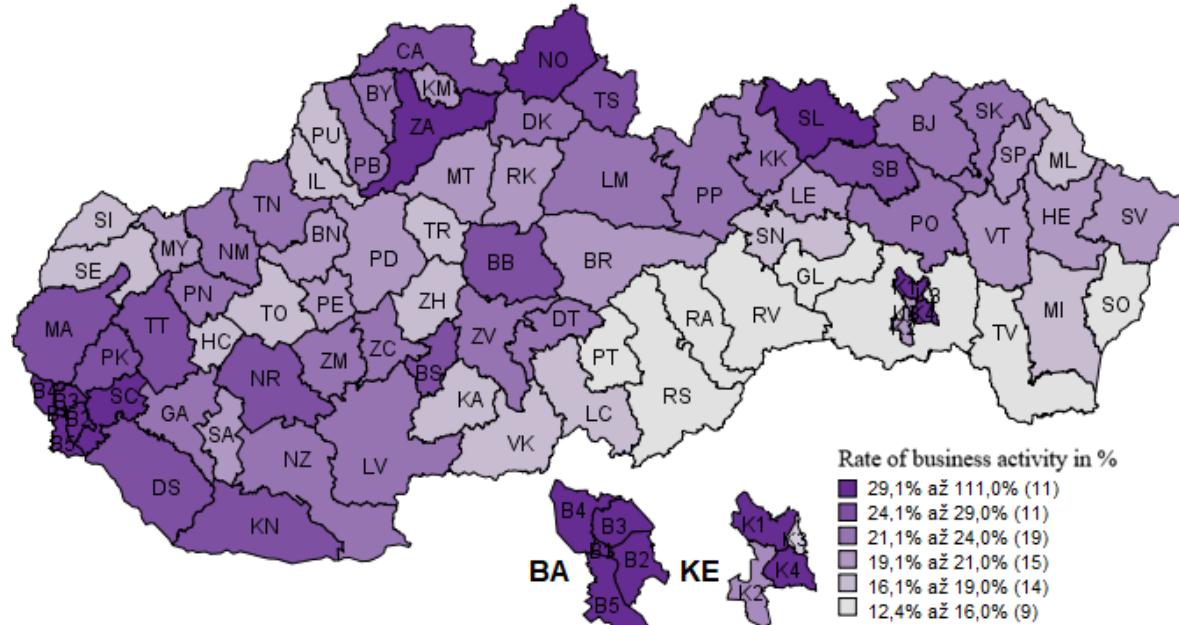
Regional aspects of SME business

The Bratislava region maintains its leadership as the region with the highest number of small and medium-sized enterprises. In 2022, almost **one in five SMEs** (23.0 %) had their headquarters there. This is followed with a significant margin by the Žilina Region, where 13.5 % of active SMEs were located, and the Prešov Region with 13.2 %. In other regions, the representation of SMEs is more even. The least, only 9.1 % of SMEs were registered in the Trenčín Region.

The number of active SMEs increased year-on-year in all regions in Slovakia. The most significant increase in the number of small and medium-sized enterprises was recorded in the Trnava region (by 6.4 %) and in the Bratislava region (by 6.3 %). The lowest growth dynamics was recorded in Trenčín (by 4.8 %), Banská Bystrica and Žilina regions (by 4.9 %).

The highest level of business activity is achieved in the districts of the city of Bratislava, Košice and in selected districts of northern Slovakia. Higher levels of entrepreneurial activity are generally characteristic for the regions of western and northern Slovakia, while the low level of entrepreneurial activity is seen in the less developed regions of eastern Slovakia and southern central Slovakia.

Map 1 Rate of business activity within districts of SR in 2022



Map background © Office of Geodesy, Cartography and Cadastre of the Slovak Republic.

Data source: Statistical Register of Organisations and COLSAF SR. The business activity rate is calculated as the ratio of the number of SMEs to the total number of economically active population in %.

SMEs employment

Employment in the national economy recorded a positive development, after a previous two-year decline. The average number of employed persons in the national economy increased by 1.7 % to 2 394.9 thousand (according to the quarterly business reporting of the SO SR). **Employment has also increased in the corporate sector. Compared to 2021, it increased by 1.6 %** (by 29.5 thousand persons) to 1,900.1 thousand employed persons.

There has also been a recovery in employment in the small and medium-sized enterprise sector. **The average number of employed persons in the category of small and medium-sized enterprises (including NP- entrepreneurs) increased year-on-year by 2.2 % (by 30.6 thousand persons) to 1 420.5 thousand employed persons.** Despite the increase in employment, the number of persons employed in the SME sector has not reached the highest level so far in 2019 (1,430.8 thousand persons).

Employment increased year-on-year in all size categories and legal forms, except for small enterprises. In small enterprises, the number of persons employed fell by 3.0 %. Micro-enterprises recorded the largest increase in employment in 2022, with a 6.4 % increase in the number of persons employed. Medium-sized enterprises increased employment by 4.2 %.

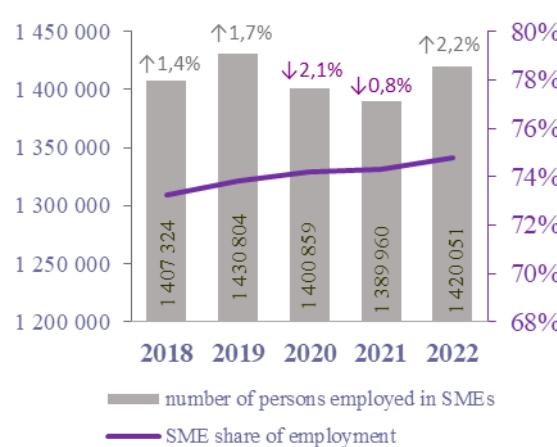
In 2022, SMEs accounted for 74.7 % of employment in the corporate economy. The share of SMEs in total employment in the Slovak economy was 59.3 %.

In terms of individual size categories and legal forms, NP - entrepreneurs (NP - entrepreneurs and persons employed by them) accounted for one third (33.8 %) of the total number of employed persons in the corporate sector. The share of micro-enterprises was 14.0 %, small enterprises 12.6 % and medium-sized enterprises 14.3 %. Large enterprises accounted for one-quarter (25.2 %) of the total number of persons employed.

From a sectoral point of view, it is possible to monitor the employment situation by size category for a group of enterprises - legal entities on the basis of the available data. The highest share of SME-LPs in employment is recorded in sectors of agriculture (90.5 %), accommodation and catering (93.4 %) and construction (92.0 %). Approximately two thirds

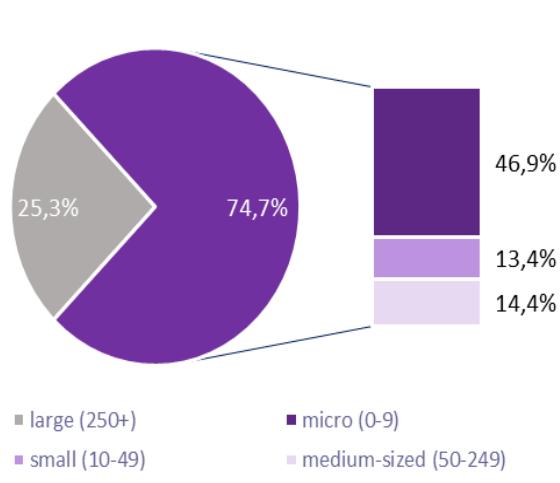
of jobs are created by SME-LPs in the sectors of trade (66.1 %), business services (71.8 %) and other services (66.7 %). The only sector in which the dominance of large enterprises (LPs) in employment is evident is industry (the share of SMEs-LPs is 46.2 %), which is natural given the position of large industrial enterprises in the national economy of the Slovak Republic.

Chart 10 Number of persons employed in SMEs and share of SMEs in employment in business economy



Source: Statistical Office of the Slovak Republic, calculation by SBA

Chart 11 Employment in business economy: by size category of enterprise in 2022



Source: Statistical Office of the Slovak Republic, calculation by SBA

Economic indicators of SMEs

The economic performance of small and medium-sized enterprises in the most important sectors of the economy showed mostly positive trends. Revenue growth in the industrial sector was evident across all size categories of businesses in 2022. Revenues of the SME sector as a whole increased by almost one-third (31.4 %) year-on-year in current prices. In constant prices, sales growth in the different SME size categories ranged from 3.1 % to 24.9 %. The share of small and medium-sized enterprises in total industry sales is almost unchanged compared to 2021, at one third (33.4 %).

Construction output of small and medium-sized enterprises (including sole traders) increased by 17.9 % at current prices. All categories of business entities contributed to the increase in SME construction output. In constant prices, only small enterprises with 20 to 49 employees achieved growth in construction output (by 5.6 %). In total, small and medium-sized enterprises accounted for up to 86.9 % of total construction output in 2022.

The overall increase in sales of small and medium-sized enterprises in services was 9.9 % in current prices. The most significant increase was recorded by small businesses, with 10.7 % increase in sales.

Gross fixed capital formation of SMEs increased by more than one-fifth in 2022. The increase in SME investment activity was typical for all categories of SMEs. The share of SME legal entities in gross fixed capital formation rose to 67.2 %. This is the fourth consecutive year of growth in the SME share. Within the different size categories of SMEs, small enterprises with 0-49 employees accounted for the largest share of gross fixed capital formation in 2022.

Labour productivity is also an important indicator that reflects the level of competitiveness and economic performance of the SME sector. Slovak small and medium-sized enterprises have long lagged behind their competitors in EU countries in terms of labour productivity. Slovakia ranks among the countries with the lowest labour productivity of SMEs.

Foreign trade of SMEs

SMEs also recorded a significant increase in exports in 2022. According to the preliminary results, SME exports increased by 18.5 % compared to the previous year. In absolute terms, SME exports amounted to EUR 23,965.8 mil. Exports of all SME size categories increased year-on-year. The highest dynamics was achieved by the growth of exports of medium-sized enterprises. The share of SMEs in Slovakia's total exports rose to 29.5 % as a result of stronger export growth of small and medium-sized enterprises than large enterprises.

The territorial structure of exports of small and medium-sized enterprises in Slovakia is characterised by the strong dominance of the EU common market, where Slovakia has its most important trading partners such as Germany, the Czech Republic, Hungary, Poland or Austria.

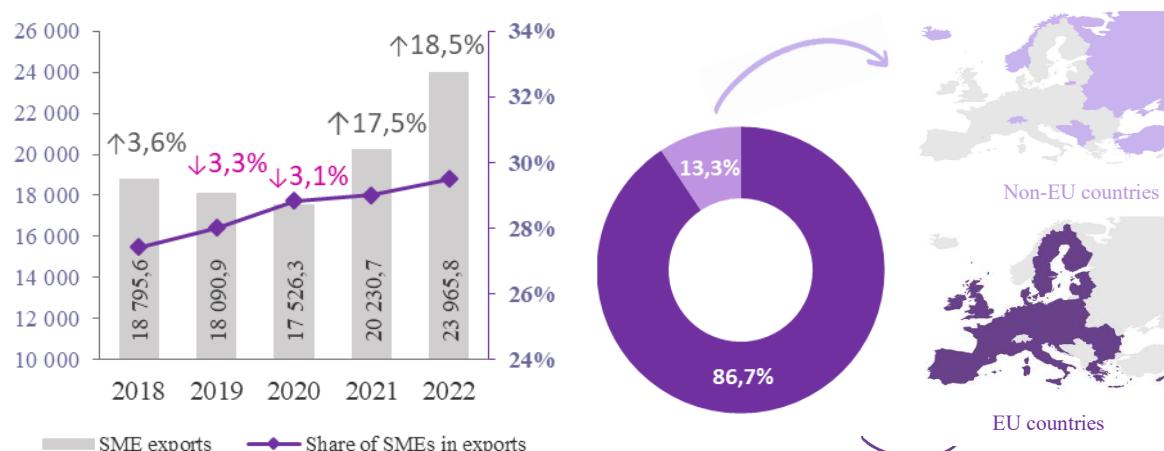
In 2022, the share of SME exports to EU Member States was 86.7 % of total SME exports. The share of SME exports to non-EU countries increased by 4.0 p.p. year-on-year to 13.3 %.

Compared to other EU countries, SMEs from Slovakia are characterized by the lowest share of exports to third countries, indicating the need for stronger support for SMEs in this area.

Similar to exports, SME imports increased by 18.5 %. Up to three quarters of total SME imports were from EU-27 Member States. Imports increased in all size categories of enterprises. However, the increase in imports did not show significant differences between the different categories of enterprises.

The passive balance of SMEs reached a value of EUR 11 596 mil. in 2022. Compared to the previous year, the passive balance of the foreign trade balance deteriorated by EUR 1,809 mil. or by 18.5 %.

Chart 12 Development of SME exports Chart 13 Territorial structure of exports of SMEs in 2022
(in EUR mil.)



Source: Statistical Office of the Slovak Republic, processed by SBA

Source: Statistical Office of the Slovak Republic, processed by SBA

3 Support for small and medium-sized enterprises

3.1 Overview of used direct and indirect support for SMEs in 2022

The system of institutional support for SMEs in the conditions of the Slovak Republic is implemented on a vertical as well as a horizontal level. Institutions which provide support (direct or indirect) for SMEs in Slovakia include, in particular, central state administration bodies, specialized agencies, banking institutions and funds, as well as interest, professional and trade associations. The main objectives of support for small and medium-sized enterprises include, in particular, the creation of a suitable business environment and the elimination or removal of obstacles which may also arise from the nature of the size category of enterprises and, at the same time, affect the further development of SME business.

Small and Medium Business support Act no. 290/2016 Coll. regulates the forms of providing support in the field of small and medium-sized enterprises, distinguishing between direct (non - repayable financial contribution, subsidy, etc.) and indirect forms of support for SMEs (information and advice, education, organization and support of participation in internships, exhibitions, etc.). Following this breakdown of the forms of the provided support, the text below presents the results on the support provided to small and medium-sized enterprises in the past year.

The professional literature in the field of SME business support approaches the breakdown of individual categories within the forms of support from various perspectives. For the purposes of this *Report on the State of SMEs* and from the point of view of capturing a comprehensive understanding of support for small and medium-sized enterprises, the primary and key starting point is the Act on the Support of Small and Medium-sized Enterprises. With regard to the goal of capture the understanding, the starting point also includes other theoretical knowledge, which allows a comprehensive interpretation of the results of the implemented support of SMEs in Slovakia.¹²⁵ With the above intention, the classification of the individual categories of aid is in line with the one used by the European Commission.

The result of the clash of a combination of several approaches is the breakdown of SME support in the following structure. The following chapter includes the following categories of **direct form of SME support**: subsidies, non-repayable financial contributions, grants; loans and credits for small and medium-sized enterprises and risk capital instruments. **The indirect forms of support** for small and medium-sized enterprises includes the following categories: bank guarantees (taken over), incentives and reliefs for taxes and fines; including project schemes which indirectly contribute to the support of SME business (e.g. consulting services, information services, mentoring, entrepreneurship education, incubator services, etc.) - category Other. The data given in table no. 2 are the result of background material collected from the relevant institutions. The quantified support for small and medium-sized enterprises is limited to the delivered documents, which were delivered by the closing date of the records of received documents. With regard to the supplied documents, one of the other limiting factors was the fact that some of the addressed institutions do not record the

¹²⁵In connection with capturing a comprehensive understanding of support, the inspiration was also provided by the following: Šúbertová E., Kinčíková M.. Business support for small and medium-sized enterprises. 2014; Šúbertová et al. Business of small and medium enterprises. 2011; Chodasová A., Bujnová D.. Business of small and medium enterprises. 2008.

implemented support according to the size category of enterprises.¹²⁶ Also for these reasons, the total financial use may deviate from the actual situation.

The year 2022 was marked by declining support in connection with COVID - 19. Support under the COVID-19 schemes amounted to more than EUR 600 mil. EUR. As a result of the extraordinary support associated with the elimination of the negative impacts of the coronavirus on the business sector and in order to maintain the monitoring of the support implemented in the current period, the volume of total support to SMEs is broken down into the regular support that was typically reported until the occurrence of the pandemic. Part of the overall support is the so-called COVID support, which was established in response to the coronavirus situation. Under the SME subsidy, we also quantify separately for the first time the support scheme in the context of mitigating the impact of the energy crisis, under regular support. Indeed, the first schemes have already been launched in 2022 and will have a significant impact on SME subsidies in the following year. We have also separately quantified the direct costs of accommodation for those fleeing Ukraine, as this is a scheme the duration of which is temporary and affected by the evolution of the war.

Again this year, financial aid was strongly predominant. The so-called COVID instruments of financial support continued to have an impact, albeit declining, which is also in line with the results of surveys in which businesses considered direct financial assistance to be the most effective financial measure in mitigating the impact of the pandemic.¹²⁷ However, entrepreneurs in the surveys (see Chapter 4) demand more strongly the financial assistance related to energy and input price mitigation, which was the focus of some support schemes in course of the year, but not sufficiently so, either in terms of the amount of support or in terms of the frequency.

In terms of the structure of the forms of financing of regular support, outside the specific COVID support, the direct form of support dominated unconditionally, i.e. it reached an even higher share than last year, namely 85.6 % (year-on-year decrease in the representation of the indirect form of support). The most significant share of regular support to SMEs in terms of individual categories was accounted for by the **category of subsidies, NFA, grants** (41.5 %) and the **category of loans or credits** (40.3 %). The more significant categories, despite a slight year-on-year decline, included incentives and tax and penalty relief (8.5 %). Venture capital (4.1 %) and bank guarantees (2.5 %) were less important in the past year. In terms of the breakdown of support for small and medium-sized enterprises, financial **support was significantly dominant**.

In a year-on-year comparison, the level of real uptake of current support was significantly higher than in 2021 (by around 60 %).¹²⁸ On the one hand, the increase in support is also due to the scheme to deal with the consequences of the energy crisis as well as the transfer of part of the financial instruments from COVID support back to mainstream support. The support provided from the funds of the MH SR increased significantly, also as a result of improved absorption of European funds.¹²⁹ Loans as a direct form of support have also increased very significantly. The link to credit growth can be found in the rising prices of inputs as well as energy and the “cash flow” solutions of a larger number of businesses.

¹²⁶In some cases, only the allocation of funds was quantified.

¹²⁷SBA survey. E.g.: http://monitoringmsp.sk/wp-content/uploads/2021/03/COVID_2021_final.pdf

¹²⁸For the purposes of year-on-year comparison, there has been a correction in the volume of support in a number of monitored categories of SME support volume for 2019. Due to the above correction, the results for 2020 will not match the volume (and share) quantified in last year's *State of the SME Report*.

¹²⁹Other reasons included, for example, the fact that SME instruments from the previous period had been used up.

In the monitored year 2022, some of the activities from the beginning of the year were adapted to the pandemic context (e.g. specific consulting was provided or activities where this was possible were transferred to the online space. However, much of the support has already reverted to pre-pandemic levels. For example, the number of business missions has increased compared to last year.

In the context of the evaluation of the COVID support provided to the SME sector in 2022, it can be stated that financial support was unconditionally predominant. The largest volume of support for SMEs was provided by the MPSVaR SR. Other important providers of the so-called COVID support included the MDV, MH SR and SIH (see more in the section Description of the aid provided to SMEs). In terms of the categories monitored, the categories with the largest representation in COVID support to SMEs were: subsidies, NFA, grants; bank guarantees; and the category of loans or credits.

The war in Ukraine has also created a specific situation in the area of SME support for those fleeing Ukraine. In this case, the MDV provided an allowance for the accommodation of the person fleeing and the support to SMEs under this programme amounted to more than EUR 28 million and is quantified separately. It is uncertain to what extent this support will be provided in the coming years, and the amount of this support depends on the evolution of the military conflict.

In view of the situation created by the evolution of the pandemic situation in the country, access to finance is one of the key areas of support. The purpose of providing soft loans to finance investment projects and operational needs for the SME sector and an interest rate subsidy to reduce interest rates (the so-called interest rate subsidy) was to help SMEs cope with the limited access to capital caused by the crisis situation (outside the control of the enterprises). At the same time, the purpose of the support instruments was also to enable them to keep their jobs, despite the situation. Compared to the previous period, the rise in input prices also posed a challenge for businesses, where again banks were able to help absorb some of the price shocks through lending.

On the other hand, increased levels of debt may pose a risk to SMEs in the future. Which may theoretically limit future project financing options (in the form of debt financing).

Table 2 Volume of SME support by form of financing in 2022

	Form of support	Support category	Amount of financial funds	Percentage of the form of support in the total support of SMEs
Regular support	Direct form of support	Subsidies, NFP, grants ¹³⁰	EUR 367,057,222	41.5 %
		- of which energy subsidies	EUR 36,435,322	4.1 %
		Loans or credits	EUR 354,325,361	40.1 %
		Risk capital	EUR 36,048,000	4.1 %
	Indirect form of support	Bank guarantees	EUR 22,247,120	2.5 %
		Incentives, tax relief and fines	EUR 29,950,615	3.4 %
		Other (consulting and services)	EUR 74,991,848	8.5 %
Total support to SMEs (regular support)			EUR 884,620,165	100 %
COVID support			EUR 632,068,158	-
Ukrainian war			EUR 28,586,108.25	-

Source: SBA, processed on the basis of delivered materials from the addressed or cooperating institutions

¹³⁰within the category of subsidies, NFP, grants, the data from the Ministry of Economy of the Slovak Republic for the OP II is included, within which the data for the EU source (ERDF) were specified. Co-financing from the state budget is not provided, each beneficiary (enterprise) is obliged to finance part of the project from its own resources, or de minimis. The given amount for the MH SR includes only data for demand-oriented projects and did not include the amounts for national projects for SBA, SARIO (Other category) and SIEA (Subsidies, NFP, grants category) which are calculated separately.

3.2 Description of the aid provided to SMEs in terms of direct and indirect forms of SME support

3.2.1 Direct form of support for SMEs

Subsidies, non - repayable financial contribution, grants



Ministry of Economy of Slovak Republic (MH SR) is the most important institutional actor in support of SMEs, acts as a guarantor and coordinator of many activities. A total of 152 SMEs were supported in 2022 under the **OP II Operational Programme (part under the responsibility of the MH SR¹³¹)** (of which 70 were micro, 44 small and 26 medium-sized enterprises, 12 enterprises fell into the SME category without a precise specification of size). The amount of allocated funds for SMEs was at the level of EUR 222,444,253 and the amount of the actual total use (total EU and SF resources) amounted to EUR 38,967,281 (of which micro-enterprises benefited from EUR 416,253, small enterprises from EUR 3,340,963 and medium-sized enterprises from EUR 35,210,065).

In 2022, investment aid in the form of **subsidies for purchased tangible fixed assets and intangible fixed assets** was used by one recipient of investment aid - SMEs. The amount of the proportional part of the subsidy for the company based in the Prešov Region amounted to EUR 238,602.19. In addition, **investment aid** to support employment and investment in new technologies, with an impact on the reduction of regional disparities or the introduction of innovations in industrial production and in the provision of services in technology and strategic service centres was approved for three enterprises fulfilling the criteria of SMEs. Total investment aid amounted to EUR 3,899,095, of which income tax relief amounted to EUR 2,200,648 and the contribution to new jobs created to EUR 1,698,447. The number of jobs supported was 161.

The Ministry of Economic Affairs also supported SMEs in 2022 in connection with the COVID-19 disease, which was still present especially at the beginning of the year. A **rent subsidy** was implemented for enterprises the operation of which was prevented or substantially restricted by the measures of the state administration authorities or by a resolution of the Government of the Slovak Republic by a ban on the presence of the public in the establishment for the agreed purpose in connection with the prevention of the consequences of the spread of the dangerous contagious human disease COVID - 19,. In the framework of SMEs, 7,151 SMEs were supported in 2022 with a total amount of EUR 11,398,930.83.

¹³¹Actual use includes data for demand-driven projects only.

In 2022, the Ministry implemented aid to cover additional costs for businesses due to increased gas and electricity prices. The aim was to help companies affected by high energy prices to overcome the adverse period caused by the war in Ukraine resulting in high electricity price increases in EU markets in order to maintain employment, to urgently support the financial health, liquidity and cash flow of companies and employees, to prevent the collapse of the business environment, and to preserve the strategic and critical processes necessary to cope with this period, while maintaining stability and minimising panic. The aid was implemented on the basis of the approved **Scheme of State aid to enterprises under the Temporary Crisis Framework for State aid measures to support the economy in the wake of Russia's aggression against Ukraine SA. 104846 (2022/N)** and the relevant call for grant applications for the eligible period August-September 2022, which was announced on 1.12.2022 and closed on 22.12.2022. As part of the call, 4,473 SME beneficiaries were supported in 2022 with a total amount of EUR 36,435,321,81.

The Ministry also implemented **subsidies to support industrial cluster organisations**. The Ministry concluded subsidy agreements with seven clusters in the total amount of about EUR 234 thousand. The main objective of the call was to increase the competitiveness of the members of industrial cluster organisations by supporting their mutual cooperation in the implementation of innovation development programmes, as well as to strengthen their position internationally.

Table 3 MH SR: implemented support for SMEs in 2022

Implemented support	Amount of real use in 2022
OP Integrated Infrastructure - part of research and innovation under the responsibility of SO MH	EUR 38,967,280
Subsidy to cover additional costs due to increases in gas and electricity prices	EUR 36,435,321.81
Support scheme for industrial cluster organisations	EUR 234,000
Investment aid for the acquisition of tangible and intangible fixed assets	EUR 238,602.19
Investment aid (income tax relief)	EUR 2,200,648
Investment aid (contribution to new jobs created)	EUR 1,698,447
Minimum aid scheme to support SMEs in relation to the COVID-19 outbreak (DM 28/2021); State aid scheme to support the economy in relation to the COVID-19 outbreak - Rent Subsidy as amended by SA Amendment No. 3. 100900 (2021/N)	EUR 11,398,930.83

Source: SBA, processed on the basis of documents received from MH SR¹³²

Slovak Innovation and Energy Agency (SIEA) acts as an intermediate body and implementing agency for EU Structural Funds. In the programming period 2014 - 2020, it implements two operational programmes - OP II¹³³ and OP Quality of the Environment which will be completed by the end of 2023.

¹³²Note: The **Innovation Fund**, the purpose of which is to support the innovative development of the Slovak Republic through the sustainable development of values in the field of research science, has not launched any call for projects in 2022.

¹³³Note: until 12/2019 OP Research and Innovation. Available at: <https://www.siea.sk/strukturalne-fondy-eu/operacny-program-integrovana-infrastruktura/>

Under OP II, SIEA supported SIEA in 2022:

Within the framework of the National Project to increase the innovation performance of the Slovak SME economy in the total amount of EUR 2,497,105,43. In total, 191 enterprises were supported.¹³⁴

Within the NP Support for the development of the creative industry, 473 SMEs were supported in 2022 with a total value of innovation vouchers of EUR 1,828,272.11.

In the area aimed at supporting innovation and technology transfer 2 enterprises with a total value of eligible expenditure of EUR 687,143.64, and in the area aimed at supporting new and start-up micro-, small and medium-sized enterprises 15 enterprises with a total value of eligible expenditure of EUR 3,010,869.31. These are the projects in "Duly Completed" and "Contract Closed" status that used NDFs in 2022.

As part of the OP QE the SIEA supported 22 enterprises under specific objective 411, a total of 101 enterprises under specific objective 421 and 5 enterprises under specific objective 451 with a total value of EUR 11,913,009.96.

Total support to SMEs from the programmes implemented in SIEA included 809 enterprises in the amount of EUR 18,108,128.34.

Table 4 SIEA: implemented support for SMEs in 2022

Operational Programme	Specific objective	Amount of real use in 2022
OP II	SO 1.2.2 and 2.2.2.2 National project to increase innovation performance	EUR 2,497,105.43
	SO 3.3.1 and 4.1.1 Innovation vouchers	EUR 1,828,272.11
	SO 1.2.2 Promotion of innovation and technology transfer	EUR 687,143.64
	SO 3.1.1 Support for new and start-up SMEs	EUR 3,010,869.31
OP QE	SO 4.1.1 Increase the share of renewable energy sources in the gross final energy consumption of the Slovak Republic	EUR 1,410,706.86
	SO 4.2.1. Reducing the energy intensity and increasing the use of RES in enterprises	EUR 10,093,094.13
	SO 4.5.1. Developing more efficient systems of centralized heat supply based on the demand for usable heat	EUR 409,208.97

Source: SBA, processed on the basis of documents received from SIEA

Ministry of Labour, Social Affairs and Family of the Slovak Republic (MPSV SR) - support for SMEs is provided by the MPSV SR mainly through the **Central Office of Labour, Social Affairs and Family**. In 2022, it provided public funding to help SMEs to support employment¹³⁵ through a number of support schemes.

¹³⁴Without specifying the size category of enterprises.

¹³⁵The assistance provided was in accordance with EU legislation pursuant to: a) Commission Regulation (EU) No. 14707/2013, which is the legal basis of the De minimis Aid to support employment no. 16/2014 (hereinafter referred to as de minimis scheme No. 16/2014); b) Commission Regulation no. 1408/2013, which is the legal basis of the De minimis aid scheme to support employment in the primary agricultural production sector no. 7/2015 (hereinafter referred to as "de minimis scheme No. 7/2015"); c) Commission Regulation (EU) No 651/2014, which is the legal basis of the State Aid Scheme for the Support of Training and Aid for the recruitment and employment of disadvantaged employees and employees with disabilities no. SA 40975 (2015X) (hereinafter referred to as "Scheme SA.40975 (2015 / X)") as amended by SA.62540 dated March 2021,

The minimum aid provided (*de minimis* aid scheme for employment support DM - 16/2014, *de minimis* aid scheme for employment support in the agricultural production sector DM 7/2015) for SMEs amounted to about EUR 59.33 mil., which represents 80.81 % of the total minimum aid provided.

Table 5 COLSAF SR: minimum aid provided in 2022 according to the size of the enterprise

Minimum aid provided in 2022 (by enterprise size)	Total support provided		Amount of support in mil. EUR	Share (in %)
	Of which SMEs	Micro-enterprises	43.77 mil. EUR	59.62 %
		Small enterprises	12.65 mil. EUR	17.23 %
		Medium-sized enterprises	2.91 mil. EUR	3.96 %
		Total SMEs	59.33 mil. EUR	80.81 %
	Total minimum aid (including aid for large enterprises and the category so-called unspecified enterprise size*)	73.42 mil. EUR		100.00 %

Source: SBA, processed on the basis of documents received from COLSAF SR

Note: * in the category "Enterprise size not provided" there are recipients of the contribution who at the time of concluding the agreement do not have a completed economic characteristics of the applicant - the size of the company in the ISSZ.

State aid granted under the State Aid Scheme for the Promotion of Training and Aid for Recruitment and Employment of Disadvantaged and Disabled Employees, as amended - Scheme SA.40975 (2015/X); Scheme SA.62540; Scheme SA.100385; Scheme SA.101576.

Table 6 COLSAF SR: state aid granted for education in 2022 by size of enterprise

State aid scheme provided under scheme SA 101 576	Total support provided		Amount of support in mil. EUR	Share (in %)
	Of which SMEs	Micro-enterprises	11.77 mil. EUR	40.19 %
		Small enterprises	12.70 mil. EUR	43.37 %
		Medium-sized enterprises	3.79 mil. EUR	12.94 %
		Total SMEs	28.26 mil. EUR	96.50 %
	Total minimum aid (including aid for large enterprises and the category so-called unspecified enterprise size*)	1.02		100.00 %

Source: SBA, processed on the basis of documents received from COLSAF SR

Note: * in the category "Enterprise size not provided" there are recipients of the contribution who at the time of concluding the agreement do not have a completed economic characteristics of the applicant - the size of the company in the ISSZ.

State aid granted under the State Aid Scheme for the Promotion of Training and Aid for Recruitment and Employment of Disadvantaged and Disabled Employees, as amended - Scheme SA.40975 (2015/X); Scheme SA.62540; Scheme SA.100385; Scheme SA.101576.

as amended by Amendment No. 1 dated 22.9.2021 SA. 100385 and as amended by Amendment No. 2 dated 22.12.2021 SA.101576.

In 2022, state aid for training support was granted in accordance with Article 31 of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market pursuant to Articles 107 and 108 of the Treaty under the measure - State aid scheme for training and recruitment and employment aid for disadvantaged and disabled workers, as amended by Supplement No 2 SA 101 576, in the amount of **EUR 29.28 mil.** from the resources of the State budget. State aid was granted to **240 beneficiaries**.

State aid granted to support enterprises in the wider social economy under scheme SA 63532 totalled EUR 120 mil., of which 99,99 % went to support SMEs.

Table 7 COLSAF SR: State aid provided to support enterprises in the wider social economy SA.63532

State aid scheme provided under scheme SA 63532	Total support provided		Amount of support in mil. EUR	Share (in %)
	Of which SMEs	Micro-enterprises	0.04 mil. EUR	33.33 %
		Small enterprises	0.08 mil. EUR	66.66 %
		Medium-sized enterprises	0.00 mil. EUR	0.00 %
	Total SMEs		0.12 mil. EUR	100 %
Total minimum aid (including aid for large enterprises and the category so-called unspecified enterprise size*)			0.00 mil. EUR	0.00

Source: SBA, processed on the basis of documents received from COLSAF SR

As part of the employment support under the COVID-19 measures, some support measures were also implemented in 2022. Aid for employment support under COVID-19 measures within the Ministry of Labour and Social Affairs of the Slovak Republic was provided in the total amount of EUR 278.82 mil. from the state budget, while the aid was provided to 576 319 eligible beneficiaries and accounted for 78.70 % of the total aid provided by the Ministry of Labour and Social Affairs of the Slovak Republic.

State aid provided in 2022 to support employment under the COVID-19 measures in accordance with sections 3.1 and 3.10 of the Communication from the Commission - Temporary Framework for State aid measures to support the economy in the current situation caused by the COVID-19 outbreak, under the measures:

- The State aid scheme to support the maintenance of employment and support for sole traders persons in the period of the situation caused by COVID-19 outbreak **SA.56986** was provided in a total amount of **EUR 231.95 mil.** from the State budget to **497 811** eligible beneficiaries (SMEs + large enterprises).
- The State aid scheme to support the maintenance of employment and support for sole traders persons in the period of the situation caused by COVID-19 outbreak, as amended by Amendment No. 1 **SA.59280**, was provided for a total amount of **EUR 0.80** mill. from the State budget to **1 405** eligible beneficiaries (SMEs + large enterprises).
- The State aid scheme to support the maintenance of employment and support for sole traders persons in the period of the situation caused by COVID-19 outbreak, as amended by Amendment No. 1 - 2 **SA. 62004** was provided for a total amount of **EUR 10.62 mil.** from the State budget to **19 155** eligible beneficiaries (SMEs + large enterprises).

- The State aid scheme to support the maintenance of employment and support for sole traders persons in the period of the situation caused by COVID-19 outbreak, as amended by Amendment No. 1 - 3 SA. **63294** was provided for a total amount of **EUR 19.88 mil.** from the State budget to **32 381** eligible beneficiaries (SMEs + large enterprises).
- The State aid scheme to support the maintenance of employment and support for sole traders persons in the period of the situation caused by COVID-19 outbreak, as amended by Amendment No. 1 -4 SA. **101016** was provided for a total amount of **EUR 15.57 mil.** from the State budget to **25 567** eligible beneficiaries (SMEs + large enterprises).

Table 8 COLSAF SR: State aid schemes for temporary employment maintenance aid and support for sole traders workers in the period COVID-19

Support provided under Sections 3.1 and 3.10 of the Temporary Framework (Support under COVID - 19)	Total support provided		Amount of support in mil. EUR	Share (in %)
	Of which	SMEs		
	SMEs	Large enterprises	250.95 mil. EUR	90.00 %
		Total SMEs	250.95 mil. EUR	90.00 %

Source: SBA, processed on the basis of documents received from COLSAF SR

Through the regional investment aid, support was provided to investors in 2022 in the form of a contribution to the creation of a new job. According to the data, **there was no contribution to the creation of a new job for a beneficiary in the SME size category in 2022**. A total of 7 large enterprises were supported for a total amount of EUR 1.60 mil.¹³⁶

In 2022, the **Ministry of Education, Science, Research and Sport of the Slovak Republic (MŠVVaŠ SR)** supported 884 SMEs through the **Support for Financial Literacy and Entrepreneurship Education programme in the Direct Payments** project. The actual disbursement for the supported SMEs was EUR 4,480,600.

Table 9 MŠVVaŠ SR: implemented support for SMEs in 2022

Implemented support	Amount of real use in 2022
Promoting financial literacy and the business environment	EUR 4,480,600.00

Source: SBA, processed on the basis of documents received from MŠVVaŠ SR

In 2022, the **Fund for the Promotion of Sport** approved a total of 102 applications in the amount of EUR 1,400,968.78 under Call No. 2022/001¹³⁷ - Provision of Extraordinary Support for Enterprises Operating Sports Infrastructure.¹³⁸

In 2022, the **Agency for the Promotion of Research and Development (APVV)** implemented activities to support small and medium-sized enterprises through the provision of non-repayable funds under the state aid schemes SA.49175 and SA.58654. In 2022, the Agency supported a total of 22 SMEs. In terms of more detailed specifications, there were 8 supported micro-enterprises, 8 small enterprises and 6 medium-sized enterprises. The amount

¹³⁶The submission of applications by investors for disbursement has been affected by the pandemic situation of COVID-19. Source: documents received from OLSAF SR.

¹³⁷The aim of the call is to support enterprises operating sports infrastructure by covering part of the fixed costs incurred by enterprises at the time of their forced partial or total closure due to measures taken by the Office of Public Health of the Slovak Republic and at the time after the restart of their operation, when the consequences of the COVID-19 disease pandemic became apparent.

¹³⁸The submissions received did not specify how many of this number were SMEs.

of funds actually disbursed within the supported enterprises from the SME size category in 2022 was at the level of EUR 1,837,414.9.

Table 10 SRDA: SME implemented support in 2022

	Micro-enterprises	Small enterprises	Medium-sized enterprises	Total SMEs
Total	518,651.10	773,700.90	545,062.90	1,837,414.9

Source: SBA, processed on the basis of documents received from APVV

In 2021, the **Ministry of Agriculture (MPRV SR)** provided state aid through the rural development programme and in accordance with special legal regulations in the total amount of EUR 99.67 mil. (the share of state aid provided to SMEs in 2022 was 91 %). According to data from the MPRV SR, the ministry increased the volume of funds provided for state aid by 138.27 % compared to 2021. The increase in the amount of funding provided by the Ministry for State aid in 2022 compared to 2021 is mainly due to measures to compensate for damage caused by an adverse weather event comparable to a natural disaster (SUCHO 2022) and aid to support the food sector as a result of Russia's aggression against Ukraine.

According to the data provided by the Agricultural Paying Agency (PPA), SMEs were supported under the Rural Development Programme in 2022 in the areas listed in the summary table.

Table 11 implemented support for SMEs in 2022

Support implemented through sub-measures of the Rural Development Programme (RDP)	Amount of actual use for supported SMEs in 2022
4.1 Aid for investment in agricultural holdings	EUR 6,549,081.96
4.2 Aid for investments for processing/launching and/or developing agricultural products	EUR 1,281,756.70
6.1 Business start-up support for young farmers	EUR 4,862,700.00
6.4 Aid for investments in the creation and development of non-agricultural activities	EUR 1,619,098.62
8.3 Prevention and restoration of damage to forests from forest fires and natural disasters and catastrophic events	EUR 459,129.79
8.4 Support for the restoration of forests damaged by forest fires and natural disasters and catastrophic events	EUR 28,423.00
8.6. Support of investments in forestry technologies and in processing, in mobilising and in the marketing of forest products	EUR 3,059,837.91
16.4 Support for horizontal and vertical cooperation between supply chain actors in the establishment and development of short supply chains and local markets and for promotional activities in the local context related to the development of short supply chains and local markets	EUR 299,243.40

Source: SBA, processed on the basis of documents received from PPA

The **Ministry of Culture of the Slovak Republic (MK SR)** supported a total of 298 SMEs through the subsidy scheme in 2022. The grant system in 2022 consisted of the following programmes. A total of 10 SMEs were supported with an amount of EUR 202,000 through the **Let's Renew Our House** programme. The **Culture of Disadvantaged Groups** programme supported 14 SMEs for a total amount of EUR 97 108. **Integrated Regional Operational Programme - Mobilisation of Creative Potential in the Region** 174 SMEs were supported in the amount of EUR 6,772,753.11 (of which EUR 6,168,652.28 from EU funds and EUR 604,100.83 from the state budget). The last support programme included cultural vouchers, with support for 100 SMEs in the total amount of the state budget subsidy of EUR 1,002,860.

Table 12 Ministry of Culture: implemented support for SMEs in 2022

Implemented support	Number of supported SMEs	Amount of support (in EUR)
Integrated Regional Operational Programme - Mobilizing creative potential in the regions	174	EUR 6,772,753.11
Culture vouchers	100	EUR 1,002,860.00
Culture of disadvantaged groups	14	EUR 97,108.00
Let's renovate our house	10	EUR 202,000.00

Source: SBA, processed on the basis of documents received from MH SR

*including COVID support

Through the **Fund for the Promotion of the Arts (FPU)**, and via its core business, a total of 1,263 SMEs were supported in 2022, including 1,098 micro, 135 small and 30 medium enterprises. The actual use¹³⁹ of the financial resources was EUR 11,114,702.00.

Table 13 The Slovak Arts Council: implemented support for SMEs in 2022

Implemented support	Number of supported SMEs	Amount of support (in EUR)
Support under Act No 284/2014 (Art. 2)	1,263	11,114,702.00

Source: SBA, processed on the basis of documents received from FPU

Through the **Fund for the Promotion of Ethnic Minority Culture**, a total of 867 enterprises were supported in 2022 for a total amount of EUR 8,074,721.11. Individual programmes¹⁴⁰, have an impact on the creation, dissemination and presentation of the results of cultural and scientific activities aimed at promoting the culture of national minorities in the Slovak Republic and abroad.

Table 14 Fund for the Promotion of Ethnic Minority Culture: support to SMEs implemented in 2022

Implemented support	Number of supported SMEs	Amount of support (in EUR)
Support for cultural, enlightenment and educational activities, science and research activities	485	3,638,771
Support for literary, editorial and publishing activities	142	2,154,438
Support for theatrical, musical, dance, visual and audio-visual arts	200	2,137,064
Support for ensuring intercultural dialogue and mutual understanding between Slovak nationals and citizens belonging to national minorities and ethnic groups	40	249,658

Source: SBA, prepared on the basis of documents received from the Fund for the Promotion of National Minority Culture

The Audiovisual Fund (AVF) supported a total of 137 SMEs in 2022 with a total of EUR 16,735,889 (including COVID support and support due to the war in Ukraine) through the subsidy system. The entities were supported through the following programmes. **Through the Creation and Realization of Slovak Audiovisual Works programme**, 53 SMEs

¹³⁹The use is not linked to the calendar year. The actual use can only be determined after the submission of its control accounts and the closure of the project.

¹⁴⁰The programmes include: a) Support for cultural, enlightenment and educational activities, science and research activities, b) The support for literary and publishing activities; Promotion of theatrical, musical, dance, visual and audiovisual arts; c) Support for ensuring intellectual dialogue and understanding between citizens of Slovak nationality and citizens belonging to national minorities and ethnic groups.

(of which 51 micro-enterprises and 2 small enterprises) were supported in the form of a subsidy in 2021. The level of actual use in the year under review was EUR 7,562,800.

Programme 2, provided by the **Audiovisual Fund, is Distribution and other performance of audiovisual works**. In addition to the standard support under this programme, exceptional support was also disbursed to mitigate the impact of the COVID-19 pandemic and to mitigate the impact of the war conflict in Ukraine and the associated deepening price increases. In 2022, a total of 55 enterprises in the SME size category (including 37 micro, 16 small and 2 medium-sized enterprises) were supported in the form of a subsidy under this programme. The actual use amounted to EUR 1,287,308 (of which the supported micro-enterprises drew EUR 701,318, small enterprises EUR 486,673 and medium-sized enterprises EUR 96,317). Under standard support, the use in Programme 2 amounted to EUR 1,100,308, for 44 enterprises (of which 31 micro, 11 small and 2 medium-sized enterprises). Extraordinary support in the Distribution and other performance of audiovisual works programme amounted to EUR 187,000, for 11 SMEs (of which 6 micro and 5 small enterprises).

Through the Research, Education and Publishing programme in the field of audiovisual culture, 2 SMEs (2 micro-enterprises) were supported in the form of a subsidy. The amount of actual use for SMEs was EUR 43,000.00.

Through the Development of audiovisual technologies in the Slovak Republic programme, 2 SMEs (2 micro-enterprises) were supported in the form of a subsidy. The amount of used financial contributions in the monitored year of 2021 was EUR 18,200.00. Last but not least, through the **Support for the Audiovisual Industry in the Slovak Republic programme**, 25 SMEs (specifically 24 micro-enterprises a 1 small enterprise) were supported in the form of a subsidy. The amount of actual use in 2022 was EUR 7,824,776 (of which EUR 7,689,776.00 was used by supported micro-enterprises and EUR 134,805.00 by small enterprises).

Table 15 Audiovisual fund: implemented support for SMEs in 2022

Audiovisual Fund grant system by individual programmes	Amount of real use in 2022
Creation and performance of Slovak audio-visual works	EUR 7,562,800.00
Distribution and other display of audio-visual works in the public (Extraordinary COVID CALL 9/2020)	EUR 1,287,308.00
Research, education and editorial activities in the field of audio-visual culture	EUR 43,000.00
Development of audio-visual technology in the Slovak Republic	EUR 18,200.00
Support of audio-visual industry in the Slovak Republic	EUR 7,824,581.00

Source: SBA, processed on the basis of documents received from the Audiovisual Fund

Ministry of Environment of the Slovak Republic (MŽP SR). In 2022, there were no entities classified in the SME size category in the form of a subsidy from the Environmental Fund.¹⁴¹ In the monitored year, no entity of the small and medium-sized enterprises category was supported in the form of a loan from the Environmental Fund. In 2022, 3 SMEs were supported through the call OPKZP-PO1-SC111-2016-16 within the framework of the OP QE. The actual use for the supported SMEs was EUR 2,264,582.1. In particular, small and medium-sized enterprises can be supported under the following specific objectives of the OP QE:

¹⁴¹The information is limited by the deadline for the submission of documents.

Table 16 MŽP SR: areas of support for SMEs in the framework of the OP QE

Specific objective
1.1.1 Increasing the degree of waste recovery while focusing on preparing them for re-use and recycling and supporting prevention of waste generation
1.3.1 Improving the conservation status of species and habitats and enhancing biodiversity, in particular under Natura 2000 Natura 2020
1.4.1 Reducing air pollution and improving air quality
4.1.1 Increasing the share of RES in gross final energy consumption
4.2.1 Reducing the energy intensity and increasing the use of RES in enterprises
4.5.1 Developing more efficient systems of centralized heat supply based on the demand for usable heat

Source: SBA, processed on the basis of documents received from MŽP SR

The Ministry of Investment, Regional Development and Informatization of the Slovak Republic ¹⁴²(MIRRI SR), through the Support of Least Developed Districts Programme, according to Act No. 336/2015 Coll. on the Support of Least Developed Districts and on Amendments and Supplements to Certain Acts, provided assistance to 155 SMEs in 2022. The actual use for the supported enterprises in the SME size category was EUR 11,630,534.

MIRRI SR supported 16 SMEs through the cross-border programme INTERREG V-A Slovakia - Hungary in 2022 with the amount of EUR 1,690,728.19 (actual use) and supported 9 SMEs through the cross-border programme INTERREG V-A Slovakia - Czech Republic with the amount of EUR 650,700.44 (used support). Under the Regional Operational Programme, funds of EUR 4.8 million were used for 101 SMEs.

Under the programme “Cultural Entrepreneurship, Cultural Heritage and Cultural Cooperation”, three SMEs were successful, using a total of EUR 339,483.92.

Table 17 MIRRI SR: implemented support for SMEs in 2022

Implemented support	Amount of real use in 2022
Cultural Entrepreneurship, Cultural Heritage and Cultural Cooperation	EUR 339,483.92
INTERREG V-A SK – HU	EUR 1,690,728.19
INTERREG V-A SK – CZ	EUR 650,700.44
SUPPORT FOR THE LEAST-DEVELOPED DISTRICTS UNDER ACT NO. 336/2015 Coll. ON SUPPORT FOR THE LEAST DEVELOPED DISTRICTS AND ON AMENDING AND SUPPLEMENTING CERTAIN ACTS	EUR 11,630,534.00
Integrated Regional Operational Programme	EUR 4,806,750.33

Source: SBA, processed on the basis of documents received from MIRRI SR

Resolution of the Government of the Slovak Republic No. 329 of 27 May 2020, point B.4 designated MIRRI SR as the national focal point for the Transnational Cooperation Programme Central Europe 2021 - 2027 and the Danube Transnational Programme 2021 - 2027. The programmes offer support for the development of cooperation structures between micro, small and medium-sized enterprises. Benefits for the business sector resulting from the implementation of projects can be expected depending on the level of participation and success of entities in the calls of both Programmes.

¹⁴² The resolution of the Government of the Slovak Republic no. 417 of July 1, 2020, approved the statute of the Ministry of Investment, Regional Development and Informatization of the Slovak Republic.

In 2022, the **Ministry of Transport and Construction of the Slovak Republic (MDV SR)** implemented direct as well as indirect support through a number of measures, primarily in transport, construction and tourism. In the context of the COVID-19 pandemic, State aid schemes and calls have been set up to support enterprises in the transport (tourism) sector, contributing to support the maintenance of operations, the competitiveness of the affected enterprises and the employment of SMEs. The basis of support in the competence of the MDV SR is investing in transport infrastructure, mainly by preparing and building motorways, renovating road objects, developing cycling transport, modernising railway sections, etc. By ensuring better accessibility of the road and rail network, it contributes positively to the development of business activity.

In the tourism sector, **through the Minimum Aid Scheme to support enterprises in the tourism sector in the context of the outbreak of COVID-19 (DM-17/2020¹⁴³)**, a total of 537 SMEs were supported with a total amount of EUR 1,912,657.87. The total allocation for SMEs was EUR 24,598,691.4. As a result of the war conflict in Ukraine and the consequent increase in energy prices, following the issued Government Regulations, funds were provided to mitigate the impact of these negative effects on entities providing accommodation to persons who had to leave the country. The object of the aid is to compensate part of the costs of the entities that provided accommodation to the persons fleeing during the eligible period.¹⁴⁴

Table 18 MDV SR: implemented support for SMEs in 2022

Support to SMEs in the tourism sector in the context of the COVID-19 pandemic and the war in Ukraine	Amount of real use in 2022
Minimum aid scheme DM-17/2020	EUR 1,912,657.87
Aid lex Ukraine - allowance for accommodation of fleeing persons	EUR 28,586,108.25

Source: SBA, processed on the basis of documents received from MDV SR

In addition, in the field of road transport, in 2022, the MDV SR provided financial contributions under the 05306 Minimum aid scheme to support certain road transport operators in connection with the COVID-19 outbreak (DM - 19/2021), which are specified in the table below.

¹⁴³The minimum aid under this scheme is granted in the form of a contribution to the elimination of the negative consequences of pandemic COVID-19 (hereinafter referred to as the “financial contribution”). The objective of the aid is to support enterprises in the tourism sector and to provide a financial contribution to cover part of the uncovered fixed costs that enterprises had to incur at the time of their forced closure due to a measure taken by the Public Health Office of the Slovak Republic and at the time after the restart of their operation, when the negative consequences of the COVID-19 disease pandemic on the functioning of tourism establishments became apparent. The aid is intended to compensate applicants, as defined in Article E of the relevant scheme, for damage suffered as a direct consequence of the measures taken to mitigate the negative effects of the pandemic resulting from COVID-19.

¹⁴⁴The aim is to provide an allowance for the provision of accommodation to a refugee in connection with the armed conflict in Ukraine in accordance with the provisions of Section 27a par. 1) letter (e) and Section 27k of Act No. 91/2010 Coll. under the conditions laid down in Act No. 91/2010 Coll. and Section 2 of the Regulation of the Government of the Slovak Republic on the allowance for the provision of accommodation to a refugee in connection with the situation in Ukraine.

Table 19 MDV SR: implemented support in the field of road transport in 2022

Title of scheme	Supported entities	Amount of aid granted in 2022
Minimum aid scheme for the support of certain road transport operators in connection with the outbreak of COVID-19, as amended by Amendment No 2 (DM - 19/2021)	NPs in the number of 70 applicants	EUR 968,509.80
	LPs (a.s., s.r.o.) in the number of 110 applicants	EUR 2,923,440.83
Minimum aid scheme for the support of certain road transport operators in connection with the outbreak of COVID-19, as amended by Amendment No 3 (DM - 19/2021)	NPs in the number of 85 applicants	EUR 827,426.40
	LPs (a.s., s.r.o.) in the number of 108 applicants	EUR 1,608,991.58
	NPs in the number of 1 applicant	EUR 4,486.40
	municipality in the number of 1 applicant	EUR 1,636.80
Minimum aid scheme for the support of certain road transport operators in connection with the outbreak of COVID-19, as amended by Amendment No 3 (DM - 19/2021)	NPs in the number of 8 applicants	EUR 1,136,144.70
	LPs (a.s., s.r.o.) in the number of 21 applicants	EUR 5,773,708.22

Source: SBA, processed on the basis of documents received from MDV SR

The Ministry of Defence of the Slovak Republic (MO SR) supported 6 medium-sized enterprises and two small enterprises through the Inter-Ministerial Programme 060EI - Research and Development in Support of National Defence and two small enterprises at the same time. The total allocation amounted to EUR 1,025,648.90 (of which EUR 243,850 for small enterprises and EUR 781,798.90 for large enterprises), while the total implementation amounted to EUR 980,401.99 (of which EUR 213,891.11 for small enterprises and EUR 769,510.88 for medium-sized enterprises).

At the end of 2022, the MoD provided subsidies under the above-mentioned programme as follows:

- to 1 medium-sized enterprise (with an allocation of EUR 113,091 and an actual use of EUR 113,091), namely the development of an energy container for the transformation of electricity supply systems,
- to 1 medium-sized enterprise (with an allocation of EUR 190,332, of which EUR 178,500 was used), namely remote control of weapon systems,
- to 1 small enterprise (with an allocation of EUR 83,850, of which EUR 76,509.86 was spent), namely the Digital Twin Training Centre project,
- to 1 medium-sized enterprise (with an allocation of EUR 46,339, of which EUR 45,882.98 was used), namely the project Raising the level of protection of critical infrastructure - research on new, ecologically acceptable methods of combating forest pests on the territory managed by the military forests and estates enterprise,
- to 1 medium-sized enterprise (with an allocation of EUR 219,822.75, of which EUR 219,822.75 was used on Reducing the environmental burden - research on a specialised system of self-propelled technology with zero emissions and maximum emphasis on environmental protection in accordance with the environmental strategy and the objectives of sustainable development of the Slovak Republic,
- to 1 medium-sized enterprise (with an allocation of EUR 162,515.55, of which EUR 162, 515.55 was spent), namely the Environmental Remediation in Zones Contaminated by the Activities of the Armed Forces project,

- to 1 small enterprise (with an allocation of EUR 160,000, of which EUR 137,381.25 was used), this was the Hybrid Ballistic Missile Defence project,
- to 1 small enterprise for the development of a 120 mm autonomous automatic mortar (with an allocation of EUR 49,698.60, of which EUR 49,698.60 was used).

Table 20 MO SR: implemented support for SMEs in 2022

Support implemented (results in the area of SME support)	Amount of real use in 2022
Interministerial programme E60EI	EUR 980,401.99

Source: SBA, processed on the basis of documents received from MO SR

The Ministry of Foreign and European Affairs of the Slovak Republic (MZVaEZ SR) implemented support through the Project Scheme for Support of Economic Diplomacy. Within this support, support was provided to 305 SMEs, with a total allocation of EUR 150,000 for foreign offices and EUR 100,000 to support projects in cooperation with SOPK. The total implementation amounts to EUR 211 039,69 (EUR 179 657,53 + EUR 31 382,16 projects with SOPK).

The earmarked “Slovak Challenge Fund” established within UNDP aims to engage the Slovak business sector in sustainable development in selected partner countries (Moldova and North Macedonia) through the implementation of innovative Slovak ideas with potential for growth and replication across sectors and regions. As part of the UNDP-SLOVAKIA PARTNERSHIP programme: EFFECTIVE DEVELOPMENT COOPERATION SOLUTIONS FOR THE SDGS Slovak Challenge Fund 4 micro-enterprises were supported with a disbursement of EUR 62,333.40¹⁴⁵.

The Slovak Agency for International Development Cooperation, which belongs to the Ministry of Foreign and European Affairs, supported 3 SMEs (2 micro-enterprises and 1 small enterprise) in the total amount of EUR 375,304.63 (EUR 246,604.37 used by micro-enterprises and EUR 128 700.26 by small enterprises) within the framework of the Business Partnerships Programme in 2022. The Slovak Agency for International Development Cooperation (SAIDC) provides de-minimis grants for business projects in development cooperation partner countries in accordance with state aid rules.

Table 21 MZVaEZ SR: implemented support for SMEs in 2022

Support implemented (results in the area of SME support)	Amount of real use in 2022
Project scheme to promote economic diplomacy	EUR 211,039.69
UNDP-SLOVAKIA PARTNERSHIP: EFFECTIVE DEVELOPMENT COOPERATION SOLUTIONS FOR THE SDGS Slovak Challenge Fund	EUR 62,333.40
SAIDC Business Partnerships Programme	EUR 375,304.63

Source: SBA, processed on the basis of documents received from MZVaEZ SR

The Bratislava Self-Governing Region, through the Bratislava Regional Subsidy Scheme for the Support of Environmental Protection and Rural Development, supported 13 SMEs in 2022 in the total amount of EUR 145,698.

Table 22 BSK: used support for SMEs in the field of BRDS in 2022

Grant Programme of the Bratislava Self-Governing Region	Amount of real use in 2022
Bratislava regional subsidy scheme to support environmental protection and rural development	EUR 189,380

Source: SBA, processed on the basis of documents received from BSK

¹⁴⁵Converted from USD based on the exchange rate 1 Euro = 1,06666 USD.

The Nitra Self-Governing Region, through its own financial instrument LEADER NSK local community development of its rural territory and sustainable development and SME development of the whole region. NSK also contributed to the establishment of the Regional Innovation Centre. To support SME innovation in the NSK, project plans such as NitraBox, Demonstration sites for smart communities and farms, SocioFarm, HUB for the design, development and production of products based on biodegradable polymers are proposed.

The Košice Self-Governing Region¹⁴⁶ supported small and medium-sized enterprises through subsidies in the field of tourism.¹⁴⁷ Specifically, this involved support to SMEs through the programme Terra Incognita - Land Unknown ("Krajina nespoznaná"). Under this programme, it was decided to support 9 micro-enterprises and 2 small enterprises. In real terms, 6 micro-enterprises and 1 small enterprise benefited from the support. The total allocation approved for the programme was EUR 453,380 for micro-enterprises and EUR 101,000 for small enterprises (a total of EUR 554,380). The actual use was EUR 189,380 (EUR 128,380 for micro-enterprises and EUR 61,000 for small enterprises).

Table 23: **KSK: support for SMEs in tourism in 2022**

Grant Programme of the Košice Self-Governing Region	Amount of real use in 2022
Terra Incognita - Land Unknown ("Krajina nespoznaná") (subsidy programme of the Košice Self-Governing Region)	EUR 189,380

Source: SBA, processed on the basis of documents received from Košice Tourism Region (KRT)

Bank loans/credits



Slovenská záručná a rozvojová banka, a. s. (SZRB) continued to support small and medium-sized enterprises in 2022 through its product offerings (i.e. providing loans; providing bank loan guarantees; providing deposit products for entrepreneurs; providing e-banking). The volume of direct loans granted (used), which are aimed, inter alia, at supporting the financing of the investment and operational needs of small and medium-sized enterprises, amounted to EUR 111.48 mil. in 2022.

Table 24 SZRB: Direct loans provided to SMEs in 2022

Indicator	Amount in EUR thousand	Number
Loans granted to SMEs	111,479	1,288
Portfolio	301,610	2,208

Source: SBA, processed on the basis of documents received from SZRB

Slovak Investment Holding, a.s. (SIH) supported the small and medium-sized enterprises in 2022 through **OP II credit facility: Scheme DM – 14/2016 PRSL**. A total of 98 SMEs were supported through the scheme in question in a cumulative period (from November 2018 to December 2022). The program has an impact on improving SMEs' access to finance, while financing operational and investment needs. The amount of actual use in 2022 (for the supported SMEs in the monitoring year) was at the level of EUR 5.64 million.¹⁴⁸

Table 25 SIH: PRSL loan instrument provided for SMEs in 2022

Credit lines	Total amount of SME support
OP Integrated infrastructure scheme DM-14/2016- PRSL	EUR 5,639,000.00

Source: SBA, processed on the basis of documents received from SIH

¹⁴⁶Due to the nature of the support, the above activities are part of the indirect support for SMEs.

¹⁴⁷The support was implemented through the Regional Tourism Organisation Košice.

¹⁴⁸information on the total real use, including the volume of funds from the financial intermediaries' resources.

The Export-Import Bank of the Slovak Republic (EXIMBANKA SR) supports the SME segment by an appropriate combination of banking and insurance products and the correct setting of payment and delivery conditions for foreign buyers, thus enabling Slovak exporters to successfully execute export contracts, even if their credit profile is weak. In 2022, EXIMBANKA SR focused primarily on providing direct loans to exporters. EXIMBANKA SR did not provide extraordinary support for the SME segment in 2022. In the area of financing, there was no extraordinary support for the SME segment during 2022. The real loan use for 2022 (for supported SMEs) amounted to EUR 67,846 thousand.

Table 26 EXIMBANKA SR: direct loans provided to SMEs - structure of receivables as at 31 December 2022

Bank products
Investment loans
Direct export loans to support exports with a maturity of up to 2 years
Direct export loans for financing investments abroad
Direct loans for export receivables
Direct bill of exchange loans
Loans to support the maintenance of operations - COVID loans
Total direct loans

Source: SBA, processed on the basis of documents received from EXIMBANKA SR

Clients of the SME segment mostly used investment loans for the purchase and modernisation of technology and related infrastructure. A high share was accounted for by loans to finance investments abroad, as well as export promotion loans with a maturity of up to two years (pre-export financing), which allowed them to carry out specific export contracts, even in cases of their weaker financial rating. Working capital financing in connection with the execution of individual export contracts through pre-export as well as through direct loan for export receivables remained the only way for many SMEs to penetrate foreign markets and implement an export contract.

Slovenská sporiteľňa, a. s. (SLSP) provided various loan and guarantee programmes for SMEs and start-ups of male and female entrepreneurs in 2022 in partnership with international as well as domestic financial institutions. SLSP finances start-ups of male and female entrepreneurs in various ways¹⁴⁹. In 2022, SLSP specialists advised a total of 1,678 start-ups of male and female entrepreneurs (business plan, cash flow, verification of suppliers, customers and other business partners, risks, financing) on starting a business and its financing in the scope of 2,517 consulting hours. In the period under review, 104 loans amounting to EUR 2.56 mil. were granted to them on the basis of a business plan. In 2022, Slovenská sporiteľňa, a. s. provided 186 soft loans from the EIB programme to support small and medium-sized enterprises in the amount of EUR 144 405 431. **SLSP, in cooperation with the European Investment Fund (EIF)**, enabled micro-entrepreneurs and start-ups to obtain investment and operating loans at significantly more favourable conditions than conventional financing, thanks to the EU-funded EaSI guarantee under the Employment

¹⁴⁹SLSP finances start-ups of male and female entrepreneurs in a variety of ways (pre-approved working capital finance; loans or combinations of loans). In addition, start-up entrepreneurs may consult their business plans and their business prerequisites with SLSP specialists free of charge; take advantage of special guarantee programmes, get a discounted interest rate of 1.00 % per annum cheaper for the hassle-free repayment of their loans for 12 months and save on early repayment fees and change of contractual terms and conditions; have a no-fee account for the first year of business; and have extra benefits - e.g. an advantageous POS terminal or a mobile terminal - free of charge or on more favourable terms and conditions.

and Social Innovation Programme. In 2022, SLSP granted 112 EaSI-guaranteed loans of EUR 2 025 315 to micro-entrepreneurs.

Table 27 SLSP: Special loan programmes provided for SMEs in 2022

Loan programmes	Total amount of SME support (in EUR)
Loans to support start-up entrepreneurs	EUR 2,560,000.00
Concessional loans from the EIB's Small and Medium Enterprises Facility	EUR 144,405,431.00
EaSI-guaranteed credits for micro-enterprises and start-ups	EUR 2,025,315.00

Source: SBA, processed on the basis of documents received from SLSP

As part of the support to SMEs in the pandemic period, SLSP, in cooperation with SIH and NDF II, is offering SIH anticorona/anticrisis guarantee loans from 2020 onwards to finance investment projects and operational needs of SMEs to avert the immediate impact of the crisis on the functioning of enterprises due to the downturn in their activities and the shortfall in their revenues. From August 2022, this guarantee programme serves not only to meet the financial needs of the business sector in relation to the negative impact of COVID-19, but also in relation to the negative impact of other global challenges, such as the crisis situation in Ukraine. SIH AZ 1's investment and operating instalment loans meeting the required eligibility criteria are secured by a portfolio guarantee up to 80 % of the loans granted and up to 50 % of the loan portfolio. This financing is used to support investment projects and make available the necessary working capital, with an emphasis on job retention or creation. The advantage of the loan is that the bank does not require additional security for the loan (the loan is secured only by a portfolio guarantee), reduced interest rate compared to a regular loan also thanks to a possible interest subsidy of up to 4 % p. a. The availability period of this guarantee programme is until November 2023. In 2022, SLSP granted a total of 307 loans **secured by an anti-crisis guarantee** in the amount of EUR 45 278 140. In June 2021, SLSP concluded a Guarantee Agreement with the European Investment Fund (EIF) for the implementation of a **guarantee instrument from the Pan-European Guarantee Fund (EGF)** in response to COVID-19 to facilitate access to credit for SMEs through concessional financing conditions (i.e. reduced collateral requirements and reduced interest rate compared to a conventional loan by covering part of the credit risk by the EIF)¹⁵⁰. Loans backed by the EGF guarantee were intended for SMEs and served to make investment and working capital available on concessional terms. The provision of this product in SLSP was terminated on 31 December 2022. In 2022, SLSP granted a total of 346 loans to SMEs in the amount of EUR 54,813,271. The majority of EGF beneficiaries were micro-entrepreneurs.

Table 28 SLSP: Support to SMEs to mitigate the impacts of COVID-19 in 2022

Guarantee programmes	Total amount of SME support (in EUR)
Loan to mitigate the negative impact of global challenges for micro, small and medium-sized enterprises, secured by an SIH anti-crisis guarantee (De minimis aid scheme DM - 4/2020 - Guarantee instrument to mitigate the constraints caused by the COVID-19 disease)*	EUR 45,278,140.00
Loans secured by the EGF guarantee in support of small and medium-sized enterprises	EUR 54,813,271.00

Source: SBA, processed on the basis of documents received from SLSP

*this is an intermediary; for more information see SIH anticorona warranty;

¹⁵⁰The support provided by the EIF is made possible by the EGF Guarantee Facility, which is implemented by the European Investment Fund with the financial backing of the EU Member States contributing to the EGF. The Pan-European Guarantee Fund Guarantee Facility in response to COVID-19 is an EIF portfolio guarantee that secures a target portfolio of loans under specified conditions. The loan guarantee ratio is 70 % and the portfolio guarantee ratio is 100 %. The EGF guarantee constitutes State aid.

Všeobecná úverová banka, a.s. (VÚB) provided loans from various sources to support SMEs in Slovakia in 2022. A summary of credits granted in the reference year review is given below. In 2022 VÚB financed from a **credit line** signed in 2019 **with the European Investment Bank** Luxembourg (EIB). Investment credits from EIB resources are intended to support regional development and are aimed at supporting sectors such as the environment, infrastructure, the development of the knowledge economy and society, energy efficiency, health and education. In 2022, VUB financed 7 projects of small and medium-sized enterprises with a total amount of EUR 9,009,510 from EIB resources. **Support for SME financing** by VÚB Bank also includes **credits provided in connection with the drawing of structural funds**, OP II, OP QE, IROP and PRV. The Bank has concluded a Cooperation and Joint Procedure Agreement between the Bank and the authorities representing the Slovak Republic¹⁵¹. It provides two types of credits to finance projects related to the drawing of EU funds: a bridging credit to pre-finance a non-repayable financial contribution and an investment credit in the form of co-financing. A bridging credit is provided by VÚB banka to bridge the time mismatch between the need to reimburse the applicant's eligible costs and the reimbursement of those costs up to the amount of the approved non-repayable financial contribution (NFC). In 2022, the bank provided financial support to 95 clients in the total amount of EUR 30,043,556.58, the disbursement balance as of 31.12.2022 was EUR 17,922,424.50. An investment credit (co-financing) represents financing beyond the own resources of the client and NFC up to 100 % of the project costs, is provided by the bank for the co-financing of the project beyond the eligible costs if the project complexity so requires. In the monitored year 2022, VÚB Bank granted loans to 45 clients for co-financing purposes in the total amount of EUR 17,490,719.17, the state of disbursement as of 31.12.2022 was EUR 11,969,569.80. The VÚB Bank provides credit to farmers to bridge the period between the need to finance operating costs and the payment of support/subsidies from the PPA, which are paid from the state budget of the Slovak Republic and reimbursed from the EU budget (through the **Flexi-credit for entrepreneurs**). The entrepreneur can obtain up to 100 % of the anticipated direct payments before their payment from the Agricultural Paying Agency, with minimum security, free Special Account, whereas the credit - principal, interest as well as remuneration for the arrangement of the obligation are payable only from the provided subsidies. In 2022, the VÚB banka supported 455 entrepreneurs in a total amount of EUR 144,366,468,15. VÚB does not limit the volume of funds that will be used to provide FLEXI credit to farmers in the coming years. Through **PROFIÚVER**, which the bank provides for farmers for clients from the Small business segment with sales up to EUR 2 mil. and the amount of support paid from the PPA for the previous or last subsidy year up to EUR 100,000. The Bank provides this loan in the form of a special-purpose overdraft loan, which is intended to finance the client's short-term operating needs. In the course of 2022, VÚB granted 20 loans in this form for a total amount of EUR 471,630.00. In 2022, VÚB, a.s. once again took part in the use of the Anticorona Guarantee financial instrument. This guarantee programme is supposed to serve not only to meet the financial needs of the business sector in Slovak Republic in relation to the negative impact of COVID-19, but also in relation to the negative impact of other global challenges, such as the crisis situation in Ukraine. By making use of this financial instrument (in addition to the security for the loan itself), enterprises can obtain an interest subsidy of up to 4 % p.a. (SIH1 scheme) or a waiver of the guarantee fee (SIH 2a, SIH 2b and EXIM schemes), subject to the fulfilment of certain conditions. A great benefit is the one-year deferment of principal and interest repayments. These loans were launched in April 2020. They can be used in the form of revolving loans or instalment loans.

¹⁵¹With the Ministry of Education, Science, Research and Sport of the Slovak Republic, the Ministry of the Environment of the Slovak Republic, the Ministry of Agriculture and Rural Development of the Slovak Republic and the Agricultural Payments Agency).

The SIH1 Guarantee Scheme provided a total of **289** loans amounting to **EUR 79,230,000.00** in 2022. For the year 2022, **314** loans amounting to **EUR 85 252 544.96** were drawn from SIH1.

Table 29 VÚB: credit lines provided for SMEs in 2022

Credit lines	Total amount of SME support
Credits from the European Investment Bank (EIB)	EUR 9,009,510.00

Source: SBA, processed on the basis of documents received from VÚB

Československá obchodná banka, a.s. ČSOB continued the fulfilment of the COSME programme and provision of loans. In 2022, the sale of COSME program loans continued, which included the sale of loans with modified parameters under COSME COVID - the continuation of the set line until the end of the sale (June 30, 2022) of COSME loans. In the monitored year 2022, a total of 321 small and medium-sized enterprises in Slovakia used ČSOB loans from the COSME programme (including the COSME COVID programme), which is part of the so-called Juncker's plan. The actual use of the supported SMEs was EUR 12,059,643.50 (of which 84 % was COSME COVID). At the same time, the Bank supported 435 SMEs through loans secured by a guarantee under the SIHAZ1 financial instrument in the total amount of EUR 45,678,415.84. In 2022, ČSOB also provided a special product "Agroúver" - agrocredit (Rural Development Programme), under which 74 SMEs were supported in the total amount of EUR 9,836,605.

Table 30 ČSOB: credit lines provided for SMEs in 2022

Credit lines	Total amount of SME support
Loans in cooperation with the European Investment Fund (EIF) of the EU SME Competitiveness Programme (COSME, including COSME COVID)	EUR 12,059,643.50 **
Loans secured by portfolio guarantee SIH anticorona guarantee*	EUR 45,678,415.84 **

Source: SBA, processed on the basis of documents received from ČSOB

* it is an intermediary; more on SIH anticorona guarantees in the SIH section; ** it is the amount of use at the level of the bank's own resources.

Slovak Business Agency implements the **Microloan Programme**, which is intended for small entrepreneurs employing up to 50 employees. Microloans can be used to buy movable and immovable investment assets, to reconstruct operational areas and to purchase the necessary reserves, raw materials or goods as well as for other investment projects. The microloan amount may range from EUR 2 500 to EUR 50 000.

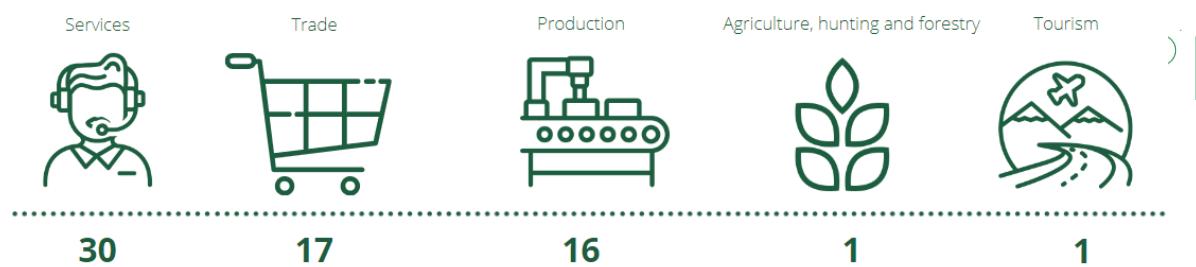
In the monitored year 2022, 65 microloans in the amount of EUR 1,504,500 were provided, while 2,440 microloans in the amount of EUR 46.5 mil. were provided since the beginning of the implementation of the Microloan Programme. Also in 2022, in an **effort to eliminate the impact of the COVID-19 pandemic, the military conflict in Ukraine and the energy crisis on entrepreneurs** and with the intention of stabilisation, **deferments and rescheduling of repayments were implemented** in approximately 10 % of the portfolio under the microloan programme.

Table 31 SBA: provided microloans for SMEs from the Microloan Programme in 2022

Credit lines	Total amount of SME support
Microloan programme	EUR 1,524 500.00

Source: SBA

Figure 1 SBA: microloans provided to SMEs from a sectoral perspective



Source: SBA

Risk capital

Slovak Investment Holding, a.s. supported small and medium-sized enterprises in 2022 through the Nation Development Fund II.: **and also through the risk capital instrument OP Integrated Infrastructure - Capital**. Overall, 9 SMEs were supported through the programme in question in a cumulative period (from March 2018 to December 2022).¹⁵² The amount of actual use of funds within the size category of small and medium-sized enterprises (supported in 2022) was in the amount of EUR 13,529,000. According to SIH data, SMEs were also supported through **the State Aid Scheme for Venture Capital Instrument for Start-ups - SEED/START UP CAPITAL** (OP Integrated Infrastructure). The support is intended for start-ups in the seed and startup phases. Through this, 71 SMEs were supported in the cumulative period (October 2019 to December 2022).¹⁵³ In 2022, the amount of overall real use of the funds was in the total amount of EUR 20,835,000. In response to the economic impact of the coronavirus pandemic, SIH in collaboration with the Ministry of Finance and the Slovak Association for Innovative Economy (SAPIE) prepared the SIH Anticorona Capital (SIHAK) tool. The objective of the facility is to help innovative SMEs that do not have access to credit financing to weather the adversity caused by the coronavirus pandemic. SIHAK provides convertible loans primarily to innovative companies that are financed through venture capital. Support through this instrument ended on 31.12.2021.

Table 32 SIH: risk capital provided for SMEs in 2022

Venture capital instrument	Total amount of SME support
Risk capital	EUR 13,529,000.00
SEED/START-UP CAPITAL FUNDS (OP Integrated infrastructure)	EUR 20,835,000.00

Source: SBA, processed on the basis of documents received from SIH

The Slovak Business Agency supports growth-oriented business projects by providing venture capital (deposit in the share capital of companies) through a specialized subsidiary, Národný holdingový fond, s.r.o. (until 20. 03. 2014 under the business name of Fond fondov, s.r.o.). A long-term mission of the company is to guide the activities of individual funds in

¹⁵²The target group for the aid includes enterprises within the meaning of Article 107 (1). 1 Treaty on the Functioning of the EU. From the point of view of size category of enterprises, these include "SMEs" which meet the definition of small and medium-sized enterprises under Commission Recommendation 2003/361/EC of 6 May 2003, or an enterprise which does not meet the definition of SMEs.

¹⁵³The target group for the aid includes enterprises within the meaning of Article 107 (1). of the Treaty on the Functioning of the EU (see the relevant State aid scheme for the Seed and Start-up Capital Instrument SA.56488). From the point of view of size category of enterprises, it is the "SMEs" which meet the definition of small and medium-sized enterprises in Annex I to Commission Regulation No. 651/2014.

such a manner as to stimulate the development of the SMEs sector across Slovakia, to increase the value of the financial means of individual funds and to use the profits made to pursue the long-term goal of supporting SMEs

The following funds were administered through Národný holdingový fond (National holding fund) in 2022: Fond inovácií a technológií, a. s., Slovenský Rozvojový Fond, a. s., Eterus Capital, a. s..¹⁵⁴

In the monitored year 2022, a total investment amount of EUR 6,500,000¹⁵⁵ (from Eterus Capital, a. s.) was approved through the above-mentioned managed funds. Compared to 2021, the volume of approved investments was higher in 2022 by EUR 3,800,000 (the volume of approved investments in 2021 was in an amount of EUR 2,700,000). The amount of realized investments was at the level of EUR 1,684,000. Of these, the Innovation and Technology Fund made an investment of EUR 350,000 and the Eterus Capital Fund EUR 1,334,000. Comparison on a year-on-year basis shows that the total amount of implemented investments decreased by EUR 2,516,000.

Table 33 SBA: risk capital provided for SMEs in 2022

Fund name	Approved investments in 2022		Investments made in 2022	
	Number	Amount (in EUR)	Number	Amount (in EUR)
Fond inovácií technológií	0	0.00	1	350,000
Eterus Capital, a.s.	2	6,500,000	1	1,334,000
Funds total	2	6,500,000	2	1,684,000

Source: SBA

3.2.2 Indirect form of support for SMEs

Bank guarantees



In 2022 **Slovenská záručná a rozvojová banka, a.s.** continued to support small and medium-sized enterprises also through the provision of guarantee programs. In the monitoring year of 2022, SZRB approved and provided 54 guarantees for small and medium-sized enterprises in the total amount of EUR 4,545,900.00 mil., of which approximately 95.70 % were quick guarantees for loans from commercial banks.

Table 34 SZRB: guarantee programme provided for SMEs in 2022

Guarantee instruments	Total amount of SME support
Guarantee programmes (provided)	EUR 4,845,900.00

Source: SBA, processed on the basis of documents received from MF SR

The **Slovak Investment Holding, a.s.** supported small and medium-sized enterprises in 2022 through the guarantee instrument of the OP II: Scheme DM 15/2016 – FLPG. Overall, 100 SMEs were supported through the scheme in question in a cumulative period (from November 2018 to December 2022).¹⁵⁶ The actual disbursement (only for the supported SMEs in 2022) was in the amount of EUR 6,150,000. Through OP II: Scheme DM 16/2018 - FLPG VVI supported 11 SMEs in the cumulative period from November 2019 to December

¹⁵⁴Originally the Slovenský rastový kapitálový fond, a. s..

¹⁵⁵Data available as of 31.7. 2023.

¹⁵⁶The target group for the aid includes enterprises within the meaning of Article 107 (1). of the Treaty on the Functioning of the EU (see the relevant scheme DM 15/2016 PRSL). From the point of view of size category of enterprises, it is the "SMEs" which meet the definition of small and medium-sized enterprises in Annex I to Commission Regulation No. 651/2014, from the regions of Slovakia except for BSK.

2022. The actual disbursement (only for the supported SMEs in 2022) was in the amount of EUR 1,472,000. In 2022, 9 SMEs were supported through the State Aid Scheme for Supporting Enterprises in the wider area of social economy (Scheme SA.56332-FLPG SE; as amended by SA.63532, SA.101231).¹⁵⁷ **In response to the coronavirus pandemic**, a number of guarantee financial instruments were launched in 2020 - the SIH Anticorona Guarantee (SIHAZ 1) and the SIH Anticorona Guarantee 2 (SIHAZ 2). The aim of both instruments is to help SMEs weather the adversity caused by the coronavirus pandemic while maintaining employment. A total of 8 banks participated in the implementation of SIHAZ1 tool. A total of 11 banks participated in the implementation of SIHAZ 2 tool. A total of 4,502 SMEs have been supported through the De Minimis Aid Scheme, a guarantee instrument to mitigate the restrictions caused by COVID-19 (guarantee and interest subsidy) - DM-4-020-**SIHAZ 1** between April 2020 and December 2022. The actual disbursement for the supported SMEs in 2022 was at EUR 202 712 000.¹⁵⁸ The purpose of the support is to provide soft bridging loans to SMEs and an interest rate subsidy to reduce interest rates, thereby helping SMEs to cope with the limited access to capital caused by the crisis situation beyond the control of the enterprises and enabling them to implement social measures in the form of job retention despite the crisis situation. Through the State Aid Scheme to support the fulfilment of the basic level of liquidity needs with the resources of the ESIF in relation to COVID-19 - SIH (**SIHAZ 2A**¹⁵⁹), 3 277 SMEs have been supported in the cumulative period from June 2020 to December 2020 (support ended on 31.12.2020). The purpose of the support is to mitigate the impact of the declaration of a state of emergency in connection with pandemic COVID-19 on the territory of the Slovak Republic. A total of 3 960 SMEs within the small and medium-sized enterprise size category have been supported through the State aid scheme to support the meeting of the baseline liquidity needs with State resources in the context of the COVID-19 - SIH contagion (**SIHAZ 2B**) in the cumulative period from June 2020 to June 2021¹⁶⁰. The support was intended to help SMEs (and large enterprises) and bridge the adverse period caused by the pandemic in order to maintain employment, urgently support the financial health, liquidity as well as the cash flow of enterprises.

Table 35 SIH guarantee programme provided for SMEs in 2022

Guarantee instruments	Total amount of SME support
FLPG (FIRST -LOSS PORTFOLIO GUARANTEE) - De minimis aid scheme First Loss Portfolio Guarantee (Scheme DM-15/2016)*	EUR 6,150,000.00
FLPG - De minimis aid scheme Portfolio Guarantee First Loss Guarantee (Scheme DM-16/2018)*	EUR 1,472,000.00
SIH ANTICORONA GUARANTEE (SIHAZ 1)*	EUR 202,712,000.00

Source: SBA, processed on the basis of documents received from SIH; *an indication of the total use for supported SMEs in 2022

¹⁵⁷The purpose of the assistance is to increase employment, employability and reduce unemployment of disadvantaged persons in the Slovak Republic through venture financing measures through enterprises in the broader social economy (hereinafter referred to as "SE") space, with a particular emphasis on the long-term unemployed, the low-skilled, the elderly and the disabled, improve access to the labour market through the application of effective employment support instruments, including support for job mobility, self-employment and activities in rural areas, and, specifically in areas with the presence of marginalised Roma communities (MRC), increase the employment rate of their members in these enterprises.

¹⁵⁸The instrument consists of guarantees for Slovak banks, through which the NDF II assumes from the banks a specified percentage of part of the credit risk on new loans. In the case of SIHAZ, this is an 80 % coverage of individual loans out of a 50 % portfolio. Information on the total use, including the of financial contributions from the financial intermediaries' resources.

¹⁵⁹The instrument consists of guarantees for Slovak banks, through which the NDF II assumes from the banks a percentage of part of the credit risk on new loans. In the case of SIHAZ 2A, this is a 90 % coverage of all new loans.

¹⁶⁰Support ended 30.6.2021.

Export-Import Bank of the Slovak Republic (EXIMBANKA SR) continued to provide guarantee programmes in 2022. In total, bank guarantees were issued for the SME segment in the amount of EUR 1,883,000.

Table 36 EXIMBANKA: guarantee programme provided for SMEs in 2022

Guarantee instruments	Total amount of SME support
Issued bank guarantees in the SME segment	EUR 1,883,000.00

Source: SBA, processed on the basis of documents received from EXIMBANKA SR

In order to support SMEs in Slovakia, **UniCredit Bank, a.s.** provided in 2022 the InnovFin SME Guarantee facility programme in cooperation with EIF. Under the programme in question, one SME was supported in the total amount of EUR 355 220 in the monitored year of 2022. The objectives of the support include improving access to finance and innovation, increasing employment and mitigating the impact of the COVID-19 pandemic. At the end of 2018, UniCredit Bank, a. s. launched a new programme from SZRB (Portfolio First Loss Guarantee - FLPG), which was also used in 2022. A total of 17 enterprises in the SME size category (including 4 micro, 8 small and 5 medium-sized enterprises) were supported through the programme. Through the provision of a soft loan, it is possible to invest in tangible and intangible assets or to invest in working capital related to the development and expansion of business activities. The level of actual spending in 2022 was EUR 6.1 mil. . With the programme for SME loans through the EIF - EGF guarantee to mitigate the impact of the pandemic, UniCredit Bank, a. s. supported 73 SMEs in the amount of EUR 50.6 mil . The programme supported 19 SMEs through the EIB Guarantee - EGF in 2022, with an actual uptake of EUR 41.1 mil. .

Table 37: UniCredit Bank: guarantee programmes provided for SMEs in 2022

Guaranty lines	Total amount of SME support
Loans guaranteed by the EIF Guarantee from the INNOVFIN SME GUARANTEE FACILITY Programme	EUR 355,220.00
FLPG (FIRST -LOSS PORTFOLIO GUARANTEE)*	EUR 6,105,000.00
EIF – EGF	EUR 50,600,000.00
EIB – EGF	EUR 41,101,800.00

Source: UniCredit Bank, a. s.

*Note this was for FLPG financial intermediary only (total uptake is in terms of SIH DM15/2015 guarantee schemes)



Incentives, tax relief and other concessions

According to the data of the Financial Directorate of the Slovak Republic, tax relief has been granted to SME recipients of investment aid in 2022. A total of 10 SMEs were supported, including 1 small enterprise and 9 medium-sized enterprises. The total amount of tax relief for beneficiaries was EUR 909,720,000.00, of which the aid for small enterprises amounted to EUR 2,490.00 and for medium-sized enterprises to EUR 907,203.00. Overall, 234 SMEs claimed the deduction for research and development expenditures in the total amount of EUR 56,518,320.00, of which 69 micro-enterprises in the amount of EUR 4,162,210.102, 83 medium-sized enterprises in the amount of EUR 24,889,890.00 and 63 medium-sized enterprises in the amount of EUR 27,466,220.00. A total of 24 SMEs were supported through the relief under the minimum aid scheme DM 12/2018, of which 16 were micro-enterprises, 7 small enterprises and 1 medium-sized enterprise. The total amount of aid provided to the supported SMEs was EUR 140,310.00, of which the amount of aid for micro-enterprises was EUR 32,060.00, for small enterprises EUR 107,950.00 and for medium-sized

enterprises EUR 300.00. A total of 151 SMEs were supported through the Income Tax Relief for Registered Social Enterprises - SMEs, including 65 micro, 72 small and 14 medium enterprises. The amount of support under the SME tax credit in question was EUR 1,382,850.00, of which the amount of support for micro-enterprises was EUR 288,810.00, for small enterprises EUR 802,910.00 and for medium-sized enterprises EUR 291,130.00.

Table 38 Financial Directorate: tax relief granted to SMEs in 2022

Tax disregard	Total amount of SME support (in EUR)
Tax relief for investment aid beneficiaries - SMEs	EUR 909,720.00
Deduction of research and development expenditure claimed by SMEs	EUR 56,518,320.00
Income tax relief for registered social enterprises - SMEs	EUR 1,382,850.00
Concession granted to SMEs under the DM scheme 12/2018	EUR 140,310.00

Source: SBA, processed on the basis of documents received from the Financial Directorate of the Slovak Republic

In 2022, the customs authorities provided state aid to SMEs under the relevant state aid schemes in the total amount of EUR 13.84 mil. In year-on-year comparison, this is an increase in the volume of state aid granted by customs authorities. State aid scheme No SA.49509 - Tax benefits for biofuels did not receive any state aid in 2022 due to a legislative change in Act No 98/2004 Coll. on Mineral Oil Excise Duty as amended (hereinafter referred to as "Act No 98/2004 Coll.") with effect from 01.01.2021, which introduced a single tax rate regardless of the percentage of biofuels. State aid scheme No SA.46046 - Exemption from excise duty used for inland waterway transport, state aid amounting to EUR 2.82 mil. was granted in 2022, which means a decrease in the volume of state aid granted compared to 2021, when state aid amounting to EUR 3.17 mil. was granted to SMEs. Measure - Act No. 609/2007 Coll. on Excise Duty on Electricity, Coal and Natural Gas and on Amendment and Supplementation of Act No. 98/2004 Coll. on Excise Duty on Mineral Oil, as amended, provided state aid in the amount of EUR 11.02 mil. in 2022, which means an increase in the volume of state aid provided compared to 2021.

Table 39 Financial Directorate: support provided to SMEs through customs offices in 2022

Aid number	Purpose of the aid	Total amount of SME support (in EUR)
Measure - Act No. 609/2007 Coll.*	Environmental protection	EUR 11,020,000.00
Scheme SA.49509	Environmental protection	EUR 0.00
Scheme SA.46046	Sectoral aid - transport	EUR 2,820,000.00

Source: SBA, processed on the basis of documents received from the Financial Directorate of the Slovak Republic

* Note: Act No. 609/2007 Coll. on excise duty on electricity, coal and natural gas and on amendment and supplementation of Act No. 98/2004 Coll. on excise duty on mineral oil, as amended.

Other (consulting and services)



Slovak Agency for Investment and Trade Development (SARIO) is an agency receiving contribution from the state budget and is under the auspices of the Ministry of Economy of the Slovak Republic focused on supporting the inflow of investments and supporting export activities of Slovak companies.

Its activities to encourage inward investment and expansion projects by established companies stimulate not only quantitative but also qualitative growth in the economy. The

inflow of higher value-added investments using the latest technologies is currently one of the positive trends reflecting the Agency's performance.

Through the National Project, Slovak SMEs can receive support for their activities in the form of indirect financial subsidies from the EU and the Slovak state budget. Small and medium-sized enterprises, with the exception of enterprises based in the Bratislava region, can apply for support. For the implementation of the project SARIO is partnered with the Slovak Business Agency (SBA). The main objective of the project is to strengthen the internationalization capacities of SMEs, including the presentation of business potential and provision of free presentation, cooperation and advisory services to SMEs in order to increase their participation in international cooperation.

SMEs are supported through the following activities::

- supporting the participation in national stalls at foreign fairs and exhibitions,
- enhancing the effectiveness during performance of business activities through participation in business missions both in Slovakia and abroad,
- enhancing the cooperation with foreign partners which would lead to strengthening the position, sustainability and competitiveness of SMEs through participation in sourcing and cooperation events,
- increasing the expert capacities of SMEs through participation in seminars of the Export Academy,
- making the situation in the supply chains of individual industries in Slovakia more transparent.

The most important part of the activities of the National Project is to support the participation of Slovak small and medium-sized enterprises in foreign fairs and exhibitions. In 2022, SARIO organised 14 national exhibition stands at international exhibitions abroad, in territories such as the United Arab Emirates, Germany, France, Norway, the Czech Republic, Bulgaria and Romania.

The National Project organized 8 business missions abroad and 1 business mission through online platform in 2022. The business missions provided an opportunity for 64 Slovak companies to establish personal contact and develop cooperation with business entities from abroad in various areas of the economy, particularly in the ICT, energy and green technology sectors. Participants of the business missions had the opportunity to attend more than 750 bilateral meetings.

In 2022, the SARIO Agency dealt with 26 sourcing inquiries from multinational companies from the following countries within the framework of the National Project "Support for the Internationalization of Small and Medium Enterprises": Hungary (3x), Czech Republic (2x), Switzerland (5x), Slovakia (9x), Finland (2x), Sweden (3x), United Kingdom (1x) and Germany (1x).

Due to the relaxation of measures related to COVID-19, in the second half of 2022, in 12 cases a personal visit to the production facility of the SME company was made directly by the representatives of the foreign client, in order to personally contact and fine-tune the details of mutual cooperation, on the possible involvement of Slovak SMEs in their supply chains.

Within the framework of the Export Academy, 19 webinars and one face-to-face seminar were organised in the Žilina region in 2022, attended by a total of 494 small and medium-sized enterprises.

A total of 326 unique enterprises were supported by SARIO within the framework of the National Project Support for the Internationalisation of SMEs and the support drawn within the framework of the National Project amounted to EUR 2,100,014.50.

Slovak Business Agency

Slovak Business Agency, as a key specialized institution in terms of supporting SMEs in Slovakia, continued its activities in 2021. The following section details the support provided to small and medium-sized enterprises, as well as for FOs - non-entrepreneurs.

• Services

In 2022, the SBA continued to support SMEs and NP-non-entrepreneurs through the provision of various non-financial services.

In 2022, entrepreneurs were able to take advantage of different types of services (individual/group consulting; individual consulting and coaching for the purpose of SME expansion to foreign markets; advice for joining EU Community programmes; support for start-ups; incubator membership /physical and virtual/; participation in various events focused on topical issues for both future and established entrepreneurs, as well as participation in international conferences or professional courses; Creative Point; consultations; training courses; Accelerator; support for family business; support for the development of alternative forms of entrepreneurship; support for entrepreneurs from disadvantaged social groups; support for entrepreneurial education¹⁶¹; EEN)¹⁶². By March, the pandemic also affected the organisation of events in 2022. That is why it has partly moved to the online environment. Similarly, the themes of the events reflected the needs of entrepreneurs.



¹⁶¹A new service in the SBA portfolio. The aim of this service is to build entrepreneurship and entrepreneurial skills across all levels of education from kindergarten to university.

¹⁶²Those interested in entrepreneurship could take advantage of consultations, the Accelerator, the services of Creative Point, but they could also participate in various events.

Internship program

Through the Internship Programme, International Events were carried out for the target group of SMEs in the year under review. A total of 115 SMEs were supported through the programme in 2022 (34 from the Bratislava Region NPC project and 81 from the NPC project in the regions).¹⁶³

Incubator - Physical and Virtual Membership (Incubation Program)

As part of the incubation program, the service and related professional activities (consultancy) for the target group of SMEs were implemented. In 2022, 24 SMEs were supported through the Incubation Programme.¹⁶⁴

Growth programme (GP)

Under the Growth Programme, the following non-financial services were implemented for the target group of SMEs during the monitoring period:

- GP short-term individual consulting,
- GP long-term individual consulting,
- professional project consulting for the involvement of SMEs in EU community programs,
- GP motivational and activation team activities,
- information and promotion activities (conferences, seminars, presentations of examples of successful business practice),
- group professional consulting (lectures, workshops, professional seminars),
- Networking - networking support.
- educational events,
- international professional events.

A total of 3,677 SMEs were supported through the GP within the SME target group¹⁶⁵.

Creative Point (CP)

In 2022, the SBA continued Creative Point's activities, which were particularly affected by the pandemic situation at the beginning of the year. Creative point offers clients individual consultations of 25 or 60 hours per year, which include the rental of technological equipment and advice from expert technical staff in the creation of projects.

The services provided in 2022 for SMEs and NPs - non-entrepreneurs included the following:

- Group consulting sessions (CP Technical Tuesdays¹⁶⁶; Special workshops¹⁶⁷; Workshop series¹⁶⁸; CP Roadshow¹⁶⁹).

¹⁶³Total figure for services within NPC II BA region and NPCs in the regions.

¹⁶⁴Total figure for services within NPC II BA region and NPCs in the regions, small enterprises.

¹⁶⁵Total figure for services within NPC II BA region and NPCs in the regions. A total of 1,061 clients were provided services under the GP up to 3 years and 1,715 clients were provided services under the GP over 3 years in the NPC regions.

¹⁶⁶These are one-off group consulting sessions organised four times a month in the Creative Point workshop.

¹⁶⁷These are talks and lectures conducted by an external expert and organised at least once a month.

¹⁶⁸It is a group consulting session consisting of four sessions of 3 hours each. It specialises in more complex and wide-ranging advice on the subject.

- Individual consulting (Specialist individual consulting).
- Visits to Creative Point

Examples of events organised by Creative Point Bratislava in 2022:

- Create your own website,
- Create your logo in Adobe Illustrator,
- AutoCAD from A to Z,
- Programming languages and others.

A total of 220 SMEs and 906 non-entrepreneurs were supported under these types of support.¹⁷⁰

Acceleration program

Until March 2022, the implementation of the Acceleration Programme activities was subject to individual actions being taken in relation to the evolution of the pandemic situation and therefore some services were implemented physically, on the premises of the SBA, or also online. In the monitored year 2022, various group consulting sessions (professional one-off, motivational activities, networking support), professional individual consulting sessions, group module consulting sessions were implemented. In 2021, the Summer School was also implemented, as well as an intensive programme for starting your own business called the Accelerator. Roadshow was also implemented.

A total of more than 3,098 clients were supported through the programme in the reporting year 2021.¹⁷¹ In 2022, the Acceleration Programme in the Bratislava region carried out more events than in 2021, up to 66 in total. These included 34 times of group consulting (professional, one-off motivational activities, networking support), 5 times of group modular consulting (Entrepreneurial Skills Course), 24 times of professional individual consulting and one time of Summer School. In addition, Coworking, Accelerator and 1 Roadshow were organised. As in previous years, clients found marketing topics to be the most interesting: *Google analytics for beginners, Keep social networks in your hand - Instagram and Trends on Instagram II.*

Within the programme of the National Project NPC in the regions, 160 times of group consulting (professional, one-off, motivational activities), 25 times of group modular consulting (Entrepreneurial Skills Course, 77 times of professional individual consulting, 6 times of summer school, 1 times of accelerator and 12 times of roadshow) have been implemented. Clients in the regions also had the opportunity to try out a new format of seminars focused on professional topics. In addition to the classic, one-off topics, the Acceleration Programme offered follow-up events throughout the year - the first workshop was an introduction to the subject and the second workshop was a practical exercise for the clients to practice the theoretical knowledge gained from the first workshop. Among the workshops prepared in this way were, for example: *Marketing Strategy for 2022 I. and II., Market Research and Pricing I. and II., Manual for Successful Business I. and II. and others. The School of Business programme, launched in 2021, was continuing.*

¹⁶⁹It belongs to information and popularization activities intended for those interested in entrepreneurship among the public. It consists of a series of activities that take place mainly in primary, secondary and higher education institutions within the Bratislava self-governing region.

¹⁷⁰Total figure for services within NPC II BA region and NPCs in the regions at the Creative Point level.

¹⁷¹Total figure for services within NPC II BA region and NPCs in the regions at the Acceleration Programme level.

Support for the development of alternative forms of entrepreneurship (AFP) and Support for entrepreneurs from disadvantaged social groups (ZSS)

SBA continued to support the development of the AFP and to provide assistance to entrepreneurs from ZSS in 2022. In 2022, the SBA continued to support the development of alternative forms of entrepreneurship (AFP) and assistance for entrepreneurs from disadvantaged social groups (DSS). In support of the AFP, activities were implemented to support entrepreneurs in the social economy, social enterprises and those SMEs that had the intention of doing business to meet public benefit objectives. Entrepreneurs from disadvantaged social groups benefited from group consulting services in order to strengthen their sustainability in the market. At the same time, women entrepreneurs benefited from a new individual service specifically targeted to their business needs.

Table 40 Use of the service Support for the development of alternative forms of entrepreneurship and Support for entrepreneurs from disadvantaged social groups in 2022

	Service Type	Number of events	Number of SMEs (beneficiaries)
Group consulting	Support for stimulating entrepreneurs from ZSS	3	28
Individual consulting	Short-term individual consulting provided in the framework of Alternative forms of entrepreneurship	36	36
	Short-term individual consulting provided in the framework of support for entrepreneurs from the ZSS	60	60

Source: SBA

Table 41 SBA's performance in 2022 in supporting SMEs and NPs - non-entrepreneurs through the listed non-financial services - programs

	Number of supported SMEs	Number of supported NPs - non-entrepreneurs	Amount of real use (in EUR)
Aggregated data	4036	4057	EUR 9,052,905.63

Source: SBA

Promoting the Internationalization of SMEs

The SBA supported a total of 863 SMEs¹⁷² in the 2022 monitoring year, of which 740 micro, 113 small, and 10 medium enterprises were supported. The actual implementation was at the level of EUR 1,611,673.68 (of which EUR 1,369,922.63 from EU sources and EUR 241,751.05 from the state budget).

¹⁷²Results in the sense of NP Support for internationalisation of SMEs.

Table 42 SBA results in 2021 in the field of support for the internationalisation of SMEs¹⁷³

Aggregated data	Number of supported SMEs	Amount of real use (in EUR)
	863	EUR 1,611,673.68

Source: SBA

In 2022, the project successfully continued its activities of providing short- and long-term advice to SMEs in the field of internationalisation. The most significant change in the project compared to the past was the increased emphasis on individual client requirements, especially through short and long-term expert advice on internationalization topics such as marketing, management, legislation, financing, etc.

Feedback from clients indicated that they rated the professional advice provided at a high professional level. Overall, the services provided were a positive benefit to their business. The most requested topics included: How to use social media, marketing automation and increasing online sales. After the pandemic has gradually faded, it has become clear that entrepreneurs very much value the flexibility to use services either in person or online.

Figure 2 Focus of the main SBA activities implemented through NP Support for internationalisation



- Stimulating existing and future entrepreneurs to internationalize.
- Increasing efficiency in the implementation of business activities, production results and services.
- Improving the level of presentation activities, positions and competitiveness of Slovak SMEs.
- Increasing the professional capacities of SMEs and their level of awareness.
- Increasing the involvement of SMEs in transnational and regional chains of subcontractors.
- Increasing the involvement of SMEs in EU funding programmes.
- Raising awareness of the benefits and opportunities of using alternative trading platforms.
- Increasing the level of knowledge of SMEs in the field of e-business.

Source: SBA

International projects

In course of 2022, the Slovak Business Agency continued to implement pilot projects to open up the topics of the Small Business Act - international projects that covered various areas. The following section provides summary information on individual projects.

1. Project “EU ECO-TANDEM PROGRAMME”

The main objective of the project is to support tourism SMEs and the development of sustainable tourism through transnational cooperation and knowledge sharing.

The introduction of innovations in the field of sustainability will be supported by linking a sustainability-focused start-up and a traditional tourism SME and financially supporting their cooperation.

The project will run from June 2020 to July 2023. The project is financially supported by the EC, through the COSME programme.

- In March 2022, the project, under one of the pillars of the EU ECO TANDEM Biz Programme, opened a call for applications that allowed tourism SMEs and

¹⁷³ Data for NP Promoting the Internationalization of SMEs.

startups/innovative businesses to apply for funding to implement green solutions in 5 different areas: energy and water saving, waste management, mobility and the COVID-19 crisis. As part of the Biz Programme, participants subsequently formed 56 pairs - TANDEMs, consisting of a traditional SME from the tourism sector and a startup/innovative enterprise.

- To support the pairing process, matchmaking events were held in Italy, Germany and Slovakia in September. In Slovakia, the matchmaking event organized by the SBA took place on 13.09.2022 in a hybrid form, allowing those who could not attend in person at the Crowne Plaza Hotel to join online. A total of 40 participants attended the event, of which 26 came in person and 14 joined online.
- At the end of the year, the established TANDEMs worked for 45 days on innovative pilot projects in the form of action plans. The 47 action plans developed have been assessed by an expert external panel - the High Level Advisory Board - at the turn of 2022/2023, and in 2023 the best of them will be awarded during the final event of the project - the Awarding Ceremony, when the winners of the programme will be officially announced and will be able to use the grant money to implement their innovative solution.

More information about the project: <https://www.eu-ecotandem.eu/> 

2. Project “Improving innovation delivery of policies within 4.0 industry in Europe” (INNO INDUSTRY)

International project “Improving innovation delivery of policies within 4.0 industry in Europe” is co-financed by the Interreg Europe programme. The main aim of the project is to increase rate of clusters that develop activities to support the transformation towards Industry 4.0 by 2022.

The international exchange of experience, which aims to improve regional and national support policies, contributes to specified aim.

The key outputs of the project are regional SWOT analyses in 10 EU regions, the identification and sharing of at least 30 examples of good practice related to clusters and Industry 4.0, and 10 action plans to implement improvements in relevant policies.

- In January 2022, the SBA, in cooperation with the Slovak Innovation and Energy Agency and the Union of Slovak Clusters, organised a two-day event, both at national and international level. At the national conference entitled “Improving innovation policies in the field of Industry 4.0”, the project presented the Slovakia Action Plan and presented the Slovak example of cluster support and the transition to Industry 4.0 at the international level as part of the exchange of experience, thus concluding the first phase of the project implementation.
- In February 2022, the second phase of the project started and extends until the end of January 2023. This phase focuses on monitoring the implementation of the Action Plan for Slovakia. During the second phase of the project, the SBA engaged in a European survey on the strategies used to implement policy changes in the context of research and innovation policy and how these strategies differ in different regional institutional contexts.
- The SBA has published Industry 4.0 innovation policy solutions in 10 EU regions and monitored the implementation of the Action Plan for Slovakia. The exchange of experiences between the partners and the main project actors (stakeholders) took place at both international and national level and the SBA participated in video conferences of the project consortium, in events of the Cluster Stakeholder Working Group and in events organised by the Policy Learning platform of the Interreg Europe programme. SBA

mobilized and contacted all relevant partners involved in the implementation of the Action Plan, communicated interim results through the summer project newsletter INNO INDUSTRY 2022, and will communicate final results in 2023.

More information about the project: <https://www.interregEurope.eu/innoindustry/>

3. Project “BRESE”

The experience of different countries in promoting social entrepreneurship varies, as does the portfolio of measures implemented at national or regional level.

The ambition of the “Border Regions in Europe for Social EntreprenEurship” project is to identify barriers and, based on international experience and the exchange of good practice, to contribute to their elimination.

The project consortium, made up of partners from Germany, the Netherlands, Croatia, Poland and Latvia, was set up to engage in a cross-regional learning process on the subject.

- In 2022, the project activities continued with an emphasis on the preparation of the Action Plan. In January 2022, a meeting of key actors/stakeholder groups on the topic of social entrepreneurship was held on this topic. Through the slido.com app, they were able to vote on which 2 topics should be the focus of the action plan. The topic Education of social enterprises received the most votes.
- An international meeting of project partners, representatives of the Ministry of Labour, Social Affairs and Family (MPSVaR), the Central Office of Labour, Social Affairs and Family (COLSAF), non-profit organizations (PONTIS and EPIC), academia (Faculty of Management), the umbrella organization ASES (Alliance for the Social Economy in Slovakia), representatives of financial institutions and others who work directly or indirectly in this field, was also held in 2022. In June 2022, a new instrument aimed at investing in organisations with a positive social impact was launched.
- **In its action plan, the SBA** proposed the creation of study programs at universities for those interested in the topic of social entrepreneurship. This initiative appears to be effective in relation to the lack of management skills of social entrepreneurs and thus brings an element of systemic change.
- Cooperation at the local government level has also continued, and the SBA seeks to assist representatives of higher territorial units to include social entrepreneurship in regional development plans and, thus, to provide social enterprises with financial assistance. During the second half of 2022, SBA monitored the success of the implementation of the developed National Action Plan.

More information about the project: <https://www.interregeurope.eu/BRESE/>

4. Project “COCO4CCI”

The aim of the “Culture and Creative Industries COOPERATION COLLIDER” project is to connect the cultural and creative industries (CCI) with technology-oriented companies (AVM - advanced manufacturing) and to create less traditional forms of cooperation.

The main benefit of collaboration between the creative and manufacturing industries is to support the innovation process in the SMEs involved.

The project, in which the SBA is involved as one of 12 partners, is financially supported by the European Regional Development Fund through the Interreg Central Europe programme.

- In 2022 again, the project's ambition was to build capacity for cross-sectoral collaboration and facilitate linkages between CCI and AVM.
- In 2022, some outputs were finalised within the consortium and the overall results of the project were achieved: 1 document: Transnational policy recommendation on the future of CCIs and cross-sectoral collaboration, 6 established collaborations aimed at cross-sectoral linking of CCIs and AVMs, 33 projects jointly implemented by CCIs and AVM enterprises, 271 people trained.
- As part of the training, a series of 6 “Creativity4Circularity” podcasts on technology, trends and mindset in the circular economy has been completed in the past. ¹⁷⁴

More information about the project: <https://www.interreg-central.eu/Content.Node/COCO4CCI.html> 

5. Project “Cross-border capacity building for developing circular regions”

The aim of the “CircularRegions” project is to accelerate the transfer of circular economy principles to the business sector in the Slovak-Hungarian border region.

Partner organisations from Slovakia (SBA; Institute of Circular Economy) and Hungary (IFKA and BCSDH) will implement a set of activities aimed at improving this situation:

- a) mapping cross-border regions,
- b) preparation of methodologies and training materials (on topics related to the circular economy and ways to assess the level of circularity of SMEs),
- c) training of consultants (to expand the portfolio of services for SMEs),
- d) creating a service for SMEs and testing it in selected companies.

- In 2022, the advisory service developed under the CircularRegions project was tested. Five experts, who have completed a training programme for circular economy consultants and have been trained in the methodology, have provided four small and medium-sized companies with a test consultancy service based on the proven Circularity Check methodology.

More information about the project on the project website: <https://www.npc.sk/sk/projekty/medzinarodne-projekty/circularregions/o-projekte/> 

6. Project “EIT Food HUB”

The European Institute of Innovation and Technology (EIT) is collaborating with the SBA and the Slovak University of Agriculture in Nitra on the EIT Food Hub initiative.

This initiative contributes to the development of new entrepreneurial talents, fostering their innovative ideas and scaling up activities in line with the EIT Food Strategy and Business Plans.

EIT Food Hub in Slovakia brings: support for innovative and smart EU policies in the fields of food, agriculture and health; develop collaboration between business, schools and research; support and create an enabling environment for creative thoughts and ideas in the agrifood business; help to create collaboration between research organisations and businesses; provides opportunities in designing new functional foods, proposing innovative and non-traditional approaches in the development of modern food production methods, as well as helping to define practical examples of sustainability in food and agriculture and the elimination of risk factors in the food chain, thus contributing to knowledge and innovation schemes.

¹⁷⁴ Available online: <https://anchor.fm/omp-sba>

- In 2022, the SBA actively involved local start-ups and entrepreneurs in the agri-food sector in various local and international EIT Food HUB activities, promoted and disseminated information on EIT food activities and tools (EIT Jumpstarter, Test Farms, TeamUp, Challenge Labs, Seedbed, FAN and Rising Food Stars), organised workshops and discussions on EIT programmes, involving more than 100 participants. The activities of 2022 have come to a close;
- organizing a 5-day Challenge Labs workshop, during which the established teams in Slovakia contributed with their ideas and outputs to solving the identified issue of the circular economy in the FMCG (Fast Moving Consumer Goods) segment, with an emphasis on the introduction of new health food products on the market - from the creation of the packaging, through the marketing strategy to the distribution itself. Teams at the event consisted of a total of 33 participants who were mentored by experts from McCarter s.r.o. (manufacturer of healthy food products),
- organizing a 1-day educational online workshop “Innovations for creating a healthy and sustainable food system”, which focused on new trends in the field of food production and processing, alternative sources of nutrition and the current EU legislation in this area. The event was attended by 24 people, mostly from the food industry.

More information about the project: <http://www.sbagency.sk/co-je-to-eit#.YtVDR3ZBxaR> 

7. Project “Lost Millenials”

Project Lost Millennials – Transnational research network for the evaluation of initiatives targeting 25+ NEETs focuses on the group of young people aged 25-29 who are unemployed, not participating in education process or other professional training (25+ NEETs).

The project started in November 2021 and its activities will last 27 months. The SBA is part of a 13-member consortium of 13 partners from 13 different countries.

The main objective of the project is to contribute to the successful integration of 25+ NEETs into the labour market by increasing knowledge on the effects of employment initiatives, building a network of stakeholders, developing impact studies, which will also help to improve the quality of labour market interventions. This should be achieved through the creation of a transnational research network to share know-how and examples of good practice, the evaluation of government and public initiatives targeting 25+ NEETs, as well as the involvement of stakeholders to increase the policy relevance of the project results.

The project is funded by Iceland, Liechtenstein and Norway through the EEA and Norway Grants for Youth Employment.

- In 2022, the first international research report on 25+ NEETs in the EU and in recipient countries was produced and published, alongside national reports focusing on the legislative framework related to 25+ NEETs in each partner country. As part of the project, an article on early school leaving and youth employment in Malta was published in Youth Employment Magazine.
- The project provided a space for knowledge exchange and the opportunity to present its experiences to researchers and experts from all over Europe in its 2 online events in 2022. The first in a series of online project events focusing on examples of good practice and methodological challenges in the evaluation of initiatives and actions concerning young people, in particular NEETs, was organised by the Polish partner Evidence Institute Foundation.

- The aim of the second online event was to present approaches to the activation of 25+ NEETs in the context of the social system in three different European countries. The event was organised by the SBA with the participation of experts from Sweden, Spain and Germany.
- Two international meetings were also held in 2022, during which the consortium partners had the opportunity to meet in person. The partners met in Bodo, Norway, in June and in Burgas, Spain, in September. During these meetings, partners had the opportunity to participate in workshops on evaluation methods and to discuss methodologies and selected initiatives.
- During 2022, online training sessions on both quantitative and qualitative methods of impact evaluation were also organised for partners.

All project activities and news will be published on social networks [Facebook: Lost Millennials Project - Home](#) | [Facebook](#) and [LinkedIn: Lost Millennials Project | LinkedIn](#) 

8. Project “RESTART”

The main objective of the project “RESTART - Resilience and Training for SMEs” is to develop innovative learning solutions and tools to improve and develop entrepreneurial education and training across the vocational education and training ecosystem by addressing the needs shaped by digitalisation and climate change.

RESTART is tailored to the specific needs of selected target groups: SMEs with a focus on micro-enterprises; workers and professionals who need to adapt to rapidly evolving jobs and functions by acquiring innovative and relevant skills and competences; the vocational education and training ecosystem in the EU, which consists of a multitude of formal and non-formal vocational education and training providers that are constantly striving to provide relevant and up-to-date content and courses to accompany SMEs and the workforce in these rapidly evolving markets; a business support system that is often still anchored in 'pre-pandemic' economic models and in need of updating and modernising its provision.

- In 2022, project partners from Slovakia, Belgium, Italy, Hungary, Croatia, Italy and Spain continued to fulfil their common tasks. The main outputs implemented this year include the launch of the RESTART OER Platform, which houses all project information as well as technical outputs. One of them is a set of reports mapping the impact of the COVID-19 pandemic on micro, small and medium-sized enterprises in the Slovak Republic, Hungary, Croatia, Italy, Spain and the European Union.
- The project produced a Summary Report on the results of the mapping exercise and the resulting identification of the final training topics and content. These were launched in the fourth quarter of 2022 and will be finalised and available free of charge on the project website in spring 2023.
- In addition to the above, the consortium partners also met for a second international meeting in Pescara, Italy, to discuss the individual results of the national analyses and the preparation of a common methodology for the development of the training content.

More information about the project [www.restartproject.eu](#) 

9. Project “Game of Business”

The general objective of the “Game of Business” project is to introduce, implement and innovate methods in entrepreneurship education in school educational resources that are based on the latest technological solutions.

Duration of the project: 1 September – 31 August 2023. The project is funded by Erasmus+.

The specific objectives of the project include: developing integrated tools to support those students who have innovative ideas and a high chance to succeed; empowering teachers in schools by providing tools for digital simulation in the teaching of business and economics; fostering entrepreneurial initiative and preparing schools to move towards innovative ways of learning through new technologies and digital content.

- During 2022, a meeting of project partners took place in Bratislava. The IT project team presented the first version of the software platform, its user and administrative part, currently developed functionalities and possibilities. The platform activities will guide students through the process of learning and understanding the workings of a business and the creation of a business plan will be just one of the outputs of these activities. By using the platform and completing the tasks it offers, students acquire specific competences. Completion of assignments and completion of specific platform activities will be checked and approved by the teacher. For each approved and accordingly successfully acquired competency, EntreComp will award the student with a badge or other distinctive symbol of achievement in order to increase student motivation.
- In 2022, with the help of partners, links were made between EntreComp's competencies and the platform's activities. The educational content and its technical design have been finalised and will be tested and validated in 2023.

News and newspapers are or will be published on the project website: <https://www.gameofbusiness.eu/>



10. Project GREEN

The main objective of the GREEN project is to develop, through an interdisciplinary European collaboration of experts, a set of training materials to prepare the management of local and regional public administrations to prepare the implementation of action plans based on the European Green Deal and the New European Bauhaus initiative.

The project partners are think-tank organisations, local government, private companies and educational experts from 6 European countries - Romania, Greece, Spain, Iceland and the Slovak Republic.

- The successful implementation of the GREEN project started in February 2022. During the year, the consortium partners produced expert outputs mapping key players, policies, examples of good practice and national support in the European Green Deal and the New European Bauhaus initiatives. A number of training content themes have been identified from the individual national outputs, which are in the process of being developed and, once completed, will be published and made available free of charge in the second quarter of 2023 on the project's website in six languages.
- The consortium partners had the opportunity to meet at two international meetings during 2022. The first took place in Bistrita, Romania, and the second in Bilbao, Spain, where the partners started to prepare the second project output, which is the creation of a digital tool called Canvas, in which all target groups will be able to create their own action plan for the implementation of the project according to the principles of sustainability, inclusiveness and aesthetics.

11. Project "Plastic Value"

The PlasticValue project aims to promote the recovery of plastic waste in companies that generate large quantities of plastic waste. The aim of the project is to increase the level of

material efficiency in enterprises and reduce the costs of plastic waste treatment through cooperation and networking of such enterprises with experts in the field of plastic waste treatment, representatives of the creative industry and through the dissemination of examples of good practice.

- During 2022, the SBA together with the project partners prepared professional outputs - a survey of the current situation related to the use and processing of plastics, educational modules and examples of good practice on how to manage plastics.
- The Plastic Value project is co-funded by Erasmus+ under Key Activity 2 - Strategic Partnerships and runs from March 2022 to the end of February 2024.

12. Project “Joint University and Small and medium sized enterprises (SME) Training (JUST)”

The project aims to bridge the gap between the worlds of education and practice by bringing together universities, higher education institutions, small and medium-sized enterprises (SMEs) by creating common, relevant and up-to-date curricula in the field of entrepreneurial skills. The JUST (Joint University and Small and medium sized enterprises Training) project develops innovative tools to facilitate sustainable cooperation between higher education institutions and SMEs. The project creates strategic partnerships for higher education and involves 9 partners from 5 European countries (Slovenia, Spain, Italy, Slovakia and Belgium).

In Slovakia, the project is implemented by the Slovak Business Agency together with Comenius University Bratislava. Our target groups include universities, SMEs operating in various sectors and students 18+ who will seek employment in the labour market after graduation.

- The project is funded by the European Commission through the Erasmus+ programme. The implementation of the project takes place in the period 1.1.2022-30.6.2024.
- The project will be implemented from January 2022. The first substantive outcome of the project was the analysis and evaluation of critical success factors, examples of good practice as well as case studies as a basis for the development of sustainable collaborative models to support the link between theory and practice. The project partners analysed the background and assumptions of the cooperation model between universities and SMEs. In this process, higher education institutions analysed in particular their cooperation mechanisms with SMEs, the documents they use in this process and summarised examples of good practice. In turn, the partners representing SMEs examined existing models and documents of cooperation between SMEs and universities, identified ways of initiating cooperation with higher education institutions, as well as examples of good practice. All outputs of the joint work and project news have been published on the JUST platform, which is available free of charge online at <http://www.just-training.eu/>.

13. Project RE-FEM - “Upskilling pathways for RESiliency in the post-Covid era for FEMale Entrepreneurs”

Women entrepreneurs still make up only $\frac{1}{3}$ of entrepreneurs in EU Member States, and the COVID-19 pandemic has worsened their situation in sustaining their businesses and caused further work-life balance problems. That is why the RE-FEM project - “Upskilling pathways for RESilience in the post-Covid era for FEMale Entrepreneurs” - was launched in November 2022 as a continuation of the iFEMPOWER project implemented in 2018-

2021, which is aimed at helping women entrepreneurs. The RE-FEM project is funded by the European Union through the Erasmus+ programme.

The main objective of the RE-FEM project is to empower women entrepreneurs through training and mentoring to help them sustain resilient businesses in the post-Caucasus era. The project will provide trainers and mentors in the field of entrepreneurship support and adult education with accessible and high quality training tools.

- RE-FEM is tailored to the specific needs of selected target groups, such as trainers/mentors working in the field of adult education, who through the interlinked outcomes and activities of the project will gain new knowledge and skills needed to successfully train women entrepreneurs. The second target group is women who are already entrepreneurs and want to improve their skills in certain areas and develop them further, have been forced to interrupt their business activities, or have experienced severe difficulties due to a pandemic and want to become more resilient during crisis situations. They want to start a business or have already started a business but are interested in developing their skills further.
- In 2022, the Slovak Business Agency (SBA) together with 7 other partners from 6 countries (Hungary, Finland, Serbia, Spain, Romania, Bulgaria) launched the project. Under the leadership of the Hungarian partner HÉTFA, the partners of the project consortium officially launched their cooperation and started the preparation and implementation of the first project tasks.

14. Project “Intergenerational entrepreneurship in Slovakia in the age of digitalisation: a pragmatic approach”

Intergenerational entrepreneurship has the potential to help overcome the weaknesses of individual generations (young or seniors) in the process of creating and developing entrepreneurial activities through mutual synergies, as well as to facilitate the effective generational transfer of knowledge in existing business entities.

It is this topic that the SBA, in cooperation with the principal investigator, the Faculty of Management of Comenius University in Bratislava (FMUK), is addressing within the DIGICROSSGEN research project “Intergenerational Entrepreneurship in Slovakia in the Age of Digitalization: a Pragmatic Approach”, the main objective of which is to analyse the state of entrepreneurship through the lens of generations, with an emphasis on intergenerational entrepreneurship, as well as to analyse the challenges of digitalization in this context:

- creation of a conceptual model of intergenerational entrepreneurship in Slovakia in the time of digital transformation;
- detailed methodological elaboration of its key modules (start-ups and established entrepreneurs) with emphasis on the tools applicable in them;
- testing and validation of tools in specific practice settings.

- Duration of the project: 01 July 2020-30 June 2024 The project is supported by the Research and Development Agency.
- In 2022, the SBA continued to actively participate in Phase II activities (July 2021 - June 2022): Analysing the challenges of digital business transformation in light of current trends and characteristics of the generations studied, jointly launched with FMUK Stage III (January 2022 - June 2024): Monitoring the state of intergenerational entrepreneurship in Slovakia and later also Phase IV (July 2022 - June 2024): Creating of a conceptual

model of intergenerational entrepreneurship in Slovakia in the time of digital transformation, testing and validation of application tools. Throughout the year, the SBA continuously provided mapping of stakeholders, policies and examples of good practice in the field of intergenerational entrepreneurship and digitalisation, complementing the information on learning practices. In addition to the mapping, the SBA worked with stakeholders both locally and internationally.

- In 2022, SBA hosted an interactive workshop “Creating a Conceptual Model of Intergenerational Entrepreneurship in Slovakia in the Time of Digital Transformation” to present a draft conceptual model of intergenerational entrepreneurship in Slovakia in the time of digital transformation for startups and established entrepreneurs; and to interactively engage participants to get feedback on the proposed conceptual model and suggestions for incorporation.
- The SBA also launched the preparation of a Policy Brief entitled “Towards a Policy Framework for Intergenerational Entrepreneurship in the Age of Digital Transformation in Slovakia” focusing on intergenerational entrepreneurship in the age of digitalisation.

- **Enterprise Europe Network (EEN)**

The European Commission has created a large number of tools to support the development of SMEs and to accelerate their efficient operation on the single European market. One of the tools supporting the development of internationalization and international cooperation of SMEs is also an international network supporting entrepreneurship - Enterprise Europe Network (EEN) - which operates in over 60 countries around the world. The representation of the EEN Slovakia network consists of partners BIC Bratislava, Slovak Business Agency, Slovak Chamber of Commerce and Industry, Regional and Advisory Information Centre Prešov (RPIC Prešov), Centre of Scientific and Technical Information of the Slovak Republic and Technical University in Košice.

As an EEN partner, the SBA combines expertise in cross-border cooperation with local knowledge to support the penetration of innovations into new markets. It helps entrepreneurs grow faster, create new business partnerships and access finance.

Slovak Business Agency is the national coordinator of the Enterprise Europe Network for the European Award for Entrepreneurship Support. Its aim is to annually reward successful initiatives aimed at promoting entrepreneurship, to raise awareness of the added value of entrepreneurship, as well as to encourage and inspire potential entrepreneurs to further their activities.

In 2022, 178 SMEs were supported by the SBA under the above mentioned project. SBA support for the SMEs amounted to EUR 64,249.80, of which the EC contribution amounted to EUR 38,549.88 (60 %).

Comprehensive information on the activities and services of the Enterprise Europe Network in Slovakia is available on the following website: <https://www.een.sk/>

Figure 3 EEN activities

Innovation support



- Improving the innovation management; upgrading the innovation processes and innovation control and implementation.

Consulting, support and information activities



- regional information seminars and trainings focused on various topics; answers to questions of entrepreneurs (access to markets and doing business on foreign markets, EU directives and regulations, EU programmes and access to finances, eco-innovation and green entrepreneurship, innovation and transfer of technology and know-how, intellectual property rights); visits of clients; deep consulting; business and technological audits.

International partnership activities



- searching for partners abroad or international business events, the so-called cooperation events and business missions; database of partnership opportunities – business, technological, and R&I profiles (cooperation in EU programmes).

Feedback from SMEs to the EC



- collection of SMEs' comments on the EU legislation and regulations related to entrepreneurship; - informing the European Commission about SMEs' problems through various tools such as the SME Feedback database, online consulting, panels for SMEs, etc.

Source: SBA

• **Support for family businesses**

The Slovak Business Agency continued to support family businesses in 2022. The support was implemented in accordance with the terms of the Family Business Support Scheme 2021-2023¹⁷⁵ (DM- 20/2021).

At the beginning of 2022, assistance to family businesses continued in the form of free expert consulting (this is one of the five components of the above scheme). In February 2022, 32 projects were completed. These projects were approved and contracted in the autumn of 2021, and started to use assistance at the end of 2021. In the months of January and February, 1 919 hours of consultation were completed.

Family businesses also applied for support in two other calls for applications for non-financial support in the form of expert consulting under the scheme. The calls were published in May 2022. Their main objective was to assist family businesses in dealing with the issue of

¹⁷⁵The aim of the scheme is to create the right conditions for viable family businesses in Slovakia, to help family businesses to set up their business plans in a more economically viable way and to successfully manage important milestones in their businesses, such as the process of generational change, the management of family and work relationships, as well as the transfer of ownership.

succession and generational change in terms of managing the family business (managerial succession) and in terms of assets (transfer of ownership). Generational change and the transfer of assets are key to the continued functioning of the family business. Its successful management is a prerequisite for the sustainability of the family business and its further development.

The call received 47 applications from family businesses from all over Slovakia. The selection commission approved 19 applications. All successful applicants were supported from August to the end of December 2022. Support was again provided in the form of professional consulting services without co-financing by firms. 33 experts - specialised external collaborators of the SBA - were involved in the provision of advice. By the end of the year, a further 2 579 consultation hours had been completed.

The financial quantification of the aid granted to the supported family businesses (51 SMEs in total) amounted to a total of EUR 478,750 in 2022.

Figure 4 Areas of support as part of professional consulting for supported family owned businesses



- management skills,
- business skills,
- professional skills,
- the area of communication skills,
- dealing with the impact of the crisis on the family business, in the context of the spread of COVID-19.

Source: SBA

Note: **Management skills** - developing family business capability, managing the family business and people, setting career development plans for key family members and senior management of the business. **Entrepreneurial skills** - sustaining and growing the business, supporting generational change and company development, setting up long-term planning. **Professional skills** - streamlining family business processes, defining and implementing succession strategies. **Communication skills** - focused on internal communication in the family business (executives, employees, family members) as well as external communication (employee selection, institutions, business partners and customers, handling internal challenging situations and conflicts, setting the corporate culture).

• **Supporting start-ups**

In 2021, the SBA continued to support startups in accordance with the Minimum Assistance Scheme: Startup Support Scheme (DM-16/2021)¹⁷⁶, through the provision of indirect support under the three components listed in the table below.

¹⁷⁶Scheme DM-16/2021 was published in the Commercial Gazette 109/2021 on 08.06.2021.

Table 43 SBA: support for SMEs through a programme and scheme to support startups in 2022

Component 1	Component 2	Component 3
<p>As part of Component 1 a non-direct support is provided in the form of organizing educational activities, arranging the participation of persons interested in starting their own business and those who have just started their own business in both national and international events focused on innovation, technology and start-ups, and customized expert advisory services.</p> <p>In 2022, support under this component was provided to 4 beneficiaries (SMEs). Innovative companies were the most interested in attending events in Europe in 2021 (86 %).¹⁷⁷</p>	<p>Under Component 2, indirect support is provided in the form of consultation and expert advice.</p> <p>Two application rounds were again held in 2022. The commission approved the granting of aid to 10 applicants (10 SMEs and 1 NP, who eventually did not use the aid due to the establishment of a company). In this year's program, similarly to last year, the recipients were most interested in the completion of a functional prototype/completion of product development, and in second place we also register a high interest in experts in the field of marketing, namely the development of marketing strategies and testing of the idea with real potential clients.</p>	<p>As part of Component 3 indirect support is provided in the form of consultancy, advisory services related to internships and expert evaluation of Applications (projects) and in the form of foreign internships provided to entrepreneurs who have just started their own business.</p> <p>Component 3 was not implemented in 2022.</p>

Source: SBA

With regard to the above information, only Component 1 and Component 2 of the Programme and Schemes for the support of startups were implemented in the reference year of 2022, while the total disbursement for the supported entities from the range of small and medium-sized enterprises (namely 14 SMEs¹⁷⁸) was EUR 324,959.74.

• **Supporting successful business practice**

The main goal of supporting successful business practice (PUPP) is to indirectly participate in creating a favourable business environment, to support the creation of not only new businesses but also start-ups (especially in the field of technology and innovation) and to develop awareness of business as an attractive and advantageous alternative to work among the general public.

Figure 5 Focus on supporting successful business practice



- stimulation of business ambitions,
- development of business skills,
- promotion of successful entrepreneurs and their companies, products or ideas,
- public-private partnerships and initiatives to support business development and entrepreneurial thinking.

Source: SBA

By means of the above activities, various projects are supported in particular in the following form:

- organization and co-organization of events, conferences and other activities aimed at **presenting examples of successful business practice**,

¹⁷⁷For events to Asia, 7 % of applicants applied, and 7 % were interested in attending startup events to the US.

¹⁷⁸In the period from 1 April 2021 to 31.12.2021.

- organization and co-organization of **information campaigns** and provision of the necessary media space,
- organization, co-organization and promotion of **professional and information events/webinars** focused on business issues,
- organizing and co-organizing of **competitions, meetings with investors and business angels** (e.g.: Young Innovative Entrepreneur, Slovak University Startup Cup 2021) and others.

In 2022, the SBA implemented and/or co-organised more than 30 projects and activities for a total amount of EUR 186,511.51 in the framework of Supporting Successful Business Practice.

Activities carried out in 2022 in which SBA was a partner or performed them itself include:

Via Bona Slovakia

In 2022, the Pontis Foundation organized another edition of the event, where awards are given to companies for their responsible and inspiring approach to business and corporate philanthropy. The main objective of the event is to raise the awareness about the examples of responsible business and to inspire the general public to think about responsible business from the very beginning of their own business.

SlovakiaTech Forum – Expo

The multi-day event focused on news from the world of innovation, technology and Industry 4.0 is held annually in the autumn in Košice. The main objective was to bring together Slovak and foreign experts in the field of innovation in industry, industrial technology, transport and logistics, energy, environment and education, and to create a space for the presentation of innovative projects and keynote presentations of successful entrepreneurs. The public also had the opportunity to listen to discussion forums at the event, from which they could learn practical ways to succeed in the business environment.

3rd International Congress of Family Businesses

In September 2022, an event focused on family business was also supported, namely the 3rd International Congress of Family Businesses, which helps to raise the profile of family business in Slovakia as an important group of business entities with a significant contribution to society. The aim of the congress was to professionalize the management of family business and to create a space where future entrepreneurs meet with family entrepreneurs from all over the Slovak Republic.

Perspectives of trade business

On the occasion of the 30th anniversary of the adoption of the Trade Licensing Act and the establishment of trade business in the Slovak Republic, a professional conference was held, the main objective of which was to promote good examples of business practice and to improve the availability of information on trade business. The organizer of the event, the Slovak Craft Industry Federation, strives to improve the social status and social protection of tradespeople, who form an important part of the country's economy.

Young innovative entrepreneur

Every autumn, the SBA supports an event organized by the civic association JCI-Slovakia. The aim of the event is to encourage young people to start a business in Slovakia, as well as

creativity and to support application of new approaches and technology in the field of business.

Podcasts on competences for the 21st century

Entrepreneurial competence or entrepreneurship is one of the key competences for the 21st century. The common denominator of all competences is that the vast majority of them give priority to soft skills that can be developed at any age. There is a lot of debate about them these days, yet many people have different ideas about what entrepreneurship actually means. We have therefore decided to approach them on the basis of podcasts with interesting and especially competent people, which you can listen to as an audio recording or video recording via the YouTube page. The most listened topics are: Praising a staff member who has worked 14 hours is a very poor benchmark for the whole team. It is important to bring not only critical thinking but also media literacy to schools.

Other supported projects included publications: Succession in family businesses - how to get started, First employee - employer's obligations. There are also events such as Guild Days 2022; Slovak University Startup Cup 2022; Folk Arts Crafts 2022; Metro ON Line 2022, Student Entrepreneurship Award 2022, International Fair of Training Companies, Future of Engineering Production, European Researchers' Night, Catching the Investor and many others.

• Supporting the digital economy

Activities undertaken to promote the internet economy (IE) were an effective tool for training and informing the general public on the use of online tools. They have also contributed to improving online skills, which are now an essential part of doing business. The events in this programme are designed for anyone interested in business in the online world. They focus on information on how to support potential entrepreneurs using Internet tools in their business and its development, or how to train future entrepreneurs in the use of Internet tools.

As part of its support for the Internet economy, the SBA not only creates educational content on the www.podnikaj.online website, organizes events where new information about doing business in the online space can be obtained, but also financially supports topics and projects that show the general public what digitalization and the Internet economy mean in practice and what benefits it brings. This website underwent a complete overhaul in 2022. The general public will have access to a number of expert articles and tutorials in the categories of: how to get started, how to grow, cybersecurity and digitalisation.

In addition to these articles, the website contains four e-books focused on social networks, crowdfunding, content marketing in a nutshell and a beginner's guide to e-shopping.

The SBA supported one event for EUR 3,000 in 2022 as part of Supporting the Internet Economy. Most of the activities and funding were focused on the technical and content update of the website, but the funds were not spent on this project until 2023.

Figure 6 Promoting the Internet economy: providing services aimed at using e-commerce tools and developing electronic services



- information activities;
- activities to promote and popularise the internet economy;
- creation of tools for the introduction of electronic services;
- creation of electronic platforms.

Source: SBA

• **Support for entrepreneurship education**

In 2021, the SBA also added activities to its portfolio to support entrepreneurial education¹⁷⁹. The aim of these activities was to build entrepreneurship and entrepreneurial skills across all levels of education. These activities are intended for kindergarten children, primary school pupils and students of secondary schools and universities, as well as teaching staff. Building entrepreneurship and the soft skills needed for the 21st century, which include in particular creativity, critical thinking, seeing opportunities, and complex problem solving, is implemented in this target group through project plans.

In 2022, 2 calls for support for entrepreneurship education were announced, for which a financial amount of EUR 250,000 was allocated.

The “spring” call for support of entrepreneurship education, which was announced in June last year, received a total of 40 project plans - 32 evaluated by the Commission, among which 13 projects were awarded subsidies for the implementation of activities to support entrepreneurship education across all levels of education, which were supported by a total amount of 147 029 EUR. The maximum amount that was available for the implementation of the project plan was EUR 10,000 or EUR 20,000, depending on the type of activity chosen. The implementation of the supported activities took place between October 2022 and March 2023.

The “autumn” call for support of entrepreneurship education, which was announced in September last year, received 34 project plans - 33 evaluated by the Commission, among which 12 projects received subsidies for the implementation of activities to support entrepreneurship education across all levels of education, namely 1 project each to support children in kindergartens, students of secondary schools and students of universities, 2 projects to support pupils of primary schools, 3 projects to support teaching staff, but also students of primary and secondary schools and 4 projects purely for the support of pedagogical or professional staff. The maximum amount that was available for the implementation of the project plan was EUR 30,000. The project plans in this call were supported with a total amount of EUR 102 696. The target groups of the approved projects are kindergarten and primary school pupils, secondary and university students, as well as graduates, teachers and teaching staff. The implementation of the supported activities took place between January and March 2023.

Examples of projects implemented in 2022 include:

¹⁷⁹Through the Entrepreneurship Training Support Scheme (DM-9/2021). Call for applications for support under Component 1(a) of the Entrepreneurship Training Support Scheme - Entrepreneurship Training Courses that focus primarily on the development of entrepreneurial skills, competencies and potential of the target group. This is direct aid (subsidy) which is intended for project plans.

- **21 Heroes (“21 Hrdinov”)** - the aim was to create a modern and attractive educational program that will contribute, on the one hand, to the mobilization of active students of different grades and their teachers in one high school, thus synergizing the creative and entrepreneurial potential of the school and, on the other hand, contribute to the personal development of the students and teachers involved. During the programme, the students, under the guidance of the facilitator, created 3 school development projects aimed at improving the atmosphere or image of the school.
- **A trade in hand finds gold in every land (“Remeslo má zlaté dno”)** - the intention was to create a craft corner in the premises of the kindergarten, where children, under the guidance of trained staff, as well as experts from individual areas, could realize their creative potential and translate it into a concrete product. The resulting products were then offered at the nursery fair, thus gaining experience with the financial evaluation of their own work, with the organization of such an event, the presentation of products, and at the same time they received feedback in the form of a financial sum, which they could use for pre-selected purposes.
- **Modern Teacher Development Pathway** - a project aimed at teachers who had the opportunity to gain through this activity practical experience with interactive forms of teaching, including, for example, working with mind maps, word clouds, teaching on the basis of their own story, which increase creativity in pupils. Through trainings they tried how to develop social-emotional intelligence in children, how to create a healthy relationship with children and strengthen cooperation between them. The aim of the project was for the teacher to awaken his own creative way, thanks to which his/her activities will be original and the pupil will leave not only with new knowledge, but also with the experience or personal experience that he himself contributed to the creation of the content of the activity.
- **Basics of active agriculture in primary school** - the project was aimed at learning about economic models related to sustainable agriculture and their application in practice. Through it, the 2nd grade pupils of Jolly HOMESCHOOL Primary School have learned new economic skills and will gain the ability to effectively and responsibly plan, implement and evaluate their independent farm business. The purpose of this training was to introduce students to the field of social farming and holistic management, which is one of the main keys to a sustainable economy in the current environmental crisis.

- **Building the business environment through business environment monitoring**

The SBA continued to monitor the business environment in 2022. Accordingly, in the year under review, the following were planned or implemented:

Figure 7 Monitoring of the business environment and activities to be implemented in 2022



- continuous monitoring of the business environment,
- processing analyses and surveys, creating and maintaining a data base of SME indicators,
- mapping the actual SME condition and situation from the point of view of applying the SBA initiative principles,
- identifying and analysing the barriers hampering the development of SMEs' business activities,
- comparing the situation in SR with business conditions in other countries (with an emphasis on the neighboring EU countries).
- identifying suitable examples of measures to be transferred to the environment of SR.

Source: SBA

In the reference year of 2022, a number of reports, analyses and information materials were prepared to assess the quality of business in Slovakia in terms of the SBAfE agenda and the application of the Think Small First principle. The regular published analytical outputs included, for example: “The establishment and disestablishment of small and medium-sized enterprises in Slovakia”, “Small and medium-sized enterprises in figures”, or “Analysis of the gender and age composition of NP - entrepreneurs” and others. The preparation of irregular outputs in 2022 was partly focused on the outbreak of the COVID-19 pandemic and the ongoing war conflict in Ukraine. That is why the Agency issued the document “Analysis of changes in the labour market and employment of foreigners in Slovakia in 2019 - 2021”. The SBA also focused in part on the issue of e-commerce, particularly because the pandemic has changed some of the shopping habits of Slovak citizens. The result is the analysis “Operation of e-shop in the conditions of the Slovak Republic”. Topics such as “Comparison of national recovery and resilience plans of selected EU countries”, “Current conditions of disguised labour relations in Slovakia”, etc. were further elaborated.¹⁸⁰ Information materials are also published which in 2022 have been concentrated on introducing the main legislative provisions and obligations. Since 2019 the published information materials also include thematically structured documents. In addition, the Entrepreneur's Calendar is published on a monthly basis, which provides information on current tax and levy obligations arising from acts on a monthly basis.

During 2022, the SBA managed to organize two regional events, which took place on June 2 in Prešov and June 7 in Trenčín, this time on the theme: Employment in SMEs in the context of labour market changes. The labour market is an important part of the functioning of any country's economy. Every year, the labour market is subject to developments and changes, which are reflected in the various labour offers, labour demand, as well as in the labour requirements of companies. During the events, the impact of the current developments in Ukraine, the pandemic or the recent BREXIT on the employment of EU workers and foreigners from third countries from the point of view of small and medium-sized enterprises was also discussed. Representatives of SMEs, labour agencies and organisations supporting managed migration and integration of foreigners accepted the invitation. At the same time, an event focused on the topic “E-shop in the conditions of the Slovak Republic” took place. The event was held on 20 May 2022 online. The aim of the short discussion event was to identify barriers to e-commerce in general and also with an emphasis on selected regulatory aspects. Attention was also paid to the impact of the COVID-19 pandemic on the business activities of the participating e-shop representatives.

Comprehensive information on outputs, activities and events is available on the website www.monitoringmsp.sk.

• **BCR activities**

The year of 2022 was the seventh year of operation of the SBA's analytical and legal department in question, which was set up to meet the objectives of the Better Regulation agenda for micro, small and medium-sized enterprises (under the European Commission's “Small Business Act” for Europe together with the Recommendation of the OECD Regulatory Policy and Governance Council - “Better Regulation”).¹⁸¹ The motto

¹⁸⁰More information on some selected conclusions from the analyses carried out can be found in section 4.1.

¹⁸¹The CLR presented the outputs of individual activities not only on its website www.lepsiezakony.sk or via social networks (Facebook + LinkedIn) but also in the media. In addition, BRC also participated in conferences and seminars with an emphasis on business issues in Slovakia, actively participated in discussions at these events and regularly provided information about their content.

accompanying the agenda is to create regulation rules according to the “Think Small First” principle, i.e. that the public administration authorities should respond to the needs of SMEs and adapt the public policy tools to their needs. In 2022, the effects of the COVID-19 pandemic were reverberating, but the main event of the year was undoubtedly the war in Ukraine, which had a major impact on the development of legislation to minimize the damage to businesses resulting from the sanctions imposed on the Russian Federation, especially on the import of key energy raw materials.

Member of the Permanent Working Commission for the assessment of selected impacts

Considering the membership in the Permanent Working Commission for the assessment of selected impacts in the Legislative Council of the Government of the Slovak Republic (hereinafter referred to as “Permanent Working Committee”), the BRC covers the assessment of the impact on SMEs in accordance with the conditions set out in the basic procedural document, adopted in the form of a resolution of the Government of the SR - the so-called Uniform methodology for assessing selected impacts. The year 2022 brought significant positive changes in the Unified Methodology, the aim of which is to reduce bureaucracy and costs of the business environment - with effect from 10 June 2022, an **ex-post evaluation** of the effectiveness and reasonableness of existing regulations entered into practice, the aim of which is to evaluate regulations, or provisions of legislation, after a certain period of their operation in the environment, whether they meet the purpose for which they were adopted, what are their actual impacts and whether unintended consequences, unforeseen at the time of their creation, did not occur during the operation of the regulations in the environment. With effect from 31.12.2022, a reform called **protection against unjustified goldplating** has also entered into force, the aim of which is to prevent the unreasonable extension of the content of national legislation beyond the minimum requirements of EU legislation. Pursuant to the amendment to the Legislative Rules of the Government of the Slovak Republic (approved by Resolution of the Government of the Slovak Republic No. 787/2022), the submitter of legislative materials will identify in the table of concordance, which will begin no earlier than 1 January 2023, whether the transposition of the Directive involves the use of goldplating and, if so, will identify its category and in which areas goldplating has an impact and define this impact. At the same time, the submitter shall justify the goldplating in terms of its merits in the concordance table and provide the additional information required concerning its characteristics. Where a bill proposes goldplating in implementing a regulation of the European Union or a decision of the European Union, the scope of such implementation shall be specifically assessed in the general part of the Explanatory Memorandum. Pursuant to the changes to the Unified Methodology valid and effective from 31.12.2022 (Government Resolution No. 383/2022), the Ministry of Economy of the Slovak Republic will carry out colour differentiation of the informative consolidated text of the legislation in the framework of the preliminary comment procedure, so that provisions or parts thereof are distinguished by colour in categories which have impacts on the business environment, which are the transposition of EU law in its minimum extent (blue colour) and which are forms of goldplating (red colour). The colour-coded informative consolidated text of the legislation will subsequently be submitted by the submitter as a separate annex to the material submitted to the inter-ministerial comment procedure. This approach aims to make the process of preparing the transposition or implementation of EU legislation more accessible and transparent.

SME Impact Assessor



During 2022, the CLR considered information on the preparation of the material on a daily basis, identified the need to carry out consultations with affected businesses on the basis of requests for detailed information (in the form of specific questions) on the content of the material, which the CLR subsequently actively participated in. In cooperation with business organizations representing MPS the CLR submitted proposals for alternative solutions already during the preparation of materials, which were mainly based on the principle of "think small first", the principle of reducing administrative burdens and financial burdens, as well as best practices example from foreign legislation. As part of this process, the BRC took into account, in particular, the suggestions of the Entrepreneurs Association of Slovakia, the Slovak Craft Industry Federation and other business organizations, as well as freely available suggestions from the business community.

As part of its competence entrusted to it by the above-mentioned legal acts, it assessed the actuality of the recorded impacts in all prepared Business Environment Impact Assessments and provided a total of 147 opinions, while 42 of the opinions contained proposals for better inclusion of the effects of the new regulation on the business environment.

From a factual point of view, the BRC actively participated, on its own initiative, in the content commenting of proposed new regulations (consultations). It was subsequently invited to discuss the points of proposed regulations, resulting in the incorporation of some important BRC suggestions into the proposed regulation's own material. This it has succeeded to some extent in reducing the negative regulatory impact on SMEs. As part of the consultation process for the project of the Ministry of Investment, Regional Development and Informatization of the Slovak Republic (MIRRI SR) "Entrepreneur's Living Situations", CLR contributed almost 20 proposals to improve business conditions. The CLR also managed to achieve a reduction in the requirements necessary to obtain the designation "registered family business" in the controversial proceedings with the Ministry of Labour, Social Affairs and Family of the Slovak Republic (MPSVaR SR) on the regulation of family businesses.

SME test administrator



As part of the tasks entrusted by Act No. 290/2016 Coll. on the support of small and medium-sized enterprises and on the amendment of Act no. 71/2013 Coll. on the provision of subsidies within the competence of the Ministry of Economy of the Slovak Republic as amended and the Unified Methodology the BRC assesses the impacts, among other things, through the SME Test *ex ante* (i.e. in advance, in the preparation phase of the regulation) and *ex post* (i.e. subsequently, the so-called cost and benefits analysis of the already effective regulation). In 2022, the CLR developed one SME Test in the *ex-post* phase. The SME test on Act No. 61/2015 Coll. on Vocational Education and Training dealt with the current system of vocational training and education (VET) in Slovakia and evaluated its effectiveness with regard to the needs of employers. The SME test identified problematic aspects that need to be addressed in the further development of VET and offered a number of potential solutions in order to increase the availability and quality of skilled labour in key sectors of the national economy and thus contribute to economic growth.

Expert consultant for the Bureaucratic Nonsense of the Year project



The CLR has professionally assessed a total of 67 complaints delivered by citizens to the Bureaucratic Nonsense of the Year survey for 2022. The BRC also assessed the impact of the survey. The complaints of approximately one half of the finalists of the 2012-2022 survey were resolved or partially resolved. The assessment also includes the preparation of proposals for substantive measures to optimize the regulatory burden. The BRC also analysed the individual legal institutes burdening SMEs outside the polls, in which case the initiative was based on business representatives or on its own research activity. Legal support for specific cases was provided to the founders of SBA - the Entrepreneurs Association of Slovakia and the Slovak Craft Industry Federation.

Other activities



In addition to the above-mentioned activities, in 2022, marked not only by the COVID-19 pandemic, but especially by the war in Ukraine, the CLR monitored on a daily basis the measures taken by the government to inform entrepreneurs, not only from the SME sector, about the possibilities of assistance for their business, and the CLR also informed entrepreneurs about these current measures through social networks and its website. In the wake of the Russian invasion of Ukraine, the CLR published 3 briefing papers, the first two on the employment and business of third-country nationals in Slovakia and the last one providing a clear list of all sanctions imposed by the EU on the Russian Federation and Belarus.

In 2022, the CLR also produced the Better Regulation in the SME Sector Annual Report 2021, which provided an assessment of the CLR's activities in 2021, an evaluation of the implementation of the Better Regulation principles in the development of legislation, as well as proposals to improve the regulatory framework and reduce the regulatory burden on SMEs.

The CLR has developed concrete proposals for measures under the so-called **Post-brexit Adaptation Reserve** to reduce the negative impact of the UK's departure from the EU on Slovak businesses. During 2022, the CLR also created the content of the **Biznisinfo application** of the Association of Entrepreneurs of Slovakia, which is a unique platform aimed at informing entrepreneurs about the latest legislative news.

Slovak Investment and Trade Development Agency (SARIO)

Agency receiving contribution from the state budget and is under the auspices of the Ministry of Economy of the Slovak Republic which is focused on supporting the inflow of investments and supporting export activities of Slovak companies. It provides services to small and medium-sized enterprises from Slovakia and abroad interested in investments or internationalization. Through the National project “Support for the internationalisation of SMEs” under the measure (OP Integrated Infrastructure, area Strengthening the competitiveness and growth of SMEs), 786 SMEs were supported in 2022¹⁸². In the monitored year 2022, the actual use of funds for the supported SMEs was at the level of EUR 2,100,014,50. In terms of the monitored target group of SMEs, the support is intended for SMEs with the exception of enterprises based in the Bratislava region and is targeted at strengthening the competitiveness of SMEs, increasing skills through the presentation of

¹⁸²In terms of all SME participation in NP events.

SMEs at events abroad, as well as increasing exports and increasing skills through pro-export consulting.

SMEs are supported through the following activities:

- supporting the participation in **national stalls at foreign fairs and exhibitions**,
- enhancing the effectiveness during performance of business activities through participation in **business missions both in Slovakia and abroad**,
- enhancing the cooperation with foreign partners which would lead to strengthening the position, sustainability and competitiveness of SMEs through participation in **sourcing and cooperation events**,
- increasing the expert capacities of SMEs through participation in **seminars of the Export Academy**,
- making the situation in the supply chains of individual industries in Slovakia more transparent.

In the context of the implementation of the NP “Support for the internationalisation of small and medium-sized enterprises”, SARIO organised a total of 14 national stands at international exhibitions abroad (in territories such as the United Arab Emirates, Germany, France, Norway, the Czech Republic and others) in 2022. More than 128 Slovak companies from various sectors of the economy had the opportunity to present their production activities in a joint exhibition under the visual GOOD IDEA SLOVAKIA brand. The companies had a total of more than 4,000 bilateral meetings with potential business partners. In 2022, SARIO also carried out 8 business missions abroad and 1 business mission via an online platform. The aim of the business missions was to introduce Slovak companies to the foreign market, to present opportunities for trade and investment in the country and to establish closer cooperation with foreign partners. Participants of the business missions had the opportunity to attend more than 750 bilateral meetings. SARIO also dealt with 26 sourcing inquiries from multinational companies (e.g. from Hungary, the Czech Republic, Switzerland, Sweden and other countries) within the framework of the NP in 2022. In more than 55 cases, SMEs responded positively to cooperation offers and asked SARIO to present their production profile to a foreign client in order to start negotiations on potential business cooperation. In the second half of the year, in total of 12 cases a personal visit to the production facility of the SME company was made directly by the representatives of the foreign client, in order to personally contact and fine-tune the details of mutual cooperation, on the possible involvement of Slovak SMEs in their supply chains.

As part of the event organisation and within the framework of the Export Academy, 19 webinars and one face-to-face seminar were organised in the Žilina region in 2022, attended by a total of 494 small and medium-sized enterprises. The thematic focus ranged from customs, tax, direct marketing and e-commerce to topics focused on selected territories such as China, Austria, Germany, Poland, Slovenia and Croatia.

The largest interest on the part of SMEs was in the topic of INTRASTAT, then in the issue of changes in tax legislation and VAT, but also in the current topic dealing with the obligations of exporters and importers in the waste management.

The added value of the organised webinars consisted mainly of information from practice, explanation of the issues using concrete examples and last but not least experienced lecturers who were always able to respond promptly to the questions of the participants and thus help them to get better orientation in the given issue.

The aim of the Export Academy is to increase the level of knowledge of techniques and practices in the field of foreign trade of Slovak SMEs among the exporters, and thus to support their further expansion into new and riskier foreign markets. The Export Academy's pro-export seminars focus on "hard skills", i.e. techniques and operations in foreign trade, as well as "soft skills", e.g. negotiation skills in dealing with a foreign partner, communication, presentation and cultural differences and customs in the territories of interest. The Export Academy also includes consulting based on shared information, practical trainings and successful examples from practice.

The Office of Standards, Metrology and Testing of the Slovak Republic (ÚNMS SR)

- which is the central body of the state administration for the field of technical standardization, metrology, quality conformity assessment and accreditation of conformity assessment bodies, develops the concept of state policy and carries out methodological activities, as well as supervises the implementation of tasks in the field of standardization, metrology, quality, conformity assessment and accreditation of conformity assessment bodies. In 2022, the ÚNMS SR implemented the set tasks aimed at supporting SMEs in Slovakia only from the approved funds of the budget chapter. In addition to the activities usually carried out, based on the competences, the ÚNMS SR has managed to take a number of significant steps that have a positive impact and support SMEs. In technical standardisation, the following was achieved: reduction of the time of making Slovak technical standards (hereinafter referred to as "STN") available without translation for direct use by 59 days compared to 2021; reduction of the time of making STN available in the national language to 13 months after the European or international standard was made available; achievement of the highest percentage of translated STNs in the last few years (11.91 %); recruitment of 6 new processors and 5 experts to European and international working groups with the aim of support of the business environment in the framework of the national and international legislation.

Within the framework of metrology, the amendment to the Act reduced the administrative burden for business entities and equalised the position of entities carrying out verification of designated measuring instruments, rationalised and streamlined the collection and imposition of fines, and introduced the institute of statistical control of designated measuring instruments. The list of authorised persons was digitised with the publication of issued decisions in order to increase the awareness of the professional and lay public.

Subordinate institutions such as the Slovak Metrology Institute carried out educational events and the Slovak Metrology Inspectorate assessed fines more leniently in the past year and, in view of the energy crisis, issued fines at the lower limit of the rate in administrative proceedings. It increased the repayment option for the penalties imposed from 15 to 60 days.

The Industrial Property Office (IPO SR) through the Information Centre, which it has been operating since 2006, carries out expert consultancy activities. In 2022, the Office's Information Centre handled more than 4,800 requests for information. The information centre also provides various types of searches that help to convey specific information on industrial rights to the client. In 2022, 301 EUTM background searches, 1155 background searches (patent searches, design searches, trademark searches and bibliographic searches) and 15 patent searches with commentary were carried out. IPO SR provides a service named "Pre-diagnostics of industrial property rights" to SMEs. The task of the pre-diagnostics is to provide basic information from the area of industrial property rights protection so that the companies can create a basic strategy in this area as well. The target group includes micro-enterprises, small and medium-sized enterprises, which, as a result of lack of knowledge, do not take advantage of industrial-property protection. 35 SMEs from around the whole country were provided the service in 2022. Through its partners – information and advisory points of the Office for Innovation, INNOINFOs, IPO SR tries to make SMEs familiar with industrial

property rights protection. INNOINFOs are established in business incubators, regional advisory and information centres, in regional departments of the SOPK and in technical universities.¹⁸³ In 2022, the IPO SR also continued to educate students, academics and entrepreneurs about the importance of intellectual property protection. Due to the situation associated with COVID-19, a total of 3 exhibitions, 2 lectures for high schools, 2 lectures for colleges and 2 online lectures for universities could be realized. There was also 1 online lecture for the Office of the Slovak Academy of Sciences.

In 2022, the **Agroinstitute Nitra** had a cooperation contract with the Ministry of Agriculture of the Slovak Republic financed from the state budget for a total amount of EUR 47,565. The contracted activities included the management of the Farm advisory system, the operation of the information system for the Farm advisory system and the implementation of the Common Agricultural Policy and legislation in agricultural practice through training. There was also the implementation of training programmes related to SME development. In addition to technical articles in the field of agriculture, there were for instance 80 educational activities attended by 2,611 people. The following are relevant for SME development:

For young farmers who have not completed secondary or higher education with an agricultural, food or veterinary background, applying for an increase in the direct payment, a course on the basics of business and support measure a in the agro-sector was conducted, which was attended by 172 young farmers. Two courses were conducted to obtain the qualification to operate a distillery plant for the cultivation of fruit, which was attended by a total of 31 persons. The course duration is 80 hours. The course is accredited by the Ministry of Education, Research and Sport of the Slovak Republic.

In 2022, the Agricultural Institute in Nitra also completed the Rural Development Programme 2014 - 2022 Measure 2 Advisory services, sub-measure 2.3 - Support for the training of advisors. The project provided training for agricultural advisors, their examination and subsequent registration in the Central Register of Agricultural Advisors of the Slovak Republic. In 2022, 52 agricultural extension agents were involved in the project. The aim of the project was to create qualification prerequisites for the performance of advisory services in agriculture by training and subsequent certification of advisors.

In 2022, the project Education of young farmers contributing to generational change in the agro-industry was launched. The aim of the project is to facilitate the entry of farmers with appropriate skills into the agricultural sector, generational change, as well as the transfer of knowledge and innovative capacity in the agricultural sector among emerging and young farmers, and the related strengthening of the competitiveness of the agricultural sector, the creation of new jobs and rural development.

As of 1 January 2023, the AgroInstitute Nitra was transformed into the Institute of Knowledge-based Agriculture and Innovation and merged with ARVI.

The Ministry of Foreign and European Affairs of the Slovak Republic (MZVEZ SR) supported small and medium-sized enterprises through a **project scheme of economic diplomacy**, which contributes to strengthening the export performance of the Slovak economy and the internationalization of SMEs. The year 2022 marked an easing of anti-pandemic measures, which had a positive impact on the intensification of economic diplomacy activities. The Export Academy also includes consulting based on shared information, practical trainings and successful examples from practice.

¹⁸³Five regional chambers of SOPK - Bratislava, Trenčín, Banská Bystrica, Prešov and Košice - are currently partners of IPO SR within INNOINFO. IPO SR actively cooperates also with other regional departments which are not included in the network but they expressed their interest in becoming its members in the future.

As the first point of contact for entrepreneurs, the Business Centre of the Ministry of Foreign Affairs of the Slovak Republic processed more than 1,000 telephone and e-mail enquiries in 2022.

In 2022, 36 economic diplomacy projects with a total value of EUR 179,657.53 were implemented, involving 305 SMEs. SOPK in cooperation with the Ministry of Foreign Affairs of the Slovak Republic and the Slovak embassies implemented four projects in the value of 31,382.16 EUR. A total of EUR 211,039.69 was spent on economic diplomacy projects.

The flagship among the Business Centre's profile events in 2022 was the second edition of the **Export Forum** - a well-established economic diplomacy platform designed primarily for Slovak exporters, allowing them direct personal contact with *economic diplomats and other government actors*. *Representatives of 145 SMEs at the event conducted 415 consultations with economic diplomats.*

In 2022, the Business Centre of the Ministry of Foreign Affairs of the Slovak Republic continued to organize events from the **From Regions to the World (ZRDS)** series, presenting an interactive presentation of the offer of cooperation for small and medium-sized enterprises, with the aim of increasing the involvement of the private sector, small and medium-sized enterprises, manufacturing companies, scientific and educational institutions from individual self-governing regions in foreign activities organized by the Ministry of Foreign Affairs of the Slovak Republic. In 2022, 4 events from the ZRDS cycle took place (Nitra Self-Governing Region, Prešov Self-Governing Region, Banská Bystrica Self-Governing Region, Košice Self-Governing Region), which were attended by a total of 209 SME representatives.

Under the auspices of the State Secretary of the Ministry of Foreign Affairs of the Slovak Republic Ingrid Brocková, the Business Centre of the Ministry of Foreign Affairs of the Slovak Republic continued to organise **Innovation Days** in 2022. These are regular visits of foreign ambassadors accredited in Slovakia to Slovak innovative companies and scientific research institutions with strong international potential with the aim of supporting the expansion of Slovak innovations abroad. In 2022, 10 Innovation Days were held, featuring 16 companies.

Starting in 2022, **Business Days** for economic diplomats will be organised on a monthly basis, always focusing on a specific selected manufacturing or service sector. Four Slovak export companies are usually presented at each Business Day. In 2022, 10 Business Days were held with participation by 37 Slovak companies.

Through the **Business Partnerships Programme** (SAIDC), 3 businesses in the SME size category (including 2 micro businesses and one small business) were supported in 2022. The actual use for the supported SMEs amounted to EUR 375,304.63 (of which micro and small enterprises benefited from EUR 246,604.37 and EUR 128,700.26 respectively). All the resources were covered by the state budget. These instruments seek, among other things, to progressively motivate entrepreneurs to undertake larger private sector development projects, as well as to gain experience under UNDP's tied programmes that can be used when engaging in general tendering by international organisations.

Through the **United Nations Development Programme** (Partnership for Effective Solutions in Development Cooperation focusing on the Sustainable Development Goals "SDGs") supported by the Ministry of Foreign Affairs of the Slovak Republic (through the Slovak Challenge Fund¹⁸⁴) in 2022 continued the implementation of four projects of Slovak

¹⁸⁴The earmarked UNDP programme "Slovak Challenge Fund" aims to bring together the business sector of the Slovak Republic in sustainable development in selected partner countries (Moldova and North Macedonia)

companies in the field of green economy, supported on the basis of the results of the call from 2021, whereby 4 SMEs (of which 4 micro-enterprises) were supported. The actual uptake for the supported enterprises was EUR 62 333,40. At the same time, two projects were approved in 2022.

Area of improving the business environment

Young Entrepreneurs Association of Slovakia (YEAS)

The activities of the Association of Young Entrepreneurs of Slovakia in 2022 were mainly focused on the following areas:

1. Professional activities related to facilitating the entrepreneurship of minors
2. Educational and networking events
3. Identification and removal of barriers to young people's entrepreneurship

In 2022, YEAS organised several professional and networking events and also continued to organise the Business Walks event held in Nové Zámky. Representatives of the association also participated in the FIN 2022 event.

In the area of legislation and the business environment, YEAS continued to announce the annual Bureaucratic Nonsense of the Year survey and to operate the BiznisInfo application, which will alert users to changes in their legislative responsibilities in a timely and common manner. Particularly during the pandemic, when many of the measures and legislative changes were adopted in abbreviated procedures, it was a sought-after support tool.

At the same time, YEAS actively collaborated on proposals for measures to improve the business environment and accentuate those that are a priority from the point of view of young entrepreneurs.

• Entrepreneurs Association of Slovakia (EAS)

The Entrepreneurs Association of Slovakia protects entrepreneurs against restrictions of their rights and freedoms and prevents any political and economic measures leading to deterioration of an equal market business environment. In 2022, EAS carried out the following activities:

Commenting on legislation and making the economy more competitive



EAS is concerned about the long-term restriction of business freedoms, increase of the financial burden on business and the increase in regulation, which make it harder to do business. EAS has therefore been actively involved in drafting legislation with an emphasis on protecting business freedoms, reducing regulation and simplifying the regulatory framework.

EAS also welcomed the activities of the MH SR related to the introduction of systemic instruments to reduce the regulatory burden, which it cooperated in the preparation of, and whose functioning in practice is consistently evaluated. EAS focused its attention not only on regulations at the national level, but also at the level of local governments and at the EU level, because given the broad impact of decisions taken at the EU level, it is increasingly important

through the implementation of innovative Slovak ideas with potential for growth and replication across sectors and regions.

for companies to be involved in the process of developing regulations before they are adopted and implemented.

EAS representatives were also actively involved in the discussion on increasing the competitiveness of the Slovak economy and the effective use of resources from the Slovakia's recovery and resilience plan, especially within the Slovak Government Council for the Slovak Recovery and Resilience Plan and the Slovak Government Council for Competitiveness and Productivity, which was established for the purpose of improving internal competitiveness and productivity, the business environment, promoting investment and innovation in the domestic economy, as well as international competitiveness, including the promotion of exports, foreign investment, and international cooperation in the field of innovation.

Conflict in Ukraine and the energy crisis

In 2022, EAS devoted significant attention to addressing topics related to the sharp changes in energy prices and addressing the wide range of impacts of the conflict in Ukraine on business entities in the Slovak Republic, as well as the involvement of Slovak business entities in the post-war reconstruction of Ukraine.

Bureaucratic Nonsense 2022



EAS was the expert guarantor of the annual Bureaucratic Nonsense the Year survey. It is an anti-award announced by the Young Entrepreneurs Association of Slovakia. The aim of the survey is to identify unreasonable bureaucratic measures unnecessarily burdening entrepreneurs and to draw the attention of the competent authorities to them in order to remove them from the legislation. Of the 57 measures nominated in 2022, the new administrative burden of calculating the child tax credit, which is a consequence of changes approved during 2022, came in first place. The calculation is now considerably more complicated and laborious - it also depends on the amount of the tax base of a particular person. Second place was represented by obligation, which was the most recurring theme during the nominations for the 11th edition of the annual award. This was the obligation to register birth numbers in the business register. Despite the fact that the state promised automatic entries of this data, in practice the entrepreneurs continued to be "postmen" and the state demanded the data it already had. The third place was awarded to administrative obligations arising from the new media legislation. On the one hand, it is ambiguous and even representatives of state institutions have conflicting views on the new obligations, while at the same time it may affect a number of companies, such as those that publish podcasts as part of their marketing.

SBA Better regulation centre support activities



Thanks to the EAS initiative, the Slovak Business Agency's Better Regulation Center (BRC) was established, which comments on legislation, quantifies costs for SMEs and carries out an SME impact test, thus helping to improve the quality of the regulatory framework from the point of view of SMEs (for more information, see the section on the BRC).

Young innovative entrepreneur 2022



EAS in cooperation with Junior Chamber International – Slovakia has been organizing and announcing the results of competitions the aim of which is to find and honour young entrepreneurs. This competition is part of the worldwide “Creative Young Entrepreneur Award” competition.

Family business and innovation in education



EAS continued its activities aimed at emphasizing the themes of family business and generational change. Following the long-term activities in the field of family business and the established Platform of the Association of Slovak Entrepreneurs for Family Businesses “with the vision to become a trustworthy, transparent and long-term partner for all family businesses on the Slovak market in the field of family business and to underline the importance of family business”, the EAS has paid intensive attention to the business of family entrepreneurs. In this context, EAS was actively involved in the preparation of legislative changes submitted by the Ministry of Finance and the Ministry of Labour and Social Affairs. EAS also continued to cooperate in events where family businesses had the opportunity to gain and share know-how in the field of generational change and succession - the third edition of the International Congress of Family Businesses, a series of regional seminars for family business owners, and EAS also collaborated on the creation of a guide for family businesses, “Succession in Family Businesses - How to Get Started”, in which family business experts share their experiences and practical tips to help family businesses avoid unnecessary mistakes in generational change.

Similarly, in the past year, EAS has collaborated on a number of activities to help develop entrepreneurship at all levels of schools, as well as activities highlighting solutions to key issues in education, including the teacher pay system.

Other activities

In 2022, EAS collaborated on the Tax Relief Day project, which approximates the amount of total burden due to taxes, levies and legally enforced payments on an employee's average wage.

EAS also collaborated on various professional events, the most important of which was the lecture “Economics, Law and Freedom” with the renowned American economist and legal theorist David Friedman.

• **Slovak Craft Industry Federation (SŽZ)**

Slovak Craft Industry Federation continued its activities also in the reference year 2022 and its activities were aimed at improving business conditions for trade entrepreneurs and SMEs.

The Slovak Craft Industry Federation did not provide financial support in connection with COVID-19 or the energy crisis, but its contribution to the development of the business environment and trade business is nevertheless essential.

Brief overview of the SŽZ activities in 2022

1. Promoting entrepreneurship and a balanced business environment



The SŽZ put pressure on the government and ministries in the legislative process to improve the conditions for entrepreneurship of traders and SMEs. For this purpose:

- representatives of the SŽZ participated in the meetings of the Council of the Government of the Slovak Republic for Cohesion on the preparation of the Partnership Agreement of the Slovak Republic for the years 2021-2027; the President of the SŽZ is a member of this Council,
- participated in the programme of the conference on the assessment of the state of the business environment, organised by the Slovak Business Agency (SBA) in January 2022,
- became a member of the Slovak Government Council for Competitiveness and Productivity, which was established and is headed by the Minister of Economy of the Slovak Republic,
- organized a meeting with representatives of the Ministry of the Interior of the Slovak Republic (MV SR) on the conditions for the exercise of craft trades in the construction industry, the basis of which was a professional analysis of the current state of affairs,
- participated in consultations with representatives of the Ministry of Economy of the Slovak Republic and the Ministry of Finance of the Slovak Republic (MF SR) on the draft measures of the Family Business Action Plan,
- commented on the proposals to improve the business environment included in the so-called Business "Kilečko" III and submitted a negative opinion to the relaxation of regulation of real estate business,
- initiated a meeting with representatives of the MV SR and the National Institute of Vocational Education (ŠIOV) on the verification of professional competence for the trade of a horseshoer,
- on the occasion of the 30th anniversary of the founding of the SŽZ received an award - the Medal for Merit for Public Administration from the Department of Trade Enterprise of the MV SR.

2. Support for vocational training



Slovak Craft Industry Federation draws attention to the long-term shortage of high school graduates and workforce in craft professions and the persistent lack of interest in education in crafts.

In this area:

- in cooperation with the Slovak Business Agency, an Analysis of Secondary Vocational Education in Slovakia was prepared, which maps problematic areas in vocational education and proposes solutions for improving the situation. The analysis was submitted to the Employers' Council for Dual Education for implementation,
- representatives of the SŽZ participate in professional conferences focused on education

- organised a meeting with the Secretary of the Employers' Council for Dual Education on supra-company training centres and career centres, where we see potential for the promotion of craft professions carried out in the form of trades,
- continued cooperation with the private sector in the framework of the Qualifications Verification System project.

3. Tax conditions



SŽZ representatives have repeatedly commented in the media on tax issues. Furthermore, in this area:

- SŽZ representatives took part in consultations on the amendment to the Income Tax Act and subsequently sent their main demands in the field of taxation to the Minister of Finance,
- SŽZ representatives took part in the meeting of the Commission for Business Environment at the Committee for Economic Affairs of the National Assembly of the Slovak Republic on the issue of secondary insolvency and the possibilities of improving the position of small suppliers in public procurement,
- sent a letter to the Director of the Public Procurement Office requesting that public procurement processes be adjusted to help protect small subcontractors from the risk of secondary insolvency.

4. Social situation of self - employed and SMEs



The SŽZ is committed to improving the position of trade entrepreneurs in society, as they form an important part of the country's economy and workforce. For this purpose:

- The SŽZ wrote a letter to the Minister of Labour Affairs requesting a review of accident insurance in relation to sole traders individuals who do not have access to the State Accident Insurance Scheme,
- participated in an international expert event at the University of Milan on strengthening the social protection of sole traders workers, also in the wake of the adoption of the EU directive on the working conditions of workers in so-called platforms (sharing economy, digital services), organised by the consortium of the SHARE project,
- SŽZ representatives discussed with representatives of the Confederation of Trade Unions the need to strengthen the social protection of the sole traders while maintaining the status of an independent business entity,
- continued the work of the SŽZ representative in the so-called Stakeholder Group at the European Labour Agency (ELA) based in Bratislava, where they represent SMEs in relation to the need for labour mobility within the EU,
- the activity of the representative of the SŽZ in the Monitoring Committee of the Operational Programme Human Resources II at the MPSVaR continued, while meetings were not held and decisions on the intentions of the National Projects financed from the OP HR were taken in the form of per rollam,

5. Support for the involvement of self - employed and SMEs in the activities of Industry 4.0



To inform SMEs about the opportunities that the EU funds can bring and to improve access to support activities linked to the Industry 4.0 concept, representatives of the

JLG in 2022:

- participated in the conference “Improving the delivery of innovation policies in industry” and the ITAPA webinar “Modern technologies for cities and municipalities”, organized the 2022 XPRESS project event on “Renewable energy as an important component of climate adaptive roofs and energy performance of buildings”, participated in the work of the working group for the creation of the Digital Transformation Action Plan under the leadership of MIRRI,
- supported a joint declaration by Slovak institutions from the construction and energy sectors to urgently reduce Slovakia's dependence on Russian gas and to take measures to make better use of renewable energy sources,

In addition to the above activities, the representatives of the SŽZ drew attention to the problems with the sharp rise in energy prices from the point of view of SMEs and trade entrepreneurs.

6. Promoting public health and environmental protection



Trade entrepreneurs and SMEs are not indifferent to the issue of public health protection and OSH compliance.

In this area:

- Representatives of trade entrepreneurs regularly participate in the creation of the National Qualification Platform for the construction professions or membership in the Commission at the Monitoring Committee for the Operational Programme Quality of the Environment,
- They regularly prepare submissions to the Government Council for the European Green Deal,
- monitor the legislative process to amend the Public Health Protection Act

7. Occupational health and safety requirements



The OHS requirements of the SŽZ are primarily directed towards the need to raise awareness and protect the health of tradespeople. In this area

- the trade entrepreneurs have submitted the requirements of the member organisations of the SŽZ in the field of OSH to the draft measures of the so-called “Kilečko” III from the Ministry of Economy of the Slovak Republic,
- welcomed the creation of the Comprehensive Audit of OSH obligations by the Slovak Business Agency, the material is available to the business public,
- continued membership of the OSH Coordinating Committee, of which the SŽZ Vice President is a full member

• **Slovak Chamber of Commerce and Industry (SCCI)**

It emphasizes the following areas:

- enhancing the competitiveness of the Slovak economy;
- increasing the quality of the business environment with emphasis on the legislative environment,
- increasing the efficiency of activities in cooperation with EU,
- supporting the Slovak production and exports,

- strengthening the position and improving the activities of SOPK.

SCCI activities by type of services provided:

- legislative, advisory and consulting activities,
- activities in the field of coordination of the ATA system and the accredited system of issuing certificates of origin,
- **business missions,**
- educational activities.



The improvement in the epidemiological situation was reflected in the increasing number of business missions undertaken in 2022. In addition to participation, business missions from Austria, the Netherlands, Ukraine (online), Poland, etc. were organized in Slovakia.

Table 44 SCCI: business missions carried out in 2022

Missions to EU countries	Missions to countries outside the EU
Business Mission from Austria (May 2022)	
Business Mission from the Netherlands (September 2022)	
Business Mission from Poland (June 2022)	
Business Mission from Romania (May 2022)	
Business Mission from the Czech Republic (May 2022)	
Business Mission to Bulgaria (September 2022)	
Business Mission to Finland and Italy and France (September 2022), Business Mission to Spain (April 2022)	
Business mission to Germany (June 2022), Czech Republic (March, October), Bulgaria and Romania (September 2022)	A business mission to Canada took place in May and June 2022, in addition to an online business mission to Israel (August).

Source: SBA, based on the SOPK 2022 Annual Report.

In addition to the above activities, SOPK members participated in several exhibitions abroad and in Slovakia.

• **American Chamber of Commerce in the Slovak Republic**

As part of its activities, the American Chamber of Commerce in the Slovak Republic (AmCham) also focuses on supporting SMEs, especially non-financial support in the form of various professional and educational events. In 2022, several global megatrends (pandemic, war in Ukraine, etc.) were also reflected in the activities of the chamber on the thematic focus of events. In the monitoring year of 2022, the following events for SMEs were held¹⁸⁵.

- Tax Seminars: Changes in Tax legislation
- Speed Business Meeting (January 2022) This type of event offers participants a unique opportunity to present their company, products and services in a 10-minute one-to-one session and discuss potential collaborations. The individual meetings are followed by a business cocktail.
- The Recovery and Resilience Facility as an opportunity for SME Digitalisation (February 2022) - AmCham Slovakia in cooperation with SAPIE is promoting the topic with the

¹⁸⁵All publicly available recordings of AmCham events, including official conferences, are available on the AmCham YouTube channel as well as on the AmCham website.

Slovak Alliance for Innovation Economy (SAPIE) to address the topic of digitalisation of SMEs through a series of events as part of the newly launched SAPIES League for Digital Boost initiative, which aims to create a broad coalition of actors in the digital economy in Central and Eastern Europe. The event was organised as a follow-up to the recently organised discussion on the topic of Digitalisation: What is the key to successful SMEs? The aim of the event was to discuss the key themes and challenges of digitalisation, with a strong focus on the Recovery and Resilience Facility and its opportunities for the digitalisation of SMEs.

- Business and Global Impact of the Ukraine – Russia Crisis (March 2022).
- Restructuring Day: Business Breakfast (March 2022) This is in response to the Government's draft Bill on resolving impending insolvency and on Amendments and Supplements to Certain Acts. This is an important modification aimed at giving debtors the possibility to avoid the threat of bankruptcy by means of a public or non-public preventive restructuring. The aim of the event was to provide space for expert input as well as a panel discussion with the drafters of the legislation, representatives of the AmCham working committee that commented on the legislation, or representatives of trustees, creditors, debtors, tax advisors, transaction advisors and investors, and to convey a comprehensive picture of the topic.
- How to stay safe online? Digital security across generations (April 2022) The topic of digital security is more relevant than ever now that more and more activities are moving online. In this online meeting, experts from various fields will discuss the biggest threats in the online space for every generation, from children and teenagers to adults and seniors. Speakers will share successful initiatives to educate towards digital safety and greater online courtesy, and share best practices on how to avoid unsafe activity. Each panel will be followed by a discussion.
- Regularly organized Business Breakfast, with focus on various issues.
- Funding Opportunities for Technological Companies (June 2022) The event focused on the new opportunities that the 2021-2027 programming period can provide through funding available specifically for “digital natives” - digital and technology companies whose digital technologies can be used to digitise the rest of Slovak industry.
- Networking as a Business Strategy (October 2022) AmCham Slovakia prepared this interesting workshop in close cooperation with the Slovak Business Agency (SBA). The workshop answered the question of why business relationships are so important and how to find a balance between maintaining relationships with existing clients and building and finding new contacts for your database.
- Business Ladies Day (October 2022) an event designed especially for active women in managerial positions or entrepreneurs.
- HR Learning Circle in Košice (November 2022) - An event responding to the pandemic crisis and war conflict that have destabilized the global market with a direct impact on energy prices and inflation rates. An event for recruitment professionals from SMEs, with the aim of introducing techniques and methods of employee retention.
- New Construction Law: Main Changes & Challenges (October 2022) Event focused on the issues of the Building Act.



• **Association of Industrial Ecology in Slovakia (ASPEK)**

ASPEK is non-governmental, independent and non-profit association, founded with the aim to help reduce the impact of production and other activities on the environment with its activities. In 2022, ASPEK mainly carried out an informative role in the form of organizing professional conferences, such as INDUSTRIAL EMISSIONS 2022, focused on topical issues for entrepreneurs, or awarded the National Entrepreneurial Award for the Environment.

Association of Industrial Ecology in Slovakia (ASPEK) includes the following:



- Industrial companies interested in reducing the negative impact of their activities on the environment.
- Research, production, consulting, project and other units.
- Universities and high schools as well as natural persons focused on dealing with the environmental impact related to industrial production and other economic activities.

• **The National Union of Employers (NUE)**

Since its establishment (30 March 2004) it has become the most important and representative organisation representing the interests of its members and employers in Slovakia. It was established to protect the common employers' interests of the members, their business rights and freedoms and to protect them against measures leading to the deterioration of a fair market business environment. It is part of the highest tripartite body - the Economic and Social Council of the Slovak Republic, where the most important draft standards are discussed before they are submitted to the Government of the Slovak Republic. NUE is actively involved in the entire legislative process in all its phases and at the same time comes up with its own proposals to improve the business environment. Within the framework of its activities, in which it defends the interests of its members, the NUE analyses and evaluates the legislative conditions of business with an emphasis on the practical knowledge of its members, coordinates their actions, while its main tasks include active participation in the development and implementation of the economic and social policy of the state and in the preparation and development of legislation relating to the important common interests of employers (with an emphasis on the field of labour law, social, tax, wage, environment or education). It also cooperates with state and local authorities, representative trade union associations, chambers of commerce and industry, as well as other organisations representing entrepreneurs and employers at home and abroad.¹⁸⁶

• **Federation of employers' associations of the Slovak Republic (AZZZ SR)**

It is the top employer organization in the Slovak Republic, and its members are employers' and business associations and associations operating throughout the Slovak Republic in almost all sectors of the economy. In its activities, the AZZZ SR in particular:

- coordinates the activities of its members in resolving issues of common interest and in preparing common positions,
- comments on draft laws and other legally binding regulations concerning the interests of employers,

¹⁸⁶More information about the activities and activities of the NUE at: <https://www.ruzsr.sk/sk/activities/>

- submits its own proposals and lobbies during the process of preparing and taking important political and economic decisions at the national and international level and others.

• **Industrial Unions and Transport Association (APZD)**

In expert dialogue and active cooperation with partners, APZD emphasises the common interests of the industry and its competitiveness. The Industrial Unions and Transport Associations is an employers' organisation that brings together the largest employers from the automotive, engineering, electronics, transport metallurgical and mining industries in a social dialogue conducted in the Economic and Social Council of the Slovak Republic.¹⁸⁷

• **Business Alliance of Slovakia (PAS)**

It is an association that brings together entrepreneurs and the third sector, and the main feature of PAS activities is that it pursues the interests of the business sector as a whole in the context of society-wide development. Regular PAS activities include (among others): monitoring the development of entrepreneurs' opinions on the state of the business environment in the Slovak Republic (Business Environment Index), conducting analyses and surveys, etc.¹⁸⁸

Within the **University of Economics in Bratislava (hereinafter referred to as "EUBA")** - in 2022, the activities were mainly related to teaching related to the issue of SMEs (the infographic in question provides specific selected examples of monitored educational activities). In addition, experts from selected SME enterprises have been involved in long-term cooperation with the university. Experts from the field actively participate in the teaching process for students (through professional lectures, seminars and various workshops at individual faculties). In the previous year, EUBA intensified students' work experience, most of which is carried out in SMEs. In terms of upcoming activities in 2023, EUBA plans to continue to deepen its cooperation with companies as well as with other practitioners in teaching lectures, seminars and various workshops.

The University of Žilina in Žilina (hereinafter referred to as "UNIZA") continued in 2022 to implement educational activities aimed at the development of entrepreneurial skills, the organization of educational activities for entrepreneurs and the development of cooperation through the implementation of joint projects in the field of science and research. UNIZA also continued to support entrepreneurship education at all levels of higher education.

In 2022, the University of Žilina supported 9 SMEs through its activities (mainly through the participation of SMEs in the implementation of scientific and professional projects). In addition, in the course of 2021, UNIZA implemented various courses and trainings and published a monograph focused on the performance evaluation of small and medium-sized enterprises. In 2022, UNIZA continued to implement projects funded by the structural funds, which supported cooperation with small and medium-sized enterprises, focused on transport, mobilization support, or support for innovative technologies, or in the field of energy.

¹⁸⁷Members of APZD: Association of Automotive Industry of the Slovak Republic, Association of Engineering Industry of the Slovak Republic, Association of Electronic Industry of the Slovak Republic, Association of Metallurgy, Mining Industry and Geology of the Slovak Republic, Slovak Electromechanical Association, Association of Construction Entrepreneurs of Slovakia, Slovak Craft Industry Federation, Association of Logistics and Freight Forwarding of the Slovak Republic, Association of Railway Carriers of Slovakia - AROS, Association of bus operators. Source: Documents received from APZD.

¹⁸⁸More information at: <https://www.alianciapas.sk/>.

UNIZA has successfully continued the implementation of the unique course Occupation entrepreneur in the updated version of the *Startup program*, which is aimed at promoting theoretical knowledge, but also at the exchange of practical experience between students and experts from practice. At the same time, the university continued to implement projects funded by the structural funds, which supported cooperation with small and medium-sized enterprises. Cooperation continued through a cooperation agreement between UNIZA, the Žilina self-governing region and the city of Žilina within the framework of the regional innovation centre INOVIA, which was a mentor in the course Occupation entrepreneur, providing assistance in various areas for companies, which it helps to overcome obstacles to entrepreneurship, provides services for start-ups, for the local government offers help with defining the objectives of the project, and for the research teams offers visibility of the results of research and development.

Under the Faculty of Mechanical Engineering, activities related to small and medium-sized business were implemented, focusing on entrepreneurship, education cooperation with enterprises of the engineering industry.

The Faculty of Electrical Engineering and Information Technology collaborated in professional training, or the preparation and submission of two research projects with two SMEs.

The interconnection of theory and practice is supported at the **Slovak University of Agriculture in Nitra** (hereinafter referred to as “SPU”). Cooperation with practice includes in particular the participation of experts from practice in the educational process in the form of selected lectures, exercises and workshops. Currently, 46 modular and non-modular further education programmes and courses are accredited at the SPU in Nitra, which are taught in cooperation with experts from practice.

In the framework of the project of demand-oriented research for sustainable and innovative food (Drive4SIFOOD), support was implemented in the form of cooperation with two partners from the ranks of medium-sized enterprises, in particular in the form of participation of SMEs in the implementation of scientific and professional projects.

Under the project Sustainable Smart Farming Systems for Future Challenges (Smartfarm), three partners from the small business size category and three partners from the medium business size category were supported.

SUPER UNI COWORK CENTRE supported 37 SMEs through participation of SMEs in professional activities in the university coworking centre.

In 2022, SPU continued as an EIT FOOD HUB, enabling it to contribute to the development of new entrepreneurial talent, support their innovative ideas and expand activities in line with the EIT (European Institute of Innovation and Technology) food strategy and business plans. A decisive attribute for the successful continuation of the EIT FOOD HUB was the declared cooperation with the Slovak Business Agency.¹⁸⁹ In 2022, 13 SMEs were supported through the EIT FOOD HUB. SPU in Nitra has established a specialized university-wide workplace, which connects research with practice. Its role is to transfer knowledge and technology into practice and to protect intellectual property, primarily in the agricultural and food sectors.

¹⁸⁹ More information available online: <https://www.uniag.sk/sk/aktualne-informacie/spu-pokracuje-ako-eit-food-hub-aj-v-roku-2021/>

Six micro-enterprises (start-ups) were supported in the framework of the Innovation Cluster for Sustainable Food Systems project by participating in the implementation of scientific and professional projects and by providing incubator support.

Alexander Dubček University of Trenčín - cooperated in 2022 with several small and medium-sized enterprises in the glass, chemical, rubber and mechanical engineering industries. It was mainly assistance in the area of ensuring the investigation of material properties, analysis of material samples. It was also about cooperation in submitting and solving projects. The university-wide FunGlass site worked with three SME companies.

In addition, the Faculty of Special Technology ensured cooperation on the project CEDITEK II - Development and support of research and development activities of the Centre for Quality Testing and Diagnostics of Materials in the areas of specialization RIS3 SK (Research and Innovation Strategy for Smart Specialization of the Slovak Republic) with three companies.

Faculty of Industrial Technologies Púchov cooperated with SMEs in the form of support in research and development in the field of rubber and engineering industry. The research was mainly focused on the development, preparation and processing technologies of new polymer blends and elastomeric composites with specific properties for specific industrial applications, optimization of composition and study of rheological, dynamic-mechanical and physical-mechanical properties of polymer composite materials. Further research was focused on the study of microstructure and fractographic analysis of machine components and various materials according to the requirements of practice. In the framework of cooperation with practice, the research was also focused on surface treatment of materials by plasma in combination with other physical methods and on the study of surface properties of given materials in relation to their utility properties. This was a collaboration with three SMEs. The University of Trenčín did not provide financial assistance to SMEs.

Technical University of Zvolen - implemented support through cooperation by participating in the implementation of scientific and professional projects focused on the timber industry. The Technical University of Zvolen has developed cooperation with the SARIO agency, which includes the implementation of scientific and professional works of students at all three levels of higher education, as well as cooperation on the project Practice for universities, solutions for companies.

The Technical University of Zvolen provides education at the I. , II. and III. level of higher education, among others, within the study programmes Economics and Management of Natural Resources, Economics and Management of Wood Processing Industry, Economics and Management of Forestry and Timber Complex (relevant subjects e.g.: Business Economics, Entrepreneurship in SMEs, etc.)

- **Slovak University of Technology (STU)**

Since its establishment (in 2005), the University Technology Incubator STU (UTI STU) has been providing suitable conditions for project development and product or service validation (3-month START program and the follow-up UP program) in the form of education thanks to the educational system, providing individual as well as group mentoring, networking between startups and mentors, etc. Within the framework of providing individual and group mentoring, connecting, networking, cooperation with partners, investors and related organizations in the Start (INQB) program, 8 startups (micro-enterprises) have been supported.

Table 45 **Selected activities implemented by UTI STU in 2022**

Implemented activities				
	Entrepreneurship education	Education of entrepreneurs	Cooperation with SMEs	Other activities
STU University Technology Incubator (INQB)	✓	✓	✓	✓

Source: SBA, processed on the basis of documents received from STU

Table 46 Selected activities implemented by universities in 2022

Implemented activities	University of Economics in Bratislava (EUBA)	University of Žilina (UNIZA)	Slovak University of Agriculture in Nitra	Technical University in Zvolen	A. Dubček University of Trenčín
Entrepreneurship education	✓	✓	✓	✓	✓
Selected examples 	<ul style="list-style-type: none"> Business of small and medium enterprises. Social entrepreneurship. Corporate finance. Introduction to corporate finance. Job interview simulator. Thesis management collaboration with practice. 	<ul style="list-style-type: none"> Enabling Entrepreneur in the updated version of the Startup Program. Motivational and educational events aimed not only at promoting theoretical knowledge but also at exchanging practical experience between students and experts from practice. Cooperation with partners SIEA, SBA, PowerIUB and Google 	<ul style="list-style-type: none"> MBA Agribusiness and Commerce - The MBA Agribusiness and Commerce programme is accredited by the Association of Slovak AGRIMBA and provides quality management education and the latest information in the field of agribusiness and entrepreneurship. 	<ul style="list-style-type: none"> Education in the field of entrepreneurship within the study programmes Economics and Management of Natural Resources, Economics and Management of Wood Processing Industry, Economics and Management of Forestry and Timber Complex (within subjects such as Business Economics, Entrepreneurship in SMEs, etc.) 	N/A
Education of entrepreneurs	✓	✓	✓	✓	✓
Selected examples 	<ul style="list-style-type: none"> Cooperation with SBA, SARIO and BIC Bratislava was ongoing. 	<ul style="list-style-type: none"> Various training courses in the form of lectures. 	<ul style="list-style-type: none"> Business and SMEs consultancy services 	<ul style="list-style-type: none"> Business and consulting activities for SMEs in the forestry and wood-processing industries 	N/A
Cooperation with SMEs	✓	✓	✓	✓	✓
Selected examples 	<ul style="list-style-type: none"> Building the principles of practical education on the basis of a system of professional practice. Collaboration with experts from the field who actively participate in the teaching process for students (through professional lectures, seminars and various workshops). Some students do work experience directly in the companies. Developing assignments from practice 	<ul style="list-style-type: none"> The UNIZA University Science Park has implemented collaborations in support of education for entrepreneurship, as well as in support of entrepreneurship of SMEs in the region and startups. Solving projects in collaboration with practice. 	<ul style="list-style-type: none"> SPU Creative Centre AgroBio Tech Research Centre Basics of agribusiness in specialised crop and livestock production 	N/A	<ul style="list-style-type: none"> FunGlass continued its cooperation with SMEs focused on safety testing of nuclear power plants, analysis of new material samples, optics, physical properties of glass, etc. Cooperation on the CEDITEK II project in the field of materials research. Cooperation also with companies in the rubber industry.
Other activities	✓	✓	✓	✓	✓
Selected examples 	<ul style="list-style-type: none"> Scientific publishing research activities, i.e. and professional papers dealing with SME issues. Popularization of economic sciences and economic education. Preparation of the national competition in accounting - "Young Accountant Olympiad 2020". 	<ul style="list-style-type: none"> Participation of teachers in various scientific and professional projects related to SMEs under various project schemes. 	<ul style="list-style-type: none"> Operating in the Danube Transfer Centres network 	<ul style="list-style-type: none"> Continued cooperation with SARIO, which includes the implementation of scientific and professional theses of students of higher education, as well as cooperation on the project Practice for universities, solutions for companies 	N/A

Source: SBA, processed on the basis of documents received from the above-mentioned universities.

*Note N/A - does not necessarily mean that the University has not implemented the relevant activities. The information may not have been part of the documents supplied

4 Summary of conclusions from selected performed analyses and surveys

The Slovak Business Agency contributes annually to the overall monitoring of the quality of the business environment through the creation of analytical documents and the implementation of surveys focused on entrepreneurship of small and medium-sized enterprises in the Slovak Republic. The aim of these activities is to examine the different aspects of the business environment in a given year that have a significant impact on SME entrepreneurship. The following section of the report briefly presents the findings of selected analytical outputs and the results of selected quantitative surveys conducted during 2022.

4.1 Summary of conclusions from selected performed analyses

As in previous years, also in 2022 the analyses processed in the SBA were focused on the identification and analysis of barriers to the development of SME entrepreneurship in the Slovak Republic and also on mapping current trends in SME entrepreneurship. Each of the developed analytical themes is different. In addition to mapping the state and trends, the objective of each analysis is to identify and name the current problems in the research area affecting the SME sector. At the same time the objective is to propose optimal solutions of identified barriers in individual areas. The following section of this chapter summarises the main findings from the selected analytical outputs, which are primarily intended for the needs of policymaking aimed at increasing the competitiveness of SMEs.



Analysis of changes in the labour market and employment of foreigners in Slovakia in 2019 - 2021

The issue of employment of foreigners and changes in the labour market were previously influenced by the response to the situation related to the COVID-19 pandemic. Another factor that influenced the development of the labour market was the military conflict in Ukraine, which broke out in February 2022. The Government of the Slovak Republic reacted to the above-mentioned situations by means of legislative changes.

A long-standing problem of Slovak regulation in the field of the working environment is its frequent amendment. The [analysis](#) showed that among the most frequently amended laws since 2019 were the Labour Code (amended 14 times) and the Employment Services Act (amended 20 times). A large number of amendments have also been made to the Foreigners' Residence Act (8 times).



Moreover, the system of adopting laws in the Slovak Republic is marked by the **circumvention of the standard rules¹⁹⁰ of the legislative process** and the varying effectiveness of labour legislation throughout the year. All these factors contribute to rising administrative and thus financial costs for employers. Slovak legislation is still set in favour of employment in the standard form of permanent employment and does not sufficiently take into account the possibilities of part-time work, teleworking or performing multiple jobs through a single employee.

In the period 2019 - 2022, especially in connection with the COVID-19 pandemic, the amendments to the Labour Code resulted in the legislative definition of the concept and conditions of home-office work.

One of the measures introduced in 2020 through the approved so-called "First Aid" package was the possibility of using reduced work time with state financial support, the so-called "temporary kurzsarbeit". Subsequently, the newly adopted Act No. 215/2021 Coll. on support in times of reduced work time, which replaced the "First Aid" scheme in 2022, introduced the so-called permanent kurzarbeit (permanent job protection system).

The amendment to the Employment Services Act in 2020 abolished the imposition of sanctions (in the amount of up to EUR 300) in connection with non-compliance with the employer's obligation to report the vacancy and its characteristics to the relevant labour office in whose territorial district the vacancy is located. That obligation was nominated for Bureaucratic Nonsense in 2019.

In addition to these measures, measures were taken at the time of the emergency to regulate working hours, the taking of leave, the protection of the employee before termination of employment, or obstacles on the part of the employer and wage compensation (in particular due to decisions by the competent authorities to close the establishment), or the extension of fixed-term employment (in order to preserve jobs).

Employment of citizens from EU/EEA countries is regulated in the same way as employment of Slovak citizens, employment of foreigners has been more complicated for a long time. As a result of legislative changes in 2022 in relation to the employment of foreigners from EU/EEA countries, the possibility of sending the information card electronically was introduced. Foreigners from EU/EEA countries find employment in jobs that match their declared education, and it is easy for them to have their documents or qualifications recognised across EU countries.

Another measure was to allow the immediate entry of those who left Ukraine into the labour market of the Slovak Republic. However, the complicated process of education recognition limits their opportunities to be employed in jobs corresponding to their educational qualifications. In the case of employment of third-country nationals, the bureaucratic burden has been partially reduced in the period 2019-2022 and the time taken to employ them has been shortened. Nevertheless, obtaining a blue pass for third-country nationals within a minimum period of 130 days is considered to be the most demanding and longest process for employment in the Slovak Republic.

In the case of employment of third-country nationals, the bureaucratic burden has been partially reduced in the period 2019-2022 and the time taken to employ them has been shortened. Nevertheless, obtaining a blue pass for third-country nationals within a minimum

¹⁹⁰In particular, abbreviated legislative procedures, which are not necessary, are used; government bills that need to be considered in the MPC are replaced directly by legislative proposals in parliament. Another issue includes the amendment of unrelated legislation, the so-called "attachments".

period of 130 days is considered to be the most demanding and longest process for employment in the Slovak Republic.

The proposed recommendations of the analysis include further increasing the flexibility of legislation regulating the labour market and employment (in particular the Labour Code and related legislation), with one of the specific recommendations being greater flexibility of working time and reducing the tax and tax burden on labour. It is equally important to follow the standard rules of the legislative process and to reduce the number of undiscussed parliamentary proposals without properly quantified impact studies and unjustified abbreviated legislative procedures.

Due to demographic changes, employing foreigners in Slovakia is becoming an increasingly urgent need for entrepreneurs. One of the proposed recommendations is to simplify and shorten the process of recognition of education documents, with a strong emphasis on simplifying the conditions for obtaining recognition of a foreigner's professional qualifications. Changes to the system for extending work permits will also be important, as will the integration of foreigners into society.

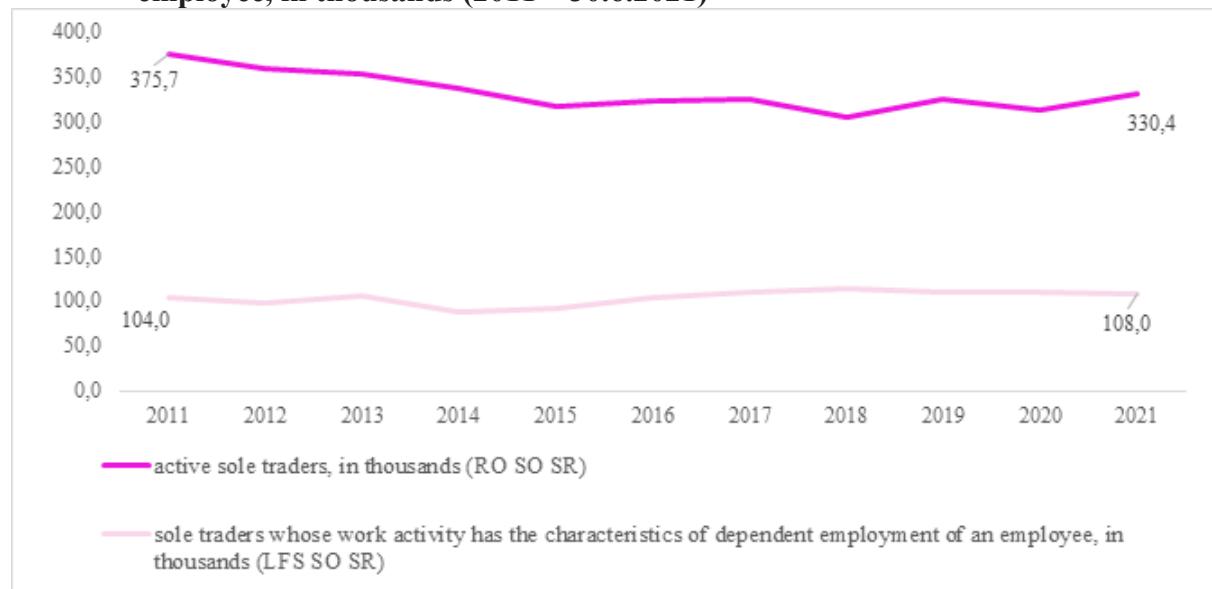
Current conditions of disguised employment relationships in Slovakia

In the [analytical document](#) focusing on the current conditions of disguised employment relationships in the Slovak Republic, special attention is paid to employment through the false self-employment (so-called "schwarz-system"). Subsequently, the analysis presents its advantages and disadvantages for both the sole traders persons and the employer. The analysis includes a brief overview of selected EU countries with the use of the so-called "schwarzsystem" in practice and measures or instruments to prevent illegal employment (including the so-called "schwarzsystem").

The reasons for the emergence of illegal employment in the conditions of the Slovak Republic include, among other things, complicated legislation (the existence of 14 different legal regulations governing the conclusion of an employment relationship with the first employee, 40 binding legal regulations, 136 obligations arising for the employer and the employee) and also the high tax and levy burden on labour.

Schwarzsystem, also perceived as disguised employment relationship, forced self-employment and undeclared work in a broader context, is a form of **circumvention** of standard employment relationships and can also be considered as a violation of the law. This is because the employee performs work for the employer in the form of a trade, which has all the characteristics of a dependent activity. **Formally**, these entities act as sole traders persons, but in reality they are in a relationship of subordination to their employer. Even though the employee/ sole traders person perceives mainly the positives, such as higher net monthly income, more flexible employment, lower tax burden, the possibility of applying lump-sum costs or more freedom in carrying out work, this way of working has significant risks. Disadvantages may include higher administrative burden, lower legal protection as it is not covered by the Labour Code, lower coverage by the social system (e.g. unemployment, pension entitlements, etc.). Where there is a relationship of superiority and subordination, there is also the disadvantage of a lower degree of freedom than in the standard operation of a trade. The employer benefits in particular from a lower tax and levy burden, or the transfer of part of the administration to the employee and flexibility in employment (e.g. in the case of leave, sick leave, etc.). The employer, on the other hand, is treading on the edge of the legality of such an employment relationship.

Chart 14 Evolution of the total number of sole traders persons and sole traders persons whose work activity had the characteristics of dependent employment of an employee, in thousands (2011 – 30.6.2021)



Source: SO SR, Register of organisations and LFS (Labour Force Sample Survey)

The analysis showed that for the period 2018-2021, there was a slight decrease in the number of sole traders persons in the Slovak Republic whose work activity showed the characteristics of dependent activity of an employee. Yet, in 2021, one in three sole traders persons had the above work activity characteristic.

From the point of view of the analysed EU countries (Czech Republic, Poland, Germany, the Netherlands, Sweden), one of the measures in the form of a tool to prevent illegal employment is the **imposition of fines** (financial, administrative sanctions) both for the employee and for the employer. Another measure to improve the detection of undeclared work includes the use of **workplace inspections**. **Preventive measures** (e.g. reducing rules, regulations, introducing technological innovations, simplifying the transition process from unemployment to self-employment, etc.), **corrective measures** (e.g. service vouchers, targeted tax incentives, targeted indirect taxes), and **strengthening the commitment to reporting work** (implementing campaigns and educational activities, using normative challenges, etc.) are all used to prevent undeclared work.

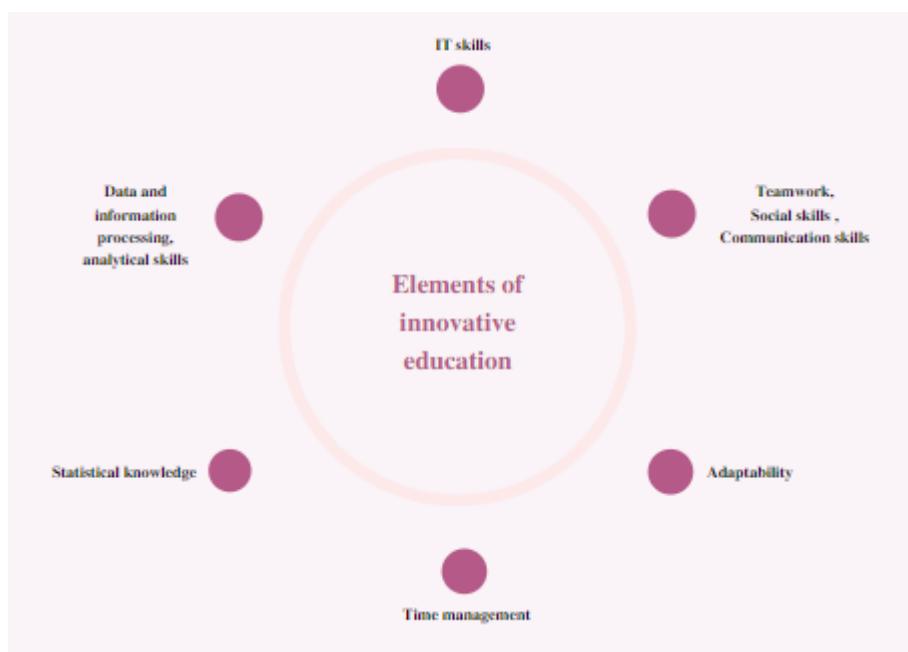


Several of the measures used in selected European countries may serve as a good **example** of good practice for the Slovak Republic.

Innovative education in the context of Industry 4.0.

The Fourth Industrial Revolution, also known as **Industry 4.0**, is shaping the direction of the global economy. This process optimizes processes and applies new technologies to the production system. The transition to a form of industry based on digital technologies requires a major change, including a change in the education system.

As we found in the [analysis](#) aimed at assessing the innovativeness of the Slovak education system, employers' requirements for employees' skills are changing in the context of the gradual technological revolution. There is less demand for simple office work or physical work, more emphasis is placed on analytical thinking, the ability to actively learn, complex problem solving, the development of critical thinking, creativity, etc. In general, it is the development of soft skills and at least the basic ability of employees to work with computers and basic software, which is now required in virtually all positions, including production positions. Today, it is less important for employees to have a great deal of theoretical knowledge, as information is readily and quickly available.



Slovak education is still focused more on memorisation of content. The reading literacy of Slovak students in the PISA assessment is continuously declining and the results of Slovak students in mathematics are also declining. To a large extent, the problem also lies in the over-regulation of education, which already starts with the regulation of the content of education. The educational standards that have replaced the curriculum are in many ways too detailed and make it impossible to introduce sufficiently innovative ways of teaching. Some positive changes in the regulation of educational content have been made in recent years. Despite these trends, elements of centralisation remain in the system (especially in terms of directive management in the area of teaching, regulations on the dimensions of school furniture, the mandated duration of lessons, the duration and sequence of breaks, etc.). Schools have strictly defined teaching times, breaks, or class sizes, which are mandated by decree. For example, the requirements for educational premises or equipment in schools are regulated in great detail, which in many cases makes it impossible to create a sufficiently stimulating learning environment.

For a number of schools, such regulation makes it impossible to create classes that reflect more modern ways of teaching. Teacher training is also problematic, and the legislative

requirements for teachers are quite strict. Recruiting practitioners to teach is not easy, not only because of lower salaries in the education sector, but also because of the high qualifications they have to meet. The current legislative setting allows teachers to increase their pedagogical competence. The risk comes from the implementation of reforms to increase teachers' pedagogical competences and teachers' motivation is not necessarily to increase their pedagogical erudition but only to get higher salaries. The current system of student assessment, especially in the upper grades, does not support the provision of feedback. New knowledge requires the teacher to be more of a mentor than a teacher, but the legislative conditions are not in place for the pupil to receive more comprehensive feedback from the teacher. In most cases, the most important element still remains the so-called classical grading from 1 to 5, which is now considered obsolete.

The COVID-19 pandemic undoubtedly had a negative impact on the Slovak education system. In spite of all the negativity that the pandemic has brought, schools have succeeded in accelerating some of the processes of digitisation of education (e.g. digitisation of educational content, introduction of online learning tools, etc.). Equally important are other projects that are currently being applied in education, such as the IT academy project, dual education, etc. On the positive side, the Government of the Slovak Republic is also responding to the needs of the labour market with strategic materials that take new trends into account. (Programme Declaration of the Government, Digital Transformation Strategy 2030, Digital Transformation Action Plan 2019-2022). The need to digitise education has also been prioritised in the Recovery and Resilience Plan.

Analysis of regulatory burden arising from public procurement legislation and its impact on SMEs in Slovakia

The public procurement process in Slovakia has long been considered one of the biggest obstacles to doing business, which often discourages business entities from participating in public contracts. [The analysis](#) looks at the regulatory framework for public procurement, its changes and the legal frameworks for public procurement. The aim of the analysis was therefore to examine and evaluate the impact of legislative changes on small and medium-sized enterprises in Slovakia, including the regulatory burden brought about by the amendment to Act No. 343/2015 Coll. on Public Procurement and on Amendments and Supplements to Certain Acts, as amended, effective as of 31 March 2022. When comparing the amendment to the Public Procurement Act with its previous legislation, we have defined as many as 14 differences, which were related to the modification of public procurement rules.

In addition, a total of 13 positive and negative effects / impacts of the aforementioned amendment to the Act were identified in terms of regulatory burden. One of the most significant changes/legal adjustments was the **modification of the financial limits and the restriction of the application of the Public Procurement Act in relation to subsidised entities**. This change has enabled SMEs (both contracting authorities and tenderers for public contracts) to speed up their purchasing processes. The negative impact of this change is evident in relation to the quality of competition. These are in particular:

- adjusting the financial limits in the Public Procurement Act and limiting the application of the Public Procurement Act in relation to subsidised entities in accordance with Section 8 of the Public Procurement Act,
- extension of the range of economic operators with whom the contracting authority may not
- conclude a contract, concession contract or framework agreement,

- extending the possibilities to withdraw from a contract, concession contract or framework agreement).

The analysis of the Public Procurement Act identified 224 obligations or provisions of the Act in relation to SMEs, of which more than 35 % (79) were related to the aforementioned amendment. The total cost of compliance with the 224 obligation was quantified at more than EUR 630 thousand, almost 8 % of which were calculated for compliance with the obligations related to the aforementioned amendment to the Public Procurement Act.

Among the most burdensome obligations of SMEs were the application for registration in the list of economic operators, proving the financial and economic status of the entity, or the obligation to provide the contracting authority or contracting entity with the proper cooperation necessary for the conclusion of a contract, concession contract or framework agreement.

The results of the qualitative survey of selected SME representatives contributed to a comprehensive presentation of the issues, while the biggest obstacles in the public procurement process were considered to be inadequate conditions for participation in public procurement, excessive bureaucratic burden and frequent legislative changes, low level of digitalization and the lengthiness of the public procurement process.

The proposed recommendations are aimed at modifying the public procurement process, in particular in the area of improving the identification of impacts on regulation in relation to entrepreneurs, compliance with the 1 IN - 2 OUT rule, compliance with deadlines and comments or rules of individual public procurements, or improving the opinions in the framework of the comments submitted to the MPK. In addition, it will be important to focus on reducing the length of the public procurement process on the part of the contracting authority or introducing systemic measures in the area of time limits for the performance of a specific action in the public procurement process.

Analysis of selected fee obligations of SMEs and their quantification

In addition to tax and levy obligations, entrepreneurs are faced with a large number of administrative, judicial and other fee obligations, which negatively affect the financial burden of business.

The aim of this [analysis](#) was to build on the previous analysis of SME charging obligations and quantify the most burdensome charging obligations for SMEs between 2015 and 2020. The analysis presents the structure and regulatory framework of the fee burden on SMEs in Slovakia, together with the quantification of the fee burden and the identification of the most burdensome fees.

The analysis also identified gaps in data provision by relevant institutions. It is not possible to quantify the fees only for the SME category. The government does not keep records of fees paid by size categories of business taxpayers or taxable entities. For this reason, it is not possible to determine the fees paid by legal or natural persons - entrepreneurs, or to divide the fees between entrepreneurs and non-entrepreneurs according to the size category of enterprises. Nevertheless, the analysis has produced relevant conclusions that allow us to see the complexity of charging obligations and their impact on business.

The highest share of the total value of fees by type of fee is accounted for by “administrative” fees (typically e.g. for the granting of authorisations, certificates, licences, issuance of a decision, etc.), followed by “court fees” (levied by the courts, for an act of the court). Administrative fees have long accounted for more than 80 % of the total value of fees,

with court fees accounting for the remainder. The results of the analysis show an upward trend in the volume of fees collected from 2015 to 2019 (an increase of 57.72 % or EUR 84.161 mil.). In 2020, there was a 19.9 % decrease in the volume of fees collected due to the COVID-19 pandemic. We have identified the total value of fees collected in 2020 at more than EUR 184 mil. with the record value of fees in 2019 at EUR 229 mil. The largest cumulative value of all administrative fees in 2020 was for vehicle registration, followed by the category of cadastre of immovable property - proceedings, operation of gambling, documents and others.

The number of different types of fees payable to the state increased overall from 1,098 in 2015 to 3,536 in 2022. Administrative fees again account for the largest share of the total number of fees (more than 90 %). This is followed by court fees with a share of about 10 % of the total number of fees (other fees are uncategorized). The highest increase in absolute terms is observed between 2015 and 2017, when the number of fees increased by 92.26 %.

The value of court fees collected by the Ministry of the Interior of the Slovak Republic and the Ministry of Justice of the Slovak Republic in the period from 2015 to 2020 increased by 43.76 % from EUR 24.1 mil. to EUR 34.7 mil. In the period under review, the highest share of the total identified fee burden was accounted for by the court fee for an extract from the criminal record and an abstract from the criminal record. A specific category consists of fees resulting from Act No. 30/2019 Coll. on gambling, which are among the highest fees per unit in the administrative fee schedule, but were collected only per unit during the period under review.

SMEs in Slovakia will certainly be supported by a gradual reduction and not an increase in the fee burden. Therefore, there are also specific recommendations aimed at reducing fees (e.g. for the issuance of a certificate of trade business, or for the entry of the right to immovable property into the cadastre). We appreciate that the Parliament has decided to abolish the concession fees (TV licence fee), which constituted a burden for entrepreneurs. Important systemic proposals are the creation of new rules for the creation of fees, i.e. that the introduction and increase of fees should be adopted after an assessment of all impacts, with a proper quantification of the impact on the state budget. We also propose a regular review of the appropriateness and level of fees and a differentiation of the level of fees according to the size of the business, which could significantly help SMEs.

Analysis of the comment procedure for selected changes with a significant impact on SMEs

The comment procedure is an important part of the legislative process. [The analysis](#) of the comment procedure is focused on the comment procedure and the analysis of the amendments to the law in terms of the acceptance of comments in SMEs or comment procedures and the consequences of the acceptance or non-acceptance of comments on the stability of the business environment. The aim of the analysis was to find out to what extent the eventual low level of acceptance of the comments raised is problematic for the business environment and what is the subsequent impact on the amendments to the laws.

A total of 11 direct amendments to key laws affecting business¹⁹¹ in the period 2018-2022 were assessed. This was a comparison of 82 direct amendments. The findings lead to the fact

¹⁹¹Act No. 513/1991 Coll. Act No. 530/2003 Coll. on the Commercial Register and on Amendments and Supplements to Certain Acts, as amended, Act No. 455/1991 Coll. on Trade Enterprise (Trade Licensing Act), as amended, Act No. 563/2009 Coll. on Tax Administration (Tax Code), as amended, Act No. 595/2003 Coll. on Income Tax, as amended, Act No. 222/2004 Coll. on value added tax as amended, Act No. 289/2008 Coll. on the use of electronic cash register and on amendment and supplementation of Act No. 511/1992 Coll. of the Slovak

that the MPK did not take place at all in 8 (9.76 %) cases, which were direct parliamentary amendments to laws where it is not legally obligatory. There were also no MPK in 14 cases (17.07 %), which were direct government amendments to laws that were approved in the shortened legislative procedure. Commenting on the draft law took place but there was no evaluation in 21 cases (25.61 %), which were direct parliamentary amendments to laws and the MPK took place including its evaluation in 39 cases (47.56 %).



In the case of amendments for which an MPK has been held and an MPK evaluation is also available, the acceptance rate varies widely from 0 % to 54.55 % for substantive comments and from 8.67 % to 100 % for all comments taken together (in both cases in proportion to all comments made). The average acceptance of substantive comments for the 2018-2022 direct amendments analysed is 11.40 %. The average acceptance of comments (both substantive and ordinary) is 46.11 % overall.

Particularly problematic are amendments for which the MPK did not take place at all (26.83 %), or for which the MPK took place but was not evaluated (25.61 %). The above-mentioned problems occur mainly in the case of parliamentary amendments to laws or government amendments to laws adopted in the shortened legislative procedure. These often result in practical application problems and, as a rule, lead to further amendments to the law, which would probably not have been necessary with more thorough preparation. In some cases, provisions so adopted are removed from the legislation altogether over time. Some deadlines for commenting procedures, e.g. during the Christmas period, or shortened MPK, when commenting entities do not manage to send their comments in time, also appear to be problematic.

One of the common features of the analysed amendments was the **relatively low acceptance rate of comments** (Labour Code 14 %, Commercial Code 46 %, Income Tax Act 26 %, Social Insurance Act 51 %). Another common feature was the **short period of vacatio legis** (the longest 70 days, the shortest 21 days). It represents the time entrepreneurs have to prepare or ensure that they are in a position to comply with the provisions of the law from its entry into force. Similarly, the **acceptance of comments** (partial or complete) only at a **later stage of the legislative procedure** occurred in the case of each of the analysed amendments.

The **proposed recommendations** to improve the quality of the commenting process are divided into two groups. In order to solve problems of a **technical nature**, the proposed recommendation is to improve the clarity of commenting, the systemic linking of the

National Council on tax administration and on changes in the system of territorial financial authorities as amended, Act No. 431/2002 Coll. on accounting as amended, Act No. 311/2001 Coll. on the use of electronic cash register and on amendment and supplementation of Act No. 511/1992 Coll. on the administration of taxes and fees and on changes in the system of territorial financial authorities as amended, Act No. Labour Code as amended, Act No. 461/2003 Coll. on Social Insurance as amended, Act No. 580/2004 Coll. on Health Insurance as amended.

individual phases of the legislative process, more consistent updating of legislation and legislative processes in the information systems.

Observance of deadlines, participation of various entities in the drafting of the law, substantive evaluation of comments, setting and adherence to long-term legislative objectives, adequate legislative time limits, and unambiguous and individual interpretation of legal norms are the proposed recommendations for solving the problems of the **substantive nature** of the legislative process.

Impacts of rising input prices on SME entrepreneurship in individual sectors of the Slovak economy

Price rises have already had a significant impact on the SME sector in 2022. There are a number of drivers of price rises in 2021 and 2022, which we reflect on through our [analysis](#) of the price increase and its impact on the SME sector.

The first is the COVID-19 pandemic. Quarantine measures in several countries around the world have brought several problems, including high inflationary pressures (mainly caused by China's zero covid policy), as the production of some key components that can be produced more cheaply in this Asian country may not only be unavailable in other parts of the world, but also significantly more expensive. It is generally accepted that inflation is mainly influenced by the money supply. The reaction of central banks during the COVID-19 crisis meant a further easing of the already loose monetary policy. In February 2022, war broke out between Russia and Ukraine. After the war broke out, significant sanctions were imposed on the Russian Federation, which restricted world trade and caused a rise in the price of some materials of which Russia is a major exporter to world markets.

In addition to the war between Russia and Ukraine, the unprecedented climate situation in Europe during 2022 is an important factor in the rise in electricity prices in particular. As electricity generation from renewable sources has become more prevalent (accounting for around 25 % in 2021, up from a negligible share in 1990) and the share of energy produced through gas combustion (mainly natural gas) has increased, electricity and gas prices have become intertwined.

The price of electricity, on the spot market, traded on the Prague Stock Exchange increased by 980 % between January 2021 and October 2022. By the end of 2022, there was a short-term increase in electricity prices on the spot market to EUR 1,000 per MWh. At the time of the pandemic, the price of gas reached levels of about 14 Euros per MWh. In October 2021, the gas price exceeded EUR 100 per MWh on the Amsterdam stock exchange (which is to a large extent a determinant for the Slovak market) and gradually the gas price increased to EUR 200 per MWh. A very significant year-on-year increase in 2022 is registered in the prices of key building materials such as plastics, iron, steel, ferro-alloys, aluminium, cement. In addition, the prices of construction work were also increasing. However, the rise in prices has not been sufficiently reflected in the adjustment of indicators such as depreciation thresholds, damage thresholds, the level of flat-rate expenses, the exemption of employees from contributions when working on an agreement, etc.

Compensatory measures by governments are therefore important to bring inflation down. In Spain, the government has intervened directly on the various components of the electricity price on which it has had an impact. It also suspended some taxes and reduced the excise duty on electricity generation. France has focused on the main electricity supplier and has capped electricity tariff increases and support for electricity suppliers. Germany has reduced the levy on the price of electricity and also postponed the shutdown of its last two nuclear power plants. Austria has focused on investments in wind power and photovoltaics, decarbonisation

of the vehicle fleet and has also reduced some energy taxes. In the Czech Republic, for example, the government has pushed for the removal of the obligation to blend first-generation biofuels into fuel and postponed the entry into force of the obligation to operate selected stationary combustion sources. In Poland, VAT on fuel has been reduced.

The results of the qualitative survey of SMEs confirmed that over the last two years prior to 2022, there has been a steady increase in input prices or change in prices of SMEs regardless of the sector in which they operate. SMEs independently agreed that the current changes and turbulence in price changes were not present even in the 1990s when, after the regime change from a centrally planned economy to a market economy, interest rates were high (sometimes as high as 20 % to 30 %) but price changes were relatively stable. The current situation thus leads to a certain instability and the inability of SMEs to plan for the future and to implement their investment activities, given that prices change from day to day. SMEs thus perceive the current price increase much more significantly than in the past. Rising input prices have required the search for new customers and the use of new marketing tools. In the survey, SMEs reported that they take various measures to keep costs down, such as monitoring non-payers, buying materials more in advance, etc. The proposed recommendations focus on compensatory measures, reduction of regulated tariffs by the state and comprehensive reforms of the business environment that could help to reduce costs other than energy costs. One of the other recommendations is to valorise amounts which have not been valorised¹⁹² for a long time and which are set out exhaustively in legislation (e.g. levy reductions, VAT thresholds, minimum subsistence amounts, etc.).

Technical standardisation and its barriers for SMEs

Technical standardisation is an important part of the activities of small and medium-sized enterprises in Slovakia. Its function is to support the development of innovation and improve the economic performance of the SME sector in Slovakia. Therefore, in the analytical work we also focused on the tasks of technical standardization, with regard to the legal basis, its definition, use, or impact on the economy. An important part of the analysis is the identification of barriers to the use of technical standards in SMEs.

The [analysis](#) found that the issue of the obligation to use technical standards is in some cases ambiguously defined. According to one part of the legislation, its use is voluntary, although another part of the legislation identifies certain standards as mandatory. An example is OSH legislation.

The analysis shows that an important issue in the application of technical standards is their availability, which is linked to the free availability of technical standards. Although the prevailing view is that the use of technical standards that are mandatory should be provided free of charge, this is not the case. They are only free of charge where specified by the standards authority, and only for the duration of the COVID-19 emergency.

Furthermore, the analysis identified that the fee schedule for access to technical standards in Slovakia is overly complicated and confusing compared to other EU countries. Instead of offering unit prices, access to standards or subscriptions to the portal are calculated according to formulas with multiple variables. This makes it impossible to predict the costs for the entrepreneur to access technical standards and other standardisation information or to check

¹⁹²These include, for example, the amounts of the VAT registration obligation, the limits for depreciation of assets, the limit of damage determined as a criminal offence, the limit of the non-taxable part of the tax base for contributions to the third pillar, the amount of flat-rate expenses, the exemption of employees working through agreements, and so on.

the eligibility of the required fees, and the financing of the standardisation authority is also inappropriately set up, with its only income being the fees.

On the positive side, the analysis showed that the length of time it takes to develop a technical standard does not differ from the practice abroad. However, the process of developing a technical standard is itself quite complicated and inaccessible to SMEs. The analysis also looked at how the COVID-19 pandemic has impacted technical standardisation. Paradoxically, the computerisation of communication and other measures during the pandemic emergency have contributed to positive legislative changes and wider involvement of SMEs in technical standardisation processes.

As the analysis shows, the use of technical standards also has a positive impact on the growth of the national economy, fostering innovation and knowledge transfer across sectors. As a result, small and medium-sized enterprises gain access to valuable know-how, benefit from profit growth and added value, or improve production processes, safety measures or employee training.

The analysis shows that small and medium-sized enterprises in Slovakia have the opportunity to use and co-create technical standards, but due to the passive approach of technical standardisation stakeholders or the lack of transparency of the technical standardisation system, they do not use this opportunity sufficiently. Due to the complexity of technical standardisation processes, the lack of transparency of these processes and the poor awareness of the business sector, a large part of SMEs are not interested in technical standardisation.

The most serious barriers we identified in the survey that prevent SMEs from entering technical standardization include, for example, high prices for versions of technical standards in English, complicated tariff of fees for access to technical standards, restrictive parameters for the use of purchased standards, or the low number of technical standards in Slovak. Less serious but limiting barriers include, for example, the lack of functionality of the “Standards Portal” or the passive attitude of the technical standardisation authorities, which do not communicate sufficiently with the SME sector.

It is a positive finding that some of the steps to improve technical standardisation in the Slovak Republic can be implemented in the short term. These include changing the tariff of fees for access to technical standards, increasing the number of technical standards in Slovak, removing unnecessary sanction threats, guaranteeing quality preparation of technical specifications in public procurement, auditing the focus of technical commissions, more active outreach to small and medium-sized enterprises, or simplifying the obligations for using purchased products on the Standards Portal. Other proposed measures are formulated with an emphasis on improving the access of SMEs to technical standardization processes, modifying the functionality of the Standards Portal, changing the style of communication with SMEs, identifying the needs of users of technical standards, increasing the transparency and accountability of business representatives in technical commissions, aligning STN with European and international standards and user demand, guaranteeing the control of compliance with technical standards and the professional competence of inspectors, changing the form of election of members of the Council for Technical Standardisation and improving the overview of its activities, support for professional organisations also for international commenting, harmonisation of Slovak regulations with European standards after their introduction into operation, modification of education at secondary and higher education institutions, and modification of the organisational structure of the Slovak standardisation authority with an appeal to ensure the possibility of external control.

Analysis of regulatory barriers to entrepreneurship in private security

The private security services sector is also important from the point of view of sectoral analyses, as they are mostly SMEs in terms of size. We can identify a number of bureaucratic obstacles in this segment as well.

The analysis of regulatory barriers to entrepreneurship in private security focuses on the assessment of legislative regulation, comparison of the conditions for the provision of services for remuneration by the Police and SBS, control mechanisms, or regulation of licensed SBS entities. The analysis also includes a qualitative survey among SBS.

We have identified extensive barriers affecting, for example, terms and conditions of employment, the powers of the Police Force and the Municipal Police, and the regulation of licensed entities in the SBS vis-à-vis other unregulated parts related to the protection of property and persons. As part of the analysis, we also investigated the legislation in comparable countries (Czech Republic, Poland). On the basis of such an extensive analysis, we propose to consider a comprehensive change to the legislation.

The legislative process could (should) result in changes to the current legislation to reflect our proposed recommendations. The proposed recommendations include, for example, a proposal to remove the condition for the granting of a licence to operate a technical service, or liberalisation of its acquisition, modification of the conditions under which unlicensed entities can provide services in the field of private security, shortening the scope of training for obtaining a professional licence and extending its validity for a longer period of time, or modifying the conditions for its re-acquisition/re-issuance after its expiry, elimination of the obligation for security service operators to require security service employees to submit documents proving their integrity and medical competence every two years, modification of the conditions for submitting a report on the activities of the security service in order to reduce bureaucracy. The proposed measures are targeted so as not to increase the security risk in relation to the security architecture of the SR. The proposed recommendations contribute to improving business conditions in the field of security services, to remove unnecessary bureaucratic burden, to equalize the status of licensed and unlicensed entities and, last but not least, to improve the situation on the labour market.

4.2 Summary of conclusions from selected performed surveys

In order to better comprehend and understand the business environment, a variety of research approaches and methods are used. The most commonly used include qualitative and quantitative surveys. Thanks to them we may have a more relevant view of different areas and specific features of the business environment. The following section of the report presents a brief summary of selected quantitative surveys conducted by the Slovak Business Agency during 2022.



Global Enterprising Monitor (GEM) – Views of the public on business

The project Global Entrepreneurship Monitor is associating more than 300 researchers from around the world. It represents one of the most important global studies about entrepreneurship dynamics. **GEM has three priority goals:** to measure the differences at the level of business activities among the countries, to reveal factors which have an effect on the level of business activities in individual countries and to propose policies which may increase the national level of business activities. The information is updated annually at two levels. The first one is the Adult Population Survey (APS) with a representative sample of at least 2,000 respondents. The second level is the National Expert Survey (NES). Slovakia has been a part of the Global Business Monitor continuously since 2011. The main coordinator of the GEM survey in Slovakia is the Faculty of Management of Comenius University.

Results from the 2022 GEM Adult Population Survey (APS) **indicate a persistent decline in the perception of good business opportunities in one's neighbourhood.** The representation of respondents who perceive suitable business opportunities reached 29.4 %. It fell by 4.0 p.p. year-on-year.

The self-confidence of the Slovak people, which reflects the perception of their knowledge and skills needed to start a business, has seen a positive development. After a previous decline, the **perception of one's own knowledge and skills to start a business saw an increase to 42.9 %.**

Half (50.6 %) of the Slovak population considers entrepreneurship as a suitable career choice. Social attitudes towards entrepreneurship have worsened year-on-year. However, the value achieved is above the average of the results recorded in the medium term.

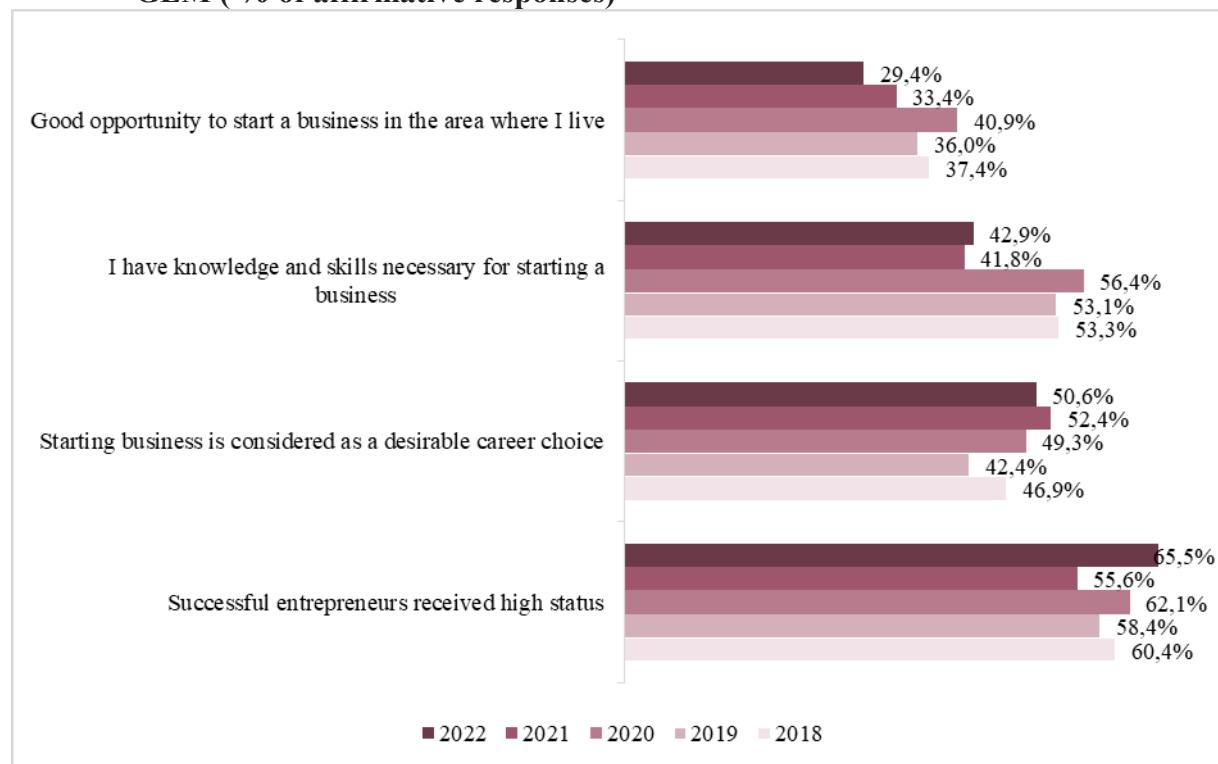
The perception of successful entrepreneurs and the associated social status has improved substantially. Almost **two thirds (65.5 %) of Slovaks think that success in business is associated with social recognition.** In the previous year, more than half (55.6 %) of the population thought that successful entrepreneurs have social recognition.

In Slovakia, the **fear of failure would discourage 42.9 %** of the population that sees business opportunities. On the positive side, there has been a steady decline in the proportion of the population who would be deterred from doing business by the fear of failure.

The majority of people in Slovakia (56.1 %) personally know at least one person who has started a business in the last 2 years, while every third person knows more than one start-up entrepreneur.

The results of the survey also point to the need to further simplify the conditions for starting a business, as almost **two thirds (64.0 %) of Slovaks believe that it is not easy to start a business in Slovakia.**

Chart 15 Selected attitudes of the Slovak population to entrepreneurship according to GEM (% of affirmative responses)



Source: Global Entrepreneurship Monitor, processed by SBA

Views of the SMEs on the quality of business environment in Slovakia

A quality business environment is generally seen as a key condition which determines the long-term competitiveness and the growth of any market economy. Due to the need for a systematic assessment of the quality of the business environment in Slovakia, the Slovak Business Agency regularly conducts a survey among SMEs, which focuses on assessing satisfaction with the conditions for doing business in Slovakia and mapping the most serious obstacles. The latest survey was conducted at the end of 2022 on a representative sample of 1 000 SMEs. Detailed results are compiled and available in the survey report¹⁹³.

According to the results of the survey, more than half (55.7 %) of representatives of small and medium-sized enterprises are dissatisfied with the current conditions for doing business in Slovakia. Only 2.8 % of respondents expressed maximum satisfaction and 11.6 % of entrepreneurs expressed maximum dissatisfaction. The index of satisfaction of small and medium-sized entrepreneurs with the current state of the business environment reached 3.9 points on a scale from 1 - the highest satisfaction to 6 - the lowest satisfaction.

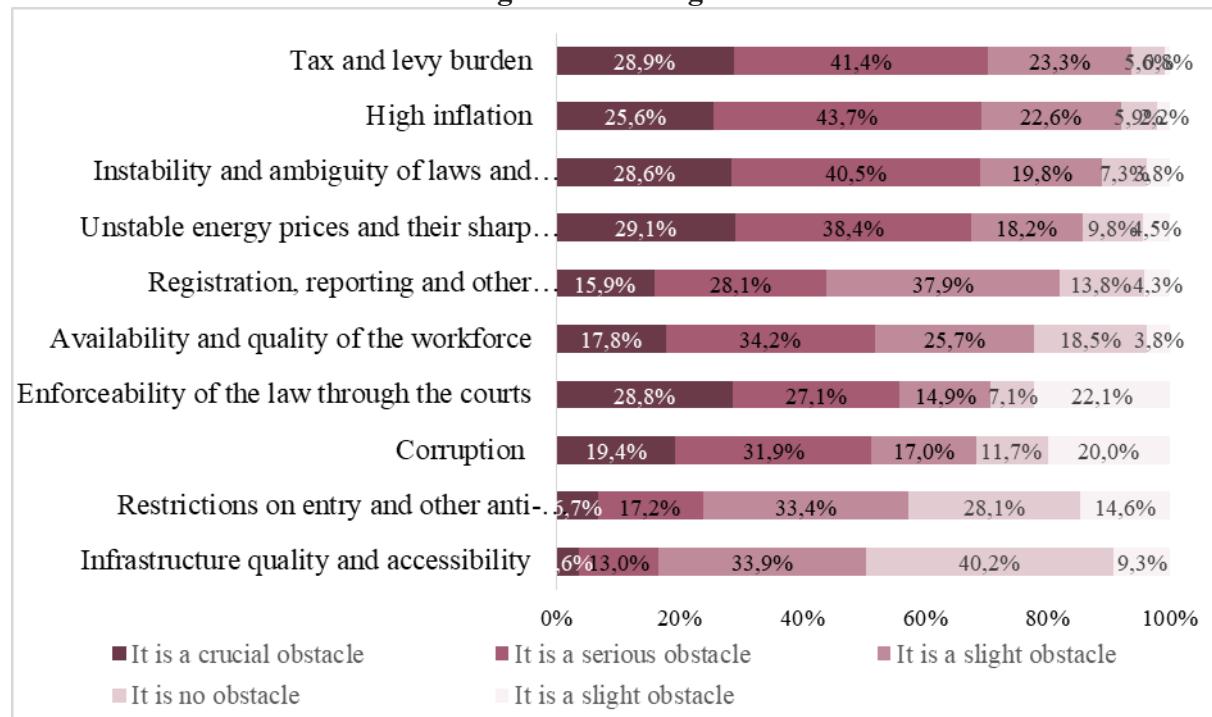
Entrepreneurs perceived more favourable business conditions at the start of their business. A significant majority (67.4 %) of entrepreneurs were more satisfied with the conditions for doing business in the early days of their business.

For SMEs, the most significant obstacle to the functioning and further growth of their business is the fiscal and tax burden (93.6 %). The results further revealed that SMEs also

¹⁹³ Available at: <https://monitoringmsp.sk/wp-content/uploads/2023/03/N %C3 %A1zory-MSP-na-kvalitu-podnikate%C4 %BEsk %C3 %A9ho-prostredia-na-Slovensku-2022-1.pdf>

perceive high inflation rates as a significant barrier (91.9 %). The third major obstacle is the instability and ambiguity of laws and regulations (88.9 %). Entrepreneurs also see unstable energy prices and energy price hikes as a significant obstacle (85.7 %).

Chart 16 Obstacles to the functioning and further growth of the business



Source: SBA

The survey results further indicate that **state intervention is also a barrier to entrepreneurship for SMEs**. In particular, the regulation of labour relations is a problem (63.4 %). For half of the SMEs surveyed (50.7 %), consumer protection is a barrier. State intervention in the field of environmental protection is a barrier for almost half of SMEs.

Among the institutions that, from the aspect of declaration, force respondents or their employees to **fill out unnecessary submissions**, participants most often included: Social Insurance Company (49.3 %) and Financial Administration of the Slovak Republic (45.2 %). The third bureaucratic institution ranked by SMEs was the institution providing subsidies or deciding on EU funds (42.3 %).

Entrepreneurs in Slovakia have long pointed out the problem of compliance with valid legislation in their business. Almost a third of small and medium-sized entrepreneurs (30.4 %) think that it is **impossible to do business in Slovakia without ever breaking any law**. On the contrary, 37.1 % of entrepreneurs believe that **it is possible to do business without breaking the law**.

Entrepreneurs consider the **biggest obstacle** to compliance with the law to be its frequent changes and the impossibility of regular monitoring (71.1 %). The second significant obstacle, according to entrepreneurs, is the difficulty to find out what laws and regulations apply to a particular business (63.2 %). The third obstacle is that laws are adopted without sufficient consultation with entrepreneurs (61.5 %).

For the majority of SMEs (71.0 %), high inflation was increasing the cost of doing business at the end of 2022. Up to (34.7 %) of SMEs have had to increase wages to employees, and up to a third of SMEs (33.7 %) have seen a fall in demand for goods/services.

For more than a fifth of SMEs (26.7 %) the payment performance of customers has deteriorated.

From the point of view of facilitating doing business in Slovakia, the surveyed entrepreneurs **prefer a substantial reduction of the tax (30.7 %) and levy burden (24.9 %) in the future**. More than one tenth (10.6 %) of entrepreneurs prefer a substantial reduction of the administrative burden. Less frequent changes in legislation are preferred by almost a tenth (9.3 %) of entrepreneurs. A total of 8.7 % of businesses are in favour of measures to stabilise energy prices.

Survey on barriers to youth entrepreneurship

In order to identify the main obstacles to youth entrepreneurship in Slovakia, the Slovak Business Agency, in cooperation with the Association of Young Entrepreneurs of Slovakia (ZMPS), conducted a quantitative survey the detailed results of which are presented in a separate survey report¹⁹⁴. The survey was carried out with a representative sample of 1,000 young entrepreneurs aged 18 to 39, whose companies meet the criteria applicable to the category of small and medium-sized enterprises. The survey's focus on the youngest groups of entrepreneurs confirms the representation of entrepreneurs under the age of 29, who accounted for 70 % of the total number of respondents.

According to the results of the survey, the most significant obstacle in the entrepreneurship of young entrepreneurs in Slovakia is the tax burden. The most negative perception of this area is held by young entrepreneurs in the agricultural sector, entrepreneurs with 10 or more employees and representatives of limited liability companies. Other significant barriers to entrepreneurship include the price of **inputs and their expected development, the stability of legislation and the frequency of changes in laws, or registration, reporting and other administrative obligations**.

Young entrepreneurs rated the availability of skilled labour, the flexibility of labour law and employment obligations, the transparency and accessibility of public tenders and contracts, and the price of skilled labour as low barriers to entrepreneurship.

¹⁹⁴ Available at: <https://monitoringmsp.sk/wp-content/uploads/2022/09/Prieskum-prek %C3 %A1 %C5 %BEok-v-podnikan %C3 %AD-mlad %C3 %BDch-na-Slovensku.pdf>

Chart 17 Index of obstacles to youth entrepreneurship in Slovakia in 2022



Source: SBA

In terms of employment, **young entrepreneurial firms can be described as stable with low employee turnover rates**. The turnover rate of employees in case of young entrepreneurs increased with increasing number of employees and at the same time growth of sales. Higher turnover rates are reported also by young entrepreneurs in accommodation and catering and in construction. According to the survey results, the most frequently used measure to retain employees is a regular salary increase. Almost a third (32.1 %) of young entrepreneurs implement this measure in their companies.

Almost forty percent of young entrepreneurs plan to invest in digitalisation or automation in their business in the next 12 months. Almost a third of businesses that definitely plan to invest in digitalisation/automation processes are employers with 10 or more employees, especially in the business services sector.

According to the survey results, the most significant barrier to the adoption of digitisation and automation is the high initial costs. The second barrier is the time it takes to put processes in place.

The survey also shows that **social media advertising is still the most commonly used among young entrepreneurs in Slovakia**, with more than half of the respondents preferring it. Compared to the results of the previous survey, the use of all forms of advertising has increased, with the exception of advertising in local or regional press periodicals, which, on the contrary, has slightly decreased.

Young entrepreneurs predominantly invest less money annually in marketing activities. **Less than half of the young entrepreneurs surveyed invested up to EUR 500 per year in their company's marketing activities**. Compared to the 2018 survey, the amount invested by young entrepreneurs in marketing activities has increased.

In the survey, young entrepreneurs also gave their suggestions for support measures to help facilitate their entrepreneurship. **Among the proposed changes and measures, the requirement to reduce the tax and levy burden on businesses in Slovakia dominates**. The

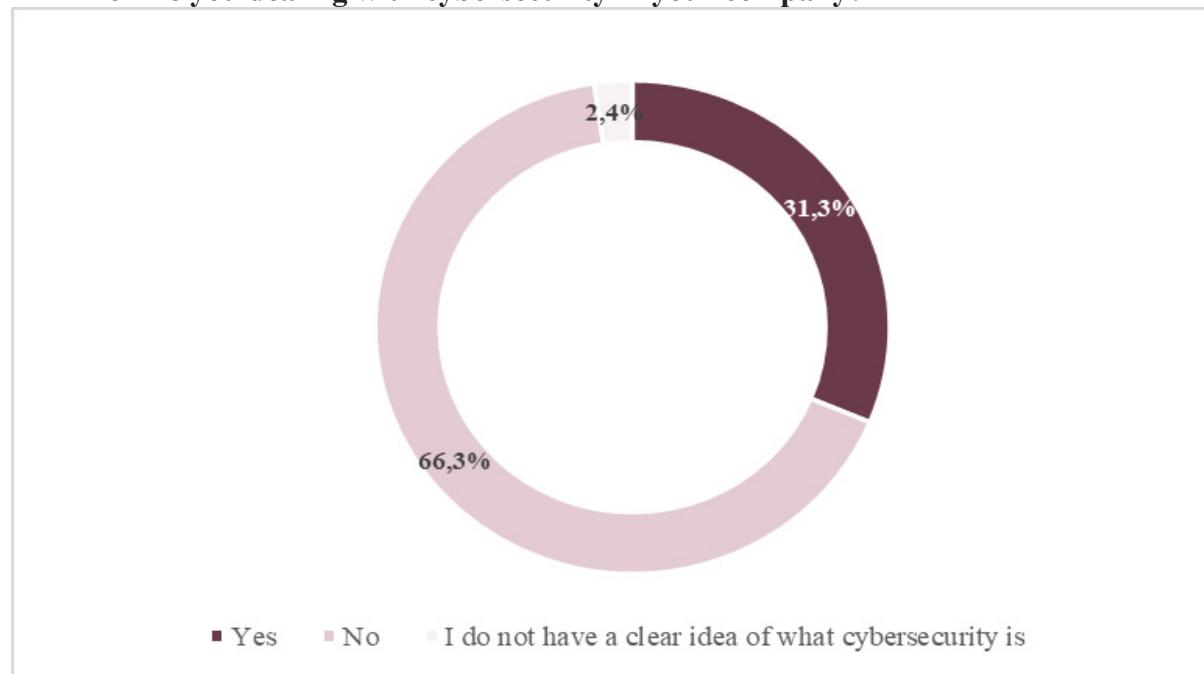
second most frequent request from young entrepreneurs was **to reduce the administrative burden associated with entrepreneurship**.

The state of cybersecurity in the SME sector

The business sector is a popular target for attackers in cyberspace. Prevention and preparedness to respond to current threats is proving to be a crucial factor in maintaining the confidentiality, integrity and availability of data and information. As businesses have a large amount of data with variable content, security in this sector is extremely important. A significant target of cyber attackers are small and medium-sized companies, where a lower level of security is expected. The issue of cybersecurity in the SME sector was also addressed in an SBA survey conducted in May 2022.

In Slovakia, **almost a third of small and medium-sized businesses are currently dealing with cyber security**, despite the fact that they are not required to do so by legislation. Two thirds of SMEs are not concerned with cybersecurity. The largest group of businesses dealing with cybersecurity are medium-sized businesses.

Chart 18 Are you dealing with cybersecurity in your company?



Source: SBA

Risk awareness is the most prominent factor for increasing cybersecurity awareness among SMEs engaged in cybersecurity, with more than half of survey respondents citing this factor. The second most significant factor is the threat of an incident. The third factor with the greatest impact on increasing cybersecurity is awareness of the value of corporate assets

According to current trends and threats, up to **60.6 % of SMEs define the direction of cybersecurity priorities**. Cybersecurity recommendations and requirements from the customer-supply chain are considered a priority by almost a third of SMEs.

More than half of SMEs (54.1 %) did not experience any cyber incidents. A fifth of SMEs have experienced malicious behaviour. 13.5 % of SMEs experienced human error and every tenth SME experienced system failure or reported other incidents.

According to the survey results, **more than half of small and medium-sized businesses do not have cybersecurity staff. Most SMEs do not have a risk analysis in place.** More than a fifth have developed and updated it in the last year. Less than a tenth of respondents had updated it in the last month. Almost two thirds of SMEs do not have business continuity plans in place.

For more than half of SMEs, the cybersecurity budget is part of the IT budget. As many as 47.1 % of small and medium-sized enterprises do not have a cybersecurity budget or it is not part of their IT budget.

The survey further shows that for the majority of SMEs, cybersecurity costs account for less than one per cent of the total budget. The largest part of cybersecurity costs is hardware and software (41.7 %). The second significant item is backup (12.2 %).

One-fifth of small and medium-sized businesses rate the information activities of the state in the field of cybersecurity as insufficient. 62.8 % of SMEs are unaware of the state's cybersecurity information activities.

To improve cybersecurity, SMEs **would most appreciate measures in the form of grants, vouchers for technology purchases**, and the provision of training and education courses. A second support measure that SMEs would welcome would be **information services** and a third preferred measure would be **advice, mentoring and training**.

Regional innovation potential of SMEs

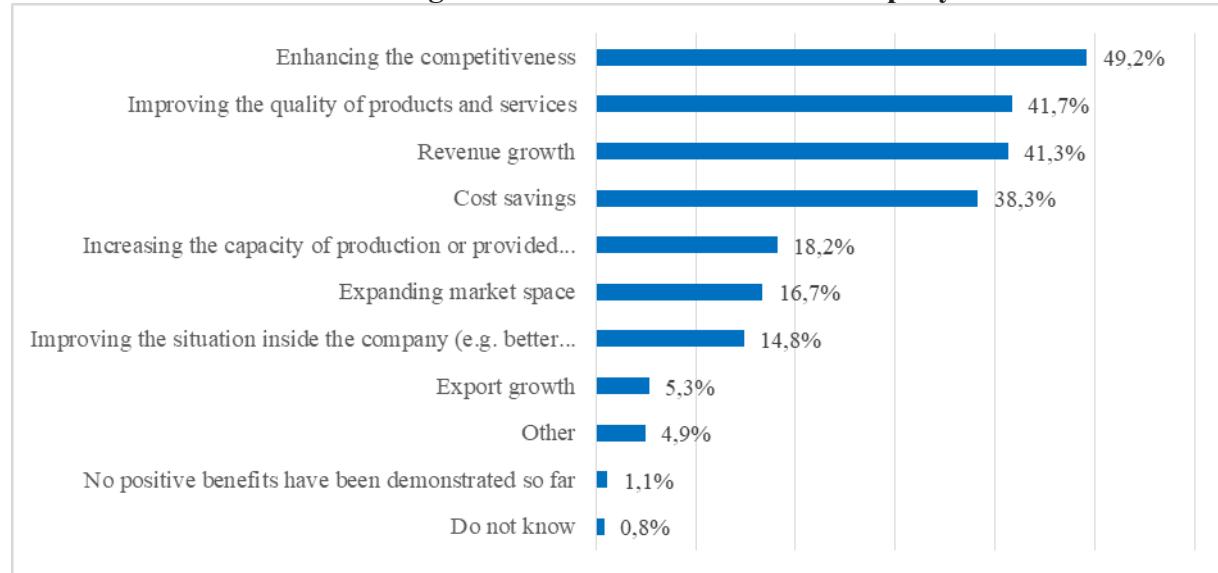
In order to examine the level of innovation activities of small and medium-sized businesses, the SBA conducted a quantitative survey of small and medium-sized businesses in October 2022. The survey was conducted through telephone interviews on a total sample of 1006 SME representatives.

According to the survey results, almost three quarters of micro, small and medium-sized firms have not carried out any type of innovation activity in the past 12 months, 54.6 % have no plans to do so in the future, and 16.8 % are not doing so but are considering it in the future. More than a quarter of micro, small and medium-sized enterprises (26.3 %) reported innovation activities in the past 12 months.

The most frequent source of innovation activities in the surveyed firms comes directly from their owners or management. For almost half of micro, small and medium-sized companies (45.5 %), incentives from customers or clients act as an important stimulus.

According to the survey results, almost half of micro, small and medium-sized firms (49.2 %) reported that innovation activities had increased their competitiveness. 41.7 % and 41.3 % of firms reported an increase in the quality of products and services and growth in sales, respectively. Cost savings ranked fourth.

Chart 19 Benefits of introducing innovative activities for the company



Source: SBA

More than half of firms (50.8 %) do not spend more than 10 % of their revenues on financing innovation. Just under a quarter of firms (24.2 %) spend between 11 % and 20 % of their revenues on financing innovation. In sum, three quarters of firms (75 %) did not spend more than 20 % of their revenues on financing innovation.

When it comes to sources of financing innovation activities, the use of own resources is unrivalled, with 92.8 % of micro, small and medium-sized enterprises using them. In second place is bank lending, which was used by 18.2 % of micro, small and medium-sized enterprises. 3.4 % of micro, small and medium-sized enterprises benefited from EU Structural Funds.

The survey results further indicate that almost half of micro, small and medium-sized firms (47.1 %) innovate on their own, without the cooperation of anyone else. More than a third of micro, small and medium-sized enterprises (35.6 %) cooperate with the private sector (enterprises, private research institutions) in the introduction of innovations.

Almost half of the respondents (49 %) cited a lack of financial resources as the main barrier to innovation implementation. Inadequate legislative conditions (30.0 %) and lack of skilled labour (29.4 %) were cited in second place, almost 20 percentage points lower.

When it comes to introducing innovative activities in a company with state and EU support, the obstacle most strongly felt by micro, small and medium-sized enterprises comes from the burdensome administration related to the support itself (reported by 25.4 % of respondents). A close second is the feeling or belief of entrepreneurs that support is mainly targeted at large enterprises and financially intensive operations.

To increase the innovation capacity of their own business, half of micro, small and medium-sized enterprises would increase their awareness of existing forms of state or EU support for business innovation. More than a quarter (25.9 %) would streamline support for innovative businesses and almost a quarter (24.2 %) would organise more professional events to share know-how.

Conclusion

The year 2022 was mainly characterised by three geopolitical events that had a significant impact on Slovak SMEs. First and foremost, it is the waning of the COVID-19 pandemic, which had an impact on the economic environment, particularly in the first quarter of 2022. The invasion of Ukraine by Russian troops in February 2022 and the threat to energy supplies, which had a significant impact on energy prices, characterised the remainder of the year.

Small and medium-sized enterprises are considered to be an important driver of the economy, in particular because of their contribution to job creation, value added and thus to economic growth. In 2022, the share of SMEs in employment in the corporate economy reached 74.7 % (up by 0.3 p.p. compared to 2021) and 59.3 % of total employment in the Slovak economy (also up by 0.3 p.p.).

Foreign trade is also an important part of SME business. SMEs also recorded a significant increase in exports in 2022. According to the preliminary results, SME exports increased by 18.5 % compared to the previous year. The share of SMEs in Slovakia's total exports rose to 29.5 % as a result of stronger export growth of small and medium-sized enterprises than large enterprises. The territorial structure of the exports of small and medium-sized enterprises in Slovakia is characterised by the dominance of the EU common market, with the share of exports of SMEs to EU member states accounting for 86.7 % of total SME exports in 2022. The share of SME exports to non-EU countries increased by 4.0 p.p. year-on-year to 13.3 %.

Similar to exports, SME imports increased by 18.5 %. Up to three quarters of total SME imports were from EU-27 Member States. Imports increased in all size categories of enterprises. However, the increase in imports did not show significant differences between the different categories of enterprises.

The importance of small and medium-sized enterprises can also be observed in the structure of economically active business entities. As in the previous year, in 2022 SMEs reached a 99.9 % share of the total number of economically active business entities.

In terms of net increase of business entities, 2022 was a successful year, similar to 2021. In 2022, there was a renewed year-on-year increase in the number of business establishments.

According to the data, there will be a 2.2 % increase in the number of SMEs established in 2022 to 94,603 entities. The number of disestablished business entities also increased by 3.9 % (to 53,721). Of the total number of dissolved firms, legal entities accounted for 12.8 % (6,880). The largest group among the disestablished business entities were sole traders entrepreneurs with a share of 79.2 %. Due to the higher number of business entities being established than disestablished, a net increase in business entities (40,882) was recorded in 2022, and this was at the level of 2021. The increased number of business discontinuations was reflected in 2021 also in the results of the bankruptcy statistics. According to the data of the Ministry of Justice of the Slovak Republic, in 2022 the number of declared bankruptcies increased by around 8 % to 290. The number of authorised restructurings increased to 24.

In general, Slovakia ranks among the countries with an above average share of established and disestablished entities, which shows a relatively high dynamics of business in Slovakia.

In terms of age, the age category of entrepreneurs aged between 40 and 49 years was the most represented in the monitored year 2022. There has been no significant change in the gender structure of natural persons - entrepreneurs. The representation of women entrepreneurs was 27.5 % in 2021.

In terms of the regional structure of entrepreneurship, the largest number of small and medium-sized enterprises is registered in the Bratislava region. Despite the fact that it is not the largest region either in terms of population or size, in 2022 one in five SMEs (23 % share) had their headquarters in the Bratislava region. This is followed with a significant margin by the Žilina Region, where 13.5 % of active SMEs were located, and the Prešov Region with 13.2 %. In other regions, the representation of SMEs is more even. The least, only 9.1 % of SMEs were registered in the Trenčín Region.

From the position of small and medium-sized enterprises as important contributors to job creation and added value and contributors to economic growth and regional development, it is essential to continue the process of improving the business environment, especially in relation to the needs and requirements of SMEs. Eleven of the most important laws, which should be regularly monitored by SMEs as they affect them closely, have been amended a total of 56 times in the past year (number of amendments with effect in 2022). This is an increase of 35 % compared to 2022. While in 2021 the situation was still significantly affected by the impact of the COVID-19 pandemic, the higher number of legislative changes in 2022 was mainly influenced by the energy and Ukrainian crises. A number of important pieces of legislation were adopted (and effective) in 2022.

Business support is an important tool for the SME sector to stabilise as well as develop the business sector. The support measures adopted for the business sector have had a positive impact on the availability of finance in Slovakia. Businesses have also been partially helped by pandemic mitigation tools, with energy crisis mitigation tools showing up for the first time in 2022.

Financial instruments have played an important role in addressing the liquidity shortfalls faced by companies as a result of falling sales. State-guaranteed loans have mainly helped small and medium-sized enterprises. However, the total amount of support to SMEs in 2022 in the context of the COVID-19 pandemic was already significantly lower than in 2021. In terms of the structure of the forms of financing of regular support (excluding the so-called COVID support), the direct form of support dominated, accounting for 85.6 % of the total support to SMEs (a slight year-on-year increase in the indirect form of support). The indirect form of support amounted to 14.4 % in the case of regular support. The use of regular support has increased compared to last year. This is because the waning of the pandemic has been reflected in the standard support schemes. The most significant share of support to SMEs in terms of individual categories of regular support was the category of credits or loans (40.1 % of the total support provided to SMEs) and the category of subsidies, NFA, grants (41.5 %). In the context of the evaluation of the COVID support provided to the SME sector in 2022, it can be stated that financial or direct support was predominant. Among the most important providers of COVID support were the MPSVaR SR, MDV, MH SR and SIH.

Continuous improvement of SMEs' access to funding sources is an important indicator. Nevertheless, Slovak SMEs continue to lag behind EU countries in the use of grants or venture capital.

In course of 2022, the Slovak Business Agency monitored the state and development of the business environment, and published the results of its findings in a number of analytical outputs, which in essence touched on specific questions of entrepreneurs. As in previous years, also in 2022 the analyses processed in the SBA were focused on the identification and analysis of barriers to the development of SME entrepreneurship in the Slovak Republic and also on mapping current trends in SME entrepreneurship. In each of the analyses and surveys carried out, observations and recommendations are expressed, which should, by their nature,

contribute to the deepening of the knowledge and development opportunities as well as to improving the conditions of doing business for small and medium-sized enterprises.

The results of the conducted surveys and analyses also show other problem areas that SMEs have faced during the monitoring period. The impact of the war in Ukraine was reflected in the preparation of an analysis focusing on changes in the labour market and the employment of foreigners. The analysis showed, among other things, that the legislative environment changes frequently in the area of labour market regulations. However, even under the pressure of the war in Ukraine, the conditions of employment of foreigners from that country have been relaxed. The problematic conditions and the highly overregulated environment are also a reason for circumventing the standard employment relationship and substituting fictitious trades. We have also been analysing these conditions over the past year. In addition, the analyses also focused on the issue of education, which has an impact on the development of a skilled workforce, public procurement issues, the state's fee policy, the legislative process, as well as the impact of inflation on SME entrepreneurship.

The surveys showed that more than half (55.7 %) of representatives of small and medium-sized enterprises are dissatisfied with the current conditions for doing business in Slovakia. For SMEs, the most significant obstacle to the functioning and further growth of their business is the fiscal and tax burden (93.6 %). The results further revealed that SMEs also perceive high inflation rates as a significant barrier (91.9 %). The third major obstacle is the instability and ambiguity of laws and regulations (88.9 %). Entrepreneurs also see unstable energy prices and energy price hikes as a significant obstacle (85.7 %).

The most significant obstacle for young entrepreneurs in doing business in Slovakia, according to the results of the survey, is the high tax burden. Other significant barriers to entrepreneurship include the price of inputs and their expected development, the stability of legislation and the frequency of changes in laws, or registration, reporting and other administrative obligations. Almost forty percent of young entrepreneurs plan to invest in digitalisation or automation in their business in the next 12 months.

In terms of facilitating entrepreneurship in Slovakia, entrepreneurs prefer (among other things) a substantial reduction of the levy and tax burden, changes in legislation, reduction of the administrative burden and, last but not least, more accessible support for business development. Compared to the past, high inflation is a problem and businesses are calling for steps to help bring down input prices.

The self-confidence of the Slovak people, which reflects the perception of their knowledge and skills needed to start a business, has seen a positive development. After a previous decline, the perception of one's own knowledge and skills to start a business saw an increase to 42.9 %. **Half (50.6 %) of the Slovak population considers entrepreneurship as a suitable career choice.** Social attitudes towards entrepreneurship have worsened year-on-year. The results of the survey also point to the need to further simplify the conditions for starting a business, as almost two thirds (64.0 %) of Slovaks believe that it is not easy to start a business in Slovakia.

Cybersecurity represents an important topic for SMEs. In Slovakia, almost a third of small and medium-sized businesses are currently dealing with cyber security, despite the fact that they are not required to do so by legislation. Two thirds of SMEs are not concerned with cybersecurity. Risk awareness is the most prominent factor for increasing cybersecurity awareness among SMEs engaged in cybersecurity, with more than half of survey respondents citing this factor.

The *Report on the State of SMEs* this year also presents the results of efforts to improve business conditions in Slovakia. These efforts have been promoted by the Better Regulation Centre for the sixth calendar year now. As a member of the Permanent Working Committee for the assessment of selected impacts as part of the Legislative Council of the Government and tasks resulting from its membership, the BRC registered 147 unique regulatory proposals affecting the business environment. In 2022, the trend of insufficient quantification of the costs/savings of regulation by the applicants continued with only 54 materials quantifying the costs of regulation, out of the aforementioned number of 147 submitted materials with business environment impact.

The BRC sees opportunities in the following areas, which would lead to a reduction in the regulatory burden: better regulation for SMEs particularly in the areas of labour law and employment, taxes and accounting, business law, excessive bureaucracy, disproportionate financial burden and legal uncertainty. The State of the SME Report also addresses specific measures or proposals. Other organizations have been given room in the *Report* to present proposals for improving the business environment, which propose to eliminate a number of individual partial shortcomings that are hidden in the legislation.

The SMEs represent one of the key actors in the national economy involved in creating employment, added value and growth. It is therefore desirable that there is continual development in this sector. In general, SMEs are more sensitive to frequent legislative changes than large companies. In order to ensure the development of SME business, it is essential that Slovakia continues to improve the business environment including the enforcement of legislative proposals in the area of SMEs, increasing transparency, particularly in the process of public procurement and taking other measures aimed at reducing administrative and regulatory burdens.

The year 2022 was characterised by a gradual recovery of the world economy from the aftermath of COVID-19, however, the war in Ukraine and the energy crisis had a significant impact on the development. For this reason too, the economic recovery has been relatively weak, with GDP growth of only 1.7 %. All expenditure components of GDP are also positive in 2022. Foreign demand increased by 1 % year-on-year. Imports of goods and services also increased (by 3 %). Domestic demand grew by 3.6 %. Gross capital formation increased by 6.3 %, of which gross fixed capital formation was 6.5 % higher. Investment increased in most industrial production sectors, most significantly in the manufacture of computer, electronic and optical products (by 46 %).

The slowdown in economic activity among our main trading partners (whether due to the receding COVID or the energy crisis) has also reduced the demand for Slovak products and services. Exports of goods and services increased by 1.0 % year-on-year. Goods and services in the total value of EUR 107,047.3 mil. were exported from Slovakia. Imports of goods and services increased more significantly (by 3.0 %) than exports, the volume of imported goods and services amounted to EUR 113,850.9 mil. The negative balance of foreign trade in goods and services reached an amount of EUR 6,803.6 mil.

Consumer price developments were dynamic in 2022. Inflation has been rising continuously since the beginning of last year and at the end of the year prices of goods and services reached a 22-year high (15.2 %). Dynamic price increases have negative consequences not only for the population, but also for the economic activity of the business sector. Significant price increases were recorded for most major products. Industrial producer prices for the domestic market in 2022 increased by up to 43.3 % year-on-year. Of the domestic industrial producer prices, the highest growth was recorded for coke and refined petroleum products (up 70.4 %) and chemicals and chemical products (up 50.4 %). Prices of

industrial products for export increased by one-fifth. In the construction sector, prices of materials and products rose by almost one-quarter. Prices of construction works increased at a slightly lower rate (by 18.3 %). Prices of agricultural products also increased significantly, rising by more than one-third.

Corporate lending activity was characterised by different trends during 2022. A relatively strong year-on-year growth in corporate loans disbursements was achieved by the end of the third quarter. The slowdown in corporate loan disbursements occurred in the last quarter of 2022 and continued in early 2023. The slowdown in lending activity was widespread across loan categories as well as across all size categories of enterprises. Increasing interest rates on corporate loans are putting pressure on a significant part of the corporate sector in the context of rising debt servicing costs. The deterioration in corporate lending conditions has not yet translated into an increase in the share of defaulted loans. The share as well as the volume of non-performing loans was characterised by a decline, with the share of non-performing loans declining in most sectors. Only accommodation and food services, which were most affected by the pandemic, saw an increase in this indicator.

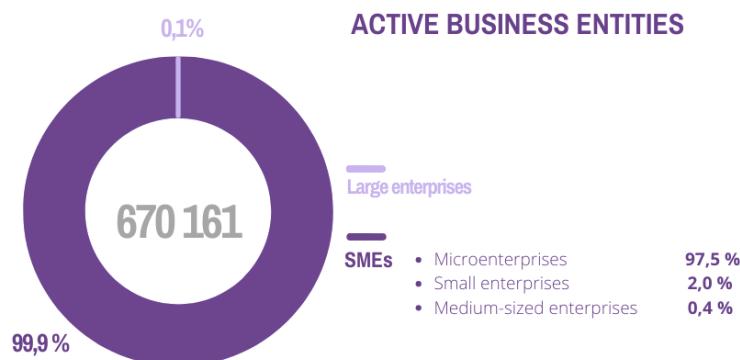
In 2022, industrial production recorded a decline of 4.7 % after a previous increase. Industrial production declined in most industries.

In line with the above, it is also necessary to continue to make support for SMEs more effective according to the needs of small and medium-sized enterprises. In pursuing business development objectives, there is a need to continuously pursue systematic cooperation and to take into account the suggestions and recommendations of the various actors in relation to improving business conditions for SMEs.

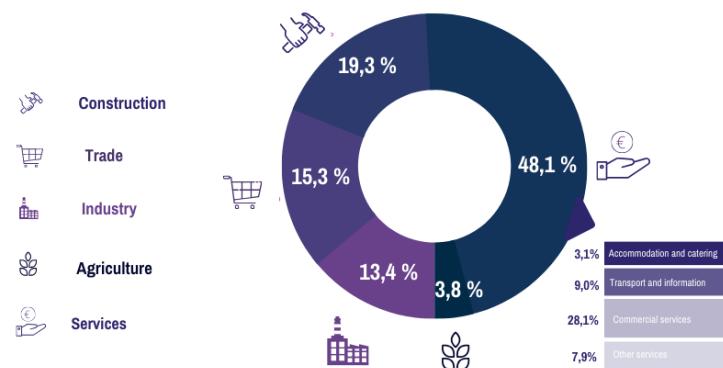
Annex

INFORMATION ON THE MOST RELEVANT SUPPORT PROGRAMMES/PROJECTS/MEASURES FOR THE PREPARATION OF THE DOCUMENT

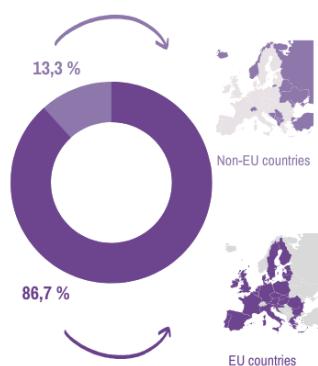
REPORT ON THE STATE OF SMES IN THE SLOVAK REPUBLIC
2022

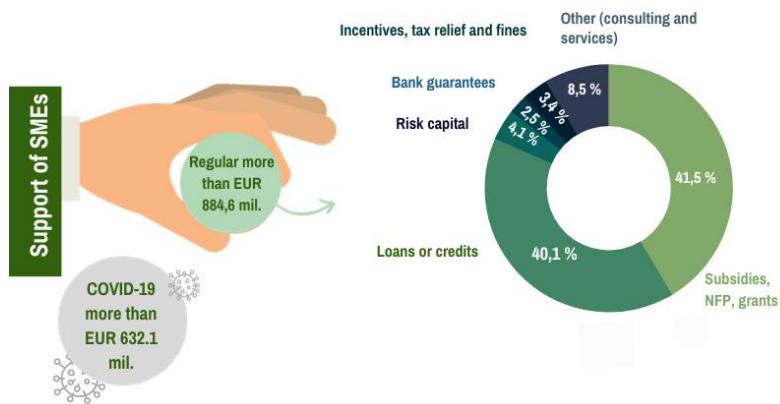


SECTORAL STRUCTURE OF SMES



TERRITORIAL STRUCTURE OF EXPORTS OF SMES

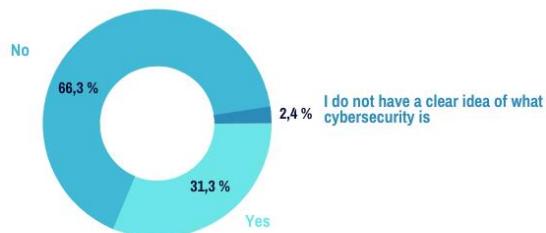




Summary of conclusions from selected performed surveys

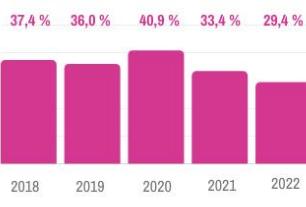
The state of cybersecurity in the SME sector

Are you dealing with cybersecurity in your company?

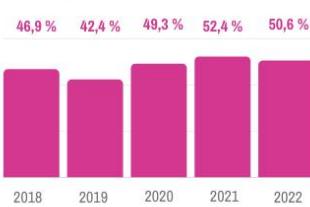


Global Entrepreneurship Monitor (GEM) - views of the population towards entrepreneurship (possibility of multiple answers, % of positive responses)

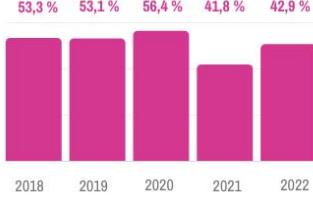
Good opportunity to start a business in the area where I live



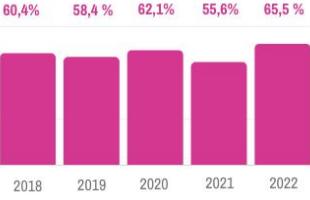
Most people consider starting business as a desirable career choice



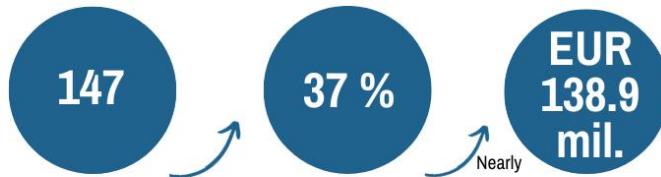
I have knowledge and skills necessary for starting a business



Successful entrepreneurs received high status



Regulation of the business environment



Unique materials with an impact on the business environment

Unique materials with quantified costs for entrepreneurs

Overall savings for the business environment

Source: Better Regulation Centre, lepsiezakony.sk