

Employment and Social Security in Slovakia

An amendment to the Slovak Labour Code entered into force on 1 September 2007 bringing about, for example, more precise definition of “dependent work”, more detailed specification of the role of employees’ representatives, or modification of temporary employment.

1. Employment Contract, Working Time and Holidays

Employment contract must be executed in writing in Slovak (bilingual version is also acceptable) and it must contain the following prerequisites defined by law: (i) type of work and its brief description, (ii) date of start of work, (iii) place of employment, and (iv) salary conditions. The contract shall, in addition, state also further conditions, being salary/wage payment terms, working hours, holidays conditions and notice period.

The employment contract concluded for a definite period of time cannot be concluded for a period exceeding 3 years. If no such period is agreed in the contract it shall be considered as if concluded for an indefinite period of time.

The Labour Code stipulates the maximum working time of an employee of 40 hours per week while the maximum average working time including overtime work is 48 hours per week (however, can be agreed with the employee up to 56 hours per week in the health care sector). The employer may instruct its employee with an overtime work at maximum 150 hours per year; due to serious organisational reasons they may agree on additional 250 hours of overtime work per year.

In general, each employee is entitled to have 4 weeks of paid holiday per calendar year, i.e. 20 working days. This amount is increased to 5 weeks (25 working days) for employees who have worked for at least 15 years after the age of 18. Certain special categories of employees (e.g. teachers or those in certain dangerous professions) are entitled to an increased amount of holiday or additional holiday.

The Labour Code stipulates a “minimum salary entitlement” depending on the type of work performed and the amount of minimum salary stipulated by the Slovak Government that is currently SKK 8,100 per month (approx. EUR 240). Each employee is entitled to surplus payments in case of overtime work (25 % of the employee's average salary), or work on public holidays (50 % of his/her average salary); in both cases the employer and employee may agree on an equivalent time off-work instead of surplus payments. Each hour of work at night or work in conditions harmful to health will be remunerated with a surplus payment equal to 20 % of the minimum salary entitlement stipulated by the Labour Code.



2. Termination of Employment Contract

Under Slovak law, an employment relationship may be terminated by:

- (i) mutual agreement;
- (ii) immediate termination of employment by the employer or employee;
- (iii) termination with notice given by the employer or the employee;
- (iv) expiry of employment contract concluded for definite period of time; and
- (v) termination in the probationary period.

The employment contract can be immediately terminated from the side of the employer if the employee: (i) is convicted of a wilful criminal offence or (ii) has substantially breached the working discipline. The contract terminates upon delivery of a notice on immediate termination to the employee.

An employee may immediately terminate employment on the grounds of serious health problems which restrain him/her from the performance of the job or when his/her salary or its part was not paid in due time.

The employer may terminate the employment contract upon termination notice only on the grounds expressly stated in the Labour Code. They comprise:

- (a) organisational changes;
- (b) health reasons on the employee's side;
- (c) failure of the employee to meet the requirements for performance of agreed work set by legal regulations or in the employer's

- internal regulations or unsatisfactory performance of working tasks by the employee;
- (d) existence of reasons on the part of the employee for which the employer might immediately terminate the employment or on grounds of a less substantial breach of discipline at work.

The employee may terminate employment contract upon termination notice for any reason or without stating a reason. The termination notice period is identical for both the employer and the employee (2 or 3 months, while the period of 3 months is applicable to employees employed with the employer for a time period at least 5 years).

In order to be valid, any termination of employment contract from the employer's side must be consulted with the employees' representatives (being either employees' trustee, council of employees or labour union). The employment contract may not be terminated during a specific protection period of the employee, such as maternity leave, sickness leave etc.

During the probationary period, the employment contract may be terminated by either party upon a written notice delivered to the other party at least 3 days in advance. No specific reasons are required for such termination. Probationary period may not exceed 3 months and it must be expressly agreed in writing in the employment contract. Moreover, it is not permitted to negotiate the probationary period in case of repeatedly temporary employment contract.

3. Employees' Representatives

The employees may participate in the decision-making process of the employer if it relates to their economic and social interests. Their participation can be performed either directly or through an intermediary of a competent labour union body or an employees' council or trustee. The forms of employees' participation include joint decision-making, negotiations, right to information and supervising activities; the employees are entitled to collective bargaining only through the competent labour union body.

EU Directive 94/45/EC on the establishment of a European Works Council was implemented in Slovakia with effect as of 1 May 2004.

4. Social Security System

Social security contributions in Slovakia are paid by both the employer and employee. The basis for the calculation of the amount of the contributions consists of the gross salary of the respective employee. Individual entrepreneur is also obliged to pay social security contributions.

The amounts of contributions paid by the employer and the employee are stated below:

Type of contribution	Employee	Employer	Total contribution
Pension insurance	4.00 %	14.00 %	18.00 %
Health insurance	4.00 %	10.00 %	14.00 %
Disability insurance	3.00 %	3.00 %	6.00 %
Sickness insurance	1.40 %	1.40 %	2.80 %
Reserve fund	0.00 %	4.75 %	4.75 %
Unemployment insurance	1.00 %	1.00 %	2.00 %
Accident insurance	0.00 %	0.80 %	0.80 %
Guarantee fund	0.00 %	0.25 %	0.25 %
Total	13.40 %	35.20 %	48.60 %

All contributions are paid to the Social Insurance Company except for health insurance contributions, paid to the respective Health Insurance Companies. Employers deduct the relevant contributions to be paid by employees from their salaries and execute the payments on their behalf.

An individual savings account is assigned to each employee where he/she can save during his/her time of employment for his/her pension. This represents a major change from the pay-as-you-go pension system to a new, fully funded system. A part of the mandatory pension insurance contributions in the amount of maximum 9% is transferred to such individual accounts of employees that are administered by private pension funds administrators. The periodical insurance/retirement premiums are then paid to the insured persons from their individual accounts after they have reached the retirement age (or in special circumstances even earlier).



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