



**Migratory Pathways for Start-Ups and Innovative
Entrepreneurs in the EU and Norway – contribution of the
Slovak Republic**

EMN Study – Questionnaire Form
July 2019



MINISTRY
OF INTERIOR
OF THE SLOVAK REPUBLIC

Financed by
the European Union



EMN
European Migration Network
Európska migračná sieť



This study was prepared within the activities of the European Migration Network (EMN) which provides up-to-date, objective, reliable and comparable information on migration and asylum in order to support policymaking in EU and its Member States. EMN is funded by the European Union and the Ministry of Interior of the Slovak Republic.

EMN activities are focused on topics related to migration of third-country nationals. The activities are implemented through national contact points in all EU Member States and Norway in coordination with the European Commission (Directorate-General for Migration and Home Affairs).

Elaboration of the study was conducted by the International Organization for Migration (IOM) Bratislava as the coordinator of the EMN National Contact Point for the Slovak Republic. The Slovak EMN National Contact Point comprises of the Ministry of Interior of the Slovak Republic (the Bureau of Border and Foreign Police of the Police Force Presidium, the Migration Office, the Department of Foreign and European Affairs of the Office of the Minister of Interior), the Ministry of Labour, Social Affairs and Family of the Slovak Republic (the Department of International Relations and European Affairs), the Statistical Office of the Slovak Republic (the Section of Social Statistics and Demography) and IOM.

This study – in the form of questionnaire - was produced with the financial assistance by the European Union. The views expressed herein can in no way be taken to reflect the official opinion of the European Union. Equally, the opinions presented herein do not necessarily represent the opinions of the Government of the Slovak Republic or of the IOM.

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Preface

The aim of the study is to summarise the ways/possibilities of migration provided by the EU Member States to third country nationals running start-up projects and innovative business plans with a view to enhance the economic growth, innovation, and increase the global economic competitiveness. The study focuses on measures and legal framework that regulates the ways of attracting this category of migrants and their access to the said Member State, reasons for introducing such measures, their implementation in practice, and mapping their success.

The national contribution from Slovakia was prepared in this questionnaire form by the International Organization for Migration (IOM), which serves as the EMN Coordinator for the Slovak Republic.

The methodological approach to the preparation of this study is based mostly on secondary resources, especially the legislative¹ and informative documents² related to the topic. Replies to the questionnaire from relevant state authorities³ and Association of Slovak Towns and Cities also represent sources of information; moreover, an interview was performed with the Ministry of Economy of the SR.

Based on the questionnaires from each EU Member State, the European Commission prepared a synthesis report covering the main findings from the Members States. The questionnaire form of the study from the Slovak Republic as well as the synthesis report are available on the Slovak EMN National Contact Point website www.emn.sk.

¹ Mainly Act No. 404/2011 Coll. on Residence of Foreigners, Act No. 290/2019 Coll. – Small Business Act, Act No. 455/1991 Coll. on Trade Licensing (Trade Licensing Act), and Act No. 530/2003 Coll. on the Commercial Register, Act No. 513/1991 Coll. Commercial Code.)

² E.g. The Concept for Start-Up Support and Development of the Start-up Ecosystem in the Slovak Republic, Start-up Analysis in Slovakia performed by the Slovak Business Agency.

³ Bureau of the Border and Foreign Police of the Police Force Presidium, Ministry of Finance of the SR, Ministry of Foreign and European Affairs of the SR.

List of abbreviations

BBFP PFP – Bureau of Border and Foreign Police of the Police Force Presidium
Coll. – Collection of Laws of the Slovak Republic
EC – European Commission
EEA – European Economic Area
EMN – European Migration Network
EU – the European Union
IOM – International Organization for Migration
ISIN – International Securities Identification Number
JSA – simple joint stock company (jednoduchá spoločnosť na akcie)
MoE SR – Ministry of Economy of the Slovak Republic
MS – Member State(s) of the European Union
N/A – Not applicable
NBC – National Business Centre
PF – Police Force
PFP – Police Force Presidium
SARIO – Slovak Investment and Trade Development Agency
SBA – Slovak Business Agency
SBAfE – Small Business Act for Europe
SR – Slovak Republic
s. r. o. – limited liability company (spoločnosť s ručením obmedzeným)
TCN(s) – third country national(s)
VAT – Value Added Tax

Summary

The European Migration Network (EMN) Study⁴ entitled "*Migratory Pathways for Start-Ups and Innovative Entrepreneurs in the EU and Norway*" was selected for elaboration by the EMN Steering Board within the work programme for 2019.

The target group of this study are third country nationals (i.e. from countries outside the EU and EEA) who have either established, or are employed by start-up companies, or participate in another form of innovative business (innovative entrepreneurs). Although the study focuses on start-ups and innovative business (innovative entrepreneurs), it targets not only specific start-up schemes, but all schemes in general, types of residence permits and alike enabling admittance of third country nationals (TCNs), i.e. start-up founders or employees or innovative entrepreneurs into Member States (MS).

In the context of the Slovak Republic (SR), the terms innovation project (pursuant to Small Business Act) or innovative project (pursuant to Act on Residence of Foreigners) and the term start-up (in accordance with the study specification) are used as synonyms in this study, however the Slovak legislation does not recognize the term start-up.

In the first part, all questions regarding general business support, tools, policies, and start-up support in the SR are answered. It focuses on the possibilities to run a business in Slovakia in general not specifying the entrepreneur as a TCN. The business launch process in Slovakia, its administrative and financial demands, depend on the specific type of the business company/cooperative selected by the entrepreneur. The Slovak legislation defines five types of business companies and one cooperative. For the purpose of this study, only two types of business companies are described: the limited liability company (s. r. o. – "spoločnosť s ručením obmedzeným") as the most frequent type of company used by small and medium business and typical for start-ups, and the simple joint stock company (JSA – "jednoduchá spoločnosť na akcie"), which was incorporated into the Slovak legislation specifically for the purpose of start-up business. Both types of business companies can be used by TCNs to undertake business activity as long as the legal conditions are met. In the SR, start-up support is not among the political priorities and the economic areas into which innovative entrepreneurs are attracted have not been defined. There is a partial start-up ecosystem; however, it is concentrated in the capital city.

The second part of the study deals with policies and strategies in the field of start-up businesses coming from third countries mainly from the viewpoint of the public sector. It also describes the possibilities of simplified access of innovative business from third countries to Slovakia. The Slovak Republic lacks measures targeting specifically start-up entrepreneurs from third countries and does not plan to change the respective legislation or policy. Attracting start-up entrepreneurs from third countries is also not subject of a public debate.

The third part of the study covers in detail the conditions upon which start-up entrepreneurs from third countries can be granted residence, it describes the application review process, deadlines, and competences of the relevant authorities. Four case studies are presented in this context. The Slovak Republic does not have any special start-up visas or specific type of residence for TCN entrepreneurs who would like to establish a start-up. The only opportunity for the TCN is to apply for temporary residence for the purpose of business. Within the residence permit granting procedure, certain benefits are offered to them in comparison to applicants who are not involved in any innovative projects; these include a shortened application review process in case the TCN applies for temporary residence for the purpose of business as

⁴ The European Migration Network (EMN) provides current, objective, reliable, and comparable information on migration and international protection to support the EU and its MS policies creation. EMN implements their activities through national contact points in every EU MS as well as Norway in coordination with the EC, particularly the Directorate-General for Migration and Home Affairs. These activities focus on issues related to migration of third country nationals. The EMN National Contact Point for the SR consists of the Ministry of Interior of the SR (Bureau of the Border and Foreign Police of the Police Force Presidium, Migration Office, Department of Foreign and European Affairs of the Office of the Minister of Interior), the Ministry of Labour, Social Affairs and Family of the SR (the Department of International Relations and European Affairs), the Statistical Office of the SR (Social Statistics and Demography Directorate), and the International Organization for Migration (IOM) as the coordinator. The EMN was established by Council Decision 2008/381/EC and is funded by the European Union and co-funded by the Ministry of Interior of the Slovak Republic. More information about the EMN can be found at www.emn.sk and www.ec.europa.eu/emn.

well as lower demands regarding business financial guarantee and lower company profit upon temporary residence renewal.

The fourth part of the study specifies the tools used by the SR to attract start-up entrepreneurs. The information in this section draws mainly from the analyses and data published on the Slovak Business Agency website, which cooperates with the Ministry of Economy of the SR to implement most tools supporting the start-up business in Slovakia. The Slovak Republic does not possess specific tools to attract start-up and innovative business from the third countries. The TCNs running business in Slovakia can usually use general business and/or start-up promotion tools, e.g. financial support in terms of starting or angel investments and non-financial support such as consultancy, workshops, mentoring, incubators, accelerators, and co-working.

The fifth part deals with the possibility of residence renewal for a TCN involved in a start-up, i.e. renewal of temporary residence for the purpose of business. The conditions for renewal of temporary residence for the purpose of business for start-up entrepreneurs differ from those set for the renewal of temporary residence for the purpose of business as such; the start-up entrepreneurs are allowed to report lower profits after tax and their renewal applications are processed within a shorter period.

Section 1: Contextual overview of the business environment to start up a business in the Slovak Republic

Q1a. Are there **specific policies or strategies** which aim at fostering start-ups and innovative entrepreneurship in the SR in general?

- Yes
 No

On 10 June 2015, the Slovak Republic adopted the Concept for Start-Up Support and Development of the Start-up Ecosystem in the Slovak Republic (hereinafter referred to as the Concept). Ministry of Finance of the SR, Ministry of Economy of the SR, Ministry of Education, Science, Research and Sport of the SR, Ministry of Foreign and European Affairs of the SR, Slovak Business Agency, representatives of the Slovak start-up ecosystem, professional associations, other market participants, and expert public proposed in the Concept conceptual measures summarised into the following strategic goals: 1) create suitable business conditions, i.e. create a regulative environment without unnecessary obstacles for creation of start-up companies and their market performance, 2) creation and provision of support services to enhance the start-up ecosystem, i.e. create the infrastructure and services to support potential entrepreneurs, start-up teams, established start-up companies, 3) funding in particular the so called „Death Valley“. i.e. the stage of business development during which most start-up companies fail.⁵

Q1b. Is fostering start-ups and innovative entrepreneurs in general a **national policy priority**?

- Yes
 No

Supporting start-ups and innovative business is not a priority for national policy.⁶

Q2. Does the SR have **(a) a legal definition** (e.g. provided in legislation or soft law) **or (b) a working definition** (e.g. in policy documents, strategies or internal definitions used by relevant institutions) **of a 'start-up' and/or 'innovative entrepreneur'**?

- Yes, there is a legal definition of a start-up/innovate entrepreneur
 Yes, there is a working definition of a start-up/innovative entrepreneur
 No

The legislation of the SR does not explicitly define terms “start-up” or innovative business. However, in both cases, there are definitions derived from the European legislation.

Act No. 290/2019 Coll. – Small Business Act⁷, Section 2, Letter g) refers directly to Article 2, Paragraph 80 of Regulation (EU) No. 651/2014⁸, which defines innovative⁹ enterprise. In the context of this reference, an innovative enterprise is a business company with registered seat in the SR and obliged to generate basic capital; which was not established earlier than 36 months ago; it is governed by natural persons – founders of the company; and it is an innovative business, microenterprise, small, or medium-sized business.

In the Concept for Start-Up Support and Development of the Start-up Ecosystem in the Slovak Republic, the term “start-up” is defined as a capital commercial company with registered office in the territory of the SR; which was not established earlier than 36 months ago; it was established with the purpose to create an innovative product or service; it is a micro, small or medium-sized enterprise; most voting rights belong to natural persons who are also its founders¹⁰. Pursuant to the Concept, the definition helps identify the entities that qualify for the measures and stimuli focused on start-ups.

In the introduction, the same document specifies start-ups as business initiatives with considerable growth and innovation potential, which can start and sustain intelligent and inclusive economic growth as well as attract foreign investments. They contribute to the development of fields with high added value, regional

⁵ The Concept for Start-Up Support and Development of the Start-up Ecosystem in the Slovak Republic, consulted on 10/6/2019, available at <https://www.mhsr.sk/uploads/files/pTlqvAqi.pdf>

⁶ Interview with MoE SR of 28/5/2019

⁷ Act No. 290/2019 Coll. – Small Business Act amending Act 71/2013 Coll. on subsidies within the powers of the Ministry of Economy as amended, available at <https://www.slov-lex.sk/pravne-predpisy/SK/ZZ/2016/290/20181130>

⁸ Commission Regulation (EU) No. 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, consulted on 10/6/2019, available at <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1558352475274&uri=CELEX:32014R0651>

⁹ The terms “innovation” and “innovative” are used synonymously. The term “innovative enterprise” is used in direct quotations from legally binding document.

¹⁰ Concept for Start-Up Support and Development of the Start-up Ecosystem in the Slovak Republic, p. 10, consulted on 10/6/2019, available at <https://www.mhsr.sk/uploads/files/pTlqvAqi.pdf>

and global competitiveness, and create employment of qualified labour force. Their contribution to the building of Slovakia's image as an innovative economy abroad is equally important¹¹.

Q3a. What are the requirements for starting up a business (i.e. start-up) in the SR?

A start-up can take one of the following five forms of capital commercial companies pursuant to Act No. 513/1991 Coll. Commercial Code¹²: general commercial partnership, limited partnership, limited liability company, joint-stock company and a simple joint stock company. Each company must meet different conditions when being established.

Since the most frequent business forms taken by start-ups are the limited liability company (s. r. o.) and simple joint stock company (JSA), the answers below focus mainly on these two types of business companies:¹³

The limited liability company (s. r. o.) is one of the most frequently used business forms in Slovakia. It is a capital company that can be established by a minimum of one and maximum of fifty founders. The registered capital of such company is €5,000. The company is established by a contract or memorandum if there is a single founder. It is established upon its registration in the Companies Register. After registering in the Companies Register, the company, as a legal entity, can be subject to respective rights and responsibilities.

A simple joint stock company can be established since 1 January 2017. It is a hybrid business form with elements of both the joint stock company and limited liability company. It was introduced in order to provide a complex solution for risk investments in commercial companies, e.g. start-ups. This type of company can be established by one or more persons, while the registered capital amounts to at least €1. It is established by an establishment deed (if there is a single founder) or a memorandum. It is established upon its registration in the Companies Register.

Q3b. What is the process for setting up a new business in the SR, from the initial application to the official registration?

Limited liability company (s. r. o.):

The first step is to draft a memorandum (or an establishment deed, in case of a single founder) and other founding documents specified by the law (contributions custodian statement, consent of the property owner with the registration of the registered office of the company, specimen signatures of the executive directors).

The next step is to notify the trade and to obtain the trading license for the individual business subjects for the limited liability company. The trading license will be issued by the District Office, Department for Business. The trade shall be notified electronically or in person. The Trade Licensing Office will issue the Certificate of Trade Authorisation within three working days.¹⁴

The final step is to register the limited liability company in the Companies Register at the Registry Court (jurisdiction based on the location of the company's registered office). With the application for registration into the Companies Register, it is necessary to submit also the founding documents (tax administration approval for the founders – if applicable; statement of the contributions custodian concerning the fraction of contributions paid-up; consent of the property owner with the registration of the registered office of the company or proving the ownership to the respective property or beneficial use of estate; specimen signatures of the executive directors; certificate of trade authorisation). The Companies Register registration fee must be paid. The Registry Court registers the company into the Companies Register within 2 working days. The application for registration into the Companies Register can be submitted along with the trading license request at the District Office, Department for Business.

Simple joint stock company (JSA)

It is established by an establishment deed (if there is a single founder) or a memorandum in the form of a notarial deed. The founding document incorporates the company statute.

The next step is to notify the trade and to obtain the trading license for the individual business subjects of the simple joint stock company. The trading license is issued by the District Office, Department for Business.

¹¹ Concept for Start-Up Support and Development of the Start-up Ecosystem in the Slovak Republic, p. 1, consulted on 10/6/2019, available at <https://www.mhsr.sk/uploads/files/pTlqvAqi.pdf>

¹² <https://www.slov-lex.sk/pravne-predpisy/SK/ZZ/1991/513/20180901#predpis.cast-druha>

¹³ Interview with MoE SR of 28/5/2019.

¹⁴ Act No. 145/1995 Coll. on Administrative Charges, Item No. 148, available at <https://www.slov-lex.sk/pravne-predpisy/SK/ZZ/1992/71/20190101#prilohy>

The trade shall be notified electronically or in person. The Trade Licensing Office will issue the Certificate of Trade Authorisation within three working days.

The third step is to register the company into the Companies Register kept by Registry Court (jurisdiction based on the location of the company's registered office). With the registration application it is necessary to submit also the establishment deed, statute, custodian of contributions' statement, consent with the company's registered office location, business licence, designation of the statutory body. The Registry Court registers the company into the Companies Register within 2 working days.

The last step is to register the JSA issue of shares into the National Central Securities Depository, joint-stock company. All shares must be labelled with the ISIN code (International Securities Identification Number) assigned by the National Numbering Agency – National Central Securities Depository, joint-stock company. The ISIN code assignment fee is €150. Subsequently, JSA concludes an agreement on administration of account of the issued book-entry securities with the National Central Securities Depository, joint-stock company, with the Addendum incorporating the data on the JSA share issues. The registration fee is €150, VAT excluded. Subsequently, the issuer orders the JSA share issue based on which the National Central Securities Depository, joint-stock company, records shares to the shareholder's accounts.¹⁵

Q3c. How long does it take to set up a business in the SR? Please distinguish between (a) maximum timeframe for registration as declared by the relevant institution and (b) the time it takes in practice:

A company can be established in two steps: first, the Trade Licensing Office issues a Certificate of Trade Authorisation within three days after notification of the trade¹⁶, then the Registry Court registers the company within two days after the registration application is received.¹⁷

Statutory periods are in principle observed.

If the company is to become an employer and VAT payer as of its creation, there are several other administrative actions to be taken, which takes 12.5 days on average. In practice, it may take longer to fulfil all necessary administrative obligations. Moreover, to do so, multiple authorities must be dealt with separately.¹⁸

Q3d. What is the cost to register a business?

The cost to register a business depends upon the scope of business, whether it is a unregulated or regulated trade, the number of subjects of business activities, whether founders hire a lawyer to draft the founding documents, and whether they submit the applications in the electronic or paper form. In case of the simple joint stock company (JSA), it is necessary for the memorandum/establishment deed to take the form of a notarial deed.

The administrative fee for electronic trade notification is €7.50 for both regulated and craft trade. The electronic notification for unregulated trade is free of charge. The fee for notification of unregulated trade in person is €5; for both the regulated and craft trade the fee is €15.¹⁹

The court fee for the registration into the Companies Register is €150 (electronic application) or €300 (paper application).²⁰

The costs to establish a simple joint stock company (JSA) are higher due to electronic share keeping, management of an account in the National Central Securities Depository, and the need to draft the memorandum or contract in the form of a notarial deed.

¹⁵ The National Central Securities Depository, joint-stock company, information on JSA, available at <https://www.ncdcp.sk/jsa-podpora-start-upov/zakladne-informacie-o-jsa/>

¹⁶ Section 47, Paragraph 1 of Act No. 455/1991 Coll. on Trade Licensing (Trade Licensing Act)

¹⁷ Section 8, Paragraph 1 of Act No. 530/2003 Coll. on the Companies Register

¹⁸ Start-Up Analysis in Slovakia, Strategic Part, p. 72, consulted on 10/6/2019, available at http://www.sbagency.sk/sites/default/files/5_analyza_start-upov_na_slovensku.pdf

¹⁹ Act No. 145/1995 Coll. on Administrative Charges, Item No. 148, available at <https://www.slov-lex.sk/pravne-predpisy/SK/ZZ/1992/71/20190101#prilohy>

²⁰ Act No. 71/1992 Coll. on Court Charges and the Fee for a Copy from the Criminal Record, Court fee tariff, item 17, available at <https://www.slov-lex.sk/pravne-predpisy/SK/ZZ/1992/71/20190101#prilohy>

The approximate costs to establish a limited liability company (s. r. o.) amount to €300. The approximate costs to establish a simple joint stock company (JSA) amount to €600.

Q3e. Have there been any **evaluations** or **public debates** on the business environment in the SR? – i.e. have any administrative barriers been identified on how easy or difficult (burdensome) is to set up a business in the SR? What are the main conclusions?

Long-term monitoring of the business environment and the condition of small and medium businesses in Slovakia is performed by the Slovak Business Agency, an institution specialised in supporting small and medium businesses, formed by members from both private and public sector (hereinafter referred to as SBA)²¹.

According to the quantitative survey report entitled "Monitoring of the SBAfE principles application"²² performed by SBA in 2019, Slovakia keeps failing to decrease the business related administrative burden. The assessment provided by small and medium sized businesses is quite negative: only 5.5% respondents claimed that during the last 12 months the administrative burden for entrepreneurs decreased. On the contrary, most respondents (59%) reported increased administrative burdens.²³ The Small Business Act for Europe (SBAfE) implementation Audit in Slovakia for 2017/2018 results correspond with this observation²⁴. According to the Audit, business representatives often report the high administrative burden. To decrease it, the National Council of the SR adopted Act No. 177/2018 Coll. on Certain Measures to Reduce Administrative Burden through Use of Public Information Systems and on Change and Amendment of Certain Acts (anti-bureaucracy Act) with the aim to remove the administrative burden from natural persons and legal entities.²⁵

The recent analysis prepared by SBA in 2019 is also the "Analysis of Barriers for the Small and Medium – Sized Businesses in the Area of Digitalisation". It identifies the deficiencies that represent barriers for small and medium – sized businesses in detail. The barriers are categorised as follows: barriers created by the central public administration portal at www.slovensko.sk, barriers of the individual specialised public administration information systems (e.g. deficiencies and issues of the Financial Administration portal, Social Insurance Agency portal, etc.), barriers related to the use of electronic postal boxes, barriers related to electronic signing and certified document conversion, barriers related to external and internal environment for small and medium – sized businesses.²⁶

According to the quantitative survey report of SBA of 2019, "The Survey of Obstacles in Young People's Business", the registration and administrative obligations and volatility, i.e. frequent changes in the legislation represent a significant barrier to young people's business.²⁷

Q4a. Do **hubs** and **ecosystems**²⁸ exist in the SR?

Yes

No, there are no major entrepreneurial hubs and ecosystems

The overview of the support infrastructure for start-up companies in Slovakia can be found in SBA's publication entitled Start-Up Analysis in Slovakia of 28/2/2018²⁹:

²¹ <http://www.sbagency.sk/o-nas>

²² Small Business Act for Europe , https://ec.europa.eu/growth/smes/business-friendly-environment/small-business-act_en

²³ Monitoring of the SBAfE principles application, p. 23, consulted on 10/6/2019, available at http://www.sbagency.sk/sites/default/files/monitoring_uplatnovania_sba-2018.pdf

²⁴ http://www.sbagency.sk/sites/default/files/audit_hodnotenia_uplatnovania_principov_sbafe_2017-18.pdf

²⁵ Audit pertaining to the evaluation of SBAfE principles application in Slovakia 2017/20, p. 22, consulted on 10/6/2019, available at <https://www.slov-lex.sk/pravne-predpisy/SK/ZZ/2018/177/20190101>

²⁶ Analysis of Barriers for the Small and Medium – Sized Businesses in the Area of Digitalisation, SBA, Bratislava 2019, p. 6, consulted on 10/6/2019, available at http://www.sbagency.sk/sites/default/files/analyza_barier_malych_a_strednych_podnikov_v_oblasti_digitalizacie.pdf

²⁷ The Survey of Obstacles in Young People's Business, pp. 18 – 19, consulted on 10/6/2019, available at http://www.sbagency.sk/sites/default/files/prekazky_v_podnikani_mladych-sprava2019.pdf

²⁸ According to the study specifications under the term 'Ecosystem' (also known as a hub) it is understood: environment or "ecosystem" made of private and public players, which nurture and sustain start-ups and entrepreneurs, making the action of entrepreneurs easier. For example, the existence of prior ventures, the availability of start-up financing mechanisms, a patent system and a culture tolerating failure all facilitate the creation of new firms (Source: Lexicon, The Financial Times)

²⁹ Start-Up Analysis in Slovakia, Strategic Part, p. 72, consulted on 10/6/2019, available at: http://www.sbagency.sk/sites/default/files/5_analyza_start-upov_na_slovensku.pdf

The start-up ecosystem consists of the available capital and institutions offering non-financial support. Together, they form the base for the start-up ecosystem in Slovakia. Slovak Business Agency is the most important platform. SBA supports innovative entrepreneurs through the Startup Sharks – a specialised start-up supporting programme, implemented through the Startup Support Scheme, part of de minimis aid, and the Start-up Support Programme (2017–2020) launched by the Ministry of Economy of the Slovak Republic and funded by the state budget.³⁰ The programme offers thematic seminars and workshops, trainings and business education, specialised individual consultancy by experts and mentors, practical consultancy related to establishing and accelerating start-up companies including online consultancy, and also participation in international start-up events, whereas selected participants are reimbursed for eligible costs.³¹

Further initiatives facilitate financial and non-financial support for start-ups, e.g. Slovak Business Angels Network³², Neulogy ventures³³, Limerock Fund Manager³⁴, and other.

A complex system of non-financial support across Slovakia is absent so far, however, a network of incubators, accelerators and co-workings is thanks to the partial initiatives emerging in the private sector, growing in number as well in geographic terms, and similar initiatives are emerging also in the regions. The most of incubators, accelerators and co-workings is based in Bratislava, where the Slovak start-up community concentrates.³⁵ The most important initiative of the public sector is the National Business Center, operating as one-stop shop. It provides microloans for the start-ups, financial consultancy and an acceleration programme with educational courses, lectures, workshops, and consultancy. It has co-working spaces and the Creative Point – creative workshop offering services and devices that facilitate prototype and new product development for the start-ups. It also offers an incubation programme limited to three years during which the activity of the start-up company is monitored to identify whether the course of the start-up is correct, it allows the members to use the office and co-working spaces in the incubator and provides individual consultancy.³⁶

Further programmes include e.g. the Impact Incubator³⁷, offering incubation programmes in Bratislava; Business clinic³⁸ offering specialised consultancy or Business Women Workshops focused on women and their participation in business³⁹. The InQb university technological incubator represents cooperation between the academic and business sector at the Slovak University of Technology in Bratislava⁴⁰. In regions, there are projects such as VTP Žilina, Business Innovation Center in Banská Bystrica,⁴¹ or Ponk in Nitra⁴².

Q4b. What is the role of cities or specific regions in creating and supporting entrepreneurial ecosystems and start-up hubs in the SR?

The role of the towns and cities in the establishment and support of start-up ecosystems is not specific. The self-governments do not deal with this issue in large extent, since it does not fall under their competences. It is the task of the state to provide stimuli and advantages supporting small and medium businesses and consultancy.

On the other hand, the municipality can create and provide forms and methods of small and medium businesses support in its territory; in practice, mostly tax relief (land, real property) and providing unused spaces free of charge can be observed in practice.⁴³

Q5. What are the main sectors and industries in which the SR aims to attract/attracts start-ups and innovative entrepreneurs?

³⁰ Programme available at: http://www.sbagency.sk/sites/default/files/schema_na_podporu_startupov_.pdf

³¹ <http://www.sbagency.sk/startup-sharks-1#.XOUq7KRS82w>

³² <https://businessangels.sk/>

³³ <https://www.neulogy.vc/>

³⁴ <https://www.limerock.sk/o-nasej-firme>

³⁵ Start-Up Analysis in Slovakia, Strategic Part, p. 63, consulted on 10/6/2019, available at:

http://www.sbagency.sk/sites/default/files/5_analyza_start-upov_na_slovensku.pdf

³⁶ List of services can be found at the National Business Center website: <https://www.npc.sk/sk/services/inkubator-akcelerator-coworking/>, consulted on 10/6/2019

³⁷ <http://impacthub.sk/impactinkubator/>

³⁸ <http://impacthub.sk/business-clinic/>

³⁹ <http://impacthub.sk/workshops/>

⁴⁰ <https://www.inqb.sk/>

⁴¹ <http://www.e-inkubator.sk/en>

⁴² <http://ponkworking.com/>

⁴³ Source: Association of Slovak Towns and Cities – reply to the e-mail query.

The Slovak Republic does not define any specific areas or economic sectors into which it would like to attract start-ups and innovative entrepreneurs.⁴⁴

Section 2: National legal and policy framework in the SR for admission of start-ups and innovative entrepreneurs from third countries

Q6. Is attracting start-ups and innovative entrepreneurs from third countries a **national policy priority**?

- Yes, this is a national policy priority.
- No, this is not a major national policy priority.

Most measures supporting start-up business in Slovakia are of general nature, i.e. they do not focus exclusively on innovative entrepreneurship coming from third countries, but on supporting innovative small and medium – sized businesses as such. Moreover, SR has abandoned the idea of start-up visas for TCNs planned in the Start-up Support Concept.⁴⁵

Q7a. Does your national legislation provide for a special **visa or residence permit** to facilitate the immigration of start-up founders and innovative entrepreneurs from third countries?

- Yes, a special visa is in place to facilitate the immigration of TCN start-up founders.
- Yes, a special residence permit is in place to facilitate the immigration of TCN start-up founders.
- No, other type of residence permit is commonly used to facilitate the immigration of start-ups/innovative entrepreneurs from third countries.
- No, a visa or residence permit is not in place, however, there is a specific programme or other initiatives intended to facilitate the immigration of start-ups and innovative entrepreneurs from third countries.

The Slovak legislation does not specify any specific TCN visa or type of residence permit for the purpose of start-up/innovative business.⁴⁶ However, if a TCN wants to establish an innovative business in Slovakia, he/she can document the purpose of temporary residence by their innovative project business plan⁴⁷ when applying for temporary residence for purpose of business. In this case, the respective decision process is accelerated on two levels:

1. Lower financial guarantee required for the business – along with the application for temporary residence, the TCN has to prove a financial guarantee amounting to 40 times of the minimum living wage (in comparison to 100 times the minimum living wage in standard procedure)⁴⁸.
2. The shortened application processing period – the period to issue the decision on the temporary residence application is 30 days (in comparison to a 90-days period in standard procedure)⁴⁹.

Q7b. If the SR has a special visa/residence permit in place for start-up founders, please explain the **rationale** for adopting such schemes:

N/A

Q7c. If yes, when was the start-up scheme introduced?

N/A

Q7d. If yes, what legal pathways were used by start-up founders before introducing a specific start-up scheme?

N/A

Q7e. If no, has there been a policy debate about the reasons for not introducing a special scheme?

⁴⁴ Interview with MoE SR of 28/5/2019.

⁴⁵ Interview with MoE SR of 28/5/2019.

⁴⁶ Source: BBFP PFP Questionnaire.

⁴⁷ Section 32, Paragraph 5, Letter a) of Act No. 404/2011 Coll. on Residence of Foreigners as amended (hereinafter "Act on Residence of Foreigners")

⁴⁸ Section 32, Paragraph 7 Letter c) of the Act on Residence of Foreigners.

⁴⁹ Section 33, Paragraph 8 Letter g) of the Act on Residence of Foreigners.

One of the measures defined in the Start-up Support Concept was to introduce national visa for start-up/innovative business for TCNs. However, implementation of this measure was abandoned⁵⁰ due to two reasons. It would not be possible to grant a TCN start-up business visa in terms of the valid Act on Residence of Foreigners, since the national visa allows the TCN to stay in the territory of the SR, however, it does not allow them to perform any business. The second issue is the TCN business supervision – there is no suitable method to verify whether a TCN, who has been granted a national visa, actually achieves the goals of their start-up project in the territory of the SR.

Q8a. Does your national legislation provide for a special visa/residence permit to facilitate the immigration of TCN start-up **employees**?

- Yes, a special visa is in place to facilitate the immigration of start-up employees from third countries.
- Yes, a special residence permit is in place to facilitate the immigration of start-up employees from third countries.
- No.**

The Slovak legislation does not define any specific TCN - a start-up employee - visas or type of residence. However, such person can apply for temporary residence for the purpose of employment or for the EU Blue Card if he/she meets higher professional qualification requirements.

Q8b. If the SR has a special visa/residence permit in place for start-up employees, please explain the **rationale** for adopting such schemes:

N/A

Q8c. If yes, when was the start-up scheme for employees introduced:

N/A

Q9a. Are there any **planned changes** in law/ policy/ practice regarding start-ups or other innovative entrepreneurs from third countries in the SR?

- Yes
- No**

Currently, there are no legislative changes related to TCN start-up business planned.⁵¹ However, an amendment to the Income Tax Act is currently in the legislative process; it should enter into force on 1 January 2020. It incorporates measures with a potentially positive influence on start-up development in the territory of the SR. For example, if legal conditions are met, the JSA shareholder would be exempt from income tax for selling shares.⁵²

Q9b. If the SR does not have any special schemes in place for start-up founders/employees, is the SR **planning to introduce** these regulations in coming years?

- Yes
- No**

Currently, the Slovak Republic does not plan legislative changes in the area of start-up business/employing TCNs.⁵³

Q9c. Have there been any recent or ongoing **national public/policy debates** with regard to facilitating the immigration of start-ups and innovative entrepreneurs from third countries?

- Yes
- No**

Recently, no significant public discussion related to facilitation of TCN start-ups in Slovakia was observed. The topic of start-up visas resonated in the media almost exclusively in the context of presentation and adoption of the Concept in 2015 as a part of the general discussion about its existence and support.⁵⁴

⁵⁰ Interview with MoE SR of 28/5/2019.

⁵¹ Source: BBFP PFP Questionnaire.

⁵² Source: Ministry of Finance of the SR – reply to the e-mail query.

⁵³ Interview with the MoE SR of 28/5/2019 and BBFP PFP questionnaire.

⁵⁴ Source: EMN media monitoring: e.g. <http://www.zive.sk/clanok/107263/nova-podpora-pre-startupy-od-statu-viza-pre-cudzincov>;
<https://www.ta3.com/clanok/1067077/podnikatelom-z-tretich-krajin-bude-slovensko-udelovat-startupove-viza.html>

Section 3: Admission conditions for start-ups and innovative entrepreneurs from third countries

3.1. Admission conditions from the business (start-up) perspective – evaluating the business plan and conditions that need to be met to qualify as a start-up

Note: Only for those MS which have specific process to evaluate the business start-up

Q10. Please explain what are the **requirements/criteria to be qualified as a start-up or innovative entrepreneur** (e.g. investment, innovative scalable business model⁵⁵, prior registration in the MS, etc)?

The competent authority responsible for evaluating whether the projects submitted by TCNs and planned to be implemented in Slovakia meet the start-up criteria is the Ministry of Economy of the Slovak Republic. On its website, the Ministry of Economy of the SR publishes the specific requirements for innovative projects; they are described in detail in Q11b of this questionnaire.⁵⁶ MoE SR does not have any internal standard specifying the exact criteria of project charter evaluation.

Q11. Please explain the **process of evaluating** the start-ups/innovative entrepreneurship, with regard to:

Q11a. Who assesses the eligibility of the start-up?

The Ministry of Economy of the SR decides whether the business plan actually pertains to an innovative project. The Ministry of Economy of the SR issues the opinion on the innovativeness of the business plans within the temporary residence granting procedure for the purpose of business. The opinion is issued upon request by the Foreign Police Department of the PFP. In the temporary residence granting procedure for the purpose of business, the opinion of MoE SR is of recommendation nature.

Q11b. What **documents** have to be submitted for the assessment? Please explain and indicate in case it differs for TCNs that have already founded a start-up abroad and those who are yet to set up a business:

Business plan

The innovative project business plan⁵⁷ must contain the following information⁵⁸:

- **Professional requirements for the applicant/team:** description of their professional experience and skills, practical business experience (success, failures), job CV, commitments that may affect the business plan. If the project is implemented by a team, it is necessary to state the positions and responsibilities of the individual team members. If the applicant plans on hiring employees, it is necessary to specify their expected number and education requirements.
- **Description of the innovative product/process/service:** in this part, it is necessary to state the subject of business and briefly describe the product/process/service; specify the market gap or the need that will be addressed; specify the stage in which the product/process/service is currently; justify how the solution is unique and innovative. In case of a product, it is necessary to describe its basic functions, technology used, and the need for product modernisation.
- **Project goals and schedule:** definition of the activities planned by applicant to achieve the goals in the course of the project duration (time schedule and final outcome).
- **Market description and analysis:** characteristics of the target market, location, expected market share; direct, indirect, and future competition; market entry barriers; marketing strategy and sales plan.
- **Customers and buyers:** definition of the target buyers, paying customers, end customer. If the production is to be exported, the expected % of the total production planned for export must be

⁵⁵ "Scalability is one of the most important factors for entrepreneurs considering starting a new business or hoping to take a current business to the next level. Successful business growth depends on a scalable business model that will increase profits over time, by growing revenue while avoiding cost increases." Source: www.entrepreneur.com

⁵⁶ <https://www.mhsr.sk/uploads/files/Lylcf1f0.pdf>

⁵⁷ In this text, the term "business plan" is used in accordance with the Act on Residence of Foreigners. Other synonym is "project charter".

⁵⁸ The requirements for an innovative project business plan can be found at the MoE SR website: <https://www.mhsr.sk/inovacie/podnikatelsky-zamer-na-realizaciu-inovativneho-projektu>

stated. The list of business contracts or pre-contracts with suppliers and buyers (if the contracts already exist or if negotiations have taken place) must be provided.

- **Funding and budget:** estimated total costs for the business plan allocated to individual activities; estimated income in the next 2–3 years; estimate of the total investment needed; sources of funding (equity, liabilities).
- **Strengths and weaknesses of the innovative plan:** characteristics of the business plan strengths and weaknesses; description of possible opportunities and risks.
- **Other information** increasing the credibility of the innovative plan (e.g. agreements on future contracts related to business and residence, certificates, attestations, agreements on potential cooperation with Slovak incubators, R&D centres, academy, etc.; possibilities of product/process/service protection as intellectual property).

Means of financing (e.g. bank statements)

Financial guarantee of the business must be proved by the applicant upon applying for the temporary residence for the purpose of business. Financial guarantee of the business is one of the requirements to grant the temporary residence for the purpose of business. The Foreign Police decides whether the requirement has been met within the temporary residence granting procedure.

However, it is recommended to also provide information on funding and project budget along with the business plan which is evaluated by the Ministry of Economy of the SR upon the request from the competent Department of the Foreign Police. The following information should be listed in the business plan: estimated total costs allocated to individual activities; estimated income and costs in the next 2-3 years; estimation of the total investment needed; sources of funding (equity, liabilities).

Patents, trademarks, intellectual property

Along with the business plan, the applicant provides also relevant certificates, attestations, and qualifications, which represent the supporting documentation.

Qualifications and diplomas of the start-up founder

In the business plan, the applicant provides their certificates, attestations, and qualifications.

Evidence of registration in a national commerce register

Others

Q11c. On average, **how long** does it take to make a decision on whether the start-up qualifies for the scheme? Please explain distinguishing between (i) maximum processing time set in legislation and (ii) average processing time in practice:

There is no statutory period specified within which the Ministry of Economy must evaluate the economic contribution of the submitted innovative business plan. There is no internal period specified at the Ministry of Economy of the SR either. In practice, the procedure takes approx. one month if the applicant provides all necessary documents. If the applicant fails to provide all documents, and MoE SR has to request them, the evaluation period can be longer.⁵⁹

Q11d. How long after the decision has been communicated to the applicant, s/he can register their company/apply for the residence permit?

First, the Ministry of Economy of the SR issues their opinion on the business plan, then the decision on the temporary residence for the purpose of business is issued. The opinion is a part of the residence granting procedure.

The applicant who wants to launch an innovative project submits his/her application for the temporary residence for the purpose of business; in person, primarily abroad at the respective diplomatic mission of the SR (respective diplomatic mission – accredited in the state that issued the travel document to the applicant; or the state in which he/she has permanent residence). The applicant can apply for temporary residence in person at the Department of Foreign Police of the PF in the SR only in legally specified cases⁶⁰:

- if he/she is staying in the territory of the SR based on a valid residence permit issued by EU MS;
- if he/she is granted tolerated stay (as far as it was granted due to the following reasons: to respect his/her private and family life; the applicant was a victim of human trafficking and he/she is at least 18 years old; the applicant was illegally employed and suffered particularly exploitative working conditions; if his/her presence is necessary for the purpose of criminal proceedings);
- if the applicant holds national visa;
- if it is not obligatory for the TCN to hold visa;

⁵⁹ Interview with MoE SR of 28/5/2019

⁶⁰ Section 31 Paragraph 3 of Act on Residence of Foreigners, available at: <https://www.slov-lex.sk/pravne-predpisy/SK/ZZ/2011/404/20190306#poznamky.poznamka-58>

- if the applicant has the Slovak Living Abroad Certificate.⁶¹

The application for temporary residence for the purpose of business must include the innovative project business plan. The applicant uses it to prove the purpose of his/her temporary residence.⁶² After receiving the application, the police department requests the opinion from the Ministry of Economy of the Slovak Republic to identify whether the submitted business plan actually pertains to an innovative project realization.

The statutory period within which the police department decides on the application for the temporary residence for the purpose of business is 30 days after the complete request was received, if it concerns an innovative project business plan.⁶³ The period is suspended while the submitted business plan is evaluated by the Ministry of Economy of the SR.⁶⁴ In particularly complicated cases, the appeal authority can extend the period by 30 days at most.⁶⁵

After the temporary residence for the purpose of business is granted, the TCN can establish a business company and start performing business.

In comparison to the temporary residence for the purpose of business that does not concern an innovative project, the statutory period within which the decision on the temporary residence is issued is shortened by 60 days.

Q11e. How is the application process managed?

- Online
- In person
- Other

The applicant does not communicate directly with the Ministry of Economy of the SR, which evaluates the innovative project business plan. The applicant submits the application for the temporary residence for the purpose of business at the respective diplomatic mission abroad or, in legally specified cases, at the respective Department of Foreign Police in person. The application cannot be submitted in writing or electronically. The application includes an appendix with the innovative project business plan, which is further sent by the police department to the Ministry of Economy for evaluation.

3.2 Admission conditions from the person perspective (start-up founders and employees)

Note: Only for those MS which have a specific start-up scheme

N/A for the Slovak Republic

Q12a. What are the **requirements** for applying for a **start-up visa** – if applicable (e.g. sufficient means, prior approval of start-up by the responsible authority, insurance, etc.)?

- Start-up founders
- Start-up employees

Q12b. What are the **requirements** for applying for a start-up **residence permit** – if applicable (e.g. sufficient means, prior approval of start-up by the responsible authority, insurance)?

- Start-up founders
- Start-up employees

Q12c. Are there different requirements for TCNs **applying from abroad and those looking to change their status** (e.g. from a student to a start-up visa)?

- Start-up founders
- Start-up employees

Q12d. Are different **statuses** compatible and/or possible **at the same time?** (e.g. a TCN that is in your country as a highly skilled employee (or under other migratory category), and at the same time is setting up a start-up, or even running it)

- Yes
- No

⁶¹ Pursuant to Section 2, Letter a) Point 2 of Act No. 474/2005 Coll. on Slovaks living abroad: the Slovak living abroad is "a person who does not have permanent residence in the territory of the SR, nor they are a state citizen of the Slovak Republic, but maintains their national awareness, and they or their direct ancestor is a Slovak national"

⁶² Section, 5 Letter a) of Act on Residence of Foreigners, available at: <https://www.slov-lex.sk/pravne-predpisy/SK/ZZ/2011/404/20190306#poznamky.poznamka-58>

⁶³ Section 33, Paragraph 8 of Act on Residence of Foreigners

⁶⁴ Section 125, Paragraph 12 of Act on Residence of Foreigners

⁶⁵ Section 125, Paragraph 12 of Act on Residence of Foreigners

Q13. How is the application processed?

Q13a. To which **authorities** is the application submitted?

Q13b. Where can the application for the start-up visa/residence be submitted?

- Online
- In person
- Other

Q13c. Could the start-up founder **employ third-country nationals**? Under which scheme? What are the conditions that they have to fulfil?

Q13d. What is the **processing time** for application of start-up visa/ start-up residence permit? Please explain distinguishing between (i) maximum processing time set in legislation and (ii) average processing time in practice:

Q13e. What is the **duration** of the visa/residence permit granted?

Q13f. What are the **challenges** regarding admission of start-ups and innovative entrepreneurs from the national stakeholders' perspective as well as if possible, from the TCNs perspective?

Q13g. What are the **good practices** identified in the SR?

3.3 Admission conditions from the person perspective (start-up founders and employees)

Note: Only for those MS which do not have a specific start-up scheme

Q14a. What types of **visas / residence permits** does the SR have in place that could be used by TCN start-up founders / innovative entrepreneurs to establish themselves in your country?

TCNs who want to launch start-up/innovative projects in the SR can apply for a temporary residence for the purpose of business.⁶⁶

Q14b. What are the **requirements** for obtaining the residence permit?

The temporary residence for the purpose of business is granted to the TCN who will act as the executive director of the respective company.⁶⁷

The requirements necessary to obtain a temporary residence for the purpose of business are that 1) the applicant submits all legally specified documents and 2) there are no legal reasons to reject the application.

The documents necessary to be submitted along with the temporary residence application are:

- filled in application form;
- two current photographs with the dimensions of 3 x 3.5 cm;
- administrative fee amounting to €240 (if the application is submitted at the diplomatic mission)/€232 (if the application is submitted at the police department in the SR);
- valid travel document;
- the innovative project business plan;
- document proving clean criminal record (from the country of origin as well as the country in which he/she spent more than 90 days during six subsequent months in the last three years);
- proof of accommodation (TCN's affidavit proving the ownership of a property; or lease contract concluded with the owner or user of the property; or confirmation of the relevant accommodation facility providing accommodation to the TCN; or affidavit of a natural person or legal entity about providing accommodation to the TCN);
- proof of financial coverage of his/her residence (proof of balance on the bank account established in the name of the TCN in the territory of the SR or in his/her home country; if his/her personal account is held in a foreign bank, balance of his/her personal account for the last three months is necessary to be submitted in the form of a certified translation. The financial coverage amounts to the living wage per each month of his/her stay at minimum; if the duration of his/her stay exceeds one year, it is necessary to prove financial coverage amounting to at least 12 times the minimum living wage);
- proof of financial coverage of his/her business (proof of balance on the business account amounting to at least 40 times the minimum living wage).⁶⁸

⁶⁶ Section 21 of Act on Residence of Foreigners

⁶⁷ Section 22 of Act on Residence of Foreigners

⁶⁸ Section 32 of Act on Residence of Foreigners

In the application for temporary residence decision process, the police department takes into account the public interest (security aspects, economic interests of the SR, economic contribution of the TCN's business for Slovak economy, public health protection). The opinion of the diplomatic mission regarding the residence permit is also taken into account.⁶⁹

The application for the temporary residence for the purpose of business can be rejected based on the following reasons: the TCN is persona non grata; there is a reasonable suspicion that the TCN may pose a security risk for the country, public order, or public health; the TCN does not meet the requirements to obtain a temporary residence permit; the TCN provides false or misleading information, or submits forged or altered documents, or documents of a different person; the data in his/her travel document does not correspond with reality; to grant a temporary residence permit is not in the public interest; it is obvious that his/her accommodation in the territory of the SR does not meet the minimum requirements specified in the respective regulation; the opinion of the Slovak Information Service and the Military Intelligence on his/her residence is negative.⁷⁰

Q14c. What are the factors/conditions that incentivise start-ups and innovative entrepreneurs to use specific immigration routes?

Every TCN who does not have a different type of residence permit allowing him/her to perform business activities has to apply for a temporary residence for the purpose of business. In comparison to applicants who plan to undertake classic businesses, a TCN who wants to launch an innovative project has multiple advantages:

1. Much lower business financial coverage is necessary, amounting to 40 times the minimum living wage (€ 8,202.80)⁷¹. The TCN who applies for the temporary residence for the purpose of business without submitting his/her innovative project business plan, must provide business financial coverage amounting to 100 times the minimum living wage.⁷²
2. The statutory period for the decision on the application for the temporary residence for the purpose of business is 30 days after the complete application was received, if the innovative project business plan was provided. In comparison to the temporary residence for the purpose of business that does not concern an innovative project, the period is shortened by 60 days.⁷³
3. The profit of the commercial company, which needs to be proved by the TCN in renewal of temporary residence for the purpose of business concerning an innovative project, is substantially lower than in case of standard temporary residence for the purpose of business. The application for the renewal of temporary residence for the purpose of business concerning an innovative project must be accompanied by the proof of company profit after tax; it is submitted by the TCN who acts as the executive director; it pertains to the previous tax period and amounts to min. 20 times the minimum living wage (€4,101.40).⁷⁴ In comparison, a TCN not involved in an innovative project must prove profit amounting to 60 times the minimum living wage.⁷⁵

Q14d. Which authority(ies) is/are responsible for granting the residence permit?

The respective Department of the Foreign Police decides on the temporary residence for the purpose of business; competent according to the place of residence of the applicant. In justified cases, the Ministry of Interior may specify a different police department that will accept the residence permit application or will be responsible for the temporary residence procedure.⁷⁶

Q14e. What is the processing time for application for the residence permit in your legislation? Please explain distinguishing between (i) maximum processing time set in legislation and (ii) average processing time in practice:

The statutory periods within which the police department has to issue the decision on the temporary residence application are legally specified and have to be observed.⁷⁷

The statutory period within which the police department decides on the temporary residence for the purpose of business is 30 days after the complete application was received, if the innovative project business plan was provided along with all relevant documents.⁷⁸ The period is suspended while the submitted business

⁶⁹ Section 33, Paragraph 1 of Act on Residence of Foreigners

⁷⁰ Section 33, Paragraph 6 of the Act on Residence of Foreigners

⁷¹ Calculated based on the minimum living wage as of 30/6/2019 amounting to €205.07

⁷² Section 32, Paragraph 7 of Act on Residence of Foreigners

⁷³ Section 33, Paragraph 8 of the Act on Residence of Foreigners

⁷⁴ Calculated based on the minimum living wage as of 30/6/2019 amounting to €205.07

⁷⁵ Section 34, Paragraph 7 of Act on Residence of Foreigners

⁷⁶ Section 125 of Act on Residence of Foreigners

⁷⁷ Interview with MoE SR of 28/05/2019

⁷⁸ Section 33, Paragraph 8 of Act on Residence of Foreigners

plan is evaluated by the Ministry of Economy of the SR (approx. 1 month).⁷⁹ In particularly complicated cases, the appeal authority can extend the period by 30 days at most.⁸⁰

If the documents necessary to decide on the residence permit are incorrect, or if some are missing, and the application is therefore incomplete, the police department suspends the procedure and call on the applicant to remove the deficiencies.⁸¹ During suspension, the 30-day statutory period is not running. The total application processing period will be extended by the time taken by the applicant to remove the deficiencies or provide missing documents.

After the temporary residence for the purpose of business is granted, the TCN can establish a commercial company and start performing business.

Q14f. What is the duration of the visa/residence permit?

Temporary residence for the purpose of business is granted for the presumed length of the business performance, max. for 3 years.⁸² It can be renewed repeatedly.

Q14g. Could the start-up founder employ third-country nationals? Under which scheme? What are the conditions that they have to fulfil?

The TCN performing business in the territory of the SR in the form of an innovative project can employ TCNs under the same conditions as apply to any other employer. The legal regulations do not advantage the start-up entrepreneur for employing TCNs in any way. In general, if a TCN is interested in working in the SR he/she must obtain a temporary residence for the purpose of employment or a Blue Card.

Q14h. What are the challenges regarding admission of start-ups and innovative entrepreneurs from the national stakeholders' perspective as well as if possible, from the TCNs perspective?

The number of start-up companies established by TCNs in Slovakia is very low. According to the statistical data obtained from the Bureau of the Border and Foreign Police, only two applications for the temporary residence for the purpose of business pertaining to innovative projects have been submitted so far (2018) – one decision was issued in 2018 and the other in 2019. The Ministry of Economy of the SR issued one positive opinion regarding the innovative project. Since the topic of TCN start-up companies is not a political priority, research does not focus on it, and the interest is merely marginal. Therefore it is impossible to identify challenges faced by TCNs and other participants or authorities in relation to submission of an application for the temporary residence.⁸³

Q14i. What are the good practices identified in the SR?

Due to the low number of applications submitted and decisions issued, it is impossible to identify the good practices in the SR so far.⁸⁴

3.4. Case study scenarios

Note: With the use of fictional scenarios, the following question aims to provide an understanding of the possible admission options of different types of start-ups and innovative entrepreneurs.

Q15. Please consider the following fictional scenarios (case studies) and for each scenario, please answer the following questions:

1. What are the migratory pathways (visas/residence permits) available?
2. Would the person qualify for the permit and if yes, under what specific conditions?
3. Which authority would assess the eligibility of the applicants?
4. What is the application process?
5. How long would it take for the person to obtain the permit?

1. TCN outside of the EU, has not set up business yet: Start-up at business plan stage, has not registered the company in the Member State, wants to apply from outside the EU

Vihaan is a highly skilled professional from India with a Master's degree from University of Delhi, currently living in Delhi. For the past few months he has been working in an IT company there, but he plans to start his own business in the near future. He already has a business plan for a service-based app that he thinks could do well in the SR. His goal is to come to the SR and start his company there. What is the process that Vihaan would have to go through to build his start-up in the SR?

⁷⁹ Section 125, Paragraph 12 of Act on Residence of Foreigners

⁸⁰ Section 125, Paragraph 12 of Act on Residence of Foreigners

⁸¹ Section 29 of Act No. 71/1967 on Administrative Proceedings

⁸² Section 22, Paragraph 2 of the Act on Residence of Foreigners

⁸³ Source: BBFP PFP Survey.

⁸⁴ Source: BBFP PFP Survey.

What are the migratory pathways (visas/residence permits) available?

Vihaan can implement his innovative project (start-up) if he is granted a temporary residence for the purpose of business.

Would the person qualify for the permit and if yes, under what specific conditions?

The temporary residence for the purpose of business is granted by the respective (locally competent) Department of Foreign Police. The permit is granted if the applicant submits all documents specified by law. During the decision process on the application for temporary residence, the administrative authority takes into account the public interest (the police takes into account security aspects, economic interests of the SR, economic contribution of the TCN's business for the Slovak economy, and public health protection). It also takes into account the opinions of the respective diplomatic mission regarding the residence permit and Ministry of Economy regarding the submitted business plan (to identify whether it actually pertains to an innovative project).

Which authority would assess the eligibility of the applicants?

The temporary residence for the purpose of business is granted by the respective police department (Department of Foreign Police) pertaining to the Ministry of Interior of the Slovak Republic. It requests an opinion of the Ministry of Economy of the Slovak Republic on the innovative project business plan.

What is the application process?

Vihaan applies for a temporary residence for the purpose of business in person at the diplomatic mission of the SR in New Delhi, as in this case, it is the only competent authority to accept his residence application. He fills in the respective application form and provides all documents specified by law (see Q14b). If the application is incomplete (it does not contain all required documents), the diplomatic mission will not accept the application. The diplomatic mission performs a personal interview with Vihaan and thus provides a preliminary evaluation of his residence application. Based on the interview, it provides an opinion in which it recommends/does not recommend to grant the residence permit and states specific reasons. Subsequently, it sends the complete application along with the opinion to the respective police department. The police department evaluates the submitted documents, requests the opinion from the Ministry of Economy regarding the innovative project business plan, and based on the documents pertaining to the application, it issues a decision.

How long would it take for the person to obtain the permit?

The police department grants the temporary residence for the purpose of business within 30 days after the complete application is received. The period is suspended while the submitted business plan is evaluated by the Ministry of Economy of the SR. In particularly complicated cases, the appeal authority can also extend the period by 30 days at most. Another reason why the application for the temporary residence for the purpose of business may take longer is submission of incomplete application or incorrect documents by the applicant. In such case, the police department suspends the procedure and calls on the applicant to submit correct documents.

2. TCN already in the EU, working as a highly skilled employee: Highly skilled third-country national who came on an EU Blue Card or an alternative national permit for highly skilled workers working for a company in a certain industry; after 2 years of working for the company wants to start his/her own business

Amel is a Tunisian citizen working for "B Solutions", a biotech company in the SR on an EU Blue Card permit or an alternative national permit for highly skilled workers arranged through her employer. After having worked for the company for two years, she feels that she is ready to take on a new challenge. She would like to start her own business in the same sector and set up a company that offers high-tech solutions to recycle waste in new, innovative ways, remaining in the SR. What are her possibilities?

What are the migratory pathways (visas/residence permits) available?

If Amel wants to launch a start-up, she needs to request a change in her purpose of residence, i.e. from Blue Card temporary residence to the temporary residence for the purpose of business.

Would the person qualify for the permit and if yes, under what specific conditions?

The temporary residence for the purpose of business is granted by the Department of Foreign Police, in principle locally competent according to the place of residence. The residence permit will be granted, if Amel provides all required documents. During the decision process on the application for temporary residence, the administrative authority takes into account the public interest (the police takes into account security aspects, economic interests of the SR, economic contribution of the TCN's business for the Slovak economy, public health protection). It also takes into account the opinion of the Ministry of Economy regarding the submitted business plan (to identify whether it actually pertains to an innovative project).

Which authority would assess the eligibility of the applicants?

The temporary residence for the purpose of business is granted (and the fulfilment of legal requirements is evaluated) by the respective police department (Department of the Foreign Police) pertaining to the Ministry of Interior of the Slovak Republic. It requests an opinion of the Ministry of Economy of the Slovak Republic on the innovative project business plan.

What is the application process?

Amel requests the change of residence purpose in person at the respective (locally competent) Department of the Foreign Police. She must submit the application on the last day of her Blue Card residence validity period at latest. She will submit the application filling in the official form along with all documents specified by law. If the application is incomplete (it does not contain all required documents), the police department will not accept it. Since it is an application to change the purpose of residence, she does not have to submit a copy of her criminal record. Other documents (see Q14b) must be submitted as if she applied for the residence for the first time. Her residence in the territory of the SR will be considered legal until the decision on her application for the temporary residence for the purpose of business is issued.⁸⁵

How long would it take for the person to obtain the permit?

The police department grants the temporary residence for the purpose of business within 30 days after the complete application is received. The period is suspended while the submitted business plan is evaluated by the Ministry of Economy of the SR. In particularly complicated cases, the appeal authority can also extend the period by 30 days at most. The statutory period may be extended if Amel has submitted incomplete documents along with her application. In such case, the police department suspends the procedure and calls on her to submit correct documents.

3. TCN outside of EU, registered company: Start-up just started, registered company outside the EU would like to set up in the Member State

Sergey from Minsk, Belarus owns a company "Icomp Technologies", a manufacturing company which has just launched the production of electronic components in IoT (Internet of Things) technology sector. The company has already shipped some experimental production to third country markets, such as Japan and Malaysia, and based on the initial success it was decided to reallocate company's headquarters to the SR for further business development. What is the process that Sergey would have to go through to move the headquarters? Are there any additional provisions for other staff members aiming to reallocate to the SR?

What are the migratory pathways (visas/residence permits) available?

Sergey can launch a new business company in the SR. He can be the sole proprietor/shareholder of the company, or be the owner and statutory body (act on behalf of the company) at the same time. To hold a business company in the SR, he does not need any kind of residence permit. If he wants to be a statutory body of a company, he must be granted a temporary residence for the purpose of business.

Would the person qualify for the permit and if yes, under what specific conditions?

The temporary residence for the purpose of business is granted by the Department of the Foreign Police, in principle locally competent according to the place of residence. The residence permit will be granted if Sergey submits all documents specified by law. During the decision process regarding the application for temporary residence, the administrative authority takes into account the public interest (the police takes into account security aspects, economic interests of the SR, economic contribution of the TCN's business for the Slovak economy, public health protection). Within the decision process, it also takes into account the opinion of the Ministry of Economy regarding the submitted business plan to identify whether it actually pertains to an innovative project. In the opinion, the Ministry of Economy of the SR takes into account as a positive fact that in country of origin Sergey already holds a successful company implementing an innovative project.

Which authority would assess the eligibility of the applicants?

The temporary residence for the purpose of business is granted (and the fulfilment of legal requirements is evaluated) by the respective police department (Department of the Foreign Police) pertaining to the Ministry of Interior of the Slovak Republic. It requests an opinion of the Ministry of Economy of the Slovak Republic on the innovative project business plan.

What is the application process?

Sergey applies for a temporary residence for the purpose of business in person at the diplomatic mission of the SR in Minsk, the competent authority to accept his residence application. He submits the application filling in the official form and provides all relevant documents (see Q14b). If the application is incomplete

⁸⁵ Section 40, Paragraph 9 of Act on Residence of Foreigners

(it does not contain all required documents), the diplomatic mission will not accept it. The diplomatic mission performs a personal interview with Sergey and thus provides a preliminary evaluation of his residence application. Based on the interview, it provides an opinion in which it recommends/does not recommend to grant the residence permit and states specific reasons. Subsequently, it sends the complete application along with the opinion to the respective police department. The police department evaluates the submitted documents, requests the opinion from the Ministry of Economy regarding the innovative project business plan, and based on the documents pertaining to the application, it issues a decision.

[How long would it take for the person to obtain the permit?](#)

The police department grants the temporary residence for the purpose of business within 30 days after the complete application is received. The period is suspended while the submitted business plan is evaluated by the Ministry of Economy of the SR. In particularly complicated cases, the appeal authority can extend the period by 30 days at most. The statutory period may be extended if Sergey has submitted incomplete documents along with his application. In such case, the police department suspends the procedure and calls on the applicant to submit correct documents.

Employees of the newly established company have to apply for the temporary residence for the purpose of employment or Blue Card temporary residence. The managers and experts can obtain the temporary residence for the purpose of employment also for intra-corporate transfer.

4. TCN already in the EU, PhD or master student

Auri is a Dominican PhD student at a university in the SR in the field of biotechnology studies. In parallel to her studies (outside her PhD contract), Auri researched fermentation and revealed yet unknown characteristics of the investigated ferment. Auri discovered that the reaction between the researched ferment and a specific enzyme could have a particular effect on human's skin regeneration. She was approached by a potential investor who saw the potential of the discovery in the medical cosmetology sector. Auri would like to register a company in the SR and undertake further necessary research to receive patents and start the production of agents as a next stage. What are her possibilities?

[What are the migratory pathways \(visas/residence permits\) available?](#)

Auri has two possibilities: either she retains the temporary residence for the purpose of study, which also allows her to perform business⁸⁶ (and implement an innovative project), or she submits a request to have her temporary residence for the purpose of study changed to the temporary residence for the purpose of business. If Auri chooses the first option and launches a business without changing her temporary residence for the purpose of study to one for the purpose of business, it will not be necessary to evaluate the innovativeness of her business plan.

[Would the person qualify for the permit and if yes, under what specific conditions?](#)

The temporary residence for the purpose of business is granted by the Department of the Foreign Police, in principle locally competent according to the place of residence. The residence permit will be granted, if Auri provides all required documents. During the decision process regarding the application for temporary residence, the administrative authority takes into account the public interest (the police takes into account security aspects, economic interests of the SR, economic contribution of the TCN's business for the Slovak economy, public health protection). It also takes into account the opinion of the Ministry of Economy regarding the submitted business plan (to identify whether it actually pertains to an innovative project).

[Which authority would assess the eligibility of the applicants?](#)

The temporary residence for the purpose of business is granted by the respective police department (Department of the Foreign Police) pertaining to the Ministry of Interior of the Slovak Republic. It requests an opinion of the Ministry of Economy of the Slovak Republic on the innovative project business plan.

[What is the application process?](#)

Auri requests the change of residence purpose in person at the respective Department of the Foreign Police, locally competent according to her place of residence. She must submit the application on the last day of her previous residence permit validity at latest. She will submit the application filling in the official form along with all documents specified by law. If the application is incomplete (it does not contain all required documents), the police department will not accept it. Since it is an application to change the purpose of residence, she does not have to submit a copy of her criminal record. Other documents (see Q14b) must be submitted as if she applied for the residence for the first time. Her residence in the territory of the SR

⁸⁶ Section 24, Paragraph 3 of Act on Residence of Foreigners

will be considered legal until the decision on her application for the temporary residence for the purpose of business is issued.⁸⁷

How long would it take for the person to obtain the permit?

The police department grants the temporary residence for the purpose of business within 30 days after the complete application is received. The period is suspended while the submitted business plan is evaluated by the Ministry of Economy of the SR. In particularly complicated cases, the appeal authority can extend the period by 30 days at most. The statutory period may be extended if Auri has submitted incomplete documents along with her application. In such case, the police department suspends the procedure and calls on her to submit correct documents.

Section 4: Attracting start-ups and innovative entrepreneurs from third countries

Q16. Does the SR have specific **measures** in place to **attract** start-up founders and innovative entrepreneurs from third countries?

- Yes. Please explain briefly here the main measures and complete table in Q18 below:
 No

The Slovak Republic does not possess specific tools to attract start-up and innovative businesses from third countries, however TCNs performing business in Slovakia can usually use general business and/or start-up promotion tools (see Q17a and Q17b).

As stated previously, if a TCN wants to establish a business in Slovakia, he/she can apply for a temporary residence for the purpose of business and submit his/her innovative project business plan as a proof to use the accelerated and advantageous residence granting procedure. Moreover, diplomatic missions of the SR abroad inform potential entrepreneurs about start-up business opportunities in the Slovak Republic in terms of their agenda.⁸⁸

Q17a. Are the following **actors** involved in attracting and encouraging the start-ups and innovative entrepreneurs from third countries?

Private sector, universities and other institutions on the local level do not participate in a specific form of support focused on TCN's start-ups or innovative business. Below, their participation in the start-up business support in general is described, which can also be of benefit for the TCNs.

- Private sector

The Start-up Analysis in Slovakia⁸⁹ published by the Slovak Business Agency (SBA) in 2018 shows that there are several entities in the Slovak private sector with the goal to support the start-up companies in Slovakia by providing both financial and non-financial support; however, these do not focus exclusively on TCN business support.

In terms of financial support, it concerns mostly starting or angel investments for small and medium-sized businesses. Non-financial support is provided by the investors or successful entrepreneurs as consultancy, relevant workshops, mentoring, and experience sharing in business and management in general.

SBA also states that thanks to the support provided by the private sector, the Slovak network of incubators, accelerators, and co-workings is growing; most of these are located in Bratislava so far (see Q4a).

- Universities and Higher Education Institutions (i.e. encouraging international students to stay as start-up entrepreneurs)

These are mostly measures accessible to all students (not only TCN students): mainly introducing new subjects and/or study specialisations in start-up/innovative business, operating university start-up centres, incubators, co-workings, etc.⁹⁰

⁸⁷ Section 40, Paragraph 9 of Act on Residence of Foreigners

⁸⁸ Interview with MoE SR of 28/5/2019.

⁸⁹ Start-up Analysis in Slovakia Slovak Business Agency. Bratislava 2018. Consulted on 3/6/2019. Available at http://www.sbagency.sk/sites/default/files/5_analyza_start-upov_na_slovensku.pdf

⁹⁰ Law students learn to resolve specific situations in the start-up practice. Consulted on 3/6/2019. Available at <https://www.skolske.sk/clanok/46082/studenti-prava-sa-ucia-riesit-konkr> GROWUP – Startup centrum VŠEMVŠ. Consulted on 3/6/2019. Available at <http://www.vsemvs.sk/ONas/GROWUP> Start-up management. Consulted on 3/6/2019. Available at <https://www.paneurouni.com/fakulta-ekonomie-a-podnikania/bakalarske-studium-bc/zamerania/manazment-startupov/> UVP Technicom. <https://www.uvptechnicom.sk/>

Local and regional authorities (e.g. cities and regions)

The role of towns and cities in the establishment and support of the start-up ecosystem is not specific. However, certain cities actively support start-ups through projects or using their own resources to establish business incubators, e.g. by providing spaces, discounted rent, etc.⁹¹ However, this support is not focused specifically on TCN 's start-ups.

Other actors

The key actor in start-up business support in Slovakia is the Slovak Business Agency (SBA). SBA as a platform of both private and public sectors focuses also on supporting starting and already existing start-up business. SBA performs activities supporting innovative business based on the Start-Up Support Scheme (de minimis aid) and the Start-Up Support Programme opened by the Ministry of Economy of the SR and funded by the state budget of the SR.⁹²

SBA supports innovative business by both financial and non-financial tools. In terms of financial support, SBA provides microloans for micro and small-sized businesses focused on investment projects and/or purchasing trade-related supplies.⁹³ The loan amounts to €2,500–50,000. One of the conditions for obtaining the loan is that the entrepreneurs must have a business permit in the territory of the SR, be registered with the respective register (e.g. Companies Register of the SR), and their registered office is in the territory of the SR. As long as all conditions are met, the loan can be provided to the company whose executive director/partner is a TCN.

In terms of financial support for business, SBA also has the National Holding Fund with purpose to "help mainly prospective business projects in the area of capital investments."⁹⁴

The SBA provides non-financial support mainly in the form of consultancy, workshops, trainings, lectures, etc. Currently, in term of non-financial support, it is launching the Startup Sharks initiative focused exclusively on start-up support, specifically "to improve the start-up conditions to increase the chance for success for the innovative and competitive business ideas and market plans."⁹⁵ Although this initiative does not focus exclusively on TCN start-ups, the TCNs performing business in Slovakia are eligible to apply.

Last but not least, SBA supports start-ups also by coordinating regional National Business Centres operating in all eight self-governing regions, which provide mainly non-financial support for small and medium-sized businesses in terms of consultancy, education, etc.⁹⁶

See Q4a.

Q17b. Do government authorities cooperate with the private sector in attracting start-ups and innovative entrepreneurs from third countries?

Yes

No

The private and public sectors cooperate in supporting small and medium-sized businesses including start-up companies mostly through the Slovak Business Agency; its activities do not focus exclusively on TCN 's start-up support, however TCNs can also apply for SBA support if they meet the general conditions.

Q18. Please complete the table below with regard to the (applicable) (I) Rights and (II) Incentive measures in place to attract start-up founders (not employees) from third countries in the SR.

I. RIGHTS

Rights	Brief description of the rights granted
Facilitation to access permanent residence	n/a (there is no advantage – the possibility to obtain permanent residence under the same conditions as other TCNs)

⁹¹ Source: Association of Slovak Towns and Cities – reply to the e-mail query.

⁹² Startup Sharks. Slovak Business Agency. Consulted on 3/6/2019. Available at: <http://www.sbagency.sk/startup-sharks-0#.XO-ayKRnpPb>

⁹³ Slovak Business Agency. Microloan programme: <http://www.sbagency.sk/mikropozicky>

⁹⁴ Slovak Business Agency. Start-up Analysis in Slovakia. Bratislava 2018: http://www.sbagency.sk/sites/default/files/5_analyza_start-upov_na_slovensku.pdf

⁹⁵ Startup Sharks. Slovak Business Agency. <http://www.sbagency.sk/startup-sharks-0#.XO-ayKRnpPb>

⁹⁶ National Business Centre <http://www.npc.sk>

Access to employment	n/a (there is no advantage – the labour market can be entered under the same conditions as other TCNs)
Possibility to be accompanied by family members	n/a (there is no advantage – family reunification can be achieved under the same conditions as other TCNs)
Family members allowed to access the labour market	n/a (there is no advantage – the labour market can be entered by all family members under the same conditions as other TCNs)
Other rights	

II. INCENTIVE MEASURES (refers to governmental, private sector and structural incentives)

Measure	Brief description of the measure	Are the attraction measures campaign-like or permanent measures?	Who implements the measure? (state, private sector, in cooperation etc)	Applies to:	
				TCNs only	General
Facilitations for admission ; <i>If yes, please explain what they entail (shortened processing time, reduced documentary requirements etc.)</i>	If the TCN submits an application for the temporary residence for the purpose of business along with an innovative project business plan ⁹⁷ , he/she acquires an advantage – the processing of his/her application for the temporary residence for the purpose of business is accelerated on two levels: <ol style="list-style-type: none"> 1. Lower financial coverage required for the business – along with the application for temporary residence, the TCN has to prove financial coverage amounting to 40 times of the minimum living wage (in comparison to 100 times the minimum living wage in usual procedure)⁹⁸ 2. The shortened application processing period – the period to issue the decision on the temporary residence application is 30 days (in comparison to a 90-day period in usual procedure)⁹⁹ 	Permanent (legal) measure	Public sector (the competent Department of Foreign Police)		
Access to special funding and investments (e.g. micro-loans)	Microloans, starting and angel investments	Based on the particular entity	Public sector (SBA) and private sector	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Co-working and dedicated spaces (facilities for shared use of start-ups/businesses)	The network of incubators, accelerators, and co-workings is growing with the support of the private sector; so far, most of them are operating in Bratislava.	Based on the resource availability	Mostly private sector	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Access to incubation/accelerator support programmes	Support provided by SBA (e.g. Startup Sharks) or the National Business Centre (NBC).	Based on the funding availability	Public sector	<input type="checkbox"/>	<input checked="" type="checkbox"/>

⁹⁷ Section 32, Paragraph 5, Letter a) of Act on Residence of Foreigners

⁹⁸ Section 32, Paragraph 7 Letter c) of Act on Residence of Foreigners

⁹⁹ Section 33, Paragraph 8 Letter g) of Act on Residence of Foreigners

Measure	Brief description of the measure	Are the attraction measures campaign-like or permanent measures?	Who implements the measure? <i>(state, private sector, in cooperation etc)</i>	Applies to:	
				TCNs only	General
Tax incentives (benefits, reductions, exemptions, etc.)	Currently (i.e. until 31/12/2019), the simple joint stock company (JSA) does not have a special tax position in terms of the Slovak tax legislation (see Q9a).	Permanent (if legislative changes are adopted)	Public sector	<input type="checkbox"/>	<input type="checkbox"/>
Consultation services/ facilitators help in networking/accessing networks	Support provided by the public sector, mainly SBA and NBC. Support provided by the private sector through business initiatives and groups (e.g. angel investors) and existing incubators and co-workings	Based on the funding availability	Private and public sectors	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Training programmes for start-ups	n/a			<input type="checkbox"/>	<input type="checkbox"/>
Financial support to cover administrative and/or staff costs	n/a			<input type="checkbox"/>	<input type="checkbox"/>
Other special incentives <i>Please add new rows as applicable</i>	n/a			<input type="checkbox"/>	<input type="checkbox"/>

Q19. Are there any measures to encourage and foster innovative entrepreneurship and start-ups for third-country nationals **already present** in the SR? (e.g. in the context of integration measures)

No. There are the tools mentioned above, however, they are available to all current as well as potential entrepreneurs in Slovakia, not exclusively to TCNs. If a TCN with granted residence permit decides to start a business, he/she can do so as far as his/her residence permit allows him/her to. If it does not, he/she can request a change in the purpose of residence to the temporary residence for the purpose of business.

Q20a. Does the SR carry out **promotional activities and dissemination of information** targeted to start-up founders and innovative entrepreneurs?

- Yes
- No

On the national level, there are no promotional activities focused exclusively on TCN start-up support. However, general start-up promotion in Slovakia is provided by SBA and SARIO. The task of the diplomatic missions of the SR abroad is to inform the TCNs on the start-up business opportunities in Slovakia, or the opportunity to obtain a temporary residence for the purpose of business if they have an innovative business plan.¹⁰⁰

Q20b. Does the SR aim to create a national / regional '**brand**' (e.g. visual image, perception, etc.) of the start-up scheme?

- Yes
- No

Currently there is no official brand for start-ups on the national level. However, the SBA initiative Startup Sharks could serve as a base.¹⁰¹

Q20c. Have there been any **evaluations of the effectiveness** of promotional activities in Q20a. carried out?

- Yes
- No

Q21. Based on existing national sources (evaluation reports, media reports, etc.), what are the **factors affecting the attraction of start-up founders/employees** in the SR?

- Hubs and locations for start-ups (e.g. cities)
- Culture
- Socio-economic factors (e.g. living costs)
- Other

Data unavailable. Due to the fact that temporary residence for the purpose of business based on the innovative business plan was granted to only two persons so far, relevant data are unavailable.

Q22a. What are the main **challenges** in attracting start-ups and innovative entrepreneurs from third countries in the SR?

In the SR, relevant studies or analyses focused on TCN start-up business are not available yet.

Q22b. What are the **good practices** identified in attracting start-ups and innovative entrepreneurs from third countries in the SR?

Since there are currently no measures focused exclusively on making start-up business more attractive for TCNs, good practice examples cannot be identified yet.

¹⁰⁰ Interview with MoE SR of 28/5/2019

¹⁰¹ Interview with MoE SR of 28/5/2019. Startup Sharks. Slovak Business Agency. Consulted on 3/6/2019. Available at: <http://www.sbagency.sk/startup-sharks-0#.XQK-QY9npPY>

Section 5: Renewal of residence permits/visas and retention measures for start-ups and innovative entrepreneurs

Q23a. Is it possible to **renew** the start-up visa/residence permit?

- Yes
 No

A TCN can perform business in Slovakia if he/she is granted temporary residence for the purpose of business also if it concerns start-up business. This kind of residence can be repeatedly renewed if legal conditions are met.

Q23b. If yes, what is the renewal period and are the following renewal options possible:

a time limited extension to a visa/residence permit

Temporary residence for the purpose of business can be granted for a maximum of 3 years repeatedly; the police department can grant it also for a period shorter than 3 years (upon first request and renewal). The TCN must submit the renewal request on the final day of his/her legal residence at latest.

a permanent residence

If the TCN meets the specific legal conditions, he/she can apply for a change of his/her residence from temporary to permanent (e.g. if they legally reside in the territory of the SR an uninterrupted period of at least 5 years directly prior to the submission of the application). E.g. a TCN with granted temporary residence for the purpose of business in Slovakia for uninterrupted period of five years can apply for long-term residence, which is a type of permanent residence.

Q23c. What are the **main requirements for renewal** of an initial start-up visa/residence permit?

The main condition for renewal of temporary residence for the purpose of business is that the purpose of residence is still applicable, i.e. the TCN is still permitted to perform business in the SR. The TCN must also submit the renewal application for temporary residence for the purpose of business to the respective (locally competent according to place of residence) police department on the last day of his/her legal residence period at latest.

Moreover, the TCN must submit the following documents along with their renewal application for temporary residence for the purpose of business:

- confirmation that their tax and customs duties have been paid; health and social insurance have been paid; retirement savings contributions have been levied from this as well as all other commercial companies and cooperatives on behalf of which the person acts;¹⁰²
- document confirming the profit of the company or cooperative on behalf of which the person acts after tax – for the previous tax period, which amounts to min. 20 times the minimum living wage. This applies to the TCN whose business plan has been evaluated by the Ministry of Economy of the Slovak Republic as an innovative project (otherwise, the profit must amount to min. 60 times the minimum living wage).¹⁰³

Moreover, during the decision process regarding the application for temporary residence renewal, the police department takes into account the public interest, specifically security aspects, economic interests of the SR, economic contribution of the TCN's business for the Slovak economy, public health protection, personal and family situation of the TCN, their financial status, length of residence so far, and expected future residence.¹⁰⁴

Q23d. Is the actual establishment of the business checked by the responsible authorities when deciding on the extension of the residence permit?

Yes, in terms of residence renewal, the police department examines the contribution of the applicant's business activity and its effectiveness on two levels.

During the decision process regarding the temporary residence application/its renewal, the police department takes into account the economic interests of the SR, mainly the contribution of the TCN's business for the Slovak economy.¹⁰⁵

¹⁰² Section 34, Paragraph 5 of the Act on Residence of Foreigners

¹⁰³ Section 34, Paragraph 7 of the Act on Residence of Foreigners

¹⁰⁴ Section 34, Paragraph 10 of Act on Residence of Foreigners

¹⁰⁵ Section 33, Paragraph 1 and Section 34, Paragraph 10 of Act on Residence of Foreigners

At the same time, the TCN applying for the renewal of temporary residence for the purpose of business concerning an innovative project whose business plan was evaluated by the Ministry of Economy of the SR, must prove company profit after tax for the previous tax period amounting to a minimum of 20 times the minimum living wage. Even if the TCN's business did not reach the specified profit after tax for the previous tax period, the police department can still renew his/her residence if the Ministry of Economy of the Slovak Republic considers the business activity of his/her commercial company or cooperative beneficial for the economic interests of the SR.¹⁰⁶

Q23e. What are the procedures foreseen for TCNs with start-up visas/residence permits if:

- Their business ceases being a 'start-up' (e.g. they manage to turn their company into a successful business):
 - Temporary residence for the purpose of business is not bound to start-up as such, instead, it is bound to the fact that the TCN acts on behalf of a commercial company/cooperative, which must meet the legal requirements, i.e. be permitted to perform business. The police department withdraws the temporary residence for the purpose of business if the purpose ceases to exist, e.g. if the TCN no longer acts on behalf of the company, or if the company ceased to exist, regardless of the type of business.¹⁰⁷ In that case, the TCN can apply for a change of the residence purpose (i.e. other type of temporary residence) or residence type (temporary to permanent). However, he/she is only allowed to do so while his/her current residence is still valid (i.e. before the police officer withdraws his/her original residence permit). If the TCN fails to apply for the change while his/her original residence is still valid and his/her permit is withdrawn, he/she is obliged to leave the territory of the SR within the given period.
- Their start-up fails. (In this case, please clarify what would happen to the start-up founder and whether there are other visas/residence permits available for the TCNs to remain in the SR):
 - The aforementioned rules apply. If the business is closed or ceases to exist, the police department withdraws his/her permit for temporary residence for the purpose of business. The TCN is eligible to apply for a change of residence purpose or type, however, he/she must do so while his/her original residence is still valid, i.e. before his/her permit is withdrawn. If he/she fails to do so, the police department withdraws his/her residence permit and he/she is obliged to leave the territory of the SR within the given period.
- Their business plan changes after approval:
 - A business plan change during the period of legal residence does not affect its validity as far as the purpose of residence is still applicable, i.e. business. In case of renewal, the TCN must provide relevant documents to prove that legal requirements have been met, e.g. required profit after tax.
 - If the business plan changes and the business entity decides to change/extend their subject of business (business area), it is necessary to obtain a valid trade license before the subject of business is changed/extended.

Q24a. Are the following retention measures in place for the start-up founders and innovative entrepreneurs?

Simplified renewal process

If the TCN proved that his/her business plan was innovative upon applying for a temporary residence with the aim to perform business, he/she gains advantages upon its renewal on two levels:

1. Lower profit after tax – along with the application for temporary residence renewal, the TCN has to prove that his/her profit after tax for the previous tax period amounts to min. 20 times the minimum living wage (in comparison to 60 times the minimum living wage in the usual procedure);

¹⁰⁶ Section 34, Paragraph 15 of Act on Residence of Foreigners

¹⁰⁷ Section 36, Paragraph 1, Letter a) of Act on Residence of Foreigners

2. The shortened application processing period – the period to issue the decision on the temporary residence application is 30 days (in comparison to a 90-day period in the usual procedure).

Tax relief schemes

Currently (i.e. until 31/12/2019), the start-ups from third countries or TCNs applying for residence renewal are not in any specific tax position in terms of the Slovak tax laws (see Q9a).

Others

Q24b. What are the **challenges** regarding the retention of start-ups and innovative entrepreneurs in the SR?

Due to the small number of temporary residence permits for the purpose of business granted based on innovative projects, it is impossible to identify the challenges related to innovative business sustainability in Slovakia.

Q24c. What are the **good practices** identified with regard to retention of start-ups and innovative entrepreneurs in the SR?

Since supporting start-up companies and innovative business is not a priority of the current economic policy, it is impossible to identify the good practice examples yet.

Q25a. Has any **misuse of the migratory pathway** for start-ups and innovative entrepreneurs has been detected in the SR (for example, if someone applies for a start-up/entrepreneur visa to gain access to the SR without the actual intention of founding a start-up/business)?

Yes

No

Q25b. Do you have any information or statistics on the **misuse of migratory pathways**¹⁰⁸ for start-ups and innovative entrepreneurs in the SR?

The competent authorities have not encountered any misuse of temporary residence granted based on innovative business plan.¹⁰⁹

Q25c. What is the **survival rate** of start-ups launched by TCNs in the SR? (Survival rate refers to the number of start-ups that manage to become profitable businesses).

Data unavailable.

Q25d. Have there been **any evaluation or studies** of your national schemes on start-ups or other innovative entrepreneurs?

No evaluation or studies focused on national support schemes for start-ups and innovative business are available in the SR so far.

Section 6 Conclusions

Q26. With regard to the aims of this study, what conclusions would you draw from your findings reached in elaborating your national contribution? In particular, what is the relevance of your findings to (national and/or EU level) policy-makers?

The presented study, volume and nature of measures focusing on TCN start-up business support, and their actual number in Slovakia reflect the reality in which attracting TCN innovative business is not a national priority for the SR currently.

In 2015, the Government of the SR adopted the Start-up Support Concept, which includes the idea to introduce start-up national visas for TCNs. However, they were not introduced and the SR currently does not provide any specific type of start-up visas/residence.

In terms of the amendment to the Act on Residence of Foreigners of 2017, the Slovak legislation offers the opportunity for TCNs to apply for temporary residence with the aim to perform business based on an

¹⁰⁸ Misuse of migratory pathways refers solely to the cases in which someone has used the start-up visa/residence permit channel but does not intend to really set up a business and does not refer to potential illegal practices start-ups may be involved in as part of their business.

¹⁰⁹ Source: BBFP PFP Questionnaire.

innovative project. Although the TCN who decides to launch a start-up business in Slovakia cannot get a specific type of start-up residence, if he/she uses the opportunity to submit an innovative business plan upon applying for the temporary residence, he/she is eligible for certain advantages if he/she meets the legal conditions: the required business financial cover is lower and the application processing period is shorter.

These advantages can be considered the only measures aimed at supporting TCN start-up business.

Most measures focused on supporting start-up business in the SR are implemented by the Slovak Business Agency in cooperation with the Ministry of Economy of the SR. In this sense, start-up companies in Slovakia can get access to both financial and non-financial tools, especially microloans, consultancy, workshops, mentoring, etc. However, these measures are of a general nature, i.e. they do not focus exclusively on attracting TCN start-up companies. If the business entity meets the specified conditions, everyone including TCNs can apply for the aforementioned type of support.

In Slovakia, the private sector also supports start-up companies. This includes mainly providing starting and angel investments by successful entrepreneurs, network of incubators, co-workings, etc., which are growing also in the academic environment.

It is fairly difficult to evaluate the influence of the existing measures or the nature and rate of success of TCN start-up business in Slovakia. Available statistics indicate that since the Act on Residence of Foreigners was amended in 2017, only 2 persons were granted temporary residence for the purpose of business based on innovative business plans. The number may indicate that the low interest in this type of residence may lie in the absence of specific measures aimed at supporting TCN start-up companies. However, such a conclusion may also be distorted since there is very little precise data on TCN start-ups. There may be TCNs involved in start-ups in Slovakia with different types of residence permits, e.g. standard temporary residence for the purpose of business. The start-up business may take a different form than the ones incorporated in the respective Act with this sole purpose. The comparison in Section 1 shows that under certain conditions, it may be more advantageous/easier to launch a start-up business as a limited liability company (s. r. o.).

In general, it can be stated that currently the SR offers only partial measures aimed at supporting TCN start-up companies, and it is not planning any legislative changes in this area so far.

National statistics

Table 1: Applications and decisions for residence permits for start-ups and innovative entrepreneurs in the SR

Year	Type	Number of submitted applications	Citizenship		Number of granted residences	Citizenship
2017	Temporary residence permit for the purpose of business	1	Ukraine		1	Ukraine
2018	Temporary residence permit for the purpose of business	2*	Bosnia and Herzegovina	Serbia	1	Serbia

Source: MoE SR and BBFP PFP

Data for previous years are not available.

*In 2018 the MoE SR assessed and approved 1 start-up business plan submitted with the application for the residence permit for the purpose of business.

Statistics on renewals of residence permits for the purpose of business in cases of start-ups or innovative entrepreneurs as well as on changes from/to this statute are not available.

SR also does not have data on main sectors and industries of start-ups launched by TCNs and on survival rates of such businesses.