



## Information for Client No. 2

Slovakia  
June 2018

### Amendment to the Labor Code

*As of 1 May 2018, the Amendment to the Labour Code, which also altered and amended other related legislation (e.g. the Act on Employment Services, Act on Income Tax), came into effect. The Amendment introduces significant changes in employee remuneration. We provide you with an overview of the most important changes.*



#### Premium Pay for Night Work, Work on Public Holidays or Weekends

- The minimum amount of **premium pay for night work** is increasing. Premium pay shall increase in two stages as follows:

Type of work	Status before 30 April 2018	Status before 30 April 2018	Status from 1 May 2019
Hazard- free work	20%	30%	40%
Hazardous work	20%	35%	50%

The amount of the premium pay is determined as a percentage of the amount of the minimum wage in Euros per hour, namely for each hour of night work. The minimum wage for the year 2018 is set in the amount of EUR 2.759

per each hour worked by an employee.

In the case of employers where the nature of the work or the conditions of the establishment require that most of the work be regularly performed as night work, a lower advantage may be agreed upon in the Collective Agreement or the Employment Contract provided that there is no trade union in the employer's establishment, but at least as follows:

Status before 30 April 2018	Status from 1 May 2018 to 30 April 2019	Status from 1 May 2019
20%	25%	35%

- The minimum amount of **premium pay for work on public holidays** is increasing from the current rate of 50% to the new rate of 100% of the employee's average earnings.



• The Amendment also introduces a new special **wage advantage for work on Saturdays and Sundays**. In addition to the agreed wage, an employee working on weekends shall also be entitled to special premium pay. Its amount shall be determined as a percentage of the amount of the minimum wage in Euros per hour (for the year 2018, it amounts to EUR 2.759 per each hour worked by an employee), namely for each hour of work performed on Saturdays or Sundays. The premium pay for work on weekends shall be introduced in two stages as follows:

Name of premium pay	Status before 30 April 2018	Status from 1 May 2018 to 30 April 2019	Status from 1 May 2019
Premium pay for work on Saturdays	0%	25%	50%
Premium pay for work on Sundays	0%	50%	100%



In the case of employers where the nature of the work or the conditions of the establishment require that the work be regularly performed on weekends, a lower advantage may be agreed upon in the Collective Agreement or the Employment Contract provided that there is no trade union in the employer's establishment, but at least as follows:

Name of premium pay	Status before 30 April 2018	Status from 1 May 2018 to 30 April 2019	Status from 1 May 2019
Premium pay for work on Saturdays	0%	20%	45%
Premium pay for work on Sundays	0%	40%	90%

The wage for managerial staff may be agreed in an amount which also reflects possible work on Saturdays or Sundays. In this case, the managerial staff shall no longer be entitled to premium pay for work on the weekends.

## The 13th and 14th Wage

The Amendment also introduces the possibility of receiving an advantaged pay on the occasion of summer holidays (the so-called 13th wage) and on the occasion of the Christmas holidays (the so-called 14th wage).

These pays shall gradually be advantaged in terms of the payment of taxes and insurance contributions as follows:



### Tax on Wage-earning Income

The so-called **13th wage** of an employee shall only be subject to taxation if it amounts to more than EUR 500.00 per year in the aggregate for all employer establishments. However, in order to apply such exemption from taxation, the following conditions must be met:

1. the wage on the occasion of summer holidays must be paid at least in the amount of the average monthly earnings of an employee; and
2. at the same time, the employee who is employed by the employer has continuously worked for such employer for at least 24 months as at April 30 of the relevant year.

The so-called **14th wage** of an employee shall only be subject to taxation if it amounts to more than EUR 500.00 per year in the aggregate for all employer establishments. However, in order to apply such exemption from taxation, the following conditions must be met:

1. the wage on the occasion of the Christmas holidays must be paid at least in the amount of the average monthly earnings of an employee;
2. the employee who is employed by the employer has continuously worked for such employer for at least 48 months as at October 31 of the relevant year; and
3. at the same time, the employer has paid the employee the 13th wage in June.



If any of the above-mentioned conditions are not met, the employee shall not be entitled to the exemption of the 13th and 14th wage from taxation.

The exemption of the **14th wage** from taxation shall first apply in 2018 if in June 2018 the employee is paid the wage on the occasion of summer holidays, which amounts to at least the average monthly earnings. The exemption of the **13th wage** from taxation shall first apply to wages paid in June 2019.



### Social Insurance and Health Insurance Contributions

The so-called **13th wage** shall also be subject to the payment of **social insurance contributions** in 2018 – 2020. The so-called **14th wage** shall also be subject to the payment of social insurance contributions in 2018. In the coming years, this income shall only be subject to the payment of social insurance contributions if it amounts to more than EUR 500.00 per year.

The so-called 13th and 14th wage which amounts to no more than EUR 500.00 shall be exempt from payment of **health insurance contributions** in 2018.

The above-mentioned conditions must be met for the purpose of applying the exemption from the payment of health and social insurance contributions.

### Obligations Relating to the Recruitment of New Employees

The Amendment of the Labour Code imposes another obligation upon employers in connection with the recruitment of new employees. The employer is obliged to also indicate the amount of the basic wage component in any job offer it intends to publish. Consequently, when concluding an employment contract, the employer may not agree with the employee on a basic wage component which is lower than the amount published by the employer in the job offer.

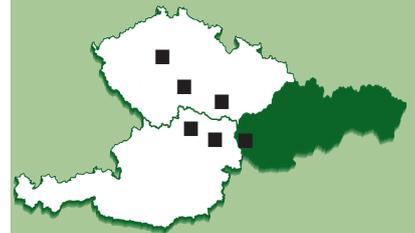
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