

**SLOVAK REPUBLIC**  
**1999**

**1. Overview of the system**

Unemployed persons can receive unemployment benefits for a maximum period of 6 months, which is extended to 9 months if the person has contributed for more than 15 years. The tax unit is the individual, partners are taxed separately. The 1999 APW level is SKK 136 356.

**2. Unemployment insurance**

**2.1. *Conditions for receipt***

**2.1.1. *Employment conditions***

24 months of work in the last three years.

**2.1.2. *Contribution condition***

24 months of contribution in the last three years

**2.2. *Calculation of benefit amount***

**2.2.1. *Calculation of gross benefit***

The unemployment benefits that can be claimed by a registered unemployed person in one calendar month are as follows:

Until 1 December 1999: 60 % of the assessment basis for the purposes of determining unemployment benefit value for the first three months and 50 % of the basis for the remaining time. The maximum unemployment benefit which a registered unemployed person could claim in one calendar month is a maximum of 1,8 times the minimum wage, the latter being SKK 3 000,- from 1 January 1998 and SKK 5 400,- from 1 April.

From December 1, 1999, 50% of the calculation basis for the purpose to determine the amount of the unemployment support during first three months and 45 % of this basis for the rest of the period. The unemployment support is provided maximum to the amount of 1,5 times of the subsistence minimum to a full age physical person (3 790, - SKK) set up by law No. 125/1998, Coll. of Acts on subsistence minimum and determination of sums for the purpose of state social benefits as last amended, it means 5 685, - SKK.

### 2.2.2. *Income and earnings disregards*

Any income from work cancels all unemployment benefit entitlements.

### 2.3. *Tax treatment of benefit*

Not taxable

### 2.4. *Benefit duration*

It is paid on a 7-day week basis, for 6 or 9 months, from the day of unemployment registration.

### 2.5. *Treatment of unemployment registration*

2.5.1. *Young people* (secondary schools graduates and university graduates) that paid the unemployment insurance contributions during a continuous preparation for the occupation less than six months, have the entitlement to the unemployment support.

The unemployed person personally applies at a relevant district labour office for mediating a job. Based upon the application the district labour office includes him in the unemployed people' register. If he has the entitlement to the unemployment support a district labour office that registers him as unemployed will pay off the support to him. The procedure is equal for all persons regardless to the age.

### 2.5.2. *Older workers*

The unemployment support is paid off for six or nine months. After this period the social assistance benefits are paid. If during the unemployment support period or social assistance period, a registered unemployed person has the entitlement to the old age pension and if a registered unemployed person asks for it, then the old age pension is paid off to him. In the case that the old age pension is recognised, the unemployment support is not paid.

## 3. **Unemployment assistance**

None

## 4. **Social assistance**

### 4.1. *Conditions for receipt*

The citizen is in the material need, if his income does not reach the subsistence minimum. The citizen may be in the material need due to objective or subjective reasons. The citizen is not in the material need and his income does not present the subsistence minimum either, if able to solve his material need by his current income and property. The property is defined by Act No. 195/ 1998, Coll. of Acts. The citizen's material need is solved by the social assistance benefit. The social assistance benefit is provided to a citizen in the material need to cover his basic living conditions, if not given otherwise by the Act No. 195 /

1998, Coll. of Acts. The social assistance benefit will supplement the citizen's income, if in the material need due to subjective reasons in the calendar month till the sum of 50 % subsistence minimum.

The social assistance benefit will supplement the citizen's income, if in the material need due to objective reasons and has no income from a dependent activity in the calendar month till the subsistence minimum sum. The social assistance benefit will supplement the citizen's income, if in the material need due to objective reasons and has the income from a dependent activity in the calendar month till 120 % of the subsistence minimum sum. If the social assistance benefit is provided to citizens that are in the material need and their incomes are tested together, the amount of the social assistance benefit is calculated so that the income of all citizens the incomes of which are tested together, is supplemented to the subsistence minimum sums. In these cases the social assistance benefit is provided by one sum. A possibility to guarantee or increase the income by own work to overcome the material need is not tested in cases clearly defined by the Act No. 195 / 1998, Coll. of Acts. (E.g. if it is a citizen that reached the age necessary for the entitlement to the old age pension, a citizen that personally, all day and regularly takes care about a citizen with a severe disablement according to the statement by the relevant authority or about a disabled citizen).

## **4.2 Calculation of benefit amount**

### **4.2.1 Calculation of gross benefit**

<b>Monthly amounts of MLS for purposes of social assistance in first half 1999</b>	
1st adult	3 000,- SKK
2nd adult	2 100,- SKK
child ( dependent )	1 350,- SKK
<b>second half 1999</b>	
1st adult	3 230,- SKK
2nd adult	2 260,- SKK
child (dependent)	1 460,- SKK

### **4.2.2 Income and earnings disregards**

In case that a person asking for social assistance has income lower than MLS but he is a owner of a property he has no right to social assistance benefits.

## **4.3 Tax treatment of benefit**

Not taxable

**4.4. Benefit duration**

As long as the conditions are fulfilled.

**4.5. Treatment of particular groups**

**5. Housing benefits**

It is included within MLS.

**6. Family benefits**

They consist of child allowances and supplementary child allowances, parental allowances and further benefits of state social assistance.

**6.1. Condition for receipt ( child allowances )**

- a) care for dependent child
- b) income not higher than amount stated by law

**6.2.1. Calculation of gross benefit**

<b>If the family income is lower than 1,36 times the MLS (see 4.2.1), the child allowance per month is:</b>	
under 6	640,- SKK
6-15	790,- SKK
15 +	840,- SKK
<b>If the family income is between 1.36 and 1,99 time the MLS, the child allowance per month is</b>	
under 6	420,- SKK
6-15	520,- SKK
15 +	550,- SKK

**6.2.2. Income and earnings disregards**

See above

**6.3. Tax treatment of benefit**

They are both not taxable

**6.4. Treatment of particular groups**

Besides child allowances there are also supplementary child allowances in case that rightful person meets condition for child allowances and cares for long term disabled child or child asking exceptional care. In case of long term disable child supplementary allowance is 600,- SKK/month and child asking for exceptional exacting care 1 000,- SKK/month.

**7. Child care benefits - parental allowance**

**7.1. Conditions for receipt**

Right for this allowance has a parent ( mother, father ... ) providing full day-care to at least one child up to the age of 3 years ( in case of long-term or heavy - handicapped child up to the age of 7 years )

**7.2. Calculation of benefit amount**

**7.2.1. Calculation of gross benefit**

Amount of parental allowance = 0,913 times of amount for one adult in accordance with § 5 of the law 125/1998 Collection of the Law, absolute value 2 740,- SKK/month.

**7.2.2. Income and earnings disregard**

Income from any source other than benefit removes the right to benefit.

**7.3. Tax treatment of benefit**

Not taxable

**8. Employment-conditional benefits**

None

**9. Lone-parent benefit**

None

## 10. Tax system

### 10.1. Income tax rate schedule

#### 10.1.1. Tax allowances and credit

Tax allowances	Amounts (in SKK per year)
Basic	21 000
Marital status	12 000 if married or living in a common household with a partner who earns no more than 21 000
Dependent child	9 000 per dependent child
Social security contributions	All

#### 10.1.2. The definition of taxable income

It is the gross earnings minus the above tax allowances

#### 10.1.3. The tax schedule

Taxable income (SKK)	Marginal tax rate (%)	Tax on lower limit (Kc)
0 – 60 000	15	0
60 001 – 120 000	20	9 000
120 001 – 180 000	25	21 000
180 001 – 540 000	32	36 000
540 001 - 1 080 000	40	151 200
1 080 001 +	42	367 200

### 10.2. Treatment of family income

The tax unit is the individual

### 10.3. Social security contribution schedule

Contributions	Percent age of gross earnings
Health insurance	3.70
Social insurance sickness	1.40
old age pension	5.90

unemployment	1.00
<b>Total</b>	<b>12.00</b>

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## **11. Part-time work**

### **11.1 Special benefit rules for part-time work**

None.

### **11.2 Special tax and social security contribution rules for part-time work**

None.

## **12. Policy developments**

### **12.1 Policy changes introduced in the last year**

#### **Housing bonus**

Effective from 1.1.2000, a new state social benefits has been introduced - the housing bonus. Through it the state financially contributes to households with low incomes to pay costs related to the flat or family house use, depending on number of persons permanently staying in the flat or family house to which the entitlement to this contribution is applied and depending on their income they had in the decisive period.

The amount of the housing bonus (PB) is a difference between the sum of minimum housing expenses (MVB) and a composition of the income coefficient of totally tested persons burdened by expenses related to housing (R) and income of persons tested together (Y), while the income coefficient of totally tested persons burdened by expenses equals to 0,29.

$$PB = MVB (R \times Y)$$

The amount of minimum housing expenses differentiates according to the number of persons having the right to stay in the flat, in which they are registered for a permanent stay.

#### **Minimum housing expenses (from 1.7.2001):**

- 1680 SKK monthly for one member family
- 2090 SKK monthly for two members family
- 2490 SKK monthly for three members family
- 2900 SKK monthly for four and more members family

Pursuant to § 7, par. 6, letter g) of the Act No. 195 /1998, Coll. of Acts on social assistance as last amended, the citizen is in the material need due to subjective reasons, if he does not apply all his claims

and legal entitlements, beside other the entitlement to the state social benefits (to which the housing bonus also belongs).

In the case that a person applies for a housing bonus and has the entitlement to the social assistance benefit at the same time, a zero income is taken to calculate the amount of the housing bonus. It follows that the amount of the housing bonus, as applied by the applicant that has the entitlement to the social assistance benefit at the same time, equals to minimum housing expenses depending on the number of persons tested together in the household. The social assistance benefit is supplemented to the housing bonus and other incomes following from the law up to the amount that the applicant's, resp. family's income reaches the subsistence minimum level.

#### *Conditions to get the housing bonus*

- a) permanent applicant's stay in the flat he uses on the territory SR,
- b) a payment of the rent and payment for services related to using the flat, if the applicant is a flat tenant,
- c) advance payments to the operational, maintenance and repair funds, payment for services provided to use the flat and a real estate tax paid off, if the applicant is the flat owner,
- d) a real estate tax paid off, if the applicant is the family house owner,
- e) low income of persons tested together.

#### **Supplement to children allowances**

By revision of the Act No. 193 / 1994, Coll. of Acts on children allowances and supplement to children allowances effective from 1.7.2001, the supplements to children allowances were cancelled as this situation is solved by the Act on social assistance. It enables to make a targeted assessment of needs that the citizens with a severe disablement have and to compensate the social consequences of their health disablement by several forms. However, families with children having a severe disablement are advantaged further on. The income for the purpose of children allowances is assessed advantageously (by a sum pursuant to § 5, letter c, d) and e) depending on child's age.) Incomplete families are also advantaged, if the parent's alimony duty was determined to a parent who is not the husband of the entitled person or this child has the entitlement to the orphan's benefit or orphan's benefit for extra service years. The income for the purpose of children allowances is increased by the sum of 2 100 SKK for absent parent.

#### **12.2 Policy changes announced**

None.

## SLOVAK REPUBLIC

### The annual tax/benefit position of an unemployed single person 1999 (in Slovak koruny)

	Unemployment insurance (9 months) <sup>a</sup>	Social assistance
<b>A. Taxable benefits</b>		
<b>Means-tested benefits</b>		
<b>Non-means tested benefits</b>		
<b>Total taxable benefits</b>	<b>0</b>	<b>0</b>
<b>B. Income tax and social security contributions</b>		
<b>Total income tax and social security contributions</b>	<b>0</b>	<b>0</b>
<b>C. Non-taxable benefits</b>		
<b>Means-tested benefits</b>		
Social assistance	0	38 760
<b>Non-means tested benefits</b>		
Unemployment insurance	81 814 <sup>a</sup>	0
<b>Total non-taxable benefits</b>	<b>81 814</b>	<b>38 760</b>
<b>D. Net income out of work (A-B+C)</b>	<b>81 814</b>	<b>38 760</b>
<b>E. Net income in work</b>	<b>103 195</b>	<b>103 195</b>
<b>F. Net replacement rate (D/E) (per cent)</b>	<b>79</b>	<b>38</b>

a) After three months, the amount would come down to SKK 68 178.

**SLOVAK REPUBLIC**

**The annual tax/benefit position of an unemployed married couple  
with two children (6 and 4 years old)**

**1999**

(in Slovak koruny)

	Unemployment insurance (9 months) <sup>a</sup>	Social assistance
<b>A. Taxable benefits</b>		
<b>Means-tested benefits</b>		
<b>Non-means tested benefits</b>		
<b>Total taxable benefits</b>	<b>0</b>	<b>0</b>
<b>B. Income tax and social security contributions</b>		
<b>Total income tax and social security contributions</b>	<b>0</b>	<b>0</b>
<b>C. Non-taxable benefits</b>		
<b>Means-tested benefits</b>		
Social assistance	0	100 920 <sup>b</sup>
Family allowance	17 160	-
<b>Non-means tested benefits</b>		
Unemployment insurance	81 814 <sup>a</sup>	0
<b>Total non-taxable benefits</b>	<b>98 974</b>	<b>100 920</b>
<b>D. Net income out of work (A-B+C)</b>	<b>98 974</b>	<b>100 920</b>
<b>E. Net income in work</b>	<b>126 355</b>	<b>126 355</b>
<b>F. Net replacement rate (D/E) (per cent)</b>	<b>78</b>	<b>80</b>

a) After three months, the amount would come down to SKK 68 178.

b) This figure includes benefits for children.

**SLOVAK REPUBLIC**

**The annual tax/benefit position of an unemployed lone parent  
with two children (6 and 4 years old)**

**1999**

(in Slovak koruny)

	Unemployment insurance (9 months) <sup>a</sup>	Social assistance
<b>A. Taxable benefits</b>		
<b>Means-tested benefits</b>		
<b>Non-means tested benefits</b>		
<b>Total taxable benefits</b>	<b>0</b>	<b>0</b>
<b>B. Income tax and social security contributions</b>		
<b>Total income tax and social security contributions</b>	<b>0</b>	<b>0</b>
<b>C. Non-taxable benefits</b>		
<b>Means-tested benefits</b>		
Social assistance	0	73 800 <sup>b</sup>
Family allowance	17 160	-
<b>Non-means tested benefits</b>		
Unemployment insurance	81 814 <sup>a</sup>	0
<b>Total non-taxable benefits</b>	<b>98 974</b>	<b>73 800</b>
<b>D. Net income out of work (A-B+C)</b>	<b>98 974</b>	<b>73 800</b>
<b>E. Net income in work</b>	<b>123 955</b>	<b>123 955</b>
<b>F. Net replacement rate (D/E) (per cent)</b>	<b>80</b>	<b>60</b>

a) After three months, the amount would come down to SKK 68 178.

b) This figure includes benefits for children.