
SLOVAK REPUBLIC 2004

1. Overview of the tax-benefit system

On 1 January 2004 went into force the:

Act No. 599/2003 Coll. on assistance in material need and on amending of some acts

Act No. 461/2003 Coll. on social insurance.

On 1 February 2004 the Act No. 5/2004 Coll. on employment service went into force.

Subsystems of social insurance

- a) *sickness insurance* as insurance in case of loss or decrease of income from gainful activities and to make sure for an income due to temporary incapacity for work, pregnancy and maternity,
- b) *pension insurance*, particularly
 1. old-age insurance as insurance to make sure for an income in old age and in case of demise,
 2. disability insurance as insurance in case of decrease in ability to carry out gainful activities due to long-term adverse health condition of insuree and in case of demise,
- c) *accident insurance* as insurance in case of damaging to health or demise due to a working accident, service accident (hereinafter referred to only as „working accident“) and occupational disease,
- d) *guarantee insurance* as insurance in case of insolvency of employer to meet claims of employee,
- e) *unemployment insurance* as insurance in case of losing income of employee's activities due to unemployment and to make sure for an income due to unemployment.

Social insurance is carried out by the Social Security Agency. The Social Security Agency is a public-service organisation established to carry out social insurance.

1.1. Average worker wage (AW)

The average wage that is used in our study was SKK 190818 in 2004.

2. Unemployment insurance

2.1 *Conditions for receipt*

2.1.1 *Employment conditions*

The employee has mandatory unemployment insurance.

The natural person having attained 16 years of age may be voluntarily insured in unemployment, who has permanent residence, permit for transient residence or permit for permanent residence on the territory of the Slovak Republic.

Insured is entitled to unemployment benefit, if he had unemployment insurance for at least three years within the past four years before being included to registry of unemployed citizens looking for employment. For the insured, who met conditions of claiming unemployment benefit, the claim to unemployment benefit arises since the day of being included into the registry of unemployed citizens.

2.1.2 *Contribution conditions*

- Where the unemployment benefit has been paid to the beneficiary for the entire supported period of unemployment (6 months), a new entitlement to this benefit shall arise soonest after the expiration of three years since the day when the preceding entitlement finished after the condition of at least three years of unemployment insurance over the last four years before entry to the Jobseekers Register has been satisfied;
- Where the beneficiary has not been paid unemployment benefit for the entire supported period of unemployment (6 months) and the insured person was discarded from the Jobseekers Register because of the beginning of the activity as the employee and within a period shorter than 3 years, the entitlement to the payment of unemployment benefit shall arise at the amount of the previous unemployment benefit, and shall terminate upon the lapse of the remaining part of the supported period of unemployment;
- Where the beneficiary has not been paid unemployment benefit for the entire supported period of unemployment (6 months), but not less than for three months on account of undertaking the activity of an employee, the insured has the right to a lump-sum payment of 50% of the unemployment benefit for the remaining part of the supported period, provided s/he has applied for its payment.

2.2 *Calculation of benefit amount*

2.2.1 *Calculation of gross benefit*

The amount of unemployment benefit is 50% of the daily assessment basis. Daily assessment basis (DAB) to determine the amount of unemployment benefit is a quotient of the sum of assessment bases (AB) to pay premiums for unemployment insurance attained by the insured in the conclusive period and the number of days of the conclusive period. The conclusive period to find out the daily assessment basis is the period of three years preceding the day in which the claim to unemployment benefit occurred.

$$DAB = \frac{\sum AB \text{ in determining period}}{\text{number of days of determining period}}$$

Calculation of unemployment benefit in one month:
50% x DAB x number of days in month

The amount of unemployment benefit is maximal 20 % of maximal daily assessment basis.

The maximum amount of daily assessment basis

I.half 2004 - 1332,5918

II.half 2004 – 1416,8220

The maximum amount of unemployment benefit

I.half 2004

20% x 1332,5918 x 31 days = 8262,0673

The maximum amount of unemployment benefit in a month of 31 calendar days is 8 263,- Sk

II.half 2004 – 1416,8220

20% x 1416,8220 x 31 days = 8784,2964

The maximum amount of unemployment benefit in a month of 31 calendar days is 8 785,- Sk

2.2.2 *Income and earnings disregards*

One of conditions of claim to an unemployment benefit is including to registry of unemployed citizens looking for employment.

2.3 *Tax treatment of benefit and interaction with other benefits*

Not taxable

Claim to an unemployment benefit does not arise to the insuree who has met conditions for old-age pension.

The period of time, during which the insuree is not entitled to an unemployment benefit because of the reason specified below, is not included into the supportive unemployment period.

Insuree is not entitled to disbursement of unemployment benefit in the period of time in which he claims

- a) sickness benefits,
- b) nursing benefits,
- c) maternity allowances,
- d) parental allowance according to special regulation.TP

When the unemployment benefit was retro-entitled also for the period in which the material need benefit and the complements to this benefit were paid, those entitled benefits and the unemployment benefit are co-accounted.

2.4 *Benefit duration*

Upon satisfaction of the conditions laid down by law, the insuree has the right to unemployment benefit not exceeding six calendar months (supported period of unemployment)

2.5 *Treatment of particular groups*

Entitlement conditions for the unemployment benefit and the benefit duration are uniform for every natural person, regardless of the age of the insuree. The insuree must satisfy the statutory conditions (irrespective of whether s/he was insured for unemployment obligatorily or voluntarily).

2.5.1 *Young persons*

Entitlement conditions for the unemployment benefit and the benefit duration are uniform for every natural person, irrespective of the age of the insuree.

2.5.2 *Older workers*

Entitlement conditions for the unemployment benefit and the benefit duration are uniform for every natural person, irrespective of the age of the insuree. The insuree must satisfy the statutory conditions (irrespective of whether s/he was insured for unemployment obligatorily or voluntarily).

The insuree, who at the date from which he applied for the award of early old age pension has satisfied entitlement conditions for the unemployment benefit, to which he would be entitled as a registered jobseeker, and who does not claim this right, will have the period, for which the amount of early old age pension is reduced, shortened by the period during which he would be payable the employment benefit, i.e., by 6 months.

The insuree who at the date from which he applied for the award of early old age pension has satisfied entitlement conditions for the unemployment benefit, to which he would be entitled as a registered jobseeker, and who does not claim this right, and who at the date from which he applied for the award of early old age pension had been insured for the event of employment continuously for seven years, will have the period for which the amount of early old age pension is reduced shortened by twice the duration of his entitlement to the unemployment benefit, i.e., by 12 months.

2.5.3 *Others if applicable*

3. Unemployment assistance

Active measures of the labour market provide

- raising employability of job seekers and persons interested in employment through education, preparation for the labour market, professional consultancy, graduate practice, activation activity, movement toward work
- creation of new jobs

The active policy of the labour market in terms of Act No. 5/2004 Coll. on employment service is being realized through active measures of the labour market which have also financial dimension in providing the contributions (see Annex).

3.1 *Conditions for receipt*

3.1.1 *Employment conditions*

3.1.2 *Contribution conditions*

3.2 *Calculation of benefit amount*

3.2.1 *Calculation of gross benefit*

3.2.2 *Income and earnings disregards*

3.3 *Tax treatment of benefit and interaction with other benefits*

3.4 *Benefit duration*

3.5 *Treatment of particular groups*

3.5.1 *Young persons*

3.5.2 *Older workers*

3.5.3 *Others if applicable*

4. Social assistance

4.1 *Conditions for receipt*

On 1 January 2004 the Act No. 599/2003 Coll. on assistance in material need and on amending of some acts went into force, which in part superseded the existing Act on social assistance in the section on assistance in material need.

The Act on assistance in material need guarantees a citizen, who is in material need, provision for basic living conditions through the benefit in material need. In addition to the social assistance in material need, the act makes provision for allowances to the benefit, namely the health care allowance, housing allowance, activation allowance and protective allowance, which are component parts of the assistance in material need.

The Act on material need defines material need as a state, in which the income of the citizen and the natural persons jointly assessed with the citizen, does not achieve the subsistence minimum, and the citizen and the jointly assessed natural persons are unable to secure or increase the income through their own endeavours.

For the purposes of assessing material need, providing for the basic living conditions and assisting in material need the following natural persons are jointly assessed:

- the husband and the wife,
- the parents and their dependent children living with them in the household,

the parents and their children aged up to 25 years, who have no income, or have an income not exceeding the amount of the minimum wage, living with their parents in the household, with the exception of the children, to whom, during the period of registration as job seekers an entitlement to unemployment benefit arose and the children who are in receipt of invalidity pension.

4.2 *Calculation of benefit amount*

The benefit in material need is payable to a citizen in material need, and the natural persons, jointly assessed with this citizen, in order to secure the basic living conditions at six levels.

The amounts of the benefit in material need are:

- for an individual, SKK 1,530 per month,
- for an individual with child, or with maximum four children, SKK 2,450 per month,
- for a childless couple, SKK 2,660 per month,
- for a couple with child or with maximum four children, SKK 3,630 per month,
- for an individual with more than four children, SKK 3,640 per month,
- for couples with more than four children, SKK 4,850 per month.

The amounts of benefit, referred to above, are increased by SKK 350 per month, where the citizen or the natural person, jointly assessed with the citizen in material need, is a pregnant woman. The increase is payable to a pregnant woman from the start of the fourth month of pregnancy, where she has substantiated her pregnancy with the production of a pregnant woman's card and where she regularly visits a pregnant women's advice centre throughout her pregnancy.

In addition to the benefit in material need the citizen may claim his or her right to the following allowances:

- Health care allowance
- Housing allowance
- Protective allowance
- Activation allowance

Health care allowance

Every applicant and persons who are jointly assessed with this person, who have been awarded the benefit, shall also be payable the health care allowance, with the exception of children aged up to 6 years. The amount of health care allowance is SKK 50 per person monthly.

Housing allowance

The housing allowance is payable only to one citizen in material need and the natural persons who are jointly assessed with this person, and is payable to one address only, provided one of them is

- the owner of an apartment,
- the owner of a family house,
- a tenant of an apartment,
- a tenant of a family house,

or a tenant of a room in a facility designed for housing and he or she pays the cost relating to housing and presents the document of payment of the cost for the preceding six consecutive calendar months, or substantiates the acknowledgement of the debt and an agreement on down payment, in the event he has payment arrears connected with the coverage of the housing cost.

The amount of the housing allowance is

- SKK 980 monthly, where it involves one citizen in material need
- SKK 1,670 monthly, where it involves a citizen in material need and natural persons jointly assessed with this person.

Activation allowance

Activation allowance is payable to a citizen in material need and every natural person jointly assessed with the citizen in material need to support the acquisition, maintenance or upgrading of knowledge, skills, or working habits for the purposes of employment during the period of assistance in material need, where these persons have satisfied entitlement conditions for the benefit.

The entitlement to activation allowance arises

- to a citizen in material need who is employed, or who is registered as a jobseeker, during the period s/he increases his qualification; participates in education/training; or participates in doing minor municipal services or voluntary work, subject to the agreement with the Office or the municipality
- to a citizen in material need who is in receipt of parental allowance, and who studies at a secondary school or university (this does not apply, where the citizen has acquired university education of the second degree).

The amount of activation allowance is SKK 1,500 monthly.

A long-term unemployed person is also entitled to receive activation allowance, namely

- at an amount of SKK 1,500 per month for a maximum of 6 months, where s/he starts employment, and before taking up employment was provided basic living conditions and assistance in material need, and his or her income from dependent activity is at least at the level of the minimum wage, but not more than three-times the amount of minimum wage.
- at the amount of SKK 1,500 per month for a maximum of six months, where s/he starts self-employment, and before taking up self-employment was provided basic living conditions and assistance in material need.

Protective allowance

Protective allowance is payable to a citizen in material need and natural persons jointly assessed with this citizen, where they have satisfied the entitlement conditions and where they are unable to secure their basic living conditions and help themselves in material need, on account of

- reaching the age required for the right to old age pension,
- disability, where the capacity to engage in gainful employment has been reduced by more than 70%
- being a lone parent who personally, on a daily basis, and properly takes care of a child aged up to 31 weeks,
- personal, daily and proper care of a child, or a citizen who, subject to the assessment of the competent authority, is a child or a citizen with severe disability,
- unfavourable health state lasting continuously for more than 30 days, which is established by the relevant attending physician, or

- participation in resocialisation programmes.

The amount of protective allowance is SKK 1 500 per month.

4.2.1 *Calculation of gross benefit*

The mechanism of the calculation of the amount of benefit and allowances is based on determining the difference between the sum of entitlements to the benefit in material need and the allowances to the benefit (health care allowance, housing allowance, protective allowance, and activation allowance) and the income. Section 4.2.2 refers to what is regarded as income for the purposes of the calculation of the benefit in material need and the allowances to the benefit.

4.2.2 *Income and earnings disregards*

For the purposes of the calculation of the benefit in material need and the allowances to the benefit, as income is not regarded:

- 25 % of the personal income from dependent activity,
- 25 % of the old-age pension awarded to a pensioner who has acquired at least 25 years of pension insurance; for every additional year of pension insurance this amount is increased by 1% of the awarded old-age pension,
- 25 % of the maternity allowance,
- 25 % of the invalidity pension,
- 25 % of the social pension awarded on the ground of disability (=invalidity),
- 25 % of the orphan's pension,
- 25 % of the widow's pension or widower's pension, where the widow or widower reached the retirement age,
- child allowance,
- a necessary urgent assistance, which is provided by the municipality, subject to a special regulation,
- the income from casual activities, accidental and one-off incomes, up to double the amount of subsistence minimum, received in the current year,
- the income of the secondary school pupil and the income of university student, studying full-time, where this income does not exceed 1.2-times the amount of subsistence minimum for a natural adult person,
- scholarship of pupils and students of secondary and tertiary schools,

- compensation of part of travel expenses and compensation of travel expenses of a jobseeker,
- allowance for compensation of travel expenses related to the activities identified in the individual action,
- reimbursement of expenses for board, accommodation and travel of a jobseeker, who is provided education or training for the labour market,
- allowance towards services for the family with children for a jobseeker, who takes care of a child of pre-school age (before commencing compulsory school attendance),
- allowance for the performance of school leaver's practice,
- tax bonus,
- one-off state social benefits,
- cash benefits for citizens with severe disabilities for compensation of social consequences of their severe disablement, with the exception of the care allowance.

4.3 Tax treatment of benefit and interaction with other benefits

The benefit in material need and the allowances to the benefit are exempt from taxation. The interaction with other benefits has been partly covered under section 4.2.2.

4.4 Benefit duration

The benefit in material need and the allowances to the benefit are payable to the citizen on the basis of lawful decision and during the period in which the entitlement conditions last.

4.5 Treatment of particular group

The benefits are provided to all citizens who find themselves in material need.

4.5.1 *Young persons*

4.5.2 *Older workers*

4.5.3 *Others if applicable*

5. Housing benefits

The housing benefit was provided under the same conditions as in 2002 until 31 December 2003. On 1 January 2004 the Act No. 300/1999 Coll. on the housing benefit was repealed. The benefits awarded before 1 January 2004 were provided in the transition period also throughout the year 2004 (until 31 December 2004), unless the household was provided assistance in material need. From January 2004 the housing benefit was no longer provided as a separate benefit but within the assistance in material need, subject to the Act No. 599/2003 Coll. on assistance in material need (for more detail see section 4 on social assistance).

5.1 Conditions for receipt

5.2 Calculation of benefit amount

5.2.1 *Calculation of gross benefit*

5.2.2 *Income and earnings disregards*

5.3 Tax treatment of benefit and interaction with other benefits

5.4 Treatment of particular groups

5.4.1 *Young persons*

5.4.2 *Older workers*

5.4.3 *Others if applicable*

6. Family benefits

Within the meaning of the SR legislation, family benefits include: state social support benefits such as child allowance, parental allowance and other allowances of state social support.

The tax bonus is provided under § 33 of the Act No. 595/2003 Coll. on income tax, in the wording effective at 1 January 2004. It is a tax allowance for the employed parent that he or she can apply in the calendar month in respect of each dependent child, reducing his or her tax liability, provided he or she satisfies the income limit, which is six times the amount of the minimum wage in a calendar year, or half the minimum wage in individual calendar months. If the amount of tax liability is lower than the tax bonus, or the sum of tax bonuses according to the number of dependent children per calendar month, the tax administrator shall pay the so-called negative tax up to the amount of the tax bonus.

The amount of the tax bonus is SKK 400 per child and month.

6.1 Conditions for receipt

From 1 January 2004 the child allowance has been provided under the Act No. 600/2003 Coll. on child allowance and on amending of the Act No. 461/2003 on social insurance, which repealed the Act No. 281/2002 Coll. and the Act No. 658/2002 Coll.

The entitlement conditions for the receipt of child allowance include:

- a) care of a qualifying person after a dependent child,
- b) permanent or temporary residence of the qualifying person and the dependent child in the territory of the Slovak Republic (without prejudice to the rights within the meaning of (EEC) Regulation 1408/71)

The following qualifying persons could claim the child allowance:

- a) the parent of a dependent child, (in the case of child adoption, from the date of the lawful ruling thereof the adoptive parent is the parent)
- b) a person, who has been entrusted a dependent child in care, substituting parental care, on the basis of a lawful ruling of the competent authority,
- c) a dependent child of lawful age, where there is no parent of the dependent child,
- d) a dependent child of lawful age, where s/he has been provided maintenance obligation from the parents,
- e) a dependent child of lawful age that concluded matrimony,
- f) a dependent child of lawful age, whose matrimony has terminated.

The child allowance is provided at a flat rate, monthly, for every dependent child.

6.2 *Calculation of benefit amount*

6.2.1 *Calculation of gross benefit*

The child allowance is provided at a uniform amount of SKK 500 monthly per 1 child (from 1 January 2004). From 1 September 2004, the Government regulation set the amount of child allowance at SKK 540 per child, per month.

6.2.2 *Income and earnings disregards*

6.3 *Tax treatment of benefit and interaction with other benefits*

The child allowance is exempt from personal income tax.

6.4 *Treatment of particular groups*

6.4.1 *Young persons*

6.4.2 *Older workers*

6.4.3 *Others if applicable*

7. Childcare for pre-school children

Compulsory school attendance starts, as a rule, at the beginning of the school year, following the date on which the child reached the age of six. A child who has not become school mature can have his or her school attendance put off by one year.

Proportions of children (in %) that are enrolled in pre-school education, school year 2004/05:

Age in years as of 31 Dec.2004	Proportion of children enrolled in kindergartens including special classes (in %)	Proportion of children enrolled in special kindergartens (in %)	Total
2	20,60	0,03	20,63
3	60,68	0,12	60,80
4	73,81	0,17	73,98
5	84,86	0,26	85,12
6	36,89	0,19	37,08
7	0,89	0,05	0,94

Note:

The great majority of 6-year and 7-year old children fulfil their compulsory school attendance (in the school year 2004/05: 55.43 % of the 6-year old and 97.33 % of the 7-year old children).

7.1 *Out-of-pocket childcare fees paid by parents*

In pre-school facilities which include kindergartens and special kindergartens, parents pay a monthly fee per child to cover part of the costs related to the material provision for the education process in a pre-school facility, ranging from SKK 50 to 7.5 % of the amount of the subsistence minimum for an adult natural person. The amount of subsistence minimum is currently laid down under the Act No. 601/2003 Coll. on the subsistence minimum and on amending of some acts, as later amended, at SKK 4,580. Based on this amount, the upper limit of the monthly fee paid by parents for a child currently must not exceed SKK 343.50. The lowest amount of monthly fee paid by the parent is SKK 50 per one child.

The fee is also paid in respect of a child, who has reached 5 years of age, and the child with postponed compulsory school attendance that are placed in a pre-school facility.

The parent does not pay the monthly fee upon fulfilment of the following conditions:

- the child is placed in a kindergarten set up by an education state administration body as part of a health care facility,
- the child has been ordered institutional care,
- the child has interrupted his or her kindergarten attendance for more than 30 consecutive days in consequence of being admitted to a healthcare facility, with the parent producing a certificate thereof from the attending physician,
- the child did not attend kindergarten owing to health reasons for 30 consecutive days, with the parent having to produce a certificate, stating the beginning and end of the sickness issued by the attending physician,

- the child did not attend the kindergarten at the time of school holidays, or the operations of the kindergarten have been suspended for reasons related to the founder of the kindergarten or other serious reasons. In these cases the parent pays only a proportionate part of the set fee,
- the parent produces a document certifying provision of assistance in material need to the kindergarten director.

The actual amount of the monthly fee per child, varying from SKK 50 to 7.5 % of the amount of the subsistence minimum for an adult person, is determined by the director of the pre-school facility.

In addition to monthly fee per child, referred to above, the parent pays for the child's meals in the kindergarten. The amount for meals varies, depending on the actual way of taking meals by the child. Full-day board (morning and afternoon snacks, lunch) will amount to circa SKK 600 monthly.

The actual amount of fee, in the stipulated range, is determined by the director of the pre-school facility/ kindergarten or special kindergarten/, with a possibility to have the fee differentiated, for example, according to the number of siblings in the kindergarten, the child's age, duration of stay in the pre-school facility, etc.

The above scales for the fee paid by the parent, are laid down in the regulation on pre-school facilities.

The childcare fees paid by parents are not tax deductible.

Fees are not taken into account when determining entitlement to other benefits, including social assistance.

7.2 Child-care benefits

Parental allowance is provided under the Act No. 280/2002 Coll. as amended in the later regulations.

7.2.1 Conditions for receipt

The entitlement conditions of the qualifying person for receipt of the benefit

- personal and proper care of the parent for at least one child aged up to three years or a child aged up to six years where it involves a child with a long-term unfavourable health state,
- permanent residence or temporary residence (applies to foreign nationals only) of the qualifying person in the territory of the Slovak Republic,
- permanent residence or temporary residence (applies to foreign nationals only) of the child in the territory of the Slovak Republic.
- The condition of personal care of the parent or the qualifying person is satisfied even where
- the parent during the performance of gainful activity or study at secondary school or university secures the necessary childcare to be given by another adult person and does not place the child in a nursery, kindergarten or other equivalent facility,

- the child regularly attends a treatment and rehabilitation facility on an outpatient basis,
- the child with long-term unfavourable health state attends a rehabilitation nursery, kindergarten, social service facility, or other equivalent facility in the scope of maximum four hours a day,
- the child attends a nursery, kindergarten, or other equivalent facility in the scope of maximum four hours a day, and both parents or a lone parent (single, divorced, widowed) are persons with severe disability,
- the child is in an institutional health care owing to medical reasons for a maximum of three consecutive calendar months.

As proper care is regarded care after a child provided in the interest of the child's physical and mental development, by which the child is given in particular education, adequate nutrition, hygiene, and compliance with curative and preventive measures.

7.2.2 *Calculation of benefit amount*

7.2.2.1 Calculation of gross benefit

With effect from 1 November 2002, when the Act No. 280/2002 went into force

- the basic amount of the parental allowance has been set at SKK 3,790,
- the partial amount of the parental allowance has been set at SKK 1,200.

As of 1 September 2004, the amounts of parental allowances were changed by the measure of the Ministry of Labour, Social Affairs and Family of the SR No. 415/2004 Coll., as follows:

- the basic amount of the parental allowance is SKK 4,110,
- the partial amount of the parental allowance is SKK 1,300.

7.2.2.2 Income and earnings disregards

7.2.3 *Tax treatment of benefit and interaction with other benefits*

Parental allowance is discharge of income tax of physical persons.

7.2.4 *Treatment of particular groups*

8. Employment-conditional benefits

8.1 *Conditions for receipt*

8.2 *Calculation of benefit amount*

8.2.1 *Calculation of gross benefit*

8.3 *Tax treatment of benefit and interaction with other benefits*

8.4 *Benefit duration*

8.5 *Treatment of particular group*

8.5.1 *Young persons*

8.5.2 *Older workers*

8.5.3 *Others if applicable*

9. Lone-parent benefits

The system of social insurance does not provide a specific benefit designed for a lone parent. If the insured woman is a lone parent, the duration of receipt of maternity allowance (sickness insurance benefit) is extended, continuing beyond the lapse of the stipulated duration of entitlement to receive maternity allowance – 28 weeks; the right to maternity allowance in this case expires upon the completion of 37 weeks from the rise of the right to maternity allowance (in case of other insuree, who has taken the child in care, and is lone, the right to maternity allowance expires upon the completion of 31 weeks from the rise of the right to maternity allowance, but not longer than until completion of eight months of the child's age).

9.1 *Conditions for receipt*

9.2 *Calculation of benefit amount*

9.2.1 *Calculation of gross benefit*

9.2.2 *Income and earnings disregards*

9.3 *Tax treatment of benefit and interaction with other benefits*

9.4 *Benefit duration*

9.5 *Treatment of particular group*

9.5.1 *Young persons*

9.5.2 *Older workers*

9.5.3 *Others if applicable*

10. Tax system

10.1 Income tax

10.1.1 Tax allowances and credits

10.1.1.1 Standard allowances

Basic relief:

An allowance for all individuals is set at 19.2 times the minimum standard (MLS) for a basic adult as of January 1, 2004 (SKK 80 832)

Marital status relief:

An additional allowance of SKK 80 832 is given in respect of a spouse living in a common household if that spouse earns no more than SKK 80 832

Relief for social and health security contributions: Employee's social security contributions are deductible for income tax purposes.

The taxable income is then rounded to the nearest multiple of hundred.

10.1.1.2 Standard tax credits

Relief for children:

The prior allowance for children was replaced by non-wastable tax credit of 4 800 SKK yearly per child (400 SKK per month). The tax credit for each dependent child is deducted from the tax liability and if this amount exceeds the tax liability, the excess is paid to the taxpayer. To be eligible for this credit, the parent must annually earn at least six times the minimum monthly wage which for 2004 is set at 6 080 SKK (beginning on October 1, 2004 6 500 SKK) (the total annual earnings must be at least 445 320 SEK). Where both spouse work, the credit can be taken by either spouse (as long as each meets the required income test) or split between them as long as the amount for a given month for a given child is fully assigned to one of the two spouses (for the purposes of this Report, it is assumed that the credit is claimed by the principal wage earner). The definition of a dependent child for the purposes of non-wastable tax credit remains the same as it was for the previous child allowance (child must be under 18 years of age or under the age of 265 if enrolled in full-time education or suffering from a disability for which no state disability payment is received).

10.1.2 Income tax schedule

Beginning on January 1, 2004, the progressive personal income tax rates were abolished and replaced by a flat tax rate of 19%.

10.1.3 State and local income taxes

Out of the total revenue from the income tax from dependent personal services and emoluments collected by the State, an amount of SKK 8 703 million is transferred into the budget of municipalities. No separate state and local income tax exist.

10.2 Treatment of family income

The tax unit is the individual.

10.3 Social security contribution schedule

Compulsory contributions of 13,4 per cent of gross wages and salaries (with no limit) are paid by all employees into government operated schemes. The total is made up as follows:

-- Health Insurance	4.0 per cent
-- Social Insurance	9.4 per cent
of which:	
-- Sickness	1.4 per cent
-- Retirement	4.0 per cent
- disability	3.0 percent
-- Unemployment	1.0 per cent

Note: the insurance contribution rate for old pension insurance is being decreased by 0.5 % for each dependant child whom a parent or adoptive parent takes care for. If in the same time both parents or adoptive parents take care for the same child , the insurance contribution rate for old pension insurance is being decreased only to one of them.

There are maximum assessment bases MSSAB (maximum threshold for contributions to apply) that apply to social security contributions: CZK 501 768, CZK 384 000 (for health) and CZK 250 884 (for sickness).

10.4 Treatment of particular group

10.4.1 *Young persons*

10.4.2 *Older workers*

10.4.3 *Others if applicable*

11. Part-time work

11.1 *Benefit rules for part-time work*

None.

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

12. Policy developments

12.1 *Policy changes introduced during the previous year*

In April 2003 the Government of the Slovak Republic approved the Supportive Strategy of the Employment Growth through the social system and labour market changes. The main task of the Strategy is to reduce poverty through employment growth, support to economic and social activity of individuals, their employability and limitation of the abusing the social system and at the same time to preserve the constitutional guarantee of providing basic living conditions for each citizen.

12.2 *Policy changes announced*

One of the social policy priorities for the years 2005-2006 targets the prevention of intergenerational poverty reproduction, namely through providing opportunities for every child to receive high-quality education, irrespective of the family and socio-economic environment. At the same time, the issue needs to be tackled of children endangered by dysfunctional or non-existent family so as to minimise placements of children in institutional care when the child has to be removed from the original family, and increase sharply placements of children in substitute family care. Given the current population development a long-range population policy needs to be prepared.

In addition to long-range population policy planning, emphasis should be placed on the subject of supporting reconciliation of family and work life, particularly of parents of young children with a view to giving parents as high a support of the society as possible during the short period when one of the parents cannot be in work for objective reasons and also after partial or full return of the parent to work.

In order to create more flexible conditions for the support of families with children an amendment was proposed in the eligibility conditions for parental allowance. The proposed change should become effective from the second half of 2005.

Another proposal is under way in the legislative process to pay increased allowance in the birth of the child and in the birth of twins, not only for parents to whom three or more children were born simultaneously.

ANNEX

Unemployment assistance

The active policy of the labour market in terms of Act No. 5/2004 Coll. on employment service is being realized through the following active measures of the labour market which have also financial dimension in providing the contributions:

Article 32

The Office of Labour, Social Affairs and Family shall, for employment mediation purposes compensate parts of travelling expenses of job seekers, linked to their entry interviewing, or selection process at the employer's site

Article 43

The Office of Labour, Social Affairs and Family shall, by written request of the job seeker, reimburse parts of his/her commuting expenses linked to the participation in activities specified in the individual action plan.

Article 46

The Office of Labour, Social Affairs and Family may provide for education and preparation for the labour market of the job seeker and for the person interested in employment, based on the evaluation of abilities, working experience, professional skills, level of acquired education and health ability for work of the relevant person.

Article 47

Education and Preparation for the Labour Market of Employee

Article 49

Contribution for Self-Employment

Article 50

Contribution for Employing a Disadvantaged Job Seeker

Article 51

Contribution for the Graduate Practice

Article 52

Contribution for Activation Activity

Article 53

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Contribution for Establishing and Maintaining

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Contribution for Operating or Performing Self-Employment to Disabled Citizens

Article 59

Contribution for Activities of the Assistant at Work

Article 60

Contribution to Cover Operating Costs of the Protected Workshop or Protected Workplace and Employees' Transport Costs

THE ACT NO. 5/2004 COLL. ON EMPLOYMENT SERVICE

ARTICLE 47

Education and Preparation for the Labour Market of Employee

(1) For the purposes of this Act, education and preparation for the labour market of employee shall be executed by the employer in the interests of continuing occupational assertion of his employees, in the form of providing for general education and preparation of employees for the labour market,

and of specific education and preparation of employees for the labour market.

(2) For the purposes of this Act, general education and preparation of the employee for the labour market is defined as theoretical or practical preparation providing for knowledge and professional skills, which are widely utilisable at other employers and which contribute to the improved employability of the employee.

(3) For the purposes of this Act, specific education and preparation of the employee for the labour market is defined as theoretical or practical preparation providing for knowledge and professional skills utilisable only at the current employer, which are only partially utilisable at other employers.

(4) Education and preparation courses for the labour market are held during working time, and deemed obstacles to work on the side of the participating employee, entitling to compensatory wage in the sum corresponding to his/her average monthly earnings. Education and preparation for the labour market are held out of working time

only when it is unavoidable from organisational viewpoints.

(5) The Office may, on the basis of a written agreement, grant contributions to the employer for the employee's education and preparation for the labour market up to 90 % of the justified costs of the employee's education and preparation for the labour market, if upon their completion the employer continues employing him/her for at least twelve months, or when the employee's education and preparation for the labour market

is being organised within measures toward precluding or restricting collective redundancy.

(6) The justified costs of the employee's education and preparation for the labour market, documented by the employer, are defined as follows:

a) Compensation of the wage of employees participating in the education and preparation for the labour market pursuant to a special regulation⁴⁶,

b) Reimbursement of travel expenses of employees participating in the education and preparation for the labour market pursuant to a special regulation²¹, and

c) Other expenses of the employer, arising in direct connection with organising the education of his employees, and their preparation for the labour market.

(7) The agreement concluded pursuant to paragraph 5 on contributions payable to the employer for his employees' education and preparation for the labour market shall show in particular:

a) Orientation of the courses providing education and preparation for the labour market,

b) Duration of the education and preparation for the labour market, including dates of their commencement and conclusion of the courses,

c) Calculation of justified costs per participant,

d) Sum of justified costs to be reimbursed,

e) Conditions of reimbursing the justified costs,

f) Conditions of return of the reimbursed justified costs in case of failure to fulfil the conditions of the agreement.

(8) The employer applying to the Office for a contribution pursuant to paragraph 5 may use the services of an educating establishment only if the establishment was selected by the Office pursuant to a special regulation¹⁹.

(9) The employer may organise the employees' education and preparation for the labour market also at other educating establishments, providing that he would use his own funds for the education and preparation for the labour market of his employees.

ARTICLE 49

Contribution for Self-Employment

(1) For purposes of this Act, self-employment is defined as the

a) Performance of agricultural production, including of forests and water systems farming pursuant to a special regulation,

b) Operation or performance of a trade pursuant to a special regulation,

- c) Execution of activities pursuant to special regulation,
- d) Carrying out activities as partner of a general commercial partnership and general partner of a limited partnership pursuant to a special regulation, and
- e) Execution of activities pursuant to Articles 25, 29 and 58.

(2) The contribution for self-employment may be granted by written request of the job seeker who has been on file for a specified period in the register of job seekers, providing that he/she will commence, and continue performing self-employing activities for at least two years. The contribution for self-employment may be granted to cover documented expenses in link with self-employing activities (hereinafter referred to as "contribution"). No contribution shall be granted to the job seeker who is a disabled citizen pursuant to Article 9(1)(a) and for whose employing a contribution is paid pursuant to Articles 57 and 60.

(3) The contribution may be granted up to 100 % of the sum corresponding to 24 times the minimum price of work, as in force to the end of the calendar month preceding the calendar month of disbursement of the contribution.

(4) For the purposes of this Act the minimum price of work is defined as the sum of the minimum wage, and the sum payable by the employer on account of his employees' health and social insurance premiums, as well as of his contribution to their old-age pension savings.

(5) The sum of the contribution depends on the type of the region that is entitled to receive state aid pursuant to a special regulation⁴⁸, on membership of the job seeker of a group of disadvantaged job seekers pursuant to Article 8, and on the average of unemployment rate in the relevant district.

(6) The contribution shall be granted by the Office of territorial competence at the place of creation of the self-employment job.

(7) The Office concludes a written agreement with the job seeker for granting the contribution. The agreement on the contribution shall show in particular:

- a) Type of self-employment activity,
- b) Maximum sum of the contribution,
- c) Method of payment of the contribution,
- d) Date of commencement of the operation or performance of self-employment,
- e) Method of submitting proof of use of the contribution, including the deadline of submission,
- f) Method of return of the contribution or parts thereof in case of non-fulfilment of agreed conditions,
- g) Commitment of the job seeker to notify the Office on any change of the agreed conditions within 30 calendar days at most.

(8) Concluding the agreement on the contribution pursuant to paragraph 7 shall be contingent upon completion, by the job seeker, of preparatory courses organised by the Office for his/her self-employment operation or performance, and upon submission of a business plan by the job seeker, including the estimated costs of commencing the operation or performance of his/her self-employment activities. The particulars of the business plan are determined in an internal regulation issued by the Centre.

(9) The citizen having terminated the operation or performance of selfemployment activities before lapse of two years shall return the proportional part of the contribution falling on the period when self-employment had not been operated or performed within three calendar months from the termination, unless a different period was agreed with the Office. Return of the contribution is not required, when the operation or performance of self-employment is terminated for reasons of decease, or for reasons of health assessed pursuant to Article 19.

ARTICLE 50

Contribution for Employing a Disadvantaged Job Seeker

(1) The contribution for employing a disadvantaged job seeker pursuant to Article 8 who has been registered in the register of job seekers for the specified duration may be granted to the employer

employing the disadvantaged job seeker in a generated job (hereinafter referred to as “contribution”). The contribution shall be provided in monthly intervals, covering up to 100 % of the price of work per disadvantaged job seeker accepted by the employer in a generated job. No contribution shall be granted for employing an disadvantaged job seeker who is a disabled citizen pursuant to Article 9(1)(a) and for whose employing was granted a contribution pursuant to Articles 57 and 60.

(2) Generation of a job at the employer is defined as the increase in the average number of jobs over 12 calendar months which, in comparison with the preceding period of the same length, represents the total growth of the number of employees of the employer.

(3) For the purposes of this Act the total price of work is defined as the sum of the wage and the insurance premiums for health insurance, social insurance and the contribution to old-age pension savings payable by the employer.

(4) The contribution, by written request of the employer, shall be provided by the Office of territorial competence at the place of creation of the self-employment job.

(5) The contribution shall be provided in the maximum duration of 24 months from conclusion of the written agreement on the provision of the contribution pursuant to paragraph 7.

(6) The sum and duration of the contribution depends on the type of the region that is entitled to receive state assistance pursuant to a special regulation⁴⁸, on the undertaking of the employer to continuously employ for at least 12 months the employee for whom the contribution had been granted, and on the average rate of unemployment in the relevant district.

(7) The Office concludes a written agreement with the employer on granting the contribution. The agreement on granting the contribution shall comprise mainly the following particulars:

- a) Number and professional structure of the jobs,
- b) Maximum sum of the contribution,
- c) Number of months of employing the disadvantaged job seeker,
- d) Commitment of the employer to continuously employ for at least 12 months the disadvantaged job seeker in case of a contribution granted pursuant to paragraph 5,
- e) Number of months for which the contribution would be provided,
- f) Method of provision of the contribution,
- g) Commitment of the Office to pay the monthly contributions to the employer within 30 calendar days at most from submission of the documents by the employer, and
- h) Commitment of the employer to within the specified deadline submit the service contracts of the employees, and to notify any termination of employment within 30 calendar days to the Office.

ARTICLE 51

Contribution for the Graduate Practice

(1) For the purposes of this Act, graduate practice is defined as the acquisition, by the graduate of a school, of professional skills and practical experience at an employer corresponding to the attained level of the graduate’s education.

(2) Graduate practice shall be executed on the basis of a written agreement on the graduate practice concluded between the Office and the graduate who has been filed for a specified period in the register of job seekers, and by written agreement concluded between the Office and the employer.

(3) The duration of graduate practice shall not exceed six months, and 20 working hours per week. The employer shall determine the commencement and scheduling of working time. Upon termination of the graduate practice the employer shall issue a certificate of completion of graduate practice to the graduate.

(4) The Office shall, during graduate practice, grant a lump-sum contribution in the monthly amount 1 000 SKK to the graduate in order to cover his/her unavoidable personal expenses in link with the execution of graduate practice. In addition, the Office shall grant compensation of the accident insurance premium to the graduate during his/her execution of the graduate practice, if the graduate has concluded the accident insurance contract pursuant to paragraph 8(g).

(5) The Office shall grant a lump-sum contribution in the monthly amount 1 000 SKK per graduate to the employer, in order to cover the employer's unavoidable expenses occurring in link with the execution of graduate practice by the graduate.

(6) While on graduate practice, the graduate shall be entitled to time off in the duration of ten working days. Such claim shall not arise to the graduate earlier than two months from commencing the graduate practice.

(7) In addition to time off in the duration of ten working days the employer shall excuse absence of the graduate from executing graduate practice, when caused by his/her temporary incapacity to work or by attending to a seek family member.

(8) The agreement concluded pursuant to paragraph 2 between the Office and the graduate shall comprise in particular:

a) Commitment of the Office to provide for execution of graduate practice with the agreed employer for the graduate,

b) Commitment of the graduate to execute graduate practice with the employer agreed by the Office,

c) Commencement and duration of executing graduate practice,

d) Type of work performed while on graduate practice,

e) Commitment of the graduate to comply, while on graduate practice, with generally binding legal regulations, internal rules of the employer and regulations of occupational safety and health protection that he/she had been provably familiarized with,

f) Commitment of the graduate to reimburse the Office for damage caused by his/her wilful acts to the employer,

g) Commitment of the graduate to conclude the accident insurance contract during his/her execution of graduate practice,

h) Commitment of the Office to pay the lump-sum contribution pursuant to paragraph 4 to the graduate within ten days from lapse of the relevant calendar month.

(9) The agreement concluded pursuant to paragraph 2 between the Office and the employer shall mainly comprise in particular:

a) Commitment of the employer to establish conditions for the execution of graduate practice to the graduate,

b) Type of work during the execution of graduate practice,

c) Commitment of the employer to provably familiarize the graduate with generally binding legal regulations, internal rules of the employer and regulations of occupational safety and health protection while on graduate practice,

d) Commitment of the employer to keep attendance records of the graduate and to submit them to the Office in monthly intervals within ten days from lapse of the relevant calendar month,

e) Commitment of the employer to notify the Office on the graduate's failure to execute graduate practice, and on premature termination of the execution of graduate practice within two working days at latest,

f) Commitment of the employer to enable to the Office's charged employee to control the fulfilling of this agreement,

g) Commitment of the Office to transfer to the employer's account in regular monthly intervals the lump-sum contribution pursuant to paragraph 5 within ten days from lapse of the relevant calendar month.

Article 52

Contribution for Activation Activity

(1) For the purposes of this Act, activation activity is defined as the support of maintaining the working habits of the job seeker. Activation activity shall be executed in the duration of at least ten hours per week.

(2) Activation activity may be performed in the form of minor communal services performed for a municipality and organised by the latter, or of voluntary works organised by a legal person or by a natural person specified in paragraph 5.

(3) For the purposes of this Act, communal services for a municipality organised by the latter is defined as a form of activation activity of the job seeker, executed by performing work designed to improve the economic conditions, social conditions, cultural conditions and environmental conditions of the municipality population.

(4) In order to facilitate the organisation of minor communal services for the municipality pursuant to paragraph 3, the Office shall, in monthly intervals, submit to the municipality the following data of the job seekers permanently residing in the municipality:

- a) Name, surname and date of birth,
- b) Street, municipality or municipal district of the permanent residence,
- c) The attained level of education, acquired professional skills or type of recently performed work,
- d) Duration of registration in the register of job seekers,
- e) Information, whether or not he/she is a recipient of material need benefit.

(5) For the purposes of this Act, voluntary works are defined as a form of activation activity of the job seeker, executed by performing general beneficiary activities at a legal person or natural person who is a

- a) Budgetary organisation and a contributory organisation providing social services,
- b) Social services facility,
- c) Church or religious community recognized by the state and organisation established thereby,
- d) The Slovak Red Cross,
- e) The Institute for Occupational Rehabilitation of Citizens with Altered Work Capacity in Bratislava,
- f) The Rehabilitation Centre for Citizens with Visual Impairment in Levoča,
- g) Facility established pursuant to Article 12(h),
- h) School and a schooling facility,
- i) Health care facility⁴,
- j) Budget organisation and a contributory organisation in the field of culture,
- k) Nongovernmental organisation, mainly

1. Civic association,
2. Non-profit organisation providing general beneficiary services,
3. Foundation, performing general beneficiary activity,
4. Non-investment fund, performing general beneficiary activity.

(6) The Office shall grant to the municipality, legal person and natural person a contribution in compensation for parts of the expenses for protective work equipment, accident insurance of job seekers performing activation activities, and for part of the total price of work of the employee, organising the activation activity of the job seekers.

(7) The contribution pursuant to paragraph 7 shall be provided in the duration of the activation activity at most, based on a written agreement between the Office and the municipality, on a written agreement concluded between the Office and the legal person or natural person pursuant to paragraph 5(a)-(j), and on a written agreement concluded between the Office and the nongovernmental organisation pursuant to paragraph 5(k), in the monthly equivalent of 10 % at most of the total price of work pursuant to Article 49(4) per job seeker performing activation activity.

(8) The total sum of the contribution for activation activities granted under paragraph 6 depends on the number of job seekers accepted to perform activation activity and on the number of employees organising the performance of activation activity.

(9) The contribution may be provided by the Office of territorial competence, identified on the basis of

- a) The location of the municipality.
- b) The site of the legal person or natural person specified in paragraph 5(a) through 5(j),

- c) The site of the nongovernmental organisation specified in paragraph 5(k).
(10) The agreement concluded pursuant to paragraph 7 shall show in particular:
- a) Number of job seekers accepted to perform activation activity and the duration of their activation activity,
 - b) Number of employees organising the activation activity,
 - c) Type and extent of activation activity,
 - d) Total sum, dates and duration of provision of the contribution pursuant to paragraph 6,
 - e) Number of hours of the activation activity performed by one job seeker per week, and the number of weekly hours worked per employee organising the activation activity,
 - f) Commitment of the Office to grant the contribution pursuant to paragraph 6 in monthly intervals, within 30 calendar days from submission of the required documentation at latest,
 - g) Commitment of the municipality, legal person, natural person or nongovernmental organisation pursuant to paragraph 5(k) to notify the Office on any noncompliance with the specified number of hours of activation activity performed by the job seeker,
 - h) Commitment of the municipality, legal person, natural person or nongovernmental organisation pursuant to paragraph 5(k) to notify the Office on any termination of employment within 30 calendar days at latest, if a job seeker on file in the register of job seekers was accepted to organise activation activity.

ARTICLE 53

Contribution for Movement toward Work

- (1) For the purposes of this Act the contribution for movement toward work is defined as a compensation of documented expenses occurring in link with moving from the place of permanent residence to the new employment location, providing that the new employment location is at least 30 km distant from the place of permanent residence (herein after referred to as “the contribution”).
- (2) The Office shall grant the contribution to the job seeker who has been filed for a specified period in the register of job seekers, whom a suitable employment was mediated to, or who himself/herself found a suitable employment outside of the place of permanent residence, and who applied for the contribution in writing.
- (3) The contribution may be granted also in the event when the place of permanent residence of the employee has been changed in the process of changing the new employment’s location.
- (4) When both spouses applied in writing for the contribution, the Office shall grant the contribution to only one of them.
- (5) The Office may grant the contribution once in two years in the form of a lump sum not exceeding 10 000 SKK.

ARTICLE 56

Contribution for Establishing and Maintaining the Protected Workshop and Protected Workplace

- (1) The contribution for establishing a protected workshop or protected workplace shall be granted to the employer establishing the protected workshop or protected workplace (hereinafter referred to as the "contribution").
- (2) The contribution per job generated in the protected workshop or protected workplace shall be granted up to 100 % of the sum corresponding to 24 times the minimum price of work pursuant to Article 49(4) as in force to the end of the calendar month preceding the calendar month of disbursement of the contribution.
- (3) The contribution granted pursuant to paragraph 2 may be increased by documented additional expenses, compared to the documented expenses of establishing a job for an job seeker who is not a disabled citizen pursuant to Article 9(1)(a) and in link with

- a) Extension of the protected workshop or protected workplace, or adjustment of their premises,
- b) Outfitting of the protected workshop or protected workplace with machines, equipment and working aids required for the performance of activities of disabled citizen pursuant to Article 9(1)(a) in the protected workshop or protected workplace,
- c) Installation of machines, equipment and working aids pursuant to subparagraph (b),
- d) Lease of premises, unless involving leasing of nonresidential premises accomplished between close persons,
- e) Payment of interest from targeted loans extended for purchasing equipment.

(4) The contribution for covering additional expenses pursuant to paragraph 3 shall also be granted for adapting an individual workplace located outside of the protected workshop or protected workplace, to the state of health of the disabled citizen pursuant to Article 9(1)(a).

(5) The contribution pursuant to paragraph 3 shall be granted separately up to 100 % of the sum corresponding to 12 times the minimum price of work pursuant to Article 49(4) as in force to the end of the calendar month preceding the calendar month of disbursement of the contribution.

(6) No contribution pursuant to paragraphs 2 through 5 shall be granted for the purchase of real estate, extension and reconstruction of own real estate, or for the purchase of a motor vehicle, except for the lease-purchase of a motor vehicle.

(7) The contribution pursuant to paragraphs 2 through 6 shall be granted to the employer, based on his written application, by the Office of territorial competence at the location of establishing the protected workshop or protected workplace; the application shall include the business plan and the calculation of estimated costs for establishing the protected workshop or protected workplace.

(8) Jobs generated with contribution granted pursuant to paragraphs 2 through 5 may only be occupied by disabled citizens pursuant to Article 9(1)(a). Other employees may, with prior written consent of the Office, occupy such jobs only if they are temporarily vacant, for a period not exceeding nine months and for a period not

exceeding 24 months in the case of disabled citizens pursuant to Article 9(1)(b).

(9) The protected workshop or protected workplace shall be established for at least three years. The legal person or natural person failing to fulfil this condition shall return, within three months at most unless a different deadline was agreed with the Office, the proportional part of the contribution, corresponding to the length of inactivity period of the protected workshop or protected workplace.

(10) The legal person or natural person shall, within 30 calendar days, notify the Office on all changes occurring at the jobs in the protected workshop or protected workplace that were established with the contribution.

(11) The legal person or natural person shall return the whole contribution granted for the respective job in case of his/her failure to meet the conditions specified in paragraphs 8 and 9.

(12) The Office shall conclude a written agreement with the employer on granting the contribution. The agreement on granting the contribution shall comprise mainly the following particulars:

- a) The number, professional and qualification structure of employees who are disabled citizens pursuant to Article 9(1)(a) and who were accepted in jobs established in the protected workshop or protected workplace,
- b) The number of months of employing the disabled citizens pursuant to Article 9(1)(a),
- c) The sum of the contribution and methods of its disbursement,
- d) The job establishment date,
- e) Duration of operating the job,
- f) Method of, and deadline for documenting the use of the contribution,
- g) Method of return of the contribution or part thereof in case of failure to meet the agreed conditions,
- h) Commitment of the legal person or natural person to notify the Office on all changes of the agreed conditions within 30 calendar days at most.

ARTICLE 57

Contribution for Operating or Performing Self-Employment to Disabled Citizens

(1) The disabled citizen pursuant to Article 9(1)(a) commencing the operation or performance of self-employment in a protected workshop or at a protected workplace shall, by his/her written request, be granted a contribution for commencing the operation or performance of self-employment in a protected workshop or at a protected workplace (hereinafter referred to as “the contribution”). The application for the contribution shall include the business plan and a calculation of the estimated costs of establishing the protected workshop or protected workplace.

(2) The contribution shall be granted to the disabled citizen pursuant to Article 9(1)(a), who has been filed for a specified period in the register of job seekers, who will commence, and continue without interruption for at least two years, operating or performing self-employment in a protected workshop or at a protected workplace.

(3) The contribution shall be granted up to 100 % of the sum corresponding to 24 times the minimum price of work pursuant to Article 49(4) as in force to the end of the calendar month preceding the calendar month of disbursement of the contribution.

(4) The contribution granted pursuant to paragraph 3 shall be increased by documented additional expenses, compared to the documented expenses of operating or performing self-employment by an job seeker who is not a disabled citizen pursuant to Article 9(1)(a), in link with

- a) Extension of the protected workshop or protected workplace, or adjustment of their premises,
- b) Outfitting of the protected workshop or of the protected workplace with machines, equipment and working aids required for operating or performing self-employment by the disabled citizen pursuant to Article 9(1)(a) in the protected workshop or protected workplace,
- c) Installation of machines, equipment and working aids pursuant to subparagraph (b),
- d) Lease of premises, unless involving leasing of nonresidential premises accomplished between close persons,
- e) Payment of interest from targeted loans, granted for equipment purchases.

(5) The contribution pursuant to paragraph 4 shall also be granted separately, up to 100 % of the sum corresponding to 12 times the minimum price of work pursuant to Article 49(4) as in force to the end of the calendar month preceding the calendar month of disbursement of the contribution.

(6) The contribution shall not be granted for the purchase of real estate, extension and reconstruction of own real estate, or for the purchase of a motor vehicle, except for lease-purchase of a motor vehicle.

(7) The contribution pursuant to paragraphs 3 through 6 shall be granted by the Office of territorial competence at the location of establishing the protected workshop or protected workplace.

(8) The contribution pursuant to paragraphs 3 through 6 shall be granted on the condition that the disabled citizen pursuant to 9(1)(a) would operate or perform selfemployment in the protected workshop or at the protected workplace for at least two

years. The disabled citizen pursuant to 9(1)(a) terminating the operation or performance of self-employment in the protected workshop or at the protected workplace before lapse of the period of three years shall return, within three months at most unless a different deadline was agreed with the Office, the proportional part of the contribution, corresponding to the length of period when no self-employment was operated or performed in the protected workshop or at the protected workplace. No return of the contribution pursuant to paragraphs 3 through 6 shall be required from the disabled citizen who terminated the operation or performance of self-employment due to decease, or for health reasons as assessed pursuant to Article 19.

(9) The Office shall conclude a written agreement on granting the contribution with the disabled citizen pursuant to 9(1)(a) commencing operating or performing selfemployment in a protected workshop or at a protected workplace. The agreement on granting the contribution shall include in particular

- a) The type of self-employment,
- b) The sum of the contribution and method of its disbursement,

- c) The date of establishing the protected workplace and the date of commencing the operation or performance of self-employment,
- d) Duration of operating the job,
- e) Method and deadline for documenting the use of the contribution,
- f) Method of return of the contribution or part thereof in case of failure to meet the agreed conditions,
- g) Commitment of the disabled citizen pursuant to 9(1)(a) commencing the operation or performance of self-employment in the protected workshop or at the protected workplace to notify the Office on all changes of the agreed conditions within 30 calendar days at most.

ARTICLE 59

Contribution for Activities of the Assistant at Work

- (1) The Office shall grant a contribution for activities of the assistant at work (hereinafter referred to as “contribution”).
- (2) For the purposes of this Act the assistant at work is defined as the employee who provides assistance to an employee or to employees, who are disabled citizens pursuant to Article 9(1)(a), in their execution of employment and personal needs during the working time.
- (3) The assistant at work must have completed 18 years of age and legal capacity.
- (4) The contribution shall be provided monthly, covering up to 90 % of the total price of work pursuant to Article 50(3) per assistant at work, performed during the employment of an employee who is a disabled citizen, or of employees who are disabled citizens in direct care of the assistant.
- (5) The contribution shall be granted by the Office of territorial competence according to the registered office of the employer.
- (6) The Office shall conclude a written agreement with the employer for granting the contribution. The agreement for providing the contribution shall include in particular:
 - a) Number of employees who are disabled citizens pursuant to Article 9(1)(a) and who are in the direct care of one assistant at work,
 - b) Number of assistants at work,
 - c) Sum and duration of payment of the contribution,
 - d) Method of payment of the contribution,
 - e) Method of the contribution return or parts thereof in case of non-fulfilment of the agreed conditions.

ARTICLE 60

Contribution to Cover Operating Costs of the Protected Workshop or Protected Workplace and Employees’ Transport Costs

- (1) The contribution to cover operating costs of a protected workshop or protected workplace and employees’ transport costs (hereinafter referred to as “contribution”) shall be granted to a legal person or natural person by written application, submitted by 31 March at latest after lapse of the relevant calendar year.
- (2) Operating costs pursuant to paragraph 1 are defined as the expenses on acquiring instruments, devices, tools and protective working equipment, as well as costs arising in connection with the organisation of activities and administration of the protected workshop or protected workplace.
- (3) Employees’ transport costs pursuant to paragraph 1 is defined as the costs arising in connection with the employer’s transport provision, to work place and back, for employees who are disabled citizens pursuant to Article 9(1)(a).
- (4) The contribution shall be granted by the Office of territorial competence according to the location of the protected workshop or protected workplace, and paid in the maximum value of 7 times the minimum total price of work pursuant to Article 49(4) as at the end of the relevant calendar year per

disabled citizen pursuant to Article 9(1)(a).

(5) The Office may grant an advance on the contribution, maximum 50 % of the sum pursuant to paragraph 4 per disabled citizen pursuant to Article 9(1)(a).