

THE OECD TAX-BENEFIT DATABASE

Description of policy rules for
the Slovak Republic 2023



THE OECD TAX-BENEFIT DATABASE FOR THE SLOVAK REPUBLIC

Description of policy rules for 2023

OECD contact: Edoardo Magalini. Email: Tax-Benefit.Models@oecd.org

National team: Silvia Gregorcova, Ministry of Labour, Social Affairs and Family Policy

This version: October 2023

This work is published on the responsibility of the Director of the OECD Directorate for Employment, Labour and Social Affairs. The opinions expressed and arguments employed herein do not necessarily reflect the official views of the Organisation or of the governments of its member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of the source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to rights@oecd.org. Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at info@copyright.com or the Centre français d'exploitation du droit de copie (CFC) at contact@cfcopies.com.

Table of contents

Preface	4
The OECD tax-benefit model for Slovak Republic: Policy rules in 2022	1
1. Reference wages	1
2. Unemployment benefits	1
2.1. Unemployment benefit (Poistenie v nezamestnanosti)	1
2.2. Unemployment assistance	3
3. Social assistance and housing benefits	3
3.1. Assistance in material need (Pomoc v hmotnej núdzi)	3
3.2. Housing benefit	10
4. Family benefits	10
4.1. Child allowance (Prídavok na dieťa)	10
4.2. Alimony replacement benefit (Náhradné výživné)	11
5. Net costs of Early Childhood Education and Care	14
5.1. Gross childcare fees	14
5.2. Fee discounts and free provision	16
5.3. Child-care benefits for formal centre-based care	16
5.4. Child care allowance for children not using child care centers	17
5.5. Tax concessions for childcare expenditures	18
6. In-work benefits	18
6.1. Special allowance (Osobitný príspevok)	18
7. Social security contributions and payroll taxes	20
7.1. Social security contributions payable by employees and benefit recipients	20
7.2. Social security contributions payable by employers	20
8. Taxes	21
8.1. Personal income tax	21
9. Paid sick leave (<i>not modelled in TaxBEN</i>)	Error! Bookmark not defined.
9.1. Sickness Benefit (Nemocenské)	Error! Bookmark not defined.
9.2. Mandatory employer sick pay (Náhrada príjmu)	Error! Bookmark not defined.
10. Job retention programmes (<i>not modelled in TaxBEN</i>)	Error! Bookmark not defined.
10.1. "First Aid" – scheme 1	Error! Bookmark not defined.
11. Selected output from the OECD tax-benefit model (TaxBEN)	24
Annex: Other benefits and direct taxes	26
Subsidy for food and school supplies (Dotácia na stravu a školské potreby)	26
Additional child benefit (Príplatok k prídavku na dieťa)	27

Preface

This report provides a detailed description of the tax and benefit rules in the Slovak Republic as they apply to working-age individuals and their dependent children. It also includes output from the [OECD Tax-Benefit model \(TaxBEN\)](#), which puts all these complex legal rules into a unified methodological framework that enables international comparisons of how tax liabilities and benefit entitlements affect the net disposable income of families in different labour market circumstances, .e.g. in employment versus unemployment.

The **main body** of the report describes the rules that are relevant for the family and labour market characteristics that are within the scope of the **TaxBEN** model (see below for the methodology and user guide). The **annex** provides information on other cash benefits and taxes on employment income that are relevant for other groups of the working-age population, but are outside the scope of the **TaxBEN** model.

TaxBEN is essentially a large cross-country calculator of tax liabilities and benefit entitlements for a broad set of *hypothetical* families (“vignettes”), e.g. a married couple of 40-years-old adults with two children aged 4 and 6 (click [here](#) for a quick overview of the **TaxBEN** model). **TaxBEN** incorporates rules on the main taxes on employment income, social contributions paid by employees and employers, as well as the main cash and near-cash benefit programmes, including unemployment benefits, family and childcare benefits, guaranteed minimum-income benefits, cash housing benefits, and employment-conditional benefits. Disability benefits, maternity and parental leaves benefits are included in the model for a sub-set of countries and years. The main policy instruments that are currently not included in the **TaxBEN** model are taxes on wealth (e.g. taxes on immovable and unmovable properties), indirect taxes (e.g. VAT), early-retirement benefits, short-time work compensation schemes, sickness benefits, and in-kind benefits (e.g. subsidised transport and free health care).

Useful online resources for the OECD tax-benefit model (TaxBEN)



[TaxBEN web calculator](#)



[Methodology and user guide](#)



[OECD tax-benefit data portal](#)



[Network of national experts](#)


Guidelines for updating this report (for national experts)



[General guidelines](#)

Detailed [guidelines for updating Section 5](#) “Net costs for Early Childhood Education and Care”

Reading notes and further details on the content of this report

- **Reference date** for the policy rules described in this report: **January 1, 2023**.
- The symbol  in the text provides a link to the glossary of technical terms.
- Section titles provide the names of taxes and benefits as they are known in the country: first, direct translation into English, then (in brackets) the name in the national language.
- **TaxBEN** variables are indicated in the text using the format `[variable name]`.
- **Covid-related** policies enter with a **blue font** colour throughout the text.

The OECD tax-benefit model for Slovak Republic: Policy rules in 2023

1. Reference wages

Average wage [**AW**]: The OECD tax-benefit model uses Secretariat estimates of the average full-time wage (available [here](#)).¹ If Secretariat estimates are not available yet, the model uses wage projections obtained by applying forecasted wage growth² to the latest available wage estimate.

The minimum wage [**MIN**] in 2023 is EUR 700 per month. The annual minimum wage is computed by multiplying the minimum monthly wage (as of 1 January 2023) by 12, i.e. EUR 700 * 12 = EUR 8 400.

Note on Indexation:


In general, the indexation of benefits and allowances is linked to the indexation of the subsistence minimum, which is always adjusted on July 1 of the calendar year. This means that, for example, in the case of assistance in material need or parental allowance, its amounts are regularly adjusted on January 1 of the calendar year based on the coefficient used to adjust the amounts of the subsistence minimum as of 1 July of the previous calendar year. The amounts of the subsistence minimum used to be adjusted either by the coefficient of growth in the cost of living of low-income households or by the growth of net monetary income per person, depending on which of them was lower. In July 2022, the amounts of the subsistence minimum were adjusted by the growth of net monetary income per person, as this was lower than the growth of the living costs of low-income households.

However, this rule has been recently modified, and from July 1st, 2023, the amounts of the subsistence minimum will be adjusted by the increase in the cost of living of low-income households (CPI - low-income houses) which will also affect for example the indexation of assistance in material need.

2. Unemployment benefits

2.1. Unemployment benefit (*Poistenie v nezamestnanosti*)

Variable name:³ [**UI_p**; **UI_s**]

This is an unemployment insurance benefit. It is contributory, not means-tested and not taxable. 

¹ Average Wages are estimated by the Centre for Tax Policy and Administration at the OECD. For more information on methodology see the latest Taxing Wages publication.


² Wage growth projections are based on [OECD Economic Outlook](#) and [EU economic forecasts](#) (for non-OECD countries).

³ The variable names ending with “_p” refer to the first adult (so-called “principal” adult) whereas those ending with “_s” are related to the spouse.

2.1.1. Eligibility conditions

Age: The claimant must have reached 16 years of age and be below pensionable age.

Contribution/employment history: A person has to be insured for unemployment, sickness and retirement. A person must have unemployment insurance for at least 2 years within the past 4 years before being included to registry of unemployed persons looking for employment.

Behavioural requirements and related eligibility conditions:  In order to be eligible for the benefit, a person must be registered as a jobseeker, must cooperate with the Labour Office, actively look for a job and be available in 3 days' time interval on request of the Labour Office⁴. TaxBEN assumes that these compulsory conditions are satisfied when simulating unemployment benefits.⁵

2.1.2. Benefit amount

Contribution base: The daily assessment basis is the sum of assessment bases on which contributions for unemployment insurance were paid within the determining period, divided by the number of days of that period.

The maximum monthly assessment base is twice the average wage two years earlier. In 2021 the average wage was EUR 1 211 per month, thus the maximum monthly assessment base in 2023 is EUR 2 422.

Monthly amount: The daily amount of unemployment benefit is 50% of the daily assessment basis. The monthly benefit is the daily benefit amount multiplied by the number of days in the month.

2.1.3. Benefit duration

The claim to unemployment benefit starts on the day the claimant registers as unemployed. The maximum duration of the benefit is 6 months.

2.1.4. Means test

The benefit is not means-tested.

2.1.5. Tax treatment

The benefit is not taxable.

2.1.6. Interactions with other components of the tax-benefit system

Unemployment insurance is not available to recipients of disability benefit (if the decrease in ability to carry out gainful activities is more than 70%), recipients of old-age benefit and early old-age benefit. A person is not entitled to unemployment benefit if they receive sickness benefit, nursing benefit, maternity benefit or parental allowance.

⁴ These conditions apply regardless of whether the claimant is voluntary or involuntary unemployed. In fact, according Act on Social Insurance there is no definition of voluntary or involuntary unemployed person.

⁵ Details on behavioural requirements and sanction provisions for unemployment benefits are reported in regularly updated companion reports, see [Immervoll and Knotz \(2018\)](#), [Langenbacher \(2015\)](#) and [Venn \(2011\)](#).

2.1.7. Combining benefit receipt and employment/starting a new job

If the beneficiary has (i) been paid unemployment benefit for at least 3 months and (ii) has been put off the Jobseekers Register on account of undertaking the activity of an employee, he or she can claim a lump-sum payment of 50% of the unemployment benefit for the remaining part of the supported period. In the model this lump-sum payment [WorkBonus_p, WorkBonus_s] is simulated separately from the main unemployment benefit and is classified as an “in-work benefit” (other in-work benefits are described in Section 6.).

2.1.8. Benefit indexation

No automatic indexation. Unemployment benefit belongs to short term duration benefits and the future amount of new individual unemployment benefit will grow automatically, if the individual assessment base increases. Maximum assessment base increased by average wage growth.

2.2 Unemployment assistance

OECD note: In many OCED countries, jobseekers who do not qualify for Unemployment Insurance (UI – Section 2.1.), or whose entitlement to UI is low or has expired, can claim Unemployment Assistance (UA – this section) and/or Social Assistance benefits (SA – Section 3.). These UA and SA benefits have different purposes (and reach different target groups). For instance, while the main purpose of UA is to encourage the labour market reintegration of jobseekers who have exhausted or are not eligible to the standard UI benefit, the purpose of SA programmes is to provide an acceptable standard of living for families unable to earn sufficient incomes from other sources. Conditions for UA typically include requirements to register with the public employment service and participate in active job search in a similar way as for UI. This is *not always* the case for SA benefits, for which low income is the key entitlement criterion and activation requirements exist only for those who are capable of work.

Based on this definition, the Slovak Republic does not currently provide a national Unemployment Assistance programme. Nevertheless, the Slovak Republic does provide a Social Assistance programme (described in Section 3.1.).

3. Social assistance and housing benefits

The Act (417/2023 Coll.) on assistance in material need regulates provision of assistance in material need (see Section 3.1.) and the special allowance (see Section 6.1.).

3.1. Assistance in material need (*Pomoc v hmotnej núdzi*)

Assistance in material need includes:

- benefit in material need (*Dávka v hmotnej núdzi*) - [SA_i]
- protection allowance (*Ochranný príspevok*) - [SA_dep_child]
- activation allowance (*Aktivačný príspevok*) - [SA_AA]
- allowance for dependent child (*Príspevok na nezaopatrované dieťa*) - [SA_dep_child]
- housing allowance (*Príspevok na bývanie*) - [HB_SA].

In the model housing allowance is included in “housing benefits” [HB] while other components are included in “social assistance” [SA].

This is a non-contributory benefit, means-tested and not taxable.

3.1.1. Eligibility conditions

In order to be eligible to assistance in material need, the income of household members must be below the subsistence minimum (see Section 3.1.4.), and household members are unable to secure a job, the exercise of their own right or other right to property and by exercising the right to income or an increase in income. Material need is determined by assessing the income, assets and the possibility of applying for the claims of household members. A natural person and members of the household are not in material need, even if the income of the household members does not reach the amount of the subsistence minimum if they can ensure basic living conditions and solve material need with property or by applying claims.

Before claiming assistance in material need, claimants should exercise their rights to other benefits providing basic living conditions, such as alimony, compensation income for temporary incapacity, sickness insurance, pension insurance, accident insurance, etc.

The household's members for the purposes of assessing material need are the following:

- a the individual
- b the spouse
- c the dependent child in the case of
 - 1. a minor child living with them in the household
 - 2. adult child
- d adult parents and dependent children in the case of
 - 1. a minor child living with them in the household
 - 2. adult child
- e parents and dependent children under the age of 25 who have no income or have an income of less than half the monthly minimum wage,
- f parents and children over the age of 25 who are preparing for a future occupation on a daily basis,
- g minor parents who are not children under point (a); e), and dependent children living with them in the household,
- h natural persons according to letter b) to g), if they are provided with assistance in a crisis life situation and housing
- i adult natural persons according to letter b) to f) if a rehabilitation program is implemented for them

OECD note: in Tax-BEN, a household might be composed of a principal, or a principal and a partner, or a principal (with or without a partner) and up to four dependent children aged from 1 to 17 years old without any source of income.

Employment-related requirements:

The possibility of securing income or increasing income through own work is not explored in the case of assistance in material need if it is a natural person who:

- a) has reached the age necessary to be entitled to an old-age pension,
- b) is a recipient of an early old-age pension,
- c) is disabled due to a decrease in the ability to perform gainful activity by more than 70%,
- d) is a dependent child,
- e) is a pregnant woman from the beginning of the eighth week before the expected day of delivery as determined by a doctor,

- f) is a single parent who takes care of a child up to 31 weeks of age personally, all day long, and properly,
- g) takes personal, daily and proper care of a natural person with a severe disability dependent on care; this also applies to the time during which the relief service is provided to the natural person
- h) participates in resocialization programs in a resocialization centre in the form of residence, within which he cannot secure income through his own work,
- i) is improving his qualifications in the form of full-time studies and is not a dependent child,
- j) has an adverse health condition, which for the purposes of this Act is considered to be an illness, injury or quarantine measure, for which the natural person is recognized by the attending physician as temporarily unable to work for more than 30 consecutive days.

For the case highlighted, it is not examined whether they know how to secure their income or increase it, and they are also not required to become active for the purposes of assistance in material need. Then other tools come into play, such as the Protection allowance. Employment services include activities aimed at increasing the employability of job seekers and individual work with them. The conditions are defined in the law on employment services⁶.

Protection allowance:

Protective allowance is intended to ensure personal expenditure of a household member who is not able to secure or increase his or her income by working.

Activation allowance:

Activation allowance is provided to support the acquisition, maintenance or increase of knowledge, professional skills and work habits for a career in the assistance in material need. It is granted to each member of the household:

- a) who has earned income of at least the minimum monthly wage or
- b) who is in the register of jobseekers and
 - upgrades their skills through part-time study in high school, college or for a master's degree
 - participates in education and training for the labour market
 - participates in activation activities
 - carries out common services or volunteer work
- c) who receives parental allowance and studies at a secondary school or university.

Allowance for dependent child:

The allowance for dependent child is designed to support education, training and overall development of a child in the household. The child must attend compulsory education, which starts at the age of 6 and finishes at the age 16.

Housing allowance:

The housing allowance can be granted if a member of the household is the owner of an apartment/family house or a tenant of an apartment/family house/room in a facility

⁶ Act No 5/2004 on Employment Services

designed for housing. The household or a member of the household is entitled to the housing allowance if they pay the cost related housing.

3.1.2. *Benefit amount*

The calculation of the amount of assistance in material need is based on the difference between the sum of entitlements to the different components of assistance in material need (benefit in material need, housing allowance, protective allowance, activation allowance and allowance for dependent child) and the household's income. Assistance in material need is calculated and paid as one payment, but entitlements of less than one euro per month are not paid. Assistance in material need is provided on a monthly basis.

Benefit in material need

The amounts of benefit in material need (since 1 January 2023) are:

- EUR 74.00 per month for an individual
- EUR 140.70 per month for an individual with a child or with maximum four children
- EUR 128.60 per month for a childless couple
- EUR 192.40 per month for a couple with a child or with maximum four children
- EUR 205.50 per month for an individual with more than four children
- EUR 259.40 per month for couples with more than four children.

Protection allowance

Unless otherwise stated, these situations are not simulated by the TaxBEN model. The amount of protective allowance for each member of the household is

- EUR 75.70 (since 1 January 2023) per month in the case of a household member who:
 - has reached the age required for the right to an old age pension or is recipient an early retirement pension or is disabled and whose capacity to engage in gainful employment has been reduced by more than 70%,
 - is a lone parent who takes care of a child aged up to 31 weeks,
 - personally, daily and properly cared for a person with disability reliant on care, this also applies to the time when such an individual is provided a respite service under the Social Services Act, or
 - participates in resocialization programs in a residential resocialization center where they cannot secure income through their own work
- EUR 41.60 (since 1 January 2023) per month in the case of a household member who:
 - Has unfavourable health status lasting for more than 30 continuous days, which is established by the relevant attending physician or is a pregnant woman from the beginning of the eighth week before the expected date of childbirth designated by a doctor.

EUR 16.20 (since 1 January 2023) per month in the case of household member who:

- is a pregnant woman from the start of the fourth month of pregnancy
- is a parent who personally and full-time cares for a child under one year of age (*covered by the model*).

Activation allowance

The amount of activation allowance is

- EUR 151.40 (since 1 January 2023) per month in the case of household member who has earned income of at least the minimum monthly wage,
- EUR 75.70 (since 1 January 2023) per month in the case of household member who is in the register of jobseekers (upgrades their skills through part-time study in high school, college or for a master's degree, participates in education and training for the labour market, participates in activation activities, carries out common services or volunteer work) or receives parental allowance, and who studies at a secondary school or university (not simulated in TaxBEN).

Allowance for dependent child

The amount of the allowance for dependent child (ages 6-15) is EUR 20.70 (since 1 January 2023) per month. The allowance is provided from the beginning of the school year during school days as well as school holidays.

Housing allowance

The amount of the housing allowance (since 1 January 2023) is:

- EUR 63.90 per month in the case of a household with one member and
- EUR 101.90 per month in the case of a household with more than one member.

The housing allowance is paid once for each apartment, family house or other facility designed for housing regardless the number of households living there.

3.1.3. Benefit duration

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

3.1.4. Means test

The amounts of subsistence minimum used for determining the situation of material need are (since 1 July 2022):

Minimum Living Standards (MLS), EUR per month	
First adult	234.42
Second adult	163.53
Child	107.03

Income test:

For the purposes of the calculation of the assistance in material need the following sources of income are disregarded:

(covered by the TaxBEN model)

- 25% of earnings net of income tax and employee social security contributions,
- 50% of earnings net of income tax and employee social security contributions if a special allowance is granted to a member of the household,
- child allowance and supplement to child allowance,
- childcare allowance,
- employee tax credit and child tax credit,
- special allowance,

(not covered by the TaxBEN model)

- 25% of the old-age pension or early pension: this proportion is increased by 1% for each additional year of pensions insurance above 25 years of pension insurance (so for example if there is 28 years of pension insurance, so 28% of the old age pension is disregarded),
- 25% of maternity allowance, invalidity pension, social pension awarded on account of invalidity, orphan's pension, widow's and widower's pension if the widow or widower has reached retirement age,
- other emergency assistance provided by municipalities or other administrations,
- income of secondary school pupils and university students studying full-time up to 3-times the amount of subsistence minimum for an adult,
- scholarships,
- one-off state social benefits,
- cash benefits for citizens with severe disabilities with the exception of the allowance for care,
- 25% of the contribution for activation activities in the form of voluntary service,
- financial contributions provided on the basis of participation in projects or programs supporting employment in the labour market in total up to 75% of the amount of the subsistence minimum for one adult natural person,
- other income sources.

Asset test:

The Assistance in Material Need Act defines what is considered property and what is not. Material need is determined by assessing the income, assets and the possibility of applying for the claims of household members. The assessment of assistance in material need is managed by the labour, social affairs and family local offices.

Assets for the purposes of assessing the state of material need are:

- things,
- if their nature allows it, rights or other property values,
- funds from the settlement of joint ownership,
- real estate used by the household for permanent residence within six months of its acquisition.

The possibility of securing income or increasing income by selling property or renting property is not explored if it is about:

- real estate used by the household for adequate⁷ permanent housing,
- agricultural land and forest land used by the household for its own needs,
- movable property that is not subject to execution⁸ or for which a one-time benefit, a subsidy to support humanitarian aid, or a monetary contribution to compensate for the social consequences of severe disability has been provided,

⁷ The adequacy of permanent residence is not taken into account if all household members have reached retirement age

⁸ This refers to movable property excluded from the asset testing, such as: common clothing components, linen and footwear, necessary household equipment, namely the bed of the claimant and his family members, a table, chairs according to the number of his family members, a refrigerator, a stove, a heater, fuel, a washing machine, duvets and bed linen, ordinary

- property that cannot be used by the owner in time of war, state of war, state of emergency or state of emergency or emergency situation.

One motor vehicle in the household is not considered property if it has one of the following characteristics:

- it is used for the individual transportation of a household member who was issued a parking permit for a physical disability⁹,
- whose value (according to an expert opinion or according to a document on the purchase of a motor vehicle drawn up by a person whose activity is the production, sale or distribution of motor vehicles) is not higher than 35 times the amount of the subsistence minimum for one natural person of legal age (8204.70 EUR) or it is older than 10 years.

3.1.5. Tax treatment

The benefit is not taxable.

3.1.6. Interaction with other components of the tax-benefit system

Unemployment benefits, alimony replacement benefit and parental allowance are included in the means test.

3.1.7. Combining benefit receipt and employment/starting a new job

No restrictions, but earnings less a disregard are included in the means test as described above.

3.1.8. Benefit indexation

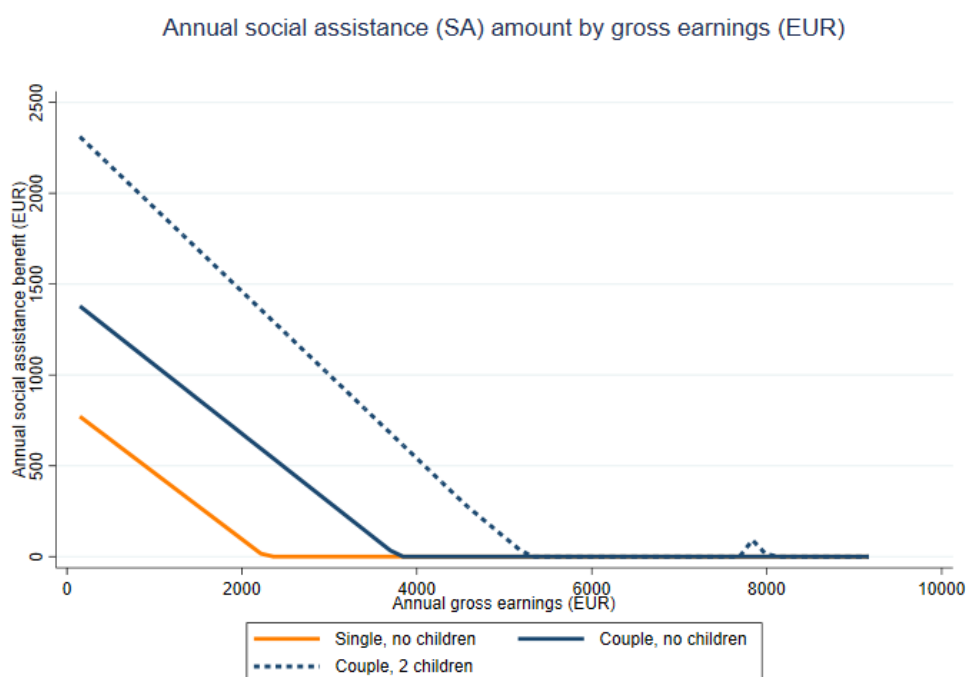
The subsistence minimum used to be regularly indexed on July 1st of the calendar year. The amounts of the subsistence minimum were adjusted either by the coefficient of growth in the cost of living of low-income households (CPI low-income households) or by the coefficient of growth of net monetary income per person, depending on which of them was lower. In July 2022, the amounts of the subsistence minimum were adjusted by 7.5% using the growth of net monetary income per person, as this was lower than the growth of the living costs of low-income households. This rule was valid until 31 March 2023. From July 1st, 2023, the amount of the subsistence minimum will be adjusted by the growth in the cost of living of low-income households (CPI - low-income houses).

The indexation of the Assistance in material need is linked to the indexation of subsistence minimum. The indexation of assistance in material need is made each year to 1st January current year with link of indexation of subsistence minimum to 1st July previously year.

kitchen utensils, a radio receiver, medical supplies and other things that the claimant needs due to his illness or physical defect, wedding ring and engagement ring, and study literature and toys.

⁹ If more than one household member has been issued such a parking permit, a number of cars equal to those with a special parking permit linked to disability is excluded from the asset test.

Figure 1. Assistance in material need entitlement by gross earnings level, 2023 (EUR per year)



Note: Children aged 6 and 4. In couples, only one member of the couple is in paid work. No housing costs.

Source: Calculations using OECD tax-benefit model.

3.2. Housing benefit

OECD note: This section provides information on housing benefit (HB) schemes that aim to reduce the rental costs for people living in privately rented accommodations. Cash support for housing costs *other than rent*, e.g. for heating and water bills, is outside the scope of this section. Similarly, this section does not include other housing benefits such as those for the construction of housing, the purchases of owner-occupied housing, or the repayment of interests on owner-occupied housing. In-kind support for families in social housing through below-market rents is also excluded.

Based on this definition, the Slovak Republic does not currently provide a national housing benefit that is within the scope of this section. Nevertheless, the Slovak Republic has a Housing allowance that is part of the Social assistance benefit (see section 3.1.). In TaxBEN, the proportional amount of the Assistance in material need benefit relative to the Housing allowance is displayed in the variable for the Housing benefit [\[HB\]](#).

4. Family benefits

4.1. Child allowance (*Přídavok na dieťa*)

Variable name: [\[FB_I\]](#)

This is a universal benefit, non-contributory, not means-tested and not taxable.

4.1.1. Eligibility conditions

Child allowance is paid for children until the end of compulsory schooling (16 years) and up to 25 years for full-time vocational trainees, university students and those who cannot work or study due to sickness or injury.

4.1.2. Benefit amount

From 1 January 2023 the amount of child allowance is EUR 60 per child per month. The amount shall be one time increased by EUR 110 (since 1 January 2023) for the calendar month in which the dependent child first entered the first year of primary school.

4.1.3. Benefit duration

As long as the eligibility conditions hold.

4.1.4. Means test

The benefit is not means-tested.

4.1.5. Tax treatment

The benefit is not taxable.

4.1.6. Interaction with other components of the tax-benefit system

The benefit is universal and can be received together with any other benefit.

4.1.7. Combining benefit receipt and employment/starting a new job

No restrictions.

4.1.8. Benefit indexation

Since 1 July 2022 no automatic indexation.

4.2. Alimony replacement benefit (*Náhradné výživné*)

Variable name: [\[LPB\]](#)

This is a non-contributory and not taxable benefit.

4.2.1. Eligibility conditions

The government contributes through alimony replacement benefit to the maintenance of a dependent child (entitled person) in the event that the liable person (parent or other natural person) does not fulfil the maintenance obligation towards the dependent child up to the amount of the unpaid alimony, or orphan who is not entitled to an orphan's pension or an orphan's retirement pension, or respectively the amount of such a pension is lower than the amount stipulated by the Replacement Alimony Act.

Entitlement to replacement alimony benefit arises if the following conditions are met:

- a request for enforcement has been lodged with the court to recover the maintenance claim on the grounds that the liable person (parent or other natural person) fails to fulfil the maintenance obligation determined by the court decision in full, within the time and manner determined by the court decision, or

- the application for enforcement of the decision on the recovery of maintenance has been forwarded by the Center for the International Legal Protection of Children and Young People (hereinafter referred to as the Center) to the competent receiving authority abroad or recovery of maintenance from abroad is not possible, or
- the dependent child is not entitled to an orphan's pension or an orphan's retirement pension, or the amount of such a pension per parent is less than 0.7 times the amount of the subsistence minimum for a dependent child, which represents the amount of EUR 74.92 (0.7 x 107.03 EUR).

and at the same time the dependent child:

- duly fulfils compulsory school attendance in the case of a child who is compulsory to attend compulsory school;
- has a permanent or temporary residence in the territory of the Slovak Republic, if he is granted subsidiary protection pursuant to the Asylum Act and resides in the territory of the Slovak Republic; this does not apply if the dependent child is staying abroad due to studying abroad.

Applicants for replacement maintenance can be:

- a dependent child if he or she is an adult;
- the parent of the child;
- another natural person to whom the liable person is required by a valid court decision to pay maintenance for the entitled person (except for an application for replacement maintenance for an orphan's pension).

If the above conditions are met, the right to replacement alimony benefit in the event of non-fulfilment of the maintenance obligation by the liable person arises from the dependent child (entitled person) from the date of submission of the application for replacement maintenance and in the case of the entitled person - orphan on the day of the child's parent's death.

Entitlement to replacement alimony benefit does not arise to the dependent child, who is provided with care in a social protection facility for children and social guardianship in a residential form or in a special educational facility due to the enforcement of a court decision on institutional care, urgent measure or court decision on imposing protective education or educational measure, or is in custody or serving a custodial sentence.

The definition of dependent child is the same as for child allowance (Section 4.1.1.).

4.2.2. Benefit amount

If the liable person (parent or other natural person) does not pay the maintenance obligation in full, the replacement alimony benefit will be provided

- in the amount determined by the court decision or
- in the amount of the difference between the amount of alimony determined by the court decision and the amount of maintenance paid by the liable person.

If the dependent child is not entitled to an orphan's pension or an orphan's retirement pension, the replacement alimony benefit will be provided

- in the amount of 0.7 times the amount of the subsistence minimum for a dependent child (EUR 74.92).

If the beneficiary is entitled to such a pension, replacement alimony benefit is provided at the difference between 0.7 times the amount of the subsistence minimum for the dependent child and the total amount of the orphan's pension and the orphan's retirement pension per parent.

OECD note: the model always assumes that the payment consists in the minimum possible amount, meaning 0.3 times the amount of the subsistence minimum for a dependent child, hence: EUR 32.11 in 2023. This allows to maintain the comparability across different countries, as this rule is always employed for this type of policies.

Through this approach, the change introduced in 2022 that eliminated the maximum benefit amount is not detected in the results of the model. Hence, the following paragraph presents a short example to clarify how this change impacted the Alimony Replacement Benefit.

Example: considering a single-parent household, in the case in which the court establishes that the monthly alimony payment to be made would be EUR 400, the actual benefit amount received would vary across years due to the benefit ceiling in place until 2021. Hence, a ruling of EUR 400 per month would translate in:

Year	Subsistence minimum for a child	Proportion of the subsistence minimum for a child that determines the maximum amount	Maximum benefit amount payable following a court decision of EUR 400
2009	81.66 €	1.2	97.99 €
2010	84.52 €	1.2	101.42 €
2011	84.61 €	1.2	101.53 €
2012	86.65 €	1.2	103.98 €
2013	88.82 €	1.2	106.58 €
2014	90.42 €	1.2	108.50 €
2015	90.42 €	1.2	108.50 €
2016	90.42 €	1.2	108.50 €
2017	91.06 €	1.2	109.27 €
2018	91.06 €	1.2	109.27 €
2019	93.61 €	1.2	112.33 €
2020	95.96 €	3.7	355.05 €
2021	98.08 €	3.7	362.90 €
2022	99.56 €	-	400 €
2023	107.03 €	-	400 €

Note: the table displays only the years since the adoption of the EUR currency by the Slovak Republic.

As we can see from the table, even though the amount ruled by the court in this example is the same, the amount paid to the household changed throughout the years due to the increase in the subsistence minimum for a child during the period and due to the change in the computation to determine the ceiling. Ultimately, since 2022, no maximum threshold applies, and the recipient receives what is determined by the court.

4.2.3. *Benefit duration*

As long as eligibility conditions hold.

4.2.4. *Means test*

Non-means-tested.

4.2.5. *Tax treatment*

Non-taxable.

4.2.6. *Interaction with other components of the tax-benefit system*

Alimony replacement benefit is taken into account in the means test for assistance in material need.

4.2.7. *Combining benefit receipt and employment/starting a new job*

No restrictions.

4.2.8. *Benefit indexation*

These are amounts that are based on the percentage of the living minimum, e.g. in the case of the minimum of alimony or replacement alimony benefit for dependent child whose is orphan, their amount will be adjusted following the adjustment of the amount of the subsistence minimum from 1 July 2022, see above.

5. Net costs of Early Childhood Education and Care

The **reference date** for the policy rules described in this section is **1 January 2023**.

Early childhood education and care is provided by:

- providers of social services to promote the reconciliation of family and working life, e.g. nurseries, (from 6 months to 3 years old including) or
- kindergartens (from 3 to 6 years old; children aged 2 are also sometimes allowed subject to kindergarten's capacity) – *in the model it is assumed that both 2 and 3 year-olds attend kindergartens.*

Some nurseries are founded by municipalities/cities, but mostly they are founded by natural or legal persons. Kindergartens are mainly founded by municipalities/cities (public kindergartens), physical or other legal persons (private kindergarten) and churches or religious communities recognized by the state (church kindergartens).

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.

5.1. *Gross childcare fees*

Variable name: [\[SKcc_cost\]](#)

Providers of social services

The average cost in childcare facilities under the age of three in 2022 is around EUR 324 per month in Slovakia. This estimate is obtained from the applications of parents applying for childcare allowance. It shows the average actual childcare costs of

recipients of childcare allowance. In Bratislava, in 2022 the average childcare cost is EUR 357 per month. This type of childcare is modelled in TaxBEN for children aged less than 2 years old.

OECD note: to obtain the values for 2023 for the fee for providers of social services for Bratislava, the TaxBEN model applies the CPI inflation rate computed by the OECD to the fee applied in 2022. When the actual fee for 2023 will be available, it will be retroactively added to the model in place of this approximation.

Kindergartens

In public kindergartens (the case considered in the TaxBEN model for children aged 2 years old and above)¹⁰, the monthly fees to partially cover the expenses shall be determined by the founder subject to binding regulations.

Parents pay a monthly fee per child to cover part of the costs related to the material provisions for the education process. In state-run kindergartens, the binding regulation sets the limit for fees up to 7.5% of the subsistence minimum for a dependent child (EUR 107.03 since 1 July 2022), i.e. EUR 8.03 per month. In kindergartens run by local authorities, the fee ceilings set by local binding regulations can be higher.

In addition to the monthly fee per child described above, parents pay for children's meals in the kindergarten. The Ministry of Education, Science, Research and Sport regulates the meal fees by establishing (three) several financial zones of food units. However, the local authorities are free to determine the overhead costs. The fee for meals also varies, depending on the actual number of meals taken by the child.

In the city of Bratislava there are 17 districts, each of them has its own binding regulation. For example, in Bratislava – average, the maximum fee for a child's stay in the kindergarten is EUR 61.5 per month, the daily food provision is EUR 2.3 (monthly EUR 46.2) and the monthly overhead costs is EUR 12.5, together EUR 120.3. These fees are close to the average limits across 17 districts and are simulated in the model.

OECD note: TaxBEN uses as childcare fee the average amounts for the city of Bratislava since 2020. For previous years, the values used are those in place in the district of Dúbravka, as the averages for the whole city are not available before the year 2020.

5.1.1. Discounts for part-time usage

Providers of social services

The rules for part-time users are not available.

Kindergartens

The same attendance fee applies to parents who only use childcare part-time, but the additional payments (e.g. for meals) may be different and depend on the location where the kindergarten is located. In the model, it is assumed that the same fees apply to full-time and part-time childcare users.

¹⁰ According to administrative data, in 2022 the majority of children aged between 2 and 3 years old were enrolled in kindergartens rather than childcare facilities with providers of social services. More precisely, 8,146 children from 2 until 3 years old were enrolled in kindergartens, while only 3,767 children between 6 months and 3 years old were enrolled childcare facilities. Together it was 11 913 children (7.1% from all children up to 3 years).

5.1.2. Fees indexation

There is no regular indexation.

5.2. Fee discounts and free provision

Providers of social services

The fee reductions are administered through childcare allowance (see Section 5.3).

Kindergartens

Some fee discounts apply to all public kindergartens. For example, the legal representative of child does not pay the monthly fee in the following cases:

- the child is one year before the compulsory school attendance;
- the legal representative of the child is recipient of assistance in material need;
- the child is placed in the facility following a court decision (*not covered by the model*).

Other discounts might be determined by the kindergarten. The actual amount of fee, within the stipulated range, is determined by the director of the pre-school facility, kindergarten or special kindergarten, with the 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. Such discounts are not covered in the model.

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

5.3. Child-care benefits for formal centre-based care

Variable name: `[cc_benefit]`

Childcare allowance (*Prispevok na starostlivost' o diet'a*) is granted to a parent or guardian to support childcare expenses. This is a national universal scheme financed from taxes and the structural funds (ESF).

5.3.1. Eligibility

Childcare allowance is provided to persons taking care of a child up to the age of 3 years or up to the age of 6 years in case of long-term or severe disability. An eligible parent must pursue economic activity, or studies daily in high school or university and ensure that their children are looked after by official childcare service providers. The payment stops in the month after the child turns 3 years old (6 in case of disability), thus for 3-year olds in the model it is not simulated. The application is submitted by one parent; the status of the second parent does not affect eligibility.

5.3.2. Benefit amount

The amount corresponds to the documented expenses:

- up to EUR 280 monthly per child in case of child care carried out by an official provider such as nurseries, caregivers, private kindergartens, etc.
- up to EUR 160 monthly per child in case of child care is provided by the provider on the basis of a trade license or in the form of child care in a children's group (not covered in TaxBEN),

- up to EUR 80 monthly per child in case of child care provided by kindergarten registered in the network of schools and school facilities (the kindergarten must be established by a municipality or state administration at the local level);
- EUR 41.10 monthly per child without documented expenses in certain cases, if child care is provided by a person (e.g. parent, grandparent) who does not receive parental allowance.

5.3.3. *Benefit duration*

As long as the eligibility conditions hold.

5.3.4. *Means test*

No income test.

5.3.5. *Tax treatment*

Not taxable.

5.3.6. *Interaction with other benefits*

Childcare allowance cannot be combined with maternity benefit or parental allowance.

5.3.7. *Combining benefit receipt and employment/starting a new job*

The benefit is targeted at those in work.

5.3.8. *Benefit indexation*

No regular indexation. The amounts of the allowance for childcare can be adjusted by the Government of the Slovak Republic by regulation as of January 1 of the calendar year.

5.4. *Child care allowance for children not using child care centers*

Variable name: [\[HomeCare\]](#)

Parental allowance (*Rodičovský príspevok*) is a monthly benefit to contribute to parents taking care of their children. This is a tax-financed universal scheme providing a flat-rate benefit to all residents with children, irrespective of whether they take parental leave or not. Parents can work full time or part time while receiving the parental allowance.

5.4.1. *Eligibility*

Since 2011 one of the child's parents is entitled to allowance if he or she takes proper care of at least one child up to the age of 3 years (or up to the age of 6 years in case of long-term or heavy disability). Parental allowance can be received even in the case in which the child is attending public childcare. Parental allowance and childcare allowance (*Príspevok na starostlivosť o dieťa*) cannot be cumulated, and the parent must choose one between the two benefits.

5.4.2. *Benefit amount*

From 1 January 2023, the monthly amount of this allowance is

- EUR 301.00

- EUR 412.60 if the entitled person who applied for parental allowance was paid maternity benefit due to the care of this child before the entitlement to parental allowance (not modelled in TaxBEN).

For parents who have children who were born at the same time (twins, triplets, etc.) the amount of parental allowance is increased by 25% for each additional child (*not simulated*).

If there is a school-age child in the family who fails to attend compulsory school the amount is reduced by 50% (*not simulated*).

5.4.3. *Benefit duration*

As long as the eligibility conditions hold.

5.4.4. *Means test*

No income test.

5.4.5. *Tax treatment*

Not taxable.

5.4.6. *Interaction with other benefits*

An individual cannot receive parental allowance alongside unemployment benefit, sickness benefit or maternity benefit or childcare allowance, but it is possible for one member of a couple to receive unemployment benefit or sickness benefit and the other to receive parental allowance.

5.4.7. *Combining benefit receipt and employment/starting a new job*

No restrictions.

5.4.8. *Benefit indexation*

The indexation of parental allowance is linked to the indexation of the subsistence minimum. Each year on the 1st January the parental allowance is indexed on the basis of the indexation of subsistence minimum on the 1st July of the previously year.

5.5. *Tax concessions for childcare expenditures*

The childcare fees paid by parents are not tax deductible.

6. In-work benefits

TaxBEN counts the special allowance (Section 6.1.) and the Employee tax credit (Section 8.1.4.) as in-work benefits.

6.1. *Special allowance (Osobitný príspevok)*

Variable names: `[SA_SPEC_ALL_p, SA_SPEC_ALL_s]`

This is a non-contributory benefit, means-tested against individual earnings and is not taxable. It is an into-work benefit for those who were long-term unemployed or inactive and recipients of assistance in material need. In the model it is classified as an “in-work benefit” `[IW]`.

6.1.1. Eligibility conditions

The special allowance is granted to a person who:

- a) starts employment or a similar working relationship for at least one half of the set weekly working hours, with the agreed remuneration not less than the minimum wage corresponding to the agreed scope of weekly working time; with the maximum pay of twice the minimum wage
- b) and who prior to entering employment was:
 - long-term (over 12 months) unemployed, or
 - for at least 12 calendar months
 - did not carry out activities that are eligible for earned income, income from business, income from other self-activities or equivalent income abroad,
 - failed to comply with compulsory school attendance,
 - did not undertake full-time studies,
 - did not receive sickness, maternity or retirement pension, and
 - did not receive invalidity pension, retirement allowance, retirement pension or disability pension;
- c) and is a member of a household who receives assistance in material need or whose assistance in material need has ended upon entering employment.

6.1.2. Benefit amount

Special allowance is granted to a person during the period of employment or similar labour relationship. The amount is:

- a) EUR 126.14 per month for the first 12 calendar months
- b) EUR 63.07 per month for the next 6 calendar months.

6.1.3. Benefit duration

The benefit is paid for a maximum of 18 calendar months.

6.1.4. Means test

There is no income test of family or household income. However, there are restrictions on recipient's earnings (see eligibility conditions in Section 6.1.1.)

6.1.5. Tax treatment

The benefit is not taxable.

6.1.6. Interaction with other components of the tax-benefit system

The benefit can be received alongside assistance in material need, child allowance, child care allowance, parental allowance or other benefits.

6.1.7. Combining benefit receipt and employment/starting a new job

The benefit is targeted at people who start employment.

6.1.8. Benefit indexation

No automatic indexation.

7. Social security contributions and payroll taxes

7.1. Social security contributions payable by employees and benefit recipients

Variable names: [SOCSEC_health_1, SOCSEC_others_1, SOCSEC_health_2, SOCSEC_others_2]

Since 1 January 2010 the monthly minimum assessment base of all categories of employees (part-time, full-time, etc.) is the employee's actual monthly wage. Compulsory contributions of 13.4% of gross wages are paid by all employees into government operated schemes. The total is made up as follows:

Contribution type	Rate (%)
Health Insurance	4.0
Social Insurance	9.4
of which:	
- Sickness	1.4
- Retirement	4.0
- Disability	3.0
- Unemployment	1.0

There are maximum assessment bases MSSAB (maximum threshold for contributions to apply). These limits apply to both employee and employer contributions. From 2004 these MSSAB are no longer fixed values but depend upon the average wage in the national economy (AW). Since January 2017 MSSAB for all types of insurance (except health and accident insurance) have been increased to $7 * AW_{t-2}$, where AW_{t-2} is the average wage two years ago (in 2021 it was EUR 1 211 per month). Thus, $MSSAB = 7 * EUR\ 1\ 211 * 12 = EUR\ 101\ 724$ per year. For accident and health insurance there is no upper limit.

Since 2015, the health insurance contribution (HIC) allowance has been introduced. The allowance decreases the employee's assessment base for the health insurance. It amounts to EUR 380 per month (EUR 4 560 annually) and decreases as income rises. For each 1 euro rise in the monthly income, the monthly allowance is reduced by 2 euros. When the income reaches EUR 570.0 (EUR 6 840 annually) the allowance is reduced to zero. Since January 2018 the HIC allowance is available only for employee, and not employer contributions. The HIC allowance is applicable only on standard employment income (not self-employed income or income based on temporary contracts). However, to determine the amount of allowance all types of incomes are assessed so that only low income workers receive the allowance.

7.1.1. Rates indexation

No automatic rates indexation. The amount of the maximum assessment base is indexed in line with the average wage growth.

7.2. Social security contributions payable by employers

Variable names: [SSCR_1, SSCR_2]

The total contribution for employers is 35.2% of gross wages. The contribution comprises the health insurance contribution (10%) and the social insurance contribution (25.2%). The social insurance rate reflects contributions to sickness insurance (1.4%), disability insurance (3%), retirement insurance (14.0%), the Guaranteed Fund (0.25%), accident insurance (0.8%), unemployment (1%) and the Reserve Fund (4.75%). All contributions are rounded down to two decimal points.

Since January 2005, the Slovak Republic has introduced the privately managed fully funded pillar. This means that a given proportion (initially 9 percentage points; from 1 September 2012 – 4 percentage points; from 2017 to 2022 it increased by 0.25% each year to 5.5%; in 2023 and 2024 it will remain at 5.5%; in 2025 and 2026 it will increase to 5.75% and from 2027 and beyond it will be at 6%) of social contributions paid by the employer for retirement insurance flows directly to the private pension funds and not to the Social Insurance Agency as in previous years.

Employers also contribute to the Social Fund. The Social Fund must be compulsorily created by all employers who have their registered office or residence in the territory of the Slovak Republic and employ at least one employee in labour-law or service contract. The minimum mandatory contribution rate is set to at least 0.6% of gross employee salaries in the current year. The Social Fund is used for implementation of enterprise social policy for employees, e.g. for catering allowances, transport, social assistance, supplementary pension, etc.

Contributions to private pension funds and the Social Fund are classified as ‘non-tax compulsory payments’ in the TaxBEN model.

7.2.1. Rates indexation

No automatic rates indexation.

8. Taxes

Only the central government levies income tax in the Slovak Republic: there are no separate state or local income taxes. The tax unit is the individual, though there are some joint elements such as an additional allowance for those with a low-income spouse.

8.1. Personal income tax

Variable name: **[IT]**

8.1.1. Tax allowances

The digressive tax allowances (personal tax allowance and spouse allowance) are taken into account at the end of the year when the tax return is filed or when the annual reconciliation is performed. Monthly tax prepayments during the year are therefore not affected by tax allowances.

Basic tax allowance:

The basic tax allowance for all taxpayers is 21.0 times the Subsistence Minimum (SM) for an adult. Since 1 January 2023 it is $21.0 * \text{EUR } 234.42 = \text{EUR } 4\,922.82$ per year.

If gross earnings net of employee social security contributions exceed EUR 21 754.18 ($92.8 * \text{SM}$), the allowance is gradually reduced. (This threshold approximately equals to an employee’s monthly gross wage of EUR 2 093.37). In this case, the reduced amount of allowance is calculated as $44.2 * \text{SM}$ minus one quarter of gross earnings net of employee social security contributions.

The basic personal allowance reaches zero if the gross earnings net of employee social security contributions amount to EUR 41 445.48 per year. (This corresponds to employee's monthly gross wage of approximately EUR 3 988.21) The value of the basic tax allowance cannot become negative.

Spouse tax allowance:

An additional allowance is given to the principal earner in respect of a spouse living in the same household if the spouse earns no more than EUR 4 500.86 per year. As of 2013, to be entitled to spouse allowance one of the following conditions should be met:

- The spouse is taking care of (not necessarily personally) children up to 3 years (or up to 6 years if child is disabled)
- The spouse is unemployed
- The spouse is receiving nursing allowance (*not covered by the model*)
- The spouse is disabled (*not covered by the model*).

As from 1 January 2007 the value of the spouse allowance depends on the gross earnings net of employee social security contributions of both the principal and the spouse.

If the principal's gross earnings net of employee social security contributions are less than or equal to EUR 41 445.57 (176.8 * SM) and the spouse's gross earnings net of employee social security contributions are lower than EUR 4 500.86 (19.2 * SM), the spouse allowance is calculated as the difference between 19.2 * SM and the spouse's gross earnings net of employee social security contributions.

If the gross earnings net of employee social security contributions of the spouse exceed EUR 4 500.86, the spouse allowance is zero.

If the principal's gross earnings net of employee social security contributions exceed EUR 41 445.47 (176.8 * SM), the spouse allowance is calculated as 63.4 * SM minus one quarter of the principal's gross earnings net of employee social security contributions. This amount is reduced by the spouse's gross earnings net of employee social security contributions until it reaches zero.

Other tax allowances:

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

8.1.2. Tax base

The tax base is calculated as employment income minus tax allowances (including employee's social security contributions). Income tax schedule is applied to the tax base.

8.1.3. Income tax schedule

In 2013 the previous flat tax rate of 19% was replaced by a new tax schedule with two tax brackets. The ceiling for the first bracket is set as 176.8 * MLS (= EUR 41 445.47). The tax schedule is as follows:

Annual taxable income (EUR)	Rate (%)
0 – 41 445.47	19
41 445.02 and over	25

8.1.4. Tax credits

Child tax credit:

The previous allowance for children was replaced by a tax credit in January 2004. In 2023, the tax credit is:

- EUR 140.00 per month per child up to 18 years (EUR 1 680.00 per year);
- and EUR 50.00 per month per child over 18 years (EUR 600.00 per year).

The tax credit is deducted from the tax liability; if the credit exceeds the tax liability, the excess will be paid to the taxpayer.

The amount of the tax credit is limited by the number of dependent children as a percentage of the tax base (taxable income minus employee contributions) as follows:

Number of dependent children	Maximum amount of the child tax credit as a percentage of taxable income
1	20 %
2	27 %
3	34 %
4	41 %
5	48 %
6 and more	55 %

The credit can be taken only by one partner. It can be taken by one partner for part of the tax period (year) and by the other partner for the rest of the tax period (year); this choice must hold for all dependent children. If the parent's income is not sufficient to claim the full tax credit, they can add the tax base of their partner to their own tax base for the purpose of the calculation of the limit on the child tax credit by filing the annual tax return.

Since the credit is refundable, in the model it is included in the variable for the "in-work benefits" [\[IW\]](#).

Employee tax credit (ETC):

Prior to 2015, low-income workers were eligible for employee tax credit. The employee tax credit was effective from 2009 and depended on employee's earnings and the number of months worked. In order to receive the employee tax credit, earnings must be between 6 times and 12 times the monthly minimum wage amount (between EUR 3 876 – EUR 7 752). The credit was then calculated as a 19% of the difference between the basic allowance and the tax base (gross earnings net of employee SSC), calculated from 12 times the monthly minimum wage amount or from the actual income (whichever is higher). In 2023 the tax base (at the level of the minimum wage, EUR 6 713.30) is higher than the basic allowance (EUR 4 579.32) and the tax credit is automatically zero (so effectively no-one can be eligible).

In the model this tax credit is included in the variable "in-work benefits" [\[IW\]](#).

8.1.5. Rates indexation

No indexation in the case of child tax credit.

9. Selected output from the OECD tax-benefit model (TaxBEN)

This section shows selected output of the TaxBEN model for the Slovak Republic 2023 (Figure 2). TaxBEN by default produces the following output: 1) net household incomes (**black lines**) and 2) related income components (**coloured stacked areas**) for selected family and individual circumstances (e.g. a lone parent working at different earnings levels with two children aged 4 and 6 respectively – users are free to select many of these circumstances). The model and the related web calculator is accessible from the [project website](#). Figure 2 shows outputs for four scenarios:

- By gross earnings (**Panel A**);
- By unemployment duration (in months) for a jobseeker claiming unemployment benefits (**Panel B**);
- By previous gross earnings levels for a jobseeker claiming unemployment benefits (**Panel C**);
- By previous employment record, for a jobseeker claiming unemployment benefits (**Panel D**).

The stacked areas shows the following household income components: **GROSS** = gross earnings; **SSC** = social security contributions; **IT** = income tax; **FB** = family benefits; **HB** = Housing benefits; **SA** = social assistance / Guaranteed minimum income benefits; **IW** = in-work benefit. Note that these components may be the result of the aggregation of more than one benefit into a single component. Please refer to the table of content to see the benefits included in each category.

Results in Figure 2 refer to a 2-adult family with two children. Adults are both 40 years old whereas children are 4 and 6 years old respectively. Social assistance and housing benefits are assumed to be available in all the four scenarios when the necessary income and eligibility requirements are met. Where receipt of social assistance or other benefits is subject to activity tests (such as active job-search or being available for work), these requirements are assumed to be met.

Panel A assumes that one adult family member (so-called ‘spouse’ using the TaxBEN terminology) is out of work and not eligible for unemployment benefits (e.g. because they have expired) whereas the other adult member (so-called ‘principal’) is employed full-time and full-year at different earnings levels. When earnings of the first adult are zero this person is assumed to be out of work but not receiving unemployment benefits (again, e.g. because they have expired), instead claiming social assistance or guaranteed minimum income benefits, as applicable.

Panels B to D assume that the second adult is out of work and not eligible to unemployment benefits whereas the first adult is also out of work and claiming unemployment benefits. In Panel B and C the first adult is assumed to have a ‘long’ employment record of 264 consecutive months before the job loss. The horizontal axis in Panel B measures the time of benefit receipt, starting from the first month. The horizontal axis in Panel C shows the amount of previous gross earnings (before any social contribution payments). Results in Panels C and D refer to the 2nd month of unemployment benefit receipt whereas Panel D consider the case of previous earnings equal to the average Wage. Previous earnings in Panel B are also equal to the average wage.

TaxBEN assumes the following logical sequence of benefit claims: 1) Unemployment benefit (Section 2.1), 2) Child Allowance (Section 4.1), 3) Alimony replacement benefit (Section 4.2) 4) Special allowance (Section 6), 5) Assistance in material need (Section 3.1).

Figure 2. Selected output from the OECD tax-benefit model

Couple with two children, 2023



Source: Calculations based on the OECD tax-benefit model.

Annex: Other benefits and direct taxes

This section provides a brief description of other cash benefits and taxes on employment incomes in the Slovak Republic that are relevant for some members of the population below the statutory retirement age, but which are not included in the OECD tax-benefit model.

Subsidy for food and school supplies (Dotácia na stravu a školské potreby)

The subsidy can be granted to children who attend preschool facility or primary school and live in families who receive assistance in material need, or whose average monthly income for the last six consecutive months is below the subsistence minimum. Since 2021 there have been changes with respect to target group for providing food subsidies due to an increase in the tax bonus for age category 6-15, see chapter 8.1.4.

Subsidies for food can be provided to ensure food for a child in a preschool facility or a primary school. The subsidy for school supplies can be provided to ensure school supplies for children in the preparatory class in a pre-school facility (kindergarten) or in a school.

The food subsidy can be granted for:

- every child who attends pre-school facility or school (primary school) in which at least 50% of children are from families receiving assistance in material need,
- every child who attends pre-school facility or school (primary school) and lives in a family who receives assistance in material need or whose income does not exceed the amount of subsistence minimum,
- every child who attends the preparatory class in a pre-school facility or school (primary school) and lives in a household in which no member of the household has claimed (could or did not claim) this child to the tax bonus provided for children from 6 to 15 years of age.

The subsidy for school supplies can be granted for:

- every child who attends the preparatory class in a pre-school facility or school in which at least 50% of children are from families receiving benefits and allowances, and
- every child who attends the preparatory class in a pre-school facility or school and lives in a family who receives benefits or whose income does not exceed the amount of subsistence minimum.

Since 1 August 2021 subsidy for food is EUR 1.30 per day per child for lunch (granted only for days when the child attends school). Subsidy for school supplies is EUR 33.20 per child for the financial year.

Subsidy for food and subsidy for supplies can be provided by the founder of kindergarten or the founder of the primary school or municipality or civic associations. The subsidy is paid to the service provider not to the parents of the child.

Additional child benefit (Príplatok k prídavku na dieťa)

Additional child benefit is an extra allowance for dependent children introduced in January 2008. The entitlement arises if the child's parent or guardian is not entitled to the tax credit for dependent children, does not work or is a recipient of pension (old-age, early old-age or disability). Since the 1st of July 2022, the amount has been increased to EUR 30.

Programmes supporting energy expenditures

In 2022 and 2023 both targeted and non-targeted measures were implemented to support families against increasing energy costs. All these measures are outside from the scope of the TaxBEN model.

Non-targeted measures:

Introduction of a cap on final natural gas prices for households (2022 levels +15%) and cap on final electricity prices for households (2022 levels with minimal increase in certain fees).

Targeted measures:

Introduction of an ad-hoc income support in the form of thirteenth and fourteenth pension's instalments, available to the whole pension population: old-age, early old-age, disability, widow's/widower's and orphan's pensioners. The 13th pension instalment was paid in July 2022 from EUR 50 to EUR 300 depending to the total pension amount. The 14th instalment was paid in December 2022, ranging from EUR 35 to EUR 210 depending on the total pension amount.

Introduction of a subsidy for the support of humanitarian aid. It is available for specific target group such as:

- a natural person who has permanent or temporary residence in the territory of the Slovak Republic and who turned 62 years of age in May at the latest and is not a pension recipient,
- carers who do not receive cash allowance for providing care,
- persons who take care of a child with a long-term adverse health condition for dependent children with specified maintenance,
- children and family centres,
- persons whose substitute family care has ended.

The subsidy for the support of humanitarian aid was EUR 100 per target group.

Introduction of increases in standard benefits. For example, an additional one-off increase of EUR 100 to the assistance in material need (in May 2022). In the month of October 2022, assistance in material need was increased for those recipients who did not receive the increased amount in May 2022. The child benefit increased for each child in May 2022 from EUR 74.12 to EUR 100. In October 2022, the child allowance was increased by 70 euros (up to 100 euros) for children born between June 1st and October 31st, 2022.