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MANDAT news

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## EMPLOYMENT OF PEOPLE WITH DISABILITIES

Many clients do not comply with the statutory obligation to employ people with disabilities if their company employs 20 or more employees. This obligation arises from Act No. 5/2004 Coll., on Employment Services, as amended, and other legislation. Companies are obliged to employ people with disabilities if they employ at least 20 employees, and if the Office of Labour, Social Affairs and Family (the "Office") registers people with disabilities in their register of job seekers in the number equal to 3.2% of its total number of employees.

Pursuant to Section 65 of the Act, an employer who does not have the required share of persons with disabilities in its total headcount shall be obliged to transfer to the account of the Office, no later than on 31 March of the following calendar year, for every person with disability needed to comply with the compulsory share but not employed by the employer, a levy equal to the total labour cost calculated on the basis of the average employee wage in the Slovak Republic for the period from the first to the third quarter of the calendar year preceding the calendar year for which the employer pays this levy, multiplied by 0.9.

The relevant branch of the Social Insurance Company is obliged to provide the Office with data from the employers' register necessary for assessing the compliance with this obligation.

The above-mentioned obligation to employ people with disabilities can also be replaced by awarding a contract suitable for the employment of people with disabilities (the so-called sheltered workshops or sheltered workplaces were established for these purposes) or by awarding a contract to a person with disability who operates business activity as a self-employed person. The amount of the contract sufficient to replace one employed person with disability is the total labour cost calculated from the average wage of an employee in the Slovak Republic for the period from the first to the third quarter of the calendar year preceding the calendar year in which the employer complies with their obligation to employ persons with disability, multiplied by 0.8.

If a sheltered workshop or a sheltered workplace established by a person with disability who carries out business activity as a self-employed person engages in activities related to the purchase and sale of products not manufactured by themselves, the employer who buys such products, can count only 10% of the transaction price, exclusive of the value added tax.

Example: a company has 35 employees in average for the calendar year 2017 and does not employ any employees with 40% or more severe disability. Based on the method described above, the company has two options:

- 1. To pay a levy to the Office by 31 March 2018 in the amount of EUR 1 078;**
- 2. To award a contract to a sheltered workshop in the year 2017 amounting to EUR 958.**



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Please note that the transaction with the sheltered workshop must be also demonstrated to the Office no later than on 31 March 2018.

Companies, which did not pay the levy to the Office for the calendar year 2017 and did not grant the corresponding contracts to sheltered workshops, should create a provision for compulsory levy for their non-compliance with the mandatory requirement to employ persons with disabilities. In our example, the company would post a provision of EUR 1,078 to the **debit account 538 – Other taxes and charges / credit account 323 – Short-term provisions**.

You can also calculate the levy or the contract for the sheltered workshop on the following site: <http://www.nahradne-plnenie.com>



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## NOT TO BE MISSED

### Important dates

Overview of important dates in the July-September 2018 can be found on our website: <http://www.mandat.sk>

## ABOUT US

The companies **MANDAT CONSULTING, k.s.** and **MANDAT AUDIT, s.r.o.** were founded in 2004 as tax advisory and auditing companies. Since their establishment, they have been providing small, medium-sized and companies active in Slovakia with services in the field of tax consultancy, audit and accounting. Long-lasting cooperation with foreign advisory companies hand in hand with the competence of Slovakian tax advisors and auditors enables us rendering our service to the clients originated from abroad.

In present time, 41 well trained members of our staff are at the disposal to our clients.

Information provided in this material are only of a cursory nature. **MANDAT CONSULTING, k.s.** assumes no liability for any decision taken on the basis of this issue.

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