

Competition

We handle the concerns of our clients to fully comply with the omnipresent competition legal traps by providing tailored counselling aimed at client satisfaction. We provide our clients with comprehensive, knowledge-based advice in the assessment of their activities to avoid the potential violation of competition regulations and assist in the preparation and implementation of rules for compliance with competition law.



Given the complexity of competition matters, key challenges for clients include mainly the following:

- Can my business decisions, activities, agreements or practices be challenged as capable of harming market competition, and how to cope with these risks?
- Which provisions in our business contracts should be avoided in order to prevent potential claims from our customers, or penalties by governmental authorities?
- How should we structure our transactions to avoid potential competition law concerns?
- What are the penalties for a breach of competition regulations, and what are the reputational risks arising from such misconduct?
- What are leniency programs and how should we follow them?
- What is the best way to approach competition authorities?
- We want to merge with another strong market player, what should we do for our transaction to remain in a safe harbour?
- When is it necessary to notify a transaction to the Slovak competition authority, and when do we have to approach the EU Commission?
- What will be the anticipated outcome of the anti-monopoly authority's assessment of the relevant market and of the behaviour of our firm?
- How should we manage our price setting to be compliant with the relevant competition requirements?
- Is our distribution scheme in compliance with competition requirements?
- What are the alternatives of structuring a project where a joint venture is anticipated, from the viewpoint of competition law?
- What are the risks of network sharing within the EU/ Slovak markets?
- How should we cooperate with other firms and not restrict competition within the relevant market?
- What could happen if the proper approach is not chosen or structuring of the transaction is underestimated?
- Deal breaking measures imposed by state authorities
- Penalties imposed by the relevant governmental authorities
- Significant financial and time losses
- Undesired public exposure and reputational damages
- Business plans limitations and crashes
- Competition restraints

How can we help?

- Competition requirements relate to almost every business operating within the market. Our support is aimed at mediating contacts with the relevant state authority and counsel on the optimal structuring of the whole project.
- Legal and financial specialists will come together to assess your impact on the market and show you suitable future directions to grow rapidly.
- Compliance is essential. We offer legal assistance during the implementation phase of your projects in order to be cleared by the competition authority.
- We provide assistance and representation in the notification of concentrations to the competition authority in the case of acquisition of an undertaking or establishment of a joint venture.
- Our large network of practices worldwide enables us to cooperate and share experience to provide you with professional and highly skilled advice in competition aspects of your business.
- Due to our large network of practices worldwide, we can propose you a more flexible approach to domestic and cross-border projects.

We are engaged in our work. Our involvement includes:

- Evaluation of large M&A projects from the competition law viewpoint and assistance with obtaining the required approvals from the Slovak Antimonopoly Office.
- Competition compliance services for leading market players in the communications field.
- Assistance in implementation of a service network sharing project.
- Representation of clients before Slovak state aid authorities and the European Commission in respect of projects comprising state aid and antitrust concerns.
- Complex legal assistance in the field of compliance with competition rules in a public transport project for a large transportation company.



Contact

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Construction & Real Estate

Construction & Real Estate - because we know the key challenges in today's business environment.



Key challenges for property developers and real estate companies from a legal and tax perspective, besides other matters, include searching for the right answers to the following key questions:

- How should we structure our operations?
- Is registration of a branch or subsidiary required? And which of these options is more preferential in the case of property development and buying, maintaining, selling or letting out real estate?
- What are the main contractual terms to be included in a contract related to construction projects or real estate?
- How can ownership titles to real estate be acquired, protected or transferred?
- Will income tax obligations be triggered on a construction project or another activity connected to real estate?
- Can the property be depreciated for tax purposes and if so, who is entitled to make the deductions and when?
- What will be the deductible costs when transferring real estate?
- How to deal with VAT issues arising on construction projects and real estate? Will we have to impose VAT on our transaction? Can we recover VAT suffered on a transaction?
- What should be done to comply with real estate tax obligations?
- How are developments in the legal and tax environment changing conditions for doing business in real estate in Slovakia? Is there an efficient route to adapt to new rules for restructuring our real estate business or transactions?

What could happen in the case of non-compliance or omissions?

- Invalid contracts
- No legal title to real estate
- Increased tax burden in Slovakia or other countries
- Penalties imposed for non-compliance with monetary and non-monetary obligations
- Unnecessary additional costs
- Reputational risk

How can we help?

- Tax & legal teams work together. With an in-house legal and tax department, we are in an excellent position to combine our legal and tax knowledge, and transform it into value for our clients
- Legal and tax specialists will come together to set up your business or structure a transaction efficiently from the legal and tax perspective
- We can provide you with advice and a mix of legal and tax assistance during the construction phase, acquisition, maintenance and transfer of real estate
- Compliance is essential. We offer you legal and tax compliance assistance in all areas of your property development and real estate business
- Tax audits happen. Support during tax inspections or legal proceedings may help you to avoid additional costs, which may be significant. We have a specialist who can help you in tax audits, litigations and court proceedings.

We are engaged in our work. Our involvement includes:

- Restructuring of a popular shopping centre in Slovakia – We provided the full scope of legal and tax assistance to our client in restructuring the ownership of shares in a shopping centre with a subsequent upstream merger to achieve the desired legal and tax structure.
- Full scope legal assistance with the sale of a land plot for industrial production – we are engaged in complex legal advisory related to the offer and sale of a substantial land plot in an industrial park.
- Advice on the sale of a part of land to a foreign investor – We advised our client on a tax efficient route for selling land to a foreign investor.
- Compliance services for shopping centers – We have been engaged in the preparation of corporate income tax returns for several shopping centers in Slovakia for a number of years.
- We have prepared a manual for a major real estate owner to help its employees maintain compliance with various tax obligations and avoid additional tax burden when negotiating contracts with tenants.
- Sale of land to individuals – We helped our client to achieve tax savings in structuring the sales tax efficiently and assisted them from the legal perspective to carry out their land dispositions.
- Compliance and tax advisory services to an owner of warehouses – We are engaged in tax advisory services and compliance services for a group of companies owning warehouses in Slovakia.
- Numerous Due Diligence projects involving the acquisition or sale of real estate, or real estate companies.
- Review of a financial and tax model of a major PPP project of a motorway construction in Slovakia.



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Corporate matters

we contribute to the excellent, smooth and proper functioning of clients' businesses, and protection of their interests at the corporate level. We provide our clients with complex, highly skilled and effective advice on the governance of their corporate issues and the preservation of their shareholder, stakeholder, management and other similar rights and interests.



Key challenges for clients mainly include the following:

- What is the proper legal form for us to conduct our business activities?
- Is our company valid, properly incorporated and existing? Are the shares of our company valid?
- Which arrangements in the Articles of Incorporation and Statutes or Shareholders' Agreement are crucial in order to protect my rights of a shareholder?
- What are my obligations as a statutory representative vis-a-vis the company and its shareholders, and what is my liability?
- Who, and in what position, is entitled to represent the company towards third persons, and which actions are binding on the company?
- What are my rights as a shareholder towards other shareholders, members of the Board of Directors, and Supervisory Board of the company?
- How should the company bodies be convened, and what are their powers and obligations?
- What are the options to secure the funding of a company by way of an increase of its own capital, or by external financing? What are the tax consequences of doing so?
- How can a company issue new shares or bonds, and in which form and type? What tax issues should be considered?
- What are the steps to carry out an IPO effectively from the legal and tax perspective?
- Is there a mechanism available under Slovak legislation to squeeze out minority shareholders?
- How can a company distribute dividends or other own funds to shareholders? Are there any tax issues connected to such distribution?
- What are the risks involved if a company reports negative equity?
- Do thin capitalization, earning stripping or transfer pricing rules impact the deductibility of interest costs?
- What are my options if I want to terminate the business activities of a company, and what are the benefits and drawbacks arising from various methods of its winding-up?
- Are there any exit taxes or other tax matters to be considered when terminating a business?

What could happen if a proper approach is not chosen or the structuring of a transaction is underestimated?

- Invalidity of the company
- Potentially impaired investments
- Invalid, or challengeable decisions of the corporate bodies
- Deadlock in the functioning and decision making of the corporate bodies
- Misuse of shareholders' rights
- Increased costs and penalties imposed by the relevant governmental authorities
- Civil and criminal liability of the management of the company
- Reputational damages

How can we help?

- Proper organization and functioning of corporations is a necessary prerequisite for success. We can help you make sure that your business is valid, and minimise exposure to legal and regulatory risks.
- Compliance is essential. We offer legal and tax assistance throughout the lifetime of your business, from the very start to its winding up or sale.
- We can help you identify the proper legal form of conducting your business, taking into account your needs and expectations from the legal and tax point of view.
- We can assist you in the preparation and implementation of corporate documents to provide for the maximum possible protection of your rights in the company and mitigate potential tax risks.
- Our large network of practices worldwide enables us to cooperate and share experience to provide you with professional and highly skilled advice in corporate aspects of your business on both the national and cross-border levels.

We are engaged in our work. Our involvement includes:

- Setting up and incorporation of numerous companies and entities of various legal forms.
- Legal and tax assistance in the process of the transformation of Slovak entities belonging to a major media group.
- Performance of the liquidation of several large industrial production companies, and legal assistance with the winding up of Slovak branches.
- Complex legal and tax assistance to a construction company in respect of the transfer of its business activities from a branch to a newly incorporated company.
- Comprehensive assessment of the legal, tax and accounting aspects of a transfer of a business belonging to a major industrial producer in Slovakia.
- Legal advice to a foreign shareholder in connection with his claims vis-à-vis the managing director of a Slovak production company (including assistance in criminal proceedings).
- Maintenance of the seat and provision of secretarial services to several investors.



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Employment and Immigration

We assist our clients in managing their workforce in a legal and tax safe way, and to secure the availability of their top staff on site. We can provide our clients with comprehensive legal and tax advice in employment and immigration issues.



Key challenges for clients include mainly the following:

- What are the types of employment arrangements and how can we benefit from them?
- Which provisions should be included in employment or management agreements, in order to secure the validity of such contracts on one hand, and the protection of the interests of our company on the other?
- How can we protect our company against risks arising from employee misconduct, and to which extent can potential damages be claimed against employees?
- How should we approach trade unions in our company, and what are our rights with respect to collective bargaining?
- How should we organise working hours and employee shifts to remain compliant with Slovak labour legislation? What is the maximum number of overtime or night work? How many vacation days are our employees entitled to?
- What are the amounts of meal allowances an employee is entitled to?
- What if our company provides extra benefits to employees, whether in cash or in kind, such as extra days of vacation, healthcare services, or holiday vouchers? Are such benefits taxable in their hands, and can the company treat them as tax deductible expenses?
- What payroll obligations do we have and what are the employment taxes due, including social and health security related obligations?
- What are the health and safety rules in Slovakia, and how can they affect our business activities? What are the penalties in the case of a breach?
- How should we proceed in the event of mass redundancies?
- Which internal guides and processes should be implemented in our company? Are the existing internal processes sufficient to protect the interests and rights of our company, and do they fully comply with the legal requirements?
- What are the legal requirements for the secondment of our staff from abroad to Slovakia or vice versa? How are secondments treated from the tax, social and health security perspective?
- We want to employ a foreigner from an EU/non-EU country. What should we bear in mind to remain compliant

with labour and immigration legislation?

- Are there any measures to ensure that an employee remains in the company, e.g. after being provided with expensive training or an educational program?

What could happen if a proper approach is not chosen or labour law issues are underestimated?

- Void contracts
- Unnecessary litigation
- Reputational damage

- Increased costs and penalties imposed by the relevant public authorities
- Risk of illegal stay of personnel in Slovakia, consequences both for the company and individuals
- Civil and criminal liability of company management

How can we help?

- Solid management of employment issues is a prerequisite for the smooth operation of a business. We can help you maximize the level of protection of your company vis-à-vis claims from the side of employees, or penalties and other sanctions imposed by the public authorities.
- We can set up an efficient and effective contract management system for your company. We can also assist you with the preparation

and implementation of the relevant documentation (including internal guidelines, employment contracts and collective agreements).

- Our large network of practices worldwide enables us to cooperate and share experience in order to provide you with professional and highly skilled advice in the field of employment law and immigration issues. Therefore, we are perfectly capable of handling employment

and immigration projects covering multiple jurisdictions.

- Legal and tax specialists will come together to assess and advise you on complex employment and immigration matters.
- We can maintain the payroll agenda for you.
- We can help you obtain the necessary visa and work permits.

We are engaged in our work. Our involvement includes:

- Numerous Due Diligence projects involving the comprehensive review of employment contracts, collective agreements and compliance with

employment and health and safety regulations.

- Legal assistance with the preparation of employment contracts and related agreements for one of the leading providers of mobile phone services.

- Legal advice to a producer of software solutions on various complex cross-border employment matters.
- Tax related assistance to a company manufacturing car components in relation to assignment contracts.



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Intellectual property

We help our clients safeguard that which is important and highly-valued for their business. We are pleased to provide our clients with the comprehensive, efficient and effective protection of their intellectual property values, always following the latest trends and improvements in their field of interest



Key challenges for clients include mainly the following:

- How can we protect ourselves against the infringement of our IP rights, what are the available remedies, and which steps should we take in this regard?
- Should we apply for a patent, or are there any alternatives to protect our IP rights?
- We have invented something new - do we qualify for patent protection?
- Within which geographical areas should we seek patent protection?
- How can we protect ourselves against patent or trademark trolls and their practices?
- How should we deal with employees' IP rights?
- Have we implemented sufficient internal processes to prevent, identify and remedy the misuse or infringement of our IP rights from the side of our employees, subcontractors, management and others?
- Which provisions should be included in a non-disclosure agreement, in order to sufficiently protect our sensitive data?
- How can we safely and effectively license/sublicense IP rights?
- Can we depreciate IP rights for tax purposes?
- Can we buy IP rights from, or sell them to, a third party? What are the legal requirements?
- What are the tax issues connected with royalty income and royalty payments?
- Is royalty income taxable and in which country? Does withholding tax apply? Is a royalty payment tax deductible? Is VAT or any other tax applicable?
- Which requirements should be met if we plan to set up a franchise network within your jurisdiction?

What could happen if a proper approach is not chosen or structuring of IP rights protection is underestimated?

- Lack or loss of patent/ trademark or other statutory protection
- Significant financial claims brought by competitors and/or customers, or speculative claims by patent/ trademark trolls
- Loss of technological lead on the market
- Unnecessary litigation
- Reputational damage
- Increased costs and penalties imposed by the tax authorities
- Civil and criminal liability of company management

How can we help?

- Proper use and protection of IP rights is a must in today's knowledge-based economy. We can help you maximize the security of your IP rights, by way of introducing an effective and cost-saving IP management system.
- We can assist you with the preparation and implementation of

the relevant legal documentation, ensuring that your rights and interests in IP are sufficiently protected, considering the related tax impacts.

- Our large network of practices worldwide enables us to cooperate and share experience in order to

provide you with professional and highly skilled advice in the field of IP law.

- Legal and tax specialists come together to assess and advise on the complex matters arising from the use and protection of IP rights.

We are engaged in our work. Our involvement includes:

- Numerous Due Diligence projects involving a comprehensive review of IP rights, and related litigation proceedings.
- Legal and tax related assistance with the review or preparation and

implementation of NDAs and IP licensing agreements.

- Representation of various clients before the Slovak Intellectual Property Office in trademark and patent proceedings.



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Litigation

Litigation – because we measure success by achieving just, timely and enduring results for the clients who come to us with challenging matters. We provide our clients (both legal entities and individuals) with highly qualified, efficient, cost-effective representation in complex commercial, civil, tax and criminal matters.



Although individual cases differ, key challenges for clients include mainly the following:

- What are the anticipated results of the case, from both the personal freedom and property viewpoint?
- Which arguments should we use, and which procedural steps should we take, in order to achieve our ultimate goals?
- How should we manage our pre-trial and trial strategies in order to litigate against powerful adversaries that often have much greater resources than ours, such as public authorities?

- What are my rights in the proceedings and how can we seek their protection in the most effective and efficient way?
- How can on-going proceedings damage our reputation, and how can we communicate the case to the public in the most harmless way?
- How long could proceedings take, and what are the routes to obtain a final ruling in a timely and cost-effective way?
- What are alternatives to court proceedings, and how can these be used to maximize the likelihood of a favourable resolution of the case?
- How can we carry out sensitive internal investigations, and how can these help us as a defense in the court or administrative proceedings?

What could happen if good and effective defense is underestimated?

- Imprisonment and other penalties imposed for criminal offences
- Penalties imposed by the relevant governmental authorities for non-compliance with regulatory obligations
- Significant financial claim exposure
- Reputational risk

How can we help?

- Litigation happens. Our support in litigation proceedings can help you successfully defend your claim and avoid any additional costs, which may be significant.
- Our specialists can help you in litigations, court and administrative proceedings, as well as out of court settlement negotiations with counterparties.
- Our large network of practices worldwide can provide you with professional and highly skilled advice in international litigation, with an emphasis on international arbitration and international tax controversies.
- Legal and tax specialists come together to carefully prepare and manage your defense in tax audits and related tax litigation.

We are engaged in our work. Our involvement includes:

- Advice to a Slovak production company in a criminal prosecution related to the business activities of the company.
- Legal advice to a foreign shareholder of a Slovak manufacturing company in connection with its claims vis-à-vis the managing director in the Slovak subsidiary (including criminal prosecution).
- Representation of a major Slovak transportation company in a complex court litigation against the Financial Directorate of the Slovak Republic related to the recovery of VAT in Slovakia.
- Advice to one of the Slovak manufacturers and distributors of cosmetics in a court case held against the Financial Directorate of the Slovak Republic related to corporate income tax.
- Full litigation support to a distributor of detergents and other household products in a court case initiated against the Financial Directorate of the Slovak Republic related to corporate income tax.
- Advice to a Slovak electricity manufacturer in an income tax court dispute against the Financial Directorate of the Slovak Republic.
- Representation of a client in a litigation against an unlawful decision of a public authority before the Constitutional Court of the Slovak Republic.



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Mergers & Acquisition

M&A – because all projects can be exceptional. We provide our clients with highly professional legal and tax advice for every kind of merger and acquisition, with deep sector knowledge for client satisfaction.



Although the matters differ, key challenges for clients include mainly the following:

- How should we structure our transaction in order to maximize our profits and mitigate the risks involved effectively?
- What is the proper form of a legal entity to be established, taking into account the activities we want to carry out in the market after the transaction?
- How can we use the outcome of the process of due diligence to our advantage, and how should the due diligence results be interpreted?
- How to manage our liability and risks related to acquired assets or shares in the acquisition process?
- How can we take over the relevant licenses, permits, material contracts, significant assets, grants and the like, in order to smoothly continue the operation of the acquired business?
- How can we take over the management of the acquired business?
- Which arguments and clauses should be used in the process of contract drafting and negotiations?
- What are the pre-closing, closing and post-closing obligations of the parties involved?
- When is the suitable time for a public offering, and what are the advantages and drawbacks of entering the stock market?
- What are the most efficient takeover strategies, and how to use them?
- Are debt-push-down structures possible in Slovakia? Under what conditions?
- What are the most efficient exit strategies?

What could happen if a project is improperly structured or corporate issues are not sufficiently managed?

- Significant financial claims and possible tax exposure
- Failure to acquire the most important parts of the business or assets
- Reputational risk
- Shareholders' actions
- Failure of investments
- Commercial and contract disputes
- Penalties

How can we help?

- We provide complex advice for the sell-side and buy-side of transactions in the acquisition of companies and businesses operating in various industries. This includes structuring the whole transaction, legal and tax due diligence of target companies, assistance in negotiations, preparation of a contract or public offer, and post-closing arrangements.
- Our international reach provides our clients with the assurance that their requirements can be met by a

single multinational team combining a professional legal and tax practice, which can significantly reduce client costs and help them achieve their business objectives.

- Our ability to operate across borders for our clients is greatly assisted by the depth of our sector knowledge, which enables us to deliver relevant expertise across the world and across legal and tax practices, with an understanding of the issues and challenges facing our clients.

Moreover, strong teamwork and efficient working practices enable us to manage cross-border deals effectively and seamlessly.

- Our legal professionals, with a strong state aid department, can advise you on all state aid issues including representation before the relevant governmental agencies, analysis of eligibility for state aid, preparation of applications, and all subsequent compliance issues.

We are engaged in our work. Our involvement includes:

- Complex legal and tax advisory in the process of restructuring Slovak entities belonging to one of the largest retail groups in Europe;
- Buyer-side complex legal assistance in the acquisition of one of the largest Slovak radio stations;

- Seller-side legal and tax advisory in the process of the sale of a highly innovative Slovak automotive spare parts business to a foreign investor;
- Seller-side legal advisory to a foreign investor in the field of agricultural production;
- Complex legal and tax related post-deal merger assistance including valuation services for a very popular shopping centre in Slovakia;

- Buyer-side assistance in the process of acquiring an Internet business in Slovakia, including tax due diligence, structuring and SPA (small project assistance);
- Tax and accounting-related merger assistance for a retail group in Slovakia.



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Private Wealth

Because clients want their private wealth to be secure and to decide on its distribution. We provide our clients with complex, effective and efficient assistance in safeguarding their estates and being free to decide on the disposal of private wealth at the national and multinational level.



Although matters differ, key challenges for clients include mainly the following:

- Am I free to decide how my personal property will be distributed to my heirs?
- What are the effective and efficient legal options that enable me to decide on the disposition of my personal property after I pass away?
- Is forced heirship applicable in Slovakia, and how should this statutory requirement be adhered to?
- To what extent am I free to dispose of my property in a will? Can I decide that all my assets will only belong to some of my statutory heirs, or to other persons?

- What are the risks of estate taxation in various jurisdictions after my death? How can I manage such risks in advance?
- Can shares in a company be subject to inheritance, and what are alternative ways to safeguard the continuity of a family business?
- Is there any legal option to exclude marital property (e.g. contractually)?
- What are the rights of my spouse, if I secure all our income?
- What if I sell my property to a third person during the marriage?
- What if my separate property increases in value substantially in the course of marriage?
- Can I decide that all my separate property will belong to my children?

What could happen if good and effective defense is underestimated?

- Invalidity of the last will, or arrangements concerning the marital property
- Invalidity of legal acts in breach of regulations in the field of succession, or marital property
- Successful challenges of dispositions with personal property
- Unexpected taxation in particular jurisdictions (e.g. inheritance tax)
- Reputational risks
- Sensitive family and interpersonal issues

How can we help?

- Good structuring provides for long-lasting results. We can assist you with the secure planning of your estate in multiple jurisdictions, to prevent any challenges to a chosen and implemented structure.
- We can advise you on potential legal and tax risks and difficulties in connection with setting-up a convenient ownership structure, and the required compliance issues in maintaining the structure.
- Our advice can help you successfully defend the structure against any potential challenges and litigations, and to minimise any unnecessary costs.
- Our large worldwide network of tax and legal practices can provide you with professional and highly skilled advice in multi-jurisdictional planning.
- Legal and tax specialists come together to carefully prepare and manage your property in a safe and functional way.

We have experience.

- Our involvement includes complex legal and tax advice to various Slovak and foreign private investors, including advice on setting up and maintaining private investment funds in various jurisdictions.



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Financial Services

Financial Services – banking and insurance in a regulated market. Banking and insurance are regulated businesses with certain specifics arising in the legal and tax area.



The key issues to be considered in these businesses include:

- How should we structure our operations to comply with the regulatory framework in Slovakia?
- Is the registration of a branch or subsidiary required? And which of these options is more preferential from the legal and tax perspective in the case of financial services?
- Do we comply with all the regulatory requirements specific for our business sector, including corporate governance and consumer protection?
- Is our compensation plan structured in compliance with regulatory requirements and tax-wise?
- How to implement new regulations in the area of financial services properly in our company processes?
- What are the main contractual terms not to be omitted in a contract related to financial services?
- What are the tax impacts of financial services products for clients?
- Is it necessary to withhold tax when making payments to clients?
- How can loans be granted, secured, and refinanced, and what are the legal and tax issues related to these transactions?
- Will income tax or other duties be triggered by the provision of loans, guarantees or insurance, or other activities related to financial services?
- Is the implementation of hybrid financing possible in Slovakia? What are the legal and tax requirements and consequences?
- Can part of regulated activities be outsourced? What are the tax consequences of outsourcing?
- How to structure relationships with intermediaries?
- When will income from financial services be subject to taxation, based on an accrual or actual payment basis?
- What costs will be deductible when providing financial services?
- Which financial services are exempt from VAT?
- How to deal with VAT issues arising on financial services? Can we recover the input VAT suffered? If not, can we treat it as a tax deductible expense for income tax purposes?
- How can we manage our operations efficiently from the tax cash flow perspective?
- Can an enterprise in financial services benefit from a VAT grouping scheme?
- Are there any stamp duties on financial services?
- How are developments in the legal and tax environment changing the conditions for doing business in the financial services segment in Slovakia? Is there an efficient route for restructuring the financial services business or transactions to adapt to the new rules?

What can happen in the case of non-compliance and omissions?

- Penalties and sanctions imposed for non-compliance with regulatory requirements
- Non-compliance with regulations in Slovakia leading to the invalidity of certain contracts and transactions

- Increased costs for court proceedings
- Less efficient business model leading to an increased tax burden in Slovakia or other countries
- Obligation to bear tax on behalf of another taxpayer
- Cash flow issues
- Penalties imposed for non-compliance with monetary and non-monetary obligations
- Reputational risk

How can we help?

- Our tax & legal teams work together. Having an in-house legal and tax department, we are in an excellent position to combine our legal and tax knowledge to help our clients
- We can provide you with tailor-made advice in ever more complicated and sophisticated regulatory and compliance matters.
- We can assist you with setting up proper corporate processes and mechanisms to ensure that financial sector regulations are complied with.
- Legal and tax specialists will come together to set up your business/ transaction structure efficiently from the legal and tax perspectives.
- We can provide you with advice and legal and tax assistance during all phases of the financial services business you run in Slovakia.
- Compliance is essential. We offer you legal and tax compliance assistance in all areas of your financial services business.
- We can effectively and efficiently assist you in any disputes with the relevant public authorities in the sector of financial services.
- Tax audits happen. Support during tax inspections and legal proceedings can help you avoid additional costs which may be significant. We have specialists that can help you in tax audits, litigations and court proceedings.

We are engaged in our work. Our previous involvement includes:

- Assistance with the implementation of legislation in the intermediation of financial services - Leading client's in-house team that is responsible for compliance with comprehensive legislation change impacting virtually all areas of business.
- Assistance in a cross-border merger of a bank in Slovakia – We provided legal and tax assistance to our client in the process of restructuring.
- Assistance with mergers of insurance companies – We provided legal and tax assistance to our clients in many cases of restructuring, including cross-border transactions.
- Transfer pricing documentation for banks and insurance companies in Slovakia – We assisted our clients with the preparation of the required transfer pricing documentation in Slovakia.
- Assistance with FATCA – We are assisting our client with the proper implementation of FATCA requirements from the legal, procedural and tax perspectives.
- Compliance services for banks in Slovakia – We were regularly engaged in the preparation of corporate income tax returns for banks in Slovakia.
- Compliance services for insurance companies in Slovakia – We are regularly engaged in the preparation of corporate income tax returns and value added tax returns for insurance companies in Slovakia.
- Representation during a tax audit of banks and insurance companies in Slovakia and follow-up court proceedings – We regularly represent our banking and insurance clients during tax audits and prepare petitions in court proceedings.
- Hotline services for insurance companies in Slovakia – We regularly provide hotline services for insurance companies covering a wide range of tax issues.
- Review of contracts and transactions - We regularly perform tax analyses of contracts and transactions for insurance companies.
- Review of legislative changes and assessment of their impact on clients' operations



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Leasing

Leasing is a specific area subject to special legal and tax treatment.



The main questions to be raised by lessors and lessees when entering into a leasing arrangement include:

- How should we structure the lease arrangement? Is operational or financial leasing the more beneficial option for the lessor/lessee, taking into account the asset to be leased?
- Is the registration of a branch or subsidiary required if assets are leased to/from Slovakia? What are the cross-border legal and tax issues to be considered in the case of a cross-border leasing?
- What are the main contractual terms not to be omitted in a contract related to leasing assets?
- Is a tenant liable for damage caused in connection with the use or operation of rented assets?
- How can we benefit from a sale-and-lease back arrangement?
- Can the costs of maintenance of leased assets be deducted by the lessor or the lessee? How to treat the technical improvement of leased assets from the tax deductibility viewpoint?
- Who can depreciate leased assets for tax purposes and under what conditions?
- Will income tax obligations be triggered by leasing transactions in Slovakia? How and when will the underlying income be taxed?
- Can real estate be subject to financial/operational leasing?
- What will be the deductible costs when transferring real estate?
- How to deal with VAT issues arising on lease arrangements? Will VAT have to be imposed on the transaction? Can the VAT suffered on a transaction be recovered?
- What are the obligations of the parties to a lease agreement, and how to protect our rights from such an arrangement?
- What are the possible ways to exit from an inconvenient lease arrangement?
- How are developments in the legal and tax environment changing the conditions for leasing arrangements in Slovakia? Is there an efficient route for restructuring a business or transactions to adapt to the new rules?
- What are the consequences of a premature termination of a leasing agreement? How to treat it from the tax and legal perspective?
- What will be the tax and legal implications if the leased item is damaged, destroyed or stolen?

What can happen in the case of non-compliance or omissions?

- Invalid contracts, or contracts that do not provide sufficient protection
- Risk of litigation
- Increased tax burden in Slovakia or other countries
- Penalties imposed by tax and other authorities
- Reputational risk

How can we help?

- Our tax & legal teams work together. Having an in-house legal and tax department we are in an excellent position to combine our legal and tax knowledge to help our clients.
- Legal and tax specialists come together to set up your business or transaction structure efficiently from the legal and tax perspectives.
- We can provide you with advice and a mix of legal and tax assistance in the negotiation phase, in drafting the lease contracts, during the leasing period, as well as help you with the post-lease arrangements.
- Compliance is essential. We offer you legal and tax compliance assistance in all areas of your business.
- We can support you against any claims brought forth by the contractual counterparty, or by any third party in connection with the lease.
- Tax audits happen. Support during tax inspections or legal proceedings may help you avoid additional costs which may be significant. We have specialist who can help you in tax audits, litigations and court proceedings.

We are engaged in our work. Our involvement includes:

- Tax compliance and transfer pricing services to a company letting assets on the basis of operational lease arrangements – We provided full scope corporate tax compliance services to the company and assisted them in the preparation of their transfer pricing documentation.
- Legal advice to an agricultural producer – We assisted a large company doing business in the sector of agricultural production in the process of the sale of its shares to a foreign investor (including assistance in the legal issues connected with the lease agreements)
- Sale of a popular business centre – We assisted our client, the owner of a large business centre in Slovakia, on leasing issues in connection with a transfer of the business.
- Transaction support in legal and tax matters to a major leasing company renting out land and buildings to a large retail company.



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Tax Audit

Tax audits are complex procedures that may end in an obligation to pay additional tax and penalties.

DAŇOVÉ PRIZNANIE
K DANI Z PRÍJMOV PRÁVNICKEJ OSOBY
podľa zákona č. 595/2003 Z. z. o dani z príjmov
v znení neskorších predpisov (ďalej len „zákon“)

Číselné údaje sa zarovnávajú vpravo, ostatné údaje sa píše zľava. Nevyplnené riadky sa ponechávajú prázdne.
Údaje sa vyplňajú paličkovým písmom (podľa tohto vzoru), písacím strojom alebo tlačiarňou, a to čiernou alebo tmavomodrou farbou.

Á Ä B Č D É F G H Í J K L M N O P Q R Š T Ú V X Ý Ž 0 1 2 3 4 5 6 7 8 9

01 - Daňové identifikačné číslo
02 - IČO
03 - Právna forma

Druh daňového priznania
 daňové priznanie
 opravné daňové priznanie
 dodatočné daňové priznanie (vyznačí sa x)

Za zdaňovacie obdobie
 od . . 2 0
 do . . 2 0

Správca dane oznámil
 daňovníkovi číslo účtu správcu

áno
nie

We outline some key steps to follow in the case of an announced tax audit in order to mitigate potential risks:

- Collect and prepare all supporting documentation prior to the commencement of the tax audit,
- Prepare a separate room in which the tax inspectors can perform their work, if the tax audit includes an on-site tax inspection,
- Ensure access rights to the software used for conducting business, if required,
- Appoint a person responsible for communication with tax auditors, consider involving a tax advisor,
- Provide all necessary explanations to the issues raised by the tax inspectors,
- Carefully read the tax inspection protocol and insist on the inclusion of your explanations, provided facts and proofs in the document drafted by the tax inspectors,
- If you do not agree with the result of the tax audit, appeal the decision of the tax authorities regarding additional tax and/or penalties within

the statutory period and start the tax litigation procedure, if applicable.

What will happen in the case of non-compliance?

- Process of tax audit out of your control
- Lost opportunity to appeal against the decision on additional tax and/or penalties issued by the tax authorities
- Increased tax burden including penalties in Slovakia or other countries
- Reputational risk
- Potential criminal proceedings

How can we help?

- Tax & legal teams work together. With an in-house legal and tax department we are in an excellent position to combine our legal and tax knowledge to assist our clients.
- Tax audits happen. Support during tax audits or legal proceedings may help you avoid additional costs that may be significant. We have specialists who can help you in tax audits, litigations and court proceedings.
- We can assist you throughout the tax audit process, from its beginning to the end of the litigation and court proceedings. We can help draft the relevant appeals, extraordinary

remedies, court actions and other documents, and support you in discussions with the tax inspectors. With our help, the tax audit process should run smoothly and be a less stressful experience for you and your team.

We are engaged in our work. Examples of our engagements included:

- Assistance during a corporate income tax audit of a wholesaler – We assisted our client in the appeal procedure, including extraordinary remedy and court action.
- Assistance during a VAT audit of a metallurgical waste trader – We assisted our client in the appeal procedure, and in claiming interest for overdue payment of a tax refund from the tax authorities.
- Representation during corporate income tax audits of insurance companies and subsequent appeal and court proceedings – We regularly represent clients during tax audits focused on corporate income tax, appeal procedure, extraordinary appeal procedure, and court proceedings.
- Representation during a corporate income tax audit of a retail company – We represented a retailer during a tax audit.
- Preparation of a petition for an energy company - We drafted a petition regarding late-payment interest to be paid by the tax authorities to an energy company.
- Assistance during VAT and corporate tax audits upon the liquidation of various companies including trading companies and financial institutions.
- Assistance during the tax audit of an electronics component manufacturer.
- Assistance to a sugar producer in excise tax litigation proceedings.
- Assistance in tax litigation proceedings to an energy company involving complex VAT group issues.
- Assistance to an energy company in an appeal procedure concerning additionally assessed withholding tax.
- Assistance to a car maker in appeal proceedings against the assessment of penalty interest.

A sample of tax litigation cases where KPMG assistance has led to significant savings for clients is indicated in the following table.

| Client [anonymous] | Type of assessed tax or penalty | Initial assessment by tax authorities (in EUR) | Final assessment following assistance in proceedings by KPMG (in EUR) | Total savings for the client* (in EUR) |
|--------------------|---------------------------------|--|---|--|
| Client A | assessed corporate income tax | 113 000 | 48 000 | 71 000 |
| Client B | denied input VAT deductions | 2 115 000 | 0 | 2 327 000 |
| Client C | assessed output VAT | 103 000 | 0 | 113 000 |
| Client D | assessed penalty interest | 239 000 | 0 | 239 000 |
| Client E | denied VAT exemption | 5 700 000 | 0 | 6 270 000 |

Total savings for the client were computed as the sum of saved additional tax and saved penalty [using the applicable tax rate]. In addition, certain clients were successful in claiming damages in the form of late payment interest paid by the tax authorities, which is not indicated in the table.

Even if the savings seem not that significant in isolated cases, appealing a tax assessment is often a matter of principle given the recurrence of similar transactions in subsequent tax periods. If a position is not defended one year, the same issue may be easily attacked by the tax authorities in following years. Therefore, a carefully set up defense should be established as soon as the tax authorities begin to challenge the tax treatment applied.



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Legal & Tax Compliance

It has never been easier to comply with rules when legal and tax specialists work closely together.



Our legal and tax specialists work in teams to address the compliance issues of clients. The main areas to consider include:

- What legal and tax compliance issues should be adhered to? Is the business regulated or subject to some other restrictions or limitations? If so, what are the licensing requirements and how can we meet them?
- Which legal form would bring the best legal and tax benefits to your business and shareholders?
- What are the main considerations in terms of the rights and obligations of statutory bodies and supervisory boards? How should our company set up its processes to identify or evidence a breach of statutory obligations?
- Do our corporate internal guidelines and processes fully comply with legal requirements? What are the reporting obligations of our company vis-à-vis governmental bodies?
- What are the main terms to be included in corporate documents and contracts related to transactions?
- Do we have any statutory obligations arising from data protection, anti-money laundering or anti-fraud legislation? Do our internal processes and guidelines deal sufficiently with liability issues that may arise from a breach of these obligations?
- Are we obliged to initiate an internal investigation in the event of fraud detection, and which steps must be taken?
- Do we review the background of our clients, and do we provide them with sufficient care from the viewpoint of special legislation (e.g. anti-money laundering, fraud prevention, data protection, reporting under specialized financial legislation)?
- How can we mitigate our product liability?
- What is the tax treatment of stewardship fees?
- What tax consequences (including VAT, customs and excise duties and other taxes) and thus tax compliance issues are connected our company operations in Slovakia?
- How are developments in the legal and tax environment changing conditions for doing business in Slovakia? Is there an efficient route for restructuring business or transactions to adapt to the new rules?

What will happen in the case of non-compliance and omissions?

- Invalid or insufficient corporate documentation and contracts
- Potential prosecution by statutory bodies
- Increased tax burden in Slovakia or other countries
- Significant penalties imposed for non-compliance with monetary and non-monetary obligations
- Reputational risk

How can we help?

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- Legal and tax specialists will come together to set up your business or transaction structure efficiently from the legal and tax perspective.
- We can provide you with advice, legal and tax assistance during the set up phase, maintenance and exit phase.
- Compliance is essential. We offer you legal and tax compliance assistance in all areas of your business.
- Tax and compliance audits happen. Support during tax or other specialized inspections or legal proceedings may help you avoid additional costs that may be significant. We have specialists who can help you in tax audits, compliance inspections, litigations and court proceedings.

We are engaged in our work. Our involvement includes:

- Corporate tax compliance services for a wholesaler in Slovakia – We provide full scope corporate income tax compliance services to a wholesaler in Slovakia.
- Corporate tax compliance services for a popular shopping centre in Slovakia.
- We provide full scope corporate income tax compliance services to a popular shopping centre in Slovakia.
- Corporate tax compliance services for a producer of car components – We provide full scope corporate income tax compliance services to a producer of car components in Slovakia.
- Assistance with the implementation of FATCA rules – we provide our client with legal and tax assistance with the implementation of FATCA provisions in its internal processes.
- Competition compliance services - we provide leading market players in the field of communications with legal and compliance assistance in the field of competition law.
- Competition compliance services in transportation sector - Complex legal assistance in the field of compliance with competition rules for a large transportation company.



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