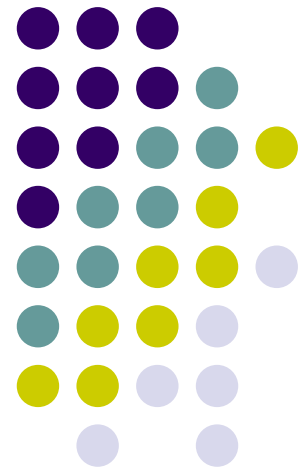


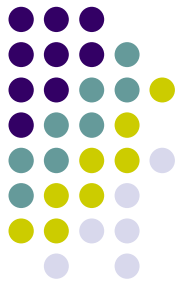
EEIG - an unknown instrument for business in Slovakia

Peter Cavojsky

Die EWIV in der europäischen
Kooperationspraxis

Wien, September 22, 2006





Basic information

- Basic legal sources:
 1. Council regulation (EEC) No. 2137/85 (EC regulation)
 2. Act on EEIG No. 177/2004 Coll.
 3. Act on the Companies registry No. 530/2003 Coll.
 4. Notice of the Ministry of Justice No. 25/2004 Coll.

Advantages of common framework



- Common framework can be seen in two levels:
European/Slovak
- Basic rules included in the Regulation are applied in the Slovak legal system as well
- Formation and existence of EEIG is compatible with formation and existence of companies
- Differences are less or more precisely stipulated
- Rather easy process of formation for companies by the Companies registry (5 work days)



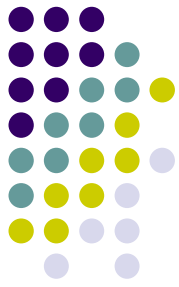
Fear and ignorance

- No EEIG incorporated under Slovak law
- EEIG in one word – cooperation - it requires confidence (esp. in EEIG because of joint and several liability of its members)
- New instrument for Slovak entrepreneurs [from May 2004]
- It is not only business and its first stage - profit, it is also development and enlargement, not only directly profit-oriented activity



Why to incorporate?

- A lot of possibilities for entrepreneurs - not only EEIG
- Clarification of the reason of the incorporation
- Members of one “*class*” – no minority or majority, suitable for SME
- EEIG should provide its members with help that is needed and vice-versa
- Common business name, common identification, common „*esprit*”



Formation

- Rather easy and „user - friendly“
- Formation in two steps:
 1. memorandum of association
 2. registration by the Companies registry
- What to submit by the Companies registry
- Foreign members – how to evade possible problems during formation process [apostil, extracts from the Companies registry etc.]



Summary of costs

- Authorization of Memorandum of Association [approx. 1.5 EURO per signature + TVA]
- Trade license [approx. 25 EURO]
- Judicial fees [approx. 2 50 EURO]
- Authorization of signatures on the application [according to the Executive Managers]
- Costs related to the translation of documentation, extracts from the registries, licenses etc.

“No competition in formation, pls”

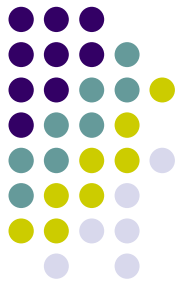


- Legal help is needed [the Companies registry is not familiar with such a formation as it has not registered any EEIG yet]
- The Companies registry can refuse the registration because of trifles
- Thoroughgoing preparation of formation is needed
- No sample Memorandum of Association has been made or published

Advantages of SK market for EEIG



- Fast process of formation
- Common framework [EC/SK]
- Statutory seat
- Easily managed
- No big formalities
- Sufficient protection of members [derivative actions]
- Taxes [19% tax of income and TVA]



Look at the future

- Development can arise in two major groups:
 1. as cross - border cooperation between Slovak entrepreneurs and foreign entities from adjoining Member states
 2. cooperation between foreign entities functioning in the Slovak republic and their partners from another Member states
- Escalating competition requires “*joint forces*” especially in cross - border activities – space for EEIG

Thank you.

Contact details:

Dr. Peter Cavojsky

+421 905 518 813

E – mail: peter.cavojsky@chello.sk

