Tax Agenda Slovakia

August 2024

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No.	Fact	Action
1	**The consolidation package** It is expected that during summer, the government will present a new consolidation package with significant impact on businesses.	Monitor legislation and prepare for action in case new legislation will be effective from 1 January 2025.
2	**The "second chance" for tax subjects** The amended tax code introduced the institute of the second chance, which means that the tax subject will not be sanctioned for the first violation of selected offenses. The amendment entered into force on 1 January 2024 and concerns administrative offenses that occurred after 31 December 2023.	Assess the impact of the change to the tax code. Assess whether the company is considered reliable based on the tax reliability index and if so, how this could impact the severity of potential sanctions.
3	**Revision of the action plan for the development of electric mobility** The revision includes proposals for key legislative changes, such as reduction of taxation of employee benefits from private utilization of company EVs, introduction of compensation rate for EV usage, etc. These changes should come into effect by the end of 2024.	Assess the impact of the proposed changes on your current or anticipated e-fleet. Monitor the legislative procedure.

Aug Sep Oct Nov

Use text boxes above the timeline to plan your actions for coming months

Compliance *Risk management* *Cash-flow and ETR impact*

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4	**Newly concluded double tax treaties with Azerbaijan, Albania and Saudi Arabia** Double tax treaties with Azerbaijan and Albania came into force on 1 April 2024. The treaty with Saudi Arabia will take effect on 1 August 2024.	Assess the impact on business with these countries.
5	**Minimum tax** Slovakia transposes the provisions of Council Directive 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation of multinational business groups and large national groups in the EU. Based on this law, Slovak subsidiaries, the effective tax rate of which falls below 15%, will be taxed through a top-up tax in the Slovak Republic. The law came into effect on 31 December 2023. See more.	Assess whether your business will be affected by the top-up tax.
6	**Increase in withholding tax rate on dividend payments to individuals** The withholding tax rate on the payment of undistributed dividends to individuals increased from 7% to 10%. The increased tax rate is applied for dividends paid from the profits accrued in 2023 or later.	Assess the impact of increased tax rate for individual shareholders and management included in ESOP.
7	**Proposed tax on sweetened beverages** The proposed tax on sweetened beverages should be effective from 1 January 2025. It will apply to sweetened beverages and everything from which such beverages are made. The law proposes a tax rate in a range of 0.15 – 4.30 EUR per liter (or kilogram) according to the measuring unit in which the beverage is supplied. A monthly tax period is proposed, along with a record-keeping obligation.	Assess whether the changes apply to the business activity performed. If so, prepare for the impact of the new tax.
8	**Amendment to the VAT Act – Leasing** As of 1 July 2024, the Amendment to the VAT Act will change the current VAT treatment of the handover of goods based on leasing (or other similar) contracts that do not clearly state that the transfer of ownership to these goods will occur upon payment of the last installment at the latest. See more.	Leasing companies in particular should thoroughly analyze the terms and conditions of leasing contracts, based on which they hand over the object of the lease to the lessee and reevaluate the applied VAT regime.
9	**Amendment to the VAT Act – Reverse charge on import of goods** The Amendment of the VAT Act also amendsreverse-charge on import VAT should be applicable when releasing goods into free circulation or temporary admission with partial relief from import duty. This change will bring a cash flow advantage for businesses as import VAT deduction could be claimed in the same VAT period as that in which the VAT liability arose. The effective date of this mechanism has been postponed to 2025 and 2026 (for taxpayers on whose account a customs declaration is made under the centralized customs procedure. See more.	Assess the potential impact of the change in the VAT compliance and monitor the legislative procedure.
10	**Proving the beneficial owner of the income** The Financial Directorate published the Information on the method of proving the beneficial owner of the income for WHT purposes. This Information classifies transactions into different risk categories and prescribes different documentation obligations.	Assess the risk category of the transaction before the payment and prepare prescribed documents.

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11	**Changes to the Slovak list of non-cooperative jurisdictions** Antigua and Barbuda, Belize and Seychelles were added to the EU list of non-cooperative jurisdictions for tax purposes, which resulted in their exclusion from the approved list kept by the Slovak Ministry of Finance. Transactions with these jurisdictions are subject to 35% WHT in Slovakia and are potentially reportable under DAC6.	Assess whether the changes apply to the business activity performed. If so, assess the potential tax impact of dealing with excluded countries. Monitor further changes to the approved list.
12	**Transformation of commercial companies and cooperatives** Law on the transformation of companies (transposing EU Directive 2019/2121) was approved. This law introduces new forms of transformation of companies missing from the Slovak legislation, such as spin-offs. The law is effective as of 1 March 2024.	Assess how changes to the rules for the transformation of companies may potentially impact planned business transformations.
13	**Public country-by-country reporting** Entities that are part of the group with a consolidated turnover over EUR750m will be required to prepare a new report with specific information on Group income tax obligations, description of activities and financial information of entities within the Group, etc. This report will be filed together with financial statements and will be publicly available. The first report will be prepared for accounting periods beginning after 22 June 2024.	Assess whether the company meets the requirements for public country-by-country reporting. If so, prepare for gathering new data that is to be disclosed in the report.
14	**Changes to the limitations on deductibility of interest expenses** New limitations on the deductibility of interest expenses are applicable also for debt received from non-related parties. The new rules affect entities with net interest costs above EUR 3m. Previous limitations for related-party debt will remain in force. The changes are effective as of 1 January 2024. See more.	Assess the impact of changes to deductibility of interest expenses.
15	**Windfall tax** The solidarity contribution (i.e., windfall tax) is applicable for subjects that generate at least 75% of their turnover from economic activities in the oil, natural gas, coal, and refinery sector. The solidarity contribution rate is 55% of the tax base for corporate income tax purposes.	Assess whether the changes apply to the business activity performed. If so, prepare for the impact of the new tax.
16	**Transfer pricing audits** Tax authorities are focusing on companies that incurred losses, or their profit decreased by a significant margin to examine whether they uphold their transfer pricing (TP) policies.	Ensure that the company has TP documentation available that can substantiate losses or decreases in profit.
17	**Reduced fee for a binding opinion** The fee for the binding opinion from tax authorities was reduced to EUR 1,000 (from EUR30,000). Significant reduction opened up possibility for further assurance when planning significant transactions. See more.	If contemplating significant transactions, taxpayers should consider asking the tax authorities for a binding opinion.

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18	**Real time invoicing** A public version of the bill on real-time invoice reporting (B2B and B2C) which should be effective from 1 January 2024 is not yet available. The Ministry of Finance has declared that it would like to give to the taxpayers at least 12 months for preparation, which, given the state of the legislative process and planned transposition of the upcoming Directive "VAT in digital age", may mean postponing the effectiveness of the law until 2025 or later. Real time invoicing will impose the obligation on Slovak businesses to send invoice data to the Slovak Financial Administration, before the invoice can be issued. This obligation was extended to all businesses and not only for VAT payers. See more.	Reporting should be through the state-certified communication component, likely to be part of the taxpayer's ERP system. Taxpayers should reserve their IT providers' capacities to implement a solution compatible with their ERP which can be in operation by January 2025 (actual timing of legislation to be monitored).
19	**Disclosure reporting** Based on DAC6, disclosing information on a reportable cross-border arrangement (MDR) to the tax authorities has become an obligation in Slovakia. Information on reportable arrangements executed as of 1 January 2021 must be disclosed within 30 days of the arrangement being ready for implementation or the first step in the implementation being made. See more.	Identify MDR obligations in Slovakia. Report if required.

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