

Tax Agenda Slovakia

July 2022




No.	Fact	Action	
1	<p>Tax regime for reimbursement of home office expenses</p> <p>The Slovak Financial Directorate issued a methodological standpoint (MS) governing taxation of employees' income resulting from the use of privately-owned equipment and the tax deductibility of related costs for employers. See more</p>	<p>Review of internal guidelines and ensure that employment contracts and collective bargaining agreements comply with the MS.</p>	<p>● ●</p>
2	<p>Thin capitalization rules</p> <p>Ministry of Finance of the SR has issued preliminary information on its preparation of a draft amendment to Income Tax Act No. 595/2003 Coll., based on which the so-called thin capitalization rules are to be changed (effective from 1 January 2024). These rules govern the maximum amount of tax-deductible interest expenses in relation to EBITDA. See more</p>	<p>Assess impact of changes to the thin capitalization rules.</p>	<p>● ●</p>
3	<p>New form of public Tax Reliability Index</p> <p>Conditions for a public Tax Reliability Index were released and "highly reliable" taxpayer received some dispensations, e.g., extended deadlines and reduced fees. "Unreliable" taxpayers suffer mostly from reputational risk as indexation is public. See more</p>	<p>To be eligible for these dispensations, the taxpayer should fulfill obligations arising from tax and accounting regulations. Taxpayer can file an objection against indexation within 15 days after receiving the notification.</p>	<p>●</p>



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

● Compliance ● Risk management ● Cash-flow / ETR impact

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4	New guidance on application of Double Tax Treaties Ministry of Finance released first draft of the upcoming guidance on application of Double Tax Treaties. It will clearly incorporate the obligation to prove the recipient's tax residence and beneficial ownership of the income as a condition for application of reduced withholding tax.	Taxpayers should be prepared with evidence on tax residence and beneficial ownership of payments such as licenses and interest paid to entities outside of Slovakia. The proof should be available at latest by the date of payment. 
5	Super-depreciation of CAPEX Taxpayers can apply an additional deduction (15% to 55%) of tax depreciation costs related to newly acquired assets for Industry 4.0. The deduction is dependent on the value of the new investment compared to investments in previous three tax periods. The minimum investment amount is €1 mil. See more	If there are planned investments in assets during following years, taxpayers should evaluate whether they meet conditions for the super-depreciation and if so, make appropriate steps to claim this deduction. 
6	Transfer pricing audits Tax audit activity is increasing after the extraordinary measures related to COVID-19 pandemic have been lifted. Tax authorities are focusing on companies which incurred losses or their profit decreased by a significant margin to examine whether they continued to uphold their transfer pricing (TP) policies during the COVID-19 pandemic.	Ensure that the company has TP documentation available that can substantiate losses or decreases in profit. A special benchmarking study for 2021 should be prepared. 
7	Reduced fee for a binding opinion The fee for the binding opinion from tax authorities was reduced to €1,000 (from €30,000). Significant reduction may open 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. 
8	Real time invoicing The Slovak Government announced that the "live invoice data reporting" legislation should come into force on 1 January 2023 (unofficially postponed to 1 January 2024). It 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 2023 (actual timing of legislation to be monitored). 
9	Reporting obligation for VAT payers VAT payers are obliged to register with the Financial Directorate each bank account held in a domestic or foreign bank, which they use for business activities. A penalty of up to €10,000 can be imposed if reporting obligation is not fulfilled. If a payment is made to an unregistered bank account of the supplier this will lead to a joint and several liability for unpaid VAT at supplier's stage. See more	VAT payers should monitor and report every change of their bank accounts. To manage the risk of several and joint liability for unpaid VAT, it is possible to remit the amount of VAT shown on an invoice directly to the individual bank account of the supplier registered with the tax authorities (split payment). 

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10	<p>Electronic archiving</p> <p>Historically, several tax, accounting and legal aspects associated with electronic archiving formed an obstacle to fully electronic archiving of documents (invoices, receipts). The amendment to the Accounting Act (effective from 1 January 2022) confirmed the validity of electronic documents and there could be a change in the practical approach of the state archives. Further, the Ministry of the Interior has also published a guideline on the conversion of accounting documents from paper to electronic form for archiving purposes. See more</p>	<p>Taxpayers should understand the legal and tax regulations concerning the archiving of documents, their conversion and transfer (in electronic form) abroad and take measures to enable electronic archiving in accordance with the legislation.</p>
11	<p>Cash-flow improvement</p> <p>Cash flow improvement possibilities exist: request decreased tax advances, request WHT from interest / licenses paid to related parties based on amended rules for the tax exemption.</p>	<p>Identify any outstanding receivables from the tax authorities or additional deductions.</p>
12	<p>Disclosure reporting</p> <p>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</p>	<p>Identify MDR obligations in Slovakia. Report if required.</p>
13	<p>Criminal liability</p> <p>There are strong indications that only simple payment of outstanding taxes will no longer extinguish criminal liability of statutory representatives who have committed criminal tax offences.</p>	<p>Put adequate tax procedures in place and collect evidence confirming that statutory representatives are making every reasonable effort to facilitate that the company is paying the correct amount of tax.</p>

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