
Pocket Tax Book 2017

A Practical Guide to the
Slovak Tax System



This booklet is based on the tax law as it stands on 1 January 2017. It is intended to be a general guide and is, therefore, in a condensed format. It should not be regarded as a basis for ascertaining tax liability in specific circumstances. Professional advice should always be taken before acting on any information in the booklet.



Dear Friends and Business Partners,

Thanks to your interest, our updated Pocket Tax Book is again available. It gives a brief overview of current tax legislation valid in 2017.

The year 2017 introduces dividend taxation for individuals to Slovakia, an increase of the maximum thresholds for social insurance contributions and the complete cancellation of thresholds for health insurance contributions. This will increase the already significant contribution burden on labour that has pushed Slovakia into the lower half of the rankings of OECD countries.

Positive changes include a decrease in the corporate income tax rate from 22% to 21%, an increase of the upper limit for lump-sum expenses for self-employed individuals to 60% and up to EUR 20,000 a year. The tax administration plans to focus on less-disciplined taxpayers. In this regard, double penalties for evasion and purpose-built tax avoidance in relation to transfer pricing have been introduced.

Another positive change driven by European Court of Justice rulings, is the introduction of financial compensation for VAT refund detention due to VAT inspection at a rate of at least 1.5% p.a. This measure will certainly help reduce the duration of VAT inspections, which is a serious issue for many taxpayers.

Taxes and the fight against avoidance remains the No. 1 issue internationally. The Ministers of Finance of the 28 EU countries reached agreement on a common approach (ATAD – Anti-Tax Avoidance Directive) in June 2016. Implementation of the ATAD directive will put in place more rigorous rules in domestic tax legislation in upcoming months.

It is not easy for companies to find the right direction in a continually-changing environment in Slovakia and internationally.

Our team of specialized tax advisors, who are a part of the international network of PwC firms, are able to compare interpretations of legislation and the approach of law makers and tax administrators in different countries. Our combination of local and global knowledge, experience, and contacts can help you prosper in this turbulent environment.

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Partner, Tax Leader, PwC

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Individuals

Personal Income Tax

General Principles

- Slovak tax residents must pay personal income tax on their worldwide income, subject to relief under Slovak law or an applicable double tax treaty.
- Slovak tax non-residents must pay personal tax on their Slovak-source income.
- The tax year is the calendar year.
- Personal income tax rates depend on the individual's income. A tax base of up to 176.8 times the subsistence level (i.e. EUR 35,022.31) is subject to a 19% tax rate. Amounts in excess of this are subject to a 25% tax rate. Taxable income on dependent activity (employment) of selected constitutional officers is subject to a special tax rate of 5%.
- The tax rate on certain income on capital assets is unified at 19%.
- Dividends paid from profit generated during the accounting period starting on 1 January 2017 or later are subject to a specific tax rate of 7%, or 35% if the individual is a resident of a non-contracting state.

Tax Residence

Slovak Tax Residents

- An individual is considered a Slovak tax resident if they:
 - Have permanent residence in the Slovak Republic ("Slovakia"); or
 - Are physically present in Slovakia for 183 days, or more, in a calendar year, either continuously or in total.

Slovak Tax Non-Residents

- Slovak tax non-residents must pay Slovak income tax on their Slovak source income such as:
 - Income from work carried out in Slovakia;
 - Income paid by a Slovak company for acting as a statutory representative of a company;
 - Income from self-employment activities, or from provision of services in Slovakia; and
 - Income from interest, licence fees, sale or rental of property located in Slovakia, or from lottery winnings.
 - Income from dividends
- Income may be subject to tax regardless of whether or not it is paid in Slovakia.

Personal Income Tax Base and Tax Losses

- An individual's tax base is calculated by adding income from different sources (from employment, entrepreneurial activities, other self-employment activities, rent, and other income).
- Specific income from holding capital assets, i.e. interest, is included in a separate tax base from 2016.
- Dividends paid from profit generated during the tax period starting on 1 January 2017 or later and from profit generated during tax periods until 31 December 2003 paid after 31 December 2016 are subject to a specific tax rate.
- The Act specifies income that is tax exempt. From 2016, such income includes, subject to certain conditions, income on the sale of securities listed on a regulated market, provided that the period between acquisition and sale exceeds one year, and income on long-term investment savings, after 15 years.
- As a rule, expenses unavoidably incurred when generating and maintaining taxable income are deductible from such income. However, eligibility for deduction must be analysed for each income type with regard to individual's specific circumstances.
- Tax losses arising from entrepreneurial or other self-employment activities may be utilised equally during no more than four subsequent tax periods, but only to offset the taxable income from entrepreneurial or other self-employment activities. A tax loss cannot be utilised against, for example, rental income or income from capital investments.

Tax Allowances

- Tax allowances may only be claimed on income from employment and income from entrepreneurial or other self-employment activities.

Personal Allowance			
entitlement	each taxpayer		
applicable for annual tax base	below EUR 19,809.00	from EUR 19,809.00 up to EUR 35,022.31	over EUR 35,022.31
personal allowance	EUR 3,803.33	progressively decreased	EUR 0.00

Dependent Spouse Allowance			
entitlement	- Slovak tax residents sharing a household with a spouse; and - Slovak tax non-residents with more than 90% of their worldwide income from Slovak sources (if certain conditions are met).		
applicable for annual tax base	below EUR 35,022.31	from EUR 35,022.31 up to EUR 50,235.62	over EUR 50,235.62
spouse allowance	positive difference between EUR 3,803.33 and the spouse's income	progressively decreased	EUR 0.00
Tax Bonus for Dependent Children			
entitlement	- Slovak tax residents with dependent children living in their household, provided they earn the minimum taxable income; and - Slovak tax non-residents who receive more than 90% of their worldwide income from Slovak sources.		
applicable for taxable income of	at least EUR 2,610.00		
tax bonus per dependent child	EUR 21.41 monthly (applied in 2017)		
Contributions to Supplementary Old-Age Pension Scheme			
entitlement	after meeting specific conditions, the non-taxable part of the tax base also includes verifiably paid contributions to the supplementary old-age pension scheme		
maximum non-taxable amount	verifiably paid contributions of up to EUR 180 for 2017		

Tax Registration

- Individuals must register with the Slovak tax office for income tax purposes if they have obtained a permit to do business in Slovakia, have started performing other self-employment activities in Slovakia, or have rented real estate in Slovakia. They must register by the end of the month following the month in which they started the activity described above.
- Individuals are not obliged to register as taxpayers if they only receive income from employment (§5), income from capital investments (§7), other income (§8), or income that is subject to withholding tax (§43), or receive a combination of the above.

Tax Returns

- Anyone who is liable for Slovak personal income tax and whose taxable income for the year exceeds a specific amount (in 2017, EUR 1,901.67) must file a personal income tax return, except for individuals:
 - Who have no other income other than income which is taxed by a withholding tax (such as bank interest);
 - Whose income is exempt from Slovak personal income tax; or
 - Who have their salary taxed via a Slovak payroll and the employer prepares an annual tax reconciliation for them, and the individuals have no other taxable income.
- The filing and tax payment deadline is 31 March of the calendar year after the year in which the income is earned. This deadline may be extended by three calendar months if the tax office is notified in advance. The maximum extension is six months if the individual also receives income from abroad.
- Married couples must file separate, individual tax returns.

Allocation of Tax Paid

- A taxpayer can allocate 2% (or 3% provided that certain conditions are met) of his tax liability for 2016 to a qualifying entity of his choice.

Penalties

- High penalties may be imposed for failing to file a tax return or pay taxes, or for doing so late, and for failing to declare significant amounts of, or all income sources. Penalties for individuals are calculated in the same way as penalties for companies.

Health Insurance and Social Insurance

- For 2017, the maximum assessment base for all types of social insurance (except for injury insurance that is unlimited) is 7x the average salary earned two years ago, i.e. EUR 6,181.
- From 2017, the maximum assessment base for the purposes of health insurance is cancelled for all types of income, except dividend income.
- For self-employed individuals, the minimum assessment base for the purpose of social and health insurance in 2017 is EUR 441.50.

Health Insurance

- Health insurance contributions are compulsory for individuals who:
 - Have permanent residence in Slovakia;
 - Do not have permanent residence in Slovakia (e.g. only have temporary residence), and are not insured in another EU or European Economic Area member state, or in Switzerland, and who have an employment contract with a Slovak employer or with a foreign employer who has a Slovak permanent establishment; or
 - Do not have permanent residence in Slovakia, and are not insured in another EU or European Economic Area member state or in Switzerland, and are carrying out, or have a licence to carry out, business activities in Slovakia.
- Income subject to health insurance contributions includes all types of taxable income (income under §5, §6, §7, and §8 of the Income Taxes Act) including dividends paid from profit generated during the years from 2011 to 2016.
- The rate of health insurance contributions for individuals who receive dividends subject to health insurance contributions is 14% of the actual assessment base.
- Contributions are not paid on dividends on shares traded on regulated local or international market.
- Individuals with permanent residence in Slovakia who perform activities abroad and are insured abroad are exempt from the obligation to pay contributions into the Slovak health insurance scheme.
- Regular monthly contributions to the health insurance scheme are considered to be advances to the annual liability, and are subject to an annual reconciliation performed by the relevant health insurance company, if required, by 30 September of the year following the year for which the contributions were made.

Social Insurance

- The Slovak social insurance system covers state old-age pensions, and insurance for sickness, permanent disability, unemployment, injury and employer insolvency, and contributions to the guarantee insurance and reserve fund.
- The Slovak old-age pension insurance system consists of three pillars. The first and (with some exceptions) second pillars are compulsory, while the third one is voluntary.
- Any employment income and income from entrepreneurial or other self-employment activities (income pursuant to §5 and §6 of the Income Taxes Act) is subject to social insurance contributions, however, only up to the amount of the maximum assessment base (EUR 6,181 per month for 2017).

Overview of Social and Health Insurance Contributions from employment income

Employee		
	rate	maximum monthly contributions for 2017 (in EUR)
sickness	1,4 %	86,53
retirement	4 %	247,24
permanent disability	3 %	185,43
unemployment	1 %	61,81
guarantee insurance	-	-
reserve fund	-	-
total	13,4 %	581,01

Employer		
	rate	maximum monthly contribution for 2017 (in EUR)
sickness	1,4 %	86,53
retirement	14 %	865,34
permanent disability	3 %	185,43
unemployment	1 %	61,81
guarantee insurance	0,25 %	15,45
reserve fund	4,75 %	293,59
total	34,4 %	1508,15

- In addition to these social insurance contributions, an employer must also make injury insurance contributions of 0.8% of an employee's total salary costs per month.
- Health insurance contributions are at the level of 4% for employee and 10% for employer. Contributions are paid from employee's gross income. The maximum assessment base for health insurance is cancelled from 2017.
- On 1 January 2015, a deductible amount by which the assessment base is reduced for the employee and the employer was introduced for specific employee categories for health insurance.

Amount Deductible from the Assessment Base in 2017			
annual assessment base:	EUR 4,560	from EUR 4,560 to EUR 6,840	EUR 6,840 + (incl.)
amount deductible:	EUR 4,560	progressively decreased	EUR 0.00

Companies

Corporate Income Tax

Entities Liable to Corporate Income Tax

- Any legal entity that has its seat or its management located in Slovakia is a taxpayer with unlimited tax liability (a tax resident). The taxpayer's worldwide income is the subject of tax. To avoid double taxation, tax treaties with relevant countries apply.
- Taxpayers with limited tax liability (tax non-residents) are only taxed on Slovak-source income.
- Group taxation is not allowed.

Tax Rate

- The corporate tax rate for 2017 (tax period starting not earlier than 1 January 2017) is 21%.

Minimum Corporate Tax

- The minimum tax (tax licence) after deducting tax allowances and considering the tax that a legal entity must pay abroad, ranges from EUR 480 to EUR 2,880 depending on the annual turnover and on whether or not the entity is a VAT payer. If a company has at least 20% of employees with a health disability, the tax licence is halved.
- The tax licence is payable by the deadline for filing a tax return and may be deducted from a future tax liability, provided it is higher, over no more than three consecutive tax periods.
- In specific circumstances, the tax licence is not payable.

Tax Base

- As a rule, the tax base is the profit/loss as determined under the Slovak Accounting Act, adjusted for tax purposes.
- If a taxpayer is obliged to report under International Financial Reporting Standards ("IFRS"), the tax base is derived from either:
 - The profit/loss under IFRS, adjusted for tax purposes using the IFRS bridge issued by the Ministry of Finance; or
 - The profit/loss that would be reported if double entry bookkeeping was applied in accordance with Slovak accounting standards.
- For tax non-residents who are not obliged to keep accounting records and decide not to do so, the tax liability is calculated by looking at the difference between income and expenses. An alternative method can be used to calculate the tax liability if the tax office gives its consent.

Income not Subject to Tax

- The following items are not subject to corporate tax:
 - Dividends paid from profits reported after 1 January 2004 (except for dividends received and paid to taxpayers from countries with which Slovakia has not concluded a double tax treaty or tax information exchange agreement);
 - Shares on liquidation balances and settlement amounts paid to shareholders, to which the shareholders were entitled after 1 January 2004 (except for those received and paid to taxpayers from countries, with which Slovakia has not concluded a double tax treaty or tax information exchange agreement);
 - Income received by donation or inheritance; or
 - Income from acquiring new shares due to an increase in share capital from retained profits from previous years, or due to exchange of shares in cases of mergers, fusions and demergers.

Income Exempt from Taxation

- Exempt income includes:
 - Interest and certain other income from loans and borrowings, bonds, etc. and royalties paid from sources in Slovakia to a taxpayer from an EU member state, who is the beneficial owner of such income provided that a relationship has existed between the entities for at least two years preceding the date when the income is paid.

Tax-Deductible Items

- Tax-deductible items are incurred when generating and maintaining taxable income. Documentation, such as receipts, invoices, and specific forms of documentation on transactions with foreign related parties, must be kept to support tax deductibility.
- When using an asset that qualifies as an asset for personal use, only the pro-rated part of related expenses/costs is tax deductible which is verifi-ably incurred to generate, secure and maintain tax deductible income; or a flat rate of 80% applies if the asset is also used for private purposes.
- Some expenses are only tax deductible for the debtor upon payment (e.g. rent for the lease of movable properties, real estate properties, fees for the use of software, know-how, copyright, etc.)
- From September 2015, a taxpayer who provides a vocational education for a student based on a contract, may deduct a flat amount of EUR 3,200 per student from the tax base, together with incurred related costs in a specified amount.
- In addition, the Income Tax Act limits the tax deductibility of certain other types of expenses.

Allocation of Tax Paid

- A taxpayer may donate 1.0% (or 2% provided that certain conditions are met) of his tax liability for 2016 to a qualifying entity of his choice.

Dividends

- Dividends paid from profits generated after 1 January 2004 are not subject to Slovak income tax, except for dividends paid to legal entities, residents of non-contracting states, or dividends received from residents of non-contracting states. Such dividends are subject to a special tax rate of 35%.

Interest

- Interest is generally tax deductible.
- Interest (and related costs) on borrowings and loans provided by related parties are tax deductible at no more than 25% of adjusted EBITDA (the total of the result of operations before tax, including depreciation charges, and the interest expense).
- Interest paid by a Slovak tax resident to a Slovak tax non-resident is subject to withholding tax of 19%, unless it is tax exempt in accordance with the EU Directive on the common system of taxation applicable to interest and royalty payments as incorporated into Slovak tax legislation. A 35% tax rate is applied to interest* paid to a resident of a country not specified in the list published by the Slovak Ministry of Finance or a country with which Slovakia has not entered into a double tax treaty, or agreement on the exchange of information relating to taxes.

*The 35% tax rate also applies to other types of income.

Foreign Exchange Differences

- Foreign exchange differences charged via the profit and loss account and arising from the revaluation of unsettled receivables and payables as at balance sheet date are treated as taxable or tax deductible when booked in accordance with the accounting. However, they can be excluded from the tax base in the tax return.

Tax Losses

- A taxpayer can utilise a tax loss equally over four consecutive tax periods. From 2014, this also applies to unutilised cumulative tax losses for the tax periods that ended in 2010 to 2013.

Depreciation

- Tax depreciation (capital allowances) is generally available for expenditure incurred on non-current tangible and intangible assets. Tax depreciation can also be applied to assets acquired via a financial lease.
- The tax depreciation charges of non-current intangible assets equal the depreciation for accounting purposes, except for some specific instances relating to goodwill.
- Non-current tangible assets are classified into tax depreciation groups to which different tax depreciation periods apply, as follows:

Depreciation group	Depreciation Period (years)	Examples
1	4	motor vehicles, office machines, and computers,
2	6	engines, cooling and freezing equipment, some types of production equipment and machinery
3	8	assets of a technological character, turbines, furnaces
4	12	prefabricated buildings made of concrete and metals, air conditioning systems, elevators
5	20	manufacturing and commercial buildings and constructions
6	40	residential and administrative buildings and constructions

- Certain types of assets are excluded from depreciation.
- Tax depreciation may be interrupted for one or more taxable periods and continued subsequently as if no interruption occurred.
- With regard to assets classified in depreciation groups 2 and 3, the taxpayer may select either the straight-line or accelerated depreciation method. A separate formula applies for calculating tax depreciation charges for each method. The straight-line depreciation method applies to the majority of other assets.
- For non-current tangible fixed assets put into use, only a proportion of the depreciation charge can be applied. This is based on the number of months which the asset was in use.
- For some types of fixed tangible assets, where the tax written down value is tax deductible only up to the amount of income from their sale, taxpayers are entitled to apply tax depreciation charges in the year of sale in an amount corresponding to the number of whole months these assets were on their books.

Business Combinations

- Slovak tax law recognises two alternatives (the fair value method or the acquisition cost method) for the tax treatment of in-kind contributions to a company's share capital, and for mergers, fusions, and demergers.
- Specific rules apply for each tax treatment of transaction and for administrative obligations of participating parties.

Capital Gains and Securities

- As a rule, profit from the sale of securities is included in the corporate income tax base. A loss from the sale of securities is only tax deductible if certain conditions are met, or for specific taxpayers. A new definition of the input price of a financial asset has been introduced.
- The total costs related to derivatives are only tax deductible up to the total income from these derivatives arising in the same tax period. However, costs related to hedging derivatives and derivatives incurred by insurance companies, reinsurance companies or by a taxpayer holding a license for trading in securities issued by the state authorities, are tax deductible in full.
- Income from the transfer of an ownership interest in a commercial company or a membership interest in a cooperative with its seat in Slovakia is taxable in Slovakia. This does not apply to income earned by a taxpayer who is a taxpayer of an EU member state. In this instance, such income is only taxable in Slovakia if it arises from a Slovak tax resident (or a permanent establishment in Slovakia). The taxation of income on a transfer in Slovakia may also be regulated by the relevant double tax treaty.
- Income from the transfer of ownership interest in a commercial company or membership share in a cooperative, provided that the company or cooperative holds intangible assets in Slovakia, the carrying value of which amounts to more than 50% of the transferor's equity, is taxable in Slovakia. The relevant double tax treaty may provide for a different taxation of such income in Slovakia.
- In-kind contributions in the share capital of a commercial company or cooperative with its seat in Slovakia may be taxable in Slovakia. The relevant double tax treaty may provide for a different taxation of such income in Slovakia.

Tax Period

- The corporate tax period is either:
 - A calendar year; or
 - A fiscal year (any 12 consecutive calendar months).
- Special rules apply to winding up without liquidation, bankruptcy, and, in some cases, to a change of a taxpayer's legal form.
- The taxpayer must notify the tax office of a change of the tax period from a calendar year to a fiscal year and/or a different 12-month period.

Filing

- Corporate tax returns must be filed by the general filing deadline of three months from the end of the tax period. This deadline may be extended by another three calendar months based on a notification to the tax authority. If the taxpayer's income also includes income from sources abroad, the deadline may be extended by no more than six months.

Amended Tax Return

- If a taxpayer discovers an error in their tax return resulting in a higher tax liability, or a lower tax loss, an amended tax return must be filed within one month of the month in which the error was discovered. Any additional tax must be paid by this deadline.
- If the taxpayer discovers an error in his favour in a filed tax return, an amended tax return may be filed under certain conditions.
- From 2016, an amended tax return may also be filed within 15 days of the start or extension of a tax control.

Payment

- The tax balance due for a fiscal year is payable by the general or extended tax return filing deadline.
- A company must also pay corporate income tax advances if its last known tax liability for the tax period exceeded EUR 2,500.00.
- Advances are payable:
 - Quarterly (one-fourth of the last known tax liability) if the last known tax liability was between EUR 2,500 and EUR 16,600; or
 - Monthly (one-twelfth of the last known tax liability) if the last known tax liability exceeded EUR 16,600.
- Withholding tax applicable to certain income types (e.g. dividends, bank interest, monetary and in-kind supplies received by healthcare providers, their staff and healthcare workers) is considered to be a final tax and cannot be treated as a tax advance. Withheld tax may be treated as a tax advance in some cases.

Fines and Penalties*

- The amount of the penalty for some administrative tax delinquencies is subject not only to the reported tax difference, but also to a significant extent by the length of the period during which the tax was reported incorrectly. For example, this relates to situations where the tax reported in the tax return is increased by an amended tax return, or if the Tax Authority initiates a tax control, or imposes additional tax as a result of the control.
- A penalty will be imposed of a maximum of 1% of the assessed amount, however at a maximum of 100% of the assessed amount.
- A penalty for selected administrative delinquencies will continue to be assessed at a flat rate, such as for a late filing or a failure to meet other non-monetary obligations.
- A system of collective penalties is introduced for more than one administrative delinquency.
- In some cases, when the taxpayer intentionally and purposely reduces his tax liability by using incorrect pricing in controlled transactions, the tax authorities may double the penalty.

*These sanctions also apply based on a tax order to other taxes than corporate income tax, e.g. to VAT.

Transfer Pricing

General Principles

- Prices in controlled transactions between related parties must be set at fair market value (arm's length principle) for income tax purposes.
- A controlled transaction is a legal relationship or other relationship between two or more related parties, where at least one party is a taxpayer with income from entrepreneurial activities and other self-employment activities (§6) or a legal entity which gains taxable income (profit) from activity or from the use of its assets. When assessing a controlled transaction, the tax authority focuses on its substance.
- A related party (an individual or a legal entity) is a relative, a party economically or personally related, or a party otherwise connected (this relationship arises if the parties have established a legal relation or transaction, in particular for the purpose of decreasing the tax base or increasing the tax loss).
- A taxpayer may request the tax authority for unilateral or multilateral approval of the transfer pricing method for recognition of a controlled transaction based on application of a double tax treaty. The fee for unilateral approval is EUR 10,000 and EUR 30,000 for multilateral approval based on application of a double tax treaty is.
- The tax authorities may increase the tax base and assess penalties if they ascertain that arm's-length prices were not used in transactions between related parties, and this has resulted in a reduction in the Slovak entity's tax base, or an increase of a tax loss. If a taxpayer intentionally did not use arm's length prices, penalties on taxpayers can be doubled.

- From 2017, the Income Tax Act sets out specific circumstances, when taxpayers with unlimited tax liability are obliged to automatically adjust their tax base for controlled transactions and inform tax authorities about this adjustment in writing.

Transfer Pricing Documentation

- Taxpayers must keep transfer pricing documentation in a specified scope. They must present the documentation to the tax authorities upon request within 15 days of a request. The tax authorities may only send a request to present the documentation after the deadline for filing the tax return for that tax period.
- The content and scope of the documentation is determined by the Ministry of Finance and taxpayers must keep one of the following types of documentation: shortened, basic or full scope.
- From 2015, maintaining transfer pricing documentation is obligatory for domestic and cross-border controlled transactions between related parties.
- On 28 January 2016, the European Commission introduced new measures against tax evasion (“BEPS”). This includes an amendment to the Directive on Administrative Cooperation for implementation of the Country-by-Country Reporting (“CbCR”) standard. The aim of CbCR is to establish automatic information exchange on taxation. In Slovakia, CbCR will be implemented by an amendment to the Act on International Assistance and Cooperation in Tax Administration, as amended. The amendment had not been adopted by the National Council of the Slovak Republic at the time of preparation of this publication.

Corporate Taxation of Foreign Entities

General Principles

- Slovak tax non-residents are only subject to Slovak tax on income generated in the Slovak Republic.
- A double tax treaty may wholly or partially eliminate double taxation of the income of Slovak tax non-residents earning income from Slovak sources.

Branch of a Foreign Entity

- The founder of a branch must, to the same extent as a Slovak company, register for tax, file a tax return, and pay tax and tax advances. A branch must apply Slovak accounting procedures.
- The taxation rules of a branch must be appropriately applied to a branch.

Permanent Establishment (PE)

- A PE need not be entered in the Slovak Commercial Register, but a foreign entity with a Slovak PE is a taxable entity in Slovakia.

- A PE is created mainly if:
 - A permanent place or facility is used either continually or repeatedly by a foreign company carrying out business activities in Slovakia; or
 - A person acting on behalf of the foreign company repeatedly concludes contracts or negotiates details of contracts on its behalf; or
 - The period of providing services by the foreign company or by individuals working for this foreign company in Slovakia is more than six months in any 12-month period.
- The conditions for creating a PE may be regulated in more detail by a double tax treaty.
- A foreign entity with a Slovak PE has the same tax registration, filing, payment, and tax advance payment obligations as a Slovak company.
- The tax base of a foreign company's PE may not be less than one that would be achieved if it performed similar activities under similar conditions as an independent entity (e.g. a Slovak company).

Withholding Tax and Tax Securement

- The following payments are subject to withholding tax when made by Slovak companies to foreign parties.

	Standard Rate	Standard Rate*
dividends	7 %**	35 %
fees for services provided in Slovakia (unless provided by a PE)	19 %	35 %
licence fees (royalties)***	19 %	35 %
interest on loans and deposits***	19 %	35 %
rental fee for movable assets	19 %	35 %

*Income paid to a resident of a country not included in the list issued by the Ministry of Finance, or a country that does not have a double tax treaty with Slovakia, or a treaty on the exchange of information relating to taxes, is subject to a 35% tax rate.

**Only if dividends are paid to an individual

***Interest and licence fees paid to related parties that are EU residents, are not subject to withholding tax if certain conditions are met.

- However, a double tax treaty may reduce the rate.
- Some taxpayers (mostly tax residents in the EU) may treat the tax withheld on certain types of income as a tax advance and deduct it in their tax return.
- Individuals or legal entities may have an obligation to withhold a se-curement tax on some Slovak source income of Slovak non-residents if these persons are not tax residents in another EU member state.
- The tax office will issue a confirmation of a withholding or security tax payment on request.

State Aid and Investment Incentives in Slovakia

Investment Incentives

- Investment incentives available under Slovak law are available for projects in the following areas:
 - manufacturing
 - technology centres
 - shared service centres
 - tourism

Industry

Unemployment Rate*	Minimum Investment Amount (in mil. EUR)	Percentage of New Technological Equipment (in %)	Minimum Number of New Jobs	Minimum Investment Amount that Must be Covered by Equity (in %)
lower than Slovak average	10	60	40	50
higher than Slovak average	5	50	40	50
at least 35% higher than Slovak average	3	40	40	50
Least-developed regions	0,2	30	10	50

*For the purpose of granting investment aid, the unemployment rate is calculated from the total number of job seekers published by the Head Office of Labour, Social Affairs, and Family for the year preceding the year in which the investment plan was filed.

Technology Centres

Minimum Investment Amount (in mil. EUR)	Minimum Percentage of Employees with a University Education (in %)	Minimum Number of New Jobs	Minimum Investment Amount that Must be Covered by Equity (in %)
0,5	70	30	50

Shared Service Centres

Minimum Investment Amount (in mil. EUR)	Minimum Percentage of Employees with a University Education (in %)	Minimum Number of New Jobs	Minimum Investment Amount that Must be Covered by Equity (in %)
0,4	60	40	50

Tourism

Unemployment Rate*	Minimum Investment Amount (in mil. EUR)	Minimum Percentage of New Technological Equipment (in %)	Minimum Number of New Jobs	Minimum Investment Amount that Must be Covered by Equity (in %)
lower than Slovak average	10	40	40	50
higher than Slovak average	5	40	20	50
at least 35% higher than Slovak average	3	40	20	50
Least-developed regions	0,2	5	20	50

*For the granting of investment aid, the unemployment rate is calculated from the total number of job seekers published by the Head Office of Labour, Social Affairs, and Family for the year preceding the year in which the investment plan was filed.

- The following investment incentives, all of which are considered state aid, are available:
 - Cash grants for purchasing non-current tangible and intangible assets;
 - Corporate tax credit – this incentive may be applied over no more than ten subsequent tax periods from the period in which the decision on granting the investment aid was issued; and
 - Financial support for creating new jobs.
- The main conditions that must be met by applicants for investment incentives are:
 1. Establishment of a new operation, extension of, diversification of, or major production change in an existing operation;
 2. Minimum investment costs, the level of which depends on the investment type and the region in which the investment will be implemented;
 3. Consideration of the required share of production facilities and/or the proportion of employees with a university education and depending on the type of project and specific region;
 4. Creation of required number of new direct jobs;
 5. For manufacturing expansion projects, increase of manufacturing capacity by at least 15%;

6. The investment project must be implemented within three years of the approval of the investment incentives (major investment projects, i.e. projects with eligible costs exceeding EUR 50 million, must be implemented within five years);
 7. Work on the project may start only after submission of an investment plan to the Ministry of Economy if aid is to be granted.
- The maximum amount of investment aid is as follows:
 - West Slovakia – 25% of overall eligible costs of the investment;
 - Central and East Slovakia – 35% of overall eligible costs of the investment;
 - No investment incentives for the Bratislava region.
 - Given intensities may be increased by 10% for medium-sized enterprises and by 20% for small enterprises. Such an increase is subject to an assessment by the Ministry of Economy.

Super-deduction of R&D Costs

- Taxpayers who perform R&D activities may apply for a new form of support – the super-deduction of R&D costs.
- The total of the following items may be deducted from the tax base as reduced by the tax loss deduction for R&D projects:
 - 25% of R&D costs incurred in the tax period for which the tax return is filed;
 - 25% of the wage costs of employees involved in the R&D project in the tax period in which they were recruited provided they are citizens of EU Member States, are under 26 and have completed full-time secondary school or university education no earlier than 2 years previously;
 - 25% of the R&D costs incurred in the tax period that are in excess of the total R&D costs incurred in the next preceding tax period.
- If a tax loss is recorded, or if the tax base after the tax loss deduction is lower than the available deduction, the deduction may be applied in the next tax period in which the taxpayer reports a positive tax base, however, this cannot exceed four tax periods immediately following that in which the entitlement to make a deduction arose.



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Other Taxes

VAT

VAT Registration

- The threshold for obligatory VAT registration for taxable persons with their seat or permanent address, place of business, or permanent establishment in Slovakia, is a turnover of EUR 49,790 for the previous consecutive 12 calendar months. Voluntary registration is also possible, which may be subject to a tax securement.
- A VAT registration obligation in Slovakia may arise for foreign persons (taxable persons without a seat or VAT establishment in Slovakia) if, for example, they supply goods to Slovakia as a home delivery service, or prior to the supply of goods or services provided that the tax obligation is not transferred to the recipient.
- Any taxable person who is not a VAT payer, or a legal entity who is not a VAT payer must, in some cases, (such as receipt/provision of certain services from/to another EU member state and acquisition of goods from another EU member state) file an application for VAT registration for the paying of VAT or reporting the supply of goods.
- Automatic VAT registration has been introduced for taxable persons who supply a building, a part thereof, or building land that is not VAT exempt and a turnover of EUR 49,790 is expected based on the supply.
- Taxpayers must notify the Tax Authority of the change in the event of the creation/termination of an establishment for VAT purposes within 10 days of the change.
- In some instances, VAT registration may be subject to tax securement.
- Retroactive VAT registration and input VAT deduction is available in some instances.

VAT Group

- It is possible to create a VAT group in Slovakia that enables persons connected financially, economically, and organisationally who have their seat or permanent establishment in Slovakia, to register for Slovak VAT as a single VAT payer. As a result, the transactions within the VAT group are not subject to VAT.

Call-off Stock Simplification

- A simplified call-off stock scheme applies where a foreign supplier registered for VAT in an EU member state (other than Slovakia) transfers their own goods from another EU member state to a warehouse in Slovakia in order to supply them to a single Slovak VAT payer. If the foreign entity meets all the requirements set out in the Slovak VAT Act for applying a call-off stock regime, he need not register for Slovak VAT. In this case, the customer must apply a reverse charge and pay VAT on the acquisition of goods in Slovakia.

VAT Rates

- The standard VAT rate of 20% applies to most goods and service. A reduced rate of 10% applies to certain basic foodstuffs (e.g. meat, milk, bread), pharmaceutical products, certain medical aids, depending on the commodity code (as listed in Annex 7 of the VAT Act), certain books, and similar products.

Special VAT Treatment - Cash Accounting

- From 2016, a special approach is available for claiming VAT on a sale based on the receipt of payment for goods or services (cash accounting).
- A tax liability only arises to the supplier of goods or services who applies this scheme on the day he received payment for the goods or services. Entitlement to deduct input VAT arises to a VAT payer who applies this scheme on the date of invoice payment. Similarly, a tax liability arises for all VAT payers who receive an invoice from a supplier who applies this special treatment, on the date when their supplier receives the payment.

Reverse Charge in the Construction Industry

- For certain supplies between two Slovak VAT payers in the construction industry, a transfer of the tax liability to the recipient has been introduced (the reverse charge). This concerns, inter alia, the supply of construction work, the supply of buildings, the supply of goods with assembling or installation, provided they are included in a special statistical classification.
- When providing those supplies, the supplier does not charge VAT on the invoice, and the obligation to assess the VAT is transferred to the recipient (VAT payer), who may claim the input VAT deduction upon compliance with legal requirements.
- A general pardon to provide a degree of certainty for entities in the construction sector when applying the reverse charge was introduced on 1 January 2017. The recipient of a service must automatically apply a reverse charge on received construction works, provided that the supplier could reasonably assume that the service was subject to a reverse charge mechanism, and a “reverse charge” reference was stated in the invoice.
- Additionally, from 1 January 2017, suppliers of such construction work are obliged to report issued invoices for the supply of construction works in section A.2 of a VAT Control Statement, although they need not be reported in a VAT return.

Exempt Supplies

- Exempt supplies for which input VAT cannot be deducted include postal services, financial and insurance services, educational services, radio and TV broadcasting services, health and social services, the supply and lease of real estate (with some exceptions), and lottery and similar games services.

- Exempt supplies for which input VAT can be deducted include, for example, the following transactions:
 - Intra-Community supply of goods;
 - Financial and insurance services if provided outside the EU;
 - Triangulation transactions;
 - Transport of passengers in certain cases; and
 - Export of goods outside the EU.
- The sale of construction land is not VAT exempt. The sale of buildings, including the construction land on which the building is to be built is VAT exempt, after five years from their official final inspection and occupancy approval, or from their first use. However, a VAT payer may decide not to apply such an exemption on such a supply (in this case, the tax liability is transferred to the recipient). The rent of real estate (with some exceptions, such as a parking space) is VAT exempt. A VAT payer may decide to charge VAT on the lease of a building to another taxable person.

Input VAT Deduction

- A VAT payer may deduct input VAT relating to a received taxable supply that he intends to use for taxable supplies of goods and services on which a deduction may be claimed.
- A VAT payer may not deduct input VAT on goods and services to be used for exempt supplies for which input VAT may not be deducted.
- A partial deduction based on a coefficient calculated under the law applies to purchases of goods and services used on taxable supplies, on which input VAT deduction may be claimed, and on those on which input VAT deduction may not be claimed.
- Input VAT deduction relating to the acquisition of certain non-current assets must be adjusted if the purpose of use of such assets changes within five years of acquisition (20 years for real estate).
- A VAT payer may not deduct input VAT for entertainment and refreshments costs.

VAT Compliance

- VAT is administered by the tax authorities, except for import VAT, which is administered by the customs office.
- A valid VAT document (invoice) must be issued for every supply of goods, or services to a taxable person, and for mail order services within 15 days of the supply of goods or services or receipt of payment prior to their supply. An invoice may also be issued and received in electronic form. An amending document must be issued within 15 days of the end of the calendar month in which the event occurred that gave rise to a change to the tax base.
- A VAT payer must be able to document the authenticity of origin, integrity of content, from their issue until the end of the invoice archiving period.

- VAT returns must be filed on a monthly basis. A VAT payer may decide on a quarterly filing period provided that more than 12 months have elapsed from the end of the calendar month in which they became a VAT payer, and their turnover was less than EUR 100,000 over the preceding 12 consecutive calendar months.
- VAT returns must be filed within 25 days of the end of the tax period, and any VAT liability must be paid by the filing deadline.
- In some instances, a VAT payer is liable for the tax shown on the invoice if the supplier fails to pay the tax to the tax office, or if the supplier became unable to pay the tax and the taxpayer knew, or could have known, that the tax would not be paid.

EC Sales List

- VAT payers must submit EC sales lists if they make intra-community supplies of goods from Slovakia to another EU member state, transfer own goods from Slovakia to another EU member state, participate in triangulation simplification as the first customer, or provide services with their place of supply in another EU member state to another taxable entity and the customer is obliged to pay the VAT.
- A VAT payer may submit an EC sales list for a calendar quarter if the value of goods does not exceed EUR 50,000 in the respective quarter and the four previous concurrent calendar quarters. If the threshold is reached, a monthly EC sales list must be submitted.
- EC sales lists must be submitted within 25 days of the end of the period to which they relate, and must be filed electronically.

VAT Control Statement

- All taxpayers (including foreign persons registered for VAT in Slovakia) must present a control statement in electronic form. This is a detailed list of all invoices issued and received.
- A control statement must be filed in electronic form by the 25th day after the end of the relevant tax period.
- A control statement does not contain information about intra-community supplies of goods and services, or imports and exports of goods. A control statement need not be filed if only specific transactions are reported in the tax return (i.e. intra-community supply of goods, export of goods or supplies within triangulation) and where input VAT is not subject to deduction, or if only VAT deduction is reported on the import of goods.
- The tax authority may impose a penalty of up to EUR 10,000 for failure to file a control statement, its late payment or for incomplete or incorrect data in a control statement. The maximum penalty for a recurrent breach of this obligation is EUR 100,000.

- From 1 January 2017, the Ministry of Finance introduced a new form of control statement (for the tax period January 2017/first quarter of 2017 for the first time) due to the obligation to report invoices for construction services where the domestic reverse charge is applied. The structure of the control statement remains unchanged, but the introductory text in section A.2 has been changed, where the relevant invoices should be reported.

Obligation of Electronic Filing

- From 2014, all tax entities who are VAT payers or who are represented by a tax advisor, attorney or other person, must deliver submissions to the tax authority in electronic form, whether signed by a guaranteed signature or without a guaranteed signature. In the latter case, an Agreement on Electronic Filing is obligatory.

VAT Refunds

VAT Refund for Slovak VAT Payers

- A VAT payer is not automatically entitled to a cash VAT refund if they report a VAT refund. If the VAT refund cannot be fully offset in the following VAT period, then the tax authorities will refund the excess input VAT, or part thereof, within 30 days of the filing of the VAT return for that following VAT period, provided that the tax authorities did not open a tax control prior to that date.
- However, if certain conditions are met, the tax office must refund the VAT within 30 days of the day of the filing of the VAT return.

VAT Refund for Foreign VAT Payers from Another EU Member State

- A foreign VAT payer from another EU member state may claim Slovak VAT via the VAT refund scheme for foreign persons not registered for VAT in Slovakia.
- A request must be filed by 30 September of the calendar year following the period for which the VAT refund is claimed.
- A VAT refund claim must be submitted for a period no longer than one calendar year, and the total amount of VAT claimed must be at least EUR 50.
- A foreign VAT payer is entitled to a deduction of input VAT via a VAT return provided that the below stated requirements for a VAT refund via the VAT refund system to foreign VAT payers are met.

VAT Refund for Foreign Entities from Non-EU Countries

- An entity registered for VAT, or a similar general consumption tax, in non-EU countries may claim a refund of Slovak VAT paid on the purchase of certain goods or services, under certain conditions stipulated by law.
- A VAT refund may be claimed by submitting a request to the Bratislava Tax Office by 30 June of the calendar year following the year for which the refund is claimed. The total amount of the VAT claim must be at least EUR 50.
- A decision regarding a VAT refund must be issued to the foreign company within six months of the date on which the refund request was filed.
- VAT is refunded to entities from non-EU countries which have concluded reciprocity agreements with Slovakia.

Compensation for VAT Refund Retention

- From 1 January 2017, an entitlement for financial compensation for VAT payers has been introduced – interest on a VAT refund retained during a tax inspection (if a tax office opened a tax inspection during the statutory period for VAT refund) that lasts longer than 6 months.
- The interest rate is double the base interest rate of the European Central Bank, or a minimum of 1.5% p.a.
- This compensation may be applied for inspections opened prior to 1 January 2017 that were not completed by this date.

Excise Duties

Products Subject to Excise Duties

- Slovak excise duty is payable on the import of the following goods into Slovakia from outside the EU, or when these goods are released from the duty suspension regime for tax-free circulation in Slovakia:
 - Mineral oil;
 - Alcoholic beverages (beer, wine, intermediate products and spirits);
 - Tobacco products;
 - Electricity, coal and natural gas.
- An excise duty liability for electricity, coal, and natural gas arises at the moment the product is delivered for final consumption.
- The rate of excise duty depends on the specific type of product.
- In certain limited cases, the products listed above are exempt from excise duty.

Authorised Entities

- An excise duty suspension arrangement enables the tax liability to be postponed until the day the product is released into a tax-free circulation regime.
- The production, processing, storage, receipt, and dispatch of products under the duty suspension arrangement must be carried out by an authorised warehouse keeper.
- Companies must register as a licensed recipient before obtaining excisable products from another EU member state under the duty suspension regime.
- A tax guarantee must be lodged with the Customs Administration for transactions under the duty suspension regime (storage and transport).
- The company must be authorised to use excisable products exempt from excise duty.

Registration

- An excise taxpayer must be registered with the customs office. Entities to which a tax liability has not arisen, but which transact in goods subject to excise tax, must also register.
- Entities wishing to produce, store, receive, or send products subject to excise duty under the suspension arrangement must register with the customs office and lodge the required tax guarantee before authorisation can be granted.
- Companies using excisable products exempt from excise duty must register with the respective customs office, and apply for a licence and a voucher. The company then provides the voucher to its supplier, who may then provide the excisable products free of excise duty.
- Based on authorisation from the customs office, the registered consignee is entitled to dispatch the goods under suspension after they are released into tax-free circulation. He may not receive or store excisable goods.

Excise Duty Compliance

- The administrator of excise duty is the Customs Authority. Communication with the Customs Authority must be in electronic form provided that the company is a VAT payer registered in Slovakia, or if it is represented by a tax adviser or attorney.
- Two-way e-communication for taxpayers of duties was launched in 2016.
- The taxable period is usually a calendar month.
- Monthly excise duty returns must be filed within 25 days of the end of the taxable period, and excise duty liabilities must also be paid within this period. However, in certain specific cases this obligation does not arise.

Excise Duty Refunds

- In certain circumstances, the tax warehouse keeper, or another authorised entity, may obtain a refund of Slovak excise duty on a product that has been taxed. As a rule, this applies if excisable products released for tax-free circulation in Slovakia are supplied for use in another EU member state, or are used for purposes exempt from excise duty.

Custom Duties

General Principles

- Goods imported from non-EU countries are subject to import customs clearance.
- Goods exported from the EU customs territory must be declared for export customs clearance.
- The person responsible for paying the customs debt is the declarant.
- The declarant is the person making the customs declaration in his own name, or the person in whose name the customs declaration is made.
- A customs declaration must be made in the prescribed form and manner (electronically, in writing, or otherwise).
- Import or export duties are customs duties and other charges payable on the import or export of goods (import VAT, excise duties, and charges with similar effect).
- The customs authorities require declarants to provide a deposit to cover the customs debt if a customs debt arises. Such a deposit may be made in cash, or provided by a guarantor.
- For communication with the customs offices, each person must be identified by an EORI number (Economic Operator Registration and Identification Number) allocated by the customs authorities on request. EORI registration is mandatory for customs clearance.
- Export, import and transit customs clearance is based on the electronic exchange of information. Import customs clearance using paper customs declarations may only be carried out in Slovakia until 2019.

Right of Representation

- Any person may appoint a representative in his dealings with the customs authorities. Such representation may be direct or indirect.

Customs Procedures

- The declarant may propose to release goods into free circulation, or place such goods under an export customs procedure. Depending on the intended purpose of goods, the following special customs procedures may be applied:
 - Transit (external, internal);
 - Storage (customs warehousing, free zones);
 - Specific use (temporary admission, end-use); and
 - Processing (inward processing, outward processing).

Customs Debt

- A customs debt is incurred at the time of acceptance of a customs declaration by:
 - The release for free circulation of goods liable to import duties, or
 - The placement of such goods under the temporary import procedure with partial relief from import duties.
- The debtor is a declarant and, for indirect representation, also a representative. As a rule, customs duty must be paid by the debtor within 10 days of the day of delivery of a notification of the customs debt to the debtor.

Simplifications

- To simplify formalities and procedures, the customs authorities may grant permission to use the following simplified procedures:
 - A simplified customs declaration;
 - A centralised customs clearance;
 - Entry in the declarant's records;
 - Self-assessment.
- An Authorised Economic Operator is considered to be a reliable partner of the customs authorities, and this allows customs procedures to be simplified in various areas.

Motor Vehicle Tax

- Motor vehicle tax is payable to the tax office where a car was registered on 31 December of the preceding year. Employee motor vehicle tax is subject to the employer's tax jurisdiction.
- Taxable vehicles are those registered in Slovakia and used for business purposes.
- As a rule, motor vehicle tax is payable by the car holder. In specific cases it is payable by the individual who uses the car for business purposes even if he is not the car holder (e.g. the car holder's employer)
- Annual tax rates are set:
 - For passenger cars, based on engine capacity in cm³; and
 - Utility cars and buses based on the number of axles and the vehicle's total weight.
- The annual tax rate is uniform across Slovakia. The rate changes depending on the time since the first registration. A reduced tax rate applies to cars used for intermodal transportation and/or using an eco-engine.
- The tax period is a calendar year.

- A taxpayer must file a tax return and pay the tax liability for the previous year by 31 January. The taxpayer must enter the establishment and termination of the tax liability in the tax return.
- The taxpayer must pay monthly and/or quarterly tax advances depending on the amount of expected tax in a single tax administration, provided that the expected tax does not exceed EUR 700.
- With effect from 1 February 2017, the Act on Administration Fees changed the fee for initial vehicle registration and for each subsequent vehicle registration by a car holder in the categories L, M1, and N1 in the vehicle register in Slovakia. The fee ranges from EUR 33 to EUR 3,900 depending on the engine capacity of the registered car, its age and other details.

Property Tax

- Property tax is governed by the Act on Local Taxes, and is divided into:
 - Land tax;
 - Building tax; and
 - Tax on apartments.

Land Tax

- As a rule, land tax is payable by a land's registered owner. In certain cases it is paid by the land manager, or the lessee.
- The basic tax rate is 0.25% of the land value set by law, but this is normally adjusted by the municipality, and different rates apply to different land types.

Building Tax

- As a rule, building tax is generally payable by a building's registered owner. In certain cases, it is paid by the property manager or lessee.
- The basic tax rate is EUR 0.033 / 1 m² of land occupied by the finished building. The tax rate is normally changed, within certain limits, by the issue of a generally binding municipal regulation.
- Car parks, including underground car parks, are also subject to building tax.

Tax on Apartments

- As a rule, the apartment tax is payable by an apartment's registered owner. In certain cases, it is paid by the property manager.
- The basic annual tax rate is EUR 0.033 / 1 m² of floor area of the apartment. The tax rate is normally changed by the municipality issuing a general binding regulation.

Common Provisions for Tax on Land, Buildings, and Apartments

- The taxable period is the calendar year.
- The tax liability arises on 1 January following the year in which the taxpayer obtained an interest in the property subject to tax.
- A taxpayer must file a tax return by 31 January of the taxable period in which the tax liability arises, relating to his tax liability as at 1 January of this period. If a change occurs in the following tax period, such as the acquisition of new property, a change of the type or area of declared property, the taxpayer must file a partial tax return by the same deadline. The obligation to file a tax return during the tax period arises upon acquisition of property by inheritance.
- If the taxpayer discovers that data in a filed tax return based on which the tax liability is calculated is incorrect, he is obliged to file an amended tax return no later than four years after the end of the year in which the obligation to file a tax return or a partial tax return arose.
- As a rule, a tax liability is payable within 15 days after a tax assessment became valid.

Bank Levy

- Since 2012, banks and branches of foreign banks must pay a special levy payable by certain financial institutions (the bank levy). The bank levy for 2017 - 2020 is 0.2% p.a. of the base set by law.
- A bank is obliged to pay the levy in four quarterly payments, before the 25th day of the respective calendar quarter.
- The bank levy is administered by the tax office.

Special Levy

- A special levy on business in regulated industries is payable by a legal entity or branch of a foreign entity authorised to do business in a regulated business (such authorisation must be issued in Slovakia or another EU or EEA member state) and which expects it will carry out the business for the entire levy period and its total annual result of operation exceeds EUR 3 million.
- Regulated business sectors includes: the power industry, insurance, re-insurance, public health insurance, e-communication, pharmaceutical industry, postal services, rail transport, public water and drainage systems, air transport, and healthcare provision.
- A monthly levy is calculated by multiplying the levy base, i.e. the pre-tax operational result multiplied by a coefficient, and the levy rate of 0.00726%.
- The levy rate for 2019-2020 will be decreased to 0.00545% and for the levy periods from 2021 will be reduced to the original rate of 0.00363%.
- The levy is administered by the tax office responsible for corporate income tax administration.

Non-life Insurance Levy

- Insurance companies, insurance companies from other Member States and branches of foreign insurance companies must pay a levy of 8% from received insurance contributions from non-life insurance sectors (except for mandatory motor vehicle insurance, where the 8% levy was also applied in the past and its administration and payments are subject to various rules). This is applicable for insurance contributions received based on contracts concluded after 31 December 2016.
- The 8% levy for January to November is payable by the end of December of the respective calendar year and the levy for December is payable by the end of January of the following year.
- The levy is administered by the Tax Office for Selected Taxpayers.

Local Development Fee

- The Act on Local Fee for Development authorizes municipalities to impose and charge this fee from 1 November 2016. A municipality is entitled to set this fee by adoption of a generally binding regulation applicable for its entire territory or part thereof.
- The local development fee must be paid by a builder issued with a valid construction permit for the respective municipality.
- The calculation base of this fee is the above-ground floor area of the construction in square meters. The rate varies between EUR 10 – EUR 35 / m².
- The fee is administered by the municipality, which imposed it on its territory.

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