Pocket Tax Book 2015

A Practical Guide to the Slovak Tax System
This booklet is based on the tax law as it stands on 1 January 2015. It is intended to provide a general guide and is, therefore, in a condensed format. It should not be regarded as a basis for determining tax liabilities as circumstances differ. Professional advice should always be taken before acting on any information in the booklet.
Dear Friends and Business Partners

Tax payment is a theme that increasingly comes under the spotlight of government, as well as those who must pay taxes. Thanks to your feedback, I firmly believe that each issue of the Pocket Tax Book has become your accepted and practical guide to help you orientate in the current labyrinthine of laws.

In the Pocket Tax Book you will find everything that is most important in tax law, including amendments relating to 2015. In particular, there have been numerous changes driven by an effort to improve tax collection, which have been implemented in income tax law. These changes include significant direct limitations to the tax deductibility of selected types of costs relating to consulting services, agent commissions, assets which are also used for personal purposes, the introduction of a limit on the input price of passenger cars, the option to deduct certain types of costs only after they are paid, as well as indirect limitations, such as the extension of tax depreciation periods.

This year, pharmaceutical companies have been under scrutiny and a special taxation by withholding tax was introduced on supplies provided by them. The fiscal authorities’ serious interest in transfer pricing inspections has also been reflected in an extension of the documentation obligation for transactions between two Slovak related parties.

However, the amendment does not only bring restrictions; it also introduces long-expected tax relief, the so-called super deduction of research and development costs. In addition, the amendment simplifies the option for employers to provide in-kind employee benefits.

Taxes are one of the priority areas for everyone who manages his business responsibly. I believe that the Pocket Tax Book will serve as your foremost aid when seeking assistance in managing frequently changing legislation. We, as a team of specialists, are prepared to solve any issues you may subsequently raise, so that you will able to deal with all other aspects of your business.

Christiana Serugova
Partner, Tax Leader, PwC
Contents

Individuals 8

Personal Income Tax 8

General Principles 8
Tax Residence 8
  Slovak Tax Residents 8
  Slovak Tax Non-Residents 8
Personal Income Tax Base, Tax Losses 9
Tax Allowances 9
Tax Registration 10
Tax Returns 11
Donations 11
Penalties 11

Health Insurance and Social Insurance 12

Health Insurance 12
Social Security 13
  Overview of Health Insurance and Social Security Contributions 13

Companies 15

Corporate Income Tax 15

Entities Liable to Corporate Income Tax 15
Tax Rate 15
Minimum Corporate Tax 15
Tax Base 15
Not Subject to Tax 16
Income Exempt from Taxation 16
Tax-Deductible Items 16
Donations
Dividends
Interest
Foreign Exchange Differences
Tax Losses
Depreciation
Business Combinations
Capital Gains and Securities
Tax Period
Filing
Amended Tax Return
Payment
Fines and Penalties
Transfer Pricing
General Principles
Transfer Pricing Documentation
Corporate Taxation of Foreign Entities
General Principles
Branch of a Foreign Entity
Permanent Establishment (PE)
Withholding Tax and Tax Securement
State Aid and Investment Incentives in Slovakia
Investment Incentives
Super-Deductions of Research & Development Costs
Environmental Fees 41
Motor Vehicle Tax 42
Property Tax 43
  Land Tax 43
  Building Tax 43
  Tax on Apartments 43
    Common Provisions for Tax on Land, Buildings and Apartments 44
Bank Levy 45
Special Levy 45
Individuals

Personal Income Tax

General Principles

- Slovak tax residents are liable to personal income tax on their worldwide income, subject to relief under Slovak law or an applicable double tax treaty.
- Slovak tax non-residents are liable to personal tax on their Slovak-source income.
- The tax year is the calendar year.
- The 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) will be subject to a 19% tax rate. Amounts in excess of this will be subject to a 25% tax rate. Taxable income on the dependent activity (employment) of selected constitutional officers will be subject to a special tax rate of 5%.

Tax Residence

Slovak Tax Residents

- An individual is considered a Slovak tax resident if he:
  - has permanent residence in the Slovak Republic (“Slovakia”); or
  - is 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 are liable to 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, the sale or rental of property located in Slovakia or from lottery winnings.
• Income can be subject to tax regardless of whether or not it is paid in Slovakia.

**Personal Income Tax Base, Tax Losses**

• An individual’s overall tax base is formed by adding income from different sources (such as income from employment, income from entrepreneurial activities, income from other self-employment activities, rental income, income from capital investments, and other income).
• In general, the necessary expenses incurred to generate, ensure, and maintain taxable income, are deductible from that income. However, only compulsory social security and health insurance contributions paid by the employee can be deducted from employment income.
• Tax losses arising from entrepreneurial or other self-employment activities can 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 can be claimed only on income from employment and income from entrepreneurial or other self-employment activities.

<table>
<thead>
<tr>
<th>Personal Allowance</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>entitlement</td>
<td>each taxpayer</td>
</tr>
<tr>
<td>applicable for annual tax base</td>
<td>below EUR 19,809.00</td>
</tr>
<tr>
<td>personal allowance</td>
<td>EUR 3,803.33</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dependent Spouse Allowance</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>entitlement</td>
<td>Slovak tax residents sharing a household with a spouse; Slovak tax non-residents who receive more than 90% of their worldwide income from Slovak sources (if certain conditions are met).</td>
</tr>
<tr>
<td>applicable for annual tax base</td>
<td>below EUR 35,022.31</td>
</tr>
<tr>
<td>spouse allowance</td>
<td>positive difference between EUR 3,803.33 and spouse's income</td>
</tr>
</tbody>
</table>
Tax Bonus for Dependent Children

<table>
<thead>
<tr>
<th>entitlement</th>
<th>Slovak tax residents with dependent children living in their household, provided they reach the minimum taxable income; and Slovak tax non-residents who receive more than 90% of their worldwide income from Slovak sources.</th>
</tr>
</thead>
<tbody>
<tr>
<td>applicable for taxable income of</td>
<td>at least EUR 2,280.00</td>
</tr>
<tr>
<td>tax bonus per one dependent child</td>
<td>EUR 21.41 monthly (applied in 2015)</td>
</tr>
</tbody>
</table>

Voluntary Contributions to Old-Age Pension Scheme

<table>
<thead>
<tr>
<th>entitlement</th>
<th>from 1 January 2013 to 31 December 2016, the non-taxable part of the tax base also includes verifiably paid voluntary contributions to the old-age pension scheme</th>
</tr>
</thead>
<tbody>
<tr>
<td>maximum non-taxable amount</td>
<td>verifiably paid contributions of up to 2% of the tax base from active income, however, no more than EUR 988.80 for 2015</td>
</tr>
</tbody>
</table>

Contributions to Supplementary Old-Age Pension Scheme

<table>
<thead>
<tr>
<th>entitlement</th>
<th>after meeting specific conditions, the non-taxable part of the tax base also includes verifiably paid contributions to the supplementary old-age pension scheme</th>
</tr>
</thead>
<tbody>
<tr>
<td>maximum non-taxable amount</td>
<td>verifiably paid contributions of up to EUR 180 for 2015</td>
</tr>
</tbody>
</table>

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 rent a real estate in Slovakia. They must register by the end of the month following that 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 these.
Tax Returns

• Generally, anyone who is liable to Slovak personal income tax and whose taxable income for the year exceeds a specific amount (in 2015, it is EUR 1,901.67) must file a personal income tax return, except for individuals:
  ○ who have no other income than that 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 through 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 sourced from abroad.
• Married couples must file separate, individual tax returns.

Donations

• A taxpayer can donate 2% (or 3% provided that certain conditions are met) of his tax liability for 2015 to a qualifying entity of his choice.

Penalties

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

- For 2015, the maximum assessment base for all types of social insurance (except for injury insurance that is not limited) and health insurance will be five times the average salary earned two years ago, i.e. EUR 4,120.
- For self-employed individuals, the minimum assessment base for the purpose of social and health insurance has been set at EUR 412.00 in 2015.

Health Insurance

- Health insurance contributions are generally obligatory for individuals who:
  - have permanent residence in Slovakia;
  - do not have permanent residence in Slovakia (e.g. they may have temporary residence only), 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 that is subject to health insurance contributions includes all types of taxable income (income under §5, §6, §7, and §8 of the Income Taxes Act).
- The rate of health insurance contributions for individuals who receive dividends is 14% of the assessment base. The maximum annual assessment for all types of income shall not exceed 60 times the average monthly salary from two years ago, i.e. EUR 49,440.00 for 2015.
- Individuals with permanent residence in Slovakia who perform activities abroad and are insured abroad are exempt from the obligation to pay contributions to 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 annual reconciliation performed by the relevant Health Insurance Company, if necessary, by 30 September of the year following that 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, as well as contributions to guarantee insurance and a reserve fund.
- The Slovak old-age pension insurance system consists of three pillars. The first and (in general) second pillars are compulsory, while the third one is voluntary.
- Any income on employment and income on 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 4,120 per month for 2015).

Overview of Health Insurance and Social Security Contributions

<table>
<thead>
<tr>
<th></th>
<th>Employee</th>
<th>maximum monthly contributions for 2015 (in EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>rate</td>
<td></td>
</tr>
<tr>
<td>sickness</td>
<td>1.4%</td>
<td>57.68</td>
</tr>
<tr>
<td>retirement</td>
<td>4%</td>
<td>164.80</td>
</tr>
<tr>
<td>permanent disability</td>
<td>3%</td>
<td>123.60</td>
</tr>
<tr>
<td>unemployment</td>
<td>1%</td>
<td>41.20</td>
</tr>
<tr>
<td>health</td>
<td>4%</td>
<td>164.80</td>
</tr>
<tr>
<td>guarantee insurance</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>reserve fund</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>total</td>
<td>13.4%</td>
<td>552.08</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Employer</th>
<th>maximum monthly contributions for 2015 (in EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>rate</td>
<td></td>
</tr>
<tr>
<td>sickness</td>
<td>1.4%</td>
<td>57.68</td>
</tr>
<tr>
<td>retirement</td>
<td>14%</td>
<td>576.80</td>
</tr>
<tr>
<td>permanent disability</td>
<td>3%</td>
<td>123.60</td>
</tr>
<tr>
<td>unemployment</td>
<td>1%</td>
<td>41.20</td>
</tr>
<tr>
<td>health</td>
<td>10%</td>
<td>412.00</td>
</tr>
<tr>
<td>guarantee insurance</td>
<td>0.25%</td>
<td>10.30</td>
</tr>
<tr>
<td>reserve fund</td>
<td>4.75%</td>
<td>195.70</td>
</tr>
<tr>
<td>total</td>
<td>34.4%</td>
<td>1,417.28</td>
</tr>
</tbody>
</table>
• In addition to these contributions, the employer must also make injury insurance contributions of 0.8% of employee’s total salary costs per month.

• From 1 January 2015, a deductible amount by which the assessment base will be reduced for the employee and the employer has been introduced for specific employee categories for the purpose of health insurance.

<table>
<thead>
<tr>
<th>Amount Deductible from the Assessment Base</th>
</tr>
</thead>
<tbody>
<tr>
<td>annual assessment base</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>amount deductible</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
Companies

Corporate Income Tax

Entities Liable to Corporate Income Tax

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

Tax Rate

• The corporate tax rate for 2015 is 22%.

Minimum Corporate Tax

• The minimum tax (tax licence) after deducting tax allowances and considering the tax paid abroad that a legal entity must pay, ranges from EUR 480 to EUR 2,880 depending on the achieved 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 within the deadline for filing a tax return and can be deducted from the future tax liability, provided it is higher, over no more than three consecutive tax periods.
• In specific circumstances, the tax licence is not payable. For example, it is not payable in the first year of the taxpayer’s existence.

Tax Base

• In general, 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 Slovak Ministry of Finance; or
  ○ the profit/loss that would be reported if double entry bookkeeping is applied in accordance with Slovak accounting standards.
• With 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. Alternative method can be used upon consent of the tax office to calculate the tax liability.

Not Subject to Tax

• The following items are not subject to corporate tax:
  ○ dividends paid out of profits earned after 1 January 2004;
  ○ liquidation surpluses and settlement amounts paid to shareholders, to which the shareholders were entitled after 1 January 2004;
  ○ income received by donation or inheritance; or
  ○ income from acquiring new shares due to an increase in share capital from retained profits, or from mergers, fusions and demergers.

Income Exempt from Taxation

• Exempt income includes:
  ○ interest and certain other income from loans and borrowings, bonds, etc. as well as 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 certain relationship has existed between the entities for at least two years preceding the date when the income is paid.

Tax-Deductible Items

• Generally, tax-deductible items are those that the taxpayer incurs to generate, ensure, and maintain his taxable income. Documentation, such as receipts, invoices, or specific forms of documentation on transactions with foreign related parties, must be kept to support the tax deductibility.
• When using an asset that can qualify as an asset for personal use, only the pro-rated part of related expenses/costs is tax deductible which is verifiably incurred to generate, ensure and maintain tax deductible income; or a flat rate of 80% applies provided that the asset is used also for private purposes.
• Some expenses are tax deductible for the debtor only upon payment (and for the creditor, some income is taxable only upon receipt of the payment).
• In addition, the Income Taxes Act restricts tax deductibility of certain types of expenses.
Donations

• A taxpayer can donate 1.0% (or 1.5% provided that certain conditions are met) of his tax liability for 2015 to a qualifying entity of his choice.

Dividends

• Dividends paid out of profits generated after 1 January 2004 are not subject to Slovak income tax.

Interest

• Interest is generally tax deductible.
• Interest on loans provided by related parties are tax deductible at no more than 25% of EBIDTA (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 domestic withholding tax of 19%, unless it is exempt from tax in accordance with the EU Directive on the common system of taxation applicable to interest and royalty payments as incorporated into Slovak tax legislation. From 1 March 2014, 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 booked through the profit and loss account and arising from the revaluation of unrealised receivables and payables as at balance sheet date are normally treated as taxable or tax deductible in accordance with their accounting treatment. However, they can be excluded from the tax base if the taxpayer reports as such in the tax return.

Tax Losses

• A taxpayer can utilise a tax loss equally over four consecutive tax periods. This also applies to unutilised tax losses for the tax periods that ended in 2010 to 2013, which could have been utilised unequally over seven consecutive tax periods, in accordance with the legislation applicable at 31 December 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 through financial lease.
- The tax depreciation charges of non-current intangible assets must 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:

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

- Some 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 the depreciation groups 2 and 3, the taxpayer may elect either the straight-line or accelerated depreciation method. For each, a separate formula applies for calculating tax depreciation charges. The straight-line depreciation method applies to the majority of other assets.
- For non-current tangible fixed assets put into use, a proportion of the depreciation charge can only be applied. This is based on the number of months which the asset was in use.
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 to the tax treatment of business combinations as well as for administrative obligations of participating parties.

Capital Gains and Securities

- A profit from the sale of securities is in general included in the corporate income tax base.
- A loss from the sale of securities is tax deductible only if certain conditions are met, or for specific taxpayers.
- The total costs related to derivatives are tax deductible only 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.
- The income on the transfer of ownership interest in a commercial company or the membership interest in a cooperative having its seat in Slovakia is taxable in Slovakia. This does not apply to income earned by an entity that is a taxpayer of an EU member state. In this instance, such income is taxable in Slovakia only if it arises from a Slovak tax resident (or a permanent establishment in Slovakia). The taxation of income on a transfer in Slovakia can also be regulated by the relevant double tax treaty.
- The income on the transfer of ownership interest in a commercial company or membership share in a cooperative, provided that the company or cooperative hold intangible assets located 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 can provide for a different taxation of such income in Slovakia.
- The in-kind contributions in the share capital of a commercial company or cooperative that have their seat in Slovakia can be taxable in Slovakia. The relevant double tax treaty can provide for a different taxation of such income in Slovakia.
Tax Period

- The corporate tax period can be:
  - a calendar year; or
  - a fiscal year different from a calendar year (12 consecutive calendar months).

- Special rules apply to winding up without liquidation, bankruptcy, and, in some cases, to a change of the legal form of a taxpayer.
- To change the tax period from a calendar year to a fiscal year and/or a different 12-month period, the taxpayer must notify the tax office.

Filing

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

Amended Tax Return

- If the taxpayer discovers an error in the tax return resulting in a higher tax liability or a lower tax loss, an amended tax return must be filed within one month following that in which the error was discovered. Any additional tax must be paid within this time limit.
- If the taxpayer discovers an error which is in his favour in a tax return already filed, an amended tax return can be filed under certain conditions.

Payment

- The balance of tax due for a fiscal year is payable within 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.
- 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 specific types of income (e.g. bank interest, monetary and in-kind supplies received by health care providers, their staff and health-care workers) is considered to be the final tax and cannot be treated as a tax advance.

**Fines and Penalties**

• Taxpayers are subject to cash penalties, for example, if:
  
  ◦ tax shown in the tax return is increased by an amended tax return that the taxpayer filed voluntarily; or if
  ◦ the tax office imposed additional tax as a result of a tax inspection.

• If a taxpayer fails to satisfy other non-monetary obligations, a penalty up to a maximum amount of EUR 3,000 can be imposed.

• If a taxpayer fails to file the tax return on time, a penalty up to a maximum amount of EUR 16,000 can be imposed.

• The tax administrator will impose a fixed penalty equal to three times the European Central Bank’s base interest rate (but not less than 10%) multiplied by the difference between tax shown in the tax return and that determined by the tax administrator. If the additional tax charge arises in an amended tax return that the taxpayer filed voluntarily, this penalty is halved.

• In addition to penalties, the tax administrator can impose late payment interest of four times the European Central Bank’s base interest rate (but not less than 15%) multiplied by the amount of overdue tax, for each day of late payment.
Transfer Pricing

General Principles

• Prices between related parties must be set at fair market value (the arm’s-length principle) for corporate income tax purposes. A taxpayer may apply to the tax office for approval of the valuation method, and from 1 September 2014 must pay consideration ranging from EUR 4,000 to 30,000 together with the application.
• A related party (an individual or an entity) is a relative, a party economically or personally related, or a party otherwise connected (this relationship arises if the parties have established a business connection solely for the purpose of decreasing the tax base).
• The tax authorities can increase the tax base and assess penalties if they decide 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.

Transfer Pricing Documentation

• For the purpose of transfer pricing, taxpayers must keep transfer pricing documentation in a specified scope. They must present the documentation to the tax authorities upon request within 15 days.
• In accordance with the latest guidance on the scope of the documentation issued by the Slovak Ministry of Finance, taxpayers are divided into three categories:
  ○ Taxpayers who must keep shortened documentation include:
    – individuals; and
    – micro-entities.
    Shortened documentation includes information about the whole group of companies, its members, and the controlled transactions performed by the taxpayers.
  ○ Taxpayers who must keep full scope documentation include entities that are obliged to prepare their financial statements under IFRS as well as those that:
    – perform transactions with related parties – taxpayers of a non-treaty country;
    – apply for tax administrator’s approval of the applied valuation method; or
    – apply for a tax base adjustment.
As was the case before, full scope documentation includes both the master file and local file. The master file includes information about the whole group of companies, whilst the local file includes only information specific to the taxpayer.

- All other taxpayers must keep basic documentation. This also includes the master file and local file, but does not need to include all information as the full scope documentation. For example, information about unrelated comparable data or information about industry, business activity or business strategy of the group or taxpayer is not required.

- This guidance will apply to the preparation of transfer pricing documentation for tax periods commencing on or after 1 January 2014. The scope of obligatory documentation applies to both domestic and cross-border related party transactions.
Corporate Taxation of Foreign Entities

General Principles

- Slovak tax non-residents are generally 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, filing tax returns, pay tax and tax advances. A branch must apply Slovak accounting procedures.
- The rules of taxation of a branch are appropriately applied to a permanent establishment.

Permanent Establishment (PE)

- A PE is not necessarily entered in the Slovak Commercial Register, but a foreign entity having a Slovak PE is a taxable entity in Slovakia.
- A PE is created mainly if:
  - a permanent place or facility is used either constantly 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 through its employees 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 having 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.

<table>
<thead>
<tr>
<th>Description</th>
<th>Standard Rate</th>
<th>Standard Rate**</th>
</tr>
</thead>
<tbody>
<tr>
<td>fees for services provided in Slovakia (unless provided by a PE)</td>
<td>19%</td>
<td>35%</td>
</tr>
<tr>
<td>licence fees (royalties)*</td>
<td>19%</td>
<td>35%</td>
</tr>
<tr>
<td>interest on loans and deposits*</td>
<td>19%</td>
<td>35%</td>
</tr>
<tr>
<td>rental fee for movable assets</td>
<td>19%</td>
<td>35%</td>
</tr>
</tbody>
</table>

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

**Income paid to a resident of a country not included in the list issued by the Slovak 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.

- However, a double tax treaty may reduce the rate.
- Some taxpayers (mostly tax residents in the EU) can 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 securement tax on some Slovak source income of Slovak non-residents, provided that these persons are not tax residents in any other EU member state.
- The tax office will issue confirmation of the withholding and security tax payment, upon 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; and
  - tourism.

Industry

<table>
<thead>
<tr>
<th>Unemployment Rate*</th>
<th>Minimum Investment Amount (in mil. EUR)</th>
<th>The Percentage of New Technological Equipment (in %)</th>
<th>Minimum Investment Amount that has to be Covered by Equity (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>lower than Slovak average</td>
<td>10</td>
<td>60</td>
<td>50</td>
</tr>
<tr>
<td>higher than Slovak average</td>
<td>5</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>at least by 35% higher than Slovak average</td>
<td>3</td>
<td>40</td>
<td>50</td>
</tr>
</tbody>
</table>

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

Technology Centres

<table>
<thead>
<tr>
<th>Minimum Investment Amount (in mil. EUR)</th>
<th>Minimum Percentage of Employees with a University Education (in %)</th>
<th>Minimum Investment Amount that has to be Covered by Equity (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.5</td>
<td>70</td>
<td>50</td>
</tr>
</tbody>
</table>

Shared Service Centres

<table>
<thead>
<tr>
<th>Minimum Investment Amount (in mil. EUR)</th>
<th>Minimum Percentage of Employees with a University Education (in %)</th>
<th>Minimum Investment Amount that has to be Covered by Equity (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.4</td>
<td>60</td>
<td>50</td>
</tr>
</tbody>
</table>
Tourism

<table>
<thead>
<tr>
<th>Unemployment Rate*</th>
<th>Minimum Investment Amount (in mil. EUR)</th>
<th>The Percentage of New Technological Equipment (in %)</th>
<th>Minimum Investment Amount that has to be Covered by Equity (in %)</th>
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</tr>
</tbody>
</table>

* For the purpose of granting investment aid, the unemployment rate is calculated from the total number of job seekers published by the Slovak Head Office of Labour, Social Affairs, and Family for the year preceding that 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 can be applied over no more than ten subsequent tax periods from the period in which the decision on granting the investment aid was issued;
  - financial support for creating new jobs; and
  - the transfer or swap of immovable assets at a discount.

- The main conditions to be met in order to apply 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 type of investment 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 who have a university education and also depending on the type of project and specific region;
  4) creation of no less than 40 new direct jobs (30 for technology centres) and/or increase of employment by no less than 10% for expanding companies;
  5) in cases of manufacturing expansion projects, increase of manufacturing capacity by at least 15%;
  6) the investment project must be implemented within three years from 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); and
7) Work on the project may start only upon delivering the investment plan to the Slovak Ministry of Economy; otherwise the aid cannot be granted.

- The maximum volume of the investment aid is generally as follows:
  - West Slovakia – 25% of the overall eligible costs of the investment;
  - Central and East Slovakia – 35% of the overall eligible costs of the investment;
  - No investment incentives for the Bratislava region.

**Super-Deduction of Research & Development Costs**

- The taxpayers who perform research & development activities may apply for a new form of support – the super deduction of costs.
- In case of research & development project, the total of the following items can be deducted from the tax base as reduced by the tax loss deduction:
  - **25% of costs for R&D** incurred in the given tax period,
  - **25% of the wage costs of employees** involved in R&D project in the tax period, in which they were recruited under the condition that they are citizens of EU Member States, are under 26 years of age and have completed full-time high school or university education no earlier than 2 years ago.
  - **25% of the incremental increase in R&D** costs incurred in the tax period compared to the total R&D costs incurred in the next preceding tax period.

- If a tax loss is recorded or if the tax base after deducting a tax loss deduction is lower than the available deduction, the deduction can be applied in the nearest following 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 deduct arose.
Other Taxes

Value-Added Tax

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. A voluntary registration is also possible, which can be subject to tax securement.

• VAT registration is obligatory for foreign persons (taxable persons without a seat or VAT establishment in Slovakia) before they carry out any activity subject to VAT in Slovakia (subject to some exceptions).

• A foreign person who makes long-distance sales in Slovakia to any person not registered for Slovak VAT, and where the total value of the goods supplied reaches EUR 35,000 in a calendar year, is obligated to register for Slovak VAT.

• 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 purpose of paying VAT or reporting the supply of goods.

• With effect from 1 October 2012, an automatic VAT registration was introduced for taxable persons who supply a building, its part, or building land that is not VAT exempt according to law and provided that a turnover of EUR 49,790 is expected to be reached based on the supply.

• Commencing 1 January 2014, taxpayers must notify the Tax Authority of the change in case of creation/termination of an establishment for VAT purposes, within 10 days after the change occurred.

• Since 1 October 2012, an obligatory VAT registration, and since 1 January 2014, also an automatic VAT registration, can be subject to tax securement in some instances.

Retroactive VAT Registration

• Retroactive VAT registration is possible only for a taxable person who should have registered for VAT after 1 April 2009.

• VAT payers can, under some conditions, deduct input VAT but they should also pay output VAT from taxable supplies that occurred in the period in which they should have been registered for VAT.

• The Slovak tax authorities can register VAT payers retrospectively ex officio if they discover that the taxpayer should have been registered for VAT.
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 the call-off stock regime, he does not have to register for Slovak VAT. In this case, the customer will have to apply 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 services, whilst a reduced rate of 10% applies to some pharmaceutical products, some medical aids, depending on the commodity code (as listed in Annex 7 to the Slovak VAT Act), some books, and similar products.

Exempt Supplies

• In general, exempt supplies without the possibility to deduct input VAT include, for example, 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 with the possibility to deduct input VAT include, for example, the following transactions:
  ○ the intra-Community supply of goods;
  ○ financial and insurance services, if provided outside the EU;
  ○ triangulation transactions;
  ○ transport of passengers in certain cases; and
  ○ the export of goods outside the EU.
• The sale of construction land is not exempt from VAT. The sale of buildings, including the construction land on which the building stands, after five years from their official final inspection and occupancy approval or from their first use, is exempt from VAT. However, a VAT payer can decide not to apply the exemption on such supply. The rent of real estate (with some exceptions, like parking spaces) is exempt from VAT. The VAT payer can 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 will use for taxable supplies of goods and services on which a deduction can be claimed.

• A VAT payer may not deduct input VAT on goods and services that will be used for exempt supplies without the possibility to deduct input VAT.

• A partial deduction based on a coefficient computed pursuant to law will apply to purchases of goods and services used on both taxable supplies, on which input VAT deduction can be claimed, and on those on which input VAT deduction cannot 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 on the cost of entertainment and refreshments.

**VAT Compliance**

• VAT is administered by the tax authorities, except for import VAT which is administered by the customs office.

• Since 1 January 2013, invoicing obligations have been adjusted to comply with the EU VAT Invoicing Directive.

• A valid VAT document (invoice) must be issued for every taxable supply rendered to a taxable person within 15 days from the supply of goods or services or receipt of payment prior to their supply. Since January 2014, the law requires that an amending document must be issued within 15 days from the end of the calendar month in which the event occurred that gave rise to amending the tax base.

• A VAT payer must provide authenticity of origin, integrity of content, and legibility of all invoices, from the time of their issue until the end of the invoice archiving period. The invoice can be issued and received both in paper and electronic form.
• 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 passed from the end of the calendar month in which he became a VAT payer, and his turnover was less than EUR 100,000 over the preceding 12 consecutive calendar months.
• VAT returns must be filed within 25 days from 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 might 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 can 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 need to be submitted within 25 days after the end of the period to which they relate, and they have to be filed in electronic form.

VAT Control Statement

• Since 1 January 2014, an obligation for all tax payers (including foreign persons registered for VAT in Slovakia) to present a control statement in electronic form has been introduced. It 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. It is not required to file a control statement in cases of zero VAT returns, or if only specific transactions are reported in the tax return (such as intra-community supplies, 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.
• Recurrent failure to file a control statement will result in cancellation of VAT registration of the taxpayer, as is the case with a tax return. The tax administration may impose a penalty of up to EUR 10,000 for not filing or late filing of a control statement, or for incomplete and incorrect data shown in the control statement (or even EUR 100,000 for recurrent non-compliance).

Obligation of Electronic Filing

• Since 1 January 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, either 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 he reports a VAT refund. If the VAT refund cannot be fully offset in the following VAT period, then the tax authorities would refund the excess input VAT or its part within 30 days after filing the VAT return for that following VAT period.
• However, if certain conditions are met, the tax office should refund the VAT within 30 days from the day that the VAT return is filed, i.e. earlier.

VAT Refund for Foreign VAT Payers from Another EU Member State

• A foreign VAT payer from another EU member state can claim Slovak VAT through the VAT refund scheme for foreign persons not registered for VAT in Slovakia.
• A request must be filed no later than 30 September of the calendar year following the period for which the VAT refund is claimed.
• The VAT refund claim should be submitted for a period no longer than one calendar year, and the total amount of VAT claimed must be at least EUR 50.
VAT Refund for Foreign Entities from Non-EU Countries

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

- The excise duty liability for electricity, coal, and natural gas arises at the moment that 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 the tax-free circulation regime.
- The production, processing, storage, receipt, and dispatch of products under the duty suspension arrangement are carried out by an authorised warehouse keeper.
- To obtain excisable products from another EU member state under the duty suspension regime, it is necessary to register as a licensed receiver.
- For transactions under the duty suspension regime (storage and transport), a tax guarantee has to be lodged with the Customs Administration.
- The company must be authorised to use excisable products exempt from excise duty.

Registration

- An excise tax payer must be registered with the customs office. Entities to which tax a liability has not arisen, but which transact in goods that are subject to excise tax, are also subject to registration.
• Entities that intend 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 will 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 can 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

• Administrator of the 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.
• 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.

Excise Duty Refunds

• In certain circumstances, the tax warehouse keeper, or another authorised entity, can obtain a refund of Slovak excise duty on a product that has been taxed. In general, this applies if excisable products released for tax-free circulation in Slovakia are supplied to be used 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 have to 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.
- The customs declaration should be made in the prescribed form and manner (in writing or by another action).
- Import or export duties are customs duties and other charges payable on the import or export of goods (import VAT, excise duties, and charges under the common agricultural policy).
- The customs authorities require declarants to provide a deposit to cover the customs debt in the event that a customs debt arises. Such a deposit may be in cash, or may be provided by a guarantor.
- For the purpose of communication with the customs offices, each person has to be identified by an EORI number (Economic Operator Registration and Identification Number), which is allocated by the customs authorities at a request. EORI registration is mandatory for customs clearance.
- Export and transit customs clearance is based on the electronic exchange of information. Import customs clearance is partly electronic in Slovakia.

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 choose the customs approved procedure to be assigned to the goods:
  - the placing of the goods under a customs procedure;
  - their entry into a free zone or free warehouse;
  - their re-export from the customs territory of the EU;
  - their destruction; or
  - their abandonment to the exchequer.
The goods may be released into free circulation or for export. The movement of non-EU goods should be covered by the transit customs procedure. Alternatively, the following regimes may be applied:

- customs warehousing;
- inward processing;
- onward processing;
- processing under customs control; and
- temporary admission.

**Customs Debt**

A customs debt is incurred at the time of acceptance of the customs declaration through:

- 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, in the event of indirect representation, a representative as well. The customs duty must generally be paid by the debtor within 10 days of delivery of the notification of the customs debt to the debtor.

**Simplifications**

In order to simplify formalities and procedures, the customs authorities may grant permission to use the following simplified procedures:

- an uncompleted customs declaration;
- a commercial or administrative document instead of the customs declaration;
- a local customs clearance;
- an authorised consignee and sender.

Being an “Authorised Economic Operator” means that one is considered a reliable partner of the customs authorities, and it allows customs procedures in various areas to be simplified.
Environmental Fees

- Wastes and packages are subject to environmental fees and other obligations.
- Importers and producers are obliged to pay environmental contributions to the Recycling Fund for selected commodities, as follows:
  - batteries and accumulators;
  - mineral oils;
  - tyres;
  - multilevel combined materials;
  - packages made of metal;
  - electronic machines;
  - glass;
  - paper and paperboard;
  - cars; and
  - plastic products.
- The amount of contribution depends on the character of the commodity. The contribution can be reduced or refunded fully or partially in the case of export of chargeable commodities or recycling wastes.
- Importers and producers of chargeable commodities have to be registered with the Slovak Ministry of Environment and the Recycling Fund, file reports, and in some cases meet binding recycling limits.
- In 2015, the waste management legislation is subject to extensive changes which should lead to cancellation of the Recycling Fund at 31.12.2016 and substitution of obligatory payment of contribution by a concept of extended manufacturers’ responsibility.
Motor Vehicle Tax

• Under the new Motor Vehicle Tax Act effective from 2015, the motor vehicle tax is payable to the tax office in the city where the car was registered at 31 December of the preceding year. Employee’s motor vehicle tax will be subject to employer’s tax jurisdiction.
• Taxable vehicles are those registered in Slovakia and used for business purposes.
• In general, the motor vehicle tax is payable by the holder of the car. In specific cases it is payable by the individual who uses the car for business purposes even if he is not the holder of the car (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 equal for the entire territory of Slovakia. The rate changes depending on the time passed from the first registration of the car. A reduced tax rate will apply to cars used in intermodal transportation and/or using ecological drive.
• 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 notify of the establishment and termination of the tax liability directly in the tax return form.
• The taxpayer must pay monthly and/or quarterly tax advances depending on the amount of expected tax with a single tax administration, provided that the expected tax does not exceed EUR 700.
• With effect from 1 October 2012, a new fee (registration tax) was introduced in the Act on Administration Fees. This fee is payable when registering vehicles in categories L, M1, and N1 in the register of vehicles in Slovakia. The amount of tax ranges from EUR 33 to EUR 2,997 depending on the engine capacity of the registered car, and other facts.
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

- Land tax is generally payable by the registered owner of land. In specific cases it is paid by the land manager or the lessee.
- The basic tax rate is 0.25% of the tax base, but this is normally changed by the municipality, and different rates generally apply to different types of land, within certain limits.

Building Tax

- The building tax is generally payable by the registered owner of the building. In specific cases it is paid by the property manager or lessee.
- The basic tax rate is EUR 0.033 for each square metre of ground space occupied by the finished building. The tax rate is normally changed, within certain limits, by the municipality issuing a generally binding regulation.
- Subject of the building tax are also multi car garages, even if built underground.

Tax on Apartments

- Tax on apartments is generally payable by the registered owner of an apartment. In specific cases it is paid by the property manager.
- The basic annual tax rate is EUR 0.033 per square metre 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.
• The taxpayer must file a tax return by 31 January of the taxable period in which the tax liability arises, by the status as at 1 January of this period. If changes occur in the following tax period, such as acquisition of new property, change of type or area of already declared property, the taxpayer must file a partial tax return within the same deadline. The obligation to file the tax return during the tax period arises upon acquisition of property through inheritance.
• If the taxpayer discovers that the data, based on which the tax liability is calculated, in the filed tax return were 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.
• In general, the tax liability is payable within 15 days after the tax assessment became valid.
Bank Levy

- Since 1 January 2012, banks and branches of foreign banks must pay a special levy payable by certain financial institutions (so-called bank levy) amounting to 0.4% of the base set out by law, while depending on selected indicators of the Slovak banking sector, this rate will be gradually reduced until it reaches 0%.
- At 25 July 2014 the set conditions were met to reduce the levy rate. For 2015 and subsequent calendar years the levy will therefore be 0.2%, until the conditions are met for further reduction.
- The levies are 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, who is authorised to do business in a regulated business (such authorisation should be issued in Slovakia or any other EU or EEC member state) and expects to achieve at least 50% of its total revenues from regulated business in the accounting period, and its total annual result of operation exceeds EUR 3 million.
- A regulated business includes: the power industry, insurance, re-insurance, public health insurance, electronic communication, the pharmaceutical industry, postal services, rail transport, public water and drainage systems, air transport, and the provision of health care.
- A monthly levy is calculated as the multiplication of the levy base, being the result of operations before tax, and the levy rate, being 0.00363.
- The levy is administered by the tax office responsible for corporate income tax administration.
Notes
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