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Public CbCR: First reports for 2025 must be published by 31 December 2026

The first deadline for complying with public country-by-country reporting (Public CbCR) obligations is approaching for large multinational groups. For groups whose financial year corresponds to the calendar year, the report on income tax information for 2025 must be published by 31 December 2026. In Slovakia, this obligation is fulfilled by filing the report with the Register of Financial Statements, from which it is automatically transferred to the Collection of Deeds of the Commercial Register.



Katarína Ridošová
kpmg@kpmg.sk
+421 259 984 111

The company must also publish the report on its website or provide a link to the report, which is publicly available free of charge in the Register of Financial Statements. The report or the link must remain publicly accessible for at least five years from the end of the relevant financial year.

The Public CbCR rules are based on Directive (EU) 2021/2101 and have been implemented in Slovakia through Act No. 431/2002 Coll. on Accounting.

Who is subject to Public CbCR?

The reporting obligation applies primarily to ultimate parent undertakings of multinational groups and standalone undertakings whose consolidated revenue or revenue, respectively, **exceeds EUR 750 million in two consecutive financial years**.

Where the ultimate parent undertaking is established outside the EU, the reporting obligation may also apply to its subsidiaries or branches located in the EU.

Who will publish the report for the group?

In particular, groups with an ultimate parent undertaking outside the EU should determine in advance which entity will be responsible for publishing the report in the EU.

A Slovak subsidiary may be exempt from preparing and filing its own report if the report for the group is prepared by the ultimate parent undertaking outside the EU and is made publicly available, free of charge, on its website in a machine-readable electronic format and in at least one official EU language. The report must also identify the EU subsidiary that filed the report.

What needs to be done by 31 December 2026?

Groups that may fall within the scope of Public CbCR should, sufficiently in advance:

- verify whether the EUR 750 million revenue threshold is exceeded for the relevant two consecutive financial years;
- identify the ultimate parent undertaking and the relevant subsidiaries and branches in the EU;

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- determine which entity will be responsible for publishing the report in the EU;
- assess whether the Slovak company is required to prepare and file the report itself or may benefit from an exemption under the Slovak Accounting Act; and
- ensure that the information required for the preparation and publication of the report is available.

For groups with a calendar financial year that are subject to Public CbCR for 2025, the **key deadline is therefore 31 December 2026**. By that date, groups should not only have the report ready, but should also have clarity as to which entity will publish it in the EU and whether the Slovak company has its own reporting obligation.

If you need assistance in assessing whether Public CbCR applies to your group, determining the obligations of your Slovak company or preparing and publishing the report, we will be happy to assist you.

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Legal

Latest information on mandatory registration with the goAML system

The amendment to the AML Act has introduced several new obligations for obliged entities. One of these is the obligation to register with the goAML system by 30 November 2026, or within 30 days of becoming an obliged entity.



Marián Lauko
mlauko@kpmg.sk
+421 918 865 146



Beáta Machalíková
kpmg@kpmg.sk
+421 259 984 111

As we informed you in our previous article, the registration obligation applies to **obliged entities** as defined in Section 5 of the AML Act.

We therefore recommend that **you check your registered business activities** as soon as possible, as for some activities, **the status of an obliged entity** arises even if you do not actually carry out those activities. For others, it arises upon fulfilment of the statutory conditions (nature of the activity, volume of business).

If this obligation applies to you, do not forget to register on the goAML portal within the specified deadline.

The goAML system is used for secure electronic communication with the Financial Intelligence Unit (FIU), in particular for submitting reports on suspicious transactions and exchanging information in the field of preventing money laundering and terrorist financing.

What has changed following the latest FIU announcement

On 26 November 2026, the FIU adopted a measure aimed at providing obliged entities with additional time to fulfil their registration obligations and to enable the FIU to carry out effectively its tasks in the fight against money laundering and terrorist financing. According to information published on the official website of the Ministry of the Interior of the Slovak Republic:

- If an obliged entity submits an application for r**egistration by 31 January 2027** at the latest, the FIU **will not impose a fine solely on the grounds** of a late submission of the application for registration.
- For persons who have decided **to cease or suspend the activity** giving rise to their status as an obliged entity (and who are not, at the same time, carrying out any other activity on the basis of which this status would continue to apply to them), until 31 January 2027 a **confirmation of the submission** of the relevant application to cease or suspend the activity will suffice.

We recommend that **you use this additional time** to assess your status as an obliged entity and, where necessary, take the measures required to ensure compliance with the legislation.

Should you be interested, we are ready to offer you comprehensive advice on AML and the fulfilment of obligations as a regulated entity, including consultations, an assessment of your status as a regulated entity, adjustments to your business activities, registration with goAML, preparation of the documentation required by the AML Act, and training.

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Legal

Proposed Amendment to the Commercial Code Would Allow Shares with Multiple Voting Rights

In a joint-stock company, a shareholder's voting rights generally correspond to the ratio of the nominal value of their shares to the company's registered capital. The upcoming amendment to the Commercial Code introduces a significant exception to this rule. Under the new rules, a single share could carry more votes than its proportion of the registered capital would otherwise give it. The bill is currently going through the legislative process in the National Council of the Slovak Republic, and its proposed effective date is 5 December 2026.



Cyril Hric
chric@kpmg.sk
+421 918 876 501



Peter Dibala
kpmg@kpmg.sk
+421 259 984 111

How the New Regime Is Intended to Work

A company will not be able to issue shares with multiple voting rights automatically. Its articles of association must expressly allow it. A single share may carry no more than one hundred times the votes attached to an ordinary share, and the ratio must be expressed as a whole number. **The shares must be registered shares**, so that it is always clear who holds the enhanced votes. For companies whose shares are to be traded, or are already traded, on a multilateral trading facility (MTF), the shares must also be in book-entry form.

The enhanced voting right is tied to the specific shareholder. If the share is transferred to another person, it always converts into an ordinary share, and the new acquirer receives only "ordinary" votes. The same applies when the share passes to a legal successor, for example by inheritance. In that case, however, the law allows the articles of association to provide that the enhanced voting right is retained.

Introduction Only with Broad Shareholder Support

An amendment to the articles of association that introduces or changes such shares requires a two-thirds majority of the votes of the shareholders present. If the company has issued more than one class of shares, **the consent of two-thirds of the shareholders present** in each class is also required. The resolution must be recorded in a notarial deed. The articles of association may set a higher threshold.

Additional Requirements upon Market Entry

Companies on an MTF must be prepared for transparency requirements. They must disclose to investors their share structure, any restrictions on the transfer of shares and on voting rights (including known shareholder agreements), and the identity of shareholders who hold more than 5% of the voting rights through such shares. In addition, neither a stock exchange nor an MTF operator may discriminate against such shares when admitting them to trading.

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Practical Implications

The new instrument is likely to appeal mainly to **start-up founders, family businesses and joint-stock companies that are seeking an investor but do not want to lose control over strategic direction**. In practice, however, amending the articles of association will not be enough on its own. We recommend considering the following aspects in advance:

- The voting ratio should reflect the level of control the founders actually want to keep after further funding rounds.
- Because the enhanced voting right lapses on any transfer, the share converts into an ordinary share even if the founder transfers it to their own holding company. It is therefore advisable to set up a suitable ownership structure in advance.
- The articles of association should expressly state whether the enhanced voting right passes to heirs or lapses.
- The bill does not provide for multiple votes to apply only to certain decisions. In practice, it will therefore be important to structure the relationships between shareholders carefully, particularly for strategic decisions, and to consider appropriate protective mechanisms in the articles of association and the shareholders' agreement.

We will continue to monitor further developments in this area closely.

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Taxes

Do you know what factors determine the establishment of a permanent establishment? – Part 2

The methodological guidance issued by the Financial Directorate of the Slovak Republic provides a more detailed overview of the conditions for the constitution of a permanent establishment. In the second part of this article, we focus on the permanence of the location, the actual performance of activities and the rules that prevent the artificial division of business activities.



Zuzana Blažejová
zblazejova@kpmg.sk
+421 905 740 000

In the previous article, we looked at the basic conditions for the constitution of a permanent establishment and the assessment of a place or facility for carrying out activities. We now continue with further practical aspects that need to be taken into account.

When is a location sufficiently permanent?

The location must demonstrate a certain degree of permanence; the activity carried out there must not be merely short-term or incidental. Under Slovak law, the threshold period for a one-off activity is set at six months and one day within a period of 12 consecutive months. The OECD commentary states that, under normal circumstances, a permanent establishment does not arise if the activity lasts for less than six months. However, in specific situations, such as recurring activities, unexpected premature termination or the enterprise's sole activity in a given country, the existence of a permanent establishment may be assessed from the very first day.

The guidance also points out that permanence is assessed on the basis of the facts known at the time, not on the basis of the original intention or circumstances that arose subsequently.

Mere presence is not sufficient; what matters is the actual performance of activities

A further condition is that the enterprise must actually carry out its activities at the location in question. In making this assessment, a distinction is made in particular between:

- the enterprise's active operations and passive income, such as interest, dividends, licence fees or net rental income,
- the main business activity and activities of a preparatory or ancillary nature.

Passive income does not in itself constitute a permanent establishment. However, a permanent establishment may arise if a non-resident carries out active activities within the territory of the Slovak Republic – for example, providing services, manufacturing or selling goods, or providing comprehensive services related to the letting of property – and these activities constitute a substantial part of its business.

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The distinction between ancillary and principal activities may not always be clear-cut

Article 5(4) of the OECD Model Tax Convention contains a so-called **'negative list'** of activities of a preparatory or ancillary nature, such as storage, display, purchase or collection of information. If an enterprise carries out only such activities at a particular place, a permanent establishment does not, as a rule, arise under the relevant treaty.

However, the BEPS project (Action 7) has highlighted that a number of activities which were previously regarded as ancillary or preparatory may now constitute the main business activity, particularly in the fields of logistics or e-commerce. At the same time, **it is not possible to artificially divide a coherent business activity across several locations** and argue that only ancillary activities are carried out at each of them.

For this reason, a clause has been added to the Model Treaty under Article 5(4.1), which prevents related activities carried out at several locations or by closely linked enterprises from being assessed in isolation as ancillary if, taken as a whole, they constitute the enterprise's integrated principal activity.

This concept is also reflected in the definition of a 'associated person or undertaking' under Article 5(8). As a rule, these are persons or undertakings with a share of more than 50 per cent of the voting rights or ownership.

What you should check in practice

Foreign undertakings operating in Slovakia, as well as Slovak firms with cross-border activities, should map out in detail where and how they carry out their key activities. Particular attention should be paid, in particular, to:

- the use of warehouses, offices and technical facilities abroad,
- contractual arrangements with subcontractors,
- the working-from-home arrangements in a cross-border context.

Cross-border home working may have tax implications

Cross-border home working may, in certain cases, lead to the constitution of a permanent establishment, particularly if the individual carries out a substantial part of their business activities in that country from their home and there is a commercial reason for their presence.

In cases of uncertainty, it is advisable to assess the existence or absence of a permanent establishment with regard to the specific circumstances and the relevant double taxation agreement.

The guidance issued by the Financial Directorate of the Slovak Republic thus provides an important interpretative framework which may influence the tax assessment of the presence of foreign enterprises within the territory of the Slovak Republic.

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Legal

Transposition of CRD VI Changes the Rules on Bank Governance

The amendment to the Act on Banks transposes the CRD VI Directive. A substantial part of the amendment has been effective since 1 March 2026. Further provisions take effect gradually, by 31 December 2030 at the latest. The amendment concerns, in particular, the governance of banks, the regime for branches of third-country banks, administrative sanctions, the powers of the National Bank of Slovakia (NBS), ESG risks and supervisory independence.



Cyril Hric
chric@kpmg.sk
+421 918 876 501



Peter Dibala
kpmg@kpmg.sk
+421 259 984 111

In the area of governance, the changes **effective from 1 March 2026** are of key importance for banks. They concern members of bank bodies and key function holders, as well as the extended powers of the NBS. What does this mean for banks in practice?

Key Function Holders and NBS Approval

One of the significant changes is the **extension of the range of functions** subject to NBS approval. The amendment introduces the category of a **"key function holder"**. This is a person with significant influence over the management of a bank or a branch of a foreign bank who is not a member of the statutory body or the supervisory board. This includes, in particular, the holder of a commercial power of attorney (prokura), the head of the internal control unit, the chief financial officer, senior managers and the person responsible for anti-money laundering and countering the financing of terrorism.

The appointment of a key function holder now **requires the prior approval of the NBS**. Where such approval has not been granted, the appointment is invalid.

Key function holders must meet the fit and proper requirements, i.e. professional competence and trustworthiness. The required education and professional experience alone are not sufficient. They must also have the knowledge, skills and experience appropriate to the activities they manage or for which they are responsible.

Greater Emphasis on the Collective Suitability of Bank Bodies

The amendment also strengthens the requirements on the composition of the board of directors and the supervisory board. The knowledge, skills and experience of their members must, taken as a whole, be adequate to the bank's activities and the risks to which it is exposed. Bank bodies must also be able to understand the short-, medium- and long-term impacts of the bank's activities, including ESG factors.

The law further expressly requires a sufficiently diverse composition of the bodies, reflecting an adequately broad range of experience.

Suitability Is No Longer Demonstrated Only upon Appointment

Another significant change is the ongoing assessment of the suitability of members of bank bodies and key function holders.

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Suitability, i.e. primarily professional competence and trustworthiness, is no longer merely an entry requirement. The bank must also assess it during the term of office, upon a relevant change in circumstances or at the request of the NBS. The bank must prepare a record of the internal assessment and submit it to the NBS without undue delay.

The role of supervision is also strengthened. If the NBS becomes aware of facts that may affect the suitability of a particular person, it may reassess whether the requirements are met. If the person does not meet them, the NBS may order the person's replacement or require the bank to adopt another appropriate measure.

Greater Emphasis on Ongoing Training

The bank must provide human and financial resources for the induction and ongoing professional training of members of the statutory body and the supervisory board, including training on ESG risks and information and communication technology risks. The expertise of members of bank bodies must therefore be maintained and developed throughout their term of office.

Stricter Limits on Multiple Directorships

The amendment also **tightens the limits on holding multiple directorships in bank bodies** (so-called over-boarding). A member of the statutory body or of the supervisory board of a bank may now simultaneously hold either one executive directorship and two non-executive directorships, or four non-executive directorships. Multiple directorships within certain connected entities count as a single directorship for this purpose. The NBS may authorise a member to hold one additional non-executive directorship in excess of these limits.

Role of the Supervisory Board in Remuneration

Oversight of the remuneration system is also changing. In banks that are not required to establish a remuneration committee, the remuneration system is overseen directly by **the supervisory board**.

Before the amendment, this task was performed by the person responsible for the bank's remuneration system. The amendment thus shifts part of the responsibility in this area directly to a body of the bank.

Risk Management System: Review at Least Every Two Years

Finally, the amendment sets a specific frequency for reviewing the risk management system. The board of directors must review the risk management system at **least every two years**. The same frequency applies to the supervisory board's review of the safety and effectiveness of the system.

The new rules thus significantly strengthen bank governance in line with the requirements of CRD VI. The focus is shifting towards the ongoing assessment of suitability, the collective quality of bank bodies and the effectiveness of risk management. It is therefore no longer sufficient for banks to meet the relevant requirements when filling positions – they must be able to assess and demonstrate compliance on an ongoing basis.

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Case law

The Court of Justice of the European Union has ruled on the conditions for the refund of withholding tax on dividends

A new judgment from the Court of Justice of the European Union clarifies the extent to which Member States may make the refund of withholding tax on dividends to non-resident companies conditional upon the carry-forward of their tax losses in accordance with their own national rules. The judgment clarifies the limits of the burden of proof on non-residents and the options available to tax authorities.



Zuzana Blažejová
zblazejova@kpmg.sk
+421 905 740 000



Miriam Barňaková
kpmg@kpmg.sk
+421 259 984 111

What was the case about?

Case C-241/25 concerned a French company belonging to a tax-consolidated group in France, which in 2012 received **dividends from Swedish companies in which it held stakes of less than 10%**. Withholding tax **was withheld** from this dividend income in **Sweden**.

The French company reported a loss at group level for the tax year in question and therefore applied for a refund of the Swedish withholding tax. It argued that a comparable Swedish resident company making a loss would not have been taxed immediately on these dividends – taxation would have been deferred until it made a profit.

The Swedish tax authority rejected the application on the grounds that:

- the company had not recalculated its (and the group's) tax loss in accordance with Swedish tax rules,
- it had not demonstrated that, under Swedish law, it would have reported a loss comparable to that of a Swedish resident company.

The Supreme Administrative Court of Sweden therefore asked the Court of Justice of the European Union for a ruling on whether such a requirement is compatible with the free movement of capital under Article 63 of the Treaty on the Functioning of the European Union.

What was the Court of Justice of the European Union's ruling?

The Court ruled that a Member State may not make the refund of withholding tax to a loss-making non-resident company conditional on that company always and systematically recalculating its taxable profit in accordance with the tax rules of the source state.

According to the CJEU:

- this constitutes an additional administrative burden which applies exclusively to non-resident companies,
- such a requirement may deter foreign investors from investing in the State in question,
- and therefore constitutes a restriction on the free movement of capital.

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The Court also emphasised that where **a Member State taxes dividends paid to both residents and non-residents**, those **entities are, in principle, in a comparable situation from the point of view of that taxation**. Differences in national tax rules (e.g. in how the tax base or a loss is calculated) do not in themselves preclude a finding of comparability.

The CJEU also rejected arguments based on:

- the need to maintain a balanced distribution of tax powers amongst Member States,
- the protection of the coherence of the national tax system,

as no direct and close link had been demonstrated between the tax advantage applied and the specific compensatory taxation.

What evidence may the tax authority require?

The judgment does not mean that non-resident companies are exempt from the obligation to prove their loss-making position. The tax authorities may:

- request relevant accounting and tax documents,
- verify whether the company has actually incurred a loss,
- examine whether the arrangement is an artificial structure designed to obtain an unjustified tax advantage.

However, these requirements must be:

- **proportionate** – they must not be excessively complex or costly in relation to the objective of the audit,
- **non-discriminatory** – they must not impose significantly stricter conditions on non-residents than on residents.

If the documents submitted by a non-resident company enable the tax authority to verify clearly and precisely that the conditions for a tax refund or deferral are met, the tax authority cannot automatically require a full recalculation of the result in accordance with its own tax system.

Although the fight against tax fraud and abuse is a legitimate reason, the Court of Justice of the European Union has stated that a systematic recalculation of the loss is disproportionate unless it is based on specific circumstances indicating abuse.

What does the judgment mean in practice?

The ruling is particularly important for **loss-making non-resident companies** which:

- receive dividends from other EU Member States,
- have been subject to withholding tax on these dividends,
- face tax refund conditions that require their results to be recalculated in accordance with the tax rules of the source country.

In practice, this means:

- EU Member States may not impose a systematic recalculation of tax losses on non-residents in accordance with their own rules if they do not impose a similar burden on residents,
- tax authorities must review administrative procedures that may constitute a disproportionate restriction on the free movement of capital,
- non-resident companies may wish to consider reviewing past cases in which a refund of withholding tax was refused solely because they had not recalculated the loss in accordance with the source country’s rules.

The judgment thus strengthens the protection of non-resident investors in the EU and clearly establishes that the evidential requirements for withholding tax refunds must be reasonable, proportionate and non-discriminatory.

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www.kpmg.sk
Tel.: +421 2 5998 4111

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