# Daňovky

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## Tax and Legal News | January 2026

Taxes

# New Measures Targeting High-Risk VAT Payers and Other VAT Changes

On January 14, 2026, the Ministry of Finance of the Slovak Republic submitted a draft amendment to the VAT Act for a shortened comment procedure (ending on January 22, 2026). The amendment introduces targeted measures against entities that have long failed to fulfill their tax obligations or do not cooperate with the tax authorities.

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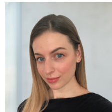

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The measures are to be introduced gradually, with proposed effective dates of **April 1, 2026, and January 1, 2027**.

## Proposed Amendments to the VAT Act

**Effective from April 1, 2026:**

- Extension of the deadline for the tax authority to decide on a voluntary VAT registration application to up to **60 days in justified cases**,
- Introduction of the possibility for the tax administrator to **impose a record-keeping obligation** if risk criteria are met – the VAT payer will be required to submit specified documents to the tax administrator regarding supplies of goods and services, transport documents, delivery notes, copies of invoices, payment documents, and other supporting documents,
- Expansion of the legal grounds for the tax administrator to **cancel VAT registration for high-risk entities** – for example, repeated issuance of fictitious invoices or claiming VAT deductions on such invoices,
- Establishment of a **legal presumption of cessation of economic activity** if the VAT payer has not notified the place of business, has only provided a correspondence address, or is repeatedly unreachable.

**Effective from January 1, 2027:**

- **Reintroduction of the VAT guarantee mechanism in the range of EUR 5,000 to EUR 500,000** for potential future VAT arrears, which the tax authority will be entitled to impose if the same risk criteria are met as for the record-keeping obligation.

## Other Expected Changes in the Area of VAT

In connection with the mandatory transposition of the ViDA Directive, another separate draft amendment to the VAT Act is expected, which, in stages from January 1, 2027, and subsequently from July 1, 2028, will introduce the following changes:

- Gradual phasing out of the call-off stock regime,
- Taxation of platforms in the short-term accommodation and passenger transport sectors,
- Introduction of a new one-stop-shop scheme for the movement of a business's own goods to another EU Member State,




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- Extension of existing one-stop-shop arrangements,
- Introduction of mandatory reverse-charge mechanism for certain cross-border transactions, and
- Adjustment of rules regarding the person liable to pay VAT on imports in the context of distance sales of goods imported from third countries, where the goods are subject to the special IOSS scheme, and the termination of the special scheme for declaring and paying VAT on imported goods (transposition of the related Council Directive (EU) 2025/1539).

We will keep you informed about further developments related to the implementation of these changes.



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Taxes

# Approval of Mandatory Electronic Invoicing

On December 16, 2025, the President of the Slovak Republic signed the amendment to the VAT Act (now already published in the Collection of Laws), which was approved by the National Council of the Slovak Republic on December 9, 2025. We previously informed you about this proposal in our September article.

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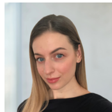

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The amendment introduces mandatory electronic invoicing and mandatory real-time electronic reporting of data on the supply of goods and services to the Financial Administration.

The new regulation is based on the rules of Council Directive (EU) 2025/516, which is part of the “VAT in the Digital Age” (ViDA) initiative. The main objectives of these measures are to adapt the EU VAT system to the digitalization of the economy, make combat against VAT fraud more effective, and simplify administrative obligations for businesses.

Slovakia has taken the opportunity to introduce mandatory electronic invoicing for **domestic supplies of goods or services**, as well as mandatory electronic reporting of data on domestic supplies of goods or services to the Financial Administration, effective from 1 January 2027.

## New requirements for electronic invoices

For the purposes of the new rules, an electronic invoice will be **any document or notification** that contains all the **mandatory invoice elements** (such as invoice number, date of issue, subject of supply, recipient details, tax base, VAT, etc.) and is created, sent, and received:

- in an electronic document format that allows for automated and electronic processing, and
- in a data structure compliant with the technical standard for electronic invoicing (EN16931) and with the list of its syntaxes according to a special regulation – Commission Implementing Decision (EU) 2017/1870.

This will be a structured file in XML format. Unlike regular PDF invoices or scanned documents, an electronic invoice will contain structured data – that is, information recorded so that it can be read and processed by a system without manual retyping.

## Who will be affected by the new obligations from 2027

***Issuing and delivering electronic Invoices***

**From 2027, this obligation will apply only to domestic VAT payers** (registered under §§ 4, 4b, and 4c of the VAT Act) when supplying goods or services with the place of supply in Slovakia to another domestic VAT payer, a taxable person, or a non-taxable legal person established in Slovakia, or when receiving payment before such supply.

These entities required to issue electronic invoices must ensure they can send and receive electronic invoices via a delivery service.



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The recipient's consent to issue a structured electronic invoice will not be required. Sending by other means than the delivery service will require the recipient's consent.

Issuing an electronic invoice is **prohibited** if the recipient is the SIS (Slovak Intelligence Service), Military Intelligence, or if the supply is related to a classified fact, requires a classified fact, or contains a classified fact.

***Receiving electronic invoices***

Every person in Slovakia who receives goods or services for which the taxable person is required to issue an electronic invoice must ensure they can receive an electronic invoice sent via the delivery service.

Thus, this obligation **will apply to every domestic recipient of goods or services**, whether they are a VAT payer, a taxable person not registered for VAT, or a non-taxable legal person, who receives goods or services from a domestic VAT payer required to issue an electronic invoice.

***Electronic data reporting***

The obligation to digitally report specified data to the Financial Administration in real time will apply to supplies of goods or services for which a domestic VAT payer is required to issue an electronic invoice, which will be sent to the recipient via the delivery service.

**Invoice data will be automatically reported** to the Financial Administration via the **delivery service**. The obligation will be considered fulfilled for both the issuer and the recipient upon submitting the electronic invoice to the delivery service.

Data from electronic invoices **sent by other means than the delivery service**, as well as from non-electronic invoices, **will not be reported**.

Until the new rules take effect on **1 July 2030**, data will continue to be r**eported in the VAT Ledger Statement and Recapitulative Statement** (EU Sales List), which remain fully in force for now.

## Cases where the obligation to issue an electronic invoice does not arise

The obligation to issue an electronic invoice does not arise, among others, in the case of:

- supplies of goods or services to final consumers (B2C);
- exempt supplies of goods and services under §§ 28 to 43 and 47 of the VAT Act (due to direct exemption arising from the nature of the service – e.g., financial services, insurance services, social assistance services), or cross-border supplies of goods, etc.;
- issuing a simplified invoice (document for goods or services if the price including tax does not exceed EUR 100, or a document from an e-cash register).

## Sending electronic invoices – delivery service

Electronic invoices will be sent and received via certified delivery service providers in accordance with the European delivery standard – so-called **"Digital Postmen."** The services of a certified provider can be used via accounting software, a web, or a mobile application. The choice of a specific certified delivery service provider will be at the discretion of each business.

The Slovak Financial Administration is to **publish** the **European delivery standard** meeting the requirements of the VAT Act as of **1 January 2026**. At this stage, compliance is expected when using the Peppol network.

Peppol is a European network for the secure electronic exchange of business documents between participating entities. It is a decentralized solution that can have an unlimited number of service providers.

Electronic invoice delivery will be ensured by **certified Peppol access providers**, who will also provide selected invoice data to the Financial Administration.

From 1 January 2026, the Slovak Financial Administration will publish a list of certified delivery service providers that meet the conditions set by the relevant legal regulations.



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## Deadline for issuing an electronic invoice

The deadline for issuing an electronic invoice will be **15 days**:

- from the date of supply of goods or services,
- from the date of receipt of payment before the supply of goods or services,
- from the end of the calendar month in which the event decisive for correcting the tax base occurred under the relevant provisions of the VAT Act,
- from the end of the calendar month for which a summary electronic invoice is issued.

The deadline will be **considered met if the VAT payer issues the electronic invoice within 15 days** from the date of subsequent notification by the recipient that they are a person to whom the payer was required to issue an invoice for the supply of goods or services or for receipt of payment before the supply.

Regarding **summary invoices**, the new regulation removes the possibility of issuing a summary invoice in the form of an agreement on payments for the supply of electricity, gas, water, or heat, as the European standard for electronic invoicing does not allow such an agreement.

## Deadlines for electronic data reporting

The obligation to report invoice data will be fulfilled at the time of issuing the electronic invoice. If the electronic invoice is issued by the recipient on behalf of and for the account of the supplier, this must be done **no later than five days** from the date of issuing the electronic invoice or from the expiry of the deadline for issuing the electronic invoice.

For the recipient, the obligation must be fulfilled within five days from the date of receipt of the electronic invoice.

## Sanctions

For **failure to report data, late reporting, incomplete reporting, or incorrect reporting of data, the tax office may impose a fine of up to EUR 10,000**. In the case of repeated breaches, the fine may reach up to **EUR 100,000**. When imposing a sanction, the seriousness and duration of the unlawful situation will be taken into account.

In the case of an obvious error with subsequent correction, or if it is demonstrable that a malfunction occurred on the part of the digital postman, a fine should not be imposed.

## Transitional period – year 2026

In 2026, it will be possible to issue electronic invoices and send them via the delivery service on a voluntary basis. The Financial Administration’s portal will continuously publish a list of certified digital postmen.

Issuing an electronic invoice (regardless of compliance with the EU standard) that is not sent via the delivery service will require the recipient’s consent in 2026. If the recipient is also connected to the electronic invoice delivery system (has a digital postman), this will be considered as implied consent to the issuance of an electronic invoice.

**The transitional arrangement during 2026 does not include electronic reporting of invoice data.**

## Further expected changes from 1 July 2030

Due to the obligation to transpose Article 5 of Directive 2025/516 into the VAT Act, from **1 July 2030**, taxable persons (including those not established in Slovakia) **will be required to issue and receive invoices in a structured electronic format also for cross-border supplies of goods or services**, as well as to digitally report data on such supplies.

Data on such cross-border supplies will be centralized across the EU. Centralization will occur immediately after the creation and sending of the electronic invoice to the Financial Administration. Supplies and acquisitions within the EU will be



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compared. The obligation to submit the VAT Ledger Statement and Recapitulative Statement (EU Sales List) will also be abolished.

The **deadline** for issuing electronic invoices **will be shortened to 10 days** from the relevant event according to the relevant provisions of the VAT Act.

There will also be certain adjustments to the system provisions related to changes in invoicing rules.

## Next steps

It is important to keep in mind that the new electronic invoicing obligations in Slovakia will **take effect from 2027**, and it will be possible to participate in the new invoicing system voluntarily **from 2026**.

Similar rules have already been introduced in various forms in some EU Member States and will apply to all EU Member States in the coming years.

These are major changes in tax administration and business communication. **Companies operating across borders should pay attention to related obligations not only in Slovakia but throughout the EU**. This includes, for example, analyzing and mapping invoicing processes, verifying system compatibility, ensuring necessary conversions, setting up validation processes, choosing a delivery service, and so on, to avoid the risk of tax penalties or loss of the right to deduct VAT.

In several areas of our services, we are ready to help you not only to navigate the new rules, but also, based on our experience with projects abroad, to assist in integrating with your existing systems and transitioning to electronic invoicing. Our teams are available for further assistance.



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# The President signed the amendment to the VAT Act

On December 16, 2025, the President of the Slovak Republic signed an amendment to the VAT Act (now already published in the Collection of Laws). A significant part of the amendment concerns the introduction of new obligations regarding the issuance and receipt of invoices in a prescribed electronic format and the electronic reporting of invoice data from January 1, 2027, and from July 1, 2030. However, this amendment also brings other important changes.

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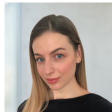
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## Mandatory electronic invoicing and electronic data reporting

A significant part of the amendment concerns **the introduction of new obligations regarding the issuance and receipt of invoices in a prescribed electronic format and the electronic reporting of invoice data from January 1, 2027, and from July 1, 2030**. For further details, please refer to a separate summary.

## Other changes

The amendment to the VAT Act will also bring, among others, the following changes:

- **From 2026**, the **tax office** will be able, ex officio, to register **two or more formally independent taxable persons as a group – a single VAT payer**. This can be done for entities whose formal independence serves to **circumvent VAT payment** or to **gain advantages from not accounting for VAT** within their business activities.
- **From 2026**, the determination of the period for which compensation is calculated for retaining VAT excessive deductions during a tax audit will be specified – the period will not include the time during which the tax office could not return the excessive deduction because the taxpayer did not notify the financial administration of their business bank account.
- The amendment brings precisions in connection with changes to the **application of reduced VAT rates from 2026**.
- From 2027, the application of a **special method for payment of VAT** to the tax authorities is to be extended so that, for selected transactions where there is a reasonable suspicion that the **supplier will not pay the VAT**, the tax authorities may impose an obligation on the **recipient to pay the VAT from the invoice directly to the tax office account** maintained for the supplier.
- Taxpayers will have to **tolerate the non-refund of excessive deductions** during the period in which a preliminary measure has been imposed, in cases where there are reasonable concerns that an outstanding, unassessed tax will not be paid on its due date or will be uncollectible **(effective from 2027)**.



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- **From July 1, 2030**, a new material condition for the right to deduct VAT will be introduced – the disposition of an electronic invoice.
- In connection with shortening of the deadline for issuing an electronic invoice **from July 1, 2030**, the moment of VAT liability arising for cross-border supply of goods to another EU Member State and cross-border acquisition of goods from another EU Member State will be adjusted to the 10th day from the date of delivery of the goods, or **the 10th day from the date of acquisition of the goods, respectively**.
- Provisions concerning triangular trade will be specified in connection with the introduction of new electronic invoicing rules **from July 1, 2030**.

We remind you that, in connection with the introduction of mandatory electronic invoicing, there are also **legislative and technical changes to the Accounting Act**. In order to increase the efficiency of tax administration, amendments and adjustments to the Tax Code are proposed. Changes will also **affect the Act on Guaranteed Electronic Invoicing and the Public Procurement Act**.



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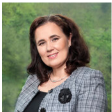
Taxes

# Overview of the Most Important Legislative Changes Since 2026

The year 2026 has brought a series of significant legislative changes to Slovakia, including in the area of taxation. The changes affect taxes, social contributions, social benefits, and state support. In the following overview, we present a selection of the most important changes you should prepare for in 2026.

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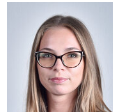

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## Tax amnesty or general tax pardon

During the first half of 2026, taxpayers can take advantage of a general tax pardon and pay tax arrears incurred up to **30 September 2025** without penalties and interest, or declare additional tax without the risk of sanctions. The **amnesty does not apply to arrears incurred after 1 October 2025** or to penalties not directly related to tax arrears.

## VAT deduction for passenger vehicles from 1 January 2026 to 30 June 2028

A new VAT deduction regime applies to passenger cars (M1) and certain motorcycles (L1e, L3e). From 2026, the VAT deduction for passenger vehicles **will be limited to 50%** and applies to purchases, leasing, rental (except short-term), and all operating costs. **Full VAT deduction** will only be possible in **specific cases** if the vehicle is **used exclusively for business purposes** (e.g. taxi services, driving schools), with the requirement to keep **electronic records of journeys** and notify the tax office. More information about the VAT deduction limitation for cars can be found in our previous article.

## Higher VAT will make food more expensive

If you buy food with a higher sugar or salt content, you will pay a higher VAT rate from 2026, namely **23%** instead of 19%. VAT on basic foods such as sugar, salt, or baby food remains unchanged.

## Increased assessment base and higher health contributions for self-employed

From 2026, health insurance contributions for employees **will increase from 4% to 5%**, and for persons with disabilities from 2% to 2.5%. Self-employed persons will pay contributions based on a higher minimum assessment base, 60% of the average wage instead of 50%. **Contribution holidays** for new self-employed persons are shortened from 12 to **6 months**, and the obligation to pay social contributions arises from the sixth month of business activity.



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## Changes in taxation of individuals and legal entities

From 1 January 2026, four progressive personal income tax brackets will be introduced: **19%, 25%, 30%, and 35%**, with the higher rate applying only to the portion of income above the relevant threshold. The special tax rate for constitutional officials and members of parliament increases from 5% to 10%. Corporate tax rates remain unchanged, but companies with a **turnover above EUR 5 million** will pay a minimum tax of EUR 11,520 per year.

## Higher travel allowances for business trips

From the beginning of 2026, the basic compensation for the use of **road motor vehicles on business trips will increase**. The new basic allowance per kilometer will be **EUR 0.090** for two-wheeled, three-wheeled vehicles, and quad bikes, and **EUR 0.313** for passenger vehicles. A new feature is that when using a trailer with a quad bike or passenger car, the **basic allowance increases by 15%**.

## Lower unemployment benefit

From 1 January 2026, the unemployment benefit **will be paid at 50%** of the daily assessment base during the first three months, dropping to 40% in the fourth month, 30% in the fifth month, and 20% in the sixth month.

## Financial transaction tax no longer applies to sole traders

From 1 January 2026, sole traders will no longer be required to pay the financial transaction tax. This exemption also applies **to all individuals** – for example, artists, actors, athletes, and other persons performing activities based on contracts outside of business, regardless of turnover.

## Higher employer costs for employee sick leave

From 2026, the employer will pay income compensation for employee sick leave for 14 days instead of 10. For the first 3 days, the compensation will be 25% of the daily assessment base, and from the 4th to the 14th day, 55%. The Social Insurance Agency will start paying sickness benefits from the 15th day of incapacity.

## Changes in revenue registration

Parliament has approved a new law on revenue registration, which **from 1 January 2026** extends the obligation to **use a cash register to all entrepreneurs receiving revenue for goods or services**, including professions that previously did not have this obligation. From 1 January 2026, stricter penalties apply, as well as the obligation to display an information notice at the point of sale, and the introduction of a technical tax identification number (TIN). From **1 March 2026**, it **will also be necessary to enable cashless payments from EUR 1, including QR payments**.

More detailed information on selected areas can be found in our previous article.



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Legal

# Amendment to the Labour Code tightens the rules for the Bogus Self-Employment

From 1 January 2026, an amendment to the Labour Code will make it significantly easier to detect illegal dependent work in the form of bogus self-employment– the so-called Schwarz system. At the same time, sanctions and controls by the labour inspectorate, tax offices and the Social Insurance Agency are also increasing.

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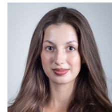

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Bogus self-employment, also known as the Schwarz system, are the subject of increased attention of the supervisory authorities.

This is a situation where an employment relationship between an entrepreneur and a natural person (a sole trader or a single-member limited liability company without employees) is formally presented as a commercial relationship, even though it is a dependent work.

## Legal definition and characteristics of dependent work

According to the Slovak legal system, dependent work was characterised by:

- personal performance of work for the employer,
- according to their instructions, on their behalf,
- **during the specified working hours**, and
- at a specified place.

If these characteristics are met, it is an employment relationship that should be governed by an employment contract. The Schwarz system occurs when such a relationship is formally concealed by a contract for work or a contract for the provision of services (or similar contracts) supplied by a natural person who is a sole trader.

In order to combat the Schwarz system, the **definition of dependent work has been changed as of 1 January 2026**. The c**ondition of performing work during working hours** determined by the employer has been **removed**.

## Basic differences of entrepreneurships

Unlike dependent work, entrepreneurship is an activity performed continuously and independently, in one's own name and on one's own responsibility, with the main objective being to make a profit. The entrepreneur decides on the manner, time and place of work himself, acts on his own behalf and bears the risk of the business. Entrepreneurship must be carried out in accordance with the conditions set out in the Trade Licensing Act or the Commercial Code.

Liability for damage caused by entrepreneurs is not limited and is covered by all that person's assets, unlike the liability of employees in an employment relationship, which is limited to four times the amount of their average monthly salary.

In the case of a business by a natural person, a sole trader, it can be difficult to determine the boundary between business and dependent work.



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The following characteristics indicate the commercial nature of the contractual relationship, namely if:

- **the sole trader has more than one customer (business partner)** to whom they provide their services, i.e. they have more than one business partner or client,
- **they make independent decisions in relation to the performance of their activities** – they have independent decision-making power over the execution of orders and the selection of contractual partners,
- **they have their own employees or other contractual partners** with whom they can cooperate in the delivery of the services they have contracted.

## Motivations of employers and self-employed persons

The primary reason for using business relationships on the part of both sole traders and employers is:

- **high tax and contribution burden on dependent work**, as Slovakia has one of the highest labour costs in the EU
- **greater flexibility of contractual relationships compared to employment relationship**, whether in terms of termination of the contractual relationship, setting the conditions for the performance of "work", contractual freedom in concluding multiple contractual relationships by self-employed persons, etc.

## Control of bogus self-employment – what is the subject of examination?

As a result of increasing pressure on public finances and consolidation, the government has declared a fight against illegal employment caused by the so-called Schwarz system.

When checking the Schwarz system, not only the formal aspect of the contractual relationship is assessed, but also its actual content and performance of work. The supervisory authorities, in particular the labour inspectorate, analyse several aspects:

- **Working conditions** – whether the worker performs the work under similar conditions as employees in an employment relationship,
- **Personal performance of work** – whether the work is performed personally and according to the instructions of the client,
- **Remuneration and its regularity** – whether remuneration is paid regularly, similar to a salary,
- **Benefits** – provision of benefits, protective work equipment, meal vouchers, etc.
- **Invoicing** – whether the self-employed person invoices exclusively or predominantly to one client,
- **Regularity and long-term nature of the relationship** – whether the work is long-term and regular.

It is not enough to prove that, formally and legally, i.e. on paper, everything is set up in accordance with the law.

## Risks and consequences for the parties

**For self-employed persons:** Such workers lose basic employment rights, such as holiday entitlement, protection against dismissal, sickness benefits or unemployment benefits, unless they voluntarily pay the relevant insurance. In the event of illness, accident or job loss, they are at greater risk of financial hardship. Long-term consequences may also include a lower pension and weaker social protection.

**For employers:** Disguising an employment relationship as a commercial relationship is considered illegal employment, i.e. performing dependent work without an employment contract.

If such illegal work is discovered, employers face significant penalties. The Labour Inspectorate may impose **a fine ranging from EUR 4,000 to EUR 200,000 (from 1 January 2026**, the lower limit of the fine **has been increased from the original EUR 2,000 to EUR 4,000)**, with the amount of the penalty depending on the seriousness and extent of the violation. In addition to financial penalties, employers may be placed on a list of illegal employers, which has far-reaching reputational and legal consequences. There is also an obligation to pay back taxes and contributions.

Thorough control of actually implemented contractual relationships, evaluation of their legal nature and setting up correct contractual relationships will allow you to avoid unwanted surprises from the control authorities.



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If you need advice, please do not hesitate to contact us. We will be happy to help you.



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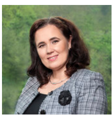
Taxes

# Long-awaited OECD Commentary simplifies home office rules and permanent establishment risk

For companies with employees working from other countries, tax uncertainty has decreased significantly by the end of 2025. The OECD has published an updated Commentary on Article 5 of the Model Tax Convention, which provides greater clarity on when a permanent establishment may be created if employees work remotely from abroad.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Through this update, the OECD responds to the long-term increase in remote work, including cross-border home office arrangements, which brought a number of uncertainties – particularly with respect to tax implications for employers. Employees working remotely from abroad represented a risk of triggering an obligation to pay local income taxes in a country where the company has no physical office. The updated Commentary introduces clearer rules offering a more favourable interpretation for employers, while at the same time giving employees greater flexibility to work from abroad.

## Three key criteria for cross-border home office

In the updated Commentary, the OECD identifies three key conditions that determine whether a permanent establishment arises:

**1. Fixed place of business**

A permanent establishment may arise if an employee works from a place that is considered fixed, i.e. **used regularly** for the purpose of performing work activities. If only preparatory or auxiliary activities are carried out, even if the place is used regularly, a **permanent establishment does not arise**. The mere permanence or regularity, however, does not automatically result in the creation of a permanent establishment abroad, and the other relevant conditions must also be assessed.

**2. Extent of work performed from abroad**

- If an employee performs **less than 50% of their working time from abroad within a 12-month period**, no permanent establishment arises for the employer.
- If an employee performs **more than 50% of their working time from abroad**, a permanent establishment does not arise automatically. The decisive factor is the third criterion, namely the nature and purpose of the activities performed abroad.

**3. Purpose of working from abroad**

Once the threshold of more than 50% of working time performed from abroad is met, the decisive factor for the creation of a permanent establishment is the **commercial nature of the employee's activities in the relevant state**. This implies that the company derives a benefit from the employee's presence in that country, for example through business meetings with customers, suppliers, clients or other parties. The OECD Commentary explicitly mentions, as a reason for the creation of



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a permanent establishment, a case where home office is performed from a country **in a different time zone**, enabling the employee to provide services to clients more efficiently. Conversely, if an employee performs home office from abroad for personal reasons or for the employer's cost-saving purposes, no permanent establishment arises for the employer.

## Practical examples

Review the specific situations in which a permanent establishment arises, or does not arise, through the following practical examples:

**Example A:**
*An employee performs home office from a rented apartment abroad for three months during the year. No permanent establishment arises, as the performance of work activities from this apartment is not regular or permanent.*

**Example B:**
*An employee works from their home abroad on a regular basis one to two days per week, which in total represents 30% of their working time. In this case, the place of activity is considered permanent, as it is used regularly. However, no permanent establishment arises for the employer, as the employee performs less than 50% of their working time from abroad.*

**Example C:**
*An employee performs their work duties from their home abroad for 80% of their working time. They regularly visit the employer's clients in that country in order to provide services. A permanent establishment arises for the employer in that country, as work performed from abroad represents more than 50% of working time and, at the same time, the employee's activity is considered to be of a commercial nature.*

**Example D:**
*An employee performs home office from their home abroad for 60% of their working time, while carrying out their activities almost exclusively remotely and only occasionally visiting a client in that country. No permanent establishment arises for the employer, as there is no commercial reason for the employee's presence in that state.*

**Example E:**
*An employee works almost exclusively from their home abroad and provides services to customers in different time zones. The place of activity is considered permanent, the employee works more than 50% of their working time from abroad, and the employee's activity in that country has a commercial nature (i.e. providing services to customers in real time across different time zones), and therefore gives rise to a permanent establishment.*

The updated OECD Commentary **brings clearer rules for assessing the creation of a permanent establishment abroad**, helping companies to evaluate whether cross-border **home office arrangements represent a tax risk**.

At the same time, we draw attention to the approach of tax authorities, for example in the Czech Republic, where it is expected that stricter rules will continue to be applied when assessing the creation of a permanent establishment in connection with home office. Read more at the following link.

Does your company monitor the number of days employees work remotely in order to comply with these new criteria? Do not hesitate to contact us – we will be happy to help you set up internal rules, assess risks and prepare for changes in practice.



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Case law

# Does the Tax Neutrality Directive apply to regulated levies?

The Supreme Administrative Court of the Slovak Republic dealt with the question of whether the Tax Neutrality Directive should also apply to special (regulated) levy and whether profits generated from internal reorganization are subject to such levy.

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## Judgment of the Supreme Administrative Court No. 5Sžfk/10/2021

The subject of the dispute was the assessment of the legality of imposing a special levy on profits that arose in 2017 as a result of an internal reorganisation of a regulated entity, specifically through non-monetary contributions of business shares and stocks at their original values, amounting to EUR 10.2 million. The regulated entity carried out a purely domestic corporate transaction without the involvement of foreign entities, and the **accounting difference resulting from this transaction affected its financial result as reported in the tax return**.

This economic result, which was decisive for the calculation of the regulated levy, consisted of:

- profit from operating activities in the amount of EUR 157,000
- profit from financial activities in the amount of the above-mentioned EUR 10.2 million.

**The regulated entity objected to the obligation to pay the levy on profits derived from activities other than regulated activities** (i.e., from financial activities), arguing that, in this case, a constitutional and EU-compliant interpretation of the law should be taken into account, in particular Council Directive 2009/133/EC of 19 October 2009 on the common system of taxation applicable to mergers, divisions, partial divisions, transfers of assets and exchanges of shares between companies of different Member States, as well as to the transfer of the registered office of an SE or SCE between Member States (hereinafter the "Tax Neutrality Directive").

## Conclusions of the Supreme Administrative Court of the Slovak Republic

The Supreme Administrative Court of the Slovak Republic considered the case within the context of EU law and found that the special levy is a national tax measure that is not regulated by EU law. According to the court, the Tax Neutrality Directive applies only to cross-border transactions and the Slovak law on the special levy does not contain any explicit reference to its application. Therefore, the EU directive cannot be automatically applied to purely domestic situations.

In this regard, the Supreme Administrative Court of the Slovak Republic referred prejudicial questions to the Court of Justice of the European Union on the interpretation of the Tax Neutrality Directive. In its judgment in Case C-201/24 of 28 April 2025, the Court found that there was no overlap with EU law and declared that it lacked jurisdiction to answer the questions referred. Accordingly, the Tax Neutrality Directive does not apply to this national case, and the determination of the levy does not fall under EU law. The intention of the legislator in introducing the regulated levy was to impose this levy on the overall economic result of regulated entities, as confirmed by the Court of Justice of the EU in the case of Slovenské elektrárne (C-376/18). The realisation of non-monetary contributions did not give rise to unforeseeable tax liabilities for the



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regulated entity.

## Why is this judgment important?

The conclusions of the Supreme Administrative Court of the Slovak Republic therefore differ from those of the Supreme Court of the Slovak Republic in the similar case of eustream, a.s. (judgment No. 5Sžf/1/2019), due to the conclusions of the Court of Justice of the European Union in the prejudicial proceeding.

**In its judgment No. 5Sžfk/10/2021, the Supreme Administrative Court confirmed that the special levy applies to the entire economic result of regulated entities, including revenues from unregulated activities, and that its application does not conflict with constitutional or EU law**. The decision of the Supreme Administrative Court thus confirmed the legality of the administrative authorities' actions.



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In brief

# End of the Transitional Period: Only Authorised Entities May Provide Crypto-Asset Services under MiCA

Trade licenses that allowed the provision of crypto-asset services during the transitional period are no longer sufficient - stricter rules now apply under the European MiCA Regulation. You can verify authorised providers in the NBS register.

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## Who is eligible to provide crypto-asset services?

As of 30 December 2025, only entities holding an authorisation from the **National Bank of Slovakia (NBS)** or the relevant foreign supervisory authority may provide crypto-asset services in the Slovak Republic. The crypto-asset market is thus fully moving under the regulation of the European Union pursuant to Regulation (EU) No. 2023/1114 of the European Parliament and of the Council on Markets in Crypto-Assets **(MiCA Regulation)**. The list of authorised entities is available in the register of financial market entities published on the NBS website. We have already covered the MiCA Regulation in detail in our previous article.

## End of the transitional period

Until 30 December 2025, crypto-asset services could also be provided by entities authorised on the basis of a trade license for operating a virtual currency exchange. This was possible thanks to the transitional period, which allowed existing providers to continue their activities **on the basis of a trade license until 30 December 2025**, or until a final decision was made on their application for authorisation to provide crypto-asset services under the new rules. Entities that provided crypto-asset services solely on the basis of a trade license up to this date should **immediately cease providing such services and return clients' crypto-assets**.

Further provision of crypto-asset services without the appropriate authorisation may be sanctioned under the MiCA Regulation. In the case of an individual person, a fine of up to EUR 700,000 may be imposed; in the case of a legal entity, up to EUR 5,000,000 or up to 12.5% of the total annual turnover of the legal entity according to the latest available financial statements.



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Finance

# What has been changed in accounting from 31 December 2025 and 1 January 2026?

In December 2025, the Slovak Ministry of Finance issued two important decrees updating Accounting Procedures for Entrepreneurs and rules for the financial statements of large accounting entities and public interest entities. The changes mainly respond to the amendment to the VAT Act and the harmonisation of Slovak legislation with EU law.

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## Accounting Procedures

## Changes effective from 31 December 2025 – Financial Leases

The most significant changes **concern the accounting of financial leases**, as the amendment to the VAT Act from 1 January 2025 has fundamentally changed the view on lease agreements with a purchase option, i.e. financial lease arrangements.

### Supply of goods instead of services

- Under the new rules, most financial leases are treated as a supply of goods upon transfer of the asset to the lessee.
- This means that the tax liability arises from the entire consideration (down payment + all future instalments) at the beginning of the contractual relationship.
- Monthly instalments during the term of the lease are no longer subject to VAT, as VAT is settled in full upon delivery of the leased asset.

### Amendment to the definition of principal

Article 30a specifies what exactly is meant by **"principal amount for the lessee"**:

- Principal = the sum of all payments decreased by unrealised financial costs.
- The principal amounts of the lessor and the lessee are equal only if the lessee claims VAT in full.
- If the lessee is not entitled to a full VAT deduction, the portion of non-deducted VAT increases the acquisition cost of the asset, which causes a difference between the principal amounts.

### Accounting in the lessee's accounts – a new perspective on interest

The use of **account 399 – Clearing account** is introduced:

- On the date of the receipt of the asset, the lessee must report future interest costs, as for VAT purposes this is a



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supply already taxed in full.

- As of the date of receipt of the asset by the lessee, the lessee shall debit the amount of unrealized financial expenses to account 399 - *Clearing account*, with a corresponding credit entry in account 474 - *Liabilities related to leasing* and, at the same time, this amount shall be credited to account 399 –*Clearing account* with a corresponding debit entry in account 474 - *Liabilities related to leasing*.
- The balance of this clearing account must be zero on the closing of the accounting books.

### Transitional provisions

According to the transitional provisions in Article 86o of the Accounting Procedures, the provisions of Article 30a (1)(d) and (7) of the Accounting Procedures in the wording effective from 31 December 2025, shall be used for the first time to finance leases acquired on the basis of a financial lease agreement concluded **on or after 1 January 2025**.

## Changes effective from 1 January 2026

The changes affect two areas:

- accounting for non-reserved minerals deposit,
- accounting for VAT in selected situations.

### Accounting for deposits of non-reserved minerals

The Decree introduces a new feature: the possibility to separate the value of the deposit from the value of the land, which has an impact on the classification of assets.

**Key rules:**

- If the accounting entity owns the land and extracts the mineral itself, the value of the deposit is transferred to account 112 – *Raw material in store* on the date when the mining permit became legally valid.
- If the accounting entity leases the land to another accounting entity that carries out mining, the value of the deposit is recorded as 029 – *Other property, plant and equipment* as of the date of commencement of the lease relationship.
- After the end of mining, the unexploited value of the deposit is transferred back to account 031 – *Land*.

**Transitional provisions:**

- The new rules shall apply to land that
- was acquired by 31 December 2025 and for which the mining permit becomes valid after 31 December 2025,
- was acquired after 31 December 2025.

- The rules effective until 31 December 2025 shall apply to land that was
- acquired by 31 December 2025 and for which the mining permit became legally valid by 31 December 2025.

### VAT accounting in selected situations

**Flat-rate deduction for passenger motor vehicles (50% according to Article 85n of the VAT Act)**

- If the car is also used for private purposes, the VAT deduction entitlement is automatically only 50%.
- The non-deductible portion of VAT is **part of the acquisition cost of the asset**.

**Changes in the purpose or scope of use of the asset (Article 54–54d of the VAT Act)**

- VAT is accounted for via **343 – *Value added tax***, with the entry on the following accounts:
- **548 – *Other operating expenses***, in the case of a decrease in VAT entitlement,
- **648 – *Other operating revenues***, in the case of its increase.



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### Uncollectible receivables (Article 25a of the VAT Act)

- The supplier may decrease the tax liability if the receivable meets the conditions of unenforceability.
- In the accounts of both the supplier and the customer, this involves a transfer within **sub-accounts 343 – *Value added tax***.

## Decree for financial statements for large accounting entities and public interest entities

Decree no. MF/013838/2025-74 introduces updates in the area of individual financial statements for large accounting entities and public interest entities. The Decree entered into force on **1 January 2026**.

**Main changes:**

- The changes mainly concern the harmonisation of provisions relating to the disclosure of selected information in the notes to the financial statements by means of amendments to Act No. 431/2002 Coll. on Accounting, as amended (hereinafter referred to as the Act on Accounting), which are part of Article III of Act No. 385/2025 Coll.
- Paragraphs 7 and 8 of Article 23d of the Accounting Act were deleted. These paragraphs relate to the obligation to submit annual reports and minutes of general meetings to the Ministry of Finance of the Slovak Republic by accounting entities whose activities are classified as industrial production and whose net turnover for the immediately preceding accounting period exceeded EUR 250,000,000, in connection with the transposition of Commission Directive (EU) 2025/1442 of 18 July 2025 amending Directive 2006/111/EC as regards reporting obligations (OJ L, 2025/1442, 21.7.2025).
- Following the above amendment to the Act on Accounting, paragraph 2 of Annex 1, Article VIII, which relates to the reporting of certain information by the accounting entities mentioned, is deleted from the content of the notes.
- According to the transitional provision of Article 6a of the Decree, the information referred to in Annex 1, Article VIII, paragraph 2, shall not be included in the notes to the financial statements prepared after 31 December 2025.
- The wording of the notes is formally adjusted – the uniform designation **"Úč POD"** is used.
- Other changes are of a legislative-technical nature for the purposes of harmonisation with the Act on Accounting and concern Article 1(1) and (3), Annex 1, Articles II, IV and VI.



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In brief

# One sentence summary | January 2026

Last month’s tax and legal news in brief.

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- The micro-contribution to the Social Insurance Company **will not apply to employees and executives** who are authorised to conduct business but do not derive any income from this activity. Therefore, if you work only as an employee or executive and do not have any income from business activities, you do not have to pay the micro-contribution. All you need to do is notify the Social Insurance Agency of this fact by submitting a **statutory declaration**, which can be found at this link.
- The Financial Administration has published electronic forms for **personal income tax returns** (types A and B) and **corporate income tax returns**, which are valid from **1 January 2026**.
- Don't forget to file your **motor vehicle tax return for the 2025 tax period**. Taxpayers are required to file their returns and pay their taxes by **31 January 2026**. As the deadline for filing and paying the tax falls on a Saturday, the deadline is extended to Monday, **2 February 2026**, in accordance with the Tax Code.
- The Ministry of Finance of the Slovak Republic has issued preliminary information on the amendment **to the top-up tax**, which aims to ensure minimum taxation of large multinational and domestic groups of companies in accordance with the rules of the second pillar of the OECD/G20 tax reform. The planned changes are intended to respond to new administrative guidelines and practical experience following the introduction of this tax. The amendment aims to ensure that Slovak legislation is in line with current European and global standards in the area of taxation of large companies.
- If you acquired or sold real estate in 2025, don't forget to file your **real estate tax return for 2026** with the relevant city or municipal office. The deadline for filing your tax return is **January 31, 2026**. Since this date falls on a Saturday, the deadline is extended to Monday, **February 2, 2026**.
- From 2026, individuals will be able to donate **2 % of their paid tax to their parents** if they are **pensioners**. This new feature stems from Section 50aa of the Income Tax Act, and taxpayers can thus support not only non-profit organisations but also their parents, with a total of up to 6 % (or 7 %) of their taxes. The conditions are that **the tax is paid in full, the tax return is filed on time**, and specific criteria relating to the parents are met. More information can be found on the Financial Administration website.



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# Did you know that from January 1, 2026, the accounting for non-deductible VAT on car acquisitions will be clarified?

The method for calculating accounting and tax depreciation for motor vehicles is changing. The Financial Administration has issued new guidance that clearly describes the accounting perspective from the tax perspective and explains how to avoid mistakes when determining the acquisition cost and the income tax base.

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In connection with the amendment to the VAT Act, effective from January 1, 2026, the **accounting for value added tax (VAT) on the acquisition of assets** for which the accounting entity is not entitled to deduct VAT, as specified in § 85n of the VAT Act, is being clarified. This applies, for example, to **the purchase of a motor vehicle for purposes other than business**. According to accounting procedures, the acquisition cost includes, in addition to additional costs and any reductions in the acquisition cost, also the portion of VAT for which there is no entitlement to deduction.

## Non-deductible VAT as part of accounting depreciation

If an accounting entity acquires tangible assets and the VAT on this acquisition is not fully deductible (for example, when the asset is used for both business and other purposes), the non-deductible portion of VAT is included in the acquisition cost of the asset in account No. 042. This amount is then **reflected in accounting expenses through depreciation**.

After the asset is put into use, long-term assets valued at acquisition cost are recorded in the relevant asset accounts, and accounting depreciation calculated from the acquisition cost is recorded through accumulated depreciation in favour of accounts in group 08 – Accumulated Depreciation of Long-term Tangible Assets and charged to account 551 – Depreciation of Long-term Intangible and Tangible Assets.

## Non-deductible VAT from the perspective of the Income Tax Act

According to the Income Tax Act, VAT is not considered a tax-deductible expense if the VAT payer is not entitled to deduct it. Furthermore, if the VAT relates to tangible assets defined in § 85n of the VAT Act, it is not included in the tax acquisition cost.

Accordingly, if a taxpayer acquires tangible assets between January 1, 2026 and June 30, 2028, as per § 85n(1) of the VAT Act, and uses them for purposes other than business, resulting in entitlement to a flat-rate VAT deduction of 50% (i.e., the taxpayer is not entitled to deduct the remaining 50% of VAT), **this non-deductible portion of VAT is not included in the tax acquisition cost**. This means **the taxpayer will have a different acquisition cost for accounting depreciation and for tax depreciation purposes**.

The changes effective from January 1, 2026, have been published by the Financial Administration in a methodological guideline, which describes in detail how to correctly determine the acquisition cost and when to include it in the income tax



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**Taxes**

# Amendment to the Financial Transaction Tax Act introduces new rules

Another amendment to the Act on Financial Transaction Tax has been published in the Collection of Laws, which will enter into force on January 1, 2026. The transaction tax will apply only to legal entities and branches of foreign companies operating in Slovakia.

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The most significant impact will be on **sole traders**, who will **no longer be required to pay this tax**. The amendment introduces a distinction between taxpayers with limited and unlimited tax liability, clarifies terms such as transaction account, permanent establishment, and use of a payment card, and also introduces a definition for cost reallocation.

## Changes to the Financial Transaction Tax from January 1, 2026

**1. Exemption for sole traders** – The law removes the term **“individual person – entrepreneur,”** meaning that this tax **will no longer apply to sole traders** and other individuals conducting business under special regulations (e.g., lawyers, psychologists, architects, tax and financial advisors). For many small entrepreneurs, this is a positive step that will reduce their administrative and financial burden.

**2. Definition of taxpayers** – Taxpayers are now classified into two groups, as having **limited or unlimited tax liability**, and the range of special entities exempt from the transaction tax has been expanded (e.g., public institutions such as the Slovak Academy of Sciences, the Office for Audit Oversight).

**3. Transaction account** – The definition of a transaction account has been clarified; it refers to a payment account of a taxpayer who is a legal entity or an organizational unit of a foreign entity.

**4. Permanent establishment** – The amendment also considers various types of permanent establishments, as well as branches registered in the Slovak Commercial Register, which is key for determining the tax liability of foreign taxpayers in Slovakia. Activities carried out in Slovakia must exceed **15 days** in the tax period (calendar mont) for the permanent establishment to be subject to the financial transaction tax.

**5. Use of a payment card** – The term “use of a payment card” has been clarified. It refers to actions that result in a reduction of the balance of funds in the taxpayer’s payment account.

**6. Cost reallocation** – A definition of “cost reallocation” has been introduced. A reallocated cost is the amount of a financial transaction carried out on behalf of the taxpayer by another person. If the taxpayer has limited tax liability, the transaction **must relate to their activities in Slovakia**. The taxpayer to whom these costs are reallocated will be the one liable for the tax.

According to experts, this amendment represents a significant step toward a fairer and more efficient tax system.



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# The new European Commission work programme for 2026

Read an overview of the main measures the European Commission plans to introduce in the area of direct taxation in 2026. The new work programme builds on the Commission's long-term strategies and responds to the current needs of the business environment in the EU.

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## Key initiatives in direct taxation

On 21 October 2025, the European Commission published its work programme **for 2026**, which brings several initiatives in the field of direct taxation. Among the main measures is the planned Omnibus package, expected to be presented in the second quarter of 2026. The aim of this package is to simplify and align several existing directives in the area of direct taxes, thereby reducing the administrative burden for businesses across the EU.

Another important initiative is the proposal for the **so-called 28th legal regime**, which the Commission plans to introduce in the first quarter of 2026. This regime is intended to create a unified legal framework for new and growing businesses throughout the EU, operating alongside existing national systems. It is not yet clear whether this regime will also include tax measures.

In 2026, a r**ecast of the Directive on Administrative Cooperation (DAC)** is also expected, which should consolidate all previous amendments into a single text and introduce further changes based on an evaluation of its functioning. This initiative could be presented together with the Omnibus package.

## Withdrawn proposals and further developments

At the same time, the Commission announced that over the next six months it plans to withdraw several older proposals that are no longer relevant. These include, for example, the **proposal for rules to prevent the misuse of shell companies for tax purposes** (Unshell), the **proposal for a financial transaction tax** (FTT), the **DEBRA initiative** to reduce the debt-equity tax bias, and the **proposal for a transfer pricing directive**. However, some elements of these proposals may appear in new legislative packages, particularly within the recast DAC.

## Existing proposals in the legislative process

The work programme also mentions several key proposals that remain under discussion. These include the **BEFIT proposal**, which aims to introduce common rules for the taxation of corporate groups in the EU, the **HOT proposal** for simplified taxation of small and medium-sized enterprises operating abroad, as well as **proposals related to digital services and the taxation of digital presence**. For digital taxes, the Commission continues to prefer seeking a multilateral solution.

The 2026 work programme confirms the Commission's ongoing efforts to simplify and harmonise tax rules across the EU.



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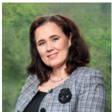
# Parliament approved Amendment to the Top-Up Tax Act

The amendment to the Top-Up Tax Act, which aims to ensure a minimum level of taxation for large and multinational corporate groups at a rate of 15%, introduces changes that will also affect the Tax Administration Code and bring new obligations in the area of information exchange. Slovakia is thus aligning its rules with European and global standards for fair taxation.



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On October 21, 2025, the National Council of the Slovak Republic **approved** the **amendment to Act No. 507/2023 Coll. on the Top-Up Tax to ensure a minimum level of taxation for multinational enterprise groups and large domestic groups**, and amending Act No. 563/2009 Coll. on Tax Administration (the Tax Code) and on amendments to certain acts. The amendment implements the European DAC 9 Directive, which regulates administrative cooperation and the exchange of information between EU Member States, and ensures compliance with global OECD rules and OECD/G20 administrative guidelines.

The amendment to the Top-Up Tax Act brings **several important changes** for companies that are part of large multinational groups. The main aim of these changes is to **implement the DAC9 Directive**, as well as administrative guidance on global model rules against base erosion, which the OECD/G20 Inclusive Framework published during 2024 and 2025.

## How Certain Top-Up Tax Rules Are Supplemented and Clarified

#### 1. New definition of the reference entity

The law now precisely defines who is the **so-called reference entity** – the main entity in the ownership structure that is the first owner above the tested entity and which:

- **is not a tax-transparent entity**, or
- **is a tax-transparent entity** if it is also the ultimate parent entity and the entity mentioned in the first point does not exist.

This change is intended to provide clearer determination of who is responsible for fulfilling certain obligations arising from the Top-Up Tax Act.

#### 2. New rules for Tax Credits

The acquirer of a tax credit who uses a tradable transferable tax credit must include in the calculation of eligible income or loss the **difference between the nominal value and the purchase price of the credit in proportion to the part used**. When **selling** the credit, the profit or loss from the sale, calculated as the **difference between the sale price and the value of the used part of the credit, is included in income or loss**. If the credit expires unused, the unclaimed value is recognized as a loss in the relevant accounting period.

#### 3. Adjustment of monitoring deferred tax liabilities



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The method by which companies monitor so-called deferred tax liabilities (taxes that will have to be paid in the future) and the procedure for re-including deferred tax liabilities is adjusted. Liabilities can be monitored in three ways:

- individually,
- by a separate category relating to a single balance sheet account, or
- aggregated for multiple accounts.

However, **aggregated monitoring** is not possible for accounts where only deferred tax assets are recorded. If the main entity can demonstrate that all liabilities will be settled within five accounting periods, it does not have to follow the standard procedure.

**4. Automatic exchange of information between states**

The amendment introduces an **obligation to automatically exchange information on the top-up tax** within a specified scope **between states** and to cooperate in correcting notifications and enforcing rules related to notifications of information for determining the top-up tax. Slovak authorities will send this information abroad electronically. This means that tax authorities in different countries will cooperate more closely, and companies will be under greater scrutiny.

Most of the changes will take effect from **December 31, 2025**, with some parts of the law coming into force on **January 1, 2026** or **2028**.

The Top-Up Tax Act is intended to ensure that large corporate groups pay a fair minimum tax and cannot avoid taxation, for example through various “tax havens.” At the same time, the administrative burden for qualifying companies has increased, but the changes will contribute to greater transparency in taxation.



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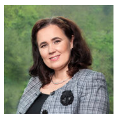
# Polish Supreme Administrative Court: No need to verify beneficial owner for dividend withholding tax exemption

On August 13, 2025, the Polish Supreme Administrative Court issued a decision confirming that, when applying the withholding tax exemption on dividends under Article 22(4) of the Polish Corporate Income Tax Act, it is not necessary to verify whether the dividend recipient is the beneficial owner of the income within the meaning of this Act.



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## What was the case about?

The case concerned a **Polish company** paying dividends to its **shareholder based in Germany**. The Polish tax authority argued that, following changes in the law, it was also necessary to verify whether the dividend recipient was the **beneficial owner of the income**. However, this view was first challenged by the Regional Administrative Court in Łódź, and the case was subsequently brought before the Supreme Administrative Court.

## Court decision

The Supreme Administrative Court ruled that, when paying dividends, the payer (the company distributing the dividends) is only required to verify those conditions that are **explicitly stated in the relevant provisions of the law**. The court emphasized that the law **does not impose an obligation** to determine whether the company receiving the dividends is **their beneficial owner**.

## Who is a beneficial owner?

According to the law, a beneficial owner is a person who actually benefits from the income (not acting as an intermediary), can decide on its use, and bears the associated economic risk. If the income is related to business activities, the recipient must carry out genuine **business activity in the country of its residence**.

This decision of the Supreme Administrative Court means that, when paying dividends within Poland, the EU, or the EEA, companies do not have to additionally prove that the recipient is the beneficial owner. It is sufficient to meet the conditions explicitly stated in the law. The written reasoning of the judgment is still awaited.



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