



Daňovky

**Tax and Legal
news**

**Taxes
In brief**

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Ten major changes resulting from the Amendment to the Slovak VAT Act

On 19 December, the President signed an amendment to the VAT Act, which was approved by the National Council of the Slovak Republic at the beginning of December.



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The main changes can be summarized as follows:

- Conditions for application of triangular simplification as regards the status of the first customer will be changed;
- VAT payer who decides to opt for taxation of supply of an immovable property will be obliged to announce this decision to the customer in writing, within the deadline for issuance of the respective invoice;
- VAT payers will be obliged to adjust the input VAT deducted (via capital goods scheme) also with respect to purchase of any construction, not only buildings;
- The limitation for application of “domestic reverse-charge” (tax base in the invoice amounting to or exceeding the amount of EUR 5,000) upon supply of particular kind of agricultural crops and metals will be cancelled;
- VAT payers will be obliged to refund input VAT deducted from the payment paid prior supply of goods or services should the goods or services be not supplied or provided to them as at the deregistration date;
- The possibility to appoint a tax representative will be extended also to foreign persons acquiring the goods from another EU Member State in Slovakia for the purpose of its intra-community sale, export or distance sale, provided the place of supply of such sale is in another EU Member State;
- Suppliers will be allowed to issue a summary invoice also for the lease and supply of electricity, gas, water or heat for the period up to 12 calendar months provided to the customer not seated in Slovakia;
- A deposit upon VAT registration will be payable to the Tax Authorities also if the applicant is an individual or a legal entity that has a tax underpayment amounting at least to EUR 1,000 or has been deregistered for VAT purposes as he has repeatedly breached his administrative obligations;
- Persons registered according to Article 7 or 7a of the Slovak VAT Act will be obliged to file an EU Sales List should they take part in a triangular transaction as the first customer;
- The application of the special scheme for travel agents will be changed; thus, the customers, VAT payers, will not be allowed to claim input VAT deduction from purchase of travel services.

We will keep you updated about the next steps in the legislative process.

The Parliament approved an Amendment to the Income Tax Act

On 7 December 2017 Parliament approved an Amendment to the Income Tax Act. The second reading has brought several significant changes, such as the exemption of income from the sale of shares and business shares.



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The Parliament Committee for finance and budget proposed several important changes to the draft amendment which had been approved by the Parliament in the first reading and details of which were covered in our [September issue of Tax&Legal News](#).

Exemption of income from sale of shares and a business share – similarly to Participation Exemption regimes known from other EU countries the amendment introduces an exemption from the corporate income tax for income from sale of shares and business shares provided that the following conditions are simultaneously met:

- minimum holding of 10 % of the registered capital
- holding period for at least 24 consecutive calendar months
- substance test: the company selling shares must perform economic activities in the territory of Slovakia, perform material functions, bear risks related to the investment and have the respective personal and material equipment

Only legal entities (not individuals) would be entitled to the exemption and it would be applicable also to shareholdings acquired up to 31 December 2017; however the holding period test on existing shareholdings would commence on 1 January 2018.

Depreciation period for buildings where spa treatment is provided will be shortened to one half of the regular depreciation period set for 6th depreciation category using the linear depreciation method, i.e. 20 years as opposed to 40 years.

Taxation of employees' transportation – as of 1 January 2018 the income tax act would stipulate conditions for transportation of the employees to its place of employment provided that such transport is performed by the employer.

In order to exempt from tax the non-monetary income of the employees the following conditions would have to be met:

- it must be documented that there is no other form of public transportation available that would enable the transportation as needed and required by the employer;
- employees have to bear part of the costs incurred by the employer of at least 60% of the provably incurred costs; in case of multi-shift operation at least 30% of the costs incurred providing that at least 30% of all employees use this transportation.

If the payment for transportation does not reach the set amount, the difference between the amount of 60% or 30% of the provably incurred costs and the actual amount paid by the employees will be considered as non-monetary income and included into the tax base of the respective employee.

CFC rules for individuals were not approved – the Parliament committee for finance and budget had proposed to implement CFC rules also for individuals. However, this proposal was not approved by the Parliament.

The Amendment is subject to signature by the Slovak President. We will keep you updated on any further development.

Accounting Advisory News 2017

We bring you an overview of the legislative changes adopted in 2017 and their implications for accounting.



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News 2017/01

Amendments to the Commercial Code and the Act on Accounting (October 2017)

In October 2017, an amendment to the Commercial Code by passing Act No. 264/2017 Coll., with the Act on Accounting being amended at the same time, was approved.

Consequences for accounting will primarily result from the following changes:

- deadlines for approval and filing of financial statements in the Collection of Deeds of the Commercial Register and/or the Register of Financial Statements;
- changes related to a merger, amalgamation into a separate entity, and demerger of companies;
- a capital fund from contributions from shareholders/partners.

These changes will enter into force on 1 January 2018, except for changes concerning a merger, amalgamation into a separate entity, and demerger of companies, which entered into force earlier, as of the date of their being promulgated in the Collection of Laws, that is, on 8 November 2017, and except for certain other amendments, which will enter into force later, on 1 September 2018.

You can find more information in [News 2017/01](#).

News 2017/02

Changes resulting from amendments to the Act on Accounting (October 2017)

In October 2017, the National Council of the Slovak Republic passed an amendment to Act on Accounting by adopting Act No. 275/2017 Coll.

The changes will enter into force on 1 January 2018.

You can find more information in [News 2017/02](#).

News 2017/03

Deadlines for the preparation, presentation, audit, review, approval, filing and publication of financial

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statements and annual report

A summary of the situation as of 1 January 2018 is set out below. We updated our News 2016/01 as a result of the amendment to the Act on Accounting and the Commercial Code:

- The amendment to the Act on Accounting No. 130/2015 Coll. Effective from 1 January 2016 the auditor is required not only express an opinion as to whether the annual report is consistent with the financial statements, but also to express an opinion on another information on the annual report. This obligation applies both for individual annual report [Article 20 (3)] and consolidated annual report [Article 22 (2)],
- The amendment to the Commercial Code No. 264/2017 Coll. Effective from 1 January 2018 the deadline for submitting the financial statements to the relevant body for approval has been changed from the previous time limit of six months of the end of the accounting period to a more flexible time limit in such a way that this body approves them within 12 months of the balance sheet date of the financial statements [please refer also to News 2017/01],
- The amendment to the Act on Accounting No. 275/2017 Coll. Effective from 1 January 2018 the deadline for filing a notification on the date of approval of the financial statements with the register of financial statements has been extended from five to fifteen working days of the date of approval of the financial statements [Article 23a (4) of the Act on Accounting, please refer also to News 2017/02].

The summary only concerns companies (joint-stock companies, limited liability companies, limited partnerships, general partnerships) that are entrepreneurs; it does not reflect the specific requirements and regulations applicable to other accounting entities, for example, banks, insurance companies, state-owned enterprises, cooperatives, etc. or other special legislation, for example, the Act on Securities etc.

You can find more information in [News 2017/03](#).

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