



Daňovky

Tax and Legal
news

Legal
Taxes

Tax and Legal News |
September 2019

The main changes in the Act on the Register of Public Sector Partners

Joint and several liability of the members of the statutory body of the public sector partner, new criteria for determination of the value of benefits from a contract as well as verification of ultimate beneficial owners whenever, even without fulfillment of specific conditions. That is a brief summary of the changes brought by the amendment of the act on the Register of Public Sector Partners. The aim of these changes is to lift the administrative burden concerning the registration with the Register of Public Sector Partners.



Milina Schifferdeckerová
mschifferdeckerova@kpmg.sk
+421 907 745 045



Alžbeta Špitová
kpmg@kpmg.sk
+421 259 984 111

The amendment of the Act No. 315/2016 Coll on Register of Public Sector Partners ("Register") takes effect as of 1 September 2019 (partially as of 1 November 2019).

We provide the summary of the most important changes:

1. New criteria for determination of the value of benefits from a contract

The new legislation changes the method of determination of the value of benefits from contract performance which constitute the obligation to register with the Register. The calendar year is not a considered period when assessing exceeding financial limit of recurrent contract performance.

According to the amendment, a company fulfills the financial limit and needs to be registered with the Register if it receives the contract performance in the amount altogether exceeding EUR 250,000, i.e. for the whole duration of the contract, not only for the calendar year.

Performance from several contracts (if a public sector partner enters into several contracts with public sector) will not be added up.

The amendment also implements rules for determination of the value of benefits from a contract (specified in § 2 section 4 of the Act on the Register of Public Sector Partners), which facilitates assessment of fulfillment of financial limit and thus the commencement of the obligation to register in the Register of Public Sector Partners. As of 1 September 2019, companies will not include VAT nor contractual penalty into the value of the benefits from contract concluded with public sector.



2. Joint and several liability of the members of the statutory body of a public sector partner

The new legislation implements joint and several liability of the members of the statutory body of a public sector partner for breaching the statutory obligations. If the members of the statutory body are registered in the Register of Public Sector Partners as ultimate beneficial owners, the Registering body may impose a fine up to EUR 100,000 on all the members of the statutory body, who will be liable jointly and severally.

According to the legislation effective as at 31 august 2019, it was possible to impose the fine individually on each member of the statutory body.

3. Companies exclusively owned by the issuer of securities admitted for trading on a regulated market

Until the amendment entered into effect, members of top management were registered in the Register of Public Sector Partners in the case of companies exclusively owned by the issuer of securities admitted for trading on a regulated market provided an authorized person had not identified an individual with right to an economic benefit of at least 25 % of the business.

Members of statutory body will be registered as ultimate beneficial owners of the companies exclusively owned by the issuer of securities admitted for trading on a regulated market, which narrows the definition of the “member of top management”. It will not be necessary to consider a share of operating income of the Public Sector Partner in case of such companies. However, the verification document must always prove that the public sector partner is exclusively owned by the issuer of securities admitted for trading on a regulated market.

Public sector partner is obliged to ensure the compliance of data about members of the statutory body registered instead of ultimate beneficial owners with the effective legislation by no later than 29 February 2019.

4. The permanent residence address of members of statutory body/ultimate beneficial owners of the company exclusively owned by the issuer of securities admitted for trading on a regulated market

According to the amendment, an authorized person may enter into the Register the registered seat of the public sector partner instead of providing data of the permanent residence address of member of statutory body. The option not to disclose the permanent residence address shall also apply to the identified ultimate beneficial owners in case such disclosure could jeopardize their security and interfere with their rights to protection of the personality and their family.

5. Legal impossibility of registering the company with the Register in the period of 2 years following the removal from the Register ordered by the court

In case the court orders the removal of public sector partner from the Register for stating incorrect data, such subject may be repeatedly registered with the Register only after the lapse of 2 years from the day the decision of removal became effective.

6. Verification of ultimate beneficial owners

As of 1 November 2019, the authorized person may verify the ultimate beneficial owner whenever and not only in connection with performance/conclusion/modification and likewise.

Do not hesitate to contact us for further information regarding the Register of Public Sector Partners.



SUBSCRIBE FOR NEWS

Now

Eight major changes introduced by amendments to the Income Tax Act

Members of Parliament at their September meeting have approved an amendment to the Income Tax Act proposed by the Government, as well as two proposals by MPs, which introduce several interesting changes. The aim of the government's amendment is to support small and medium-sized enterprises and the automotive industry in Slovakia, simplify tax calculation, reduce administrative burden, and last but not least, implement the EU directive for the prevention of tax avoidance with regard to hybrid mismatches (ATAD 2). The amendments proposed by MPs decrease the tax rate for small entrepreneurs and increase the personal tax allowance for individuals.



Branislav Ďurajka
bdurajka@kpmg.sk
+421 917 843 534



Marianna Dávidová
mdavidova@kpmg.sk
+421 907 745 029

Amendments to the Act include the following major changes:

1. Tax loss amortization – the amendment to the Act extends the period for amortization of tax loss from the current four to five tax periods. The law amendment abolishes the condition of equal amortization and introduces a limit on the amortized loss to 50% of the reported tax base. This limitation will not apply to microtaxpayers (see definition below under 6.). The revised tax loss amortization provisions will apply to tax losses reported for tax periods beginning not earlier than 1 January 2020.

2. Cash basis items – as part of the measures aimed at reduction of the administrative burden for taxpayers, the provisions concerning items subject to the payment condition have also been modified. The amendment abolishes additional restrictions on tax deductibility, e.g. in case of intermediary fees the tax deductibility limit of 20% of the intermediated trade is abolished. At the same time, items that are part of the acquisition price of assets, or part of own costs, as well as expenses incurred for obtaining norms and certificates, are excluded from the payment condition. On the other hand, expenses on business management services or advisory services related to business management will be tax deductible only upon payment. Contractual penalties, late payment interest and penalties will be tax deductible again upon payment.

3. Hybrid mismatches – implementation of the EU directive for the prevention of tax avoidance with respect to hybrid mismatches introduces rules that prevent from benefiting from hybrids which arose as a result of a different tax treatment of financial instruments and/or taxpayers and which lead to decrease of tax liability.

Hybrid mismatches rules apply to situations that arose between the taxpayer (legal entity) and its related parties and include also unrelated parties that are part of a structured scheme, i.e. agreements that contain a hybrid mismatch.

A hybrid mismatch results mainly in deduction of an expense, cost or loss that has not been included in taxable income or revenues or in multiple deduction of expenses by several related parties. The respective legislative provisions further define tax base adjustments in case of such a hybrid mismatch.

4. Super-deduction of research and development costs – approved wording of the Income Tax Amendment increases tax benefit in case of R&D projects. Taxpayer carrying out R&D activities will be entitled to apply for 200 % deduction of R&D costs instead of currently applied 100%.

According to the transitional provisions, the R&D deduction will amount to 150% already for the calendar year 2019, or a tax year which began after 1 January 2019, and the final increase of R&D deduction to 200% will be applicable for 2020, or a tax

year beginning after 1 January 2020.

The deduction period is also prolonged from four to five tax periods (in case the taxpayer cannot claim R&D deduction due to tax loss or insufficient tax base after tax loss carry forward).



5. Increase of the limit for tax prepayments – the Tax Act amendments increase the limit for tax prepayments from the current EUR 2,500 to EUR 5,000.

6. Taxation of microtaxpayers – to support small enterprises, the amendment defines the term microtaxpayer, defined as an individual or a legal entity whose income (revenues) does not exceed EUR 49,790 in the respective tax period, and complies with certain other conditions.

Taxpayers meeting this definition will benefit from several tax advantages, e.g.:

- **Assets** – in accordance with the approved wording of the amendment to the Income Tax Act, micro taxpayers will be able to depreciate the tangible assets (except buildings in tax depreciation groups 5 and 6) up to the time specified for individual tax depreciation groups. The amount of tax depreciation will therefore be at the discretion of the microtaxpayer, while the provision on the suspension of depreciation can not be applied. At the same time, the amendment abolishes the limitation of tax depreciation charges to the amount of accrued rental income for the asset provided for lease.
- **Tax loss amortization** – micro taxpayers will be able to continue to amortize the tax loss up to five years, while not being subject to the aforementioned limitation of the tax loss amortization up to 50% of the tax base.
- **Provisions against receivables** – creation of provisions against receivables that have been included in taxable income and where there is a risk that the debtor will not fully or partially pay them will be included in the tax base in accordance with the accounting principles.

The provisions concerning the microtaxpayers will enter into effect on 1 January 2021.

7. Reduction of tax rate – starting from the tax period beginning on 1 January 2020, the tax rate for legal entities and individual entrepreneurs, whose income (revenues) does not exceed EUR 100,000 per year, was reduced to 15%.

8. Increase of the personal tax allowance for individuals – starting from 2020 the personal tax allowance will be increased from 19.2 times to 21 times of the subsistence minimum. This provision applies mostly to low- and middle-income earners.

The Amendment to the Income Tax Act also amends various provisions dealing with the personal income tax and employers' obligations. We will cover further details in this respect in the following issue of our tax and legal news.

The approved amendments to the Income Tax Act have yet to be signed by the President of the Slovak Republic. We will keep you informed on further developments of the legislative process.



Consequences of a “no-deal” Brexit from the customs, VAT and excise duty point of view

Unless the United Kingdom ratifies the Withdrawal Agreement or requests further extension of EU membership to which the European Council agrees by unanimity, the United Kingdom will leave the EU without a deal on 31 October 2019. In this scenario, the United Kingdom will become a third country as of 1 November 2019 without any transitional arrangements.



Elvira Ungerová
eungerova@kpmg.sk
+421 915 758 807

Consequences of a “no-deal” Brexit from the customs, VAT and excise duty point of view are mainly as follows:

Customs

- Goods which are brought into the customs territory of the EU from the United Kingdom or are to be taken out of that territory for transport to the United Kingdom, will be subject to customs supervision and may be subject to customs controls. This implies inter alia that:
 - obligation to lodge customs declarations will arise and other customs formalities apply,
 - customs authorities may require guarantees for potential or existing customs debts,
 - businesses trading with the UK must apply for an EU EORI number.
- Customs duties will apply to goods entering the EU from the United Kingdom.
- Prohibitions or restrictions may also apply to some goods entering the EU from the United Kingdom, which means that import or export licences might be required.
- The following will no longer be valid in the EU („EU 27“):
 - EORI numbers granted in the United Kingdom,
 - Import and export licences issued by the United Kingdom,
 - Authorisations granting the status of Authorised Economic Operator (AEO) and other authorisations for customs simplifications, issued by the customs authorities of the United Kingdom,
 - Authorisations for customs simplifications or procedures, such as customs warehousing, issued by the United Kingdom.
- Goods originating in the United Kingdom that are incorporated in goods exported from the EU to third countries will no longer qualify as "EU content" for the purpose of the EU's Common Commercial Policy. This affects the ability of EU exporters to cumulate with goods originating in the United Kingdom and may affect the applicability of preferential tariffs agreed by the EU with third countries.



TAX AND LEGAL

More info

VAT and excise duties

- Goods which enter the VAT territory of the EU from the United Kingdom or are dispatched or transported from the VAT territory of the EU to the United Kingdom will respectively be treated as importation or exportation of goods, i.e.:
 - VAT will be charged at importation
 - exports are exempt from VAT

This change will also impact distant selling from or to the UK.

- Transport of goods between the EU member states and the UK will no longer trigger the obligation to complete intrastat reports and EU Sales Lists.
- Businesses established outside the EU, who supply telecommunications services, broadcasting services or electronic services to non-taxable persons in the EU, wishing to use so-called Mini One-Stop Shop (MOSS) special scheme, will have to be registered for the MOSS in a Member State of the EU.
- Taxable persons established in the United Kingdom purchasing goods and services or importing goods subject to VAT in a Member State of the EU who wish to claim a refund of that VAT may no longer file the application electronically in accordance with Council Directive 2008/9/EC.
- Accordingly, businesses established in the EU purchasing goods and services or importing goods subject to VAT in the UK who wish to claim a refund of that VAT may no longer file the application electronically in accordance with Council Directive 2008/9/EC.
- Triangular trade simplification that includes a business registered for VAT in the UK will no longer apply.
- A company established in the United Kingdom carrying out taxable transactions in a Member State of the EU may be required by that Member State to designate a tax representative as the person liable for payment of the VAT in accordance with the VAT Directive. A representative for delivery of documents from the tax authorities may be required in the EU.
- The movement of goods which enter the excise territory of the EU from the United Kingdom or are dispatched or transported from the excise territory of the EU to the United Kingdom will respectively be treated as importation or exportation of excise goods. This implies, inter alia, that:
 - the EMCS on its own will no longer be applicable to excise duty suspended movements of excise goods from the EU into the United Kingdom, but those movements will be treated as exports, where
 - excise supervision ends at the place of exit from the EU.



SUBSCRIBE FOR NEWS

Now

Movements of excise goods to the United Kingdom will therefore require an export declaration as well as an electronic administrative document (e-AD). Movements of excise goods from the United Kingdom to the EU will have to be released from customs formalities before a movement under EMCS can begin.

7 | Tax and Legal News | September 2019

[LinkedIn](#) | [YouTube](#) | [Facebook](#) | [Instagram](#)

www.kpmg.sk

Tel.: +421 2 5998 4111

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2026 KPMG Slovensko Advisory, k.s., a Slovak limited partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.