



Daňovky

**Tax and Legal
news**

**Taxes
Legal
In brief**

**Tax and Legal News |
October 2019**

Main changes in taxation of employees

In the previous issue of our tax and legal news we have informed you about the most important changes that the approved amendments to the Income Tax Act will bring from 2020 to companies and entrepreneurs. This article is focused on new exemptions of certain types of employment income and simplifications in employers' obligations introduced by these amendments. All above mentioned amendments to the Income Tax Act have already been published in the Collection of Laws.



Ivana Soboličová
isobolicova@kpmg.sk
+421 905 703 190



Katarína Laciková
kpmg@kpmg.sk
+421 2 5998 4111

1. New exemptions from tax on employment income

- **Contribution from employer's social fund to preventive medical examination**- the amendment aims to encourage participation in the preventive medical examinations above the mandatory obligations set by law.
- **Non-monetary benefits provided to employees up to EUR 500** - this exemption may be applied on any non-monetary benefit, but only if such non-monetary benefit is treated as a tax non-deductible expense on the employer's side (e.g. parking place, teambuilding events or company parties). The exemption will apply up to a maximum of EUR 500 per year together from all employers. This provision will be effective from 1 January 2022.
- **Education benefits**- the amendment adjusts the tax exemption of benefits related to the employee's education. In case of enhancing the education at one of the universities, the exemption could be applied if the employment relationship lasts at least 24 months. As hitherto, the education must be related to employer's business activity.
- **Travel of employees to/from work**- the amendment simplifies the existing provision. The tax exemption could be applied up to EUR 60/month per employee. Should the benefit calculated per one seat in a motor vehicle exceed EUR 60, solely the difference is taxable. The amendment reacts to disadvantageous current situation under which the employees must bear costs also for unoccupied seats in the vehicles. This provision is effective from 1 January 2021.
- **Accommodation of employees** - exempted benefit received from an employer producing in multi-shift operation is increased from current EUR 60 to EUR 100 per month per employee.



2. Simplifications in employer's obligations

- The amendment allows **electronic issuance and delivery of documents** based on an agreement concluded between employer and employee (e.g. for the purpose of annual tax settlement, issuance of confirmations etc.). It also defines how the documents must be signed and delivered by the employer and how the delivery must be secured and confirmed.
- Significant simplification will bring **abolition of the obligation to sign the annual declaration** to apply general allowance and tax bonus. The amendment allows to sign this declaration at the beginning of the employment and then only in case of changes.
- The due date of **tax repayments paid by economic employers** (for assigned employees) is specified.
- **Simplification in rounding** - uniform rounding to two decimal places for all tax calculations will be applied.

3. Other changes in personal income tax

The tax exemption of income from sale of securities after one year from their acquisition will apply only in case that

one year lapsed from their admission to the regulated market. The purpose is to avoid speculative admission on the regulated market shortly before the sale.

In addition to the abovementioned changes, the amendments introduce also other changes in taxation of individuals. We have already informed you about the most important changes in the last issue of our tax and legal news, e.g. reduction of tax rate for small entrepreneurs, increase of the personal tax allowance and increase of the limit for tax prepayments.

Mandatory Disclosure Requirements for Intermediaries and Taxpayers

In line with the EU Directive on mandatory disclosure of information (DAC6), the Slovak Parliament in September passed an amendment to Act No. 442/2012 Coll. on international assistance and cooperation in tax administration as amended, implementing the DAC6. The Amendment was published in the Slovak Collection of Laws on 15 October 2019 under the number 305/2019 Coll. The relevant provisions will be effective from 1 July 2020. The taxpayers or intermediaries will have to notify the respective authorities on cross-border arrangements that meet the hallmarks outlined by DAC6. Intermediaries are in summary advisors of the taxpayers in relation to the respective arrangements.



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

The obliged person shall notify the relevant authorities on the qualifying arrangements within 30 days of:

- the day after the reportable cross-border arrangement is made available for implementation, or
- the day after the reportable cross-border arrangement is ready for implementation, or
- when the first step in the implementation of the reportable cross-border arrangements has been made,

whichever occurs first.



The obliged person also must submit to the competent authority every three months reports on arrangements if it has new information subject to notification since the submission of the last report, within 30 days of the last day of the calendar quarter in which the information was submitted to the competent authority.

The obliged persons are required to submit to the relevant authority by August 31, 2020 information on reportable arrangements for which the first act for introduction was carried out from 25 June 2018 to 30 June 2020.

Information to be reported to the respective Slovak authority include:

- Identification of intermediaries and taxpayers;
- Details of the hallmarks;
- Summary of the reportable arrangements;
- Date of implementation;
- National tax provisions applicable;
- Value of the transaction;
- Other EU MS involved or concerned;
- Persons in other EU MS likely to be affected;
- Other information on intermediaries, users and reportable arrangements.

The relevant authority will impose on the obliged person for failure to provide information, statement or joint statement

within the statutory period fines up to EUR 30 000, even repeatedly.

The Slovak tax advisors, attorneys at law or in certain respect auditors are benefiting from legal professional privilege, thus the notification obligation will remain with the taxpayers, or intermediaries outside Slovakia in limited cases.



New law eliminating geographical discrimination within the EU internal market comes into force in November

The new legislation, that implements controlling mechanism for elimination of the unjustified geographical discrimination of a customer within the internal market of the European Union, comes into force as of 1 November 2019.



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

The Act No. 299/2019 Coll. On supervision and assistance regarding addressing unjustified geographical discrimination of the customer within the internal market as amended („**the Act**“) implements the controlling mechanism identified in the Regulation (EU) 2018/302 of the European Parliament and of the Council („**the Regulation**“). The aim of the Regulation is to remove unjustified geo-blocking and other forms of discrimination based on customers' nationality, place of residence or place of establishment within the internal market of the European Union.

The new regulation on cross-border trade within the European Union reacts to certain cases, when traders refuse to sell goods or provide services to customers from other member states of the European Union without any objective justification or refuse to apply same prices or conditions as they would on local customers.



The Regulation itself sets forth the prohibition of such discriminatory practices, i.e. the prohibition of applying different general conditions of access to goods or services, different conditions for payment transactions or blocking or limiting customer's access to the trader's online interface for reasons related to the customer's nationality, place of residence or place of establishment.

For the assessment of compliance with such legislation, the Act establishes the following controlling mechanisms within the Slovak market:

- **Slovak Trade Inspection („the STI“)** shall be the supervising authority assessing the compliance with the traders' obligations arising from the Regulation concerning cross-border trade of goods and services, including online sale. At the same time, it shall be responsible for providing assistance to consumers;
- **Ministry of Economy of the Slovak Republic („the ME SR“)** shall be the authority responsible for providing assistance to consumers in the case of a dispute between them and a trader;
- **Penalties.** For the infringement of obligations arising from the Regulation, the STI shall be authorized to impose penalties amounting to EUR 100 to EUR 50,000, depending on the severity, manner, duration and consequences of such infringement by a trader established within the territory of the Slovak Republic.



SUBSCRIBE FOR NEWS

Now

Residency and employment conditions of British citizens in Slovakia in case of a no-deal Brexit

After Brexit, British citizens will be with regard to their stay in Slovakia considered as third country nationals. Those British citizens who will not apply for registration of the right of residence of EU citizen before a no-deal Brexit, will have to apply for a temporary residence as third country nationals or will have to leave Slovakia within 90 days.



Marian Dzuroška
mdzuroska@kpmg.sk
+421 915 758 936



Mária Hrdličková
kpmg@kpmg.sk
+421 2 5998 4111

The residence of British citizens having their right of residence of EU citizen in Slovakia registered by the date of a no-deal Brexit, will be changed as follows:

- Long-term residence – in case of residence registered for more than 5 years before a no-deal Brexit; or
- Permanent residence for 5 years – in case of residence registered for the period up to 5 years before a no-deal Brexit.



This change will be made automatically, without need to apply with the Foreign Police Department.

Residence cards obtained by British citizens until a no-deal Brexit will remain valid until 31 December 2020. No later than by this date, British citizens (staying in Slovakia after a no-deal Brexit) will need to apply for a new residence card at the respective Foreign Police Department.

British citizens who will after a no-deal Brexit acquire a long-term residence or a permanent residence in Slovakia for 5 years, will preserve the same legal status as citizens of the Slovak Republic in legal relations arising under the Act 5/2004 Coll. on employment services.



Parliament approves several tax legislation amendments

Members of Parliament at their October meeting have approved several tax legislation amendments.



Daňové a právne oddelenie

kpmg@kpmg.sk
+421 2 5998 4111

Members of Parliament at their October meeting have approved several tax legislation amendments:

- Amendment to the VAT Act
<https://www.nrsr.sk/web/Default.aspx?sid=zakony/zakon&ZakZborID=13&CisObdobia=7&CPT=1594>
- Amendment to the Tax Administration
Act <https://www.nrsr.sk/web/Default.aspx?sid=zakony/cpt&ZakZborID=13&CisObdobia=7&ID=1595>
- Amendment to the Excise tax on electricity, coal and natural gas
Act <https://www.nrsr.sk/web/Default.aspx?sid=zakony/zakon&ZakZborID=13&CisObdobia=7&CPT=1593>
- Amendment to the Accounting
Act <https://www.nrsr.sk/web/Default.aspx?sid=zakony/zakon&ZakZborID=13&CisObdobia=7&CPT=1596>



The respective amendments are yet to be signed by the Slovak President and published in the Collection of Laws.



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

www.kpmg.sk

Tel.: +421 2 59984 111

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.

© 2024 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.