Taxation measures to mitigate impacts of Covid-19

Amendment to the Act on extraordinary measures in the financial area

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TAXATION MEASURES

❖ **MISSING THE DEADLINE (ARTICLE 4)**

- Missed deadline in the pandemic period will be remitted if the taxpayer completes the action by the end of the calendar month following the month when the pandemic period* ended (does not apply to tax declarations, tax payments, control and tax statements and tax advances)

❖ **PUBLICATION IN THE REGISTERS OF THE FINANCIAL ADMINISTRATION (ARTICLE 7)**

- The register of VAT payers and tax debtors will not be updated during the pandemic period

❖ **SUSPENSION OF TAX AUDITS AND TAX PROCEEDINGS (ARTICLE 6, ARTICLE 8)**

- Tax audits and tax proceedings shall be suspended during the pandemic period **only upon the request of the taxpayer**, from the day following the day of the commencement of the tax audit. If the taxpayer does not request the suspension of the tax audit or tax proceedings, **these will continue**.

- **The legal effects of acts performed before the submission of the application for suspension shall be preserved.**

- The automatic remission of missing the deadline shall not apply in the case of a delayed request for suspension of the tax inspection or the tax proceedings.

*The pandemic period is considered to be the period from the declaration of an emergency situation in the Slovak Republic in relation to the public health threat due to COVID-19, as of 13 March 2020 until its end.

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TAXATION MEASURES

❖ **TAX ARREARS (ARTICLE 10)**

• The amount of tax arrears which are due within the pandemic period, will not be considered as tax arrears, under the condition that they will be settled by the taxpayer by the end of the calendar month following the end of the pandemic period.

❖ **TAX OVERPAYMENTS (ARTICLE 10a)**

• The tax overpayment applied by the taxpayer in the 2019 income tax return, which was filed during the pandemic period, will be returned by the tax administrator **no later than 40 (calendar) days from the end of the calendar month in which the tax return was filed.**

• The tax overpayment applied by the taxpayer in the income tax return for 2019 which was filed between 1 January 2020 and the start of the pandemic period (i.e. 13 March 2020), will be returned by the tax administrator **within 40 days from 31 March 2020.**

• However, if the tax overpayment arises to the taxpayer because the taxpayer **paid a higher amount of tax than was calculated in the tax return**, the taxpayer must, in this case, apply for a refund of the tax overpayment.

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TAXATION MEASURES

❖ **TAX EXECUTIONS (ARTICLE 11)**

- Tax executions will be suspended during the pandemic period and will be resumed after the end of the pandemic period.

❖ **AMENDMENT OF THE PROVISION ON ADMINISTRATIVE OFFENSES AND SANCTIONS (ARTICLE 12 SECTION 4)**

- If the tax subject states in the income tax return a higher tax overpayment than the tax overpayment which should have been stated in the income tax return, **an administrative offense occurs**. For an administrative offense, the tax administrator imposes a fine in the amount of 100% of the stated difference and the tax subject is obliged to return this difference.

❖ **INCOME TAX RETURN (ARTICLE 22)**

- The income tax return with a deadline for submission during the pandemic period can be filed by the end of the calendar month following the month when the pandemic period ended.

- If the government withdraws the emergency situation (pandemic period) e.g. in July, the deadline for submitting of the income tax return will be 31 August 2020.

- Income tax is payable within the deadline for submission of the income tax return.

- All other obligations remain unchanged - method of filing, tax payment, taxable persons, etc.

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TAXATION MEASURES

❖ **INCOME TAX ADVANCES (ARTICLE 24a)**

- Income tax advances payable during the pandemic period are not paid for the period immediately following the period in which the taxpayer's **revenues decreased by 40%** compared to the same period of the previous calendar year 2019.

- The taxpayer proves the fulfillment of the conditions of the decrease of revenues by 40% by **submitting the statement** no later than 15 days before the expiry of the due date of the income tax advance.

- The deferred payment of income tax advances will be applied **for the first time** to advances payable **in May 2020**.

- Revenues for Article 24a mean:
  - A. earnings*
  - B. income from sale of products, goods and services after deduction of discounts**

 Example: _Whether the taxpayer will be required to pay monthly income tax advances for the month of May not later than by the end of May 2020 or not, will be determined by the fact if his revenues in April 2020 are at least 40% lower than those reached in April 2019._

*for a taxpayer accounting in a double entry bookkeeping system and for a taxpayer who reports the profit or loss in the separate financial statements in accordance with International Financial Reporting Standards
**for a taxpayer accounting in a single entry bookkeeping system and for a taxpayer keeping tax records (Article 6 Section 11 of Act 595/2003) and for a taxpayer keeping records (Article 6 Section 10 of Act 595/2003)

TAXATION MEASURES

❖ **TAX LOSS DEDUCTION (ARTICLE 24b)**

- The taxpayer has the opportunity to use non-claimed tax losses for the **tax years 2015 to 2018, with a maximum total value of 1 mil. EUR.**

- The taxpayer may deduct the tax loss in the tax return for a taxable period ending earliest on 31 October 2019, the filing period of which is **between 1 January 2020 and 31 December 2020.**

- The tax loss under the paragraph 1 shall be deducted **gradually from the earliest recognized tax loss to the most recently recognized tax loss.**

- The taxpayer is not obliged to use a more favorable procedure for the tax loss deduction; the tax loss can be deducted also by the standard procedure according to Act 595/2003 on Income Tax.

Example: _If the taxpayer reported a tax loss of 1,000 EUR in the tax period of 2016 and deducted in 2017 and 2018 by ¼ of the tax loss (i.e. 250 EUR each year), in 2019 the taxpayer has the option to deduct the entire remaining part (2/4 of the reported tax loss, i.e. 500 EUR), up to the amount of the tax base._

TAXATION MEASURES

❖ **PUBLICATION IN CERTAIN VAT LISTS (ARTICLE 24i)**

- If a VAT payer does not repeatedly file a VAT return, or a control report, or repeatedly fails to pay VAT, he **will not be registered in the list of VAT payers for which there were reasons for cancellation of VAT registration** if he **fulfills these obligations by the end of the calendar month** following **the end of the pandemic**.

❖ **CERTAIN CONDITIONS FOR RETURN OF EXCESS DEDUCTION (ARTICLE 24j)**

- If the VAT payer has incurred **customs arrears or arrears of compulsory insurance contributions** during the pandemic, the arrears **will not be taken into account for the purpose of an early refund of the excess deduction,** if the taxpayer **pays or levies the arrears by the end of the calendar month** following **the end of the pandemic.**

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SARIO
Trnavská cesta 100
821 01 Bratislava, Slovakia
www.sario.sk

E: covid19@sario.sk