



CLIENT INFORMATION

Slovakia
12 November 2024

Financial transaction tax

On 3 October 2024, the National Council of the Slovak Republic approved the Financial Transaction Tax Act, which will introduce this new tax starting in 2025.

Taxable persons

The following individuals and entities are subject to the tax:

- **natural persons - entrepreneurs (e.g. a natural person operating based on a trade or other licence);**
- **legal entities;**
- **organisational units of foreign persons.**

Taxable transactions

A financial transaction is defined by law as a payment service provided by a payment service provider (e.g. a bank) based on an order or consent given by the taxable person.

The tax is levied in the following three areas:

1. Transactions debiting the transaction account (i.e. the business account)

The tax is levied on financial transactions in which money is debited from the taxable person's account.

The following transactions are not subject to tax:

- **payment of taxes, levies, contributions to the state budget, social security contributions and health insurance contributions (but, e.g. salary payments are subject to the financial transaction tax);**
- **transfers between accounts held by the taxable person with the same provider (if the taxable person holds accounts with different banks, transfers between these accounts are already subject to the financial transaction tax);**



- **payment transactions that involve the cash transfer to or from a notary's custody;**
- **purchase of government bonds;**
- **payment transactions as part of group financing, provided that the group members' accounts are held with the same bank (so-called "cash pooling"), etc.**

In this case, the following persons are obliged to pay the tax:

- **a bank domiciled in the Slovak Republic or a Slovak branch of a foreign bank engaged in financial transactions;**
- **a taxable person who makes payments related to their business activities in Slovakia from accounts at a foreign bank that is not domiciled in Slovakia (and does not have a Slovak branch).**

The tax base is the amount debited from the taxable person's account.

The tax rate is **0.40%** of the tax base, with a **minimum** tax of **€ 0.01** and a **maximum of € 40** per financial transaction.

The tax period is one **calendar month**, and this tax will be first imposed in **April 2025**.

2. Withdrawing cash using a payment card from a transaction account

Withdrawals made with a payment card issued on a transaction account are also subject to taxation.

The following persons are obliged to pay the tax:

- **a bank domiciled in the Slovak Republic or a Slovak branch of a foreign bank engaged in financial transactions;**
- **a taxable person who is a client of a foreign bank that is not domiciled in Slovakia (and does not have a Slovak branch).**

The tax base is the amount withdrawn from the taxable person's account.

The tax rate is **0.80%** of the tax base, with a minimum tax of **€ 0.01**.

The tax period is the **calendar month** and this tax will be first imposed in **April 2025**.

In addition, a flat-rate tax of **€ 2** is imposed for each payment card used for financial transactions. The tax period for this flat-rate tax is the **calendar year** in which the payment card is used.

3. Recharging the costs of carrying out a financial transaction.

The tax also applies to the recharged costs in connection with the execution of a financial transaction that relate to the taxable person's Slovak business activities (e.g. costs recharged by a group company that carried out the financial transaction on behalf of the taxable person).

The tax base is determined by the amount of these recharged costs. The tax rate is **0.40%** of the tax base, but with a minimum tax of **€ 0.01**.

The tax period is the **calendar month** in which the taxable person pays these recharged costs. The first tax period will be **April 2025**.

Paying the tax, reporting, record-keeping and other obligations

The person liable for paying the tax must **calculate the tax, collect it** from the taxable person (if the person liable for paying the tax is a bank) and **remit it** to the tax authority by the end of the calendar month following the end of the tax period at the latest.

Additionally, they are obliged to electronically submit **a report on the amount of financial transaction tax** to the tax administrator within the same timeframe.

For the first three tax periods (April, May and June 2025), the tax is due **by 31 July 2025**. If the person liable to pay the tax collects the tax for these periods earlier (for April 2025 and May 2025), they must pay it to the tax authority by the end of the calendar month following the calendar month in which the tax was collected.

Given the above-mentioned transitional period, special rules apply in the event of the closure of a transaction account. If a taxable person closes a transaction account between 1 April 2025 and 31 May 2025, they are required to **self-calculate** the tax and remit it to the tax authorities by the end of the calendar month following the calendar month in which the account was closed. Additionally, they must report the amount of tax by the same deadline.

The person liable for paying the tax is responsible for ensuring the accuracy of the calculation, collection and payment of the tax.

Furthermore, they are also obliged to **maintain records** for each tax period. These records must include the following information:

- **the amount of the financial transaction**
- **the tax base**
- **the tax rate**
- **the total tax**
- **the date of first use of the payment card in a given calendar year**

These records must be submitted electronically to the tax authorities upon request.

For natural persons - entrepreneurs – there is a new obligation to process all financial transactions related to their business through a transaction account. Therefore, each natural person - entrepreneur must set up a transaction account (business account) with a bank by **no later than 31 March 2025**. If the taxable person carries out financial transactions using a non-transaction account, they will be held responsible for paying the tax.

If you have any questions, please do not hesitate to contact us.

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