



# AUDITOR

Audit ■ Tax ■ Accounting

## Information for clients No. 10

Slovakia  
December 2013

*Dear clients,*

*Before we enter the New Year we would like to take this opportunity and look back at the events of the past year 2013.*

*One of the most important changes in our office was a change in the management. Our former managing director resigned after many years of working for us and was replaced with the new managing director Ing. Hana Brabcová. She has been running AUDITOR SK s. r. o. together with MMag. Ulrich Paugger since spring 2013. Having worked with her for several months, we already know that it has been the right decision. We are convinced that with the current combination of management and staff we are well prepared for the challenges of the upcoming years.*

*We also had to make changes in our staff due to pregnancies – and we hereby congratulate Mrs Monika Šturmová and Mrs Barbora Segéňová on the births of their children.*

*We can say that this year has been rather calm and that we were able to maintain our respectable position on the Slovak market. Next year we plan a transition to the new format of our accounting program. Apart from the electronic archive, which we have been already using for several years, we will also start to carry out the paperless accounting. Our clients will be able to send accounting documents electronically to their client mail boxes in order to be collected by our ac-*

*countants. Archiving of the documents will also be processed electronically, which is another step towards a paperless office. The transition to this program is planned for the beginning of 2014; and we are convinced that you will very quickly become fond of this new feature.*

*Looking across the border you can see that we moved our office in Vienna and also gained new co-workers for it.*

*As regards the Czech Republic, we would like to mention that one of our colleagues attends a year-long training course in International Law at the University Universität Wien. This will surely extend our expertise in the area of international law. Our marketing department organised numerous seminars and events this year and thus contributed significantly to the stability and reputation of our company.*





*As every year, we relinquish the idea of Christmas presents and cards and donate the budgeted sum to those who are really in need.*

*At the end of this year, I would like to sincerely thank you for working with us. I also thank our employees for maintaining the high quality of our services in these ever more challenging times.*

*I wish you a merry Christmas and a happy New Year 2014.*

*On behalf of all our staff:*

*Yours faithfully,*

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*On 3 December 2013 the Parliament adopted amendment to the income tax law. Most of the provisions shall enter into force on 1 January 2014. The income tax law amendment is already signed by the President.*

### The most important changes

The corporate **tax rate will be reduced** from the present 23% to 22%.

**Tax license** is introduced, which represents **minimum tax for legal persons**. Its amount depends on the annual turnover amount and VAT registration of the company. A **non-VAT payer with a turnover up to EUR 500,000** shall pay tax license amounting to EUR 480, while a **VAT payer** with the same turnover shall pay EUR 960. **Companies with turnover exceeding EUR 500,000** shall pay tax license



amounting to EUR 2,880. Selected entities (newly established, under winding-up) do not have to pay it. Tax license (or its part) may be used in the following three years to reduce future income tax.

**Tax loss** may be deducted from the tax base only **during a maximum of four years** and in **equal amounts**. Currently tax loss may be deducted from the tax base during a maximum of seven years (it does not have to be deducted in equal amounts).

In a similar way as the creation of provisions for unsettled claims, **unsettled liabilities or their parts will also be continuously included in the tax base** depending on the number of days being overdue. In case of a liability overdue for more than 360, 720, or 1,080 days, the tax base will be increased by **20%, 50% or 100%** of the liability value. If in the following years such liability is settled, the tax base will be reduced by the amount of the settled liability only in that case if the tax base was increased by the entire 100% of the liability value.

The **period for submitting documentation on transfer pricing** is shortened from the present 60 days to **15 days** as of the delivery date of the formal notice sent by the tax administrator or financial directorate, while the tax payer must be summoned to submit documentation **not only while executing a tax audit**.

The withholding tax rate in case of payments in favour of tax payers from non-contractual states





(mainly offshore states) is **increased from the current 19% to 35%**. If the income payer does not meet the obligation to deduct or ensure tax, pay it within the statutory period to the tax administrator and at the same time inform on this fact, the **payments in favour of tax payers from non-contractual states** will not be considered to be tax expenditures.

The **concept of so-called service permanent establishment** is introduced into the Slovak legislation. If the tax payer during the determined time period (more than six months, etc.) will provide services within the territory of the Slovak Republic, due to this fact it may have a permanent establishment created in Slovakia.

### Other changes

The **form of recording** provable expenses of tax payers is **unified** through so-called **tax registry**. The present forms of registries are cancelled and a uniform tax registry is introduced for business income and income from other self-employment, rent and use of piece of work and artistic performance.



Gradual reduction of motor vehicle input price is introduced for the purpose of **non-cash employee income** calculation. In the first year of using a company motor vehicle for private purposes of the employee 1% of the motor vehicle input price will be taxed for the employee, just like it is now. The change will occur in the following years of using the vehicle for private purposes when upon employee taxation the **vehicle input price reduced each year by 12.5% will be taken as base**.





The limit for **quarterly advance payments** for corporate tax is increased from EUR 1,659.70 to the value of **EUR 2,500**.

**Tax payers that in their first business year** are tax payers only in a part of the taxation period, **will pay advance payment** for income tax **according to the actual tax liability** reported in the tax return. It means that for the purposes of advance payments tax payers will not have to additionally calculate tax liability for the entire taxation period, and/or arise of the assumed tax indicated in the tax return.

The **obligation to notify** the tax administrator of **starting and ending inclusion of exchange rate differences in the tax base is cancelled**. This notification obligation is replaced by the obligation to indicate this fact in the tax return.

The **notification obligation** relating to payments made to natural persons **is cancelled** (so-called "snitch section").

The tax administrator may be requested to approve the **methods of transfer pricing no later than 60 days** prior to the start of taxation period. The decision on transfer pricing method approval **cannot be appealed**.

The **value of promotional items** recognised as tax expenditures **is increased** to EUR 17 per piece. At the same time it is specified that **gift promotion vouchers are not considered** to be promotional items. ■

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*For more than 10 years  
on the Slovak market.*

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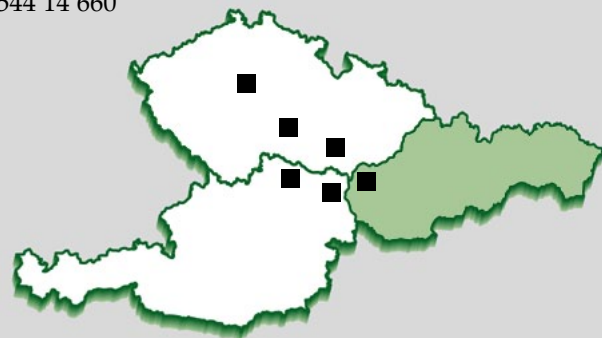
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