



## Client information No. 1

Slovakia  
April 2013

### Liability for VAT

The customer is liable for VAT (hereinafter tax) stated on the invoice from his supplier, if the supplier didn't pay or was unable to pay the tax to the tax office and if the customer (taxpayer) **at the point of time**, when the tax liability incurred **knew or could have known** that the supplier will not pay the tax (or part of the tax).

Indications that the customer knew or could have known that the supplier will not pay the tax (or part of the tax) are:

- The invoiced price for goods and services is inadequately low or high without any economic justification.
- The customer **continues doing business** with a **supplier who has been published in the "index of bad taxpayers"** (see below), i. e. shall this supplier have been on this index at the date of supply.
- If the supplier's statutory body or its member or the supplier's shareholder was at the point of time, when the tax liability incurred the statutory body or its member or shareholder of the customer.



### Index of bad taxpayers

Index of bad taxpayers (unofficial name) is an index of taxpayers for which reasons for cancellation of their VAT registration occurred. This index is being published on the websites of the **Slovak Financial Directorate**.

Reasons for cancellation of VAT registration and for subsequent publication on the index can be:

- The taxpayer does not file tax returns repeatedly during the calendar year.
- The taxpayer does not pay the tax repeatedly during the calendar year.
- The taxpayer cannot be repeatedly found by tax authorities at his registered address, his premises or at the address of his establishment.
- The taxpayer repeatedly breaks his obligations during tax inspections.

The index of bad taxpayers is being published and updated on the websites of the Slovak Financial Directorate: [www.drsr.sk](http://www.drsr.sk).

The first index of bad taxpayers was published on 4 February 2013 (link [here](#)) and as of 20 March 2013 has not been updated yet.

### How can the risk of liability for tax be minimized?

Shall a customer receive goods or services from a "doubtful supplier", the risk of liability for tax may be minimized as follows: **Before receiving goods or services check whether the supplier is to be found on the index of bad taxpayers. This is also necessary to verify before transferring down payments.**



Decisive is the data on the index as of the date when the tax liability incurs (date of supply of goods or services, or date of bank transfer of down payment). Any kind of subsequent verification, for example, when accounting for invoice received, is no longer relevant for the position of guarantor.

The customer can reflect the above stated facts and reduce the risks as well through an appropriate formulation of payment terms in the contracts with suppliers.

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### ■ Disclaimer

In the course of providing of bookkeeping services and processing of financial statements, AUDITOR SK s. r. o. cannot verify whether or not, as of the date of supply, a supplier has been listed on the index of bad taxpayers. We strongly point out that in this regard AUDITOR SK s. r. o. cannot accept any kind of responsibility.



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If you are interested in news in Czech accounting and tax legislation, do not hesitate to register for our newsletter [online](#).



### Contacts

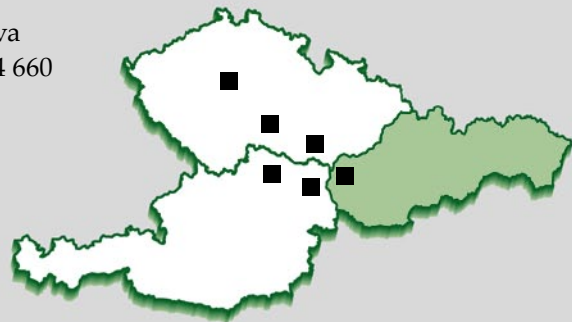
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