



NEWSLETTER 1/2020

In the latest edition of the Newsletter, we present the following topics:

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1. **13 new measures for tax payers, entrepreneurs and employees during the COVID-19 pandemic – postponement of income tax returns until end of June 2020**

13 new measures are to be introduced by the current ministers for finance and economics with the aim of helping to compensate for the effects of coronavirus on entrepreneurs, companies and taxpayers. The measures are currently in the drafting phase and will be subject to an extraordinary approvals process. Implementation of these measures is expected to be carried out by the new government, which will be in place as of Saturday 21 March. After the final decisions have been taken, we will inform you without delay via a special newsletter of the legal implications.

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However, at a government meeting held on 18 March 2020 it was already decided to exempt tax arrears from penalties for the late filing of all income tax declarations as of 1 January 2021, whereas this latest decision applies to all income tax declarations with filing deadlines on 31 March, 30 April and 31 May 2020, on the condition that they are filed by the end of June 2020. This governmental decree also waives late payment penalties if the relevant income tax is be paid by 30 June 2020 at the latest. The decree was approved by the Slovak Government and is effective upon publication of the directive in the Collection of Laws.

2. **Advantageous method of depreciation for buildings intended for employees**

With effect from 01/01/2020, companies and cooperatives with a staff of more than 49 employees may write off their own buildings included in depreciation group 6 over a shorter depreciation period of 6 years on a straight-line basis.

A more advantageous method of depreciation may be used for buildings meeting the following conditions at the same time:

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- they were acquired by purchase or built with the company's own resources,
- they are included in building classification codes 112 (buildings with two, three or more units) and 113 (other residential buildings) in accordance with the Statistical Classification of Buildings,
- the floor area of each residential unit amounts to a maximum of 100 square metres, and
- at least 70% of the building is intended to be used for residential purposes by employees of the employer.

This method of depreciation is applied for the first time for the tax period commencing on 01/01/2020 at the earliest. This change may also be applied to buildings that were started to write off in previous periods in accordance with the regulations effective until 31/12/2019; however, all of the conditions specified above must be met simultaneously.

3. The departure of Great Britain and Northern Ireland from the EU

By leaving the EU on 01/02/2020, the UK became a “third country” in relation to the EU. However, until the end of 2020, a transitional period will apply, during which the UK and the EU will attempt to reach an agreement on their future relations.

For the duration of the transitional period (from 01/02/2020 to 31/12/2020), existing conditions shall remain in place for imports and exports, for the provision and acceptance of services between the UK and the EU, without additional restrictions, based on the existing and valid licences. Nothing will change for private citizens either (trading will not be subject to customs, import quotas, or any other obstacles).

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4. The European Commission has published the final version of its Explanatory Notes regarding the new VAT measures – “Quick Fixes”

On 20/12/2019, the European Commission published the final wording of its Explanatory Notes for measures to harmonise and simplify certain VAT rules (“Quick Fixes”), which the EU member states were to implement in their national legislation with effect from 01/01/2020. As we informed you in the Newsletter for 3Q 2019, Slovakia has fulfilled this obligation.

The purpose of the Explanatory Notes is to explain the new rules regarding VAT in detail, primarily with respect to:

- call-off stock,
- chain transactions,
- changes involving proof of transport of goods to another EU member state for the purposes of the exemption for intra-Community transactions.

The Explanatory Notes have so far only been published in English. By the end of March 2020, however, they should also be available in all other official languages of the EU member states.



5. TPA Slovakia has a new partner – Mária Janušková

Mária Janušková has been with the TPA Group for almost 15 years. During her work for TPA, she has expanded her experience beyond the fields of international taxation, issues relating to permanent establishments (her favourite topic), expatriate taxation and social security to include corporation taxes, VAT, real estate, as well as mergers and acquisitions.

At TPA Slovakia, she has worked in a variety of functions, as business consultant, in various management positions, and most recently as director of the Tax and Payroll Department. In her new position, she will be responsible for the development of tax advisory and payroll outsourcing services for Slovak and international clients alike.

Mária graduated from the Tax System and Tax Counselling Program of the University of Economics in Bratislava. She subsequently obtained a tax advisor licence and became an active member of the Slovak Chamber of Tax Advisors. She made a dream come true by successfully completing a post-graduate course in International Tax Law at Vienna University of Economics and Business, where she obtained her Master of Law (LL.M.) degree.

Mária is also the chairperson of the SKDP Methodical Legislative Committee for Corporate Taxes. In this role, she and her colleagues comment on and prepare legislative proposals, organising and conducting conferences and various training events, including practical training for junior assistants of tax advisors.

This Newsletter is a product of TPA.

Yours sincerely,

Your TPA team.

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