



## NEWSLETTER 3/2021

### In the latest edition of the Newsletter, we bring you the following topics:

1. Financial meal allowance.....	1
2. Draft amendment to the Tax Code as of 1 January 2022.....	2
3. Bill on aid provided to state rental housing.....	2
4. An amendment to the Accounting Act could simplify accounting for entrepreneurs.....	3
5. The minimum wage will rise in 2022.....	4

### 1. Financial meal allowance

A proposal by a group of parliament members for an amendment to the Labour Code which, among other things, amends and supplements the Income Tax Act, was submitted to the National Council of the Slovak Republic.

The aim is to eliminate inequality in the taxation of various forms of meal allowances, as well as to simplify the administration of employers in the provision of meal vouchers and financial meal allowances in advance for the relevant calendar month.

As of March 2021, employees can select between meal vouchers and a financial meal allowance to be provided by employers. If the employer provides meal allowances within statutory limit stipulated by the Labour Code, in terms of taxes and social security and health insurance contributions, there is no difference in the above forms of meal allowances. However, if the employer provides financial meal allowances in the amount exceeding statutory limit from its own resources, such an “excessive” amount should be treated as a tax non-deductible expense for the employer and should represent the taxable income for the employee. On the contrary, in the case of meal vouchers, this amount is a recognised as the tax expense and is not treated as taxable income for the employee.

This amendment proposes to increase the employer’s meal allowance for employees up to 100% of the amount of meal allowance provided for a business trip of 5 to 12 hours, without the employer’s allowance being non-deductible and taxable for the employee. At present, the maximum amount of this allowance is 55%. It is also proposed that the employer should provide the meal vouchers or the financial meal allowance retrospectively for the given month, but no later than by the end of the following calendar month, along with the deadline for the payment of wages.

For the sake of objectivity of this article, we also consider it important to note that the Ministry of Labour, Social



Affairs and Family of the Slovak Republic recommends that the Government of the Slovak Republic express its disagreement with this proposal.

## 2. Draft amendment to the Tax Code as of 1 January 2022

A draft amendment to the Tax Administration Act (the “Tax Code”) was submitted to the National Council of the Slovak Republic on 11 August 2021.

We have already informed you about certain planned changes in the previous issue of our Newsletter. However, along with this draft was recently published also a draft Decree of the Ministry of Finance of the Slovak Republic on specific criteria of the Tax Reliability Index, on the basis of which the Financial Administration will identify taxpayers that should be eligible to certain tax benefits. These criteria include:

- fulfilment of the obligation to file a tax return, VAT report and EC sales list within the statutory deadline ,
- fulfilment of the registration and notification obligation within the statutory deadline,
- fulfilment of the obligation imposed in a decision of the tax administrator,
- stating the tax in the correct amount in the tax return or in the additional tax return,
- application for claims according to special regulations,
- payment of the tax or tax advance payment within the appointed deadline,
- compliance with obligations if breach of such obligations would lead to determination of tax by using tools or imposition of penalties,
- fulfilment of obligations if breach of such obligations would lead to the cancellation of registration.

2

The amendment also proposes changes in the Value Added Tax Act, which oblige taxpayers to disclose bank accounts used for business purposes to the Financial Directorate of the Slovak Republic. If the taxpayer discloses a bank account that belongs to another person, the taxpayer is obliged to simultaneously announce the first name and surname or business name of the person to whom that bank account belongs. At the same time, this person will be jointly liable for the tax on the supply of goods or services stated in the invoice if the supplier fails to pay that tax or part thereof within the due date and the consideration for that supply or part thereof has been paid to that bank account. If the taxpayer provides incorrect, false or incomplete bank account details, a fine of up to EUR 10,000 may be imposed.

## 3. Bill on aid provided to state rental housing

On 25 July 2021, the government bill on state rental housing aid advanced to the second reading of the National Council of the Slovak Republic in the legislative process. The aim of the proposed bill is to address the problem in the area of housing by enabling the development of state-aided rental housing with a regulated amount of rent and a guarantee for long-term housing.

The bill introduces also certain changes to the Income Tax Act and the Value Added Tax Act . Proposed



amendments to the Income Tax Act are as follows:

- exemption of the state-aided housing allowance from income tax provided in accordance with the Labour Code by the employer to the employee; however, up to a maximum amount of EUR 360 per calendar month;
- the amount of the state-aided rental housing allowance for employees will be a tax expense at the level of the employer (up to a maximum amount of EUR 360 per calendar month);
- tax exemption of income from the payment (redemption) of mutual fund shares if more than 36 months have elapsed since the date of their acquisition;
- a reduced depreciation period of 20 years is introduced for a taxpayer who has developed or procured a building used for state-aided rental housing under precisely defined conditions. In case of non-compliance with those conditions, the buildings will be depreciated over 40 years. The preferential depreciation method shall be applied from the tax period starting on 1 January 2022 at the earliest.

It is also proposed to apply a 5% VAT rate to the supply of a building that is used for the purpose of aided rental housing. The reduced 5% VAT rate will also apply to the supply of the land on which the building stands, as well as to the renovation and reconstruction of such buildings. However, this reduced VAT rate shall not apply to the supply of non-residential premises located in an apartment building for aided rental housing that is used for business and services.

The bill is proposed to enter into effect on 1 October 2021.

#### **4. An amendment to the Accounting Act could simplify accounting for entrepreneurs**

The draft amendment to the Accounting Act was delivered to the National Council of the Slovak Republic on 30 August 2021. The aim of the amendment will be to enable entrepreneurs to use electronic accounting to a greater extent. At the same time, the intention is to increase the transparency of information upon publication of financial statements in the Register of Financial Statements.

The main proposed changes include the following:

- it will be possible to scan an accounting document in hardcopy without the obligation to use a secured conversion; this procedure will also be applicable to accounting records prepared before the amendment came into force;
- it will be possible to store documents in an electronic form directly in the entrepreneur's own accounting system;
- the entrepreneur will be able to replace the personal signature with any electronic form of a signature that allows its unambiguous provable identification;



- a new obligation is introduced to inform the tax office about the ensuring of the accounting documentation storage before dissolution of the enterprise without a legal successor or before the actual termination of business or other self-employment activity;
- the financial statements of all legal entities will be published in the public part of the Register of Financial Statements; the accounting documents of individuals – entrepreneurs and branches of foreign head office – would remain to be published the non-public part;
- it is proposed that all accounting documents will be filed in the Register of Financial Statements in an electronic form;
- the requirements for the annual report of non-profit organisations are set out if the content of the annual report is not defined.

The amendment is proposed to enter into effect on 1 January 2022.

## 5. The minimum wage will rise in 2022

The amount of the minimum wage in 2022 will be in the amount of EUR 646 per month. This will represent an increase of the minimum wage by EUR 23 since last year .

The employer is obliged to provide employees with a minimum wage entitlement determined for the relevant degree of work intensity, which in the case of the highest 6th degree can be twice the base amount, i.e. EUR 1,226.

4

The amount of wage premium (surcharge) for work during weekends, holidays and nights will not change in comparison with 2021.



This Newsletter is a product of TPA.  
Best regards,

Your TPA team.

**Contact:**

**TPA Slovakia**  
Blumental Offices II  
Nám. Mateja Korvína 1  
811 07 Bratislava

**TPA Slovakia**  
Letná 27  
040 01 Košice

Phone: +421 (02) 57 351 111

[www.tpa-group.sk](http://www.tpa-group.sk)

[www.tpa-group.com](http://www.tpa-group.com)

If you want to receive information on a regular basis, subscribe to the Newsletter on our website.

**IMPRESSUM** The information contained in this document is for general information purposes only. If you decide to use them in practice, we recommend that you do so only on the basis of a professional consultation allowing to assess all aspects of the case at hand. This document does not replace professional advice and, therefore, TPA cannot be held liable for any damage resulting from the use of the information contained herein.

Copyright © 2020 TPA, Blumental Offices II, Nám. Mateja Korvína 1, 811 07, Bratislava

All rights reserved.