



## NEWSLETTER 1/2022

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

<b>1. Deposit on single-use packaging from an accounting point of view.....</b>	<b>1</b>
<b>2. The deadline for reporting the tax reliability index has been extended.....</b>	<b>1</b>
<b>3. Tightening the rules for the tax deductibility of interest costs .....</b>	<b>2</b>
<b>4. Tax deductibility of expenses for COVID testing.....</b>	<b>2</b>
<b>5. New tools to combat VAT fraud in cross-border e-commerce.....</b>	<b>3</b>
<b>6. Draft measure of the Ministry of Labour and Social Affairs of the Slovak Republic on meal allowances.....</b>	<b>3</b>
<b>7. Simplified employment of a Ukrainian citizen.....</b>	<b>4</b>

### **1. Deposit on single-use packaging from an accounting point of view**

On 1 January 2022, the provisions of Act No. 302/2019 Coll. concerning deposits on specified single-use packaging, namely plastic bottles and cans, took effect. Adherence to the deposit system, which is behind the entire process affecting packaging manufacturers, retailers (distributors) and, last but not least, customers (final recipients), should lead to a cleaner Slovakia.

This law charges the manufacturer and the distributor, among other obligations, with the task of keeping separate accounting records for the price of goods and the amount of deposit. This obligation is fulfilled by creating analytical accounts for the individual synthetic accounts used in connection with the accounting of single-use packaging that is subject to the deposit scheme.

In addition, the retailer registered as a collection point for single-use packaging, should keep records of collected single-use packaging on which a deposit is charged in a special register (off-balance sheet).

If the final recipient of such single-use packaging is an entrepreneur using the double-entry bookkeeping, is shall also record this packaging in separate analytical accounts.

### **2. The deadline for reporting the tax reliability index has been extended**

On 15 February 2022, the president of the Slovak Republic signed an amendment to Act No. 563/2009 Coll. on tax administration (the Tax Code) extending the deadline for the Financial Administration of the Slovak Republic to send the notification of the tax reliability index to taxpayers. The deadline for publishing the list of taxpayers to which the tax reliability index has been assigned has also been extended.

The new deadline for sending the notification is until 30 June 2022 and for publishing the list of taxpayers is until 30 September 2022 (the original deadlines were 28 February 2022 and 30 June 2022).



### 3. Tightening the rules for the tax deductibility of interest costs

The Ministry of Finance of the Slovak Republic has published preliminary information on the prepared amendment to Act No. 595/2003 Coll. on income tax, as amended (the "ITA") in the area of the tax deductibility of interest costs, by implementing EU Council Directive ATAD 1, the Anti-Tax Avoidance Directive.

The ITA currently limits only the costs of received loans and credit from related parties. According to the preliminary information on the amendment to the ITA, the rules for the tax deductibility of excess interest costs (i.e. interest costs exceeding the interest income) are to be modified. The downside, however, is that this limitation of interest cost should now apply to all borrowings, i.e. even if they are received from third parties (e.g. banks) and not only from related parties. The basis for limiting the amount of excess interest costs should be the tax base increased by tax depreciation and exceeding (tax) costs for received loans and credit.

As the concept of the Ministry of Finance of the Slovak Republic and the wording of the amendment are not currently known, we will inform you about further developments.

### 4. Tax deductibility of expenses for COVID testing

The Financial Administration of the Slovak Republic issued information for employers on the tax aspects of the obligation to provide testing of employees for COVID-19.

During the pandemic period, testing expenses, including those related to the provision of testing for COVID-19, are tax deductible if they are incurred:

- by employers for an employee, including testing of a related person living in the same household with the employee,
- by taxpayers with income according to Section 6 par. 1 and 2 of the ITA (self-employed individuals) for own testing, including testing of a related person living with the taxpayer in the same household,
- by taxpayers on testing of individuals who carry out activities for the taxpayers at the place of their business.

The costs for testing could be treated as tax deductible also if the obligation to test employees is not imposed by special regulations. This means that the costs incurred in situations such as voluntary testing of vaccinated employees by employer or more frequent testing of employees than prescribed by a special regulation could be treated as tax deductible. In addition, costs related to testing such as protective equipment, disinfection and the disposal of waste generated during testing are also considered as tax deductible.

The costs of testing secured by the employee from other testing provider could be also treated as tax deductible by the employer on the basis of the documentary proof submitted by the employee. Such compensation is not considered as the employee's taxable income during the pandemic period.



## 5. New tools to combat VAT fraud in cross-border e-commerce

The Ministry of Finance of the Slovak Republic has published preliminary information on the prepared amendment to Act No. 222/2004 Coll. on value added tax, as amended (the “VAT Act”).

The amendment shall primarily transpose the EU Council Directive, as a result of which new obligations for selected payment service providers will be introduced with effect from 1 January 2024. The aim of this amendment is to introduce harmonised rules that shall serve to combat the tax fraud in the area of cross-border electronic commerce, as well as to verify the accuracy of the amount of declared tax.

Obligations of selected payment service providers:

- keeping of the records in electronic form for recipients of cross-border payments, if, during the calendar quarter, the payment service provider provided to the same recipient payment services corresponding to more than 25 cross-border payments,
- reporting of the maintained records to the Financial Administration of the Slovak Republic by no later than until the end of the calendar month following the respective calendar quarter.

Payment service providers will be required to keep records of cross-border payments for three calendar years.

## 6. Draft measure of the Ministry of Labour and Social Affairs of the Slovak Republic on meal allowances

3

The price of meal allowances and meal vouchers should be increased by the proposed measure of the Ministry of Labour and Social Affairs of the Slovak Republic after more than two years.

The amounts of the meal allowance are proposed to be adjusted as follows:

- **EUR 6** (from the original EUR 5.10) for a work shift of 5 hours to 12 hours,
- **EUR 9** (from the original EUR 7.60) for a work shift of 12 hours to 18 hours,
- **EUR 13.70** (from the original EUR 11.60) for a work shift of over 18 hours.

Upon approval of the proposal, the maximum possible employer contribution for food to the amount of EUR 3.30 (currently EUR 2.81) should increase, while the lowest possible value of a meal voucher should increase from the current minimum of EUR 3.83 to EUR 4.50.

The financial contribution for meals is equal to the amount that the employer contributes to the employees for food or meal vouchers.

We will inform you about the approved proposal in upcoming Newsletter.



## 7. Simplified employment of a Ukrainian citizen

Refugees from neighbouring Ukraine will be able to work in Slovakia immediately after being granted temporary refugee status.

The employer may employ a third-country national referred to in Section 23a of the Employment Services Act immediately (full-time or part-time agreement), without a work permit or without confirmation of the possibility of filling a vacancy, among other things, if the third-country national is an applicant for asylum or has been granted asylum or temporary refuge.

The employer informs the relevant Labour, Social Affairs and Family office of the start and end of the employment of this employee using the “information card” form within seven working days of the commencement of their employment.

4

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Best regards,

Your TPA team.

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