



NEWSLETTER 2/2022

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

1. New tool to motivate owners of neglected buildings to ensure their proper maintenance.....1
2. Act on the Pan-European Personal Pension Product.....2
3. Extension of application of the reverse charge mechanism for supplies susceptible to tax fraud.....2
4. Transmission of data to the Financial Administration within the e-invoicing information system2
5. Changes to meal and car allowances for business travels from 1 May 2022.....3

1. New tool to motivate owners of neglected buildings to ensure their proper maintenance

On 5 May 2022, the National Council of the Slovak Republic approved an amendment to Act No. 582/2004 Coll. on local taxes and local fees for municipal waste and small construction waste, as amended.

The most significant changes introduced by the amendment effective from 15 June 2022 include a higher tax on unmaintained buildings set through the specific tax rate coefficient applicable to such buildings.

The increase in real estate tax based on new coefficient will apply to buildings which:

- are not properly maintained by the owner, despite the fact that the building office has legally ordered the owner to remedy the situation,
- do not meet the basic building requirements under the Building Act and the building office has ordered the owner to make the necessary modifications,
- endanger the life and health of persons, although the building office has legally ordered the owner to remove them.

In the case of unmaintained buildings, the municipality or city has the possibility to determine a tax rate coefficient on the basis of a general binding decree in the amount from 1 to 10, whereby this coefficient will be used to multiply the standard real estate tax rate.



2. Act on the Pan-European Personal Pension Product

The National Council of the Slovak Republic approved the Act on the Pan-European Personal Pension Product, which also amends the Income Tax Act as of 1 January 2023. The aim of this legislation is to further promote voluntary retirement savings and thus to ensure income for individuals / savers after reaching retirement age or after becoming entitled to receive an old-age or early retirement pension.

The out-payments to be received by savers in accordance with the conditions set out in the Pan-European Personal Pension Product Act will constitute their taxable income from capital assets. This will ensure the same tax treatment as is currently applicable to the supplementary pension savings, a similar product in terms of purpose (the tax base will be calculated as the difference between out-payments received and the contributions paid). Out-payments from the Pan-European Personal Pension Product will not represent tax exempt income of savers.

Similarly as in case of the supplementary pension savings, savers under the Pan-European Personal Pension Product will also be able to deduct a tax allowance from their tax base up to an aggregate amount of EUR 180 per year (in the event that the saver has concluded into several contracts relating to supplementary pension savings or the Pan-European Personal Pension Product).

3. Extension of application of the reverse charge mechanism for supplies susceptible to tax fraud

On 10 February 2022, the European Commission published a proposal amending Directive 2006/112/EC on the Common System of Value Added Tax. The draft Directive extends the possibility for Member States to apply the reverse charge mechanism to combat tax fraud in areas susceptible to such fraud until the end of 2025. These include, for example, the supply of mobile phones, cereals, industrial crops, the transfer of greenhouse gas quotas and the provision of telecommunications services.

At the same time, the proposal provides for the possibility to use the “quick reaction” mechanism (QRC) to fight tax fraud in specific cases. The QRC is a measure that allows for the temporary introduction of the reverse charge mechanism in the case of the supply of goods and services in situations where unexpected and widespread tax fraud has suddenly occurred.

4. Transmission of data to the Financial Administration within the e-invoicing information system

As we already informed you in previous editions of our newsletter, the Ministry of Finance of the Slovak Republic together with the Financial Administration is working on the introduction of a unified process of electronic invoice circulation through the electronic invoicing information system (from Slovak language *informačný systém elektronickej fakturácie*, “IS EFA”). In practice, it will be a system for transmitting data from issued as well as received invoices to the portal of the Financial Administration, which should contribute to reducing the administrative burden for entrepreneurs and should gradually lead to the abolition of the VAT



control statement and also to simplification in filling out tax returns.

The public testing phase of the IS EFA prototype is scheduled to take place in June 2022, while the process of electronic invoice circulation should be officially introduced for all entrepreneurs in January 2023. It is intended to allow entrepreneurs with their own software to transfer the invoice data directly to the IS EFA without the need for further intervention. A free web-based application will be available for small businesses, allowing both the issuance and transfer of electronic invoices to the IS EFA.

In order to ensure a higher quality of service and transparency of IS EFA, the Ministry of Finance of the Slovak Republic decided to allow the public to participate in the design of improvements to e-invoicing before it is put into live operation. During the testing phase, both the professional public and entrepreneurs will be allowed to test working with the online application or the integration via the OpenAPI system. Full technical details with the possibility to test the system can be found at <https://web-einvoice-demo.mypaas.vnet.sk/>

If the public or entrepreneurs have questions, comments or suggestions for improvement, these can be sent via email to: e-fakturacia@mfsr.sk.

5. Changes to meal and car allowances for business travels from 1 May 2022

With effect from 1 May 2022, meal allowances have changed as follows:

- EUR 6 for the time zone from 5 hours to 12 hours,
- EUR 9 for the time zone from 12 hours to 18 hours,
- EUR 13.70 for the time zone over 18 hours.

3

The amount of the meal allowance also has an impact on the provision of meals to employees, and thus the maximum possible employer contribution for meals provided under the Labour Code has been increased to EUR 3.30 (previously EUR 2.81), while the lowest possible value of the meal voucher has been increased to EUR 4.50 (previously EUR 3.83).

The financial contribution for meals is in the same amount as the employer contributes to the employee's meal or meal voucher.

With effect from 1 May 2022, the amounts of basic reimbursement for the use of road motor vehicles during business trips for each 1 km of travel have also changed as follows:

- two- and three-wheel vehicles EUR 0.059,
- passenger cars EUR 0.213.

According to the latest information, the Ministry of Labour plans to propose an additional increase in the meal allowance for business trips as well as reimbursement for the use of cars considering the current extreme increase in prices that could be observed also in restaurants and operation of motor vehicles.

The additional increase in the amounts of the meal allowances is proposed as follows:



- to EUR 6.40 (from EUR 6) for the time zone from 5 hours to 12 hours,
- to EUR 9.60 (from EUR 9) for the time zone from 12 hours to 18 hours,
- to EUR 14.50 (from EUR 13.70) for the time zone over 18 hours.

The minimum meal voucher value would increase in such case to EUR 4.80.

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

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.