

Slovensko

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1. Amendment to the Act on Income Tax and to the Act on VAT issued in the Collection of Laws

In the previous newsletters we informed you about the new provisions of the planned amendment to the Income Tax Act and to the VAT Act. The amendment to the Income Tax Act was published in the Collection of Laws of the Slovak Republic on 19 October 2015 and the amendment on VAT on 22 October 2015. No essential changes were made in comparison with the government bill about which we informed you in previous editions of our newsletter.

Below you can find a brief summary of the two most important changes regarding VAT since 1 January 2016, which were approved with slightly modified wording in comparison with the bill:

An increase in the turnover limit for VAT settlement after a payment has been received

As we informed you in Newsletter 2/2015, with effect from 1 January 2016, a special regulation of VAT application based on the receipt of a payment for the supply of goods or services (so-called “cash accounting”) will be introduced. This regulation was approved in its proposed wording; however, within the framework of the representatives’ modifying proposals, the amount of the maximum annual turnover was increased from the originally proposed EUR 75,000 to EUR 100,000. The increase will allow for the use of this special VAT mode by more payers.

VAT rate reduction for select types of basic foodstuffs

The amendment to the VAT Act extends the range of goods to which a reduced VAT rate of 10% will be applied. At present, for example, a reduced VAT rate is applied to medicines, books, and medical aids. With effect from 1 January 2016, the VAT rate amounting to 10% will also be applied to so-called “basic foodstuffs” such as meat, milk, and bread.

2. Motor Vehicle Tax – a summary of novelties

The positive changes brought about by the Motor Vehicle Tax include in particular:

- a change of taxpayers' local competence according to their company's registered office (i.e. one taxpayer will have only one tax administrator) and
- introduction of a common account number to which taxpayers will pay the motor vehicle tax.

Motor vehicle tax rates have also been unified for the whole of Slovakia.

3. Tax return forms for 2016 published

The financial administration has published the following tax return forms for the upcoming year:

- income tax for natural persons, type A,
- income tax for natural persons, type B,
- income tax for legal entities.

These forms are available in PDF format on the portal of the financial administration in the catalogue of form samples. For the moment, they are only available as forms that can be printed and filled in manually.

4. Payroll accounting changes in 2016

The government has adopted the decision that the minimum monthly wage for 2016 will be increased to EUR 405, i.e. the lowest possible gross hourly earnings will amount to EUR 2.328, with the night surcharge representing 20% of EUR 2.328 = EUR 0.4656/hour. In 2016, employees earning the minimum wage will receive a gross monthly amount higher by EUR 25 and employers' monthly costs per employee will increase by roughly EUR 35 in comparison with 2015.

From January 2016 the minimum assessment base will amount to 50% of the average wage in Slovakia for 2014 (EUR 858), which represents EUR 429.

The maximum assessment base amounts to five times the average monthly wage, i.e. EUR 4,290. For employers and employees, this means that contributions to health and social insurance will be paid from a maximum amount of EUR 4,290 per month. The advance for health insurance for employees will amount to a maximum EUR 171.60 per month, while the contribution to social insurance will amount to a maximum EUR 403.26 per month. For employers, health insurance will amount to a maximum EUR 429 per month and social insurance will amount to roughly EUR 1,046.75 per month, as the accident insurance has an unlimited assessment base.

In connection with the change to the average monthly wage, the daily assessment base for the calculation of sickness leave income reimbursement will also change. The daily assessment base is determined from 1.5-times the general assessment base (EUR 858). The maximum daily assessment base will amount to EUR 42.3124, which means, for example, that the maximum sickness leave income reimbursement will amount to EUR 721.4264 per month (for an absence lasting the whole month).

Without change in 2016:

- subsistence minimum – EUR 198.08 per month,
- tax bonus – EUR 21.41 per month,
- non-taxable amount per taxpayer – EUR 316.94 per month,
- tax 19% up to the amount of the tax base – EUR 2,918.53 per month,
- tax 25 % from the tax base exceeding – EUR 2,918.53 per month,
- student income – EUR 200 per month which is exempt from contributions to pension insurance.

5. Definition of net turnover, a new term in the profit and loss statement

The amendment to Act No. 431/2002 Coll. on accounting (hereinafter the “Act”) changed the definition of net turnover, and the amendment to Order of the Ministry of Finance No. 4455/2003-92 on financial statements of entrepreneurs puts the term into the profit and loss statement on Line 1. The amendments came into effect for financial statements prepared as at 31 December 2014 and later.

According to the original regulation, net turnover included the revenues from the sale of products, goods, provided services, and other revenues related to current activities of the accounting unit after the deduction of discounts. In the new version, pursuant to Article 2 (15) of the Act, net turnover includes the revenues from the sale of products, goods, and services after the deduction of discounts. Net turnover also includes other revenues after the deduction of discounts of the accounting unit, whose objects include the achievement of other revenues than revenues from the sale of products, goods, and services.

Commentary on the change to the definition of net turnover

The original definition was unambiguous and easily identifiable; it included the revenues from current activities (operating and financial activities). The amendment to the Act desists from linking the definition of turnover to current activities. According to the explanatory report of the Ministry of Finance on the amendment to the Act, the real objects of the company are decisive and the net turnover is represented by the revenues achieved by the accounting unit from the activities representing the objects of the company. Net turnover does not include, for example, the revenues achieved by the accounting unit from the sale of surplus assets and other, irregular revenues from activities which are not among the objects of the accounting unit. Thus, it is important that accounting units monitor and update their objects on a regular basis so that all regularly repeating and important revenues are specified as their objects in order to cover the whole portfolio of their activities and to include them in the stated net turnover. It is the legislative duty of company to perform only those activities which are included in their objects and registered in the Companies Register.

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Best regards,
Your TPA Horwath Team

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