

Beware of income tax changes



The new amendment to the Income Tax Act focuses mainly on elimination of the administrative burden of taxable persons, as well as on the fight against tax evasion. Review the most important changes you should be aware of below:

Tax Licenses

The most discussed change is definitely the provision of so-called tax licenses. These licenses can be understood as a minimum fee for companies that previously declared a tax liability lower than the tax minimum or, similarly, if they reported a tax loss, and thus avoided paying taxes.

The amount of this "minimum tax" will depend on the height of the revenue of the company and whether the tax payer is a VAT payer or not. For the tax payer who is not a VAT payer, and whose annual revenue does not exceed 500,000 euros, the minimum tax amount shall be 480 euros. The tax payer who is a VAT payer, with an annual revenue not exceeding 500,000 euros, will be supposed to pay a minimum tax of 960 euros. Tax payers with an annual revenue higher than 500,000 euros will be supposed to pay a minimum tax of 2,880 euros.

Tax licenses will be payable within the period for filing tax returns.

Exceptions from tax licenses

Tax payers whose average registered number of disabled employees for a taxable period is at least 20% of the total average registered number of employees

will pay half of the relevant amount for their tax license.

The tax license shall not apply to tax payers liable to submit the tax return for the first time for the respective taxable period, i.e. in the case of new established companies. This exemption from the minimum tax payment shall not apply to tax payers who are legal successors of tax payers who terminated their operation without liquidation.

Tax license – a minimum fee for companies that previously declared losses in their tax declaration.

Tax licenses shall also not be paid by non-profit organizations or by tax payers running a sheltered workshop or a sheltered workplace. Tax licenses shall not be paid by tax payers in the liquidation process or under bankruptcy order.

If the taxable period is shorter than 12 calendar months, the amount of the tax license shall be

reduced pro rata according to the number of calendar months of the respective taxable period.

Tax losses

The new amendment also introduced a change in tax loss carry-forward. Starting from 2014, it will be possible to carry forward tax losses only for a period of four taxable periods and only in equal amounts.

Decrease of corporate income tax rate

The Slovak government also plans to cut the corporate income tax rate from 23% to 22%.

The reduced corporate income tax rate will apply for the first time for the taxable period which starts not earlier than on January 1, 2014, i.e. it will not apply to the business year which began before this day.

This change will affect the calculation of advance payments from January 2014.

Unpaid liabilities

Starting from 2014, the inclusion of unpaid liabilities into the tax base will become more strict. Tax payers will be obligated to increase their tax base by the amount of unpaid liabilities, depending on the number of days overdue. In case of a liability

overdue for more than 360, 720, or 1 080 days, the tax base will be increased by 20%, 50% or 100% of the nominal value of the liability respectively or its outstanding part.

Use of company cars for private purposes

Starting from 2014, the taxation of company cars used by employees also for private purposes will be changed as well. The wear and tear of a company vehicle should be taken into consideration when calculating the amount of taxable income of the employee who uses it also for private purposes.

In the first year of using the company car also for private purposes, 1% of the acquisition price will be taxed to the employee. In the next seven years the value of the company car will be decreased by 12.5% annually.

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Unification of the lower limit of the advance payments

As of 2014, the lower limit for the obligation to pay quarterly advances for legal entities and individuals should be unified at the amount of 2,500 euros. In 2013, the limit in case of legal entities was 1,659.80 euros and for individuals 2,500 euros.



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