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News Flash

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**VAT compliance in
Slovak Republic**

VAT registration in Slovakia

We would like to summarize the main facts about VAT compliance you should be aware of if doing business in Slovakia. Read our article and find out who is obliged to register for VAT in Slovakia, which conditions need to be fulfilled when dealing with so-called voluntary VAT registration and when a VAT guarantee can be levied.

Who shall register for VAT?

Every taxable person with registered seat, place of business or fixed establishment **in Slovakia has to register for VAT** if she/he reaches **turnover of 49 790 EUR** in 12 previous consecutive calendar months. The application for a mandatory VAT registration has to be filed by the 20th day of calendar month that follows after the month, in which the statutory limit of turnover was reached.

Taxable persons supplying real property (buildings, building land) have to register for VAT purposes if certain conditions are met as well.

In case of intra-community acquisition of goods from another EU-Member state, the taxable person not registered for VAT has to register for VAT before the value of those transactions cumulative exceeds 14 000 EUR in calendar year.

A taxable person (not registered as a VAT payer) has to register and pay output VAT or to report the supply of service in EC Sales List if the place of delivery for that service is:

- following the Article 44 of the Directive 2006/112/EC,
- located in another EU-Member state as is the EU-Member state of supplier of that service,
- and person duty to tax will be the recipient of that service.

Please note that **VAT registration is mandatory for foreign taxable persons without registered seat or fixed establishment in Slovakia even before it carries out activity which is subject to VAT in Slovakia and „reverse charge” mechanism is not applied.**

A foreign taxable person that makes long-distance sales (mail order business) in Slovakia to any person that is not registered for VAT in Slovakia has to register for VAT in Slovakia

before the total value of the goods / supplies reaches EUR 35 000 in a calendar year.

Please note that if several taxable persons who have their seat, place of business or fixed establishment within the territory of the Slovak Republic and are financially, economically and organizationally connected, may be deemed as a single taxable person and can **register for VAT as a group.**

Once the VAT registration goes smooth, the Slovak Tax Office is obliged to issue a certificate on tax registration and allocate the tax identification number.

Voluntary VAT registration

The Slovak Act on VAT allows also so-called voluntary VAT registration for entrepreneurs that haven't reached the turnover of 49 790 EUR.

However, this is a more time-consuming process. When applying for voluntary VAT registration, the entrepreneur has to prove to Tax Office properly that he/she is a taxable person in compliance with Act on VAT. For this purpose he/she is obliged to fill in together with the application for registration also a **questionnaire with additional information about the applicant** (as for example goods and services the entrepreneur plans to trade with; estimated turnover; estimated number of employees; value of asset etc.) and **documents which prove the legitimacy of the application** (as for example issued invoices, vendor invoices, billing orders etc.).

It is quite common that the **Tax Office controls and verifies the information stated in the application for voluntary VAT registration in the form of local investigation**, i.e. the controller from Tax Office comes to the company address to ask some questions in person.

The application for voluntary VAT registration in Slovakia can be rejected in some cases, as for example if the entrepreneur is not able to prove his/her business activity in Slovakia.

Tax guarantee

Please note that in some cases the Slovak Tax Office can levy a **tax guarantee**, and this for example if the entrepreneur has tax arrears at least in the amount of 1 000 EUR. The amount of the tax guarantee is specified by the Tax Office based on the “risk level” of the applicant **in the range of 1 000 – 500 000 EUR**.

Lately, there have been introduced some changes by the last amendment on the VAT Act. **Since 1.1.2016 the obligation to pay tax guarantee if the entrepreneur carries out only start-up activities was abolished. This change shall simplify the process of establishing if new companies in Slovakia.**

Moreover, the failure of payment of the tax guarantee will also not lead to automatic rejection of the application of voluntary VAT registration. The main aim of these new provisions is to erase burdens when setting up a business in Slovakia.

Tax return filing

Slovakia applies a standard VAT rate of **20%** and reduced rate of 10%.

The **tax return has to be submitted by electronic means** monthly or quarterly by the 25th day of the following month. From 2014, VAT payers have to submit together with the tax return the so-called **VAT Control Statement** as well. The VAT control statement is a recapitulative statement that contains details of

transactions subject to VAT in Slovakia as well as of transactions where input VAT deduction is claimed.

In addition, taxable person carrying out intra-Community supplies or supplying services according to the basic rule for “business to business” services has to file an EC Sales List (that shows the VAT identification numbers of his business partners and the total value of all the supplies of goods and services performed by the entrepreneur) on a monthly or quarterly basis depending on the situation.

Find out how Accace can help you in VAT area in Slovakia

Our team of tax consultants can provide professional assistance in following areas:

- VAT compliance and consultancy by local and international transactions
- VAT registration, incl. communication with local tax authorities
- Preparation and filing of VAT returns, VAT control statements, Intrastat, EC sales lists
- VAT reclaim and refund
- Dispute resolution and representation during tax audits and inspections

Read also our [2016 Tax Guideline for Slovakia](#) to get more information about the Slovak entrepreneurial environment and statutory framework for doing business.

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Accace offices are located in Czech Republic, Hungary, Romania, Slovakia, Poland, Ukraine and Germany. Locations in other European countries and globally are covered via Accace's trusted partners network.

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