

News Flash

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Approved and other expected tax changes in Slovakia as of 2017

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In October 2016, we informed you in our [News Flash](#) about various tax changes proposed by Slovak government that should be effective as of 1.1.2017. Please note that all the mentioned changes were approved by National Council of the Slovak Republic, and this including cancelation of so-called tax licenses as of 2018.

We would like to draw your attention also to other crucial changes in the area of taxes and social insurance contributions that have been approved by National Council of the Slovak Republic as well. These changes aim to strengthen the cooperation between the Member States in the tax field, increase resp. cancel the maximum assessment base of social and health insurance contributions and introduce special levy for all non-life insurance payments.

At the moment, there are also ongoing discussion about introduction of further tax changes, such as implementation of EU directive for so-called „*country-by-country reporting*“ applicable for multinational groups.

Deferral of payment of tax

Amendment to Tax Code will be effective as of 1.1.2017. The amendment **cancels the required security in the case of tax payment deferral or payment of tax in installments** when the amount of due tax or of the arrear **does not exceed 3 000 EUR.**

Amendment to Act on international assistance and cooperation in tax administration introducing anti-tax avoidance package

Automatic exchange of advance cross-border binding rulings

Amendment to the Act on international assistance and cooperation in tax administration was approved on 12.10.2016. The amendment is implementing the EU directive on automatic exchange of information on advance cross-border binding rulings. The amendment aims to strengthen the cooperation between the Member States.

Following decisions or rulings issued by Slovak tax authority will be subject of the automatic exchange of information:

- Decisions on approval of the specific method on determining of tax base of permanent establishments
- Decision on approval of transfer pricing method (transactions between related parties)
- Advance cross-border binding rulings issues in compliance with Tax Code.

Decisions issued during period of 2012-2016 will be subject of a single exchange till 31.12.2017.

At the same time, competent Slovak tax authorities will receive similar information from other Member States.

Country by country reporting for multinational groups

Further changes to international assistance and cooperation in tax administration are currently discussed in the Parliament. Considering the EU rules, so-called *country by country reporting* shall be implemented into Slovak legislation as of **1.3.2017**. However, this change has not been approved yet.

Introducing the aforementioned reporting, **multinational groups with total consolidated group revenue reaching 750 million EUR or**

more shall file an annual report on inter alia amount of taxes paid in particular countries to the tax authority based on the particular states. These data should be subject to the automatic exchange between countries where the members of multinational group are seated.

The obligation to submit such reporting will arise to parent companies of these international groups. In specific cases this obligation can also apply to another member of such multinational group.

In this connection also **notification obligation on identification of notifying subject** (that will submit the reporting for group) **will be introduced.** This duty should apply to all Slovak members of multinational groups.

The aforementioned report should be submitted for the first time for the year 2016.

Higher social and health insurance contributions

Increase of maximum assessment base for social insurance contributions

Starting from 1.1.2017, the maximum assessment base for social insurance contributions of employees as well employers **will be increased to 7-times** the average wage in Slovakia (i.e. 6 181 EUR).

Cancelation of ceiling for health insurance contributions

Based on the approved Amendment to the Act on health insurance, the **maximum assessment base for health insurance contributions will be canceled as of 1.1.2017.**

For purpose of annual reconciliation of health insurance for 2016, the rules valid till 31.12.2016 will be applicable, i.e. the maximum assessment base of 51 480 EUR should be taken into consideration.

Dividends that will be subject to health insurance payments also as of 1.1.2017 (i.e. dividends paid out after 31.12.2016 from profits recognized in 2011- 2016), **will be subject of maximum assessment base** for health insurance contributions from this income that is set as 60-times the average monthly salary determined by Statistics Office for calendar year preceding 2 years of the decisive period.

Introduction of special levy on non-life insurance premiums

The amendment to the Act on insurance that has been approved by National council of SR on 22.11.2016 introduces levy on all forms of non-life insurance for insurance companies operating in Slovakia. The **levy of 8% from the received insurance premiums** becomes effective as of 1.1.2017 and is applicable to insurance contracts concluded after 31.12.2016.

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