

News Flash

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On June 24, 2020, the Government of the Slovak Republic approved a package of 114 legal adjustments to help the business environment. **Below we present a brief summary of selected changes related to the accounting and tax legislation.** The changes proposed by the Government will be further discussed by the Parliament.

This legislative proposal should be discussed by the Parliament in a limited legislative procedure on July 7, 2020. We will keep you informed about the future progress. The changes will be valid only after an approval by the Parliament and publication in the Collection of Laws of the Slovak Republic.

Reduction of the bureaucratic burden of entrepreneurs

The proposed changes are primarily aimed at reducing the bureaucratic burden of entrepreneurs. Within the proposal the changes of dozens of other laws from various areas of the business sphere are presented, mostly aimed at reducing the administrative obligations of entrepreneurs.

Below are presented the changes concerning the accounting and tax legislation.

New criteria for the audit of individual financial statements

One of the significant **changes related to accounting and tax obligations of entrepreneurs is the gradual increase in the size conditions for the obligation to verify the individual financial statements** by the statutory auditor through an amendment of the Accounting Act.

From 2021 on, the company will have an obligation to audit the financial statements if two of the three criteria are met for two consecutive accounting periods; namely a net turnover of more than EUR 6,000,000, a gross asset value of more than EUR 3,000,000 and a number of employees exceeding 40. From 2022 on, these limits will be further increased to a net turnover of EUR 8,000,000, a gross asset value of EUR 4,000,000 and the number of employees at 50.

According to the explanatory memorandum to the legislative proposal, this change in size

conditions will mean that in 2022 the audit obligation will fall to less than 1% of the accounting units compared to the current situation.

Increasing the tax deductibility of fuel expenses

There should be a change in the Income Tax Act in regulation of **the tax deductibility of fuel expenses** in case of the application of real expenses when a company keeps a logbook.

The actual consumption of fuel expenses calculated according to the technical certificate or certificate of registration of the vehicle will be increased by 20% for tax deductibility.

The possibility to use the amount of consumption evidenced by a document issued by an authorized organization is maintained, while the recalculated consumption will be also increased by 20% for tax deductibility purposes.

Sale of consumer packaging of cigars or cigarillos

The amendment to the Act on **excise duty on tobacco products should allow the sale of consumer packaging of cigars or cigarillos** marked with a control mark, which bears the sign for the validity of the rate of excise duty valid until January 31, 2019, which is a capital letter "B", even after November 30, 2020.

It is proposed to extend the originally set period for the clearance sale of consumer packages of cigars and cigarillos until May 31, 2021.

Ending of the cash receipt samples located at the store

The amendment of the Act on the use of the electronic cash register **cancel the obligation of entrepreneurs to have available at the point of sale a sample of the cash receipt issued by the e-Kasa cash register client.**

Payment of a special levy of selected financial institutions

To reduce the negative consequences of the pandemic, **the special levy of selected financial institutions**, which will become due after the validation of this legislative adjustment until the end of year 2020, will not be paid.

Extension of the deadline to respond to the tax audit protocol

The amendment to the Tax Administration Act should **extend the minimum time limit for the response of a taxpayer to the tax audit protocol from 15 to 30 days from its delivery.** According to the transitional provision, the new

minimal time limit for the response should apply to tax audit protocols elaborated after June 30, 2020.

Single date for the effectiveness of tax laws

All legislative proposals amending taxes or social and health insurance contributions should be proposed only with the effectiveness from January 1 of the following calendar year.

It will be possible to set an earlier effective date only if it follows from legally binding acts of the European Union or from an international treaty that takes precedence over the laws of the Slovak Republic, if the conditions for limited legislative proceedings are met or if it is necessary to correct an error in legislation, which was unknown at the time of the validation of the legislation.

This change will be brought by the amendment to the Act on the creation of legal regulations and on the collection of laws of the Slovak Republic.

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