

News Flash

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plan in Slovakia**

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Recently, the Slovak Minister of Finance presented to the public the plans for tax reform, which are called “**Tax Revolution**”. It may happen that they start to be implemented, at least some of planned measures, already in 2022.

According to his presentation, which can be found on the web page of Slovak Ministry of Finance, too, the following should be covered by the tax reform:

- incentives for families;
- taxation of income of individuals from dependant activities;
- taxation of corporates;
- taxation of individual entrepreneurs,
- taxation in sector of restaurants;
- fight against COVID-19 pandemic support.

Below is a brief overview of key issues.

Incentives for Families

New measures on **children´s allowance and tax bonuses** for the parent for his/her child with the aim to mitigate negative impacts of the tenuity on development of children´s talent should be introduced.

Allowances should cover **cash allowances**, which in part should be purposefully bound to “services for children” (e.g., tutoring, sport activities) and recreational bonus to support domestic tourism, to which children with their wage-earning parent should be entitled.

Taxation of income of individuals from dependant activities

The reform **promises lowering of administrative burden** through introduction of flat tax rate of 19% for taxation of gross salary income. Social and health insurance contribution should be paid only on the level of employer at rate of 39%.

Allowances reducing the tax base should be available for some income recipients: for low-income employees (9% from gross salary), working students (10% from gross salary) and

working disabled people (10% or 20% from gross salary as the case may be). The reform promises increase of net income for employees.

Taxation of corporates

The income tax rate should be **reduced** to 19% flat rate. Moreover, when calculating the tax base, the company should be allowed for **additional deduction up to 50%**, and this through “**speed-up**” **depreciation** of productive assets. Further, measures for optional group taxation should be introduced.

At the same time, the reform counts with **higher taxation** of banks, monopolies and oligopolies. It also counts with increase of tax rate for taxation of dividend income for individuals.

Taxation of individual entrepreneurs

The reform counts with an introduction of health and social insurance contribution in form of one **cumulative levy at flat rate of 29%** from gross profit. Income taxation should be at flat rate of 19% from gross profit.

If income is taxed through a **withholding tax**, at rate of 29% (should apply on gross income), no

tax registration and accounting books would be required from an individual entrepreneur.

Taxation in sector of restaurants

For restaurant services, the **VAT rate should decrease** to 10%. However, specific measures for tips should be introduced. The total amount of received tips should be allocated among restaurant's employees as their bonus for work.

Further, some specific **requirements for menu** for children and for possible smaller portions for adults upon their wish should be introduced.

Fight against COVID-19 pandemic support

Specific **recreational and meal bonus** in amount of **EUR 300** should be introduced for people more than 60-year-old. The pre-condition for this will be vaccination. The aim is to motivate people to vaccination and supporting domestic tourism, as well.

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