

News Flash

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**Amendments to the Tax Code in
Slovakia from January 1, 2022**

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On October 27, 2021, the Parliament approved a government bill amending the Tax Code, among other laws. The relevant law was also signed by the President of the Slovak Republic on November 8, 2021, and it was published on November 12, 2021 in the Collection of Laws of the Slovak Republic under number 408/2021 Coll.

The most significant measures introduced with effect from **January 1, 2022** are:

- evaluation of tax subjects, the so-called public tax reliability index;
- exclusion of tax unreliable persons;
- reduction of fees for binding opinions;
- elimination of administration by abolishing tax registration "cards";
- disclosure of taxpayer's personal accounts;
- postponement of automatic registration of tax subjects.

Below, we bring you brief information on the implemented measures, which you should pay attention to.

Public tax reliability index

From the current non-public form of evaluation of tax entities, we are moving to a transparent form of evaluation of tax subjects - entrepreneurs registered for income tax. Tax entities that will responsibly fulfil their tax obligations will be rewarded with benefits. On the contrary, those entrepreneurs who will not be rated as reliable, will be motivated to take more responsible approach.

The tax entity, which is an entrepreneur registered for income tax, will receive its first tax reliability index by the end of the month two years after the end of the year in which the tax entity was registered for income tax. The tax office shall send a notification of the tax reliability index to those tax entities to which the notification of special tax regimes was delivered by December 31, 2021 by February 28, 2022, at the latest. For example, if the tax entity was registered for income tax before December 31, 2019, the notification of the index will be delivered to it from February 28, 2022.

The tax reliability index will be sent to the tax entities by **notification**, while the tax subject will have the opportunity to defend itself by filing an objection within 15 days of its delivery, which also has a suspensive effect. The index will be re-evaluated, and the evaluated period will be a calendar half-year. In the event of a change in the index, the tax subject will be notified.

The assessment of the tax entity will be **published in the list on the website of the financial administration**. The tax reliability index will be published by the Financial Directorate of the Slovak Republic for the first time by June 30, 2022 at the latest. The tax reliability index may also affect the amount of fines for a possible fault, which are determined by the range. When imposing such a fine, the tax administrator will determine its amount also considering the index of tax reliability at the time when the tax subject committed the delict.

Criteria for determining the tax reliability index

The criteria based on which the tax reliability index will be determined to tax subjects will be regulated in a **decree of the Ministry of Finance**. Criteria are understood as selected obligations of tax subjects arising from special tax regulations and because of its economic indicators. The details of the claims, the conditions for determining the tax reliability index, as well as the way in which it will be determined, will be published on the website of the Finance Directorate.

The decree of the Ministry of Finance is currently in the interdepartmental comment procedure until November 26, 2021 under the legislative process number LP/2021/645.

Exclusion of tax unreliable persons

The tax administrator may disqualify a natural person - the company's statutory or a member of the statutory body, if the reasons stipulated by law are fulfilled. In the event of disqualification, a natural person will be excluded from the possibility of being a statutory body or its member, a member of a supervisory body or a holder of procurator in all companies and cooperatives, for a period of **3 years**.

The measure is introduced in connection with the regulation of disqualification of persons in the Commercial Code, as well as in the law on courts, according to which it is possible for not only a court, but also for another body to issue a disqualification decision if legal reasons are met.

The disqualified person will be registered in a public register in which tax entities can check the credibility of their potential business partners. The Register of disqualifications will be kept by the District Court of Žilina.

Reasons for issuing an exclusion decision

First case: In the case of a natural person who is a statutory body or a member of a statutory body of a tax entity who has completed a tax audit by the cessation of the right to refund of excess VAT deduction and the amount of his tax arrears and of arrears on other monetary fulfilment **is in total of EUR 5,000 more than one year from the due date.**

Second case: In the case of a natural person who was a statutory body or a member of a statutory body at the time the tax entity submitted a VAT return for the tax period for which the tax audit of the eligibility for excess VAT deduction was terminated by the cessation of the right to refund.

Reduction of fees for binding opinions

In order to motivate taxable persons to use the instrument of binding opinions more often, the amounts of payments for their provision are reduced. The current amount of payments is

between 1% and 3% of the amount of the anticipated business case, with a minimum of EUR 2,000 and a maximum of EUR 30,000. According to the new rules, the amount of the reimbursement will be **EUR 1,000 and it will be linked to the provision of a binding opinion on a single business case and a single legislative measure.** A highly reliable tax entity will pay half of this amount.

Payment for a request for a binding opinion under the new rules will apply to **requests for a binding opinion submitted from January 1, 2022.**

Disclosure of taxpayer's personal accounts

In connection with the amended rules on guaranteeing Value Added Tax in the VAT Act and the possibility to perform the so-called **split payment** when paying invoices, (*you can find more detailed information in our previous [News Flash](#)*) updated data concerning the numbers of tax administrator accounts kept for tax entities will be publicly available from January 1, 2022.

Elimination of administration by abolishing tax registration "cards"

The tax administrator will no longer send the registration certificate to the tax subjects, the so-called "cards", which must be returned after the end of the business and brought to the tax administrator always to mark the changes. The tax administrator will only send registration decisions to tax entities.

Automatic registration of tax subjects

In order to ensure the proper technical functionality of the financial administration, the registration of taxpayers ex-officio is **postponed by another year, i.e., from January 1, 2023.**

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