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## Approved wording of the "Consolidation Package"

On 3 October 2024 (signed by the President on 18 October 2024), the National Council of the Slovak Republic approved a set of measures to improve the state of public finances (hereinafter referred to as "Consolidation Package"). We informed you about the initial draft of selected measures in the previous edition of Newsflash. Due to several changes in the final version of the Consolidation Package, we bring you the most important novelties that the already approved version of the Consolidation Package will bring. The majority of the changes will enter into force on 1 January 2025.

### Changes to value added tax

- Increase in the standard VAT rate to 23 percent (previously 20 percent)
- Decrease in the reduced VAT rate from 10 percent to 5 percent - the reduced rate will be applied to selected basic foodstuffs, pharmaceutical products, books, textbooks, accommodation services, entrance fees to fitness centres, restaurant services
- Introduction of a new reduced VAT rate of 19 percent – e.g. on foodstuffs, electricity

### Tax on financial transactions

From 1 April 2025, a new type of tax is introduced - the tax on financial transactions, which will apply to natural persons - entrepreneurs, legal entities and organisational units of foreign entities. The payer of this new type of tax in the Slovak Republic will be the banks facilitating the financial transaction, but in certain situations also the taxpayer himself. The subject matter will be debit financial transactions where funds are debited from the taxpayer's bank account, the use of a payment card and overcharged costs under certain conditions.

The tax rate for the tax on financial transaction will be:

- 0.4 percent of the value of the financial transaction, up to a maximum of 40 euros
- 0.8 percent of the value of the cash withdrawal
- 2 euros as an annual fee for the payment card
- 0.4 percent of the amount of overcharged costs related to the execution of the financial transaction

The tax on financial transactions will not apply, for example, to payments of taxes, contributions, depositing and withdrawing money from notarial custody, or to payments between the taxpayer's own accounts in the same bank (transfers between own accounts in 2 banks are not excluded from taxation). The tax period will be the calendar month, the first tax period will be April 2025.

### Corporation tax and high-income employees:

- The current corporate income tax rate of 21 percent remains in force only for persons whose taxable income (revenue) will not exceed 5,000,000 euros
- The new tax rate of 24 percent will apply to taxpayers who have taxable income (revenue) exceeding EUR 5,000,000 euros for tax period.
- Withholding tax on dividends is reduced from 10 percent to 7 percent, on profits earned after 1 January 2025
- Increase of the upper limit for social contributions for high-income taxpayers is introduced with effect from 1 January 2025 (the original proposal was only from 1 January 2026)

### Child tax credit

- Entitlement to the full amount of the tax credit will gradually decrease as the income increases, and in the case of a monthly income exceeding 3,632 euros, the entitlement to the tax credit will cease altogether.

- The percentage limit on the active income base for claiming the tax credit and the amount of the tax credit itself will also be adjusted.

It will be possible to claim a tax credit of:

- 100 euros per month if the dependent child is under 15
- 50 euros per month if the dependent child is aged between 15 and 18
- After the child turns 18, the parent will not be entitled to the tax credit at all, even if the child continues to study

## Changes for small entrepreneurs and self-employed persons

- Increase of the taxable income threshold for the application of the 15 percent income tax rate for sole traders to 100,000 euros
- Reduction of the corporate income tax rate until the taxable income up to 100,000 euros is reached from 15 percent to 10 percent

## Changes in the transport sector

- Increase in the price of vignettes - increase from 60 euros to 90 euros for an annual vignette

## Other approved changes:

- introduction of a special levy for refineries
- increase in the special levy for mobile operators

## CONTACT FOR FURTHER INFORMATION



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