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NEWSFLASH SLOVAKIA

SETTING FOUNDATIONS

Issue:  
10 January  
2024

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→ Tax

- Consolidation package changes taxes and levies

## → Tax

### Consolidation package changes taxes and levies

On 19 December 2023, a number of legislative changes were adopted by the National Council of the Slovak Republic in order to consolidate public finances. In the following article we will introduce the most important changes in the Income Tax Act, the Value Added Tax Act, administrative fees and excise duty on tobacco products. Last but not least, we will also present information on the reintroduction of the special levy in the banking sector.

#### Income Tax Act

- The Income Tax Act has so far provided for a reduced corporate income tax rate of 15 per cent to support micro-taxpayers if the taxable income (revenue) of the taxpayer did not exceed 49,790 euros. As of 1 January 2024, this threshold is being increased to 60,000 euros; the taxpayer can benefit from this increase for the first time for the 2024 taxable period. The standard corporate income tax rate remains at 21 per cent.
- With effect from 1 January 2024, the withholding tax on dividends paid to natural persons increases from 7 per cent to 10 per cent. The new increased withholding tax applies to profits recognized earliest for the taxable period beginning 1 January 2024. Dividends on profits generated before 1 January 2024 will continue to be taxed at a 7 per cent withholding rate.
- The minimum tax (also known as the tax licence) will also be reinstated with effect from 1 January 2024. The minimum tax will apply to a taxpayer who has reported a tax loss or has reported a tax of less than the minimum tax amount. A taxpayer who becomes liable to pay the tax licence will be able to claim it in the following three taxable periods from his tax liability. The minimum amount of tax depends on the amount of taxable income (revenue) of the legal entity:
  - For taxable income (revenue) not exceeding 50,000 euros, the minimum tax shall amount to 340 euros
  - For taxable income (revenue) exceeding 50,000 euros and not exceeding 250,000 euros, the minimum tax shall amount to 960 euros
  - For taxable income (revenue) exceeding 250,000 euros and not exceeding 500,000 euros, the minimum tax shall amount to 1,920 euros

- For taxable income (revenue) exceeding 500,000 euros, the amount of the minimum tax shall amount to 3,840 euros.

#### Value Added Tax Act

In order to support the catering trade after the Covid 19 pandemic and in view of the increase in energy prices, a reduced value added tax rate of 10 per cent has been introduced on restaurant and catering services from 1 January 2023. With effect from 1 January 2024, the reduced rate will not apply to the serving of alcoholic beverages containing more than 0.5 per cent alcohol by volume. Therefore, the standard tax rate of 20 per cent will apply to these alcoholic beverages from the new year.

#### Administrative Fees Act

Also, several court and administrative fees will be increased with effect from 1 April 2024. Most administrative fees will increase by 30 – 50 per cent, e.g. the registration of a change of the legal form of a commercial company in the Commercial Register – the fee will no longer amount to euros 165, but after 1 April 2024 it will be 220 euros. Similarly, for other changes such as a change of the legal form or addition of data to the Commercial Register of the Slovak Republic, the fee will be 50 euros instead of the previous 33 euros.

#### Act on excise duty on tobacco products

- With effect from 1 February 2024, the tax rate on tobacco is being increased from euros 101.30/kg to euros 139/kg, the tax rate on cigars is being increased to euros 89.30/kg
- The tax rate on cigarettes, which is calculated in a combined way in accordance with Slovak tax legislation, has been increased:
  - For the specific part from 84.60 euros/1000 pieces to 91.30 euros /1000 pieces
  - For the percentage part, the coefficient increases from 23 to 25 per cent.
  - The minimum tax rate on cigarettes from 1 February 2024 will amount to 148 euros /1000 pieces.
- The tax rate on tobacco in smokeless tobacco products will now be increased to euros 211.30/kg from euros 187.80/kg.

## Act on the special levy on business in regulated sectors

From 31 December 2023 a special levy for banks is being reintroduced. While until 2020 banks paid a special levy of 0.4 per cent of the bank's liabilities (net of equity), for 2024 banks will pay 30 per cent of the pre-tax profit. Thus, according to the Ministry of Finance of the Slovak Republic, the total effective tax rate for banks in 2024 will reach approx. 45 per cent. Until 2027, the special bank levy will decrease by 5 percentage points each year.

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