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NEWSLETTER SLOVAKIA

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Upcoming changes to the amendment to the Commercial Register Act and related legislation

The Ministry of Justice of the Slovak Republic has published a draft new Commercial Register Act, which aims to radically change the current rules for registering commercial companies. This draft will bring about significant changes to several laws, with the most significant changes affecting Act No. 530/2003 Coll. on the Commercial Register and on amendments and alterations to certain laws. The changes will also affect Act No. 513/1993 Coll. Commercial Code. The main changes include the transfer of responsibility for registration to notaries and an overall increase in transparency and accessibility of data to the public.

A new feature will be the introduction of legal binding data published in the Commercial Register, applying the principle of a single entry in the Commercial Register. This means that data will not need to be repeatedly verified.

The legislator also proposes a change in the amendment to the law, whereby a notarial deed will be required for every founding document of a commercial company. An alternative will be a document in the form of a contract authorized by an attorney. In the case of the second alternative, the impact on notaries and courts will be slightly lower, as it will not be necessary to visit a notary, and the attorney preparing the documents for registration of the company in the commercial register may draw up the founding document in the form of an authorized contract.

In connection with notarial activities, the amendment also deletes the reference to the provision requiring the certified signature of the chair of the general meeting on the minutes of the general meeting if the subject matter of the meeting was, among other things, the appointment, dismissal, and remuneration of executive directors. Under the new rules, such a decision of the general meeting will require a notarial record of the proceedings of the general meeting. The same will apply to changes that alter the content of the articles of association. In such cases, an amendment to the articles of association will be drawn up, and the amendment will stipulate that such an amendment must take the form of a notarial deed or a contract authorized by an attorney. The legislator is thus transferring powers from the registration courts to notaries, and from July 2027, the initial registration of companies and the registration of changes should be carried out only by notaries.

Another significant change is the deletion of the provision regulating the restriction of so-called unfair chaining of companies. Currently, a limited liability company with one shareholder cannot be the sole founder or sole shareholder of another company. In relation to natural persons, this prohibition means that one natural person may be the sole shareholder in a maximum of three companies. In practice, however, both restrictions have proven ineffective, and the legislator therefore proposes to repeal this prohibition.

In connection with the obligation to draw up an amendment to the articles of association in the event of a change (pursuant to Section 141 of the Commercial Code), the amendment plans to introduce the right of the general meeting to decide on a proxy who is authorized to sign an amendment to the articles of association on behalf of the shareholders. The general meeting may thus, together with the decision to amend the articles of association, also decide on the authorization of a specific person to sign an amendment to the articles of association. The decision of the general meeting will also be considered such an authorization.

The Ministry of Justice also reflects on the issue of unfair business practices by some entrepreneurs who try to give the impression of being a public authority through their business name. The proposed amendment would introduce an obligation to check the business name of a newly registered company at the time of registration, which should prevent such companies from being entered in the commercial register.

Another new feature that will enable entrepreneurs to build their brand even before the actual establishment of a commercial company is the introduction of a new institution for reserving company business names. The legislator also plans to establish a public register of reserved business names. In connection with the introduction of the register of reserved business names, the legislator also proposes the introduction of a court fee for entry in this register, as well as a court fee for the issuance of a certificate confirming whether or not an entry is made in the register. The amendment to the provisions of the Act on Court Fees suggests that the reservation of a company name and the issuance of an extract from this register will be subject to a fee, but the amount of this fee is not yet known.

The last but also significant change is to simplify the establishment of companies, with a proposal to allow the simultaneous acquisition of a trade license for selected business activities corresponding to the list of free trades for all legal forms through their registration in the commercial register. This means that the application for registration of a company in the commercial register does not have to be preceded by a trade license application for a legal entity, as was previously the case. The measure aims to reduce the administrative burden on entrepreneurs, with the application for registration to be submitted without a trade license (which will be obtained upon registration in the commercial register).

The Ministry of Justice of the Slovak Republic is currently evaluating the comments received, and after the comments have been evaluated and incorporated, the amendment to the law will be voted on in parliament.

We will continue to monitor developments and changes regarding the amendment to the Commercial Register Act and related regulations. We will provide information on any changes and updates to this amendment in future articles.

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→ TAX

Amendment to the VAT Act – e-invoicing and automatic data reporting

On 30 July 2025, the Ministry of Finance of the Slovak Republic submitted an amendment to the Value Added Tax Act No. 222/2004 Coll. for interministerial consultation with the aim of transposing Council Directive (EU) 2025/516 of 11 March 2025 on a common system of value added tax regarding the VAT rules for the digital age (ViDA) and to introduce electronic invoicing and digital reporting (e-reporting).

The amendment is expected to be passed by the end of 2025 to allow sufficient time for entrepreneurs to adapt to the new provisions. Implementation will take place in two phases:
- With effect from 1 January 2027, domestic VAT payers (registered under Sections 4, 4b, and 4c of the VAT Act) will be required to issue electronic invoices in the prescribed format for domestic supplies of goods and services (both B2B and B2G supplies). VAT payers will be required to report data from issued and received electronic invoices to the tax administrator.
- Effective 1 July 2030, all taxable persons will be required to use electronic invoicing and mandatory data reporting for intra-Community supplies of goods or services, in accordance with ViDA.

Electronic invoicing in Slovakia from 1 July 2030, shall be based on European standards for electronic invoicing (EN 16931) and comply with the standards set out in Directive 2014/55/EU on electronic invoicing in public procurement, specifically the technical syntaxes:
- Universal Business Language version 2.1 (UBL v. 2.1) and
- Cross Industry Invoice in XML Schemas 16B (SCRDM – CII).

During the transition period from 1 January 2027 to 30 June 2030, VAT payers must issue electronic invoices for domestic deliveries, but during this transition period, they can choose whether to comply with these new approved standards or use electronic invoices with a different syntax.

With effect from 1 January 2027, a shortened deadline of 10 calendar days will apply to electronic invoices, without extension for weekends and public holidays. Electronic invoicing will also bring changes in the area of invoicing for repeat deliveries (payment agreements, payment schedules) and for summary invoices. After 1 July 2030, following the extension to cross-border supplies of goods and services, the issuance of simplified invoices or invoices in other forms (PDF, paper invoices) will also be significantly restricted.

Electronic invoices will now be sent in standard XML format and delivered via a "delivery service" provided by certified providers registered with the Financial Directorate (third parties).

The Financial Administration of the Slovak Republic proposes sending and receiving electronic invoices via the PEPPOL network established by the European Commission. The Peppol network is a decentralized, standardized solution that can be used by an unlimited number of service providers. However, this is conditional on the Peppol delivery standard being provided in at least half of the EU Member States.

The current legislative situation does not provide for the introduction of a state delivery service provider, so businesses will be forced to ensure compliance with their obligations through commercial solutions.

From 1 January 2027, there will also be an obligation to report data from electronic invoices to the tax administrator in a special way. Suppliers will be required to report the data at the time the invoice is issued, and customers within five days of receiving the electronic invoice. This reporting obligation will be fulfilled by the delivery service providers. In cases where, during the transitional period, an invoice is not delivered by a delivery service, the obligation to report data via control statements will remain in place.

From 1 July 2030, the method of reporting data for all taxable transactions will be fully harmonized, exclusively through a delivery service. As electronic invoicing and electronic reporting will replace the

current control and summary statements, the obligation to submit them will be completely abolished from that date. As a result, certain transactions not subject to electronic invoicing and digital reporting are to be transferred to the VAT return form.

In the event of a breach of obligations, penalties of up to EUR 10,000 (without a lower limit) are also planned, and in the event of repeated breaches of obligations, up to EUR 100,000.

The amendment to the VAT Act also introduces other changes, the most significant of which are as follows:

- Introduction of the institution of VAT group registration ex officio from 1 January 2026, primarily in cases where the tax administrator believes that there is intentional tax evasion;
- Extension of the application of a special method of tax payment directly to the tax administrator's account maintained for the supplier at the request of the tax administrator;
- Possibility to withhold excess deductions by issuing a preliminary measure in case of concern that VAT will not be paid or will be unenforceable.

In connection with the above, the amendment also changes the provisions of Act No. 215/2019 Coll. on guaranteed electronic invoicing and the central economic system, the Tax Administration Act, and the Accounting Act.

The implementation of the ViDA Directive should continue gradually until 2035 and introduce new rules for the platform economy and a single point of registration for e-commerce (One-Stop-Shop model).

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→ BUSINESS

Photovoltaic system in accounting terms

In recent years, the world has been increasingly turning to renewable energy sources. At a time of rising electricity prices and pressure to reduce emissions, photovoltaic systems (hereinafter also referred to as "photovoltaics") are becoming not only an environmentally friendly but also an economically advantageous solution for businesses and households. This article aims to provide basic information on the procurement and accounting of photovoltaic systems in commercial companies.

At the initial stage of the decision-making process, a company should consider whether it meets all the conditions necessary for the procurement of a photovoltaic system and also address economic and technical issues. Several facts relating to energy and energy efficiency in connection with alternative sources of electricity are defined in Act No. 251/2012 Coll. on Energy and on Amendments to Certain Acts, as well as in Act No. 250/2012 Coll. on regulation in network industries.

First of all it is important to consider the technical and economic aspects related to the implementation of a photovoltaic system. From an economic efficiency perspective, this includes the initial investment, operating costs, return on investment, and energy savings that a photovoltaic system could bring in the future. It is also necessary to pay attention to the technical aspects (choice of system type, performance, and service life). If a company decides to use an alternative energy source, there are several options for how to procure it and then ensure its implementation.

The most common method of procurement is purchase from own resources. Otherwise, the company may use credit or lease financing. This is related to the question of the initial investment, i.e. whether the company has sufficient funds to purchase the photovoltaic system at the time of procurement. The advantage of using credit or lease financing may be the lower initial investment mentioned above. The disadvantage is higher costs in the long term. The method of financing chosen by the company may also

be decisive if the company is applying for a subsidy from the state budget in connection with a photovoltaic system. One of the conditions for obtaining a subsidy is ownership of the photovoltaic system. In some cases, it may also be granted if the system is acquired through financial leasing, provided that the applicant proves ownership at the end of the lease. Following on from the method of acquiring photovoltaics, we provide further information on accounting and depreciation.

Accounting for the acquisition of a photovoltaic system and depreciation

Alternative sources of electricity are the subject of various discussions, both from a consumption tax and an accounting perspective. In addition to fulfilling their tax obligations, it is also important for commercial companies to correctly classify photovoltaic systems and account for movements related to electricity generation, which we will discuss in more detail in this article.

When accounting for photovoltaic systems, various accounting cases arise, based on Measure No. 23054/2002-92 of the Ministry of Finance of the Slovak Republic, which lays down details on accounting procedures for companies using double-entry accounting (hereinafter also referred to as "accounting procedures"). Initially, this involves the acquisition and subsequent putting the system into use. Upon acquisition, we post the transaction to account 042 – Acquisition of tangible fixed assets, and when the photovoltaic system is put into use, it is classified under account 022 – Separate movable items and sets of movable items.

If the photovoltaic system is acquired through financial leasing with the right of ownership at the end of the contract (typical for photovoltaics), we also account for the acquisition in account 042 – Acquisition of tangible fixed assets with a corresponding entry in account 474 – Liabilities from financial leasing in the amount of the principal. Accounting for the system in case of acquisition through financial leasing is identical to that for purchase from own resources, i.e. 022 – Separate movable items and sets of movable items and account 042 – Acquisition of tangible fixed assets. In the case of finance leases, we account for interest arising from finance leases in account 562 – Interest related to account 474 – Finance lease liabilities. Monthly instalments are accounted for in 474 – Finance lease liabilities against account 221 – Bank accounts.

After the acquisition has been accounted for and subsequently classified as an asset, the individual parts of the photovoltaic system are subject to depreciation, with the depreciation period varying. Photovoltaics as a whole consist of a structural and a technological part.

If the company decides to consider the technological part of the photovoltaic system as a set of movable assets, the photovoltaic panels would be the main functional element in this case. Photovoltaic panels are classified for depreciation purposes in the second depreciation group under Act No. 595/2003 Coll. on Income Tax (hereinafter also referred to as the "Income Tax Act"), as a set of movable assets is classified in a depreciation group according to its main functional unit.

If the photovoltaic system is not considered a set of movable assets (Section 22(4) of the Income Tax Act), it is necessary to assess the classification of each individual movable asset into its own depreciation group in accordance with Annex 1 to the Income Tax Act.

The structural part of the photovoltaic system that is permanently attached to the building is considered to be a technical improvement to the building (it increases the initial price of the building and is depreciated together with the building).

Accounting for electricity generated

The production of own electricity for own consumption is assessed in accordance with Act No. 431/2002 Coll. on Accounting and accounting procedures as capitalization, credited to account 621 – Capitalization of materials and goods and debited to account 502 – Energy consumption. Capitalization

is only accounted for if the company records its own production costs and also has its own consumption. The production of own electricity is then valued at its own costs incurred in production (such as electricity consumption tax, depreciation of the photovoltaic system, any maintenance costs, etc.). In the case of the sale of electricity in a company that uses photovoltaics only as an additional, alternative source, this is not a main activity, but often an irregular activity (only unused surplus energy is sold, i.e. if the company consumes all the energy produced, no sale takes place). In such a case, we recommend posting to account 648 – Other income from economic activities.

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→ BUSINESS

A public holiday does not necessarily mean a day off

Not every public holiday in Slovakia is also a day off work. Typical examples are 1 September - Constitution Day, and, more recently, 17 November - Day of the Fight for Freedom and Democracy.

1 September has been an important day since the establishment of the independent Slovak Republic, but since 1 January 2024, according to an amendment to the Labour Code (Act No. 311/2001 Coll.) and Act No. 241/1993 Coll. on public holidays, it is no longer considered a day off work. The aim of the legislative change was to reduce the number of days on which businesses must be closed and to maintain the smooth running of work processes.

17 November will be added to this group in September 2025, when the Parliament will officially approve the amendment to Act No. 241/1993 Coll., which will also remove this holiday from the list of public holidays.

- The difference between a public holiday and a day off work is fundamental:
- A public holiday (Section 1 of Act No. 241/1993 Coll.) is a day of historical, cultural or social significance.
- A public holiday (Section 94 of the Labour Code) is a day when no work is done, and if an employee does work, they are entitled to extra pay in accordance with Section 122 of the Labour Code.

Most public holidays meet both criteria, but 1 September and, from 2025, 17 November are exceptions. In 2024, many people did not even notice the change as 1 September fell on a Sunday. However, in 2025, both 1 September and 17 November fall on a Monday, which in practice means that:
- employees work according to their normal work schedule,
- there is no entitlement to extra pay for working on a public holiday,
- working hours are recorded as on any other working day,
- time off can only be granted at the employer's discretion – either paid or unpaid.

Practical recommendation:

For payroll accounting and human resources, these changes have an impact on shift planning, working time records and payroll processing. Employers are advised to inform their employees in advance that even though these are public holidays, they are not days off work.

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→ BUSINESS

Electronic submission of information cards from 1 September 2025

Before the summer, Act No. 151/2025 Coll. was passed, altering and amending Act No. 5/2004 Coll. on employment services. The Act will come into effect on 1 September 2025.

Under the Employment Services Act, employers based in the Slovak Republic are required to inform the Office of Labour, Social Affairs and Family about the employment of foreign nationals, specifically about their commencement and termination of employment. This obligation must be fulfilled by means of an information card, no later than seven working days after the commencement or termination of employment.

The information card shall be submitted to the relevant Labour Office according to the place of employment, not according to the employer's registered office.

Until now, it has been possible to send the information card in paper form. From 1 September 2025, the method of submission will change – submission will only be possible electronically via the slovensko.sk portal. An electronic identity card (eID) is required for submission. The information card must be signed with a qualified electronic signature (KEP) when submitted. Without a valid electronic signature, it will not be possible to successfully submit the information card, so we recommend that you prepare your internal processes in good time and ensure that you have the technical equipment for electronic submissions.

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