



## Tax&Legal Highlights

### Slovakia

#### Act on Rules for Resolution of Tax Disputes

**The National Council of the SR passed the definite wording of the government act regulating double taxation and resolution of disputes between the SR and other states concerning the avoidance of double taxation.**

The National Council of the SR passed the definite wording of the government act regulating double taxation and the resolution of disputes between the SR and other states concerning the avoidance of double taxation. The act transposes EU Directive 2017/1852 on tax dispute resolution mechanisms in the European Union. The act also regulates the resolution of any disputes with countries with which the SR has entered into double taxation treaties, as concerns their interpretation and application.

**Information on Extension of the Scope of Employment Income Exempt from Tax to Include Income Paid during Summer Holidays (13th Salary) and Christmas (14th salary) in 2018**

**The Financial Directorate issued information on extending the scope of employment income exempt from tax to include income paid during summer holidays and Christmas in 2018.**

Effective from 1 May 2018, the scope of income exempt from tax was extended to include income paid as a 13th and 14th salary under special regulations, specifically the Labour Code, the Act on Remuneration of Certain Employees Performing Work in the Public Interest and the Act on the Civil Service.

**Exemption of the 13th salary**

Under the Income Tax Act personal income tax is not applied to a financial settlement for work or performance of professional duties paid during summer holidays under special regulations (13th salary), paid in June of the respective calendar year of up to EUR 500 in total from all employers. An exemption will apply if the amount of the 13th salary subject to such an exemption equals at least the employee's average monthly salary (functional salary) and the employment of the employee (civil service) with the employer as at 30 April of the respective calendar year has lasted continuously for at least 24 months. The tax base (partial tax base) will only include the amount of income by which the payment of the 13th salary exceeds the amount exempt from tax by law. This exemption will first apply to a 13th salary paid in June 2019.

**Exemption of the 14th salary**

Under the Income Tax Act, tax is not applied to the amount of financial settlement for work or performance of professional duties paid for Christmas under special regulations (14th salary) and paid in December of the respective calendar year of up to EUR 500 in total from all employers if the amount of the 14th salary to which such an exemption applies at least equals the employee's average monthly salary and the employment of the employee (civil service) with the employer as at 31 October of the respective calendar year has lasted continuously for at least 48 months, and in the respective tax period the employee was paid a financial settlement subject to such an exemption. The tax base (partial tax base) will only include the amount of income by which the payment of the 14th salary exceeds the amount exempt from tax by law. This exemption will first apply to the 14th salary paid in December 2018, provided that the employee was also paid a 13th salary in June 2018 at least equalling the employee's average monthly salary.

If the employment of the employee with the employer consisted of a number of successive employments, or it was combined with agreements with the employer, the condition of continuous employment is met.

The employee meets the condition of having worked 24 months if the employee started work by 1 May 2017. If the employment began later, or during a calendar month, the reference period only includes the days of the duration of this relationship, not the whole month.

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