

BEPS Actions implementation by country

Slovakia

On 5 October 2015, the G20/OECD published 13 final reports and an explanatory statement outlining consensus actions under the base erosion and profit shifting (BEPS) project. The output under each of the BEPS actions is intended to form a complete and cohesive approach covering domestic law recommendations and international principles under the OECD model tax treaty and transfer pricing guidelines. The G20/OECD output broadly falls into the following categories:

OECD categorisation	Definition
Minimum standard	All G20/OECD members are committed to consistent implementation
Revision of existing standard	
Common approach	Common approaches to facilitate convergence of national practices
Best practice	Guidance drawing on best practices

It is now for governments to digest and introduce the necessary legislation. The table below sets out a summary of the expected local country implementation and timing in Slovakia.



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Action	OECD categorisation	Notes on local country implementation	Expected timing
VAT on business to customers digital services (Action 1)	Common approach	The EU VAT directive applies and is already implemented into domestic law.	1 January 2015
		Slovakia intends to require the taxation of income from services rendered via digital platforms.	Planned for 1 January 2018
Hybrids (Action 2)	Common approach	Slovakia has implemented the amended EU parent-subsidiary directive into domestic law.	1 January 2016
		As an EU member state, Slovakia must adapt its national law to the EU anti-tax avoidance directive (ATAD) I and II, which contain minimum standard provisions against hybrid mismatches involving taxpayers in the EU and in third countries. Member states are required to adopt the domestic legislation necessary to comply with the directives by 31 December 2019 (with an extension until 31 December 2021 for the reverse hybrid provisions).	1 January 2020 (1 January 2022 for reverse hybrid provisions)
CFCs (Action 3)	Best practice	<p>As an EU member state, Slovakia must adapt its national law to the ATAD I, which contains minimum standard provisions for CFC rules. The provision of the ATAD I must be implemented into domestic law by 31 December 2018.</p> <p>A draft amendment to the Income Tax Act, published on 20 June 2017, would introduce CFC rules in Slovakia. However, the proposed legislation is not final.</p>	1 January 2018
Interest deductions (Action 4)	Common approach	As an EU member state, Slovakia is subject to the ATAD, which must be implemented into its domestic law by 31 December 2018. The ATAD includes an interest limitation provision to discourage artificial debt arrangements	1 January 2019 unless the transitional rules apply to the existing regime, in which

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designed to minimise taxes, although a transition period may apply for member states that already have national, targeted rules for preventing BEPS that are equally effective as Action 4. case 1 January 2024

Slovakia already has thin capitalisation rules (25% of EBITDA). It is not yet known whether these will be amended.

Harmful tax practices (Action 5)	Minimum standard	Slovakia intends to introduce a patent box.	Planned for 1 January 2018
Prevent treaty abuse (Action 6)	Minimum standard	Slovakia has signed the multilateral instrument (MLI), and has announced it will adopt a simplified LOB provision.	Subject to ratification of the MLI
Permanent establishment status (Action 7)	Revision of existing standard	Slovakia has signed the MLI and chosen to apply Option A under article 13(1) in respect of the specific activity exemptions.	Subject to ratification of the MLI
Transfer pricing (Actions 8-10)	Revision of existing standard	Slovakia has implemented transfer pricing rules and documentation requirements that generally follow the OECD guidelines and BEPS Actions 8-10.	Not yet known
Disclosure of aggressive tax planning (Action 12)	Best practice	Not yet known.	Not yet known
Transfer pricing documentation (Action 13)	Common approach	Slovakia already had master and local filing requirements.	Already implemented
CbC reporting (Action 13)	Minimum standard	Slovakia is one of the countries that signed a multilateral competent authority agreement for the automatic exchange of CbC reports. CbC reporting legislation in line with Action 13 was published in the Collection of Laws on 27 February 2017.	1 March 2017

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The first reported period is the fiscal year starting on or after 1 January 2016.

Dispute resolution (Action 14)	Minimum standard Complemented by best practice	Not yet known.	Not yet known
Multilateral Instrument (Action 15)	Applicable across all four categories	Slovakia was one of the signatories of the MLI on 7 June 2017.	Subject to ratification of the MLI

Unilateral BEPS Actions

None.

Other Tax Developments

Exit tax rules, which are included in the ATAD, should be implemented in Slovakia.



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