

Deloitte News

December 2017, Deloitte in Slovakia

Direct Taxes:

- **Measure of the Ministry of Finance of the Slovak Republic Establishing New Tax Return Forms**

Several changes were made to the corporate income tax return form for 2017, which is currently subject to the evaluation of an interdepartmental circulation of comments.

- **Double Taxation Treaty Between Ethiopia and the Slovak Republic (2016)**

The Slovak Republic ratified this treaty on 29 November 2017.

- **Arrangement on Information Exchange in Country-by-Country (CbC) Reporting between the Slovak Republic and the United States of America**

International cooperation regarding CbC reporting came into effect.

- **Judgement of the Czech Republic on the Taxation of a Settlement Share Paid to Heirs**

The Supreme Administrative Court of the Czech Republic ruled that a settlement share is always subject to withholding tax, and the Act stipulates no exemptions in this case, even if heirs inherit the settlement share in a company in which they were not shareholders.

- **Information on Amounts Required to Calculate a Personal Tax Liability for 2018**

In accordance with Act No. 595/2003 Coll. on Income Tax, as amended, non-taxable portions of the tax base, tax bonus and some other amounts stated in the ITA have been modified due to an increase in the subsistence minimum or minimum wage.

- **Methodological Instruction on the Tax Base Calculation under Article 5 (8) of Act No. 595/2003 Coll. on Income Tax, as Amended**

The Financial Directorate of the Slovak Republic issued a methodological instruction repealing the methodological instruction Internal Management Act (12/2017) and regulating a different procedure for applying voluntary old age pension contributions.

- **Information on New Template Forms Used for Income from Dependent Activities (Notice of the Ministry of Finance of the SR No. MF/017957/2017-721)**

- **Information on a Tax Bonus for Interest Paid on Housing Loans**

The Financial Directorate of the Slovak Republic issued information on an amendment to Act No. 595/2003 Coll. on Income Tax, which introduces a tax advantage for interest paid on housing loans under Act No. 90/2016 Coll.

Indirect Taxes:

- **Financial Administration of the Slovak Republic Sending Additional Informative Notices Known as Soft Warnings**

On 4 December 2017, the Financial Administration of the SR sent selected clients additional informative notices known as soft warnings related to the link between VAT audit findings and corporate income tax.

- **National Council of the SR Adopted a Draft Amendment to the VAT Act**

The National Council of the SR adopted an amendment to the VAT Act on 7 December 2017. The amendment becomes effective as at 1 January 2018.

- **EU Court of Justice – VAT**

C-101/16 – SC Paper Consult SRL v Romanian Tax Administration – Right to Deduct VAT on an Invoice Issued by a Taxpayer Declared “Inactive” by Tax Authorities

A Member State may not refuse the right to deduct VAT to a taxpayer on the grounds that the trader which supplied a service to the taxpayer based on an invoice on which the expenditure and VAT are indicated separately has been declared inactive by the tax authorities of a Member State where such a declaration of inactivity is public and accessible on the internet to any taxable person in that state if such a refusal of the right to deduct VAT is systematic and final, making it impossible to adduce evidence that there was no tax evasion or loss of tax revenue.

C-404/16 Lombard Ingatlan Lízing Zrt. v Appeals Directorate of the National Taxation and Customs Authority, Hungary – Reduction of the Taxable Amount on a Leasing Agreement Terminated due to the Non-payment of Leasing Instalments

The CJ EU ruled that the concepts of ‘cancellation’ and ‘refusal’ in Article 90 (1) of VAT Directive must be interpreted as including a situation where under a leasing agreement with a definite transfer of ownership, the lessor may no longer claim payment of the leasing instalment from the lessee because the lessor has terminated the leasing agreement owing to a breach of contract by the lessee. Where a leasing agreement has been definitively terminated because of non-payment of the lease instalments payable by the lessee, the lessor may rely on Article 90 (1) of the VAT Directive against a Member State with a view to obtaining a reduction of the taxable amount for VAT, even if the applicable national law considers that the situation is a case of ‘non-payment’ under Article 90 (2) of the Directive and does not allow the taxable amount to be reduced in the event of non-payment.

Legal:

- **Amendment to the Act on Documenting the Origin of Assets**

The amendment is intended to introduce definitions of income and illegal income.

- **Amendment to the Criminal Code**

The amendment is intended to modify the provision on the imposition of a penalty involving asset forfeiture.

- **Personal Data Protection Act**

A new act is intended to harmonise Slovak legislation on personal data protection with the GDPR and the Police Directive.

Accounting:

- **IFRS Model Financial Statements 2017 – Early Application of IFRS 15**

Deloitte's Global IFRS Office has published Appendix 2: Early Application of IFRS 15 Revenue from Contracts with Customers to the Model Consolidated Financial Statements for the year ended 31 December 2017. The appendix supplements the IFRS model financial statements with IFRS 15 disclosures and is intended to help companies that have opted for the early application of IFRS 15 in 2017.

- **IASB Issued Amendments to IAS 28**

On 12 October 2017, the International Accounting Standards Board (IASB) issued Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures, which clarify the application of IFRS 9 Financial Instruments to long-term interests in an associate and joint venture to which the equity method does not apply. The amendments will be effective for annual periods beginning on or after 1 January 2019. The amendments have not yet been endorsed by the European Union.

- **IASB Issued Amendments to IFRS 9**

On 12 October 2017, the IASB issued Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation, which address the classification of prepayable financial assets and clarify the recognition of financial liabilities after modification. The amendments will be effective for annual periods beginning on or after 1 January 2019. The amendments have not yet been endorsed by the European Union.

Transfer Pricing:

- **The OECD Council Approved the Contents of the 2017 OECD Model Convention, Including OECD Commentaries on the Model Convention**

On 23 November 2017, the OECD Council approved the contents of the 2017 OECD Model Convention, including its Commentaries. The update, which was approved by the OECD Committee on Fiscal Affairs on 28 September 2017, will be incorporated in a revised version of the OECD Model Convention and will be published in the next few months.

- **The OECD Published Updated Guidance on the Implementation of CbC Reporting**

On 30 November 2017, the OECD published guidance on CbC reporting (BEPS Action 13).

- **The OECD Has Published Updated Versions of Transfer Pricing Country Profiles**

The OECD has updated several transfer pricing country profiles and published the updates on its official websites.

Others:

- **Introduction of Tax Reliability Index**

The Financial Administration will internally assess the reliability of taxable persons to which certain advantages or disadvantages may arise from such an assessment within the limits set by law.

- **Information on the Transfer of a Payment Made Mistakenly to Another Taxable Person's Account**

The Financial Administration has issued information on the procedure to be applied if a payment is made to another taxable person's account. The information contains the conditions to be met by the taxable person and a practical example of addressing this situation.

- **Extension of the Group of Entities Obligated to Communicate Electronically with the Financial Administration**

With effect from 1 January 2018, the group of entities obliged to communicate with the financial administration electronically will be extended to include all legal entities recorded in the Business Register of the Slovak Republic and their representatives.

- **New Calculators of Insurance Payments for Self-employed and Voluntarily Insured Persons as of January 2018**

In connection with a change to the minimum and maximum assessment base as of 1 January 2018, the Social Insurance Agency has prepared new informative calculators of insurance payments for self-employed and voluntarily insured persons.

- **Amendment to Act No. 461/2003 Coll. on Social Insurance, as Amended**

The most significant changes introduced by an Amendment to Act No. 461/2003 Coll. on Social Insurance, as amended.

- **Information on an Amendment to Act No. 289/2008 Coll. on the Use of Electronic Cash Registers with Effect from 1 January 2018**

The Financial Directorate of the Slovak Republic has published information on an Amendment to the Act on Electronic Cash Registers aimed at eliminating the reduction of sales and stepping up the fight against tax fraud by including more detailed information in the provisions of the Act.

Deloitte News:

- **taxCube™**

taxCube™ is a dedicated software developed by Deloitte to substantially increase the efficiency of the preparation of regular and additional VAT returns, VAT transactions statements and EC sales lists. taxCube™ simplifies and automates the preparation of VAT reports, reduces costs the risk of errors, and shortens the time needed for the preparation of VAT reports from days to hours.

taxCube™ performs a wide range of checks on imported data. taxCube™ is compatible with the IT environment and accounting procedures and methods that you use (use of exchange rates and credit notes, setup of tax codes, etc). Deloitte professionals will tailor the software to your needs.

More informations at www.taxcube.sk.

- **Deloitte VAT Analytics**

Deloitte has developed a tool enabling an aggregated review of the entire set of documents that are reflected in the VAT return, EC Sales List and VAT Transactions Statement. An input for VAT Analytics is a data file from an accounting system containing detailed information about accounting documents.

A Deloitte team of VAT specialists has prepared more than 70 tests which after uploading a data file check whether VAT rules have been applied correctly and identify specific accounting documents that could be incorrect. For more informations, please contact **Ján Skorka** at jskorka@deloittece.com.

- **Events of Deloitte in Slovakia**

<http://kalendar.deloitte.sk/>

- **Deloitte Legal Dbriefs**

We invite you to explore our Deloitte Legal Dbriefs – live webcasts on current legal topics. You can explore past and upcoming Dbriefs at this link:

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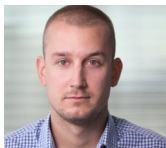
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