

Taxation measures to mitigate impacts of Covid-19

Act on extraordinary measures in the financial area in connection with COVID-19 (the Lex Corona package of measures)

Missing the deadline (Article 4)

Missed deadline in the pandemic period will be remitted if the taxpayer completes the action by the end of the calendar month following the month when the pandemic period¹ ended (does not apply to tax declarations, tax payments, control and tax statements and tax advances) .

Publication in the registers of the financial administration (Article 7)

The register of VAT payers (in whose case the reasons for cancellation of registration have occurred) and tax debtors will not be updated during the pandemic period.

Suspension of tax audits and tax proceedings (Article 6, Article 8)

Tax audits and tax proceedings shall be suspended during the pandemic period **only upon the request of the taxpayer**, from the day following the day of the commencement of the tax audit. If the taxpayer does not request the suspension of the tax audit or tax proceedings, **these will continue**.

The legal effects of acts performed before the submission of the application for suspension shall be preserved.

The automatic remission of missing the deadline shall not apply in the case of a delayed request for suspension of the tax inspection or the tax proceedings.

Tax arrears (Article 10)

The amount of tax arrears, which are due within the pandemic period, will not be considered as tax arrears, under the condition that they will be settled by the taxpayer by the end of the calendar month following the end of the pandemic period.

Tax overpayments (Article 10a)

The tax overpayment applied by the taxpayer in the 2019 income tax return, which was filed during the pandemic period, will be returned by the tax administrator **no later than 40 (calendar) days from the end of the calendar month in which the tax return was filed**.

The tax overpayment applied by the taxpayer in the income tax return for 2019 which was filed between 1 January 2020 and the start of the pandemic period (i.e. 12 March 2020), will be returned by the tax administrator **within 40 days from 31 March 2020**.

However, if the tax overpayment arises to the taxpayer because the taxpayer **paid a higher amount of tax than was calculated in the tax return**, the taxpayer must, in this case, apply for a refund of the tax overpayment.

¹ The pandemic period is considered to be the period from the declaration of an emergency situation in the Slovak Republic in relation to the public health threat due to COVID-19, as of 13 March 2020 until its end.

Tax executions (Article 11)

Tax executions will be suspended during the pandemic period and will be resumed after the end of the pandemic period.

Administrative offenses and sanctions (Article 12)²

If the tax subject states in the income tax return a higher tax overpayment than the tax overpayment which should have been stated in the income tax return, **an administrative offense occurs**. For an administrative offense, the tax administrator imposes a fine in the amount of 100% of the stated difference and the tax subject is obliged to return this difference. This administrative offense will not be imposed if the tax subject submits the income tax return in which he lowers the income tax overpayment before its paying back.

Income tax return (Article 21)

The income tax return with a deadline for submission during the pandemic period can be filed by the end of the calendar month following the month when the pandemic period ended. If the government withdraws the emergency situation (pandemic period) e.g. in July, the deadline for submitting of the income tax return will be 31 August 2020.

Income tax is payable within the deadline for submission of the income tax return.

All other obligations remain unchanged - method of filing, tax payment, taxable persons, etc.

Postponement of the deadline **until the end of the second month** following the end of the Pandemic Period for:

Filing a declaration on assignment of a portion of income tax paid (Article 22) by a taxable person not filing a tax return; Employers are required to issue a tax payment confirmation for this purpose upon an employee's request by the 15th day of the second calendar month following the end of the Pandemic Period. Any recipient of the portion of paid tax may also use the portion of paid tax to help mitigate the negative consequences of the pandemic (*the amendment extended the deadline for using a portion of paid tax by the beneficiaries until the end of 2021*);

Filing of a report on tax reconciliation and aggregate income from dependent activities. Income tax is also due by this deadline.

Postponement of the deadline **until the end of the month** following the end of the Pandemic Period for:

Annual tax reconciliation. Employers will deliver to employees a proof of annual reconciliation performed by the end of the second calendar month after the end of the pandemic and refund a tax overpayment, pay an employee bonus, tax bonus and tax bonus for paid interest when paying out salary for the second calendar month after the end of the pandemic.

² The Decree of the Slovak Government of 18 March 2020 on the cancellation of tax underpayments equal to an outstanding sanction, which extended taxpayers statutory filing deadline to 30 June 2020 with no sanction for late filing, will not be applied given the adopted wording of the Act.

Income tax advances (Article 24a)

Income tax advances payable during the pandemic period are not paid for the period immediately following the period in which the taxpayer's **revenues decreased at least by 40%** compared to the same period of the previous calendar year 2019.

The taxpayer proves the fulfillment of the conditions of the decrease of revenues at least by 40% by **submitting the statement** no later than 15 days before the expiry of the due date of the income tax advance.

The deferred payment of income tax advances will be applied **for the first time** to advances payable in **May 2020**.

Revenues for Article 24a mean:

1. Earnings³
2. Income from sale of products, goods and services after deduction of discounts⁴

The Decree of the Slovak Government of 30 April 2020 further clarified that taxpayer who does not submit statement proving the fulfillment of the conditions of the decrease of revenues at least by 40% in time, pays advances calculated according to tax return submitted in the period between 1 January 2020 and the end of the pandemic period if the following conditions are fulfilled:

- a) deadline to submit tax return expires during the pandemic period and
- b) the amount of tax advance calculated according to the tax return is lower than amount of advance calculated according to last known tax obligation stated in tax return submitted for tax period immediately preceding current tax period.

This Decree may be applied for the first time for advances due in April 2020.

Tax loss deduction (Article 24b)

The taxpayer has the opportunity to use non-claimed tax losses for the **tax years 2015 to 2018, with a maximum total value of 1 mil. EUR**.

The taxpayer may deduct the tax loss in the tax return for a taxable period ending earliest on 31 October 2019, the filing period of which is **between 1 January 2020 and 31 December 2020**.

The tax loss under the paragraph 1 shall be deducted **gradually from the earliest recognized tax loss to the most recently recognized tax loss**.

The taxpayer is not obliged to use a more favorable procedure for the tax loss deduction; the tax loss can be deducted also by the standard procedure according to Act 595/2003 on Income Tax.

Example: If the taxpayer reported a tax loss of 1,000 EUR in the tax period of 2016 and deducted in 2017 and 2018 by ¼ of the tax loss (i.e. 250 EUR each year), in 2019 the taxpayer has the option to deduct the entire remaining part (2/4 of the reported tax loss, i.e. 500 EUR), up to the amount of the tax base.

Publication in certain VAT lists (Article 24i)

³ For a taxpayer accounting in a double entry bookkeeping system and for a taxpayer who reports the profit or loss in the separate financial statements in accordance with International Financial Reporting Standards.

⁴ For a taxpayer accounting in a single entry bookkeeping system and for a taxpayer keeping tax records (Article 6 Section 11 of Act 595/2003) and for a taxpayer keeping records (Article 6 Section 10 of Act 595/2003).

If a VAT payer does not repeatedly file a VAT return, or a control report, or repeatedly fails to pay VAT, he **will not be registered in the list of VAT payers for which there were reasons for cancellation of VAT registration** if he **fulfills these obligations by the end of the calendar month following the end of the pandemic**.

Certain conditions for return of VAT excess deduction (Article 24j)

If the VAT payer has incurred **customs arrears or arrears of compulsory insurance contributions** during the pandemic, the arrears **will not be taken into account for the purpose of an early refund of the excess deduction**, if the taxpayer **pays or levies the arrears by the end of the calendar month following the end of the pandemic**.

Postponement of collection of arrears in customs enforcement proceedings during the Pandemic Period (Article 24f)

No liability for a selected customs misdemeanor or offence if non-compliance is solely due to the negative consequences of the pandemic (Article 24g)

Electronic cash registers/E-kasa (Article 24c and 24d)

Postponement of notification obligations and maturity of a penalty imposed on the spot in connection with the use of a **cash register** until the end of the month following the end of the Pandemic Period.

Motor vehicle tax (Article 18 and 18a)

From **April 2020**, there is **no obligation to pay motor vehicle tax prepayments** due during the Pandemic Period.

Postponed deadline for filing of a motor vehicle tax return until the end of the month following the end of the Pandemic Period.

Local taxes (Article 24o)

Postponed deadline for filing a local tax return and meeting notification obligations, the filing deadlines for which expire during the Pandemic Period, until the end of the month following the Pandemic Period.

Postponed deadline for filing a notice of withholding and paying income tax by a healthcare provider (Article 23)

During the Pandemic Period, the period for the extinction of the right to assess tax and statute-barring/extinction of the right to recover tax arrears is interrupted (Article 9)

Postponement of deadlines under Act No. 431/2002 Coll. on Accounting (Article 20)

During the Pandemic Period until the end of the third calendar month following the end of the Pandemic Period, or until the expiry of the period for filing the tax return, whichever is earlier.

Administrative fees (Article 19)

During the Pandemic period, **no administrative fee** will be charged for acts and proceedings of administrative authorities that are necessary to mitigate the negative consequences of the pandemic.

Exemption from import duties and VAT on imports of medical supplies from third countries by selected organisations approved by the Ministry of Interior of the Slovak Republic (Article 14)

Alignment of the delivery of documents to an addressee in person with post office rules (Article 5)

Local development fee (Article 24n)

A deadline to meet a notification obligation regarding the end of a fee obligation, or to meet a notification obligation regarding the floor area measurement of an above-ground part of a finished building pursuant to special legislation, which did not expire prior to the start of the pandemic period or which started during the pandemic period, shall be considered to have been complied with if this obligation is met by the end of the calendar month following the end of the pandemic period.

During the pandemic period, until December 31st, 2020, a municipality, based on a decision made by the council, may use revenue from the local development fee to cover current expenditure.