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**Act No.****595/2003 Coll. Income Tax Act**

(as amended by amendment 43/2004 Coll., 177/2004 Coll., 191/2004 Coll., 391/2004 Coll., 538/2004 Coll., 539/2004 Coll., 659/2004 Coll., 68/2005 Coll., 314/2005 Coll., 534/2005 Coll., 660/2005 Coll., 688/2006 Coll., 76/2007 Coll., 209/2007 Coll., 519/2007 Coll., 530/2007 Coll., 561/2007 Coll., 621/2007 Coll., 653/2007 Coll., 168/2008 Coll., 465/2008 Coll., 514/2008 Coll., 563/2008 Coll., 567/2008 Coll., 60/2009 Coll., 184/2009 Coll., 185/2009 Coll., 504/2009 Coll., 563/2009 Coll., 374/2010 Coll., 548/2010 Coll., 129/2011 Coll., 231/2011 Coll., 250/2011 Coll., 331/2011 Coll., 362/2011 Coll., 406/2011 Coll., 547/2011 Coll., 548/2011 Coll., 69/2012 Coll., 188/2012 Coll., 189/2012 Coll., 252/2012 Coll., 288/2012 Coll., 395/2012 Coll., 70/2013 Coll., 135/2013 Coll., 318/2013 Coll., 463/2013 Coll.)

**As of:** December 4, 2003

**In force as of:** December 31, 2003

**Effective as of:** September 1, 2014

**Effective to:** December 31, 2015

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**Act No. 595/2003 Coll.,**

as of December 4, 2003

**on Income Tax Act**

The National Council of the Slovak Republic has enacted this Act:

**TITLE ONE****FUNDAMENTAL PROVISIONS**

## Section 1

## Scope of the Act

(1) This Act regulates

- a) individual and corporate income tax (hereinafter referred to as the "tax"),
- b) way of payment and collection of the tax.

(2) Any international treaties, which were approved, ratified, and promulgated in the manner prescribed by the law, or agreement that was concluded or approved by the Government of the Slovak Republic and which governs taxation and the associated legal relations in respect to non-autonomous territories which act independently in international relations (hereinafter referred to as the "international treaty"), shall prevail over this Act.

## Section 2

## Definitions

For the purpose of this Act:

- a) the term "taxpayer" shall mean individual or legal entity,
- b) the term "subject of the tax" shall mean any income (proceeds) from the activities of the taxpayer, and any income (proceeds) from the disposal of the property owned by the taxpayer, other than the subject of the tax, which is governed individually in Section 12,
- c) the term "income" shall mean income both in cash and in kind (even if obtained through an exchange), which has been attributed to the value, which is usual in the place and the time of performance or consumption, taking into account its type and quality, and, where appropriate, its condition and grade of depreciation, unless this Act provides otherwise; income in kind of an individual using single-entry bookkeeping systems or keeping records pursuant to Section 6 subsection 10 or 11 also means receipt of a bill of exchange as a payment instrument, by means of which a debtor pays a debt to a creditor that is an individual.
- d) the term "taxpayer with unlimited tax liability" shall mean:
  1. any individual that has a permanent residence in the territory of the Slovak Republic,<sup>1a)</sup> or who usually stays in the territory of the Slovak Republic; any individual shall be deemed usually staying in the territory of the Slovak Republic if notwithstanding he/she is not having his/her permanent residence in the territory of the Slovak Republic<sup>1a)</sup>, but he/she stays in the Slovak Republic for not less than 183 days in the relevant calendar year, either continuously or periodically. Every day or part day of such a stay shall count towards its duration,

2. any legal entity, which has its registered office or its place of actual management in the territory of the Slovak Republic; the place of actual management shall be the place, in which management and business decisions are taken by statutory and supervisory bodies of the legal entity, even if the address of the place of actual management is not registered in the Companies Register,
- e) the term "taxpayer with limited tax liability" shall mean:
1. any individual that is not included in letter d) indent one above,
  2. any individual that is included in letter d) indent one above, but who usually stays in the territory of the Slovak Republic exclusively for the purpose of studies or therapy, or who crosses the borders of the Slovak Republic on a daily basis or in the agreed intervals exclusively for the purposes of performance of his/her dependent activity, the source of which is located in the territory of the Slovak Republic,
  3. any legal entity, which is not included in letter d) indent two above,
- f) the term "subject of the tax with respect to a taxpayer with unlimited tax liability" shall mean any income (proceeds) originating from sources located both in the territory of the Slovak Republic and abroad,
- g) the term "subject of tax with respect to a taxpayer with limited tax liability" shall mean any income (proceeds) originating from sources located in the territory of the Slovak Republic (Section 16 below),
- h) the term "taxable income" shall mean any income, which constitutes the object of tax, and which is not exempt from taxation pursuant to this Act neither an international treaty,
- i) the term "tax expense" shall mean any documented expense (cost), which has been incurred by the taxpayer in order to generate, assure, and maintain income, and which has been posted in the books of accounts<sup>1)</sup> of the taxpayer or registered in the registers of the taxpayer referred to in Section 6 subsection 11 below, unless this Act provides otherwise,
- j) the term "tax base" shall mean the amount, by which the taxable income exceeds the tax expenses (Section 19 below), taking into account the substantial and chronological correlation between the taxable income and the tax expenses in the relevant tax period, unless this Act provides otherwise,
- k) the term "tax loss" shall mean the amount, by which the tax expenses exceed the taxable income, taking into account the substantial and chronological correlation between the taxable income and the tax expenses in the relevant tax period,
- l) the term "tax period" shall mean the calendar year, unless this Act provides otherwise,
- m) the term "business assets" shall mean the totality of assets, such as objects, receivables, and other rights and values, which may be expressed in terms of money, and are owned by individuals earning income under Section 6 below, which are used to generate, assure, or maintain such income, and which are posted or have been posted by such individuals into their books of accounts<sup>1)</sup> or into their registers referred to in Section 6 subsection 11 below; business assets under this provision shall also mean tangible assets acquired under a financial leasing agreement,
- n) the term "related party" shall mean a close party<sup>2)</sup> or another party, which is economically, personally, or otherwise interrelated with the first party,
- o) the term "economic or personal interrelation" shall mean a situation, in which one party participates in the ownership, control, or administration of another party, or shall mean a relation between parties, which are under the control or administration of the same party, or in which the same party has direct or indirect equity interest, while the participation in the:
1. ownership or control shall mean any direct, indirect, or indirect derivative holding of more than 25 % of the registered capital or the voting rights. Indirect holding shall be calculated by multiplying the percentages of direct holdings divided by one hundred, and by multiplying the result so obtained by one hundred. The indirect derivative holding shall be calculated by summing up the indirect holdings. The indirect derivative holding shall only be used to calculate the participation of a single party in the ownership or control of another party, where such a single party participates in the ownership or control of several parties, each of which holds a participation in the ownership or control of the same third party; if the indirect derivative holding exceeds 50 %, then all the parties, which were included in the calculation thereof, shall be regarded as economically interrelated regardless of their actual interests,
  2. administration shall mean the relationship of members of statutory bodies or supervisory bodies of a business company, or co-operative, towards such a business company, or co-operative,
- p) the term "other interrelation" shall mean a relationship established in particular for the purpose of reduction of the tax base or increase of tax loss,
- r) the term "non-resident related party" shall mean a situation, in which a resident individual or legal entity is interrelated with a non-resident individual or a non-resident legal entity as provided in letter n) above; the above shall apply also to the relation between a taxpayer with unlimited tax liability and its permanent establishments abroad, and to the relationship between a taxpayer with limited tax liability and its permanent establishment in the territory of the Slovak Republic and the relationship between permanent establishments of a taxpayers, who are interrelated

according to letter n) and the correlation between these permanent establishments and these taxpayers, s) the term "financial leasing" shall mean acquisition of tangible property based on a leasing agreement with a purchase option, whereby the price for which the ownership title to the leased property passes from the leaser to the taxpayer, which acquires the tangible property by financial leasing, is included in the total amount of agreed payments, if

1. ownership title is to pass to the taxpayer, which acquires the tangible property by financial leasing, upon the expiration of the term of the leasing without undue delay, and

2. the term of the leasing is at least 60 % of the period of depreciation under Section 26 subsection 1 and not less than three years or, if the leasing applies to land, the term of the leasing is at least 60 % of the period of depreciation of tangible assets classified in depreciation category 4. In case of assignment of a leasing agreement to a new lessee without changing the terms and conditions thereof, the requirement above shall apply to the agreement as a whole,

t) the term "taxpayer of a Member State of the European Union" shall mean an individual or a legal entity that is liable to the tax in the territory of this Member State of the European Union with respect to income originating from sources in the territory of this Member State of the European Union, as well as from sources outside the territory of this Member State of the European Union, and is not a taxpayer with unlimited tax liability in the territory of the Slovak Republic,

u) the term "tax advance" shall mean obligatory payments on tax that shall be paid during the tax period if the actual amount of tax for the period is not yet known,

v) the term "taxpayer" shall mean a natural person or legal entity who is required to withhold or collect tax or a tax advance from taxpayer, and who is obligated to withhold or collect tax or a tax advance levied on the taxpayer or withheld from the taxpayer to pay to the tax administration and be responsible for them asset wise,

w) the term "voluntary contributions to retirement pension saving" shall mean a saving contribution under special legislation.<sup>2a)</sup>

x) the term "taxpayer of a non-contracting state" shall mean a natural person which is not a resident or legal entity who has not registered office in the state mentioned in the list of countries published on the website of the Ministry of Finance of the Slovak Republic (hereinafter referred to as the "ministry"), unless otherwise stipulated by Section 52 Coll., ministry will assign to the list of states a state with which the Slovak Republic has concluded an international treaty for the avoidance of double taxation or international agreement on the exchange of tax information or a state which is party to an international treaty providing for the exchange of information for tax purposes in a similar range, by which this state and the Slovak Republic are bound.

## **TITLE TWO**

### **INDIVIDUAL INCOME TAX**

#### **Section 3**

Subject of the tax

(1) The following income shall be liable to the individual income tax:

- a) income from dependent activity (Section 5),
- b) income from business, other independent gainful activity, and lease (Section 6),
- c) income derived from capital (Section 7),
- d) sundry income (Section 8).

(2) The following income shall not be liable to the individual income tax:

- a) indemnity received by a beneficiary pursuant to special legislation,<sup>3)</sup> income earned as a result of release,<sup>3)</sup> donation,<sup>4)</sup> or inheritance<sup>5)</sup> of immovable property, apartment, non-resident premises, or their parts (hereinafter referred to as the "real estate") or movable property, rights, or other assets, other than any income derived there from and other than gifts donated in connection with the performance of the activity referred to in Sections 5 or 6 below,
- b) loan and credit,
- c) shares of profits (dividend) paid from the profit of a business company or co-operative, which is to be distributed among persons with ownership interest in registered capital or members of the statutory or supervisory bodies of that business company or co-operative, even if they are employees of that business company or co-operative, settlement shares, shares in liquidation balances of business company and co-operative, and shares of profits which are paid to silent partners, other than shares of profits which are paid to silent partners of a general commercial partnership, shares of profits attributable to partners of general commercial partnerships and to general partners of limited partnerships, and other than shares in the liquidation balances attributable to partners of general commercial partnerships and to general partners of limited partnerships upon liquidation of the partnership, and other than settlement shares attributable to partners of general commercial partnerships and to general partners of limited partnerships upon termination of participation of the partner in the general commercial partnership or termination of participation of the general partner in the limited partnership ; a business company or co-operative is also

- deemed a similar business company or co-operative having its registered office abroad,
- d) shares of proceeds and property to be distributed among members of land communities with legal personality,
- e) value-added tax<sup>6)</sup> deducted in the price of goods or service in the case of value-added tax taxpayer,
- f) income earned as a result of the acquisition of new shares<sup>7)</sup> and ownership interest<sup>7a)</sup> as well as income earned as a result of their exchange upon winding-up of the taxpayer without its liquidation, including those cases, in which a merger, consolidation, or split of a partnership or a company involves property owned by a partnership or a company having its registered office in any of the European Union Member States.

#### Section 4

##### Tax base

- (1) The tax base is found as the sum of
  - a) a partial income tax base under Section 5 and 6 subsection 1 and 2, which are reduced by tax allowances (Section 11), and
  - b) partial income tax base under Section 6 subsection 3 and 4, Section 7 and 8.
- (2) The tax bases determined with respect to the individual types of income referred to in Sections 6 subsection 1 and 2 shall be reduced by any tax losses, using the procedure under Section 30.
- (3) Any income from dependent activity (Section 5 below) earned by the taxpayer up to January 31 after the last day of the tax period, to which the income relates, shall be included in the tax base for such a tax period.
- (4) Any expenses incurred in the acquisition of inventories and other expenses, which are strictly necessary, and which have been incurred in connection with the launching of a business in the calendar year preceding the one, in which a taxpayer earning income referred to in Section 6 below launches the business, shall be included in the tax base starting from the tax period, in which the business is launched. If a taxpayer earning income referred to in Section 6 below pursues the business<sup>8)</sup> of a deceased benefactor, any inventories acquired as inheritance from the deceased benefactor earning income under Section 6 below shall be taken into consideration, as long as such inventories were included in the tax base of the deceased benefactor under Section 17 subsection 8 below.
- (5) Unless it is exempt from tax under Section 9 subsections 1 letter a) through c) below, any income from the sale of real estate and movable assets, which were treated as business assets, and which were used by the taxpayer for its business or for other gainful activity only partially, or which were leased by the taxpayer only partially, shall be included in the tax base only to the extent, in which the property was used by the taxpayer for the purposes described above.
- (6) Any income, the tax on which could be withheld as provided in Section 43 subsections 6 letter a) through d) below is considered as tax advance, shall be included in the tax base only if the taxpayer decided to treat the withholding tax as a tax advance, as provided in Section 43 subsection 7 below.
- (7) If with respect to a certain income this Act provides that upon withholding of tax as provided in Section 43 subsection 6 below the tax liability is regarded as fully settled, such income shall not be included in the tax base.
- (8) Any income under Section 6 subsection 3 and Sections 7 and 8, which is earned by the entirety of spouses, shall be included to the tax base equally between each of the spouses, unless the spouses agree otherwise. Also any expenses incurred to generate, assure, or maintain such income shall be included to the tax base equally between the spouses.
- (9) For taxpayer with income from business (Section 6), the tax base is always determined for the calendar year even if a bankruptcy order has been made against the taxpayer, or if an arrangement with creditors or restructuring is authorized; for this purpose, the taxpayer shall prepare its financial statements as of the last day of the calendar year; this is without prejudice to the obligation to prepare financial statements pursuant to special legislation<sup>77)</sup>.

#### Section 5

##### Income from dependent activity

- (1) The following shall be regarded as income from dependent activity:
  - a) income derived from an existing or a former employment, service, public office, or memberships, or a similar relationship, in which the taxpayer performing his/her work for the payer of the income must follow the orders or instructions of such a payer. This category shall also include any income for the work of pupils and students during their practical training,
  - b) remuneration for the work performed by liquidators, holders of procuration, administrative receivers, members of co-operatives, members and executive directors of limited liability companies and limited partners of limited partnerships, even though they are not bound to follow another person's instructions when performing their work for the co-operative, company or partnership,
  - c) wages, salaries, and emoluments earned by constitutional officers of the Slovak Republic, public ombudsman, members of the European Parliament elected in the territory of the Slovak Republic, public prosecutors of the Slovak Republic, and directors of the other central public administration authorities of the Slovak Republic referred to in special legislation,<sup>9)</sup>

- d) remuneration for discharging offices in public authorities, local government authorities, and bodies of other legal entities or communities<sup>10)</sup> (other than income referred to in letters a) or b) above) and compensation for discharging of offices (other than income referred to in letters a), b), and g)),
- e) remuneration paid to accused persons, who are arrested<sup>11)</sup> and remuneration paid to convicts condemned to jail, which is paid pursuant to special legislation,<sup>12)</sup>
- f) income from the social fund paid pursuant to special legislation,<sup>13)</sup>
- g) income earned in connection with past, present, or future performance of a dependent activity, or discharging of an office, regardless of whether the dependent activity has been, is, and will be actually performed by the taxpayer,
- h) service fees.<sup>14)</sup>
- i) insurance premiums refunded from premiums previously paid for public health insurance,<sup>20)</sup> social insurance<sup>21)</sup> and social security,<sup>22)</sup> which the taxpayer deducted under subsection 8 from income from dependent activity in the previous tax periods,
- j) remuneration for the performance of the function of president, members and registrar of the Electoral Commission, the president, members and registrar of the Commission for the Referendum and census commissioner,
- k) benefit in kind provided by a former employer, which is a taxpayer, to the beneficiary of early retirement, pension, retirement pension beneficiary after retirement age under special legislation<sup>21)</sup> or a person whose right to this performance has passed.

(2) The income referred to in subsection 1 above shall include, regardless of the title thereof, any regular, irregular, and non-recurring payments, which are paid, credited, or otherwise granted to the taxpayer earning such income (hereinafter referred to as the “employee”) by the payer of such income (hereinafter referred to as the “employer”), or which are paid, credited, or granted in connection with the performance of a dependent activity. Such income shall also include any income received by legal successors of the employee.

(3) Income of an employee includes:

- a) eight consecutive calendar years from putting the vehicle into use<sup>1)</sup>, including the amount of 1 % in
  1. The first year from the entry price (Section 25) of a motor vehicle of an employer, granted to be used for business and private purposes for each started calendar month. In case of a leased vehicle, the calculation shall be based on the acquisition cost of the vehicle paid by the original owner, even if the leased vehicle is subsequently purchased by the lessee. If the acquisition cost of the vehicle is exclusive of the value-added tax,<sup>6)</sup> the acquisition cost shall be increased by the value added tax for the purposes of the provision above,
  2. The next seven calendar years from the entry price of a motor vehicle according to the first indent annually reduced by 12.5 % on the first day of the calendar year for each started calendar month of its provision to be used for business and private purposes, with the purpose of calculating an income in kind with the entry price of a motor vehicle, the employer pursuant to the first indent will also increase the amount of the technical evaluation of the motor vehicle made in these years,
- b) the difference between a higher market price<sup>1)</sup> of an employee share and the price of that share guaranteed by an employee option on the date of the actual exercise of employee option, less the amount paid by the employee for the purchase of such employee option; for the purposes of this Act, employee option means an option which the employee acquires from the employer or a business company that is economically linked to employer’s business company and which cannot be alienated; for the purposes of this Act, employee share means a share which the employee acquires from the employer or from a company that is economically linked to employer’s business company,
- c) prize or winning received by an employee who participated in a contest organized by its employer; this also includes the prize or winning received by the spouse of that employee or children of that employee who are, for the purposes of this Act, deemed as dependent children by such employee (Section 33), if they took part in such a contest; for such winners, this prize or winning is assessed separately (Section 9 subsection 2 letter m).

(4) Also those taxpayers shall be regarded as employers, who have unlimited tax liability, and for whom an employee

performs work as per their instructions and orders, even though the remuneration for such work is being paid, under an agreement between the parties, through another party having its registered office or his/her residence abroad. For the purposes of this Act, any remuneration so paid shall be treated as income paid by the tax payer with unlimited tax liability. If the payments made by the employer to a party having its registered office or his/her residence abroad do not show clearly the actual income earned by the employees, all such payments shall be treated as income of employees.

- (5) In addition to the income, which is not liable to the tax pursuant to Section 3 subsection 2 above, neither the following income shall be liable to tax:
- a) travel allowances paid in connection with the performance of dependent activity, up to a limit, to which the employee is entitled pursuant to special legislation,<sup>15)</sup> except for pocket money provided for foreign business,
  - b) income in kind in the value of means of protection at work made available pursuant to special legislation, items supplied to workers for personal hygiene and work clothing (such as working clothes, uniforms) and their upkeep, or any payments made by the employer to its employees as a refund of any documented expenses incurred thereby for the purposes above; the same applies to benefits provided to a student of a technical secondary school or a student of a vocational school with which the employer has entered into a contract under special legislation,<sup>15a)</sup>
  - c) advances received by employees from their employer for expenditure on the employer's behalf or reimbursement of documented expenses paid by employees on their employer's behalf, which shall be regarded as direct expenses of the employer,
  - d) the refund of certain expenses incurred by employees up to the limits defined in special legislation,<sup>16)</sup>
  - e) the value of recondition stays, rehabilitation stays, rehabilitation procedures, and preventive health-care programs, in cases and at the terms defined in special legislation,<sup>17)</sup>
  - f) compensation for the use of tools, equipment, and items owned by the taxable entity necessary for the performance of work pursuant to special legislation,<sup>18)</sup> as long as the compensation has been determined with reference to actual expenses,
  - g) payments in lieu and other payments made in connection with the discharge of an office, the entitlement to which arises under special legislation,<sup>9)</sup> other than compensation for the loss of taxable income and compensation for the loss of time.
- (6) Any compensation referred to in subsection 5 letter b) and f) above, which has been standardized by the employer and paid as a lump-sum compensation, shall not be liable to the tax, on condition that the calculation of the lump-sum compensation has been made with reference to standard circumstances relevant to the payment of such compensation, and the determination of the amount thereof has been based on actual expenses. If the circumstances relevant to the determination of the lump-sum compensation change, the employer shall review and adjust the amounts previously determined.
- (7) In addition to income exempt from tax pursuant to Section 9 below, also the following income shall be exempt from tax:
- a) money paid by the employer for further training of employees in connection with the activities or the business of the employer. The exemption shall not apply to money paid to employees as a compensation for the loss of taxable income,
  - b) the value of food made available by the employer to its employees for consumption at the workplace or as part of canteen services provided by third parties and meal allowance provided on terms set out by special legislation<sup>17a)</sup> if employee cannot, based on specialised physician's confirmation, use any of canteen services arranged by the employer for health reasons,
  - c) the value of non-alcoholic beverages provided by the employer to its employees for their consumption at the workplace,
  - d) usage of recreational, health care or educational facilities, pre-school facilities, and fitness and sports facilities provided by the employer to its employees; the same applies to benefits provided to the spouses of the employees and to their children, who are considered as parties maintained (Section 33 below) by employees or by their spouses for the purposes of this Act,
  - e) public health care insurance premiums,<sup>20)</sup> social insurance premiums,<sup>21)</sup> social security insurance premiums,<sup>22)</sup> and old-age pension contributions paid pursuant to special legislation or insurance premium and allowance for insurance coverage of the same kind abroad (hereinafter referred to as the "insurance premiums and contributions"), which the employer is obliged to pay with respect to its employees,
  - f) compensation and extra compensation in case of temporary disability to work paid by the employer to its employees pursuant to special legislation,<sup>23)</sup>

- g) income from dependent activities performed in the territory of the Slovak Republic, which is earned by a taxpayer with limited tax liability and paid by an employer having its registered office or residence abroad, provided that the time period related to the performance of the work does not exceed 183 days during any 12 consecutive months, other than income referred to in Section 16 subsection 1 letter d) below, and other than income from activities performed in a permanent establishment (Section 16 subsection 2 below),
- h) compensation for the loss of income upon termination of disability to work caused by an accident at work or by an occupational disease, provided that such compensation was determined as a fixed amount by a final and non-appeal able decree issued by a court prior to January 1, 1993,
- i) share of profit paid out by a business company or a co-operative to employees without ownership interest in the registered capital of that company or co-operative,
- j) compensation for the loss of income paid to the employee under special legislation<sup>23aa)</sup>, if its calculation is based on the net average monthly income of that employee under special legislation.<sup>23ab)</sup>

(8) The tax base (partial tax base) shall be equal to the taxable income from dependent activity less any insurance premiums and contributions, which are payable by the employee, or any contributions payable under a foreign insurance coverage of the employee that is liable to a mandatory insurance coverage of the same kind abroad.

## Section 6

Income from business, other gainful activity, lease and the use of work and an artistic performance

(1) Income from business shall include:

- a) income from agricultural production, forestry and water resources management,<sup>24)</sup>
- b) income from trade,<sup>25)</sup>
- c) income from business carried out under special legislation<sup>26)</sup> other than the income under letters a) and b) above,
- d) income earned by partners of general commercial partnerships and general partners of limited partnerships under subsections 7 and 8 below.

(2) Income from other independent gainful activity, unless it is included in the income under Section 5 above, shall be income:

- a) from the creation of work and artistic performance<sup>27)</sup>, including the proceeds from the issue, propagation and dissemination of literary works and other works at their own expense and revenue for authors from contributions to newspapers, magazines, radio and television [Section 43 subsection 3 letter h)], in which the taxpayer used the procedure described in Section 43 subsection 14 and from the use of, or granting of industrial rights or other intellectual property,
- b) from activities<sup>28)</sup> which are neither a trade, nor a business,
- c) earned by appraisers and interpreters for their work pursuant to special legislation.<sup>29)</sup>
- d) from mediation services under special legislation, which are not considered as a trade.<sup>29a)</sup>

(3) Income from lease (other than income described in subsection 1 above and in Section 5 above) shall be income from lease of real estate including also any income from leasing of movable assets, which are leased as accessories of real estate.

(4) Income from the use of a work and the use of an artistic performance shall be income paid under a special legislation,<sup>29b)</sup> if outside the income referred to in subsection 2 letter a).

(5) Income from business and other gainful activity shall also include:

- a) income from any disposal of business property by the taxpayer,
- b) interest accruing on deposits in current accounts, which are used in connection with the generation of income from business and another independent gainful activity,
- c) income from the sale of an enterprise or its part (Section 17a) under an enterprise transfer agreement,<sup>30)</sup>
- d) any debt or its part, which has been waived by the creditor, as long as such a debt relates to or is a result of disposal of the business property by the debtor.

(6) To find the tax base (partial tax base) from income under subsections 1 and 2 and the tax base (partial tax base) from income under subsection 3 and 4 the provisions of Sections 17 through 29 are used. A taxpayer with income under subsections 1 and 2, which recognizes a tax loss, shall adjust the tax base (partial tax base) according to Section 4 subsection 2 and Section 30. If proven tax expenditures associated with income under subsections 3 and 4 are higher than these revenues, the difference shall be disregarded. Any income set forth in subsection 1 letter d) above may be reduced, for the purpose of determination of the tax base, only as provided in subsection 9 below. Any debt receivable or its part, which has been waived by the creditor (subsection 5 letter d) above) shall be included in the tax base of the debtor in the tax period, in which the debt has been waived.

(7) The tax base (partial tax base) of a partner holding interest in a general commercial partnership will be equal to the partner's share of the tax base of the general commercial partnership determined under Sections 17 through 29 below. Such a share will be determined applying the same ratio, which applies to the distribution of profits according to the memorandum of association. If the memorandum of association fails to regulate the distribution of profits, the tax base will be distributed equally among the partners.<sup>31)</sup> If the general commercial partnership closes with a tax loss calculated under Sections 17 through 29 below, the loss will be distributed among the partners in the same manner as the tax base. The tax base will include also the share of the partner on the liquidation balance upon liquidation of the general commercial partnership and his/her settlement share upon termination of the participation of the partner in the general commercial partnership.

(8) The tax base (partial tax base) of a general partner holding interest in a limited partnership will be equal to the general partner's share of the tax base of the limited partnership determined pursuant to Sections 17 through 29 below. Such a share will be determined applying the same ratio, which applies to the distribution of profits according to the memorandum of association. If the memorandum of association fails to regulate the distribution of profits, the tax base will be distributed equally among the general partners.<sup>32)</sup> If the limited partnership closes with a tax loss calculated pursuant to Sections 17 through 29 below, the loss will be distributed among the limited partners in the same manner as the tax base. The tax base will include also the share of the limited partner on the liquidation balance upon liquidation of the limited partnership and his/her settlement share upon termination of the participation of the general partner in the limited partnership.

(9) For the purposes of determination of the tax base, the income under subsection 1 letter d) above shall be reduced by any insurance premiums and contributions, which are payable by partners of general commercial partnerships and by general partners of limited partnerships, unless such insurance premiums and contributions are treated as expenses of the general commercial partnership or the limited partnership and by expenditures under Section 19 subsection 2 letter e) and p) under the conditions laid down in those provisions. Such insurance premiums and contributions paid by general commercial partnerships on behalf of their partners or by limited partnerships on behalf of their general partners will be exempt from the tax payable by partners and general partners.

(10) If a taxpayer, which is not a VAT taxpayer, or a taxpayer, which is a VAT taxpayer only during a part of the tax period, fails to deduct documented tax expenses, it shall be free to deduct lump-sum expenses equal to 40 % of the aggregate income under subsections 1 and 2 up to a maximum of EUR 5,040 per year. If the taxpayer with income under subsection 4, which is not a VAT taxable person or a taxpayer, which is a VAT taxable person only during a part of the tax period and fails to deduct documented tax expenses, it shall be free to deduct lump-sum expenses equal to 40 % of such income to a maximum of EUR 5,040 per year. If the taxpayer obtains a permit or business license or will engage in other self-employed activities or receive income from the use of a work or the use of an artistic performance during the tax period, they can apply those expenses not exceeding the amount of EUR 420 per month, starting with the month, when the stated facts occurred. The same process applies to a taxpayer which ended business or other self-employment activity (Section 17 subsection 9) or ceased to receive income from the use of a work or the use of an artistic performance which shall apply those expenses not exceeding the amount of EUR 420 a month, even in the month, in which it ended with conducting business or self-employment activity (Section 17 subsection 9) or ceased to receive income from the use of a work or the use of an artistic performance. If a taxpayer deducts expenses under this subsection, the amount of expenditures shall include all tax expenditures of the taxpayer except for paid premiums and contributions that the taxpayer must pay for the achievement of revenue in accordance with subsections 1 and 2, if the premiums and contributions were not included in the tax base in previous tax years, these premiums and contributions may be claimed by the taxpayer in the proven amount of expenditures. During the implementation of expenditures in this way, the taxpayer shall keep a record in the range of records under Section 6 subsection 11 letters a) and d).

(11) If the taxpayer deducts for income referred to in subsections 1 to 4 documented incurred tax expenses, it may lead throughout the tax period, tax records on

- a) revenue in the time period broken down as required for determining the tax base (partial tax base) including the received documents that meet the requirements of accounting documents,<sup>33)</sup>
- b) tax expenses in the time period broken down as required for determining the tax base (partial tax base), including issued documents that meet the requirements accounting documents,<sup>33)</sup>
- c) tangible and intangible assets included in the commercial assets [Section 2 letter m)],
- d) inventories and receivables
- e) liabilities.

(12) The records referred to in subsection 11 above shall be preserved by the taxpayer up to the date, when the right to assess the tax or to proceed to a subsequent tax assessment shall become under a special legislation time-barred.<sup>34)</sup>

(13) If a taxpayer earning income under subsections 3 and 4 above decides to keep the accounts using the single-entry or the double-entry system, even though such a duty is not prescribed by special legislation<sup>1)</sup>, the taxpayer shall use such the single-entry or the double-entry system for the entire tax period.



(14) If a taxpayer in filing a tax return for the relevant tax period deducts documented tax expenses, it cannot change them after the deadline for filing the tax return for that tax period to expenses deducted in the method according to subsection 10. If a taxpayer in filing a tax return for the relevant period deducted expenses as specified in subsection 10, it cannot change them after the deadline for filing a tax return for the tax period into documented tax expenses.

(15) Movable assets and real estate, which are owned jointly by spouses (in form of lease by the entirety), and which are used to generate, assure, and maintain the income under subsections 1 through 4 above by both the spouses, shall be treated as business assets of one of the spouses. The expenses incurred in connection with the use of such movable assets and real estate shall be divided between both the spouses pro rata to the extent of the use thereof for the activity of each spouse. The income from their sale will be divided in the same proportion.

## Section 7

### Income derived from capital

(1) Unless such income falls under Section 6 subsection 1 letter d) above, the income derived from capital shall include:

- a) interest and other income derived from securities,
- b) interest, winnings, and other income from passbook deposits, including interest accrued on term deposit accounts, construction saving accounts, and current accounts, other than interest referred to in Section 6 subsection 5 letter b) above,
- c) interest and other income derived from credits and loans and interest accruing on contributions wholly paid-up by partners of general commercial partnerships at the agreed upon rate,
- d) payments made under supplementary pension insurance schemes according to special legislation;<sup>35)</sup> the same applies to severance payments made under special legislation,<sup>35)</sup>
- e) indemnities paid under insurance policies for the attainment of a certain age; the same treatment shall apply to non-recurring settlement and severance payments paid in case of anticipated termination of the insurance coverage,
- f) income derived from bills of exchange, other than proceeds from the sale thereof,
- g) income from unit certificates received upon their redemption (return),
- h) revenue (income) on government bonds and treasury bills.

(2) The income derived from capital shall also include any income accruing on the maturity date of a security as a difference between the nominal value of the security and its issue price. If securities are redeemed before their maturity, the redemption price shall be substituted for the nominal value.

(3) The tax on income under subsections 1 letters a), b), d), e) and g) above, which originates from sources in the territory of the Slovak Republic, shall be withheld upon Section 43 below. As regard debenture bonds and treasury bills sold under their nominal value, the difference between the nominal value and the lower acquisition cost will be included in the tax base of their holders at the time of maturity of such securities. If the income under subsections 1 letter a), b), d), e) and g) above and in subsection 2 above originates from sources abroad, it shall be included in the tax base (partial tax base).

(4) The tax base (partial tax base) shall include the income under subsection 1 letters a) through c), f) and h) unreduced by expenses, other than those referred to in subsection 7.

(5) The amount by which the total income under subsection 1 letter g) exceeds the total deposits of the participant shall be included in the tax base (partial tax base). The selling price paid (returned) of the share certificate when it is issued shall be considered as the deposit of the participant. If the participant's total deposits exceed the amount of income under subsection 1 letter g), the difference shall be disregarded.

(6) If a taxpayer decides to deduct the withholding tax under Section 43 subsection 10 as a tax advance under Section 43 subsection 7, the tax base (partial tax base) shall be determined in accordance with subsection 5.

(7) For income referred to in subsections 1 to 3, which are part of the tax base (partial tax base) expenses paid for compulsory insurance<sup>20)</sup> are also considered as expenses of this revenue.

(8) Revenues referred to in subsection 1 letter d) and e) from foreign sources reduced by the paid deposits or insurance shall be included in the tax base (partial tax base), while in the case of a pension, the deposits or insurance paid shall be distributed over the period of receipt of the pension, if there is a period agreed to draw the pension, it is determined as the difference between the life expectancy, according to data announced by the Statistical Office of the Slovak Republic and the age of the taxpayer at the time the pension starts for the first time to be received.

## Section 8

### Sundry income

(1) Unless such income falls under Sections 5 through 7 above, sundry income shall include, but not be limited to:

- a) income derived from occasional activities, including income from occasional agricultural production, forestry and water management, and income from occasional leasing of movable property,

- b) income from the transfer of ownership title to real estate,
- c) income from the sale of movable assets,
- d) income from the transfer of options,
- e) income from the transfer of securities,
- f) income from the transfer of interests in a limited liability company, a limited partnership, or from the transfer of membership's rights in a co-operative,
- g) income derived from inherited industrial and other intellectual property rights, including copyright and rights similar to copyright,<sup>36)</sup>
- h) pensions<sup>37)</sup> and similar recurring benefits,
- i) winnings in lotteries and other similar games, and prizes won in advertising competitions and draws,
- j) prizes won in public competitions, prizes won in competitions, in which the number of competitors is restricted by the terms of the competition, or the competitors in which are selected by the competition manager, and prizes won in sporting competitions, unless the taxpayer is engaged in sports as his/her other independent gainful activity [Section 6 subsection 2 letter b)],
- k) income from derivative transactions,
- l) income in cash and income in kind that was granted to a health care provider,<sup>37aa)</sup> its employee or health care professional from a drug registration holder, holder of permission for the wholesale distribution of medicinal products, the holder of permission for the production of medicinal drugs,<sup>37ab)</sup> medical device manufacturer, manufacturer of dietary food products<sup>37ac)</sup> or through a third party.
- m) compensation payments under a special legislation.<sup>37ad)</sup>

(2) The tax base (partial tax base) shall be equal to the taxable income less any expenses, which may be documented as having been incurred in order to generate the income. If the expenses related to the individual types of income specified in subsection 1 above are higher than the income, the difference shall not be taken into account. The taxpayer, which makes a contribution in kind to the registered capital of a company or a co-operative (hereinafter referred as to the "contributor of the contribution in kind"), shall include in the tax base (partial tax base) the difference between the higher value of the contribution in kind counted towards a contribution paid by a partner<sup>37a)</sup> and the value of the contributed assets in that tax period, in which contribution in kind was paid up or gradually until its full inclusion, however for not more than seven consecutive tax periods, at least in the amount of one seventh yearly, starting from the tax period in which the contribution in kind was paid up; if, during that period, the contributor that made a contribution in kind sells or otherwise disposes of securities and an ownership interest so that their value falls below the value of contribution in kind counted towards a contribution paid by a partner<sup>37a)</sup> or the beneficiary that received contribution in kind (hereinafter referred as to the "beneficiary of the contribution in kind") sells or otherwise disposes of more than 50 % of the fair value under special legislation<sup>1)</sup> (hereinafter referred as to the "fair value") of tangible or intangible assets acquired using the received contribution in kind, the contributor of the contribution in kind shall include the entire remaining portion of the booked difference in the tax base in that tax period in which any of the aforementioned events occurs, and upon the occurrence of such events the contributor of the contribution in kind shall apply the procedure under Section 17b subsection 2 and the beneficiary of the contribution in kind shall apply the procedure under Section 17b subsection 7. The value of the contributed assets is, in the case of

- a) assets, with the exception of assets, in respect of which the revenue from the same is exempt from tax under Section 9 subsection 1 letter a) through (d) and i),
  1. the value of assets determined as per Section 25 subsection 1;
  2. net book value as per Section 25 subsection 3, if the contribution constitutes assets treated as business assets under Section 2 letter m),
  3. aggregate acquisition cost of securities and ownership interest,
- b) individually contributed debt receivable, the nominal value of the debt receivable or the acquisition cost of the debt receivable,
- c) inventories, the acquisition cost or the value of inventories, for which the tax base under Section 17 subsection 8 letter a) and c) had to be adjusted by the contributor of the contribution in kind, if inventories are treated as business assets under Section 2 letter m).

(3) The tax base (partial tax base) shall include the taxable income in full, without reducing the same by any expenses, besides the expenses referred to in subsection 12, with respect to:

- a) income under subsection 1 letter i) and j), which originates from sources abroad,
- b) pensions,<sup>37)</sup>

c) income under subsection 1 letter l).

(4) The tax base (partial tax base) shall include the proceeds from the sale of real estate under subsection 1 letter b) above in the tax period, in which such proceeds are received, regardless of the time, when the ownership title to the real estate is acquired by the buyer. The income under subsection 1 letter b) through f) above, which is paid by instalments under a purchase or other agreement by which the ownership title to the real estate is transferred, and also any advances agreed in such agreements, and advances received under a preliminary sale or transfer agreement, shall be included in the tax base (partial tax base) in the tax period, in which the same are received.

(5) As regards the types of income referred to in subsection 1 letter b) through e) above, the following shall be treated as expenses:

- a) the documented acquisition cost paid for the asset, security, or option,
- b) the price of the asset, security or option determined at the time of acquisition, except for the expenses under letter a) above; as regards real estate obtained through inheritance or donation, the price referred to in Section 25 shall apply,
- c) net book value referred to in Section 25 subsection 3 below, if the assets are treated as business assets taxpayer,
- d) documented expenses incurred in technical upgrade, repair and maintenance of the asset, including sundry expenses incurred in connection with the resale of the asset, other than expenses for personal purposes,
- e) expenses associated with the acquisition and sale of securities and options; as regards the sale of employee share, including the amount of income in kind referred to in Section 5 subsection 3 letter b) taxed under Section 35,
- f) documented expenses incurred in the acquisition of the assets or in its manufacture in-house.

(6) The value of the taxpayer as own work in respect of an asset, which he/she has made himself or improved by his/her own work, shall not be treated as an expenses referred to in subsection 5 above.

(7) As regards the income under subsection 1 letter f) above, the value of the contribution or the acquisition cost of the ownership interest shall be treated as an expense.

(8) Any expenses, which are higher than the income under subsection 1 letter b) through f) above in the tax period, in which the first instalments or prepayments were received with respect to the sale of movable assets, securities, real estate or with respect to the transfer of options, ownership interest held by members in limited liability companies, or by limited partners in limited partnership or by members in co-operatives, may be deducted in the same tax period, up to the amount of the income. If the income above is earned also in the next tax period, the procedure to follow is similar, up to the aggregate amount, which may be deducted pursuant to the above.

(9) If a taxpayer earns income from occasional agricultural production, forestry, and water management [subsection 1 letter a)], and if he/she fails to deduct the expenses, which are documented as having been incurred to generate the income, it may claim a deduction equal to 25 % of such income to a limit of EUR 5,040 per year.

(10) The tax on the income under subsection 1 letter i) and j) above (other than winnings and prizes in kind), which originates from the sources in the territory of the Slovak Republic, shall be withheld as provided in Section 43 below. If a winning or a prize in kind is granted, the operator or the manager of the contest, game, or draw, shall inform the winner of the value of the winning or the prize, which represents the acquisition cost or own expense of the operator or the manager of the contest, game or draw, or the provider of the winning or prize. If a prize won in a public competition includes remuneration for the use of a certain object or performance, the prize shall be reduced by the remuneration, and such amount shall be treated as an income under Section 6 above.

(11) As regards income under subsection 1 letter k), expenses include fees and other similar payments related to the performance of derivative transactions and expense related to the settlement of such derivate transactions.

(12) As regards income under subsections 1 and 2, which are part of the tax base (partial tax base), expenses include compulsory insurance paid<sup>20)</sup> from this revenue.

## Section 9

### Income exempt from tax

(1) The following income shall be exempt from tax:

- a) income from the sale of real estate to which exemption under letter b) does not apply, after the fifth anniversary of acquisition of such real estate or its exclusion from business assets, where treated as business assets of the taxpayer. The exemption above shall not apply to any income earned under an agreement on future sale of real estate entered into within five years after the date of its acquisition or its exclusion from the business assets, even if the final sale agreement is entered into after five years shall have elapsed from the acquisition date or from the date of exclusion from the business assets,
- b) income from the sale of real estate acquired through inheritance (gradual inheritance) from a direct relative or by any of the spouses, provided that at least five years elapse from the date of documented acquisition of the title the real estate or co-ownership interest in the real estate by the deceased benefactor(s), or from the exclusion of

the property from business assets, if treated as business assets of the taxpayer. This exemption shall not apply to any income earned under an agreement on future sale of real estate entered into within five years after the date of its acquisition or its exclusion from the business assets, even if the final sale agreement is entered into after five years shall have elapsed from the acquisition date or from the date of exclusion from the business assets,

c) income earned from the sale of movable assets, other than those, which have been treated as business assets within five years after their exclusion from the business assets. For the purposes of this Act, securities shall not be regarded as movable assets,

d) income from the sale of real estate and movable assets released to beneficiaries under special legislation,<sup>3)</sup> which was received by such beneficiaries,

e) income from the sale of property included in the bankruptcy estate<sup>38)</sup> and income from the write-off of debts under a bankruptcy scheme or restructuring carried out under special legislation,<sup>38)</sup>, including the write-off of debts towards creditors that failed to exercise their claims against the taxpayer in bankruptcy proceedings; similar procedure is applied as regards the write-off of debts with a taxpayer that is wound up as a result of a dismissed petition in bankruptcy due to insufficient assets, and with a taxpayer upon termination of bankruptcy proceedings on account of insufficient assets of the bankrupt to cover the expenses and the remuneration of the bankruptcy receiver,

f) income received as fulfilment of the maintenance duty (alimonies) under special legislation, and similar payments provided from abroad,<sup>39)</sup>

g) pursuant to Section 6 subsection 3 and Section 8 subsection 1 letter a), if the aggregate amount of such income does not exceed EUR 500 in the tax period; if the income so specified exceeds EUR 500, the tax base shall only include the income in excess of the amount established in this manner; expenses to the income included in the tax base shall be determined using the same ratio as is that of the income included in the tax base to the total income,

h) income from the transfer of those rights and duties of member in a housing co-operative, which relate to the right of usage of a co-operative apartment, provided that the taxpayer has been using such apartment for accommodation purposes for at least five years after the date of execution of a lease agreement with the housing co-operative, other than income earned by the taxpayer under an agreement on future transfer of rights and duties of member of a housing co-operative in connection with the right of usage of a co-operative apartment, which is entered into within five years after the date of execution of a lease agreement with the housing co-operative,

i) under Section 8 subsection 1 letter d) through f), if the aggregate amount of such income less any expense under Section 8 subsection 5 and 7 does not exceed EUR 500 in the tax period; if the difference between the aggregate income and aggregate expense exceeds EUR 500, the tax base shall only include the difference above the amount established in this manner; if the taxpayer also earned income pursuant to Section 6 subsection 3 and Section 8 subsection 1 letter a) at the same time, the exemption from tax under letter g) and under this letter shall be applied, however, only up to the aggregate amount of EUR 500,

j) income earned through acquisition of the ownership title to an apartment as indemnity for a vacated apartment, or indemnity for vacated apartment which its user received from the beneficiary to whom the real estate was handed over under special legislation<sup>3)</sup>, or from the heir of the beneficiary to whom the real estate in which this apartment is situated was handed over.

(2) In addition to the above, also the following income shall be exempt from the tax:

a) allowances, benefits and services under the public health-care insurance,<sup>20)</sup> individual health care insurance,<sup>20)</sup> social insurance,<sup>21)</sup> sickness insurance and casualty insurance,<sup>40)</sup> benefits from old-age pension savings schemes<sup>40a)</sup> including coverage under such scheme pursuant to special legislation<sup>40b)</sup> excluding amounts paid under a special legislation<sup>40c)</sup> and coverage and any indemnities received under a mandatory foreign insurance coverage of the same kind,

b) allowances and benefits to ensure fundamental living conditions and to address poverty,<sup>41)</sup> social services,<sup>42)</sup> compensation of social impacts of serious disability,<sup>42)</sup> public aid and public social allowances payable under special legislation,<sup>43)</sup> and other social benefits,<sup>44)</sup>

c) extra benefits in addition to indemnities for the loss of income, extra benefits in addition to sickness benefits, extra benefits payable upon nursing of a family member, extra benefits in addition to motherhood benefits, and extra benefits in addition to pension, including extra benefit for the discharge of office of a judge, a Constitutional Court judge or a prosecutor, which are payable under special legislation,<sup>45)</sup>

d) payments made as part of a proactive employment policy,<sup>46)</sup> with the exception of payments received in connection with the performance of activities generating income under Section 6 above,

- e) one-off allowance for the performance of special service provided under special legislation,<sup>47)</sup>
- f) retirement benefits paid and social services provided to members of armed forces, armed security corps, armed corps, National Security Office, Fire and Rescue Corps, Mountain rescue Corps and Slovak Intelligence Services pursuant to special legislation,<sup>49)</sup> other than retirement contributions, severance payments and recreational care benefits;
- g) gifts in kind or in cash made to members of the Fire and Rescue Corps, employees and members of fire brigades and individuals rescuing life and property,<sup>50)</sup>
- h) payments of indemnities under a personal insurance scheme, other than benefits payable to insured parties under policies for the attainment of a certain age or under supplementary pension savings schemes under special legislation,<sup>35)</sup>
- i) indemnities received, compensation for damage, payments provided to remedy or mitigate the consequences of an emergency situation,<sup>50a)</sup> settlements from property insurance and the settlement of liability insurance except for payments received as:
  1. compensation for loss of taxable income, except if the loss is secured by benefits and allowances under letter a) and c) above, or if it is not a settlement provided by insurance of the taxpayer as a result of an accident, if it has a more than 40 % decline in ability to perform the work previously performed, up to a maximum amount according to Section 11 subsection 2 letter a) while if such a transaction exceeds the specified amount under Section 11 subsection 2 letter a), the tax base shall include only transactions above the prescribed amount as stated,
  2. compensation for damage caused to property, which was treated as business assets at the time of occurrence of the damage,
  3. compensation for damage caused in connection with the business or other independent gainful activity of the taxpayer (Section 6 subsections 1 and 2 above) and for damage caused by a fault of the taxpayer in connection with lease (Section 6 subsection 3 above),
  4. compensation for damage caused to property, which was leased by the taxpayer, as long as such property has been used for business or other independent gainful activity;
- j) scholarships<sup>51)</sup> granted out of the State budget or by universities, and similar payments from abroad, scholarships provided to students under special legislation,<sup>51a)</sup> subsidies and grants paid by foundations and associations of citizens,<sup>52)</sup> not-for-profit organizations and non-investment funds,<sup>53)</sup> including those provided in kind, subsidies and contributions<sup>54)</sup> paid out of the State budget, budgets of municipalities, regions and State funds, including those provided in kind, other than payments received as compensation for loss of income or payments received in connection with activities generating income under Sections 5 and 6 above,
- k) interest accruing on any tax overpayments caused by a fault of the tax administration,<sup>55)</sup>
- l) winnings in lotteries and other similar games operated under a license issued under special legislation,<sup>56)</sup> and similar winnings from abroad,
- m) prizes and winnings received, which are not included in letter l) and the value of which is less than or equal to EUR 350 per prize or winning, whereas if such a specified income exceeds the amount EUR 350, the tax base shall include only revenues in excess of the prescribed amount. The term prize or winning– shall mean:
  1. prize won in public competitions, in which the number of competitors is restricted by the terms of the competition, or the competitors in which are selected by the competition manager, with the exception of a compensation for the use of work or service, if included in the prize,
  2. winnings from advertisement contests or from drawings,
  3. prizes won in sporting competitions, unless the taxpayer is engaged in sports as his/her other independent gainful activity (Section 6),
- n) tax bonus with respect to a dependent child sharing a common household with the taxpayer<sup>57)</sup> (hereinafter referred to as the “tax bonus”), which is payable to the taxpayer under Section 33 below,
- o) compensations in cash received from the Deposits Protection Fund<sup>58)</sup> and from the Investments Guarantee Fund,<sup>59)</sup>
- p) income from the sale of a unit certificate up to the up-to-date price of the unit certificate applicable on the date of its sale, with the exception of the unit certificate sale to a person with registered office or residence abroad.
- r) received compensation for the expropriation of land and structures in the public interest that was paid under special legislation,<sup>59b)</sup>
- s) funds originating from grants provided under international treaties which are binding for the Slovak Republic,

t) amount granted and paid to an employee under Section 32a (hereinafter referred to as the "employment premium"),

u) material support for students at technical secondary schools and students at vocational schools provided under special legislation,<sup>59c)</sup>

v) income paid in cash or in kind by the Slovak National Property Fund to an individual within a free-of-charge transfer of registered securities under special legislation,<sup>59d)</sup>

w) income of persons acting for the Police Force, paid to such persons from special funds used by the Police Force for the payment of costs related to the performance of operative and investigative activities, to the performance of criminal intelligence operations, deployment of agents and witness protection,<sup>59e)</sup>

x) performance provided by volunteers under a special legislation<sup>59i)</sup>,

z) payments provided to mining pensioners, widows of miners and widows of mining pensioners whose entitlement to this payment arose pursuant to the Decree of the Federal Ministry of Fuel and Energy No. 1/1990 of January 23, 1990 on allotment of coal and wood<sup>59j)</sup> to January 16, 1992.

(3) If there is a sale of real estate referred to in subsection 1 letter a), or b) above following the termination and settlement of the lease of spouses by the entirety,<sup>60)</sup> the term under subsection 1 letter a), or b) above shall include any period, during which the real estate was part of the lease by the entirety of the spouses.

(4) The exemption of income from the sale or transfer of real estate under subsection 1 letter a) and b), or the income from the transfer under subsection 1 letter h), which is earned by the seller or the transferor, shall be treated in the light of the date of receipt of the first payment or advance or the date of execution of the transfer agreement, whichever is earlier, regardless, in which tax period the buyer or the transferee acquire the ownership title to the real estate, or the rights attached to the membership interest.

(5) The date of exclusion of assets from business assets of the taxpayer shall be the day on which the taxpayer posted, for the last time, the assets in the books of accounts or in the records under Section 6 subsection 11.

## Section 10

Calculation of income and expenses of co-owners and members of association, which are not legal entities

(1) Any income earned jointly by two or more taxpayers as a result of their co-ownership of an asset or their joint rights, and any joint expenses incurred to generate, assure and maintain such income, shall be distributed between the taxpayers pro rata to their co-ownership interests, unless the law provides or the parties agree otherwise.<sup>61)</sup>

(2) Any income earned by taxpayers through their joint business or another joint independent gainful activity (Section 6 subsections 1 and 2 above) under a written association agreement<sup>62)</sup> or a written deed of association,<sup>63)</sup> and their tax expenses, shall be distributed equally among the individual taxpayers, unless their association agreement specifies otherwise. The above applies also to the distribution of income and tax expenses where a joint business (Section 6 above) is conducted under a written association agreement<sup>62)</sup> entered into between individuals and legal entities.

## Section 11

### Tax allowances

(1) The tax base (partial tax base) calculated from the income under Section 5 or Section 6 subsection 1 and 2 or the sum of partial tax bases from such income shall be reduced by tax allowances referred to in subsections 2, 3, 8 and 10.

(2) If, in the respective tax period, a taxpayer reaches a tax base which

a) is equal to or lower than 100 times the subsistence minimum<sup>39a)</sup> applicable at January 1 of the relevant tax period (hereinafter referred to as the "applicable subsistence minimum"), the yearly tax allowance for the taxpayer shall be an amount corresponding to 19,2 times the applicable subsistence minimum,

b) is higher than 100 times the applicable subsistence minimum, the yearly tax allowance for the taxpayer shall be the amount corresponding to the difference between 44.2 times the applicable subsistence minimum and one quarter of the tax base; if this amount is less than zero, the yearly tax allowance for the taxpayer shall be zero.

(3) If, in the respective tax period, a taxpayer reaches a tax base which

a) is equal to or lower than 176.8 times the applicable subsistence minimum and his/her spouse sharing a common household with the taxpayer<sup>57)</sup> in that tax period

1. does not have his/her own income, the annual tax allowance per spouse is the amount

- corresponding to 19.2 times the applicable subsistence minimum,
2. has his/her own income which does not exceed the amount corresponding to 19.2 times the applicable subsistence minimum, the yearly tax allowance per spouse shall be the difference between the amount corresponding to 19.2 times the applicable subsistence minimum and own income of the spouse,
  3. has his/her own income which exceeds the amount corresponding to 19.2 times the applicable subsistence minimum, the yearly tax allowance per spouse shall be zero,
- b) is higher than 176.8 times the applicable subsistence minimum and his/her spouse sharing a common household with the taxpayer<sup>57)</sup> in that tax period
1. does not have his/her own income, the annual tax allowance for the spouse is the amount corresponding to the difference between 63.4 times the applicable subsistence minimum and one quarter of the tax base of such taxpayer; if this amount is less than zero, the tax allowance for the spouse shall be zero,
  2. has his/her own income, the annual tax allowance for the spouse is the amount calculated under first indent, less the spouse's own income; if this amount is less than zero, the tax allowance for the spouse shall be zero.
- (4) The following shall be considered under subsection 3 for the purposes of the application of tax allowances:
- a) , spouse, on whom the taxpayer may apply a tax allowance, a spouse living with a taxpayer in a household, who in the relevant tax period provided for (Section 33 subsection 2) a minor child under a special legislation<sup>63a)</sup> living with the taxpayer in the household or who in the relevant tax period received a cash contribution for providing care<sup>63b)</sup> or was included in the register of applicants for employment<sup>63c)</sup> or deemed as a disabled citizen,<sup>63d)</sup> or deemed to be a citizen with a serious health affliction<sup>63e)</sup> while
  - b) the spouse's own income shall be the own income of the spouse, less paid insurance premiums and contributions which the spouse was obliged to pay in the respective tax period. The employment premium under Section 32a, the tax bonus under Section 33, extra pension for disability, State social subsidies<sup>64)</sup> and scholarships assigned to students systematically engaged in studies to be prepared for their future profession shall be excluded from the spouse's own income.<sup>125)</sup>
- (5) As regards those taxpayers, who are entitled to claim tax allowances referred to in subsection 3 above only for one or more calendar months in any tax period, they shall be allowed to reduce the tax base by the tax allowance corresponding to one twelfth of the tax allowance under subsection 3 for every calendar month, at the beginning of which the relevant conditions for claiming such tax allowance were satisfied.
- (6) The tax base of the taxpayer shall not be reduced by the allowance under subsection 2 above, if at the beginning of the tax period the taxpayer is in receipt of an old-age pension or retirement pension funded from a social insurance scheme, old-age pension savings scheme or if he/she is in receipt of a pension from a foreign mandatory insurance scheme of the same kind or a service pension<sup>22)</sup> (hereinafter referred to as the "pension") or if a pension was awarded to the taxpayer retroactively as of the beginning of the tax period or as of the beginning of the preceding tax periods and if the aggregate of the pensions above is in excess of the tax allowance referred to in subsection 2 above. If the aggregate of the pensions above is less than the tax allowance referred to in subsection 2 above, the tax base shall be reduced as provided in subsection 2 above only by the difference between the tax allowance referred to in subsection 2 above and the aggregate of the pensions paid out to the taxpayer.
- (7) The tax base shall be reduced by the tax allowances referred to in subsections 3 and 10 above also with respect to a taxpayer with limited tax liability if its aggregate taxable income originating from sources in the territory of the Slovak Republic (Section 16 above) in the relevant tax period constitutes at least 90 % of the total income of this taxpayer originating from sources in the territory of the Slovak Republic and abroad.
- (8) The tax allowance is, to December 31, 2016, the documented amount paid in voluntary contributions to old-age pension savings scheme, up to a maximum of 2 % of the tax base (partial tax base) calculated from income under Section 5 or according to Section 6 subsection 1 and 2, or from the amount of the partial tax base from this income. The amount under the first sentence shall not exceed the amount of 2 % of 60 – times the average monthly wage in the Slovak Republic established by the Statistical Office of the Slovak Republic for the calendar year two years preceding the calendar year for which the tax base shall be determined.

(9) If a taxpayer was paid an amount under a special legislation<sup>40c</sup>) and this taxpayer in previous tax periods applied a tax allowance under subsection 8, the taxpayer is obligated to increase its tax base within three tax periods from the end of the tax period in which the amount was paid, by the amount paid in voluntary contributions to an old age pension savings scheme by which the tax base was reduced in previous tax periods.

(10) Contributions to supplementary pension savings schemes under a special legislation<sup>35</sup>) are also tax allowances as well as the same or comparable types of supplementary pension savings abroad.

(11) The contributions of a taxpayer to supplementary pension savings schemes under subsection 10 may be deducted from the tax base in the documented amount in which they were paid in the tax period, in total up to EUR 180 per year. When calculating the total contributions to supplementary pension insurance schemes paid by employers and employees who are parties to this saving, while the procedure under Section 4 subsection 3 is used.

(12) For the application of the tax allowance under subsection 10 the following conditions must be simultaneously met:

a) contributions to supplementary pension saving schemes under subsection 10 were paid by the taxpayer under a participant contract entered into after December 31, 2013 or upon a change in the participant contract, which includes the abolition of the benefit plan,

b) the taxpayer has not concluded any other participant contract under a special legislation,<sup>35</sup>) which does not meet the conditions referred to in letter a).

(13) If a taxpayer was paid an early withdrawal<sup>65</sup>) and in the previous tax years applied a tax allowance under subsection 10, it is obligated to increase the tax base within three tax periods from the end of the tax period in which the amount was paid by the amount of the contributions paid to the supplementary pension savings scheme by which the tax base was reduced in previous tax periods.

## **TITLE THREE**

### **CORPORATE INCOME TAX**

#### **Section 12**

##### **Subject of the tax**

(1) With respect to a taxpayer, which is

a) a mutual funds management company and creates shares funds,<sup>66</sup>) the subject of the tax shall be restricted to the income earned by the management company only,

b) a supplementary pension management company and creates supplementary pension funds,<sup>35</sup>) the subject of the tax shall be restricted to the income of the supplementary pension management company,

c) pension management company and creates and manages pension funds,<sup>40a</sup>) the subject of the tax shall be restricted to the income of the pension management company.

(2) With respect to those taxpayers, which have not been established to conduct business,<sup>67</sup>) the subject of the tax shall be restricted to income earned from activities, which do or may generate profit, including any proceeds from the sale of assets, from lease, from advertisement, from membership fees, and the income, the tax on which is withheld as provided in Section 43 below.

(3) The taxpayers referred to in subsection 2 above shall include associations of legal entities, chambers of professionals, civic associations, including trade union organizations, political parties and movements, churches and religious societies recognized by the State, communities of owners of apartments and non-residential premises, municipalities, regions,<sup>68</sup>) State-funded and State-subsidized organizations, State funds,<sup>69</sup>) universities,<sup>70</sup>) Health Care Surveillance Authority, Social Insurance Agency, Council for Budget Responsibility, Deposits Protection Fund, Slovak Office of Insurance Agencies, Slovak Land Fund, Slovak Radio and Television, Investments Guarantee Fund,<sup>59</sup>) non-investment funds, foundations, non-profit organizations providing services of general utility, organizations, the not-for-profit nature of which is inferred from special legislation, pursuant to which they were established. For the purposes of this Act, any partnership or company, which was not established to conduct business, shall not be treated as a taxpayer, which was not established or founded to conduct business under this Act.

(4) General commercial partnerships, the National Bank of Slovakia,<sup>72</sup>) and the Slovak National Property Fund<sup>73</sup>) shall be liable to the tax only with respect to income, the tax on which is withheld as provided in Section 43 below.



- (5) With respect to taxpayers, who are partners in general commercial partnerships, the subject of the tax shall also include any income referred to in Section 14 subsections 4 and 6 below.
- (6) With respect to taxpayers, who are general partners in limited partnerships, the subject of the tax shall also include any income referred to in Section 14 subsections 5 and 7 below.
- (7) The subject of the tax shall not include:
  - a) any income referred to in Section 50 below;
  - b) any income obtained through donation<sup>4)</sup> or inheritance,<sup>5)</sup>
  - c) share of profit, settlement share, share in the liquidation balances or shares of profit after taxation, provided that they are not subject to taxation under Section 3 subsection 2 letter c) and are paid to the legal entities.
  - d) income earned as a result of the acquisition of new shares,<sup>7)</sup> and holding interests<sup>7a)</sup>, as well as income earned through any exchange of shares upon winding-up of the taxpayer without its liquidation, including those cases, in which a merger, consolidation, or split of a partnership or a company involves property owned by a partnership or a company having its registered office in any of the European Union member States.

## Section 13

### Exemptions from tax

- (1) The following income shall be exempt from tax:
  - a) income of taxpayer referred to in Section 12 subsection 3 above, if such income is derived from the activity, for which the taxpayers were established, or which is defined as their core activity by special legislation, except for any income generated by business and any income, the tax on which is withheld as provided in Section 43 below;
  - b) budgetary organizations from the lease and sale of the assets included in the budget of the founder excluding income on which tax is withheld as provided in Section 43 below,
  - c) income of State funds,<sup>69)</sup> income of the Investment Guarantee Fund<sup>59)</sup> and income of the Deposits Protection Fund,<sup>58)</sup> except for any income, the tax on which is withheld as provided in Section 43 below;
  - d) proceeds from the sale of property included in the bankruptcy estate,<sup>38)</sup> or restructuring procedures, that are performed pursuant to special legislation,<sup>38)</sup> including the depreciation of liabilities to the creditors who did not claim their receivables against the taxpayer in the insolvency proceedings; the foregoing also applied to the depreciation of liabilities by the taxpayer that is being dissolved as a result of the petition in bankruptcy dismissed due to the assets being not sufficient for the payment of costs and reward of the bankruptcy trustee;
  - e) income of municipalities and regions from lease and sale of their assets.
- (2) In addition to the above, the following income will also be exempt from tax:
  - a) income from collections in churches, income derived from payments for services provided by churches and contributions made by members of registered churches and religious societies;
  - b) membership fees as determined by the statutes, articles of association, deeds of establishment or founding deeds, received by associations of legal entities pursuing a common interest of its members, chambers of professionals, civic associations, including trade union organizations, political parties and political movements;
  - c) interest accruing on any tax overpayments caused by a fault of the tax administration,<sup>55)</sup>
  - d) fees for the management of apartments owned by housing co-operatives and for the management of apartments by associations of owners by the co-operatives
  - e) interests from the accounts paid to the State Treasury, income from financial operations performed by the Debt and Liquidity Management Agency pursuant to special legislation,<sup>74a)</sup>
  - f) interest and other proceeds from credits and loans, or revenues from assets in a mutual fund,<sup>74b)</sup> income from participation certificates accrued upon their return (redemption), bonds, certificates of deposit, treasury bonds and other securities and deposits of equal ranking earned from the source in the territory of the Slovak Republic by a legal entity that is a taxpayer of a European Union member state and that is also a final beneficiary of this income or by a permanent establishment of this legal entity located in the territory of other European Union member state, if it is the final beneficiary of this income, from the taxpayer under Section 2 letter d) indent two or from permanent establishment of the legal entity being a taxpayer of a European Union member state, however only if by the income payment day, during the period of at least twenty-four consecutive months:
    - 1. the taxpayer that pays such income has a direct holding of at least 25 % in the registered capital of the final beneficiary of such income, or
    - 2. the final beneficiary of such income has a direct holding of at least 25 % in the registered capital

- of the taxpayer who pays such income, or
3. other legal entity with the registered office in a European Union member state has a direct holding of at least 25 % in the registered capital of the taxpayer who pays this income and simultaneously has a direct holding of at least 25 % in the registered capital of the in the final beneficiary of such income;
- g) funds earned from grants provided on the basis of international treaties by which the Slovak Republic is bound,
- h) income pursuant to Section 16 subsection 1 letter e) indent one and two and compensation for the use or the provision of the right to use an industrial, commercial or scientific facility earned from a source in the territory of the Slovak Republic by a legal entity that is a taxpayer of a European Union member state that is also the final beneficiary of this income or by the permanent establishment of this legal entity located in the territory of other European Union member state, provided that it is the final beneficiary of this income, from the taxpayer pursuant to Section 2 letter d) indent two or from permanent establishment of the legal entity that is a taxpayer of a European Union member state, however only if by the income payment day, during the period of at least twenty-four consecutive months:
1. the taxpayer that pays such income has a direct holding of at least 25 % in the registered capital of the final beneficiary of such income, or
  2. the final beneficiary of such income has a direct holding of at least 25 % in the registered capital of the taxpayer who pays such income, or
  3. other legal entity with the registered office in a European Union member state has a direct holding of at least 25 % in the registered capital of the taxpayer who pays this income and simultaneously has a direct holding of at least 25 % in the registered capital of the in the final beneficiary of such income,
- i) revenues from public health insurance, if these conditions are simultaneously met:
1. the revenues from public health insurance are part of a profit from public health insurance,<sup>74aa)</sup>
  2. the profit under the first indent applies only to payment to the extent provided for by the special legislation,<sup>74ab)</sup> not later than the end of the calendar year following the calendar year for which it was created.

## Section 14

### Tax base

- (1) The tax base shall be determined pursuant to the provisions of Sections 17 through 29 below.
- (2) As regards taxpayers, which are being dissolved with liquidation or against which a bankruptcy order was made, or which are being dissolved as a result of a petition in bankruptcy dismissed due to insufficient assets<sup>75)</sup> in the tax period referred to in Section 41 below, the business result determined pursuant to special legislation<sup>1)</sup> shall be adjusted as provided in Section 17 below. The provisions of Section 30 below shall not apply to the reduction of the tax base in such tax periods. If the tax period is longer than the calendar year, or if it extends beyond the last day of the calendar year, the aggregate tax base shall be equal to the total of the individual tax bases calculated for the individual calendar years, or for the period shorter than the calendar year. Such a tax base shall be determined on the basis of the business result reported in the interim financial statements as of the last day of each calendar year included in the tax period for the term of the liquidation, or bankruptcy. If restructuring was authorized for the taxpayer, this fact does not give ground to the change of tax period by the date of authorization of restructuring or during the restructuring.
- (3) In case of a mutual funds management company that creates shares funds,<sup>66)</sup> the tax base shall be determined only with respect to the management company. The tax base of the taxpayer which is a supplementary pension management company creating supplementary pension funds is determined only for the supplementary pension management company. The tax base of the taxpayer which is a pension management company creating and managing pension funds is determined only for the pension management company.
- (4) A general commercial partnership shall determine the tax base for the partnership as a whole pursuant to the provisions of Sections 17 through 29 below. The tax base shall be divided among the partners applying the same ratio, which applies to the distribution of profits according to the memorandum of association.<sup>31)</sup> If the memorandum of association fails to specify the terms of distribution of profits, the tax base shall be divided among the individual members on an equal basis. Tax losses shall be divided in the same manner as the tax base calculated pursuant to the provisions of Sections 17 through 29 below.
- (5) A limited partnership shall determine the tax base for the partnership as a whole pursuant to the provisions of Sections 17 through 29 below. The share attributable to general partners shall be deducted from the tax base so determined. The share above will be determined applying the same ratio, which applies to the distribution of before tax profits between general and limited partners.<sup>32)</sup> The balance shall constitute the tax base of the limited partnership. Tax losses shall be divided

in the same manner as the tax base calculated pursuant to the provisions of Sections 17 through 29 below.

(6) The tax base of a partner in a general commercial partnership will include one part of the tax base or the tax loss of the general commercial partnership attributable to such a partner pursuant to subsection 4 above. This part of the tax base or of the tax loss is included in the tax base in the taxable period for which the general commercial partnership filed the tax return.

(7) The tax base of a general partner in a limited partnership will include one part of the tax base or the tax loss of the limited partnership attributable to such a general partner, while that part of the tax base or the tax loss will be determined applying the same ratio, which applies to the distribution of before tax profits attributable to general partners among the individual general partners.<sup>32)</sup>

## **TITLE FOUR**

### **JOINT PROVISIONS**

#### **Section 15**

##### **Tax rate**

Unless this Act provides otherwise, the tax rate of the tax base

a) of a natural person as determined under Section 4 is

1. 19 % of that part of the tax base, not exceeding 176.8 times the amount of the subsistence minimum in force, including
2. 25 % of that part of the tax base, which exceeds 176.8 times the current subsistence minimum,

b) of legal entity reduced by the tax loss is 22 %.

#### **Section 15a**

##### **Special tax rate**

(1) Taxable income from dependent activity going to the President of the Slovak Republic, members of the National Council of the Slovak Republic, Slovak government members, the President and Vice-President of the Supreme Audit Office of the Slovak Republic (hereinafter referred to as "selected constitutional officer") pursuant to a special legislation<sup>75a)</sup>, including income mentioned in Section 5 subsection 1 letter f) and subsection 3 letter c) from an employer who is a taxpayer and pays selected constitutional officers income under a special legislation<sup>75a)</sup> in addition to the tax rate pursuant to Section 15 letter a) is also subject to taxation under a special tax rate of 5 % (hereinafter referred to as a "special tax").

(2) The amount of the special tax levied on constitutional officers, calculated from taxable income from the dependent activity referred to in subsection 1 at the rate referred to in subsection 1, rounded down to euro cents when calculating the tax base does not reduce the total taxable income from employment of the selected constitutional official.

(3) An employer, who is a taxpayer, is responsible for the accuracy of the calculation, withholdings and paying special tax. The special tax levied on selected constitutional officials is withheld by the employer, which is a taxpayer, for the tax authorities within the time period pursuant to Section 35 subsection 6 and by its diversion the special tax is settled, while if the taxpayer fails to make the deduction, does not withhold the tax in the correct amount or fails to pay the withheld tax, the procedure referred to in Section 43 subsection 12 shall apply applied.

(4) The payroll card pursuant to Section 39 subsection 2 on the selected constitutional official contains data on the amount of special income tax from earning referred to in subsection 1.

(5) An employer who is a taxpayer is obliged to notify the tax authority on the amount of the special tax levied on the selected constitutional official on income from dependent activity referred to in subsection 1 within the time period pursuant to Section 49 subsection 2, provided for the administration of the overview using form, whose template determines the Financial directorate.

(6) By applying the special tax on income from employment referred to in subsection 1 deriving from selected constitutional officers, the other provisions of this Act on income from dependent activity are not affected.

#### **Section 16**

##### **Source of income of taxpayer with limited tax liability**

(1) The following income of taxpayer with limited tax liability shall be treated as income originating from sources in the territory of the Slovak Republic:

- a) from activities performed through a permanent establishment of the taxpayer;
- b) from a dependent activity, which is performed in the territory of the Slovak Republic or aboard aircraft or ships operated by the taxpayer with unlimited tax liability;
- c) from services, including commercial, technical or other consulting, management and mediation services, construction and assembly services, projects and similar services even if they are not carried out through permanent establishment, if going from taxpayers with unlimited tax liability and from permanent establishments of the taxpayers with limited tax liability,

- d) income of artists, sportsmen, entertainers and their co-performers and from similar activities carried out in person or upgraded in the territory of the Slovak Republic, regardless of whether the parties above earn their income directly or through a intermediary;
- e) payments obtained from taxpayers with unlimited tax liability and from permanent establishments of taxpayers with limited tax liability, consisting of:
1. payments for the granting of a right to use or for using industrial property, computer software, designs or models, projects, production technical and other knowledge which is economically exploitable (know how);
  2. payments for the granting of a right to use or for using copyrights or rights similar to copyrights;
  3. interest and other revenues from credits and loans and from passbook deposits, deposits on current and savings accounts, revenues from assets in a mutual fund,<sup>74b)</sup> income from participation certificates accrued upon their return (redemption), , revenues from certificates of deposit, treasury bills, deposit letters and other securities of equal ranking, and from derivatives pursuant to special legislation;<sup>76)</sup>, except revenues from bonds and treasury bills
  4. lease income or other income paid in respect of a different use of movable assets located in the territory of the Slovak Republic; movable assets located in the territory of the Slovak Republic shall also include motor vehicle and other means of transport referred to in Annex 1 used by the taxpayer under Section 2 letter d) or by the permanent establishment of the taxpayer under Section 2 letter e) in international transport,
  5. income from the transfer of participation or a share in a company or membership rights in a co-operative established in the territory of the Slovak Republic, if such income originates to a taxpayer under Section 2 letter t), income from the transfer of movable assets situated in the territory of the Slovak Republic, from the transfer of property rights registered in the Slovak Republic and from the transfer of securities issued by taxpayer with registered office in the territory of the Slovak Republic other than income from the transfer of government bonds and government treasury bills,
  6. remuneration of members of statutory and other bodies of legal entities paid as a consideration for discharging their offices,
  7. winnings in lotteries and other similar games, winnings in advertisement contests and drawings of lots, prizes won in public and sporting competitions;
  8. alimony, pensions, annuities, and similar payments;
- f) from the transfer, lease and other use of real estate located in the territory of the Slovak Republic;
- g) from the transfer of participation or a share in a company or the transfer of membership rights in a co-operative established in the Slovak Republic, except for such revenue accruing to a taxpayer under Section 2 letter t) referred to in subsection 1 letter e) the fifth indent,
- h) from the transfer of stocks, participation or a share in a company or the transfer of membership rights in a co-operative, if such a company or co-operative owns immovable assets situated in the territory of the Slovak Republic, whose account value arising from the financial statements for the year preceding the transfer is more than 50 % of the equity value of the company or co-operative,
- i) from the difference between the higher value of the contribution in kind to the share capital of companies or co-operatives established in the Slovak Republic and counting towards the contributions of the participants and the value of the contributed assets (Section 8 subsection 2) or the value of the contribution in kind observed in the books [Section 17b subsection 1 letter b)].

(2) For the purposes of this Act the term "permanent establishment" – shall mean a permanent place or facility, through which taxpayers with limited tax liability carry out fully or partially their activities in the territory of the Slovak Republic, in particular a place, from which the business of the taxpayer is organized, branch, office, workshop, sales point, technical facility or the point of research and extraction of natural resources. The place or facility shall be treated as permanent if it is used for the activities systematically and repeatedly. If there is a non-recurring activity, the place or the facility, in which the activity is performed, shall be treated as permanent, if the duration of the activities exceeds 6 months, either continuously or spasmodically during one or more intervals within any 12 consecutive months. A building site, or construction and assembly works site shall be treated as a permanent establishment only if the duration of the activities exceeds six months.

Production carried out through a permanent establishment is also the activity carried out in the territory of the Slovak Republic providing services to taxpayers or by entities working for them, if the length of the activity exceeds six months either continuously or spasmodically during one or more intervals within any 12 consecutive months. The term “permanent establishment” will also include a party, which acts on behalf of the taxpayer with limited tax liability, and which systematically or repeatedly negotiates and enters into agreements on behalf of such a taxpayer under a power of attorney. A party shall be deemed acting on behalf of the taxpayer, if it acts in line with the instructions of the latter, and if the taxpayer controls the actions of the former party, and bears the business risks related thereto.

(3) The income generated by a permanent establishment will also include the income of partners in a general commercial partnership and the income of general partners in a limited partnership, who are taxpayers with limited tax liability, which income is derived from their interest in such partnerships and from loans and credits granted to such partnerships. The provisions of Section 44 subsection 2 will apply to the securing of the tax on such income.

(4) Income earned in the permanent establishment shall also include the income of the members of the European Economic Interest Grouping having the registered office in the territory of the Slovak Republic, who are taxpayers with limited tax liability and which income is earned from the membership in this grouping, as well as from credits and loans provided to this grouping. The provisions of Section 44 subsection 2 will apply to the securing of the tax on such income.

(5)

## Section 17

### General Provisions Applicable to the Determination of the Tax Base

(1) The determination of the tax base or the tax loss shall be based on:

- a) as regards taxpayers using the single-entry bookkeeping system<sup>1)</sup> and taxpayers, who keep records pursuant to Section 6 subsection 10 or 11 the difference between the income and expenses,
- b) as regards taxpayers using the double-entry bookkeeping system,<sup>1)</sup> the business result.
- c) as regards taxpayers who, on the basis of an obligation under special legislation<sup>1)</sup> report business results in individual financial statements<sup>77a)</sup> pursuant to International Financial Reporting Standards, from such business result modified pursuant to a generally binding regulation issued by the ministry or from the business result which the taxpayers would have reported, if they used the double-entry bookkeeping system,<sup>1)</sup> whereby for the purposes of determining such business result the taxpayers shall keep the records in the scope and manner provided for the double-entry bookkeeping system<sup>1)</sup> and maintain it pursuant to special legislation;<sup>77b)</sup> if in the determination of the tax base the taxpayer applied the procedure, which is based on the business result reported in individual financial statements pursuant to the International Financial Reporting Standards adjusted in the manner provided in a generally binding regulation issued by the ministry; the taxpayer shall apply such procedure in the following taxable periods as well,
- d) as regards taxpayers with limited tax liability [Section 2 letter e)], who are not obliged to keep their accounts pursuant to special legislation<sup>1)</sup> and who will decide not to proceed pursuant to letter a) or b), from the difference between income and expenses, unless this Act provides otherwise.

(2) At the determination of the tax base, the business result or the difference between the income and the expenses referred to in subsection 1 above shall be adjusted as follows:

- a) by adding the items, which are not treated as tax expenses by this Act, or which have been included among the tax expenses to an incorrect extent;
- b) by adding those items, which are not part of the business result, but which are to be included in the tax base under this Act;
- c) by subtracting those items, which are part of the business result, but which are not to be included in the tax base under this Act.

(3) The following shall not be included in the tax base under subsection 1 above:

- a) income in respect of which the tax liability is settled upon the withholding of the tax pursuant to Section 43 subsection 6 or in respect of which the taxpayer did not use the option to deduct the withholding tax as a tax advance pursuant to Section 43 subsection 7;
- b) income from the purchase of owned shares below their nominal value, followed by a reduction of the registered capital; the term “income from the purchase” – shall mean the difference between the nominal value and the lower acquisition cost;
- c) amounts, which in respect of the same taxpayer have already been taxed under this Act or under hitherto existing legislation;
- d) the value added tax charged on tangible and intangible assets;

1. the deduction of which was claimed by a VAT taxable person<sup>6)</sup> upon its registration pursuant to special legislation,<sup>6)</sup> while such a value-added tax must be deducted by the taxpayer from the input value of tangible and intangible assets;
  2. which the VAT taxable person must pay upon termination of its registration pursuant to special legislation,<sup>6)</sup> while such a value-added tax must be deducted by the taxpayer from the input value of tangible and intangible assets;
- e) amount equal to 45 % of the difference between the aggregate expenses (costs) incurred in the operation of one as own canteen and the aggregate income originating from the operation of the canteen;
- f) subsidy provided for the acquisition of depreciated tangible assets in the taxable period, in which it was posted in the book of accounts as income pursuant to special legislation;<sup>1)</sup> such subsidy will be included in the tax base during the period of depreciation of these assets pursuant to Section 26 and in the amount of the depreciation pursuant to Section 27 or Section 28 or in the proportional part corresponding to the amount of the subsidy used for the acquisition of such assets;
- g) income pertinent to an expense (cost), which is not treated as a tax expense pursuant to Section 19 below, and which the taxpayer was obliged to account for;
- h) subsidy, grant, and contribution paid to a taxpayer, which uses the single-entry bookkeeping system or which keeps the tax records pursuant to Section 6 subsection 11 in the tax period, in which they were received, as long as that they are not used to incur any tax expenses. Such proceeds (not used to incur any tax expenses) shall be included in the tax base
1. gradually, for an amount equal to depreciation charges of assets acquired out of such proceeds, or pro rata to the subsidy, grant, or contribution; which was used to acquire depreciable assets;
  2. at the time of drawing of the subsidy, grant, and contribution, if such proceeds are not related to expenses accounted for in the tax period, in which they were received.
- i) income and acquisition price of the security posted in the book of accounts as an expense (cost) by the debtor in the collateral transfer of the security and by the creditor in the retransfer of the security.
- (4) The tax base shall also include any income in respect of which the withholding tax pursuant to Section 43 subsection 6 letter a) through d) can be considered a tax advance and the taxpayer used the option to deduct the withholding tax as a tax advance pursuant to Section 43 subsection 7. With respect to the taxpayer with a limited tax liability pursuant to Section 2 letter e) indent three that conducts business in the territory of the Slovak Republic through a permanent establishment and the taxpayer with an unlimited tax liability pursuant to Section 2 letter d) indent two, except for an entity not established or founded to conduct business (Section 12 subsection 2), the National Property Fund of the Slovak Republic and the National Bank of Slovakia, the tax base shall also include revenues from debentures and treasury bonds.
- (5) The tax base of a non-resident related party shall also include the difference between the prices agreed in business transactions of non-resident related parties (including the prices of services, loans, and credits), and the prices applied between unrelated parties in comparable business transactions, as long as such a difference results in a reduction of the tax base or increase of tax loss. The difference above shall be determined in accordance with Section 18 below. At the determination of the tax base of a non-resident related party, it shall also be allowed to treat prorated expenses as tax expenses (costs), which were incurred in the provision of services by a third party, with which it is related, as long as:
- a) the service is documented as being related to the scope of business of such a dependent party;
  - b) the non-resident related party would have to place an order for such a service with unrelated parties or provide such a service in-house, if the service were not provided by a party, to which it is related;
  - c) the price of the service was determined on an arm's length basis (Section 18 subsection 1 below);
  - d) the party shall submit evidence of the aggregate amount of expenses (costs) incurred in the provision of such a service, and their distribution among the beneficiaries of such a service.
- (6) The adjustment of the tax base of a non-resident related party in the territory of the Slovak Republic shall be authorized by the tax administration, provided that the tax administration of the country, with which the Slovak Republic has entered into an international treaty, proceeds to an adjustment of the tax base of the related party abroad which is in compliance with the arm's length basis principle pursuant to Section 18 subsection 1. A written notice shall be given by the tax administration to the taxpayer to that effect.
- (7) The tax base or tax loss of a taxpayer with limited tax liability, which performs activities in the territory of the Slovak Republic through a permanent establishment shall not be less or the tax loss shall not be higher than would be achieved if identical or similar activities were performed as an independent person independently of its founder, the tax base or tax loss is ascertained pursuant to Sections 17 through 29. The provisions of Section 18 shall apply accordingly to the adjustment of the tax base of the permanent establishment. Taxable income shall include any income generated by the activities of the permanent establishment. Tax expenses may include any expenses, which are documented as having been incurred by the founder of the permanent establishment for the purposes of such a permanent establishment

including any management expenses and general administration expenses, regardless of the place, in which they were incurred, as long as the founder of the permanent establishment submits evidence of the aggregate amount of such expenses for its enterprise as a whole, justifies the method of distribution thereof among the individual segments of the enterprise of the taxpayer and shows the flow of products or services incoming to the permanent establishment. If it is not possible to determine the tax base as provided above, its determination may be based on a ratio between the profit or loss and the costs or gross income with respect to comparable activities of comparable taxpayers, or it may be based on a comparable trading margin or similar comparable ratios, as long as the determination of the tax base results are documented. The taxpayer may also use the method of splitting the aggregate profits of the enterprise of the taxpayer among its various segments or branches, as long as the arm's length principle is adhered to (Section 18). The taxpayer may file with the tax administration a written request to approve a specific method of determination of the tax base of the permanent establishment. If the tax administration approves the method of determination of the tax base of the permanent establishment proposed by the taxpayer, such a method proposed and justified by the taxpayer shall apply for at least one tax period and must be maintained unchanged throughout the tax period.

(8) In the tax period, in which the taxpayer is being dissolved with liquidation (Section 41 subsection 3 below), or in which a bankruptcy order is made against the taxpayer (Section 41 subsection 5 below), or in which the business of the taxpayer is discontinued (Section 6 above), or in which other independent gainful activity of the taxpayer or lease are discontinued (Section 6 above), the tax base shall be adjusted as follows:

- a) in the case of taxpayers using the single-entry bookkeeping system or keeping records referred to in Section 6 subsection 11 above, by the value of inventories, which were not consumed, the balance of the provision for contingent liabilities pursuant to Section 20 subsection 9 letter b), d) and e), and the balance of allowances for acquired assets, the balance of liabilities, the payment of which is treated as a tax expense under Section 19 below, the balance of debts receivable the collection of which is deemed to be taxable income with the exception of receivables referred to in Section 19 subsection 2 letter h), indents one to five and letter i) below, and also a prorated part of the rent pertinent to the relevant tax period or a part thereof. In case of subsequent sale of unconsumed inventories, the tax base shall only include the excess of the selling price of the unconsumed inventories over the value of the unconsumed inventories already included in the tax base;
- b) in the case of taxpayers using the double-entry bookkeeping system, by the balance of provisions for contingent liabilities and allowances, and the accruals and deferrals, other than those which may be documented as pertinent to the period of liquidation or bankruptcy;
- c) in the case of taxpayers claiming expenses as provided in Section 6 subsection 10, by the value of any unconsumed inventories and the balance of debts receivable, other than those referred to in Section 19 subsection 2 letters h), and i) below.

(9) For the purpose of the determination of the tax base of a taxpayer that is an individual, pursuant to subsection 8 above, the discontinuation of a business, other independent gainful activity or lease under this Act, shall be understood as expiration of the authorization, certificate or another ruling authorizing to conduct the activity, or as interruption or suspension and a failed renewal of the business up to the date prescribed for the filing of a tax return (except for any seasonal activities), or as ceased receipt of income from business, other independent gainful activity or lease.

(10) The difference between the mutual set-off of the debts receivable and liabilities in the reorganisation or merger of companies or co-operatives booked pursuant to special legislation<sup>1)</sup> posted to the account "retained earnings" or "accumulated losses from previous years" will be included in the tax base in the taxable period which commences on the decisive day pursuant to special legislation.<sup>77c)</sup>

(11) For the calculation of the tax base pursuant to subsection 1 concerning

- a) the purchase of an enterprise or a part of it the valuation of the assets at fair value shall be used and the procedure under Section 17a shall apply, if the taxpayer in question determined the tax base pursuant to subsection 1 letters a), b) or c),
- b) contributions in kind the assets shall be evaluated at
  1. fair values or the value counted towards the contribution of the partner,<sup>37a)</sup> if the procedure under Section 17b applies, or
  2. historical costs, if the procedure under Section 17d applies,
- c) merger, reorganisation or split of companies or co-operatives the assets shall be evaluated at
  1. fair values, if the procedure under Section 17c applies,
  2. historical costs, if the procedure under Section 17e applies.

(12) As regards taxpayers, who earn income under Section 6 above, who use the single-entry bookkeeping system or keep records pursuant to Section 6 subsection 10 or 11, the tax base shall:

- a) be increased by the nominal value of a debt receivable at its assignment, even though such a receivable debt was assigned at a price lower than its nominal value;
- b) be increased upon the exclusion of the receivable from the bookkeeping or from the records by the amount of depreciation of nominal

value of the receivable or, in the case of receivable acquired by assignment in the amount of its acquisition price with the exception of receivables stated in Section 19 subsection 2 letter h) indents one to five and letter i)

c) be decreased at the exclusion of the receivable from the bookkeeping or register by the sum in the amount of paid acquisition price of the receivable acquired by the assignment, provided that the conditions stated in Section 19 subsection 2 letter h) indent one to five and letter i) have been satisfied,

d) be decreased by the amount of paid acquisition price of the receivable acquired by assignment in the tax period, in which the debtor or the assignee paid the receivable by its further assignment, however such amount not exceeding the amount of the income earned from such payment.

(13) The procedure pursuant to subsection 19 and Section 19 subsection 4 shall be applied to the determination of tax base of the taxpayer, who

a) buys an enterprise or a part of it (hereinafter referred to as the "taxpayer buying the enterprise"),

b) is the beneficiary of a contribution in kind,

c) is the legal successor of the taxpayer dissolved without liquidation.

(14) The tax base of taxpayers with unlimited tax liability shall include also the tax base or the tax loss of their permanent establishments abroad. The tax base shall be determined as provided in subsection 1 above, except for those expenses, which the taxpayer is obliged to incur pursuant to the legislation in force in the country, in which the income originates, and which may be treated as tax expenses to the extent defined by such legislation. The same procedure shall apply the taxpayer changing its registered office or the place of actual management of a company or co-operative from abroad to the territory of the Slovak Republic, if a permanent establishment of that taxpayer remains abroad.

(15) If allowances or provisions for contingent liabilities are posted to the account "retained earnings",<sup>1)</sup> the tax base shall be increased by the balances of such accounts, as long as upon the posting of the allowances or provisions for contingent liabilities or other accounts the same were treated as tax expenses. The correction of errors of past accounting periods, if concerning the costs (expenses) treated as a tax expense or revenue (income) included in the taxable income, shall be included in the tax base of the tax period, with which they substantially and chronologically correlate, regardless of whether they are posted as costs, revenue or to the account "retained earnings".

(16) The tax base of taxpayers, which are not established or founded to conduct business (Section 12 subsection 2 above) shall include, upon any sale of assets, which were used to carry out activities generating taxable income, the difference between the proceeds from the sale and the price pursuant to Section 25, decreased by the depreciation applied to tax expenses calculated pursuant to Section 27 or Section 28. With regards to the sale of tangible assets, which were not used by the taxpayer for the activity, the income from which is the subject of the tax, the tax base shall include the difference, by which the income from the sale of the tangible assets exceeds the price being the book value of the assets posted upon their acquisition, increased by expenses demonstrably spent for technical upgrade.

(17) Foreign exchange differences, arising in the bookkeeping due to the fact that receivables have not been collected or payments have not been paid by the date of the financial statements, unless they form the tax base in the tax period, in which they are posted in the book of accounts, such differences shall be included in the tax base in the taxable period, in which the collection or write-off of receivables or the payment or write-off of the liabilities have been performed. In the taxable period, in which the taxpayer decides that the exchange rate differences form the tax base, according to bookkeeping system, the taxpayer shall also include in the tax base the exchange rate differences calculated in the bookkeeping that were not included in the tax base in the previous tax periods. The legal successor of a taxpayer wound up by dissolution without liquidation may continue in the procedure of exclusion of exchange rate differences arising in the bookkeeping from the tax base, if the legal successor is a newly established company or if this procedure has previously been applied also by the taxpayer that is the legal successor of the taxpayer wound up by dissolution without liquidation. The facts concerning the specific method of the inclusion and the termination of foreign exchange differences in the tax base shall be indicated by the taxpayer in the tax return for the relevant tax period.

(18) The tax base shall include value-added tax:

a) the deduction of which was claimed by a VAT taxable person<sup>6)</sup> upon its registration pursuant to special legislation,<sup>6)</sup> except as provided in 3 letter d) above;

b) which may or may not be subsequently deducted, if the VAT taxable person changes the purpose of use of tangible assets pursuant to special legislation.<sup>78)</sup>

(19) Contractual penalties, late payment fees, flat-rate reimbursement of the costs associated with applying receivables,<sup>78a)</sup> compensatory payments made under a special legislation<sup>37ad)</sup> and interest on late payments<sup>79)</sup> excluding default interest paid to banks on loans and accepted from banks and interest in the event of an unauthorized debit current account balances paid to banks and accepted from banks, shall be included



in the tax base of the creditor upon receipt of payment or of the borrower after they are paid.

(20) The tax base shall also include any income in kind earned by the lessor owning tenanted property, for the amount of any expenses incurred by the tenant, subject to a prior written approval of the lessor, by which it approves a technical upgrade of the property beyond the scope of the liabilities agreed in the lease agreement, as long as such income is not compensated by the lessor. The income above shall be included in the tax base in the tax period, in which:

- a) the technical upgrade was commissioned, in case the lessor increases the input (net book) value of the property by the price of the technical upgrade;
- b) the lease is terminated, the income in kind shall be equal to the net book value, which the technical upgrade would have if depreciated on a straight-line basis (Section 27).

(21) The income in kind of the lessor shall also include any expenses incurred by the tenant in the repair of the tenanted tangible assets, which were treated as tax expenses of the tenant, and which go beyond the scope of the liabilities of the tenant as agreed in the lease agreement.<sup>80)</sup>

(22) At the determination of the tax loss, taxpayers shall proceed in the same manner, which is prescribed for the determination of the tax base.

(23) Any expense, with respect to which a provision for contingent liabilities has been posted pursuant to special legislation,<sup>1)</sup> (such a provision not being treated as a tax expense), shall be included in the tax base in the tax year, in which the contingent liability is used up to the amount to which such cost is treated as tax expense pursuant to Section 19; the posted difference between the expense, for which this contingent liability was posted and amount of this contingent liability shall not be included in the tax base. Reversal of the provision for contingent liability, the posting of which is not treated as tax expense, shall not be included in the tax base. The same applies for the allowance not treated as a tax expense pursuant to Section 19 below.

(24) When calculating the tax base in the period in which occurred

- a) the early termination of a finance lease and the transfer of the subject of lease to the lessor, the net book value shall be included in the tax base (Section 25, subsection 3), while the loss due to returning (repurchase) of the subject of lease to the lessor shall be disregarded; for taxpayer using single-entry bookkeeping or for taxpayer leading tax records pursuant to Section 6 subsection 11, the net book value of the subject of lease shall be included in the amount actually paid less the depreciation included in the tax base,
- b) for early termination of a finance lease exclusive of the reasons referred to in letter a) the net book value shall be included in the tax base (Section 25 subsection 3) to the limit under Section 19 subsection 3 letter d) and g),
- c) buying of items under finance lease before the expiration of the minimum lease period under Section 2 letter s), the tax base increases by the positive difference of the already applied depreciation under Section 26 subsection 8 in tax expenses and depreciation which taxpayers would claim as the owner under Section 27, while the taxpayer continues in depreciating assets acquired pursuant to Section 27 as in other years of depreciation,
- d) after the expiry of the lease without the pre-defined right to purchase the leased item, for the purchase of the leased item for a price lower than its net book value pursuant to Section 25 subsection 3, the tax base shall increase by the positive difference of the already applied leasing in the tax expenses and depreciation, which the owner could apply from the assets during the term of the lease under Section 27 or Section 28, while the entry price of acquired assets shall increase by this difference.

(25) The tax base of the taxpayer pursuant to Section 2 letter e) shall be calculated as the aggregate of the tax bases and tax losses of the individual permanent establishments and the tax base of the types of income that are not the part of tax base of the permanent establishment, from which the tax is not withheld pursuant to Section 43 or from which the tax liability is not settled by withholding tax.

(26) If the change of the registered office or the place of actual management of a company or a co-operative from the territory of the Slovak Republic to the territory of a European Union member state results in the founding of a permanent establishment in the Slovak Republic, the calculation of tax base for the tax period until the day of the change of registered office or the place of actual management shall be governed by Section 17e subsection 8 letter a), whereby the taxpayer may continue in the depreciation of tangible assets and intangible assets of the permanent establishment and the deduction of tax loss pursuant to Section 30, if it pertains to the assets and liabilities of that permanent establishment.

(27) The taxpayer except for a taxpayer under a special legislation<sup>80a)</sup> and a taxpayer on which bankruptcy has been declared, the tax base as determined by subsection 1 letter b) and c) shall be adjusted by the amount of the liability attributable to the expense (cost), which according to Section 19 is a tax expense, including expenses (costs) attributable to depreciable and non-depreciable assets, inventories, financial assets and other assets, which generate expenses (costs) for their exclusion or inclusion from consumption or use, or the unpaid portion of such a liability, and the amount of the liabilities recorded as a reduction of revenue (income) so that the increase in the tax base, if from the agreed maturity of the liability, which for the purpose of this provision cannot be extended, a period has passed longer than

- a) 360 days, representing in total at least 20 % of the nominal value of the outstanding liability or its

unpaid part

b) 720 days representing in total at least 50 % of the nominal value of the outstanding liability or its unpaid part

c) 1,080 days representing in total at least 100 % of the nominal value of the outstanding liability or its unpaid part

(28) Tax base determined pursuant to Section 17 subsection 1 letters b) and c) in the tax period, in which

a) the receivable is assigned, it shall be increased by the amount of the allowance, the posting of which has been treated as tax expense under Section 20 and at the same time will be reduced by the expense (cost) pursuant to Section 19 subsection 3 letter h),

b) the receivable is written off, it shall be increased by the amount of allowance, the posting of which has been treated as tax expense pursuant to Section 20 and at the same time will be reduced by the expense (cost) pursuant to Section 19 subsection 2 letters h) and r),

c) the receivable is partially paid, it shall be adjusted by a part of the allowance pursuant to Section 20.

(29) If in the respective tax period a taxpayer included in its business results higher revenue (income) than as provided under special legislation<sup>1)</sup> or if in the respective tax period it included lower costs (expenses) in its business results than as provided under special legislation<sup>1)</sup> and as a result thereof, it posted a higher tax base and paid a higher tax, the adjustment of the business results or of retained earnings from previous years or of accumulated loss from previous years in the subsequent tax periods shall not have any impact on the amount of the tax base and the tax liability; If a taxpayer opts for such an approach in the respective tax period, the tax base shall not be governed by the provisions of subsection 15. The taxpayer may apply this procedure only if for the relevant period it did not forfeit the right to levy tax<sup>34)</sup>

(30) A special levy under a special legislation<sup>80aa)</sup> is included in the tax base in the amount of its payment or part of its payment, in the tax period in which the payment occurred.

(31) Part of the tax base of a taxpayer under Section 2 letter d) of the second indent and Section 2 letter e) third indent is also the monetary fulfilment and non-monetary fulfilment that was provided to a health care provider<sup>37aa)</sup> by the holder of authorized medicinal products, a holder of authorization for the wholesale distribution of medicinal products, a holder of authorization for the production of medicinal products,<sup>37ab)</sup> a medical device manufacturer, manufacturer of dietary food products<sup>37ac)</sup> or through a third party .

(32) If after a period in which the tax base has increased under subsection 27

a) by 100 % of the nominal value of the liability or its unpaid part, the payment of the liability or its part occurs, the tax base is reduced by the amount paid for the liability in the tax period in which the liability or part thereof has been paid,

b) there is a limitation or termination of this liability, the taxable amount shall be reduced by the amount of revenue recognition in the tax period in which the revenue enters the bookkeeping.

(33) Part of the tax base are wages, including premiums and allowances for working time accounts,<sup>80ab)</sup> which are paid by the employer for the employee before performing labour and charged as deferred expenses<sup>1)</sup> The subsequently charged costs in the future period pursuant to a special legislation<sup>1)</sup> at the time of the performed labour shall not be included in the tax base.

Valuation at fair values in the case of the sale and purchase of an enterprise or its part, contribution in kind, and consolidation, merger or split of business companies or co-operatives

#### Section 17a

Sale and purchase of an enterprise or its part in fair values

(1) A taxpayer that is selling an enterprise, or its part, (hereinafter referred to as the “taxpayer selling the enterprise”) and determines its tax base pursuant to Section 17 subsection 1 letter a) shall include in the tax base the income from the sale of the enterprise, or its part, equal to the agreed purchase price

a) increased by the liabilities taken over by a taxpayer that is buying the enterprise, and by unused provisions for contingent liabilities [Section 20 subsection 9 letters b) and d) through f)];

b) reduced by the value of liabilities pertaining to the expenses which, if they had been paid prior to the transfer of the enterprise, or its part, would have been a tax expense incurred by the taxpayer selling the enterprise; by a net book value of the sold tangible and intangible assets; and by the value of receivables which would not have been deemed a taxable income upon their collection;

c) reduced by a net book value of an active allowance for acquired assets<sup>1)</sup> or

increased by a net book value of a passive allowance for acquired assets.<sup>1)</sup>

- (2) The taxpayer buying the enterprise that determines its tax base pursuant to Section 17 subsection 1 letter a), shall value the assets of the enterprise, or its part, at fair value and the assets shall be depreciated as provided in Section 26. The allowance for acquired assets is depreciated by the taxpayer pursuant to special legislation.<sup>1)</sup> With respect to the receivables acquired through the purchase of the enterprise, or its part, the taxpayer shall proceed as provided in Section 17 subsection 12 letter d). Any debts taken over by the taxpayer buying the enterprise from the taxpayer selling the enterprise shall be included in the tax base in that tax period during which they are paid by the buyer provided that prior to the sale of the enterprise, or its part, the paid debts would have been a tax expense of the taxpayer selling the enterprise.
- (3) The taxpayer selling the enterprise which determines its tax base pursuant to Section 17 subsection 1 letter b) or c) shall adjust its business result determined in its books of account<sup>1)</sup> for depreciated assets by the difference between a net book value determined pursuant to special legislation<sup>1)</sup> and a net book value pursuant to Section 25 subsection 3 and by the difference between the reproduction cost<sup>1)</sup> of non-depreciable assets acquired through donation and their input values pursuant to Section 25 subsection 1 letter a) and g).
- (4) The tax base of the taxpayer selling the enterprise pursuant to subsection 3 above shall be reduced by
- a) the amount (value) of the provision for contingent liabilities taken over by the taxpayer buying the enterprise the posting of which was not included in the tax base pursuant to Section 20, if the costs related to that provision would be a tax expense,
  - b) the difference between the allowances posted in the amount pursuant to special legislation<sup>1)</sup> and the allowances already included in the tax base pursuant to Section 20; this difference shall not include allowances for long-term tangible assets and long-term intangible assets;<sup>1)</sup>
  - c) the amount of the liability pertaining to the expense (cost) by which the tax base increased pursuant to Section 17 subsection 27.
- (5) The taxpayer buying the enterprise that determines its tax base pursuant to Section 17 subsection 1 letter b) or c), shall value the assets and liabilities acquired upon the purchase of the enterprise, or its part, at fair value and the assets shall be depreciated as provided in Section 26 Goodwill or negative goodwill shall be included in the tax base until its full inclusion, however for not more than seven consecutive tax periods, at least in the amount of one seventh a year, starting from the tax, period in which an agreement on the transfer of an enterprise, or its part, becomes effective;<sup>30)</sup> if during that period
- a) the taxpayer is dissolved with liquidation, not later than in the tax period ended by the day preceding the day of that party's entry into liquidation;<sup>80b)</sup>
  - b) the taxpayer is dissolved without liquidation, not later than in the tax period ended by the day preceding the decisive day;<sup>80b)</sup>
  - c) a bankruptcy order has been made against the taxpayer, not later than in the tax period ended by the day preceding the effective date of the bankruptcy order;<sup>80b)</sup> or
  - d) the enterprise is sold, not later than by the effective date of the enterprise transfer agreement<sup>30)</sup>; or a contribution in kind is made, not later than by the payment date of the contribution in kind.<sup>80c)</sup>
- (6) The taxpayer buying the enterprise pursuant to subsection 5 above shall adjust the tax base by the difference between the amount of the provision for contingent liabilities taken over and the amount of actual payment of the liability in the tax period in which the liability for which this provision had been posted was paid, if the costs pertaining to this liability would be a tax expense. Reversal of the provision for contingent liability acquired through the purchase of the enterprise, or its part, shall be included in the tax base pursuant to special legislation.<sup>1)</sup> Further posting of provisions for contingent liabilities by the taxpayer buying the enterprise are governed by the provisions of Section 17 subsection 23 and Section 20 regarding the posting, use and reversal of provisions for contingent liabilities.
- (7) With respect to a debt receivable that is not time-barred and was acquired through the purchase of the enterprise, or its part, and valued at fair value which shall not exceed its nominal value, the taxpayer buying the enterprise pursuant to subsection 5 shall post as a tax expense under Section 19
- a) in the case of its assignment, the fair value of such debt receivable, exclusive of interests and charges, up to the proceeds from its assignment, or an amount not exceeding
    1. 20 % of the fair value of the debt receivable, exclusive of appurtenances thereof, if the agreement on the transfer of the enterprise, or its part, became effective more than 12 months ago;
    2. 50 % of the fair value of the debt receivable, exclusive of appurtenances thereof,

- if the agreement on the transfer of the enterprise, or its part, became effective more than 24 months ago;
3. 100 % of the fair value of the debt receivable, exclusive of appurtenances thereof, if the agreement on the transfer of the enterprise, or its part, became effective more than 36 months ago;
- b) in case that the debt receivable is written-off, an amount not exceeding
1. 20 % of the fair value of the debt receivable, exclusive of appurtenances thereof, if the agreement on the transfer of the enterprise, or its part, became effective more than 12 months ago;
  2. 50 % of the fair value of the debt receivable, exclusive of appurtenances thereof, if the agreement on the transfer of the enterprise, or its part, became effective more than 24 months ago;
  3. 100 % of the fair value of the debt receivable, exclusive of appurtenances thereof, if the agreement on the transfer of the enterprise, or its part, became effective more than 36 months ago.
- (8) The tax based of the taxpayer selling the enterprise pursuant to subsections 1, 3 and 4 shall be adjusted in that tax period in which the agreement on the transfer of the enterprise, or its part, becomes effective.<sup>30)</sup>
- (9) For the purposes of this Act, tax expenses for the assets and liabilities acquired through the purchase of the enterprise, or its part, are calculated using their fair value pursuant to subsection 5.

#### Section 17b

##### Contribution in kind at fair value

- (1) The contributor that makes a contribution in kind in the form of individually contributed assets, enterprise, or a part thereof, and determines its tax base pursuant to Section 17 subsection 1 letter b) or c)
- a) shall not adjust its business result by the difference between the value of the contribution in kind counted towards a contribution paid up by a partner<sup>37a)</sup> and the value of the contribution in kind determined in the books of account<sup>1)</sup>, if he decides to include that difference in the tax based on a one-off basis in that tax period in which the contribution in kind is paid up;<sup>80c)</sup>
  - b) shall adjust its business result by the difference between the value of the contribution in kind counted towards a contribution paid up by a partner<sup>37a)</sup> and the value of the contribution in kind determined in the books of account<sup>1)</sup> gradually until its full inclusion however for not more than seven consecutive tax periods, at least in the amount of one seventh a year, starting from the tax period in which the contribution in kind<sup>80c)</sup> in the form of an enterprise, or its part, is paid up; if during that period
    1. the taxpayer is dissolved with liquidation, not later than in the tax period ended by the day preceding the day of that party's entry into liquidation;<sup>80b)</sup>
    2. the taxpayer is dissolved without liquidation, not later than in the tax period ended by the day preceding the decisive day;<sup>80b)</sup>
    3. a bankruptcy order has been made against the taxpayer, not later than in the tax period ended by the day preceding the effective date of the bankruptcy order<sup>80b)</sup>; or if
    4. the contributor that made a contribution in kind sells or otherwise disposes of securities and an ownership interest so that their value falls below the value of financial assets<sup>1)</sup> acquired through this contribution in kind, or if the beneficiary of the contribution in kind sells or otherwise disposes of more than 50 % of the fair value of tangible and intangible assets acquired through the contribution in kind, the contributor shall include the entire remaining portion of the booked difference in the tax base in that tax period in which any of the aforementioned events occurs;
  - c) shall adjust its business result by the difference between a net book value of contributed depreciable assets determined pursuant to special legislation<sup>1)</sup> and their net book value pursuant Section 25 subsection 3, and by the difference between the reproduction cost<sup>1)</sup> of non-depreciable assets acquired through donation and their input value pursuant to Section 25 subsection 1 letter a) and g) in that tax period in which the contribution in kind is paid up;<sup>80c)</sup>
  - d) shall deduct from its business result the amount (value) of a provision for contingent liabilities, the posting of which was not included in the tax base pursuant to Section 20, if the costs pertaining to that provision would be a tax expense, and the provision is part of a contribution in kind in the form of an enterprise, or a part thereof, in that tax period in which the contribution in kind is paid up;<sup>80c)</sup>
  - e) shall reduce its business result by the difference between allowances posted pursuant to special legislation<sup>1)</sup> and allowances already included in the tax base pursuant to Section 20 in that

tax period in which the contribution in kind is paid up;<sup>80c</sup>) this difference shall not include allowances for long-term tangible and long-term intangible assets;<sup>1)</sup>

f) shall deduct from its business result the amount of the liability pertaining to the expense (cost) by which it increased its tax base pursuant to Section 17 subsection 27 in that tax period in which the contribution in kind is paid up.<sup>80c</sup>)

- (2) If the contributor that makes a contribution in kind includes in its tax base the difference between the value of the contribution in kind counted towards a contribution paid up by a partner<sup>37a</sup>) and the value of the contribution in kind in its books of account<sup>1)</sup> pursuant to subsection 1 letter a), it shall notify the beneficiary of the contribution in kind of this fact within 30 days of the date when the contribution has been paid up.<sup>80c</sup>)
- (3) The beneficiary of a contribution in kind made in the form of
  - a) individually contributed assets shall value such assets at the value of the contribution in kind counted towards a contribution paid up by a partner,<sup>37a</sup>)
  - b) an enterprise or its part shall value assets and liabilities so acquired at their fair value.
- (4) The beneficiary of a contribution in kind
  - a) shall depreciate tangible assets as newly acquired assets using the procedure pursuant to Section 26 from the fair value or from the value of the contribution in kind counted towards a contribution paid up by a partner<sup>37a</sup>) or
  - b) may continue depreciating the tangible assets from the fair value or from the value of the contribution in kind counted towards a contribution paid up by a partner,<sup>37a</sup>) if the contributor applies the procedure referred to in subsection<sup>1a</sup>) above, whereby
    1. if using a straight-line depreciation method, the term of depreciation is extended by a period calculated in accordance with Section 27;
    2. if using an accelerated depreciation method, provisions of Section 28 apply as in subsequent years of depreciation for the entire remaining period of depreciation pursuant to Section 26.
- (5) The beneficiary of a contribution in kind shall include in its tax base
  - a) the difference between the amount of the provision for contingent liabilities taken over and the amount of actual payment of the liability in the tax period in which the liability for which this provision had been posted was paid up, if the costs pertaining to this liability would be a tax expense; the reversal of a provision to contingent liabilities acquired through a contribution in kind shall be included in the tax base pursuant to special legislation;<sup>1)</sup> further posting of provisions for contingent liabilities by the beneficiary are governed by the provisions of Section 17 subsection 23 or Section 20 regarding the posting, use and reversal of provisions for contingent liabilities;
  - b) goodwill or negative goodwill, until its full inclusion, however for not more than seven consecutive tax periods, at least in the amount of one seventh a year, starting from the tax period in which the contribution in kind made in the form of an enterprise, or its part, was paid up;<sup>80c</sup>) if during that period
    1. the taxpayer is dissolved with liquidation, not later than in the tax period ended by the day preceding the day of that party's entry into liquidation,<sup>80b</sup>)
    2. the taxpayer is dissolved without liquidation, not later than in the tax period ended by the day preceding the decisive day;<sup>80b</sup>)
    3. a bankruptcy order has been made against the taxpayer, not later than in the tax period ended by the day preceding the effective date of the bankruptcy order<sup>80b</sup>); or if
    4. the enterprise is sold, not later than by the effective date of the enterprise transfer agreement<sup>30</sup>); or a contribution in kind is made, not later than by the payment date of the contribution in kind.<sup>80c</sup>)
- (6) The following shall be included by the beneficiary of a contribution in kind into its tax base as a tax expense pursuant to Section 19:
  - a) with respect to the assignment of a debt receivable that is not time-barred and was acquired by the beneficiary at its fair value which shall not exceed its nominal value, the fair value of the debt receivable, exclusive of appurtenances thereof, up to the proceeds from its assignment, or the amount not exceeding
    1. 20 % of their value of the debt receivable, exclusive of appurtenances thereof, if the debt receivable was acquired through a contribution in kind more than 12 months ago;
    2. 50 % of the fair value of the debt receivable, exclusive of appurtenances thereof, if the debt receivable was acquired through a contribution in kind more than 24 months ago;

3. 100 % of the fair value of the debt receivable, exclusive of appurtenances thereof, if the debt receivable was acquired through a contribution in kind more than 36 months ago;
  - b) with respect to the writing-off of a debt receivable that is not time-barred and was acquired by the beneficiary at its fair value which shall not exceed its nominal value, an amount not exceeding
    1. 20 % of the fair value of the debt receivable, exclusive of appurtenances thereof, if the debt receivable was acquired through a contribution in kind more than 12 months ago;
    2. 50 % of the fair value of the debt receivable, exclusive of appurtenances thereof, if the debt receivable was acquired through a contribution in kind more than 24 months ago;
    3. 100 % of the fair value of the debt receivable, exclusive of appurtenances thereof, if the debt receivable was acquired through a contribution in kind more than 36 months ago.
- (7) If during not more than seven consecutive tax periods, starting from the tax period in which the contribution in kind was paid up,<sup>80c)</sup> the beneficiary of the contribution in kind sells or otherwise disposes of more than 50 % of the fair value of tangible and intangible assets acquired through the contribution in kind, the beneficiary shall notify the contributor that made the contribution in kind of this fact, with exemption where the beneficiary has already notified the contributor of the facts referred to in subsection 2 above, within 30 days of the occurrence of this fact.
- (8) The contributor that makes a contribution in kind in the form of individually contributed assets outside the territory of the Slovak Republic shall proceed in accordance with subsection 1 letter a) above. The contributor may use the procedure pursuant to subsection 1 letter b) above, bearing the responsibility for obtaining the information from the beneficiary of a contribution in kind in the extent pursuant to subsection 7. The same applies to individually contributed assets if the contributor is a taxpayer with limited tax liability [Section 2 letter e)].
- (9) If the contributor that makes a contribution in kind is a taxpayer with unlimited tax liability [Section 2 letter d)], with respect to a contribution in kind made in the form of an enterprise, or a part thereof, to a beneficiary with registered office outside the territory of the Slovak Republic which retains a permanent establishment in the Slovak Republic, that beneficiary may, when calculating the tax base for the permanent establishment, value assets and liabilities at fair value, unless he applies the procedure pursuant to Section 17d.
- (10) If the contributor that makes a contribution in kind is a taxpayer with limited tax liability [Section 2 letter e)], with respect to a contribution in kind made in the form of an enterprise, or a part thereof, to a beneficiary with registered office in the Slovak Republic, that beneficiary may value assets and liabilities at fair value if he demonstrates that the difference between the value of the contribution in kind counted towards a contribution paid up by a partner<sup>37a)</sup> and the value of the contribution in kind posted in the books of account of the contributor was demonstrably taxed by the contributor and the beneficiary does not apply the procedure pursuant to Section 17d.
- (11) The procedures pursuant to subsection 1 and 2 above shall accordingly be applied by a contributor that makes a contribution in kind which determines its tax base pursuant to Section 17 subsection 1 letter a); if the contributor is an individual who does not post assets into the books of account, that individual shall value the contribution in kind using the procedure under Section 8 subsection 2.
- (12) For the purposes of this Act, tax expenses for the assets and liabilities acquired through a contribution in kind are calculated using their fair value pursuant to subsection 3.

#### Section 17c

##### Reorganisation, merger or split of companies or co/operatives at fair value

- (1) In the tax period ending on a day preceding a decisive day, the tax base of a taxpayer dissolved without liquidation<sup>80b)</sup> shall be
- a) adjusted by the amount equal to valuation differences arising from the revaluation in the case of reorganisation, merger or split of companies or co-operatives, posted pursuant to special legislation,<sup>1)</sup> if such valuation differences are not included in the tax base of a legal successor of that taxpayer,
  - b) adjusted by the difference between a net book value of depreciable tangible assets determined pursuant to special legislation<sup>1)</sup> and their net book value pursuant Section 25 subsection 3, and by the difference between the reproduction cost<sup>1)</sup> of non-depreciable assets acquired through donation and their input value pursuant to Section 25 subsection 1 letter a) and g), and by goodwill or negative goodwill not yet included in the tax base;
  - c) reduced by the amount (value) of a provision to contingent liabilities the posting of which was not treated as a tax expense pursuant to Section 20, if the costs pertaining to that provision would be a tax expense, and which is transferred to a legal successor of the taxpayer dissolved without liquidation,
  - d) reduced by the difference between allowances posted pursuant to special legislation<sup>1)</sup> and

allowances already included in the tax base pursuant to Section 20; this difference shall not include allowances for long-term tangible and long-term intangible assets;<sup>1)</sup>

e) reduced by the amount of the liability pertaining to the expense (cost) by which it increased its tax base pursuant to Section 17 subsection 27.

(2) Assets and liabilities acquired by a legal successor from a taxpayer dissolved without liquidation shall be valued at fair value. The legal successor of a taxpayer dissolved without liquidation

a) shall depreciate tangible assets from their fair value as newly acquired assets using the procedure pursuant to Section 26 or

b) may continue depreciating tangible assets from their fair value; if a straight-line depreciation method is used, the term of depreciation is extended by a period calculated in accordance with Section 27, while if an accelerated depreciation method is used, provisions of Section 28 apply as in subsequent years of depreciation for the entire remaining period of depreciation pursuant to Section 26, provided that valuation differences arising from the revaluation in the case of reorganisation, merger or split of companies or co-operatives booked under special legislation<sup>1)</sup> are included in the tax base by the taxpayer dissolved without liquidation or its legal successor on a one-off basis in that tax period in which a decisive day occurs.<sup>77c)</sup>

(3) The tax base of the legal successor of a taxpayer dissolved without liquidation

a) may include valuation differences arising from the revaluation in the case of reorganisation, merger or split of companies or co-operatives booked pursuant to special legislation as described in subsection 2 above or until their full inclusion, however for not more than seven consecutive tax periods, at least in the amount of one seventh a year, starting from the tax period in which a decisive day occurred;<sup>77c)</sup> if, during that period, registered capital is increased, dividends are distributed or tangible and intangible assets to which the valuation differences pertain are sold or otherwise disposed of in excess of 50 % of their fair value, the legal successor shall include the remaining portion of those differences into its tax base in the tax period in which any of the aforementioned events occurs; if during that period

1. the taxpayer is dissolved with liquidation, not later than in the tax period ended by the day preceding the day of that party's entry into liquidation;<sup>80b)</sup>

2. the taxpayer is dissolved without liquidation, not later than in the tax period ended by the day preceding the decisive day;<sup>80b)</sup>

3. a bankruptcy order has been made against the taxpayer, not later than in the tax period ended by the day preceding the effective date of the bankruptcy order<sup>80b)</sup>; or

4. the enterprise is sold, not later than by the effective date of the enterprise transfer agreement<sup>30)</sup>; or a contribution in kind is made, not later than by the payment date of the contribution in kind;<sup>80c)</sup>

b) shall only include the difference between the amount of the provision for contingent liabilities taken over and the amount of actual payment of the liability in the tax period in which the liability for which this provision had been posted was paid, if the costs pertaining to this liability would be a tax expense; the reversal of a provision to contingent liabilities acquired through reorganisation, merger or split of companies or co-operatives shall be included in the tax base pursuant to special legislation;<sup>1)</sup> further posting of provisions for contingent liabilities by that taxpayer are governed by the provisions of Section 17 subsection 23 or Section 20 regarding the posting, use and reversal of provisions for contingent liabilities,

c) it includes goodwill or negative goodwill treated under a special legislation,<sup>1)</sup> until its full inclusion, for a maximum period of seven consecutive tax periods, not less than one seventh of a year, starting with the tax period in which the decisive day occurred,<sup>77c)</sup> if during this period

1. the taxpayer is dissolved with liquidation, not later than in the tax period ended by the day preceding the day of that party's entry into liquidation; 80b)

2. the taxpayer is dissolved without liquidation, not later than in the tax period ended by the day preceding the decisive day; 80b)

3. a bankruptcy order has been made against the taxpayer, not later than in the tax period which ended the day preceding the effective date of the bankruptcy order 80b); or

4. the enterprise is sold, not later than by the effective date of the enterprise transfer agreement<sup>30)</sup>; or a contribution in kind is made, not later than by the payment date of the contribution in kind;<sup>80c)</sup>

(4) The legal successor of a taxpayer dissolved without liquidation shall include in its tax base a tax expense pursuant to Section 19 as follows:

- a) with respect to the assignment of a debt receivable that is not time-barred and was acquired through reorganisation, merger or split of companies or co-operatives valued at its fair value which shall not exceed its nominal value, the fair value of the debt receivable, exclusive of appurtenances thereof, up to the proceeds from its assignment, or the amount not exceeding:
1. 20 % of the fair value of the debt receivable, exclusive of appurtenances thereof, if the debt receivable was acquired through reorganisation, merger or split of companies or co-operatives<sup>77c)</sup> more than 12 months ago;
  2. 50 % of the fair value of the debt receivable, exclusive of appurtenances thereof, if the debt receivable was acquired through reorganisation, merger or split of companies or co-operatives<sup>77c)</sup> more than 24 months ago;
  3. 100 % of the fair value of the debt receivable, exclusive of appurtenances thereof, if the debt receivable was acquired through reorganisation, merger or split of companies or co-operatives<sup>77c)</sup> more than 36 months ago;
- b) with respect to the writing-off of a debt receivable that is not time-barred and was acquired through reorganisation, merger or split of companies or co-operatives valued at its fair value which shall not exceed its nominal value, an amount not exceeding
1. 20 % of the fair value of the debt receivable, exclusive of appurtenances thereof, if the debt receivable was acquired through reorganisation, merger or split of companies or co-operatives<sup>77c)</sup> more than 12 months ago;
  2. 50 % of the fair value of the debt receivable, exclusive of appurtenances thereof, if the debt receivable was acquired through reorganisation, merger or split of companies or co-operatives<sup>77c)</sup> more than 24 months ago;
  3. 100 % of the fair value of the debt receivable, exclusive of appurtenances thereof, if the debt receivable was acquired through reorganisation, merger or split of companies or co-operatives<sup>77c)</sup> more than 36 months ago;

(5) The legal successor of a taxpayer dissolved without liquidation shall deduct its tax loss pursuant to Section 30.

(6) If upon the dissolution of a taxpayer without liquidation, with registered office in the territory of the Slovak Republic, whose legal successor is a taxpayer with registered office outside the territory of the Slovak Republic and the assets remain a part of a permanent establishment of that legal successor located in the territory of the Slovak Republic, [the legal successor] shall value such assets and liabilities at their fair value pursuant to subsection 2 above, if the procedure under Section 17e is not applied; the legal successor may deduct a tax loss of the taxpayer dissolved without liquidation up to the amount and in the manner as provided in Section 30, if it pertains to the assets and liabilities of that permanent establishment.

(7) If upon the dissolution of a taxpayer without liquidation, with registered office outside the territory of the Slovak Republic, which legal successor is a taxpayer with registered office in the territory of the Slovak Republic and the assets remain a part of a permanent establishment outside the territory of the Slovak Republic, the legal successor may value such assets and liabilities at their fair value, provided that valuation differences arising from the revaluation of assets are included in the tax base of the legal successor pursuant to subsection 3a) above and the procedure pursuant to Section 17e is not applied.

(8) For the purposes of this Act, tax expenses for the assets and liabilities acquired through reorganisation, merger or split of companies or co-operatives are calculated using their fair value pursuant to subsection 2.

Valuation at historical costs in the case of contribution in kind and reorganisation, merger or split of companies or cooperatives

#### Section 17d

Contribution in kind at historical costs

(1) In the tax period in which a contribution in kind is paid up<sup>80c)</sup>, the tax base of a contributor that makes a contribution in kind in the form of individually contributed assets, enterprise, or a part thereof, who determines its tax base pursuant to Section 17 subsection 1 letter b) or c)

- a) shall not include the difference between the value of the contribution in kind counted towards a contribution paid by a partner<sup>37a)</sup> and



the value of the contribution in kind recorded in the books of account;<sup>1)</sup> the beneficiary of the contribution in kind shall take over the contributed assets and liabilities at their historical costs pursuant to special legislation and the tangible assets and intangible assets at their historical costs pursuant to Section 25;

b) shall not include allowances posted for inventories, securities and long-term tangible assets and long-term intangible assets,<sup>1)</sup> if the beneficiary of the contribution in kind takes over inventories, securities, tangible assets and intangible assets at their historical costs;

c) shall include provisions for contingent liabilities pursuant to Section 20;

d) shall include allowances for debts receivable treated as a tax expense in the maximum extent as provided in Section 20 not later than in the tax period in which the contribution in kind was paid up<sup>80c)</sup> and the beneficiary may carry on with their posting pursuant to Section 20.

(2) The tax base of the beneficiary of a contribution in kind made in the form of individually contributed assets, enterprise, or a part thereof,

a) shall include the difference between the amount of the provision for contingent liabilities under Section 20 taken over and the amount of actual payment of the liability in the tax period in which the liability was paid, for which this provision was posted, and in further posting of a provision for contingent liabilities, treated as a tax expense, the beneficiary shall proceed in accordance with Section 20; a cost for which the provision was posted pursuant to special legislation<sup>1)</sup>, the posting of which is not treated as a tax expense, shall be included in the tax base of the beneficiary in that tax period in which the provision will be used by the beneficiary pursuant to Section 17 subsection 23; the foregoing applies accordingly to allowances,

b) shall not include goodwill or negative goodwill.

(3) The beneficiary of a contribution in kind shall take over a debt receivable at its nominal value or acquisition cost determined by the contributor that makes a contribution in kind, maturity date of that receivable and the allowance pursuant to Section 20, and continues posting that allowance pursuant to Section 20.

(4) The contributor that makes a contribution in kind shall deduct from its calculated yearly depreciation charges pursuant to Section 26 and Section 28 a prorated part corresponding to the number of whole months, during which the assets were posted in the books of accounts of the taxpayer.<sup>1)</sup>

(5) The beneficiary of a contribution in kind shall take over the tangible assets and intangible assets acquired through a contribution in kind made in the form of an enterprise, or a part thereof, including individual components of assets, at their historical costs, along with tax depreciations, including net book values pursuant to Section 25 subsection 3, already deducted, and shall deduct the remaining part of yearly depreciation charges broken down by months, starting from the month in which those assets were posted among the assets of the beneficiary. The beneficiary of a contribution in kind shall continue depreciating intangible assets from the historical costs during the term of depreciation specified in a depreciation schedule<sup>1)</sup> of that beneficiary up to the amount pursuant to Section 25 subsection 3.

(6) The beneficiary of a contribution in kind shall keep records of the amount of assets and liabilities valued at their historical costs starting from the tax period in which the contribution in kind was paid up<sup>80c)</sup>, until, at least, the expiry of a period for the termination of a right to levy tax under special legislation.<sup>34)</sup>

(7) The contributor that makes a contribution in kind in the form of individually contributed assets outside the territory of the Slovak Republic, who applies the procedure pursuant to subsection 1 above, shall demonstrate that the beneficiary has taken over the assets at their historical costs. The same applies to individually contributed assets if the contributor is a taxpayer with limited tax liability [Section 2 letter e)].

(8) If the contribution in kind is made in the form of an enterprise, or its part, and the contributor is a taxpayer with registered office in the territory of the Slovak Republic while the beneficiary with registered office outside the territory of the Slovak Republic will thus acquire a permanent establishment in the territory of the Slovak Republic, the beneficiary of the contribution in kind, when calculating the tax base of the permanent establishment

a) shall take over the assets and liabilities pursuant to subsection 1 letter a) at their historical costs, posted provisions for contingent liabilities, allowances, and accruals and deferrals accounts that apply to the assets and liabilities of that permanent establishment, and

b) continue depreciating tangible and intangible assets of that permanent establishment pursuant to subsection 5.

(9) If the contribution in kind is made in the form of an enterprise, or its part, and the contributor is a taxpayer with registered office outside the territory of the Slovak Republic, while the beneficiary pursuant to Section letter 2d) indent two will thus acquire a permanent establishment outside the territory of the Slovak Republic, the beneficiary of the contribution in kind, when calculating the tax base,

a) shall take over the assets and liabilities pursuant to subsection 1 letter a) at their historical costs, posted

provisions for contingent liabilities, allowances, and accruals and deferrals accounts, if they pertain to the assets and liabilities of that permanent establishment, and

b) continue depreciating tangible and intangible assets of that permanent establishment pursuant to subsection 5 accordingly.

(10) If the contribution in kind is made by a taxpayer which determines its tax base pursuant to Section 17 subsection 1 letter a), the procedure pursuant to subsection 1 and 4 shall apply accordingly.

(11) Historical costs of a contribution in kind mean the valuation of

a) the assets and liabilities by the contributor, determined pursuant to special legislation<sup>1)</sup>; and

b) tangible and intangible assets by the contributor, determined pursuant to Section 25.

#### Section 17e

Reorganisation, merger or split of companies or co-operatives at historical costs

(1) In the tax period ending on a day preceding a decisive day<sup>80b)</sup>, the tax base of a taxpayer dissolved without liquidation

a) shall not include the amount equal to valuation differences arising from the revaluation in the case of reorganisation, merger or split of companies or co-operatives, posted pursuant to special legislation,<sup>1)</sup> if they pertain to the assets and liabilities taken over by a legal successor of that taxpayer at their historical costs pursuant to special legislation<sup>1)</sup> and to tangible and intangible assets which the legal successor took over as valued pursuant to Section 25;

b) shall not include allowances posted for inventories, securities and long-term tangible assets and long-term intangible assets,<sup>1)</sup> if the legal successor of that taxpayer takes over inventories, securities, long-term tangible assets and long-term intangible assets at their historical costs;

c) shall also include provisions for contingent liabilities pursuant to Section 20 and allowances for debts receivables treated as a tax expense in the maximum extent as provided in Section 20 and not later than in that tax period which ends on the day preceding a decisive day<sup>80b)</sup>; the legal successor of the taxpayer dissolved without liquidation may continue posting allowances for debts receivable pursuant to Section 20.

(2) The tax base of the legal successor of a taxpayer dissolved without liquidation

a) shall include the difference between the amount of the provision for contingent liabilities under Section 20 taken over and the amount of actual payment of the liability in the tax period in which the liability for which this provision had been posted was paid; a provision for contingent liabilities included in the tax base pursuant to Section 20 subsection 1 shall further be posted by the legal successor as provided in Section 20; the foregoing also applies to allowances;

b) shall include the costs for which a provision for contingent liabilities was posted pursuant to special legislation,<sup>1)</sup> the posting of which is not included in the tax base pursuant to Section 20, in that tax period in which the provision will be used by the legal successor of a taxpayer dissolved without liquidation pursuant to Section 17 subsection 23; the foregoing also applies to allowances;

c) shall not include goodwill or negative goodwill posted in the opening balance sheet of the legal successor not adjusted pursuant to special legislation<sup>1)</sup>

(3) The legal successor of a taxpayer dissolved without liquidation shall take over a debt receivable at its nominal value or acquisition cost determined by the taxpayer dissolved without liquidation, maturity date of that receivable and the allowance posted pursuant to Section 20, and continues posting that allowance pursuant to Section 20.

(4) The taxpayer dissolved without liquidation shall include in its tax base a prorated part of calculated yearly depreciation charges corresponding to the number of whole calendar months during which the assets were posted in the books of accounts of the taxpayer.<sup>1)</sup>

(5) The legal successor of a taxpayer dissolved without liquidation shall deduct the remaining part of yearly depreciation charges broken down by months, starting from the month in which those assets were posted among the assets of that legal successor. At the same time, the legal successor shall take over depreciable assets at historical costs, tax depreciations already deducted and net book value of the assets pursuant to Section 25 subsection 3, and shall continue with depreciation started by the original owner. The legal successor shall continue depreciating intangible assets from the historical input costs during the term of depreciation specified in a depreciation schedule<sup>1)</sup> of that legal successor up to the amount pursuant to Section 25 subsection 3. Non-depreciable assets shall be taken over by the legal successor at their input value pursuant to Section 25.

(6) The legal successor of a taxpayer dissolved without liquidation, or, if the legal successor has not been established yet, the taxpayer that is being dissolved without liquidation, shall keep records of the amount of assets and liabilities valued at their historical costs, starting from the tax period in which a decisive day pursuant to special legislation<sup>77c)</sup> occurred until, at least, the expiry of a period

for the termination of a right to levy tax under special legislation.<sup>34)</sup>

(7) The legal successor of a taxpayer dissolved without liquidation shall deduct its tax loss pursuant to Section 30.

(8) If upon the dissolution of a taxpayer without liquidation, with registered office in the territory of the Slovak Republic, whose legal successor is a taxpayer with registered office outside the territory of the Slovak Republic, that legal successor acquired a permanent establishment in the territory of the Slovak Republic, the legal successor

- a) shall not adjust the tax base by the balance of provisions for contingent liabilities, allowances, and accruals and deferrals accounts, if they pertain to the assets and liabilities of that permanent establishment, with the exception of an allowance for debts receivables pursuant to Section 20;
- b) shall continue depreciating tangible and intangible assets of that permanent establishment pursuant to subsection 5;
- c) shall deduct a tax loss incurred by the taxpayer dissolved without liquidation up to the amount and in the manner as provided in Section 30, if it pertains to the assets and liabilities of that permanent establishment.

(9) If upon the dissolution of a taxpayer without liquidation, with registered office outside the territory of the Slovak Republic, whose legal successor is a taxpayer with registered office in the territory of the Slovak Republic, that legal successor pursuant to Section 2 letter d) indent two will acquire a permanent establishment outside the territory of the Slovak Republic, the legal successor shall, when calculating the tax base pursuant to Section 17 subsection 14

- a) continue posting provisions to contingent liabilities, allowances and accruals and deferrals accounts, if they pertain to the assets and liabilities of that permanent establishment, and shall continue with depreciation of the tangible and intangible assets of that permanent establishment started by the taxpayer with registered office outside the territory of the Slovak Republic which was dissolved without liquidation in accordance with subsection 5 above, or
- b) shall value the assets at their fair value pursuant to Section 17c subsection 2, if valuation differences arising from the revaluation of assets are included in the tax base of the legal successor pursuant to Section 17c subsection 3.

(10) Historical costs in the case of reorganisation, merger or split of companies or co-operatives mean the valuation of

- a) the assets and liabilities by the taxpayer dissolved without liquidation, determined pursuant to special legislation<sup>1)</sup> without revaluation to fair value; and
- b) tangible and intangible assets by the taxpayer dissolved without liquidation, determined pursuant to Section 25.

## Section 18

### Adjustments of Tax Bases of Non-resident Related Parties

(1) The difference referred to in Section 17 subsection 5 above shall be determined using any of the methods pursuant to subsection 2 or 3 or their mutual combination or, as appropriate, other methods, which are not described in subsections 2 or 3 below. Only such methods may be used, the use of which complies with the principle of independent transactions (arm's length basis principle). The arm's length basis principle is based on a comparison of the terms, which were agreed in any business or financial transaction between non-resident related parties and the terms, which would have been agreed between unrelated parties in similar business or financial transactions, in comparable circumstances. The review of comparability of the terms is made by confronting in particular the businesses conducted by the parties, including, but not limited to, their production, assembly works, research and development, purchase and sale, etc., the scope of their business risks, the characteristics of the compared property or the service, the terms agreed between the parties to the transaction, the economic environment on the marketplace, and the business strategy. The terms shall be considered comparable if there is no difference at all or if only minor adjustments would compensate any such a difference. The taxpayer shall maintain records on the method used. The content of the records on the method used shall be set out by the Ministry.

(2) The following are methods based on a comparison of prices:

- a) fair market price method consisting of a comparison of the price of a transfer of property or service agreed between non-resident related parties, and the comparable fair market price agreed between unrelated parties. If there is any difference between the two prices, the price agreed between non-resident related parties shall be replaced by the fair market price, which would be used by unrelated parties in comparable business or financial transactions at similar terms;
- b) subsequent sale method, whereby the price of the transfer of the assets purchased by a non-resident related party is converted to the fair market price using the price, at which the non-resident related party resells the assets to an unrelated party, after deducting the trading margin, which is usually applied by comparable independent resellers;
- c) increased costs method, whereby the fair market price is determined with reference to actual direct and indirect costs of the assets or service transferred between non-resident related parties,

- increased by the trading margin applied by the same supplier vis-à-vis unrelated parties, or by a trading margin, which would be applied by an unrelated party in a comparable transaction on comparable terms.
- (3) The following are methods based on a comparison of profits:
- a) profit split method, which is based on such a split of the anticipated profit generated by related parties, which would be expected from unrelated parties engaged in a joint venture, while respecting the arm's length basis principle;
  - b) net trading margin method used to determine a profit margin in a business or financial transaction between related parties in relation to costs, revenues or a different basis, which is then compared with a profit margin used vis-à-vis unrelated parties.
- (4) A taxpayer may file with the tax administration a written request asking to issue a decision<sup>128)</sup> on the approval of the use of a specific method referred to in subsections 2 or 3 above, or other method (hereinafter referred to as the "decision on the approval of the valuation method") not later than 60 days before the beginning of the tax period during which the agreed valuation method will apply. Documentation referred to in subsection 1 shall be attached to the request. The tax administration shall issue a decision on the approval of the valuation method valid for not more than five tax periods. Upon the taxpayer's request, filed not later than 60 days prior to the expiry specified in the decision on the approval of the valuation method, the tax administration may issue a decision on the approval of the valuation method applicable for not more than five next tax periods, if the taxpayer demonstrates that no change has occurred in the conditions under which the previous decision on the approval of the valuation method was issued. The decision on the approval of the valuation method cannot be appealed. The tax administration shall send a written notice to the taxpayer on not complying with the request of the taxpayer, while the decision is not issued. The taxpayer shall pay along with the request for a decision on approval of the valuation method a payment in an amount under a special legislation,<sup>80d)</sup> if it concerns the unilateral approval of the tax administration and in the amount according to the special legislation,<sup>80e)</sup> or if it concerns approval on the basis of international treaties in accordance with Section 1 subsection 2.
- (5) The tax administration
- a) shall revoke the decision on the approval of the valuation method, if it was issued on the basis of inaccurate or false information submitted by the taxpayer;
  - b) shall revoke or amend the decision on the approval of the valuation method, if changes have occurred in the conditions under which the decision on the approval of the valuation method was issued and the taxpayer has not requested its amendment;
  - c) may revoke or amend the decision on the approval of the valuation method, if the taxpayer so requests and demonstrates that a change has occurred in the conditions under which the decision on the approval of the valuation method was issued.
- (6) The correct application of the method and the determination of the difference pursuant to Section 17 subsection 5 above shall be inspected by the tax authorities or the Financial Directorate of the Slovak Republic<sup>81)</sup> (hereinafter referred to as the „financial directorate“) through tax audits<sup>82)</sup>, while making reference to the arm's length basis principle, the used method and the analysis of comparability of prices. The tax administration or financial directorate may in justified cases request the taxpayer to submit the records referred to in subsection 1 above. The period for submission of the records by the taxpayer to the tax administration is under subsection 1 15 days of the delivery of the request to the taxpayer. The taxpayer shall submit the records in the state language;<sup>82a)</sup> the tax administration or financial directorate may, upon the taxpayer's request, agree that the records be submitted in a language other than the state language.
- (7) The records referred to in subsection 1 above shall be maintained by the taxpayer for a period specified by special legislation.<sup>34)</sup>
- 8) The taxpayer shall submit the records referred to in subsection 1 above to a tax administration, financial directorate or the Ministry along with its request for
- a) adjustment of the tax base pursuant to Section 17 subsection 6;
  - b) the initiation of a mutual agreement procedure under
    1. a relevant article of an international agreement on the elimination of double taxation in connection with the elimination of double taxation of profits of related parties;
    2. Convention 90/436/EEC of July 23, 1990 on the elimination of double taxation in connection with the adjustment of profits of associated enterprises.

## Tax Expenses

### Section 19

(1) If the amount of any expense (cost) is limited by special legislation,<sup>83)</sup> the documented expense (cost) may be treated as a tax expense up to such a limit. If the amount of any expense (cost) is limited by this Act, or if the inclusion of the expense (cost) in any tax period is regulated by this Act other than by special legislation<sup>1)</sup>, the documented expense (cost) may be treated as a tax expense only to the extent and subject to the terms and conditions set out in this Act. If this Act makes any expense (cost) subject to a certain income, or to the receipt of a certain payment, such an expense (cost) or its part shall be treated as a tax expense in the tax period, in which the income is earned or the payment is received.

(2) The following are tax expenses, which may be deducted only to the extent and subject to the terms and conditions set out in this Act:

- a) expenses (costs), which must be paid by the taxpayer pursuant to special legislation<sup>84)</sup>;
- b) expenses (costs) of operation of one's own facility for the protection of the environment pursuant to special legislation<sup>85)</sup>;
- c) expenses (costs) related to the appropriate working social and health care conditions, namely:
  1. safety and health protection at work and sanitary facilities at workplaces;
  2. care of the health of employees to the extent set out by special legislation and expenses incurred in company health care facilities<sup>86)</sup>;
  3. training and retraining of staff, own training facilities;
  4. education and training of pupils at technical secondary schools and vocational schools with whom an employer has concluded an employment contract pursuant to special legislation<sup>15a)</sup> for the funding of pupils and material support of pupils,<sup>86aa)</sup> for the operation of practical training facilities beyond the scope of provided normative financial resources,<sup>86ab)</sup> and for the operation of a technical secondary school beyond the scope of provided normative financial resources;<sup>86ab)</sup>
  5. allowances for the boarding of employees provided on terms set out by special legislation,<sup>86a)</sup>
  6. payroll and other labour law claims of employees, to the extent of the labour legislation,<sup>17)</sup> except for travel allowances pursuant to special legislation,<sup>15)</sup>
- d) travel allowances up to the amount to which there is an entitlement pursuant to special legislation,<sup>15)</sup> and pocket money for a foreign business trip provided pursuant to special legislation,<sup>87a)</sup>
- e) expenses (costs) of the taxpayer earning income pursuant to Section 6 subsection 1 and 2 incurred in connection with activities performed at other than usual place of their performance up to the amount prescribed for employees under special legislation,<sup>87)</sup> namely for meals, accommodation, costs of travel and necessary expenses connected with the stay in that place; if the taxpayer uses its own passenger motor vehicle not included in its business assets, it shall deduct expenses (costs)
  1. to the amount of compensation for consumed fuel according to prices prevailing at the time of their purchase, and the basic allowance for each kilometre of driving under a special legislation,<sup>87)</sup> or
  2. in the form of lump sum expenses up to 50 % of the total proven purchase of fuel for the relevant tax period the relevant number of kilometres driven according to the state of the tachometer at the beginning and end of the tax period for each motor vehicle itself,
- f) expenses (costs) equal to the aggregate acquisition cost<sup>1)</sup> of shares and the aggregate acquisition cost<sup>1)</sup> of other securities in the tax period, in which they are sold, up to the aggregate proceeds from the sale thereof, except for
  1. securities traded at a stock exchange, the acquisition cost of which is not higher, and the proceeds from the sale of which are not lower than a deviation of 10 % from the average quotation published by the stock exchange on the date of purchase or sale, or, if the securities are not traded on such a date, from the last published average quotation.

As regards the securities above, the expense (cost) shall be equal to the acquisition cost of shares, or, with respect to other securities, the acquisition cost adjusted by the valuation difference arising out of valuation at the fair market price pursuant to special legislation,<sup>1)</sup> which is included in the tax base;

2. bonds, the selling price of which is not lower by more than the interest accrued on the bonds and included in the tax base up prior to the date of sale or the date of maturity of the bond;
3. taxpayers, which are engaged in the trading with securities pursuant to special legislation,<sup>88)</sup> and which may deduct the expense (cost) of acquisition of securities up to the amount posted as their cost;

g) expenses (costs) equal to the acquisition cost of:

1. ownership interest in a partnership, company, or co-operative, except for the acquisition cost of a shareholding in a joint stock company (share), to which the provisions of letter f) above shall apply. In case of sale, the expenses may only be deducted up to the proceeds from the sale, considered separately for each sale;

2. bills of exchange and promissory notes, which are accounted for<sup>1)</sup> as securities. In case of sale, the expenses may only be deducted up to the proceeds from the sale, considered separately for each sale;

h) expense (cost) up to the amount of the write-off of the nominal value of a debt receivable<sup>1)</sup>, or its outstanding portion, including any late payment interests and late payment charges and other charges increasing the debt on the ground of its late payment (hereinafter referred to as the “appurtenances”), if the appurtenances are included in the tax base pursuant to Section 17 subsection 19; or expense up to the amount of the write-off of the acquisition cost of a debt receivable acquired through assignment or its outstanding portion, by a taxpayer that determines its tax base pursuant to Section 17 subsection 1 letters b) and c), or by a taxpayer that used the double-entry bookkeeping system and has switched to using the single-entry bookkeeping system with respect to debts receivable already included in the income for previous tax periods in which it used the double-entry bookkeeping system, if

1. a court has dismissed a petition for bankruptcy due to insufficient assets, or stayed bankruptcy proceedings due to insufficient assets, or terminated bankruptcy proceedings on the ground that debtor’s assets are insufficient to cover costs and fees of a bankruptcy receiver, or terminated bankruptcy proceedings on the ground that the insolvent’s assets are insufficient to satisfy even claims against bankruptcy estate, even in the case of a taxpayer who has not registered its claim but has produced a court resolution on the termination of bankruptcy proceedings on the ground that debtor’s assets are insufficient to cover costs and fees of a bankruptcy receiver, or a court resolution that the insolvent’s assets are insufficient to satisfy even claims against bankruptcy estate;

2. the write-off is a result of bankruptcy proceedings or reorganisation proceedings;

3. the debtor is dead and the debt receivable could not have been satisfied through its enforcement vis-à-vis the heirs of the debtor;

4. execution proceedings or enforcement of a court decision is suspended by a court on the ground that, following the issuance of a decision that constitutes grounds for the execution proceedings or enforcement of a court decision, the right awarded thereby ceased to exist

5. a court discontinues the enforcement of a court decision on grounds that its enforcement so far has implied that the proceeds to be obtained will be insufficient to cover its costs, or that debtor’s assets are insufficient to cover the costs of execution proceedings, including with respect to other receivable registered by the taxpayer against the same debtor;

i) expense (cost) equal to the amount of the write-off of the nominal value of a debt receivable, or its outstanding unpaid portion, provided that the following conditions are concurrently met:

1. an allowance may be posted for that debt receivable pursuant to Section 20 subsection 4 letter b) or subsection 14 letter b);

2. the nominal value of the debt receivable is less than EUR 332;

3. by the last tax period in which the debt receivable was written off, the total value of debts receivable from the same debtor is less than EUR 332;

j) expense (cost) expense equal to the levy on the moneys collected in a lottery,<sup>56)</sup>

k) advertisement expenses (costs) incurred for the purpose of presentation of the business of the taxpayer, its products, services, real estate, business name, trademarks, brands of its products, and other rights and liabilities associated with the business of the taxpayer, with the aim to generate, assure, maintain, or increase the income of the taxpayer;

l) expenses (costs) of consumed fuel

1. at prices applicable at the time of its purchase, calculated using the rate of consumption specified in a registration document or technical certificate; if the rate of consumption specified in a registration document

or technical certificate does not correspond with the actual fuel consumption, or if it is not specified at all, account is taken of the consumption demonstrated by a document issued by a person entitled to grant authorisation pursuant to special legislation,<sup>88a)</sup> or by additional information provided by a vehicle manufacturer or distributor demonstrating a different rate of fuel consumption; in the case of trucks or heavy duty machinery with respect to which the rate of consumption specified in a registration document or technical certificate does not correspond with the actual fuel consumption, or is not specified at all, calculation is made using the demonstrated rate of consumption, including consumption demonstrated by an internal regulation which lays down and justifies, in a demonstrable manner, the method for calculating the fuel consumption; or

2. based on fuel purchase receipts up to the amount reported by devices of a vehicle satellite tracking system; or

3. in the form of lump sum expenses up to 80 % of the total demonstrable volume of fuel purchased in a relevant tax period proportionate to the number of kilometres travelled, calculated using odometer readings at the beginning and at the end of the relevant tax period for each motor vehicle separately;

m) expenses, which were financed through subsidies, grants and contributions out of the State budget, budgets of municipalities, regions, State funds, and the National Labour Office, if such subsidies, grants and contributions which were treated as income;

n) depreciation charges related to assets, which are not directly used by the taxpayer, but which serve to assure the taxable income of the taxpayer and at the same time the taxable income of another taxpayer, to which such assets were made available, provided that the assets should promote the sale of products, services, or goods of the taxpayer, which made available the same for their direct use to another taxpayer;

o) aggregate expenses (costs) for derivatives<sup>1)</sup> up to the amount of income (revenues) from derivatives in aggregate for a tax period, with the exemption of

1. taxpayers who perform activities pursuant to special legislation,<sup>88)</sup> the Export-Import Bank of the Slovak Republic, insurance agencies, branches of foreign insurance agencies, reinsurance agencies and branches of foreign reinsurance agencies, which can deduct expenses (costs) of derivatives are recognised up to the amount posted as their cost;

2. hedging derivatives<sup>1)</sup>, in the case of which the expense (cost) shall be deducted up to the amount posted as a cost;

p) meal allowances paid by a taxpayer earning income pursuant Section 6 subsection 1 and 2 for each day worked in a calendar year up to the extent and amount specified for a calendar day for a time interval of 5 to 12 hours pursuant to special legislation,<sup>87)</sup> if the taxpayer is not simultaneously entitled to a meal subsidy pursuant to special legislation<sup>89)</sup> in connection with the performance of dependent activity or if the taxpayer does not deduct expenses (costs) of meals pursuant to letter e) above;

r) the write-off of a debt receivable up to the amount of an allowance which was treated as a tax expense pursuant to Section 20 subsection 4 or 14.

s) employer costs for transport to the place of employment of the employee and back because the mass transportation is not a transportation demonstrably carried out at all or to the extent relevant to the needs of the employer, if the employer for this form of transport was provided a subsidy, support or a grant from the state budget, budget of a municipality or governing region, the employer may only include in expenses the part of the expense which exceed the actual subsidies, support or grant received,

(3) In addition to the above, also the following items shall be treated as tax expenses:

a) depreciation charges of tangible and intangible assets (Sections 22 through 29 below);

b) net book value (Section 25 subsection 3 below) of tangible and intangible assets upon their disposal through sale or liquidation, or the prorated part of the net book value pertinent to that fraction of the assets, which was sold or liquidated; the net book value of structures or their parts, which are disposed in connection with the development of a new structure or its technical upgrade, shall be included in the cost of acquisition,<sup>1)</sup>

c) net book value or acquisition cost of tangible assets, which have been surrendered free of charge to an organization ensuring their further exploitation pursuant to special legislation,<sup>90)</sup> as long as it is not included in the acquisition cost of a structure depreciated by the surrendering taxpayer;

- d) net book value of tangible and intangible assets disposed off due to a damage thereto, up to the amount of the indemnities included in the tax base, including the proceeds from the sale of the disposed assets, except as provided in letter g) below;
- e) in case of sale of tangible assets, which may not be depreciated pursuant to Section 23 below, the input value thereof, while in case of sale of assets referred to in Section 23 subsection 1 letter d) through g) below, and in Section 23 subsection 2 letter d) below, and of any land lots not affected by exploitation, the input value shall be treated as a tax expense only up to the proceeds from the sale;
- f) provisions for contingent liabilities and allowances, as provided in Section 20 below;
- g) damage not caused by the taxpayer, and:
  - 1. arising as a result of natural disasters, such as earthquake, flood, avalanche, or lightning;
  - 2. caused by unknown perpetrators in the tax period, in which the above is confirmed by the Police;
- h) in the case of the assignment of a debt receivable, the nominal value of the debt receivable, or its outstanding portion up to the proceeds from its assignment or up to the proceeds from the posting of an allowance which was treated as a tax expense pursuant to Section 20; the procedure pursuant to Section 17 subsection 12 letter a) and d) shall apply to a taxpayer earning income pursuant to Section 6 who uses the single-entry bookkeeping system or keeps records pursuant to Section 6 subsection 11;
- i) insurance premiums and contributions paid by a general commercial partnership for its partners, or paid by a limited partnership for its general partners, or which are paid by the taxpayer earning income referred to in Section 6 above, and also any insurance premiums and contributions payable by the employer for the account of its employees;
- j) local taxes and local fee pursuant to special legislation<sup>90a)</sup> and other fees related to activities generating income liable to the tax;
- k) value-added tax:
  - 1. which the VAT taxable person must pay upon termination of its registration pursuant to special legislation<sup>6)</sup>, except as provided in Section 17 subsection 3 letter d) indent two above;
  - 2. in case the VAT taxable person is not entitled to the deduction of the value-added tax, or a prorated part of the value-added tax, if the VAT taxable person claims the deduction using a coefficient pursuant to special legislation;<sup>6)</sup>
  - 3. if the VAT taxable person is entitled to VAT refund in a Member State of the European Union in which goods and services were delivered to that person or to which it exported goods, if the goods and services, to which the tax applies, are deemed a tax expense in that tax period in which the entitlement to the VAT refund<sup>90b)</sup> is posted in a manner laid down in special legislation<sup>1)</sup> and if it involves a taxpayer using the single-entry bookkeeping system<sup>1)</sup> or a taxpayer that keeps records pursuant to Section 6 subsection 11 in that tax period in which it claims the VAT refunds in a manner laid down in special legislation;<sup>90b)</sup>
  - 4. if the VAT taxable person is not entitled to the VAT refund in a Member State of the European Union in which goods and services were delivered to that person or to which it exported goods, if the goods and services, to which the tax applies, are deemed a tax expense, on grounds that the amount of the value added tax is below the amount prescribed for VAT refund, in that tax period in which the payment for goods and services was made;
- l) supplementary pension insurance premiums, which are paid by the employer for the account of its employees pursuant to special legislation<sup>35)</sup> and to a supplementary pension saving scheme of the same kind abroad; such premiums may be treated as a tax expense up to the amount of 6 % of posted wage and wage compensation of a employee who participates in that insurance scheme;
- m) penalties for the breach of the duty to employ a prescribed number of handicapped and seriously handicapped persons imposed by a special legislation;
- n) a membership fee arising from non-mandatory membership in a legal entity established for the purpose of defending fee payer's interests, up to 0.5 per mil of the aggregate taxable income for a current tax period, however not more than EUR 66,388 a year;
- o) interests on a financial leasing included in the tax base throughout the entire term of the financial leasing pursuant to special legislation;



- p) fees (commissions) paid for the recovery of debts receivable, up to the amount of any debts, which have been recovered;
- r) a membership fee arising from mandatory membership in a legal entity;
- s) interests on loans for the acquisition of long-term tangible assets, if such interests are posted as costs pursuant to special legislation;<sup>1)</sup>
- t) expense (cost) up to the amount of the write-off of the nominal value of a debt receivable, or its outstanding portion, exclusive of appurtenances thereof, from the Slovak Republic in that tax period in which the taxpayer waived its recovery; this always applies only to a debt receivable recognised by the Slovak Republic.

(4) Any rent, fees (commissions) for mediation services (including any engagements under mandate and similar agreements)<sup>91)</sup> paid to individuals shall be treated as tax expenses in the tax period, in which they are actually paid. Any rent paid to individuals for the relevant tax period may be deducted up to the amount, which is accrued or deferred, and which is attributable to that tax period.

(5) For the purpose of this Act, the term "acquisition cost of an ownership interest or shares on a partnership, company or co-operative" shall mean to include also the value of the contribution in cash and contribution in kind paid up by the partner, member or shareholder, including the premium, if any, or the acquisition cost of the ownership interest or shares in case of its acquisition otherwise than through a contribution to the registered capital. Any increase of the registered capital of the partnership or company using its after-tax profits approved by its general meeting<sup>92)</sup> or approved by a board of directors of a co-operative,<sup>93)</sup> shall be treated as payment of a contribution to the registered capital.

## Section 20

### Allowances for Contingent Liabilities and Provisions

(1) The provisions for contingent liabilities, the posting of which is included in the tax base subject to the terms of this Act, include provisions posted by insurance businesses, provisions posted by health insurance companies<sup>93a)</sup> (subsections 16 and 18 below) and provisions described in subsection 9 below.

(2) The allowances, the posting of which (subject to the terms of this Act) shall be treated as a tax expense pursuant to Section 19 subsection 3 letter f), shall include allowances for

- a) property acquired against consideration<sup>1)</sup> (subsection 13 below);
- b) debts receivable, which are not yet time-barred (subsection 14 below);
- c) debts receivable from debtors in bankruptcy proceedings and reorganisation proceedings 38) (subsections 10 through 12 below);
- d) debts receivable, which are posted by banks and branches of non-resident banks<sup>94)</sup> and by the Slovak Export-Import Bank,<sup>95)</sup>
- e) debts receivable arising from the termination of insurance policies,<sup>96)</sup> which are posted by insurance agencies and branches of non-resident insurance agencies (reinsurance agencies and branches of non-resident reinsurance agencies);
- f) debts receivable of health insurance companies<sup>93a)</sup> (subsection 17), with the exception of debts receivable from the public health insurance attributable to revenues exempt from tax pursuant to Section 13 subsection 2 letter i).

(3) Principles for development, use and release of provisions and reserves establish special provision.<sup>1)</sup>

(4) Banks, branches of foreign banks<sup>94)</sup> and the Slovak Export-Import Bank<sup>95)</sup> may include under their tax expenses the posting of an allowance pursuant to subsection 6 for a debt receivable on an outstanding loan not covered by a collateral, if the debt receivable for which the allowance is posted has been overdue for more than

- a) 360 days, up to the amount of 20 % of the outstanding loan not covered by a collateral;
- b) 720 days, up to the amount of 50 % of the outstanding loan not covered by a collateral;
- c) 1,080 days, up to the amount of 100 % of the outstanding loan not covered by a collateral;

(5) The allowances under subsection 4 above shall be posted for the amount of the debt receivable exclusive of any default interest which is not included in the tax base and not treated as income.

(6) The amount of the allowance posted for debts receivable referred to in subsection 4 shall be determined using the International Financial Reporting Standards.

(7) The balance of the allowances, the posting of which is treated as a tax expense pursuant to subsection 4 above, shall include also any balances brought forward from the previous tax period.

- (8) As regards provisions for contingent liabilities posted by insurance businesses pursuant to special legislation<sup>97)</sup> as costs, the following shall be treated as a tax expense:
- a) technical reserves in general insurance<sup>97)</sup> in the amount which shall not exceed the aggregate liabilities calculated using the methods described by special legislation,<sup>97)</sup> with the exception of a technical reserve for indemnities from claims arisen and not reported in the current accounting period;
  - b) technical reserves in life insurance<sup>97)</sup> in the amount which shall not exceed the aggregate liabilities calculated using the methods described by special legislation,<sup>97)</sup> which arise out of life insurance policies payable under existing insurance agreements, with the exception of a technical reserve for indemnities from claims arisen and not reported in the current accounting period;
- (9) In addition to the above, also the posting of the following provisions for contingent liabilities among costs<sup>1)</sup> shall be treated as a tax expense:
- a) unused holidays, including any insurance premiums and contributions, which the employer must pay for the account of its employees, wage in the application of working time account<sup>80ab)</sup>, uninvoiced supplies and services, preparation, audit, publishing of financial statements and annual reports, and preparation of tax returns, provisions for produced emissions pursuant to special legislation<sup>149)</sup>; this does not apply to taxpayers using the single-entry bookkeeping system;
  - b) forestry growing activities carried out pursuant to a special Act<sup>98)</sup>; the posting of provisions for forestry growing activities shall be defined in a forest growing project for the period until the securing of a young forest cover<sup>99)</sup>, approved by an official forest manager<sup>99a)</sup>; this also applies to a taxpayer using the single-entry bookkeeping system;
  - c) liquidation of major mining sites, quarries and wastes produced by mining activities or mining-like activities and reclamation of lands affected by mining activities or mining-like activities<sup>100)</sup>; this does not apply to a taxpayer using the single-entry bookkeeping system;
  - d) closure, recovery, and monitoring of waste-dumps<sup>101)</sup> following their closure; this also applies to a taxpayer using the single-entry bookkeeping system.
  - e) disposal of electrical and electronic waste collected from households, if the amount of the provision calculated and documented by a taxpayer corresponds with the costs related to the disposal of electrical and electronic waste; this also applies to a taxpayer using the single-entry bookkeeping system;
  - f) a purpose-specific financial provision pursuant to special legislation.<sup>101a)</sup>
- (10) As regards allowances for debts receivable from debtors in bankruptcy proceedings and reorganisation proceedings, the posting of such allowances may be treated as a tax expense only by taxpayers using the double-entry bookkeeping system, up to the nominal value of such debts exclusive of the appurtenances or the acquisition costs of receivables registered within the deadline specified in the bankruptcy order<sup>38)</sup> or reorganisation approval. Banks shall be allowed to deduct allowances for debts receivable from debtors in bankruptcy proceedings and reorganisation proceedings in the amount of the difference between the value of receivables registered within the deadline specified in the bankruptcy order, and the value of the debt included among expenses pursuant to subsection 4 above. Allowances for debts receivable from debtors in bankruptcy proceedings and reorganisation proceedings shall be regarded as tax expenses starting from the tax period, in which such debts receivable were registered within the specified period.
- (11) The allowances for debts receivable from debtors in bankruptcy proceedings and reorganisation proceedings shall be included in the tax base in the tax period, in which the debts receivable are settled. If the debts are denied by the bankruptcy receiver, and if the creditor fails to file, with a court or the competent administration authority, an action aimed at the recovery of the debts and its settlement out of the bankruptcy estate, the tax base shall be increased by the value of the debts so denied. If the debts are denied by the bankruptcy receiver, and if the creditor files, with a court or the competent administration authority, an action aimed at the recovery of the debts and its settlement out of the bankruptcy estate, the tax base shall be increased by the value of the debts so denied or their part in the tax period, in which the court or the competent administration authority dismisses the action.
- (12) Subsections 10 and 11 above shall apply also to any debts receivable from non-resident debtors. If such debts are receivable from debtors having their registered offices or permanent residences in a country without any bankruptcy and reorganisation legislation, any allowances posted by the taxpayer

for debts receivable, which are being enforced through courts in such countries, may also be treated as tax expenses.

(13) Any allowances for acquired assets shall be treated as tax expenses or income in accordance with the accounting legislation,<sup>1)</sup> while the period of their inclusion among tax expenses or income shall be the same both with respect to taxpayers using the single-entry bookkeeping system and with respect to taxpayers using the double-entry bookkeeping system.

(14) Allowances for debts receivable, with respect to which there is a risk of partial or total default by the debtor, and which were treated as income, or, as regards taxpayers engaged in the provision of consumer credits,<sup>102)</sup> also that part of the allowance, which relates to the capital and the interest treated as income from consumer credits, shall be treated as tax expenses provided that such debts receivable are overdue for more than:

- a) 360 days, in which case the expenses shall include up to 20 % of the nominal value of the debt receivable or its outstanding portion, exclusive of appurtenances thereof;
- b) 720 days, in which case the expenses shall include up to 50 % of the nominal value of the debt, exclusive of appurtenances thereof;
- c) 1,080 days, in which case the expenses shall include up to 100 % of the nominal value of the debt receivable or its outstanding portion, exclusive of appurtenances thereof;

(15) The provisions in subsections 4, 6, 14 and 17 on allowances treated as a tax expense shall not apply to a debt receivable acquired through assignment or a debt receivable which can be offset against liabilities payable to the debtor.

(16) From the reserves created by health insurers, the creation of technical reserves under a special regulation is also tax expense.<sup>102a)</sup>

(17) From the adjusting items generated by health insurers,<sup>93a)</sup> the creation of adjusting items to a claim, in which there is a risk that the borrower will fail to pay in full or in part, and which was included in taxable income, and at the rate and under the conditions laid down in subsection 14.

(18) Technical reserves for the reimbursement of health care or planning health care pursuant to subsection 16 shall be included in the tax expenses up to a maximum amount of 100% of the technical reserves for the reimbursement of health care charged under a special regulation.<sup>1)</sup>

(19) For yields, which are under Section 13 subsection 2 letter i) tax-exempt, it is not possible to apply tax expenses, including the creation of adjusting item. The creation, use and abolition of a reserve formed for a liability, whose cost is related to tax-exempt yields under Section 13 subsection 2 letter i) can be not included in the tax base.

(20) The difference between the amounts of the provision posted, and treated as a tax expense, and the actual amount of the cost for which the provision was posted shall be included in the tax base in the tax period in which the provision was used or reversed.

## Section 21

(1) Those expenses (costs) shall not be treated as tax expenses, which are not related to the taxable income, even though the same were posted in the books of accounts<sup>1)</sup> of the taxpayer as expenses (costs), those expenses (costs), the incurrence of which is not sufficiently documented, and also:

- a) expenses (costs) of acquisition of tangible and intangible assets (Section 22 below) and non-depreciated tangible and intangible assets (Section 23 below);
- b) expenses of registered capital increases, including repayment of loans;
- c) bribes or other illicit benefits provided to another person, directly or indirectly, even if the provision of such bribes or other illicit benefits is generally tolerated in a particular country;
- d) distributions of profits, including any shares of profits (royalties) paid to members of statutory and other bodies of legal entities;
- e) expenses above the limits prescribed by this Act or by special legislation;<sup>15)</sup> and expenses (costs) incurred in contrast with this Act or special legislation;<sup>103)</sup>
- f) expenses exceeding income in facilities provided for satisfying the needs of employees or other persons, except for those under Section 17 subsection 3 letter e) above, while such expenses and income shall be aggregated with respect to all such facilities;
- g) expenses of technical upgrade (Section 29 subsection 1 below) and any expenses, which are treated as technical

upgrade (Section 29 subsection 2 below);

h) entertainment expenses other than expenses of advertisement objects with the unitary value not exceeding EUR 17;

i) expenses for personal purposes of the taxpayer, including any expenses (costs) of protection of the taxpayer and its close persons, or protection of that property of the taxpayer, which is not treated as business assets of the taxpayer, and the property of close persons of the taxpayer; this provision shall not apply to expenses (costs) pursuant to Section 19 subsection 2 letter e) and p).

j) expenses (costs) incurred on the income not included in the tax base;

k) expenses (costs) incurred on the purchase of owned shares in the amount not exceeding their nominal value.

(2) Neither the following items shall be treated as tax expenses:

a) tax surcharges, health care insurance premiums, interest paid for any grace period with respect to the payment of taxes and customs duties, penalties and fines, other than any paid liquidated damages;

b) surcharges on the basic rates of charges for air pollution and for dumping of waste,<sup>104)</sup>

c) surcharges on the basic charges for the discharge of wastewater,<sup>105)</sup>

d) amounts posted to the reserve fund and other funds for specific purposes, other than mandatory allocations to the social fund pursuant to special legislation,<sup>13)</sup>

e) shortages and damage<sup>1)</sup> in excess of any indemnities received, except as provided in Section 19 subsection 3 letter g) above, and except of losses suffered in retail sale based on economically justified standards of losses determined by the taxpayer, and except for losses of animals, which are dead otherwise than by the fault of the taxpayer and which are not treated, for the purposes of the Act, as tangible assets. The death or the necessary slaughter of any animal making part of the base herd will not be treated as damage;

f) net book value of tangible and intangible assets, which have been disposed-off permanently, except as provided in Section 19 subsection 3 letter b) through d) above;

g) taxes paid under this Act;

h) taxes paid for the account of another taxpayer;

i) value added tax with respect to VAT taxable persons, except as provided in Section 19 subsection 3 letter k) above and except for any value-added tax, which has been assessed subsequently with respect to previous tax periods, and which is treated as an expense;

j) amounts posted to provisions for contingent liabilities and allowances, except as provided in Section 20 above.

k) the difference between the value of a debt receivable and lower proceeds from its assignment, where the acquired debt receivable is assigned to a subsequent assignee, with the exception of an assigned debt receivable or its outstanding portion, if the receivable meets the criteria for the posting of an allowance treated as a tax expense pursuant to Section 20 subsection 10 through 12.

l) Expenses of healthcare practitioners<sup>37aa)</sup> relating to monetary fulfilments, and non-monetary fulfilments adopted pursuant to Section 17 subsection 31.

m) expenses (costs) of a taxpayer, which are, under Section 2 letter i) and Section 19 tax expenses relating to the settlement paid, remitted or credited in favour of a taxpayer of a non-contractual State under Section 2 letter x), from which the tax is levied through a deduction or the tax is provided, if this taxpayer does not fulfil their obligations under Section 43 subsection 11 or Section 44 of subsection 3.

## Section 22

### Depreciation of Tangible and Intangible Assets

(1) For the purposes of this Act, the term "depreciation" shall mean the gradual inclusion among tax expenses of depreciation charges of tangible and intangible assets, which are posted in the books<sup>1)</sup> or in the registers kept pursuant to Section 6 subsection 11 above, and which are used to assure the taxable income. The procedure of depreciation of tangible assets is set forth in Sections 26 through 28 below, while the procedure of depreciation of intangible assets is set forth in subsection 8 below, except for those tangible and intangible assets, which are not depreciated pursuant to Section 23.

(2) For the purposes of this Act, the following assets shall be treated as depreciable assets:

a) separate movable assets, or sets of movable assets with separate technical-economical destination, the input value of which is higher than EUR 1,700 and the operational-technical life expectancy of which exceeds one year;

b) buildings and other structures,<sup>106)</sup> other than:

1. operating mining plants;

2. petty structures erected on forestry land used for forestry management and hunting, and other than fencing used to secure the forestry management and hunting,<sup>107)</sup>
- c) perennial crops<sup>108)</sup> described in subsection 5 below yielding crops for the at least three years;
- d) animals listed in the Annex 1 to this Act;
- e) sundry assets listed in subsection 6 below.
- (3) The term “separate movable assets” includes also production facilities, facilities and objects used for the provision of services, single-purpose objects and other facilities, which do not constitute a functional part of a building or structure, even though they are firmly attached thereto.
- (4) The term “set of movable assets” shall mean a set of separate movable assets with separate technical-economical destination. The set of separate movable assets with separate technical-economical destination shall include also a part of production or other complex. The set of movable assets will be posted in the books of accounts or in the records kept pursuant to Section 6 subsection 11 above separately in order to have available the documented technical and costing data concerning the individual items belonging to the set, to enable the determination of the main functional item and the tracing of any change to the set (additions, disposals), including the date of any such changes, their extent, the input and net book values of the individual additions and disposals, the aggregate value of the set, the depreciation charges, including changes thereto due to the changes of the input value of the set of movable assets.
- (5) The term ”perennial crops, yielding crops for at least three years” as used in subsection 2 above shall mean:
- a) fruit trees planted on a continuous lot with the extent in excess of 0.25 ha and with a density of at least 90 trees per 1 hectare;
- b) fruit bushes planted on a continuous lot with the extent in excess of 0.25 ha and with a density of at least 1,000 bushes per 1 hectare;
- c) hop-gardens and vineyards.
- (6) For the purpose of this Act, the term ”sundry assets” shall mean expenses:
- a) incurred in opening new quarries, sand pits, clay pits, waste dumps, unless they increase the input value or the net book value of tangible assets;
- b) incurred in technical reclamation, unless special legislation provides otherwise,<sup>109)</sup>
- c) incurred in the technical upgrade of immovable historical monuments in excess of EUR 1,700;
- d) incurred in the technical upgrade of leased assets with the value in excess of EUR 1,700, which have been implemented and depreciated by the lessee;
- e) incurred in the technical upgrade of fully depreciated tangible assets with the value in excess of EUR 1,700.
- f) incurred in the technical upgrade of tangible assets acquired in the form of financial leasing.
- (7) For the purposes of this Act, the intangible assets means long-term intangible assets pursuant to special legislation,<sup>1)</sup> whose input value is higher than EUR 2,400 and its useful life or operating and technical functionalities exceed one year, including long-term intangible assets booked by a legal successor of the taxpayer dissolved without liquidation excluded from goodwill or negative goodwill pursuant to special legislation<sup>1)</sup> only where fair values pursuant to Section 17c are applied.
- (8) Intangible assets shall be fully depreciated in accordance with the accounting regulations,<sup>1)</sup> up to their input value (Section 25) with the exception of goodwill or negative goodwill which is included in the tax base pursuant to Section 17a through 17c.
- (9) The taxpayer may suspend the depreciation of tangible assets for a single entire tax period or for several entire tax periods, while the depreciation shall then be resumed in the next tax period as if it was not suspended at all. The term of the depreciation shall be extended by the time, during which it was suspended. The above does not apply to taxpayers, who deduct expenses as provided in Section 6 subsection 10 above. If such parties suspend the depreciation, they shall record depreciation charges for information purposes only, and shall not be allowed to extend the period of depreciation of tangible assets by the time of suspension. The taxpayer, save for a taxpayer that claims a tax relief under Section 30a and 30b, shall suspend the depreciation of tangible assets in that tax period in which that party fails to secure renewal of a preliminary occupation permit<sup>111a)</sup> or renewal of temporary occupation permit for a trial period,<sup>111b)</sup> until that tax period in which a building authority<sup>107)</sup> will decide on further renewal of the temporary occupation permit<sup>111a)</sup>, on further renewal of temporary occupation permit for a trial period<sup>111b)</sup>, or will issue a certificate of occupancy.
- (10) Inventories shall not be treated as tangible assets for the purposes of this Act.

(11) The yearly depreciation charges of tangible assets referred to in Section 26 subsections 6 through 9, Section 27 or Section 28 below, which were posted in the books of accounts<sup>1)</sup> or in the records kept pursuant to Section 6 subsection 11 above as of the last day of the tax period (other than no depreciable assets), may be deducted by the taxpayer as of the last day of the tax period.

(12) Upon disposal of tangible and intangible assets depreciated pursuant to Section 26 subsections 6 through 9 below, the taxpayer shall deduct depreciation charges corresponding to the number of entire months, during which the assets were posted in the books of accounts<sup>1)</sup> of the taxpayer, or in its records kept pursuant to Section 6 subsection 11.

(13) In the case of transfer of administration rights to the property owned by the State, municipality, or higher territorial unit, the taxable shall deduct from its yearly depreciation charges a prorated part in the amount corresponding to the number of whole calendar months from the beginning of the tax period until the date of transfer, during which it posted those assets<sup>1)</sup> and used them in order to obtain a taxable income. The remaining portion of the yearly depreciation charges shall be deducted by a taxpayer who acquired the right to administer the property owned by the State, municipality or higher territorial unit, commencing from that calendar month in which this event occurred.

(14) In the case of a taxpayer whose tax period is less than a calendar year due to his/her death, an aliquot portion shall be deducted from the calculated yearly depreciation charges, attributable to whole months during which the assets were posted among his/her business assets.<sup>1)</sup> The remaining portion of the yearly depreciation charges, broken down to calendar months, shall be deducted by a taxpayer that has assumed activities of the deceased taxpayer; the remaining portion of the depreciation charges shall already be deducted in that month in which the assets were registered among the assets of the taxpayer carrying on with the activities of the deceased taxpayer.

(15) Tangible assets referred to in subsection 2 letter a) may be split into individual separable items of tangible assets (hereinafter referred to as the "individual separable item"), provided that the input value of each individual separable item exceeds EUR 1,700. Individual separable items are recorded separately so that it is possible to ensure, in a demonstrable manner, technical and costing data on individual separable items and all changes made to individual separable items, such as their additions and disposals, including the date of such changes, their extent, input and net book values of individual separable items, the aggregate value of the tangible assets, and on the total amount of depreciation charges, including any changes resulting from the change in the input value of those assets. Only those individual separable items may be excluded from the tangible assets referred to in subsection 2 letter b) above for separate depreciation that are listed in Annex 1.

## Section 23

### Non-Depreciable Tangible and Intangible Assets

(1) The following assets shall be excluded from depreciation:

- a) land;
- b) perennial crops, yielding crops for more than three years, which have not yet reached their production age;
- c) protection dikes;
- d) works of art,<sup>111)</sup> which are not part of structures or buildings;
- e) movable national cultural monuments,<sup>113)</sup>
- f) surface and underground waters, forests, caves, measuring marks, indicators and other selected surveying standards and printing materials of the publication of State maps;
- g) museum and gallery objects.<sup>114)</sup>

(2) In addition to the above, also the following assets shall be excluded from depreciation:

- a) displacement of utility networks carried out by the owners thereof, if such works are financed by the individual or the legal entity, which induced the need for such works,<sup>90)</sup>
- b) intangible assets contributed to the registered capital of a partnership, company or co-operative, if they have been acquired by the founder free of charge (e.g. trade mark, know-how), or if according to the terms and conditions of the contribution, the partnership, company or co-operative was only granted the right to use such intangible assets, without any transfer of the title thereto and without the entitlement to grant the right of usage thereof to third parties;
- c) any surpluses of tangible and intangible assets established in the course of their physical count,<sup>1)</sup>
- d) tangible assets acquired by a creditor as a result of securing a debt through a transfer of rights<sup>115)</sup> for the term of the security;
- e) tangible assets, which have been acquired, free of charge, by an organization ensuring their further exploitation

pursuant to special legislation,<sup>90)</sup> if the expenses incurred in the development thereof have been included in the acquisition cost of a structure by the surrendering taxpayer, or if they are posted among expenses upon the surrender of the assets [(Section 19 subsection 3 letter c) above].

#### Section 24

- (1) Tangible and intangible assets shall be depreciated by the taxpayer having the ownership title to such assets. Tangible and intangible assets shall also be depreciated by the taxpayer, which does not hold the title thereto, provided that such a taxpayer keeps books of accounts<sup>1)</sup> or records pursuant to Section 6 subsection 11 above concerning:
- a) tangible assets, if there is a transfer of the title thereto to secure a debt through the assignment of rights<sup>115)</sup> to the creditors, provided that the original owner (debtor) enters with the creditor into a written lending agreement<sup>116)</sup> with respect to such assets for the term of the security;
  - b) long-term tangible movable assets, the ownership title to which passes over to the buyer only upon payment of the purchase price in full, and which are being used by the buyer prior to the date of acquisition of the ownership title thereto;
  - c) real estate acquired under an agreement, whereby the ownership title thereto is only acquired upon its registration in the Register of Real Estate, if the buyer uses the real estate prior to the date of acquisition of the ownership title thereto;
  - d) tangible assets acquired under a financial lease agreement.
  - e) tangible and intangible assets owned by the State, municipality or higher territorial unit, which were entrusted to the administration of a State-funded or State-subsidised organisation or another legal entity.<sup>116a)</sup>
- (2) Technical upgrade of leased tangible assets paid for by the lessee may be depreciated by the lessee under a written agreement with the owner, unless the owner's input value of such tangible assets is increased by the amount of such expense. When depreciating the technical upgrade, the lessee shall follow the procedure prescribed for the depreciation of tangible assets. The lessee shall treat the technical upgrade as belonging to the same depreciation category, to which the leased tangible assets belong. The provisions above shall apply also to the depreciation of sundry assets referred to in Section 22 subsection 6 letter e).
- (3) Any tangible and intangible assets, which are co-owned, shall be depreciated by each of the co-owners with reference to the input value of the assets, pro rata to their ownership interests.
- (4) When depreciating tangible and intangible assets, which are used to assure taxable income only partially, only a prorated part of the depreciation charges shall be treated as an expense incurred in assuring the taxable income.
- (5) The taxpayer that is an individual and transfers any tangible or intangible assets from personal property to his/her business assets, and also the taxpayer, which has not been established or founded to conduct business, and which starts to use assets for an activity generating income liable to the tax, shall depreciate such assets in the manner prescribed for "subsequent years of depreciation" with reference to the input value defined in Section 25 subsection 1 letter d) below.
- (6) Tangible and intangible assets defined individually,<sup>117)</sup> which have been granted to an association, which is not a legal entity, to be used jointly by the members of the association, shall be depreciated by that member of the association, who granted such assets to be used jointly by the members of the association.
- (7) In addition to the owner, intangible assets may be depreciated also by the taxpayer, which acquires the right to use such assets against consideration.

#### Section 25

- (1) The term "input value" of tangible and intangible assets shall mean:
- a) acquisition cost<sup>118)</sup>; acquisition cost of the assets acquired from an individual as donation means an acquisition cost determined by the donor, only if such assets were not included in the donor's business assets and provided that the tax exemption pursuant to Section 9 would not apply to such assets if they were sold at the date of donation;
  - b) production costs,<sup>118)</sup>
  - c) reproduction costs determined pursuant to special legislation,<sup>118)</sup> In the case of immovable cultural monuments, the reproduction cost is determined as the price of the structure determined pursuant to special legislation<sup>119)</sup> regardless of the category of the cultural monument, its historical value and the value of artistic and handicraft works, which are incorporated therein;
  - d) the value determined pursuant to letters a) through c) above in a situation, in which an individual transfers any assets from personal property to his/her business assets, and also with respect to the taxpayer, which has not been established or founded

to conduct business, and which starts to use assets for an activity generating income liable to the tax, while no depreciation charges shall be deducted for the years, during which the tangible and intangible assets have not been used to assure taxable income;

e) the value of the debt secured by a transfer of the title to tangible movable assets and to intangible movable assets which, upon a failure to repay the debt or its portion, passes on to the creditor,<sup>115)</sup> less any fraction of the loan or credit, which has been repaid;

f) the net book value of the assets determined by a donor upon the disposal of the assets in the form of donation, with the exception of non-depreciable assets, or the net book value of the assets determined by a donor who is an individual upon their disposal from the business assets (Section 9 subsection 5), if such assets were included in the donor's business assets [Section 2 letter m)] and provided that the tax exemption pursuant to Section 9 would not apply to such assets if they were sold at the date of donation, with the exception of non-depreciable assets;

g) the acquisition cost of non-depreciable assets, the acquisition cost of non-depreciable assets determined by a donor upon the disposal of the assets in the form of donation, or the acquisition cost of non-depreciable assets determined by a donor who is an individual upon their disposal from the business assets (Section 9 subsection 5), if such assets were included in the donor's business assets [Section 2 letter m)] and provided that the tax exemption pursuant to Section 9 would not apply to such assets if they were sold at the date of donation;

h) with respect to individual separable items referred to in Section 22 subsection 15:

1. the acquisition cost<sup>118)</sup>;

2. the cost determined by a qualified estimate or an expert appraisal, if the cost referred to in the foregoing indent is unavailable.

(2) The input value shall also include any technical upgrade starting from the tax period, in which the technical upgrade is completed and commissioned. In the case of the accelerated depreciation method, the technical upgrade shall be summed up also to the net book value.

(3) For the purposes of this Act, the term "net book value" shall mean the difference between the input value of tangible and intangible assets and the accumulated depreciation of such assets treated as a tax expenses [Section 19 subsection 3 letter a)] apart from the net book value pursuant to Section 28 subsection 2 letter b). If you increase the tax base pursuant to Section 17 subsection 24 letter c) the net book value determined pursuant to the first sentence shall be adjusted by the amount of the thus calculated increase in the tax base.

(4) If the taxpayer uses the accelerated depreciation method (Section 28 below), for the purposes of determination of the yearly depreciation charges and the assignment of the yearly coefficient, any technical upgrade shall increase the input value (hereinafter referred to as the "increased input value"). The above shall not apply if the technical upgrade is implemented in the first year of depreciation.

(5) The input value shall also include:

a) value-added tax with respect to a taxpayer which is not a VAT taxable person;

b) value-added tax with respect to a taxpayer which is a VAT taxable person, but which cannot deduct the value-added tax, or

c) a portion of value-added tax not deducted by a taxpayer which is a VAT taxable person that deducts the value-added tax using a coefficient pursuant to special legislation<sup>6)</sup>, provided that that taxpayer does not apply the procedure pursuant to Section 19 subsection 3 letter k) indent two in the tax period.

(6) With respect to the acquisition of tangible assets in the form of a financial leasing, value-added tax is not included in the acquisition cost incurred by a lessee.

(7) In case of increase or reduction of the input value of already depreciated tangible assets for reasons other than the technical upgrade thereof (hereinafter referred to as the "adjusted input value"), the depreciation charges will make reference to the adjusted input value (net book value), while maintaining the yearly depreciation rate or the coefficient determined pursuant to Sections 27 or 28 below.

(8) The sum of input values of individual separable items referred to in Section 22 subsection 15 equals to the input value of such tangible assets.

## Section 26

### Procedure of Depreciation of Tangible Assets

(1) In the first year of depreciation, the taxpayer shall include its tangible assets classified according to the Production and Structures Classification<sup>120)</sup> into depreciation categories as per the Annex to this Act. The period of depreciation shall be:



Depreciation category Period of depreciation

1 4 years

2 6 years

3 12 years

3 20 years.

(2) Tangible assets, which cannot be included into any of the depreciation categories specified in the Annex to this Act, and the useful life of which is not defined by any other legislation, shall be included in depreciation category 2 for the purposes of their depreciation. The above shall not apply to tangible assets referred to in subsections 6 through 9 below. A set of movable assets shall be included into the depreciation category with reference to the main functional unit thereof. If the procedure pursuant to Section 22 subsection 15 is applied, individual separable items of the tangible assets shall be included in the same depreciation category as those tangible assets, with the exception of individual separable items of buildings and structures as listed in Annex 1.

(3) The taxpayer shall either depreciate its tangible assets using the straight-line depreciation method, (Section 27 below) or the accelerated depreciation method (Section 28 below). The taxpayer shall determine the method of depreciation with respect to each newly acquired tangible asset, and this method cannot be changed for the entire period of depreciation.

(4) Tangible assets shall be depreciated up to the input value thereof, or, as appropriate, up to the input value increased by any technical upgrade, or up to the net book value increased by any technical upgrade, if the taxpayer uses the accelerated depreciation method.

(5) If there is a technical upgrade, or if the term of depreciation is reduced, the tangible assets shall be depreciated up to the input value (or up to the input value increased by any technical upgrade) applying the depreciation rate then in force, or up to the net book value or increased net book value applying the coefficient prescribed for the relevant depreciation category. The technical upgrade shall result in an extension of the term of depreciation by a period calculated in accordance with Section 27 or Section 28 below.

(6) The annual depreciation charge applied to new quarries, sand pits, clay pits and technical reclamation (provided they are not included in the input value of the tangible assets, of which part they make), to temporary building sites<sup>107</sup>) and to mining plants, shall be determined as the input value divided by the specific useful life of the assets.

(7) The yearly depreciation charge applied to forms, patterns and templates (Product Classification codes 25.73.6, 28.92.4, if it concerns machines for forming or casting moulds from sand, and codes 28.96.1 and 25.73.5) shall be determined as the input value divided by the specific useful life or as the input value divided by the specific number of castings or stampings.

(8) Tangible assets, excluding lands, leased under a financial leasing agreement shall be depreciated by a lessee during the term of the lease up to 100 % of the principal value pursuant to special legislation<sup>1</sup>), increased by any costs related to the acquisition of the subject-matter of the financial leasing incurred by the lessee until the time when such assets are put into operation. If the case of assignment of a lease agreement, any compensation paid in excess of the total amount of agreed payments shall be depreciated as a part of the input value on a straight-line basis for the remaining term of the leasing agreement. If the agreed term of financial leasing is extended or reduced, depreciations already deducted are not adjusted retroactively and the remaining portion of the depreciable value shall be spread evenly over the entire newly agreed term of the financial leasing. The provisions of Sections 27 and 28 below shall not apply to the depreciation procedure, but the depreciation charges shall be determined on a straight-line basis as a prorated part of the acquisition cost attributable to each calendar month of the term of leasing.

(9) The yearly depreciation charges pursuant to subsections 6, 7 and 8 above shall be calculated for whole calendar months, starting from the calendar month, in which the conditions for starting the depreciation were met. The conditions will be deemed met in the calendar month, in which the assets were posted to the books of accounts or to the records kept pursuant to Section 6 subsection 11 above. With this method of depreciation, yearly depreciation charges may be posted in the year of starting and termination of depreciation only for a prorated part attributable to such a tax period in consideration of the number of calendar months, during which the assets were used to assure the income.

(10) The monthly depreciation charges calculated pursuant to subsections 6, 7, and 8 above, shall be rounded up to whole Euros.

#### Section 27

##### Depreciation of Tangible Assets on a Straight-line Basis

(1) When using a straight-line depreciation method, the yearly depreciation charges shall be determined dividing the input value of tangible assets by the number of years of depreciation prescribed for the relevant depreciation category in Section 26 subsection 1 above as follows:

Depreciation category Yearly depreciation

|   |      |
|---|------|
| 1 | 1/4  |
| 2 | 1/6  |
| 3 | 1/12 |
| 4 | 1/20 |

(2) In the first year of depreciation of tangible assets only a proportional part of the annual depreciation calculated under subsection 1 shall be applied, depending on the number of months, starting with the month of their inclusion into use to the end of this tax period. If during the period of depreciation of tangible assets under Section 26 of subsection 1

a) a technical assessment of tangible assets was not carried out, the unclaimed proportion of this annual depreciation shall be applied in the year following the expiry of the period of depreciation of tangible assets pursuant to Section 26 subsection 1,

b) a technical assessment of the tangible assets was carried out, the unclaimed proportion of this annual depreciation shall be applied pursuant to Section 26 subsection 5.

(3) The annual depreciation calculated under subsection 1 and the portion of the annual depreciation referred to in subsection 2 shall be rounded up to whole Euros.

Section 28

Accelerated Depreciation of Tangible Assets

(1) If the accelerated method of depreciation of tangible assets is used, the following accelerated depreciation coefficients shall apply to the individual depreciation categories:

Coefficient for accelerated depreciation

| Depreciation category | First year | Subsequent years | For incr. net book value |
|-----------------------|------------|------------------|--------------------------|
| 1                     | 4          | 5                | 4                        |
| 2                     | 6          | 7                | 6                        |
| 3                     | 12         | 13               | 12                       |
| 4                     | 20         | 21               | 20                       |

(2) With the accelerated method of depreciation, the depreciation charges of tangible assets will be calculated as follows:

a) in the first year of depreciation as the input value divided by the applicable coefficient of accelerated depreciation prescribed for the first year of depreciation

b) in subsequent years of depreciation as two times the net book value divided by the applicable coefficient of accelerated depreciation prescribed for the subsequent years of depreciation, minus the number of years for which the asset has already been depreciated; only for the purposes of calculating annual depreciation

1. in the second year of depreciation, the net book value of tangible assets is determined as the difference between the input value and the proportion of its input value and its associated coefficient for accelerated depreciation effective in the first year of depreciation unreduced by the proportion of annual depreciation unclaimed in tax expenses in the first year of depreciation,

2. in subsequent years of the depreciation, the net book value determined under the first indent shall be reduced by the tax depreciation of those assets included in the tax expenses, starting from the second year of depreciation.

(3) When applying the accelerated method of depreciation to tangible assets, the value of which has been increased by technical upgrade, the depreciation charges shall be calculated as follows:

a) in the year, in which the net book value is increased, as two times the net book value of the tangible asset divided by the applicable coefficient of accelerated depreciation prescribed for the increased net book value;

b) in subsequent years of depreciation as two times the net book value of the tangible asset divided by the coefficient of accelerated depreciation prescribed for the subsequent years of depreciation, minus the number of years for which the increased net book value has already been depreciated with reference to the increased net book value.

(4) If during the period of depreciation of tangible assets pursuant to Section 26 subsection 1

a) a technical assessment of tangible assets was not carried out, the unclaimed proportion of the annual depreciation pursuant to subsection 2 letter a) shall be applied in the year following the expiry of the period of depreciation of the tangible assets pursuant to Section 26 subsection 1,

b) a technical assessment of the tangible assets was carried out, the unclaimed proportion of the annual depreciation pursuant to subsection 2 letter a) shall increase the net book value of these assets in the year of performing a technical assessment.

(5) The yearly depreciation charges calculated pursuant to subsections 2 and 3 above shall be rounded up to whole Euros.

#### Section 29

##### Technical Upgrade of Tangible and Intangible Assets

(1) For the purposes of this Act, the term "technical upgrade of tangible and intangible assets" shall mean expenses incurred in respect of completed extensions, additions, adaptations of buildings or structures,<sup>107)</sup> reconstruction and modernization exceeding, with respect to each individual tangible and intangible asset, EUR 1,700 in the aggregate for the tax period.

(2) Technical upgrade of tangible and intangible assets referred to in subsection 1 above shall also include any technical upgrade, which does not exceed, in the aggregate, EUR 1,700 in any tax period, if the taxpayer decides to treat such expenses as technical upgrade. Thereafter, the relevant expenses shall be depreciated as an integral part of the input value, increased input value, or increased net book value of tangible or intangible assets.

(3) Technical upgrade shall also mean any technical upgrade in the amount exceeding EUR 1 700 per tax period, performed on long-term tangible assets<sup>1)</sup> with acquisition cost equal to EUR 1,700 or less. Such technical upgrade shall be added to the acquisition cost of the long-term tangible assets and yearly depreciation charges calculated pursuant to Section 26 shall apply.

(4) For the purposes of this Act, the term "reconstruction" shall mean alterations of a tangible asset resulting in a change to its purpose, a qualitative change of its performance or its technical parameters. A replacement of the used materials with new ones having comparable characteristics shall not be regarded as a change of technical parameters.

(5) For the purposes of this Act, the term "modernization" shall mean improvement of the amenities or fittings or utility value of the tangible asset through such new components, which the original assets did not contain and which will be incorporated therein. The components will be deemed incorporated in the original asset if they are independent items, which are intended for the common use with the main asset and together with such main asset they constitute a single unit.

#### Section 30

##### Deduction of Tax Loss

(1) From the tax base of a taxpayer who is a legal entity, or from the tax base (partial tax base) from income pursuant to Section 6 subsection 1 and 2, a taxpayer who is a natural person, can make a deduction for tax loss evenly over a maximum of four consecutive tax periods, starting from the tax period immediately following the tax period for which this tax loss was recognized. The right to deduct tax losses expires from the date of entry of the taxpayer into liquidation or bankruptcy. If the tax period is less than a year, the taxpayer may apply the entire annual deduction of tax losses.

(2) If the taxpayer, who started to deduct the tax loss or who became entitled to deduct the tax loss in pursuance of subsection 1 above, ceases to exist since it becomes dissolved without liquidation, the tax loss shall be deducted by the legal successor; if there are several legal successors, the tax loss shall be deducted by each of the legal successors on a prorated basis, pro rata to the equity of the dissolved taxpayer, which passed over to the individual legal successors. The legal successor may deduct the tax loss if the dissolved legal entity and its legal successor are corporate income tax payers and, concurrently, the legal entity is not dissolved solely with the aim of reducing or evading its tax liability.

(3) The tax loss booked by a taxpayer that is a partner of a general commercial partnership, shall be increased by the portion of the tax loss booked by the general commercial partnership, which is attributable to that taxpayer, or it shall be reduced by the portion of the tax base of the general commercial partnership, which is attributable to that taxpayer.

- (4) The tax loss booked by a taxpayer that is a general partner of a limited partnership, shall be increased by the portion of the tax loss booked by the limited partnership, which is attributable to that taxpayer, or it shall be reduced by the portion of the tax base of the general commercial partnership, which is attributable to that taxpayer.
- (5) The provisions of Sections 17 through 29 above shall apply to the determination of the tax loss, which may be deducted pursuant to subsection 1 above.

#### Section 30a

##### Tax relief for investment aid beneficiaries

- (1) A taxpayer to which a decision on the approval of investment aid containing a tax relief pursuant to special legislation<sup>120a</sup>) was issued may claim the tax relief up to the amount specified in subsection 2 below, provided that it simultaneously complies with the conditions laid down in special legislation<sup>120a</sup>) and special conditions pursuant to subsection 3 below or conditions under the De Minimis State Aid Scheme.
- (2) The taxpayer may claim the tax relief up to the amount of the tax representing a prorated part of the tax base. The prorated part of the tax base is calculated by multiplying the tax base by a coefficient calculated as a ratio of
- eligible costs<sup>120b</sup>) for which the investment aid was granted under special legislation<sup>120a</sup>) up to the aggregate amount of the acquisition cost of long-term tangible and long-term intangible assets of such investment purchased after the issuance of a written confirmation to the applicant that the investment plan complies with the conditions for the granting of investment aid<sup>120c</sup>) until the end of the relevant tax period for which the tax relief is claimed and
  - the sum of the value of the taxpayer's equity reported in the financial statements for the tax period in which the written confirmation was issued under special legislation<sup>120c</sup>) and eligible costs referred to in subsection 1 letter a) above.
- (3) The special conditions referred to in subsection 1 above are:
- during tax periods for which the tax relief is claimed, the taxpayer will apply all provisions of this Act reducing tax base, to which it is entitled, in particular by means of
    - depreciation charges pursuant to Sections 22 through 29; when claiming the tax relief, depreciation of tangible assets pursuant to Section 22 subsection 9 may not be suspended;
    - allowances and provisions for contingent liabilities pursuant to Section 20;
  - during tax periods for which the tax relief is claimed, the taxpayer is obliged to deduct a tax loss or a portion of the tax loss by which it did not reduce its tax base in the previous tax periods from the tax base in an amount corresponding to the tax base; if the tax base is higher than the amount of the tax loss by which the tax base was not reduced in the previous tax periods, the tax base shall be reduced by the amount of such loss;
  - the taxpayer may not claim the tax relief pursuant to subsection 4 in the case of dissolution without liquidation, upon commencement of liquidation, if a bankruptcy order has been made or its business license revoked or suspended;
  - the taxpayer shall act in compliance with Section 18 and adhere to the arm's length principle when calculating the tax base in a mutual business transaction with a related party.
- (4) The taxpayer may claim the tax relief pursuant to subsection 1 above over not more than ten consecutive tax periods; the first tax period for which the tax relief may be claimed is a tax period in which the taxpayer was issued with a decision on the approval of investment aid and the taxpayer complied with the conditions laid down in special legislation<sup>120a</sup>) and special conditions pursuant to subsection 3 above, however no later than the tax period in which three years will have lapsed since the issuance of the decision pursuant to special legislation.<sup>120a</sup>)
- (5) The taxpayer may claim the tax relief up to not more than the amount that, over the tax periods for which the tax relief is claimed, does not exceed, in aggregate, the value specified for this type of investment aid in the decision on the approval of investment aid issued pursuant to special legislation.<sup>120a</sup>)
- (6) The amount of the tax relief remains unchanged if a higher tax liability is subsequently imposed upon the taxpayer, or if the taxpayer reports a higher tax liability in a supplementary tax return than the tax liability specified in the tax return.
- (7) The amount of a non-disbursed value of the investment aid granted in the form of a tax relief remains unchanged if a lower tax liability was subsequently imposed upon the taxpayer, or if the taxpayer reports a lower tax liability

in a supplementary tax return than the tax liability specified in the tax return.

(8) If the tax payer fails to comply with any of the general conditions laid down in special legislation<sup>120a)</sup> or any of the special conditions specified in subsection 3 above, except for the conditions specified in subsections 3 letter a) and b), the entitlement to the tax relief under subsection 1 ceases to exist and the taxpayer is obliged to file a supplementary tax return for all tax periods in respect of which the taxpayer claimed the tax relief. The taxpayer is obliged to file a supplementary tax return before the end of the third calendar month following the month in which the requirement to lodge a supplementary tax return was discovered, within the same deadline the tax on which the tax relief was applied, and which has declared in the supplementary tax return, is due. Neither the tax nor its difference can be levied after ten years from the end of the year in which the obligation to file a tax return for the tax period for which this tax relief is applied.

(9) If the taxpayer fails to comply with the condition specified in subsection 3 letter a) or b), that party forfeits its entitlement to the tax relief in the relevant tax period and is obliged to file a supplementary tax return for each tax period in which such a failure to comply occurred. The taxpayer is obliged to file a supplementary tax return before the end of the third calendar month following the month in which the requirement to file a supplementary tax return was discovered. The tax reported in a supplementary tax return is payable within the deadline pursuant to subsection 8 above. Neither the tax nor its difference can be levied after ten years from the end of the year in which the obligation to file a tax return for the tax period for which this tax relief is applied.

#### Section 30b

Tax relief for incentive beneficiaries

(1) A taxpayer to which a decision on the approval of incentives pursuant to special legislation<sup>120d)</sup> was issued may claim a tax relief pursuant to subsection 2 below on a case-by-case basis for each tax period during the entire period for which the decision is issued, but only up to the amount of costs reported in the financial statements of that taxpayer paid from its own funds<sup>120e)</sup> for the purpose specified in special legislation,<sup>120d)</sup> if the taxpayer simultaneously complies with the conditions pursuant to special legislation<sup>120d)</sup> and special conditions pursuant to subsection 3 below.

(2) The taxpayer may claim the tax relief up to the amount of the tax representing a prorated part of the tax base.

The prorated part of the tax base is calculated by multiplying the tax base by a coefficient calculated as a ratio of

a) costs reported in the financial statements of the taxpayer paid from its own funds<sup>120e)</sup> for the purpose specified in special legislation<sup>120d)</sup> for the relevant tax period in which the taxpayer claims the tax relief and

b) the sum of costs referred to in letter a) above and a subsidy granted under the decision on the approval of incentives pursuant to special legislation<sup>120d)</sup> in the amount specified in subsection 3 letter e) for the relevant tax period in which the taxpayer claims the tax relief.

(3) The special conditions referred to in subsection 1 above are:

a) during tax periods for which the tax relief is claimed, the taxpayer will apply all provisions of this Act reducing tax base, to which it is entitled, in particular by means of

1. depreciation charges pursuant to Sections 22 through 29; when claiming the tax relief, depreciation of tangible assets pursuant to Section 22 subsection 9 may not be suspended;
2. allowances and provisions for contingent liabilities pursuant to Section 20;

b) during tax periods for which the tax relief is claimed, the taxpayer is obliged to deduct a tax loss or a portion of the tax loss by which it did not reduce its tax base in the previous tax periods from the tax base in an amount corresponding to the tax base; if the tax base is higher than the amount of the tax loss by which the tax base was not reduced in the previous tax periods, the tax base shall be reduced by the amount of such loss;

c) the taxpayer may not claim the tax relief pursuant to subsection 4 in the case of dissolution without liquidation, upon commencement of liquidation, if a bankruptcy order has been made or its business license revoked or suspended;

d) the taxpayer shall act in compliance with Section 18 and adhere to the arm's length principle when calculating the tax base in a mutual business transaction with a related party.

e) the subsidy granted under the decision on the approval of incentives pursuant to special

legislation<sup>120d</sup>) shall be included in the tax base for the purposes of calculating a prorated part of the tax base referred to in subsection 2

1. on a straight-line basis during the entire period of tax relief, if it has been provided for the acquisition of depreciable tangible and intangible assets; and
2. in the substantial and chronological correlation with the posting of costs pursuant to special legislation<sup>1</sup>), if it has been provided to cover operating costs

(4) The taxpayer may claim the tax relief pursuant to subsection 1 above over not more than three consecutive tax periods; the first tax period for which the tax relief may be claimed is a tax period in which the taxpayer was issued with a decision on the approval of incentives and the taxpayer complied with the conditions laid down in special legislation<sup>120d</sup>) and special conditions pursuant to subsection 3 above, however no later than the tax period in which three years will have lapsed since the issuance of the decision pursuant to special legislation.<sup>120f</sup>)

(5) The taxpayer may claim the tax relief up to not more than the amount that, over the tax periods for which the tax relief is claimed, does not exceed, in aggregate, the value specified in the decision on the approval of incentives pursuant to special legislation.<sup>120f</sup>)

(6) The amount of the tax relief remains unchanged if a higher tax liability is subsequently imposed upon the taxpayer, or if the taxpayer reports a higher tax liability in a supplementary tax return than the tax liability specified in the tax return.

(7) The amount of a non-disbursed value of incentives granted in the form of a tax relief remains unchanged if a lower tax liability was subsequently imposed upon the taxpayer, or if the taxpayer reports a lower tax liability in a supplementary tax return than the tax liability specified in the tax return.

(8) If the tax payer fails to comply with any of the general conditions laid down in special legislation<sup>120d</sup>) or any of the special conditions specified in subsection 3 above, except for the conditions specified in subsection 3 letter a) and b), the entitlement to the tax relief under subsection 1 ceases to exist and the taxpayer is obliged to file a supplementary tax return for all tax periods in respect of which the taxpayer claimed the tax relief. The tax in respect of which the tax relief was claimed and which is reported in a supplementary tax return is payable before the end of the third calendar month subsequent to the month in which the subsequent tax return was filed.

(9) If the taxpayer fails to comply with the condition specified in subsection 3 letter a) or b), that party forfeits its entitlement to the tax relief in the relevant tax period and is obliged to file a supplementary tax return for each tax period in which such a failure to comply occurred. The tax reported in a supplementary tax return is payable within the deadline pursuant to subsection 8 above.

## Section 31

### Exchange Rate

(1) If the taxpayer is an accounting entity, amounts in a foreign currency shall be converted to Euros using a reference exchange rate set by the European Central Bank or the National Bank of Slovakia (hereinafter referred to as the “exchange rate”) applicable by the date when it was used by the taxpayer in its books of accounts<sup>1</sup>), unless this Act provides otherwise. The sale and purchase of a foreign currency for Euros is governed by special legislation.<sup>121</sup>)

(2) If the taxpayer is not an accounting entity, for the conversion shall be used in

#### a) income

1. the average exchange rate for the calendar month in which it was provided or
2. the exchange rate valid on the day on which it was received in a foreign currency or credited by a bank or branch of a foreign bank or
3. the annual average exchange rate for the taxable period for which the tax return is administered or
4. average of the average monthly exchange rates for the calendar months for which the tax return is administered in which the taxpayer received income,

b) expenses of the appropriate procedure referred to in letter a) in the tax period in which such expenses were incurred.

(3) At the conversion of tax on interest accrued on bank accounts denominated in a foreign currency, or on certificates of deposit denominated in a foreign currency, the tax on which is withheld as provided in Section 43 below, reference shall be made to the exchange rate in force on the date, on which the interest was credited in favour of the taxpayer. The same procedure shall also apply to other income pursuant to Section 16 to which tax withholdings pursuant to Section 43 apply or on which a tax security is levied pursuant to Section 44; tax withholdings or tax security withholdings shall be converted

using an exchange rate applicable on the day when the withholding was made.

(4) For the purposes of deduction of any taxes paid abroad, reference shall be made to the yearly average exchange rate for the tax period, with respect to which the tax return is being filed. If the tax period does not coincide with the calendar year, the conversion shall make reference to an average value calculated using the monthly exchange rates for the period, with respect to which the tax return is being filed.

## TITLE FIVE

### COLLECTION AND PAYMENT OF TAXES

#### Part one

#### Individual income tax

#### Section 32

#### Tax Return

(1) A tax return for any tax period must be filed by any taxpayer, who earned, in the tax period, a taxable income higher than 50 % of the amount specified in Section 11 subsection 2 letter a) above, except as provided in subsection 4 below. Tax returns shall be filed also by those taxpayers, whose taxable income for the tax period did not exceed 50 % of the amount under Section 11 subsection 2 letter a) above, but who booked a tax loss. The income, which is to be compared with under Section 11 subsection 2 letter a) above, shall not include any income, the tax on which is withheld as provided in Section 43 below, as long as

- a) the tax liability is settled upon withholding of such tax (Section 43 subsection 6 below), or
- b) the taxpayer does not proceed as provided in Section 43 subsection 7 below.

(2) A tax return must be filed also by those taxpayers, who have earned, in any one tax period, only the taxable income under Section 5 above, which exceeds 50 % of the amount under Section 11 subsection 2 letter a), if:

- a) the income was paid by an employer that is not a taxpayer<sup>122)</sup> or a non-resident taxpayer pursuant to Section 48;
- b) the income originates from sources abroad, save for the cases referred to in subsection 4 below;
- c) no tax advances may be withheld on such income [Section 35 subsection 3 letter a) below];
- d) the taxpayer either failed to ask the employer that is a taxpayer,<sup>122)</sup> to make the annual clearing of advances for the account of tax on income from dependent activities (hereinafter referred to as the "annual clearing"), or the taxpayer asked for the annual clearing, but failed to submit to the taxpayer, by the prescribed date, the documents, which are necessary for the annual clearing (Section 38 subsection 5 below), or is obliged to increase the tax base pursuant to Section 11 subsections 9 through 13.

(3) A tax return for the tax period shall also be filed by the taxpayer, for whom the employer that is a taxpayer,<sup>122)</sup> performed the annual clearing, if during the tax period the taxpayer was in receipt of:

- a) any income under Section 5 above from several employees, provided that the taxpayer failed to submit to the employee, who performed the annual clearing, the requested documents issued by each of the other employers;
- b) other types of taxable income pursuant to Section 6 through 8, including income taxable pursuant to Section 43, in respect of which the taxpayer applies the procedure pursuant to Section 43 subsection 7, or is obliged to increase the tax base pursuant to Section 11 subsections 9 through 13.

(4) No tax return need be filed by a taxpayer, who earns only income:

- a) under Section 5 above and is not obliged to file a tax return pursuant to subsection 2 above; or
- b) the tax on which is withheld as provided in Section 43 below, and does not proceed as provided in Section 43 subsection 7 below; or
- c) from a foreign diplomatic mission in the territory of the Slovak Republic and is a taxpayer enjoying privileges and immunities under international law<sup>122a)</sup>; or
- d) from dependent activities performed by employees of the European Union or its bodies, from which tax has been demonstrably collected to the account of a general budget of the European Union; or
- e) which is exempt from tax.

(5) Tax returns may be filed also by those taxpayers, who are not obliged to file tax returns pursuant to subsections 1 and 2 above.

(6) Taxpayers, who file tax returns, shall indicate in such tax returns, in addition to the calculation of the tax liability or employment premium, also their personal data, structured as follows:

- a) surname, name;
- b) title, birth certificate number;
- c) permanent residence or temporary residence, with respect to those taxpayers, who usually stay in the territory of the Slovak Republic, specifically the street, house number, post code, town, country;
- d) surnames, names and birth certificate numbers of those persons, with respect to whom the taxpayer claims a tax allowance [Section 11

subsection 3) above], or a tax bonus (Section 33 below).

(7) In addition to the data under subsection 6 above, the taxpayer shall be free to include in the tax return also his/her fax and phone number. The tax administration shall be allowed to process such data.

(8) If a tax return is filed, on behalf of any taxpayer, by the legal representative, legal successor, or agent of the taxpayer, such legal representative, legal successor or agent shall include in the tax return the personal data referred to in subsections 6 and 7 above concerning the taxpayer, on behalf of whom the tax return is being filed, plus their own personal data required pursuant to subsections 6 a 7 above. The person specified in special legislation<sup>122aa)</sup> and the person referred to in Section 49 subsection 4 shall also include into the aggregate taxable income from dependent activity of a deceased taxpayer, on behalf of whom that person files a tax return, such taxable income from dependent activity which has been paid by the former employer of the deceased taxpayer to a person to which the entitlement to that income was transferred. If the income from dependent activity of the deceased taxpayer is paid to that person after the filing of a tax return, that person is obligated to file an additional tax return on behalf of the deceased taxpayer. In that case, the tax administration will not apply the procedure under special legislation.<sup>132a)</sup>

(9) If a tax return is filed by a taxpayer that was not obliged to file a tax return pursuant subsection 1 and 2, or who did not become obliged to file a tax return pursuant to subsection 3, and an employer which is a taxpayer<sup>122)</sup> performed the annual clearing pursuant to Section 38 for that taxpayer, the tax return filed is considered a corrective or subsequent tax return pursuant to special legislation<sup>122a)</sup>; the annual clearing performed pursuant to Section 38 is considered, in this case, a tax return.

(10) The taxpayer that files a tax return and claims a tax bonus pursuant to Section 33 shall demonstrate their entitlement to the tax bonus by submitting evidence or certificate pursuant to Section 37 subsection 2 which constitute part of a tax return, save for an employee who has been paid the tax bonus pursuant to Section 33 by the employer in the full amount to which the employee was entitled.

(11) A taxable person, who has been awarded pension retroactively (Section 11 subsection 6) as of the beginning of the immediately preceding tax period, or as of the beginning of tax periods preceding that tax period, shall file a supplementary tax return for those tax periods, if he/she claimed tax allowances per taxable person for those tax periods. If the taxpayer files a tax return solely on the aforementioned ground, a procedure laid down in special legislation shall not apply.<sup>132a)</sup>

(12) If, after the termination of business activities or other independent gainful activity or lease (Section 17 subsection 9), a taxpayer accepts additional taxable income related to such activities, or incurs additional expenses in relation with such activities, which have been treated as a tax expense incurred on such activities, that taxpayer shall increase its income or tax expenses by such accepted or paid amounts for that tax period in which it terminated its business activities or other independent gainful activities or lease (Section 17 subsection 9). If the taxpayer files a tax return or subsequent tax return for the tax period in which it terminated its business activities or other independent gainful activity or lease solely on the aforementioned ground, a procedure laid down in special legislation shall not apply.<sup>132a)</sup> If it is more advantageous for the taxpayer to include such accepted or paid amounts into the tax base for that tax period in which they were accepted or paid, the taxpayer will follow this more advantageous procedure. The same approach shall be applied by a taxpayer who returns the income included in the tax base (partial tax base) for the income tax pursuant to Sections 6 through 8 in the previous tax periods or additionally pay the expenses that would have been recognized as tax expenses incurred in connection with income pursuant to Section 6 to 8.

#### Section 32a

##### Employment premium

(1) An entitlement to an employment premium for the relevant tax period

a) arises for a taxpayer if

1. that party earned taxable income from dependent activity, referred to in Section 5 subsection 1 letter a) and f), performed solely within the territory of the Slovak Republic (hereinafter referred to as the "assessed income"), in an aggregate amount of at least 6 times the minimum wage;<sup>123)</sup>
2. earned assessed income for at least six calendar months;
3. did not apply the procedure pursuant to Section 43 subsection 7 to income liable to the withholding tax pursuant to Section 43;
4. did not earn income referred to in Section 3 subsection 2 letter c) and d), Section 5 subsection 1 letter b) through e), g) and h), Section 5 subsection 3, and Section 5 subsection 7 letter i);
5. did not earn any other taxable income (Section 6 through 8), save for the income referred to in indent three above;



6. is not a pension beneficiary (Section 11 subsection 6) at the beginning of the relevant tax period or no pension has been awarded to that taxpayer retroactively as of the beginning of the relevant tax period, and
  7. the amount calculated pursuant to subsection 3 is a positive number;
- b) does not arise for a taxpayer, if all requirements under subsection 1 letter a) above have been met, but that taxpayer is an employee in respect of whom a subsidy to sustain employment was awarded in the relevant tax period pursuant to a special legislation.<sup>122b)</sup>
- (2) If an employee earns assessed income in a calendar month only under agreements on the work performed outside employment contract,<sup>122c)</sup> that month shall not count towards the period specified in subsection 1 letter a) indent two above.
  - (3) If, during the relevant tax period, an employee earns assessed income in an aggregate amount of at least 6 times the minimum wage but less than 12 times the minimum wage, the employment premium equals to an amount calculated, using the tax rate referred to in Section 15, from the difference between the amount of tax allowances pursuant to Section 11 subsection 2 letter a) and the tax base calculated pursuant to Section 5 subsection 8 from the amount equal to 12 times the minimum wage. If, during the tax period, an employee earns assessed income in an amount of at least 12 times the minimum wage, the employment premium equals to an amount calculated, using the tax rate referred to in Section 15, from the difference between the amount of tax allowances pursuant to Section 11 subsection 2 letter a) and the tax base calculated pursuant to Section 5 subsection 8 from the assessed income of that employee. The final amount of the employment premium is rounded up to euro cents.
  - (4) An employee who earns assessed income in a tax period for 12 calendar months becomes entitled to the employment premium pursuant to subsection 3 in the full extent, provided that all requirements under subsection 1 have been met. An employee who earns assessed income in a tax period for less than 12 calendar months becomes entitled to a prorated part of the employment premium corresponding to the number of calendar months during which he earned such income, provided that all requirements under subsection 1 have been met. The final amount of the prorated part of employment premium is rounded up to euro cents.
  - (5) An employee who became entitled to the employment premium for the relevant tax period and his employer, which is a taxpayer<sup>122)</sup>, performed the annual clearing for that employee, shall be awarded and paid the employment premium by the employer, upon the employee's request. If tax advances on the income from dependent activity (Section 35) have been withheld for that employee, the employer, which is a taxpayer,<sup>122)</sup> shall perform the annual clearing as provided in Section 38 subsection 6.
  - (6) An employee who became entitled to the employment premium for the relevant tax period and has filed a tax return shall be paid the employment premium, upon his request, by a tax administration; the tax administration shall pay the employment premium in the same manner as applicable to a refund of the tax overpayment.<sup>126)</sup> The tax administration shall also apply the same procedure where tax advances have been withheld on that employee's income from dependent activity (Section 35).
  - (7) An employer, which is a taxpayer,<sup>122)</sup> is held liable<sup>122)</sup> for the payment of the employment premium as and when due under this Act.
  - (8) If the annual clearing is performed, or a tax return filed, as described in subsection 5 or 6 above, the calculated tax equals zero for the purpose of claiming the employment premium and the procedure under Section 11 shall not apply.

### Section 33

#### Tax Bonus

- (1) Any taxpayer, who earned, in the tax period, taxable income under Section 5 above equal to not less than 6 times the minimum wage<sup>123)</sup> or who earned taxable income under Section 6 subsection 1 and 2 equal to not less than 6 times the minimum wage,<sup>123)</sup> and who booked a tax base (partial tax base) including the income under Section 6 subsection 1 and 2 above, may claim a tax bonus of Euro 19.32 per month with respect to each dependent child sharing a common household with the taxpayer;<sup>57)</sup> any temporary stay of the child away from the common household<sup>57)</sup> shall not affect the entitlement to the tax bonus. The tax bonus shall be deducted from the tax.
- (2) The term "child maintained by the taxpayer" (whether it is his/her natural child, adopted child, fostered child – if the taxpayer has been declared in loco parentis by a competent authority, or the other spouse's child) shall mean any child without his/her own income pursuant to special legislation.<sup>125)</sup>
- (3) The taxpayer that is the parent of the child, or that is a foster parent (if the taxpayer has

been declared in loco parentis by a competent authority), and who shares a common household with the child,<sup>57)</sup> shall be free to claim the tax bonus after the expiry of the tax period, if the spouse of the child does not have any taxable income in that tax period in excess of the amount specified in Section 11 subsection 2 letter a).

(4) If the subsistence of a child (children) under subsection 2 above is provided by more than one taxpayer living with the child in a common household,<sup>57)</sup>, only one of the taxpayers may claim the tax bonus. When applying the provisions of subsection 5 below, a prorated tax bonus may be claimed by one of the taxpayers for one part of the tax period for all dependent children and by the other for the rest of the tax period. If the criteria for the deduction of the tax bonus are satisfied by more taxpayers and unless they agree otherwise, the tax bonus for all dependent children may be claimed or shall be acknowledged in the following order: mother, father, other beneficiary.

(5) If any taxpayer maintains his/her child during only one or more calendar months in any one tax period, the taxpayer may reduce the tax or the advances for the account of the tax on income under Section 5 above only for an amount equal to the tax bonus pursuant to subsection 1 above for every calendar month at the beginning of which the conditions for the deduction of the tax bonus were satisfied. The tax bonus may be claimed in the calendar month, in which the child was born or in the calendar month, in which systematic studies of the child for the future profession began, or in which the child was adopted or accepted for foster care under the decision of a competent authority.

(6) The tax bonus may be claimed up to the amount of the tax calculated for the relevant tax period pursuant to this Act. If the amount of the tax calculated for the relevant tax period is lower than the tax bonus claimed by the taxpayer, the taxpayer filing the tax return shall ask the tax administration having jurisdiction to pay the difference between the tax bonus and the tax calculated for the relevant tax period, while as regards the refund of the difference, the tax administration shall proceed as if there were a tax overpayment.<sup>126)</sup> As regards taxpayers, who earn taxable income under Section 5 above, or with respect to whom an annual clearing has been performed, the procedure described in Section 35 subsections 5 and 7 below, or in Section 36 subsection 5, or Section 38 below shall apply.

(7) If the taxpayer earns, in the tax period, taxable income under Section 5 above equal to at least one half of the minimum wage only during some calendar months, and the employer that is a taxpayer<sup>122)</sup> awards the tax bonus during such calendar months, any tax bonuses previously granted shall not be affected.

(8) The tax bonus may also be claimed by those taxpayers, who do not earn, in the tax period, the taxable income under Section 5 above equal to at least 6 times the minimum wage,<sup>123)</sup> as long as they earn, in the same tax period, a taxable income under Section 6 above equal to at least 6 times the minimum wage<sup>123)</sup> and they book a tax base (partial tax base), which includes the income under Section 6 above.

(9) If any taxpayer earns, in the tax period, the taxable income under Section 5 above, and the employer that is a taxpayer,<sup>122)</sup> awards the tax bonus only to a prorated extent, but in the same tax period the taxpayer booked also a tax base under Section 6 above, the remaining prorated part of the tax bonus, which has not been awarded by the employer that is a taxpayer<sup>122)</sup> may be claimed when filing the tax return.

(10) The tax bonus under subsections 1 through 9 above may also be claimed by taxpayers with limited tax liability if the aggregate taxable income originating from sources in the territory of the Slovak Republic (Section 16) accounts at least for 90 % of all income of this taxpayer in the relevant tax period, originating from sources in the territory of the Slovak Republic and abroad.

#### Section 34

##### Payment of Tax Advances

(1) Tax advances shall be paid, in the course of the advance period, by those taxpayers, whose last known tax liability was higher than EUR 2,500, while the term "advance period" shall mean the period starting on the first day following the date prescribed for the filing of the tax return for the previous tax period, and ending on the date, by which the tax return must be filed in the next tax period. Following the expiration of any tax period, any tax advances paid for that tax period shall be deducted from the tax payable for that tax period.

(2) Those taxpayers, whose last known tax liability was higher than EUR 2,500 and lower than or equal to EUR 16,600, are liable to pay quarterly tax advances for the account of the tax payable for the current tax period, amounting to 1/4 of the last known tax liability, unless this Act provides otherwise. The quarterly tax advances shall be due for payment on the last day of each calendar quarter.

(3) Those taxpayers, whose last known tax liability was higher than EUR 16,600, are liable to pay monthly

tax advances for the account of the tax payable for the current tax period, amounting to 1/12 of the last known tax liability, unless this Act provides otherwise. The monthly tax advances shall be due for payment on the last day of each calendar month.

(4) In justified cases the tax administration may, upon request of the taxpayer otherwise determine the payment of tax advances.

(5) The term "last known tax liability" for the purpose of calculating tax advances for the advance period referred to in subsection 1 above shall mean the tax calculated with reference to the tax base specified in the last tax return less the tax allowance referred to in Section 11 subsection 2 letter a) above applicable to the tax period, for which the tax advances are paid, using the tax rate set forth in Section 15 above in force in the tax period, for which tax advances are paid, less any tax paid abroad, less any tax bonuses, and less any tax withheld pursuant to Section 43 below, if treated as a tax advance. If the last known liability from the tax return filed in the current tax period is changed as of the beginning of the advance period referred to in subsection 1 above, any tax advances payable before the beginning of that advance period remain unchanged; if tax advances already paid prior to that changed are higher than tax advances calculated in the filed tax return, the amount of advances from the last known tax liability exceeding the amount of advances calculated in the filed tax return may be set-off against future tax advances payable after that change, or may be refunded to the taxpayer upon request. For the procedure for the tax administration in the repayment of tax advances at the request of the taxpayer the provisions of a special regulation are applied.<sup>126)</sup>

(6) A taxpayer with unlimited tax liability pursuant to Section 2 letter d) indent one earning income pursuant to Section 5 that performs a dependent activity with an employer that is not a taxpayer<sup>122)</sup> or non-resident taxpayer pursuant to Section 48 shall pay tax advances on that income from dependent activity to a tax administration having jurisdiction over that taxpayer<sup>128)</sup> in the amount calculated from the income paid, remitted or credited to the taxpayer's account in a respective calendar month as described in Section 35. Such advances are payable by the end of a calendar month subsequent to the month in which the income was paid, remitted or credited to the taxpayer's account. The commencement of the earning of such income shall be notified by the taxpayer to a tax administration having jurisdiction over that taxpayer<sup>128)</sup> by the end of a calendar month in which the income was paid, remitted or credited to the taxpayer for the first time.

(7) A taxpayer with limited tax liability pursuant to Section 2 letter e) earning income pursuant to Section 16 subsection 1 letter b) that performs a dependent activity with an employer that is not a taxpayer<sup>122)</sup> or non-resident taxpayer pursuant to Section 48 shall pay tax advances on that income from dependent activity to a tax administration having territorial jurisdiction over that taxpayer<sup>128)</sup>, calculated from the income paid, remitted or credited to the taxpayer's account in a respective calendar month, less a prorated portion of the tax allowance per taxpayer pursuant to Section 11 subsection 2 letter a), using the tax rate pursuant to Section 15, applicable in the tax period in which the income was paid, remitted or credited. Such advances are payable by the end of a calendar month subsequent to the month in which the income was paid, remitted or credited to the taxpayer's account. The commencement of the earning of such income shall be notified by the taxpayer to a tax administration having jurisdiction over that taxpayer<sup>128)</sup> by the end of a calendar month in which the income was paid, remitted or credited to the taxpayer for the first time. If an agreement under which that taxpayer earns the income

a) implies that he/she will be staying in the territory of the Slovak Republic for more than 183 days, he/she shall pay tax advances from the beginning of his/her stay in the territory of the Slovak Republic;

b) does not imply that he/she will be staying in the territory of the Slovak Republic for more than 183 days, he/she shall pay tax advances only from a calendar month following the expiry of the period of 183 days of his/her stay in the territory of the Slovak Republic.

(8) If the taxpayer terminates business activities, other independent gainful activity, lease (Section 17 subsection 9), receiving income from the use of artistic works and the use of an artistic performance (Section 6 subsection 4) and performance of dependent activity and earning the income (Section 5), on which tax advances are paid pursuant to subsection 6 and 7 above, he/she shall not be obliged to pay tax advances, starting from the tax advance due for payment after the date, on which the change occurs; the taxpayer with income under Section 6 subsection 4 notifies the tax administration about this fact.

(9) No tax advances need to be paid pursuant to the provisions above by those taxpayers who earned, in the previous tax period, only the income under Section 7 and Section 8 above, or the income, the tax on which is withheld as provided in Section 43 below, or the income from dependent activities, which is taxed pursuant to Section 35 below; the foregoing

also applies to a combination of such types of income.

(10) If the tax base of the taxpayer consists of partial tax bases and if the income from dependent activities is one of the partial tax bases, tax advances need not to be paid, provided that such a partial tax base makes up more than 50 % of the aggregate tax base. If the partial tax base relating to the income from dependent activities makes up 50 % and less of the aggregate tax base, the tax advances shall be reduced to one half.

(11) The tax administration shall, within 30 days from the date of the submission of the request from the taxpayer, return the paid tax advances, if the taxpayer did not incur an obligation to pay tax advances under this Act, or the difference on paid tax advances, if the taxpayer paid tax advances in a higher amount than was required to pay under this Act. For the procedure of the tax administrations in the repayment of tax advances paid in this way or the differences on the paid tax advances, the provisions of the special regulations are applied.<sup>126)</sup>

#### Collection and Payment of Advances for the Account of the Tax on Income from Dependent Activities

(1) Section 35 The employer that is a taxpayer,<sup>122)</sup> shall withhold tax advances from the taxable wages, except as provided in subsection 8 below. The term "taxable wages" shall mean the aggregate taxable income from dependent activities, which was accounted for and paid to the taxpayer for any calendar month or tax period, reduced by

- a) any amounts withheld as insurance premiums and contributions payable by the employee;
- b) any tax allowances with respect to the taxpayer [Section 11 subsection 2 letter a) above]; the tax base used to calculate monthly tax advances shall be reduced by 1/12 of the allowances with respect to the taxpayer [Section 11 subsection 2 letter a) above]; any tax allowances pursuant to Section 11 subsection 2 letter b) above, subsection 3, 6, 8 and 10 shall only be taken into account by an employer that is a taxpayer<sup>122)</sup> upon the annual clearing of tax advances for the tax period.

(2) The advance tax from the taxable wages rounded off pursuant to Section 47, charged and reimbursed for a calendar month or taxable period is 19% of that portion of the taxable wages, which shall not exceed 1/12 the sum of 176.8 times the current subsistence minimum, including a 25% of that portion of the taxable wage that exceeds 1/12 of the sum of 176.8 times the current subsistence minimum. This advance shall be reduced by the amount corresponding to the amount of a tax bonus pursuant to Section 33 subsection 1.

(3) Tax advances shall be withheld when paying or remitting or crediting taxable wages to the employee's favour, regardless of the period, to which the taxable wage is related. If the income from dependent activities is accounted for by the employer that is a taxpayer,<sup>122)</sup> on a monthly basis, the tax advances shall be withheld when posting the taxable wages payable for the previous calendar month. If:

- a) the taxable wage consists exclusively of a performance in kind or if the performance in kind makes up most of the taxable wage and no withholding may be made, the tax advance will be withheld subsequently, on the occasion of the next payment in cash, or the tax will be settled upon annual clearing (Section 38 below) or upon filing of a tax return (Section 32 above), or, if the employee does not become obliged to file a tax return pursuant to Section 32, the tax is deemed settled within the deadline for the filing of a tax return (Section 49);
- b) the income from dependent activities and the payments in lieu of such income for holidays not taken include one fraction in Euro and one fraction in a foreign currency, the tax advance will be withheld from the taxable wage calculated by summing the fraction in Euros plus the fraction in the foreign currency converted to Euros; the provisions of special legislation<sup>130)</sup> applicable to the withholding of tax advances shall not apply;
- c) the employer pays, in addition to the income from dependent activities, also foreign bonuses pursuant to special legislation,<sup>131)</sup> the tax advance shall be withheld on the taxable wage calculated by summing the fraction in Euros and the foreign bonus converted to Euros.

(4) If any employee fails to submit the statement referred to in Section 36 subsection 6 below, the taxable wage of such employee shall be equal to the aggregate income from dependent activities paid thereto by the employer that is a taxpayer,<sup>122)</sup> less any amounts withheld as insurance premiums and contributions, which are payable by the employee.

(5) The employer that is a taxpayer,<sup>122)</sup> shall reduce the tax advances by tax bonuses attributable to employees, who submit the statements referred to in Section 36 subsection 6 below, as long as the aggregate taxable income from dependent activities paid by the employer during the respective calendar month achieves at least one half of the minimum wage. The amount so calculated shall be deducted by the employer that is a taxpayer,<sup>122)</sup> from the tax advances due for the respective calendar month.

(6) The employer that is a taxpayer,<sup>122)</sup> shall transfer to the tax administration the tax advances, reduced by any tax bonuses awarded pursuant to subsection 5 above, within five days after the date, on which the wage has been paid, remitted or credited in favour of the employees, unless the tax administration instructs otherwise upon request of the employer that is a taxpayer.

(7) The employer that is a taxpayer,<sup>122)</sup> shall be liable for the payment of the tax bonus. If the tax advance with respect to the employee, who earned, in any calendar month, a taxable income from dependent activities equal to at least one half of the minimum wage from an employer that is a taxpayer,<sup>122)</sup> and to whom the employee submitted a statement referred to in Section 36 subsection 6 below, is lower than the tax bonus, or if the taxable wage of the employee consists exclusively of a performance in kind, or if the performance in kind makes up most of the taxable wage, and the tax advance cannot be withheld, the employer that is a taxpayer,<sup>122)</sup> shall pay to the employee the tax bonus or a part thereof using the aggregate tax advances and tax withheld from all the employees. If the aggregate tax advances and tax withheld from all the employees are lower than the aggregate tax bonuses, to which the employees are entitled, the employer that is a taxpayer,<sup>122)</sup> shall use its own funds to pay the tax bonus or its part, up to the amount prescribed by this Act for the relevant calendar month at the time, when the wage shall be paid, remitted, or credited in favour of the employees. In such a case the employer that is a taxpayer,<sup>122)</sup> shall request, using a form pursuant to Section 39 subsection 9 letter a), after the end of a calendar quarter for the relevant calendar months of this quarter the tax administration having jurisdiction to pay the difference between the tax bonus for the entitled employees, and the aggregate tax advances and tax, which were withheld from all the employees. The tax administration shall pay the difference specified in the request above to the employer that is a taxpayer,<sup>122)</sup> within 15 business days after the receipt of the request. For the purposes above, the tax administration shall not issue any decision pursuant to special legislation.<sup>128)</sup> If the tax administration within this period will begin the tax audit and the amount discovered by the tax audit does not differ from the amount specified in the application, this sum is returned within 15 days of the end of the tax audit, whereas for this purpose, the tax administration does not issue a decision pursuant to the special regulation<sup>128)</sup> If the tax administration finds that the sum of the difference discovered by the tax audit is different from the sum of the difference referred to in the application, it proceeds pursuant to the special regulation<sup>128)</sup> and the sum of the difference is returned within 15 days from the date of decision entry into the lawfulness.

(8) The employer that is a taxpayer,<sup>122)</sup> shall not withhold any tax advances pursuant to the subsections above in the following circumstances:

- a) if proof is submitted to the effect that the taxpayer with unlimited tax liability, who usually stays in the territory of the Slovak Republic, pays the tax advances as required in Section 34 above;
- b) it is the case of income, which is taxed abroad.

(9) If an employer that is a taxpayer<sup>122)</sup> pays taxable wage en bloc for more calendar months of the relevant tax period, the tax advance shall be calculated and the tax bonus awarded and paid as if the taxable wage was paid in individual months, if this method of taxation is more advantageous for the employee.

#### Section 36

Application of Tax Allowances with respect to the Taxpayer, Employment Premium and Tax Bonuses

(1) The employee, who claims a tax bonus vis-à-vis the employer that is a taxpayer,<sup>122)</sup> shall be obliged to submit to the employer evidence showing satisfaction of the criteria for the awarding of the tax bonus, no later than the last day of the calendar month, in which such criteria were satisfied. Any evidence so submitted, shall be taken into account by the employer that is a taxpayer,<sup>122)</sup> starting from the calendar month following the one, in which the evidence of satisfaction of the criteria is submitted to the employer that is a taxpayer;<sup>122)</sup> if any employee takes up a new job, any such evidence shall be considered by the employer that is a taxpayer,<sup>122)</sup> in the calendar month of hiring, provided that the relevant evidence is submitted by the last date of the month of hiring, and provided that the tax bonus has not been claimed, in the same calendar month, from another employer that is a taxpayer.<sup>122)</sup>

(2) If a child is born to the taxpayer, or if he/she adopts a child or accepts the same for a foster care under the decision of the competent authority, the employer that is a taxpayer,<sup>122)</sup> shall consider the child starting from the calendar month of occurrence of the above,

provided the employee submits a proof of satisfaction of the criteria for the awarding of the tax bonus within 30 days after the date of occurrence of the above. The same procedure shall apply to the beginning of a systematic preparation of a child for the future profession.

(3) If an employee is in receipt of a taxable wage in the same calendar month from several employees, who are taxpayers,<sup>122)</sup> either simultaneously or non-simultaneously, the tax allowance with respect to the taxpayer [Section 11 subsection 2 letter a)] and the tax bonus shall be considered solely by one employer that is a taxpayer,<sup>122)</sup> and with whom the employees makes the relevant claims, as provided in subsections 1 and 2 above.

(4) If an employee fails to claim the tax allowance with respect to the taxpayer, or fails to submit evidence of satisfaction of the criteria for the deduction of the tax bonus in the course of the tax period, the employer that is a taxpayer,<sup>122)</sup> shall consider the tax allowance with respect to the taxpayer, and the criteria for the awarding of the tax bonus subsequently at the occasion of annual clearing, provided the employee submits the requested evidence by the fifteenth day of February of the year following the last day of the tax period, for which the tax allowance with respect to the taxpayer and the tax bonus are claimed, or the employee may claim such amounts at the time of filing of his/her tax return.

(5) If an employee fails to earn, in any calendar month, taxable income from dependent activities in cash or in kind equal to at least one half of the minimum wage from an employer that is a taxpayer,<sup>122)</sup> and with whom the employee claims the tax allowance with respect to the taxpayer [Section 11 subsection 2 letter a)] and the tax bonus, it shall claim the relevant portion of the tax bonus upon annual clearing or upon filing of his/her tax return, provided that the aggregate taxable income from dependent activities for the period, for which the employer that is a taxpayer,<sup>122)</sup> performed the annual clearing, or for which the employee files his/her tax return, achieves at least 6 times the minimum wage.

(6) The employer that is a taxpayer,<sup>122)</sup> shall consider the tax allowances with respect to the taxpayer [Section 11 subsection 2 letter a)] and the tax bonus, only if the employee submits, not later than the last day of the month of his/her hiring, and thereafter each year by the last day of January, or at any time in the course of the tax period, a written statement, whose model is determined by the financial directorate and published on their website:

- a) that he/she claims a tax bonus and that the criteria of awarding thereof have been satisfied, or have changed, and how and when they have changed;
- b) that the tax allowances with respect to the taxpayer [Section 11 subsection 2 letter a)] and the tax bonus have not been claimed with any other employer for the same tax period, and that no other taxpayer has claimed, in the same tax period, a tax bonus with respect to the same persons,
- c) the employee is or is not in receipt of a pension referred to in Section 11 subsection 6 above.

(7) If the criteria relevant for the awarding of a tax bonus change in the course of any tax period, the employee shall notify such facts in writing (e.g. by modifying the statement previously made thereby pursuant to subsection 6 above) to the employer that is a taxpayer,<sup>122)</sup> and with whom the tax bonus has been claimed, by the end of the calendar month, in which the change occurred. The employer that is a taxpayer,<sup>122)</sup> shall make a note on the wages card.

(8) If in the course of any tax period the employer, with whom the employee has claimed the tax allowances with respect to the taxpayer [Section 11 subsection 2 letter a)] or the tax bonus, is replaced by another employer, the employee shall acknowledge such a fact by his/her signature attached to the statement made pursuant to subsection 6 above for the employer, with whom the tax allowances with respect to the taxpayer [Section 11 subsection 2 letter a)] and the tax bonus have been claimed, when the change occurred.

(9) If the employee justifies his/her entitlement to the employment premium to the employer that is a taxpayer<sup>122)</sup> not later than by February 15 of the year subsequent to the expiry of the tax period for which he/she claims the employment premium, the employer that is a taxpayer<sup>122)</sup> shall proceed as provided in Section 32a subsection 5.

#### Section 37

##### Justification of Claims to Tax Allowances, Employment Premium and to the Tax Bonus

(1) The employee shall justify to the employer that is a taxpayer,<sup>122)</sup> that he/she is entitled to benefit from the tax allowances in the following ways:

- a) by submitting a document justifying the entitlement to claim the tax allowances

pursuant to Section 11 subsection 3 issued by a competent entity, and by submitting an affidavit on the amount of the income of his/her spouse;

b) by submitting the most recent decision by which a pension was awarded or a document on the yearly aggregate amount of the pension paid (Section 11 subsection 6 above), provided that the aggregate pension is lower than the amount specified in Section

11 subsection 2 above;

c) by submitting a document justifying the entitlement for the application of tax allowances pursuant to Section 11 subsection 8 and 10 issued by a competent entity, if not diverted for voluntary contributions to a retirement savings scheme for the employee by the employer.

(2) The employee shall justify to the employer that is a taxpayer,<sup>122)</sup> that he/she is entitled to benefit from the tax bonus in the following ways:

a) by submitting evidence of his/her entitlement to a tax bonus with respect to a child maintained thereby, and by submitting a certificate of a school showing that the child sharing a common household with the employee<sup>57)</sup> is engaged in systematic studies for the future profession,<sup>125)</sup> or by submitting a certificate issued by the competent public administration authority, confirming receipt of family allowances with respect to dependent children,

b) by submitting a certificate issued by the competent local public administration authority, confirming that a child sharing a common household with the employee<sup>57)</sup> is treated as maintained and cannot systematically prepare for the future profession or perform a gainful activity due to illness or injury, or by submitting a certificate issued by the competent local public administration authority, confirming receipt of family allowances with respect to dependent children.

(3) The documents referred to in subsection 1 letter a), and b) above shall be in force until the occurrence of any change to the data contained therein. A certificate of the school confirming that a child sharing a common household with the employee<sup>57)</sup> is engaged in systematic studies for the future profession shall be valid only for the academic year for which it has been issued. The validity of the documents referred to in subsection 1 letter b) above shall be conditional upon employees confirming the validity of the decision awarding the pension each year, by undersigning a statement to that effect (Section 36 subsection 6 below). The documents shall be valid on condition that the facts relevant for claiming the tax allowances [Section 11 subsection 3) above] and the tax bonus have remained unchanged both with respect to the taxpayer and the persons maintained by the taxpayer.

(4) The entitlement to the employment premium shall be demonstrated by the employee to the employer that is a taxpayer<sup>122)</sup> by an affidavit on the compliance with requirements specified in Section 32a subsection 1.

(5) For the purpose of attesting the claim referred to in subsections 1 to 4, detecting, verifying and checking the correct procedure for attesting the right to reduce the tax base, employment premium and to tax bonus, for the purposes of protection and demanding the rights of a taxpayer, employer and tax administration, the employer, tax administration and the Ministry are authorized processes personal data of the persons concerned. The employer, tax administration and the Ministry are also eligible without the consent of the person concerned for these purposes to acquire personal data through copying, scanning, or other recording of official documents to the extent necessary to achieve the purpose processing.

## Section 38

### Annual Clearing

(1) An employee who, in the tax period, earned the taxable income only from dependent activity, referred to in Section 5, and did not earn any income on which tax is withheld pursuant to Section 43, with respect to which he/she applied the procedure pursuant to Section 43 subsection 7, or is not obliged to increase the tax base pursuant to Section 11 subsection 9 and 13 may request, in writing and not later than by February 15 of the year subsequent to the expiry of the tax period, the last employer that is a taxpayer<sup>122)</sup> with whom he/she claimed the tax allowance in respect of a taxpayer and the tax bonus, to perform the annual clearing on an aggregate amount of taxable wages earned from all employers that are taxpayers<sup>122)</sup>.

(2) The annual clearing shall be performed by the employer that is a taxpayer,<sup>122)</sup> upon request of the employee referred to in subsection 1 above. If the employee did not claim the tax allowances with respect to the taxpayer and the tax bonus with any employer that is a taxpayer<sup>122)</sup>, he/she may request any of the employers to perform that annual clearing and that employer shall take them into consideration subsequently, upon the annual clearing, provided that the employee submits, evidence showing his/her entitlement to the tax allowances with respect to the taxpayer and to the tax bonus.

(3) The employer that is a taxpayer,<sup>122)</sup> shall perform the annual clearing as provided in subsections 1 and 2 above only with respect to those employees who are not obliged to file tax returns as provided in Section 32 above.

(4) The employer that is a taxpayer<sup>122)</sup> shall calculate the tax due and deduct any tax advances

previously withheld, tax allowances with respect to the taxpayer pursuant to Section 11 subsection 2 letter a) or b), tax allowances with respect to the spouse pursuant to Section 11 subsection 3, tax allowances in respect to the taxpayer referred to in Section 11 subsection 6, 8 and 10, as well as any employment premium and tax bonus, provided that the employee requests, by February 15 after the expiry of the tax period, to perform the annual clearing and undersigns a statement, whose model is determined by the financial directorate, while the form shall contain the personal data referred to in Section 32 subsection 6. This personal data is not listed for persons covered by special methods of reporting data under a special regulation.<sup>132)</sup>

(5) The employer, that is a taxpayer,<sup>122)</sup> shall perform the annual clearing pursuant to subsections 1 and 2 above with reference to records concerning the taxable wages (Section 35 subsection 1 above), which it must keep pursuant to this Act (Section 39 below), to documents proving entitlement to tax allowances and to the tax bonus, to certificates of the aggregate income from dependent activities accounted and paid and the related tax advances withheld, to the certificates of the tax due with respect to any taxable income paid in kind, and to the tax bonuses awarded and paid by all the employers that are taxpayers.<sup>122)</sup> The employee is obliged to submit the documents for the last tax period to the employer, who is a tax payer, not later than February 15 of the year following the expiry of the tax period. If the employee requests the employer that is a taxpayer, to perform the annual clearing of tax advances, and fails to submit the documents above by the prescribed date, he/she shall be bound to file a tax return (Section 32 above).

(6) The employer that is a taxpayer,<sup>122)</sup> shall perform the annual clearing and calculate the tax due by March 31 after the last day of the tax period. The employer that is a taxpayer,<sup>122)</sup> after completing the annual clearing, but not later than the date of posting the March wages in the year in which the annual clearing is performed shall refund the difference between the calculated tax and the aggregate amount of withheld tax advances to the employee and pay the employment premium (Section 32a) and the tax bonus, or its part (Section 33), up to the amount specified by this Act. Any difference so refunded shall be deducted by the employer that is a taxpayer,<sup>122)</sup> from any tax advances (taxes) payable thereby not later than the last day of the calendar year, in which the annual clearing is performed, or the employer shall proceed as provided in Section 35 subsection 7 above. If the employer that is a taxpayer,<sup>122)</sup> proceeds as provided in Section 36 subsection 5 above, it shall deduct from the tax advances (taxes) payable thereby also any tax bonuses, not later than the last day of the calendar year, in which the annual clearing is performed, or it shall proceed as provided in Section 35 subsection 7 above. The employer that is a taxpayer<sup>122)</sup> and proceeded as provided in Section 32a subsection 5 above shall also deduct from the tax advances (taxes) the amount of the employment premium, not later than by the end of the calendar year in which the annual clearing was performed, or shall proceed as provided in Section 35 subsection 7. The tax administration shall proceed as provided in Section 40 subsection 8.

(7) Any taxes in arrears resulting from annual clearing and exceeding EUR 5 shall be withheld by the employer that is a taxpayer<sup>122)</sup> from the taxable wage of the relevant employee not later than by the end of the tax period in which the annual clearing is performed. The employer that is a taxpayer<sup>122)</sup> shall transfer tax arrears so withheld, or a portion thereof, to the tax administration by the next date of payment of tax advances. If the employer that is a taxpayer<sup>122)</sup> proceeds as provided in Section 36 subsection 5 above, it shall reduce the tax bonus by any taxes in arrears resulting from the annual clearing and also take into consideration any tax arrears equal to or less than EUR 5. If the employee proceeds as provided in Section 50, the employer that is a taxpayer<sup>122)</sup> shall also withhold, if tax arrears were not paid in the appropriate amount through the reduction of the tax bonus, tax arrears in the amount equal to or less than EUR 5 not later than by April 30, after the end of the tax period for which the annual clearing was performed.

(8) In case of it not being possible for the employee under subsection 1 to make a request to perform the annual clearing, since the employer that is a taxpayer,<sup>122)</sup> has been wound up and there is not any legal successor, the employee shall file a tax return as provided in Section 32 above.

(9) If the tax administration discovers that a employer that is a taxpayer, did not carry out an annual clearing for employee who requested the taxpayer on the performance of the annual clearing and the employee fulfilled for its performance all the conditions of this law, it shall impose a fine of at least EUR 15 for each fulfilled for its performance all the conditions of this law, it shall impose a fine of at least EUR 15 for each employee. The amount of the total fine for the relevant tax period may not exceed EUR 30,000 for all employees who requested the performance of an annual clearing, and fulfilled all the conditions of this law required for its performance, but the employer, that is a taxpayer



did not thereby perform the annual clearing for the employees. The same procedure is used, if the tax administration discovers that the employer that is a taxpayer, did not issue and deliver within the prescribed time limit set out in this Act, the document referred to in Section 39 subsection 5 and 6.

(10) The annual clearing shall be performed on a form, whose model is determined by the Ministry, while the form shall contain the personal data referred to in Section 32 subsection 6. This personal data shall not be listed for persons covered by special methods of reporting data under a special regulation.<sup>132)</sup>

#### Duties of Employers that are Taxpayers

##### Section 39

(1) Any employer that is a taxpayer,<sup>122)</sup> shall keep, with respect to its employees, wages cards (except as provided in subsection 4 below) and payroll-sheets, including a summary thereof for each calendar month, as well as for the entire tax period.

(2) The wages card shall contain, for tax purposes, the following data

- a) the current and any previous name and surname of the employee;
- b) birth certificate number of the employee;
- c) the permanent address of the employee;
- d) names, surnames and birth certificate numbers of persons claimed by the employee for the tax allowances purposes [Section 11 subsection 3 above] and for the tax bonus purposes;
- e) individual tax allowances, together with the justification thereof;
- f) separately for each calendar month:
  1. number of working days;
  2. total taxable wages paid thereby, regardless whether paid in cash or in kind;
  3. any items exempt from the tax;
  4. any insurance premiums and contributions payable by the employee;
  5. tax base, the tax allowances, the taxable wage, the tax advances;
  6. tax bonus;
  7. amount of voluntary contribution to a retirement savings scheme that is drawn off by the employer.
- g) data under letter f) above summarized for the entire tax period;
- h) amount of the employment premium paid (Section 32a).

(3) The data referred to in subsection 2 letter a) through d) above need not be included with respect to persons, to whom special reporting procedures apply pursuant to special legislation<sup>132)</sup>.

(4) If the employer that is a taxpayer,<sup>122)</sup> does not keep wages cards with respect to those employees, who earn only income in kind referred to in Section 5 subsection 3 above, it shall be obliged to keep a register with the current and the previous name and surname of the employee, the birth certificate number of the employee, the permanent residence of the employee, the duration of the dependent activity, and the aggregate wages paid in kind referred to in Section 5 subsection 3 above.

(5) The employer that is a taxpayer,<sup>122)</sup> shall prepare a document relating to the period, during which taxable wage has been paid to its employees, containing the summary data from the wages card, or from the register kept pursuant to subsection 4 above, that are relevant for the calculation of the taxable wage, tax advances, tax due, and for the award of the employment premium and the tax bonus for the relevant tax period. Such document shall be delivered to each of the employees not later than:

- a) by March 10 of the tax period, in which the tax return is filed; or
- b) by February 10 following the end of the tax period in or for which the employer that is a taxpayer<sup>122)</sup> paid the income from dependent activity to the employee who has asked another employer that is a taxpayer<sup>122)</sup> to perform the annual clearing, if he requests the issuance of that document before February 5 following the end of the tax period.

(6) An employer that is a taxpayer, is required to deliver a document to the employee on the performance of an annual clearing (Section 38 subsection 10) not later than the end of April of the year in which it performed the annual clearing for the employee. At the request of the employee, the employer, which is a taxpayer, is required within ten days of receipt of the request to issue a supplemented document on the performance of an annual clearing, with an indication of the settlement of tax underpayment, overpayment, employment premium or tax bonus resulting from this annual clearing. An employer who is a taxpayer, for the tax period for which it issued the supplemented document on the performance of an annual clearing will not after the date

of filling in this document withhold or pay the sum of the tax underpayment, overpayment, employment premium or tax bonus referred to in this document.

(7) The employer that is a taxpayer,<sup>122)</sup> shall be obliged, upon request of the employee, to issue also a proof of payment of the tax for the purposes of Section 50 below; the form of that proof will be specified by the financial directorate.

(8) The employer that is a taxpayer,<sup>122)</sup> shall be obliged to keep copies of the documents under subsection 1 and subsections 4 through 6 for the term prescribed by special legislation.<sup>1)</sup>

(9) The employer that is a taxpayer,<sup>122)</sup> shall be obliged to file, with the tax administration having jurisdiction, by the date prescribed in Section 49, the following documents:

a) an overview of any advances for the account of the tax on income from dependent activities earned by its employees, which have been withheld and paid thereby, and of employment premiums and tax bonuses for the previous calendar quarter (hereinafter referred to as the “overview”),

b) a report on the clearing of the tax and the aggregate income from dependent activities which have been paid to the individual employees in the previous tax period, regardless, whether such income was paid in cash or in kind, together with any tax advances, which have been withheld, and on the employment premium and tax bonuses (hereinafter referred to as the “report”); The report shall include also the name, surname, permanent residence, and the birth certificate number of any person, to whom the income was paid, tax advances, which have been withheld, any tax bonuses, which have been awarded and paid, amount of the employment premium paid, any taxes, which have been withheld, and the tax base. The above shall not apply to persons, to whom special reporting procedures apply pursuant to special legislation.<sup>132)</sup>

(10) The overview and the report referred to in subsection 9 above shall be filed using a form to be specified by the Ministry.

(11) The provisions of this Act and the provisions of a special regulation applicable to tax return shall apply to the report,<sup>128)</sup> while the said report shall be considered as a tax return, an adjusted report shall be considered as an adjusted tax return and a supplementary report shall be considered as a supplementary tax return under a special regulation<sup>128)</sup>. If an employer, who is a taxpayer, was required to file an overview and this has not been submitted within the time limit provided in Section 49 subsection 2 on the submitting of an overview, the tax administration shall follow the procedure under a special regulation,<sup>132a)</sup> if an employer, which is a taxpayer, for that calendar month incurred the obligation to draw off tax advances from dependent activity or has applied to the tax administration for payment of the tax bonus or employment premium.

(12) The overview and the report under subsection 9 are not required to be submitted only by the employer who is taxpayer<sup>122)</sup> or a foreign taxpayer pursuant to Section 48, that in the corresponding period did not pay income from dependent activity.

(13) An employer that is a taxpayer shall submit an adjusted overview within the time limit by the end of the calendar month following the month in which it found that the submitted overview does not contain the correct data for the corresponding period. In this case the submitted overview or the previously adjusted overviews are ignored.

(14) If doubts arise about the accuracy, veracity or completeness of the submitted overview or the veracity of the data contained therein, the tax administration shall notify the employer that is a taxpayer about those doubts and invite him to comment on them, in particular, to supplement incomplete data, explain the uncertainties and correct the false information or duly demonstrate the correctness of the data. The invitation by the tax administration shall designate a reasonable time limit for the employer who is a taxpayer for answering and inform him about the consequences associated with a failure to clarify the doubts and abide by the specified period, resulting from the special regulation<sup>128)</sup>. If within the time limit for remittance of the amount of the difference of the tax bonus or employment premium pursuant to Section 35 subsection 7 a prompt is sent to address the shortcomings in the overview submitted, the time limit for the refund of the difference of the tax bonus or employment premium shall be suspended from the date of the prompt delivery until the removal of shortcomings of the overview.

(15) If an employer who is a taxpayer finds after the time limit for the submission of report that the submitted report is incorrect or incomplete or its correction results in a change in the amount of the tax bonus or employment premium, it is required for the relevant tax period to file a supplementary report to the tax administration within the time limit of by the end of the calendar month following the month in which it became known. An employer who is a taxpayer can increase or reduce the entitlement to a tax bonus or increase or reduce the amount of employment premium based on the supplementary report, only if facts which were not the subject of a tax audit are applied.

#### Section 40

(1) The employer that is a taxpayer,<sup>122)</sup> and who withheld tax from its employees in excess

of the tax, which should have been withheld under this Act, shall refund the tax overpayment to the employees, provided that not more than three years have elapsed from the last day of the tax period, in which the tax overpayment arose. If such employer withholds from the employees, in the current tax period, tax advances in excess of the amount due under this Act, the overpayment shall be refunded to the employees in the next calendar month, but not later than March 31 of the next year, unless the annual clearing was performed or a tax return was filed by such date. The tax overpayment or the tax advances overpayment refunded to the employees shall be deducted by the employer that is a taxpayer,<sup>122)</sup> from the immediately next payment of tax advances to the tax administration.

(2) The employer that is a taxpayer,<sup>122)</sup> and who awarded and paid, for any tax period, a tax bonus lower than the bonus, which should have been awarded and paid under this Act, shall refund the difference to its employees, provided that not more than three years have elapsed from the last day of the tax period, in which the difference arose, if the employee was not paid the tax bonus difference for that tax period based on the performed annual clearing (Section 38) or a filed tax return (Section 33 subsection 6). If the employer that is a taxpayer,<sup>122)</sup> awards and pays, in the current tax period, a tax bonus lower than the bonus, which should have been awarded and paid under this Act, the difference shall be refunded to the employees in the next calendar month, but not later than March 31 of the next year, unless the annual clearing was performed or a tax return was filed by such date. The difference refunded to the employees shall be deducted by the employer that is a taxpayer,<sup>122)</sup> from the immediately next payment of tax advances to the tax administration, or the employer shall proceed as provided in Section 35 subsection 7 above.

(3) If the employer that is a taxpayer,<sup>122)</sup>

a) fails to withhold from its employees the tax in the amount prescribed in this Act, it shall be allowed to subsequently withhold the same, but only if not more than 12 months have elapsed from the date of incorrect withholding;

b) fails to withhold from its employees the tax advances in the amount prescribed in this Act, it shall be allowed to subsequently withhold the same, but not later than March 31 of the next year;

c) awards or pays a tax bonus for an amount other than due under this Act, it shall be allowed to withhold the difference from its employees by increasing the tax advance or the tax due, but only if not more than 12 months have elapsed from the date of incorrect awarding or payment of the tax bonus.

(4) If the employer that is a taxpayer,<sup>122)</sup> proceeds as provided below due to a fault of any employee:

a) fails to withhold the tax or withholds the tax for an incorrect amount, it shall withhold the same, including the appurtenances thereof, within three years after the last day of the tax period, in which the incorrect tax was withheld, or in which no tax was withheld;

b) awards and pays a tax bonus for an amount higher than prescribed by this Act, it shall withhold the difference, including the appurtenances thereof, from the employee by increasing the tax advance or the tax due, within three years after the last day of the tax period, in which the incorrect tax bonus was paid.

(5) If the employer that is a taxpayer,<sup>122)</sup> is not able to withhold, from the taxable wage of any employee, any tax arrears, which arose as provided in subsection 4 letter a) above, or any tax arrears, which arose out of the annual clearing, or if it cannot withhold from the employee any tax bonus difference, which arose as provided in subsection 4 letter b) above, or any tax bonus difference, which arose out of the annual clearing, either because no wage is being paid to the employee any more, or because the amount cannot be withheld pursuant to special legislation, the tax arrears or the tax bonus difference shall be collected by the tax administration having jurisdiction according to the employee's residence. For this purpose the employer that is a taxpayer,<sup>122)</sup> shall send to the tax administration all the necessary documents within 30 days after the date, on which the relevant fact occurred, or after the date the difference was established by the employer. The employee shall be obliged to pay any tax arrears, which arose due to his own fault, including default interest, or any tax bonus difference, including its penalty interest, to the tax administration having jurisdiction by the last day of the tax period, in which the tax administration took the relevant action, or in which the employee received a decision requesting the payment of the tax arrears or the tax bonus difference. The employer that is a taxpayer<sup>122)</sup> and the tax administration shall not apply the foregoing procedure, if the tax arrears or the tax bonus difference is equal to or less than EUR 5, provided, however, that the taxpayer has not used the possibility to submit a statement pursuant to Section 50.

(6) Tax withheld or collected subsequently or tax advances withheld or collected subsequently pursuant to subsections 3 and 4 shall be paid, by the employer

that is a taxpayer,<sup>122)</sup> to the tax administration by the next tax advances payment date, unless it proceeds as provided in Section 35 subsection 7 above, and unless it uses the tax bonus difference referred to in subsections 3 and 4 above to award a tax bonus to another employee.

(7) If a document referred to in Section 39 subsection 5, issued, for any tax period, by the employer that is a taxpayer<sup>122)</sup> to an employee who has filed a tax return or subsequent tax return for that tax period or whose annual clearing (Section 38) has been performed by another employer pursuant to this Act, contains incorrect data required under this Act, the employer shall issue a corrective document to that employee within one month of the date on which a payment assessment levying a tax or tax difference on that employer that is a taxpayer<sup>122)</sup> became effective. If incorrect information in a document pursuant to Section 39 subsection 5 is found by an employee or an employer that is a taxpayer, the adjusted document shall be issued by the employer, that is a taxpayer, by the end of the month following the month in which this fact was discovered or in which the employer, that is taxpayer, was pointed out to this error by the employee. In that case, the procedure under special legislation<sup>132a)</sup> shall not apply with respect to the income pursuant to Section 5 in the case of an employee who has filed a tax return or subsequent tax return for that tax period.

(8) If the employer that is a taxpayer<sup>122)</sup> paid tax advance or tax higher or lower than was required to pay and cannot reduce tax advance by this amount, he shall request tax administration for a refund of that account. The same procedure can also be applied in case of difference resulting from annual clearing. The tax administration returns required amount to the employer that is a taxpayer,<sup>112)</sup> within one month of receipt of the request..

(9) If an employer, that is a taxpayer,<sup>122)</sup> awarded and paid a lower or higher employment premium, than as laid down in this Act or if due to employee's fault awarded and paid a higher employment premium as provided by this Act, it shall proceed as provided in subsections 1 through 8.

(10) For the audit of a tax bonus or employment premium the provisions of a special regulation on tax audit<sup>128)</sup> shall apply accordingly. The audit to determine the eligibility for the remittance of a tax bonus or employment premium or parts thereof is initiated on the day drawn up in the protocol of the initiation of audit or on the date specified in the notice of audit.

(11) In determining the tax bonus or employment premium under the devices the same approach as for determining tax pursuant to the devices under a special regulation<sup>128)</sup> applies.

(12) The tax administration shall determine the tax bonus or employee premium under devices if

a) The employer that is a taxpayer

1. does not submit a report even after the tax administration prompt,
2. does not fulfil its obligations within the period prescribed by the tax administration in the prompt to remove the insufficiencies of the report and the tax administration has not commenced an audit pursuant to subsection 10,
3. fails to fulfil any of his legal obligations when proving any of the provided facts , and as a result tax bonus or employment premium cannot be properly identified, or
4. does not enable to perform the audit under subsection 10,

b) taxpayer who in the filed tax return applies its claim to the tax bonus or employment premium

1. does not fulfil its obligation within the period determined by the tax administration in the prompt to address the shortcomings of the tax return and the tax administration did not commence tax audit pursuant to subsection 10,
2. fails to fulfil any of his legal obligations when proving any of the provided facts and as a result tax bonus or employment premium cannot be properly identified, or
3. does not enable to perform the audit under subsection 10.

## PART TWO

### CORPORATION INCOME TAX

#### Section 41

##### Tax Return and Tax Period

(1) Tax returns for the previous tax period shall be filed by taxpayers by the date set forth in Section 49 below. Those taxpayers, who are not established or founded to conduct business, the National Bank of Slovakia and the Slovak National Property Fund,

need not file any tax returns, provided they only earn income, which is not liable to tax, or income, the tax on which is withheld as provided in Section 43 below. Civic Associations need not file any tax returns, provided they only earn income, which is not liable to tax, or income, the tax on which is withheld as provided in Section 43 below, or income exempt from tax as provided in Section 13 subsection 2 letter b) above. State-funded and State-subsidized organizations need not file any tax returns, provided they have, other than the income, the tax on which is withheld as provided in Section 43 below, only income exempt from tax. Tax returns also need not be filed by taxpayers who only have income pursuant to Section 13 subsection 2 letter a), and income, on which tax is withheld pursuant to Section 43.

(2) A legal successor shall file a tax return with respect to any taxable income earned by the taxpayer, which was dissolved without liquidation. The trustee in bankruptcy shall file a tax return with respect to the taxpayer, against which a bankruptcy order was made.

(3) If the dissolution of any taxpayer is preceded by its liquidation, the tax period, which started prior to the entry of the taxpayer into liquidation, shall end on the date immediately preceding the date of entry into liquidation.

(4) The tax period of a taxpayer in liquidation starts on the date of entry into liquidation and ends on the date of closure of the liquidation.<sup>133)</sup> In case the liquidation is not closed prior to or on December 31 of the second year following the year of entry into liquidation, such a tax period shall end as of December 31 of the second year following the one, in which the taxpayer entered into liquidation. If the liquidation is not closed prior to December 31 of the second year following the year of entry into liquidation, then the tax periods shall coincide with the calendar years up to the closing date of the liquidation. If the liquidation is closed in the course of the calendar year, the last day of the tax period shall coincide with the closing date of the liquidation. If a bankruptcy order is made against the taxpayer in liquidation, the tax period shall end on the date preceding the date of the bankruptcy order.

(5) If a bankruptcy order is made against the taxpayer the tax period shall end on the date immediately preceding the date of the bankruptcy order.

(6) The tax period of a taxpayer, against which a bankruptcy order was made, starts on the date of the bankruptcy order, and ends on the date of closure of the bankruptcy proceedings. If the bankruptcy proceedings are still pending as of December 31 of the second year following the date of issue of the bankruptcy order, such a tax period shall end as of December 31 of the second year following the date of issue of the bankruptcy order. If the bankruptcy is not closed prior to December 31 of the second year following the date of issue of the bankruptcy order, then the tax periods shall coincide with the calendar years up to the closing date of the bankruptcy. If the bankruptcy is closed in the course of the calendar year, the last day of the tax period shall coincide with the date of closure of the bankruptcy. Following the closure of the bankruptcy proceedings, the tax period will start on the date following the date of closure of the bankruptcy and end on December 31 of the calendar year, in which the bankruptcy proceedings were closed.

(7) Where the corporate form of the taxpayer has changed, the tax period shall end on the date preceding the date on which the change is registered with the Companies Register. A new tax period shall commence as of the date when the change is registered with the Companies Register and last until the date on which the tax period of the taxpayer would have ended, if its corporate form had not changed. In such cases, financial statements are prepared pursuant to special legislation<sup>133a)</sup> by the date preceding the date when the change was registered with the Companies Register. The foregoing provision shall not apply where a limited liability company changes its corporate form into a joint stock company or a co-operative, a joint stock company changes into a limited liability company or a co-operative, or a co-operative changes into a limited liability company or a joint stock company.

(8) If following the closure of the bankruptcy proceedings:

a) liquidation starts, then the tax period of the taxpayer in liquidation shall start on the date of entry into liquidation and end as provided in subsection 4 above;

b) liquidation pursues, then the tax period of the taxpayer in liquidation shall start on the date following the closing date of the bankruptcy and end on December 31 of the year of closure of the bankruptcy; the provisions of subsection 4 sentence three and four shall apply.

(9) In the case of winding up of a taxpayer as a result of a petition in bankruptcy dismissed due to insufficient assets, the tax period shall end on the day immediately preceding the date of dismissal of the petition in bankruptcy due to insufficient assets.

(10) If the taxpayer changes its tax period from a calendar year to a financial year or vice-versa, it shall file a tax return for the tax period ended on the date preceding that date of change within the deadline pursuant to Section 49 subsection 2.

(11) If the accounting period was changed into a financial year in compliance with special legislation<sup>134)</sup>, the financial year shall also be deemed a tax period. The provisions of this Act applicable to the dates of filing of the tax return shall apply to the date,

by which the tax return must be filed, mutatis mutandis. If the tax period, which coincides with the calendar year, is replaced by a financial year, then the period between the starting date of the calendar year and the date preceding the date of change of the tax period, shall be treated as a separate tax period.

#### Section 42

##### Paying of tax advances

- (1) The taxpayer, whom tax due for the previous tax period calculated in accordance with subsection 6 below exceeded EUR 16,600, shall be liable to pay, starting from the first month of the next tax period, monthly tax advances amounting to 1/12 of the tax due for the previous tax period. The monthly advances shall be paid by the last day of each calendar month. The taxpayers shall settle the yearly tax payable thereby by the date prescribed for the filing of the tax return.
- (2) The taxpayer, whom tax due for the previous tax period calculated in accordance with subsection 6 below exceeded EUR 2,500, but did not exceed EUR 16,600, is liable to pay quarterly advances for the account of the tax due in the current tax period, amounting to 1/4 of the tax due for the previous tax period. The quarterly advances shall be paid by the last day of each calendar quarter. The taxpayers shall settle the yearly tax payable thereby by the date prescribed for the filing of the tax return.
- (3) Unless the tax administration orders to pay tax advances as provided in subsection 10 below, no tax advances need to be paid by:
  - a) those taxpayers, which booked tax for the previous tax period (calculated as provided in subsection 6 below) lower than EUR 2,500;
  - b) those taxpayers, which were in liquidation or bankruptcy during the tax period referred to in Section 41 subsections 4 and 6;
  - c) taxpayers referred to in subsections 8 below.
- (4) Those taxpayers which have been incorporated in the course of the calendar year otherwise than through reorganization, merger or split shall not pay tax advances for the tax period in which it was incorporated. Those taxpayers, which in the course of any one calendar year:
  - a) change their corporate form, shall keep paying tax advances for the amount calculated with reference to the tax for the tax period preceding the tax period of change of the corporate form;
  - b) were incorporated as a result of a merger of wound-up taxpayers, shall pay tax advances for the amount calculated with reference to the aggregate taxes payable by the wound-up taxpayers for the tax period preceding the tax period of winding up;
  - c) took over another taxpayer, shall pay tax advances for the amount calculated with reference to the aggregate taxes payable by:
    1. the wound-up taxpayer for the tax period preceding the tax period of its winding up;
    2. the taking over taxpayer for the tax period preceding the tax period of the take-over;
  - d) were incorporated as a result of a split, shall pay tax advances for a prorated amount calculated with reference to the tax payable by the wound up taxpayer for the tax period preceding the tax period of winding up, depending on the ratio of the equity of the wound-up taxpayer taken over by the non-wound up taxpayer.
- (5) If the tax for the preceding tax period covered only part of the tax period, the taxpayer in the subsequent tax period shall pay tax advances for this tax period under subsections 1 and 2.
- (6) The term "tax for the previous tax period" shall mean the tax calculated with reference to the tax base, less any tax loss, specified in the tax return filed for the tax period immediately preceding the one, for which the tax advances are paid, applying the rate set out in Section 15 above, which is in force in the tax period, for which the tax advances are paid, less any relief under this Act, reduced by any taxes paid abroad, and by any taxes withheld as provided in Section 43 below and treated as a tax advance.
- (7) Prior to the date of filing of the tax return showing the tax due for the previous tax period, the taxpayer shall pay tax advances calculated with reference to the last known tax liability reported in the tax return filed for the tax period immediately preceding the previous tax period. The last known tax liability shall be calculated in the same manner applicable to the calculation of the tax due for the previous tax period, including the application of the tax rate applicable in that tax period for which tax advance are paid. A taxpayer incorporated during the previous tax period as a result of a merger or division and in the event of fusion shall pay the tax advance within the deadline for the filing of tax returns, in a manner and in the amount stipulated by subsection 4 letter b) through d).
- (8) The taxpayer filing its first tax return shall not pay, in the tax period, in which the tax return is to be

filed, any tax advances up to the date prescribed for the filing of the tax return. The tax advances payable by the date prescribed for the filing of the tax return shall be paid not later than the date prescribed for the filing of the tax return, with reference to the amount of the tax specified in its tax return.

(9) If the tax advances paid pursuant to subsection 7 above are lower than the tax advances calculated with reference to the tax return for the previous tax period, the taxpayer shall pay the difference due to the tax advances paid since the beginning of the tax period by the end of the calendar month following the time limit for filing tax return. This also applies to a taxpayer designated to pay tax advances by the tax administration under subsection 10 if the tax administration in a decision issued by the end of the calendar month following the expiry of the time limit for filing tax return does not indicate otherwise. In case the paid tax advances are higher than the payment due, they shall be set-off against any future tax advances or shall be refunded upon request of the taxpayer. For the procedure of the tax administration in refunding tax advances at the request of the taxpayer the provisions of a special regulation shall apply.<sup>126)</sup>

(10) The tax administration may determine the payment of tax advances otherwise when it comes to their payment based on the amount of the estimated tax, the amount determined under subsections 3 and 4 and if the tax set out in the tax return, on the basis of which the tax advances are paid, was amended by a decision of the tax administration or supplementary tax return. In justified cases, the tax administration can designate the tax advances otherwise upon the taxpayer's request.

(11) If the tax calculated in the tax return exceeds the tax advances paid, the taxpayer must pay the difference by the date prescribed for the filing of the tax return.

(12) The tax administration shall return within 30 days from the date of the submission of a request of the taxpayer, the paid tax advances if the taxpayer did not incur the liability to pay tax advances under this Act, or the difference of the paid tax advances, if the taxpayer has paid tax advances in an amount higher than the amount it was required to pay under this Act. For the procedure of the tax administration in the repayment of tax advances paid or the difference of the paid tax advances, the provisions of the special regulations<sup>126)</sup> apply.

### Part Three

#### Joint Provisions Governing the Collection and Payment of Taxes

##### Section 43

###### Withholding Tax

(1) Tax on the income listed in subsections 2 and 3 shall be withheld, while a tax rate of 19% is used if such income is paid, remitted or credited to the taxpayer of a non-contracting state pursuant to Section 2 letter x), then the tax rate of 35% is used.

(2) Tax on the income originating from sources in the territory of the Slovak Republic, which is earned by taxpayers with limited tax liability, other than any income earned by a permanent establishment of such taxpayers (Section 16 subsection 2 above), shall be withheld, as long as such income falls under any of the categories specified in Section 16 subsection 1 letter d) and e), indent one, two and four above, interest and other revenues from credits and loans provided and from derivatives pursuant to special legislation.<sup>76)</sup>

(3) Tax on the following categories of income originating from sources in the territory of the Slovak Republic, which is earned by taxpayers with limited and unlimited tax liability, shall be withheld:

- a) interest, winnings and other income from passbook deposits, funds on current accounts, home saving accounts and deposit accounts, except if the beneficiary earning the interest or other income is a mutual fund<sup>66)</sup>, a supplementary pension fund<sup>35)</sup>, pension fund<sup>134a)</sup> a bank or a branch of a non-resident bank,<sup>94)</sup> or the Slovak Export-Import Bank,<sup>95)</sup>
- b) revenue from assets in a mutual fund<sup>74b)</sup>, revenue from participation certificates paid (refunded), revenue from certificates of deposit, deposit letters and treasury bonds, except where the beneficiary of the revenue or income was a mutual fund<sup>66)</sup>, a supplementary pension fund<sup>35)</sup> and a pension fund,<sup>134a)</sup>
- c) prizes in cash won in lotteries and other similar games, and prizes in cash won in advertisement contests and drawings [Section 8 subsection 1 letter i)], except for prizes exempt from the tax pursuant to Section 9 above;
- d) prizes in cash won in public competitions, or in competitions, in which the number of competitors is restricted by the terms of the competition, or the competitors in which are selected by the competition manager, or sporting competitions [Section 8 subsection 1 letter j)], except for prizes exempt from the tax pursuant to Section 9 above;
- e) any income earned under a supplementary pension savings scheme pursuant to special legislation<sup>35)</sup> [Section 7 subsection 1 letter d) above];

- f) any indemnities paid under an insurance policy for the attainment of a certain age [Section 7 subsection 1 letter e) above];
- g) the income of a fund of operations, maintenance and repairs<sup>135)</sup>, i.e.:
1. income from the lease of joint parts of a house, joint facilities of a house, joint non-residential premises, accessories and adjacent land, including any default interest and penalties received in respect of such lease;
  2. contractual penalties and late payment interest arising from the use of the fund's resources;
  3. income from the sale of joint non-residential premises, joint parts of a house or joint facilities of a house, unless agreed otherwise by and between the owners of flats and non-residential premises in the house;
- h) income of authors for their articles for newspapers, magazines,<sup>135a)</sup> radio, or television, unless they are treated as artistic performances<sup>136)</sup> [Section 6 subsection 2 letter a) and 4 above]; in taxpayer does not apply procedure under subsection 14,
- i) revenue (income) from bonds and treasury bills, where they arise to taxpayer not established or not conducting business (Section 12 subsection 2), the National Property Fund of the Slovak Republic and the National Bank of Slovakia,
- j) insurance from paid insurance premiums for public health insurance, by which the taxpayer in previous tax periods reduced its income under Section 5 and Section 6, returned by the health insurance company to taxpayer from the annual insurance premiums accounting,<sup>136aa)</sup>
- k) compensation for the loss of earnings paid to an employee under a special regulation<sup>23aa)</sup> if for the purposes of the calculation it is not based on the average monthly net earnings of employee under a special regulation,<sup>23ab)</sup>
- l) revenue (income) from the sale of bonds and treasury bills, if it arises to the taxpayer not established or not conducting business (Section 12 subsection 2), the National Property Fund of the Slovak Republic and the National Bank of Slovakia,
- m) compensation payments under a special regulation,<sup>37ad)</sup>
- n) revenue (income) from bonds and treasury bills if they flow to a natural person, excluding income from government bonds and treasury bills stemming from this natural person.
- (4) As regards tax to be withheld from income under subsections 2 and 3 above, the tax base shall correspond to the income alone, unless subsection 5, 9 or 10 below applies. Both the tax base and the tax shall be rounded as provided in Section 47 below. As regards bank accounts denominated in foreign currencies, the tax base shall be determined in the foreign currency without rounding.
- (5) As regards the tax to be withheld from income:
- a) under subsection 3 letter e) and f), the tax base shall correspond to the payment, less any contributions or insurance premiums paid; in the case of payments under an insurance policy for the attainment of a certain age made in the form of advances, the withholding tax applies to the difference between the premiums paid and higher indemnities paid under the insurance policy for the attainment of a certain age, in that tax period in which, upon the payment of indemnities, the aggregate amount of indemnities paid under the insurance policy for the attainment of a certain age exceeds the aggregate amount of the premiums paid, while the tax levied on previous payments is set-off against the total tax due; as regards pensions, the contributions and insurance premiums previously paid shall be spread throughout the term of the pension. If the term of the pension is not defined, such a term shall be calculated as a difference between the average life expectancy announced by the Slovak Statistic Office, and the age of the taxpayer at the time, when the first pension is received;
  - b) under subsection 3 letter h), the income is reduced by contribution drawn under a special regulation,<sup>136ad)</sup>
  - c) under subsection 3 letter i) and l), the total of such revenue (income) in the tax period in which their disbursement, remission or crediting occurs is in favour of the taxpayer less the cost of bonds removed from the assets pursuant to a special regulation<sup>1)</sup> in the corresponding tax period, and charges related to its acquisition.
- (6) With respect to income on which tax is withheld, the tax liability of the taxpayer shall be regarded as fully settled upon the due withholding of the tax. Withholding tax can be deemed a tax advance, if it was collected on:
- a) income pursuant to Section 16 subsection 1 letter d) in the event of a taxpayer with limited tax liability;
  - b) income pursuant to Section 16 subsection 1 letter e) indent one, two and four, interest and other revenues from credits and loans provided and from derivatives pursuant to special legislation<sup>76)</sup> and income from participation certificates paid (refunded) in the event of a taxpayer from a Member State of the European Union and



a taxpayer with limited tax liability in other states comprising the European Economic Area;

c) income from participation certificates paid (refunded) in the event of a taxpayer with unlimited tax liability pursuant to Section 2 letter d), with the exception of a taxpayer not established or founded to conduct business (Section 12 subsection 2), the National Property Fund of the Slovak Republic and the National Bank of Slovakia;

(7) If a taxpayer pursuant to Section 6 letter a) through d) decides to deem tax withheld from income pursuant to subsection 6 letter a) through d) as a tax advance, it may deduct this advance from the tax in the tax return; if the withholding tax amount exceeds the taxpayer's tax amount calculated in the tax return, the taxpayer is entitled to a refund of the tax overpayment<sup>126)</sup>; a partner in a general commercial partnership or a general partner of a limited partnership may also deduct the prorated tax, which was withheld from the general commercial partnership or the limited partnership, applying the ratio, which applies to the distribution of profits among the partners or the general partners under the memorandum of association, otherwise in equal parts; spouses earning income from their tenancy by the entirety, in respect of which withholding tax may be deducted as an advance, may deduct a prorated part of the tax withheld, applying the same ratio as applies to the taxation of the income.

(8) The taxpayer that is allowed, pursuant to subsection 7 above, to deduct the tax, which has been withheld, and who, at the determination of the tax base, proceeds as provided in Sections 17 through 29 above, shall include any income, the tax on which has been withheld, into the tax base for the tax period, in which the tax was withheld.

(9) If any income from securities is earned by the beneficiary from a mutual funds management company,<sup>66)</sup> the tax base to be used for the calculation of the withholding tax shall correspond to the income from the assets in a mutual fund<sup>74b)</sup> less any income received by the management company, which is liable to the withholding tax, including any shares of profits received by the management company, which are not liable to the tax.

(10) Tax shall be withheld by the taxpayer<sup>122)</sup> at the time, when the payment is made, remitted, or credited in favour of the taxpayer. In the case of the income from securities paid to the beneficiary by mutual funds management companies, the inclusion of the income into the current price of an already issued unit certificate, by which the obligation to pay out, annually, the income from the assets of a mutual fund is met, shall not be considered a payment credited in favour of the taxpayer. Upon the return (redemption) of a unit certificate, a tax is withheld on the surplus balance arising from the difference between the paid non-taxed amount and the contribution made by the certificate holder, which is the selling price of a unit certificate upon its issuance; if the beneficiary is a mutual fund, no tax is withheld, and if the beneficiary is a stock trader or non-resident stock trader holding securities in its own name for its clients as part of investment service provided in the territory of the Slovak Republic through its branch, or without a branch, no tax is withheld, and the stock trader or non-resident stock trader shall be deemed a taxpayer<sup>122)</sup> with the respect to the tax withheld on the return (redemption) of the unit certificate. The same procedure shall apply in the case when unit certificates or similar securities are redeemed by a non-resident collective investment entity or non-resident mutual funds management company.<sup>136a)</sup>

(11) The taxpayer shall transfer any tax withheld thereby to the tax administration by the fifteenth day of each month for the previous calendar month, unless the tax administration determines otherwise upon request of the taxpayer. The tax shall be withheld from the payment or from due amount credited in favour of the taxpayer. Any performances in kind shall also be treated as a payment. At the same time the taxpayer is obligated to submit within the same time limit a notification to the tax administration on tax withholding and transfer on a form whose model is determined by the financial directorate and is published it on its website. This form shall contain a summary of data on the withholding and transfer of tax collected by withholding broken down to taxpayers according to

a) Section 2 letter d) except for taxpayer under Section 2 letter x),

b) Section 2 letter e) except for taxpayer under Section 2 letter x) if this taxpayer requested a certificate of payment of income tax from the tax administration, the form shall also contain data broken down according to letter c);

c) Section 2 letter x) the form for this taxpayer also includes information about the tax withheld broken down into different types of income under Section 16 subsection 1, the amount of taxable income, tax rate, the amount of tax withheld, taxable income payment date and the date of the transfer of tax withheld, and, in the case of

1. a natural person, the form also includes full name, permanent address and the date of birth,

2. a legal entity, the form also includes the name and address of its registered seat and identification number.

(12) If the taxpayer<sup>122)</sup> fails to withhold the tax or to pay the tax withheld in a timely fashion, the tax shall be enforced as its own tax liability. The same applies if the tax withheld is lower than the prescribed amount.

(13) As regards the income under subsection 3 letter g) above, the taxpayer,<sup>122)</sup> shall be the association of owners of apartments and non-residential premises<sup>135)</sup> or the individual or the legal entity, with which the owners of apartments and non-residential premises enter into an agreement for the administration of such premises.<sup>135)</sup> Such a taxpayer shall transfer the tax to the tax administration not later than the fifteenth day after the last day of the calendar year, in which the income above was allocated or credited in favour of the fund of operations, maintenance and repairs.<sup>135)</sup> At the same time the taxpayer is required to submit within the same time limit, a notification to the tax administration on tax withheld and transferred on a form whose model is designated by the Financial Directorate and published it on its website.

(14) For the income of authors for contributions to newspapers, magazines,<sup>135a)</sup> radio or television according to Section 6 subsection 2 letter a) from which tax is withheld pursuant to subsection 3 letter h), this tax is not levied only if the taxpayer arranged this in advance in writing with the author. Such an agreement is required to be notified from the taxpayer to the tax administration no later than the fifteenth day after the end of the calendar year in which it was concluded.

(15) Taxpayer<sup>122)</sup> of income tax referred to in subsection 3 letters i) and l) is taxpayer not based or established for conducting business (Section 12 subsection 2), the National Property Fund of the Slovak Republic and the National Bank of Slovakia. Such taxpayers are required to pay tax to the tax administration no later than the thirtieth day after the expiry of the tax period in which such income was paid, remitted or credited in favour of them. At the same time the taxpayer is required to submit within the same time limit a notification to the tax administration on the tax withheld and transferred on a form whose model is designated by the Financial Directorate and published it on its website.

(16) A taxpayer from income referred to in subsection 3 letter n) is a securities dealer that holds financial instruments and funds of clients, from which this income arises.

#### Section 43a

(1) If a taxpayer has doubts about the correctness of tax withheld or tax advance they may ask for an explanation from the taxpayer within 12 calendar months from the date when the tax or tax advance withholdings occurred. The request shall state the reasons justifying their doubts. The taxpayer is obliged to notify the requested information to the taxpayer within 30 days from the application delivery date and in the same period fix the mistake if applicable. If the taxpayer fails to comply with this obligation, the taxpayer is entitled to file a complaint with the tax administration within the time limit of 60 days from the date on which the taxpayer should have delivered a written explanation to the taxpayer or fixed the potential mistake.

(2) If, after delivery of a written explanation from the taxpayer referred to in subsection 1, the taxpayer disagrees with the procedure of the taxpayer, it may submit a complaint on the procedure of the taxpayer to the tax administration, within 30 days from the delivery the written explanation of the taxpayer to the taxpayer.

(3) The tax administration, which has territorial jurisdiction over the taxpayer under this Act or under a special regulation,<sup>136ab)</sup> decides about the complaint referred to in subsection 1 or 2 so that the complaint is satisfied in full or in part and at the same time compels the taxpayer to rectify it within the defined time limit, or rejects the complaint. The decision on the complaint shall be delivered to the taxpayer as well as to the taxpayer, while the taxpayer and the taxpayer may appeal it within 30 days of its delivery. The appeal has a suspensive effect. If the taxpayer fails to remedy it within the period defined in the decision, the tax administration shall impose a fine under a special regulation<sup>136ac)</sup>

#### Section 44

##### Tax Security

(1) The tax administration may order individuals and legal entities to withhold, upon any payment made to another taxpayer, an amount totalling 9.5% of the monetary performance. Any amount so withheld to secure the tax shall be treated as a tax advance.

(2) To secure the tax on taxable income, excluding income from which withholding tax is applied and income from dependent activity, from which precipitates a tax advance under Section 35, a taxpayer that pays, remits or credits payments in favour of a taxpayer with limited tax liability except the taxpayer under Section 2 letter t) or a taxpayer from the States constituting the European Economic Area, is required to withhold an amount of 19% of the monetary performance in favour

of a taxpayer from a non-contracting state pursuant to Section 2 letter x) it is required to withhold an amount of 35% of the monetary performance. If it is a share of a taxpayer that is a partner of general commercial partnership, limited partnership or a member of a European Economic Interest Grouping, the sum to secure the tax is withheld regardless of the profit share payment no later than three months after the end of the tax period.

(3) The tax security under subsections 1 and 2 above shall be transferred to the tax administration having jurisdiction by the fifteenth day of each calendar month for the previous calendar month. The above must be advised by the payer of the income to the tax administration having jurisdiction over the taxpayer, unless the tax administration decides otherwise upon request of the income payer, and shall be done on a form whose model is designated by the financial directorate and published it on its website. This form contains summary data on securing and withholding taxes broken down to taxpayers according to

a) Section 2 letter d) except for the taxpayer under Section 2 letter x),

b) Section 2 letter e) except for the taxpayer under Section 2 letter x) if this taxpayer requested a certificate of payment of income tax from the tax administration, the form shall also contain data broken down according to letter c);

c) Section 2 letter x) of this taxpayer the form also includes information on tax security broken down into different types of income under Section 16 subsection 1, the amount of taxable income, tax rate, the amount deducted for tax security, the date of payment of taxable income and the date of diverting the tax security, while in the case of

1. a natural person, the form also includes the full name, permanent address and the date of birth,

2. a legal entity, the form also includes the name and address of its registered seat and identification number.

(4) The payer of the income shall not withhold the tax security pursuant to subsection 2 above, if the taxpayer submits a certificate issued by the tax administration confirming the payment of tax advances pursuant to Sections 34 or 42 above, unless the tax administration decides otherwise.

(5) Unless the taxpayer files a tax return, the tax administration may decide that the tax liability of the taxpayer has been fully settled by the payment of the tax security pursuant to subsections 1 and 2 above.

(6) If any payer of the income fails to withhold the tax security as required by the subsections above, or if it withholds less than due, or if it omits to pay the tax security so withheld in a timely fashion, it shall be liable for the tax, which should have been secured, as if it were its own tax due.

## Section 45

### Avoidance of Double Taxation

(1) If a taxpayer with unlimited tax liability earns income originating in a country that has signed a treaty on avoidance of double taxation (hereinafter referred to as the "treaty") with the Slovak Republic, double taxation shall be avoided in accordance with the treaty, with the exception referred to in subsection 3 letter c) below. If the treaty provides for a set-off of the tax, any tax paid in the other contractual State shall be set-off against the tax payable under this Act up to the amount, which may be collected in the other country according to the treaty, while the maximum set-off shall be equal to the tax payable with respect to the income originating from sources abroad. The aggregate income (tax base) liable to the tax abroad, with respect to which the tax is to be set-off under the treaty, shall be rounded down to whole euro cents. For the purposes of set-off of the tax, the term "tax base with respect to the income liable to the tax abroad" shall mean the tax base calculated pursuant to Section 5 and 6 subsection 3 and 4, Section 7 and 8 and the tax base calculated pursuant to Section 17 subsection 14 above. The percentage ratio between income originating from sources abroad and the aggregate tax base for the tax period, shall be rounded to two decimal places; the aggregate tax base (for the purposes of the tax set-off) in the case of a taxpayer acting as an individual means the tax base without deducting the tax allowances pursuant to Section 11 above. The maximum tax paid abroad, which may be set-off, shall be rounded up to whole euro cents. Only such tax may be set-off, which relates to the income included in the tax base for the relevant tax period. If the treaty provides for exemption of income, the tax base with respect to the income liable to the tax abroad shall be, for the purposes of exemption of the income, equal to the tax base calculated pursuant to Section 5 and 6 subsection 3 and 4, Section 7 and 8 or the difference between the taxable income originating from sources abroad, and the tax expenses calculated pursuant to Section 17 subsection 14 above.

(2) If the taxpayer earns income originating from sources in a country, in which the tax period differs from the tax period in force in the Slovak Republic, and the taxpayer fails to have available, by date prescribed for the filing of a tax return in Section 49 below, a document proving the payment of the tax, which would be issued by the tax administration abroad, the taxpayer shall declare in its tax return the expected income originating from sources abroad and the tax payable on such income for the tax period, for which the tax return is filed.

(3) The method of exemption of income pursuant to subsection 1 above shall be applied if a taxpayer with unlimited tax

(4) liability originates income from dependent activities

- a) performed for the European Communities and their bodies, from which tax has been demonstrably collected to a general budget of the European Union, or
- b) from sources abroad, from a state, with which the Slovak Republic has not concluded any treaties, provided that tax has been demonstrably collected from this income abroad,
- c) from sources abroad, from a state, with which the Slovak Republic has concluded a treaty, provided that tax has been demonstrably collected from this income abroad, if this procedure is more convenient to the taxpayer.

(4) If a taxpayer which is an individual with unlimited tax liability or a legal entity, including a permanent establishment, paid, remitted or credited an interest receipt pursuant to Section 49a subsection 7 below in the countries and dependent territories pursuant to Annex 3 to a taxpayer acting as an individual with unlimited tax liability, and demonstrably withheld tax from this interest income in accordance with the legal act of the European Community governing the taxation of savings income in the form of interest payments, this tax shall be set-off against the tax payable up to the amount, in which it may be withheld pursuant to this Act. If the tax withheld from interest income by an individual or a legal entity, including a permanent establishment, in compliance with the procedure above exceeds the aggregate tax liability of a taxpayer, the difference is considered a tax overpayment.<sup>126)</sup> If, at the same time, tax was withheld from interest income originating from sources abroad in accordance with a treaty or the tax legislation of the country, in which the source of such income originates, a taxpayer shall proceed as in the event of the elimination of double taxation pursuant to subsections 1 through 3 above.

Section 46

Tax payment as calculated in the tax return is not applicable if does not exceed EUR 5.

Section 46a

Minimum tax

The tax shall not be levied and paid if it is less than or equal to EUR 17 for any tax period or if the total taxable income of a taxpayer acting as an individual is less than or equal to 50 % of the amount pursuant to Section 11 subsection 2 letter a) above for any tax period. The above shall not apply if the taxpayer claims a tax bonus pursuant to Section 33 above, or if the tax is withheld as provided in Section 43 above, or if tax advances are withheld pursuant to Section 35 above, or if tax security is withheld pursuant to Section 44 above. A taxpayer with unlimited tax liability referred to in Section 11 subsection 6, procedure under the first and second sentences shall apply if its aggregate taxable income originating from sources in the territory of the Slovak Republic (Section 16 above) in the relevant tax period constitutes at least 90 % of the total income of this taxpayer originating from sources in the territory of the Slovak Republic and abroad.

Section 46b

Tax license of a legal entity

- (1) The tax license is the minimum tax, after deducting tax concessions under Section 30a or Section 30b or Section 52 subsections 3 and 4 and after the crediting of foreign tax paid pursuant to Section 45, paid by the taxpayer for each tax period for which the tax obligation calculated in the tax return is less than the amount of the tax license set out for individual taxpayer under subsection 2 or the taxpayer that reported a tax loss.
- (2) The tax license is paid (in Euros), by a taxpayer that
  - a) on the last day of the tax period is not a value added tax payer with an annual turnover<sup>136bb)</sup> not exceeding EUR 500,000, amounting to EUR 480
  - b) on the last day of the tax period is a payer of value added tax with an annual turnover<sup>136bb)</sup> not exceeding EUR 500,000, amounting to EUR 960
  - c) for the tax period, the annual turnover<sup>136bb)</sup> more than EUR 500,000, amounting to EUR 2,880
- (3) For taxpayer, whose average number of employees in persons with disabilities for the tax period at least 20% of the total average registered number of employees for natural persons under a special regulation,<sup>136bc)</sup> the tax license under subsection 2 is halved.
- (4) The tax license is payable for the relevant tax period within the time limit for filing tax return under Section 49
- (5) The positive difference between the tax license and tax calculated in the tax return can be credited against the tax liability before application of tax advances (Section 42) in a maximum of three consecutive tax periods following the tax period for

which the tax license was paid, and only for that part of the tax liability that exceeds the amount of tax license.

- (6) For the tax period of less than 12 consecutive calendar months the tax license is calculated at the rate of the multiplication of 1/12 of the tax license pursuant to subsection 1 and the number of calendar months of the tax period.
- (7) The tax license is not paid by the tax payer
  - a) which first incurred an obligation to file a tax return for the tax period in which it incurred, except for a taxpayer who is the legal successor of a taxpayer dissolved without liquidation,
  - b) pursuant to Section 12 subsection 3 and 4,
  - c) which operates a sheltered workshop or sheltered workplace under a special regulation,<sup>136bd)</sup>
  - d) for the tax period pursuant to Section 41 subsection 4, 6, 8 and 9
- (8) Eligibility for tax license credit or the positive difference between the tax calculated on the tax return and the tax license expires
  - a) if the possibility does not arise to the taxpayer to deduct the tax license or the difference between the tax calculated in the tax return for the previous tax period pursuant to subsection 4,
  - b) the date of cancellation of taxpayer without liquidation, the date of entry into bankruptcy of the taxpayer or on the date of entry into liquidation.
- (9) If the tax advances paid for the relevant period pursuant to Section 42 are higher than the tax calculated in filing the tax return for the relevant period, while the tax is
  - a) higher than the tax license under subsection 2, the positive difference between the paid tax advances and the tax after the credit of the tax license pursuant to subsection 4 shall be applied to future tax advances or at the request of the taxpayer is returned,
  - b) less than the tax license pursuant to subsection 2, the positive difference between the paid tax advances and the minimum tax applies to future tax advances or at the request of the taxpayer is returned, while the positive difference between the tax license and the tax will be counted under subsection 5.
- (10) A taxpayer who is required to pay a tax license, is entitled to declare within the time limit for filing tax return, that the share of tax paid should be remitted to the beneficiaries designated by him pursuant to Section 50 subsection 4

#### Section 47

##### Rounding

- (1) The tax base, the amount corresponding to 2 % of the paid tax (Section 50 below), income in kind [Section 5 subsection 3 letter a) above], tax advances (Sections 34, 35, 42, and 44 above), taxable wage (Section 35 above) and tax (Section 15 above, Section 31 subsection 3 above and Section 43 above) shall be rounded down to euro cents. Tax allowances (Section 11 above) and the tax bonus (Section 33 above) shall be rounded up to euro cents.
- (2) The calculation of the tax rate for the purposes of the tax set-off (Section 45 above) and other calculations shall be calculated to two decimal places. No gradual rounding in two or several stages shall be allowed. The numbers under this subsection shall be rounded in the following way: any figures following the second decimal figure of the rounded number shall be omitted. The second decimal figure will then be adjusted depending on the figures that follow:
  - a) if the rounded figure is followed by a figure lower than 5, it shall remain the same,
  - b) if the rounded figure is followed by a figure equal to 5 or higher, it shall be increased by 1.

#### Section 48

##### Non-resident Taxpayers

- (1) As regards the tax under Sections 35, 43, and 44 above, the term "taxpayer"<sup>122)</sup> shall mean the individual resident abroad, or the legal entity having its registered office abroad, which has a permanent establishment in the territory of the Slovak Republic, or which employs employees in the territory of the Slovak Republic for more than 183 days, either continuously or spasmodically during any period of twelve consecutive months; the above shall not apply to the provision of services specified in Section 16 subsection 1 letter c) above, and to foreign embassies and consulates established in the territory of the Slovak Republic. The employer that is a taxpayer may be for employees who do not enjoy privileges and immunities under international law, also foreign embassy in the Slovak Republic or its subordinate organization, if it pays, remits or credits the income those employees under Section 5 and foreign embassy decides to apply for registration as a taxpayer.

(2) In cases referred to in Section 5 subsection 4 above, the taxpayer shall not be the individual resident abroad, or the legal entity having its registered office abroad.

#### Section 49

##### Dates of Filing of Tax Returns, Overviews and Reports

(1) Tax returns (Sections 32 and 41 above), overviews [Section 39 subsection 9 letter a) above] and reports [Section 39 subsection 9 letter b) above] shall be filed by the taxpayer with the tax administration having jurisdiction. The Annex of the tax return is also the documents referred to in the relevant tax return form.

(2) The tax return and the report shall be filed not later than three calendar months following the last day of the tax period, unless this Act provides otherwise. The overview shall be filed not later than by the end of the calendar month, for the previous calendar month. The taxpayer, taxpayer, heir or a person under a special regulation<sup>122aa</sup>) are also required to pay the tax within the deadline for filing tax returns or reports. A taxpayer who did not notify the tax administration on the account number maintained by the tax administration for the taxpayer within the deadline for filing tax returns under this subsection or within the period referred to in subsection 3, is required to pay the tax within a period of eight days of receipt of such a notification, if this notification was received after the deadline for filing tax returns. The same procedure applies for a person who does not notify the tax administration on the account number of the tax administration maintained by the tax administration for the taxpayer within the deadline for filing tax returns, filing tax returns for an heir or person under a special regulation<sup>122aa</sup>).

(3) A taxpayer, which is obliged to file a tax return after the expiry of a tax period within the term prescribed in subsection 2 above,

a) shall have extended the term by up to three whole calendar months, except for a taxpayer, which is being bankrupt or in a liquidation, based on a notification submitted to the relevant tax administration<sup>128</sup>) by the date prescribed for the filing of a tax return pursuant to subsection 2 above; in the notification, the taxpayer shall specify the new term, which represents the end of the calendar month, in which a tax return shall be filed and within this new term, the tax shall also be paid,

b) shall have extended the term by up to six whole calendar months, provided that the taxpayer shall income part of which is also income originating from sources abroad but with the exception of a taxpayer, which is being bankrupt or in a liquidation, based on a notification submitted to the relevant tax administration<sup>128</sup>) by the date prescribed for the filing of a tax return pursuant to subsection 2 above; in the notification, the taxpayer shall specify the said fact along with the new term, which represents the end of the calendar month, in which a tax return shall be filed and in which the tax shall be paid; if the taxpayer fails to specify income originating from sources abroad in the filed tax return, the tax administration shall apply the procedure pursuant to a special legislation,<sup>132a</sup>)

c) may have extended the term for the filing of a tax return pursuant to subsection 2 above upon a decision of the tax administration by up to three calendar months based on a request of the taxpayer, which is being bankrupt or in a liquidation, filed not later than within 15 days prior to the expiry of the term for the filing of a tax return pursuant to subsection 2 above, concerning the extension of the said term; no appeal may be filed against the decision concerning the extension of the term for the filing of a tax return.

(4) If the taxpayer dies, the tax return shall be filed, for the respective fraction of the year, by his/her heir. If there are more heirs, the tax return shall be filed by one of the heirs designated thereby. If they fail to reach an agreement as to who shall file the tax return, the tax administration shall designate one of the heirs. If the heir is the Slovak Republic, no tax return shall be filed. The tax return shall be filed within three months after the death of the taxpayer, whereas the tax administration may extend this term upon request by the heir filed not later than within 15 days prior to the expiry of the term for the filing of a tax return pursuant to this subsection. In the same time limit, a tax return for a deceased taxpayer pursuant to a specific person regulation<sup>122aa</sup>) shall be filed. If this taxpayer was also an employer, which is a taxpayer, the same procedure shall also be used for filing reports and overviews.

(5) If the taxpayer was obliged to file a tax return for the tax period preceding his/her death and the tax was not levied, the heir (other than the Slovak Republic) shall file a tax return on behalf of the deceased taxpayer within three months after his/her death. The tax administration may extend this term due to serious reasons upon request by the heir filed not later than within 15 days prior to the expiry of the term for the filing of a tax return pursuant to this subsection. In the same time limit, a tax return for a deceased taxpayer pursuant to a special regulation<sup>122aa</sup>) shall be filed. If this taxpayer was also an employer, which is a taxpayer, the same procedure shall also be used for filing

reports and overviews.

(6) If the taxpayer is dissolved without liquidation, the taxpayer or its legal successor shall file, by the term set forth in subsection 2 above, for a tax period ended by the date pursuant to a special regulation.<sup>77c)</sup> Any assets and liabilities accruing between the decisive day pursuant to a special regulation<sup>77c)</sup> and the date of the dissolution of the taxpayer, shall be treated as assets and liabilities of the legal successor. If the legal successor has not been established yet, the tax return shall be filed by the taxpayer dissolved without liquidation for a tax period starting on the decisive day pursuant to a special regulation<sup>77c)</sup> and ending on December 31 of a calendar year following the year, in which the decisive day pursuant to a special legislation<sup>77c)</sup> occurred, i.e. by the date set forth in subsection 2 above.

(7) If a taxpayer closes a permanent establishment in the territory of the Slovak Republic and does not have any other taxable income with the exception of income, in the case of which the tax liability is settled by withholding tax, or does not have other permanent establishments in the territory of the Slovak Republic, or does not have an organizational unit within the Slovak Republic,<sup>136ae)</sup> the taxpayer shall file a tax return or report not later than within three calendar months following the month of closure of the permanent establishment. If a taxpayer, which closes a permanent establishment in the territory of the Slovak Republic, has other taxable income with the exception of income, in the case of which the tax liability is settled by withholding tax, or has other permanent establishments in the territory of the Slovak Republic, or does not have an organizational unit within the Slovak Republic,<sup>136ae)</sup> the taxpayer shall file a tax return within the term set forth in subsection 2 above.

(8) If a permanent establishment of the taxpayer is established as provided in this Act or in the treaty in the tax period, which follows the one, in which the business was started, the taxpayer shall file a tax return for such a tax period by the last day of the month following the one, in which the permanent establishment was established as provided in this Act or the treaty. The procedure under the first sentence shall not apply to taxpayers with restricted tax liability [Section 2 letter e) the third indent], which does not have an organizational unit within the Slovak Republic,<sup>136ae)</sup> As regards any tax periods, in which the taxpayer continues the business, the tax return shall be filed as provided in subsection 2 above.

(9) Taxpayer, heir or a person under a special regulation<sup>122aa)</sup> in the tax return shall calculate the tax on its own, shall specify any exceptions, relieves, privileges, deductions, and shall specify the amount thereof.

(10) Any facts relevant for the levying of the tax shall be considered separately with respect to each tax period.

(11) For the purposes of filing a tax return the taxpayer must prepare financial statements<sup>1)</sup> at the end of the tax period under this Act and file it by the deadline for filing tax returns under a special regulation<sup>1)</sup>, unless stipulated otherwise.<sup>136af)</sup>

(12) Special legislation<sup>128)</sup> shall apply to the filing of corrective tax returns or reports, and to the filing of subsequent tax returns or reports.

#### Section 49a

##### Registration and notification obligations

(1) A natural person or legal entity which within the Slovak Republic obtains a business license or business permit is required to apply to the tax administration for registration by the end of the calendar month after the month in which it receives the license or authorization to conduct business. For the purposes of this Act the date of obtaining a permit or business license shall be the date when a natural or legal entity is authorized under special regulations to start conducting business within territory of the Slovak Republic.

(2) A natural person who is not registered under subsection 1 shall, within the time limit of the end of the calendar month after the month in which within the territory of the Slovak Republic it started to engage in other self-employed activities or in which within the territory of the Slovak Republic it leased property other than land, ask the tax administration for registration.

(3) A natural person or legal entity who is not registered under subsection 1 or 2, shall, by the end of the calendar month following the end of the month in which the obligation arose for withholding tax or tax advances tax or tax levy, ask the tax administration for registration as a taxpayer. If the person is already registered under subsection 1 or 2, it shall, for the purpose of making changes in

registration, notify the relevant tax administration that it has become a taxpayer.

(4) The registration requirement does not apply to a taxpayer who has income only under Sections 5, 7 or 8 or only income from which tax is withheld (Section 43), or a combination of these revenues.

(5) Where a natural person or legal entity, who is not registered under subsections 1 to 3, originated within the territory of the Slovak Republic a permanent establishment it is obliged to ask the tax administration for registration by the end of the calendar month after the month in which the permanent establishment was created. If the natural or legal entity is already registered under subsections 1 to 3, it is obliged to announce to the tax administration the creation of a permanent establishment by the end of the calendar month following the end of the month in which the natural person or legal entity established the permanent establishment. Notification on the establishment of a permanent establishment shall be made on a form, whose template is designated by the Financial directorate, and published on its website.

(6) Should changes occur in circumstances constituting an obligation to register under this Act, particularly if the taxpayer ceases its tax liability, it is obliged to report this fact to the tax administration by the end of the calendar month following the end of the month in which these changes occur. If a situation arises, which result in cancellation of registration, the taxpayer is required to apply for deregistration under a special regulation.<sup>128)</sup> If the same reporting obligation arises for the taxable part y to another institution and this institution notifies the tax administration on the new or changed facts under a special regulation,<sup>136c)</sup> the taxpayer is not obliged to report this fact to the tax administration.

(7) A natural person or legal entity, including permanent establishments, which pays, remits or attributes interest income ( hereinafter referred to as the "paying agent") of a natural person which is a taxpayer in a Member State of the European Union, a dependent territory listed in Annex No. 4 or a territory of a third country listed in Annex 5 and which is the ultimate recipient of such income, must report annually by March 31 after the end of the calendar year, to the tax administration on a form whose template shall be designated by the Financial directorate, their name, permanent residence of the individual and its tax identification number assigned in the state in which it is a taxpayer with unlimited tax liability, or if its tax identification number was not assigned, the date, place of birth and the amount of income for the previous calendar year. If the paying agent pays, remits or attributes interest income to a person who is not a legal entity, a person liable to taxation on business or subject of collective investments, the taxpayer is a Member State of the European Union, a dependent territory listed in Annex 4 or a territory of a third country listed in Annex 5 and not the final recipient of interest income, it is required to report tax administration annually by March 31 following the calendar year with the address of that person and the amount of the interest income. If the interest income was credited to the account of a natural person established in a bank or branch of a foreign bank,<sup>94)</sup> the notice shall also state the number of the account and the name of the bank or branch of a foreign bank;<sup>94)</sup> if the interest income has not been credited to the account of a natural person, the notice specifying the method of its remittance or crediting. Interest income means

- a) interest or other income accrued on loans granted, borrowings and deposits in passbooks, deposit funds in current accounts and deposit accounts,
- b) revenues generated from share certificates achieved from their payment (refund), revenue derived from assets in mutual fund<sup>74b)</sup> bonds, certificates of deposit, depository receipts, treasury bills, certificates of deposit and other securities of a similar nature during the period of their ownership or their disposal, repayment or redemption.

(8) A taxpayer with permanent residency or with a registered address in the territory of the Slovak Republic and the taxpayer who has in the territory of the Slovak Republic a permanent establishment is obliged to notify the relevant tax administration on the conclusion of a contract with a taxpayer resident or domiciled abroad, on the basis of which a taxpayer established or residing abroad may arise within the Slovak Republic a permanent establishment or a tax liability of employees or persons working for him within the Slovak Republic, within fifteen days after the conclusion of such a contract.

(9) If a natural person receives authorization to conduct business under a special regulation<sup>25)</sup> at one single point of contact,<sup>136e)</sup> its registration obligations under subsection 1 and reporting obligations are fulfilled at this point. Natural persons not stated in the first sentence and legal entities may fulfil their registration and reporting obligations to through a single point of contact, if it so chooses.

## Section 50

The use of a share of paid taxes for specific purposes



- (1) A taxpayer, which is
- a) an individual may, by the date prescribed for the filing of the tax return, specify in the tax return or in a statement filed with the tax administration having jurisdiction not later than April 30 after the last day of the tax period with respect to those taxpayers, for whom the employer that is a taxpayer,<sup>122)</sup> performed the annual clearing, that the percentage of the paid tax of up to 2 % should be granted to a legal entity falling within the categories set forth in subsection 4 below (herein after referred to as the "the beneficiary") or that the beneficiary must remit a share of taxes paid up to 3 % in the case of a taxpayer who in the tax period which the statement relates to, volunteers under a special regulation<sup>136f)</sup> for at least 40 hours in the tax period and submits a written statement pursuant to a special regulation<sup>59k)</sup>; if the taxpayer applies the procedure specified in Section 33 above, paid tax means the tax less any tax bonuses;
  - b) a legal entity, is entitled to specify in the tax return by the date prescribed for the filing thereof that the percentage of the paid tax of up to 2 % should be granted to beneficiaries pursuant to subsection 4 below specified by the taxpayer, if, in the tax period, to which the given statement pertains, or not later than by the date prescribed for the filing of a tax return, the taxpayer granted financial resources at least in the amount of 0.5 % of the paid tax to taxpayers specified by the taxpayer, which are not established or founded to conduct business<sup>67)</sup>, for the purposes specified in subsection 5 below; if the taxpayer has not granted such financial resources as a donation at least in the amount of 0.5 % of the paid tax, it shall specify in the tax return by the date prescribed for the filing thereof that the percentage of the paid tax should be remitted to beneficiaries pursuant to subsection 4 below specified by the taxpayer in the amount of only up to 1.5 % of the paid tax.
- (2) The percentage of the paid tax pursuant to subsection 1 shall be rounded pursuant to Section 47 subsection 1 above and shall not be lower than
- a) EUR 3, if the taxpayer is an individual,
  - b) EUR 8 per beneficiary, if the taxpayer is a legal entity.
- (3) The statement of use of a percentage of the paid tax for the tax period, for which the tax was paid (hereinafter referred to as the "statement"), shall contain the following items:
- a) the exact identification of the taxpayer, who filed the statement, i.e.
    1. name, surname, birth certificate number, residence, and telephone number of the taxpayer, if the taxpayer is an individual,
    2. business name or denomination, registered office, corporate form, identification number of the taxpayer, if the taxpayer is a legal entity,
  - b) the amount corresponding to the percentage of the paid tax,
  - c) the tax period, to which the statement relates,
  - d) the identification data of the beneficiary or beneficiaries referred to in subsection 4 below, i.e. its business name or denomination, registered office, corporate form, and the identification number,
  - e) the amount to be paid to each of the beneficiaries.
- (4) The percentage of the paid tax may be granted to the following beneficiaries:
- a) civic associations,<sup>137)</sup>
  - b) foundations,<sup>138)</sup>
  - c) non-investment funds,<sup>139)</sup>
  - d) not-for-profit organizations providing services of general utility,<sup>140)</sup>
  - e) purposeful establishments of churches and religious societies,<sup>141)</sup>
  - f) organizations with an international component,<sup>142)</sup>
  - g) The Slovak Red Cross,
  - h) research and development entities,<sup>142a)</sup>
  - i) The Training and Education Development Fund.
- (5) The percentage of the paid tax may be granted to beneficiaries and used only for purposes, which constitute the scope of their activities, as long as the beneficiaries are engaged in:
- a) the protection and promotion of health; prevention, treatment, re-socialisation of drug addicts in the field of healthcare and social services,
  - b) the promotion and development of physical culture,
  - c) the provision of social aid,
  - d) the preservation of cultural values,

- e) the promotion of education,
- f) the protection of human rights,
- g) the protection and creation of the environment,
- h) science and research,
- i) organization and intermediation of volunteering.

(6) The tax administration referred to in subsection 1 above (hereinafter referred to as the “tax administration”) shall remit the percentage of the paid tax to the beneficiary identified in the statement, subject to their compliance with the following criteria:

- a) by the last day of the term prescribed for the filing of the tax return there is no tax in arrears payable by the taxpayer, if the taxpayer paid the tax for the tax period pursuant to Section 49 subsection 2, for which the statement is filed, by the date prescribed for the filing of the tax return – if a tax return is being filed – neither the taxpayer enjoys any deferral of payment of taxes, or the privilege of payment of taxes by instalments. The taxpayer, for whom the employer that is a taxpayer,<sup>122)</sup> performed the annual clearing, shall submit a certificate issued by the employer and showing that the tax has been withheld from the taxpayer for the tax period, for which the annual clearing was performed, settle the tax in arrears for the tax period, for which the annual clearing was performed, as due by the date prescribed for the filing of the statement pursuant to subsection 1 above; such a certificate shall be issued by the employer upon request of the employee (Section 39 subsection 7 above), and shall be attached to the statement,
- b) the taxpayer identifies in its statement as beneficiary:
  - 1. only one legal entity referred to in subsection 4 above, and the respective amount, if the taxpayer is an individual, or
  - 2. one or several legal entities referred to in subsection 4 above, and the respective amounts, if the taxpayer is a legal entity,
- c) the beneficiary is included, as of December 31 of the previous calendar year, in the Central Register of Beneficiaries kept by the Slovak Chamber of Notaries (hereinafter referred to as the “Chamber”) pursuant to special legislation,<sup>143)</sup>
- d) the beneficiary falls into one of the categories referred to in subsection 4 above, and is engaged in activities referred to in subsection 5 above,
- e) the beneficiary was not established later than in the course of the calendar year preceding the one, in which a proof of compliance with the criteria under letters d), g), and h) below was submitted,
- f) the beneficiary does not owe any taxes by the day directly following the expiry of the period prescribed for the filing of a tax return,
- g) the beneficiary gives proof to the effect that there are no mandatory insurance premiums overdue (by submitting a certificate issued by the relevant authority, which is not older than 30 days),
- h) the beneficiary gives proof to the effect that it has opened an account with a bank or a branch of a non-resident bank (by submitting a certificate issued by the bank or the branch of a non-resident bank not older than 30 days and by advising the bank account number),
- i) a public notary has certified and advised the Chamber without undue delay of the identification data of the beneficiary, and of the name of the bank or the branch of a non-resident bank, in which the account of the beneficiary has been opened, together with the number of such a bank account.

(7) A notary<sup>144)</sup> shall annually certify, not later than December 15 of the current year, that the beneficiary has complied with the criteria under subsection 6 letters d), e), g), and h) above since September 1 of the current year. The notary, who makes the certification above, shall be obliged to advise without undue delay the identification data of the beneficiary under subsection 3 letter d) above, the name of the bank or the branch of a non-resident bank, in which the account of the beneficiary has been opened, together with the number of such a bank account, to the Chamber, for the purposes of registration of the beneficiary in the Register of Beneficiaries for the coming year. The Register of Beneficiaries shall include the business names or denominations of the beneficiaries, their registered offices, corporate forms, identification numbers, bank account numbers and names of the banks or branches of non-resident banks, in which their accounts are opened. The Register of Beneficiaries shall be a public register, which shall be disclosed by the Chamber in accordance with special legislation<sup>145)</sup> on a yearly basis, always by January 15 of the calendar year, in which the percentage of the paid tax may be granted to the beneficiaries. By the date above, the Chamber shall deliver the Register of Beneficiaries to the Slovak Tax Headquarters.

(8) The tax administration shall, following the satisfaction of the criteria set forth in subsection 6 above, transfer the amount corresponding to the percentage of the paid tax to the bank account of the beneficiary, not later than three months after the expiry of the period prescribed for the filing of a statement pursuant to Section 1 above. If no evidence of compliance with the conditions set forth in subsection 6 above is given, or if the statement filed by the taxpayer contains incorrect identification of the beneficiary, the entitlement to the receipt of the amount

corresponding to the percentage of the paid tax referred to in subsection 1 above shall be terminated. A notice of the above shall be given by the tax administration to the taxpayer without undue delay. No decision pursuant to special legislation<sup>128)</sup> shall be issued by the tax administration upon its review of compliance with the criteria set forth in subsection 6 letter a), b), c) and f) above, or upon its transfer of the amount corresponding to the percentage of the paid tax to the bank account of the beneficiary.

(9) In the case of the winding-up of the beneficiary between the date of satisfaction of the criteria set forth in subsection 6 above and the date of transfer of the percentage of the paid tax by the tax administration, the entitlement to the receipt of the percentage of the paid tax shall be terminated. If the beneficiary is wound up within 12 months following the transfer of the percentage of the paid tax by the tax administration, it shall refund the payment so received to the tax administration having jurisdiction determined by the registered office of the beneficiary at the latest by the date on which it is wound up. In case of default in the duty above, provisions of special legislation concerning the breach of financial discipline shall apply.<sup>74)</sup>

(10) It shall not be admissible to subsequently review the percentage of the tax paid by the tax administration to the beneficiary, if it is later established that the tax liability of the taxpayer was higher. If the taxpayer makes a tax overpayment, such an overpayment shall be reduced by the difference between the amount paid to the beneficiary and the amount corresponding to the percentage of the adjusted tax liability. If the beneficiary fails to make use of the received percentage of the paid tax and yields it to another legal entity instead, the beneficiary is held liable for the use of the percentage of the paid tax for the purposes set forth in subsection 5 above and shall demonstrate the use thereof by means of the documents of that legal entity. The legal entity shall use the received percentage of the paid tax only for the purposes set forth in subsection 5 above within the period, during which the beneficiary was supposed to use the said percentage pursuant to subsection 11 below.

(11) If the beneficiary fails to use the percentage of the paid tax received thereby for activities specified in subsection 5 above by the last day of the year following the one, in which the percentage of the paid tax was received, the provisions of special legislation<sup>74)</sup> concerning the breach of financial discipline shall apply to the beneficiary, and the beneficiary shall be obliged to transfer the percentage of the paid tax back to the tax administration having jurisdiction determined by the registered office of the beneficiary within 90 days after the occurrence of the relevant facts. The use of the granted percentage of the paid tax in contrast with the purpose set forth in subsection 5 above by the beneficiary shall be considered as a breach of the financial discipline pursuant to a special legislation.<sup>146)</sup> The use of the percentage of the paid tax to acquire movable assets and real estate used for the purposes set forth in subsection 5 above shall not be considered as a breach of the financial discipline pursuant to a special legislation.<sup>146)</sup> The same assessment applies to the percentage of paid tax for advertisement<sup>146aa)</sup> incurred for the purposes set forth in subsection 5 above.

(12) From the data received from tax administrations regarding payment of the percentage of the paid tax, the Slovak Tax Headquarters shall draw a yearly overview of beneficiaries as of December 31 of the previous calendar year. The yearly overview of beneficiaries shall specify the name of each beneficiary, its registered office, identification number and the aggregate percentages of paid tax, which were received by the beneficiary. The yearly overview of beneficiaries for the previous year shall be disclosed by the Slovak Tax Headquarters by January 31 of the current year, and it shall also be delivered to the Chamber.

(13) Any beneficiary, which received in the aggregate, percentages of paid individual and corporate income taxes, according to the yearly overview of beneficiaries referred to in subsection 12 above, in excess of EUR 3,320, shall be obliged to publish, within 16 months after the date of publishing of the yearly overview of beneficiaries under subsection 12 above, a detailed specification of use of the money so received in the Commercial Bulletin. The specification shall specify the amount, the purpose of the use of the percentage of the tax paid, the method of use thereof, and an opinion of the auditor, if, pursuant to a special legislation<sup>1)</sup>, the financial statement of the beneficiary must be verified by an auditor. A beneficiary with aggregate percentages of paid individual and corporate income taxes in the relevant calendar year exceeding EUR 33,000 shall, not later than within 30 days of the receipt of such amount, establish a separate account in a bank or a branch of a non-resident bank, where it shall hold only the receipt and the drawing of the percentage of paid tax; furthermore, the beneficiary shall transfer the financial resources corresponding to the percentage of paid tax, which were received in the relevant calendar year prior to the above period less any used amounts, to such account within 30 days of the obligation to establish it. The beneficiary shall notify the number of the separate account annually to a notary for the purposes of a verification of the compliance with the condition pursuant to subsection 6 letter h) above. The beneficiary shall use the interest accruing on deposits in a separate account less withheld tax pursuant to Section 43 above only for the purposes set forth in Section 5 above, which constitute the scope of its activities.

(14) If any beneficiary fails to proceed as provided in subsection 13 above, the Chamber shall not include the same in the Register of Beneficiaries within one year following the year, in which the default under subsection 13 above occurred.

(15) If in the course of a tax audit pursuant to special legislation<sup>82)</sup> or an on-the-spot inspection pursuant to special legislation<sup>146ab)</sup> the local tax administrator discovers that a taxpayer pursuant to subsection 1 letter b) violated the conditions stipulated in subsection 1 letter b) and in Section 52i subsection 2 and 3, it shall decide upon the taxpayer to pay an amount equal to the difference between the amount of the paid tax indicated on the statement pursuant to subsection 3 and the amount of the paid tax, which it was entitled to indicate on the statement (hereinafter only the “difference”). An appeal may be filed against this decision. The tax administrator shall impose a penalty interest upon the taxpayer in respect of the time period from the day following the date when the portion of the paid tax was credited to the beneficiary until the date when the difference is paid, in the amount of four times the basic interest rate of the European Central Bank applicable at the date of crediting of the percentage of the paid tax; should the quadruple of the basic interest rate of the European Central Bank fail to reach 15 %, an annual interest rate of 15 % shall be applied to the calculation of the penalty interest instead of the quadruple of the basic interest rate of the European Central Bank. If the taxpayer pursuant to subsection 1 letter b) discovers that in its statement it indicated a portion of the paid tax greater than that eligible under subsection 1 letter b) and Section 52i subsection 2 and 3, it shall notify this fact to the tax administrator by the end of the month following after the discovery, indicating the time period to which the discovery pertains, and shall pay the difference by the same deadline, while the tax administrator shall impose a penalty interest upon the taxpayer in respect of the time period from the day following the date when the percentage of the paid tax was credited to the beneficiary until the date when the difference is paid, in the amount of double the basic interest rate of the European Central Bank applicable at the date of crediting of the portion of the paid tax; should the double of the basic interest rate of the European Central Bank fail to reach 7.5 %, an annual interest rate of 7.5 % shall be applied to the calculation of the penalty interest instead of the double of the basic interest rate of the European Central Bank. The penalty interest is calculated for a maximum of four years of delay in the payment of the difference. The penalty interest may not be imposed after the lapse of five years of the end of the year in which the taxpayer was to pay the difference. The same procedure applies if it is shown that the taxpayer referred to in subsection 1 letter a) did not fulfil the conditions determined by the special legislation<sup>59l)</sup>

(16) The Ministry and the administration of financial control perform government audits<sup>146ac)</sup> on compliance with this law on the use of a share of paid tax for special purposes.

## PART SIX

### COMMON, TRANSITIONAL AND FINAL PROVISIONS

#### Section 51

A change from the single-entry bookkeeping system to the double-entry bookkeeping system, and vice-versa, and also details concerning the provisions of this Act, shall be regulated by a generally binding legal regulation enacted by the Ministry.

#### Section 51a

- (1) A taxpayer that changes a method of deduction of expenses pursuant to Section 6 subsection 10 to a method of deduction of documented expenses pursuant to Section 6 subsection 11, and vice-versa, shall adjust its tax base in a manner prescribed by the Ministry.
- (2) A taxpayer that deducted expenses pursuant to Section 6 subsection 11 in the tax period and, after that tax period, has begun using the double-entry bookkeeping system, or a taxpayer that used the double-entry bookkeeping system during the tax period and, after that tax period, has begun deducting expenses pursuant to Section 6 subsection 11, shall adjust its tax base in a manner prescribed by the Ministry.
- (3) A taxpayer who has begun to keep tax records pursuant to Section 6 subsection 11 immediately after the period in which it used the single-entry bookkeeping system<sup>1)</sup>, shall increase its tax base by the balance of provisions for contingent liabilities posted pursuant to Section 20 subsection 9 letter b), d) through f) in the tax period in which the change occurred, taking into account the balance determined at the beginning of the tax period in which it has begun to keep tax records pursuant to Section 6 subsection 11. A taxpayer that has begun using the single-entry bookkeeping system<sup>1)</sup> immediately after the period in which it kept tax records pursuant to Section 6 subsection 11 does not adjust its tax base.
- (4) A taxpayer that has begun using the double-entry bookkeeping system<sup>1)</sup> after the period in which it deducted expenses in a manner pursuant to Section 6 subsection 10, and vice-versa, shall adjust its tax base pursuant to Section 17 subsection 8 letter b) or c) in the tax period in which the change occurred. The taxpayer shall adjust the tax base using the balance of individual components determined by the beginning of the tax period in which it begins using the double-entry bookkeeping system or keep records pursuant Section 6 subsection 10.
- (5) A taxpayer that has begun to keep records pursuant to Section 6 subsection 10 immediately after the period in which it used

the single-entry bookkeeping system<sup>1</sup>) shall increase its tax base by the balance of provisions for contingent liabilities posted pursuant to Section 20 subsection 9 letter b), d) through f) in the tax period in which the change occurred, taking into account the balance determined at the beginning of the tax period in which it has begun to keep tax records pursuant to Section 6 subsection 10.

(6) If a taxpayer that has begun to keep records pursuant Section 6 subsection 10 immediately after the period in which it used the single-entry bookkeeping system<sup>1</sup>) or the double-entry bookkeeping system<sup>1</sup>) posted allowance to the acquired assets pursuant to special legislation<sup>1</sup>) in tax periods, it shall record that allowance for information purposes only; during the period of keeping records pursuant to Section 6 subsection 10, that allowance affects only income; the period for inclusion of that allowance into tax expenses or income cannot be suspended or extended while the records pursuant to Section 6 subsection 10 are kept.

(7) If a taxpayer that has begun to keep tax records pursuant Section 6 subsection 11 immediately after the period in which it used the single-entry bookkeeping system<sup>1</sup>) or the double-entry bookkeeping system<sup>1</sup>) or kept records pursuant to Section 6 subsection 10 posted allowance to the acquired assets pursuant to special legislation<sup>1</sup>) in tax periods, it shall also include that allowance into tax expenses or income in compliance with accounting regulations<sup>1</sup>) while keeping the records pursuant to Section 6 subsection 11.

- 29. 6. 2012

Section 51b was repealed by regulation 189/2012 Coll. with effect from June 30 2012

#### Section 51c

(1) Tax advances are paid to the relevant tax administration in Euros, while after the end of the tax period, tax advances paid for this tax year are set off against the amount for that tax period

(2) For the reporting of income tax, the provisions of the special regulation<sup>128</sup>) are used

#### Section 51d

##### Separate tax base

(1) Revenues included in a separate tax base are profit sharing (dividends) of a company or co-operative documented for the tax period not later than by 31 December 2003, on the payment of which the General Assembly decided after December 31 2012, excluding the profit sharing of associates of partnerships and limited partnership companies. It concerns profit sharing (dividends) paid

a) taxpayer under Section 2 letter d) second indent, a taxpayer with unlimited tax liability within the Slovak Republic [Section 2 letter d)],

b) under Section 2 letter d) second indent, a taxpayer with unlimited tax liability within the Slovak Republic [Section 2 letter e)],

c) taxpayer with unlimited tax liability [Section 2 letter d)] from foreign sources.

(2) From profit sharing (dividends) paid to the taxpayer under subsection 1 letter a) and b) the withholding tax under Section 43, is a tax rate of 15 %. For the taxation on profit shares (dividends), the procedure under Section 43 is applied and the distributing company or co-operative is deemed to be a taxpayer in accordance with Section 43, subject to the obligations under this provision.

(3) If the profit shares (dividends) are paid to the taxpayer under subsection 1 letter c) they are part of a separate tax base for the tax when filing the tax return under Section 32 or Section 41, while a separate income tax base does not reduce expenses. The tax rate from the separate tax base is at 15 %.

(4) The provisions of subsections 1 to 3 shall not apply if the income is paid

a) to a taxpayer residing in another Member State of the European Union, which has at the time of payment, remission or credit of such income in its favour, at least 10 % of the direct share in the basic capital of an entity from the income arise,

b) to a taxpayer under Section 2 letter d) if the entity established in another Member State of the European Union and the taxpayer, at the time of payment, remission or credit of such income in favour has at least a 10 % direct share in the basic capital of the entity from which that income arise.

(5) When taxing profit shares (dividends) under subsection 4 the procedure according to Section 52 subsection 24 shall not apply.

#### Section 52

(1) The provisions of the Act 366/1999 Coll. (Income Tax Act, as amended) shall apply to any tax liabilities, which accrued with respect to the year 2003 and any previous years (except for tax liabilities under subsection 14 below), and also to the taxation of income from dependent activities and emoluments of officers posted up to December 31, 2003 in accordance with the Act 366/1999 Coll. (Income Tax Act, as amended), and paid by January 31, 2004, and to the

annual clearing thereof. The provisions of a separate legal regulation shall apply to penalties imposed as of January 1, 2004.<sup>146a)</sup>

(2) Exemptions, relieves and other privileges, which may be claimed pursuant to the hitherto existing legislation, may be claimed up to the expiration of the term of the exemption, relief, or privilege. The criteria, which must be complied with in order to enjoy any tax exemptions or tax reductions (Section 4 subsection 1 letter m), Section 5 subsection 7, Section 13 subsections 3 through 7, or in order to enjoy any flat tax relieves (Section 16 subsections 1 and 2 of the Act 366/1999 Coll. (Income Tax Act, as amended)), which were claimed up to December 31, 2003, shall apply also on and after the effective date of this Act. Any claims to flat tax relieves under the Act 366/1999 Coll. (Income Tax Act, as amended) shall be terminated on the effective date of this Act.

(3) Those taxpayers, which were incorporated as provided in Sections 35 and 35a of the Act 366/1999 Coll. (Income Tax Act, as amended), shall be free to claim and draw tax relieves pursuant to the hitherto existing legislation under the conditions specified in Section 52b below, while they shall not be obliged to submit evidence of compliance with the criteria set forth in Section 35 subsection 1 letter b) of the Act 366/1999 Coll. (Income Tax Act, as amended), according to which the contributions to the registered capital originating from sources abroad must achieve to not less than 75 % for the entire term of drawing of the tax credit, and the criteria set forth in Section 35a subsection 1 letter b) of the Act 366/1999 Coll. (Income Tax Act, as amended), according to which such a percentage must achieve 60 %. The provisions of special legislation<sup>147)</sup> shall thereby not be affected.

(4) Tax relieves for investment incentives beneficiaries pursuant to Sections 35b and 35c of the Act 366/1999 Coll. (Income Tax Act, as amended) shall apply, after January 1, 2004, to those taxpayers, who were or will be delivered a decision granting investment incentives in the form of tax relieves by December 31, 2007 at the latest. The right to draw relieves by such taxpayers shall remain unaffected up to their full drawing, in accordance with the terms specified in the decisions granting investment incentives; such decision may not be issued repeatedly.

(5) Any severance payments made pursuant to special legislation,<sup>22)</sup> which were received after the effective date of this Act, shall enjoy tax exemptions pursuant to the hitherto existing legislation, provided that the employee has served for at least five years by December 31, 2003.

(6) If the criterion of duration of service, which must be complied with to have entitlement to a severance payment pursuant to special legislation<sup>22)</sup>, is satisfied only after the effective date of this Act, and if the claim to severance payment pursuant to special legislation<sup>22)</sup> accrues by:

- a) December 31, 2004, the tax base for the tax period 2004 shall include an amount corresponding to 20 % of the severance payment,
- b) December 31, 2005, the tax base for the tax period 2005 shall include an amount corresponding to 40 % of the severance payment,
- c) December 31, 2006, the tax base for the tax period 2006 shall include an amount corresponding to 60 % of the severance payment,
- d) December 31, 2007, the tax base for the tax period 2007 shall include an amount corresponding to 80 % of the severance payment.

(7) The provisions of Act No. 366/1999 Coll., as amended shall apply to any income from the sale of housing acquired prior to January 1, 2004, which is attained on or before December 31, 2004. Section 9 of this Act shall apply to any income from the sale of housing acquired prior to January 1, 2004, which is attained after December 31, 2004.

(8) The provisions of Section 30 above shall apply to any losses, which the taxpayer may deduct for the first time after the effective date of this Act, even if such losses are booked prior to the effective date of this Act. The taxpayer, which did or may have reduced the tax base by any loss booked prior to the effective date of this Act, shall pursue the deduction thereof pursuant to the hitherto existing legislation.

(9) Any provisions for contingent liabilities for the repair of tangible assets, the posting of which was treated as a tax expense up to December 31, 2003, shall be used, reversed, and included in the tax base in accordance with the plan of repairs of the taxpayer, starting from the first tax return filed after the effective date of this Act, but not later than December 31, 2008. Any provisions for contingent liabilities, the drawing of which should occur, in accordance with the plan of repairs of the taxpayer, after December 31, 2008, shall be included in the tax base starting from the tax period 2004 on an equal basis, one fifth of the aggregate amount in each tax period. If the taxpayer is dissolved without liquidation prior to or on December 31, 2008, the provisions for contingent liabilities shall be included in the tax base by the legal successor thereof, in accordance with sentence one above, not later than December 31, 2008. If prior to or on December 31, 2008 a bankruptcy order is made against the taxpayer, such provisions for contingent liabilities shall be included in the tax base not later than December 31, 2008; if following the date of the bankruptcy order the bankrupt taxpayer is wound up without any legal successor, the provisions for contingent liabilities shall be included in the tax base not later than the date of dissolution of the taxpayer. If prior to or on December 31, 2008 the taxpayer is dissolved as a result of its winding up with liquidation, the provisions for contingent liabilities shall be included in the tax base not later than the date of dissolution of the taxpayer. The same applies to any provisions for contingent liabilities for the repair of tangible assets included in depreciation category 2, the posting of which

neither treated as a tax expense in 2003.

(10) The balances of provisions for contingent liabilities and allowances, which were treated as expenses (costs) incurred to generate, assure, and maintain income pursuant to the hitherto existing legislation, and which were posted prior to December 31, 2003, other than provisions for contingent liabilities for the repair of tangible assets, which are dealt with in subsection 9 above, shall be brought forward to the next tax period, and shall be treated as provisions for contingent liabilities and allowances posted pursuant to this Act.

(11) The balances of provisions for contingent liabilities posted by banks, the posting of which was treated as a tax expense pursuant to the hitherto existing legislation, shall be treated as income at the time of their drawing, not later than five years after the effective date of this Act.

(12) Any income and expenses (costs), which were included, pursuant to the hitherto existing legislation, in the tax base only following the payment or receipt thereof, and which were posted, by December 31, 2003, among revenues or expenses of the taxpayer, shall be included in the tax base (except for subsection 1 above) in the tax period, in which they will be paid or received also after December 31, 2003.

(13) The hitherto existing legislation shall apply to the tax treatment of contributions in kind to the registered capital of a company or co-operative made prior to or on December 31, 2003.

(14) When filing a tax return after the effective date of this Act, the tax base shall not include any differences arising from the revaluation of individual components of depreciated assets made pursuant to special legislation<sup>1</sup>) as of the date of winding up of the taxpayer without its liquidation, and related to those assets of the taxpayer, the depreciation of which is resumed by the legal successor. Neither shall the tax base include any goodwill or bad will posted by the transferee, or the exchange rate differences arising out of revaluation of assets and liabilities, or valuation differences arising out of revaluation of derivatives and securities, which are due to the valuation of such instruments using the fair value, if posted among expenses or revenues by December 31, 2003.

(15) If there is a change to the depreciation category with respect to any tangible or intangible assets, or a change of the term of depreciation, yearly depreciation rates, or coefficients, the taxpayer shall implement such changes also with respect to any property, which used to be depreciated pursuant to the hitherto existing legislation, while any depreciation previously made shall not be retroactively reviewed.

(16) The taxpayer, which acquired and depreciated, prior to December 31, 2003, means of transportation, which were characterized by a limited input price (Section 24 subsection 2 letter a) of the Act 366/1999 Coll. (Income Tax Act, as amended), or by limited leasing charges, which could be treated as tax expenses (Section 24 subsection 3 letter f) of the Act 366/1999 Coll. (Income Tax Act, as amended)), shall pursue the depreciation after December 31, 2003, while making reference to the actual input price, or it shall keep treating leasing charges as tax expenses with reference to the actual amount of the leasing charges agreed in the leasing agreement, while after December 31, 2003 it shall be allowed to treat as tax expenses only those depreciation charges and leasing charges, which are attributable to the tax periods after December 31, 2003. Any depreciation and leasing charges in excess of the limit, which was in force up to December 31, 2003, cannot be included in the tax base subsequently after December 31, 2003.

(17) The hitherto existing legislation shall apply to any leasing agreements with a purchase option entered into prior to or on December 31, 2003. Any changes due to the reduction of the tangible assets depreciation periods (Section 30 subsection 1 of the Act 366/1999 Coll. (Income Tax Act, as amended)) may only be introduced if so agreed between the leaser and the lessee.

(18) The allowances for debts receivable, which are not time-barred, with respect to which there is a risk of their full or partial default by the debtor, and which were treated as income up to December 31, 2003, while they were due for payment after December 31, 2001, shall be treated as tax expenses for the amount and subject to the conditions set forth in Section 25 subsection 1 letter v) indent three of the Act 366/1999 Coll. (Income Tax Act, as amended), as long as such debts receivable arose prior to or on December 31, 2003. The provisions of Section 20 subsection 14 shall apply to any debts receivable, which arose after the effective date of this Act.

(19) The taxpayer, which satisfies, on or after December 31, 2003, the conditions for the write-off of debts receivable due for payment prior to or on December 31, 2002, and their treatment as tax expenses pursuant to Section 24 subsection 2 letter s) indent seven of the Act 366/1999 Coll. (Income Tax Act, as amended), shall write such debts receivable off and treat them as tax expenses in accordance with this Act, provided that the permanent waiver of the debt receivable, which was not time-barred, was posted among the costs after December 31, 2002; any assignment of such debts receivable after December 31, 2003, shall follow the provisions of Section 24 subsection 2 letter r) of the Act 366/1999 Coll. (Income Tax Act, as amended). The provisions of Section 23 subsection 27 of the Act 366/1999 Coll. (Income Tax Act, as amended) shall apply to the inclusion of the waived debts in the tax base.

(20) The provisions of Section 4 subsection 1 letter d), Section 10 subsection 3 letter a), and Section 58 subsection 8 of the Act 366/1999 Coll. (Income Tax Act, as amended) shall apply, after December 31, 2003, to the taxation of any income from the sale of securities, which were acquired prior to the effective date of this Act.

(21) The provisions of Section 4 subsection 1 letter h) of the Act 366/1999 Coll. (Income Tax Act, as amended) shall apply,

after December 31, 2003, to the taxation of any income from the transfer of membership in a cooperative, or from the transfer of ownership interest in companies (other than transfer of securities), which was acquired prior to the effective date of this Act, provided that the period between the acquisition and the sale thereof exceeds five years.

(22) The hitherto existing legislation shall apply to the taxation of any income from State bonds denominated in foreign currencies, which were issued prior to or on December 31, 2003. The provisions of Section 9 subsection 2 letter s) above and Section 13 subsection 2 letter f) above shall apply to State bonds, which were issued and registered abroad after December 31, 2003, if the income is paid, remitted or credited after December 31, 2004.

(23) The hitherto existing legislation shall apply to the taxation of interest, winnings, and other income from passbook deposits, current and term deposit accounts, which were credited as of December 31, 2003. The provisions of Section 36 subsection 2 letter e) of the Act 366/1999 Coll. (Income Tax Act, as amended) shall apply to the taxation of interest and other income earned by individuals from deposits with the term of three years, which are not intended for business purposes, on condition that the capital and interest are drawn after the expiration of the term thereof, provided that the deposits expire not later than December 31, 2006, and also provided that interest is credited not later than December 31, 2006.

(24) Provision of Section 3 subsection 2 c) and Section 12 subsection 7c), pursuant to which the above-stated performances are not taxed, will be applied to shares in profit shown for the tax period upon the effectiveness hereof, for countervailing equities and interests in liquidation balance, for the payment of which the claim incurred upon the effectiveness hereof. If the share in profit made for the tax period by December 31, 2003 arises to a taxpayer with a limited tax liability as of April 1, 2004, it will be income from a source in the territory of the Slovak Republic that is taxed in the form of a tax deduction (Section 43); such income will not be the subject-matter of the tax, if it refers to a taxpayer with its seat in a member state of the European Union, having, at the time of the payment, remittance, or crediting of such income in its favour, of at least a 25 % direct interest in the registered capital of the entity from which such income is gained. If the interest in profit shown for the tax period by December 31, 2003 refers to a taxpayer with an unlimited tax liability from an entity having its seat in another European Union member state, and such taxpayer has, at the time of the payment, remittance, or crediting of such income in its favour, of at least a 25 % direct interest in the registered capital of the entity, from which such income comes, such income will not be, as of the effectiveness of the Treaty of Accession of the Slovak Republic to the European Union, the subject-matter of the tax.

(25) The provisions of Section 23 subsection 2 letter f) above shall apply to any tangible assets, which were surrendered free of charge after December 31, 2003.

(26) The provisions of Section 48 a 51a of the Act 366/1999 Coll. (Income Tax Act, as amended) shall apply in 2004 to the review of compliance with the criteria for the payment of a percentage of paid tax pursuant to Section 50.

(27) The provisions of Section 17 subsection 13 above concerning the dissolution of taxpayers as a result of their winding up without liquidation upon merger, split, or takeover of a company or a co-operative having its registered office in any European Union member State, shall apply for the first time in the tax period, in which the Slovak Republic becomes a member of the European Union.

(28) The changes due to the new method of accounting pursuant to Section 86 subsection 1 letter i) and l) of the Decree of the Ministry 23 054/2002-92, providing details concerning accounting procedures and the framework chart of accounts for businesses using double-entry bookkeeping system (published in the Collection of Laws under the number 740/2002 Coll.), and which affect the accounts 01 'Long-term intangible assets, 381 ' Deferred expenses, and 382 ' Comprehensive deferred expenses, shall be included in the tax base of the taxpayer not later than the last day of the year 2006. The above shall apply also to any tax returns filed after the effective date of this Act.

(29) Prior to the first day of the advance period defined in Section 34 above, the taxpayers, who are individuals, shall pay, in 2004, tax advances calculated pursuant to the hitherto existing legislation.

(30) The provisions of Section 6 subsection 8 letter a) and Section 58 subsection 9 of the Act 366/1999 Coll. (Income Tax Act, as amended) shall apply to any benefits in connection with loans extended prior to the effective date of this Act.

(31) Tax exemptions pursuant to the hitherto existing legislation shall apply to severance payments payable to judges and public prosecutors pursuant to special legislation<sup>148</sup>) on condition that:

- a) they are received prior to or on December 31, 2004,
- b) they are received after December 31, 2004, and
  1. the judges served for at least five years up to December 31, 2004, or
  2. the relevant practical experience of the public prosecutor achieves at least five years up to December 31, 2004.

(32) If the condition under subsection 31 letter b) indents 1 and 2, which must be satisfied pursuant to special legislation<sup>148</sup>) in order to have entitlement to severance pay, is satisfied only after December 31, 2004, and if the claim to the payment of the severance under special legislation<sup>148</sup>) arises after:



- a) December 31, 2005, the tax base for the tax period 2005 shall include an amount corresponding to 20 % of the severance payment,
  - b) December 31, 2006, the tax base for the tax period 2006 shall include an amount corresponding to 40 % of the severance payment,
  - c) December 31, 2007, the tax base for the tax period 2007 shall include an amount corresponding to 60 % of the severance payment,
  - d) December 31, 2008, the tax base for the tax period 2008 shall include an amount corresponding to 80 % of the severance payment.
- (33) The prorated fraction of interest accruing on debentures and treasury bonds, which was posted as revenue prior to or on December 31, 2003, and which was not included in the tax base pursuant to Section 23 subsection 4 letter a) of the Act 366/1999 Coll. (Income Tax Act, as amended), shall be included in the tax base in the tax period, in which the bonds or treasury bonds are sold or in which their maturity expires after the effective date of this Act.
- (34) At the filing of a tax return after the effective date of this Act, any amounts posted to provisions for contingent liabilities for non-invoiced supplies and services, holidays not taken and for bonuses and premiums, which were posted as expenses prior to or on December 31, 2003, shall be treated as tax expenses.
- (35) For the purposes of calculation of the tax base pursuant to Sections 5 and 6 of this Act, it shall be allowed to deduct, in the 2004 tax period, any supplementary pension insurance premiums paid by the taxpayer earning income under Section 5 or Section 6 above in 2004, up to the limit and in the manner set forth in the Act 366/1999 Coll. (Income Tax Act, as amended), and in 2005 and 2006 tax periods, up to the limit, in a manner and under the terms set forth in Section 11 subsection 6 letter a) and b) of this Act.
- (36) The procedure of passage from the records of income, tangible and intangible assets used for business, debts receivable, liabilities, and any received and issued tax documents, which taxpayers used to keep pursuant to Section 15 of the Act 366/1999 Coll. (Income Tax Act, as amended), to the single-entry bookkeeping system, or to the double entry bookkeeping system, shall be addressed by a generally binding legal regulation to be enacted by the Ministry.
- (37) The foreign exchange difference between the nominal value of a receivable or obligation accounted for at the incurrence thereof and the value upon the revaluation in the period, when the receivable is collected or depreciated, or the obligation is paid or depreciated, will be included in the tax base in the tax period, when the receivable was collected or depreciated, or the obligation was paid or depreciated.
- (38) The provisions concerning the exemption of interest income set out in Section 4 subsection 2 letter p) and Section 19 subsection 2 letter e) of Act No. 366/1999 Coll. on Income Tax, as amended, shall apply to the taxation of interest income on mortgage bonds issued until December 31, 2003, even after this date.
- (39) Provision of Section 17 subsection 17 in the wording effective as of December 31, 2004 shall apply to the filing of a tax return after December 31, 2004. If a taxpayer decides to exclude foreign exchange differences from the tax base for the first tax period, for which a tax return is filed after December 31, 2004, it shall submit a notification regarding the exclusion of foreign exchange differences from the tax base pursuant to Section 17 subsection 17 above for the given tax period to the tax administration by the date prescribed for the filing of a tax return for the given tax period. Foreign exchange differences, differences arising from the revaluation of securities and derivatives excluded from the tax base shall be included in the tax base at the latest in the tax period, which ends on December 31, 2007, starting from the tax period, for which a tax return is filed after December 31, 2004.
- (40) The provisions of Section 2 letter s) above, Section 17 subsections 15, 18, 19 and 26 above, Section 19 subsection 2 letter i) above, Section 19 subsection 3 letter o) above, Section 20 subsection 9 letter a) above, Section 23 subsection 1 letter e) above, Section 25 subsection 6 above, Section 26 subsection 8 above, Section 32 subsection 2 letter b) above, Section 32 subsection 4 letter c) above and Section 45 subsection 3 above in the wording effective as of December 31, 2004 shall apply to the filing of a tax return after December 31, 2004.
- (41) For the 2005 tax period, a taxpayer may claim, under the conditions specified in Section 33 above, a tax bonus with respect to a dependent child in the amount of SKK 5,000, i.e. SKK 400 per month for the calendar months January through August and SKK 450 per month for the calendar months September through December.
- (42) The shares in profit without ownership interest paid out after January 1, 2005, from which the advances for the account of the tax on income from dependent activities have been excluded by the effective date of this Act, shall be subject to
- a) Section 3 subsection 2 letter c) of this Act in the case of a member of the statutory and supervisory body of a company or a co-operative,
  - b) Section 5 subsection 7 letter i) of this Act in the case of an employee of a company or a co-operative, with the exception of letter a), and
  - c) the tax withheld by the effective date of this Act shall be settled not later than by the date of the annual clearing pursuant to Section 38 above or the date of the filing of a tax return pursuant to Section 32 above.
- (43) If a taxpayer decides to exclude foreign exchange differences from the tax base pursuant to Section 17 subsection 17 above starting

from 2005 tax period, it shall submit a notification regarding the exclusion of the said foreign exchange differences to the tax administration by December 31, 2005.

(44) The differences arising from the revaluation of securities excluded from the tax base in 2003 tax period, which a taxpayer shall include into the tax base not later than within a time limit ended by December 31, 2007, also include valuation differences of securities intended for sale and trading purposes arising from the valuation of securities at their fair value, which the taxpayer was obliged to account for by January 1, 2003 to the account of the business result for previous years.

(45) The provisions of generally binding legal regulations effective by December 31, 2003 shall apply to the amount of a loss booked by December 31, 2003, which is deducted pursuant to Section 30 above. If taxpayer books further losses during the deduction of loss pursuant to generally binding legal regulations effective by December 31, 2003, Section 30 above shall apply to the deduction thereof.

(46) Differences, which arose by December 31, 1999 with reference to the net book value of an allowance for property acquired against consideration, deducted pursuant to Act No. 366/1999 Coll. on Income Tax as amended, which have not been included in expenses or income of a taxpayer by the end of 2004, shall be included in expenses or income of the taxpayer not later than by the end of 2006.

(47) The procedure pursuant to Section 11 subsection 10 above shall also apply to a taxpayer claiming a tax allowance pursuant to Section 11 subsection 1 letter c) through e) above in 2005.

(48) A tax bonus pursuant to Section 33 above shall be increased by the same coefficient and for the same calendar months of a tax period as the subsistence minimum amount.<sup>39a)</sup> This procedure shall be applied for the first time with reference to the 2007 tax period.

(49) In the event of an extension or a reduction of the agreed term of the financial leasing, the amount of the monthly depreciation calculated pursuant to Section 26 subsection 8 above shall be adjusted starting from the month, in which the lessee and the lessor agreed to change the term of the financial leasing.

(50) The tax period of an existing health-care insurance agency<sup>149)</sup>, which started prior to the dissolution of the health-care insurance agency, ends on the date preceding the date of its dissolution pursuant to a special legislation.<sup>150)</sup>

(51) The tax base of a health-care insurance agency<sup>93a)</sup> does not include the use and the reversal of provisions for contingent liabilities and allowances, which arose prior to the establishment of the health-care insurance agency.<sup>93a)</sup>

(52) The provisions of Section 12 subsection 3 above, Section 19 subsection 2 letter h) indent five above, Section 19 subsection 3 letter h) above, Section 20 subsection 1 above, Section 20 subsection 2 letter f) above, Section 20 subsections 16 through 19 above, Section 52 subsections 50 and 51 above in the wording effective as of December 31, 2005 shall apply to the filing of a tax return after December 31, 2005.

(53) The balance of a technical reserve for extraordinary risks of insurance agencies, the posting of which does not comply with the accounting procedure pursuant to international standards for financial reporting, shall be included in the tax base equally for ten consecutive tax periods. In the case of an insurance agency established after 1995, the balance of a reserve for extraordinary risks shall be included in the tax base in a number tax periods that elapsed from the date of its establishment by December 31, 2005. Without prejudice to the above, the balance of a reserve shall be included in the tax base not later than in the tax period by the date of winding up of a taxpayer without liquidation, the date preceding the date of its entry into liquidation, the date preceding the date of the declaration of bankruptcy, the date of the inclusion of a change in the Commercial Register in the event of a change of the corporate form, where it is necessary to file a return pursuant to Section 41 subsection 8 above, and the date of a change of the registered office or place of management outside the territory of the Slovak Republic.

#### Section 52a

This Act transposes legal acts of the European Communities and the European Union listed in Annex 2.

#### Section 52b

Transitional provisions to the regulations effective as of January 1, 2007

(1) Section 5 subsection 1 letter i) above may be applied for the first time with respect to annual clearing for 2006 tax period or the filing of an income tax return pursuant to Section 5 above for 2006 tax period filed after December 31, 2006.

(2) The provisions of Section 11 above in the wording effective as of January 1, 2007 shall be used for the first time for 2007 tax period.

(3) Pursuant to Section 45 subsection 4 above in the wording effective as of January 1, 2007, tax withheld from interest receipt may be set-off for the first time in a tax return for the 2006 tax period. Pursuant to Section 45 subsection 4 above in the wording effective as of January 1, 2007, tax withheld from an interest receipt paid, remitted or credited in the period from July 1,

2005 to December 31, 2005 may be set-off in a tax return or a supplementary tax return for the 2005 tax period filed after December 31, 2006; the provisions in the last sentence of Section 39 subsection 3, Section 39 subsections 4 and 5 of a special legislation do not apply to such supplementary tax return.<sup>128)</sup>

(4) Taxpayers, which are subject to Section 52 subsection 3 above, may make claims set out in Section 52 subsection 3 above provided that they complied with the conditions pursuant to Section 35 subsection 1 letter a) and Section 35a subsection 1 letter a) of Act No. 366/1999 Coll. on Income Tax as amended by Act No. 466/2000 Coll. not later than by March 31, 2007.

(5) The time limits set out in Section 35 subsection 8 and Section 35a subsection 2 of Act No. 366/1999 Coll. on Income Tax, as amended by Act No. 466/2000 Coll. shall apply accordingly also to a tax period, which coincides with the financial year.

(6) Default interest posted by the banks into their books of accounts, which is excluded from the tax base by the end of 2005 pursuant to Section 17 subsection 21 above in the wording effective as of December 31, 2005, shall be included in the tax base starting from the tax period, for which a tax return is filed after December 31, 2006, however, not later than by December 31, 2007. Default interest paid to banks, which is included in the tax expense pursuant to Section 17 subsection 21 above in the wording effective by December 31, 2005, shall be included in the tax base of a taxpayer in the tax period, in which it was paid.

(7) Section 25 subsection 5 letter c) above in the wording effective as of January 1, 2007 shall apply starting from the tax period, for which a tax return shall be filed by a taxpayer after December 31, 2006. The provisions of Section 50 subsections 1 and 2 above in the wording effective as of December 29, 2006 shall apply to statements filed for the tax period ended not later than by December 31, 2006, and the provision of Section 50 subsection 5 above in the wording effective by December 28, 2006 shall apply in the case of the remittance of a percentage of the paid tax to beneficiaries registered in the Register of Beneficiaries in 2006.

(8) Section 17 subsection 1 letter c) above in the wording effective as of the date of the statement shall be applied for the first time with reference to a tax return filed after the date of the statement.

(9) Section 19 subsection 2 letter o) indent two above in the wording effective as of January 1, 2007 shall apply to hedging derivatives<sup>1)</sup>, whereas the last arrangement, termination or exercise of a right with reference to the said derivatives occurred after January 1, 2007. If the last arrangement, termination or exercise of a right occurred prior to January 1, 2007, a taxpayer may adjust the tax base for a tax period ended not later than by 2007 by the costs of hedging derivatives exceeding the income (revenues) from derivatives.

(10) Section 9 subsection 2 letter r) above in the wording effective as of January 1, 2007 shall apply to income arising from the sale of unit certificates as of April 1, 2007.

(11) Section 43 subsection 10 above in the wording effective as of April 1, 2007 shall also apply to unit certificates, which were acquired by December 31, 2003 and which would be paid (refunded) as of April 1, 2007; a taxpayer may apply the provision of Section 52 subsection 20 above to the said unit certificates in the event of the filing of a tax return. If a taxpayer acquired unit certificates by March 31, 2007, during the payment (recovery) of which tax is withheld as of April 1, 2007 pursuant to Section 43 subsection 10 above in the wording effective as of April 1, 2007, the taxpayer may, when filing a tax return, reduce the tax base booked for tax withheld from income by the difference, by which the expenses related to the acquisition of unit certificates exceed the price, for which the unit certificates were issued.

#### Section 52c

Transitional provisions to the regulations effective as of March 1, 2007

(1) Section 17 subsection 25 above and Section 20 subsection 20 above in the wording effective as of March 1, 2007 shall be applied for the first time when a tax return for the tax period ended in 2007 is filed after February 28, 2007.

(2) Section 50 subsection 5 above in the wording effective as of March 1, 2007 shall be applied for the first time in the case of the remittance of a percentage of the paid tax to beneficiaries registered in the Register of Beneficiaries in 2007.

#### Section 52d

Transitional provisions to the regulations effective as of January 1, 2008

(1) A taxpayer authorised to perform an arrangement or restructuring by December 31, 2006 shall apply the provisions of the Act effective by December 31, 2006 to determine the tax period, which starts within this term, as well as to tax advances.

(2) The provisions of the Act in the wording effective by December 31, 2007 shall apply to the calculation of the tax base for a tax period, which started prior to December 31, 2007.

(3) A taxpayer that adhered to the procedure specified in Section 17 subsection 12 letter b) above in the wording effective by December 31, 2007, shall adjust the tax base not later than by December 31, 2008 by the advance made or received on products, services or other performances, even if products, services, or other performances, for the payment of which the advance was made or received, were not delivered or made by the end of the 2008 tax period.

(4) A taxpayer that received a subsidy to acquire tangible assets by December 31, 2007, shall include the difference between the amount of the tax depreciations with respect to these tangible assets treated as a tax expense by December 31,

2007 and the amount of the subsidy included in the tax base by December 31, 2007 in the tax base equally for two consecutive tax periods ended not later than by December 31, 2009.

(5) Section 17 subsection 29 above in the wording effective as of January 1, 2008 shall also apply to liabilities, where a period of over 36 months passed from their due date by December 31, 2007; the amount of these liabilities, which increases the tax base, shall be included in the tax base equally for two consecutive tax periods ended not later than by December 31, 2009.

(6) The difference between allowances included in tax expenses pursuant to Section 20 subsection 4 above in the wording effective by December 31, 2007 and allowances treated as a tax expense pursuant to Section 20 subsection 4 above effective as of January 1, 2008, shall be included in the tax base equally for two consecutive tax periods ended not later than by December 31, 2009, if, until this time limit,

- a) the taxpayer is dissolved with liquidation, not later than in the tax period ended by the day preceding the day of that party's entry into liquidation,
- b) a bankruptcy order has been made against the taxpayer, not later than by the day preceding the effective date of the bankruptcy order, or
- c) the taxpayer is dissolved without liquidation, not later than by the day of its dissolution.

(7) The balance of a technical reserve for insurance premiums from insurance claims arisen and not reported in the current accounting period booked prior to January 1, 2008, the posting of which was treated as a tax expense, shall be included in the tax base for two consecutive tax periods ended not later than by December 31, 2009, if, until this time limit,

- a) the taxpayer is dissolved with liquidation, not later than in the tax period ended by the day preceding the day of that party's entry into liquidation,
- b) a bankruptcy order has been made against the taxpayer, not later than by the day preceding the effective date of the bankruptcy order, or
- c) the taxpayer is dissolved without liquidation, not later than by the day of its dissolution.

(8) The difference, by which the balance of allowances posted by insurance businesses, the posting of which was treated as a tax expense pursuant to Section 20 subsection 8 letter c) above in the wording effective by December 31, 2007, exceeds the balance of allowances calculated pursuant to Section 20 subsection 14 above, effective as of January 1, 2008, shall be included in the tax base equally for two consecutive tax periods ended not later than by December 31, 2009, if, until this time limit,

- a) the taxpayer is dissolved with liquidation, not later than in the tax period ended by the day preceding the day of that party's entry into liquidation,
- b) a bankruptcy order has been made against the taxpayer, not later than by the day preceding the effective date of the bankruptcy order, or
- c) the taxpayer is dissolved without liquidation, not later than by the day of its dissolution.

(9) The difference between allowances included in tax expenses pursuant to Section 20 subsection 14 above in the wording effective by December 31, 2007 and allowances treated as a tax expense pursuant to Section 20 subsection 14 above in the wording effective as of January 1, 2008 shall be included in the tax base equally for two consecutive tax periods ended not later than by December 31, 2009, if, until this time limit,

- a) the taxpayer is dissolved with liquidation, not later than in the tax period ended by the day preceding the day of that party's entry into liquidation,
- b) a bankruptcy order has been made against the taxpayer, not later than by the day preceding the effective date of the bankruptcy order, or
- c) the taxpayer is dissolved without liquidation, not later than by the day of its dissolution.

(10) If the maturity date of the nominal value of a debenture is preceded by the maturity date of the interest accruing on the debenture<sup>151</sup>), the prorated part of the interest pursuant to Section 52 subsection 33 above shall be included in the tax base in the tax period, in which the interest accruing on the debenture, including the said prorated part of the interest, is due. The due interest accruing on the debenture excluded from the tax base in the tax period ended by December 31, 2007 shall be included in the tax base not later than in the tax period ended by December 31, 2008.

(11) The provision of Section 50 subsection 5 above in the wording effective as of January 1, 2008 shall be applied for the first time in the case of the remittance of a percentage of the paid tax to beneficiaries registered in the Register of Beneficiaries published in 2008.

#### Section 52e

Transitional provisions to the regulations effective as of January 1, 2009

(1) (1) Expenses (costs) demonstrably incurred by a taxpayer in relation to the Euro changeover, including expenses (costs) to be rounded up, are treated as tax expenses, if they meet the conditions specified in Section 2 letter i) above and Sections 19 through 21 above in the wording effective as of January 1, 2009.

(2) A taxpayer that submitted a notification pursuant to Section 17 subsection 17 above concerning the exclusion of foreign exchange differences in the tax base in the period, in which they are being posted, shall include foreign exchange differences in the tax base in the tax period, in which a debt receivable is collected or depreciated, or an obligation is paid or depreciated, while the foreign exchange difference in the case of a debt receivable or an obligation denominated in

a) Euro represents the difference between the value of the debt receivable or obligation accounted for upon their incurrence in Slovak Crowns, converted to Euro using the conversion rate, and the value of the debt receivable or obligation in Euro by the day, on which the debt receivable is collected or depreciated, or an obligation is paid or depreciated,

b) a foreign currency represents the difference between the value of the debt receivable or obligation accounted for upon their incurrence in Slovak Crowns, converted to Euro using the conversion rate, and the value of the debt receivable or obligation denominated in a foreign currency, converted pursuant to Section 31 subsection 1 above in the wording effective as of January 1, 2009, by the day, on which the debt receivable is collected or depreciated, or an obligation is paid or depreciated.

(3) A taxpayer that acquired and commissioned<sup>1)</sup> tangible assets by December 31, 2008, shall convert the input value, the tax depreciations and the net book value, denominated in Slovak Crowns, by January 1, 2009 to Euro using the conversion rate and round them up pursuant to Section 47 subsection 2 above in the wording effective as of January 1, 2009.

(4) A taxpayer that used accelerated depreciation of tangible assets by December 31, 2008 pursuant to Section 28 above, shall continue depreciating the net book value, converted using the conversion rate pursuant to subsection 3 above, pursuant to Section 28 above after December 31, 2008. A taxpayer that used straight-line depreciation of tangible assets by December 31, 2008 pursuant to Section 27 above, shall continue depreciating the input value, converted using the conversion rate pursuant to subsection 3 above, pursuant to Section 27 above after December 31, 2008.

(5) If a taxpayer was obliged to pay tax advances pursuant to Sections 34 or 42 above by December 31, 2008 in Slovak Crowns and paid them after January 1, 2009, these advances shall be converted to Slovak Crowns using the conversion rate and rounded up to whole Slovak Crowns.

(6) Expenses (costs) incurred by a taxpayer by December 31, 2008 and income (revenues) posted by December 31, 2008 in Slovak Crowns, which affect the tax base in tax periods ending after January 1, 2009, shall be converted to Euro using the conversion rate and rounded up to euro cents. The same applies to the claim of a tax loss pursuant to Section 30 above.

#### Section 52f

Transitional provision to the regulations effective as of January 1, 2009

(1) Sections 32a, 38 and 43 above in the wording effective as of January 1, 2009 shall be applied for the first time in the 2009 tax period.

(2) Section 18 subsection 1 above in the wording effective as of January 1, 2009 shall be applied for the first time in a tax period, which starts after December 31, 2008.

#### Section 52g

Transitional provisions to the regulations effective as of March 1, 2009

(1) Section 11 subsections 2 and 3 above shall not be used to reduce the tax base by the tax allowances in the 2009 and 2010 tax periods; the tax base in the said tax periods shall, instead, be reduced as follows:

a) if, in the respective tax period, a taxpayer reaches a tax base, which

1. equals or is less than 86 times the applicable subsistence minimum, the tax allowance per year per taxpayer equals the amount corresponding to 22.5 times the applicable subsistence minimum,

2. exceeds 86 times the applicable subsistence minimum, the tax allowance per year per taxpayer equals the amount corresponding to the difference between 44 times the applicable subsistence minimum and one fourth of the tax base; if the amount is less than zero, the tax allowance per year per taxpayer equals zero,

b) if, in the respective tax period, a taxpayer reaches a tax base, which

1. equals or is less than 176 times the applicable subsistence minimum and, in this tax period, his/her spouse sharing a common household with the taxpayer<sup>57)</sup>

1a. has no income, the tax allowance per year per spouse equals the amount corresponding to 22.5 times the applicable subsistence minimum,

1b. has his/her own income not exceeding 22.5 times the applicable subsistence minimum,

the tax allowance per year per spouse equals the difference between the amount corresponding to 22.5 times the applicable subsistence minimum and the income of the spouse,

1c. has his/her own income exceeding 22.5 times the applicable subsistence minimum, the tax allowance per spouse equals zero,

2. exceeds 176 times the applicable subsistence minimum and, in this tax period, his/her spouse sharing a common household with the taxpayer<sup>57)</sup>

2a. has no income, the tax allowance per year per spouse equals the amount corresponding to the difference between 66.5 times the applicable subsistence minimum and one fourth of the tax base of that taxpayer; if the amount is less than zero, the tax allowance per spouse equals zero,

2b. has his/her own income, the tax allowance per year per spouse equals the amount calculated pursuant to indent one, reduced by the income of the spouse; if the amount is less than zero, the tax allowance per spouse equals zero.

(2) The provision of subsection 1 letter a) indent one above shall be applied for the first time upon the collection of tax advances pursuant to Section 35 above from the taxable wage for March 2009. The provisions of subsection 1 above shall be applied with respect to annual clearing for 2009 and 2010 tax periods or upon the filing of the tax return for 2009 and 2010 tax periods.

(3) The procedure pursuant to the provision of Section 6 subsection 14 above in the wording effective as of March 1, 2009 may be applied, for the whole tax period, also by a taxpayer performing business activities or other independent gainful activity that, in the 2009 tax period, performed bookkeeping<sup>1)</sup> or kept records pursuant to Section 6 subsection 10 above by February 28, 2009.

(4) The provisions of the Act in the wording effective as of March 1, 2009, with the exception of Annex 1 in the wording effective as of March 1, 2009, which stipulates that a taxpayer may, upon its decision, include tangible assets in depreciation categories only as of January 1, 2010, shall apply to the calculation of the tax base for the tax period ending after February 28, 2009.

(5) A taxpayer may depreciate tangible assets, which was the subject of a preliminary occupation permit<sup>111a)</sup> or a decision on temporary occupation for a trial period<sup>111b)</sup>, for the first time in the period ending after February 28, 2009.

(6) In the case of tangible assets, the input value of which falls below EUR 1,700 or less, a taxpayer, the tax period of which ends after February 28, 2009, may include the net book value in full in tax expenses for the tax period ending in 2009 in its tax return filed after February 28, 2009 or continue depreciating pursuant to Sections 27 or 28 above.

(7) A taxpayer shall include the net book value of start-up costs in full in tax expenses for the tax period ending in 2009 in a tax return filed after February 28, 2009.

(8) A taxpayer may apply the provision of Section 22 subsection 15 above in the wording effective as of March 1, 2009 for the first time with respect to assets commissioned in the tax period ending in 2009.

(9) A taxpayer, the tax period of which coincides with the financial year and which proceeds pursuant to Section 52d subsections 4 through 6, 8 and 9 above, shall adjust the tax base in compliance with these provisions equally for two consecutive tax periods ended not later than by December 31, 2010; a taxpayer, which proceeds pursuant to Section 52d subsection 7 above, shall perform the above not later than by December 31, 2010.

(10) The provisions of Section 9 subsection 2 letter r) above and Section 13 subsection 2 letter f) above in the wording effective by February 28, 2009 shall apply to the taxation of income from state bonds of the Slovak Republic, which were issued and registered abroad by February 28, 2009.

(11) The exception stipulated in Section 17 subsection 29 above in the wording effective as of March 1, 2009 shall be applied for the first time with respect to a tax return filed after February 28, 2009.

#### Section 52h

Transitional provision to the regulations effective as of January 1, 2010

(1) The provision of Section 5 subsection 3 letter b) above in the wording effective as of January 1, 2010 shall be applied for the first time with respect to an employee option granted by an employer after December 31, 2009 for the purchase of an employee share.

(2) The provision of Section 17 subsection 14 above in the wording effective as of January 1, 2010 shall be applied for the first time with respect to a tax loss of a permanent establishment abroad booked after December 31, 2009.

(3) The provisions of Section 19 subsection 3 letter t) above and Section 51a subsections 3 through 7 above in the wording effective as of January 1, 2010 shall be applied when a tax return is filed after January 1, 2010 for the tax period ending in 2009.

(4) When depreciating goodwill or negative goodwill pertaining to the purchase of an enterprise, or its part, or a contribution in kind of an enterprise, or its part, which were made by December 31, 2009, the provisions

of the Act in the wording effective by December 31, 2009 shall be applied even after the said period.

(5) When claiming differences arising from the revaluation of equity interests pertaining to contributions in kind made by December 31, 2009, including the determination of the input value when depreciating tangible and intangible assets, the provisions of the Act in the wording effective by December 31, 2009 shall be applied even after the said period.

(6) When claiming valuation differences, arising from the revaluation in the case of reorganisation, merger split of companies or co-operatives, booked pursuant to a special regulation<sup>1)</sup> by December 31, 2009, the provisions of the Act in the wording effective by December 31, 2009 shall be applied even after the said period.

(7) The provision of Section 20 subsection 14 above in the wording effective as of January 1, 2010 shall apply to debts receivable arising after December 31, 2009; a taxpayer may, upon its decision, apply the provision of Section 20 subsection 14 above in the wording effective as of January 1, 2010 also to debts receivable, which arose by December 31, 2009.

(8) The provision of Section 25 subsection 1 letter f) and g) above in the wording effective by December 31, 2009 shall be applied when claiming expenses pursuant to Section 19 above in the case of sale and disposal of tangible and intangible assets, including claiming of expenses pursuant to Section 19 above in the case of sale and disposal of tangible and intangible assets pursuant to Sections 17a through 17e above, even after December 31, 2009, provided that those assets were acquired by December 31, 2009.

(9) The provision of Section 30 subsection 1 above in the wording effective as of January 1, 2010 shall apply to tax losses booked after December 31, 2009.

(10) If a taxpayer calculated tax advances by December 31, 2009 pursuant to Section 42 above for the previous tax period, reduced by the claimed tax relief in the prescribed amount pursuant to this Act, and paid the advances in the said amount within a time limit pursuant to Section 42 above, the tax administration shall not impose any default interest pursuant to a special regulation<sup>127)</sup>; if such default interest was already paid, it shall be refunded by the tax administration upon the taxpayer's request.

(11) The provision of Section 49 subsection 3 above in the wording effective as of January 1, 2010 shall be applied for the first time when an income tax return of a legal entity for a tax period ending no sooner than by December 31, 2009 or when an income tax return of an individual for a tax period ending no sooner than by December 31, 2010 is filed.

(12) The provision of Section 50 subsection 14 above in the wording effective as of January 1, 2010 shall also apply to a beneficiary, which failed to comply with its obligation pursuant to Section 50 subsection 13 above in the wording effective by December 31, 2009 and which was not included in the Register of Beneficiaries for 2010 by the Chamber.

(13) When calculating tax allowances pursuant to Section 52g subsection 1 above for the 2010 tax period, the applicable subsistence minimum effective by January 1, 2009 in the amount of EUR 178.92 shall be applied.

(14) The provision of Section 9 subsection 2 letter v) above in the wording effective as of January 1, 2010 shall be applied for the first time when a tax return for the tax period ending by December 31, 2009 is filed.

#### Section 52i

Transitional provision to the regulations effective as of January 1, 2011

(1) The provision of Section 50 subsection 1 letter b) above in the wording effective as of January 1, 2011 shall be applied for the first time when a tax return for a tax period ending not later than by December 31, 2010 and a tax return for a tax period ending not later than by December 31, 2014 is filed.

(2) In the tax returns filed for the tax periods ending not later than by December 31, 2015 through December 31, 2017, a taxpayer acting as a legal entity may specify – by the date prescribed for the filing of these tax returns – that a percentage of the paid tax of up to 1.5 % should be granted to beneficiaries pursuant to Section 50 subsection 4 above specified by the taxpayer, if, in the tax period, to which the given statement pertains, or at the latest by the date prescribed for the filing of a tax return, the taxpayer granted financial resources at least in the amount of 1 % of the paid tax to taxpayers specified by the taxpayer that are not established or founded to conduct business<sup>67)</sup>, for the purposes specified in Section 50 subsection 5 above; if the taxpayer has not granted such financial resources as a donation at least in the amount of 1 % of the paid tax, it shall specify in the tax returns by the date prescribed for the filing thereof that the percentage of the paid tax should be granted to beneficiaries specified by the taxpayer in the amount of only up to 1 % of the paid tax.

(3) In the tax returns filed for the tax periods ending not later than by December 31, 2018 through December 31, 2020, a taxpayer acting as a legal entity may specify – by the date prescribed for the filing of these tax returns – that a percentage of the paid tax of up to 1 % should be granted to beneficiaries pursuant to Section 50 subsection 4 above specified by the taxpayer, if, in the tax period, to which the given statement pertains, or at the latest within a time limit for the filing of a tax return, the taxpayer granted financial resources at least in the amount of 1.5 % of the paid tax to taxpayers specified by the taxpayer that are not established or founded to conduct business<sup>67)</sup>,

for the purposes specified in Section 50 subsection 5 above; if the taxpayer has not granted such financial resources as a donation at least in the amount of 1.5 % of the paid tax, it shall specify in the tax returns by the date prescribed for the filing thereof that the percentage of the paid tax should be granted to beneficiaries specified by the taxpayer in the amount of only up to 0.5 % of the paid tax.

(4) In the tax returns filed for the tax periods, starting from the tax period ending no sooner than by December 31, 2021, a taxpayer acting as a legal entity may specify – by the date prescribed for the filing of these tax returns – that a percentage of the paid tax of up to 0.5 % should be granted to beneficiaries pursuant to Section 50 subsection 4 above specified by the taxpayer for the purposes specified in Section 50 subsection 5 above.

#### Section 52j

Transitional provisions to the regulations effective as of January 1, 2011

(1) The provision of Section 5 subsection 5 letter a) of the regulation effective as of January 1, 2011 shall apply to business travels abroad, where the employee was sent after December 31, 2010.

(2) Exemption of income pursuant to Section 9 subsection 1 letter a), i) and j) of the regulation in effect until December 31, 2010 shall apply to income generated in the sale of such property acquired until December 31, 2010. In the event of income generated after December 31, 2010 from the sale of an apartment that was obtained prior to January 1, 2004, Section 9 of the regulation in effect until December 31, 2010 shall apply.

(3) In the application of Section 11 subsection 1 through 4 and 9 in the tax period of 2010 and the preceding tax periods, the provisions of the regulation in effect until December 31, 2010 shall apply.

(4) The provision concerning the failure to comply with conditions pursuant to Section 5 subsection 9 of the regulation in effect until December 31, 2010 shall also apply in the case of failure to comply with the conditions after December 31, 2010.

(5) The provision of Section 17c subsection 3 letter c) of the regulation in effect from January 1, 2011 shall apply to goodwill or negative goodwill booked by a legal successor in the case of fusion, merger or division of companies or cooperatives, where the decisive date<sup>77c)</sup> was after December 31, 2010.

(6) The provision of Section 22 subsection 7 of the regulation in effect from January 1, 2011 shall apply to intangible assets commissioned after December 31, 2010.

(7) The provision of Section 43 of the regulation in effect until December 31, 2010 shall apply in the taxation of income from a dependent activity cleared by December 31, 2010 and paid by January 31, 2011.

(8) The provisions of Section 9 subsection 2 letter x) and Section 13 subsection 2 letter j) of the regulation in effect from January 1, 2011 shall apply to revenue (income) from the sale of emission quotas assigned and registered free of charge in 2011 and 2012 pursuant to special legislation<sup>59h)</sup>, which a mandatory participant in a trading scheme<sup>59f)</sup> performing activities pursuant to special legislation<sup>59g)</sup> generated until December 31, 2012.

(9) The provisions of Section 51b subsection 1 through 12 of the regulation in effect from January 1, 2011 shall be applied for the last time when submitting the tax return in respect of the tax on emission quotas for 2012.

(10) The provisions of Section 1 subsection 1 letter c), Section 21 subsection 2 letter l) and Section 51b subsection 13 of the regulation in effect from January 1, 2011 shall apply if the tax liability for the tax on emission quotas arose by the end of 2012.

#### Section 52k

Transitional provisions for regulations in effect from August 1, 2011

(1) The provisions of Section 30a of the regulation in effect from August 1, 2011 shall apply to a taxpayer to whom a decision was issued after August 1, 2011 on the approval of investment aid under a special regulation<sup>120a)</sup> including a tax relief; such a taxpayer must not simultaneously apply a tax deduction pursuant to Act No. 366/1999 Coll., as amended, Section 30a of the regulation in effect from July 31, 2011 or Section 30b and tax relief pursuant to Section 30a of the regulation in effect from August 1, 2011.

(2) Where the taxpayer after August 1, 2011 continues to apply tax relief pursuant to Act No. 366/1999 Coll., as amended, Section 30a of the regulation in effect until July 31, 2011 or Section 30b and at the same time he can apply tax relief pursuant to Section 30a of the regulation in effect from August 1, 2011, he can start applying tax relief pursuant to Section 30a of the regulation in effect from August 1, 2011 if

a) he at the same time does not apply tax relief pursuant to Act No. 366/1999 Coll., as amended, Section 30a of the regulation in effect until July 31, 2011 or Section 30b or

b) completes applying tax relief pursuant to Act No. 366/1999 Coll., as amended, Section 30a of the regulation in effect until July 31, 2011 or Section 30b; the period pursuant to Section 30a of the regulation in effect from August 1, 2011 shall be shortened by this period of applying tax relief.

(3) The tax administration shall check the compliance with the conditions of applying tax relief pursuant to Sections 35, 35a, 35b and 35c of Act No. 366/1999 Coll., on Income Tax, as amended, for each taxable period when such relieves were applied, in the time limit pursuant to special legislation<sup>34)</sup>

(4) The title to apply tax relief pursuant to Section 30a Subsection 2 letter b) of the regulation in effect from August 1, 2011 may only be used by a taxpayer to whom the decision on the approval of investment aid pursuant to a specific regulation<sup>120a)</sup> was issued after July 31, 2011.

#### Section 52l

Transitional provisions for regulation in effect from August 1, 2011

If a taxpayer does not utilize positive economic outturn from public health insurance referred to in Section 13 Subsection 2 letter i) pursuant to this Act as in effect from August 1, 2011, he shall add such profits from public health insurance referred to in Section 13 Subsection 2 letter i) to the tax basis no later than in the taxable year 2012.

#### Section 52m

Transitional provisions for regulations in effect from January 1, 2012



(1) If a registration duty or notification duty arose for a natural person or legal entity before January 1, 2012 and this registration duty or notification duty was not satisfied before December 31, 2011, the registration procedure shall be governed by the provisions hereof as in effect from January 1, 2012 and the provisions of a special regulation<sup>128)</sup> for the first time from January 1, 2012.

(2) Where a natural person or a legal entity whose business premises were established in the territory of the Slovak Republic before December 31, 2011 is not registered, the person shall register in accordance with this Act before March 31, 2012.

(3) An organizational unit of a natural person or a legal entity that was registered as a tax payer pursuant to a specific regulation in effect until December 31, 2011 shall be deemed to be a tax payer pursuant to this Act as in effect from January 1, 2012, and the natural person or legal entity that established this organizational unit shall de-register the organizational unit as a tax payer before June 31, 2012. If a natural person or a legal entity does not de-register the organizational unit as a tax payer in the determined period even after the tax administration's request, the tax administration shall carry out the de-registration ex officio no later than on December 31, 2012.

(4) De-registration of an organizational unit as a tax payer shall be governed by the provisions hereof as in effect from January 1, 2012 and the provisions of a specific regulation<sup>128)</sup> for the first time from January 1, 2012, and from the date of de-registration the rights and obligations of this organizational unit as a tax payer arising here from or from a special regulation<sup>128)</sup> shall pass to the natural person or legal entity that established this organizational unit.

(5) Sanctions imposed after December 31, 2011 shall be governed by the provisions of a special regulation.<sup>128)</sup>

#### Section 52n

Transitional provisions for regulations in effect from December 1, 2011

The provisions of Section 50 Subsection 1 letter a), Sections 5 and 15 as in effect from December 1, 2011 shall be applied for the first time at the time of the filing of a tax return or annual clearing of advance payments for income tax from employment for taxable year 2012.

#### Section 52o

Transitional provisions for regulations in effect from January 1, 2012

(1) Lease agreements with negotiated right of purchase of the leased thing entered into until December 31, 2011, including the transfer of such lease agreements without a change in the conditions to a new lessee even after December 31, 2011, shall be governed by the provisions of the regulation in effect until December 31, 2011.

(2) The provision of Section 6 Subsection 6, first sentence, as in effect from January 1, 2012 shall be applied for the first time at the time of filing a tax return for taxable year 2011.

(3) The provisions of Section 4 Subsection 2, Section 6 Subsection 6, second and third sentence, and Section 30 Subsection 1 as in effect from January 1, 2012 shall be applied to tax loss reported after December 31, 2011.

(4) The provisions of Section 13 Subsection 1 letter b) and e) as in effect from January 1, 2012 shall be applied for the first time at the time of filing a tax return after December 31, 2011.

(5) The provisions of Section 27 Subsections 2 and 3 and Section 28 Subsection 2, as in effect from January 1, 2012 shall be applied to tangible assets put into use after December 31, 2011.

#### Section 52p

Transitional provisions for regulations in effect from June 30, 2012

(1) The provisions of Section 51b as in effect until June 29, 2012 shall be applied in filing a tax return for tax on emission allowances for the last taxable period preceding the taxable year 2012, while

the provision of Section 52j Subsection 9 shall not apply.

(2) The provisions of Section 9 Subsection 2 letter x) and Section 13 Subsection 2 letter j) as in effect until June 29, 2012 shall be applied to revenue (income) from the sale of emission allowances allocated free of charge and registered in 2011 pursuant to a specific regulation<sup>59h</sup>) benefiting a mandatory participant in the trading scheme,<sup>59f</sup>) who carries out activities pursuant to a specific regulation,<sup>59g</sup>) while the provision of Section 52j Subsection 8 shall not apply. Revenue (income) from the sale of emission allowances allocated free of charge and registered in 2012 pursuant to a specific regulation<sup>59h</sup>) benefiting a mandatory participant in the trading scheme<sup>59f</sup>) who carries out activities pursuant to a specific regulation,<sup>59g</sup>) shall be part of the tax base. Revenue (income) from the sale of emission allowances allocated free of charge and registered in 2012 pursuant to a specific regulation<sup>59h</sup>) benefiting until June 29, 2012 a mandatory participant in the trading scheme<sup>59f</sup>) who carries out activities pursuant to a specific regulation,<sup>59g</sup>) shall be part of the tax base upon filing a tax return on income tax after June 29, 2012. Where such revenue (income) from the sale of emission allowances allocated free of charge and registered in 2012 pursuant to a special regulation<sup>59h</sup>) resulting until June 29, 2012 was not part of tax base in a tax return on income tax filed until June 29, 2012 and is not part of tax base on emission allowances, the taxpayer shall include it in the tax base in the immediately following taxable period.

(3) The provisions of Section 1 Subsection 1 letter c) and Section 21 Subsection 2 letter l) and Section 51c Subsection 2 as in effect until June 29, 2012 shall apply to tax duty for the tax on emission allowances which arose for the last taxable period preceding the taxable year 2012, while the provision of Section 52j Subsection 10 shall not apply.

(4) Where the taxpayer paid tax advances from emission allowances for 2012, the procedure pursuant to Section 42 subsection 13 shall apply accordingly.

#### Section 52r

Transitional provision for regulations in effect from January 1, 2013

The application of the tax allowances of tax base for the taxable year 2013 in the case of a person who paid voluntary contributions to retirement pension saving and whose legal status of a saver pursuant to a specific regulation<sup>152</sup>) extinguished shall be governed by the provisions hereof as in effect until December 31, 2012.

#### Section 52s

Transitional provisions on the filing of tax return on the tax on emission allowances

(1) A taxpayer who did not file a tax return on the tax on emission allowances for the last taxable period preceding the taxable year 2012 before September 29, 2012 shall file such tax return before October 15, 2012, and the tax on emission allowances shall also be payable in this time limit.

(2) The procedure of the tax administration in returning the difference of the paid advances on the tax on emission allowances that are higher than the tax on emission allowances calculated in the tax return shall be governed by the provisions of a special legislation.<sup>126</sup>)

#### Section 52t

Transitional provisions for regulations in effect from January 1, 2013

(1) The taxation of income from employment posted before December 31, 2012 and paid before January 31, 2013 and their annual clearance shall be governed by the provisions of the act in effect until December 31, 2012.

(2) The provision of Section 15 as in effect from January 1, 2013 shall be applied for the first time for the taxable period beginning no later than on January 1, 2013 except as provided in subsection 10.

(3) The provisions of Section 7 subsection 4 and 7, Section 8 subsection 3 and 12 and Section 9 subsection 2 letter i) as in effect from January 1, 2013 shall be applied for the first time at the time of filing a tax return after December 31, 2012.

(4) Until the beginning of advance period pursuant to Section 34 in year 2013, taxpayers who are natural persons shall pay tax advances calculated in accordance with the legal regulation in effect until December 31, 2012.

(5) The provisions of Section 39 subsection 9 as in effect from January 1, 2013 shall be applied for the first time at the time of filing a report for taxable year 2012 and at the time of filing the listing for the month of January 2013.

(6) The provisions of Section 13 Subsection 1 letter b) and e) as in effect from January 1, 2013 shall be applied for the first time at the time of filing a tax return after December 31, 2012.

(7) The provisions of Section 49 Subsection 3 letter a) and b) shall not apply for the filing of a tax return whose last day of time limit for the filing falls on calendar year 2013. A taxpayer who is required to file a tax return after the end of the taxable period in the time limit pursuant to Section 49 Subsection 2 and whose income include income from foreign sources with the exception of a taxpayer who is in bankruptcy or liquidation may have, on the basis of a notification delivered

to the respective tax administration before the passage of the time limit to file the tax return pursuant to Section 49 subsection 2, the time limit to file the tax return extended by no more than three calendar months, while the end of this extended time limit must fall on the last day of one of these three calendar months. In the notification, the taxpayer shall list the fact about the income from foreign sources and the extended time limit referred to in the second sentence; the tax shall also be payable in this extended time limit.

(8) The limit referred to in subsection 7 may be re-extended in justified cases by no more than three calendar months on the basis of the taxpayer's application filed with the competent tax administration no later than 15 days before the end of the extended time limit to file the tax return referred to in subsection 7. If a taxpayer does not receive, until the end of the time limit to file a tax return referred to in subsection 7, the tax administration's decision on the re-extension of the time limit to file a tax return, it shall file the tax return in the time limit to file a tax return referred to in subsection 7. Where the tax administration approves the re-extension of the time limit to file a tax return, this tax shall also be payable in this re-extended time limit.

(9) Where the tax return shows that the taxpayer does not have income from foreign sources referred to in subsection 7 or subsection 8, such tax return shall be deemed to have been filed after the time limit referred to in Section 49 subsection 2 and the tax administration shall proceed in accordance with a special regulation.<sup>132a)</sup>

(10) A taxpayer whose taxable period is a financial year that began in 2012 and will end in 2013 shall calculate its tax duty as the sum of

a) multiplication of the aliquot part of the tax base for the number of months from the beginning of the taxable period until December 31, 2012 and a tax rate of 19 %; this aliquot part of the tax base shall be calculated as the multiplication of the quotient of the tax base decreased by tax loss and the number of months of this taxable period, and the number of months from the beginning of the taxable period until December 31, 2012 and

b) multiplication of the aliquot part of the tax base for the number of months from the beginning of the calendar year 2013 until the end of the taxable period and a tax rate of 23 %; this aliquot part of the tax base shall be calculated as multiplication of the quotient of the tax base decreased by tax loss and the number of months of this taxable period, and the number of months from January 1, 2013 until the end of the taxable period.

(11) The provision of Section 51d as in effect from January 1, 2013 shall apply to profit shares (dividends) paid no later than until December 31, 2013.

#### Section 52u

Transitional provisions for regulations in effect from May 1, 2013

(1) The provisions of Section 30a of the regulation in effect from May 1, 2013 shall apply to a taxpayer to whom a decision was issued on the approval of investment aid pursuant to a specific regulation<sup>120a)</sup> including a tax relief on the tax. Such taxpayer shall not simultaneously apply tax relief on the tax pursuant to Act No. 366/1999 Coll., as amended, Section 30a of the regulation in effect until April 30, 2013 or Section 30b and a tax relief on the tax pursuant to Section 30a of the regulation in effect from May 1, 2013.

(2) Where the taxpayer after May 1, 2013 continues to apply tax relief pursuant to Act No. 366/1999 Coll., as amended, Section 30a of the regulation in effect until April 30, 2013 or Section 30b and at the same time he can apply tax relief pursuant to Section 30a of the regulation in effect from May 1, 2013, it can start applying tax relief pursuant to Section 30a of the regulation in effect from May 1, 2013 if

a) it at the same time does not apply tax relief pursuant to Act No. 366/1999 Coll., as amended, Section 30a of the regulation in effect until April 30, 2013 or Section 30b or

b) completes applying tax relief pursuant to Act No. 366/1999 Coll., as amended, Section 30a of the regulation in effect until April 30, 2013 or Section 30b; the period pursuant to Section 30a of the regulation in effect from May 1, 2013 shall be shortened by this period of applying tax relief.

(3) The title to apply tax relief pursuant to Section 30a subsection 2 of the regulation in effect from May 1, 2013 may only be applied by a taxpayer to whom a decision on the approval of investment aid pursuant to a specific regulation<sup>120a)</sup> was issued after April 30, 2013.

#### Section 52v

Transitional provision for regulations in effect from July 1, 2013

The procedure pursuant to Section 6 subsection 2 letter a), Section 7 subsection 1 letter h) and subsection 3, Section 16 subsection 1 letter e), third indent, Section 43 subsection 3 letter h), i) and l) and Section 43 subsection 5 letter c) as in effect from July 1, 2013 shall apply in the taxation of revenue (income) from bonds and treasury bills paid, remitted or credited to the taxpayer from July 1, 2013.

#### Section 52z

Transitional provision for regulations in effect from January 1, 2014

The provisions of Section 11 Subsection 10 and 13 as in effect from January 1, 2014 shall apply for the first time in the annual clearing and in the filing of a report for the taxable period 2014 and in the filing of a tax return for taxable period 2014.

#### Section 52za

Transitional provisions for regulations in effect from January 1, 2014

- (1) The procedure pursuant to Section 5 subsection 3 letter a) as in effect from January 1, 2014 shall be applied for the first time in the calculation of income in kind of an employee for January 2014. Where an employee had been provided in the previous taxable periods with the same motor vehicle of the employer to be used for business purposes and private purposes, income in kind shall be calculated from the reduced entry price pursuant to Section 5 subsection 3 letter a), second indent, as in effect from January 1, 2014.
- (2) Until the beginning of advance period pursuant to Section 34 in 2014, taxpayers who are natural persons shall pay tax advances calculated in accordance with the legal regulation in effect until December 31, 2013.
- (3) Where an employer who is a tax payer did not, in a certificate issued pursuant to Section 39 Subsection 5, state information pursuant to Section 39 subsection 2 letter i) as in effect from December 31, 2013 for some calendar months of 2013 or for the entire taxable year 2013, such certificate shall be accepted in 2014 in the annual clearance or the filing of a tax return for 2013 also where this employer who is a tax payer paid to its employee the income listed in a wages card pursuant to Section 39 subsection 2 letter i) as in effect until December 31, 2013.
- (4) Non-claimed tax losses reported for the taxable periods that ended years 2010 through 2013 or the sum of these non-claimed tax losses, even where they could be deducted from the tax base, shall be deducted from the tax base evenly over four subsequent taxable periods beginning by the taxable period earliest on January 1, 2014. The same procedure shall also apply to reported tax loss for the taxable periods of years 2010 and 2011 from income from lease pursuant to Section 6 subsection 3.
- (5) Proceeds from mortgage bonds<sup>153</sup>) pursuant to Section 7 subsection 1 letter h) as in effect until December 31, 2013 received by a natural person between July 1, 2013 and December 31, 2013 shall be subject to tax collected as a withheld tax in a manner set forth in Section 43 subsection 10 based on a written agreement of the tax payer with the natural person who is the beneficiary of such proceeds. The procedure of the tax payer in withholding and paying the tax collected as withheld tax shall be governed by the provisions of Section 43 subsections 1, 4, 11 and 12 with the necessary modifications, and the tax payer shall transfer the withheld tax to the tax administration no later than until February 28, 2014. Where a natural person who is the beneficiary of such proceeds does not conclude such written agreement with the tax payer until February 15, 2014, he shall include these proceeds in the base (partial tax base) of the income tax referred to Section 7.
- (6) The provision of Section 15 letter b) as in effect from January 1, 2014 shall be applied for the first time for the taxable period beginning no later than on January 1, 2014.
- (7) The provision of Section 46b as in effect from January 1, 2014 shall be applied for the first time for the taxable period beginning no later than on January 1, 2014 except the taxable period referred to in subsection 8.
- (8) A taxpayer that is being dissolved with liquidation or that has been declared bankrupt during the calendar year 2014 shall not pay the tax license referred to in Section 46b for the taxable period ending on the date preceding the day of its entry into liquidation or the date preceding the day of declaration of bankruptcy.
- (9) A taxpayer who in the calendar year 2014 changes the taxable period from the calendar year to a financial year shall pay the tax license referred to in Section 46b for the taxable period ended on the day preceding the date of the change together with the tax license for the immediately following taxable period.

#### Section 52zb

Transitional provision for the regulation in effect from March 1, 2014

Should the Slovak Republic conclude an international double taxation avoidance agreement or an international agreement on the exchange of information related to taxes during the taxable period 2014, the respective country shall be added to the list referred to in Section 2 letter x) regardless of the fact that the international double taxation avoidance agreement or the international agreement on the exchange of information related to taxes enter into effect after December 31, 2014.

#### Section 53

The following legislation shall be rescinded:

1. Act 366/1999 Coll. (Income Tax Act, as amended by the Act 358/2000 Coll., Act 385/2000 Coll., Act 466/2000 Coll., Act 154/2001 Coll., Act 381/2001 Coll., Act 561/2001 Coll., Act 565/2001 Coll., Act 247/2002 Coll., Act 437/2002 Coll., Act 472/2002 Coll., Act 473/2002 Coll., and by the Act 163/2003 Coll.),
2. Act 368/1999 Coll. (Provisions for Contingent Liabilities and Allowances for the Purpose of Determination of the Tax Base Act).

Section 53a

Cancels the Decree of the Ministry of Health of the Slovak Republic No. 161/2006 Coll. on Establishing the scope and amount of technical provisions and adjustment items to receivables that could be treated by health insurance companies as tax expenses. .

Section 54

This Act shall come into force on January 1, 2004.

Pavol Hrušovský, in his own hand  
Mikuláš Dzurinda, in his own hand

Annex 1 to Act No. 595/2003 Coll.

INCLUSION OF TANGIBLE ASSETS IN DEPRECIATION CATEGORIES

**Depreciation category 1**

| <b>Item</b> | <b>KP</b> | <b>Heading</b>  |
|-------------|-----------|---|
| 1-1         | 01.41.10  | Dairy cattle, live  |
| 1-2         | 01.42.11  | Other cattle and buffaloes, except calves, live   |
| 1-3         | 01.43.10  | Only: other equines, live   |
| 1-4         | 01.45.1   | Sheep and goats, live   |
| 1-5         | 01.46.10  | Swine. live   |
| 1-6         | 01.47.13  | Geese, live   |
| 1-7         | 13.92.22  | Tarpaulins, awnings and sunblinds; sails for boats, sailboards or landcraft; tents and camping goods                                  |
| 1-8         | 22.29     | Other plastic products  |
| 1-9         | 23.19.2   | Technical and other glass   |
| 1-10        | 23.44     | Other technical ceramic products  |
| 1-11        | 23.9      | Other non-metallic mineral products   |
| 1-12        | 25.73     | Tools, other than:<br>– 25.73.5 – Moulds; moulding boxes for metal foundry; mould bases; moulding patterns<br>– 25.73.6 – Other tools |
| 1-13        | 26.2      | Computers and peripheral equipment  |
| 1-14        | 26.3      | Communication equipment   |
| 1-15        | 26.4      | Consumer electronics  |
| 1-16        | 26.51     | Measuring, testing and navigating equipment   |
| 1-17        | 26.7      | Optical instruments and photographic equipment  |
| 1-18        | 28.23     | Office machinery and equipment (except computers and peripheral equipment)  |
| 1-19        | 28.24     | Power-driven hand tools   |
| 1-20        | 28.29.3   | Industrial, household and other weighing and measuring machinery  |
| 1-21        | 28.3      | Agricultural and forestry machinery   |
| 1-22        | 28.93     | Machinery for food, beverage and tobacco processing   |
| 1-23        | 28.94     | Machinery for textile, apparel and leather production   |
| 1-24        | 29.10.2   | Passenger cars  |
| 1-25        | 29.10.3   | Motor vehicles for the transport of 10 or more persons (busses) other than trolley-buses and electro-buses                            |
| 1-26        | 29.10.4   | Motor vehicles for the transport of goods   |
| 1-27        | 30.92     | Bicycles and invalid carriages  |
| 1-28        | 32.40     | Games and toys, other than:<br>– 32.40.4 – Other games  |
| 1-29        | 32.9      | Manufactured goods n.e.c.   |

| <b>Depreciation category 2</b> |           |   |
|--------------------------------|-----------|---|
| <b>Item</b>                    | <b>KP</b> | <b>Heading</b>  |
| 2-1                            | 01.43.10  | Only: Horses, live  |
| 2-2                            | 13.9      | Other textiles, other than:<br>– 13.92.22 – Tarpaulins, awnings and sunblinds; sails for boats, sailboards or landcraft; tents and camping goods  |
| 2-3                            | 15        | Leather and related products  |
| 2-4                            | 16.23.2   | Prefabricated wooden buildings, as long as they are not standalone structures connected to utility infrastructure<br>utility infrastructure   |
| 2-5                            | 22.23.2   | Prefabricated buildings of plastics, as long as they are not standalone structures connected to utility infrastructure<br>utility infrastructure  |
| 2-6                            | 25.21     | Central heating radiators and boilers   |
| 2-7                            | 25.7      | Cutlery, tools and general hardware, other than:<br>– 25.71.15 – Swords, cutlasses, bayonets, lances and similar arms and parts thereof<br>– 25.73 – Tools  |
| 2-8                            | 25.9      | Other fabricated metal products, other than:<br>– 25.99.2 – Other articles of base metal  |
| 2-9                            | 26.52     | Watches and clocks  |
| 2-10                           | 26.6      | Irradiation, electromedical and electrotherapeutic equipment  |
| 2-11                           | 27.11.31  | Generating sets with compression-ignition internal combustion piston engines  |
| 2-12                           | 27.2      | Batteries and accumulators  |
| 2-13                           | 27.3      | Wiring and wiring devices   |
| 2-14                           | 27.4      | Electric lighting equipment   |
| 2-15                           | 27.5      | Domestic appliances   |
| 2-16                           | 27.9      | Other electrical equipment  |
| 2-17                           | 28.11.11  | Outboard motors for marine propulsion   |
| 2-18                           | 28.12     | Fluid power equipment   |
| 2-19                           | 28.13     | Other pumps and compressors   |
| 2-20                           | 28.22     | Lifting and handling equipment  |
| 2-21                           | 28.25.13  | Refrigeration and freezing equipment and heat pumps, except household type equipment  |
| 2-22                           | 28.29     | Other general-purpose machinery n.e.c., other than:<br>– 28.29.1 – Gas generators, distilling and filtering apparatus<br>– 28.29.3 – Industrial, household and other weighing and measuring machinery |
| 2-23                           | 28.4      | Metal forming machinery and machine tools   |
| 2-24                           | 28.92     | Machinery for mining, quarrying and construction  |
| 2-25                           | 28.95     | Machinery for paper and paperboard production   |
| 2-26                           | 28.96     | Plastics and rubber machinery   |
| 2-27                           | 28.99     | Other special-purpose machinery n.e.c.  |
| 2-28                           | 29.10.3   | Only: trolley-buses and electro-buses   |
| 2-29                           | 29.10.5   | Special-purpose motor vehicles  |
| 2-29                           | 29.2      | Bodies (coachwork) for motor vehicles; trailers and semi-trailers   |
| 2-30                           | 30.12     | Pleasure and sporting boats   |
| 2-31                           | 30.20.33  | Only: mining railway trucks and narrow-gauge trucks (railways having specific destination)  |
| 2-32                           | 30.3      | Air and spacecraft and related machinery  |
| 2-33                           | 30.91.1   | Motorcycles and side-cars   |
| 2-34                           | 30.99     | Other transport equipment n.e.c.  |

|      |         |   |
|------|---------|---|
| 2-35 | 31.0    | Furniture   |
| 2-36 | 32.2    | Musical instruments   |
| 2-37 | 32.3    | Sport goods   |
| 2-38 | 32.40.4 | Other games   |
| 2-39 | 32.5    | Medical and dental instruments and supplies   |
| 2-40 |         | Technical remediation of an immovable cultural monument   |
| 2-41 |         | Individual separable items embedded in buildings and set for separate depreciation (Section 22 subsection 15):<br>- computer network wiring |

### Depreciation category 3

| Item | KP       | Heading   |
|------|----------|---|
| 3-1  | 23.61.20 | Prefabricated buildings of concrete, as long as they are not standalone structures connected to utility infrastructure  |
| 3-2  | 25.11.10 | Prefabricated buildings of metal, as long as they are not standalone structures connected to utility infrastructure   |
| 3-3  | 25.29    | Other tanks, reservoirs and containers of metal   |
| 3-4  | 25.3     | Steam generators, except central heating hot water boilers  |
| 3-5  | 25.4     | Weapons and ammunition  |
| 3-6  | 25.71.15 | Swords, cutlasses, bayonets, lances and similar arms and parts thereof  |
| 3-7  | 25.99.2  | Other articles of base metal  |
| 3-8  | 27.1     | Electric motors, generators, transformers and electricity distribution and control apparatus, other than:<br>– 27.11.31 – Generating sets with compression-ignition internal combustion piston engines                  |
| 3-9  | 28.11.12 | Marine propulsion spark-ignition engines; other engines   |
| 3-10 | 28.11.13 | Other compression-ignition internal combustion piston engines   |
| 3-11 | 28.11.2  | Turbines  |
| 3-12 | 28.21.1  | Ovens and furnace burners and parts thereof   |
| 3-13 | 28.25    | Non-domestic cooling and ventilation equipment, other than:<br>– 28.25.13 – Refrigeration and freezing equipment and heat pumps, except household type equipment  |
| 3-14 | 28.29.1  | Gas generators, distilling and filtering apparatus  |
| 3-15 | 28.91    | Machinery for metallurgy  |
| 3-16 | 30.11    | Ships and floating structures   |
| 3-17 | 30.2     | Railway locomotives and rolling stock:<br>– 30.20.33 – mining railway trucks and narrow- gauge trucks (railways having specific destination)  |
| 3-18 | 30.4     | Military fighting vehicles  |
| 3-19 |          | Perennial crops with fertility period exceeding three years   |
| 3-20 |          | 2213 KS – remote telecommunication networks and lines   |
| 3-21 |          | 2224 KS – Local electricity and telecommunication distribution systems and lines  |
| 3-22 |          | Petty structures specified by special legislation <sup>107)</sup> except for the structures referred to in Section 22 subsection 2 letter b) indent 2.  |
| 3-33 |          | Individual separable items embedded in buildings and set for separate depreciation (Section 22 subsection 15):<br>– air-conditioning equipment<br>– passenger and freight elevators<br>– escalators and moving walkways |

#### Depreciation category 4

| Item | KS | Heading  |
|------|----|--|
| 4-1  | 1  | Buildings  |
| 4-2  | 2  | Civil engineering structures except for codes specified in depreciation category 3 and except for individual separable items specified in depreciation categories 2 and 3. |

#### Notes:

- 1) Item – means depreciation category (1-4) and the reference number of the item within this depreciation category.
- 2) KP – code of the statistical classification of products by activity (CPA) published in Regulation (EC) No 451/2008 of the European Parliament and of the Council of April 23, 2008, which is decisive for the classification of tangible assets into depreciation categories. In case the name of the item is abbreviated, the CPA code shall prevail.
- 3) Heading – verbal description of the single items and codes, using mainly the KP and KS classification wording.
- 4) KS – structures classification code announced by Decree of the Slovak Statistic Office 128/2000 Coll. which specifies the Classification of Structures.

#### Annex 2 of Act No. 595/2003 Coll.

List of transposed legal acts of the European Communities and the European Union

1. Council Directive 2008/7/EC of February 12, 2008 concerning indirect taxes on the raising of capital (OJ L 46, February 21, 2008)
2. Council Directive 2009/133/ES of October 19, 2009 on the common system of taxation applicable to mergers, divisions, partial divisions, transfers of assets and exchanges of shares concerning companies of different Member States and in the relocation of headquarters SE or SCE between member states (codified wording) (OJ L 310, November 25, 2009).
3. Council Directive 2011/96/EU of November 20, 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States (reworked wording) (OJ L 345, December 29, 2011).
4. Council Directive 2003/48/EC of June 3, 2003 on taxation of savings income in the form of interest payments (OJ L 157, June 26, 2003) as amended by Council Decision 2004/587/EC of July 19, 2004 (OJ L 257, August 4, 2004), Council Directive 2004/66/EC of April 26, 2004 (OJ L 168, May 1, 2004) as amended by Council Directive 2006/98/EC of November 20, 2006 (OJ L 363, December 20, 2006).
5. Council Directive 2003/49/ES of June 3, 2003 on a common system of taxation applicable to interest and royalty payments made between associated companies of different Member States (OJ L 157, June 26, 2003) as amended by Council Directive 2004/66/EC of April 26, 2004 (OJ L 168, May 1, 2004), Council Directive 2004/76/EC of April 29, 2004 (OJ L 157, April 30, 2004) as amended by Council Directive 2006/98/EC of November 20, 2006 (OJ L 363, December 20, 2006).

#### Annex 3 of Act No. 595/2003 Coll., as amended No. 688/2006 Coll.

LIST OF COUNTRIES AND DEPENDENT TERRITORIES OF MEMBER STATES WHICH WITHHOLD TAX PURSUANT TO ARTICLE 11 OF COUNCIL DIRECTIVE 2003/48/EC OF JUNE 3, 2003 ON TAXATION OF SAVINGS INCOME IN THE FORM OF INTEREST PAYMENTS

Luxemburg

Austria

Andorra

Liechtenstein

Monaco

San Marino

Switzerland

Territories dependent on the United Kingdom of Great Britain and Northern Ireland are:

Jersey

Territories dependent on the Kingdom of the Netherlands are:

Sint Maarten, Curaçao, Bonaire, Sint Eustatius, Saba.

#### Annex 4 of Act No. 595/2003 Coll.

LIST OF DEPENDENT TERRITORIES OF THE MEMBER STATES THAT CONCLUDED INTERNATIONAL TREATIES WITH THE SLOVAK REPUBLIC ON THE ADOPTION OF MEASURES EQUIVALENT TO THOSE LAID DOWN IN COUNCIL DIRECTIVE 2003/48/EC OF JUNE 3, 2003 ON TAXATION OF SAVINGS INCOME IN THE FORM OF INTEREST PAYMENTS



Territories dependent on the United Kingdom of Great Britain and Northern Ireland are:

Guernsey  
Jersey  
Isle of Man  
Cayman Islands  
British Virgin Islands  
Anguilla  
Montserrat  
Turks a Caicos Islands

Territories dependent on the Kingdom of the Netherlands are:

Aruba,  
Sint Maarten, Curaçao, Bonaire, Sint Eustatius, Saba.

Annex 5 of Act No. 595/2003 Coll.

LIST OF THIRD COUNTRIES WITH WHICH THE EUROPEAN COMMUNITY ON BEHALF OF THE MEMBER STATES CONCLUDED AN AGREEMENT PROVIDING FOR MEASURES EQUIVALENT TO THOSE LAID DOWN IN COUNCIL DIRECTIVE 2003/48/EC OF JUNE 3, 2003 ON THE TAXATION OF SAVINGS INCOME IN THE FORM OF INTEREST PAYMENTS

Andorra,<sup>1)</sup>  
Lichtenstein,<sup>2)</sup>  
Monaco,<sup>3)</sup>  
San Marino,<sup>4)</sup>  
Switzerland.<sup>5)</sup>

1) Council Decision 2005/356/EC of December 22, 2004

concerning the conclusion of the Agreement between the European Community and Principality of Andorra providing for measures equivalent to those laid down in Council Directive 2003/48/ES on the taxation of savings income in the form of interest payments (OJ L 114, May 4, 2005).

2) Council Decision 2005/353/EC of December 22, 2004 concerning the conclusion of the Agreement between the European Community and Principality of Liechtenstein providing for measures equivalent to those laid down in Council Directive 2003/48/ES on the taxation of savings income in the form of interest payments (OJ L 112, May 3, 2005).

3) Council Decision 2005/347/EC of December 22, 2004 concerning the conclusion of an Agreement between the European Community and Principality of Monaco providing for measures equivalent to those laid down in Council Directive 2003/48/ES on the taxation of savings income in the form of interest payments (OJ L 110, April 30, 2005).

4) Council Decision 2005/357/EC of December 22, 2004 concerning the conclusion of an Agreement between the European Community and Republic of San Marino providing for measures equivalent to those laid down in Council Directive 2003/48/ES on the taxation of savings income in the form of interest payments (OJ L 114, May 4, 2005).

5) Council Decision 2004/911/EC of June 2, 2004 on the signing and conclusion of the Agreement between the European Community and the Swiss Confederation providing for measures equivalent to those laid down in 2003/48/ES taxation of savings income in the form of interest payments and the accompanying Memorandum of Understanding (OJ L 385, December 29, 2004).

- 1) Act No. 431/2002 Coll. on accounting.
  - 1a) Act No. 253/1998 Coll. on the notification of the place of residence by nationals of the Slovak Republic and on the population register of the Slovak Republic, as amended.
- Act No. 48/2002 Coll. on the stay of aliens and on amendment to certain acts, as amended.
- 2) Section 116 and 117 of the Civil Code.
  - 2a) Section 20 letter b) of Act No. 43/2004 Coll. on pension savings schemes and on amending and supplementing certain acts as amended.
  - 3) e.g. Act 119/1990 Coll. (Court Rehabilitation Act, as later amended), Act 403/1990 Coll. (Alleviating the Consequences of Certain Property Injustices Act, as later amended), Act 87/1991 Coll. (Off-Court Rehabilitation Act, as later amended), Act 229/1991 Coll. (Regulating Title to Land and other Agricultural Property Act, as later amended), Act of the Slovak National Council 319/1991 Coll. (Alleviating Certain Property and Other Injustices and on the Scope of Powers of the Slovak Public Administration Authorities in the Area of Out-of- Court Rehabilitation Act, as later amended), Act 42/1992 Coll. (Regulating Property Relations and Settlement of Property Claims in Co-operatives Act, as later amended), Act 105/2002 Coll. (Act on Provision of Non-Recurring Allowances to Members of Czechoslovak Overseas and Allied Armies, and to Members of Domestic Resistance during the Period 1939 ' 1945, as later amended), Act 462/2002 Coll. (Act on Provision of Non-Recurring Allowances to Political Prisoners, as amended by the Act 665/2002 Coll.)
  - 4) e.g. Sections 628 through 630 of the Civil Code.
  - 5) e.g. Sections 460 through 487 of the Civil Code.
  - 6) Act No. 222/2004 Coll. on value-added tax as amended.
  - 7) Section 208 of the Commercial Code.
  - 7a) Sections 144 and 223 of the Commercial Code.
  - 8) e.g. Section 13 of Act No. 455/1991 Coll. the trade license business (Trade Act), as amended.
  - 9) e.g. Act No. 120/1993 Coll. of the National Council of the Slovak Republic on salaries of certain constitutional officials of the Slovak Republic, as amended; Act No. 385/2000 Coll. on judges and lay judges and on amendment to certain acts, as amended; Act No. 154/2001 Coll. on prosecutors and trainee prosecutors as amended by Act No. 669/2002 Coll.; Act No. 564/2001 Coll. on the Public Defender of Rights as amended by Act No. 411/2002 Coll.
  - 10) e.g. Act of the National Council of the Slovak Republic No. 182/1993 Coll. the ownership of flats and non-residential premises, as amended; Act of the National Council of the Slovak Republic No. 181/1995 Coll. on land associations.
  - 11) Section 16 of Act of the National Council of the Slovak Republic No. 156/1993 Coll. on the execution of custody as amended by Act No. 451/2002 Coll.
  - 12) Section 19 subsection 2e), Section 29 subsection 1 and Section 29a of Act No. 59/1965 Coll. on the execution of prison sentences, as amended.
  - 13) Act of the National Council of the Slovak Republic No. 152/1994 Coll. on the Social Fund and on amendments to Act No. 286/1992 Coll. on income tax as amended, as amended.
  - 14) e.g. Section 39 of Act of the Slovak National Council No. 194/1990 Coll. on lotteries and other similar games as amended.
  - 15) e.g. Act No. 283/2002 Coll. on reimbursement of travel expenses.
  - 15a) Section 53 of the Labour Code.
  - 16) Sections 18 through 33 of Act No. 283/2002 Coll., as amended.
  - 17) e.g. Act of the National Council of the Slovak Republic No. 330/1996 Coll. on occupational safety and health as amended.
  - 17a) Section 152 of the Labour Code.
  - 18) Section 145 of the Labour Code.
  - 20) e.g. Act No. 580/2004 Coll. on health care insurance and on amendments to Act No. 95/2002 Coll. on insurance industry and on amendments to certain acts as amended.
  - 21) Act No. 461/2003 Coll. on social insurance.
  - 22) Act No. 328/2002 Coll. on social security for policemen and soldiers and on amendments to certain acts, as amended.

- 23) Act No. 462/2003 Coll. on compensation of earnings during an employee's temporary incapacity for work and on amendments to certain acts.
- 23aa) Section 72 of Decree of the Ministry of Justice of the Slovak Republic No. 543/2005 Coll. on the administration and office rules of district courts, regional courts, the Special Court and military courts, as amended.
- 23ab) Section 134 subsection 9 of the Labour Code as amended by Act No. 348/2007 Coll.
- 24) Section 12a of Act No. 105/1990 Coll. on private business and amended by Act No. 219/1991 Coll. Section 10 of Act of the National Council of the Slovak Republic No. 181/1995 Coll.
- 25) Act No. 455/1991 Coll., as amended.
- 26) e.g. Act No. 95/2002 Coll. on insurance industry and on amendment to certain acts, as amended by Act No. 430/2003 Coll.; Act of the Slovak National Council No. 10/1992 Coll. on private veterinary surgeons and on Slovak Chamber of veterinary surgeons as amended by Act No. 337/1998 Coll.; Act No. 466/2002 Coll. on auditors and the Slovak Chamber of Auditors; Act of the Slovak National Council No. 78/1992 Coll. on tax consultants and the Slovak Chamber of Tax Consultants, as amended; Act of the Slovak National Council No. 323/1992 Coll. on notaries and the notary's activity (Notarial Rules), as amended.
- 27) Section 39 and Section 71 subsection 1 of Act No. 618/2003 Coll. on copyright and rights related to copyright related to copyright (the Copyright Act), as amended.
- 28) e.g. Act No. 7/2005 Coll. on bankruptcy and restructuring and on amendments to certain acts as amended; Section 20 of Act No. 447/2008 Coll. on cash benefits for compensation of severe disabilities and on amendments to certain acts.
- 29) Act No. 382/2004 Coll. on experts, interpreters and translators and on amendments to certain acts.
- 29a) e.g. Act No. 650/2004 Coll., as amended by Act No. 747/2004 Coll.; Act No. 5/2004 Coll., as amended; Act of the Slovak National Council No. 310/1992 Coll., as amended; Act No. 566/2001 Coll., as amended; Act No. 340/2005 Coll. on Insurance Mediation and Reinsurance Mediation.
- 29b) Section 40 and Section 71 subsection 1 of Act No. 618/2003 Coll., as amended. Section 81 subsection 1 letter j) of Act No. 618/2003 Coll., as amended by Act No. 84/2007 Coll.
- 30) Sections 476 through 488 of the Commercial Code.
- 31) Section 82 of the Commercial Code.
- 32) Section 100 of the Commercial Code.
- 33) Section 10 subsection 1 letter a) through d) of Act No. 431/2002 Coll., as amended by Act No. 198/2007 Coll.
- 34) Section 69 of Act No. 563/2009 Coll. on taxes (Tax Regulations) and amending and supplementing certain acts as amended by Act No. 331/2011 Coll.
- 35) Act No. 650/2004 Coll. on supplementary pension saving and on amendments to certain acts.
- 36) Sections 45 through 52 of Act No. 383/1997 Coll., as amended by Act No. 234/2000 Coll.
- 37) Section 842 of the Civil Code.
- 37a) Section 59 subsection 3 of the Commercial Code, as amended.
- 37aa) Act No. 578/2004 Coll., as amended.
- 37ab) Act No. 362/2011 Coll., on drugs and medical aids and amending and supplementing certain acts.
- 37ac) Act No. 577/2004 Coll., on the scope of health care cleared based on public health insurance, and on payments for services related to healthcare provision, as amended.
- 37ad) Section 22 subsection 5 Act No 250/2012 Coll. of the regulation in network industries.
- 38) Act No. 7/2005 Coll., as amended.
- 39) e.g. Act No. 36/2005 Coll. on the family and on amendments to certain acts as amended; Act No. 201/2008 Coll. on substitute maintenance payment and on amendments to Act No. 36/2005 Coll. on the family and on amendments to certain acts in the wording of finding of the Constitutional Court of the Slovak Republic No. 615/2006 Coll., as amended by Act No. 554/2008 Coll.
- 39a) Section 2 letter a) Act No. 601/2003 Coll. on the subsistence minimum and amending and supplementing certain acts.
- 40) Section 5 and Section 20 subsection 1 letter a) of Act No. 328/2002 Coll.

- 40a) Act No. 43/2004 Coll., as amended.
- 40b) Section 40 of Act No. 43/2004 Coll., as amended by Act No. 721/2004 Coll.
- 40c) Section 64a subsection 13 and Section 123a letter b) of Act No. 43/2004 Coll., as amended by Act No. 252/2012 Coll.
- 41) Act No. 599/2003 Coll. on assistance in material need and on amendments to certain acts.
- 42) Act No. 447/2008 Coll.  
Act No. 448/2008 Coll. on social services and on amendments to Act No. 455/1991 Coll. on licensed trade (the Trades Act) as amended,
- 43) e.g. Act No. 235/1998 on childbirth bonus and bonus to parents who have three or more children born at the same time or twins more than once in two years, amending certain acts, as amended; Act No. 238/1998 Coll. on funeral allowance as amended; Act No. 600/2003 Coll. on child benefit and on amendments to Act No. 461/2003 Coll. on social insurance as amended; Act No. 627/2005 Coll. on allowances to support substitute child care as amended; Act No. 571/2009 Coll. on parental allowance and on amendments to certain acts.
- 44) e.g. Act No. 98/1987 Coll. on special allowance for miners as amended; Act No. 305/2005 Coll. on social and legal protection of children and social custody and on amendments to certain acts as amended.
- 45) e.g. Act No. 385/2000 Coll., as amended; Act No. 154/2001 Coll., as amended by Act No. 669/2002 Coll.; Act No. 312/2001 Coll. on civil service and on amendments to certain acts, as amended; Act No. 315/2001 Coll. on fire and rescue service, as amended.
- 46) Act No. 5/2004 Coll. on employment services and on amendments to certain acts, as amended by Act No. 191/2004 Coll.
- 47) Act No. 570/2005 Coll. on national service and on amendments to certain acts, as amended.
- 49) e.g. Act No. 328/2002 Coll., as amended.
- 50) Section 50 of Act No. 314/2001 Coll. on the protection against fire.  
Section 30 of Act of the National Council of the Slovak Republic No. 42/1994 Coll. on civil protection of population.
- 50a) Section 3 subsection 2 of Act of the National Council of the Slovak Republic No. 42/1994 Coll., as amended.
- 51) e.g. Decree of the Ministry of Education, Youth and Physical Education No. 326/1990 Coll. on the provision of scholarship to university students, as amended.
- 51a) Section 12 subsections 2 and 3 of Act No. 184/2009 Coll. on vocational education and training and on amendments to certain acts.
- 52) Act No. 83/1990 Coll. on association of citizens, as amended.  
Act No. 34/2002 Coll. on foundations and amendments to the Civil Code, as amended.

- 53) Section 2 subsection 2 of Act No. 147/1997 Coll. on non-investment funds and on amendments to Act of the National Council of the Slovak Republic No. 207/1996 Coll. Section 2 subsection 2 of Act No. 213/1997 Coll. on non-profit organisations providing social welfare services, as amended by Act No. 35/2002 Coll.
- 54) e.g. Section 10 of Act of the Slovak National Council No. 310/1992 Coll. on home savings as amended.
- 55) Section 79 subsection 3 Act No 563/2009 Coll., as amended by Act. No 331/2011 Coll..
- 56) Act of the Slovak National Council No. 194/1990 Coll., as amended.
- 57) Section 115 of the Civil Code.
- 58) Act of the National Council of the Slovak Republic No. 118/1996 Coll. on the protection of bank deposits and on amendments to certain acts as amended.
- 59) Act No. 566/2001 Coll. on securities and investment services and on amendments to certain acts (the Act on Securities), as amended.
- 59a) Section 18 subsection 4 of Act No. 530/1990 Coll. on bonds, as amended.
- 59b) e.g. Section 141 of Act No. 50/1976 Coll., as amended.
- 59c) Section 13 subsection 2 of Act No. 184/2009 Coll.
- 59d) Section 29 subsection 11 letter a) indent two and three of Act No. 92/1991 Coll. on the conditions of transfer of state property to other persons, as amended.
- 59e) Section 38a, 39, 39c and 41 of the Act of the National Council of the Slovak Republic No. 171/1993 Coll. on the Police Force, as amended.
- 59f) Section 2 letter g) of Act No. 572/2004 Coll., on Emissions Quota Trading and amending and supplementing certain acts.
- 59g) Annex 1 Table A of Act No. 572/2004 Coll.
- 59h) Section 9 subsection 8 of Act No. 572/2004 Coll., as amended by Act No. 117/2007 Coll.
- 59i) Section 6 subsection 2 letter d) Act No. 406/2011 Coll. on Volunteering and amending and supplementing certain acts.
- 59j) Communication Federal Ministry of Fuel and Energy No. 59/1990 Coll. on the issue of return of deputed coal and wood.
- 59k) Section 4 subsection 9 and Section 5 subsection 6 of Act No. 406/2011 Coll.
- 59l) Act No. 406/2011 Coll.
- 60) Sections 149 through 151 of the Civil Code.
- 61) Sections 137 through 142 of the Civil Code.
- 62) Sections 829 through 841 of the Civil Code.
- 63) Section 10 of Act of the National Council of the Slovak Republic No. 181/1995 Coll.
- 63a) Section 3 subsection 2 of Act no. 571/2009 of Coll.
- 63b) Section 40 of Act no. 447/2008 Coll., as amended by Act No. 180/2011 of Coll.
- 63c) Section 33 of Act No. 5/2004 Coll., as amended.
- 63d) Section 9 of Act No. 5/2004 Coll., as amended.
- 63e) Section 2 subsection 3 of Act No. 447/2008 as amended.
- 64) e.g. Act No. 235/1998 Coll., as amended, Act No. 238/1998 Coll., as amended; Act No. 280/2002 Coll., as amended; Act No. 600/2003 Coll., as amended by Act No. 485/2004 Coll.
- 65) Section 19 Act No 650/2004 Coll., as amended.
- 66) Act No. 594/2003 Coll. on collective investment and on amendments to certain acts.
- 67) Section 2 subsection 1 of the Commercial Code.
- 68) Act No. 302/2001 Coll. on the self-government of higher territorial units (the Act on Self-Government Regions) as amended by Act No. 445/2001 Coll.  
Act No. 446/2001 Coll. on the property of higher territorial units.
- 69) e.g. Act of the National Council of the Slovak Republic No. 254/1994 Coll. on the State Fund for the Decommissioning of Nuclear Facilities and the Disposal of Spent Nuclear Fuel and Radioactive Waste, as amended; Act No. 607/2003 Coll. on the State Housing Development Fund.
- 70) Act No. 131/2002 Coll. on universities and on amendments to certain acts.

- 71) Art. 3 subsection 7 and 8 constitutional act No. 493/2011 Coll. on budget responsibility.
- 72) Act of the National Council of the Slovak Republic No. 566/1992 Coll. on the National Bank of Slovakia, as amended.
- 73) Section 27 of Act No. 92/1991 Coll. on the conditions of transfer of state property to other persons, as amended.
- 74) Act No. 523/2004 Coll. on budgetary rules in public administration and on amendments to certain acts, as amended.
- 74a) Section 17 of Act No. 291/2002 Coll. on the State Treasury and on amendments to certain acts.
- 74aa) Section 15 subsection 2 letter b) Act No. 581/2004 Coll., as amended.
- 74ab) Act No. 577/2004 Coll., as amended.
- 74b) Act No 203/2011 Coll. on collective investment.
- 75) Section 68 of the Commercial Code.
- 75a) Act of the National Council of the Slovak Republic No. 120/1993 Coll., as amended.
- 76) Section 8d) of Act No. 566/2001 Coll., as amended.
- 77) Section 8d) of Act No. 566/2001 Coll., as amended.
- 77a) Section 17a of Act No. 431/2002 Coll., as amended by Act No. 561/2004 Coll.
- 77b) Section 35 and 36 of Act No. 431/2002 Coll., as amended.
- 77c) Section 4 subsection 3 of Act No. 431/2002 Coll., as amended.
- 78) Section 21a of Act of the National Council of the Slovak Republic No. 289/1995 Coll., as amended by Act No. 511/2002 Coll.
- 78a) Section 369c of the Commercial Code, as amended by Act No. 9/2013 Coll.
- 79) e.g. Section 369 of the Commercial Code.
- 80) e.g. Sections 664 through 669 of the Civil Code.
- 80a) Act No. 213/1997 Coll., as amended.  
Act No. 523/2004 Coll., as amended.
- 80aa) Section 37 subsection 20 of Act No. 171/2005 Coll. Gambling and amending and supplementing certain acts as amended by Act No.374/2010 Coll.
- 80ab) Section 87a of Act No. 311/2001 Coll. of the Labor Code, as amended.
- 80b) Section 16 subsection 4 of Act No. 431/2002 Coll., as amended.
- 80c) Section 59 and 60 of the Commercial Code, as amended.
- 80d) Section 53c subsection1 letter a) Act No 563/2009 Coll., as amended by Act No. 435/2013 Coll.
- 80e) Section 53c subsection1 letter b) Act No. 563/2009 Coll., as amended by Act No. 435/2013 Coll.
- 81) Act No. 333/2011 Coll. on state administration authorities in the field of taxation, fees and customs.
- 82) Section 44 to 47 Act No. 563/2009 Coll., as amended by No. 331/2011 Coll..
  
- 82a) Act of the National Council of the Slovak Republic No. 270/1995 Coll. on the state language of the Slovak Republic, as amended.
- 83) e.g. Section 5 subsection 1 of Act of the National Council of the Slovak Republic No. 152/1994 Coll., as amended by Act of the National Council of the Slovak Republic No. 375/1996 Coll.
- 84) e.g. Act No. 44/1988 Coll. on protection and utilization of mineral resources. (The Mining Act), as amended; Act No. 314/2001 Coll., as amended by Act No. 438/2002 Coll., Act No. 414/2002 Coll. on economic mobilisation and on amendments to Act of the National Council of the Slovak Republic No. 274/1993 Coll. on the competencies of authorities in the matters of consumer protection, as amended.
- 85) e.g. Act No. 223/2001 Coll. on waste on amendments to certain acts as amended; Act No. 309/1991 Coll. on air protection against pollutants (the Act on Air), as amended.
- 86) Act of the National Council of the Slovak Republic No. 277/1994 Coll. on health care, as amended.  
Act of the National Council of the Slovak Republic No. 272/1994 Coll. on the protection of human health, as amended.
- 86a) e.g. Section 152 of the Labour Code.
- 86aa) Section 12 and 13 of Act No. 184/2009 Coll.

- 86ab) Act No. 597/2003 Coll. on the funding of elementary schools, secondary schools and school facilities, as amended.
- 87) Act No. 283/2002 Coll.
- 87a) Section 14 of Act No. 283/2002 Coll.
- 88) Act No. 566/2001 Coll., as amended.  
Act No. 385/1999 Coll., as amended.
- 88a) Section 23 of Act No. 142/2000 Coll. on metrology and on amendments to certain acts as amended by Act No. 431/2004 Coll.
- 89) The Labour Code.  
Act No. 283/2002 Coll., as amended.
- 90) Act No. 70/1998 Coll. on energy sector and on amendments to Act No. 455/1991 Coll. on licensed trade (the Trades Act) as amended.  
Act No. 442/2002 Coll. on public water supplies and public sewage systems and on amendments to Act No. 276/2001 Coll. on regulation in network industries.  
Act No. 135/1961 Coll. on roads (the Road Act), as amended.
- 90a) Section 2 of Act No. 582/2004 Coll. on local taxes and local fee for municipal wastes and minor construction wastes.
- 90b) Section 55f of Act No. 222/2004 Coll., as amended by Act No. 471/2009 Coll.
- 91) Sections 642 through 651 of the Commercial Code.
- 92) Section 144 and 208 of the Commercial Code.
- 93) Section 223 subsection 8 of the Commercial Code.
- 93a) Section 2 of Act No. 581/2004 Coll. on health insurance companies, healthcare supervision and on amendments to certain acts.

- 94) Act No. 483/2001 Coll. o banks and on amendments to certain acts, as amended.
- 95) Act No. 80/1997 Coll. o the Export-Import Bank of the Slovak Republic, as amended.
- 96) Section 801 of the Civil Code.
- 97) Act No. 80/1997 Coll., as amended.  
Act No. 381/2001 Coll. on compulsory contractual motor vehicle third party liability insurance and on amendments to certain acts, as amended.  
Act No. 95/2002 Coll. on insurance industry and on amendments to certain acts, as amended.
- 98) Act No. 326/2005 Coll. on forests.
- 99) Section 20 subsection 6 of Act No. 326/2005 Coll.
- 99a) Section 47 of Act No. 326/2005 Coll.
- 100) Act No. 44/1988 Coll., as amended.
- 101) Act No. 223/2001 Coll., as amended.
- 101a) Section 14 of Act No. 514/2008 Coll. on the disposal of mining industry waste and on amendments to certain acts.
- 102) Act No. 129/2010 Coll. on consumer credits and other credits and loans for consumers and on amendments to certain acts.
- 102a) Section 6 subsection 9 Act No. 581/2004 Coll., as amended.
- 103) e.g. Act No. 147/2001 Coll. on advertising and on amendments to certain acts, as amended by Act No. 23/2002 Coll.
- 104) Act No. 223/2001 Coll., as amended.  
Act of the National Council of the Slovak Republic No. 327/1996 Coll. on waste disposal fees, as amended
- 105) Ordinance of the Government of the Czechoslovak Socialist Republic No. 35/1979 Coll. on payments in water management, as amended.
- 106) Section 43a of Act No. 50/1976 Coll. on landscape planning and construction code (the Building Act), as amended. Measure of the Statistic Office of the Slovak Republic No. 128/2000 Coll., laying down the classification of structures.
- 107) Act No. 50/1976 Coll., as amended.
- 108) Act of the National Council of the Slovak Republic No. 162/1995 Coll. on the Land register and on the registration of titles and other rights to real estate (the Land Register Act), as amended.  
Decree of the Geodesy, Cartography and Cadastre Office of the Slovak Republic No. 79/1996 Coll. implementing the Act of the National Council of the Slovak Republic on the Land Register and on the registration of titles and other rights to real estate (the Land Register Act), as amended.
- 109) Act No. 44/1988 Coll., as amended.  
Act No. 223/2001 Coll., as amended.
- 111) Act No. 383/1997 Coll., as amended by Act No. 234/2000 Coll.
- 111a) Section 83 of Act No. 50/1976 Coll., as amended by Act No. 229/1997 Coll.
- 111b) Section 84 of Act No. 50/1976 Coll., as amended.
- 113) Section 2 of Act No. 49/2002 Coll. on the protection of the cultural heritage objects.
- 114) Act No. 115/1998 Coll. on museums and galleries and protection of items of museum and gallery value, as amended.
- 115) Section 553 of the Civil Code.
- 116) Section 659 of the Civil Code.
- 116a) Act of the National Council of the Slovak Republic No. 258/1993 Coll. on the Railways of the Slovak Republic, as amended.
- 117) Section 833 of the Civil Code.
- 118) Section 25(6) of Act No. 431/2002 Coll., as amended by Act No. 504/2009 Coll.
- 119) Regulation of the Ministry of Finance of the Slovak Republic No. 465/1991 Coll. on prices of structures, plots of land, perennial vegetation, payments for natural person' s right to use land and payments for temporary use of plots



of land, as amended.

- 120) Regulation (EC) No 451/2008 of the European Parliament and of the Council of April 23, 2008 establishing a new statistical classification of products by activity (CPA) and repealing Council Regulation (EEC) No 3696/93 (OJ L 145, June 4, 2008). Measure of the Statistical Office of the Slovak Republic No. 128/2000 Coll.
- 120a) Act No. 561/2007 Coll. on investment aid and on amendments to certain acts.
- 120b) Section 8 subsection 1 letter a) and b) Act No. 561/2007 Coll., as amended.
- 120c) Section 10 subsection 6 Act No. 561/2007 Coll., as amended by No. 70/2013 Coll.
- 120d) Act No. 185/2009 Coll. on research and development incentives and on amendments to Act No. 595/2003 Coll. on income tax, as amended.
- 120e) Commission Regulation (EC) No 800/2008 of August 6, 2008 declaring certain categories of aid compatible with the common market in application of Articles 87 and 88 of the Treaty (General block exemption Regulation) (OJ L 214, August 9, 2008).
- 120f) Section 7 subsection 7, 8 and 10 of Act No. 185/2009 Coll.
- 121) Section 24 subsection 3 of Act No. 431/2002 Coll., as amended.
- 122a) e.g. Vienna Convention on Diplomatic Relations (Decree of the Ministry of Foreign Affairs No. 157/1964 Coll.), Vienna Convention on Consular Relations (Decree of the Ministry of Foreign Affairs No. 32/1969 Coll.).
- 122aa) Section 35 of the Labour Code.
- 122b) Section 50a of Act No. 5/2004 Coll. on employment services and on amendments to certain acts, as amended by Act No. 139/2008 Coll.
- 122c) Section 223 of the Labour Code, as amended.
- 123) Act No. 663/2007 Coll. on the minimum wage, as amended.
- 125) Act No. 600/2003 Coll.
- 126) Section 79 Act No. 563/2009 Coll., as amended by Act No. 331/2011 Coll.
- 127) Section 155 Act No. 563/2009 Coll., as amended by Act No. 331/2011 Coll.
- 128) Act No. 563/2009 Coll. in the wording of Act No. 331/2011 Coll.
- 130) Section 37 of Act No. 380/1997 Coll., as amended by Act No. 563/2001 Coll.
- 131) e.g. Section 70 of Act No. 380/1997 Coll., as amended, Regulation of the Government of the Slovak Republic No. 336/2002 Coll., laying down details on the provision of foreign contribution.
- 132) Section 267 of Act No. 73/1998 Coll. on civil service of the Police Force members, the Slovak Intelligence Service Members, the Prison and Juridical Guard members and the Railway Police members.
- 132a) Section 35 and 35b of Act No. 511/1992 Coll., as amended.
- 133) Section 75 subsection 1 of the Commercial Code.
- 133a) Section 16 subsection 4 and Section 17 subsection 6 of Act No. 431/2002 Coll.
- 134) Section 3 subsection 6 and 7 of Act No. 431/2002 Coll.
- 134a) Section 47 subsection 1 of Act No. 43/2004 Coll. on old-age pension savings and on amendments to certain acts, as amended by Act No. 747/2004 Coll.
- 135) Act of the National Council of the Slovak Republic No. 182/1993 Coll., as amended.
- 135a) Section 2 subsection 1 and Section 8 of Act No. 212/1997 Coll. on mandatory periodic publications, non-periodical publications and copies of audiovisual works, as amended.
- 136) Section 45 of Act No. 383/1997 Coll.
- 136a) Section 61 subsection 1 and Section 75 subsection 1 of Act No. 594/2003 Coll., as amended.
- 136aa) Section 19 of Act No. 580/2004 Coll., as amended.
- 136ab) Section 7 Act No. 563/2009 Coll., as amended by Act No. 331/2011 Z. z.
- 136ac) Section 154 subsection 1 letter d) and Section 155 subsection 1 letter e) Act No. 563/2009 Coll., as amended by Act No. 331/2011 Coll.
- 136ad) Section 1 Act of the National Council of the Slovak Republic No. 13/1993 Coll. on artistic funds.
- 136ae) Section 7 Commercial Code as amended by Act No. 500/2001 Coll.

- 136af) Section 34 subsection 1 of Act No. 429/2002 Coll. on the Stock Exchange, as amended.
- 136bb) Section 6 subsection 4 of Act No. 479/2009 Coll.
- 136bc) Decree of the Statistical Office of the Slovak Republic No. 358/2011 Coll. laying down the publishing program of state statistical surveys for the years 2012 – 2014, as amended.
- 136bd) Section 55 of Act No. 5/2004 Coll., as amended.
- 136c) e.g. Section 66ba Act No. 455/1991 Coll. , as amended, Section 10 of Act No. 530/2003 Coll. on Commercial Register and on amendments to certain acts as amended.
- 136d) Section 2 subsection 1 and 2 of the Commercial Code.
- 136e) Section 45a subsection 2 and Section 66ba subsection 3 letter c) of Act No. 455/1991 Coll., as amended.
- 136f) Section 3 subsection 1 of Act No. 406/2011 Coll.
- 137) Act No. 83/1990 Coll., as amended.
- 138) Act No. 34/2002 Coll.
- 139) Act No. 147/1997 Coll.
- 140) Act No. 213/1997 Coll., as amended by Act No. 35/2002 Coll.
- 141) Section 6 subsection 1 letter h) and k) of Act No. 308/1991 Coll. on freedom of religious faith and on the status of the churches and religious communities.
- 142) Act No. 116/1985 Coll. on the operation of international organisations in the Czechoslovak Socialist Republic, as amended by Act No. 157/1989 Coll.
- 142a) Section 7 letter a) and b) of Act No. 172/2005 Coll. on the organisation of state support for research and development and on amendments to Act No. 575/2001 Coll. on organisation of the activities of the Government and organisation of the central public administration, as amended.
- 143) Act of the Slovak National Council No. 323/1992 Coll., as amended.
- 144) Section 10 of Act of the Slovak National Council No. 323/1992 Coll., as amended.

- 145) Act No. 211/2000 Coll. on free access to information and on amendments to certain acts (the Freedom of Information Act).
- 146) Section 31 of Act No. 523/2004 Coll., as amended.
- 146a) Section 35 and 35b of Act of the Slovak National Council No. 511/1992 Coll., as amended.
- 146aa) Act No. 147/2001 Coll., as amended.
- 146ab) Section 37 and 38 Act No. 563/2009 Coll., as amended by Act No. 331/2011 Coll.
- 146ac) Section 35a to 41c Act No. 502/2001 Coll. on financial control and internal audit and on the amendment to certain acts as amended.
- 146ad) Section 12 subsection 1 Act No. 572/2004 Coll.
- 146ae) Section 12 subsection 10 Act No. 572/2004 Coll.
- 146af) Section 17 subsection 2 letter c) Act No. 572/2004 Coll.
- 147) Act No. 231/1999 Coll. on state aid, as amended.
- 148) Act No. 385/2000 Coll., as amended.  
Act No. 154/2001 Coll., as amended by Act No. 669/2002 Coll.
- 149) Section 68 to 75 Act No. 581/2004 Coll.
- 150) Section 74 subsection 2 of Act No. 581/2004 Coll.
- 151) Section 10 of Act No. 530/1990 Coll., as amended.
- 152) Section 123ac Act No. 43/2004 Coll. as amended by Act No. 252/2012 Coll.
- 153) Section 14 through 17 Act No. 530/1990 Coll. as amended.
- 1) Council Decision 2005/356/ES of December 22, 2004 concerning the conclusion of the Agreement between the European Community and the Principality of Andorra providing for measures equivalent to those laid down in Council Directive 2003/48/EC on taxation of savings income in the form of interest payments (OJ L 114, May 4, 2005).
  - 2) Council Decision 2005/353/ES of December 22, 2004 concerning the conclusion of the Agreement between the European Community and the Principality of Liechtenstein providing for measures equivalent to those laid down in Council Directive 2003/48/EC on taxation of savings income in the form of interest payments (OJ L 112, May 3, 2005).
  - 3) Council Decision 2005/347/ES of December 22, 2004 concerning the conclusion of the Agreement between the European Community and the Principality of Monaco providing for measures equivalent to those laid down in Council Directive 2003/48/EC on taxation of savings income in the form of interest payments (OJ L 110, April 30, 2005).
  - 4) Council Decision 2005/357/ES of December 22, 2004 concerning the conclusion of the Agreement between the European Community and the Republic of San Marino providing for measures equivalent to those laid down in Council Directive 2003/48/EC on taxation of savings income in the form of interest payments (OJ L 114, May 4, 2005).
  - 5) Council Decision 2004/911/ES of June 2, 2004 on the signing and conclusion of the Agreement between the European Community and the Swiss Confederation providing for measures equivalent to those laid down in Council Directive 2003/48/EC on taxation of savings income in the form of interest payments and the accompanying Memorandum of Understanding (OJ L 385, December 29, 2004).