

Tax system in Slovakia

DOUBLE TAXATION AGREEMENTS

Double taxation agreements

The right to taxation in the event of sale of interests in property companies is subject to differing provisions. In accordance with the OECD Model Agreement, for those countries for which there is a “yes” in the real estate clause column the right to taxation in the case of share deals lies not with the country of residence of the vendor but with the country in which the property is situated.

Country	Date of entry into force	Real estate clause	Dividends %	Interest %	Licence %
Albania	01.04.2024	yes	5/8	10	8
Armenia	01.02.2017	yes	5/10	10	5
Austria	12.02.1979	no	10	0	0/5
Australia	22.12.1999	no	15	10	10
Azerbaijan	01.04.2024	yes	8/10	8	5/10
Belarus	05.07.2000	no	10/15	10	5/10
Belgium	13.06.2000	no	5/15	0/10	5
Bosnia and Herzegovina	17.04.1983	yes	5/15	0	10
Brazil	14.11.1990	no	15	10/15	15/25
Bulgaria	02.05.2001	yes	10	10	10
Canada	18.12.2001	yes	5/15	10	0/10

Country	Date of entry into force	Real estate clause	Dividends %	Interest %	Licence %
China	23.12.1987	no	10	10	10
Croatia	14.11.1996	no	5/10	10	10
Cyprus	30.12.1980	no	10	10	0/5
Czech Republic	14.07.2003	no	5/15	0	0/10
Denmark	27.12.1982	yes	15	0	0/5
Estonia	29.03.2006	yes	10	10	10
Ethiopia	26.02.2018	no	5/10	5	5
Finland	06.05.2000	yes	5/15	0	0/1/5/10
France	25.01.1975	yes	10	0	0/5

TPA Steuerberatung GmbH

Wiedner Guertel 13, Turm 24, 1100 Vienna

Tel.: +43 (1) 58835-0, Fax: +43 (1) 58835-500,

E-Mail: wien@tpa-group.at www.tpa-group.at, www.tpa-group.com,

Comm. Reg. No. 200423s Comm. Ct. Vienna, Corporate Domicile: Vienna, ATU50089103

Albania | Austria | Bulgaria | Croatia | Czech Republic | Hungary

Montenegro | Poland | Romania | Serbia | Slovakia | Slovenia

Country	Date of entry into force	Real estate clause	Dividends %	Interest %	Licence %
Georgia	29.07.2012	yes	0	5	5
Germany	17.11.1983	yes	5/15	0	5
Greece	23.05.1989	no	19	10	0/10
Hungary	21.12.1995	no	5/15	0	10
Iceland	19.06.2003	no	5/10	0	10
India	13.03.1987	yes	15/25	15	30
Indonesia	30.01.2001	yes	10	10	10/15
Iran	01.05.2018	yes	5	5	7.5
Ireland	30.12.1999	yes	0/10	0	0/10

Country	Date of entry into force	Real estate clause	Dividends %	Interest %	Licence %
Israel	23.05.2000	yes	5/10	5	5
Italy	26.06.1984	no	15	0	0/5
Japan	25.11.1978	no	10/15	10	0/10
Kazakhstan	28.07.2008	yes	10/15	10	10
Kyrgyzstan	01.03.2025	yes	5/10	10	10
Korea	08.07.2003	no	5/10	10	0/10
Kuwait	21.04.2014	yes	0	10	10
Latvia	12.06.2000	yes	10	10	10
Lithuania	16.12.2002	yes	10	10	10
Libya	21.06.2010	yes	0	10	5

Country	Date of entry into force	Real estate clause	Dividends %	Interest %	Licence %
Luxembourg	30.12.1992	no	5/15	0	0/10
Macedonia	27.04.2010	no	5	10	10
Malta	20.08.2000	yes	5	0	5
Malaysia	11.04.2016	yes	0/5	10	10
Mexico	28.09.2007	yes	0	10	10
Moldova	17.09.2006	yes	5/15	10	10
Montenegro	15.10.2001	no	5/15	0	10
Netherlands	05.11.1974	no	0/10	0	5
New Zealand	1.11.2024	yes	5/15	10	10
Nigeria	02.12.1990	no	12,5/15	15	10

TPA Steuerberatung GmbH

Wiedner Guertel 13, Turm 24, 1100 Vienna

Tel.: +43 (1) 58835-0, Fax: +43 (1) 58835-500,

E-Mail: wien@tpa-group.at www.tpa-group.at, www.tpa-group.com,

Comm. Reg. No. 200423s Comm. Ct. Vienna, Corporate Domicile: Vienna, ATU50089103

Albania | Austria | Bulgaria | Croatia | Czech Republic | Hungary

Montenegro | Poland | Romania | Serbia | Slovakia | Slovenia

Country	Date of entry into force	Real estate clause	Dividends %	Interest %	Licence %
Norway	28.12.1979	no	5/15	0	0/5
Oman	15.11.2021	yes	0	10	10
Poland	21.12.1995	yes	0/5	5	5
Portugal	02.11.2004	no	10/15	10	10
Romania	29.12.1995	no	10	10	10/15
Russia	01.05.1997	yes	10	0	10
Saudi Arabia	01.08.2024	no	5	10	10
Sweden	08.10.1980	yes	0/10	0	0/5
Switzerland	23.12.1997	no	0/15	5	0/10
Serbia	15.10.2001	yes	5/15	10	10

Country	Date of entry into force	Real estate clause	Dividends %	Interest %	Licence %
Singapore	12.06.2006	yes	5/10	0	10
Sri Lanka	19.06.1979	no	15	10	0/10
Slovenia	11.07.2004	yes	5/15	10	10
Spain	05.06.1981	yes	5/15	0	0/5
South Africa	30.06.1999	no	5/15	0	10
Syria	27.02.2010	no	5	10	12
Taiwan	24.09.2011	yes	10	10	5/10
Tunisia	25.10.1991	no	10/15	12	5/15
Turkey	02.12.1999	no	5/10	10	10

Country	Date of entry into force	Real estate clause	Dividends %	Interest %	Licence %
Turkmenistan	26.06.1998	yes	10	10	10
Ukraine	22.11.1996	yes	10	10	10
United Arab Emirates	01.04.2017	yes	0	10	10
United Kingdom	20.12.1991	no	5/15	0	0/10
USA	30.12.1993	yes	5/15	0	0/10
Uzbekistan	17.10.2003	yes	10	10	10
Vietnam	29.07.2009	yes	5/10	10	5/10/15

Status as at March 26th, 2025, according to information stated on the website of the Slovak Ministry of Finance.

GENERAL MANAGERS

Civil law

Service agreement, possibly contract of employment, etc.

TPA Steuerberatung GmbH

Wiedner Guertel 13, Turm 24, 1100 Vienna

Tel.: +43 (1) 58835-0, Fax: +43 (1) 58835-500,

E-Mail: wien@tpa-group.at www.tpa-group.at, www.tpa-group.com,

Comm. Reg. No. 200423s Comm. Ct. Vienna, Corporate Domicile: Vienna, ATU50089103

Albania | Austria | Bulgaria | Croatia | Czech Republic | Hungary

Montenegro | Poland | Romania | Serbia | Slovakia | Slovenia

Social insurance

Employee

Sickness insurance: 1.4 % employee, 1.4 % employer
Retirement insurance: 4 % employee, 14 % employer
Disability insurance: 3 % each for employee and employer
Reserve fund: 4.75 % for employer
Unemployment insurance: 1 % each for employee and employer

Income tax

Employee: 19 % and 25 % income tax; tax rate of 25 %, which is applicable to the tax base which exceeds 176.8 times the subsistence minimum (for 2025: tax base exceeding approx. EUR 48,441.43 per year), ie this applies if the gross income exceeds approx. EUR 55,937 per year or approx. EUR 4,661.41 per month.

VAT

Employee: no VAT
Self-employed: VAT, if threshold exceeded

Work permit

Work permit is not required for EU and EEA country nationals but obligatory for Third country nationals. Both, EU and EEA country nationals and Third country nationals are obliged to inform Central Office of Labour, Social Affairs and Family by special paper form of their work activities in Slovakia up to 7 working days from the start of their work activities. Registration is the responsibility of the employer.

Residence permit / Settlement permit

Citizens of EU and EEA countries must register their and their family members' stay within 10 days of arrival (other nationals, within 3 days). The registration is processed with the Slovak foreign police. No residence permits are required for citizens of EU countries, but persons may apply for residence permits for stays lasting longer than three months.

Liability

Personal liability for negligence in the execution of duties

Minimum remuneration

Under the Slovak Commercial Code general managers are permitted to carry out their duties without remuneration.

SOCIAL INSURANCE AND NON-WAGE LABOR COST

Social insurance

Distinction between health insurance (provides services) and social insurance (provides cash benefits); for all employees

Contribution rates and maximum contributions

Since 1.1.2017 there is no cap for monthly contribution to health insurance.

TPA Steuerberatung GmbH

Wiedner Guertel 13, Turm 24, 1100 Vienna
Tel.: +43 (1) 58835-0, Fax: +43 (1) 58835-500,
E-Mail: wien@tpa-group.at www.tpa-group.at, www.tpa-group.com,
Comm. Reg. No. 200423s Comm. Ct. Vienna, Corporate Domicile: Vienna, ATU50089103
Albania | Austria | Bulgaria | Croatia | Czech Republic | Hungary
Montenegro | Poland | Romania | Serbia | Slovakia | Slovenia

Monthly assessment cap for sickness insurance and guarantee fund: EUR 15,730

Monthly assessment cap for retirement, invalidity and unemployment insurance and the reserve fund: EUR 15,730

No contribution cap for accident insurance

Self-employed persons

Health insurance

15 % (7,5 % for disabled persons), 10 % (5% for disabled persons) of dividends from profits earned for the years from 2011 till 2012. 14 % of dividends from profits earned for the years from 2013 till 2016

Pension insurance

N/A

Obligatory pension fund

N/A

Accident insurance

N/A

Maximum contribution

Total contributions amount to 48.15 % (50.15 %).

Employed persons

Health and accident insurance

Health:

4 % (2 % for disabled persons) employee, 11 % (5,5 % for disabled persons) employer.

10 % (5 % for disabled persons) of dividends

from profits earned for the years from 2011 till 2012, 14 % of dividends from profits earned for the years from 2013 till 2016

Accident insurance:

0.8 % employer

Pension insurance

N/A

Maximum contribution

N/A

Others

N/A

Severance fund

N/A

Non-wage labor cost

N/A

TPA Steuerberatung GmbH

Wiedner Guertel 13, Turm 24, 1100 Vienna

Tel.: +43 (1) 58835-0, Fax: +43 (1) 58835-500,

E-Mail: wien@tpa-group.at www.tpa-group.at, www.tpa-group.com,

Comm. Reg. No. 200423s Comm. Ct. Vienna, Corporate Domicile: Vienna, ATU50089103

Albania | Austria | Bulgaria | Croatia | Czech Republic | Hungary

Montenegro | Poland | Romania | Serbia | Slovakia | Slovenia

IMMOVABLE PROPERTY

Tax depreciation

Straight-line

straight-line only

Assets are assigned to one of the three asset depreciation categories (Group 4, Group 5 or Group 6).

Depreciation spread over 12, 20 or 40 years

Additional

Not available

Depreciation categories

Land

No depreciation

Buildings

Office buildings, hotels, museums, etc.: 40 years

Factories, engineering buildings: 20 years

Pre-fabricated buildings, etc.: 12 years

Tax base for buildings

N/A

Special depreciation

In case immovable property is rented, depreciation is limited by revenue from the rent.

Write-ups

Not allowable

Real estate income tax

Not applicable in Slovakia, there is an Immoveable property tax.

Object of taxation

N/A

Tax rate

N/A

TPA Steuerberatung GmbH

Wiedner Guertel 13, Turm 24, 1100 Vienna

Tel.: +43 (1) 58835-0, Fax: +43 (1) 58835-500,

E-Mail: wien@tpa-group.at www.tpa-group.at, www.tpa-group.com,

Comm. Reg. No. 200423s Comm. Ct. Vienna, Corporate Domicile: Vienna, ATU50089103

Albania | Austria | Bulgaria | Croatia | Czech Republic | Hungary

Montenegro | Poland | Romania | Serbia | Slovakia | Slovenia

Tax collection

N/A

Exemptions

N/A

Property transfer tax

Not applicable in Slovakia.

Object of taxation

N/A

Basis of assessment

N/A

Tax rate

N/A

Property-related taxes

Property tax

Objects of taxation

Domestic land, buildings and apartments and rooms not used as apartments.

Basis of assessment: land - Value of the land per square meter, times its area

Basis of assessment: building - m2 of developed area

Residential property and non-residential areas: m2 of the area

Tax rate: Land: 0.25 % on the basis of assessment

Buildings: EUR 0.033/m2 of developed area

Apartments and non-residential premises: EUR 0.033/m2 of floor space

The legislation sets out the framework for taxation only: details determined by individual municipalities annually

In the case of buildings, basements are also subject to taxation

Real estate funds

Act No. 203/2011 Coll. governing collective investment and investment funds

Special real estate funds are expected to invest their assets primarily in properties and interests in property companies.

Object of taxation: income of property management company managing real estate funds

Investors are only taxed on disposal of their fund units

Withholding tax on income from securities in the property holding company

TPA Steuerberatung GmbH

Wiedner Guertel 13, Turm 24, 1100 Vienna

Tel.: +43 (1) 58835-0, Fax: +43 (1) 58835-500,

E-Mail: wien@tpa-group.at www.tpa-group.at, www.tpa-group.com,

Comm. Reg. No. 200423s Comm. Ct. Vienna, Corporate Domicile: Vienna, ATU50089103

Albania | Austria | Bulgaria | Croatia | Czech Republic | Hungary

Montenegro | Poland | Romania | Serbia | Slovakia | Slovenia

Owner of the fund assets

N/A

Annual valuation

N/A

Borrowing

N/A

Diversification of risk

N/A

Tax liability

N/A

TAX CONCESSIONS

Direct

N/A

Indirect

Income tax concessions, e.g.

N/A

Tax credits

Family Bonus Plus:

N/A

Children Surplus:

N/A

Sole earner deduction pa.:

N/A

Single parent deduction pa.:

N/A

Child deduction:

Monthly child allowance, EUR 140 per child. up to 18 years of child's age; monthly child allowance EUR 50 for children older than 18 until the children are supported. The child allowance is further limited by the amount of tax base from employment and business income of the recipient of the child allowance.

TPA Steuerberatung GmbH

Wiedner Guertel 13, Turm 24, 1100 Vienna

Tel.: +43 (1) 58835-0, Fax: +43 (1) 58835-500,

E-Mail: wien@tpa-group.at www.tpa-group.at, www.tpa-group.com,

Comm. Reg. No. 200423s Comm. Ct. Vienna, Corporate Domicile: Vienna, ATU50089103

Albania | Austria | Bulgaria | Croatia | Czech Republic | Hungary

Montenegro | Poland | Romania | Serbia | Slovakia | Slovenia

Alimony deduction:

N/A

If in employment / pension income p.a.:

Taxpayer's annual personal allowance between EUR 5,646.48 and EUR 0, tapering to nil since 1 January 2007. The personal allowance can only be used for the taxpayer's so-called "active incomes" (from employment and self-employment).

Taxpayer's annual spouse allowance:

between EUR 5,162.50 and EUR 0. The spouse allowances can only be used for the taxpayer's so-called "active incomes" (from employment and self-employment).

Additional conditions have to be fulfilled, e.g.:

- spouse has to live with the taxpayer in the common household and is taking care of a child, or
- spouse is unemployed, or
- spouse is disabled

Contributions to supplementary pension fund and the Pan-European Personal Pension Product (PEPP) as tax- payer's annual allowance up to EUR 180, if new contract or amendment to old contract on supplementary pension savings is concluded after 31 December 2013.

Allowances and exemptions

Profit allowance:

Profit from the sale of options and shares up to EUR 500 annually, is exempt from tax except for income from the sale of shares acquired after 31.12.2023 which were:

- employee shares or shares provided by the company to its supplier (individual) received as a benefit in kind which were exempt from tax at their acquisition since they met specific statutory conditions for tax exemption; or
- business assets of the taxpayer.

Investment allowance:

Tax exemption for income from the sale of securities that are admitted to trading on a regulated market or on a similar foreign regulated market, after 1 year from their acquisition.

This exemption does not apply to the sale of shares acquired after 31.12.2023 as employee shares or shares provided by the company to its supplier (individual) received as a benefit in kind which were exempt from tax at their acquisition since they met specific statutory conditions for tax exemption.

Government subsidies

Forms of investment aid:

- Grants for the acquisition of property and intangible assets
- Income tax and corporate income tax concessions
- Subsidies for new jobs
- Subsidies for real estate acquisition or exchange by public authorities (e.g., the State, municipalities)

TPA Steuerberatung GmbH

Wiedner Guertel 13, Turm 24, 1100 Vienna

Tel.: +43 (1) 58835-0, Fax: +43 (1) 58835-500,

E-Mail: wien@tpa-group.at www.tpa-group.at, www.tpa-group.com,

Comm. Reg. No. 200423s Comm. Ct. Vienna, Corporate Domicile: Vienna, ATU50089103

Albania | Austria | Bulgaria | Croatia | Czech Republic | Hungary

Montenegro | Poland | Romania | Serbia | Slovakia | Slovenia

FILING DATES AND DEADLINES

Annual tax returns

Corporate income tax return to be filed by 31 March of the following year (extension until 30 June possible if announced in writing, and until 30 September for income derived from foreign sources).

In case of a financial year other than the calendar year, within 3 months of the end of the financial year (extension by further 3 months possible if announced in writing, for income derived from foreign sources by 6 months).

For taxpayers in bankruptcy or liquidation, extension by a maximum of 3 months can be granted upon written application filed no later than 15 days prior to the deadline for the filing of the tax return.

Personal income tax return to be filed by 31 March of the following year (extension until 30 June possible if announced in writing, and until 30 September for income derived from foreign sources).

For taxpayers in bankruptcy an extension by a maximum of 3 months is possible upon written application filed not later than 15 days prior to the deadline for the filing of the tax return.

VAT interim returns

Monthly, quarterly if two criteria are met:

- being registered for VAT purposes for at least 12 months
- turnover for the previous 12 months below EUR 100,000

VAT interim returns must be submitted by 25th day of the following calendar month.

European Sales Listing

Monthly; quarterly if value of goods delivered to another EU member state in respective and also in four previous calendar quarters did not exceed EUR 50,000.

The European Sales List must be submitted by 25th day of the following calendar month.

VAT Control Report

Monthly; quarterly (based on the VAT taxation period) together with the VAT return. The VAT Control Report must be submitted by 25th day of the following calendar month.

INCOME TAXES

Tax rate

Tax rate of 19 %; tax rate of 25 % applicable to the tax base which exceeds 176.8 times the subsistence minimum (for 2025: tax base exceeding EUR 48,441.43 per year), i.e. this applies if the gross income exceeds approx. EUR 55,937 per year or approx. EUR 4,661.41 per month; tax rate of 15% applicable to entrepreneurs with taxable income (revenues) not exceeding the amount of EUR 100,000; tax rate of 7 % on dividends (dividends received from SK companies or contracting states from profit generated for tax periods from 2017 to 2023 and from profit generated for tax periods started from January 1, 2025), tax rate of 10% on dividends (dividends received from SK companies or contracting states from profit generated for tax period 2024) or 35 % on dividends (dividends received from non-contracting states). Separate tax rate of 19% on certain types of capital income.

TPA Steuerberatung GmbH

Wiedner Guertel 13, Turm 24, 1100 Vienna

Tel.: +43 (1) 58835-0, Fax: +43 (1) 58835-500,

E-Mail: wien@tpa-group.at www.tpa-group.at, www.tpa-group.com,

Comm. Reg. No. 200423s Comm. Ct. Vienna, Corporate Domicile: Vienna, ATU50089103

Albania | Austria | Bulgaria | Croatia | Czech Republic | Hungary

Montenegro | Poland | Romania | Serbia | Slovakia | Slovenia

Special tax rates

N/A

Tax liability

Unlimited

Natural persons, with their residence (other than occasional accommodation available) or their habitual abode in Slovakia, on worldwide income (except as provided under applicable DTA)

Limited

Natural persons, who have neither their residence nor their habitual abode in Slovakia, or who is considered as tax resident according to DTA in another contracting state, on Slovak sourced income

Tax assessment period

Calendar year

Income categories

Income from

1. Employment
2. Self employment (including income from rental and leasing, and agriculture and forestry)
3. The special tax base from capital assets
4. Other income (sale of shares, sales of securities, sale of immovable properties, cryptocurrency income, etc.)

Accounting

Double or single-entry bookkeeping

Simplified tax records possible

Loss set-offs

Losses may be set off only within and between business and self-employment income categories

Loss carryback

N/A

Loss carryforward

Unlimited as to time for business income and self-employment income, provided loss calculated on the basis of generally accepted accounting practices.

no carryforward / set-off restrictions

TPA Steuerberatung GmbH

Wiedner Guertel 13, Turm 24, 1100 Vienna

Tel.: +43 (1) 58835-0, Fax: +43 (1) 58835-500,

E-Mail: wien@tpa-group.at www.tpa-group.at, www.tpa-group.com,

Comm. Reg. No. 200423s Comm. Ct. Vienna, Corporate Domicile: Vienna, ATU50089103

Albania | Austria | Bulgaria | Croatia | Czech Republic | Hungary

Montenegro | Poland | Romania | Serbia | Slovakia | Slovenia

Operating expenses

Expenses incurred to procure, secure or maintain business taxable income, and recorded in the tax-payer's books and records; expenses with character of personal consumption spent also for private purposes tax-deductible to a limited level, either in form of fixed expenses of 80 % or at documented level

Tax allowable expenses

None except for statutory social insurance

Lump sum option

Taxpayers with income from business and self-employment income categories, use of the work of art and art performance: flat rate deduction of 60 % for business expenses is possible, however, only up to the amount of EUR 20,000 per year

Only if not registered for VAT or registered only part of the taxation period

Motor vehicles

Depreciation over 2 (electric cars) or 4 years

Acquisition cost: EUR 48,000 – restriction for tax depreciation

Social insurance

deductible

Withholding tax

As a general principle, a DTA can provide for a lower rate of taxation, and relief at the level of beneficial owner of the income is generally by applying (i) credit of tax withheld abroad or (ii) tax exemption of income already taxed abroad. Evidence of tax residence and beneficial ownership required.

Interest

19 % or applicable DTA

Royalties

19 % or applicable DTA

Dividends

Tax rate of 7 % is applicable when dividends are distributed from Slovak entities from profit generated for tax periods from 2017 to 2023 / tax rate of 10 % is applicable for tax period 2024/ tax rate of 7 % is applicable on dividends from profit generated for tax periods starting from January 1, 2025 or applicable DTA rate applies. Tax rate of 35% applies when dividends are distributed to non-contracting states or when beneficial owner of the dividend income cannot be proved.

The above applies to dividends from profits generated since 2017 (for prior years, specific rules apply).

TPA Steuerberatung GmbH

Wiedner Guertel 13, Turm 24, 1100 Vienna

Tel.: +43 (1) 58835-0, Fax: +43 (1) 58835-500,

E-Mail: wien@tpa-group.at www.tpa-group.at, www.tpa-group.com,

Comm. Reg. No. 200423s Comm. Ct. Vienna, Corporate Domicile: Vienna, ATU50089103

Albania | Austria | Bulgaria | Croatia | Czech Republic | Hungary

Montenegro | Poland | Romania | Serbia | Slovakia | Slovenia

MERGERS & ACQUISITIONS

Financing

Financial assistance by the subsidiary

Besides general transfer pricing restrictions, thin capitalisation restrictions and interest limitation rules (see section "EU interest barrier" below), no specific rules apply.

Subordinate debt (mezzanine capital)

The use of subordinated debt is allowed.

Interest expenses for acquisition financing

Interest expense on a loan used for acquisition of shares is considered as tax deductible in the taxable period, in which shares are sold, provided that the income from sale of shares will not be exempted from tax. Exception in case of brokers.

Interest expense on subordinate debt

Besides general transfer pricing restrictions, thin capitalisation restrictions and interest limitation rules (see section "EU interest barrier" below), at present no specific tax regulations for subordinate debt (mezzanine capital) exist in Slovakia.

EU interest barrier

New rules limiting the amount of tax deductible interest expense ("interest limitation rules") apply in Slovakia in case of loan contracts or amendments to already existing contracts concluded as of 2024. Interest limitation rules shall have priority to thin capitalisation restrictions and have been incorporated in Slovakia based on the EU ATAD.

Based on these rules, if the amount of net interest costs is higher than EUR 3,000,000, the tax base should be increased by the amount by which the net interest costs exceed 30% of the tax base increased by net interest costs and tax depreciation.

Net interest costs mean the amount by which tax-deductible interest expenses exceed taxable interest income in the relevant tax period. Interest expense treated as tax non-deductible due to interest limitation rules can decrease the tax base during subsequent 5 tax periods provided interest limitation rules are met in those periods.

Interest limitation rules will not apply to financial institutions and entities related parties of which are individuals only.

Squeeze-out options

Buy-out of minority shareholders (squeeze-out)

It is possible to squeeze out minority shareholders on condition that the majority shareholder owns a minimum of 95 % of both registered capital and voting rights in the company. This applies only to companies whose shares are listed on the regulated stock exchange.

Capital gains - corporations and partnerships

Sale of shares in a joint stock corporation

Exempted from tax where at least 10% of shares are directly held for more than 24 months after date of acquisition.

Company selling the shares fulfils significant functions in Slovakia, manages and carries the risk related to the ownership of the shares, enough personal and material resources are available for these functions.

TPA Steuerberatung GmbH

Wiedner Guertel 13, Turm 24, 1100 Vienna

Tel.: +43 (1) 58835-0, Fax: +43 (1) 58835-500,

E-Mail: wien@tpa-group.at www.tpa-group.at, www.tpa-group.com,

Comm. Reg. No. 200423s Comm. Ct. Vienna, Corporate Domicile: Vienna, ATU50089103

Albania | Austria | Bulgaria | Croatia | Czech Republic | Hungary

Montenegro | Poland | Romania | Serbia | Slovakia | Slovenia

Sale of shares in a limited liability company

Exempted from tax where at least 10% of shares are directly held for more than 24 months after date of acquisition.

Company selling the shares fulfils significant functions in Slovakia, manages and carries the risk related to the ownership of the shares, enough personal and material resources are available for these functions.

Sale of interest in a partnership

The direct sale of an ownership interest in a limited or general partnership is not possible legally. It is usually effected by retirement of an existing partner and entry of a new partner. The gain on such a transaction is subject to tax.

International participation exemption

No exemption for capital gains.

Sale of business**Definition**

The sale of a business (enterprise) as a whole or part of a business as a going concern is possible.

The gain/ loss from the sale of business is taxable/ tax deductible in the tax period in which the contract on sale of business becomes effective.

Valuation

Assets and liabilities transferred are valued in the financial accounts of the purchaser at fair value (substantiated by expert opinion). For tax purposes, acquired assets and liabilities are also valued at fair value.

Goodwill

The positive difference between acquisition price and fair value of the acquired assets and liabilities represents goodwill.

Mergers and demergers**Types of mergers described by commercial law**

Merger, acquisition or demerger ("(de)-merger") - full de-merger, partial de-merger

Valuation

In case of a (de)-merger (winding-up without liquidation), the legal successor records assets and liabilities at fair value (exception in case of special cases of cross-borders mergers where also historical value might be applicable for tax purposes).

Valuation in financial accounting

On the date of a (de)-merger (winding-up without liquidation), the difference between net book values of assets and liabilities and their fair values determined by the market price, qualified estimate, or expert opinion, shall be posted to the respective accounts of assets and liabilities with a counter-entry to specific equity account ("revaluation differences").

A remaining difference is to be recognized as goodwill, with a counter-entry to the account gains or losses from revaluation upon mergers, takeovers and splits.

Goodwill amortization

Goodwill may be created in specific circumstances (down-stream merger) and amortised for financial accounting purposes. Goodwill or badwill must be allocated in the tax base over a maximum of 7 years and at least 1/7 annually. However, under certain circumstances the allocation must be ended prematurely, e.g. in case of sale of the acquired business.

TPA Steuerberatung GmbH

Wiedner Guertel 13, Turm 24, 1100 Vienna

Tel.: +43 (1) 58835-0, Fax: +43 (1) 58835-500,

E-Mail: wien@tpa-group.at www.tpa-group.at, www.tpa-group.com,

Comm. Reg. No. 200423s Comm. Ct. Vienna, Corporate Domicile: Vienna, ATU50089103

Albania | Austria | Bulgaria | Croatia | Czech Republic | Hungary

Montenegro | Poland | Romania | Serbia | Slovakia | Slovenia

Tax treatment of revaluation

The revaluation difference resulting from valuation at fair value may be considered in the taxable base either fully in the year of the merger or allocated in the taxable base over a maximum of 7 consecutive years. However, under certain circumstances the allocation must be ended prematurely, e.g. in case of a share capital increase, a dividend distribution or if over 50 % of the asset from which the revaluation difference originates is sold. If revaluation difference is included in the taxable base fully in the year of the merger, the amortisation can be continued using the increased acquisition cost (i.e. fair value at merger) and does not have to be restarted.

Contributions (transfer of assets into the capital of a company)

Contributions in kind

Only such property may be contributed in kind whose economic value can be determined by an official appraiser.

Tax treatment

Assets acquired via contributions of (part of a) business as a going concern are recorded at fair value.

Individual assets acquired via contributions are recorded at value recognised for contribution.

(Exception in case of special cases of cross-borders contributions where also historical value might be applicable for tax purposes).

The entity that is contributing the business or individual assets accounts into its revenues/ costs for positive/ negative difference between (i) the value recognised for contribution and (ii) net book value of contributed assets ("difference at contribution").

The entity acquiring the business via contribution accounts for goodwill/ badwill being the positive/ negative difference between (i) the value recognised for contribution and (ii) fair value of acquired assets.

The difference at contribution as well as goodwill/ badwill can either be fully considered in the taxable base in the year of the contribution, or can be allocated in the taxable base over a maximum of 7 consecutive years (at least 1/7 annually). Under certain circumstances, however, the allocation must be ended prematurely, e.g. with respect to difference at contribution, in case of a sale of over 50 % of the value of the asset(s) acquired through the contribution. If difference at contribution is fully included in the taxable base in the year of the contribution, the amortisation can be continued using the increased acquisition cost (i.e. fair value at contribution) and does not have to be restarted.

Goodwill amortisation

For financial accounting purposes, goodwill may be amortised.

Goodwill or badwill has to be considered in the taxable base allocated of a maximum of 7 years and at least 1/7 annually. For more information, please see section above.

TYPES OF ORGANISATIONS

Types of organisation

TPA Steuerberatung GmbH

Wiedner Guertel 13, Turm 24, 1100 Vienna

Tel.: +43 (1) 58835-0, Fax: +43 (1) 58835-500,

E-Mail: wien@tpa-group.at www.tpa-group.at, www.tpa-group.com,

Comm. Reg. No. 200423s Comm. Ct. Vienna, Corporate Domicile: Vienna, ATU50089103

Albania | Austria | Bulgaria | Croatia | Czech Republic | Hungary

Montenegro | Poland | Romania | Serbia | Slovakia | Slovenia

	<i>Name in local language</i>	<i>Registrable in commercial register / legal entity</i>	<i>Minimum capital</i>	<i>Sole-shareholder company</i>
Limited liability company	spoločnosť s ručením obmedzeným (s.r.o.)	yes	EUR 5,000, EUR 750 per shareholder	yes
Stock company	akciová spoločnosť (a.s.)	yes	EUR 25,000	yes (if corporation), at least two in case of individuals
Simple stock company	jednoduchá spoločnosť na akcie (j.s.a.)	yes	EUR 1	yes
Cooperative (with limited liability)	družstvo	yes	EUR 1,250	no
General partnership	verejná obchodná spoločnosť (v.o.s.)	yes	no	no
Limited partnership	komanditná spoločnosť (k.s.)	yes	no EUR 250 per limited partner	no
Registered branch office	organizačná zložka	optional	no	-
Permanent establishment	stála prevádzkareň	no	no	-

	<i>Capital tax / registration fees</i>	<i>Written form / notarisation</i>	<i>Tax transparency</i>	<i>Registration with tax authorities</i>	<i>Statutory audit (revenues more than EUR 8,000,000, total assets more than EUR 4,000,000, avg. number of employees more than 50)</i>
Limited liability company	no / registration in commercial register - EUR 150	yes / yes	no	yes	if at least two of the thresholds are exceeded in two consecutive accounting periods
Stock company	no / registration in commercial register - EUR 375	yes / yes	no	yes	if at least two of the thresholds are exceeded in two consecutive accounting periods
Simple stock company	no / registration in commercial register - EUR 150	yes / yes	no	yes	if at least two of the thresholds are exceeded in two consecutive accounting periods
Cooperative (with limited liability)	no / registration in commercial register - EUR 150	yes / yes	no	yes	if at least two of the thresholds are exceeded in two consecutive accounting periods
General partnership	no / registration in commercial register - EUR 150	yes / yes	yes	yes	if at least two of the thresholds are exceeded in two consecutive accounting periods
Limited partnership	no / registration in commercial register - EUR 150	yes / yes	general partner, yes / limited partner, no	yes	if at least two of the thresholds are exceeded in two consecutive accounting periods
Registered branch office	no / registration in commercial register - EUR 150	yes / yes	no	yes	as part of any audit of the parent company
Permanent establishment	no / no	-	no	yes	as part of any audit of the parent company

TPA Steuerberatung GmbH

Wiedner Guertel 13, Turm 24, 1100 Vienna

Tel.: +43 (1) 58835-0, Fax: +43 (1) 58835-500,

E-Mail: wien@tpa-group.at www.tpa-group.at, www.tpa-group.com,

Comm. Reg. No. 200423s Comm. Ct. Vienna, Corporate Domicile: Vienna, ATU50089103

Albania | Austria | Bulgaria | Croatia | Czech Republic | Hungary

Montenegro | Poland | Romania | Serbia | Slovakia | Slovenia

OTHER TAXES

Business tax

N/A

Wealth tax

N/A

Inheritance and gift tax

N/A

Property transfer tax

N/A

Capital duties and fees

Contract duties

N/A

Registration fees

N/A

Capital duty

N/A

Transaction tax

The new financial transaction tax will come into force from 1 January 2025. The first tax period for which the tax will be levied will be April 2025.

The taxpayer will be any individual – entrepreneur, legal entity and organisational unit (branch office) of a foreign person, that utilises services of a payment services provider, has its seat/ place of business in Slovakia, has a bank account in Slovakia or provides activities in Slovakia.

The amount of the tax rate depending on the subject of the tax is as follows:

- for performed financial transactions, 0.4% of the amount of the financial transaction, with a maximum tax of EUR 40 per transaction;
- for cash withdrawals from a transaction account, 0.8% of the amount withdrawn;
- EUR 2 for using a payment card at least once per calendar year;
- for recharging costs in connection with the execution of financial transactions relating to the activity in Slovakia, 0.4% of the amount of the recharged costs (with a maximum tax of EUR 40 per transaction if provably proved).

The tax period is the calendar month and, if the subject of the tax is the use of a payment card, the tax period is the year in which the payment card was used.

TPA Steuerberatung GmbH

Wiedner Guertel 13, Turm 24, 1100 Vienna

Tel.: +43 (1) 58835-0, Fax: +43 (1) 58835-500,

E-Mail: wien@tpa-group.at www.tpa-group.at, www.tpa-group.com,

Comm. Reg. No. 200423s Comm. Ct. Vienna, Corporate Domicile: Vienna, ATU50089103

Albania | Austria | Bulgaria | Croatia | Czech Republic | Hungary

Montenegro | Poland | Romania | Serbia | Slovakia | Slovenia

Tax on sweetened soft drinks

Effective from 1 January 2025 a new indirect tax on sweetened soft drinks will come into force. The tax will apply to soft drinks sweetened with sugar or any other sweeteners including sweetened bottled water, flavoured drinks, ice teas, juices, non-alcoholic beer and wine with an alcohol content of up to 0.5%, and drinks with a high caffeine content, such as energy drinks.

The tax liability arises on the date of the first supply of the drink in Slovakia as of 1 January 2025. However, if the supplied drinks are acquired from abroad, the taxpayer may decide whether to apply the origination of the tax liability on the date of the first supply of the drink in Slovakia or on the date of acquisition of the drink from abroad (in this case, the taxpayer is obliged to apply the chosen procedure for a period of two calendar years).

The basis for the tax calculation will be the quantity of the beverage expressed in litres (or kilograms).

VAT

Tax rates

Standard rate: 23 %

Reduced rate 19 %, e.g. food items which are not subject to the super reduced VAT rate of 5%, electricity and restaurant; catering services (this applies only to the serving of beverages with the exception of alcoholic beverages with an alcohol content of more than 0.5% by volume, which are subject to the standard VAT rate), etc.

Super reduced rate of 5 % e.g. basic food items (meat, bread, butter, milk, fruit, vegetables, etc.), medicines and pharmaceuticals, magazines, printed and online books, accommodation services, restaurant; catering services (for the serving of meals only), admission to sport events and fitness centers etc., and delivery or renovation of a building including the construction land, which meets the conditions for the construction of state-supported rental housing.

Supply of goods

Supply of goods and withdrawal for private use (self supply) are taxable.

Place of supply of goods

Principally the place where the item is located at the time disposal is transferred (static supply).

In case of dispatch/transportation by the supplier or purchaser: the place where dispatch/ transportation begins (moving supply).

Importation from third country: If the supplier owes the import VAT - import country

In case of transportation by ship, airplane, railroad within the EU: the place of dispatch

Special regulations apply for chain transactions, distance selling (including import One Stop Shop - iOSS - scheme) and triangular transactions.

Supply of services

Supply of services and private use / supply of services without consideration (self-supply) are taxable

Place of supply of services

Differentiation is made between services rendered

- to taxable persons

("Business to Business", "B2B") or

TPA Steuerberatung GmbH

Wiedner Guertel 13, Turm 24, 1100 Vienna

Tel.: +43 (1) 58835-0, Fax: +43 (1) 58835-500,

E-Mail: wien@tpa-group.at www.tpa-group.at, www.tpa-group.com,

Comm. Reg. No. 200423s Comm. Ct. Vienna, Corporate Domicile: Vienna, ATU50089103

Albania | Austria | Bulgaria | Croatia | Czech Republic | Hungary

Montenegro | Poland | Romania | Serbia | Slovakia | Slovenia

- to non-taxable persons ("Business to Customer", "B2C").

For purposes of determining the place of the supply of services,

- taxable persons (within the EU holding a VAT registration number) and
- non-taxable legal entities holding a VAT registration number

will be considered as "taxable persons".

Basic rule

B2B	B2C
Place of recipient (basic rule) (The place where the recipient of services has established his business)	Place of supplier (The place where the supplier of services has established his business)

Special cases

	B2B	B2C
Supplies of services by intermediaries	Place of recipient (basic rule)	Place of the underlying transaction
Property services	Place of the property	Place of the property
Cultural, artistic, scientific, educational, sports, entertainment or similar services, like services in connection with fairs and exhibitions including services of the respective organizers	Place of recipient (basic rule)	Where the services are physically carried out in the case of virtual services - Place of recipient
Other services concerning the right of admission and related other services for events like fairs and exhibitions	Place of the event	Where the services are physically carried out in the case of virtual services - Place of recipient
Passenger transport	Distances covered	Distances covered
Transportation of goods (without intra-community portion)	Place of recipient (basic rule)	Distances covered
Intra-community goods transportation	Place of recipient (basic rule)	Place of departure of the transport
Ancillary transport services	Place of recipient (basic rule)	Where the services are physically carried out

TPA Steuerberatung GmbH

Wiedner Guertel 13, Turm 24, 1100 Vienna
 Tel.: +43 (1) 58835-0, Fax: +43 (1) 58835-500,
 E-Mail: wien@tpa-group.at www.tpa-group.at, www.tpa-group.com,
 Comm. Reg. No. 200423s Comm. Ct. Vienna, Corporate Domicile: Vienna, ATU50089103
 Albania | Austria | Bulgaria | Croatia | Czech Republic | Hungary
 Montenegro | Poland | Romania | Serbia | Slovakia | Slovenia

	B2B	B2C
Appraisal and processing of movable tangible objects	Place of recipient (basic rule)	Where the services are physically carried out
Restaurant and catering services	Where the services are physically carried out	Where the services are physically carried out
Restaurant and catering services in connection with intra-community passenger transport	Place of departure	Place of departure
Renting of means of transport for up to 30 days	Where the means of transport is actually put at the disposal of the customer	Place of recipient Special regulations for renting pleasure boats
Renting of means of transport for over 30 days	Place of recipient (basic rule)	Where non-taxable person is established
"Listed services" to third country customers	Place of recipient (basic rule)	Place of supplier (basic rule)
"Listed services" to customers in the EU	Place of recipient (basic rule)	Place of supplier (basic rule)

Mini-One-Stop-Shop (MOSS) / One-Stop-Shop (OSS)

Taxable persons from an EU member state or third country – who provide distance selling of goods or services, or provide distance selling of goods via certain platform to consumers within the EU – can, subject to certain conditions, make use of simplifications within the OSS system. The taxable person will thereby only be registered for VAT purposes in the member state where the headquarters of the economic activity and/or the fixed establishment are located and is not required to register in each EU member state in which he supplies goods or services to his customers.

The OSS scheme allows taxable persons to declare and pay VAT due in Member States in which these taxable persons are (in general) not established via a web-portal in the EU Member State in which they are identified (EU Member State of identification) via submission of one OSS return including all supplies that can be declared in this scheme.

The One Stop Shop covers three special schemes: the non-Union scheme, the Union scheme and the import scheme.

Reverse charge (reversal of tax liability)

For all supplies of services, work supply, supplies of goods by a foreign person

Requirements

The supplier of the service or goods has in Slovakia no domicile or habitual abode, nor a permanent establishment involved in supplying the service.

The recipient of the supply of services or goods is a taxable person registered in Slovakia (even for non-taxable activities), or Slovakian non-taxable legal entity.

Consequences

Invoice without VAT, indication of the reverse charge, VAT registration numbers of the supplier and the recipient

The recipient owes the VAT.

Application also

Local Reverse Charge (reversal of tax liability)

Both contractual parties have to be registered for VAT in Slovakia

TPA Steuerberatung GmbH

Wiedner Guertel 13, Turm 24, 1100 Vienna

Tel.: +43 (1) 58835-0, Fax: +43 (1) 58835-500,

E-Mail: wien@tpa-group.at www.tpa-group.at, www.tpa-group.com,

Comm. Reg. No. 200423s Comm. Ct. Vienna, Corporate Domicile: Vienna, ATU50089103

Albania | Austria | Bulgaria | Croatia | Czech Republic | Hungary

Montenegro | Poland | Romania | Serbia | Slovakia | Slovenia

Iron waste, scrap-iron, investing gold, buildings or its parts and domestic building lots, if supply is not tax free; mobile phones and microprocessors in case the tax base exceeds EUR 5,000, some agricultural commodities, iron and steel and selected iron and steel commodities, supply of construction works, building or parts of buildings under construction, goods with assembly and installation considered as a construction work.

Tax reliefs

Exemption (Input VAT deductible even though no VAT chargeable on supply of goods and services)

- Exports of goods
- Cross-border passenger transport
- Intra-community supply of goods
- Supply of selected commodities (crude oil, petrol, diesel) from customs warehouse, special warehouse and tax warehouse
- Intra-community acquisition of goods; applicable under the certain conditions

Zero rates ("non-genuine" tax exemption) (Input VAT is not deductible)

- Postal services
- Sales of banks, insurance companies and pension funds
- Health care services
- Social welfare services
- Education and teaching services
- Cultural services
- Services in connection with sports and physical education

Deductible input VAT

The right for deduction accrue for VAT and import VAT invoiced to the business for the supply of goods and services, which he uses for taxable supplies.

Generally no deduction of input VAT with respect to:

- the purchase of goods and services used for VAT exempt supplies
- the purchase of goods and services for the purposes of treat and entertainment

Input VAT correction

In case of fixed assets (resp. major repairs): If the circumstances which have been relevant for the input VAT deduction change subsequently, a corresponding positive or negative input VAT correction must be made.

The correction of already deducted input VAT from local purchased goods or services, applies to the customer, unless the customer pays the obligation/liabilities in part or in full within 100 days after its due date.

As a general rule, the observation period for input VAT correction is 5 years. The observation period for input VAT correction related to properties is generally 20 years.

Real estate

Rentals

Renting of immovable property is VAT exempt; the lessor can opt for tax liability besides the renting of building used for residential purposes; however renting of accommodation facilities, renting of premises and sites for parking of vehicles, renting of permanently installed equipment and machinery and renting of safes always with VAT

TPA Steuerberatung GmbH

Wiedner Guertel 13, Turm 24, 1100 Vienna

Tel.: +43 (1) 58835-0, Fax: +43 (1) 58835-500,

E-Mail: wien@tpa-group.at www.tpa-group.at, www.tpa-group.com,

Comm. Reg. No. 200423s Comm. Ct. Vienna, Corporate Domicile: Vienna, ATU50089103

Albania | Austria | Bulgaria | Croatia | Czech Republic | Hungary

Montenegro | Poland | Romania | Serbia | Slovakia | Slovenia

Sales

Revenues from the sale of real property (except building lots) are VAT exempt.

Sale of buildings including building lots is tax-exempt if the sale takes place 5 years after

- the first commissioning approving use of the building, or 5 years after the start of the first use of the building
- the commissioning approving use of the building which approve the change of usage of building/change of conditions of usage of building, if the costs for works exceeds 40 % of value of building before start of such works.

In this case the seller can opt for tax liability, except the building used for residential purposes.

Sale of flats, apartments or non-residential premises is tax exempt if the sale takes place 5 years after:

- the first commissioning approving use of the flat, apartment, non-residential premises or 5 years after the start of the first use of the flat, apartment, non-residential premises,
- the commissioning approving use of the flat, apartment, non-residential premises, which approve the change of usage /change of conditions of usage of flat, apartment, non-residential premises, if the costs for works exceeds 40 % of value of flat, apartment, non-residential premises, before start of such works.

In this case the seller can opt for tax liability, except the individual flat or individual apartment in an apartment building.

Refund of input VAT for Austrian taxable persons within the EU

Regulations concerning input VAT amounts (initially for input VAT ex 2009) invoiced in another EU member state.

Application for refund is no longer required to be made at the foreign tax authorities, instead:

Electronic application to be made by the Slovakian taxable person at its competent Slovakian tax office at the latest by 30 September of the following year.

Filing of original invoices is only necessary if required by fiscal authorities of the respective member state.

Foreign taxable persons

Taxable persons without domicile or permanent establishment in Slovakia.

In general deduction of input VAT done by foreign taxable person is only possible via VAT refund procedure. In case foreign taxable person performs transactions, which require VAT payments. to Slovakian tax authorities, input VAT can be deducted via VAT return.

Minimum amount of refundable input VAT:

EUR 400 (EUR 50 if the refund period coincides with the calendar year).

Registration

For taxable persons domiciled in the Slovakia:

Registration required on the first day of the calendar year following the calendar year in which the turnover exceeded EUR 50,000, or the day of the calendar year when turnover exceeded EUR 62,500.

For taxable persons domiciled in the EU (except the Slovakia):

Registration required on the day of the start of taxable operations in Slovakia – with exceptions if transfer of tax liability is possible.

Retroactive registration is possible.

Refund of input VAT for taxable persons domiciled in the EU

Regulation concerning input VAT ex 2009:

If no sales are made in Slovakia, electronic application at the competent tax office in the EU member state (originating country) of the taxable person at the latest by 30 September of the following year.

TPA Steuerberatung GmbH

Wiedner Guertel 13, Turm 24, 1100 Vienna

Tel.: +43 (1) 58835-0, Fax: +43 (1) 58835-500,

E-Mail: wien@tpa-group.at www.tpa-group.at, www.tpa-group.com,

Comm. Reg. No. 200423s Comm. Ct. Vienna, Corporate Domicile: Vienna, ATU50089103

Albania | Austria | Bulgaria | Croatia | Czech Republic | Hungary

Montenegro | Poland | Romania | Serbia | Slovakia | Slovenia

Refund of input VAT for taxable persons not domiciled in the EU

If no sales are made in Slovakia, refund must be applied by 30 June of the following year.

Official form to be used, accompanied by the original invoices, confirmation of registration for VAT (documentation of registration as business), not older than a year; minimum amount of refundable input VAT: EUR 50; competent tax office: Bratislava.

VAT Control Report

Detailed information regarding all incoming and outgoing invoices.

EC Sales List

Information regarding intra community supply of goods and services, also within the triangular transactions.

Quick fixes

- New regulation for call-off stock regime
- Completing of rule for chain transactions
- VAT ID number and completed EC-Sales list as substantive conditions for VAT exemption by intra-community supply
- Unified proof of intra-community supply

Notification of VAT payers' bank accounts

An obligation of VAT payers to notify tax office every own (also foreign) bank account kept with a payment service provider, which the VAT payer uses for business activities that are subject to VAT in Slovakia.

Tax office publishes list of bank accounts notified.

Split payment

Customer can split the payment of the invoiced amount and pay VAT amount stated on the invoice for the supply of goods and services directly to tax office if there are some doubts about the payment of VAT liability by supplier.

Tax liability institute

Customer is obliged to pay VAT liability instead of supplier based on decision of tax office if a supplier did not pay VAT to tax office.

CORPORATE INCOME TAXES

Object of taxation

Income

Tax rate

10%

Corporate income tax rate for corporations with unlimited or limited liability to tax with taxable income (revenues) not exceeding the amount of EUR 100,000.00

21 %

Corporate income tax rate for corporations with unlimited or limited liability to tax with taxable income (revenues) exceeding the amount of EUR 100,000 but not exceeding EUR 5 million.

TPA Steuerberatung GmbH

Wiedner Guertel 13, Turm 24, 1100 Vienna

Tel.: +43 (1) 58835-0, Fax: +43 (1) 58835-500,

E-Mail: wien@tpa-group.at www.tpa-group.at, www.tpa-group.com,

Comm. Reg. No. 200423s Comm. Ct. Vienna, Corporate Domicile: Vienna, ATU50089103

Albania | Austria | Bulgaria | Croatia | Czech Republic | Hungary

Montenegro | Poland | Romania | Serbia | Slovakia | Slovenia

24%

Corporate income tax rate for corporations with unlimited or limited liability to tax with taxable income (revenues) exceeding the amount of EUR 5 million.

Minimum tax (between EUR 340 to EUR 3,840, depending on the value of the taxable income) applies to tax periods starting as of 1 January 2024.

Tax liability

Unlimited

Legal persons (a.s., j.s.a., s.r.o., v.o.s., k.s., cooperatives), branches and public sector institutions with their residence or management in Slovakia, on their world income

Limited

Foreign legal persons neither resident nor managed in Slovakia, on their Slovak income

Financial year

Calendar year; different financial year possible, but must be reported to the tax office in writing in advance

Accounting

Double-entry bookkeeping

Loss carryback

No loss carryback

Loss carryforward

During consecutive 5 years and up to 50% of the tax base amount; in case of micro-taxpayers: during subsequent 5 years and up to the tax base amount

Shell company purchase

N/A

Operating expenses

Expenses incurred to procure, secure or maintain business taxable income, and recorded in the tax- payer's books and records; expenses with character of personal consumption spent also for private purposes are tax-deductible to a limited level, either in form of fixed expenses of 80 % or at documented level.

Transfer prices

Arm's length basis

In general, the following methods are employed:

Traditional transactional methods

- comparable uncontrolled price (CUP) method

TPA Steuerberatung GmbH

Wiedner Guertel 13, Turm 24, 1100 Vienna

Tel.: +43 (1) 58835-0, Fax: +43 (1) 58835-500,

E-Mail: wien@tpa-group.at www.tpa-group.at, www.tpa-group.com,

Comm. Reg. No. 200423s Comm. Ct. Vienna, Corporate Domicile: Vienna, ATU50089103

Albania | Austria | Bulgaria | Croatia | Czech Republic | Hungary

Montenegro | Poland | Romania | Serbia | Slovakia | Slovenia

- resale method
- cost plus method

Transactional profit methods

- profit split method
- transactional net margin method

obligation to keep records of the method used

Interest on debt financing of acquisition of shares

Interest on financing of acquisition of investment are treated as tax deductible at the time of further sale of shares under the condition the sale of shares will not be exempted from tax; exception for brokers

Debt / equity

Interest from loans from related parties recognized as tax deductible only up to a limited amount of a maximum of 25 % of earnings before interest expenses, tax, depreciation and amortization (adjusted EBITDA); exception for leasing companies and financial institutions ("thin capitalisation restrictions"). New rules limiting the amount of tax deductible interest expense apply in Slovakia in case of loan contracts or amendments to already existing contracts concluded as of 2024 (for more information, please see section "EU interest barrier" below).

Tax depreciation

Seven depreciation categories

Tax depreciation may and in some cases has to be suspended;
component depreciation is possible

Advantageous depreciation of assets in Group 0-4 for micro-taxpayers

Group 0 - 2 years, green cars (electric and plug-in hybrid vehicles, bicycles and scooters with auxiliary electric motor);

Group 1 - 4 years, e.g. office equipment, cars, trucks, buses, telecom equipment;

Group 2 - 6 years, e.g. machines, furniture, special-purpose trucks, cranes;

Group 3 - 8 years, e.g. assets of technological nature (generators or transformers);

Group 4 - 12 years, e.g. small constructions, industrial machinery and – equipment, ventilation equipment, television and cable networks;

Group 5 - 20 years, production types of buildings – e.g. civil engineering, trade and services, industrial buildings;

Group 6 - 40 years, non- production types of buildings and constructions including hotels and administration buildings.

Provisions

Provisions for untaken vacation including employer's share of social insurance contributions, and for emissions are tax-deductible

Motor vehicle expenses

Depreciation: 4 years

Acquisition cost as of: EUR 48,000 – restriction for tax depreciation

Non-deductible expenses

Income tax (including corporate income tax)

Distributions of profit

Expenses for personal use

TPA Steuerberatung GmbH

Wiedner Guertel 13, Turm 24, 1100 Vienna

Tel.: +43 (1) 58835-0, Fax: +43 (1) 58835-500,

E-Mail: wien@tpa-group.at www.tpa-group.at, www.tpa-group.com,

Comm. Reg. No. 200423s Comm. Ct. Vienna, Corporate Domicile: Vienna, ATU50089103

Albania | Austria | Bulgaria | Croatia | Czech Republic | Hungary

Montenegro | Poland | Romania | Serbia | Slovakia | Slovenia

Entertainment and promotional expenses including alcoholic drinks besides wine in certain cases (exception: promotional articles with an individual value of no more than EUR 17)

Expenses for unlawful activities

Donations except humanitarian aid

Profit distributed to members of statutory bodies

Shortages and damages in excess of compensation received (theft, damage to the property: only those losses resulting from natural disasters and those caused by persons unknown and confirmed by a police report are recognized)

Interest barrier

New rules limiting the amount of tax deductible interest expense apply in Slovakia in case of loan contracts or amendments to already existing contracts concluded as of 2024 (for more information, please see section "EU interest barrier" below).

Interest and royalties to intra-group companies

For tax deductibility of inter-company interest and royalties expenses, general transfer pricing restrictions apply.

In case of inter-company interest expenses, also thin capitalisation restrictions apply (for more detail please see section "debt / equity" above).

Royalties are generally recognized as tax deductible only after payment.

Withholding taxes

Generally 19 %; a DTA can provide for a lower rate of taxation. Relief at the level of beneficial owner of the income is generally by (i) applying credit of tax withheld abroad or (ii) tax exemption of income already taxed abroad. Evidence of tax residence and beneficial ownership is required..

On payments to non-contracting states (e.g. off-shore countries) or when beneficial owner of the income cannot be proved, a withholding tax rate of 35 % applies.

Interest

At 19 %, or per applicable DTA; interest is exempt from tax, if conditions of the EU Interest and Royalty Directive for group purposes are met (25 % minimum direct participation and 24 month minimum holding period, even if conditions are met additionally, after the day of income payment). This also applies where the interest is paid or finally received by a permanent establishment.

Royalties

At 19 %, or per applicable DTA; royalties are exempt from tax, if the conditions of the EU Interest and Royalty Directive for group purposes are met (25 % minimum direct participation and 24 month minimum holding period, even if conditions are met additionally, after the day of income payment). This also applies where the royalty is paid or finally received by a permanent establishment.

This also applies where the royalty is paid or finally received by a permanent establishment.

Dividends

Nil for distribution of profits generated for the years 2004 – 2016;

19 % on distributions of profits generated before 2004, unless DTA or the EU Parent-Subsidiary Directive for group purposes (25 % minimum direct participation, no minimum holding period) apply;

35 % on distributions of profits generated for the year 2017 and later if paid-out to non-contracting states or when beneficial owner of the dividend income cannot be proved.

TPA Steuerberatung GmbH

Wiedner Guertel 13, Turm 24, 1100 Vienna

Tel.: +43 (1) 58835-0, Fax: +43 (1) 58835-500,

E-Mail: wien@tpa-group.at www.tpa-group.at, www.tpa-group.com,

Comm. Reg. No. 200423s Comm. Ct. Vienna, Corporate Domicile: Vienna, ATU50089103

Albania | Austria | Bulgaria | Croatia | Czech Republic | Hungary

Montenegro | Poland | Romania | Serbia | Slovakia | Slovenia

Controlled foreign corporation (CFC) rules

Rules to prevent the erosion of tax bases and profit shifting by reattributing the income of a low-taxed controlled subsidiary or permanent establishments to its parent company are applicable.

Hybrid mismatches

Legislation include actions for prevention of:

1. deduction of expenses without including them into taxable income
2. multiple deduction of expenses by more associated parties without multiple taxation of relating income

National parent- subsidiary exemption

N/A as distribution of profits generated for the year 2004 and later between Slovak companies is not subject to corporate income tax.

International investments

N/A

International parent- subsidiary exemption and portfolio investments

Please see section on "Withholding taxes - Dividends" above.

Goodwill amortisation

Goodwill can be amortized in statutory financial statements.

For tax purposes, goodwill can be amortized and considered in the taxation base over 7 consecutive years.

Group taxation / pooling

Not possible

Tax groups

N/A

Pooling

N/A

TPA Steuerberatung GmbH

Wiedner Guertel 13, Turm 24, 1100 Vienna

Tel.: +43 (1) 58835-0, Fax: +43 (1) 58835-500,

E-Mail: wien@tpa-group.at www.tpa-group.at, www.tpa-group.com,

Comm. Reg. No. 200423s Comm. Ct. Vienna, Corporate Domicile: Vienna, ATU50089103

Albania | Austria | Bulgaria | Croatia | Czech Republic | Hungary

Montenegro | Poland | Romania | Serbia | Slovakia | Slovenia