

JULY 2025

#ACCOUNTING #TAXES #AUDIT

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Tax and Accounting News







1.

Electronic invoicing from 2027, and then 2030 – the legislative process

The Slovak Ministry of Finance has submitted a draft amendment to the VAT Act for interdepartmental consultation with the primary aim of transposing Council Directive (EU) 2025/516 of 11 March 2025 amending Directive 2006/112/EC as regards VAT rules for the digital age.

The purpose of the draft is to introduce mandatory electronic invoicing, along with mandatory real-time digital reporting of data on the supply of goods and services to the Slovak Financial Administration, for taxable persons that are VAT payers. This change to invoicing is intended to simplify and clarify the process while also contributing to the fight against tax evasion. The indicative timetable and the effective dates for the legislation implementing electronic invoicing and related obligations, as stated by the Ministry of Finance, are as follows:

- Effective as of 1 January 2027: VAT payers established in Slovakia will be required to issue and receive electronic invoices in a specified format for domestic supplies of goods and services.
- Effective as of 1 July 2030: the obligation to use electronic invoicing and to report data will be extended to all taxable persons, including for cross-border supplies of goods and services.
- Effective as of 1 July 2030: for domestic taxable transactions, the same deadline for issuing electronic invoices and the same method of data reporting will apply as for cross-border taxable transactions, and the obligation to submit a control statement and a recapitulative statement will be abolished in full.

In this context, the Slovak Financial Administration had previously announced on its website that it had begun work on creating the infrastructure for electronic invoicing. For this purpose, it has chosen the Peppol network, which the European Commission established in 2011 and continues to coordinate. This concept has already been presented to representatives of the business community. The system should operate in such a way that the supplier sends the invoice to the purchaser via Peppol, with delivery handled by certified Peppol access providers. These providers will also forward selected invoice data to the Financial Administration. Invoices will no longer be sent by email (for example, in PDF format) but in a standard XML format compliant with the European standard, using a secure communication protocol. Businesses will be able to issue invoices either through a simple user interface or via an automated solution integrated with their accounting systems (API).

We will monitor the progress of the draft law as it passes through the legislative approval process and will keep you informed of any developments.



2.

Latest information on the Financial Transaction Tax Act

Below is a summary of the most recent changes and interpretations from the Financial Administration regarding the Financial Transaction Tax Act ("FTT Act").

Foreign entity with a branch in Slovakia

According to the Financial Administration's current interpretation, costs recharged from a foreign founder to its Slovak branch ("intra-company charges") are no longer treated as recharged costs for the purposes of the FTT Act. This means the branch does not become a taxpayer under Section 3(3) (4) of the FTT Act, even if the foreign founder pays a liability that is included, in full or in part, in these intra-company charges.

This marks a change from the approach originally presented by officials at the Ministry of Finance when the Act was introduced. Although the Financial Administration has not clarified how such debit transactions connected with activities in Slovakia should now be reported for FTT purposes, unofficial information suggests that the branch would instead be considered a taxpayer under Section 3(3)(3) of the FTT Act (in other words, by virtue of using a foreign bank account).

Indirect amendment to the FTT Act

An amendment to the Schools Act (Act No 176/2025) has also introduced an indirect change to the FTT Act. A new subparagraph has been added to the list of exemptions from taxation in Section 4(2) of the FTT Act. Under this change, a payment transaction made by a taxpayer that is a state-recognised church or religious community from a special account to the account of a school or school facility under its founding authority is not subject to financial transaction tax if the funds come from the state budget under a special regulation. This provision took effect on the date of promulgation, i.e. 30 June 2025.





New VAT return form effective from 1 July 2025

We would like to remind you of the new VAT return form that takes effect on 1 July 2025. The new form will be used for the first time when filing a VAT return for the tax period of July 2025, or for the third calendar quarter of 2025.

The Ministry of Finance has also issued guidance on how to fill in the new VAT return, as set out in Notice No MF/007833/2025-731. Both the electronic VAT return form and the guidance are available on the Financial Administration's website (in the Forms section).

• Information Notice No 5/DPH/2025/I concerning Article IV of Act No 181/2025

This information notice summarises specific changes to the VAT Act following the adoption of Act No 181/2025. The changes relate to the introduction of the reverse charge mechanism for imports of goods and apply to a taxable person's obligation to adjust the taxable amount and the VAT in cases where the tax is not assessed by the customs authority. This includes situations where the taxable amount changes on import because of an increase or decrease in related costs as set out in Section 24(2) or (4) of the VAT Act. The changes also specify how to report an adjustment of the taxable amount and VAT in the VAT return, as well as the obligation or right to adjust the deducted VAT when the reverse charge mechanism is applied on import into Slovakia. In addition, the list of goods subject to the reduced VAT rate of 5% has been extended to include certain specific goods, and the list of services eligible for the reduced VAT rate of 5% has also been expanded.

CJEU judgment C-276/24 – KONREO

KONREO, v.o.s. ("KONREO") is the insolvency administrator of FAU s.r.o., a company incorporated under Czech law that has been declared insolvent. From May to October 2013, FAU purchased fuel from Verami, another company incorporated under Czech law. Following tax audits, the tax authority concluded that the trading chain involving Verami and FAU was tainted by VAT fraud. The tax authority issued additional tax assessments to Verami, charging the VAT it owed and denying it the right to deduct VAT on the fuel it had purchased and subsequently supplied to FAU. Verami did not pay this VAT. The tax authority also issued additional VAT assessments to FAU, denying it the right to deduct VAT on the fuel shown on the invoices, on the grounds that the transaction in which it was involved formed part of a VAT fraud within the trading chain.

The Appellate Financial Directorate took the view that taxable persons who knowingly participate in VAT fraud cannot rely on the principle of VAT neutrality. It also held that there was nothing to prevent a taxable person from being denied the right to deduct VAT on a supply linked to VAT fraud while at the same time being held liable for the supplier's unpaid VAT on that same supply.

The Court of Justice of the European Union ruled that Article 205 of the VAT Directive, read in conjunction with the principle of proportionality, does not preclude a national practice under which a taxable person, as the recipient of a supply of goods for consideration, is made jointly and severally liable for the VAT owed by the supplier, even where that recipient has been denied the right to deduct input VAT on the grounds that they knew or should have known they were participating in VAT fraud.



 Methodological Guideline of the Ministry of Finance No MF/011480/2025-731 on the application of the reduced VAT rate to newspapers, magazines, and periodicals from 1 July 2025

From 1 January 2025, a reduced VAT rate of 5% was introduced for, among other items, newspapers, magazines, and periodicals, including illustrated editions or those containing advertising material, <u>published at least four times a week.</u> The reduced rate does not apply to newspapers, magazines, or periodicals in which advertising accounts for more than 50% of total content, or in which erotic content accounts for more than 10% of total content.

An indirect amendment to the VAT Act, effective from 1 July 2025, removed from the description of the above goods (i.e. under SCS code "ex 4902 10 00" in Annex 7 to the VAT Act) the words "published at least four times a week". The aim of this change is to extend the list of eligible newspapers, magazines, and periodicals that meet the restrictions on advertising and erotic content, regardless of publication frequency. However, as the relevant SCS code was not updated, the Ministry of Finance, in order to remove doubts and avoid any divergent approach to applying the reduced rate to the above goods, states unequivocally in the guideline that the reduced rate must be applied to newspapers, magazines, and periodicals, to all printed matter that meets the specified maximum limits on advertising and erotic content, **regardless of publication frequency, i.e. also to printed matter issued less than four times a week.**





4.

Latest developments concerning amendments to the Income Tax Act (Act No 595/2003, as amended)

In July, the following information notices relating to the Income Tax Act were published on the Financial Administration's website:

- Information Notice No 24/DZPaU/2025/I this notice summarises amendments to the Income Tax Act following the adoption of Act No 153/2025. With effect from 1 January 2026, the amendment introduces a new exemption for income from dependent activity and a new tax incentive in the form of a deduction of expenses incurred to support sport. These changes were covered in more detail in our May update. The Financial Administration's notice provides a summary of these adjustments. Complete information can be found here.
- Information Notice No 25/DZPaU/2025/I issued in connection with Act No 200/2025, which amends Act No 359/2015 on the automatic exchange of information on financial accounts for tax administration purposes. This amendment, set out in Article V and effective from 1 January 2026, makes the following changes to the Income Tax Act:
 - It expands the reporting obligation under Section 43(11) of the Income Tax Act regarding withheld and remitted withholding tax, broken down by each taxpayer. This obligation now applies not only to taxpayers from non-cooperating jurisdictions, but to all taxpayers with limited tax liability under Section 2(e) of the Income Tax Act.
 - It supplements provisions on the share of paid tax for a parent under Section 50aa of the Income Tax Act.
 Income received by a parent from this share is added to the list of income that is not subject to tax under Section 3(2)(e). The amendment also introduces procedural rules for this share, such as verifying eligibility, transferring the share to the parent, termination of entitlement, and establishing a register of relationships between parent and child.
- Information Notice No 27/DZPaU/2025/I this notice concerns the Ministry of Finance measure of 2 July 2025 (No MF/008447/2025-74), which amends the Ministry of Finance measure of 14 June 2023 (No MF/006455/2023-74) on the report containing information on income tax (the "amended measure"). With effect from 10 July 2025, the original measure is amended in connection with changes to the Accounting Act (Act No 431/2002, as amended). Under the amended measure, accounting entities that are required to file a report containing information on income tax under Section 21a of the Accounting Act are removed from the obligation to file that report in the register of financial statements. This is because, under Section 23a(11) of the Accounting Act, those entities are required to file the report in electronic format according to the template laid down in Commission Implementing Regulation (EU) 2024/2952 of 29 November 2024 (OJ L 2024/2952, 2.12.2024). This applies to the ultimate parent accounting entity and the stand-alone accounting entity if they meet the conditions set out in Section 21a(1) of the Accounting Act.





Act No 200/2025 amending Act No 359/2015 on the automatic exchange of information on financial accounts for tax administration purposes. With effect from 1 January 2026, the amendment primarily introduces the automatic exchange of information on crypto-assets, in line with Council Directive (EU) 2023/2226 (the "DAC8 Directive").
 Article II amends Act No 78/1992 on tax advisers and the Slovak Chamber of Tax Advisers, specifically the scope of confidentiality obligations in the practices of tax advisers in line with the DAC8 Directive, the Court of Justice of the European Union's judgment in Case C-623/22 Belgian Association of Tax Lawyers and Others v Premier ministre/Eerste Minister, and OECD recommendations stemming from a peer review of Slovakia regarding on-request information exchanges under international standards.

If you have any further questions or need additional information, feel free to contact us at the following email address.

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* Please note that the above information is of a general and informative nature and should be interpreted within a broader legislative context. For specific cases, we recommend requesting an individual opinion. We do not accept responsibility for any actions taken based on the information provided.