

**AUGUST 2025** 

#ACCOUNTING #TAXES #AUDIT

www.bpsgroup.sk

# Tax and Accounting News





1.

## Information on the financial transaction tax

The Financial Administration has published guidance on financial transaction tax returns for foreign legal persons and their organisational units.

#### Foreign legal persons

Foreign companies that, in connection with the operations they carry out in Slovakia, execute financial transactions from a foreign bank account become liable for the financial transaction tax and must file a financial transaction tax return (Oznámenie o dani z finančných transakcií – the "Return").

If these foreign companies have not previously been required to submit filings to the Financial Administration electronically (because they are neither VAT payers in Slovakia nor legal persons registered in the Commercial Register of the Slovak Republic), they may file the Return in paper form.

If a foreign company has not yet been assigned a taxpayer account, the financial transaction tax becomes payable only once that account has been notified by the tax authority.

#### • Foreign legal persons and organisational units of foreign persons

A foreign company and any organisational unit of such a foreign entity are treated as separate taxpayers for the purposes of financial transaction tax. If they operate in Slovakia and, in this respect, do not carry out financial transactions through a Slovak bank, each becomes liable for the tax and must file a Return. In this context, three scenarios may arise:

#### I. Only the foreign company is registered as a taxpayer and is liable to pay the tax

If such a foreign company is not required under Section 14 of the Tax Code to submit filings to the Financial Administration electronically, it may file the Return in paper form.

In the Return, under Taxpayer Details (Údaje o platiteľovi), the company states its registered name and registered office abroad.



## II. Only the organisational unit of a foreign entity is registered as a taxpayer and is liable to pay the tax

An organisational unit of a foreign entity that is incorporated by entry in the Slovak Commercial Register files a separate Return as a taxpayer.

In the Return, under Taxpayer Details, it states its name, registered office (Slovak address), and registration number (i.e. assigned in Slovakia as an organisational unit of a foreign entity). If a foreign entity has two or more organisational units established in Slovakia, and those organisational units are liable for the financial transaction tax, each organisational unit of that foreign entity is required to file its own Return (separately), and in the Return form, in the Taxpayer Details section, each organisational unit must state its particulars as entered in the extract from the Slovak Commercial Register.

## III. Both the "organisational unit of a foreign entity" and the foreign company are registered as a taxpayer and are liable to pay the tax

If both the organisational unit of the foreign entity and the foreign company (the founder) are registered as taxpayers and are liable to pay financial transaction tax, two separate Returns must be filed, one for each.





2.

### Most recent judgments of the Court of Justice of the European Union ("CJEU")

Case C-808/23, Högkullen AB v. Skatteverket (determination of open market value):

In this case, the parent company Högkullen supplied its subsidiaries with services in the areas of business management, finance, property administration, investment, information technology, and human resources, and charged VAT on the invoiced amount for those services. The subsidiaries, given their status and activities, did not have a full entitlement to deduct input VAT.

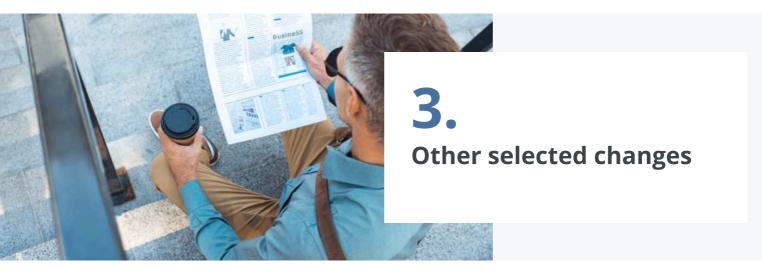
The consideration for the management services was determined using the cost-plus method, whereby Högkullen set its fees at a level covering the costs it incurred in acquiring and providing the services, together with a profit margin. In applying this method, Högkullen used an allocation key, whereby a specific percentage of the costs borne by it for the running of the business and for items such as premises, telephones, information technology, corporate hospitality, and travel were regarded as being attributable to the services provided to the subsidiaries. By contrast, it regarded "shareholder costs", such as the costs of drawing up the annual accounts, auditing and the general meeting, as well as the costs of raising capital, as having no connection with the services provided. Those costs were therefore excluded from the calculation of the said consideration for the management services.

The tax authority disputed the valuation of the services supplied to the subsidiaries at market value and, on the assumption that there were no comparable services freely available on the market, determined the taxable amount at a level corresponding to the total costs incurred by Högkullen in 2016 (i.e. it included in the taxable amount the "shareholder costs"). Högkullen, however, took the view that the various services which it provided to its subsidiaries had to be assessed separately and that, in such a case, it was possible to identify corresponding comparable services on the open market.

The CJEU held that Articles 72 and 80 of the VAT Directive must be interpreted as precluding the services provided by a parent company to its subsidiaries in the context of the active management of those subsidiaries from being, in all situations, regarded by the tax authority as constituting a single supply which precludes the open market value of those services from being determined using the comparison method laid down in the first paragraph of Article 72 of that directive (transposed into Slovak law in Section 22(8) of the VAT Act).

Although the judgment was in Högkullen's favour, we recommend that companies review their intra-group pricing arrangements, not only in relation to transfer pricing rules and the correct setting of prices, but also with regard to determining the taxable amount for VAT purposes, in situations where intra-group services may need to be treated as distinct and independent services rather than as a single composite service. This applies in particular where the recipients are not VAT payers or do not have a full right to deduct input VAT, in which case the tax authority may invoke the relevant provisions of Section 22 of the VAT Act.





 An amendment to Decree No 229/2014 of the Ministry of Finance of the Slovak Republic, which lays down the scope of tax provisions in respect of which binding opinions may be issued, will, with effect from 1 September 2025, extend the provisions of the Value Added Tax Act in relation to which taxpayers may request a binding opinion from the Financial Directorate of the Slovak Republic.

The areas of VAT legislation for which a binding opinion may be requested will now include not only a determination of the applicable VAT rate for goods (as was the case until now), but also for services, as well as the assessment of whether a taxable transaction arises in connection with the supply of goods, the provision of services, or the intra-EU acquisition of goods in Slovakia.

The scope of the Decree is also being extended to all provisions of the Financial Transaction Tax Act.

A request for a binding opinion is a chargeable service. Along with the request, the taxpayer must provide a detailed description of the facts that have occurred or are expected to occur and that will form the basis for the binding opinion, a proposal for the application of the procedure under the relevant tax provisions, a legal assessment of the case, and the value of the anticipated business transaction.

• In its Financial Bulletin (Finančný spravodajca), the Ministry of Finance of the Slovak Republic published its Measure MF/008470/2025-74 of 29 July 2025, which sets out the model statement for an organisation with an international dimension, a civic association, a trade union, a non-investment fund, a non-profit organisation providing services of general benefit, and a foundation (the "Measure"). The Measure entered into force on 15 August 2025. Information on this Measure has been published on the Financial Administration's website and is available (in Slovak) at:

https://www.financnasprava.sk//\_img/pfsedit/Dokumenty\_PFS/Zverejnovanie\_dok/Dane/Novinky\_leg/Priame\_dane\_uct/2025/2025.08.12\_030\_DZPaU\_2025\_I Info\_vykaz\_MVO.pdf

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

tax@bpsgroup.sk

 $\rightarrow$ 

\* 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.