



We are VGD Let's talk tax

October 2024

The government has publicly unveiled the so-called consolidation package, which aims to improve the state of public finances through taxation.

Consolidation of Public Finances

INCOME TAX

Change in income tax rates for entrepreneurs based on the level of taxable income:

Current state		Proposed change	
Legal entities			
Up to EUR 60,000	15 %	Up to EUR 100,000	10 %
Over EUR 60,000	21 %	Up to EUR 5 millions	21 %
		Over EUR 5 millions	24 %
Individuals - Entrepreneurs			
Up to EUR 60,000	15 %	Up to EUR 100,000	15 %

Reduced tax rate on the distribution of dividends, liquidation balances, and settlement shares to individuals.

10 % → **7 %**

New conditions for claiming the child tax bonus:

- > Eligibility only until the child turns 18 years old
- > Percentage limits for the maximum amount of the tax bonus based on the number of children and tax base increased by 9 percentage points
- > Gradual reduction of the tax bonus for parents with higher income (tax base exceeding 1.5 times the average wage)
- > Minimum of 90% of the taxpayer's taxable income sourced in Slovakia

The option for individuals to allocate 2% of their paid tax for each parent who is a pension recipient.

The non-cash benefit for employees using a company electric vehicle (BEV or PHEV) for private purposes will decrease from 1% of the vehicle's acquisition price to 0.5%.

The classification of electric scooters, bicycles, trolleybuses, and electric buses into depreciation groups with shorter depreciation periods.

Extension of the investment period for the deduction of investment expenses from 4 to 6 years (2022-2027).

Registered social businesses will not pay the minimum tax.

VAT

The VAT rates and the range of goods and services to which the rates apply will be changed:

Basic rate 20% --> 23%	Reduced rate 10% --> 19%	Reduced rate 5% --> 5%
Most goods and services including cable car and ski lift transportation, parks and beaches services	Annex 7, Point 1 Range of ancillary food items (certain fish, water, including mineral and flavored water, vinegar, or salt), electricity. Annex 7a, Point 1 Beverages provided within restaurant and catering services, excluding alcoholic beverages.	Appendix 7, points 2 and 3 Food, medicines, medical devices, books Appendix 7a, point 2 Accommodation services, food in the scope of the restaurant and catering services, the operation of sports facilities, services of fitness centers Goods and services supplied by social enterprises State-supported rental housing

SPECIAL LEVY ON BUSINESS

Levy rate	Current	Proposed
Production of oil products and their chemical processing	N/A	0.025
Energy sector	0.00363	0.00363
Electronic communications sector	0.00363	0.01576

TAX ON FINANCIAL TRANSACTIONS

Introduction of a new financial transaction tax that will affect payment services.

Tax base = amount of funds debited from the account
Tax rates = 0.40% to 0.80% for financial transactions and EUR 2 per payment card



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Are you interested to learn more about the changes? Do not hesitate to contact us.