

## Amendments to Slovak legislation and other topics

Welcome to our December issue of Tax & Legal News. In this issue we have prepared information for you on the following topics:

- **Motor vehicle tax,**
- **Temporary changes in the registration process,**
- **Amendment to the Act on Mineral Oil Excise Tax,**
- **A call for concrete action against aggressive tax planning.**

We wish you pleasant reading.



### Motor vehicle tax

Having replaced the eleventh section of the Local Taxes Act, the Slovak parliament on 26 November approved a government bill on the Act on Motor Vehicle Tax ("Act").

Commencing on 1 January 2015 the annual tax rate for motor vehicles ("MV") will be no longer set by regional administrations, but will be uniform throughout the territory of the Slovak Republic. In connection to the tax rate another significant change occurs in relation to the age of vehicles. The tax rate will be reduced for newer vehicles and later will be increased depending on the age of the vehicle. An additional tax rate reduction is allowed for electric vehicles or vehicles used in combined transportation.

Changes also occur in defining the taxpayer for MV tax in terms of branches or vehicles rental.

Unlike the current legislation, the Act takes into account the vehicles powered by electricity whose taxable base depends on the engine power in kW. The scope of taxable subjects will be extended to include one-track vehicles and four-wheelers (category L) which are currently not subject to tax until the end of December 2014.

The commencement of tax liability has been changed significantly and based on the Act it arises on the first day of the month when the vehicle is used for business purposes and terminates on the last day of the month of the disposal or temporary disposal of the vehicle from the records, the termination or interruption of

business, the dissolution of the taxpayer without liquidation or the change of the vehicle holder, etc.

No remarkable changes occur in the advance payment of MV tax. One of the changes is that the expected tax liability is calculated as the sum of the annual tax rate adjusted by reductions and additions according to the Act for every vehicle that is subject to tax on 1 January of the tax period. If the expected tax liability of the taxpayer for a single Tax Authority exceeds 700 €, he is required to pay quarterly advance tax payments equal to one quarter of the estimated tax. If the estimated tax exceeds 8,300 EUR, a taxpayer is required to pay monthly advances amounting to one-twelfth of the estimated tax.

The tax authority for the MV tax is a tax office in the place of registration of the vehicle as at 31 December of the previous year or a tax office of the place of the employer's seat.

**Author:** Lenka Slezáková

**Contact:** [lslezakova@kpmg.sk](mailto:lslezakova@kpmg.sk)

+421 2 599 84 111

### Temporary changes in the registration process

The Financial Directorate of the Slovak Republic issued a press release in early December, according to which the tax authorities will operate in an altered mode in the period from December 12 to January 5, 2015 due to the implementation of the several new information systems. The altered mode will affect registration activities.

The Financial Directorate stated that in the aforementioned period, tax authorities will process the registration agenda using the statutory deadline (which is generally 30 days). According to the standard way, the tax authorities process the registration applications straightaway.

The altered mode will affect mainly the following activities:

- registration/deregistration for personal income tax and for corporate income tax,
- registration/deregistration of the taxpayer for income from dependent activities,
- registration/change of registration/deregistration for value added tax,
- updating the taxpayer data (e.g. change of name, registered seat, or person authorized to act on behalf of the taxpayer),
- assignment of the individual basic account number for tax payments,
- granting of authorization for the electronic communication with finance authorities,
- assignment/cancellation of the tax code for the electronic cash register.

According to the press release, the tax authorities should again start operate in the standard way during the first week of the new year.

**Author:** Zuzana Nespalová

**Contact:** [znespalova@kpmg.sk](mailto:znespalova@kpmg.sk)

+421 2 599 84 111

### Amendment to Act on Mineral Oil Excise Tax

The Parliament approved an amendment to Act no. 98/2004 Coll. on Mineral Oil Excise Tax. The amendment was published in the Collection of Laws under the number 323/2014.

Below we summarize an overview of the key changes:

The amendment introduces a mechanism of the temporary suspension of access into the electronic systems of the transport of mineral oil for a taxpayer who is a user enterprise, the operator of an excise tax warehouse, an authorized consignee or a registered consignor. This measure can be taken if the tax administrator has a reasonable doubt that the tax not yet due or not yet assessed will be at the time of its maturity or enforceability, to the extent it exceeds the deposited guarantee, uncollectible or that the collection of this tax will be connected with significant difficulties.

The amendment stipulates that the operator of the excise tax warehouse or authorized consignee or registered consignor will be authorized to produce, process, and store, receive or dispatch under the tax suspension regime only those mineral oils which are contained in the respective authorization.

Any change (extension or narrowing of the range of mineral oils) will need to be notified by the registered entities to the Customs Office within 5 working days before the day from which they intend to apply the requested change.

The amendment clarifies and supplements the provisions governing trading with fuels (diesel, petrol, LPG) under the tax free circulation regime.

The amendment took effect on 1 December 2014. The entry into force of certain measures (such as provisions dealing with the suspension of access into the electronic systems of transport) was postponed until 1 January 2015. Certain provisions (especially those relating to trading with fuels under tax free circulation)

will take effect from 1 February 2015.

**Author:** Ján Vajcík

**Contact:** [jvajcik@kpmg.sk](mailto:jvajcik@kpmg.sk)

+421 2 599 84 111

### A call for concrete action against aggressive tax planning

In the wake of the latest G20 meeting in Australia, the Finance Ministers of France, Germany and Italy have sent a letter to European Economic and Tax Commissioner Pierre Moscovici in which they called for common binding rules on corporate taxation in order to curb tax competition and fight aggressive tax planning. They urged for the adoption of a comprehensive anti-BEPS Directive by Member States before the end of 2015. The letter focused on three main areas: tax transparency, effective taxation, and combatting tax havens.

The Ministers highlighted the current lack of tax transparency between tax administrations as facilitating aggressive tax planning. Stricter conditions and rules for the issuing of cross border tax rulings was called for. The Ministers made recommendations for the creation of a register of the beneficial owners of non-transparent entities, and proposed that requirements covering companies' intra-European cross-border restructuring and other operations be included in the anti-BEPS Directive.

The Ministers called for the anti-BEPS Directive to adopt a general principle of effective taxation. This could mean not applying the exemptions in the Interest and Royalties and Parent Subsidiary Directive if they do not lead to effective taxation. They encouraged the adoption of a common general anti-abuse provision based on the recommendation of the European Commission, aimed at preventing double non-taxation arising from hybrid arrangements in cross-border situations, and called for a binding framework and common rules to deal with national provisions such as Patent Boxes.

The Ministers proposed to address tax havens by adopting counter-measures against jurisdictions whose tax treatment facilitates tax havens by fostering non-transparency and aggressive tax planning.

Pierre Moscovici responded to the letter by outlining his intention for the Commission to issue comprehensive plans on tax avoidance in 2015. He noted that any legislative proposals must be in line with the OECD's on-going anti-tax avoidance projects, but stressed the necessity of fast tracking existing proposals which can have a genuine impact in reducing tax avoidance and ensuring fairer tax competition within the EU.

**Author:** Andrea Zahradníková

**Contact:** [azahradnikova@kpmg.sk](mailto:azahradnikova@kpmg.sk)

+421 2 599 84 111

### In one sentence

- The new templates of corporate and personal income tax returns and related guidelines were published in the Financial Bulletin of the Ministry of Finance no. 11/2014 <http://www.finance.gov.sk/Default.aspx?CatID=9588>
- On 29 November 2014 the amendment to the Slovak Income Tax Act was published in the Collection of Laws (No. 333/2014).
- On December 9, 2014 the Council of the EU (ECOFIN) discussed the status of the proposal for a Directive on a Financial Transaction Tax (FTT) for those Member States participating in the enhanced cooperation regime

reached agreement on the introduction of a general anti-avoidance rule (GAAR) into the Parent-Subsidiary Directive, and formally adopted a Directive amending the existing Directive on Administrative co-operation in the field of direct taxation (2011/16/EU) on information exchange.

- On November 21, 2014, the OECD released a public discussion draft concerning follow-up work as mandated under a report with respect to the model provisions and related commentary of Action 6 (prevent treaty abuse) of the BEPS action plan. A copy of the discussion draft can be found here:

<http://www.oecd.org/ctp/treaties/discussion-draft-action-6-follow-up-prevent-treaty-abuse.pdf>

- On November 19, 2014, Switzerland became the 52<sup>nd</sup> jurisdiction to sign the Multilateral Competent Authority Agreement; a framework agreement that will allow for the automatic exchange of information concerning tax matters between other signatory countries as early as September, 2017. The Agreement can be found on the following link:

<http://www.oecd.org/ctp/exchange-of-tax-information/multilateral-competent-authority-agreement.pdf>

- On November 13, 2014 two documents ensuring better cooperation and international exchange of information with respect to combatting tax fraud were signed in Bratislava: An Agreement on the direct exchange of information in VAT matters between the Slovak Financial Directorate and a Common Declaration on the need for the intensification of mutual cooperation in customs and tax matters.
- The Financial Directorate of the Slovak Republic issued the Guideline on registration of taxable persons according to Article 4 of the Slovak VAT Act.

[https://www.financnasprava.sk/\\_img/pfsedit/Dokumenty\\_PFS/Profesionalna\\_zona/Dane/Metodicke\\_pokyny/Nepriame\\_dane/2014/2014.11.21\\_MPpar4ZDPH.pdf](https://www.financnasprava.sk/_img/pfsedit/Dokumenty_PFS/Profesionalna_zona/Dane/Metodicke_pokyny/Nepriame_dane/2014/2014.11.21_MPpar4ZDPH.pdf)

---

### Contact us

**Tomáš Círan, Partner**

+421 (0)2 59 98 43 06

[tciran@kpmg.sk](mailto:tciran@kpmg.sk)

**Branislav Ďurajka, Partner**

+421 (0)2 59 98 43 03

[bdurajka@kpmg.sk](mailto:bdurajka@kpmg.sk)

**Róbert Kolár, Director**

+421 (0)2 59 98 43 14

[rkolar@kpmg.sk](mailto:rkolar@kpmg.sk)

**KPMG Slovensko Advisory, k. s.**

**Dvořákovo nábrežie 10**

**811 02 Bratislava**

[skmarketing@kpmg.sk](mailto:skmarketing@kpmg.sk)

[www.kpmg.sk](http://www.kpmg.sk)

© 2014 KPMG Slovensko Advisory k.s., a Slovak limited partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The information contained is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.