

Slovakia Country Profile

EU Tax Centre

July 2016

Key tax factors for efficient cross-border business and investment involving Slovakia

EU Member State Yes

Double Tax Treaties With:

Australia	Egypt ^(a)	Rep. of Korea	Romania
Austria	Estonia	Kuwait	Russia
Belarus	Finland	Latvia	Serbia
Belgium	France	Libya	Singapore
Bosnia & Herzegovina	Georgia	Lithuania	Slovenia
Brazil	Germany	Luxembourg	South Africa
Bulgaria	Greece	Macedonia	Spain
Canada	Hungary	Malta	Sri Lanka
China	Iceland	Mexico	Sweden
Croatia	India	Moldova	Switzerland
Cyprus	Indonesia	Mongolia	Syria
Czech Rep.	Iran	Montenegro	Taiwan
Denmark	Rep. of Ireland	Netherlands	Tunisia
	Israel	Nigeria	Turkey
	Italy	Norway	Turkmenistan
	Japan	Poland	UK
	Kazakhstan	Portugal	Ukraine
			US
			Uzbekistan
			Vietnam

Notes: (a) Treaty signed but not yet in force

Forms of doing business Limited liability company (s.r.o.),
joint-stock company (a.s.).



Legal entity capital requirements	Limited liability company (s.r.o.): at least EUR 5,000, joint-stock company (a.s.): at least EUR 25,000.
Residence and tax system	A company is resident if it has been incorporated in Slovakia or if its place of effective management is in Slovakia.
Compliance requirements for CIT purposes	The corporate income tax return must be filed within 3 months from the end of the respective taxable period (usually the calendar year, but can be changed to a different financial year). However, based on the written notification submitted to the relevant tax authorities by the date prescribed for the filing of the tax return, the deadline for filing can be extended: <ul style="list-style-type: none"> A) up to 3 calendar months; or B) up to 6 calendar months (if a taxable income of taxpayer also originates from sources abroad).
Tax rate	The standard corporate income tax rate is 22 percent.
Withholding tax rates	<p>On dividends paid to non-resident companies</p> <p>No withholding tax on dividends paid to non-resident companies (except for distributions of profits generated before 2004). No withholding tax applies to dividends paid to EU parents, regardless of the year in which the profit was earned (due to the domestic law implementing the EU Parent-Subsidiary Directive), if the following conditions are fulfilled:</p> <ul style="list-style-type: none"> ■ Participation requirement: 25 percent of the share capital in the case of pre-2004 profits (the 25 percent shareholding requirement was not reduced to 20 percent and 15 percent, as required by Directive 2003/123, ■ No minimum holding period. <p>On interest paid to non-resident companies</p> <p>Generally 19 percent, but exemption for interest paid to EU-associated companies (due to the domestic law implementing the EU Interest and Royalties Directive):</p> <ul style="list-style-type: none"> ■ Associated companies: direct holding of 25 percent of the share capital; ■ Minimum holding period: 24 consecutive months before the payment date <p>The rate may also be reduced under DTTs.</p> <p>35 percent on interest paid to taxpayer in non-tax treaty state.</p> <p>On patent royalties and certain copyright royalties paid to non-resident companies</p> <p>Generally 19 percent, but exception for royalties paid to EU-associated companies (due to the domestic law implementing the EU Interest and Royalties Directive):</p>



- Associated companies: direct holding of 25 percent of the share capital;
- Minimum holding period: 24 consecutive months before the payment date.

The rate may also be reduced under DTTs.

35 percent on royalties paid to taxpayer in non-tax treaty state.

On fees for technical services

Generally 19 percent on fees for technical advisory services provided by non-residents in the territory of the Slovak Republic. Benefit from DTT may be sought.

On other payments

Withholding tax must be applied on specified categories of income originating from sources in the territory of the Slovak Republic.

Branch withholding taxes

No

Holding rules

Dividend received from resident/non-resident subsidiaries

In principle, taxable as ordinary income:

- Taxation of capital gains from Slovak sources, on the sale of moveable assets of a PE, shares and securities in a Slovak entity if sold by a non-resident to a Slovak entity or if the non-resident company owns real estate in Slovakia with an accounting value totaling more than 50 percent of the company's equity (may be reduced/exempted by application of DTT).

Capital gains obtained from resident/non-resident subsidiaries

In principle, taxable as ordinary income:

- Taxation of capital gains from Slovak sources, on the sale of moveable assets of a PE, shares and securities in a Slovak entity if sold by a non-resident to a Slovak entity or if the non-resident company owns real estate in Slovakia with an accounting value totaling more than 50 percent of the company's equity (may be reduced/exempted by application of DTT).

Tax losses

As of January 1, 2014 tax losses can be carried forward in equal parts over 4 years. Provisional conditions to the Income Tax Act stipulate that any tax losses reported from 2010 to 2013 not utilized until January 1, 2014 can only be carried forward in four equal portions

Tax consolidation rules/Group relief rules

No

Registration duties

No, only minimal stamp duties when a company is being registered or changes to registration in the Commercial Register.



Transfer duties

On the transfer of shares

No

On the transfer of land and buildings

No

Stamp duties

Yes

Real estate taxes

The real estate tax consists of three different types of taxes:

1. Land tax,
2. Property tax on buildings and
3. Apartment tax.

The tax return for real estate tax must be filed before January 31 of the year for which this tax return is filed.

Controlled Foreign Company rules

No

Transfer pricing rules

General transfer pricing rules

OECD Transfer Pricing Guidelines apply. Very broad definition of 'related parties'. As of January 1, 2015 transfer pricing rules apply also between Slovak entities.

Documentation requirement

As of January 1, 2009, there is an obligation for foreign-related parties to keep specific transfer pricing documentation. Detailed requirements for such documentation were issued by the Ministry of Finance.

As of 2014 the taxpayer is obliged to submit the local transfer pricing documentation to the tax authority upon its request (i.e. not only in the course of the tax audit) within a period of 15 days from request delivery.

As of January 1, 2015, domestic related parties are also obliged to keep transfer pricing documentation.

Thin capitalization rules

Earning stripping rules: In the tax periods commencing on or after January 1, 2015, interest and other expenses related to loans received from a related party exceeding 25 percent of an amount in principle corresponding to EBITDA will be tax non-deductible. The rules apply to related parties - in line with the definition of related parties for transfer pricing purposes, i.e. to foreign and domestic related parties. These rules do not apply to certain financial institutions, e.g. banks, insurance companies, re-insurance companies.



General Anti-Avoidance rules (GAAR)	No General Anti-Avoidance provisions except for the transfer pricing and substance over form rules.
Specific Anti-Avoidance rules/Anti Treaty Shopping Provisions	No
Advance Ruling system	<p>Tax authorities may issue binding advance rulings on transfer pricing issues and for the determination of the taxable base of a PE only.</p> <p>As of September 1, 2014, it is possible to request the Financial Directorate for a binding opinion regarding the application of tax laws in specific areas.</p>
IP / R&D incentives	Yes. A company may file an application for R&D incentives after the Ministry of Education publishes a call for submissions. A successful application results in tax relief, which is computed as a proportional part of the tax due.
Other incentives	Investment incentives can be granted if the particular conditions and all the administrative requirements are met.
VAT	The standard rate is 20 percent and the reduced rate is 10 percent. VAT grouping is possible
Other relevant points of attention	In principle, 'substance over form' rule in the Tax Administration Act applies to any planning structure.

Source: Slovenian tax law and local tax administration guidelines, updated 2016.



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