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Spring brings a breath of fresh air not only to nature, but also to the business world. At international level, Trump's inauguration was a wake-up call to businesses, even something as important as the threat to the 15% global minimum tax agreement remained in the shadow of the looming tariff wars. Very briefly on this topic in TOP 6, if you are interested in the broader context, please also read the article written by our partner Renáta Bláhová.

Slovak businesses did not have a spring siesta in the first few months of the year either, as the effects of the consolidation package brought not only a higher financial but also administrative burden. Only the tax administration is pleased, as it collected 24.5% more tax in January and February than in the same period last year. Firms had to consider the new increased VAT rates and deal with unresolved issues in connection with the introduction of the new tax on financial transactions (TOP 1).

With all the worries you have to deal with at the moment even without Trump, you should not forget to devote yourself to more enjoyable topics - choosing the non-profit organisation to which you will assign part of your tax and thus also a little spring happiness; in TOP 3, we have summarised for you how the process can be optimised. We also bring an updated overview of valid tax incentives (TOP 2).

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TOP 1: Important FAQ on FTT as of 01/04/2025 for companies

We have already informed on the financial transaction tax (FTT) on several occasions in our BMB Newsfilters. Since the last issue, the law has already been amended and a further three amendments are currently in the Parliament. In this issue, we focus on the most frequently asked questions by companies and answer them in accordance with the current version of the law.

- **Who is subject to the FTT?**

FTT only applies to **business activities** (legal entities, sole traders and self-employed persons under special regulations). The assignment of the IČO (identification number), DIČ (tax number) or registration for another type of tax is not relevant.

- **Which criteria should I consider to determine whether my company is subject to the FTT?**

It is sufficient when one of the below criteria is met:
- Registered office or place of business in Slovakia,
- Payment account in Slovakia, or
- Exercise of activities in Slovakia.

- **What is subject to the tax?**

To put it simply, the following transactions are subject to tax:
- Payments debited from the bank account,
- Use (not issue) of a payment card, and
- Reinvoicing of the costs related to the activity in Slovakia.

- **What is the difference between the taxable person and the taxpayer?**

The taxable person is the person whose transactions are subject to tax and the taxpayer is the person who keeps the records and withholds and pays the tax. In certain cases, e.g. when costs are reinvoiced or payments are made from a foreign account, the taxable person is also the taxpayer. In most cases, however, there are two different subjects and the taxpayer is usually the domestic bank.

The taxpayer is responsible for the accuracy of the tax calculation, withholding and payment of the tax. He is obliged to keep **records to the extent necessary for the correct assessment of the tax**. The minimum scope of the records is set out in Section 11.

- **Do I have to register for FTT?**

There is no registration procedure for the FTT. The tax administrator registers the taxpayer on the basis of the first Declaration submitted. The FTT is administered by the locally competent tax administrator in accordance with the Tax Procedure Code.

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- **Is a tax return to be filed?**

According to the Tax Procedure Code, the Declaration is considered a tax return (both a correction and an amended declaration can be submitted). It is submitted electronically and the obligation to submit it only applies to the period in which the tax liability arose. The declaration form has already been published on the website of the tax administration.

- **How is the FTT computed?**

The **tax** is calculated in EUR as the product of the tax rate and the tax base (except for payment cards, which are subject to a lump-sum tax), the minimum tax amount is EUR 0.01 and the tax is rounded mathematically.

The **tax base** is the amount of funds debited from the payment account (0.4%, max. EUR 40); the amount of reinvoiced costs (0.4%, max. EUR 40, if the company can identify the individual transactions, otherwise no upper limit); cash withdrawals from the bank account 0.8% without upper limit and for the use of the payment card EUR 2/year (the card payments themselves are not subject to FTT).

- **When is the FTT due for the first time?**

The first tax period is April 2025. It is possible to cumulate the first three tax periods into a single period (April, May, June) and submit only one declaration by the end of July 2025. Please note that it is not possible to cumulate periods if the tax is collected earlier. Otherwise, the taxable period is a calendar month and you are obliged to submit a declaration and pay the tax by the end of the following month. **The taxable period for FTT on the use of a payment card is a calendar year.** The first declaration for the year 2025 is due by the end of January 2026.

- **Do I have to keep a separate account for transactions which are not subject to the FTT?**

If you carry out transactions that are not subject to FTT, the law assumes that these are made from a separate bank account and reported to the bank (section 12(7)). This is a practical requirement as banks did not have a technical solution to recognise all types of exempt payments. **The notification to the bank is only valid from the day after the notification.** If you make exempt payments, we recommend that you check the need for notification according to the law and also with your bank. The procedure may not be the same in all banks. It is not necessary to set up a separate account for the payment of taxes, mandatory social/health insurance contributions etc.

- **How to record the FTT in the ledgers?**

According to the information provided by the tax administration, the FTT is recorded in account 538 - Other taxes and fees - in accordance with the Slovak accounting regulations. It is a tax deductible expense pursuant to Section 19 (3) (j), regardless of whether it is associated with a deductible or non-deductible expense. However, the question of accounting in accordance with International Financial Reporting Standards remains open.

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- **What should I do when I suspect the bank has withheld the FTT incorrectly?**

If there is any doubt about the correctness of the tax collected, the taxable person may request an explanation from the taxpayer within 12 calendar months after the FTT was withheld. The taxpayer is obliged to give an answer. If the taxable person does not agree with the answer, it may subsequently contact the tax administrator.

- **Will the tax administrator publish a methodical guidance or instruction?**

A methodological instruction of the Ministry of Finance is being prepared and is currently being commented. It is expected to be available from 1 April 2025.

TOP 2: State aid and tax reliefs – 2024 and 2025 changes

In 2024, the Act on State Aid was amended. We provided information about the amendment in our BMB Newsfilter for 1Q/2024. The amendment changed the structure of the investment map and increased the maximum amount of aid from 40% to 50% of eligible investment costs in the Partizánske and Prievidza districts and to 40% of eligible costs in other regions of western Slovakia. The map is valid from 01/01/2024 to 31/12/2027.

Since 1 March 2025, an amendment to Slovak Government Decree 195/2018 on the conditions for granting investment aid has been **in force**, which added the following provisions:

- If an investment project with eligible costs of up to EUR 50 million is realised, the intensity of the state aid can be increased by 10%.

- The maximum intensity of the state aid may not exceed 75% of the total eligible costs of the investment project if the increase in intensity is applied.

At the same time, the priority areas also have the **minimum investment amounts required** for each region. For example, in order to obtain income tax relief, it is necessary to invest a minimum of **EUR 6 million** in the most developed areas, **EUR 3 million** in the case of small and medium-sized enterprises, and only **EUR 200 thousand** in the least developed regions**, in the case of small and medium-sized enterprises, an investment of EUR 100 thousand is sufficient**. The structured regional map for 2025 can be found on page 15 of the Investment Aid Manual on the website of the Ministry of Economy.

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Maximum investment aid in priority areas in accordance with the Ministry of Economy's manual for 2025 - industrial production:

Priority areas	Western Slovakia	Central Slovakia	Eastern Slovakia
Subsidy for acquisition of assets	**40%**	**40%**	**50%**
Income tax relief	**40%**	**40%**	**50%**
Transfer of immovable assets for a more favourable price	**100%**	**100%**	**100%**
Lease of immovable assets for a more favourable price	**90%**	**90%**	**90%**
Grants for newly created jobs	**N/A**	**40%**	**50%**
Districts Prievidza and Partizánske 01/04/2024-31/12/2026	**50%**		

Companies can also claim the **deduction for research and development costs** (the so-called super deduction) under Section 30c of the Income Tax Act. A working group has been set up at Ministry of Finance level in which possible changes to this tax relief are currently being intensively discussed.

According to the current wording of the law, costs for external services, for example, can only be claimed to a very limited extent (costs from the academic sector, e.g. SAV) as part of the super deduction. In future, however, external services should also be extended to other external subcontractors used by companies in the preparation of R&D projects. A limitation is envisaged in order to avoid abuse.

TOP 3: Optimisation of the share of paid tax for NPO

The deadline for paying taxes is approaching, and with it the opportunity to choose a non-profit organisation (NPO) to which you can assign a portion of your tax for a good cause. Large companies that are subject to ESG regulations usually make the most of their opportunities; smaller companies do not always do so.

To summarise, a company that manages to make a minimum donation (of at least 0.5% of its tax liability) by the tax return filing deadline can donate up to 2% of its taxes to the selected NPO, leaving the state with only 98% of the calculated tax liability. However, if your donation is not made on time, your NPO will only receive 1% of your tax liability, leaving the state with 99%. Selected NPOs can be verified on the website www.notar.sk/prijimatelia. To receive the 2% or 1% share of the tax paid, the recipient must be on this list.

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In contrast to legal entities, with individuals, the tax share is not linked to a donation, but always amounts to 2% of personal income tax. An employee who does not submit a tax return himself, but whose employer submits an **annual reconciliation**, also requires a **Declaration of assignation of the share of personal income tax paid**. If the employee has marked the option to issue a confirmation of tax paid in the application for the annual reconciliation, the employer is obliged to issue this confirmation to the employee and then attach it to the statement and submit both to the tax office by 30 April 2025 at the latest. If the employee has worked as a volunteer (at least 40 hours), he or she can assign up to 3% of the tax.

Assigning the tax for the non-profit sector is all the more important this year as an amendment to the Income Tax Act was adopted with effect from 1 January 2025, according to which it is also possible to assign this tax paid to parents.

TOP 4: Optional flat-rate input VAT deduction for fuel still valid

In BMB Newsfilter for Q4/2024, we reported that the Ministry of Finance is considering cancelling the option of flat-rate input VAT deduction for fuel under the VAT Act, as this is contrary to Council Directive 2006/112/EC on the common system of value added tax.

Slovakia has applied to the European Commission for an exception limiting the right to deduct input VAT on the purchase, lease, intra-Community acquisition and importation of motor vehicles of categories M1, L1e and L3e2 and related services, spare parts, accessories and fuel, if the vehicles and motorbikes are **used simultaneously for business and other (private) purposes. In the application for exemption for the Slovak Republic, the proportion of the applicable input tax deduction is set at 50%. This change is to be applicable from 1 July 2025 and will apply temporarily in the first phase until 30 June 2028.**

However, Slovakia can extend the application for exception again.

It is not yet clear whether the Income Tax Act, which currently provides for a flat-rate input tax deduction of 80% and 20%, will be adapted to this change once the exception is granted.

TOP 5: Updated SK list of cooperative countries ("White List")

The Ministry of Finance regularly publishes on its website the List of co-operative countries pursuant to Section 2 letter x) of the Income Tax Act, the working title of which is the 'White List'. This list includes countries with which the Slovak Republic has concluded a valid double taxation agreement or an agreement on mutual administrative assistance in tax matters or which are signatories of another similar international agreement by which the Slovak Republic is bound.

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In addition, the Ministry of Finance excludes countries that are on the EU list of non-cooperative jurisdictions for tax purposes (see TOP 10 below), do not levy corporate income tax or apply a corporate income tax rate of zero. The list is updated every year as at 1 January and is valid for the whole following calendar year. The last update therefore took place on 1 January 2025 and there are currently 135 countries on the list. Compared to the version valid in 2024, 2 countries have been added, namely Antigua and Barbuda and the Seychelles.

If a country is not on the list of co-operative countries, transactions with that country may be subject to a higher tax burden, e.g. higher withholding tax rates or no applicable tax exemptions, costs related to such transactions are not tax deductible and the transactions are subject to stricter scrutiny by the tax administration.

The EU has its own list for tax purposes, but unlike the Slovak Republic, the EU list publishes the non-cooperative countries ("Black List"") and is updated twice a year (see TOP 10).

TOP 6: New US approach threatens global minimum tax deal

The executive order of the American President Donald Trump declaring the intention of the United States to withdraw from the OECD's Global Minimum Tax (GMT) is controversial news.

In a presidential executive order issued on Monday, 20 January 2025, Trump stated he would "recapture our Nation's sovereignty and economic competitiveness by clarifying that the Global Tax Deal has no force or effect in the United States."

The OECD GMT agreement, which was first implemented by the EU with effect from 1 January 2025 in the form of a Directive, provides that multinational companies with revenues exceeding €750 million are subject to a minimum effective corporate income tax rate of 15 %. This was agreed by more than 135 OECD member states in October 2021, including Japan, Canada, South Korea and the UK, and in all EU countries, including Slovakia, where the relevant tax laws have already been adopted.

Last year, OECD estimated that the GMT would drastically decrease the global profit shifting to tax havens and increase corporate income tax revenues by around USD 200 billion a year, which are vital figures for many countries facing poverty. To achieve this, the OECD GMT needs to be adopted by a critical number of countries to potentially reach 90 of the world's largest multinationals.

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TOP 7: Information exchange on the EU minimum effective tax

In March 2025, the Council reached a political agreement on a new EU directive (DAC9) that will improve administrative cooperation in the field of taxation. The objective is to enhance cooperation and information exchange on minimum effective corporate taxation.

DAC9 updates the existing EU directive on administrative cooperation (DAC) by expanding tax transparency rules. It simplifies reporting for large corporations and enhances data exchange between tax authorities of member states.

This new directive also introduces a standard form, which multinationals and large domestic groups (with turnover at least EUR 750 million) will be required to use to report tax-related information necessary to ensure proper functioning of the system on minimum rate of corporate tax (minimum effective tax 15%).

Member states will have to transpose DAC9 into national law by 31 December 2025.

TOP 8: Final green light for "VAT in Digital Age" package

On 11 March, the Council gave its final green light on a set of laws to make the EU's value added tax (VAT) rules fit for the digital age. This package is intended to give the EU a competitiveness boost, help combat VAT fraud and cut the administrative burden for business. The adopted package covers a directive, a regulation and an implementing regulation and brings changes to three different aspects of the VAT system. The new rules will:

- make VAT reporting obligations for companies which sell goods and services to businesses in another EU member state fully digital (by 2030)
- require online platforms to pay VAT on short-term accommodation rentals and passenger transport services in most cases where individual service providers do not charge VAT
- improve and expand online VAT one-stop-shops so that businesses do not have to go through costly registrations for VAT in every member state in which they do business.

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TOP 9: Polish family foundations at risk

In 2023, Poland introduced a law on family foundations to encourage wealthier citizens to leave their assets in the country. This law facilitated inheritance and brought tax benefits. In the short time since the law has been in force, around 3,000 family foundations have been established. However, after the change of government, some members of the government hinted at the possibility of changing the law and abolishing the tax benefits, which caused uncertainty among investors. Critics claim that some foundations are used for business purposes and abuse the tax benefits instead of fulfilling the original purpose of inheritance planning. The Polish government has not yet commented on what specific changes it plans to make. In response to this uncertainty, the flow of capital into foundations has slowed considerably. There are fears that the new legislation could restrict access to assets or impose high taxes if they are transferred abroad.

Slovakia is still waiting for a similar law on private foundations, which is why investors often use foundations in the neighbouring Czech Republic for succession planning.

TOP 10: Update of EU’s “Black List”

Unlike the Slovak Republic, which publishes an annual list of cooperative jurisdictions for tax purposes (see TOP 5), the EU has its own List of non-cooperative jurisdictions for tax purposes, which it updates twice a year. Both lists have the same objective: to combat tax evasion and tax avoidance.

The last update of the EU list took place in February 2025. Compared to the previous update (October 2024), the list has not changed and continues to include the following **11 countries** that do not cooperate with the EU or have not fully complied with their obligations: American Samoa, Anguilla, Fiji, Guam, Palau, Panama, Russia, Samoa, Trinidad and Tobago, US Virgin Islands and Vanuatu.

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Article Trump confirms 25% tariffs on EU cars, illogically blaming European VAT as well (EN)
Declaration form – Financial Transactions Tax (SK)
Link for verification of the recipient of the tax paid: www.notar.sk/prijimatelia (SK)
SK – List of cooperative countries for tax purposes (SK)
Article in Financial Times Trump's assault on the global corporate tax regime (EN)
EU-List of non-cooperative jurisdictions for tax purposes (EN)

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