

6/2018

mandat
TAX & AUDIT SERVICES

Fresh tax, legal and economic information

MANDAT news

In this issue includes:
13th and 14th Salary
New Tax from January 2019
Taxation of Virtual Currencies

13TH AND 14TH SALARY

In this issue of Mandat news, we would like to draw your attention to the amendment to Act No. 595/2003 Coll. on Income Tax. Among other things, it introduces the 13th and 14th salary. An employer is entitled to pay them on the occasion of summer vacation season together with June salary, or on the occasion of the Christmas holiday season together with December salary.

Provision of such payments in the form of the 13th and 14th salary is voluntary, there is no legal entitlement to it. If the statutory conditions are cumulatively fulfilled, payments provided in the form of these additional salaries are gradually subject to tax and fees of up to EUR 500.

The law sets out conditions for tax exemption of these benefits in terms of minimum amount and duration of the employment relationship. The 13th and 14th salary must be at least in the amount of the average monthly earnings of the employee and the duration of the employment relationship must not be less than 24 months (13th salary) and 48 months (14th salary). It is important to state that the 14th salary can be paid to the employee only if he/she was paid the 13th salary in June.

Authors of these amendments did not forget employees in state administration and public service, and therefore these changes apply to them as well.



Marian Vojtek

e-mail: marian.vojtek@mandat.sk
Tel.: +421 2 571042-22

EXTENSION OF TAX DEDUCTIBILITY OF

DUAL EDUCATION EXPENSES

The amendment to the Act on Vocational Education and Training aims at increasing the motivation of entrepreneurs to participate in this educational system and/or to reduce the respective administrative burden. Furthermore, this amendment introduces several new features, such as the possibility to undergo practical education at the workplace of another employer and/or clarification of provisions of the education contract.

This amendment also indirectly amends the Income Tax Act. The definition of tax expense in relation to practical education has been clarified. Tax-deductible expenses introduced in the amended act include e.g. corporate scholarships or remuneration for the pupil's work up to 100 % of the minimum hourly wage.

Sections on tax deductibility of depreciation have been refined too. Depreciation of assets used to provide practical education to pupils will be also considered as a tax-deductible expense.

NEW TAX FROM JANUARY 2019

Starting from January next year, a new indirect tax will be introduced in Slovakia, namely the non-life insurance tax. The new tax will be applicable to all types of non-life insurance, except for compulsory insurance of motor vehicles. The tax will cover insurance risks that are located in the Slovak Republic only.

The new insurance tax will replace the insurance premium fee paid since the beginning of 2017, which covered only insurance contracts concluded after 2017. The new insurance tax will be applied retroactively and therefore non-life insurance contracts concluded before 2017 will be also subject to it. The tax rate remains unchanged, i.e. 8 %.



Roman Ferjanc

e-mail: roman.ferjanc@mandat.sk
Tel.: +421 2 571042-12

TAXATION OF VIRTUAL CURRENCIES

Virtual currencies (crypto-currencies) experienced a great boom in the past, to which the Slovak Republic now responds by introducing their taxation. The amended provisions of the Income Tax Act will be first used when submitting a tax return after 30 September 2018. Together with the amendment to the Income Tax Act, accounting procedures were also amended. The new accounting method applicable to virtual currencies will be used for the preparation of financial statements for the accounting period ending on 1 October 2018 or later.

Taxation concerns entrepreneurs, non-entrepreneurs as well as non-profit organizations. The state transferred the burden of taxation to the moment of realization, i.e. sale and/or exchange of a virtual currency, whether for other virtual currency, other assets or for the provision of any service.

Amended accounting procedures classify virtual currencies as short-term financial assets intended for trading.

NOT TO BE MISSED

Important dates

Overview of important dates in the October-December 2018 can be found on our website: <http://www.mandat.sk>

ABOUT US

The companies **MANDAT CONSULTING, k.s.** and **MANDAT AUDIT, s.r.o.** were founded in 2004 as tax advisory and auditing companies. Since their establishment, they have been providing small, medium-sized and companies active in Slovakia with services in the field of tax consultancy, audit and accounting. Long-lasting cooperation with foreign advisory companies hand in hand with the competence of Slovakian tax advisors and auditors enables us rendering our service to the clients originated from abroad.

In present time, 41 well trained members of our staff are at the disposal to our clients.

Information provided in this material are only of a cursory nature. **MANDAT CONSULTING, k.s.** assumes no liability for any decision taken on the basis of this issue.

Should you wish to add other person to be receiving **MANDAT news**, please contact: **news@mandat.sk**

Please contact us, should you require additional information.