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TAX & AUDIT SERVICES

Fresh tax, legal and economic information



MANDAT news

In the February issue includes:
Major changes in the VAT Act
Changes in the assignment of 2 % of the tax

MAJOR CHANGES IN THE VAT ACT

In the previous issue of our newsletter, we informed you about the introduction of tax self-assessment in the domestic construction industry. In the February issue, we will highlight other changes brought about by the amendment to the VAT Act effective from **1 January and 1 April 2016**.

New conditions for refunds of excess input VAT:

With effect from **1 January 2016**, the amendment to the VAT Act relieves conditions for an earlier refund of excess input VAT in a shortened 30-day period after the deadline for filing of a tax return.

Excess input VAT will be refunded within the shortened 30-day period when the following conditions are fulfilled:

- **For the last six months, the taxpayer has no arrears in insurance payments (the time period for assessing arrears has shortened from 12 to 6 months);**
- **Arrears of taxes and customs duties payable to tax and customs offices together with the arrears of compulsory insurance payments cannot exceed the total amount of EUR 1000 (originally 0 EUR).**

The amendment to the VAT Act further introduces a change in the period when the entitlement to VAT refund ceases to exist, from six months to three months, if a tax audit cannot be carried out due to the taxpayer. If the taxpayer does not allow tax authorities to carry out a tax audit within three months from the date of its commencement, the entitlement to a refund of the excess input VAT shall expire on the last day of the third month, in the amount specified in a tax return or in an additional tax return.

Criteria for a tax deduction:

With effect from 1 January 2016, the amendment to the VAT Act sets out criteria, on the basis of **which taxpayers determine the use ratios for received goods and services (use for business purposes / for other purposes), as well as the use ratios for real investment property (for business purposes / for other purposes)**. These use ratios are determined by a taxpayer based on:

- **Amount of income from business and other income; in the case of real property, by the area of the real property used for business purposes and for other purposes;**
- **Time of use of the fixed assets, real property and services for business and for other purposes;**
- **Another criterion chosen by the taxpayer, the use of which objectively reflects the extent of use of the tangible property, real investment property and services for business and for other purposes.**



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MAJOR CHANGES IN THE VAT ACT

Real investment property, under the VAT Act, are buildings, land parcels, apartments and non-residential premises, superstructures of buildings, building extensions and construction works for buildings, apartments and non-residential premises that require a building permit.

Reporting of simplified invoices in a control statement:

According to the current wording of the VAT Act, control statements should include data from all received simplified invoices for which the recipient of the goods or services applies VAT deduction, in aggregate amounts, in the total amount of the tax base, total amount of tax and the total amount of deductions.

With effect from 1 April 2016, section B.3 of the control statement establishes the obligation of including data on deductions from simplified invoices, broken down by individual suppliers of goods or services, if the taxpayer applies tax deductions from the simplified invoices in the amount of EUR 3000 or more.

This means that if for a certain taxation period (calendar month or quarter) a taxpayer exceeds the ceiling of EUR 3000 by the sum of deductions from simplified invoices from individual suppliers, he/she will be obliged to present details of all simplified invoices broken down by suppliers, showing their identification numbers and the amount of tax deductions.

This amendment to the legislation will change the Control statement form.



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NOT TO BE MISSED

Changes in the assignment of 2 % of the tax

From 1 January 2016, the amendment to the Income Tax Act introduced a change in the area of utilization of the taxes paid for specific purposes. In relation to legal persons, a change is introduced as regards the percentage of taxes paid in the event that the funds are not provided as a gift.

Taxpayers who do not donate funds at the statutory amount of 0.5 % of the taxes paid cannot assign to the applicants up to 2 % of the taxes paid, but only up to 1 % of the taxes paid.

The amendment also introduces the opportunity for the recipient to obtain data about the taxpayers who assigned a share of the taxes paid to them, if the taxpayer in the statement of assignment of a share of the taxes paid agrees with informing the recipient about the identity of the assignor of the share of taxes paid.

This change in the percentage of the assigned tax by a legal person shall be used for the first time in the assignment of taxes paid after 31 December 2015.



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NOT TO BE MISSED

Important Dates

Overview of important dates in the period from February 2016 to March 2016 can be found on our website: <http://www.mandat.sk/>.



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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.

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