

Fresh tax, legal and economic information **NEWSLETTER**

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**FIRST AID MEASURES FOR ENTREPRENEURS PREPARED BY THE MINISTRY OF
FINANCE (UPDATED: 30 MARCH 2020)**



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Ministry of Finance of the Slovak Republic has prepared the first round of measures to mitigate effects of the coronavirus pandemic on entrepreneurs. The measures are included in the package labelled “First Aid for Employees, Businesses and Self-Employed Persons” announced by the Government in the end of the previous week. The Ministry of Finance shall take part by providing bank guarantees, allowing postponement of income tax advance payments or the possibility to apply any tax loss that has not been yet applied. These are measures Nos. 3, 6 and 7.

Measures by the Ministry of Finance relate primarily to taxation and bank guarantees. One of the measures announced by the Government on Sunday as part of the Aid Package is the postponement of income tax advance payments. This proposal relates to all taxpayers whose revenue (or income or turnover) drops in the given month by more than 40% in comparison to the same month in the preceding year and who notify Financial Administration of this fact using a sworn statement. The measure becomes applicable from April 2020. Each taxpayer is responsible for determining their revenues and for comparing them with those of the preceding year. If a drop in revenue of 40% or more is identified, the taxpayer can electronically send a sworn statement to the Financial Administration, i.e. the tax administrator, that he/she will not pay income tax advance payment for the given month/quarter. This announcement (sworn statement) must be produced for each month or quarter during the emergency situation, for which he/she desires to postpone his/her advance payments. Any unpaid advance payments will have to be settled as part of the 2020 tax return process, i.e. by March 2021. This measure is available to all entrepreneurs, without any limits concerning headcount or income level, i.e. including small enterprises, self-employed persons as well as large corporations. Entrepreneurs, whose revenue does not drop, can still utilize provisions of the Income Tax Act that allow taxpayers to request their tax administrator for a modification of their income tax advance payment schedule in another manner.

Another measure is the possibility to apply tax losses that have not yet been applied (up to 2014). This measure relates to entrepreneurs who submit tax

return for 2019 in the period from 1 January 2020 to 31 December 2020. It means that if a taxpayer submitted his/her tax return in January or February 2020, based on his/her fiscal year, it is possible to use a supplementary tax return to apply the tax loss. The loss can be applied in such a way that the statutory regime of tax loss application remains valid. It is therefore possible to apply, using a one-time application, only the part of the loss that could not be applied in previous years due to restrictions of tax base defined in legislation.

As part of the first aid measures for entrepreneurs, the Ministry of Finance of SR, in collaboration with Slovak Investment Holding (SIH), has also prepared a system of bank guarantees and interest subsidies under the title of “SIH Anti-Corona Guarantee”. SIH has allocated EUR 38 billion from European funds that will be used as a guarantee for loans provided to clients by participating commercial banks. The aid in the form of loans to bridge the unfavourable period is intended for sole traders and small and middle enterprises. Bank clients will be thus able to obtain special loans up to the amount of EUR 1.2 million. In total, banks will provide loans amounting to more than EUR 80 million within this system. Loans should be payable within 4 years at latest, including a 12-month postponement of repayment of principal and interest. Interest subsidy will cover up to 4%, which means that the interest shall be paid by SIH. If the client will be able to maintain employment, he/she will be able to obtain a low-interest or even interest-free loan. Supported enterprises will be able to use the resources obtained in the form of the loan to cover capital expenses or operating expenses to maintain employment. It is expected that banks will start to register for collaboration and proofs of compliance with criteria will start to be submitted during April. Subsequently, banks will be able to provide SIH Anti-Corona loans to their clients.

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, 57 well trained members of our staff are at the disposal to our clients.

Information provided in this material are only of a cursory nature.

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MANDAT CONSULTING, k.s.
MANDAT AUDIT, s.r.o.

Námestie SNP 15
811 01 Bratislava

TEL: 00421 2 571 042 11
FAX: 00421 2 571 99
EMAIL: office@mandat.sk
WEB: www.mandat.sk

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