

Fresh tax, legal and economic information

NEWSLETTER

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AMENDMENT TO THE VAT ACT



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Dear client,

during the last week of August, an amendment to the VAT Act was approved in the parliament. In our current newsletter, we would like to introduce you the most significant changes in the field of VAT.

Effective from **01/01/2023**, the VAT Act defines selected groups of taxable persons who have the possibility to decide whether or not to register for tax after the turnover exceeds **EUR 49.790 EUR**. These are primarily taxable persons who exclusively provide financial and insurance services or rent out real estate with exemption. These taxable persons also have the option to request cancellation of tax registration or withdraw their registration request. In defined cases, these taxable persons are not required to submit a separate tax return in case of not fulfilling the registration obligation.

Furthermore, it is proposed to harmonize the cases of assessment of late payment interest, which is related to the amount of tax on the importation of goods, with the cases of assessment of late payment interest related to customs debt.

In accordance with the rule of tax deduction on the customer's side, it is added to the VAT Act the provision related to the customer's obligation to correct the deducted tax to the extent of the unpaid liability in the tax period, in which **100 days** have passed since its due date.

The Act also proposes the possibility of correcting the tax base on the side of the supplier in the event that the customer does not pay him the whole or in part for the supply of goods or services, and his receivable becomes unenforceable for the purposes of the VAT Act. The Act further regulates and specifies the definition of unenforceable receivable. According to the new definition, this is such a receivable that has been due for **150 days**.

In connection with the COVID-19 pandemic, it is also proposed to exempt from tax the supply of goods or services to the European Commission, agencies and similar bodies that will be transported to another member state for the purpose of providing them free of charge. It is also proposed to exempt from tax the acquisition of goods from another member state for the same purpose by the European Commission, agency and similar body.

From **2023**, the method of determining the amount of the correction of deducted tax in the case of theft of small tangible property purchased for a purpose other than resale is established. In such a case, the legal fiction of assessing this property as if it were mandatorily depreciated property, is applied.

Furthermore, the Act proposes to harmonize the approach and introduces the obligation for the legal successor to continue adjusting the deducted tax even for movable investment property.

The Act also provides a united time period for the registration of a taxable person, together with the time period during which a taxable person who has not fulfilled the registration obligation or has submitted an application for registration late, is considered to be a taxpayer. This period is framed to **21 days**.

The amendment also relieves the foreign taxpayer from the need to submit a nil tax return if he only carried out a supply of goods within the triangulation simplification under VAT ID assigned within the territory of the country.

At the same time, it is proposed to establish a special deadline for paying the tax in the event that the person does not have a personal account number of the taxpayer at the time of acquiring a new means of transport from another member state. The suggested deadline for paying the tax is **7 days** from the date of delivery of the notification on the assignment of such an account.

The last significant innovation is the adjusted procedure of the Financial Administration in case of not submitting an application for tax registration, or its late filing. In the event that the result of a special tax return is an excessive deduction, the Financial Administration will not automatically check its eligibility through a tax audit, but may choose a different procedure, such as e.g. preliminary tax inspection.

In case of any questions, please do not hesitate to contact us via following e-mails:

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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, 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.

MANDAT CONSULTING, k.s. assumes no liability for any decision taken on the basis of this issue.

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