



CONSOLIDATION PACKAGE



On 3 October 2024, the National Council of the Slovak Republic approved amendments to the legislation on consolidation of public finances, the so-called consolidation package. The aim of the consolidation package is to improve the status of public finances, with the vast majority of changes coming into force on 1 January 2025. On 18 October 2024 the consolidation package was signed by the President of the Slovak Republic.

An overview of the most important changes in the tax area is given below:

Tax on financial transactions

- The introduction of a new tax from 1 January 2025, with the first taxable period being April 2025.
- This tax will be borne by individuals (entrepreneurs), legal entities and branches of foreign persons who are clients of a payment service providers carrying out financial transactions (taxpayers).
- The taxpayer, i.e. the tax will be collected and paid by payment service providers (banks and similar institutions) or by the taxpayer itself in the case where it is a client of a payment service provider established outside the territory of the Slovak Republic without a branch in the Slovak Republic.
- The subject of the tax will be a financial transaction where an amount of funds is debited from the entrepreneur's account. Furthermore, the recharged cost related to the execution of a financial transaction that relates to the activity of the entrepreneur carried out in the domestic territory and internal clearing transactions. The use of a payment card issued to a business account.
- The tax rate
 - 0.4% of the tax base, up to a maximum of EUR 40 per financial transaction;
 - 0.8% per cash withdrawal per transaction;
 - EUR 2 per calendar year for the use of a payment card;
 - 0.4% of the amount of costs recharged related to financial transactions.
- The tax will not apply to payments of taxes and levies, transfers between the taxpayer's own accounts held at the same bank, payments in connection with the purchase of government bonds, or payments at the post office.
- At the same time, an entrepreneur who is an individual and does not have an established payment account on which he/she carries out financial transactions related to his/her business will be obliged to establish one by 31 March 2025.

Corporate income tax

- Increase in the limit of taxable income (revenue) for the application of the reduced income tax rate from the current EUR 60 000 to EUR 100 000.
- Reduction of the above-mentioned income tax rate (lowered rate) from the current 15% to 10%.
- Increase of the standard income tax rate from the current 21% to 24% for taxpayers whose taxable income exceeds EUR 5 000 000.
- The above changes will apply when filing a tax return for the taxable year beginning no earlier than 1 January 2025.
- The withholding tax rate for individuals will be reduced from the current 10% to 7% for dividends paid out of profits recognized for taxable periods beginning no earlier than 1 January 2025.

Value added tax

- The standard tax rate will be increased from the current 20% to 23%.
- Two reduced VAT rates will be introduced, i.e. 19% and 5%. In the case of the reduced rates, there will be a regrouping of goods, for example, a reduced rate of 5% will now apply to basic foods, accommodation services, medicines, printed books and magazines and medical devices. A new 19% VAT rate will apply to electricity and restaurant services - soft drinks.

Other changes

- A special levy for refineries is introduced, the special levy for telecommunication companies is increased.
- Reminder: introduction of a minimum tax from 1.1.2024
 - The minimum tax is paid by the taxpayer who has earned taxable income (revenue) for the taxable period

Not exceeding EUR 50 000, in the amount of	340 EUR
Exceeding EUR 50 000 and not exceeding EUR 250 000, in the amount of	960 EUR
Exceeding EUR 250 000 and not exceeding EUR 500 000, in the amount of	1 920 EUR
Exceeding EUR 500 000, in the amount of	3 840 EUR

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