# 12 COUNTRIES.
# 12 TAX SYSTEMS.

The year 2024 brings changes in the areas of taxes, duties and social contributions in all CEE and SEE countries. This special newsletter covers essential changes effective as of 2024.

TPA offers an overview of the most important tax innovations of 2024.


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| Albania | Montenegro |
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# Slovakia

**Income Tax Act Amendments**

The most important amendments effective as of 1 January 2024 are as follows:

- a minimum tax on the incomes of corporate entities, or the so-called tax licence, will be introduced:
  - the minimum amount will be paid if the company generates tax loss or its tax liability calculated in the corporate tax return is lower than the established minimum tax amount. The minimum tax (after deducting tax allowances and tax paid abroad) will depend on the taxable income generated in the respective taxation period as follows:
    - taxable income not exceeding EUR 50,000, the minimum tax of EUR 340 will be paid;
    - taxable income exceeding the amount of EUR 50,000 and not exceeding the amount of EUR 250,000 (inclusive), the minimum tax of EUR 960 will be paid;
    - taxable income exceeding EUR 250,000 and not exceeding EUR 500,000 (inclusive), the minimum tax of EUR 1,920 will be paid;
    - taxable income exceeding EUR 500,000, the minimum tax of EUR 3,840 will be paid.
  - a positive difference between the minimum tax and the tax reported in the tax return may be credited against the tax liability for three consecutively following taxation periods after the tax period in respect of which the minimum tax is paid. The minimum tax may be credited only against the part of the tax liability which exceeds the minimum tax;
  - the minimum tax will be applied for the first time for the taxation period starting on 1 January 2024.
- for the tax periods starting from 1 January 2024, the taxable income threshold for the application of the reduced 15% corporate income tax and entrepreneurs' income tax rate is increased from EUR 49,790 to EUR 60,000;
- the personal income tax rate on dividends, liquidation surplus of a commercial company or a cooperative and settlement share is increased from 7% to 10%. The stated applies for dividends generated in taxation periods starting on 1 January 2024, the liquidation surplus if the company, or cooperative, enters liquidation from 1 January 2024, or if a court decides to dissolve the company due to bankruptcy from 1 January 2024, and for a settlement share if its amount is based on the annual individual closing of accounts for an accounting period from 1 January 2024;
- benefit in kind received by an employee in the form of employee shares or shares in a limited liability company will be exempt from tax as long as specific statutory conditions are met (the same applies to shares provided by the company to its supplier (individual));
- new rules limiting the amount of tax-deductible interest expense („interest limitation rules") will apply in Slovakia in case of loan contracts or amendments to existing contracts concluded as of 2024. Based on these rules, if the amount of net interest costs is higher than EUR 3,000,000, the corporate income tax base should be increased by the amount by which the net interest costs exceed 30% of the tax base increased by net interest costs and tax depreciation. Net interest costs mean the amount by which tax-deductible interest expenses exceed taxable interest income in the relevant tax period. Interest expense treated as tax non-deductible due to interest limitation rules can decrease the tax base during subsequent 5 tax periods provided interest limitation rules are met in those periods. These rules will not apply to financial institutions and entities related parties of which are individuals only.

### Value Added Tax amendments

The most important amendments effective as of 1 January 2024 are as follows:

- a new quarterly record-keeping obligation is introduced for local payment service providers through which payments for delivered goods or services are made. The recording obligation is only compulsory if the place of supply is in the EU and once the number of 25 payments to a single supplier (payee) is exceeded, which is tracked over a calendar quarter period;
- the VAT rate is increased from 10% to 20% for alcoholic beverages with alcohol content of more than 0.5% by volume served in restaurants and catering facilities.

### Tax Administration Code amendments

The most important amendments effective as of 1 January 2024 are as follows:

- a so-called „second chance“ is introduced when imposing penalties, where the tax administrator will not impose a penalty, which can be determined within an interval range, for the first violation of the Tax Code, but will first call on the tax entity to comply with its obligations, together with a warning that a penalty will be imposed for the next violation. The administrative offense will be solved separately by the Customs and Tax Authorities;
- the time limit for charging interest on late payment in the event of full payment of the arrears is shortened, so the tax administrator will be able to impose the interest only within one year from the end of the year in which the arrears were paid.

### Social and Health Security Contributions

- the rate of health insurance contributions will increase for employers from 10% to 11% and if the employers employ persons with disabilities from 5% to 5.5%. Health insurance contributions for self-employed persons will increase from 14% to 15%, for self-employed persons with disabilities from 7% to 7.5% and for self-payers from 14% to 15%.