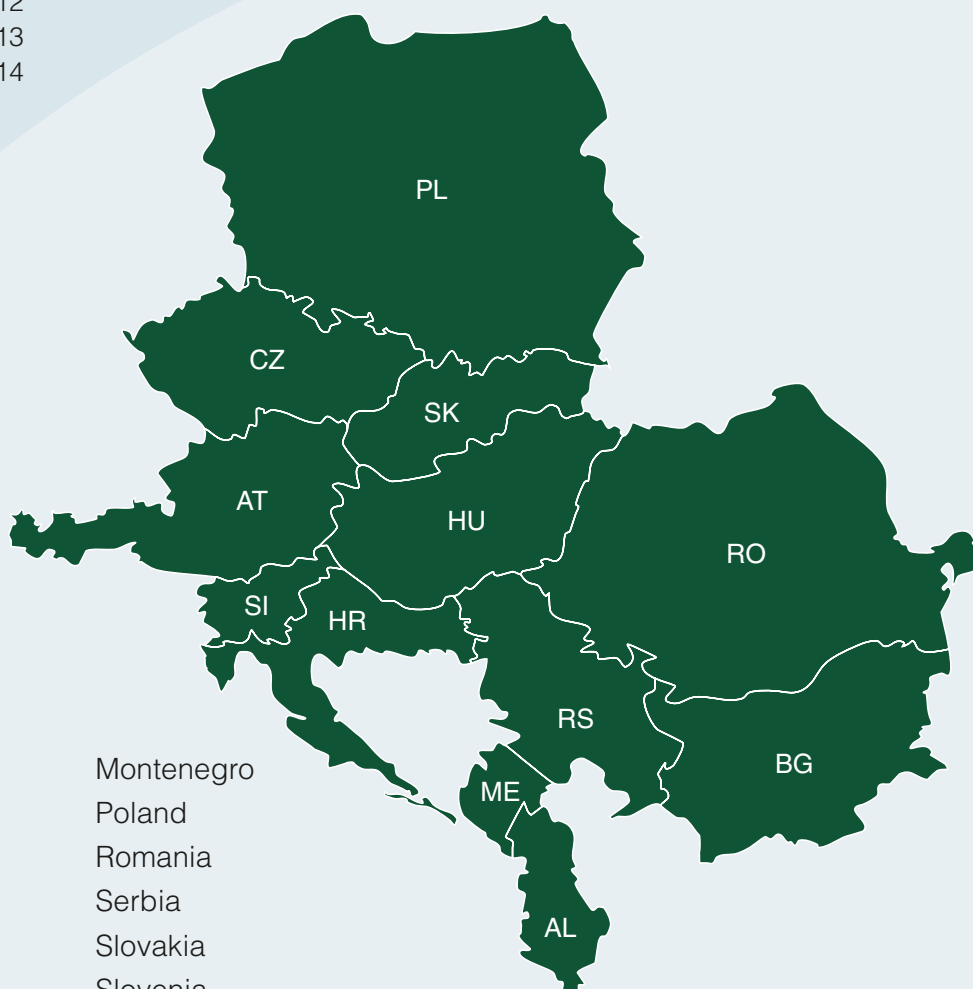


12 COUNTRIES. 12 TAX SYSTEMS.

The year 2025 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 2025.

TPA offers an overview of the most important tax innovations in the following CEE and SEE countries in which we operate:

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Albania	Montenegro
Austria	Poland
Bulgaria	Romania
Croatia	Serbia
Czech Republic	Slovakia
Hungary	Slovenia

1. Albania

The Parliament of the Republic of Albania has enacted Law No. 29/2023, 'On Income Tax', which comes into force on January 1, 2024. Certain provisions, however, will take effect from January 1, 2025. The changes primarily impact personal income tax, corporate tax, and compliance requirements, aiming to modernize tax regulations and enhance transparency. Below is a summary of key tax updates for individuals and corporations.

Personal Income Tax

- **Taxable Income Categories:**

- Employment Income
- Net Business Income (Self-Employment)

- **Employment Income Taxation:**

Annual Employment Income (ALL)	Tax Rate
Up to 2,040,000	13 %
Above 2,040,000	23 %

- Employment income includes salaries, bonuses, benefits, director's fees, and termination compensation.
- Standard deductions apply based on income level:
 - Up to ALL 600,000: Deduction of ALL 600,000
 - ALL 600,000 – ALL 720,000: Deduction of ALL 420,000
 - Over ALL 720,000: Deduction of ALL 360,000
- Private pension fund contributions up to the minimum monthly salary (ALL 40,000) are deductible.
- Annual deduction of ALL 100,000 per dependent child (<18 years old) for educational expenses, applicable if the parent's annual income is up to ALL 1,200,000.

- **Business Income (Self-Employment Taxation):**

Annual Tax Base (ALL)	Tax Rate
0 to 14 million	15 % ¹
Over 14 million	23 %

- If 80% or more of income comes from a single client, it is classified as employment income and taxed at 13% or 23%.
- If 90% or more of total income is derived from fewer than three clients, it is also considered employment income.

¹For commercial individuals and self-employed persons with an annual gross income of up to ALL 14 million, the PIT rate will be 0% until December 31, 2029. However, this does not apply to taxpayers providing professional services as defined by the Council of Ministers

- Services provided only to non-resident entities without a permanent establishment (PE) in Albania are taxed as business income.
- Entrepreneurs with a turnover of up to ALL 10 million can opt for flat-rate deductible expenses (e.g., 30% based on industry standards). Once selected, this regime cannot be changed for three years.

The same standard deduction applied for employed, are also applied to self-employed.

Compliance Requirements:

- Individuals earning over ALL 1,200,000 annually must file an annual tax return (previously ALL 2,000,000)
- New deadline: March 31 (previously April 30).

Corporate Income Tax & Permanent Establishment (PE)

Corporate Tax Rates:

- Standard CIT rate: 15%
- Reduced rates apply to specific industries until December 31, 2029:
 - Agrotourism: 5%
 - Agricultural cooperative societies: 5%
 - Automotive sector: 5%
- Software development: 5% (valid until December 31, 2025)

Withholding Tax (WHT) & Double Tax Treaties (DTT)

- The new WHT tax return format from January 2025 and onwards.

DTT Application Changes:

- Applications must be submitted within one year from the payment date (previously 2 years).
- Failure to comply results in penalties and loss of treaty benefits (penalty of ALL 10,000 for every month of delay, up to a period of 24 months. After 24 months, entities lose the right to benefit from the DTT provisions.

Additional Corporate Taxation Provisions

Depreciation & Amortization:

- Unified based on straight line for all asset classes.

Asset Type	Depreciation Rate (%)
Buildings & Machinery	5% (Straight-line)
Computers & Software	25% (Straight-line)
Intangible Assets	15% (Straight-line)

2. Austria

Income tax

Similar to 2024, the income tax brackets, and a number of tax deductions will be adjusted to inflation.

- From 2025:
For the tariff adjustment, the entry-level threshold (=“subsistence minimum”) has been increased by 3.83% to EUR 13,308, and the respective threshold amounts for the different tariff stages
Stage 2 (20%): EUR 21,617
Stage 3 (30%): EUR 35,836
Stage 4 (40%): EUR 69,166
Stage 5 (48%): EUR 103,072
have been raised.
- Inflation adjustment/valorization:
Single-earner and single-parent deduction, alimony deduction, child deduction, deduction for travel expenses, pensioners’ deductions
- Increase in travel expenses:
As of January 1st, 2025, the domestic daily and overnight allowances as well as the mileage allowance were increased. Daily allowances increased up to EUR 30.00 (until 2024: EUR 26.40), overnight allowances increased up to EUR 17.00 (until 2024: EUR 15.00) and the mileage allowances up to EUR 0.50 (until 2024: EUR 0.42) per kilometer can be paid tax-free for domestic business trips.
- Small business owners:
If the turnover limit of EUR 55,000 is not exceeded from the year 2025, the entrepreneur can make use of the small business flat rate. There is also a new tolerance regulation: If the limit is exceeded by no more than 10%, the tax exemption can still be claimed until the end of the calendar year. If the limit is exceeded by more than 10%, the tax exemption no longer applies once the limit has been exceeded.

Corporate Income Tax Rate

The corporate income tax rate remains at 23% since 2024 (24% in calendar year 2023).

Value-Added Tax

- Small business owners
The small business threshold will rise from EUR 35,000 (net) (in calendar years prior to 2025) to EUR 55,000 (gross) in annual turnover from the year 2025.
- Taxation of virtual events
From 01.01.2025 the place of taxation for virtual events will be the place where the recipient of the service has his domicile, registered office or habitual residence, if the service is provided to a nonentrepreneur.

- **Margin taxation**

The reseller may declare that he also applies the margin taxation to the supply of art objects, provided that no reduced tax rate was applied to the supply to him or to the importation by him and the goods were either

- imported by him,
- supplied by the author or his legal successor, or
- not supplied to him by a reseller.

No margin taxation for art objects of annex 2 (Austrian VAT Act) if VAT was incurred on purchase (usually 13%).

- **Food donations**

Food donations and donations of non-alcoholic beverages to charitable organizations for charitable purposes are exempt from VAT. The right to deduct input tax still exists.

- **Elimination of the intermediate bank exemption**

Elimination of the tax exemption for services provided between beneficiary companies (banks, insurance companies and pension funds), if these are used directly to carry out beneficiary transactions („intermediate bank exemption“) and provision of personnel by beneficiary companies to mergers. Exemption for services provided by associations to their members remains in place.

3. Bulgaria

General Tax Information

As of today, there are no indications of drastic changes in the general tax frame of the country. The corporate income tax and the personal income tax are expected to remain at their current level of 10% flat.

In relation to the expectation to join the Eurozone by the end of 2025 or the beginning of 2026, Bulgaria has adopted The Act on the adoption of the Euro in Bulgaria.

The social security contributions for 2025 currently remain at the levels of 2024 – total of 32.7% of the gross income distributed at a ratio of about 40/60 for employee/employer. The maximum social insurance base for 2025 has been increased to BGN 4 130 as of 01.01.2025

Corporate Income Tax

The deadline for filing of yearly CIT return for 2024 remained unchanged, namely 30th June 2025. The deadline for filing of the annual financial statements for 2024 is 30th September 2025.

Personal Income Tax

The statutory minimum salary as of 01.01.2025 was increased to BGN 1 077 (EUR 551). According to recent legislative changes the statutory minimum salary for each subsequent year shall be 50% of the average gross salary for a 12-month period covering the second half of the previous year and the first half of the current year. The average gross salary shall be determined by 01 September of the current calendar year.

VAT

As of 01.01.2025 the COVID19 temporary measures for reduced VAT rates applied to bread, flour and restaurant and catering services have been canceled. Currently these products and services are chargeable with a standard VAT rate of 20%.

4. Croatia

General Tax Act

- The submission of tax acts and other documents that are not tax acts issued by the tax authority is adapted to electronic communication, and it is stipulated that a participant, by registering or logging into the electronic system of the tax authority, gives explicit consent for the delivery of documents electronically.
- A new provision stipulates that in cases where the prescribed monthly and annual tax returns are not submitted, the responsibility of a company member is also determined in the procedure for establishing the tax liability through a tax decision.
- Company members are jointly and severally liable together with the taxpayer for the determined liability, acting as guarantors. An appeal against the mentioned tax decision does not postpone its execution.

Increase in Minimum Wages and Personal Allowances

- Minimum gross wage in Croatia will increase to €970.00.
- Gross wage for directors will reach €1,168.70.
- Personal allowances increase from €560.00 to €600.00.
- Tax Brackets – the threshold for applying the higher income tax rate is raised from EUR 50,400 to EUR 60,000.
- New Upper Limits for Income Tax Rates.

Non-Taxable Income

- Rewards for work performance will be increased to €1,200.00 annually.
- Severance pay upon retirement will be tax-free up to €1,500.00.
- Scholarships for students and pupils will increase to €600.00 per month.
- Compensation for living apart from one's family will be tax-free up to €300.00 per month.

Value-Added Tax (VAT) Act

- The threshold for entering and exiting the VAT system is increased from €40,000.00 to €60,000.00.
- New provisions apply to small taxpayers from other EU member states, allowing them to claim VAT exemptions in Croatia for taxable transactions, provided they meet specific criteria.

Changes in Contributions

- Exemptions from contribution obligations for young people and posted workers will be abolished, though tax relief for young individuals entering the workforce for the first time will remain.
- Annual income tax reductions for individuals under 30 years of age will also be modified.

Property Tax

- The newly introduced property tax will be paid by domestic and foreign legal entities, as well as individuals who own property as of March 31 of the year for which the tax is determined.
- The property tax is paid annually based on a decision issued by the Tax Administration, ranging from EUR 0.60 to EUR 8.00 per square meter of the property's usable area.
- The payment deadline is 15 days from the date of the decision.
- The tax amount is determined by a decision of the representative body of the local self-government unit.
- The law also provides exceptions from paying property tax.

5. Czech Republic

Limitation of Tax-Free Income from Sale of Shares

From 2025, the income from sales of ownership interests in companies will be taxed for individuals whose income (not profit) from the sale of securities and shares together exceed CZK 40 million for the relevant tax period. Income taxation includes the income from earlier sales paid in the current tax period. Income from sale of securities or shares made before 31 December 2024 and after that date, exceeding CZK 40 million for the tax period, triggers PIT Return obligations. To the amount of taxable income, the selling individual may apply cost amounting to the purchase price of the share or the market value of the share. Therefore, if a business owner, an individual, plans to sell the company in the future, it is advisable to prepare for the valuation of the company as per 31 December 2024.

Amendment to the Investment Companies and Investment Funds Act

On 1 July 2024, an amendment to the Investment Companies and Investment Funds Act came into force which brings, among other things, new types of Sub-funds. Newly, it is possible to create sub-funds not only within SICAVs, but also within limited partnerships for investment and newly-defined joint stock companies with fixed share capital (SICAF). With the amendment, all the above-mentioned sub-funds are considered to be taxpayers of corporate income tax. Further, a technical update has been included into the Act amendment. It has been newly ruled that tangible assets can now also be depreciated by a corporate income taxpayer who is not a legal entity. In practice, it has been clarified that, with the amendment, sub-funds and mutual are depreciators of tangible assets.

Value Added Tax

A large amendment to the VAT Act has been adopted for 2025. As of 1 January 2025 changes in conditions for VAT registration and introduction of the special scheme for SMEs based on the EU Directive become effective. Further, the period for claiming the input VAT deduction is shortened from 3 to 2 years and an obligation to return the claimed VAT from unpaid liabilities is set. New possibilities to get VAT back from the bad debts are introduced. As of 1 July 2025 major changes in the area of taxation of real estate transfers become effective. A test period for taxation of such transfers is shortened from 5 years to 23 months and the concept of taxation of only first transfer within the test period is introduced.

Real Estate Tax

As of 1 January 2025, the increase of buildings tax by 50 % at the discretion of the municipality is eliminated without compensation possible where buildings are used for business purposes (not for residential purposes). For 2025, the inflation coefficient is 1, i.e. this coefficient remains unchanged compared to 2024.

6. Hungary

Corporate Income Tax

Global Minimum Tax

Starting in 2025, Hungarian multinational group members may also be subject to tax advances on local top-up tax (QDMTT) by the 20th of the 11th month of the year following the tax year (in the case of the financial year coinciding with the calendar year, the first time on 20 November 2025).

Depreciation for hazardous waste storage

According to the general rule no depreciation for land and plots is deductible for corporate income tax purposes. Businesses can now deduct depreciation for land and plots used to store hazardous waste.

Value Added Tax

Extension of availability of 5% reduced rate for the sale of new residential properties

One significant update involves the 5% VAT rate on new residential property sales. This reduced VAT rate will continue to apply until the end of 2026.

Furthermore, for delayed construction projects, the reduced VAT rate may remain applicable in the period from January 1, 2027 until December 31, 2030, provided the building permit is available until the end of 2026.

Postponement of implementation of e-receipt system

The implementation of the electronic receipt (e-Nyugta) system, originally planned for earlier, has been postponed to July 1, 2025. This system aims to modernize receipt issuance and improve transaction transparency.

Sectoral taxes

Extension of retail sales tax for platform operators

Retail platforms will be subject to the retail sales tax based on the net sales of goods sold by other retailers through their platform.

Sectoral taxes continuing in 2025

The following most important sectorial taxes will continue through 2025.

- special tax on credit institutions and financial corporations, with a special tax deduction for the increase in the nominal value of government securities;
- additional tax on insurance companies, with the possibility of a special tax reduction linked to the increase in the nominal value of the stock of government securities;
- retail sales tax
- The Robin Hood tax, officially known as the income tax of energy suppliers remains in force with a tax rate of 41%.

Other Taxes

Inflation-linked tax adjustments

Certain tax rates will automatically increase annually based on the July inflation rate of the previous year.

The changes include:

- Excise duties on tobacco products, spirits, and fuels.
- Vehicle-related taxes such as registration tax, vehicle tax, and transfer tax.
- Starting in 2026, company car tax will also be adjusted for inflation.

Increase in company car tax rates

The company car tax rates will change starting January 1, 2025, with an approximate 20% increase, and from January 1, 2026, it will be adjusted annually based on the inflation rate of the previous year's July.

Accounting and reporting requirements

Thresholds for auditing and financial reporting will increase in 2025: The turnover threshold for mandatory audits will rise from HUF 300 million to HUF 600 million.

7. Montenegro

Corporate Income Tax (CIT)

- Profit-making companies and branches are obliged to pay CIT in Montenegro.
- The CIT rate is set at a progressive corporate tax rate:
 - up to EUR 100,000,00 – tax rate 9%;
 - from EUR 100,000,01 to EUR 1,500,000.00
(EUR 9,000.00 +12% on the amount above EUR 100,000.01)
 - above EUR 1,500,000.01
(EUR 177,000,00 +15% on the amount above EUR 1,500,000.01).

- Submission of the transfer pricing documentation is mandatory in Montenegro.
- Tax losses may be carried forward for a limited period of 5 years.
- Statutory withholding tax rate is 15 %. Dividends, interests, royalties, rental income, capital gain, consulting services, market research services and audit services are subject to WHT.

Personal Income Tax (PIT) and Social Security Contributions (SSC)

- Montenegrin residents are required to pay tax on worldwide income, while non-residents are required to pay tax on Montenegrin sourced income, only.
- Income tax rate
 - Realised as personal income
 - 9% on the taxable income of EUR 700 to EUR 1,000;
 - 15% on taxable income above EUR 1,000.01
- Additional income (other than employment income) should be reported in the annual tax return and is subject to rates: 9% tax rate on revenue from EUR 8,400 to EUR 12,000 and for revenue above EUR 12,000 tax rate is 15%.
- Employment income is subject to surtax whereas tax base is tax calculated on employment income, while tax rate is determined by the local self-government.
- Statutory withholding tax rate is 15%.
- Mandatory SSC are pension and disability insurances (10%) and unemployment insurances (1%).
- Revenues from business made online and gaming are subject to the allowance of 15% and 20% respectively for expenses incurred. The remainder is taxed at the rate the of 15%.

The Property Tax and Transfer Tax

- Ownership rights over immovable property (buildings and land) of companies and individuals and rights of use of immovable property owned by the State are subject to property tax. The tax rate ranges from 0.25% to 1% of the property fair value.
- The acquisition of property rights on immovable property in Montenegro, which includes purchase, exchange, inheritance, gift, entry, and withdrawal of real estate from a commercial company etc, are progressive and amounts:
 - up to EUR 150,000 – property transfer tax rate 3 %;
 - from EUR 150,000,01 – EUR 4.500 plus 5% on the amount above EUR 150,000.01;
 - from EUR 500,000,01 – EUR 22.000 plus 6% on the amount above EUR 500,000.01.

Value Added Tax (VAT)

- Standard VAT rate is set at 21%, while reduced rate is set at 7%.
- Place of supply of goods is principally the place where the item is located at the time disposal is transferred.
- Place of supply of services is the place where the recipient has its head office or a permanent establishment if the service recipient is registered for VAT (B2B rule).
- If, however, service is provided to non-VAT payer, the place of supply of such services is the place where the service provider belongs. There are special rules for place of supply for certain services such as: services related to real estate, transport services, telecommunication services, etc.

8. Poland

Cash Basis PIT

- Introduction of an optional cash accounting method for sole proprietors, allowing income tax to be paid upon receipt of payment.
- Eligible taxpayers include those with annual revenue below PLN 1 million in the preceding year, not maintaining full bookkeeping, and using tax scales, flat tax, or lump-sum taxation.

Health insurance contributions

- Exclusion of fixed asset sale proceeds/costs from the contribution base (voluntary inclusion permitted if beneficial).
- Reduction of the minimum contribution base to 75% of the minimum wage (down from 100%), lowering the monthly minimum contribution to PLN 314.96 (a 25% decrease).
- Applies to entrepreneurs taxed under general rules, flat tax, or tax card regimes.

Real estate tax

- New legal definitions for terms such as building, structure, construction object, construction works, and permanent connection to the ground under the Local Taxes and Fees Act, replacing references to the Construction Law.
- Potential reclassification of assets (e.g., wind farms, industrial furnaces) may affect tax rates.
- Updated declarations (form IN-1) must be filed by 14 January 2025 for sole proprietors. Legal entities must submit DN-1 declarations by 31 January 2025, with an optional extension to 31 March 2025 if notified by 31 January.

SAF-T for CIT (JPK_CIT)

- Mandatory electronic submission of accounting records in standardized SAF-T formats (JPK_KR_PD and JPK_ST) for CIT taxpayers with annual revenue exceeding EUR 50 million, effective for fiscal years starting after 31 December 2024.
- Phased implementation – 2026: Taxpayers required to submit JPK_VAT; 2027: All remaining CIT taxpayers.

Minimum CIT

- 10% minimum tax applies to companies reporting operational losses or profitability below 2%.
- Tax base excludes certain costs (e.g., depreciation, leasing, energy expenses, and 20% of wage costs).

Global Minimum Tax

- As of 1 January 2025, the global minimum tax, also known as the compensatory tax (implementation of the Global Minimum Tax (GLOBE) under the so-called Pillar II implemented based on Council Directive (EU) 2022/2523), is effective in Poland.
- The tax covers component units of international and domestic groups operating in Poland, which have reported revenues of at least EUR 750 million in the consolidated financial statements of the ultimate parent company in at least two of the four tax years immediately preceding the tax year under review.
- Regulations stipulate a minimum effective tax rate of 15%.

VAT Exemption for Small EU Businesses

- Small businesses operating cross-border in the EU can claim VAT exemption in member states without local registration, provided:
 - Annual EU-wide turnover does not exceed EUR 100,000.
 - Country-specific thresholds (e.g., Poland's PLN 200,000) are not exceeded.
- Polish businesses must submit quarterly turnover reports to the tax office.

Full accounting threshold increase

- The revenue threshold mandating full accounting rises from EUR 2 million to EUR 2.5 million for sole proprietors, civil partnerships, and professional partnerships.
- Effective for fiscal years starting after 31 December 2024.

9. Romania

E-Invoicing system

Starting 2025, the use of the electronic invoicing system is mandatory for transactions between economic operators, taxable persons established in Romania (regardless of their VAT registration status), and final consumers (B2C). B2C transactions are defined as deliveries of goods or services to individuals who either do not provide a tax identification code or choose to identify themselves using a personal numeric code. If no tax identification code is provided, invoices must include a code consisting of 13 zeros as the beneficiary's tax ID.

Simplified invoices issued in B2B and B2C relationships must be submitted in the RO e-Invoice system, with the exception of fiscal receipts that meet the conditions of a simplified invoice (until 31.12.2024, simplified invoices were not required to be submitted in the RO e-Invoice system).

RO e-Transport

Starting 31 March 2025, the penalties for the following offences will be in force:

- Offences for international road transport of non high-fiscal risk goods covered by RO e-Transport legislation, committed by authorized economic operators (AEO) and
- Non-compliance of road transport operators with the obligation i) to equip the transport vehicles with telecommunication terminal devices that use satellite positioning and data transmission technologies, ii) to ensure the provision of real-time positioning data for the transport vehicle for the entire duration of the shipment of goods subject to monitoring through the RO e-Transport System and ii) to transmit the UIT code to the driver.

Micro-enterprise tax

The income threshold for micro-enterprise tax is reduced to EUR 250,000 starting 1 January 2025 and to EUR 100,000 as of 1 January 2026. Moreover, the condition requiring a taxpayer to register more than 80% of their total revenue from activities other than consultancy and/or management to qualify as a micro-enterprise taxpayer will be eliminated starting January 2025.

Dividend tax

The dividend tax rate increases from 8% to 10% starting January 2025. The 10% tax rate applies to dividends distributed after January 2025.

Income tax and social contributions

Starting January 2025, the income tax and social contributions exemption for agricultural, construction, food and IT sectors is eliminated.

Construction tax

Starting 1 January 2025, a 1% construction tax will be introduced, applicable to the value of constructions owned by taxpayers as of 31 December of the previous year, excluding buildings already subject to building tax. This tax also applies to buildings located in industrial, scientific, and technological parks that are not exempt from building tax. The construction tax is payable in two equal installments, by 30 June and 31 October.

10. Serbia

Law on statutory social security contributions applicable as of January 2025

- Extended application of tax benefits for newly employed persons till December 31, 2025.

Personal Income Tax Law (PIT) amendments applicable as of 1 January 2025

- Extended application of tax benefits for newly employed persons till December 31, 2025.
- The non-taxable amount for salary tax calculation is increased to RSD 28,423.
- A new category of seafarers' income is being introduced, which will be subject to self-assessment taxation on an annual basis at a rate of 10% and will be included in the calculation of annual tax.
- If the taxpayer disposes of shares or stakes in the calendar year in which the investment in alternative investment funds was made and in the following 3 years, the taxpayer will lose the right to the tax credit and will be obligated to pay the obligation along with interest for the previously realized tax credit.

Value Added Tax Law (VAT) amendments applicable as of 1 January 2025

- The possibility is being introduced to define the calculation of VAT on the transfer of the entire or part of the assets by decision or contract, applicable to the contracts conducted from 1st January 2025.
- The right to deduct previous tax based on electronic invoices is granted to the taxpayer if the invoice is accepted by the 10th of the following month; otherwise, this right will be carried over to the next period.
- It is stipulated that the electronic recording of input VAT is carried out no later than the 12th day of the calendar month following the tax period for which the input VAT is recorded, with the balance on the 10th day of the calendar month.

The Law on tax procedures and tax administration as of 1 January 2025

- A new category of dubious and disputed claims has been defined, which includes unpaid tax obligations in the following cases: a company undergoing bankruptcy proceedings, a company that has been removed from the prescribed register during compulsory liquidation, a deceased individual, a legally incapacitated individual with claims exceeding the value of their assets, and an absent individual with claims exceeding the value of their assets.
- The monetary fines for various tax offenses have been increased.
- Off-balance tax accounting will be abolished on 31st of December 2024, and the Tax Administration will transfer outstanding obligations to standard tax accounting as dubious and disputed claims by that date.

11. Slovakia

Income Tax Act

Main amendments effective as of 1/1/2025 are as follows:

- there is a change in corporate income tax rates & the tax rate will depend on the taxable income: 10% (income up to EUR 100,000); 21% (income above EUR 100,000 and less than EUR 5 million); 24% (income above EUR 5 million); in case of individuals' business income, the tax rate of 15% remains in force & income threshold for applying this tax rate is shifted from EUR 60,000 to EUR 100,000;
- the tax rate on dividends paid to individuals is reduced to 7% (from 10% valid for dividends paid from 2024 profits) in case of dividends paid out of profits recognised for the tax period beginning as of 1/1/2025;
- individual's interest & capital gains from holding Slovak/EU/EEA government bonds (not recorded as business assets) will be tax-exempt whereas in case of corporate entities' income from Slovak/EU/EEA government bonds & Treasury Bills, reduced tax rates of 16% for 2025 and 13% for subsequent years will apply.

VAT

Main amendments effective as of 1/1/2025 are as follows:

- changes in VAT rates:
 - increase of the standard VAT rate from 20% to 23%;
 - reduced rate of 19% for specific goods/services, including food (not categorised under the 5% VAT rate), electricity, and restaurant & catering services (beverages only with alcohol content max. 0.5% by volume);
 - super reduced VAT rate of 5% for basic food items, medicines and pharmaceuticals, magazines, books, accommodation services, restaurant & catering services (meals only), admission to sport events and fitness centers;
- new VAT registration rules will apply;
- financial leasing will be considered a supply of goods;
- specific investment property-related VAT rules will be amended;
- from 1/7/2025, Slovak VAT taxpayers established in Slovakia that are Authorised Economic Operators may apply a reverse charge on import of goods.

Financial Transactions Tax Act

- new financial transaction tax effective as of 1/1/2025 (first tax period will be April 2025).
- taxpayer is an entrepreneur, legal entity and organisational unit (branch office) of a foreign person, that utilises services of a payment services provider, has its seat/place of business in Slovakia, has a bank account in Slovakia or provides activities in Slovakia;

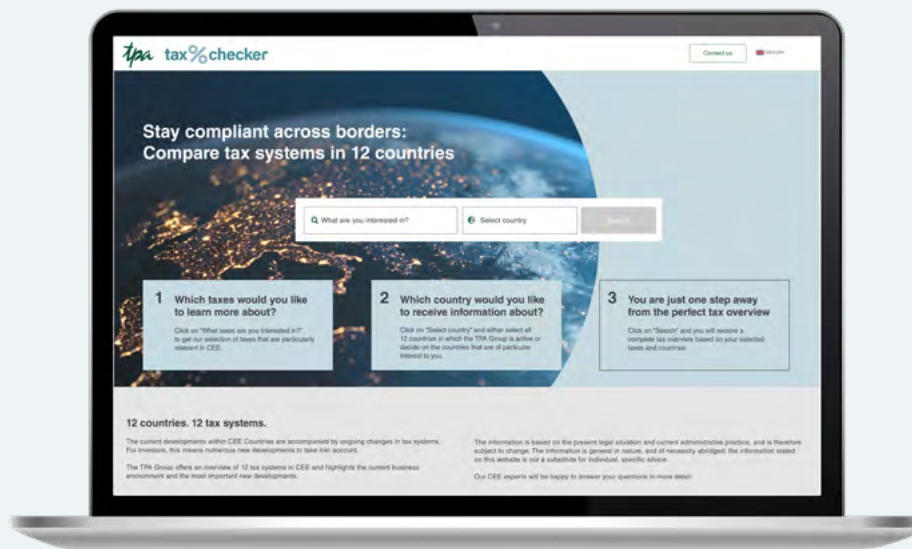
- tax rates and subjects of tax:
 - 0.4% of debits from business accounts (max. EUR 40/transaction);
 - 0.8% on cash withdrawals;
 - EUR 2 annually for using a payment card;
 - 0.4% of recharged costs for Slovak business-related financial transactions (max. EUR 40/transaction if recharged costs are demonstrably identifiable).
- tax should be paid by payment service providers or taxpayers (some transactions are exempt e.g. tax and social/health insurance payments).

Sweetened Soft Drinks Tax Act

- a new indirect tax on sweetened soft drinks effective from 1/1/2025;
- the tax applies to sweetened beverages, including non-alcoholic beer and wine (up to 0.5% alcohol), and energy drinks;
- the tax is payable by the manufacturer or supplier making the first delivery of sweetened beverages in Slovakia;
- generally, tax liability arises on the first supply of the drink in Slovakia.

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