

Deloitte News

May 2018, Deloitte in Slovakia

Direct Taxes:

- **Methodological Guidance of the Ministry of Finance of the Slovak Republic on the Taxation of Virtual Currencies**

The Ministry of Finance of the Slovak Republic published Methodological Guidance No. MF/10386/2018-721 on the Taxation of Virtual Currencies.

- **Opinion of the Financial Administration on the Use of the Corporate Income Tax Form**

The Financial Administration provided an opinion on the use of the corporate income tax form for taxation periods starting after 1 January 2018.

- **Judgment of Regional Court of the Czech Republic No. 50 Af 33/2017 - 32**

A regional court in the Czech Republic pronounced a judgment on the assessment of the origination of a permanent establishment.

- **Judgment of Regional Court of the Czech Republic No. 31 Af 52/2016 - 60**

A regional court in the Czech Republic pronounced a judgment on the deduction of R&D expenses.

- **Information on the Obligations of a Taxpayer Paying Profit Shares to a Shareholder Who Is a Slovak Resident in 2018**

The Financial Directorate of the Slovak Republic published information on the obligations of a taxpayer paying profit shares to shareholders (tax residents of the Slovak Republic) reported for a taxation period starting on 1 January 2017 or earlier.

- **Information on the Obligations of a Taxpayer Paying Shares in Profit or Assets for Distribution to a Member of a Land Association with a Legal Personality Who Is a Slovak Resident in 2018**

The Financial Directorate of the Slovak Republic published information on the obligations of a taxpayer paying shares in profit or assets for distribution to a member of a land association with a legal personality who is a resident of the Slovak Republic in 2018 for a taxation period starting on 1 January 2017 and later.

- **Treaty Between the Slovak Republic and the Islamic Republic of Iran on Double Taxation Avoidance and Prevention of Tax Evasion with Respect to Income Taxes**

The Treaty on Double Taxation Avoidance with Respect to Income Taxes and Prevention of Tax Evasion between the Slovak Republic and the Islamic Republic of Iran became valid on 1 May 2018.

- **Treaty Between the Slovak Republic and the Federal Democratic Republic of Ethiopia on Double Taxation Avoidance and Prevention of Tax Evasion with Respect to Income Taxes**

The Treaty on Double Taxation Avoidance with Respect to Income Taxes and Prevention of Tax Evasion between the Slovak Republic and the Federal Democratic Republic of Ethiopia became valid on 26 February 2018.

- **Judgment of the Court of Justice (Sixth Chamber) of 12 April 2018 in Case C 110/17 (Commission/Belgium) on Calculation of Income from Immovable Property**

The Court of Justice ruled that national legislation that uses a different calculation of the tax base from immovable property for properties located in Belgium and in another EU Member State constitutes a restriction on the free movement of capital and is therefore contrary to EU law.

Indirect Taxes:

- **Methodological Instruction on Tax Deduction and on the Exercise of the Right to Deduct Tax Pursuant to the VAT Act**

The Financial Directorate of the Slovak Republic published a new methodological instruction on tax deduction under Article 49 and on the exercise of the right to deduct tax pursuant to Article 51 of the VAT Act.

- **EU Court of Justice – VAT**

C-532/16 SEB bankas AB vs. State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania – Adjustment of the Deducted VAT Where the Initial VAT Deduction Could Not Be Made Lawfully

Article 184 of Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax (the “VAT Directive”) must be interpreted as meaning that the obligation to adjust undue VAT deductions set down in that article also applies to cases where the initial VAT deduction could not be made lawfully because the transaction giving rise to that deduction was exempt from VAT. By contrast, the mechanism for the adjustment of undue VAT deductions provided for in Articles 187 to 189 of the VAT Directive is not applicable to this case as the initial VAT deduction was unjustified as it concerned a VAT-exempt transaction relating to the supply of land.

C-227/17 Medtronic GmbH vs. Tax Office, Neuss, Germany – Classification of Spinal Fixation Systems in Combined Nomenclature

Spinal fixation systems may not be classified under subheading 9021 90 90 of the Combined Nomenclature if they are covered by another subheading of heading 9021 of the Combined Nomenclature. The classification of those systems under subheading 9021 10 10 or subheading 9021 10 90 will depend on the principal function they perform, which is a matter for the referring court to determine by having regard to the objective characteristics and properties of such systems as well as to their intended and actual use.

C-8/17 Biosafe – Indústria de Reciclagens vs. Flexipiso – Pavimentos SA – Refusal of an Application for a VAT Refund Due to the Expiry of the Limitation Period

The VAT Directive precludes legislation of a Member State pursuant to which in the case that, following a tax adjustment, additional VAT was paid to the State and was the subject of documents rectifying the initial invoices several years after the supply of the goods in question, the right to deduct VAT was refused on the ground that the period laid down by that legislation for the exercise of that right started to run from the date of issue of those initial invoices and had expired.

C-524/15 Luca Menci, with Intervention of Public Prosecutor of Italy – Possibility of Criminal Prosecution for Non-Payment of VAT after an Administrative Penalty Has Been Imposed

Provided that certain conditions are met, Article 50 of the Charter of Fundamental Rights of the European Union does not preclude national legislation in accordance with which criminal proceedings may be brought against a person for failing to pay VAT by a deadline stipulated by law, although that person has already been imposed, in relation to the same acts, a final administrative penalty of a criminal nature.

C-580/16 Firma Hans Bühler KG vs. City of Graz Tax Office, Austria – Application of Exemption to Supply in a Triangular Transaction

The requirement for an exempt supply in a triangular transaction laid down by Article 141 (c) of the VAT Directive is also met where the taxable person is resident and identified for VAT purposes in the Member State from which the goods are dispatched or transported but uses its VAT identification number of another Member State for that specific intra-Community acquisition. The tax authorities of a Member State may not refuse exemption solely on the ground that the taxable person registered for VAT in that Member State did not submit the recapitulative statement containing the relevant transactions in due time.

Legal:

- **Amendments to the Act on Employment Services and Act on Residence of Foreigners (“Amendments”).**

The Amendments introduce new conditions for the employment of third-country nationals.

Transfer Pricing:

- **The OECD Has Published Additional Transfer Pricing Country Profiles**

The OECD has published several transfer pricing country profiles on its official website.

Others:

Information of the Social Insurance Agency: the Place of Contribution to Be Verified Before Leaving for Work Abroad

The Social Insurance Agency published information on social insurance and the obligation to contribute when working abroad as an employee or self-employed person.

- **Information of the Social Insurance Agency: a Payment with an Incorrect Specific Symbol Will Be Assigned to the Oldest Outstanding Period by the Social Insurance Agency**

- **taxCube™**

taxCube™ is a dedicated software developed by Deloitte to substantially increase the efficiency of the preparation of regular and additional VAT returns, VAT transactions statements and EC sales lists.

taxCube™ simplifies and automates the preparation of VAT reports, reduces costs the risk of errors, and shortens the time needed for the preparation of VAT reports from days to hours.

taxCube™ performs a wide range of checks on imported data. taxCube™ is compatible with the IT environment and accounting procedures and methods that you use (use of exchange rates and credit notes, setup of tax codes, etc). Deloitte professionals will tailor the software to your needs.

More informations at www.taxcube.sk.

- **Deloitte VAT Analytics**

Deloitte has developed a tool enabling an aggregated review of the entire set of documents that are reflected in the VAT return, EC Sales List and VAT Transactions Statement. An input for VAT Analytics is a data file from an accounting system containing detailed information about accounting documents. A Deloitte team of VAT specialists has prepared more than 70 tests which after uploading a data file check whether VAT rules have been applied correctly and identify specific accounting documents that could be incorrect. For more informations, please contact **Ján Skorka** at jskorka@deloittece.com.

- **Maják – Automated solution to check business partners**

Experience with tax audits shows that the best defence against inadvertent involvement in tax fraud is timely and effective prevention. However, Deloitte's survey has shown that companies are not very cautious in this respect. As a result, Deloitte has developed a proprietary application, Maják, which regularly checks public registers and performs comprehensive tests of selected suppliers and customers.

Please contact **Ján Skorka** at jskorka@deloittece.com.

- **Events of Deloitte in Slovakia - June 2018 - <http://kalendar.deloitte.sk/>**

- **Planned Webcasts of Deloitte in Slovakia - June 2018**

- **Car as a Business Asset**

- 13 June 2018

- [Registration](#) | [Find out more](#)

- **Deloitte Legal Dbriefs**

We invite you to explore our Deloitte Legal Dbriefs – live webcasts on current legal topics.

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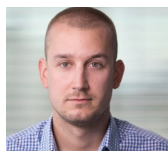
Taxation of Individuals

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