

GMS Flash Alert

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Slovakia – COVID-19: Tax Relief and Wage Support for Individuals and Employers

At the beginning of April 2020, Slovakia's Parliament adopted new legislation that contains measures to help individuals and business cope with the impact of the coronavirus and COVID-19. Measures include new deadlines for filing income tax returns, changed dates for employers' annual settlement of taxes and yearly report on wage taxes, and wage subsidies to employers aimed to help keep employees in work/on payroll.

The legislation, called *Act on certain extraordinary measures in the financial area in connection with the spreading of a hazardous infectious human illness COVID-19* (hereinafter, "the Act"),¹ is already in force, however still subject to additional draft amendments in Parliament.

The Act is largely focused on financial measures, which will be effective from 12 March 2020 to the end of the calendar month in which the Slovak government rescinds the extraordinary situation (the "pandemic period"). Below, we summarise the measures applicable to global mobility.

WHY THIS MATTERS

The measures adopted are intended to help combat the spread of COVID-19 in the country and to bring relief to individuals and employers as they come to grips with the changed situation in their daily lives and business operations arising from the coronavirus-related restrictions tied to work, travel, and daily life.

The measures related to delayed tax filing deadlines, deferred payment obligations, suspension of legal proceedings tied to certain tax offences, and relief for other employer-related compliance obligations, should give taxpayers some very welcome breathing room to preserve their cash-flow and take additional time to organise their financial and tax affairs in these trying times.

Measures in Area of Income Tax

Deadlines for Filing Income Tax Returns

The Act changes the deadlines for filing income tax returns, from 31 March to the end of the calendar month that follows the official ending of the pandemic period. The same deadline also applies to the due date for payment of one's income tax liability.

Extension of Deadlines for Filing Income Tax Returns

Taxpayers can benefit from an extended filing deadline of an additional three or six calendar months (subject to certain conditions) if an extension is announced to the tax authorities before the new "pandemic" deadline stated above.

Attribution of Portion of Tax Paid (So-Called 2 Percent of Tax)

Under existing law, provided certain conditions are met, taxpayers can choose a charitable organisation in their Slovak tax returns to which they wish to assign 2 percent of their tax liability, and that sum will be earmarked and remitted to that organisation. In light of new compliance deadlines due to the COVID-19 crisis, taxpayers are still able to assign a portion of their tax payable to such organisations in cases where the tax return was not filed by the regular filing deadline (31 March 2020), as long as the new pandemic deadlines are met.

Employers' Obligations

Deadlines for certain employers' obligations, such as annual settlements of taxes, yearly reports on wage taxes, as well as transfers of withheld tax prepayments, were shifted to one or two months after the pandemic period.

Measures in Tax Administration

- **Missing Deadlines** – The failure to meet deadlines during the pandemic period will be forgiven under the condition that remedial action will be made by the taxpayer by the end of the month that follows the end of the pandemic period at the latest.
- **Tax Under-payments** – A tax payment that is due by a deadline that falls during the pandemic period, which is settled by the taxpayer no later than the end of the calendar month that follows the end of the pandemic period, will not be considered as a tax under-payment.
- **Tax Audits** – The measure suspends the periods for the performance of tax audits upon the taxpayer's request (except for cases when the subject of the tax audit has to do with deductions claimed related to excessive VAT).
- **Tax Proceedings** – In general, all tax proceedings that started during the pandemic period are suspended from the day following their commencement if so requested by the taxpayer.

Measures in Area of Labour Law

There are also specific measures applicable in the area of Labour Law, which cover possible financial compensation through subsidies to employers and self-employed persons that would support the labour market and sustain employment. An allowance to cover a part of the employee's wage compensation or a lump-sum allowance for loss of income would be available upon meeting certain conditions.

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FOOTNOTE:

1 Zákon č. 67/2020 Z. z. o niektorých mimoriadnych opatreniach vo finančnej oblasti v súvislosti so šírením nebezpečnej nákazlivej ľudskej choroby COVID-19, v znení zákona č. 75/2020 Z. z.

RELATED RESOURCE:

For additional information, see "[Seven most common questions in connection to Lex Corona](#)" in *Tax and Legal News* (15 April 2020), a publication of the KPMG International member firm in Slovakia at: <https://www.danovky.sk/en/>.

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