

Overview of the most important legislative changes in Slovakia for the year 2024

Reintroduction of minimum tax

One of the measures of the consolidation package, which was approved by the Parliament on 19/12/2023, is the introduction of a minimum tax (the so-called tax licence) for legal entities with effect from 01/01/2024.

The minimum tax is to be paid by taxpayers:

- that generated a tax loss,
- that reported no tax liability in the CIT return,
- whose tax liability reported in the CIT return less tax paid abroad and tax reliefs is lower than the minimum tax amount.

The amount of the minimum tax will depend on the taxable income generated by the taxpayer for the tax period:

Taxable income	Minimum tax as from 01/01/2024
up to €50,000	€340
over €50,000 and up to €250,000	€960
over €250,000 and up to €500,000	€1,920
over €500,000	€3,840

If at least 20% of the total average number of employees employed by the taxpayer for the tax period are employees with disabilities, the minimum tax is reduced to 50%. The first year for which the minimum tax will be applied is 2024 (calendar year).

Adoption of the Top-Up Tax Act

On 08/12/2023, the Parliament adopted the Act on the top-up tax to ensure a minimum level of taxation of multinational enterprise groups and large-scale national groups, which is a transposition of the Council Directive (EU) on ensuring a global minimum level of taxation of multinational enterprise groups and large-scale domestic groups in the Union. The act entered into force on 31/12/2023. The basic idea behind the act - if the effective tax rate of the constituent entities is lower than 15%, a top-up tax corresponding to this difference must be paid.

Increase in the income threshold for the application of the reduced tax rate (applies also to legal entities)

As from 01/01/2024, the threshold of taxable income for applying the reduced tax rate (15%) for self-employed individuals as well as for legal entities increases to €60,000. Until 31/12/2023, the 15% income tax rate is applicable if the taxpayer's income does not exceed €49,790. The

threshold of €60,000 will also be used for the definition of a microtaxpayer. This is one of the few positive changes for entrepreneurs.

Increase in the withholding tax on dividends

As from 01/01/2024, the withholding tax rate on dividends (profit shares), liquidation proceeds and compensatory payments increases from the original 7% to 10%.

The withholding tax of 10% will be applied to:

- dividends earned for the tax period beginning no earlier than 01/01/2024,
- share in the liquidation proceeds of the company or cooperative, if the company or cooperative enters liquidation no earlier than 01/01/2024 or if the court decides to dissolve the company no earlier than 01/01/2024; and
- the compensatory payment, the amount of which has been determined on the basis of the ordinary individual financial statements for the accounting period beginning no earlier than 01/01/2024.

Increase in the tax bonus on mortgage interest paid

As the interest on mortgages is constantly increasing, the Parliament approved on 08/12/2023 an amendment to the Income Tax Act in connection with the repayment of mortgages.

The amendment comes into force on 01/01/2024, however, the increased amount of the tax bonus can be applied already for 2023.

The taxpayer is entitled to a tax bonus for 2023 on:

- the basis of one mortgage contract,
- one domestic real estate for residential purposes,
- real estate which is a flat or a family house, and
- real estate which serves exclusively for permanent residence of the taxpayer (together with persons close to him).

It follows from the above that the tax bonus cannot be applied to real estate that the taxpayer rents out. The income condition must be met, too. The taxpayer is entitled to an increased tax bonus if he or she had an average monthly income of no more than €2,086.40 in 2022.

Increase in health insurance contributions for employers and selfemployed

The amendment to the Health Insurance Act increases health insurance contributions for employers, self-payers and self-employed persons, but only for a transitional period from 01/01/2024 until 31/12/2027.

The rate for employees remains unchanged. The changes are presented in the table below:

Health insurance payer	Rate until 31/12/2023		Rate from 01/01/2024	
	Standard rate	Reduced rate for disabled persons	Standard rate	Reduced rate for disabled persons
Employee	4%	2%	4%	2%
Employer	10%	5%	11%	5,5%
Self-payer	14%	7%	15%	7,5%
Self-employed person	14%	7%	15%	7,5%

Minimum wage requirements as from 01/01/2024

DEGREE OF WORK DIFFICULTY	MINIMUM MONTHLY WAGE 2024	HOURLY WAGE for 40 hours/ week
1.	750	4,310
2.	866	4,977
3.	982	5,644
4.	1098	6,310
5.	1214	6,977
6.	1330	7,644

Allowances according to the labor code – linked to the minimum wage

Surcharge	Minimum Amount valid in 2024	Percentage from hourly minimum wage
For Saturday	2,155	50%
For Saturday, with regular work on Saturday	1,9395	45%
For Sunday	4,310	100%
For Sunday, with regular work on Sunday	3,879	90%
Per night	1,724	40%
Overnight, risky work at night	2,155	50%
Overnight, mostly night work	1,5085	35%
On call duty outside the workplace	0,862	20%
For difficult work performance	0,862	20%

Starting from 1.1.2024 is the non-taxable part of the tax in amount €470.54/ month.

Changes to VAT and excise duties

The approved amendment increased the VAT rate on alcoholic beverages sold in restaurants from 10% to the standard 20% VAT rate.

From 01/02/2024, the excise duty on tobacco products is also being increased, namely on tobacco from €101.30/kg to €139/kg. For cigarettes, the amendment increases both tax rates, namely from €84.60/1000 cigarettes to € 91.30/1000 cigarettes, while the percentage rate increases from 23% to 25%.

As from 01/01/2024, the percentage rates of excise duty on alcoholic beverages, namely alcohol, are also changed, where the basic percentage rate increased from 130% to 138% and the reduced rate changed from 65% to 50%.

Valorisation of court and administrative fees

The amendments to the Court Fees and Criminal Record Fee Act and the amendment to the Administrative Fees Act increase a number of court and administrative fees from 01/04/2024.

Change to Pillar II contributions

The measures also include a reduction in the rate of compulsory contributions for old-age pension insurance to Pillar II from the current 5.5% to 4%.

Abolition of exemptions which were to come into force on 01/01/2024

With effect from 31/12/2023, the provisions which were to come into force on 01/01/2024 were abolished. This includes the abolition of the exemption from personal income tax in the case of income from the sale of securities (including a joint-stock company), income from the sale of participations (shares) in a limited liability company and income from the redemption of share certificates. The favourable changes in the area of virtual currencies approved outside of the regular legislative process were abolished, too.

Abolition of a public holiday (1 September)

1 September (Constitution Day) will no longer be a non-working day or a public holiday as defined by the Labour Code. The day will no longer be subject to extra public holiday pay and the ban on retail sales will no longer apply.