**Expert Report on Slovak Tax Filing Procedures for a TomTom Department**

**1. Executive Summary: Key Tax & Compliance Imperatives for TomTom Slovakia**

This report provides a comprehensive analysis of the tax filing and compliance obligations for a corporate entity operating in the Slovak Republic, with a specific focus on requirements relevant to a technology company and a department of TomTom. The analysis covers the key tax types, including Corporate Income Tax (CIT), Value-Added Tax (VAT), Withholding Tax (WHT), and payroll taxes, and extends to critical administrative procedures and strategic tax incentives.

For the tax year 2024, the standard CIT rate was 21%, with a reduced 15% rate for certain entities. This framework is subject to significant changes for the 2025 tax year, with the introduction of a new progressive CIT rate structure that increases the tax burden on larger, more profitable companies. The standard VAT rate also increased from 20% to 23% as part of a governmental fiscal consolidation effort. The primary deadline for filing and paying the annual CIT return is March 31st, though extensions are available. All legal entities are required to communicate with the Slovak Financial Administration electronically.

A significant strategic advantage for a technology and research-focused department is the R&D Super-Deduction, which allows for a deduction of up to 200% of eligible R&D costs from the tax base. This is a powerful instrument for reducing corporate tax liability. Additionally, the planned mandatory B2B e-invoicing and real-time reporting from 2027 and the proposed Digital Services Tax signal a rapidly modernizing tax environment. Staying ahead of these changes is not merely a matter of compliance but a key to operational efficiency and strategic positioning.

**2. Introduction to the Slovak Republic's Corporate Tax Framework**

The Slovak Republic's corporate tax system is governed by a framework that generally aligns with the guidelines and principles of the Organisation for Economic Co-operation and Development (OECD). This system is a critical component of the national economy, with tax revenues funding various public services. Understanding the foundational principles of this framework is essential for any corporate entity operating within the country.

**Jurisdictional Overview: Tax Residency and Permanent Establishment (PE)**

The tax obligations of a company in Slovakia are primarily determined by its tax residency status. A company is considered a Slovak tax resident if it has its registered seat within the country or if its effective place of management—where key strategic decisions are made—is located in Slovakia. Slovak tax residents are subject to taxation on their worldwide income, a principle known as unlimited tax liability.

Conversely, a tax non-resident is subject to a limited tax liability, meaning it is only taxed on income derived from Slovak sources. Such income includes, but is not limited to, business profits generated through a Permanent Establishment (PE). A PE can be formed even without a formal subsidiary or branch office. The presence of an individual acting on behalf of a foreign business entity and regularly signing agreements with power of attorney can establish a PE. Given that a TomTom "department" is specified, it is highly probable that its operational footprint—including employees, management, and business activities—would be deemed a PE, triggering a full range of corporate tax obligations in Slovakia. This foundational principle is the basis for the comprehensive scope of this report, as it necessitates compliance not just with limited non-resident obligations but with the full array of corporate tax procedures.

**Governing Bodies and Digital Communication**

The central authority responsible for the administration and enforcement of tax and customs regulations in Slovakia is the Financial Directorate of the Slovak Republic (FD SR). The FD SR, which operates under the Ministry of Finance, is tasked with ensuring the uniform application of tax laws and international treaties. The FD SR also maintains a central register of all tax entities.

A crucial element of the modern Slovak tax framework is the mandatory electronic communication requirement. As of January 1, 2018, all legal entities registered in the Commercial Register are required to deliver all submissions to the Financial Administration solely through electronic means. This digital obligation is fulfilled via the Financial Administration Portal and a dedicated application called eDANE. The process for electronic communication is not instantaneous and requires a multi-step registration and authorization procedure, which can take several days to complete. Practical experience indicates that starting this process well in advance of any filing deadlines is a critical first step for compliance.

**3. Corporate Income Tax (CIT) Obligations**

Corporate Income Tax (CIT) is a direct tax levied on the profits of all legal entities, including branches of foreign companies. The precise tax burden on a company has undergone a significant legislative change for the tax period beginning in 2025, moving from a flat-rate system to a progressive one.

**Determination of Taxable Income and Progressive Rate Schedules**

The tax base for CIT is determined by a company's total taxable income, which includes earnings from business activities, capital gains from the sale of assets, and other uses of company property. The tax base is comprised of all incomes, with the exception of those specifically designated as non-taxable or exempt by the Financial Administration.

For the tax year 2024, the standard CIT rate was 21%. A reduced rate of 15% was available for corporate taxpayers with taxable revenues up to EUR 60,000.

However, a new and more complex progressive rate structure was adopted as part of a consolidation package aimed at improving the state's public finances. This new system, which applies to legal entities for tax periods beginning on or after January 1, 2025, is a significant shift in the country’s tax policy.

**Table: Slovak Corporate Income Tax Rates (2024 vs. 2025)**

| Tax Period | Taxable Income (Revenues) | CIT Rate |
| --- | --- | --- |
| **2024** | Standard rate | 21% |
|  | Up to EUR 60,000 | 15% |
| **2025** | Up to EUR 100,000 | 10% |
|  | EUR 100,000 to EUR 5 million | 21% |
|  | Above EUR 5 million | 24% |

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The implementation of a progressive rate system indicates a deliberate policy choice to increase the tax contribution from larger corporations. For a department of a multinational company like TomTom, which is likely to generate significant revenue, this change is not merely a minor adjustment but a fundamental re-evaluation of its tax exposure. It is highly probable that such a department would fall into the highest bracket, facing a 24% CIT rate on taxable income above EUR 5 million, a notable increase from the previous 21% standard rate.

**Minimum Corporate Income Tax and Advance Payments**

In addition to the progressive rates, Slovakia has a mandatory minimum CIT requirement that applies to all legal entities, regardless of their financial results. The minimum tax due is tiered based on the company’s taxable income, ensuring a baseline tax contribution even in periods of low profitability or a tax loss. The minimum CIT amounts for the tax year 2025 are as follows:

* EUR 340 for legal entities with taxable income up to EUR 50,000.
* EUR 940 for legal entities with taxable income from EUR 50,000 to EUR 250,000.
* EUR 1,920 for legal entities with taxable income from EUR 250,000 to EUR 500,000.
* EUR 3,840 for legal entities with taxable income exceeding EUR 500,000.

Furthermore, companies with a prior tax liability exceeding EUR 2,500 (or EUR 5,000 as of 2020) are obligated to make advance tax payments. These prepayments are made quarterly for liabilities between EUR 2,500 and EUR 16,600, and monthly for those over EUR 16,600. The tax administrator is responsible for notifying the taxpayer of the exact amount and due date for these advance payments.

**Filing Procedures and Deadlines**

The obligation to file a corporate tax return arises when a company's total taxable income for a fiscal year exceeds EUR 1,901.67 or if it incurs a tax loss.

The standard deadline for filing and paying the tax return is within three calendar months following the end of the fiscal year. For a company following a calendar year, this means the deadline is March 31st.

An extension of the filing deadline is possible by submitting a notice to the Tax Office before the original deadline. A company may extend the deadline by up to three months (to June 30th) or by six months (to September 30th) if it includes income from a foreign source in its tax return. It is important to note that a company with earnings from abroad, such as a multinational corporation like TomTom, must also file a tax return if it has a permanent residence in Slovakia or is staying in the territory for more than 183 days of a calendar year.

**4. Value-Added Tax (VAT) Compliance**

Value-Added Tax (VAT) is another critical component of the Slovak tax system, subject to recent and significant legislative changes as part of the country's fiscal consolidation efforts.

**VAT Rate Structure and Registration Requirements**

Effective January 1, 2025, the standard VAT rate in Slovakia increased from 20% to 23%. This rate applies to most goods and services, including electronics and professional services. A new reduced rate of 19% applies to specific goods and services such as food, electricity, and certain restaurant services. A second reduced rate of 5% is applicable to essential items including books, medicines, and specific accommodation and sporting services.

**Table: Slovak VAT Rates (2024 vs. 2025)**

| Item | Current Rate (2024) | New Rate (2025) |
| --- | --- | --- |
| **Standard Rate** | 20% | 23% |
| **Reduced Rate** | 10% (for some items) | 19% |
| **Second Reduced Rate** | 5% (for some items) | 5% |
| **Specific Items** |  |  |
| Basic Food | 10% | 5% |
| Other Food | 20% | 19% |
| Electric Energy | 20% | 19% |
| Medicines | 10% | 5% |
| Printed Books | 10% | 5% |
| Electronic Books | 20% | 5% |
| Restaurant Services (food) | 10% | 5% |
| Restaurant Services (non-alcoholic drinks) | 10% | 19% |
| Restaurant Services (alcoholic drinks) | 20% | 23% |
| Entrance Fees to Sports Events | 20% | 5% |

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For a foreign company with a presence in Slovakia, such as a TomTom department, VAT registration is mandatory if it provides taxable supplies, regardless of its annual turnover. This is a crucial distinction from the turnover thresholds that apply to resident businesses. A recent change further tightens this obligation by requiring foreign businesses to register within 5 days of becoming a VAT payer.

**Filing and Payment Requirements**

VAT returns in Slovakia are generally due by the 25th day of the month following the end of the tax period. VAT payments must be made concurrently with the submission of the return. The frequency of filing (monthly or quarterly) is determined by a company's annual revenue, with most companies exceeding EUR 100,000 in annual revenue required to file monthly.

For businesses engaged in cross-border trade, there are specific considerations. Businesses purchasing goods from other EU suppliers must register for VAT if their acquisitions exceed EUR 14,000 annually. For the importation of goods into Slovakia, VAT is typically due at customs clearance at the standard 23% rate. However, starting in 2025, some importers have the option to self-assess the VAT, allowing them to shift the payment obligation to their regular VAT return. This option, while potentially convenient, carries a penalty risk of 1.3% of the owed VAT for any regulatory breaches.

**5. Incentives and Tax Relief for Technology & R&D Operations**

The Slovak government has implemented various incentives and tax reliefs to foster innovation and attract projects with high added value, particularly in the technology sector. For a company like TomTom, which explicitly accepts tax incentives related to innovation, these mechanisms are not just compliance points but strategic opportunities.

**The R&D Super-Deduction: A Detailed Examination**

The most significant tax relief for a company engaged in research and development is the R&D Super-Deduction. This is an indirect form of state support for innovation, a practice that has been in place since 2015. The deduction allows a taxpayer to deduct R&D expenditures from their tax base, significantly reducing their corporate tax liability.

The deduction rate has increased over time to encourage more investment. As of the tax period beginning January 1, 2020, the deduction rate is **200% of the eligible R&D costs** incurred during the year. This means that for every euro spent on qualifying R&D activities, a company can deduct two euros from its tax base. This generous incentive underscores the government's commitment to supporting the transformation of its economy into a knowledge-based one.

To be eligible for the super-deduction, a project must align with the internationally recognized definition of R&D as outlined in the OECD's Frascati Manual. This definition encompasses basic research, applied research, and experimental development. To claim the deduction, an R&D project must be institutionalized, with clear project and accounting guidelines, transparent costing, and a plan of activities. It is crucial that all related costs are clearly recorded and can be demonstrably supported in the event of a tax audit. The tax advantage is claimed automatically via the tax return and does not require a separate application or approval from a government authority.

**Other Strategic Tax Advantages**

Beyond the R&D Super-Deduction, the Slovak tax framework offers additional avenues for tax optimization. A notable example is the Patent Box regime, which can be strategically combined with the super-deduction. While the super-deduction reduces the tax base by allowing the deduction of R&D costs, the Patent Box provides a tax advantage on the revenue generated from the resulting intellectual property. A company can claim the super-deduction on the costs of developing a computer program and, upon its successful activation as an intangible asset, tax only half of the income derived from its use. This provides a powerful two-stage tax benefit that supports both the investment phase and the commercialization phase of an innovation project.

The synergy between these two tax instruments provides a comprehensive and compelling incentive for an innovative company. By institutionalizing R&D projects and meticulously documenting costs, a company can simultaneously minimize its tax base and benefit from a preferential tax rate on its future intellectual property-related income.

**6. Payroll Taxes and Social Security Contributions**

A comprehensive understanding of Slovak tax obligations extends to payroll taxes and social security contributions, which are a significant component of the cost of employment.

**Employer and Employee Contributions**

Slovakia has a comprehensive social security and health insurance system to which both employers and employees are required to contribute. These contributions are calculated based on an employee's gross salary, up to a certain maximum assessment base that is adjusted annually. The total social security rate for employers is approximately 25.2% , while the combined total for both employer and employee contributions is approximately 48.6%.

**Income Tax Withholding**

Employers are responsible for calculating and withholding income tax from their employees' monthly salaries under the Pay As You Earn (PAYE) system. The amount of tax withheld is determined by the employee's total taxable income, which is subject to a progressive tax rate. Personal income is taxed at 19% up to a certain threshold and at 25% on income exceeding that amount.

**Requirements for Foreign Workers**

For foreign workers and expatriates, the tax obligations are contingent on their tax residency status. An individual is considered a Slovak tax resident if they have a permanent residence or usually stay in the territory for at least 183 days of a calendar year. A key point is that any remuneration received for duties performed in Slovakia is treated as Slovak-sourced income and is subject to Slovak income tax, regardless of the worker's tax residency status, though this may be subject to the provisions of a relevant double tax treaty. For employees from EU/EEA countries or Switzerland, the EU's social security coordination regulations apply, which generally means they contribute to the social security system of only one member state.

**7. Administrative Procedures & Digital Transformation**

Beyond the substantive tax obligations, it is vital to understand the administrative and digital requirements that govern interaction with the Slovak tax authorities.

**The Slovak Tax Reliability Index**

The Slovak Tax Reliability Index, introduced on January 1, 2022, represents a modern, data-driven approach to tax administration. The index evaluates a taxpayer's compliance based on criteria such as the timely payment of taxes, filing of returns and documents, and findings from prior tax inspections. Based on a points-based rating, taxpayers are assigned a grade: "highly reliable," "reliable," or "unreliable".

Achieving and maintaining a "highly reliable" status is not just about avoiding penalties; it provides significant operational benefits. A reliable taxpayer may receive a deferral of tax payments, permission to pay taxes in installments, or shorter waiting periods for confirmation of their personal account status. Critically, a reliable taxpayer can also be granted a preference for a local inquiry over a full tax audit for the purpose of verifying a VAT refund claim, which can significantly streamline administrative processes. Conversely, a "less reliable" taxpayer will have a shorter grace period of only 8 days to comply with certain obligations during a tax audit or investigation. This system underscores that a proactive, robust compliance framework is a strategic asset that can streamline a company's relationship with the tax authorities.

**Penalties for Non-Compliance**

Non-compliance with tax obligations in Slovakia can result in severe penalties and interest charges. Penalties for late filing of a tax return can range from EUR 30 to EUR 16,000. For late tax payments, interest begins to accrue on the fourth day after the tax is due. The penalty rates for self-assessment, self-disclosure during an audit, or an assessment made by the tax office have been recently adjusted based on changes in the European Central Bank's interest rates. Penalties can be levied up to 100% of the assessed amount.

**Table: Summary of Penalties and Interest Rates (Effective December 18, 2024)**

| Scenario | Interest Rate | Minimum Penalty | Maximum Penalty |
| --- | --- | --- | --- |
| Self-assessment via amended return | 3.15% per year | 1% of assessed amount | 100% of assessed amount |
| Self-disclosure within 15 days of audit notification | 7% per year | 1% of assessed amount | 100% of assessed amount |
| Assessment made by Tax Office during audit | 10% per year | 1% of assessed amount | 100% of assessed amount |

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The statute of limitations for a tax assessment is five years, or ten years in cases where a double tax treaty was applied, particularly for transactions with foreign-related parties.

**The Future of E-invoicing and Reporting**

The Slovak tax administration is moving towards a fully digitized system. The government has initiated a public consultation on a draft law (Law No. LP/2025/396) that proposes a mandatory B2B e-invoicing and real-time data reporting system. This legislation, which aligns with the EU's VAT in the Digital Age (ViDA) initiative, is planned for a phased rollout. Domestic B2B transactions are expected to be subject to these rules starting January 1, 2027, with the obligation extending to cross-border intra-EU transactions from July 1, 2030. This initiative aims to streamline tax compliance and combat tax evasion by requiring all invoices to be issued and reported in a predefined electronic format, likely a structured XML. For a company like TomTom, this future mandate requires an early assessment of existing IT and accounting systems to ensure readiness for this fundamental shift in tax administration.

**8. Strategic Overview and Recommendations**

Based on the detailed analysis of the Slovak tax framework, several key actions and strategic considerations are recommended for a TomTom department.

**Critical Compliance Roadmap**

First and foremost, it is imperative to ensure that all mandatory electronic communication with the Financial Administration is established and maintained. The process for registering on the Financial Administration Portal and setting up the eDANE application should be completed as soon as possible, as this is a prerequisite for all future filings.

Secondly, all tax and financial reporting systems must be updated to reflect the new progressive CIT rates and tiered minimum tax requirements for the 2025 tax year. This is not a trivial adjustment and will require careful financial forecasting and budgeting. Similarly, all VAT compliance processes must be aligned with the new 23% standard rate and the tiered reduced rates, particularly for a company with complex supply chains.

Third, given the department's likely classification as a Permanent Establishment, it is crucial to proactively manage all payroll tax and social security obligations for both resident and expatriate employees, adhering to the complex rules that govern income sourced from Slovak territory and EU social security coordination.

**Leveraging Strategic Tax Advantages**

Beyond mere compliance, the Slovak tax system offers significant opportunities for a technology company. The R&D Super-Deduction is a powerful incentive that should be fully leveraged. It is recommended that TomTom's R&D projects in Slovakia be institutionalized, with meticulous record-keeping and transparent accounting, to meet the eligibility criteria for the 200% deduction. Furthermore, a forward-thinking strategy would involve investigating the potential for combining the R&D Super-Deduction with the Patent Box regime for projects that result in intellectual property, maximizing the tax benefit at both the cost and revenue stages of the innovation cycle.

**Forward-Looking Analysis and Conclusion**

The Slovak tax landscape is in a state of rapid transformation, moving towards a more digitized and transparent system. For a technology company, this shift presents both challenges and opportunities. The planned mandatory e-invoicing and real-time reporting from 2027 should be a priority for IT and compliance teams, who must begin preparing for this fundamental change in how financial data is managed and reported. Similarly, developments concerning the proposed Digital Services Tax (DST), which targets large multinational tech platforms, should be closely monitored as this could significantly impact TomTom's tax exposure in the future.

In conclusion, successful navigation of the Slovak tax framework requires more than just meeting deadlines; it demands a comprehensive, proactive, and technologically prepared approach. By understanding the nuances of tax residency, adapting to the new progressive tax rates, and strategically leveraging R&D incentives and digital tools, a TomTom department can ensure full compliance while optimizing its financial position in the Slovak market.

**9. Small Details**  
  
**1. Language Requirements**

All official tax forms and submissions to the Slovak Financial Administration must be in the Slovak language only. While transfer pricing documentation can be prepared in Slovak, German, or English, you are required to provide a translation into Slovak if the tax administrator requests it. For VAT registration, a foreign entity must provide an official translation of their Commercial Register extract into Slovak, unless the original is in Czech.

**2. Electronic Filing and Signature Requirements**

 As of January 1, 2018, all legal entities registered in the Commercial Register are obligated to deliver all submissions to the Financial Administration electronically. This is not an option; it is a mandatory requirement.

To fulfill this digital obligation, you must have:

* **An Electronic Signature**: The tax authority requires a certified electronic signature (known as a KEP) or a Qualified Electronic Signature (QES) to sign and submit electronic forms. A guaranteed electronic seal is also an option.
* **A Government Portal Account**: All submissions are made through the Financial Administration Portal using a special application called eDANE. The registration and authorization process to use this portal can take several days, so it is crucial to start this well in advance of any filing deadlines.

In some cases, a company can enter into an agreement with the tax office to use the web-based eDANE application even if they do not have a certified electronic signature. A foreign company can also appoint a tax agent to manage its VAT obligations, as formal tax representation is not a concept used in Slovakia.

**3. Required Documents and Attachments**

When filing a corporate income tax return, a legal entity must file its financial statements, regardless of whether it had income or not. These financial statements must be based on double-entry bookkeeping. Interestingly, you do not need to attach any separate annexes to the corporate tax return itself.

 For a foreign company applying for VAT registration, the required documents include a completed application for VAT registration and an original or notarized copy of the Commercial Register extract with an official Slovak translation.

These "tiny details" are essential for ensuring a smooth and compliant tax administration process, as failure to adhere to them can lead to penalties.