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SLOVAKIA – TAX CONSIDERATIONS ON SHORT-TERM LETTINGS

The following information is a guide to help you get started in learning about some of the tax requirements that might apply to you when providing short-term accommodation in Slovakia.

Tax can be tricky and it is important to ensure that you keep up to date with your tax obligations and remain tax compliant. The timely preparation, filing and payment of taxes are your responsibility.

If you are supplying short-term accommodation in Slovakia, you should make sure that you understand each of the following types of taxes, and pay the ones that apply to you;

- Income taxes
- Value added tax (VAT)

We draw your attention to the fact that Airbnb may have an obligation to report income earned by users of the platform. Therefore, if there is a mismatch between the information reported by Airbnb and the income you reported in your annual income tax return, the tax authorities may ask you questions.

Please understand that this information is not comprehensive, and is not intended to be legal or tax advice. If you are unsure about your local tax obligations, we encourage you to check this with official local sources, or to seek advice from qualified professionals.

Please note that we do not update this information in real time, so you should confirm that the laws or procedures have not changed recently.

INCOME TAX

Where you earn income in Slovakia, it is likely that you will be required to pay a percentage of the tax on this income to the Slovak tax authorities. Below is a brief outline of tax that may arise on income earned from short-term lettings in Slovakia and some information on how this tax can be paid over to the Slovak tax authority.

Slovakia's tax year runs from 1 January to 31 December.

Obligation to file income tax return in Slovakia.

You are not obliged to file a personal income tax return if your total taxable income from **all sources** reportable in Slovakia (including employment income) does not exceed € 2,461.41 per year (threshold applicable for the 2023 tax period).

Please note that the first €500 of rental income may be exempt from taxation in Slovakia. Further information can be found on the tax authorities [website](#).

Reporting tax in Slovakia.

There are specific tax forms released by the Slovak Tax Authorities:

- Form Type A - Individual receives only employment income.
- Form Type B - Individual receives other taxable income such as rental income, income from the sale of property etc.

The forms can be downloaded from the following [link](#).

Reporting tax - filing deadline.

The general deadline for filing your tax return is 31 March in the year following the tax year (i.e., the income tax return for the tax year 2023 should be filed by 31 March 2024). This deadline may be extended by up to three calendar months by notifying the Tax Office. In specific cases (generally a Slovak tax resident who receives income from abroad, for which he claims the avoidance of double taxation), the tax return deadline can be extended by up to six months.

Reporting tax - payment deadline.

The payment of tax due has to be made within the regular or extended deadline for filing the tax return (as outlined above). If you did not obtain a specific bank account reference number ("OUD") prior to the tax return filing deadline, you should file your tax return by 31 March at the latest.

Afterwards the tax administrator will assign you an OUD which will be sent to you by registered post. Payment of tax should be made within 8 days after receiving the OUD.

This usually applies in the first year in which you are obliged to file the tax return. In following years, you will use the same OUD to submit the payment (i.e. the payment has to be made by the regular/ extended tax return deadline).

Slovakia Tax Authority contact details.

You should file your tax return to any Tax Office, branch of Tax Office, contact point, etc. Tax return is then processed by the respective regional Tax Office depending on your registered permanent residence in Slovakia. Below are the contact details of the Tax Office in Bratislava and the website where more detailed information can be found.

- Tax Office Bratislava Infoline: +421 2 68272 111
- email: duba.kontakt@financnasprava.sk
- website: <https://www.financnasprava.sk/en/homepage>

Slovak income tax rates.

The personal income tax rates that apply to you depend on your overall income. For the 2023 tax period, a tax base (including rental income) of up to €41,445.46 is subject to a 19% tax rate. Amounts exceeding €41,445.46 are subject to the 25% tax rate.

A 15% tax rate applies to you if you have business income (e.g. business rental income) and your annual turnover does not exceed €49,790.

Slovak specific rules applicable to income earned in relation to short-term lettings.

Slovak tax legislation does not provide any specific rules in relation to short term lettings. In general, short term letting income can be considered as passive property rental income or business rental income that can be carried out only after obtaining a trade license. Services which are provided together with letting are generally the main decisive criterion used to determine whether rental income is taxed as property rental income or business rental income. Additionally, the duration of letting may be taken into consideration.

Property rental income – this is typically income derived from renting out property for longer periods of time, where the lessor provides only necessary basic services such as delivery of water, electricity, heating etc. Moreover, the lessee is usually responsible for daily maintenance such as small repairs (e.g. changing a lightbulb, etc).

Business rental income – this is typically income derived from renting out property for short periods, where the lessor also provides additional services such as for example cleaning, change of bedlinen, hygienic products or meals. The lessor is usually responsible for the daily maintenance of the property (e.g. changing a lightbulb, etc).

In June 2023, the Financial Directorate of the Slovak Republic issued Methodological Guidance on Taxation of Rental Income No. 16/DZPaU/2023/MP. According to the Financial Directorate, for the purposes of categorization of rental income as property rental income or business rental income in the case of mediation of accommodation via web platforms (such as through the Airbnb platform), it is important to correctly assess the nature and scope of the service(s) actually provided (i.e., the fact that the mediation of accommodation is facilitated through a web

platform does not play a role in categorization of the income). The Financial Directorate further states (although not directly in relation to the Airbnb platform but this Financial Directorate's conclusion can be applied also to the Airbnb platform) that, in most cases, it is clear from the nature of the services actually provided that the accommodation is short-term – meaning that the accommodation does not meet permanent housing needs and, generally, the owner or person operating the property provides also services other than basic ones, namely bedlinen changing, cleaning services, providing breakfast, etc. – and, therefore, in most cases, such income is classified as business rental income and a trade license is required.

In case it is not possible to classify the short term letting as property rental income or business rental income it should be classified as other income.

As the categorization of the income can be complicated, we recommend to contact a tax advisor to get advice on your specific situation.

Typical expenses that can be deducted from an individual's income in relation to short-term lettings.

In case of property rental income the following rules applies:

A business assets register is a summary of all assets and values owned by you that are used to achieve and maintain income captured in accounting for rental income. As you can see from 'sample computation 2' below, you can deduct more expenses from rental income if a property asset register is kept, however you must keep simplified tax evidence (e.g., evidence of income, expenses, payables, receivables, business assets registry and inventory). On the other hand you may decide to deduct only basic expenses from your rental income, as can be seen in 'sample computation 1' below, and you do not need to keep any evidence in this case (the property is not included into the business asset registry).

In cases where the property is not included on an individual's business asset register, tax deductible expenses related to the rental of a property are:

- Managements fees (including contributions to Fund of Repairs and Maintenance and a fee paid to the representative of the owners of apartments and non-residential premises),
- Utilities (electricity, water, heat for heating and hot water, gas),
- Other services (waste water disposal, lighting and cleaning of common areas, use of elevators and a house laundry room, inspections and cleaning of chimneys, waste disposal, cleaning of cesspools, reception and security services),
- TV Concession fees (compulsory fees for radio and television broadcasting),
- Internet fees.

The property insurance costs, costs of technical upgrade, repair and maintenance of the

property, property tax, tax depreciation and mortgage interest might only be considered where the property is included in the business asset register of the individual.

Note: In cases where the property was only rented for part of the year, or in cases of short term letting, only the corresponding portion of expenses can be applied as a tax deductible expense.

In case of business rental income following rules applies:

The scope of expenses that you can deduct is the same as the situation in which rented property is included into the business asset registry described above. You also have to keep the simplified tax evidence or accounting. However, you may also decide to apply the lump-sum expenses instead of actual expenses provided that you are not a VAT registered person. These can be applied up to 60% from the total business income but not more than 20,000 EUR per year. In addition, you can deduct the mandatory social security contributions paid from business rental activities.

Where you have any doubts regarding the tax treatment of your income, you should seek advice from a tax professional.

Special reliefs from income tax in Slovakia that an individual providing short-term lettings may be able to avail of.

The only relief related to property rental income is statutory exemption of the first €500, which can be deducted from your property rental income. However, this exemption applies in aggregate also to other types of income such as income from occasional activities, sale of shares, transfer of participation interests, etc. – as these rules are complex, if you receive such other types of income, you should seek advice from a tax professional. There is not any special relief related to business rental income.

Deductions for tax depreciation in Slovakia.

Tax depreciation can only be applied as an expense if the property is included on an individual's business asset register (property rental income) or in case of business rental income. The tax depreciation does not generally apply to fixtures and fittings as these can be deducted in full as maintenance expenses where the property is included on an individual's business asset registry.

Note: It is recommended that you seek advice from a tax professional in cases involving more expensive fixtures and fittings in the property in order to ascertain the proper tax treatment.

Slovak income tax obligation for non-resident individuals.

If you are not a resident of Slovakia you are obliged to declare your property and business rental

income from properties located in Slovakia, if your total taxable income sourced in Slovakia exceeds the threshold of €2,461.41.

Slovakian income tax obligations for a Slovakian individual in receipt of foreign rental income.

If you are resident in Slovakia you are obliged to report foreign property and business rental income in Slovakia. The double taxation avoidance rules should apply based on the applicable double tax treaty.

Capital taxes in Slovakia.

In general, the income received from the sale of assets is subject to a progressive income tax rate from 19% to 25%. This needs to be declared in the tax return Form B, within the tax return filing deadline, outlined above.

Different conditions for an exemption of income from the sale of immovable property from taxation in Slovakia apply, depending on whether the property was or was not included in the individual's business asset register.

1. If the property was not included on the business asset register during the five years prior to the sale of the property and the property was owned by an individual for more than five years, the income from sale of the property could potentially be exempt from taxation.
2. If the property was previously included in the business asset register, then the profit from the sale of the property would be taxable in Slovakia (unless the property was sold after five years since the property was excluded from the business asset register).

General property taxes payable.

The following real estate taxes exist in Slovakia: land tax, building tax, tax on flats and nonresidential premises in a flat/house.

The property tax return is a separate tax return to the income tax return which you must file. The property tax return is linked to property ownership, and not to rental income. The deadline for filing the tax return for the real estate taxes is 31 January of the year following the year in which you acquired the property. If you acquired the property on 1 January, the deadline for filing the tax return is 31 January of the same year. The tax is paid for the upcoming tax period, i.e. tax paid in 2023 relates to the 2023 tax year. Going forward, the tax due is assessed automatically by the municipality and the tax assessment is delivered to you as the property owner.

Each municipality/city has different tax rates for various city areas set for one square meter.

As an example, the tax rate per one square meter in the old town of Bratislava is €1.

Other

You must register with the Tax Office by the end of the month following the month in which you started to rent out the property. If you apply for a trade license for carrying out the business rental activities, the Tax Office will register you for tax automatically. Details of this can be found on the [Tax Office website](#).

Sample Tax Computation 1 – Property rental income - property IS NOT included in Business Asset Register

Zuzana owns a 2 bedroom house (70 m²) in Bratislava. She rents out the spare room (20 m²) during the weekends (50 days per year).

Zuzana received total gross rent in 2023 of €5,000.

Zuzana incurred the following expenses in relation to this house in 2023 : house insurance €500, local property tax €350, mortgage interest €5,500 and electricity €600.

(Please note that the Slovak tax law does not address the allocation of expenses in cases when only part of the property is rented out a couple of days per month. The expenses should be therefore allocated based on the allocation key that is appropriate to the nature of expense and that will ensure the fair and reasonable allocation. You may discuss with your tax advisor the allocation of expenses based on the number of days rented and square meters of rented floor e.g. $600 \text{ EUR} / 365 \text{ days} * 50 \text{ days} / 70 \text{ m}^2 * 20 \text{ m}^2 = 23.50 \text{ EUR}$. For allocation of the tax depreciation you may consider only the floor space e.g. $(4,000 \text{ EUR} / 70 \text{ m}^2) * 20 \text{ m}^2 = 1,142.86 \text{ EUR}$).

The first EUR 500 of property rental income is exempted from taxation (however, this exemption applies in aggregate also to other types of income such as income from occasional activities, sale of shares, transfer of participation interests, etc. – as these rules are complex, if you receive such other types of income, you should seek advice from a tax professional). The statutory rule is that you may deduct expenses in the same ratio as the ratio of the property rental income included in the tax base and the overall property rental income. In this sample tax computation, you will include EUR 4,500 in the tax base (EUR 5,000 minus EUR 500 exemption) while your overall property rental income is EUR 5,000. The ratio (coefficient of taxable income from rent) is therefore 0.90 (4,500/5,000).

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Gross rental income		5,000
<i>Less allowable expenses:</i>		
	House insurance	-
	Local property tax	-
	Mortgage interest	-
	Electricity	(23.50)
Statutory exemption from taxation of rental income		(500)
Coefficient of taxable income from rent		0.90
Expenses reduced by coefficient		(21.15)
Taxable property rental income		4,478.85

Sample Tax Computation 2 – Property rental income - property IS included in Business Asset Register

Please note that computation 2 follows the fact pattern from computation 1		
Acquisition price of property: €160,000		
Acquisition Date: January 2016		
Depreciation period: 40 years		
		€
Gross rental income		5,000
<i>Less allowable expenses:</i>		
	House insurance	(19.57)
	Local property tax	(13.70)
	Mortgage interest	(215.26)
	Electricity	(23.50)

	Depreciation	(1,142.86)
	Statutory exemption from taxation of rental income	(500)
	Coefficient of taxable income from rent	0.90
	Expenses reduced by coefficient	(1,273.40)
	Taxable property rental income	3,226.60

Sample Tax Computation 3 – Business rental income – lump-sum expenses	
Please note that computation 3 follows the fact pattern from computation 1	€
Gross rental income	5,000
Lump-sum expenses (60% of total business rental income)	(3,000)
Mandatory social security contributions paid from business rental income	(1,250)
Taxable business rental income	750

VALUE ADDED TAX

Value added taxes can be complicated and you should take time to understand the rules as they apply to you and your particular situation.

Broadly speaking, Value-Added Tax (VAT) in Slovakia is a tax on consumption. Most goods and services supplied in Slovakia are subject to VAT.

A person who supplies goods and/or services in Slovakia may have to charge VAT and pay this to the Slovakian tax authority. As with all taxes, we encourage you to consult with a tax advisor regarding your potential VAT obligations in Slovakia.

If you are currently renting a room to guests, you may be required to apply VAT to your rental charge and to pay this VAT amount to the Slovakian tax authorities. As Airbnb is not supplying the rental, it is the responsibility of the host to consider local VAT obligations of the rental charge.

Do I need to collect any VAT from guests if I am letting short-term accommodation in Slovakia?

In general, individuals who are considered to be in business in Slovakia need to charge VAT on their supplies, once the criteria for VAT registration is met.

Currently, in Slovakia, you are required to register for VAT if your turnover exceeds €49,790 in the preceding 12 consecutive calendar months. As such, where you supply short-term accommodation and you exceed this threshold, you should register for VAT.

If you are an individual who is not resident in Slovakia, but your accommodation is located in Slovakia, then you should also register for Slovakian VAT as no registration threshold applies to you.

We encourage you to consult a tax advisor if you need assistance in determining whether you need to register for and charge Slovakian VAT.

For further guidance on registering for VAT, please see the Slovakian tax authorities' [website](#).

VAT applies to me. How do I determine how much tax I need to collect from my guests?

VAT rates differ per country and change periodically. We recommend you to check on a regular basis with the local tax authority to get the most up to date VAT rates for the country where you are required to pay VAT.

For example, at the date of issuance of this document, the VAT rate applicable to supplies of holiday accommodation in Slovakia is 10%.

We recommend that you confirm with a local tax advisor the VAT rate applicable to your supplies.

VAT applies to me. How do I collect VAT from guests?

If you determine that you need to charge VAT on the supplies that you make to guests, please keep in mind that you have to collect this VAT from your guests and report and remit this VAT on a periodic VAT return. In Slovakia, the VAT return typically covers a quarterly or monthly period and is required to be filed by the 25th day following the end of the relevant VAT period (e.g., the January VAT return is due to be filed by the 25th of February). VAT returns may be filed quarterly where a person has been VAT registered for more than 12 months and the turnover in that period is less than €100,000. The VAT payment is required to be made on the same day that the VAT return is required to be filed.

Some formalities, such as issuing a receipt or an invoice to your guests, may be required. Please find more information on this [here](#).

For further guidance on filing returns, please see the Slovakian tax authorities' [website](#).

There may also be requirements around whether you use VAT-inclusive or VAT-exclusive pricing, though in general the price should be VAT inclusive. We recommend that you check your obligations in terms of pricing and the applicable invoice requirements with a local tax advisor.