

## **SLOVAK REPUBLIC**

### **TRANSFER PRICING PROFILE**

#### **1. Reference to the Arm's Length Principle**

Section 17 subsection 5 interconnected with section 18 of the Income Tax Act No. 595/2003 Coll. as amended (hereinafter the "ITA")

#### **2. Reference to the OECD Transfer Pricing Guidelines**

None, but OECD Transfer Pricing Guidelines (Chapters I – VIII with its annexes) were published in Financial Bulletin during years 1997 – 2002 and they are generally accepted as an administrative guidance.

#### **3. Definition of related parties**

Section 2 subsections (n), (o), (p), (r) of the ITA

#### **4. Transfer pricing methods**

Section 18 subsections 2 and 3 of the ITA

#### **5. Transfer pricing documentation requirements**

Taxpayers are obliged to provide documentation in accordance with section 18 subsections 1 of the ITA. The documentation must be submitted within 15 days upon the request of the Slovak tax authorities (section 18 subsections 6 of the ITA). Documentation is also required in case of:

- APA-s requests (section 18 subsections 4 of the ITA), and
- corresponding adjustments (section 17 subsection 6 of the ITA), and
- mutual agreement procedure (section 18 subsections 8 of the ITA).

The documentation could be submitted in the Slovak language or in other language which is allowed by the tax authority's approval.

Transfer pricing documentation requirements (including simplified requirements for smaller enterprises) was introduced on 1st January 2009 in Guideline laying down the content of the documentation on the pricing method applied by the taxpayer under section 18(1) of the ITA. It applied for the first time for the tax period that started after 31 December 2008 and are currently under revision with the aim to better specify the scope of required minimum documentation

The guidelines are based on the principles set out in the OECD Transfer Pricing Guidelines and the principles outlined in the Resolution of the European Council and of the representatives of the governments of the Member States on the Code of Conduct on transfer pricing documentation for associated enterprises in the EU. The guidelines were published in Financial Bulletin on official web site of Ministry of Finance of the Slovak Republic.

Implementation of the Code of Conduct on Transfer Pricing documentation for associated enterprises in the European Union (EU TPD) - summary of Member States' responses to the 2013 JTPF questionnaire on the implementation of the EU TPD:

[http://ec.europa.eu/taxation\\_customs/resources/documents/taxation/company\\_tax/transfer\\_pricing/forum/jtpf/2013/summary-ms.pdf](http://ec.europa.eu/taxation_customs/resources/documents/taxation/company_tax/transfer_pricing/forum/jtpf/2013/summary-ms.pdf)

## 6. Specific transfer pricing audit procedures and / or specific transfer pricing penalties

None. General rules of law are applied.

## 7. Information for Small and Medium Enterprises on TP

Information relevant for SMEs in tackling transfer pricing matters is available on the JTPF webpage at: [http://ec.europa.eu/taxation\\_customs/resources/documents/taxation/company\\_tax/transfer\\_pricing/forum/profiles/profile-sk.pdf](http://ec.europa.eu/taxation_customs/resources/documents/taxation/company_tax/transfer_pricing/forum/profiles/profile-sk.pdf)

## 8. Information on dispute resolution

<b>Competent Authority</b>	Ministry of Finance <i>Taxation and Customs Section</i> Štefanovičova 5 817 82 Bratislava 15 Tel.: +421 (2) 5958 3477 Fax: +421 (2) 5958 3458 E-mail: <a href="mailto:jana.kubisova@mfsr.sk">jana.kubisova@mfsr.sk</a>
<b>Organization</b>	Taxation and Customs Section Ministry of Finance of the Slovak Republic
<b>Scope of MAP &amp; MAP APA</b>	Treaty interpretation and application.
<b>Domestic guidelines &amp; administrative arrangements</b>	No special arrangements provided by the domestic law.
<b>Time for filing</b>	No special limits, only conditions established by the respective treaties apply.
<b>Form of request</b>	No special requirements.
<b>Documentation requirement</b>	Documentation required as specified in point 5..
<b>User fees</b>	None
<b>Tax collection / penalty / interest</b>	No specific provision.
<b>Other dispute resolution mechanisms</b>	The EU Arbitration Convention for the transfer pricing cases.
<b>Government Website</b>	<a href="http://www.finance.gov.sk/Default.aspx?CatID=8501">http://www.finance.gov.sk/Default.aspx?CatID=8501</a>

Dispute resolution under the Arbitration Convention does not need to be initiated and may be suspended if one of the enterprises involved is subject to a 'serious penalty' for the transactions giving rise to the profit adjustment (Article 8).

Unilateral Declaration of Slovak Republic on Article 8 of the Arbitration Convention (*Official Journal L 174, 03/07/2008 P. 0001 – 0005*)

The term 'serious penalty' means a penalty imposed according to the Criminal Code for criminal offences committed with respect to the infringement of the pertinent tax laws, Tax Administration Act or Act on Accounting.

## 9. Relevant regulations on Advance Pricing Arrangements

Section 18 subsections 4 and 5 of the ITA:

Taxpayer may apply for the approval of the use of a transfer pricing method in written form by the financial administration. The method approved by the tax administration shall be used for no more than five tax periods. It can be prolonged for another five tax periods upon the written request of the taxpayer but only if the taxpayer proves that the approval's conditions formerly taken into account did not change.

As of 1 September 2014 the financial administration will charge fees for approving APAs.

## 10. Links to relevant government websites

Ministry of Finance official web site:

<http://www.finance.gov.sk>

## 11. Other relevant information

Secondary and compensating year-end adjustments may result in double taxation. Two questionnaires launched by the EU Joint Transfer Pricing Forum (JTPF) in 2011 took stock of the situation prevailing in each EU Member State with respect to secondary and compensating year-end adjustments as on 1 July 2011.

[Secondary Adjustments - overview on the legal and administrative/practical aspects in the different Member States](#)

[Compensating/year-end Adjustments - overview on the legal and administrative/practical aspects in the different Member States](#)