



Guaranteed electronic invoicing („e-invoice“) and sending invoice details to the Slovak Tax Authority

Introduction of the e-invoice system

The Ministry of Finance of the Slovak Republic („Ministry of Finance“), in cooperation with the Financial Administration of the Slovak Republic („FASR“), has prepared a draft law on the transmission of invoice data (billing details) by taxpayers. The proposed legislation introduces a unified process of the electronic circulation of invoices and introduces the obligation to provide structured data from invoices to FASR via the electronic invoicing information system („IS EFA“). It is expected that the obligation to issue e-invoices and send billing data will apply to all entrepreneurs, and therefore also to businesses not registered for VAT in Slovakia.

Since the introduction of the e-invoice system, the Ministry of Finance hopes that this process

will increase the transparency of cash flows and prevent tax evasion on the collection of VAT and income taxes. Furthermore, the aim of the e-invoice system is to minimise the administrative burden for all entrepreneurs through the automatic sending of invoice data, without the need to send additional administrative reports to the Slovak Tax Authority

Therefore, after the successful implementation of the e-invoice, it is assumed that the submission of the Recapitulative list („RL“) will be cancelled. RL appears to be ineffective due to the time lag between the transaction and their reporting to the Slovak Tax Authority. Another simplification may be the promised prefilling of

the VAT return on the basis of the billing data sent (especially for smaller taxpayers).

However, the e-invoice system will not affect the obligation of tax subjects to use the eKasa system, which should remain in use even after the introduction of the e-invoice.

At the time of preparation of this newsletter, the deadline for the large-scale introduction of e-invoices for all entrepreneurs is not determined, as the legislative process for the approval of the relevant law has not started yet. It will be launched only after the comments of the public professionals have been resolved. At the same time, the Ministry of Finance is preparing a decree on the e-invoice, which will contain technical specifications and a time schedule for implementation.

As the final wording of the law is currently unknown, the information provided in this newsletter may change over time as a result of the testing phase of the e-invoice system.

Implementation phases

The main objective of the IS EFA is the implementation of Directive 2014/55/EU of the European Parliament and of the Council of 16 April 2014 on electronic invoicing in public procurement. The Directive regulates obligations to report invoicing data in business transactions between state institutions and their business partners. The Directive also allows for the extension of electronic invoicing to the private sector.

The launch of new responsibilities is divided into the following phases:

1. phase – „Small e-invoice“

Applies to transactions carried out between state institutions i.e. G2G (government-to-government) segment, and between the state and businesses, i.e. B2G (business-to-government) segment.

During the test phase, the e-invoice should only be running for the transactions of the Ministry of Finance and its data centre, without other subordinate state institutions. A small e-invoice will only apply to companies that have a business relationship with these two institutions. The solution will first be implemented by the Ministry of Finance itself and it will take over the role of tester. This test phase will start on 1 September 2022.

From 1 January 2023, the e-invoice will be used within all institutions of the Ministry of Finance. Following the testing phase of the small e-invoice, the e-invoice will be extended to other public administration entities in 2023.

Update from 28 June 2022: *E-invoicing for B2B and B2C is postponed to 1.1.2025. The change was announced by the Ministry of Finance of the Slovak Republic at their press conference on 13 June 2022.*

Update from 14 December 2022: *The Financial Administration postponed the launch of online sending of electronic invoices indefinitely. The project will not be implemented in this election period. The president of FASR stated that it will be prepared for the following government.*

2. phase and 3. phase – „Big e-invoice“

Business transactions carried out in the private sector between entrepreneurs, i.e. B2B (business-to-business) segment will be part of the second phase of the implementation.

The third phase concerns business transactions carried out between entrepreneurs and their customers, i.e. B2C (business-to-customer) segment. The introduction of both stages is not expected to be sooner than 1 January 2024, due to the interrupted legislative process.

The initial intention to launch the “Big e-invoice” from 2023 for all types of transactions has thus been postponed and the likely time horizon for the launch of the electronic invoice reporting

obligation for B2B and B2C transactions is early 2024. Another reason for the postponement of the deadline is the promise of the FASR that companies will have at least one year to test the e-invoice system.

Practical implications

In the light of the fact that billing data should be sent either through certified accounting software or a government portal, the majority of businesses will incur additional costs to integrate the e-invoice system.

However, for small businesses, IS EFA brings the possibility of issuing electronic invoices free of charge, through the online web application called Virtual Invoice. The application is helpful in issuing and managing invoices in the prescribed electronic format. At the same time, it provides the possibility of automated formal checks of electronic invoices in real-time.

For FASR the Virtual Invoice application represents a challenge to secure the system against sensitive data leakage and process huge amounts of data in real-time.

For entrepreneurs who use their own software, IS EFA offers an open programming interface through which entrepreneurs can transfer invoices created in their systems to the IS EFA without the need for further intervention.

However, the implementation of the programming interface will represent additional costs for entrepreneurs with their own software tools.

The process of reporting data in the e-invoice system and issuing an invoice:

1. Irrespective of the system in which the invoice is issued (own accounting software or Virtual Invoice application), after the issuance the billing data will be sent to FASR.



2. Right after FASR receives the billing data, it verifies and records the invoice, and assigns it an identification number, which becomes a mandatory part of the invoice.



3. After successful implementation of steps one and two, the supplier can send the invoice to the customer.



4. The customer (business entity) will be also obliged to upload incoming billing data to the e-invoice system. The customer marks the received invoice for VAT deduction or for inclusion of the invoice in tax expenses.

Testing and useful links

Testing of the e-invoice system should take at least 1 year (probably until 31 December 2024). It is possible to enter the above-mentioned first phase of testing as a test subject via the site: <https://web-einvoice-demo.mypaas.vnet.sk/>

On the above website, you can find more information on the specific procedure for uploading invoices, as well as a section of frequently asked questions and answers.

The Ministry of Finance has published integration documentation, and a functional prototype of the solution is also available here: <https://api-einvoice-demo.mypaas.vnet.sk/>.

Once the system is put in place, the source codes, located on the GitHub platform, will be available to the public.

At the same time, all electronic invoices, the recipient and sender of which is a state institution, are published via the IS EFA and available for viewing in the Public Invoices

section: <https://web-einvoice-demo.mypaas.vnet.sk/public-invoices?page=1> .

Update from 26th October 2022: We would like to inform you that the deadlines regarding the testing and implementation of the E-invoice are moving again. As part of the first phase, the implementation of the e-invoice for G2G and B2G transactions was to be launched from January 2023. The stated deadline has been moved to April 2023, but it will only be the test phase of the IS EFA for other budgetary

organizations of the MFSR, including the FASR. The stated fact leads to the conclusion that it is highly likely that the other implementation and testing phases of the e-invoice introduction process will also move.

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