



Payroll alert: Deadlines for Annual tax settlement 2022 and Changes as of 01.01.2023

The Labour Code amendment has introduced several changes as of 01.01.2023. In this newsletter you will learn:

- Deadlines for the 2022 Annual tax settlement
- Minimum wage and wage benefits
- Child tax bonus
- Meals of employees as of 01.01.2023
- Minimum contribution to Health insurance
- Agreement on work activity for performance of seasonal work
- New deductible item for students and pensioners
- Analytical data gathering
- Allowance for public housing

Deadlines for Annual tax settlement for 2022

With the approaching deadlines for the Annual tax settlement for 2022, you can find below the most important deadlines and information:

- Employees may request the Annual Tax Reconciliation only in case of income from dependent activity (employment), and they are not required to file the Tax Return. The deadline is **15.02.2023**.
- The form VYH36v20 – “Application of non-taxable amount of the tax base and tax bonus” needs to be completed only in case of changes, e.g. employees do not wish to apply the non-taxable amount, tax bonus for children, etc...
- Employees are required to enclose applicable documentation with their request i.e. annexes supporting the facts stated in their application. If the employees fail to

submit required documents **by 15.02.2023**, they are required to file the Tax returns.

- Employees not requesting the Annual Tax settlement will be issued the Confirmation of Taxable Income by **10.03.2023**.
- Employees proactively applying for the Confirmation of Taxable Income **by 06.02.2023**, will be issued their confirmation by **10.02.2023**.
- If the employees decide to **donate 2%** of their paid tax, they need to mark this in the Part VII (Application for Certificate of paid

tax for the purposes of Section 50 of the Act) of the Application for the Annual Tax Reconciliation. Their Certificate of paid tax will be issued upon the Annual tax settlement completion **by 17.04.2023**.

Minimum wage and wage increases

- **700 €** for employees with monthly salary
- **4,023 €** for each hour worked by employees (for work schedules of 40 hours

Degree of work difficulty	Coefficient	40 hrs in €	38,75hrs in €	37.5hrs in €	Monthly salary
1	1,0	4,023	4,153	4,291	700€
2	1,2	4,690	4,841	5,003	816 €
3	1,4	5,356	5,529	5,713	932 €
4	1,6	6,023	6,217	6,425	1048 €
5	1,8	6,690	6,906	7,136	1164 €
6	2,0	7,356	7,593	7,846	1280 €

Wage benefits as of 01.01.2023	
Overtime surcharge	Min. 25% of average hourly earnings
Surcharge for work on public holidays	Min. 100% of average hourly earnings
Surcharge for Saturday work	1,79 € / 1,61 €*
Surcharge for Sunday work	3,58 € / 3,22 €**
Surcharge for night work	1,43 € / 1,25 €*** / 1,79 €****
Compensation for difficult performance of work	0,72 €
Compensation for inactive standby	0,72 €

*when regularly performing work on Saturdays

**when regularly performing work on Sundays

***with the predominant performance of night work

****risky work

Child tax bonus

As of 01.01.2023 the amounts of the child tax bonuses change based on the Amendment to Act No. 595/2003 Coll. on Income Tax, as amended (dated 06.12.2022).

Child tax bonus amounts valid as of 01.01.2023 (planned validity until the end of 2024):

- 140 € per child under 18 years of age
- 50 € per child from 18 years of age

At the same time, the tax bonus maximum thresholds are:

- 20% of the partial tax base for 1 child
- 27% of the partial tax base for 2 children
- 34% of the partial tax base for 3 children
- 41% of the partial tax base for 4 children
- 48% of the partial tax base for 5 children
- 55% of the partial tax base for 6 or more children

The entitlement to the tax bonus is valid only if the meal subsidy is not applied for children pursuant to § 4 par. 3 letter c) of Act no. 544/2010 Coll. on subsidies (up to 18 years).

The calculation of the monthly tax bonus is derived from the partial tax base (gross salary minus contributions).

ATTENTION – if employees have several employment contracts or agreements with one employer, their income is accumulated for the purposes of the calculation. This does not apply if employees have several employments or agreements with different employers. For the purpose of the child tax bonus calculation, all tax bases from all employers are cumulated during the Annual settlement based on the income confirmations from each employer.

If the partial basis is not sufficient to declare the full amount of the tax bonus, it will be possible

to consider the tax base of the second eligible person living in the same household with the child (mother, father, or person with custody of the child, etc.). **Adding up partial tax bases of eligible persons for the purpose of declaring a full tax bonus will be possible only through a Tax Return.**

Meals of employees valid as of 01.01.2023

- Minimum value of the meal ticket is **5,10 €** (75% of the meal allowance for the time zone 5 to 12 hours for domestic business trip)
- The financial contribution value ranges from **2,81 € to 3,74 €** (at least 55% of the value of the meal voucher, but not more than 55% of the meal allowance for the time zone of 5 to 12 hours for a domestic business trip).

Domestic business trips

- 6,80 € for a time zone of 5 to 12 hours
- 10,10 € for time zone 12 to 18 hours
- 15,30 € for time zone over 18 hours

Minimum contribution to health insurance

Minimum contributions to health insurance are introduced for the low-income employees by the amendment to Act No. 581/2004 Coll. on health insurance companies and health care supervision. The minimum contribution amount of 32,81 € is derived from the subsistence minimum, i.e. 234,42 € for 2023 (contribution for employee and employer together, i.e. 14%).

In case the overall health insurance contribution is lower than 32,81 €, the employee will pay the difference (including the difference in the employer's contribution).

The minimum health contributions **do not apply** to students, pensioners, persons on parental leave or those who are insured by the state.

Agreements on seasonal work activity

Following § 228a (Section 1 - b), the seasonal work is an activity depending on the alternation of the seasons repeating each year and not exceeding **eight months** in a calendar year* in the field of :

1. Agriculture (growing, harvesting, sorting and storing fruits, vegetables, etc.)
2. Tourism, transport of people on water, camps, cable cars, ski lifts, etc.
3. Food industry when processing agricultural products.
4. Forestry (establishment, restoration and growing forests to ensure the continued fulfilment of forest functions)

*Seasonal work detailed exhaustively defined in Annex No. 1b of the Labour Code

Conditions:

- Max. **520 hours** in a calendar year
- Agreement concluded for a fixed period, max. **8 months and in writing** (otherwise it is invalid)
- **Max. 40 hours per week** (on average over the duration of the agreement, max. period is 4 months for the purpose of calculation)

Deductible Item

As of 01.01.2023, a Deductible item 605,50 € is introduced for Agreements on seasonal work activity reducing the assessment basis for old-age and unemployment insurance. Other items of the social system remain unaffected.

New deductible item for students and pensioners “OOP”

As of 01.01.2023, students (under Agreements on part-time work for students) and pensioners with relevant pension types (working under Agreement on work performance or Agreement on work activity) are treated as “regular” employees from the perspective of pension insurance.

The exemption applied previously for the pension insurance expired on 31.12.2022. As of 2023, it was replaced by a Deductible Items “OOP”. Students and pensioners may determine the application of the deductible item to maximum one agreement monthly. The deductible item remains the same value as the previously valid exemption, i.e. **200 €**.

In order to apply the Deductible item, a written Announcement must be submitted to the employer, The Announcement must be submitted also to terminate the deductible item application.

The employer is required to report the start and end of the Deductible item application at the latest on the first day following the submission of the Announcement (start or end of the OOP).

Analytical data gathering

As of 01.01.2023 employers are required to maintain analytical details for all employees. Employers are required to report these details to Social Insurance.

Without analytical data, **it will not be possible** to register employees with the Social Insurance for a new employment.

The analytical data are:

- Place of work
- Agreed working time
- Type of job
- Number of worked hours corresponding to the assessment base for the relevant month.

Allowance for public housing

As of 01.01.2023 § 152c is added to the Labor Code, defining the contribution to public housing supported by the government. Employees **are not legally entitled** to this allowance; the employer may decide to grant it.

Conditions of provision:

- The employee is a tenant of an apartment of public housing based on a lease

agreement pursuant to Act No. 222/2022 Coll. on State Support for Rental Housing

- Max. 4€ per m² (floor area)
- Max. 360 € / month

The contribution granted under the above conditions is a tax-exempt income and excluded from the assessment bases for health and social insurance. At present, this is a tax expense at the employer side.

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