



Financial Directorate of the Slovak Republic

amended text 6.12.2017

Information concerning the levy on non-life insurance premiums

The transfer of a portion of premiums from non-life business as a levy (hereinafter “levy”) is governed by Section 68a the Act No 39/2015 on insurance and on amendments to certain laws, as amended (hereinafter “Insurance Act”).

Payers of the levy include the following:

- ✓ **insurance undertakings** (i.e. insurance undertakings established in the Slovak Republic);
- ✓ **insurance undertakings from other Member States** (i.e. insurance undertakings established in other Member States);
- ✓ **branches of foreign insurance undertakings** (i.e. insurance undertakings or organisational units of foreign insurance undertakings established in countries other than Member States) **located in the Slovak Republic.**

Example 1: A branch of an insurance undertaking from another Member State

Is a branch of an insurance undertaking from another Member State having its office in the Slovak Republic subject to the levy?

Answer

Pursuant to Section 68a (1) of the Insurance Act, a branch of an insurance undertaking from another Member State is a payer of the levy.

Example 2: Captive insurance undertaking

Is a captive insurance undertaking liable to the levy?

Answer

A captive insurance undertaking is regarded as an insurance undertaking.

Note: A captive insurance undertaking is an insurance undertaking owned by a financial institution other than an insurance undertaking, a re-insurance undertaking or a group of insurance undertakings or reinsurance undertakings, or by an institution other than a financial institution whose purpose is to insure solely the risks of the institution(s) by which it is controlled or whose part it forms.

Notice:

Section 68a of the Insurance Act applies only to insurance contracts and, therefore, **a re-insurance undertaking is not subject to the levy**. If, however, a re-insurance undertaking makes an insurance contract, the Insurance Act will apply to the re-insurance undertaking. On the other hand, inward reinsurance undertaken by some insurance undertakings is not subject to the levy.

The **sum to which the levy is applied** is the aggregate of premiums received from the business lines listed in Annex 1 Section A headings 1 to 9, 10 (b) and 11 to 18 of the Insurance Act within the framework of operations carried out in the Slovak Republic. The amount on which the levy is to be paid is the gross premium paid by an insured person or policyholder to the insurance undertaking or an insurance intermediary (such as a broker or an agent). Gross premium means the total sum received by the insurance undertaking, including components such as intermediation fees, administrative charges or other amounts included in a premium.

Example 3: Sums subject to the levy

Is a premium received by a foreign insurance undertaking located in a Member State and covering a risk in the territory of the Slovak Republic subject to the levy?

Answer

Yes.

Example 4: Sums subject to the levy

Pursuant to Section 68a of the Insurance Act, the tax point is understood as the date of receipt of the premium. Does this refer to receipt by the insurance undertaking or by the intermediary, if any? May the tax point be more accurately defined as the date of payment of the premium?

Answer

As a principle, a premium payment must be accounted for in the insurance undertaking's books, so as soon as the insurance undertaking recognises the premium payment against the premium receivable, it becomes subject to the levy.

Example 5: International transport insurance and export credit insurance

Is a premium derived from, for example, insurance falling under a non-life line of heading 7 and covering international transport, or falling under a non-life line of heading 14 and covering an export credit subject to the levy?

Answer

The Insurance Act does not provide for any exceptions at present. For a credit, the provision of Section 5 (m) (4) of the Insurance Act should be applied: "The Member State in which the risk is situated means the Member State in which the policyholder's habitual residence is located or, if the policyholder is a legal person, the Member State in which that policyholder's establishment to which the contract relates is located". If an export credit is insured and the insured person is established in the Slovak Republic, the premium is subject to the levy since the business operations are taking place in the Slovak Republic. The same

should apply to the insurance of goods in transport, i.e. if the shipping company has its seat in the Slovak Republic the premium is subject to the levy.

Example 6: Pooling of insurance

In case of pooled insurance, who is liable to the levy?

- *Is each insurer obligated to pay its share depending on the sum of premiums received?*
- *May one insurer assume the liability for payment of the levy on behalf of the other insurers? If yes, is it necessary to provide for such delegation specifically in the policy or to regulate it in some other way?*
- *Is it possible for an insurer having its seat outside a Member State to delegate the liability for payment of the levy to an intermediary or to another insurer within the pool or to a representative?*

Answer

As a general rule, co-insurance involves a lead co-insurer which determines the amount of the premium and receives the premium, among other things. The contract between the co-insurers should determine whether the payment of the levy is to be the responsibility of the lead co-insurer (as a logical and the simplest arrangement), or of each co-insurer based on its share. Hence no single clear answer is available here: the logic of co-insurance implies that the responsibility for the levy should be assumed by the lead co-insurer, but it is up to the co-insurers to agree on an effective arrangement.

If any of them is not represented in the Slovak Republic, the treatment is the same as in other cases with a cross-border element, i.e. the co-insurer is subject to the levy, but the particular arrangements are up to the co-insurers, as mentioned above. This means that if the lead co-insurer is an insurance undertaking established in the Slovak Republic and it pays the whole amount of the levy, the entity mentioned above will not have any liability for the payment of the levy.

The levy applies to policies made after 31 December 2016

~~The Ministry of Finance of the Slovak Republic sees as new policies for the purposes of Section 68a of the amended Insurance Act all policies made after 31 December 2016 (“new policies”). The Ministry of Finance of the Slovak Republic also sees as new those policies made for a fixed term (e.g. one year) whose insurance period expired after 31 December 2016 and which were then renewed for another fixed term (e.g. another year) and the insurance continues on unchanged terms (“policy prolongations”). For policy prolongations, what the Ministry of Finance of the Slovak Republic sees as the key factor is the fact that the term of insurance (insurance period) is precisely defined by the start and the end of insurance and the determination of this term is a mandatory element of a policy. The fact that a policy for a fixed term may be renewed in a contractually agreed manner on either the same terms (e.g. the same premium) or on changed terms (e.g. an increased premium) does not affect the treatment of a policy as new.~~

~~Policies treated as new are policies made after 31 December 2016 and policies which are after 31 December 2016 subject to the right of an insurance undertaking from another Member State and a branch of a foreign insurance undertaking to:~~

- ~~➤ change the premium, whether by a unilateral act or by agreement;~~
- ~~➤ extend the insurance period, whether by a unilateral act or implicitly;~~
- ~~➤ amend the scope of insurance, whether by a unilateral act or by agreement;~~
- ~~➤ terminate the policy, whether by a unilateral act or by agreement.~~

Pursuant to Section 68a of the amendment to the Act on insurance the Ministry of Finances of the Slovak Republic considers all insurance policies (contracts) concluded after 31st December 2016 to be new policies.

Continuance of insurance policies concluded for a limited period of time are also considered as newly concluded policies are according to the Ministry of Finances of the Slovak Republic, where their insurance period lapsed after 31st December 2016, while consequently the contractual relationship continues according to mutual agreement of the contracting parties made after 31st December 2016 under changed contractual conditions (like change of the scope of insurance or extent of coverage, change of the amount of insurance premium, change of insurance period) where new calculation of the insurance premium can be made.

Insurance which incurs according to a framework leasing insurance policy is also considered by the Ministry of Finances of the Slovak Republic as newly concluded insurance policy where completion of the scope of insurance occurred after 31.12.2016 within the extent of this completion.

The levy amounts to 8% of the sum subject to levy.

The administrator of the levy is the Tax Office for Selected Taxpayers, Radlinského 37, Bratislava (hereinafter “TOST”) which conducts the administration of the levy on premium in accordance, *mutatis mutandis*, with the provisions of the Act No 563/2009 on the administration of taxes, as amended (hereinafter “Code of Tax Procedure”).

Example 7: Time limitation, control of a payer of the levy

What time limitation applies to the levy? May TOST perform an inspection at a payer of the levy?

Answer

Pursuant to Section 1 (5) of the Code of Tax Procedure, where a special law so provides, the provisions of the Code of Tax Procedure apply, mutatis mutandis, to the levy on premiums. The levy is not a tax and the Insurance Act does not provide for any time limitation of the right to assess the levy. If the Code of Tax Procedure was applied (mutatis mutandis) in respect of the time limitation of the right to assess the levy, then the provision of Section 69 of the Code of Tax Procedure could also be applied (mutatis mutandis) with the effect that the right to assess the levy would expire five years from the end of the year in which the payer was liable to the levy, in similarity with a tax for which the filing of tax return is not required. TOST may check compliance with the provisions of the Insurance Act using an on-the-spot examination or a tax inspection.

Example 8: Archiving

How long is a payer of the levy required to retain data regarding the levy?

Answer

The Insurance Act does not contain any provisions concerning the retention of documentation for the purposes of the administrator of the levy. As a general rule, guidance should be sought in Sections 35 and 36 of the Act No 431/2002 on accounting, as amended.

A payer of the levy is not required to register with the administrator of the levy. Insurance undertakings from other Member States doing business within the framework of the free provision of services are, however, required to fill-in the “[Foreign Legal Person Registration Sheet](#)” and submit it to the administrator of the levy.

A payer of the levy may choose and authorise a representative to act on its behalf to the extent of the authorisation, which may be granted either in form of a written power of attorney, or orally with a written record before TOST as the administrator of the levy, subject to the provision of Section 9 of the Code of Tax Procedure. For further information concerning the representation before a tax administrator refer [HERE](#).

PAYMENT OF THE LEVY

The levy is due and payable:

- **On 31 December 2017** (this deadline is extended to **2 January 2018**) for the months from January to November 2017;
- **On 31 January 2018** for December 2017.

Notice:

If the due date falls on Saturday, Sunday or a holiday, the due date will be postponed to the next working day.

Method of payment

The levy may be made by **bank transfer from the account of the payer of the levy** to the below account of the administrator of the levy:

501198 – basic account number (taxpayer personal account number)/ 8180 in the IBAN format

variable identifier (VS): **1700112017** (payment for Jan - Nov 2017, due 2 Jan 2018)

variable identifier (VS): **1700122017** (payment for Dec 2017, due 31 Jan 2018)

Since IBAN comprises the prefix and the basic number of the taxpayer’s personal account (TPA), the taxpayer is expected to generate the number by itself. The generator available

at [IBAN - GENERÁTOR/VALIDÁTOR](#) may be used for the conversion to the IBAN format.

The payment must be identified in accordance with the Ordinance of the Ministry of Finance of the Slovak Republic No 378/2011 on the identification of tax payments, as amended:

- ✓ by the account number of the taxpayer making the payment;
- ✓ by the account number of the tax administrator to which the payment is being made;
- ✓ by the appropriate variable identifier;
- ✓ by the sum of the levy in euros and euro cents;
- ✓ by information for the tax administrator, where appropriate.

Notice:

Payments made by wireless transfer from accounts maintained with payment service providers will be deemed effectively made on the date **when the payment has been debited from the account** of the payer of the levy.

Payment instruction for SEPA payments made from foreign countries

Payee bank: **STATNA POKLADNICA**

Radlinskeho 32

810 05 Bratislava

Slovakia

BIC/SWIFT: SPSRSKBAXXX

Payee's account No: **501198 – basic account number (taxpayer personal account number)/8180 in the IBAN format**

Account name: **“odvod časti poisťného” [levy on premiums]**

Payee's address: **Finančné riaditeľstvo SR, Lazovná 63, 974 01 Banská Bystrica**

Country code: **SK**

Purpose of payment: **variable identifier (VS) (1700112017 or 1700122017)**

Note

SEPA payment is a transfer of funds denominated in EUR which requires the indication of the proper BIC of the payee's bank, the payer's account in the proper IBAN format and the SHA instruction regarding charges (sharing of charges between the payee and the payer), and requires the payer's bank to participate in the SEPA Credit Transfer scheme.

SEPA countries are the Member States of the EU, the contracting states of the EEA, the territories deemed to be a part of the EU (Art. 299 of the Treaty of Rome), and the countries that have joined SEPA on a voluntary basis.

Payment instruction for payments from foreign countries made via correspondence banking - SWIFT (cross-border transfers that do not meet the SEPA requirements):

Payee bank: **STATNA POKLADNICA**
Radlinskeho 32
810 05 Bratislava
Slovakia
BIC/SWIFT: **SPSRSKBAXXX**

Payee's intermediary bank: **Vseobecna uverova banka, a.s.**
Mlynske Nivy 1
829 90 Bratislava
Slovakia
BIC/SWIFT: **SUBASKBXXXX**

Payee's account No: **501198 – basic account number (taxpayer personal account number)/8180 in the IBAN format**

Account name: **“odvod časti poistného” [levy on premiums]**

Payee's address: **Finančné riaditeľstvo SR, Lazovná 63, 974 01 Banská Bystrica**

Purpose of payment: **variable identifier (VS) (1700112017 or 1700122017)**

The levy can also be paid by **transfer of cash via postal order**. Please use the **RI-type of postal order (IBAN format)** for the remittance of the payment to the tax administrator's State Treasury account. The following details must be indicated in the postal order:

- ✓ The payee: **Finančné riaditeľstvo SR, Lazovná 63, 974 01 Banská Bystrica**
- ✓ The payer
- ✓ The account number of the tax administrator to which the payment is being remitted (in IBAN format)
- ✓ The variable identifier of the payment
- ✓ The sum of the payment in euros and euro cents
- ✓ Information for the tax administrator, if appropriate, in the “message for the payee” field.

Notice:

A payment made by remittance of cash by postal order to the tax administrator's account is deemed effectively made on the date **when the post office received the payment**.

Example 9: Overpayment/underpayment

What to do if the amount of levy was overpaid/underpaid?

Answer

Since the provisions of the Code of Tax Procedure apply, mutatis mutandis, to the levy, it is necessary to proceed in accordance with the Code of Tax Procedure in case of overpayment or underpayment.

Example 10: Sanctions for delayed payment of the levy

Will any sanctions be imposed if the payment of the levy is made with a delay? If yes, what sanctions will be imposed?

Answer

A late payment interest will be charged on delayed payments of the levy in accordance with Section 156 of the Code of Tax Procedure.

NOTIFICATION OBLIGATION

A payer of the levy is required to notify the payment of the levy **on non-life business premiums pursuant to Section 68a of the Insurance Act** to TOST (hereinafter “Notification”) within three working days using the [Oznámenie platiteľa odvodu \(Notification from Payer of Levy\)](#). You will find it on [www.financnasprava.sk/Formuláre/Vzory tlačív vydaných FR SR, MF SR a orgánmi EÚ/Iné vzory tlačív](http://www.financnasprava.sk/Formuláre/Vzory_tlačív_vydanych_FR_SR,_MF_SR_a_orgánmi_EÚ/Iné_vzory_tlačív).

An entity referred to in Section 14 (1) of the Code of Tax Procedure is required to give the notification by electronic means as an enclosure of the [VP_DANv15 Všeobecné podanie – Správa daní](#) (General Tax Administration Filing) electronic form. Other entities may give the notification in a paper form.

The field “Total volume of received insurance premium” should concern received insurance premium for a period from 1.1.2017 until 30.11.2017, resp. from 1.12.2017 until 31.12.2017. The filed “Total number of insurance policies” should cover all insurance policies which were valid within the monitored period (January – November, resp. December) at least one day, even though they should not be valid by the end of the monitored period. Consequently next line “From this – number of insurance policies falling within contribution” represents sub-set of line “Total number of insurance policies” and this should include number of insurance policies only from which contribution was paid within the respective period.

Example 11: Time limit for notification

What is the time limit for a payer of the levy to give the notification if the payment of the levy was made on 22 December 2017?

Answer

Pursuant to Section 68a (3) of the Insurance Act, the notification is to be given to TOST in three working days from the date the payment was made, i.e. by 29 December 2017 in this case (23 December 2017 is Saturday and 24 to 26 December 2017 are public holidays).

Example 12: Zero notification

Is it necessary to give a notification if the levy is zero?

Answer

Pursuant to Section 68a (3) of the Insurance Act, entities are required to notify the payment of the levy in writing to the Tax Office for Special Taxpayers within three working days from the date the payment was made. This implies that no notification in respect of a zero levy is required.

Example 13: Negative figures in notification

How to proceed if negative figures are involved in respect of:

- *reduction in the initial premium because of a change in the risk etc.;*
- *premium reduction due to correction of an error;*
- *negative levy for certain insurance business line?*

Should such negative amounts be included and reflected in the ordinary notification?

Answer

The Insurance Act does not provide for the above cases. A methodical guideline was issued by NBS for the levy on premiums from mandatory motor third party liability insurance which laid down procedures for overpayments/underpayments. Basically, such payment differences were cleared through the payment for the next year, except that significant underpayments were subject to payment within one month.

With regard to the fact that rounding-off of the amount of contribution is not defined in the Act on insurance and the Tax Order shall neither be used for rounding-off, contribution of a part of insurance premium from non-life insurance fields is rounded-off mathematically to two decimal places.

The form – Notification of the payer of contribution of the part of insurance premium does not specify the amounts in which the data shall be stated in the notification. Provided the insurance premium is not paid in whole amounts, the column Basis for contribution shall specify data with exactness on two decimal places. Consequently the calculated contribution (also partial, in individual lines of the notification) is rounded-off mathematically to two decimal places.

A failure to give the notification and delayed notification will constitute an administrative offence referred to in Section 154 of the Code of Tax Procedure and will be sanctioned by a fine pursuant to Section 155 of the Code of Tax Procedure.

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