Council of the European Union

Brussels, 12 December 2025
(OR. en)

16801/25
ADD 24

FISC 371
ECOFIN 1739

COVER NOTE

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
date of receipt:	11 December 2025
To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
No. Cion doc.:	SWD(2025) 421 annex
Subject:	COMMISSION STAFF WORKING DOCUMENT Mind the Gap Report Challenges and opportunities for tax compliance and tax expenditure in the EU - Slovakia

Delegations will find attached document SWD(2025) 421 annex.

Encl.: SWD(2025) 421 annex

EUROPEAN
COMMISSION

Brussels, 11.12.2025
SWD(2025) 421 final

PART 25/29

COMMISSION STAFF WORKING DOCUMENT

Mind the Gap Report
Challenges and opportunities for tax compliance and tax expenditure in the EU

Slovakia

EN EN

Country fiche: Slovakia

Summary box: Areas of Strength and Areas for Improvement

Areas of Strength

- **Slovakia has a programme in place to estimate and regularly report on the corporate income tax (CIT) compliance gap.** This work is carried out by the Ministry of Finance's Institute for Financial Policy (IFP) and the Financial Administration. Slovakia does not estimate the personal income tax (PIT) compliance gap. However, Slovakia participates in a joint PIT and social security contribution gap project as part of the TADEUS/FISCALIS cooperation framework at EU level.
- **Slovakia has advanced the digitalization of its tax administration and provides a broad range of online tax services.** Slovakia's use of electronic reporting obligations and online cash registers has likely contributed to better transaction traceability. E-filing rates for VAT and CIT are very high, although there is scope to improve e-filing for PIT. Efforts to further digitalise tax administration, such as the planned shift to mandatory structured e-invoicing and real-time invoice data reporting, can also help improve tax compliance.

Areas for Improvement

- **The VAT compliance gap remains above the EU average, although progress has been made over the last few years.** Since 2019, the VAT compliance gap decreased significantly, moving closer to the EU average. However, in 2023, the VAT compliance gap remained among the highest in the EU, at 11%, pointing to the need to continue efforts towards strengthening tax compliance in accordance with the 2025 Country-Specific Recommendations.
- **Challenges remain as regards the efficiency of its tax recovery system, as well as the effectiveness of enforcement.** Slovakia reports a high level of outstanding stock of tax arrears (15.9% in 2023), out of which only 6.2% were considered collectible. This indicates that most unpaid taxes are not actively being recovered, due to procedural delays, legal constraints, or the absence of a systematic approach to writing off irrecoverable debts. At the same time, despite progress in digitalizing certain processes, the on-time payment rates are very low. The combination of high non-collectible arrears and low on-time payment rates suggests that the tax administration is struggling to convert its risk-based tools and digital systems into increasing the efficiency of its recovery system.
- **While Slovakia has a dedicated tax expenditures manual and regular reporting, spending efficiency could be further improved by evaluating tax expenditures more systematically.** The Ministry of Finance's tax expenditures manual provides the basis of the analysis by defining tax expenditure, benchmarks, and the estimation method. Nevertheless, the evaluation of tax expenditures is more fragmented. Making the evaluation more systematic could allow Slovakia to build on its good analytical work in tax expenditures to improve spending efficiency in line with the 2025 Country-Specific Recommendations.

1. Snapshot of Tax System: Tax Revenues and their Sources

In Slovakia, tax revenues as a percentage of the country's GDP are well below the EU average. In 2023, total tax revenues amounted to 34.9% of GDP compared to the EU-27 average of 39.0% ([1]). The largest source of tax revenues come from labour taxes (53.9% of total tax revenues vs. EU average of 51.2%), followed by consumption taxes (33.0% of tax revenues vs. EU average of 26.9%) and capital taxes, which account for only 13.1% of total taxation, significantly below the EU average of 21.9%. Among the different tax types, VAT revenue was higher than the EU average as it represented the 22.8% of total tax revenues (EU average of 18.3%) and, in terms of GDP, it was 8.0% of GDP (EU average of 7.1%). A distinctive feature of Slovakia's tax mix is that the high share of labour taxes is primarily driven by compulsory social contributions, which amount to 42.9% of total revenue, exceeding the EU average (32.6%) by 10.3 percentage points. Due to the imbalances in its tax mix, Slovakia received in 2025 a Country-Specific Recommendation ([2]) to make the tax mix more efficient, including by reducing disincentives in the labour market, and making stronger use of taxes less detrimental to growth such as environmental and recurrent property taxation.

Slovakia has the lowest income concentration in the EU. The 2024 Gini Index for total disposable income (21.7%) is the lowest among the EU countries and significantly lower than the EU average (29.3%) ([3]). Labour taxation is less progressive than on average in the EU due to a relatively high tax wedge for lower-wage earners. The labour tax wedge ([4]) for Slovakia in 2024 was above the EU average for low earners (e.g. 40.4% for single people earning 67% of the average wage, compared to an EU average of 36.2%), and close to the EU average at higher wage levels. In addition, the tax wedge faced by second earners was higher than that of single people at the same wage level. Overall, the tax and benefit system reduced income inequality (measured as the difference in Gini coefficients before and after taxes and benefits) by 6.6 percentage points in 2023 ([5]). Although this figure is slightly below the EU average, that is explained by the comparatively low Gini coefficient of Slovakia before redistribution (for which Slovakia has the best EU result). The share of people at-risk-of-poverty or social exclusion rate is, at 18.3% in 2024, 2.7 percentage points below the EU average ([6]).

Slovakia is under the Excessive Deficit Procedure since July 2024. The decision was warranted given Slovakia's 4.9% government deficit in 2023 ([7]). According to the Council's Recommendation,

---

[1] Data on tax revenues are based on European Commission: Data on Taxation Trends, edition 2025 (reference year 2023). The 2026 edition (reference year 2024) will be published in the first quarter of 2026. Preliminary data point to an upward revision of tax revenue data for 2023 (to 35.0% of GDP), followed by an increase of total tax revenues to 35.5% of GDP in 2024. https://doi.org/10.2908/GOV_10A_TAXAG

[2] Council of the European Union (2025): Council Recommendation on the economic, social, employment, structural and budgetary policies of Slovakia.

[3] European Commission, Eurostat [ilc_di12]

[4] The tax wedge is defined as the sum of personal income taxes and employee and employer social-security contributions net of family allowances, expressed as a percentage of total labour costs (the sum of the gross wage and social-security contributions paid by the employer). Data are based on European Commission, DG ECFIN: Tax and Benefits Database.

[5] European Commission, DG EMPL calculations based on EU-SILC survey data.

[6] European Commission, Eurostat [ilc_peps01n]

[7] This figure was later updated to 5.3% of GDP in 2023. Government deficit increased to 5.5% of GDP in 2024. For further information: https://ec.europa.eu/eurostat/en/web/products-euro-indicators/w/2-21102025-AP

which prescribes a corrective 'net expenditure path' for 2025-2027 ([8]), Slovakia is required to correct the excessive deficit by 2027. To this end, the nominal growth rate of net expenditure should not exceed 3.8% in 2025, 0.9% in 2026 and 1.6% in 2027. The comprehensive Slovak fiscal consolidation package presented in its Draft Budgetary Plan for 2025 ([9]) consists mostly of revenues-raising measures, including: (i) adjustments to VAT (increase of a base rate from 20% to 23%); (ii) reforms of corporate income tax (CIT) (strengthening the progressive nature of the tax); (iii) the introduction of a financial transaction tax; and (iv) the strengthening of the special levy in regulated industries. Moreover, the Draft Budgetary Plan for 2026 ([10]) includes further measures for fiscal consolidation, including an increase in the progressivity of personal income taxation, an increase in the social contributions of self-employed, and changes to VAT. It should be noted that the latest IMF Article IV report ([11]) stresses the importance of implementing the Medium-Term Fiscal-Structural Plan (MTFSP) to reverse the upward trend in public debt ([12]).

2. Monitoring of Compliance Gaps

2.1. Overview

Slovakia participates in the Tax Administrations EU Summit (TADEUS) working group on developing a common approach to tax gap estimation. Slovakia contributes to the EU tax-gap community through its participation in the dedicated FISCALIS/TADEUS working group ([13]). Within this framework, it engages in the Personal Income Tax (PIT), Corporate Income Tax (CIT) and Missing Trader Intra-Community (MTIC) sub-groups. However, it does not currently take part in the e-commerce VAT sub-group.

Domestically, tax gap work is carried out by the Ministry of Finance and the Financial Administration (*Finančná správa*). There is no indication of third-party involvement nor is there a legal obligation to publish an overall tax gap. Similarly, Slovakia has not published information on the size of the team dedicated to tax gap estimation and no comprehensive results are made available to the public.

[8] Council Recommendation with a view to bringing an end to the situation of an excessive deficit in Slovakia, 21 January 2025, C/2025/5039, ST 5039/25, which sets a corrective net expenditure path for 2025–2027 and requires correction of the excessive deficit by 2027

[9] Slovak Ministry of Finance (2024), Draft Budgetary Plan 2025

[10] Slovak Ministry of Finance (2025), Draft budgetary plan Slovakia 2026

[11] International Monetary Fund, Slovak Republic: 2025 Article IV Consultation-Press Release; and Staff Report, https://doi.org/10.5089/9798229005760.002.

[12] Worth noting that on 24 September 2025, the Slovak Parliament approved a broad 2026 tax package ("third consolidation package"). Key measures include: a more progressive PIT schedule (19–35%, with an additional +10 p.p. for constitutional officials); higher minimum social-contribution requirements and shorter levy holidays for the self-employed; a VAT increase to 23% on sugary and salty products; a 50% cap on input-VAT deduction for company cars used partly for private purposes; a temporary tax amnesty for historical arrears (Jan–Jun 2026); higher gambling and insurance taxes; and a new levy on primary raw materials. The rollout of QR-based payments is planned for March 2026.

[13] European Commission (2025), Directorate-General for Taxation and Customs Union, *Towards a common approach to tax gap estimation in the EU – Fiscalis Project Group 008 – Final report*, Publications Office of the European Union, https://data.europa.eu/doi/10.2778/3068071.

Slovakia's tax gap activities fit in the wider context of its tax compliance toolkit, strengthened by successive digitalisation reforms. In particular, the VAT control statement (*Kontrolný výkaz DPH*) which is a transaction-level ledger matching, in place since 2014, feeds data into risk analysis and provides granular data to detect fraudulent chains/carousels. The eKasa online cash registers (rolled out in 2019), ensures real-time reporting of all receipts to the tax authority, enhancing the monitoring of transactions. These reforms likely contributed to the marked decrease of Slovakia's VAT compliance gap since 2013.

2.2. Monitoring VAT Compliance Gap

Slovakia's VAT compliance gap ([14]) has followed a steady downward path but remains above the EU average ([15]). It decreased from over 16% of the VAT Total Tax Liability (VTTL) ([16]) in 2019 to less than 11% in 2023. However, in 2023, the VAT compliance gap in Slovakia was the 8th largest among EU Member States (EU average of 9.5%). In nominal terms, the VAT compliance gap amounted to around EUR 1 billion ([17]). The 2025 country-specific recommendations (CSRs) call on Slovakia to continue to strengthen tax compliance ([18]).

Several economic factors likely contributed to the recent decrease of the VAT compliance gap. The relative share of services in the GDP has decreased (-2 percentage points), while nominal growth in sectors with historically higher non-compliance risks (such as restaurants, accommodation, and recreational services) slowed markedly in 2023 compared with 2022 (-25 percentage points). This helped support compliance, as these activities are typically more difficult to tax effectively than goods. Tourism continued to recover in 2023, but at a much slower pace than in 2022 (nights in tourist accommodation rose by 16% in 2023 compared with a 56% increase in 2022. At the same time, the rise in bankruptcies (+16% in 2023) likely added some upward pressure on the VAT compliance gap, as this tends to complicate VAT collection procedures.

On the administrative side, Slovakia's use of electronic reporting obligations (e.g. SAF-T-type reporting) and online cash registers has likely contributed to better transaction traceability. This trend can help to explain the sustained decline in the VAT compliance gap since 2019. Amendments to the VAT Act in 2025 have tightened registration rules, while introducing obligations for exempt suppliers (e.g., financial, rental services) to register for VAT visibility. Moreover, the simplified invoice ceiling has been harmonised at EUR 400 to close loopholes, and finance lease contracts are to be treated as supplies of goods upfront, limiting avoidance. Finally, penalties for late registration and

[14] The VAT compliance gap is an estimate of revenues lost due to VAT fraud, evasion and avoidance, bankruptcies and financial insolvencies, or miscalculations.
[15] See European Commission, Syntesia, Poniatowski, G., Bonch-Osmolovsky, M., Śmietanka, A. et al., *VAT gap in Europe – Report 2025*, Publications Office of the European Union, Luxembourg, 2025, https://data.europa.eu/doi/10.2778/7868422.
[16] The VAT Total Tax Liability (VTTL) is the theoretical tax revenue that would be collected in a situation of perfect taxpayer compliance, assuming an unchanged net VAT base.
[17] See European Commission, Syntesia, Poniatowski, G., Bonch-Osmolovsky, M., Śmietanka, A. et al., *VAT gap in Europe – Report 2025*, Publications Office of the European Union, Luxembourg, 2025, https://data.europa.eu/doi/10.2778/7868422.
[18] Council of the European Union (2025), Council Recommendation on the economic, social, employment, structural and budgetary policies of Slovakia.

reporting have been increased to strengthen deterrence. From 1 January 2027, all domestic B2B transactions between Slovak VAT-registered entities will have to use a prescribed structured electronic invoice format and deliver them via certified delivery services. Simultaneously, the draft law replaces the existing VAT control statement or recapitulative statement mechanisms with real-time (or near real-time) reporting of invoice data to the Slovak tax authority. These measures can be expected to contribute to further declines in the VAT compliance gap.

VAT losses due to Missing Trader Intra-Community (MTIC) fraud ([19]) in 2023 were estimated at EUR 500 million. With fluctuations over time, MTIC fraud losses maintain a similar level in 2023 compared to 2010 ([20]). The country applies Intrastat mirror statistics and machine-learning models, such as random-forest algorithms, to derive the MTIC component of the VAT gap. Slovakia is currently actively preparing several VAT and tax administration reforms aimed at reducing the VAT gap and MTIC fraud. The most prominent and best documented one is the planned shift to mandatory structured e-invoicing and real-time invoice data reporting.

2.3. Corporate and Personal Income Tax Compliance Gaps, and Measures of the Shadow Economy

Slovakia has a corporate income taxation (CIT) gap estimation process in place. CIT gap analysis in Slovakia is shared between the Ministry of Finance's Institute for Financial Policy (IFP) and the Financial Administration. The country applies both a bottom-up approach, based on firm-level microdata, and a top-down methodology based on national accounts and inspired by the IMF RA-GAP framework ([21]).

National estimates suggest a large CIT compliance gap. A bottom-up study published in 2020 by the Institute for Financial Policy (IFP) in the Ministry of Finance ([22]) analysed the data for the years 2015-2016 and estimated that the CIT gap amounted to about 28% of potential CIT revenues, split between a policy gap of around 3% and a much larger compliance gap of roughly 25%. The study also found that non-compliance was almost evenly distributed across firm size: in 2015, losses were estimated at EUR 389 million for Small and Medium Enterprises (SMEs) and EUR 453 million for multinational companies. Additionally, in 2016, the SME gap continued to increase even as top-down national accounts estimates pointed to an overall decline.

The presence of a large CIT compliance gap is also supported by European Commission estimates. Based on a methodology developed by the Joint Research Centre which relies on a top-down approach using national accounts data, the CIT compliance gap of Slovakia was at around 27%

---

[19] Missing Trader Intra-Community (MTIC) fraud is a form of VAT fraud that exploits VAT-free cross-border trade within the EU. Fraudsters purchase goods VAT-free from another Member State, sell them domestically, charge VAT to their customers, and disappear before paying this VAT to the tax authorities.

[20] European Commission, CASE, Poniatowski, G., Śmietanka, A., and Skowronek, A., *VAT compliance gap due to Missing Trader IntraCommunity (MTIC) Fraud – Final Report Phase II*, Publications Office of the European Union, Luxembourg, 2024, https://data.europa.eu/doi/10.2778/6433841.

[21] Towards a common approach to tax gap estimation in the EU, Fiscalis Project Group 008 : final report, 2025.

[22] Chudý, M., Gabík, R., Bukovina, J., & Sramková, L. (2020). "Searching for gaps: Bottom-up approach for Slovakia." IFP (Institute for Financial Policy), Ministry of Finance of the Slovak Republic — Economic analysis / Policy paper No. 54, December 2020.

of collected CIT revenues in 2019 (using the GVA-based methodology), the second highest figure among available Member States' estimates ([23]). According to the same methodology, the (unweighted) average for the CIT compliance gap is 10.9% of collected CIT revenues based on available estimates for 23 Member States.

Looking ahead, Slovakia is preparing a major digital reform with possible positive implications for the CIT gap. Draft legislation which is currently under consultation foresees the introduction of mandatory B2B structured e-invoicing with near real-time reporting from January 2027 for domestic transactions, with an extension to intra-EU transactions by July 2030, in line with the EU's VAT in the digital age (ViDA) and Digital Reporting Requirements agenda (see also Section 3.2). While primarily designed to improve VAT compliance, this reform will also enhance the availability of administrative data for analytics, with clear spillover benefits for monitoring the CIT gap.

There is currently no official personal income tax (PIT) gap published by the Slovak authorities. Unlike VAT and CIT, no public estimate of the PIT compliance gap exists, nor is there a regular publication dedicated to this area. Nevertheless, Slovakia's tax administration does take part in the TADEUS/FISCALIS cooperation framework at EU level, including in the PIT subgroup ([24]).

The size of the shadow economy in Slovakia is below the EU average. The size of the shadow economy in Slovakia in 2022 was estimated at 13.1% of GDP, 4.5 percentage points lower than the EU unweighted average (17.6% of GDP) according to estimates by Schneider, F. and Asllani, A. for the European Parliament ([25]). The data show a declining trend from 2003 until 2019, followed by a sizeable increase in 2020 and a further decrease in 2021 and 2022.

2.4. Other Compliance Gaps

Slovakia's Institute for Financial Policy in the Ministry of Finance (IFP) produced an excise-gap estimate ([26]) for mineral oils using the IMF RA-GAP framework. Results show that the 2014 total gap was equal to EUR 397 million, that is, 27% of the potential mineral-oil excise (gasoline gap 22%; diesel gap 29%). Over the period 2010-2014, the gap varied between 11–27% of the potential mineral oil excise. The case study also documents data sources (vehicle registrations, road-toll/mileage proxies, and taxpayer micro-data) and follow-up measures by the Financial Administration.

---

[23] European Commission: Directorate-General for Taxation and Customs Union (2025), *The Corporate Income Tax Gap, A European approach to measuring losses in corporate tax revenues*, Publications Office of the European Union, https://data.europa.eu/doi/10.2778/0541549. The JRC has recently developed a novel approach to estimate the CIT gap based on National Accounts and existing data on the undeclared economy, providing approximations of the CIT gap for a majority of EU Member States. JRC's estimations are based on the exhaustiveness adjustments made to Gross Operating Surplus (GOS), Gross Value Added (GVA) and Gross Domestic Product (GDP), that national statistical offices perform to account for non-observed economy. The JRC approach does not capture CIT gaps associated with tax avoidance and (international) profit shifting, which would require other estimation methods.

[24] Towards a common approach to tax gap estimation in the EU, Fiscalis Project Group 008: final report, 2025.

[25] European Parliament (2022), Taxation of the informal economy in the EU.

[26] IFP (Ministry of Finance SR) (2015, updated 2016). *Daňová medzera na dani z minerálnych olejov.*

3. Monitoring of Policy Gaps

3.1. Tax Expenditures

Slovakia has a formal system for reporting tax expenditures. The Commission's comparative table (2014) ([27]) listed Slovakia among the regular reporters, noting a legal requirement, coverage of central government, local government and social-security funds, and a long-time horizon (categorised by tax base). Data are published annually alongside the general-government budget and are subsequently updated on the Ministry's website ([28]). The focus is on central government taxes - PIT, CIT, VAT and excises. Items that cannot be quantified are nevertheless listed descriptively. The time horizon follows the budget framework, covering the past two years, the current year, and projections up to three years ahead. Tax expenditures are classified by both tax base and policy purpose.

Overall revenues foregone from tax expenditures are limited. Overall fiscal costs of tax expenditures are reported at EUR 3.4 billion in 2025. This corresponds to 7.4% of total tax revenues or 2.4% of GDP. Tax expenditure costs for 2024 are reported at EUR 3.7 billion, 8.8% of total tax revenues or 2.8% of GDP ([29]).

Tax expenditures related to PIT and VAT are the main driver of revenues foregone ([30]). For 2024, foregone revenues from VAT of about EUR 1 billion are reported. For 2025, these are expected to increase to EUR 1.8 billion, due to tax reforms geared towards fiscal consolidation, notably an increase in the VAT standard rate (see also section 3.2). Tax expenditures related to PIT are reported to be about EUR 1.5 billion in 2024 but are expected drop to EUR 0.9 billion in 2025, while CIT-related tax expenditures drop from about EUR 668 million in 2024 to EUR 297 million in 2025, as the reduced CIT rate is decreased from 15% to 10% and the threshold for application increased ([31]).

Slovakia has developed a detailed tax expenditures manual which guides their reporting. The Ministry of Finance developed a dedicated *Daňové výdavky* (tax expenditures) manual ([32]), which defines what counts as a tax expenditure, sets the benchmark through a reference-law approach, and establishes the estimation method based on the revenue-forgone principle. In practice, the manual emphasises quantification for the major central taxes, with some unquantified items disclosed. The methodological foundations and publication rules are laid out in the Manual, and the actual tax-expenditure tables and explanatory notes are annexed to the general-government budget.

Evaluation of tax expenditures is more fragmented as there is no recurring report dedicated to assessing the effectiveness of all tax expenditures. Tax expenditure evaluation takes place through

---

[27] European Commission, Occasional Paper 207 (2014) — "Tax expenditures in direct taxation in EU Member States.", Table 4.1 "National reporting of tax expenditures."
[28] The IMF Technical Assistance Report-Fiscal Transparency Evaluation for the Slovak Republic 2023 also provides a positive evaluation of TE reporting but mentions shortcoming in evaluation.
[29] Hlavná kniha – Rozpočet verejnej správy na roky 2025 až 2027 (General Ledger - Public Administration Budget 2025-2027).
[30] Ibidem. Table 45 provides an overview of TEs by tax type.
[31] Standard CIT rate is 21%. a reduced rate of 10 % applies to legal entities whose taxable income does not exceed EUR 100,000 and a higher rate 24 % applies to legal entities whose taxable income exceeds EUR 5 million.
[32] Zverejňovanie daňových výdavkov" (Daňové výdavky – manuál) — official MoF manual.

different institutions and studies. The Ministry of Finance's Institute for Financial Policy (IFP) and the government's innovation unit (VAIA) undertake thematic impact assessments, while the Value for Money Unit (ÚHP) integrates tax expenditures into spending reviews within specific policy areas. In this context, the IMF ([33]) has recommended further implementing the spending review results of the Value for Money department to improve the efficiency of tax expenditures. In this context, in its 2023 subsidy spending review ([34]) across various sectors, the ÚHP identified 16 schemes representing EUR 372 million which should be abolished or suspended. Most notable are the already abolished, "support for electricity generation from domestic coal" (EUR 116.8 million) and the "optional exemptions from excise duty for households, energy and transport" (EUR 60.8 million). In addition, the IFP evaluated the effects of tourism-related tax incentives, such as VAT reductions, and estimated a 10% increase in registered overnight stays and documenting substantial participation in the schemes. VAIA's 2024 study *Ako (ne)zdaňovať pokrok* ([35]) examined how the R&D super-deduction under corporate income tax affects private R&D investment. Introducing a dedicated report could also help Slovakia "improve spending efficiency by, for example, implementing spending reviews" in line with its 2025 Country-Specific Recommendations.

Several reforms are set to reshape the tax expenditure landscape and affect the TE baseline. In 2025, the standard VAT rate increased to 23%, while reduced rates were reorganised into new 19% and 5% categories, altering the scale and distribution of VAT-related tax expenditures going forward (see Section 3.2). In its Medium-Term Fiscal-Structural Plan ([36]), Slovakia has committed to reducing tax expenditures by around 0.12% of GDP over the planning horizon.

3.2. VAT Policy Gap

In Slovakia, the VAT policy gap ([37]) has been relatively stable in recent years, hovering around the mid-40% of notional ideal revenue ([38]). Between 2019 and 2023, it rose from around 43% to 46%, with most increases occurring up to 2021, and only marginal changes thereafter. However, it was lower than the EU average of 51% in 2023. This relative stability reflects the largely unchanged structure of reduced rates and exemptions, with the notable exception of some targeted rate changes in 2023. In nominal terms, it amounted to nearly EUR 9 billion ([39]).

---

[33] International Monetary Fund, Slovak Republic: 2025 Article IV Consultation-Press Release; and Staff Report.
[34] Slovak Ministry of Finance, 2023 Subsidy Spending Review.
[35] Veľký, F., Bukovina, J., & Tóth, P. (2024). *Ako (ne)zdaňovať pokrok? Evaluation of the impact of the R&D super-deduction on business R&D investment in Slovakia.* Bratislava: VAIA (Government Office of the Slovak Republic).
[36] National Fiscal-Structural Plan | Ministry of Finance of the Slovak Republic.
[37] The VAT policy gap refers to the revenue lost due to the application of VAT exemptions and reduced, super-reduced, and zero VAT rates on selected products.
[38] The notional ideal revenue is the benchmark VAT revenue that assumes perfect taxpayer compliance in a situation where the current standard VAT rate is applied to all final consumption and household, government, and NPISH investment.
[39] See European Commission, Syntesia, Poniatowski, G., Bonch-Osmolovsky, M., Śmietanka, A. et al., *VAT gap in Europe – Report 2025*, Publications Office of the European Union, Luxembourg, 2025, https://data.europa.eu/doi/10.2778/7868422.

The VAT rate gap ([40]) was estimated at almost EUR 1.5 billion in 2023, or 7% of notional ideal revenue, below the EU average of 12%. This was a noticeable increase compared to 2022, when it stood at less than 6%. Between 2019 and 2023, the rate gap had been broadly stable at around 5.5%–6.0%. The recent increase can be explained by various policy measures introduced in 2023, such as temporary reduced rates for restaurants and catering services; a reduced 10% rate for accommodation, cable car transportation, sports facilities, and swimming pools; and a reduced 5% rate for the delivery of buildings or building land that qualify for state-supported rental housing. Consumption patterns strengthened this effect, i.e., although growth in tourism slowed compared to 2022, spending on accommodation and restaurants still increased in nominal terms, reinforcing the impact of reduced rates on the VAT base ([41]). Together, these developments explain the large increase in the share of the VAT rate gap attributable to accommodation and restaurant services in 2023.

The VAT exemption gap ([42]) was estimated for 2023 at around EUR 7.5 billion in 2023, equal to 39% of the notional ideal revenue, slightly higher than the EU average of 38%. Compared to 2022, it fell by more than 1 percentage point. Over a longer period from 2019, the VAT exemption gap increased by slightly more than 1 percentage point, showing a gradual upward trend until 2022 before moderating in 2023.

The national policy-driven VAT exemption gap ([43]) of just above EUR 1.5 billion, was estimated in 2023 at 8% of the notional ideal revenue, while the overall EU estimate was 11%. This represents a small decrease of 0.5 percentage points compared to 2022, and a fairly large decrease compared to 2019 (minus 3.5 percentage points). The contraction of real household consumption in 2023 limited demand for some exempt services, leading to a stabilization and moderate decrease in the national policy-driven VAT exemption gap in recent years.

Slovakia is pursuing multiple VAT reforms as part of fiscal consolidation and EU digitalisation agendas. The flagship measure is the mandatory e-invoicing and real-time reporting, starting in 2027 for domestic business-to-business (B2B) sales. From 2030, the system will cover intra-EU transactions in line with the EU 'VAT in the Digital Age' (ViDA). This reform will abolish VAT control statements and enable continuous transaction monitoring. While it mainly targets non-compliance, it also makes exemptions and reduced rates more transparent. Since January 2025, the standard VAT rate has been increased from 20% to 23%. Furthermore, the 10% reduced rate has been increased to 19%, while a 5% super-reduced rate is retained for a limited set of selected goods and services (e.g. basic foodstuffs,

---

[40] The VAT rate gap refers to the portion of the VAT policy gap resulting from revenues lost due to the application of reduced, super-reduced, and zero VAT rates on selected products.

[41] See European Commission, Syntesia, Poniatowski, G., Bonch-Osmolovsky, M., Śmietanka, A. et al., *VAT gap in Europe – Report 2025*, Publications Office of the European Union, Luxembourg, 2025, https://data.europa.eu/doi/10.2778/7868422.

[42] The VAT exemption gap refers to the portion of the VAT policy gap resulting from revenues lost due to the application of VAT exemptions on selected products.

[43] The national policy-driven VAT exemption gap represents the part of the VAT policy gap that can in principle be influenced by national policies on VAT exemptions. In practice, it consists of revenue forgone from services falling under Article 137 (such as real estate and certain financial services), from the SME scheme, and from national exemptions applied under standstill clauses or derogations.

medicines, books) ([44]). The IMF estimates that reducing the number of items subject to VAT reduced rates could lead to savings of 1.3% of GDP in 2025 ([45]). As these changes shrink the wedge between reduced and standard rates, the amount of revenue forgone should fall, leading to a lower VAT rate gap over time.

The Slovak authorities benefitted from a Technical Support Instrument (TSI) to enhance strategic tax administration reforms through the Tax Administration Diagnostic Assessment Tool (TADAT) ([46]). The Financial Directorate of the Slovak Republic received technical support to reinforce strategic planning and decision-making processes by supplementing evidence at national and EU level, and to strengthen their capacity to identify, prioritise and design a comprehensive set of structural reforms that would target the existing and newly emerging taxation challenges and identified organisational deficiencies.

4. Effectiveness of Tax Collection and Recovery Systems

4.1. VAT Collection

Slovakia's VAT collection framework is broadly solid and increasingly data-driven ([47]). Registration, deregistration and identification benefit from e-registration via the Financial Administration portal, extensive online guidance and a central register of tax entities. Records are also kept for rejected VAT registrations, and risk-based pre-checks use the DM41 data-mining model linked to the central Data Warehouse. Registration is closely connected with filing, collection and audit subsystems. Registers for OSS and IOSS are maintained. Legal grounds exist to cancel VAT numbers with clear timelines. Further improvements could come from third-party cross-checks, sector sweeps for non-registrants, and operational One Stop Shop (OSS) and Mini One Stop Shop (MOSS) data-integrity controls with Key Performance Indicators (KPIs) Publishing invalidation service times, which would align Slovakia with the best performers.

Filing and assessment in Slovakia are highly digitalised. Taxpayers have secure, online personal accounts, two-way e-communication, QR codes reminders, and calendars. A 'second chance' policy exempts first-time offenders from fines, and Slovakia sends soft warnings at the threshold limits. Behavioural reminders were tested but discontinued after showing no effect. Going forward, Slovakia could expand accounting-system interfaces, refine assessments through dispute monitoring, and reintroduce risk-segmented reminders (e.g. for chronic late filers), tested directly against compliance outcomes.

---

[44] According to the Slovak VAT Act (Zákon č. 222/2004 Z. z. o dani z pridanej hodnoty, v znení zákona č. 102/2024 Z. z.): Sadzby dane - PFS

[45] International Monetary Fund, Slovak Republic: 2025 Article IV Consultation-Press Release; and Staff Report, https://doi.org/10.5089/9798229005760.002

[46] https://www.tadat.org/content/dam/tadat/en/assessments/Slovak_Republic_2024_TADAT_PAR.pdf

[47] Commission's Ninth Report on VAT registration, collection and control procedures following Article 12 of Council Regulation (EEC, EURATOM) No 1553/89, EUR-Lex - 52022DC0137 - EN - EUR-Lex. / Answers to the survey sent to the Member States in June 2025 in view of the Tenth Report on the same subject matter.

In compliance risk management, a central risk register and compliance plan are in place, using VAT returns, recapitulative statements, and international exchange tools (DAC flows). Detected schemes are rerouted for single office control. Strengthening could come from broader datasets (payments, customs, declarations, future e-invoicing and banking account registers), documenting their use, and publishing outcome metrics such as the percentage of schemes neutralised or average time-to-intervention.

Audit and enforcement are increasingly structured with sector playbooks, the System of Expert Support (SEP), and new quality key performance indicators (KPIs) for audits introduced in 2025. Routine monitoring visits complement audits, and EU tools such (multilateral controls and Presence in Administrative Offices and Participation in Administrative Enquiries) are used frequently (over 2 300 outbound requests in 2024). Soft-warning letters complement audits. The next step is scaling up SEP-based audit analytics linking case selection to risk and network scores, systematically auditing OSS/IOSS populations, and reporting results.

Payment and collection processes have been tightened, particularly around refunds and pay-ins. E-payments are widely available, refund timeliness is monitored through alerts, and refund risk analysis is linked to scheme detection. Since November 2021, refunds are only paid into disclosed registered accounts. Improvements could come from minimising cash use, promoting instant/SEPA- and linking refund vetting with risk scores and compliance ratings. Publishing data on late refunds would enhance transparency.

Enforcement and debt collection are increasingly KPI-driven and supported by stronger cross-border capacity. The Tax Code defines a penalty ladder for late filing and payment, monthly monitoring is in place, and the central liaison office (CLO) targets an annual growth in international recovery requests by 10% with debt-collection KPIs requiring recovery of 31% of amounts referred to enforcement. To support this, the Central Liaison Office (CLO) strengthened staff capacity in 2025 and introduced deadline-alert IT tools. Looking ahead, Slovakia could further strengthen enforcement and recovery by developing an IT-based arrears prioritisation engine (ranking debts by age, collectability, and dissipation risk), introducing transparent dashboards, and publishing timeliness metrics for CLO responses and contested claims, helping reduce suspensions and speed up collections.

4.2. Tax Recovery

Slovakia faces persistent challenges in the efficiency of its tax recovery system. Despite having a risk-based approach and some digital tools in place – most notably the e-Kasa real-time sales reporting system ([48]), for VAT, overall recovery performance remains weak. A key concern is the high level of outstanding stock of tax arrears which declined from 22.1% to 15.9% between 2019 and 2023**.** As of 2023, Slovakia reported that 6.2% of its tax arrears were considered collectible ([49]). This indicates that most unpaid taxes are not actively being recovered, whether due to procedural delays, legal constraints, or the absence of a systematic approach to writing off irrecoverable debts.

---

[48] https://www.financnasprava.sk/en/financial-administration/process-digitalisation#eKasa;

[49] Source: ADB, CIAT, IOTA, IMF, OECD, International Survey on Revenue Administration, Indicators: "Closing stock of arrears at year end as percentage of total revenue collected." and "Closing stock of collectable arrears as percentage of closing stock of arrears", http://isoradata.org

In 2023 on-time payment rates increased significantly from previous years, highlighting improvements in the effectiveness of enforcement and taxpayer compliance. 85.6% of corporate income tax (CIT), 93.7% of personal income tax (PIT), and 87.8% of value-added tax (VAT) liabilities were paid on time ([50]), in line with the EU average, which typically exceeds 80%. While Slovakia has made progress in digitalizing certain processes, the lack of comprehensive automation – particularly for follow-up actions and debtor segmentation – limits its ability to prevent arrears from accumulating. Furthermore, the country does not monitor or report on the cost-effectiveness of recovery actions, making it difficult to assess or improve enforcement strategies. The high level of non-collectible arrears suggests that Slovakia's tax administration struggles to convert its risk-based tools and digital systems into meaningful improvements in debt collection.

Tax debts can only be written off in strictly defined circumstances. Specifically, in cases of death without inheritance, termination of a company without legal successor, expiry of the statutory recovery period, forgiveness or relief granted by the tax administration, or where claims are settled through an approved restructuring plan. These rules apply equally to VAT, income and excise taxes. At administrative level, contestation procedures (appeals within an administrative assessment) must be decided within a maximum of 90 days, with 30 days to prepare a submission report and 60 days for the appeal body to issue a decision. This rule applies to VAT, income taxes and excises. However, no monitoring of the actual average time is carried out. At judicial level, the length of proceedings in tax claim contestations differs significantly and no systematic monitoring is carried out. Where the court grants a suspension effect (which stops recovery), a decision should be issued within six months. Where no suspension is granted, proceedings may last several years. In addition, a two-month deadline applies for taxpayers to submit a court appeal after an administrative decision on a tax claim is confirmed by the appeal body.

Slovakia applies the same rules and principles to the recovery of VAT, income, excises and other taxes. This uniform approach is considered an advantage, as recovery methods depend primarily on the type of assets owned by the debtor rather than the type of tax concerned. Applying the same procedures ensures a clear, transparent and unified system, contributes to legal certainty, and reduces complexity. The relative simplicity of Slovak tax and recovery laws also encourages good taxpayer behaviour. To enhance efficiency, Slovakia would benefit from a more proactive and data-driven recovery strategy, clearer debt classification and write-off policies, and the use of performance indicators to focus efforts where recovery is most likely.

The Central Liaison Office CLO–Recovery uses KPIs and monthly reporting tools, together with an IT alert system to support mutual assistance between Member States. that reminds officials of upcoming deadlines (including the 6-month limit for providing replies). This internal control is exercised directly within the CLO–Recovery, with the IT alert system reminding officials of upcoming deadlines (including the six-month limit for providing replies). Deadlines for acknowledgements and replies are generally respected, though a sharp increase in the number of requests has occasionally led to delays. Contestations of recovery assistance claims are rare, but there is no systematic data available on the average time needed to resolve them.

---

[50] Source: ADB, CIAT, IOTA, IMF, OECD, International Survey on Revenue Administration, Indicators: VAT/PIT/CIT "payments received on-time as a percent of payments due", http://isoradata.org

Recovery under mutual assistance remains very limited. Between 2022 and 2024, Slovakia received requests totalling around EUR 8.9 billion, while only EUR 418 million were effectively recovered, corresponding to an average recovery rate of 4.7% (3.8% in 2022, 5.3% in 2023 and 5.1% in 2024). According to the Slovak authorities, this low outcome reflects structural constraints: (i) mutual assistance is often used as a last resort when insolvency or winding-up proceedings are already ongoing; (ii) delays between debt creation and the request give debtors time to conceal assets; (iii) and joint liability requests can artificially inflate the amounts requested. In many cases, there is a disproportion between very high claims and the assets actually available (e.g. large debts versus small VAT refunds). Finally, a significant share of cases concerns unenforceable debts where no sizeable assets exist in the requested Member State, despite full efforts by the authorities. On the other hand, Slovakia makes active use of VAT refund seizure under recovery assistance, successfully recovering around EUR 2.4 million out of EUR 3.1 million requested in the period 2021–2024.

4.1. Use of Directive on Administrative Cooperation (DAC) ([51]) Instruments and Data ([52])

Slovakia uses DAC1 ([53]) and DAC2 ([54]) data thoroughly for assessing taxation on individuals. DAC1 (categories of income) ([55]) and DAC2 (financial accounts) data is currently used for voluntary compliance programs, notification to generate disclosure, internal risk assessment ([56]), and tax audits for most of the categories of income concerned. These data are used primarily in the field of personal income tax and may also support risk assessment related to foreign-held assets and cross-border tax recovery ([57])([58]). To improve the efficiency of the use of data, the analysis performed by the Slovakian tax administration combines DAC1 (foreign incomes) and DAC2 (foreign bank accounts) information. Moreover, Slovakia uses the information from DAC1 and DAC2 for tax recovery purposes, which is particularly relevant to reduce tax gap. The use of this data generates an increase in the tax base adjusted.

---

[51] Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC, as subsequently amended

[52] Yearly Assessment 2025, EU AIAC Statistics 2024 – Subject to confidentiality clause on DAC art. 23a.

[53] Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC

[54] Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation

[55] Income from employment, Director's fees, Pensions, Life insurance products, Immovable properties

[56] Risk assessment: tax risk assessment is a key element of modern tax administration. It allows tax authorities to identify indicators that suggest specific taxpayers or arrangements may pose an increased risk to their jurisdiction and require further actions in terms of compliance. In general, EU tax authorities use automated methods based on domestic data and information received from other jurisdictions. Yet, a manual element may remain, as (i) tax authorities vary in terms of whether tax risk assessment is conducted centrally by a specialist risk assessment team incorporating input from the compliance function, or locally by the compliance team (or tax inspector); (ii) some data types remain challenging to be automatically processed, e.g. literal summaries.

[57] OECD (2021), *Effective Use of CRS Information*, https://www.oecd.org/en/topics/tax-transparency-and-international-co-operation.html

[58] European Commission, *Improving the Use of Internationally Exchanged Tax Data – Slovakia and Poland*, https://reform-support.ec.europa.eu/what-we-do/revenue-administration-and-public-financial-management/improving-use-internationally-exchanged-tax-data-poland-and-slovakia_en

Data matching rates concerning individuals ([59]) are above the EU average in Slovakia, being at 92% for DAC1, and 93% for DAC2 in 2024, with the EU average ([60]) being at 84% and 87% respectively.

Slovakia uses DAC3 ([61]) (rulings) data on a case-by-case basis, given the relatively limited number of reports received and routinely matches information from DAC4 ([62]) (country-by-country reports) for identifying the relevant taxpayers. Additionally, the DAC4 reports are uploaded to the administration data warehouse where selected employees have access to perform risk analysis. Information is used within the framework of international taxation and transfer pricing audits, mainly for the purposes of risk analysis. 99% of the taxpayers concerned by the reports were identified in 2024.

Slovakia does not make an extensive use of DAC6 ([63]) data. DAC6 data is mainly used for risk assessment, and in tax audits in the field of transfer pricing. Slovakia makes a limited use of the advanced instruments provided for in DAC to facilitate cooperation on specific cases, such as simultaneous controls. Looking at the past three years, Slovakia did not initiate any case and was involved in 2024 in three cases initiated by other Member States.

Slovakia uses the data obtained from the automatic exchange of information in coherence with the objectives of the DAC. The processing and the use of data related to individuals is solid, with a view to identifying critical situations that could affect its tax base. Slovakia also makes appropriate use of other DAC information related to corporate income tax. However, a more integrated analysis of DAC6 data could be implemented, in order to ensure a complete use of the information available.

5. Digitalisation and Compliance

Slovakia received in 2025 a Country-Specific Recommendation ([64]) to strengthen tax compliance, particularly by further digitalising the tax administration, to improve the effectiveness of the tax system. The tax administration also benefits from reforms under Slovakia's Recovery and Resilience Plan ([65]), which prioritises the broader digitalisation of public services. The present section discusses various aspects of digitalisation and compliance risk management that directly impact the effectiveness and efficiency of the Slovak tax administration.

---

[59] The matching rate indicates to what extent a Member State has been able to identify their taxpayers in their national tax databases with information received from other Member States under the DAC. Such matching is necessary to ensure that the data can be used for tax compliance purposes. The matching rates mentioned in this report are based on the metrics approved by the tax authorities in the TADEUS meeting of December 2024

[60] Income from employment, Pensions, Director's fees, Ownership and income from Immovable properties

[61] Council Directive (EU) 2015/2376 of 8 December 2015 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation

[62] Council Directive (EU) 2016/881 of 25 May 2016 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation

[63] Council Directive (EU) 2018/822 of 25 May 2018 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements

[64] https://commission.europa.eu/document/download/64a2fa5a-5b53-4497-9698-d3641bc0ac38_en?filename=COM_2025_225_1_EN_ACT_part1_v3.pdf

[65] https://commission.europa.eu/document/download/ba2e9efd-9463-4db9-8627-3b04e5af6846_en?filename=COM_2025_653_1_EN_annexe_proposition_cp_part1_v3.pdf

5.1. Digital Transformation, Skills, and Culture

As of 2024, Slovakia has not yet developed or implemented a specific strategy for its tax administration in any of the three key pillars of digital transformation. Slovakia remains one of the few EU Member States without any structured plans in these areas. Namely, the tax administration has not adopted a dedicated digital transformation roadmap, has not set out a plan for developing future skills, and has not yet launched initiatives to strengthen a digital culture. Progress in these areas would help bring the country more in line with practices observed elsewhere in the EU**.**

Slovakia makes systematic use of its national electronic ID (eID), recognised under eIDAS, which allows individuals and businesses to access secure digital services, including e-filings, e-Kasa (online cash registers), pre-filled forms, and other online tax communication ([66]).

Slovakia has adopted a Digital Transformation Strategy 2030, led by the Ministry of Investments, Regional Development and Informatization (MIRRI). This provides the overarching framework for modernising public administration ([67]), supported by a central Data Office and base registries that enable data sharing across public authorities in line with the once-only principle, ensuring that certain information only needs to be submitted once ([68]). However, implementation in the tax domain remains partial. While the use of digital identity is widespread and mandatory for most tax services, taxpayers may still be required to provide information that already exists in other registries. This shows progress towards the once-only principle, but not yet its full application.

5.2. Front-end Digitalisation

5.2.1 Pre-filling

As of 2022, Slovakia did not provide pre-filled tax returns for personal income tax (PIT), corporate income tax (CIT) or value-added tax (VAT) ([69]). Taxpayers are required to complete and submit their returns without the benefit of pre-entered data from employers, banks, or other third parties. This stands in contrast to practices in many other EU Member States, where pre-filling is increasingly used to reduce administrative burden, limit errors, and simplify compliance.

The absence of pre-filling in Slovakia means that the compliance process remains more time-consuming for taxpayers. This is especially true for those with multiple income sources, and it offers fewer opportunities to exploit pre-filled data for compliance risk management. Moving towards pre-filling facilities especially for PIT could align Slovakia with EU peers and help reduce the overall burden

---

[66] https://www.financnasprava.sk/en/financial-administration/process-digitalisation; https://www.slovensko.sk/en/title

[67] https://mirri.gov.sk/wp-content/uploads/2019/10/SDT-English-Version-FINAL.pdf (MIRRI strategy)

[68] Interoperable Europe Factsheet

[69] Source: OECD Inventory of Tax Technology Initiatives 2024 (OECD Data Explorer • Inventory of Tax Technology Initiatives). Note that data is self-reported by tax administrations and therefore not 100 % objective or comparable.

of tax compliance. According to a recent Eurobarometer survey, only 25% of citizens in Slovakia find it very easy or fairly easy to complete their tax return, the lowest in the EU ([70]).

5.2.2 E-filing

Digital channels are firmly established for businesses, but only more recently gaining traction among individual taxpayers. The uptake in PIT e-filing remains below the EU average, and further efforts could help Slovakia reach the near-universal levels of e-filling already achieved for CIT and VAT.

Slovakia has one of the highest e-filing rates in the EU for VAT, with 100% of returns submitted electronically in 2023 ([71]). Slovakia's e-filing rate for VAT is above the EU average of 99.2% in 2023 and represents an increase from 99.9% in 2018.

The e-filing rate for CIT has increased significantly in recent years and was close to full uptake in 2023 ([72]). The CIT e-filling rate stood at 98.9% in 2023, above the EU average of 97.1%. Since 2018, the e-filing rate for CIT in Slovakia has increased by 5.9 percentage points.

By contrast, the PIT e-filing rate showed lower uptake in 2023. ISORA data for 2023 ([73]) indicated that less than half of returns were submitted electronically (49.2%), compared to the EU average for the same period (87.1%). However, the 2024 TADAT performance assessment ([74]) reports a significantly higher rate (82.7%) for the same year, with a further increase (to 83.5%) in 2023. The difference reflects variations in coverage and data sources. Nevertheless, both datasets indicate that the e-filing rate for PIT is below the EU average to varying extents.

5.2.3 Provision of Other Online Services

Slovakia has advanced the digitalization of its tax administration, although survey results indicate further scope for improvement. Through its central Financial Administration Portal, individuals and businesses can access a broad set of services, including e-filing, secure document uploads, tax calculators, and comprehensive account management tools. While these services reduce the compliance burden and allow the tax administration to streamline its operations, only 38% of citizens in Slovakia believe that support for filing tax returns provided by the tax administration is either fully adequate or mostly adequate, according to a recent Eurobarometer survey, placing them 22nd among EU Member States ([75]).

---

[70] European Commission: Directorate-General for Taxation and Customs Union and Directorate-General for Communication, *Citizens' attitudes towards taxation – Eurobarometer report*, European Commission, 2025, https://data.europa.eu/doi/10.2778/6066713

[71] International Survey on Revenue Administration data. https://data.imf.org/en/datasets/ISORA:ISORA_LATEST_DATA_PUB

[72] Ibidem.

[73] Ibidem.

[74] Slovak Republic Performance Assessment Report

[75] European Commission: Directorate-General for Taxation and Customs Union and Directorate-General for Communication, *Citizens' attitudes towards taxation – Eurobarometer report*, European Commission, 2025, https://data.europa.eu/doi/10.2778/6066713

Slovakia provides many online tax services ([76]). It offers secure digital communication channels, supports encrypted document submission, and provides multi-channel taxpayer assistance through email, chat, phone, and even social media. One standout feature is the taxpayer credibility index, which segments taxpayers based on risk, allowing for more tailored communication and enforcement. In addition, soft-warning notifications proactively alert taxpayers to upcoming obligations or potential issues, supporting timely compliance. However, to fully leverage this potential, further steps could include expanding real-time data analytics and automating follow-up actions, particularly in debt recovery and fraud detection.

5.3. Back-end Digitalisation

5.3.1 Use of Artificial Intelligence by the Tax Administration

Slovakia has formally implemented artificial intelligence (AI) within its tax administration, but its actual use remains limited. Slovakia has reported AI as "in place" since 2019 ([77]), ahead of several EU Member States that are still implementing or have not yet adopted AI. However, while the formal status suggests progress, the actual use of AI remains relatively limited in scope and focused more on taxpayer services than on enforcement or compliance.

The most prominent AI application in Slovakia's tax system is the chatbot TAXANA, introduced in 2018 ([78]). TAXANA supports taxpayers by answering common questions and guiding them through basic procedures, improving accessibility and easing pressure on tax office staff. This marks a positive step in digital transformation, particularly on the front-end. However, Slovakia does not yet appear to use AI in more advanced areas such as fraud detection, risk profiling, or automated enforcement.

While Slovakia declared AI operational early on, its application has not significantly expanded in recent years. This cautious approach partly reflects legal and constitutional constrains arising from court rulings on the use of digital and analytical tools for tax enforcement ([79]). In contrast to Member States that have reported prolonged "implementation" phases, Slovakia's experience appears more deliberate, with a focus on risk mitigation and legal clarity. The national digital strategy for 2023–2026 envisions a shift toward a "data-driven state," which could support broader AI use in the future, particularly in compliance and risk-based tax recovery. In comparison with other Member States, Slovakia is ahead of countries that have not adopted AI but lags behind those using AI for strategic enforcement and real-time monitoring. To fully benefit from AI's potential, Slovakia would need to expand beyond virtual assistants and integrate AI into more advanced areas, subject to an explicit legal basis ensuring data protection and proportionality, which would represent an important step in aligning with EU best practices.

---

[76] 7. Taxpayer service - ISORA – tabs "Online services 1" and "Online services 2"
[77] Slovakia has reported artificial intelligence as *'in place'* since 2019 in international tax-administration surveys (e.g. OECD ISORA).
[78] Slovakia - AI Country Report - AI Tax Administration
[79] Constitutional Court of the Slovak Republic, *PL. ÚS 25/2019-117*, judgment of 17 December 2021, concerning the use of eKasa data and automated risk profiling of taxpayers. The Court found that the practice lacked an explicit legal basis and that the mandatory buyer-identification feature of eKasa constituted a disproportionate interference with privacy and data-protection rights: The Slovak Constitutional Court on Risk Profiling and Automated Decision-Making by the Tax Authority – Tech Notes

5.4. Compliance Risk Management

5.4.1 Compliance Risk Management Strategy

Slovakia has currently, no formal Compliance Risk Management (CRM) strategy in place within the tax administration. According to the most recent data reported in the OECD's international surveys ([80]), Slovakia has not yet developed a structured framework for systematically identifying, assessing, and prioritising compliance risks. This absence implies that while certain risk-based procedures may exist in practice, the tax administration lacks a coherent and documented strategy to guide these actions. Consequently, resource allocation, monitoring of compliance trends, and enforcement efforts may not be optimally focused or consistently applied across taxpayer segments.

However, targeted initiatives have been introduced to address specific high-risk areas. Until 2024, The "Daňová Kobra" (Tax Cobra) ([81]), a permanent joint task force of the Financial Administration, the Ministry of Finance, the National Criminal Agency, and the Prosecutor's Office focused on detecting and prosecuting serious tax fraud, in particular VAT carousel and MTIC schemes. Although this mechanism proved to be effective in uncovering major cases and preventing substantial VAT losses, it functioned as a specialised enforcement tool rather than as part of a comprehensive CRM framework.

The absence of an overall CRM strategy therefore continues to limit Slovakia's capacity to proactively manage compliance and undermines the potential for data-driven, efficient tax administration. Developing and implementing such a strategy would enhance strategic decision-making, improve risk targeting, and increase the effectiveness of tax collection, all of which are particularly relevant in the context of Slovakia's ongoing reforms.

5.4.2 Audit Types

Slovakia's tax administration performs a broad range of post-filing audit activities, **demonstrating a well-developed audit capacity**. These include desk audits, limited scope audits, single issue audits, comprehensive audits and avoidance and evasion investigations ([82]). The use of these audit types allows the tax administration to address different levels and types of non-compliance. Desk audits and single-issue audits provide a cost-effective way to review specific elements of a return without requiring full-scale inspections. Limited scope and comprehensive audits allow for deeper analysis where broader compliance issues are suspected. Importantly, the administration also carries out investigations related to tax avoidance and evasion, which are essential for addressing more complex or deliberate forms of non-compliance.

In addition to formal audits, Slovakia also employs interventions before formal audit procedures, such as risk review letters and automated reminders. These early-stage interventions

---

[80] https://www.tadat.org/content/dam/tadat/en/assessments/Slovak_Republic_2024_TADAT_PAR.pdf

[81] Financial Administration of the Slovak Republic (2023), *"Obnovená Daňová Kobra už má rozpracované prípady za 22,6 mil. eur"*, press release, 31 July 2023,; Ministry of Finance of the Slovak Republic (2023), *"Boj s daňovými únikmi"*, press release, 27 June 2023

[82] ISORA Database – tab "Post filing enforcement actions" and "interventions after filing, intervention effectiveness"

help nudge taxpayers towards voluntary compliance without immediately resorting to formal audit proceedings. Such pre-audit measures are important for maintaining a cooperative relationship with taxpayers, reducing enforcement costs, and improving the efficiency of audit selection by prompting self-correction in less severe cases.

The existence of these audit types and pre-audit interventions suggests that Slovakia is well equipped for risk-based compliance enforcement, however their full effectiveness may be limited. This is particularly relevant due to the absence of a formal compliance risk management strategy and more advanced digital targeting. Enhancing automation, integrating third-party data, and refining audit selection through data analytics could further increase the effectiveness and precision of Slovakia's audit framework.

5.4.3 Staff Dedicated to Audit, Investigation and Other Verification Functions

In 2023, Slovakia allocated a relatively low share of its full-time equivalents (FTEs) in the tax administration to audit, investigation, and other verification functions ([83]). Slovakia allocated 26.6% of staff to audit related functions, while the EU average stood at 32.2% in 2023 ([84]).

Between 2018 and 2023, Slovakia's percentage of FTEs in these functions showed little to no significant growth (+0.2 percentage points), suggesting that the tax administration has not substantially increased its focus on audit capacity over time**.**

5.4.4 Additional Revenue from Audits as a Share of Total Revenue

Slovakia reports a moderate level of additional revenue from audits as a percentage of total net revenue when compared to the EU27 average. At 2.12% in 2023, this indicator was above the EU average of 1.6%, placing Slovakia among the Member States with moderate audit-driven revenue mobilisation over recent years. Between 2018 and 2023, Slovakia's figures have decreased significantly (from 4.7%) ([85]).

This outcome may be linked to the low share of FTEs dedicated to audit, investigation, and verification functions. With fewer personnel dedicated to these activities, the audit coverage and depth are likely limited, reducing the administration's capacity to detect and correct non-compliance through post-filing interventions. The consequence is a declining return from audit activities in terms of additional revenue.

The absence of a formal compliance risk management strategy and a limited use of advanced risk-targeting tools may weaken Slovakia's ability to generate revenue through audits. The significant decline in audit revenue share may also point to structural and strategic shortcomings within the broader enforcement framework. Reinforcing audit capacity, in terms of human resources and digital tools, and integrating audits more systematically into a broader compliance risk strategy,

---

[83] https://www.oecd.org/content/dam/oecd/en/topics/policy-issues/tax-administration/tax-administration-series-country-snapshot-svk.pdf;
[84] Own elaboration based on ISORA Database
[85] Ibid.

would help increase the revenue yield from audits, raise deterrence, and support better overall tax compliance.

5.5. Tax Complexity

Slovakia ranks 18th out of the 27 Member States in the Tax Complexity Index ('TCI') ([86]), where a higher rank corresponds to lower tax complexity. The TCI is based on the Global MNC Tax Complexity Project, a joint research project of Deborah Schanz (LMU Munich) and Caren Sureth-Sloane (Paderborn University). The TCI 2024 places Slovakia 15th among the Member States with regards to Tax Framework Complexity, and 21st with regards to Tax Code Complexity. This may indicate that there is room to improve the tax processes carried out by the tax authorities (notably in the area of enactment, according to the authors), and the same about the structure of the tax regulations (particularly in the area of corporate reorganisation, according to the authors).

[86] See: https://www.taxcomplexity.org/ The aim of the Global MNC Tax Complexity Project is to identify the determinants of tax complexity, to develop and maintain an index measuring the level of tax complexity across countries [Tax Complexity Index, TCI] and to examine the effects of tax complexity. The Tax Complexity Index measures the complexity of a country's corporate income tax system as faced by multinational corporations. The closer a country is to the first position of the ranking, the lower level of complexity it exhibits, and vice versa.