**The International Fiscal Association, the Slovak Republic Branch**

## ***The new Financial Transaction Tax Act violates EU law on several points***

*Bratislava, 5 November 2024* - The Financial Transaction Tax Act, which is set to enter into force next year, violates the principles of European law and constitutes a disproportionate and discriminatory administrative burden for entrepreneurs, so the conclusion of the analysis of the Slovak branch of the International Fiscal Association (IFA), an international non-governmental organisation that brings together tax advisors, lawyers and university experts. Therefore, IFA joined the initiative of foreign chambers of commerce in Slovakia addressed to the European Commission.

IFA pointed out that the law was approved by the Slovak Parliament in a shortened procedure and bypassed the standard legislative process, while an analysis from the perspective of international tax law was not available.

*"From the perspective of European law, it is problematic that the new financial transaction tax will also apply to banking transactions carried out by Slovak entrepreneurs in foreign banks accounts and will result in higher taxation in the case of cross-border cost settlements,"* explains Renáta Blahová, president of the Slovak branch of the International Fiscal Association and partner at BMB Partners TAXAND.

The higher effective taxation of cross-border cost settlements compared to domestic ones, as well as the legislative requirement that Slovak entrepreneurs calculate and remit the tax themselves on a monthly basis based on movements in their foreign bank accounts, constitute a disproportionate and discriminatory administrative burden under the Treaty on the Functioning of the EU. The overall impact of the new Slovak financial transaction tax is, according to IFA, contrary to the free movement of capital in the EU, which prohibits all restrictions on the movement of capital between Member States.

*“It is obvious that the Slovak Act on Financial Transaction Tax was adopted without due process of approval by the competent EU authorities in terms of compliance with European law. The new tax would not only disproportionately affect companies doing business in Slovakia, but would also discriminate against and disproportionately burden some companies," says* Silvia Hallová, partner at the advisory firm Grant Thornton.

The International Fiscal Association, Slovak Branch,  therefore supports the initiative of foreign chambers of commerce in Slovakia to address the European Commission.