



# Service

## Topical information on law amendments

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## 1. CHANGES IN THE LABOUR CODE

1. From 1 April 2007 new regulation has entered into force regarding the transfer of holidays to the following year. The conditions for the transfer became stricter. Before the amendment employees have had the possibility of taking their holiday remained from the previous year till 30 June, or if the Collective Agreement stipulates so, till 31 December of the next year.
2. According to the new rules, only one fourth of the holidays may be transferred, but only till the end of March - or under regulation by Collective Agreement till the last day of June of the next year - in case of exceptionally important business interests persisting at the employer, or in case of a reason that affects the employer's business operations directly and gravely. The Act determines what is to be meant under the term of 'exceptional business interest', which may only be a circumstance independent from the organization of the work.
3. In 2007 the holidays remained from the previous (2006) year can be taken till 30 September 2007.
4. At annual level employees are allowed to take three days without any preliminary notification (from the quarter of their basic holiday, which they are allowed to take at a time determined by themselves). They have this possibility if such unexpected circumstances occurred in their life, due to which the fulfilment of their duties would be detrimental to them with regard to their personal and family conditions. In case if it is known when the employee will take the quarter of the annual vacation due to him/her (this request must be announced by the employee to the employer 15 days earlier), or if (s)he took it already, the employee is not allowed to take the extraordinary (immediate) holiday, except the

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*Invoices, receipts*

case if (s)he has individually agreed upon it with the employer.

5. The employer is obliged to notify the employee about the date of allocating of that part of holidays, upon which the employer is entitled to decide, by one month prior to the date of allocation.

## **2. CHANGES IN CONNECTION WITH THE INVOICE, SIMPLIFIED INVOICE AND RECEIPTS**

1. Section 1/A effective from 1 January 2007 of Decree No. 25/2006 of the Minister of Finance prescribes that a receipt, an invoice, or simplified invoice may exclusively be produced by the use on one occasion a printed serial number falling into the serial number range designated by the State Tax Authority for the producer of the form.
2. The blocks of invoice, simplified invoice and receipt produced before the date of entering into force of the said Decree may be circulated by the distributors of such forms till 30 June 2007 and those may be used by the issuers of the invoice till 31 December 2007. The blocks the using of which has already begun must be closed by the date of 31 December 2007. The unused blocks shall be scrapped till 31 January 2008, in a documented and retrospectively controllable manner.
3. In case of forms purchased in 2007 the invoice made out about the purchase reflects the year when the form was produced.

**Minimum tax****3. MINIMUM TAX**

With retrospective effect to date 1 January 2007, the Constitutional Court has abolished the provisions regulating the minimum tax of the Act on Corporate Tax and Dividend Tax.

The new legislation substituting the minimum tax has entered into effect on 1 July 2007.

1. In case if the taxpayer's pre-tax profit or the taxpayer's tax base, whichever is the higher, does not reach the minimum income specified by law (2% of total revenues reduced by the cost of goods sold (COGS) and the value of sold services), the taxpayer has two options:

- a) either makes a declaration in his/her tax return according to Subsection (1) of Section 91 of Art (Act on the Rules of Taxation)

If the taxpayer declares in his/her tax return that he/she does not choose as tax base the minimum income according to Personal Income Tax Act or according to Corporate Tax and Dividend Tax Act, then he/she is obliged to attach to his/her tax return the supplementary form specified and introduced by the State Tax Authority. This supplementary form is qualified as a tax return. The burden of proof is on the taxpayer regarding the verity and the taking place of the economic events, if the Tax Authority has doubts about them and the taxpayer has to prove it as well that the costs have incurred in fact in the interest of his/her undertaking. The Tax Authority may execute the selection for inspection within 30 days from the submission due date of the tax returns, in case of correction of an erroneous return, within 30 days from its arrival. The Tax Authority is obliged to begin the inspection within one year from the date of selection.

Should the tax base change due to the self-revision of the tax return, the taxpayer is obliged to fill out the supplementary declaration form pertaining to the tax return and submit it as an attachment to his/her self-revision form.

b) or takes the minimum revenue as tax base

In this case, (the taxpayer) may determine in 2007 the tax base of the (16%, 10%) corporate tax with the application of any of the two methods: by proportioning or on the basis of the interim balance sheet prepared by the date of 30 June 2007.

2. Taxpayers who suffered an elemental loss or damage due to Act of God in the tax year or in the year preceding the tax year have not to apply the new rules.

Elemental loss or damage means a loss or damage caused by a natural disaster (in particular hail, flood, inland waters, frost, sand storm, drought, breakage caused by snow, ice or wind, thunderstorm, earthquake, as well as by fire of natural or biological origin), the extent of which amounts to at least 15 percent of the taxpayer's annual total revenue realised in the previous tax year (in case of a taxpayer established by transformation, of the from the legal predecessor's revenue calculated – and depending on the form of transformation – with that equivalent, aggregated or shared revenue).

3. Taxpayers with a business year different from the calendar year, who submit a tax return on the year of 2007 following 1 January 2008, shall apply the new provisions, as well.

**Issues related to  
surtax****4. ISSUES RELATED TO SURTAX**

Hereunder we would like to call your kind attention to two official statements of the Tax Authority, which concern the determination of the tax base of the Surtax:

1. Non-invoiced discount in connection with the determination of the tax base of Surtax (71/2007) [point b) of Subsection (2) of Section 3 of Kjt.v. (Act LIX of 2006 on the Surtax and Contribution)]

Act C of 2006 on Accounting makes a distinction between the non-invoiced discount and the final transfer of cash. The Act LIX of 2006 (on the Surtax and Contribution) designates only the finally transferred cash among the adds (increasing items), thus there is no need to increase the tax base of the surtax with the amount of non-invoiced discount accounted for among the other expenditures, or other expenditures of financial transactions.

2. The cancelled liability, the cancelled debt does not modify the tax base of the Surtax (70/2007) [point c) of Subsection (2), point c) of Subsection (3) of Section 3 of Kjt.v]

For the determination of the base of the surtax the amount of liabilities assumed without consideration, accounted in the tax year to the debit of the pre-tax profit increases the pre-tax profit, while the amount of debts assumed without consideration, accounted in the tax year to the credit of the pre-tax profit is a decreasing item. The amount, accounted for as extraordinary revenue, of liabilities cancelled by creditors, or the amount, accounted for as extraordinary expenditure, of cancelled debts not qualified as irrecoverable (bad) debts does not increase the tax base of the surtax.

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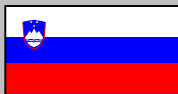
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