



UNDERSTANDING INCOME TAXATION

for PhD. Students, Researchers, and University Teachers in SLOVAKIA: A Brief Overview of International Context

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RESEARCHERS IN MOTION

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Are you a full-time PhD student in Slovakia with a state scholarship?

- Assess your **tax residence** based on Slovak legislation and the country of your former stay/country of origin/country of former or other current income (p. 3);
- Look for treaty for avoidance of double taxation (**Double Tax Treaty**) Slovakia has concluded and check if the country of your former or current stay/tax residence is listed (p. 11);
    - In case you are considered a tax resident in Slovakia, but also in another country based on the respective applicable legislation, decide your **tax residence** using **Article 4** of the Treaty (p. 6);
    - Check if the Double Tax Treaty contains **Article 20** (or similar) on payments to **Students** (p. 8);
        - Assess the applicability of such article to define if and where the payments to students are eligible to be taxed or if they are exempt from taxation; if non-existent or not applicable check also the procedure suggested for Researchers below
    - Check **Article 23** of the Treaty on **methods of elimination of double taxation** (p. 9);
- Learn about specific Slovak **tax exceptions**, especially **scholarships** (p. 4);
- Check **tax procedures and tax return duties**, if any, based on applicable national law (p. 3—5).

Are you a researcher, or a university teacher, part-time PhD student in Slovakia with a job contract or work agreement with a Slovak institution?

- Assess your **tax residence** based on Slovak legislation and the country of your former stay/country of origin/country of former or other current income (p. 3);
- Look for treaty for avoidance of double taxation (**Double Tax Treaty**) Slovakia has concluded and check if the country of your former or current stay/tax residence is listed (p. 11);
    - In case you are considered a tax resident in Slovakia, but also in another country based on the respective applicable legislation, decide your tax residence using **Article 4** of the Treaty (p. 6);
    - Check if the Treaty contains **Article 20/21** (or similar) on income for carrying out **Research or Teaching activities** (p. 8);
        - Assess the applicability of such article to define the country where the income is eligible to be taxed — it might be often relevant until **first two years** of your stay in Slovakia; if non-existent or not applicable continue with Article 15;
    - Check **Article 15** of the Treaty on income from **Employment** to define the country where the income is eligible to be taxed (p. 7—8);
    - Check **Article 23** of the Treaty on **methods of elimination of double taxation** (p. 9);
- Learn about specific Slovak **tax exceptions** (p. 4);
- Check **tax procedures and tax return duties** based on applicable national law (p. 3—5).

Basic facts about taxation in Slovakia

Tax legislation

The major applicable legislation on income tax in Slovakia is Act No. 595/2003 **on Income Tax** that specifies e.g. the rules for determining taxable income, tax rates, exemptions, and tax payment.

Tax residency (§ 2[1])

Slovak tax residents are taxpayers with unrestricted tax liability.
A person qualifies as a tax resident if he/she meets one of the following criteria:

- **Permanent Residence** in Slovakia;
- **Habitual Stay** in Slovakia for at least 183 days within a calendar year, whether continuously or in several periods;
- **Residence Availability:** having a dwelling place in Slovakia that is not used solely for occasional purposes, indicating strong personal and economic ties to the country.

Such a taxpayer must pay taxes in Slovakia on income earned in Slovakia as well as any income from abroad, unless a Double Tax Treaty states otherwise.

A taxpayer with a restricted tax liability is a person who is not a taxpayer with an unrestricted tax liability. Such a taxpayer pays in Slovakia only the tax from income received in Slovakia for his/her period of employment in Slovakia.

Ultimately, Slovak tax residents are taxed on their worldwide income, while non-residents are taxed only on Slovak-source income.

Tax year (§ 2)

In Slovakia the tax year corresponds to the calendar year, which runs from January 1 to December 31.

Employment income (§ 5)

Employment income in Slovakia is primarily governed by Article 5 of the Slovak Income Tax Act. Employment income includes salaries, wages, bonuses, and any other similar remuneration received by an employee for work performed under a labour relationship or similar agreement. This includes any income from current or past employment where the employee must follow the employer's instructions.

Salary

- **Super gross salary or cost of labour** represents the sum of the employer's costs per employee. The price of labour can be (in general) obtained by: the employee's gross salary + employer's contributions to the health insurance company (usually 11 % of the assessment base, i.e. in general gross salary), contributions to the Social Insurance Company (typically 25,2 % of the assessment base, i.e. in general gross salary, unless specific conditions apply), mandatory contributions to old-age pension savings paid by the employer, if applicable.
- **Gross salary** is typically a contractual wage.
- **Net salary** is the amount that an employee receives after deducting and paying all contributions, such as health insurance (4 % of the assessment base)

[1] The sign § means a respective Article in Slovak legislation.

and social insurance (sickness insurance 1.4 %, old-age insurance 4 %, invalidity insurance 3 %, unemployment insurance 1 % of the assessment base), tax advance, supplementary pension insurance, if applicable. The amount of the net salary is also affected by the number of dependent children and whether the non-taxable amount is applied. [2)]

Tax exceptions (§ 5), (§ 9)

Examples of income exempt from taxation or not subject to taxation:

Scholarships and Grants:

- **scholarships** provided e.g. from the state budget (including PhD scholarships), or by higher education institutions or similar benefits provided from abroad, corporate scholarships provided to university students, financial support from foundations or non-profit organisations except for remuneration for carrying out employment or business activities,
- financial resources from **grants** provided upon international treaties, by which Slovakia is bound;

Benefits, e.g.:

- benefits from health and social insurance, including old-age savings,
- **per diems/travel allowance** (employer's financial contribution to the board of an employee during a business trip) up to the amount set by law;
- the value of meals provided by the employer to the employee for consumption at the workplace or the financial contribution for meals;
- the amount spent by the employer on employee's training.

Child Tax Allowance (§ 33):
While not direct income, the child tax allowance can reduce a taxable income for the parent of a dependent child staying with him/her in the same household, thus providing a financial benefit without being classified as taxable income.

Tax rate (§ 15) and non-taxable amount (§ 11)

The income tax is paid monthly in the form of a tax advance. In general, 19 % tax rate is applied to the tax base not exceeding 176.8 times the amount of the subsistence minimum and 25 % tax rate is applied to the tax base exceeding 176.8 times the amount of applicable subsistence minimum (this sum is equal to **47 537,98 € for 2024** – based on the subsistence minimum of 268,88 €/month valid from 1. 7. 2023 to 30. 6. 2024 and **48 441,43 € for 2025 –** based on subsistence minimum of 273,99 €/month valid from 1. 7. 2024 to 30. 6. 2025). The tax base corresponds to the amount of gross salary (to put it simply) reduced by all the contributions to compulsory insurance funds and a non-taxable amount (exempt from taxation).

A **non-taxable amount** (personal allowance) can be fully applied if the annual tax base of a taxpayer does not exceed 92.8 times the subsistence minimum valid as of January 1 of the relevant tax period (**24 952,06 € for 2024** and **25 426,27 € for 2025**). Then the **non-taxable** amount corresponds to 21 times of the applicable subsistence minimum (i.e. **5 646,48 € for 2024** and **5 753,79 € for 2025**). If the tax base of a taxpayer exceeds such annual limit, the personal allowance is reduced to

[2)] You can check various salary calculators or official resources: e.g. www.platy.sk/en/calculator nil progressively, based on a defined formula. Moreover, if a spouse lives with the taxpayer in the common household and is taking care of a dependent child, or receives a cash allowance for nursing, or is registered with an employment centre and is actively seeking a job, is considered a disabled/severely disabled individual, a non-taxable amount can also be applied to the spouse, considering the level of both incomes. A tax non-resident in Slovakia can claim the spouse allowance only if 90 % of his/her worldwide income comes from Slovak sources.

Tax procedures (§ 32, § 38, § 49)

The income taxation procedure in Slovakia involves several key steps:

Tax Residency Determination: It is essential to determine the tax residency status, as it affects both the tax obligations and rights. Tax residents are liable for taxes on their worldwide income, while non-residents are taxed only on their Slovak income.

Annual Tax Settlement: Employees who have received taxable income only from employment may request an annual tax settlement from their employer by **February 15** of the following year. If they do not request this or if they have income originating from sources from abroad, they must file the tax return themselves. The employer can perform an annual settlement of tax advances on behalf of an employee from income coming also from other employment (other job contract) provided the employee has submitted the necessary documents for the annual settlement within the established deadline of February 15.

Tax return: In general a taxpayer needs to file a tax return for a tax period if, during the tax period, he/she has achieved taxable income exceeding 50 % of the amount defined as the non-taxable amount (i.e., **2 823,24 € for 2024 and 2 876,89 € for 2025)**, unless the annual tax settlement is performed by the employer. As mentioned above, in case the taxpayer needs to declare income originating from abroad (Slovak tax resident), he/she has to file the tax return him/herself.

Deadline: The deadline for submitting the annual tax return is March 31 of the following year. However, taxpayers can request an extension of this deadline, in general for up three months by notifying the tax office. If the taxpayer has taxable income from sources abroad this deadline could be extended by a maximum of six months. In both cases, the notification of the tax office needs to be carried out on a specialised form provided by the tax authorities and the new deadline needs to be filled in by the taxpayer himself/herself within those maximum limits.

Tax Return Submission: Tax returns can be filed in either written or electronic form. Tax payers must complete the appropriate tax return form based on their income type:

- Form A is used for income solely from employment;
- Form B is applicable if there are other sources of income, such as business income or capital gains.

Income Reporting: All taxable income must be reported in the tax return, including any foreign income in case of Slovak tax residents. If applicable, supporting documents proving tax payments abroad should be attached.

Tax Payment: Any taxes owed must be paid by the deadline for filing the tax return. If there is a tax overpayment (based on tax advances), it will be calculated while filling the tax return.

Double Tax Treaties – overview of major principles

Below you can find typical provisions found in Double Tax Treaties that Slovakia has concluded with other countries. The selected articles address the prevention of double taxation and the clarification of tax obligations related to various types of income and circumstances that may be pertinent to PhD students, researchers, and university teachers.

Double Tax Treaties are usually prepared on the basis of internationally recognised model conventions, however, the numbering of articles in individual bilateral treaties may vary slightly.

Article	Description
Article 4	**Resident**: This article defines who is considered a resident for tax purposes, establishing criteria for individuals or entities in the contracting states.
Article 15	**Income from Employment**: This article states that income derived from employment exercised in a contracting state may be taxed in that state.
Article 20	**Students and Trainees**: This article provides that students or trainees shall not be taxed on certain payments received from sources outside the state where they are studying or training.
Article 23	**Elimination of Double Taxation**: This article outlines how double taxation will be eliminated, typically through tax credits or exemptions for taxes paid to the other contracting state.

As an example:

Article 4 – Resident

Based on the Model Tax Convention on Income and on Capital, OECD[3]:

For the purposes of this Convention, the term "resident of a Contracting State" means any person who, under the laws of that State, is liable to tax therein by reason of his domicile, residence, place of management or any other criterion of a similar nature. This term does not include any person who is liable to tax in that State in respect only of income from sources in that State.

Where by reason of the provisions of paragraph 1 an individual is a resident of both Contracting States, then his status shall be determined as follows:

a) He shall be deemed to be a resident only of the State in which he has a permanent home available to him; if he has a permanent home available to him in both States, he shall be deemed to be a resident only of the State with which his personal and economic relations are closer (centre of vital interests);

b) If the State in which he has his centre of vital interests cannot be determined, or if he has no permanent home available to him in either State, he shall

[3] versions of 2017 and 2010 have been used in the text: www.oecd.org/en/topics/oecd-model-tax-convention-on-income-and-on-capital.html

be deemed to be a resident only of the State in which he has an habitual abode;

c) *If he has an habitual abode in both States or in neither of them, he shall be deemed to be a resident only of the State of which he is a national;*

d) *if he is a national of both States or of neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement.*

Once it is possible to determine the tax residency based on any of the former criteria, the subsequent points are not to be taken into account anymore.

Article 15 – Income from Employment

This article establishes general rules for taxing employment income, emphasising that such income is primarily taxable in the state where the employment is exercised, with specific exceptions based, e. g., on the duration of employee's stay or employer's presence. Exceptions may also apply to different types of income.

Based on the Model Tax Convention on Income and on Capital, OECD:

Income derived by a resident of a Contracting State in respect of an employment shall be taxable only in that State (= residence state) unless the employment is exercised in the other Contracting State. If the employment is so exercised, such income as is derived therefrom may be taxed in that other State (= work state).

Notwithstanding the provisions of paragraph 1, income derived by a resident of a Contracting State in respect of an employment shall be taxable only in the first-mentioned State (= residence state) if:

a) *the recipient is present in the other Contracting State (= work state) for a period or periods not exceeding in the aggregate 183 days in any twelve month period commencing or ending in the fiscal year concerned, and*

b) *the remuneration is paid by, or on behalf of, an employer who is not a resident of the other Contracting State (= work state), and*
c) *the remuneration is not borne by a permanent establishment which the employer has in the other Contracting State (= work state).*

Each day of employee's stay in the work state (including a day of arrival, or departure, weekends, sick days) is counted towards those 183 days.

All those conditions need to be fulfilled at the same time in order for the tax being paid in the country of residency rather than country of work.

Treaties might contain special provisions for students (including PhD students), teachers and researchers (usually Articles 20 and 21).

Article 20 – Students

Based on the Model Tax Convention on Income and on Capital, OECD:

Payments which a student or business apprentice who is or was immediately before visiting a Contracting State (= studies state) a resident of the other Contracting State (= residence state) and who is present in the first-mentioned State (= studies state) solely for the purpose of his education or training receives for the purpose of his maintenance, education or training shall not be taxed in that State (= studies state), provided that such payments arise from sources outside that State (= studies state).

Article 21 – Payments received by Professors, Teachers and Research Scholars

Example from Agreement between Slovakia and India for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income:

A professor or teacher who has or had a residence in one Contracting State (= residence state) before visiting the other Contracting State (= work state) to teach or work in research, or to carry out both activities at a university, college, school, or another recognized institution in that other Contracting State (= work state), shall be exempt from tax in that other State (= work state) on remuneration for such teaching or research for a period not exceeding two years from the date of arrival in that other State (= work state).

This Article shall not apply to income from research if such research is conducted primarily for the private benefit of a specific person or persons.

For the purposes of paragraph 1, "recognized institution" means an institution that has been approved in this regard by the competent authority of the relevant Contracting State.

The provisions in specific treaties vary, hence it is always necessary to consult the exact wording of the relevant bilateral Treaty. It may even happen, that the *2-year limit is not applied* (e.g. with Hungary, Italy). On the other hand, an additional condition is often required: *to exempt this income from tax in the work state, it must come from sources outside that state (e.g., in the case of Brazil).*

Methods for elimination of double taxation

This section explains the two main methods for eliminating double taxation:

- **Income Exemption Method:** The taxpayer's home country (= residence state) exempts certain income from taxation if it is already taxed in the foreign country;
- **Tax Credit Method:** Taxes paid to a foreign country are credited against the taxpayer's domestic tax liability in the residence state.

Based on the Model Tax Convention on Income and on Capital, OECD:

Income exemption method
(simplified version)

Where a resident of a Contracting State (= residence state) derives income which may be taxed in the other Contracting State (= work state) in accordance with the provisions of this Convention, the first-mentioned State (= residence state) shall exempt such income from tax.

Where in accordance with any provision of the Convention income derived by a resident of a Contracting State (= residence state) is exempt from tax in that State (= residence state), such State may nevertheless, in calculating the amount of tax on the remaining income of such resident, take into account the exempted income.

The provisions of paragraph 1 shall not apply to income derived by a resident of a Contracting State (= residence state) where the other Contracting State (= work state) applies the provisions of this Convention to exempt such income from tax.

Tax credit method (simplified version)

Where a resident of a Contracting State (= residence state) derives income which may be taxed in the other Contracting State (= work state) in accordance with the provisions of this Convention, the first-mentioned State (= residence state) shall allow as a deduction from the tax on the income of that resident, an amount equal to the income tax paid in that other State (= work state);

Such deduction in either case shall not exceed that part of the income tax, as computed before the deduction is given, which is attributable, to the income which may be taxed in that other State (= work state).

Where in accordance with any provision of the Convention income derived by a resident of a Contracting State (= residence state) is exempt from tax in that State (= residence state), such State may nevertheless, in calculating the amount of tax on the remaining income of such resident, take into account the exempted income.

Elimination of double taxation in Slovak Income Tax Act (§ 45)

If a Slovak tax resident earns income from a country with a Double Tax Treaty, double taxation is generally resolved based on the rules in that Treaty.

When a Double Tax Treaty applies the **tax credit method**, taxes paid abroad can be credited against Slovak taxes. This credit is limited to the maximum amount that can be collected abroad according to the Treaty and is capped at the portion of Slovak tax attributable to foreign income.

Alternatively, if a Double Tax Treaty prescribes the credit method, the taxpayer may still apply the **income exemption method** if it is **more advantageous for the taxpayer**. This can be done if the income has been demonstrably taxed abroad.

If a Slovak tax resident earns income from a country **without a Double Tax Treaty, the income exemption method** applies, provided the income has been demonstrably taxed abroad.

In sum:

Income exemption method

- Income that has been taxed abroad will be exempt from taxation by the taxpayer in his/her Slovak tax return (= residence state).
- Taxpayer (tax resident) will declare the income in the tax return as part of the worldwide income, but no tax will be paid from this income in Slovakia.

Tax credit method

- Taxpayer will offset the tax paid abroad from the income sourced abroad against the tax calculated in accordance with the Slovak Income Tax Act.
- If the income was taxed abroad at a lower tax rate, the taxpayer is typically obliged to pay this difference in Slovakia.

Legend:

tax credit method

income exemption method

treaty contains article on Students

treaty contains article on Researchers/Teachers

List of Double Tax Treaties between Slovakia and other countries

1. Albania
2. Armenia
3. Australia
4. Austria
5. Azerbaijan
6. Belarus
7. Belgium
8. Bosnia and Herzegovina
9. Brazil
10. Bulgaria
11. Canada
12. Croatia
13. Cyprus
14. Czech Republic
15. Denmark
16. Estonia
17. Ethiopia
18. Finland
19. France
20. Georgia
21. Germany
22. Greece
23. Hungary
24. China
25. Iceland
26. India
27. Indonesia
28. Iran
29. Ireland
30. Israel
31. Italy
32. Japan
33. Kazakhstan
34. Kuwait
35. Latvia
36. Libya
37. Lithuania
38. Luxembourg
39. Malaysia
40. Malta
41. Mexico
42. Moldova
43. Montenegro
44. Netherlands
45. New Zealand
46. Nigeria
47. North Macedonia
48. Norway
49. Oman
50. Poland
51. Portugal
52. Romania
53. Russian Federation
54. Saudi Arabia
55. Serbia
56. Singapore
57. Slovenia
58. South Africa
59. South Korea
60. Spain
61. Sri Lanka
62. Sweden
63. Switzerland
64. Syria
65. Taiwan
66. Tunisia
67. Turkey
68. Turkmenistan
69. Ukraine
70. United Arab Emirates
71. United Kingdom of Great Britain and Northern Ireland
72. USA
73. Uzbekistan
74. Vietnam

You can find the list of applicable Double Tax Treaties and their text (in Slovak) here: www.mfsr.sk/en/taxes-customs-accounting/direct-taxes/income-tax/international-taxation/double-tax-treaties/

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Disclaimer

This document provides a basic overview of the principles of income taxation in Slovakia in an international context for specific target groups and does not include all the details necessary for a case-by-case assessment. Only the most important provisions are presented, which do not represent the full set of relevant regulations. This document is in no way a substitute for official legal advice. For specific legal or tax issues, it is recommended to consult a qualified professional or contact the relevant tax authorities, e.g.: www.financnasprava.sk/en/ask-financial-administration

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