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Creation of VAT in the modern history of Slovakia¹

K A R I N C A K O C I * - K A R O L Í N A Č E R V E N Á **

Abstract: Value added tax (VAT), as a general indirect excise tax on consumption, today represents one of the basic pillars of the tax system in the Slovak Republic. In this article, the authors deal with the development, position and significance of VAT in Slovakia, with an emphasis on its historical development since 1918. The aim of the paper is to assess (pros/cons) of the institution of VAT in the SR, from the point of view of historical development, the current situation, *de lege ferenda*, and its importance within the tax system, using qualitative methods, as well as analyses and comparisons.

Keywords: Taxation, Value added tax, Tax policy

1. INTRODUCTION

Today, value added tax (VAT) in the Slovak Republic already has the nature of a harmonised tax. From the point of view of tax revenues flowing into the state budget of the SR, VAT represents an important source for financing state budget expenditures. Tax revenues are a significant component of the total revenues of the state budget of the Slovak Republic, accounting for 79.58% in 2017, 77.8% in 2018 and 77.95% in 2019, whereas the revenue from VAT in total tax revenues accounted for 53.02% in 2017, 53.59% in 2018 and 54.54% in 2019.² The possibility of state budget expenditures depends directly on the amount of revenue flowing into the state budget, where taxes are traditionally considered to be the main source of revenue. Securing an improvement to the existing legislation – which can also contribute to

achieving optimal taxation³ – we believe should start with a detailed examination of the institution of VAT, from the point of view of its historical development as well as the current operation within the economic system.

2. CREATION OF VAT AFTER 1918 (BRIEF EXCURSUS)

After the establishment of the Czechoslovak Republic (1918), in the field of tax law the Austrian tax system that had been valid for the Czech lands was applied concurrently with the Hungarian tax system, which had been valid in Slovakia. In our opinion, the resulting legal dualism was of no real significance because these two tax systems did not differ markedly from each other at that time. The tax on turnover⁴ implemented in 1919 represented a fundamental stage in the development of VAT, and was considered the most important indirect tax in Slovakia. The turnover tax taxed turnover at all stages of productive manufacturing and business activities; it was also levied on the sale of goods between private persons as well as on performances and services of all kinds (such as repairs, transport services, performances of freelance professions), while consumption itself was also subject to this tax, as were goods imported from abroad. The turnover tax in its economic sense fulfilled the functions of accumulation, control function and regulation; it could only be imposed on manufac-

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turing organisations for the direct sales of goods, on sales and supply organisations within manufacturing industries, on organisations purchasing agricultural products, and on trade and other organisations, except for foreign trade enterprises. The Ministry of Finance could stipulate that budgetary and contributory organisations may also be subject to the turnover tax in exceptional cases.

In the period from 1945 to 1952, in the field of indirect taxation, we have identified the following as the most significant changes:

- the introduction of a general purchase tax, which was part of the consumer prices of goods and services, simplified the system of indirect taxation significantly,
- the general purchase tax became the main tool for releasing financial capital generated in state-owned, cooperative and private enterprises,
- any goods on the list of tax rates were subject to the tax,
- the final product was taxed at only one stage (tax collection was concentrated on the trade),
- goods imported from abroad were subject to the same tax regime as goods of domestic production, but the export of goods was not subject to tax,
- some indirect taxes were abolished, such as the water power tax, the mineral and soda water tax, food products tax (so-called access tax),
- other types of indirect tax were adjusted; there was a new amendment to the legislation.

One fundamental change in the field of indirect taxes took place after February 1948, where Act No. 283/1948 Coll. introduced a general tax from 1 January 1949, and subsequent amendments to this law changed the original name of this tax to general purchase tax,⁵ which was a new type of indirect tax – it included, and thus replaced, all existing indirect taxes, including turnover tax and price compensatory amounts.⁶

With effect from 1 January 1953 (based on Act No. 73/1952 Coll. on turnover tax as amended by Act No. 107/1990 Coll. and Implementing Decree No. 560/1990 Coll. and the turnover tax rate list)⁷

the general purchase tax was again replaced by a turnover tax, which, however, was built on principles differing from⁸ the general purchase tax.

One important milestone in the development of the Slovak political-economic system came in 1989, which brought significant (albeit only gradual) changes to all areas of economic life in Slovakia. In the area of indirect taxes, the first step was the adoption of Act No. 107/1990 Coll., which amended Act No. 73/1952 Coll. on turnover tax, starting a new trend of the gradual and ultimately complete abolition of turnover tax. Act No. 530/1991 Coll. on import tax was adopted, which supplemented the turnover tax. The aim of its introduction was to eliminate tax evasion,⁹ particularly in relation to natural persons engaged in the foreign trade activity of importing goods. At the same time, during this period legislative activities were underway to create a new tax system.

3. VAT HARMONISATION WITHIN THE EU

The creation of VAT in its current form in the recent history of the Slovak Republic was influenced by harmonisation processes at the EU level, as the area of indirect taxes is currently significantly harmonised in EU Member States, meaning in practice that there is a common VAT system as well as a general system of excise duties, which Member States are obliged to implement in their legal systems.¹⁰ However, the harmonisation is not absolute and Member States still have a degree of discretion in the legal regulation of these taxes, for example in the area of tax rates or exemptions. Initially, there were two different tax systems in Europe in the field of indirect taxation: a) the system applied in France, which was the first and only country to apply VAT; b) in other European countries, where a cumulative cascading system of turnover tax was applied: multiple taxation occurred in this system because not “only” added value was taxed, as in the case of value added tax, which meant this system was unable to guarantee tax neutrality.

When deciding whether to apply a uniform system for Member States in the field of indirect taxation, the conclusions of the special working group established by the European Commission and the conclusions of the Fiscal and Financial Committee of 1960 also clearly contributed; they confirmed that cumulative tax systems for indirect taxation must be abolished and Member States should introduce value added tax. In 1967, the first Council Directive No. 67/227/EEC on the harmonisation of the laws of Member States relating to turnover taxes was adopted, which required individual Member States to replace their existing system of turnover taxes with a common system of value added tax. The common system of value added tax should have been based on the principle that the general excise duty is applied to goods and services in direct proportion to the price of goods and services, regardless of the number of transactions carried out in the production and distribution processes before the stage at which it is subject to the tax. For each transaction, a value added tax was levied calculated from the price of the goods or services at the rates applicable to those goods or services after deducting the value added tax which the individual cost elements were charged directly. The Council also undertook to issue a second directive on the structure of the common system of value added tax and the procedure for its application. The second Council Directive No. 67/228/EEC on the harmonisation of the laws of the Member States relating to the turnover tax as well as the structure and procedures for applying the common system of value added tax precisely defined the subject-matter of the tax (the subject of the tax was the sale of goods and the supply of services within the territory of a Member State carried out by a taxable person for remuneration and the import of goods). This directive also defined other terms such as: place of taxable transaction, territory of the State, sale of goods, provision of services, taxable person. Pursuant to this Directive, the individual Member States retained the right to impose different tax rates and adopt measures in national legislation to prevent tax evasion. This Directive also introduced special tax regimes for small businesses and for entities engaged in agricultural production. Significant

changes in the system of indirect taxes also generated problems and fears on the part of individual member states that the revenue side of their state budgets would not be met. For this reason, three more directives were adopted extending the deadlines for introducing value added tax. These were the Third Council Directive No. 69/463/EEC, which extended the implementation period of value added tax for Belgium until the end of 1972, the Fourth Council Directive No. 72/250/EEC, and the Fifth Council Directive 72/250/EEC, which gradually extended the date for Italy to introduce value added tax until the end of 1973. Despite the adoption of these harmonisation directives, the legislation on value added tax varied considerably from one Member State to another. However, the most important directive related to harmonising indirect taxes was the Sixth Council Directive No. 77/388/EEC on the harmonisation of the laws of the Member States relating to turnover taxes - Common system of value added tax: uniform basis for its assessment, the aim of which was to eliminate inconsistencies in the harmonisation process of value added tax between the Member States, and to define the smallest scope for possible derogations from this tax within the framework of national legislative arrangements.

4. VAT AFTER THE ESTABLISHMENT OF THE SLOVAK REPUBLIC (AFTER 1993)

The basic element of the Slovak tax system in the newly established independent Slovak Republic (established on 1 January 1993), as a result of the first phase of the tax reform, was to be the introduction of value added tax as a universal or general indirect tax. The adoption of Act No. 222/1992 Coll. on value added tax, together with the adoption of the Act on Excise Duties signalled a fundamental turnaround in the overall concept of the fiscal policy of the Slovak state. These steps were used to move part of the tax burden into the sphere of indirect taxes, in line with the global trend of easing the tax burden for business entities to stim-

ulate business development.¹¹ On 1 January 1996, Act No. 289/1995 Coll. on value added tax entered into force. Looking at the legal provisions we see the effort to gradually harmonise Slovak tax legislation with EU legislation. Pursuant to Act No. 289/1995 Coll., the subject of the regulation was value added tax, covering taxable transactions within the country and imported goods.¹² Any imported goods were also subject to value added tax, regardless of whether those imports were made in the course of business activities by business entities or whether they were carried out by entities that were not entrepreneurs.¹³ Services, transfers and the use of rights from abroad were not subject to tax. The key term in the law was the term Taxable Transaction, as the definition of this term conditioned the overall mechanism of taxation. Value Added Tax Act No. 289/1995 Coll. distinguished between persons liable for tax (within the country, in principle, they were the subjects for whose benefit the taxable transaction took place and, with goods imports, subjects to whom the goods were to be released with the proposed customs regime, unless otherwise provided) and persons subject to tax (these were the natural and legal persons who carried out the taxable transactions). The taxable entity became a taxpayer, as a specific natural or legal person by registration, either by meeting the conditions stipulated by law, or voluntarily. The possibility to revoke the registration was subject to the condition that taxpayers could only ask for the revocation at the earliest after 1 year from the day they became taxpayers. However, it was also contingent on their turnover not reaching SKK 750,000 in three consecutive months, and SKK 3 million for twelve consecutive months. The subjects of value added tax in accordance with Act No. 289/1995 Coll. were: (a) payable taxable transactions, including consideration in kind; (b) taxable transactions effected free of charge; and (c) taxable transactions effected for the personal consumption of the taxpayer. The tax base was usually a price or other consideration for a taxable transaction that did not include tax. However, Value Added Tax Act No. 289/1995 Coll. provided for a number of specific exceptions to that principle. In general, the tax base was the price including tax if the taxable transaction, which the taxpayer

registered according to a special regulation, was paid in cash for the benefit of a person who was not a taxpayer. Firstly, that legislation introduced a basic tax rate of 23%, which applied to all taxable transactions, except for transactions where the law expressly provided for the application of a reduced tax rate. The reduced tax rate was 10% and was applied to the goods and services listed in Annex No. 1, which was part of the Value Added Tax Act, in the transactions of a transfer, succession or lease of real estate or part thereof, in the rental or hire of passenger cars, for which it was not possible to claim a tax deduction, and in the purchase of a car on the basis of a leasing contract. The linear tax rate (19%) was introduced by Act No. 255/2003 Coll., amending Act of the National Council of the Slovak Republic No. 289/1995 Coll. on value added tax as amended, by which a linear tax rate of 19% was introduced with effect from 1 August 2003. An important part of the value added tax application was also the taxpayer's eligibility for tax deduction.

5. VAT AS PART OF THE SLOVAK TAX SYSTEM

We do not consider the principle of taxation in the Member State of consumption to be perfect, given the existing tax evasion,¹⁴ but we consider it to be stable, its application is predictable both for tax subjects and tax administrators. In terms of the subject of the tax, both European and Slovak legislation equally distinguish between four types of taxable transaction that are subject to VAT: (i) the supply of goods for consideration within the territory of the country by a taxable person acting in the capacity of a taxable person; (ii) the provision of a service for consideration within the territory of the country by a taxable person acting in the capacity of a taxable person; (iii) the acquisition of goods for consideration in the country from another Member State of the European Union and (iv) the import of goods from third countries (outside the EU) into the country.¹⁵ 'Supply of goods' shall mean the transfer of the right to dispose of tangible property¹⁶ as the owner. The

distinction between tangible and intangible assets has a direct link to the identification of the taxable business type – the provision of a service is defined in the VAT Act as a taxable business primarily in a negative way, as any transaction which is not a supply of goods is considered a provision of services, but at the same time, the legislation demonstratively states that some businesses have the character of a service provider: (i) the transfer of an intangible property right, including the granting of an industrial property right or other intellectual property right; (ii) granting the right to use tangible property, for example under a lease for a movable or immovable item; (iii) accepting an obligation to refrain from any act or to tolerate acts or status (e.g. on the basis of restrictions arising from easements); or (iv) a service provided on the basis of a mandate or decision issued by a state authority or on the basis of a law, such as the services of notaries or bailiffs. The primarily negative definition of the supply of a service as a taxable transaction has the undeniable advantage of being able to cover, in principle, the entire business sector of services, without the need for their positive enumeration. Based on the applied principle of the country of destination, the export of goods is exempt from VAT under the conditions laid down by the law and, conversely, the acquisition of goods¹⁷ in the country of destination is considered a taxable trade (i.e. subject to tax). In accordance with the declared VAT neutrality, it is natural that goods are subject to this tax regardless of their origin (inland, EU Member State, third country outside the EU). Therefore, goods imported from outside the EU cannot benefit from a tax advantage by making their imports exempt from VAT. When goods are imported into the country, VAT is primarily subject to the provisions of customs legislation, in particular legally binding EU acts, as there is a customs union within the EU (see Cakoci, 2008).

The VAT application system is based on the payment of this tax by all actors in the supply chain (from the manufacturer to the final seller) who supply goods and/or services within the course of their economic activity. If legal conditions are met, these persons (usually, but not exclusively,

entrepreneurs) have the status of obligated subjects, which in connection with the payment and collection of value added tax have a number of monetary but also non-monetary obligations in relation to the tax administrator. The legal regulation stipulates precisely when a taxable person is obliged to register as a VAT taxpayer, or when that person becomes a taxpayer *ex lege*.¹⁸ According to the current legislation, a taxable person is any person who independently carries out any economic activity, regardless of the purpose or results of that activity. However, in exceptional cases, public entities, bodies or institutions may also be considered taxable persons. Not every taxable person is part of the value added tax system. The mere fact that a particular person has the status of a taxable person does not mean that this person is obliged to apply the tax at the rate specified by law in their prices, or in prices of the supplied goods or services, and that this person has rights that the law grants only to a specific group of persons who are referred to as taxpayers.¹⁹ A taxable person becomes a taxpayer based on one of the two presumed possibilities, i.e. registration and subsequent actions of the tax administrator, or on the basis of other facts prescribed by law (*ex lege*). The registration of domestic taxable persons takes place on a mandatory as well as on a voluntary basis. The mandatory or voluntary registration results in obtaining the legal status of a taxpayer. If the relevant tax administrator finds that a legal entity or a natural person who has submitted an application for tax registration is a taxable person, it shall register the taxable person, issue their tax registration certificate and assign a tax identification number to the taxpayer. On the day specified in the tax registration certificate, the taxable person becomes a taxpayer, both with the obligations and with the rights that the law associates only with the person of the taxpayer. In addition to the mandatory and voluntary registrations of domestic taxable persons, the legal regulation also stipulates other cases of registration leading to the creation of taxpayer status. This is the registration of groups (taxable persons connected organisationally, economically, financially) as well as the registration of foreign persons who carry out their activities in the territory of the Slovak

Republic, or supply goods by mail order.²⁰ Even in these cases, the registration ends with obtaining taxpayer status. The value added tax base quantifies its subject.²¹ For the purposes of calculating tax liabilities, such taxable transactions for VAT purposes are quantified by a monetary amount, which, however, is determined depending on the type of taxable transaction. The tax base is determined in a common and uniform manner for three types of taxable transaction – (i) the supply of goods; (ii) the supply of services; and (iii) the acquisition of goods inland from another Member State. In these cases, the taxable amount is everything that constitutes the consideration that the supplier has received or is to receive from the recipient of the transaction or other person for the supply of goods or services, tax excluded.

Council Directive 2006/112/EC on the common system of value added tax (hereinafter “the Directive”) sets minimum tax rates, thus creating scope for them to vary. The taxable transactions are taxed under the conditions valid in the EU country in which the transactions take place, with the basic VAT rate not being lower than 15%. In addition to the basic rate, Member States may apply one or two reduced rates, which may not be less than 5%. The reduced tax rates may be applied only to the supply of goods and services in the categories set out in Annex III to the Directive, examples of which may include food, books, pharmaceuticals, admission to cultural or sporting events, passenger transport, accommodation, etc. In the legislation of the Slovak Republic, the basic tax rate of 20% and one reduced tax rate of 10% are currently applied.

One of the characteristic features of the value added tax is its transparency – despite the fact that the tax is levied at every stage of trade or manufacturing, it does not snowball, as the current legislation excludes the application of tax on tax. Thus, each taxpayer pays the tax to the tax authority only on what, in simple terms, has increased the price of the goods or services they supply compared to the previous stage. The number of stages by which the supply passes from the initial processing up to its final realisation is not important at all.²² Said mechanism is the result of

the parallel effect of partial adjustments related to the occurrence of the tax liability and the eligibility for a tax deduction. The eligibility for a tax deduction on goods or services arises for the taxpayer on the day when the tax liability arose in respect of those goods or services. Therefore, the taxable person will become eligible for a tax deduction on the same day as the tax liability arises for the supplier of goods or services or for the purchaser of goods from another Member State. This fact expresses the basic principle in the application of the value added tax system that eligibility for a tax deduction (the right of the taxpayer in relation to the state budget) cannot arise before the tax liability of the supplier arises in relation to the state budget. One problematic point in the practical application of this principle is the decision-making on the taxpayer’s registration made by tax administrators associated with the issuance of a registration certificate and the assignment of a tax identification number, in situations when there are doubts whether the applicant is a taxable person. In accordance with the foregoing, the status of a taxable person is a necessary precondition for both compulsory and voluntary registration, as well as in the case of the *ex lege* taxpayer status establishment.²³ Although Article 214 of the Directive exhaustively defines the categories of persons that should be identifiable by the individual numbers, this provision does not lay down the conditions which the assignment of a VAT identification number may be subject to. It follows from the wording of Articles 213 and 214 of the Directive that Member States have a degree of discretion in adopting measures to ensure the identification of taxable persons for VAT purposes, even though anyone with the intention, supported by objective circumstances, to pursue an independent economic activity and incurring the first investment costs for these purposes must be considered a taxable person.²⁴

6. CONCLUSION

During the targeted historical research of the creation of value added tax and its current significance and position (state of *de lege ferenda*) in

the tax system of the Slovak Republic, the authors came to the following findings:

From the point of view of historical development (since 1918), the predominant tax among indirect taxes in Slovakia was turnover tax, which was gradually transformed into value added tax (VAT). In Slovakia's recent history, value added tax is considered a reliable and productive tool ensuring income for the state budget (see data in the introduction).

The legal regulation for the institution of VAT in the process of its creation took into account the degree of transformation of the Slovak economy (change of economic system to a market-oriented economy after 1989).²⁵

The current form of VAT in Slovak legislation was subject to a process of harmonisation within the EU. One drawback of value added tax in the Slovak Republic would be the costs (direct and indirect)

related to tax collection and administration (both in a personnel and material sense). VAT represents a surcharge on the price of the supply (state-initiated price surcharge).

A uniform tax policy and its application within the EU Member States may lead to a disproportionate burden on some²⁶ taxpayers (taxpayers will no longer be able to take advantage of the tax policy of other states).

Since the principle of the destination country currently applied means that value added tax is levied in the country where the goods or services are consumed, harmonising the legislation related to turnover taxes is possible through the VAT system.

The advantage of tax base harmonisation and the implementation of harmonised VAT rates lies in better transparency and simpler administration in our view, although we still consider setting up optimal taxation to support long-term and balanced economic growth a permanent problem.

Notes

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2 The processed source data itself from the Ministry of Finance of the Slovak Republic and the Financial Administration of the Slovak Republic is available at: <https://www.mfsr.sk/sk/financie/statne-vykaznictvo/klucove-dokumenty-uctovne-zavierky/statny-zaverecny-ucet-sr/> and https://www.financnasprava.sk/sk/infoservis/statistiky/plnenie-statneho-rozpoctu/_1/D%c3%a1tum%20publikovania/MTA=/NjQ=/NzM=/MQ==/MTA=/bnVsbA==/opb.

3 For example, the implemented changes in taxation (e.g. change in tax rates, introduction or repeal of taxes) affect aggregate demand (they change disposable income), while the goal of taxation should not consist of maximising tax revenues flowing into the state budget, but maximising the aggregate supply.

4 It was also referred to as the "chain tax". The subject of the turnover tax was turnover from the sale of goods of own production or own purchase (a condition for the establishment of taxable turnover was the sale of goods, by which the objective tax liability tied to the transfer of ownership of goods for remuneration was established); use or lending were not subject to turnover tax, since, in order for the State to be entitled to turnover tax on the sale of goods, it had to be goods of the taxpayer's own production or of its own purchases. When paying the turnover tax, the principle was that it had to be paid as a matter of priority, because it was not part of the organisations' own funds. When selling products, the turnover tax had to be paid to the state budget, regardless of the organisation's ability to cover all its liabilities from its own resources. The compensation for damage provided to socialist organisations due to loss of goods, damage, theft, defective goods, destruction, etc. was also subject to turnover tax. Gifts were subject to turnover tax too, regardless of whether they were goods of the taxpayer's own production or its own purchase. The day on which the invoice or other sales document was issued was decisive for the tax liability, and the sales prices valid on the day of the sale were decisive for determining the amount of turnover tax. There were three types of tax rate for calculating the turnover tax, namely fixed, percentage and differential. For more see Drachovský, J. (1928). *Přehled finančního hospodářství v Československé republice*. Praha, 1928. and also Slovinský, A., Girášek, J. (1974). *Československé finanční právo*. Bratislava: Obzor, 1974, p. 390.

5 Bujňáková, M. et al. (2015). *Dane a ich právna úprava v Slovenskej republike v kontexte daňovej politiky EÚ*. Košice: Univerzita Pavla Jozefa Šafárika v Košiciach, 2015, p. 408.

6 Price compensatory amounts were introduced in 1947 to compensate for differences caused by lowering prices of certain types of consumer good.

7 According to that legislation, an undertaking was considered a payer of turnover tax. The tax liability arises from the sale of goods of own production, the sale of goods of own purchase, the purchase of goods from abroad and the internal use of goods of own production or own purchase, in specified cases. The tax base consists of the selling price including the tax, surcharges and deductions, in the case of imports; it also includes the import surcharge and customs duty.

8 The tax could be levied on the same goods only once (in principle, the taxation of means of production was not taken into account), the tax was linked to price lists of state wholesale and retail prices (the amount of the tax was determined mainly by the difference between the state wholesale price and the state retail price reduced by the trade margin, the technique of calculating and collecting the tax depended on the special conditions of individual industries, it was paid from the turnover of goods on a monthly basis), the taxpayers were obliged to calculate and pay it on their own, to file a tax return every month and, after the end of the year, to file an annual statement; the tax was not collected from goods exported abroad. See Girášek, J. (1981). *Daňovoprávne vzťahy v Československu*. Bratislava: Obzor, 1981.

9 Babčák, V. (2015). *Právo Európskej únie a boj proti podvodom v oblasti DPH*. In *Daňové právo vs. daňové podvody a daňové úniky: nekonferenčný zborník vedeckých prác*. I. diel. Košice: Univerzita Pavla Jozefa Šafárika v Košiciach, 2015, pp. 9-36.

10 For more see Románová, A. (2013), *Aktuálne predstavy a snahy EÚ v oblasti daňovej normotvorby*. In *Právo, obchod, ekonomika II*. Praha: Leges, 2013, p. 227 et seq.

11 According Králik, J., Jakubovič, D. (2004). *Finančné právo*. Bratislava: Veda, 2004, p. 725.

12 All business activities were subject to taxation with this tax as long as they took place on Slovak territory.

13 For example, civic associations, budgetary organisations or contributory organisations.

14 For more see e.g. Štrkolec, M. *Intrakomunitárne a „extrakomunitárne“ obchody a daň z pridanej hodnoty*. In *Právo, Obchod, Ekonomika III*. Košice: Pavel Jozef Šafárik University in Košice, 2013, p. 398 et seq.

15 See Terra, B. J. M., Wattel, P. J. (2012). *European Tax Law*. Hague: Kluwer Law International, 2012.

16 It follows from the ECoJ case-law that this concept includes any transfer of tangible assets by a party that allows another party to efficiently dispose of these assets as if they were the owner. See the judgments of the ECoJ in Case C-320/88, *Shipping and Forwarding Enterprise Safe* of 8 February 1990, p. I-285, paragraph 7, and Case C-25/03, *HE* of 21 April 2005, p. I-3123, paragraph 64.

17 The import of goods into the territory of the European Union is considered the entry of goods from the territory of third countries.

18 Babčák, V. (2012). *Slovenské daňové právo*. Bratislava: EPOS, 2012, p. 670.

19 For more see Jánošíková, P., Mrkývka, P., Tomažič, I. (2009). *Finanční a daňové právo*. Plzeň: Vydavatelství a nakladatelství Aleš Čeněk, 2009.

20 Balko L., Babčák, V. a kol. (2006). *Finančné právo*. Bratislava: EUROKODEX 2006, p. 208.

21 Babčák, V. (2010). *Daňové právo Slovenskej republiky*. Bratislava: EPOS, 2010, p. 187.

22 Babčák, V. (2010). *Daňové právo Slovenskej republiky*. Bratislava: EPOS, 2010, p. 160.

23 Prievozníková, K., Olexová, C. *Zábezpeka na daň z pridanej hodnoty pri registrácii platiteľa dane*. In *Manažment v teórii a praxi*, roč. 9, č. 1-2 (2013), pp. 29-34.

24 This is because taxable persons, who may apply for a VAT identification number, are considered not only persons who are already performing an economic activity, but also persons who intend to take up such an activity and who have incurred the first investment costs for that purpose. Therefore, these persons may not be able to prove, at this preliminary stage of their economic activity, that they have the material, technical and financial means to take up such activity. For more, see the judgment of the ECoJ of 8 June 2000, C-400/98, *Breitsohl*, or C-280/10, *Polski Trawertyn*.

25 See Prievozníková, K. *Harmonizácia daňovej sústavy s právom Európskej únie s dôrazom na právnu úpravu dane z pridanej hodnoty*. In *Acta Iuridica Cassoviensia* 25. Košice: Univerzita Pavla Jozefa Šafárika v Košiciach, 2004, pp. 87-91.

26 As VAT has the character of a general indirect excise duty and is included in the price of goods and services, the tax burden ultimately imposes a burden on the consumer, who also pays that tax within the price.