

The Impact of Membership in the European Union on the Development of Tax Reforms in the Slovak Republic

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Abstract

The activity of the European Union manifests itself not only in the political, economic and social spheres, but also in the legal sphere, in which numerous harmonisations of the legislation of the individual Member States of the European Union are taking place, especially in the field of taxation. The study examines the historical development of tax regimes on the territory of the Slovak Republic, with the hypothesis of this study being that these reforms have been shaped not only by internal economic, political and social factors, but also by the extensive activities of the European Union. The aim of this study is to present a cross-sectional analysis of the key stages of tax reforms, to evaluate their compliance with the needs of the tax system in Slovak republic and to assess the extent of the impact of European legislation, in the form of regulations, directives and recommendations, on the national tax policy. The research used a comparative method to compare the development of tax principles in the Slovak Republic and the European Union, a method of analysis to analyse the individual phases of reforms and identify their objectives, as well as a synthesis method to formulate overall conclusions on the impact of these reforms on the current tax environment. The historical-descriptive method in mapping the developments and the normative method in assessing the appropriateness of the applied regulatory instruments were also used. The results confirm that the development of tax policy in Slovak Republic represents a hybrid model - responding to internal needs, but at the same time influenced by harmonisation trends within the European Union.

Keywords: tax, tax reforms, tax laws, tax system, tax relations.

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1. Introduction

Ensuring the functionality of public administration is one of the fundamental tasks of any state. In order for the State to fulfil this task, it is necessary to raise funds,

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which the States raise through public revenue. According to Sidak et al. these revenues must be continuous, stable and sufficiently high to ensure a regular cash flow to the State and, as a result, the financing and operation of public institutions. The public revenue system is a highly structured system, since it is economically and legally made up of a set of taxes, fees, duties, levies and other payments to the state. It should be noted that, within the European Union, there are a number of areas within the exclusive competence of the European Union, such as customs duties, in which the States are able to interfere only minimally in these policies.³ Taxation is also extensively harmonised, especially in the area of value added tax, but also in the area of tax evasion and tax fraud. However, taxes still represent, both at national and supranational level, the most important source of revenue for the state budget, without which it would be impossible to function. From a legal point of view, it is important to note that the relationship between the State and the taxpayer also establishes tax-law relations, which are governed by a specific branch of law - tax law.

The purpose of our scientific study is to examine the issue of taxes and the development of tax reforms in the conditions of the Slovak Republic and the European Union in a historical and cross-sectional context, with the hypothesis that the direction and content of these reforms is determined not only by domestic economic and social factors, but also by legislative and political developments in the European Union. The aim is to identify the different stages of the reforms, to assess their impact on the structure of the tax system in the national context, and to compare these processes with the evolution of tax principles within the EU. Despite the fact that this is a relatively frequently discussed topic, we believe that this issue is still an interesting and important topic for scientific processing.

From the point of view of systematics, our scientific study is divided into several logically connected chapters, in addition to the introduction and conclusion. In the introduction, we briefly analyze the issue of taxes themselves as the main tool for the functioning of each state, we describe the importance of taxes in the context of the European Union, and we briefly introduce the impact and legislation of the European Union on tax policy. At the same time, we try to place this scientific study in a broad context and emphasize why it is important and significant. We devote the next chapter to the methodology and specific methods used in the study. In the main, substantive section, we examine the individual phases of tax reforms and discuss the differences. In conclusion, we present the results and findings of our research.

It is important to note that although this topic has been discussed and debated by both the lay and professional public, it is still a relatively topical issue, especially because the tax system is not static - its development is constantly influenced by economic cycles, political decisions, social changes, as well as integration processes within the European Union. It is precisely the harmonisation of national norms with the European legal and economic space that creates a dynamic framework that requires repeated and continuous scientific reflection. In recent years, there has been a shift in

³ Mikuláš Sidak, Andrea Slezáková, Edita Hajnišová and Stanislav Filip. "Determination of Public Supervision Aspects and Legal Pillars of Activities of Financial Agents in Central European Countries" *Administrative Sciences* 13, no. 3 (2023): 78. <https://doi.org/10.3390/admsci13030078>.

tax policy not only in the context of economic challenges (e.g. inflation, energy crisis, public debt), but also in the context of the digitalisation of the economy, environmental requirements and pressure for tax justice, and it is therefore necessary to address this topic in a timely manner. In addition, the Slovak Republic, compared to other EU states, has specific historical and legislative backgrounds that influence the form and impact of tax reforms. It is the cross-sectional history of tax reforms combined with a comparison of European developments that allows identifying patterns, mistakes, opportunities and new directions that might otherwise be overlooked.

2. Materials and Methods

The basis of any work is a well-developed methodology and, consequently, the selection of appropriate methods. Methodology is generally the doctrine of methods, i.e. it is a set of principles and rules that a scientist uses in his work to achieve the goal of his research and thus confirm or refute a hypothesis. A method already represents a particular procedure or technique that we use to collect, process and interpret data.

The starting point of this scientific study is the hypothesis that the development of tax reforms in the Slovak Republic is not solely shaped by national legislation, economic and social conditions, but is also significantly influenced by activities within the European Union. This hypothesis is based on the main assumption, which has already been confirmed and published several times, that there is significant harmonisation in the European Union in the area of taxation, and that this harmonisation has both a direct and an indirect impact on the design and application of national tax strategies.

The main objective of this study is to analyse the historical development of tax reforms in the Slovak Republic, identify their key stages and assess their impact on the structure of the tax system. The secondary objective is to compare the development in Slovakia with the development of tax principles and reforms in the European Union, with an emphasis on their interconnectedness. We want to achieve the set goal of the scientific study mainly by thoroughly examining legal regulations as well as scientific and professional literature. In order to ensure greater scientific value of our research, we researched and used scientific articles, conference contributions found in the Web of Science and Scopus databases.

Among the scientific research methods used, we primarily apply the method of logic, which is applicable not only in legal sciences. As Kaššaj states, it is mainly a method determining the rules of human judgment based on many years of experience.⁴ No less important is the role of abstraction as a method ensuring the unification of multiple thought processes, resulting in the separation of the most important ideas, especially when examining judicial decisions. Synthesis as another applicable scientific research method is recommended by Kaššaj in dividing the text into individual parts. In their opinion, in the subsequent analysis of these parts, they will finally be combined

⁴ Michal Kaššaj “Synergies and Potential of Industry 4.0 and Automated Vehicles in Smart City Infrastructure.” *Applied Sciences* 14, no 9: 3575 (2024). <https://doi.org/10.3390/app14093575>.

into a single whole.⁵ The methods of description, synthesis, analysis and comparison were used in several parts of this study, namely:

1. Descriptive method - used in the elaboration of the theoretical background and in the description of the development of tax instruments and reforms in different historical periods.

2. Analysis - applied in the analysis of the different phases of tax reforms, their legislative frameworks and impacts on the tax system.

3. Synthesis - used in unifying partial findings from different historical periods and in drawing conclusions about long-term trends in tax policy in the Slovak Republic.

4. Comparative method - used to compare the Slovak development with the development in the EU.

5. Historical-descriptive method - was used to map the development of tax reforms in the Slovak Republic in chronological order. It allowed to capture important stages, legislative changes and their contexts in the context of broader historical development.

In order to obtain new knowledge, we examined and assessed carefully selected sources, especially case law, the content and meaning of which we assessed in the context of knowledge from professional and scientific literature, taking into account its usability in practice. The primary source is the legislation of the Slovak Republic and the European Union published in official collections of legislation, and the secondary source is scientific and professional literature, including publications indexed in the Web of Science and Scopus databases.

3. Theoretical Background

According to Králik and Jakubovič in general, a tax is defined as a mandatory and non-refundable monetary payment (payment) determined in a predetermined amount in a special process with a precisely defined due date used to cover state (public) needs, collected by the state (represented by financial authorities) or municipalities (self-governing regions) on the basis of the law. It represents the most significant type of cash contribution to public financial resources, particularly to the state budget. The tax liability arises by law or on the basis of the law by a decision of the authorized entity.⁶

Milošovičová et al. expresses the opinion that the historical development of taxes can be traced back to ancient times. They represented irregular and occasional payments. At that time, tax payments were realized mainly in kind, the regime of cash payments did not work. According to this authors, the development of agriculture, trade, crafts, and services necessitated the introduction of money as a general exchange and

⁵ Michal Kaššaj. "Sustainable Connectivity—Integration of Mobile Roaming, WiFi4EU and Smart City Concept in the European Union." *Sustainability* 16 no. 2:788 (2024). <https://doi.org/10.3390/su16020788>.

⁶ Jozef Králik and Daniel Jakubovič, *Dictionary of Financial Law* (VEDA, 2004) 14.

payment equivalent.⁷ Since their introduction, the form of collecting and paying taxes has also begun to change. With the development of economic conditions, the role of the state as the administrator of its territorial unit also increased. Subsequently, the importance and function of public administration expanded, encompassing areas such as the administration of justice, regulation of trade routes, development of education, fulfillment of the state's social responsibilities, central defense, and related domains. We register the initial development of taxes in forms such as domains, shelves, excise taxes, contributions.⁸

We agree with the opinion that customs duties became the most important source of income, however, it should also not be overlooked that the State has historically had other revenues, for example from the granting of easements.⁹ In the 19th century, split tax elements were introduced. At the turn of the 19th and 20th centuries, states recorded increased consumption of spending. The beginning of the 20th century represented a period accompanying the beginnings of the introduction of tax reforms in our territory. The tax reforms and specific legislative changes of the 20th century reflected the dynamic development of the economy throughout Europe. The political and economic arrangements of states formed the basis for changes in the areas of their fiscal policies. We date the reforms that were influenced by the world wars and the development of changes in the order of Europe. The European Community was founded on the principles of economic cooperation, which significantly influenced the evolution of taxation and the development of tax systems within the Member States.

Tax law is according to Babčák a sub-branch of financial law and consists of a set of special substantive and procedural norms contained in statutory and subordinate regulations, establishing the rights and obligations of subjects of tax-legal relations.¹⁰ In practice, they are implemented in the form of normative tax and legal acts (legal regulations) and individual tax legal acts (application of tax law).¹¹

Tax-legal relations represent social relations regulated by the norms of tax law. They are the result of relations between two entities regulated by tax law standards, i.e. a taxpayer's entity (a natural person and a legal entity) and a tax collector's entity (state, municipality, customs administration, etc. in the form of a "tax administrator"). A taxpayer is a subject of a tax-legal relationship and is represented by a natural person or a legal entity whose income, property or activity is subject to tax.

Fiscal neutrality is according to some economist a state in the economy where fiscal policy does not change total economic output or affects it only minimally. In

⁷ Petra Milošovičová, Alexandra Mittelman, Boris Mucha and Tomáš Peráček, "The Particularities of Entrepreneurship According To the Trade Licensing Act in the Conditions of the Slovak Republic," Proceedings of the 31st International Business Information Management Association (IBIMA), ISBN: 978-0-9998551-0-2, 25-26 April 2018, Milan, Italy, p 2736-2745, <https://ibima.org/accepted-paper/the-particularities-of-entrepreneurship-according-to-the-trade-licensing-act-in-the-conditions-of-the-slovak-republic/>

⁸ Jozef Medved' and Juraj Nemec, *Fundamentals of Public Finance* (SPRINT, 2007) 269.

⁹ Tomáš Peráček. "Legal Easements as Enablers of Sustainable Land Use and Infrastructure Development in Smart Cities." *Land*, 14, 6812025. <https://doi.org/10.3390/land14040681>.

¹⁰ Jozef Králik and Daniel Jakubovič, *Dictionary of Financial Law*, (VEDA, 2004) 14.

¹¹ Vladimír Babčák, *Tax Law in Slovakia and the EU* (EPOS, 2019) 135.

simpler terms, it is a state where total government revenue and total government expenditure are equal. Thus, the government is not in debt. Most countries in the world have a national debt that is constantly increasing, which means that expenditure exceeds government revenue.¹²

4. Tax Reforms in Slovakia

The second half of the 19th century marks the period of the first fundamental developmental changes in our territory within the Austro-Hungarian Empire. In Hungary, the tax system was established with regard to the country's lower level of economic development and its prevailing focus on agrarian policy. The Austrian tax system was more advanced due to the more advanced form of the economy. The division of the tax system was adapted to this. In the 70s of the 19th century, Hungary made a change in the areas of direct taxes as a slight progress compared to the situation from the times of absolutism. In Austria, the changes were mainly reflected in the adoption of the law on direct personal taxes. This is also related to the period of the beginning of the 20th century, namely the period from 1909 to 1912.

In this period, the Austro-Hungarian Empire can be evaluated as a territory where a mixed type of tax system operated, characterized by the existence of one income tax and several income taxes. The First World War (1914 -1918) had a clear impact on the regime of state finances. The length of the conflict directly impacted the growing necessity to finance state expenditures, which was reflected in adjustments to land tax rates, taxes on war profits, and the introduction of new taxes, such as those on transportation, railways, lighters, and alcohol. The establishment of Czechoslovakia (28 October 1918) was, as with most of the newly established state formations, accompanied by the existence of an unfavourable situation in the areas of state finances.¹³ State debts, which, after the previous territorial administrations, together with the increased debt caused by the war conflict, represented a harbinger of financial collapse. It was necessary to proceed with the consolidation of the economy through a financial plan. The tax reform of 1927 can be defined as the beginning of the official introduction of tax reforms and specific legislative changes in our territory. In the era of our territory, we record four important stages, whereby some of these stages are considered as tax reforms and some are considered as specific legislative changes. The criteria on the basis of which we have divided these stages are as follows:

a) Tax reform - This is a comprehensive, systemic change in the tax system that affects several areas of tax law (e.g., direct and indirect taxes, tax administration, powers of authorities); it has a nationwide impact and is related to the transformation of the economic system or a response to fundamental social changes; it aims to change the principles of taxation (e.g. It is clearly defined in time, often linked to a specific effective date, has a long-term impact and is often politically declared as a reform.)

¹² Dantina Wang and Yemeng Sun. "Impact of green finance incentive policies on China's carbon neutrality capability: An evaluation based on the difference-in-differences model." *Finance Research Letters* 77, (2025): 107066. <https://doi.org/10.1016/j.frl.2025.107066>.

¹³ Ladislav Balko and Jozef Králik, *Financial Law* (Comenius University Bratislava, 2010) 491.

b) Specific change in tax legislation - This is a piecemeal, thematic adjustment within the existing tax system that addresses a specific problem or area (e.g., changing rates, introducing a new tax, adjusting a tax benefit); responds to a specific economic need or legislative ambiguity; does not undermine or change the basic framework of the tax system; may be part of a broader development but is not a reform per se; does not require fundamental changes in tax administration or infrastructure (unlike reforms, which often do).

Doležalová states that, **the first tax reform** was „started“ in 1927 by the Minister of Finance, Karol Engliš, with the tax reform, also called the *"Engliš tax reform"*. It significantly affected the area of direct taxes, where it was necessary to eliminate the duality of what was taken over from the Austro-Hungarian Empire. It regulated pension tax regimes along with several income taxes. In the areas of direct taxes, the legislation specified taxes related to the issue of pensions, general and special earnings, land connections, house taxes, annuity taxes, royalties and higher service pay. Reform laws were adopted, including central legislation on direct taxes, regulations implementing these laws, rules governing the financial management of local government associations, provisions on stable balances related to the material situation of enterprises, and the establishment of a road fund with the introduction of a motor vehicle tax.¹⁴

We record the continuation in the thirties, when taxes on beer, lemonades, mineral and soda waters were gradually introduced. In 1934, the Military Contribution Act was introduced, and two years later, dividends and interest on securities were levied on an extraordinary tax. Peráček states in his theoretical-historical scientific study that, the period of the 1930s until 1939 saw the improvement of the tax system, especially in the area of direct taxes. These seemed to be insufficient at the time due to the economic conditions in the state. From 1939 until the end of World War II, we note a certain development and change in the legal order within the independence of Slovakia. At the same time, however, we can state that there was no fundamental deviation from the period of Czechoslovak statehood.¹⁵

The second major tax change was not as extensive as the first tax reform, and rather in this context we are talking about a significant and specific legislative change that dates back to 1946. The unification and restoration of Czechoslovakia can be understood as its beginning, i.e. after the adoption of Act No. 134/1946 Coll. on Property Taxes with the designation "property gain benefit and property benefit", but in fact this specific legislative change was politically launched only by the first national economic conference of the Communist Party of Czechoslovakia.¹⁶ During that period, it was essential to address certain inadequate tax regulations concerning financial monopolies, including those on explosive materials, tobacco, artificial sweeteners, alcohol, and salt. This changes in tax legislation went down in history as the *„Building Program of the Government of Klement Gottwald“*. It was characterized by the

¹⁴ Doležalová Alena, *Rašín, English and the others: Czechoslovak state budgets in the years 1918-1938* (CALAMRUS, 2007) 424.

¹⁵ Tomáš Peráček, "A few remarks on the (im)perfection of the term securities: a theoretical study." *Juridical Tribune - Tribuna Juridica* 11, no. 2 (2021): 135-149, doi: 10.24818/TBJ/2021/11/2.01

¹⁶ Jozef Králik and Daniel Jakubovič, *Dictionary of Financial Law* (VEDA, 2004) 25.

principles of its simplicity, clarity and form, which should be understandable to every taxpayer.¹⁷ Its effort was to intervene in the tax system in the areas of payroll taxes, the introduction of peasant and trade taxes, taxes on liberal professions, taxes on enterprises and on non-working income. Gradually, its development was adjusted to a tax on wages and agriculture, a tax on interest on deposits, a tax on literary and artistic activities, a tax on self-employment, and in 1947 to the so-called millionaire's benefit in the form of a one-off benefit and a benefit from excessive increments.

The third major change in tax legislation took place from 1952 until the late 1980s. Again, we are not talking about tax reform, because there was no overall change in the tax regime, the economy, but there was the adoption of numerous specific pieces of legislation that complemented and improved the tax system. There have been a number of significant changes in tax legislation and, as the state has sought to grow economically, it has also had to adopt extensive tax legislation that introduces changes to the tax adjustments of the post-war period and the Building Programme in the form of a reflection on the dynamic economic growth and development of agricultural cooperatives. This stage dates back to 1952 and was accompanied by significant changes, especially in the areas of local taxes and fees, as new elements of revenues for the budgets of national committees. There was an application of a tax system with principles significantly oriented towards the socialist regime in the areas of taxes paid by socialist organizations, taxes paid by the population and local taxes. Special attention should be paid to the development in agriculture through the transformation to a new form of peasant cooperatives through Act No. 77/1952 Coll. on agricultural tax, with the fact that members of cooperatives were favored by tax reliefs.¹⁸ At the end of the 1960s, a system of economic planning was introduced with the introduction of direct contributions from socialist organizations. At the same time, a system of wholesale pricing policy was introduced in order to unify and regulate the profitability of enterprises, thus creating the principle of uniform profitability. The following period was accompanied by efforts to enforce changes in the tax system as a result of the normalization changes in August 1968. This situation led to the adoption of a constitutional act establishing the Czechoslovak Federation and an adjustment of legislative powers regarding taxes and fees. From 1970, separate laws allowed for differences in the tax systems of the Czech Republic and Slovakia. At that time, a system of corporate tax, profit tax, property tax, and payroll tax was introduced. A social security contribution was also introduced. The concept of corporate taxation in force until then was reduced to a levy on profit, a levy on the free balance of profit, a social security contribution, a levy on depreciation of fixed assets, and additional levies. Some family business economists are convinced that, the criteria of the tax system have also been adapted to the period of economic and social development, with a focus primarily on social policy. Tax issues were focused on the central system, ease of selection and central management, with elements of support for the development of favorable

¹⁷ Ladislav Balko and Jozef Králik, *Financial Law* (Comenius University Bratislava, 2010) 35.

¹⁸ National Assembly of the Czechoslovak Republic. 1952. Act No. 77/1952 Coll. on Agricultural Tax. Available at: <https://www.slov-lex.sk/ezbierky/pravne-predpisy/SK/ZZ/1952/77/19580101>.

conditions for the functioning of the family.¹⁹ We perceive the fundamental developmental stages of the creation of the tax law in question mainly in the period after 1989 or since 1990. Changing conditions in society and the development of needs directly related to the fiscal policy of the state became the cause of changes in the tax system. This is directly proportional to the fact that after the changes since 1990, fundamental social and economic changes have occurred.²⁰

The last, **fourth in order change in tax legislation** was undoubtedly tax reform and can be dated from 01.01.1993, i.e. in the era of independent Slovakia. It is the most significant change in the field of taxation, because it was a change from a centrally planned economy to a market economy. It is undoubtedly one of the most significant tax reforms in the history of Slovakia/Czechoslovakia. However, the truth is that this phase has been going through the so-called transitional period since 1989. Changes have occurred in the system of organization of society. The development of tax and legal relations was inseparable from this. The conditions of a market economy, which had been practically non-existent until then. Act No. 212/1992 Coll. o Tax systems determined the new direction of the tax system and system.²¹ The stages of the changes introduced after 1990 can be differentiated in time, taking into account the development of tax law and the introduction of tax reforms in the following stages:

The tax system valid until 31.12.1992 is considered as the original tax system built on the basis of contributions to the state budget, taxes paid by organizations, taxes paid by the population and fees. In this period, the principle persisted that the state returned the accumulated resources received in these forms to support and develop the economy of the time. The state took responsibility for the economic operation of the entire economy and reduced the risk of liability of individual enterprises in individual sectors of the economy. There was a subsidy program for companies with a low and loss-making economy. At the same time, there was a gradual development of the business environment in the form of a change in the tax system. The existence of state-owned enterprises persisted as decisive aspects of the creation of the economy. The efficiency of tax revenue was poor, lagging behind the fiscal needs of the state, elements from the previous period persisted and these appeared to be insufficient.

The tax system was valid in the period from 01.01.1993 until the tax reform in 2004 and its development was fundamentally influenced by changes in society. According to Pauličková and Bakeš the Slovak Republic as an independent state entity, needed to adjust the regime of operation of fiscal policy instruments. The necessity for reform thus emerged from two primary dimensions. Firstly, it was driven by national social, economic, and societal developments. Secondly, it reflected Slovakia's strategic objective to integrate into European economic structures by fulfilling accession criteria. This process involved the liberalization of prices alongside a comprehensive transformation of the tax system, characterized by a shift in revenue emphasis from

¹⁹ Lucia Vilcekova and Lubomira Strazovska, "Selected problems of family business: A case study from Slovakia. *Acta Polytechnica Hungarica* 17, no. 7 (2020): 145–162, doi: 10.12700/APH.17.7.2020.7.8.

²⁰ Ladislav Vojáček, Jozef Kolárik and Tomáš Gábriš, *Czechoslovak Legal History* (Bratislava, 2013) 101.

²¹ Federal Assembly of the Czech and Slovak Federative Republic. 1992. Act No. 212/1992 Coll. on the Tax System. Available at: <https://www.slov-lex.sk/ezbierky/pravne-predpisy/SK/ZZ/1992/212/19960101>.

direct to indirect taxation in favor of the state budget. Based on the general acceptance of the rules of the market economy, principles such as legal perfection, efficiency of tax administration, tax justice, generality of taxation, effectiveness of taxation, approximation to the tax model of the European Union countries were adopted at that time.²²

From 1993, legislation introduced various taxes including direct taxes like pension and property taxes, indirect taxes such as value added tax, and selective excise taxes on products like beer, wine, alcohol, tobacco, and fuels. Later, some excise taxes were abolished, and the original law was replaced by new legislation that also amended tax administration rules.

Tax reform of the period in 2004 reflected on emerging needs and an unbalanced situation that created contradictions between the business environment and citizens. It was necessary to harmonize and stabilize the ratio of revenues to expenditures at the level of state administration, the ambition was to increase revenues. In order for the government to prevent undesirable conflicts between the categories of small, medium and large business by adopting new measures, it was necessary to take these into account in the changes in the tax regime by introducing a flat tax, which imposed the same tax rate of 19% on all taxpayers. The raised issue of tax cuts could evoke a decrease in revenues to the state budget, on the other hand, it provided preconditions for the development of the economy in the form of a better perspective of capital accumulation. The consequence was the creation of investments in the development of production, services and employment.²³

The effort was to stabilize and increase revenues to the state budget and at the same time to support the development of the business environment by regulating taxes. New elements have been introduced into the tax system in the form of new legal norms, such as Income tax natural persons and legal entities (Act No. 595/2003 Coll. on Income Tax²⁴), Value added tax (Act No. 222/2004 Coll. on Value Added Tax), Excise duties, Local taxes (regulated by Act No. 582/2004 Coll. on Local Taxes and Local Fee for Municipal Waste and Small Construction Waste). Part of the tax reform was an important element in tax administration, which is the introduction of electronic communication between entities and the Financial Administration through the e-DP and the e-TAX project.

According to our opinion, the intentions and principles when introducing the tax reform in 2004 in the Slovak Republic were aimed at approaching fiscal neutrality and these were to be ensured by the reforms through creation of a favourable business environment, elimination of undesirable effects of laws, introduction of a flat tax of 19%, introduction of a double taxation regime. The implementation of the 2004 tax reform was also based on the principles of fairness and proportionality, the principle of

²² Alena Paulíčková and Miloš Bakeš, *Financial Law in Slovakia and Bohemia* (Eurounion, 2007) 68.

²³ Cristina Elena Popa Tache, "How can be affected international investment by the reaction of states during crises?" in Sónia de Carvalho, Anton Petričević (eds.), *Building an Adapted Business Law*, ADJURIS – International Academic Publisher, (Bucharest, 2022): 12-27, <https://adjuris.ro/building-an-adapted-business-law/>.

²⁴ National Council of the Slovak Republic. 2003. Act No. 595/2003 Coll. on Income Tax. Available at: <https://www.slov-lex.sk/ezbierky/pravne-predpisy/SK/ZZ/2003/595/20250501>.

neutrality, the avoidance of duplication of taxation, the principle of clarity, the principle of effectiveness and the bearability of taxes. The depreciation policy for investments has been liberalized, with more favorable conditions established for the amortization of tax losses, alongside modifications in the application of tax expenditures and related provisions.

In the end, the total deficit of public finances was reduced, as a declared goal in relation to the European Union. According to some experts, it is clear that the basic feature of the reform was the achievement of fiscal neutrality. The optimal setting of the tax burden through reform steps consisted in shifting the burden of single direct taxes on natural persons and legal entities, and on the other hand, balancing the regulation in question by transferring importance to indirect taxes, i.e. taxes related to continuous consumption and circulation of goods (value added tax and excise taxes). Support for the business environment and its productivity has been achieved.²⁵

There was no tax reform in 2012, but it was necessary to adjust to the effects caused by the global financial recession and therefore extensive tax legislation was enacted which sought to build on and improve the legislation in place after the 2004 tax reform. An important event of the reform measures of this period was the merger of the Customs Administration and the Tax Administration as a result of the establishment of the Financial Administration on 1 January 2012. Its implementation was conditional on the reform of the customs administration and the tax administration in order to unify the collection of taxes, duties and levies through the UNITAS programme.

Improvements in the fight against tax fraud were reflected in an increase in tax revenues of more than €3.7 billion and the tax gap was reduced from 41% to 26%. At the same time, a new information system "Information System of the Financial Administration – Tax Administration" was introduced as of 1 March 2015. Electronic communication has been launched in the areas of customs administration (Central Electronic Folder CEP) also for the tax area. An important element in the activation of the Financial Administration's services was also the introduction of a value added tax control statement, which significantly prevented tax fraud on value added tax. Accompanying the Financial Administration and with the contribution of the General Prosecutor's Office, the Tax Cobra institution was established to detect tax fraud. In 2014, an information system of control stamps was introduced to prevent excise tax fraud and illegal manipulation of stamps. From this period, we also date the beginnings of a more intensive exchange of information and the implementation of cooperation revealing tax fraud and fraudulent activities at the level of the countries of the European Union and the countries associated in the Organization for Economic Co-operation and Development.²⁶

²⁵ Anna Harumová and Květa Kukátová, *Taxes of Business Entities* (Poradca podnikatelia, 2006): 69.

²⁶ Artem Zakharchenko, Solomiia Fedushko, Yuriy Syerov and Olha Trach, "When fact-checking and 'bbc standards' are helpless: 'fake newsworthy event' manipulation and the reaction of the 'high-quality media' on it. *Sustainability* 13, no. 2 (2021): 1–13, 573, doi:10.3390/su13020573.

5. Evolution of Tax Principles in Europe

Tax reforms have played and continue to play an important role in the development of the European region with the strategic goal of a gradual integration process in the common market regime. Gradually, they have become a tool for introducing tax developments in individual states as a result of the developing common market. The process was initiated by the influence of the post-war order of Europe, which was fundamentally influenced by the political and economic interests of developed countries.²⁷ The gradual development of Western European states was an effort to act together in mutual economic cohesion and assistance. The beginning dates back to 1951 with the establishment of the European Coal and Steel Community (ECSC), then the European Atomic Energy Community (Euratom) and the European Economic Community (EEC) with the signing of the Treaties of Rome in 1957.²⁸ Vojtech et al. agree with this opinion and add the following note. The ECSC (Treaty establishing the ECSC signed on 18 April 1951) focused on the creation and development of a common European market of strategic importance in the areas of steel, coal and their products, contributed to the common economic development and the living standards of the population at that time, introduced the institute of non-discrimination in the areas of import and export surcharges, introduced control over the granting of subsidies in economically strategic areas. EURATOM and EEC (Treaties of Rome on March 25, 1957) have become additional necessities in the process of the current development of economic cooperation in the fields of atomic energy (Euratom) and a general common free market, provided that the principles of economic cooperation of the European states concerned (EEC) are observed.²⁹

However, the existence of three separately paying contracts gradually began to appear unsatisfactory. It was necessary to introduce a more transparent and coordination-clear system in mutual cooperation at all levels and sections of economic policy. A merger process took place in the form of an agreement and a merger of the bodies of individual communities, which did not cease to exist, but began to exist in a new social form of the European Community (Merger Treaty of 8 April 1965 - Brussels), administered by one Commission and one Council.

Subsequent development was influenced by harmonization activities in the areas not only industrial, but especially in the agricultural field. The merger gave rise to multiple challenges concerning the common agricultural market, including efforts to regulate agricultural production and processing, with a particular focus on achieving collective food self-sufficiency. Schutzová states that, the gradual development of common economic practices, which were often influenced by the individual interests of individual members of the community, led to the necessity of modifying these procedures and the form of their joint and mutual application. In the period of the 60s

²⁷ Anna Schutzová, *Taxation, Tax Theory and Policy* (IURA EDITION, 2007) 72.

²⁸ Pavol Hrivík, *Common and Internal Market of the European Union*, (UMB, 2006) 200.

²⁹ František Vojtech, Mária Srebalová, Beáta Mikušová-Meričková, Bernard Pekár and Matej Horvat, "Restriction on the re-export of medicinal products and the supervision of compliance with it by public administration bodies." *European Pharmaceutical Journal* 65, no. 1 (2018): 24–30. <https://doi.org/10.1515/afpuc-2017-0009>.

and 70s of the 20th century, the development within the community shifted towards the regulation of relations and the expansion of the membership base. Since, in addition to the original states (France, Germany, Italy, the Benelux countries, and later Great Britain), other states (the so-called southern group Greece, Portugal and Spain) were interested in joining the community, new requirements for joint economic development arose, provided that the sovereignty of individual states was preserved. Efforts to harmonize individual economic policies have varied significantly, often reflecting conflicting interests among the stakeholders involved. However, in order to achieve optimal conditions, it was necessary to integrate these interests into a common binding document, known as the White Paper on the Internal Market, the so-called White Paper on the Internal Market. Cockfield's White Paper (June 14, 1985). Subsequent development required the completion and definition of the common market, and the Commission proposed the form of *Europe without borders* (as of 1 January 1993).³⁰

The development of tax and legal relations in the European context was influenced by the processes of mutual harmonization in economic areas. According to Šimko et al. it had a direct effect on national legal norms that needed to be harmonized with European ones. National legal norms have been adapted and influenced by different national developments. In order to achieve unity, they had to proceed to subordination with the European ones in those parts that became the subject of common interest and development. The principle has been established that European Union law takes precedence over the national legal systems of the Member States. The orientation was concentrated in three fundamental regimes with an emphasis on the stability of the tax capacity of the Member States and the stability of the growth of their tax revenues, the smooth functioning of the single pan-European market, and the fundamental support for the growth of the employment rate.

Since 1967, the tax systems of the Member States have been approximated within the European Community to such an extent as to achieve a minimum degree of differentiation. The aim was to unify the conditions in the internal market of the Community in such a way as to achieve a level playing field and conditions for the economic activities of the Member States. In the process, we see the strengthening of the importance of indirect taxes on the principle of value added tax. In the period of the 1980s, for example, pension taxes were palpably reformed and gradually harmonized. According to some economic experts this happened not only at the level of the European Community, but also at the non-European level within the framework of the Organisation for Economic Co-operation and Development. The principles of the harmonization in question were aimed at comprehensively reducing the tax burden, introducing decision-making practice in the field of support for investment and development activities, harmonizing processes in the regime of introducing tax reliefs and deductible items from income.³¹

Attention was drawn to the direct taxation of legal entities in the European common market in the "*Acquis communautaire*" regime, i.e. to achieve a common legal

³⁰ Anna Schutzová, *Tax Systems of the European Union States* (EKONÓM, 2010): 92.

³¹ Anna Miháliková and Ľubica Horniaková, *Theory of Financial and Monetary Relations*. (Comenius University Bratislava, 2002): 52.

situation resulting from the law of the European Union.³² Considerable focus was also directed towards indirect taxation and the associated reform processes. The “*Acquis communautaire*” in the areas of indirect taxation has resulted in the gradual introduction of two VAT rates and adjustments in the areas of excise duties. In European Union law, the issue of taxation is regulated by the Treaty establishing the European Community and Council Directives No. 90/434/EEC and 90/435/EEC on the common system of taxation.³³ Directive No. 90/435/EEC created a legal basis for the harmonisation of the common tax system with respect to the possibilities of merging commercial capital companies across Member States, Slovakia undertook to pursue an economic policy consistent with the principles of economic policy in the monetary union.³⁴ This also resulted in the fulfilment of the condition and adoption of the single currency, which is the Euro. The change in the monetary regime in Slovakia represented a significant intervention in the economic policy and direction of the state.

The common currency and monetary policy contributed to stabilizing both the overall European market and the individual member states of the Union; however, unlike a separate national currency, its nature entails different risks that are not reflected through exchange rate fluctuations. However, in similar situations, the monetary union projects the related negatives directly into the business environment, which is spread over time. The size of the Slovak economy represents a minority position on a European scale and has the character of an open economy fundamentally linked to the European one. However, the geopolitical importance of Slovakia played an important role.³⁵

6. Developments in the European Union

The EU's tax policy priorities include removing tax obstacles to cross-border economic activity, fighting harmful taxes, competition, tax evasion and tax avoidance. National parliaments often find it difficult to assess what is going on behind the scenes of the Council or the OECD, which prevents the constitutional role of national parliaments from actively intervening in the control of government decision-making. The deficit requires an alliance between MEPs at national and European level. With this perspective, the FISC subcommittee turned to the national parliaments. On 18 June 2020, the plenary decided to set up a Subcommittee on Tax Affairs (FISC) to assist the Committee on Economic and Monetary Affairs (ECON) in tax matters, in the fight against tax fraud, tax evasion and tax avoidance. The inaugural meeting of the FISC Subcommittee took place on 23 September 2020. Towards the end of 2021, the FISC

³² Tomáš Peráček and Michal Kaššaj, “Sources of Private International Law and Thier Interrelation an Application. *Perspectives of Law and Public Administration* 13, no. 4 (2024): 508-517, doi: 10.62768/PLPA/2024/13/4/02.

³³ Council Directive 2005/19/EC of 17 February 2005 amending Directive 90/434/EEC 1990 on the common system of taxation applicable to mergers, divisions, transfers of assets and exchanges of shares concerning companies of different Member States, available at: <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2005:058:0019:0027:EN:PDF>.

³⁴ Ladislav Balko and Jozef Králik, *Financial Law* (Comenius University Bratislava, 2010) 206.

³⁵ Ladislav Šimko, Ingrid Brocková and Igor Kosír, *EU Budget Reform* (ASPI, 2008): 47.

coordinators decided to structure their work into group studies, workshops, hearings and missions to design a self-initiative (INI) report with relevant findings, reliable analyses and clear policy conclusions. Since 2022, the FISC Subcommittee has been working on the following workflows: "Reforming corporate tax rules", "Lessons from the Pandora Papers and other revelations" and "The role of taxation in times of crisis". The coordinators decided to divide the tasks between the committee and its subcommittee (FISC and ECON) on dealing with legislative files, with a view to inviting the Commission to examine, assess, reflect on and address the new challenges faced by EU businesses and citizens in the field. At the same time, Parliament called on the Commission to present one or more legislative proposals in the light of recommendations such as simplifying and reducing compliance costs for taxpayers under the single registration procedure and related aspects of EU VAT by 2023, predictability for taxpayers in resolving tax disputes in the European Union, reducing tax evasion and compliance costs; introducing a common harmonised standard for e-invoicing across the EU, introducing measures to reduce VAT gaps, implementing a coordinated European corporate tax system (BEFIT), streamlining tax administrations, exchanging tax information and data. In particular, the resolution called on the Commission to strengthen the EU Anti-Fraud Expert Network (EUROFISC). The Commission welcomes the general approach announced by the Council on the Commission's proposals on VAT in the digital age. By adopting and promoting digitalisation, this package makes the EU's VAT system more business-friendly and fraud-proof. The new rules are also a first step towards addressing the challenges posed by the development of the platform economy, which helps to level the playing field between online services.³⁶

The process includes the introduction of measures such as: Introduction of uniform real-time digital reporting for VAT purposes based on e-invoicing in cross-border transactions for the purposes of timely information, which is essential to step up the fight against VAT fraud, Electronic invoicing to accelerate the transformation of business in the digital age, together with streamlining accompanying operations, in the passenger transport sector and short-term accommodation rentals, responsibility for collecting and remitting VAT to platform operators if the relevant supplier does not charge VAT.

The accompanying reports on the evolution of tax trends were a key source of high-quality and comparable data, which are important for policy debate and policy-making, including tax policy-making. Since 1998, the publication has been entitled *Structures of Tax Systems in the European Union*. Since 2023, the publication has been included in the *Annual Report on Taxation*. The 2024 *Annual Report on Taxation* (ART) presents facts and analysis of the current state of taxation and tax systems in the European Union (EU) Member States. The report looks at the evolution of the tax mix from different angles in order to discuss the challenges faced by different types of taxes and the tax proposals of different economic actors in their behaviour. The report examines recent reforms of tax systems alongside changes in the key indicators

³⁶ European Parliament. Welcome speech by the Chair of the FISC Subcommittee. 2024, available at: <https://www.europarl.europa.eu/committees/sk/fisc/about>.

employed by the Commission to evaluate tax policies both within EU Member States and at the EU level. The analysis also provides an overview of the different tax bases and types of taxes, points to the roles in the tax mix with a focus on differences between countries. In the first part, it deals with the different tax bases or economic functions (labor, capital, and consumption). In the second part, it provides an overview of recent reforms at national and EU level. In the third part, it analyses specific types of taxes as set out in the Tax Code. This section also discusses the existing options for taxing capital assets and taxing net wealth. Preserving Europe's competitiveness and prosperity is at the top of the EU's political agenda, as stressed by President von der Leyen in her 2023 State of the Union address. This report therefore devotes the fourth part to discussing how tax systems can be designed to effectively promote prosperity in times of uncertainty.³⁷

In the context of the development of tax legislation in the European Union, it is necessary to analyse to what extent the European Union legislation in the field of taxation fulfils the basic principles of a modern fiscal state - in particular the principle of tax justice, equality, progressivity and efficiency of tax collection. The above principles are not just basic theoretical concepts, but in practice they form the core of any tax system and are also a prerequisite for a stable social system. The basis for tax collection is clear and precise legislation so that taxpayers know what to expect, i.e. the fulfilment of the principle of predictability of legislation and the principle of legitimate expectations. This part of the thesis deals with a doctrinal analysis of the development of tax principles in the European Union and their translation into the legislative frameworks of the individual Member States. As already mentioned in the second chapter on materials and methods, this part also draws on academic literature, EU legal documents and the historical context of the formation of the single market.

A modern fiscal state is characterised by focusing not only to collect taxes efficiently but also to distribute them fairly throughout the tax system. Tax justice, in turn, consists of horizontal tax equity and vertical tax equity. Horizontal equity is defined as the equal treatment of different persons in the same situation, thus essentially reflecting the principle of non-discrimination. Vertical equality violates the principle of equality, but this principle is violated in the interest of the greater good and, when comparing the interference with rights, the state's interest in taxing richer people rather than poorer people outweighs the interest of the state in taxing poorer people, so in practice it is a differential treatment depending on the ability to pay taxes - the principle of progressivity.

According to our opinion from this perspective, it is clear that tax legislation adopted at the level of the European Union has a rather technical-administrative character, presented, for example, by the harmonization in the field of VAT (although not complete, since VAT rates are determined by each state independently), digitalization, the fight against tax evasion and tax fraud. These efforts by the European Union only partially address the need for fairness and progressivity in tax collection. Rather, the reforms aim to simplify the tax collection system and promote cross-border

³⁷ European Commission. Annual Report on Taxation - https://taxation-customs.ec.europa.eu/taxation/economic-analysis/annual-report-taxation_en.

business, but reflect to a much lesser extent the redistributive function of taxes.

Especially in the area of direct corporate taxation, we see an increased interest and demands for fairer tax collection and preservation of the principles of market logic – “competition of tax regimes.” Initiatives such as BEFIT (Business in Europe: Framework for Income Taxation) or the unification of the rules for the calculation of the tax base may lead to greater transparency and fairness, but real differences in rates between Member States persist. This allows large multinationals to optimise their tax obligations, while small and medium-sized enterprises bear a higher relative burden - thus distorting the principle of equity. The creation of such tax havens, whether in the form of low income tax rates or state subsidies, significantly distorts the European Union's internal market and thus the entire effort to harmonise taxes within the EU. A secondary effect is that countries that are not tax havens have to raise tax rates and, as this is very often a political decision, they also raise corporate tax rates, which again burdens entrepreneurs and creates inequality and dissatisfaction.

Similarly, if there is a shift in the tax burden from income to consumption (e.g. a VAT increase), this would be a shift from progressive taxes to regressive taxes, which are more burdensome on lower-income households. Such tendencies, while they may be very easy to adopt and thus administratively convenient, simple and unbureaucratic, undermine the principle of vertical equity.

According to Grůň, European Union documents that seek to outline the various reforms that could be adopted, including the annual reports on taxation, often emphasise efficiency and competitiveness, but the issue of fairness and progressivity is mentioned only in passing or declaratively. The actual redistributive function of taxation - that is, the redistribution of resources to alleviate social inequalities - is on the margins of the political agenda, which is contrary to the requirements of modern tax doctrine.³⁸

It can therefore be said that while EU tax policy is making progress in terms of harmonisation and efficiency, its impact on social justice and progressive redistribution remains limited. If the EU is to fully realise the idea of the fiscal state, reforms must explicitly include the social dimension of taxation, not only as a secondary effect but as one of their primary objectives.

7. Implementation and Development in Slovakia

The Ministry of Finance of the Slovak Republic (hereinafter referred to as the "Ministry of Finance of the Slovak Republic") has set as one of its priorities the continuation of the reform of the tax administration with the involvement of the customs administration and with the vision of unifying the processes of collecting taxes, customs duties and insurance contributions into one institution. The Ministry of Finance of the Slovak Republic ensures the management and coordination of the progress of this reform through the UNITAS programme and proceeds to the implementation of changes in the area of tax and customs administration, the Social Insurance Agency and health insurance companies, as well as other affected public administration bodies, in stages in several steps and in two phases. The first phase is called UNITAS I and

³⁸ Ladislav Grůň, *Taxes, yesterday, today and tomorrow* (EUROUNION, 2001) 315.

includes the reform of the tax and customs administration. The second phase of UNITAS II is then dedicated to the unification of the collection of taxes, customs duties and insurance contributions. The reform of the tax and customs administration with the prospect of unifying the collection of taxes, customs duties and insurance contributions is characterized by the fact that it brings a comprehensive and fundamental change for the organizations concerned.³⁹

The change is defined by the strategic objectives of the reform and elaborated by the submitted proposal "Concept of the Tax and Customs Administration Reform with a View to the Unification of Tax, Customs and Insurance Contributions". The changes brought about by the reform of the tax and customs administration with a view to the unification of the collection of taxes, customs duties and insurance contributions in the UNITAS I phase can be summarized in two areas. The first key area is the merger of the Tax and Customs Administration and the creation of a new system of management and organization of the collection of state revenues through the creation of the Financial Administration of the Slovak Republic. To merge the tax and customs administration at the level of the Tax Directorate of the Slovak Republic and the Customs Directorate of the Slovak Republic, merged into one budgetary organization called the Financial Directorate of the Slovak Republic, in connection with the level of tax and customs offices, the Financial Criminal and Judicial Office. The second area of change implemented within the established organizational structure of the Financial Administration primarily involves the optimization of ongoing processes through their centralization and unification. The reform of the Tax and Customs Administration also addresses the issues of digitalisation, change management and the quality of internal performance, the development of human resources and the relevant legislation. The reform in the proposed form was feasible in the UNITAS I phase until 2013. In the UNITAS II phase, within which it is necessary to approve the Concept of Unification of the Collection of Taxes, Duties and Insurance Contributions, the Ministry of Finance of the Slovak Republic expects to address several areas.

According to Gregušová and Halášová, the implementation of UNITAS in Slovakia can be divided into three periods. The first was the preparation between 2006 and 2011 for implementation in practice. In the second period between 2012 and 2015, the Tax Directorate of the Slovak Republic and the Customs Directorate of the Slovak Republic were merged, the Financial Directorate of the Slovak Republic was established, but it was not possible to merge the tax and customs offices into the tax offices.⁴⁰ At the same time, information systems for tax and customs administration were launched. During the third period, from 2016, strategic management went into hibernation. The Steering Committees did not meet and there was minimal progress in the second phase of UNITAS II. During this period, the Financial Administration was stabilizing and fine-tuning the introduced changes. The SAO SR states that about a

³⁹ Directorate General for Taxation and Customs Union - EU Whoiswho - Publications Office of the EU. Available at: <https://op.europa.eu/sk/web/who-is-who/organization/-/organization/TAXUD>.

⁴⁰ Daniela Gregušová and Zuzana Halášová. "eIDAS Regulation and Its Impact on National Legislation: The Case of the Slovak Republic." *Administrative Sciences* 12, no. 4 (2022):187, <https://doi.org/10.3390/admsci12040187>.

quarter of the planned intentions and goals have been achieved. In particular, the objectives in the area of procedural and organizational changes were met and the intentions in the field of tax and levy reform remained unfulfilled. There was a lack of long-term political support and enthusiasm at the highest levels.

8. Critical Doctrinal Analysis: The Role of Reforms in the Modern Fiscal State, Equity and Progressivity

A modern fiscal state, as a result of the long-term development of society, is an essential prerequisite for increasing the well-being and satisfaction of the population. In such a state, tax reforms play a key role as a tool to respond to changing economic, social and geopolitical conditions. Against the backdrop of building the legal and economic framework of each state, the basic principles of the tax system are being reassessed, with particular emphasis on the principles of tax equity and progressivity. Doctrinal developments in public finance increasingly reflect the need to reconcile the efficiency of tax collection with the requirements of social justice. Capitalism has brought about huge inequalities in the distribution of wealth in society, with the majority of the world's wealth being owned by a few individuals and corporations, and the challenge for modern tax systems is to break down these inequalities and reduce these disparities.

Reform is the basis for significant change in the tax system. Reforms of tax systems have a multidimensional function - they are not just technical measures to improve tax collection, but also a means of redefining the relationship between the state and the citizen. Within the modern fiscal state, tax reforms are increasingly seen as part of the strategic management of public resources, and changes associated with tax reforms are seen as strategic decisions from a managerial perspective. The concept of the 'tax contract', which assumes reciprocity between the tax liability of the citizen and the quality of public services, is coming to the fore. This approach is based on the theory of fiscal citizenship, according to which fiscal solidarity is one of the foundations of a democratic society, i.e. it upholds the principle that where you live and use goods and services, you should also pay taxes for them.⁴¹

From this perspective, tax reforms can be seen as a presentation of a doctrinally anchored effort to legitimise and modernise the tax system. Interventions in the structure of the tax burden, the definition of tax bases, or the introduction of new tax collection tools (e.g. digitalisation and e-invoicing) are therefore not only economic but also normative decisions.

Equality in taxation is one of the most debated topics among experts but also among the general public. It is one of the most problematic principles in tax law. As mentioned above, in doctrinal terms, a distinction is made between horizontal equality (equal treatment of taxpayers with the same ability to pay) and vertical equality, which legitimizes differential burdens depending on the economic power of the subjects. It is vertical equity that is linked to the principle of progressive taxation, which aims at

⁴¹ Jiri Dušek, „Transformation of Settlement Structures in Europe: Trends, Challenges, and Reform Approaches.” *Land* 14, no 1 (2025): 167, <https://doi.org/10.3390/land14010167>.

reducing wealth and income inequalities.

Historically, progressive taxation has always been seen as an expression of a social consensus on the need to redistribute wealth in society. Today, however, its application is confronted with the challenges of globalisation, the digital economy and tax competition. The doctrinal debate is therefore increasingly focused on the search for a balance between efficiency and fairness, as well as between national sovereignty and supranational coordination of tax policy (e.g. within the EU or the OECD).

Despite the stated objectives, many reform efforts, both at national and supranational level, fail on the grounds that they are not sufficiently conceptualised. Another problem is the need to find consensus on political-economic trade-offs, since any tax reform will in some way affect the ordinary citizen.

The current debate on tax reform (e.g. the adoption of a minimum global corporate tax, the extension of the digital tax or the strengthening of green taxes) demonstrates that doctrinal coherence is an essential prerequisite for their adoption and successful implementation. A modern fiscal state cannot function without the trust of its citizens - and this can only be built through a tax system that is transparent, fair and socially accepted.

9. Conclusion

If we are to really deal with the evaluation and preparation of the reform of tax standards, then it should be created with respect and evaluation of the systems of justice, optimality, flexible response, predictability, bearability, and last but not least, to prevent the possibility of speculative operations on the part of the affected environment. In cases of insufficiency, it is challenging to attribute responsibility for optimization performance and distortions in economic outcomes solely to the business environment. The consequence is lower tax collection and lower income to the state treasury. Preventing speculative operations can be prevented, but this requires comprehensive and systemic changes, reflecting the current needs and developments in the affected environment. These consist of changes in substantive law issues and at the same time in the procedural area of tax administration in the regime of direct taxes, indirect taxes, taxes on financial operations. Act No. 297/2008 Coll. on the Protection against Money Laundering and on the Protection against the Financing of Terrorism and on the Amendment of Certain Acts, although it regulates the rights and obligations of legal entities and natural persons in the prevention and detection of money laundering, its compliance control according to §4 – "Unusual business operation", in the case of exhaustively specified persons according to §5 – "Obliged person", are assessed in practice as insufficient. Management of financial operations by commercial financial institutions, i.e. Commercial banks and insurance companies also require a certain level of evaluation and attention.

The aforementioned aspects clearly underscore that tax reforms must enable competent authorities to respond more flexibly to both current and emerging societal circumstances. After all, only the last unforeseen situation of the period with the introduction of anti-pandemic measures has put us in a real state of evaluation of

whether and how we are able to react to unforeseen situations so that we do not miss important things in society in the areas of tax and law.

The hypothesis formulated at the outset of this study has been confirmed. Our analysis demonstrates that the development of tax reforms in the Slovak Republic is influenced not only by domestic legislative, economic, and social factors, but also significantly influenced by the processes of European integration. This is evident through the observable harmonisation efforts within the European Union, which directly and indirectly impact national tax strategies, legislative alignment, and the structural evolution of the Slovak tax system.

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