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## Impact of the April 2002 Amendment of the Act on Income Tax on NGOs

On 9 April 2002, the Parliament passed an amendment of the Act on Income Tax, which will enable also the legal entities to decide on 1 per cent of paid tax. Minimum amount of One Per Cent Tax in this case is 250 Sk (5 USD). A company can split its amount of One Per Cent Tax among several subjects.

The amendment was prepared in co-operation with representatives of non-governmental organizations – 1. Slovak Non-profit Centre, Fund for Support of Social Changes and Donors' Forum, At the same times, it was supported by the Slovak Humanitarian Council, Gremium of the Third Sector, Rural Parliament and hundreds of non-governmental organizations, as well as citizens participating in the questionnaire on this topic at [www.rozhodni.sk](http://www.rozhodni.sk) ('decide.sk').

Similarly to the provisions in the Personal Income Tax Act, the new amendment precisely determines who can be a recipient of the 1 per cent tax and how these means can be used. The funding can be obtained by organisations that register with the notary public as recipients of the One Per Cent Tax in the period from September to December 2002.

The Donors' Forum welcomed the decision of parliamentary deputies. "The deputies have supported the activities of non-governmental non-profit organisations working for the citizens' benefit in various fields, e.g. health, social services, education, culture and human rights. At the same time, this will assist the development of corporate philanthropy in Slovakia," said Zuzana Franova, Executive Manager of the Donors' Forum. She also added that in this case too, it is necessary to stick to ethical principles of "donorship."

The amendment of the Act on Income Tax brings about a new source of funding for NGOs, as well as new principles of transparent use of funding obtained from One Per Cent of Personal and Corporate Income Tax. Any non-profit organisation that will receive more than 100,000 Sk (2,000 USD) is obliged to publish the use of the acquired funding in the Commercial Gazette. Shall certain organisation not do so, the Chamber of Notaries Public will not include it in the list of recipients for a period of three years.

The amendment modified also the Act on Accounting adding a requirement for non-profit organisations to verify their account balance by an auditor and publish it in Commercial Gazette if the funding received from the One Per Cent Tax exceeded the amount of 1 million Sk (20,000 USD).

The amendment will come into force after signed by the President and come into effect on 1 January 2003.

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