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Slovak Farmers Eligible for a New Subsidy on Fuels

Report Categories:

Agricultural Situation

Agriculture in the Economy

Agriculture in the News

Policy and Program Announcements

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Report Highlights:

Since March 1, 2013, Slovak farmers became eligible for fuel excise tax refund. The new measure is aimed at improving farmers' cash flow. In 2012 farmers suffered significant losses (estimated at 30 percent of income) due to severe draught.

General Information:

Since March 1, 2013, Slovak farmers and primary producers in agriculture became eligible for a refund of the fuel excise tax. The government of the Slovak Republic introduced an amendment to the Act on Mineral Oil Excise Tax in order to help farmers, who have been facing cash flow problems, mainly due to severe draught during harvest period of 2012. The government reserved a total of €10 million for this financial aid from a total of €70 million intended for support of agriculture. The Ministry of Agriculture expects the finances to be fully utilized.

In order to minimize additional administrative load on customs authorities (that are in charge of excise tax collecting), the Ministry of Agriculture presented new legislation: “Act on Support of Primary Agricultural Production no. 33/2013.” This Act allows the Ministry to provide the excise tax refunds through the Agricultural Paying Agency (APA). APA is an organization ensuring administration of supportive mechanisms in the agricultural sector and belongs under the Ministry of Agriculture. The Act is in accordance with the EU legislation and is less administratively demanding than a similar one applied in the past using Act no. 98/2004.

In the above mentioned law the Ministry decreased the tax on fuel with codes KN 2710 19 41, 2710 19 45, and 2710 19 49 to €153 per 1,000 liters. This serves as the basic rate on which the subsidy calculation is made, taking into account the size of the farm as measured in number of livestock units or hectares.

This form of financial aid will be available only during the 2013 calendar year and to the whole agricultural sector, regardless of farm or agricultural firm size. However “firms in difficulties,” an European Commission defined term, are not be eligible to apply. Stanislav Nemeč, from the Slovak Agricultural and Food Chamber, criticized this exclusion noting that companies having the largest need of financial support will be excluded from the program.

Until May 2012 the neighboring Czech Republic applied a similar subsidy on fuels used in agricultural production. When cancelled as a part of an austerity measure, large Czech farmer’s protested and over two thousand pieces of machinery were used to slow down traffic country-wide. The Czech government, however, did not reinstate the subsidy.