

Proportional calculation of social tax

Proportional calculation of quarterly obligation of advance payments of social tax if tax liability arose during a period shorter than a quarter (**subsections 5 and 5¹ of § 9 of the Social Tax Act**).

If the requirements for exemption from advance payments have been met not **throughout the whole quarter**, but during certain periods of the quarter only, it is required to apply proportional calculation.

Sole proprietors pay advance payments of social tax in proportion to:

- ✓ **the number of days** of registration as a sole proprietor, if the sole proprietor has been entered in the commercial register or deleted from there during a quarter;
- ✓ **the number of days** of engagement in business, if they have informed the registrar of the commercial register of the suspension of the business activities or the starting and final date of the temporary seasonal activity;
- ✓ **the number of days** preceding the time of becoming a person receiving state pension or a person with partial or no work ability if they have become a person receiving state pension or a person with partial or no work ability during the quarter, and **the number of days** following the termination of the status of a person receiving state pension or a person with partial or no work ability, if their right to receive a state pension or the status of a person with partial or no work ability has terminated during the quarter;
- ✓ **the number of days** preceding the creation of the status of a person considered equal to an insured person on the basis of **clause 5 of subsection 4 of § 5 of the Health Insurance Act**, if their right to be such a person has been created during the quarter, and **the number of days** following the termination of the status of a person considered equal to an insured person on the basis of clause 5 of subsection 4 of § 5 of the Health Insurance Act, if the status has terminated during the quarter;
- ✓ **the number of days** of non-validity of certificate A1 issued by a foreign competent social security authority.

If tax liability arises for a person only for some days in the quarter:

- ✓ the number of days when the tax liability arose is determined (all the days not covered with tax exemption are added up);
- ✓ the actual number of the days of the quarter concerned is found;
- ✓ the payment is calculated on a daily basis: quarterly payment ÷ the number of days in the quarter ×

- ✓ the number of days of tax liability.

The number of days in each quarter is different:

I qtr: $31 + 29 + 31 = 91$ days

II qtr: $30 + 31 + 30 = 91$ days

III qtr: $31 + 31 + 30 = 92$ days

IV qtr: $31 + 30 + 31 = 92$ days

For example, tax liability arose for 50 days and there are 91 days in the quarter concerned, the tax liability is calculated as follows: $717.75 \text{ euros} \div 91 \times 50 = 394.37 \text{ euros}$.

EXAMPLES

Examples on the daily-based calculations of advance payments in the I quarter of 2024 (the number of days = the number of days of tax liability in the quarter):

1. sole proprietor's starting date 1 January 2024 (or earlier) and final date 31 January 2024 → the number of days = 31 → I qtr payment: $717,75.46 \text{ euros} \div 90 \text{ days} \times 31 \text{ days} = 247.23 \text{ euros}$
2. sole proprietor's starting date 31 January 2024 and final date 28 February 2024 → the number of days = 29 → I qtr payment: $717.75 \div 90 \times 29 = 231.28 \text{ euros}$
3. sole proprietor's starting date 1 January 2024 (or earlier), suspension from 10 January 2024 to 5 February 2024 (27 days) and a student from 10 February to 5 March 2024 (24 days), the final date of being a sole proprietor is not mentioned → the number of days = the number of days in the quarter $90 - \text{the number of days of suspension } 27 - \text{the number of days of being a student } 24 = 39$ → I qtr payment: $717.75 \div 90 \times 39 = 311.03 \text{ euros}$.