DOI: 10.15611/2022.997.9.03

Chapter 3

Legislative development and its impact on the digitisation in accounting practice in the Slovak Republic during the Covid-19 pandemic period

Daša Mokošová
University of Economics in Bratislava
e-mail: dasa.mokosova@euba.sk
ORCID: 0000-0003-1829-6957

Miriama Blahušiaková
University of Economics in Bratislava
e-mail: miriama.blahusiakova@euba.sk
ORCID: 0000-0002-3386-7589

Quote as: Mokošová, D., & Blahušiaková, M. (2022). Legislative development and its impact on the digitisation in accounting practice in the Slovak Republic during the Covid-19 pandemic period. In J. Dyczkowska (Ed.), *Accounting and business in a sustainable post-Covid world: New perspectives and challenges* (pp. 45-59). Wroclaw: Publishing House of Wroclaw University of Economics and Business.

3.1. Legislative changes connected with accounting in the Slovak Republic during Covid-19 pandemic period

Since December 2019, when the first case of the disease caused by SARS-CoV-2 (named coronavirus disease 2019 or Covid-19) was reported in China and as of February 21, 2020, the virus had spread rapidly mostly within China but also to 28 other countries, including the World Health Organization European Region (European Centre for Disease Prevention and Control [ECDC], 2020; World Health Organization Regional Office for Europe [WHO/Europe], 2020), we are still facing this phenomenon.

The study aims to provide a brief introduction to the development of the Covid-19 pandemic in the Slovak Republic, following the legislative changes, especially in the area of accounting, resulting from and related to the pandemic. Another purpose is to analyse the changes in the Act on Accounting related to the digitisation of accounting practice and examine how the measures related to the Covid-19 pandemic have affected the level of automation and digitisation in the companies in Slovak Republic. In order to achieve our research purposes, we have studied and analysed relevant printed and electronic sources of literature, as well as the legislation related to the subject of our research. We have used mainly analysis, comparison, and the inductive-deductive approach as our research methods.

Since its beginning, the Covid-19 pandemic has changed from an unpredictable disruption to a global economic, social and healthcare crisis. The evolution of the Covid-19 pandemic is divided into epidemic phases or waves. Currently, the Slovak Republic is in the fourth phase. The official appearance of the first Covid-19 case and the associated spread of this disease in the Slovak Republic was confirmed on March 6, 2020 (Public Health Authority of the Slovak Republic [PHA SR], 2020). The first pandemic wave lasted until June 2020, when the emergency situation was declared (Ministry of Interior of the Slovak Republic [MISR], 2022). Strict rules and measures that the Slovak government adopted at the outset kept the number of infected people under control during the spring and summer of 2020. The second wave was associated with the next state of emergency from October 1, 2020 (MISR, 2022) until the end of exceptional circumstances in June 2021. In February 2021, the Slovak Republic had the worst number of deaths and hospitalisations related to Covid-19 worldwide. The third wave of the pandemic associated with the spread of the Delta variant of Covid-19 was from July 2021 to December 2021 (Ministry of Health of the Slovak Republic [MHSR], 2021). The fourth wave of the Covid-19 pandemic in Slovakia started with the spread of the Omicron variant in January 2022 (MHSR, 2022). Most of the measures that were supposed to slow down the spread of this variant are currently cancelled, although the Government of the Slovak Republic declared an emergency situation on March 12, 2020, due to the level II public health threat due to the Covid-19 infectious disease pandemic remains in force (MISR, 2022).

At the beginning of the first wave, the Slovak government had to react promptly to the situation. It required restrictive measures to be taken to prevent the spread of the virus, such as restrictions on personal contact between people and the lockdown of the economy. Although this approach protected the population, it completely paralysed most entrepreneurs in their business activities and endangered the existence of many jobs. The Slovak government has been forced not only to address the state of public health care but also to mitigate the effects of its restrictive measures on maintaining the economy and trade.

One month after the first case of Covid-19 disease occurred in Slovakia, the government approved Act No. 67/2020 Coll. on certain emergency financial measures concerning the spread of the contagious human disease Covid-19. Since it entered into force on April 2, 2020, it has already been amended 15 times. Emergency measures regulated by this Act are connected with taxation, customs, and accounting. In particular, they focus on tax administration, motor vehicle tax, administrative fees, accounting, income tax, the area of the financial market, and the area of budgetary rules.

Slovak accounting regulation is based on Act No. 431/2002 Coll. on accounting as amended. The linkage with the emergency measures is in § 20 of Act No. 67/2020, where it is stated that the deadlines set in the Act No. 431/2002 are during the pandemic period considered as complied with if the accounting entity[1] fulfils the missed obligations by the end of the third calendar month following the end of the pandemic period or by the deadline for filing the tax return, whichever is the earlier. Suppose the entity could not objectively fulfil the obligations under the Act No. 67/2020 for personnel or technical reasons due to the negative consequences of the pandemic. In that case, it is not considered a breach of these obligations if the entity fulfils them by the end of the third calendar month following the end of the pandemic period. On behalf of fines, it was stated that if the period for imposing a fine according to the Act Act No. 67/2020 on accounting began to run before the beginning of the pandemic period and did not expire before the beginning of the pandemic period, the pandemic period shall not be included in this period (Mokošová & Blahušiaková, 2021). There were no amendments to the accounting provisions in this Act.

Since January 2020, the Act on Accounting has been amended four times by five legislative acts (Figure 3.1).

The amendment to the Act No. 431/2002 on accounting, which entered into force on January 1, 2020, is based on the divided effect of Act No. 363/2019 Coll. amending Act no. 431/2002 Coll. on accounting as amended for the year 2019 and 2020 (Figure 3.1). It means that this amendment to the Act No. 431/2002 did not address the change or addition of the legislative wording due to the emergence of a pandemic situation. The amendment for 2020 concerned a change in the size conditions for the audit of the ordinary individual and extraordinary individual financial statements. The size criteria, in general, are based on requirements of Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, which requires minimum harmonisation and allows a Member State to set these conditions to best suit the size of the economy and entities. The Slovak Republic has applied this option and reconsidered the size criteria for the audit of the ordinary individual financial statements and extraordinary individual financial statements. The reason for this change was the interest in reducing the administrative

[1] An accounting entity is each entity defined in Act No. 431/2002 Coll. on Accounting as amended.

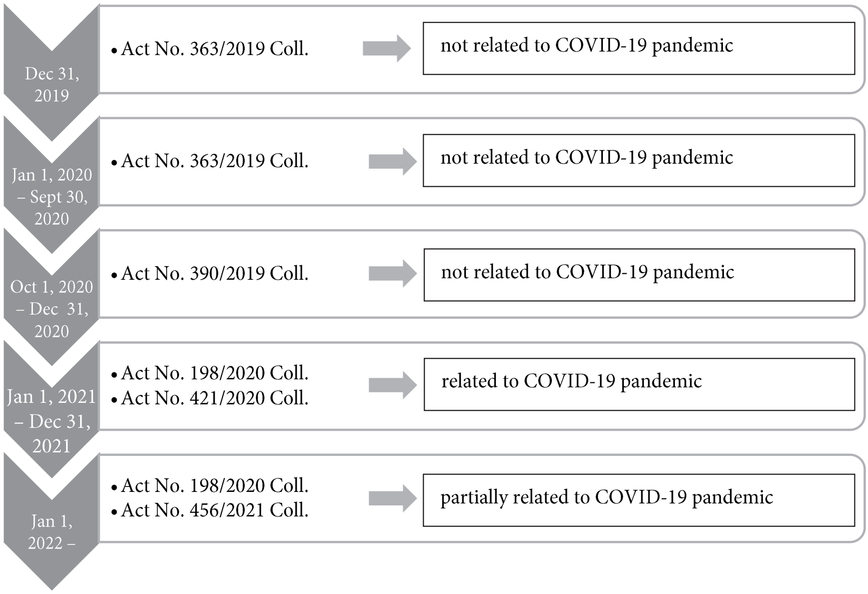

Figure 3.1. Amendments of Act on accounting during Covid-19 pandemic period

Source: own processing according to Act No. 431/2002.

burden. It was also adopted due to the societal importance of the audit. The size criteria were increased by 100% of the current decisive conditions (Table 3.1). The actual size criteria reflect the size of the economy, its growth, and the needs of society, including the state.

As of January 1, 2020, an auditor shall also audit the statement of selected data from the audited ordinary individual financial statements and the extraordinary individual financial statements. The statement of selected data is required to be prepared by accounting entities that prepare financial statements according to International Financial Reporting Standards (IFRS). The statement of selected data from the financial statements is the basis for processing financial information from the register of financial statements. This is a unified approach because by accepting this obligation, all documents submitted to the register of financial statements, which follow up on the audited financial statements, are audited.

The second Act, Act No. 390/2019 Coll. has amended Act No. 431/2002 on Accounting as of October 1, 2020. First, Act No. 390/2019 Coll. has amended the Commercial Code, but other acts, including the Act on Accounting, have been amended in connection with it. Through this amendment, the government has fulfilled its program goal to protect small and medium-sized enterprises, fight tax fraud by creating conditions to combat unfair practices in company liquidations, and establish and streamline the functional interconnection of public business registers. The aim was to increase the business environment's transparency and provide entrepreneurs with relevant information on entities registered in the Commercial Register, which enter into contractual and other legal relationships. This amendment of the Commercial Code was introduced in the Act on Accounting provisions, such as the company becoming an accounting entity on the day of renewal of the entry in the Commercial Register due to additional liquidation. In this case, the accounting period begins on the day of entry in the Commercial Register and ends on the day the company is deleted from the Commercial Register. The entity is required to close its accounting books because of a lack of assets due to the cessation of bankruptcy proceedings. The effects of the initiated bankruptcy proceedings cease with the publication of the notice on the entry into force of the resolution on the termination of the bankruptcy proceedings due to a lack of assets in the Commercial Gazette. Afterwards, the entity prepares extraordinary financial statements as of that date. Upon the court's dissolution of the business company, the accounting entity closes the accounting books as of the date of deletion from the Commercial Register, and the entity will also prepare extraordinary financial statements as of this date.

Up to the amendments that changed the wording of the Act No. 431/2002 on accounting as of January 1, 2021, are related to the pandemic situation in the Slovak Republic. Act No. 198/2020 Coll. amending certain acts in connection with the improvement of the business environment affected by measures to prevent the spread of dangerous contagious human disease Covid-19 amended except for the Act No. 431/2002 on Accounting also another 39 related acts. This law is intended to provide comprehensive support to the business sector through measures to help economic recovery in the aftermath of the Covid-19 pandemic. It is a result of the requirements of the application practice. The legal measures focus on removing the bureaucratic constraints on small and medium-sized enterprises and sole proprietors. In this context, the subject of the amendment to the Act on Accounting was another increase in size criteria for the obligation to verify the ordinary and extraordinary individual financial statements by the statutory auditor. In this case, it is primarily a matter of reducing the administrative burden for small businesses. The government of the Slovak Republic estimates that this radical change in size criteria will reduce the audit obligation in 2022 to less than 1% of the accounting entities compared to the current situation. As this is a significant increase in size criteria compared to the current situation, the transitional provisions propose a gradual increase over time in 2021 and 2022 (Table 3.1).

The above set size conditions (Table 3.1) are applied by companies that create share capital. They are subject to audit obligation if they meet at least two of the conditions as of the balance sheet day current accounting period and preceding accounting period.

Table 3.1. Development of size conditions for the obligation of the statutory audit of ordinary and extraordinary individual financial statements

Accounting period beginning as of	Size conditions		
	Total gross assets (EUR)	Net turnover (EUR)	Number of employees during the accounting period
January 1, 2019	> 1,000,000	> 2,000,000	> 30
January 1, 2020	> 2,000,000	> 4,000,000	> 30
January 1, 2021	> 3,000,000	> 6,000,000	> 40
January 1, 2022	> 4,000,000	> 8,000,000	> 50

Source: own processing according to the Act No. 431/2002.

The second Act that amended the Act No. 431/2002 on accounting as of January 1, 2021, was Act No. 421/2020 Coll. on temporary protection of entrepreneurs in financial difficulties and on the amendment of certain acts. By this law, the government of the Slovak Republic has taken measures to overcome the economic and social crisis caused by the Covid-19 pandemic, improve the quality of the business environment, and increase competitiveness. In this context, the Act provides a sufficient time frame for entrepreneurs in financial difficulties to continue the company's operation according to the temporary protection model, which Act No. 62/2020 regulates.[2] This legal institute is intended for entrepreneurs who find themselves in a very serious financial situation, as a result, of which mostly going concern, existing jobs, the company's know-how, the ability to pay creditors' claims in connection with the operation of the company might be endangered. An entrepreneur operating a company with a registered office or place of business in the territory of the Slovak Republic is entitled to apply for temporary protection in accordance with this law. For an entrepreneur under temporary protection, the possibility of loan financing is introduced in order to maintain the going concern. According to the Act, temporary protection will be granted for three months from its provision (i.e., from the day following the date of publication of this information in the Commercial Gazette) after legislative conditions are met, while an entrepreneur under temporary protection may request an extension of temporary protection for another three months.

In addition to the legal regulation of temporary protection, the Act has changed the legal regulation of small bankruptcy. This legislation aims to improve key parameters related to bankruptcy proceedings. Small bankruptcy is a liquidation procedure in

[2] Act No. 62/2020 Coll. on certain emergency measures in connection with the spread of the dangerous contagious human disease Covid-19 and in the judiciary and amending certain acts was in force only for a temporary period from March 27, 2020 to December 31, 2020 at the time of legislative adoption of the Act No. 421/2020.

which there is no interest in continuing the company's operation, which outweighs the interest of creditors in satisfying their claims. This amendment aims to design a simple, efficient, economical and fast liquidation procedure. In this context, the possibility of changing from a small bankruptcy to a standard bankruptcy has been introduced. Therefore, it was added in the Act No. 431/2002 on accounting that this change in the type of bankruptcy is not a reason to end the accounting period and prepare the financial statement as of this date. The accounting entity is obliged to prepare only interim financial statements.

As of January 1, 2022, the Act No. 431/2002 on accounting was amended by two amendments (Figure 3.1). The first amendment is based on Act No. 198/2020 and follows on from the gradual increase in the size conditions for the audit of ordinary and extraordinary individual financial statements introduced in 2021, with the continuity of the size criteria also increase in 2022 (Table 3.1). The increase in the size criteria for the audit obligation is related to the support of entrepreneurs and is intended to help the economic recovery in the aftermath of the Covid-19 pandemic.

The priority of the second amendment of the Act on Accounting by Act No. 456/2021 Coll. amending Act No. 431/2002 Coll. on accounting as amended is to strengthen the transparency of the information reported in the financial statements by publishing the financial statements of all legal entities (except for those not permitted by the European Union directives) in the public part of the register of financial statements. The register of financial statements has its public part and a non-public part. Until the end of 2021, only business legal entities and certain types of non-governmental, non-profit organisations deposited their accounting documents (financial statements, annual reports, auditor's reports, statement of selected data from financial statements prepared in accordance with IFRS, and announcement on the approval of the financial statements) in the public part of the register of financial statements. From January 1, 2022, only the accounting documents of natural persons – entrepreneurs and organisational units of foreign persons – remained in the non-public part of the register of financial statements. In order to expand its functionalities, all accounting documents are required to be filed into a register in the electronic form from January 1, 2022. This simplifies the procedure for their archiving and eliminate the error rate in processing accounting documents in paper form. In addition to the electronic processing of accounting documents in the register of financial statements, the most significant amendment of the Act No. 431/2002 on accounting deals with the clarity and specification of conditions for electronic accounting records.

3.2. The digitalisation of accounting related to the Slovak legislative changes

As the emergency measures were set during the pandemic and the lockdown and curfew were introduced to limit the spread of Covid-19 disease, most workers were moved to home offices and online environments. Accountants and auditors must adapt to the changed work environment conditions and find new ways of accounting or audit documentation processing and client management.

The trend of digitalisation and automation has taken on a massive scale as the pandemic situation deteriorated in its first three waves. The development of information technologies would sooner or later cause the digitisation and automation of accounting, but under the changed pandemic conditions, the government of the Slovak Republic proceeded to legislate electronic accounting radically. The last amendment of the Act No. 431/2002 on accounting, effective from January 1, 2022 (Act No. 456/2021), reflects current trends in digitalisation and automation of accounting and financial statements, taxes and audits.

Digitisation and automation are interconnected processes. "Automation in accounting appeared when computers and software started to be used in accounting practice. Accounting books in the paper form were replaced by automated processing of accounting documents" (Blahušiaková, Mateášová, & Meluchová, 2022). Bevans (2021) defines digitisation as the process of converting anything, e.g., paper records, to a digital format, which is the base for extensive automation.

One of the first elements of digitisation, the electronic signature, was introduced into Slovak legislation already in 2002. The implementation of the electronic signature was connected with the modern way of business communication based on electronic documents, electronic seals, private keys, public keys, and accredited certified authority. However, in the Slovak Republic, many accounting entities remained in the traditional way of processing accounting documents, which they required in paper form and with a handwritten signature. The popularity of the electronic signature and electronic form of the accounting document increased significantly with the beginning of the pandemic in 2020 and thus with the expansion of electronic commerce. Due to the growing share of electronic accounting records in accounting practice (Kordošová, 2021), the amended Act on Accounting, in the interest of clarity, supplements and specifies the conditions under which the accounting entity is obliged to comply with when processing these accounting records as of January 1, 2022. The provisions on paper and electronic forms of the accounting record are clarified and simplified.

One of the types of accounting records is an accounting document. The amendment to the Act on Accounting amended the mandatory requirements of the accounting document, from which the signature of the person responsible for recording the accounting document was deleted. Likewise, the requirement to identify and write down accounts in which the accounting transaction is recorded directly on the accounting document has been removed. The accounting entity is obliged to ensure the credibility of the origin, the integrity of the content and the legibility of the accounting record from its creation, receipt or disclosure until the end of the period of its archiving. The credibility of the origin of the accounting record and the integrity of the content of the accounting record can be ensured by the signature of the responsible person, electronic data interchange, or internal control system of accounting records. It is possible to replace a handwritten signature with any electronic signature that will allow a verifiable identification of the person.

The possible ways of transforming the accounting records when the changes in the form of the accounting record were restated in the amendment to the Act No. 431/2002 on accounting. In addition to guaranteed conversion, scanning can be used to transform the accounting record from paper to electronic form (a file in raster graphic form saved in, e.g., .pdf, .png, .jpg format), which will significantly simplify this process. The transformation of the accounting record can be performed only once to avoid its modification and misuse. The Act No. 431/2002 on accounting explicitly states that keeping a paper accounting record is no longer necessary if it has been transformed into an electronic one. Electronic archiving of accounting documentation can be on a data storage device such as an optical drive, flash drive, memory stick, hard drive or cloud storage (Černegová, 2021).

The accounting entity can choose the form of accounting processing. The preference for electronic accounting will significantly reduce the length of tax inspections carried out by the tax authority. The accounting entity maintaining books under the double-entry bookkeeping system in accounting software is required to provide the tax authority or auditors with access to accounting software and to prove the identification of the accounts in which the accounting transactions are recorded. The entity has these responsibilities for the period when it is required to maintain or archive accounting records.

Steps taken towards digitisation of accounting bring both positives and negatives. The conversion of the paper form of the accounting document into the electronic form and the possibility of electronic storage of accounting documents directly in the accounting system will reduce the archive rent expenses connected with the paper form or fees for guaranteed conversion. At the same time, the administrative and environmental burden with handling paper documents will be reduced. The preference for the electronic form of accounting documents will prevent the costs of printing, printer, paper, toner, etc. The accounting entity must have an archiving module, including the appropriate certification of the accounting document in electronic form, e.g., time stamp. Thus, electronic archiving also includes costs. According to Budnik, Macaulay, & O'Donnell (2017), to limitations and disadvantages, when implementing new technologies and modern digital tax administration, belong unauthorised access to company's data, Internet and electricity outages leaving the company's data out of reach, reliance on third parties to run the company's financial reporting system.

3.3. The digitalisation of accounting in business practice – research results

Based on the changes and additional guidelines for the digitisation of accounting, which were implemented in the Act No. 431/2002 on accounting, we conducted a questionnaire survey from February 4 to February 18, 2022. Its purpose was to determine the degree of digitisation and automation of business processes and related costs. Of the 2358 accounting entities operating in the Slovak Republic, 132 were involved in the questionnaire survey. Most respondents were micro accounting entities (49 respondents), then there were small accounting entities (37 respondents) and large accounting entities (32 respondents). Most respondents were located and performed their business activities in the Bratislava region and the Žilina region. Almost 50% of all respondents were accounting entities that employed up to 10 employees. In terms of predominant activity, 84 entities (63.6%) operated in services, 25 entities (18.9%) in wholesale and retail, and 23 entities (17.4%) in manufacturing. The structure of respondents within the sector is represented by tourism and catering (15 respondents, 11.6%); retail (11 respondents, 8.5%); construction (8 respondents, 6.2%); wholesale sector (7 respondents, 5.4%); finance and engineering sectors (6 respondents each, 4.5%); telecommunications sector (5 respondents, 3.9%); advertising, healthcare, accounting and tax sectors (4 respondents each, 3.1%); agriculture and forestry, food, energy and mining, wood and paper, transport and logistics, clothing and footwear (3 respondents each); design and engineering, real estate, printing (2 respondents each); education and training, chemistry and plastics, gambling, mediation, development and testing, waste treatment, information technology, automotive industry, rubber industry, legal services (1 respondent each). 28 respondents (21.2%) stated the provision of services as the main subject of business.

The degree of digitisation and automation in the individual entities that participated in the questionnaire survey, depending on their size category and legal form, is shown in Tables 3.2 and 3.3.

Complete automation of business processes is in 6 of the 7 entities that prepare financial statements under IFRS, which represents 85.7% of these types of entities, as well as in the case of 19 large entities out of a total of 32 respondents, which represents 59.4% of respondents of this size category. Only 6 small entities (16.2%) and 10 microentities (20.4%) have fully automated business processes. Based on these results, we can conclude that large entities automate business processes to a greater extent than small and microentities. The questionnaire survey also showed that most accounting entities have an automated link between payroll and accounting systems and between e-invoicing and accounting systems. Likewise, communication with the Financial Administration of the SR is fully automated, including the legislative changes that have taken place since January 1, 2022, concerning exclusively electronic two-way communication of tax entities with the Financial Administration of the Slovak Republic.

Table 3.2. The degree of digitisation and automation in accounting entities according to their size

Size of the company / Degree of digitisation and automation	Large accounting entity (32)*	Small accounting entity (37)*	Micro accounting entity (49)*	Accounting entity publishing financial statements under IFRS (7)*	Self--employed person (7)*	Total (132)*
Fully automated processes	19	6	10	6	–	41
Automated warehousing	7	7	7	1	1	23
Automated payroll and accounting	11	13	19	1	–	44
Automated invoicing and accounting	14	19	18	–	–	51
E-invoicing and electronic signature	6	10	23	–	1	40
Communication with the Financial Administration of the SR	6	14	24	–	6	50

*The number of accounting entities participating in a survey with the possibility of multiple choices within the degree of digitisation and automation.

Source: authors' processing based on (Blahušiaková, 2022a).

Table 3.3 shows the degree of digitisation and automation depending on the legal form.

The questionnaire survey showed that up to 86 respondents (65.2%) have their employees for automation and digitisation, 59 respondents (44.7%) use the services

Table 3.3. The degree of digitisation and automation in accounting entities according to their legal form

Degree of digitisation and automation / Legal form	Joint stock company (21)*	Limited liability company (102)*	Self-employed person (7)*	The organisational unit of a foreign accounting entity (2)*	Total (132)*
Fully automated processes	12	28	–	1	41
Automated warehousing	8	14	1	1	23
Automated payroll and accounting	10	34	–	–	44
Automated invoicing and accounting	8	42	–	1	51
E-invoicing and electronic signature	5	34	–	1	40
Communication with the Financial Administration of the SR	9	38	6	–	50
Total	21	102	7	2	132

*The number of accounting entities participating in a survey with the possibility of multiple choices within the degree of digitisation and automation.

Source: authors' processing based on (Blahušiaková, 2022a).

of an external supplier, and 13 respondents use a combination of these options. In connection with the automation and digitisation of business processes, more than half of the respondents (69; 52.3%) reported additional costs, while 63 respondents (47.7%) did not incur additional costs related to automation and digitisation. Up to 26 respondents state zero or negligible costs related to automation and digitisation. Costs for automation and digitisation, up to 10% of total costs, are stated by 28 respondents. Costs for automation and digitisation in the amount of 11 to 50% of total costs are stated by 6 respondents. 4 respondents cannot estimate the amount of these costs due to the fact that the processes have not yet been completed. 7 respondents cannot estimate the costs because the costs are difficult to identify, as most of the investments are managed by the parent company. One respondent cannot estimate the amount of costs, although he states that it was a significant amount of costs. One joint-stock company, a large accounting entity with more than 100 employees operating in the engineering sector, estimates automation costs at 200 thousand euros. Another large accounting entity, a joint-stock company operating in the agricultural and forestry sector, estimates the cost of automation at 25 thousand euros. As many as 58 respondents did not comment on this issue.

According to the respondents, the most costs are related to the purchase of information technology, software, external data cloud storage, and electronic communication and electronic signature payments (Blahušiaková, 2022b). With the automation and digitisation of business processes, the threats to which data shared on external cloud storage may be exposed must also be considered. Various cyber-attacks, ordinary power outages or the Internet can make data unavailable. Accounting entities might not be able to fulfil their obligations within the deadlines (e.g., filing a tax return, preparation of financial statements). These facts must be considered, and entities should be prepared for these threats.

Concluding, the Covid-19 outbreak has changed from an unpredictable disruption to an economic, social and healthcare crisis worldwide. Governments worldwide have adopted many measures to prevent spreading the virus and save people's lives. Changes in legislation resulting from the pandemic have also affected the accounting and auditing area. Due to meeting restrictions and curfew, in-person meetings among accountants, auditors and their clients were not allowed. They had to find other ways how to communicate and exchange accounting documentation. Accounting legislation had to refer to these new circumstances. There were several amendments to the Act No. 431/2002 on accounting, some resulting from the pandemic, some reflecting trends in digitalisation and automation of accounting and financial statements, taxes and audits. Due to the growing share of electronic accounting records in accounting practice, the amended Act No. 431/2002 on accounting supplemented and specified the conditions the accounting entity must comply with when processing accounting records as of January 1, 2022.

The results of our questionnaire survey have proved that the Covid-19 pandemic has affected, to a certain extent, the level of automation and digitisation in Slovak companies. The research results have shown that almost one-third of the respondents have fully automated business processes. The automation of business processes is mainly a domain of large accounting entities dealing with many documents, which benefit from automation. The processing of documents is faster, and automation also minimises errors. When thinking about digitisation and automation, the smaller entities have to compare costs related to automation with benefits the automation would bring them in the future. Almost two-thirds of the respondents have stated they had their own employees for automation and digitisation, and more than half of the respondents have reported additional costs related to automation and digitisation. When thinking about automation and digitisation, the accounting entities should also consider the threats related to the automation of business processes, such as electricity and Internet outages, cyber-attacks, etc.

ACKNOWLEDGEMENTS

This chapter has been supported by the VEGA project 1/0121/21, 'The Analysis of Impact of Crises Related to Covid-19 on Financial Health of Entities in the Slovak Republic', and the research project in business activity 'The Impact of Covid-19 Pandemic on Accounting Practice'.

References

Bevans, D. (2021). *Digitisation and automation: What are they, and how do they relate?* Retrieved from https://www.mendix.com/blog/digitization-and-automation-what-are-they-and-how-do-they-relate/

Blahušiaková, M. (2022a). Automation and digitalization of business processes – new challenges arising inter alia, from the Covid-19 pandemic. In *Strategic management and decision support systems in strategic management SM 2022: 27th International Scientific Conference* (pp. 357–366). Subotica: Faculty of Economics in Subotica University of Novi Sad.

Blahušiaková, M. (2022b). Automatizácia a digitalizácia účtovníctva v Slovenskej republike – komparatívna analýza. *Ekonomika a informatika: vedecký časopis FHI EU v Bratislave a SSHI, 20*(1), 5–16.

Blahušiaková, M., Mateášová, M., & Meluchová, J. (2022). New Challenges in Accounting Practice in the Slovak Republic Related to Digitalization. *Hradec Economic Days. Vol. 12(1): Proceedings of the International Scientific Conference Hradec Economic Days 2022: June 9–10, 2022, Hradec Králové, Czech Republic*, 104–116.

Budnik, S., Macaulay, M. T., & O'Donnell, R. (2017). *Digital transformation: How advanced technologies are impacting financial reporting and auditing*. KPMG. Retrieved from https://home.kpmg/content/dam/kpmg/us/pdf/2017/08/KPMG-Forbes-Digital-Transformation-report.pdf

Černegová, A. (2021). *Digitalizácia účtovníctva a ďalšie zmeny v účtovníctve od roku 2022*. Retrieved from https://www.podnikajte.sk/uctovnictvo/digitalizacia-uctovnictva-zmeny-v-uctovnictve-2022.

European Centre for Disease Prevention and Control [ECDC]). (2020). *Outbreak of acute respiratory syndrome associated with a novel coronavirus, China: First local transmission in the EU/EEA – third update*. 31 January 2020. Stockholm: ECDC. Retrieved from https://www.ecdc.europa.eu/en/publications-data/risk-assessment-outbreak-acute-respiratory-syndrome-associated-novel-1

Kordošová, A. (2021). The impact of the Coronavirus crisis on the recipients if the share of the tax paid. In *Účtovníctvo a audítorstvo v procese svetovej harmonizácie: zborník z medzinárodnej vedeckej konferencie, 7. – 9. septembra 2021, (Skalica, Slovensko)* (pp. 68–72). Bratislava: Vydavateľstvo Ekonóm.

Ministry of Health of the Slovak Republic [MHSR]. (2021). *Na tretiu vlnu pandémie sa zodpovedne pripravujeme, ochrana zdravia ľudí je pre nás prioritou*. Retrieved from https://health.gov.sk/Clanok?covid-19-28-7-2021-tretia-vlna-priprava

Ministry of Health of the Slovak Republic [MHSR]. (2022). *Covid-19: Nemocnice sa pripravujú na zvýšený nápor pacientov*. Retrieved from https://health.gov.sk/Clanok?covid-nemosnice-urgent-stany

Ministry of Interior of the Slovak Republic [MISR]. (2022). *Ukončenie „núdzového stavu" a platnosť „mimoriadnej situácie" v súvislosti s Covid-19*. Retrieved from https://minv.sk/?ukoncenie-nudzoveho-stavu-platnost-mimoriadnej-situacie-v-suvislosti-covid-19-ouke

Mokošová, D., & Blahušiaková, M. (2021). The impact of Covid-19 on accounting practice, research and education environment in the Slovak Republic. In J. Dyczkowska (Ed.), *The impact of Covid-19 on accounting, business practice and education* (pp. 17–29). Wroclaw: Publishing House of Wroclaw University of Economics and Business.

Public Health Authority of the Slovak Republic [PHA SR]. (2020). *Slovensko zaznamenalo prvý potvrdený prípad ochorenia Covid-19*. Retrieved from https://www.uvzsr.sk/index.php?option=com_content&view=article&id=4061:slovensko-zaznamenalo-prvy-potvrdeny-pripad-ochorenia-covid-19&catid=250:koronavirus-2019-ncov&Itemid=153

World Health Organization Regional Office for Europe [WHO/Europe]. (2020). *Countries 2020*. Copenhagen: WHO/Europe. Retrieved from http://www.euro.who.int/en/countries

Legal acts

Act No. 62/2020 Coll. on certain emergency measures in connection with the spread of the dangerous contagious human disease Covid-19 and in the judiciary and amending certain acts. Retrieved from https://www.slov-lex.sk/pravne-predpisy/SK/ZZ/2020/62/20210521

Act No. 67/2020 Coll. on certain emergency financial measures in relation to the spread of the dangerous contagious human disease Covid-19 as amended. Retrieved from https://www.nbs.sk/_img/documents/_legislativa/_basicacts/en_672020-96.pdf

Act No. 198/2020 Coll. amending certain acts in connection with the improvement of the business environment affected by measures to prevent the spread of dangerous contagious human disease Covid-19. Retrieved from https://www.slov-lex.sk/pravne-predpisy/SK/ZZ/2020/198/20220101

Act No. 363/2019 Coll. amending Act no. 431/2002 Coll. on accounting as amended. Retrieved from https://www.slov-lex.sk/pravne-predpisy/SK/ZZ/2019/363/20200101

Act No. 390/2019 Coll. amending Act no. 513/1991 Coll. Commercial Code, as amended, and which amends certain acts. Retrieved from https://www.slov-lex.sk/pravne-predpisy/SK/ZZ/2019/390/20201001

Act No. 421/2020 Coll. on Temporary protection of entrepreneurs in financial difficulties and on the amendment of certain acts. Retrieved from https://www.slov-lex.sk/pravne-predpisy/SK/ZZ/2020/421/20220717

Act No. 431/2002 Coll. on accounting as amended. Retrieved from https://www.slov-lex.sk/pravne-predpisy/SK/ZZ/2002/431/20220901

Act No. 456/2021 Coll. amending act No. 431/2002 Coll. on accounting as amended. Retrieved from https://www.slov-lex.sk/pravne-predpisy/SK/ZZ/2021/456/20220101

Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings. *OJ* L 182, 29.6.2013. Retrieved from https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32013L0034