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# New Challenges in Accounting Practice in the Slovak Republic Related to Digitalization

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**Abstract:** Information technologies, automated processes and digitalization as a part of Industry 4.0 have influenced all spheres of social and economic life, including accounting. The accounting and tax practice have to respond to the growing number of electronic accounting records that is why the automated processing of accounting documentation, digitalization and electronic communication are nowadays a natural part of accounting practice. At present, there are several laws in the legislative process in the Slovak Republic responding to the current situation as well as to changes coming from the European Union environment. One of them is the communication between accounting entities and the Financial Administration Authority of the Slovak Republic, which is, as of the 1 January 2022, required to be provided entirely electronically. The paper focuses on questions related to the future position of accounting profession, as well as on the processes of digitization and digitalization in the accounting and tax practice, with the accent on the legislation required to reflect the changes and challenges related to the growing number of electronic accounting records. The source data consist mainly of academic and professional papers, as well as of the legislation related to the subject of our research.

**Keywords:** digitalization; accounting; practice; accounting documentation; accounting records; Industry 4.0

**JEL Classification:** M41; M48; O14

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## 1. Introduction

The scientific and technical development is unstoppable. The First Industrial Revolution (also called as Industry 1.0) that started in 1760 in England and that has brought the switch from agricultural economy to factory production, has significantly affected all the areas of the social, political and economic life. New mechanical production facilities with the help of water and steam power have been introduced during it. The world went through two more industrial revolutions (Industry 2.0 and Industry 3.0), and nowadays we are experiencing the Fourth Industrial Revolution (Industry 4.0). All industrial revolutions were related to the scientific and technological progress. Industry 2.0 was characterized by the division of labor and mass production with the help of electrical energy. Industry 3.0 used the progress achieved in electronic and IT systems that further automated production without human intervention (Microstep-hdo, 2020). According to Ceoforum (2021), Industry 3.0 has been affected mainly by birth of internet.

Currently, the whole world and society are in the middle of the Fourth Industrial Revolution (Industry 4.0), which is also known as the Digital Revolution. Digital technologies affect all aspects of modern life from individuals to societies, from economies to cultures, and changes the world (Tekbas, 2018). Industry 4.0 (this title was used for the first time at the exhibition in Hanover in 2011) is characterized by creation of industrial networks, the global introduction of smart technologies, the building of smart factories, the building of the so-called intelligent industry, and this development is really very fast (Industry4.sk, n.d.). The basic condition for Industry 4.0 is widely accessible internet that allows a very easy connection of a large number of people around the world. The Industry 4.0 is focusing on the transformation of the economy and society, depending on developments in artificial intelligence, robotics, autonomous devices, 3D printers, nanotechnologies, and other fields of science.

This fast development of information technology has affected all aspects of business operations, especially those related to international and national trade, including the area of accounting, financial reporting, auditing and taxes. According to Mancini et al. (2017) digital technologies significantly influence the accounting information and management control systems. Many digital systems that did not exist ten years ago are now actively used in the accountancy profession (Tekbas, 2018). Development of modern computer systems leads to decreasing the workload of accountants. Repetitive actions, complicated and difficult accounting transactions are, thanks to information technologies, made easily and quickly, with higher effectiveness.

COVID-19 pandemic has an impact on processes of automation and digitization in accounting, too. Social distance, movement restrictions, working from homes (so called home-office) have forced accounting entities, accountants, auditors to find new ways of communication or submitting of documents. The work environment of accountants and auditors has moved to the home office, which has brought new challenges with regard to the processing of the accounting documentation received or requested, client management and communications, as well as technical equipment (Mokošová & Blahušíaková, 2021).

The legislation should respond to new challenges related to automation, digitization and digitalization. Issuing acts related to electronic signature, e-invoicing, GDPR, security of transferring information, growing number of electronic records, and so on, play a very significant role in this case. The purpose of the paper is to analyze current state and trends in digitalization and automation in accounting, financial reporting, taxes and audit in the Slovak Republic. The paper focuses also on new amendments of Slovak accounting legislation related to automation and digitalization in accounting and taxes practice and their impact on performance of the accountants' and auditors' work.

## **2. Methodology**

We have studied and analyzed relevant printed and electronic sources of literature, as well as the legislation related to the subject of our research in order to achieve our research purposes. We have studied mainly academic sources obtained from databases Web of Science, SCOPUS, as well as professional papers from websites of biggest accounting and

auditing companies, professional bodies, accounting and tax authorities written in English and Slovak. The searching criterion were the above-mentioned keywords, with focus on digitalization, digitization, automation in accounting, taxes, and audit. We have received more than 300 various scientific papers, which have been examined and through selection processes we have chosen those stated in references that have contributed to our research the most. We tried to investigate the depth of digitization and automation in accounting practice in various countries, as well as the challenges resulting from this process. We have also analyzed and compared accounting legislation in the Slovak Republic valid until 31 December 2021 with legislation that entered into force on 1 January 2022. We have used mainly methods of analysis, comparison, deduction and induction, as well as the method of generalization.

### **3. Digitalization in Accounting and Auditing Practice**

Digitalization can be defined (Definition of Digitalization - Gartner Information Technology Glossary, n.d.) as “the use of digital technologies to change a business model and proved new revenue and value-producing opportunities, it is the process of moving to a digital business”. Digitalization is the conversion of analog information into texts, photographs, and voices, among others. On the other hand, automation, which is often used in relation with digitalization, is understood as the automatic execution of tasks without periodic interference (What Is the Difference between Digitalization and Automation?, n.d.). Another term used with digitalization is digitization, but these two terms need to be distinguished. Digitization is defined as the process of converting anything (for example paper records) into a digital format (Bevans, 2021). It is usually the first step toward the automation.

Digitalization of accounting and tax processes is not only for big companies. However, companies with a large number of documents usually benefit from digitalization. But even small companies can profit from digitalization. Small companies need to compare the benefits resulting from digitalization with cost of implementing it, building and securing the necessary infrastructure.

There are many authors and researchers dealing with digitalization in accounting, investigating the impact of digitalization and automation on employment, accounting profession, and development in accountancy and taxes in particular countries, such as Justenhoven et al. (2018), Güney (2014), Pajarinen et al. (2015), Gulin et al. (2019), Dečman et al. (2019), Agostino et al. (2021), and so on.

#### *3.1. The Impact of Digitalization and Automation on Accounting Practice*

Development of technology and digitalization allow updates and changes of accounting profession, which belongs to the professions the most affected by the technological developments and globalization (Gulin et al., 2019). Due to massive digitalization it is expected that many jobs, professions will disappear altogether (Jylhä & Syynimaa, 2019). According to Grace et al. (2018) there is 50 per cent chance that artificial intelligence will beat the performance of human beings in 45 years and replacing the human workforce totally in

120 years. This is supported by the results of the research conducted by Frey and Osborne (2017), who state that the accounting profession is on the top of the list of job profession at risk of automation, with high probability of being automated and digitalized in the near future. The introduction of cloud computing has also significantly affected the growing trend of digitalization in the area of accounting (Dečman et al., 2019). Digitalization of accounting implies a change in selecting, processing, and storage of documents. As a result of their research, Agostino et al. (2021) suggest that digitalization has important implications for accounting and accountability in three main areas: the production of data and information, the consumption of these data, and their effects.

The result of digitization is that documentation no longer exists in a traditional paper-based system because it is fully digitized in electronic form. Traditional accounting methods (such as paper, receipts, registration, declaration notification, and so on) are replaced by internet-based accounting systems (such as cloud system and blockchain technology). This is supported by research of Gulin et al. (2019), who state that accounting profession is faced with numerous challenges in the area of digitalization, to which belong for example the use of big data in accounting and financial reporting, cloud computing and continuous accounting, artificial intelligence and blockchain technology, which have an impact on the future of accountancy. Almost all accounting companies use the cloud in their financial reporting processes. All these changes require the establishment of integrated document management systems (DMS), possibility of electronic storage of accounting ledger, automatic recording, and e-storage of invoices, as well as e-invoicing. Due to this, accounting professionals will have more strategic and managerial oriented role (Smith, 2018), because many transactions, which are made by accountants nowadays, will be automated and made by artificial intelligence in the future.

The solution suggested by Tekbas (2018) is “Accounting Engineering”, which will enable the accounting profession to evolve with engineering abilities. Accounting Engineering can be understood as the transformation of the accountancy profession resulting from the technological developments, such as digitalization, artificial intelligence, and the Industry 4.0. Both professions, accounting as well as engineering, are dealing with data collection and analysis, their development and solutions, and providing them to decision makers. Both are based on processing the input data into the output reports. As Tekbas (2018) states, “an accounting engineer is a person, who can adapt to technological developments and actively use technological products in professional practices, specialized in his own field, combine practical and theoretical knowledge with philosophy, mathematics, and technology.”

Digitalization of accounting is closely related to digitalization of the tax system that means (Dečman et al., 2019) “the possibility of filling electronic tax returns, but it is also expected that tax administrators will provide a better, streamline service and become more efficient in carrying out their work”. Digitalization cannot be understood as a conversion of tax return from paper form to .pdf format and uploading it to the Tax Administration website. According to ICAEW (2019) it should be “revolutionary, considering not only how taxpayers complete their fillings, but what is taxed and how the authority can leverage

powerful data pipelines to complete audit taxes without.” Baisalbayeva et al. (2017) state six key components of a successful digital transformation related to tax administration:

- Compliance strategy,
- Legislative framework,
- Operational framework,
- Tax technology and infrastructure,
- Change management, training and education, and
- Performance measurement.

Hadzhieva (2018) states five steps that should be taken in order to ensure tax compliance and enforcement related to digitalization of tax administrations’ operations:

- E-filing: standardized electronic forms for filling tax returns,
- E-accounting: e-invoices and similar data in an electronic format,
- E-matching: cross-referencing with accounting, bank and source data,
- E-auditing: electronic audit assessments, and
- E-assessment: assessments without tax forms by use of Blockchain technologies, and so on.

The processes of digitization and automation of accounting and taxes have both advantages and disadvantages. According to Dečman et al. (2019), Budnik et al. (2017) benefits resulting from digitalization of accounting and taxes and using technologies in the financial reporting processes are mainly cost savings; quicker and more effective business processes; better process control; automated collection and payment processes; improvement of transparency of processes; increasing of productivity and competitiveness; increasing data reliability, predictability and accuracy; increased visibility of end-to-end processes; increased ability to identify outliers and anomalies; easier access to relevant information; faster refunding procedures; decreased operating costs and reducing operation times for tax administrators; easier making financial forecasts and managing staff, and so on. Using information technologies in financial reporting can give companies a competitive advantage, because their financial reporting is more cost effective. The primary benefits of auditors using advanced technologies are increasing ability to identify areas of risk and reducing risk, to control weaknesses, provide deeper insights, identify data outliers and anomalies, and decreasing of costs.

According to Budnik et al. (2017), to limitations and disadvantages, when implementing new technologies and modern digital tax administration belong unauthorized 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; and all these issues dwarf worries about costs. Implementation costs, regulatory compliance, change management and lack of relevant skills belong to other factors slowing down the implementation of new technologies in some companies.

### *3.2. Development of Legislative Changes Related to Digitalization in Accounting in the Slovak Republic*

When thinking about digitalization, it is necessary to take into granted the legislation process. The beginning of digitalization in the Slovak Republic dates back to 2002, when the

*Act No. 215/2002 Coll. On Electronic Signature as amended* was issued. This act was replaced by the *Act No. 272/2016 Coll. on trusted services for electronic transactions in the internal market and amending certain laws (Trust Services Act) as amended* in 2016. Both acts have defined terms like electronic document, electronic signature, electronic seal, private key, public key, accredited certified authority, certified authority, the office, and so on. They have defined the rights and obligations of entities using the electronic signatures and seals, as well as the authenticity and protection of electronic documents signed with an electronic signature or provided with an electronic seal. The D. Trust Certified Authority a. s. (DTCA) is the exclusive service provider of an accredited certification authority in the Slovak Republic.

First steps to automation in accounting appeared when computers and accounting software started to be used in accounting practice. Accounting books in the paper form were replaced by automated processing of accounting documents. In 2002, the new *Act No. 431/2002 Coll. on Accounting as amended* (hereafter referred to as “Act on Accounting”) was issued. In accordance with the Act on Accounting, the accounting documentation of accounting entity shall include all accounting records. Till the end of the 2021, the accounting record could have either the written form or the technical form, both forms were equivalent. On 2 December 2021 the *Act No. 456/2021 amending Act on Accounting* was issued. The amendment entered into force on 1 January 2022. It has responded mainly to the growing number of electronic accounting records in accounting practice. It supplements and specifies conditions the accounting entity is required to follow when processing accounting records (Pastierik, 2021), specifies information the accounting documents must contain (Meluchová, & Mateášová, 2021). The written form of the accounting record has been replaced by the term the paper accounting record, and the technical form of the accounting record has been replaced by the term the electronic accounting record. The electronic accounting record has been specified as the accounting record made:

- a) In the electronic format, and received or made available in the electronic format, whereby the electronic format is determined by the issuer of the accounting record or is determined on the basis of agreements with the recipient of the accounting record;
- b) In accordance with Act on Accounting and sent electronically, for example as an attachment of an e-mail;
- c) In electronic format for internal purposes of the accounting entity.

The accounting entity is required to ensure the credibility of the origin, the integrity of the content, and the legibility of the accounting record from the moment the accounting record is made (received, made available) until the end of the archiving period of 10 years. These are three new very important requirements for the accounting record. The credibility of the origin and the integrity of the content of the accounting record can be ensured by the signature of the responsible person, by electronic data exchange, or by the internal control system of the accounting records. The signature of the person responsible for the accounting transaction can be replaced by the electronic data interchange or by the internal control system. The electronic data interchange is the computer-to-computer exchange of business documents in a standard electronic format between business partners, which goes through a

process of verification, coordination, approval, and accounting for without the possibility of human intervention in the content of the accounting record. The signature can be either a handwritten signature, a qualified electronic signature or a similar verifiable signature replacing a handwritten signature in electronic form, which enables unambiguously verifiable identification of the person who made the signature. The signature will be accepted if the person uses a personal access code (name, password, key) to enter the information system. The accounting entities are required to determine the persons responsible for controlling the accounting process, as the internal control system of accounting records.

The new amendment of the *Act on Accounting* adjusts the method of transformation of the accounting records from the paper form into the electronic form, or vice versa. The transformation of the accounting record can be performed by a guaranteed conversion or by scanning into a file format in raster graphic form (for example saved in .pdf, .png, .jpg format). In the context of the archiving of accounting documentation, the amendment to the *Act on Accounting* defines the methods of storage of electronic accounting records on a data storage device, which can be optical drive, flash drive, memory stick, hard drive, cloud storage, and so on (Černegová, 2021).

Another important part of digitalization of accounting in the Slovak Republic is the Register of the Financial Statements (hereafter referred to as “register”) that has been introduced by the *Act No. 547/2011 amending Act on Accounting* effective from 1 January 2013.

The register represents the information system of public administration administered by the Ministry of Finance of the Slovak Republic, which is as the register administrator responsible for creation, maintaining, and operating the register; for collecting and processing information from financial statements; for performing formal control of information contained in financial statements; for providing and making accessible documents filed in register to public administration bodies and other entities. The register is operated by the DataCentrum. The register in the Slovak Republic is divided into a public part and a nonpublic part. The public part of the register consists of documents of an accounting entity that prepares financial statements in accordance with IFRS; a company; a cooperative; a state-owned enterprise; a public administration entity; and other accounting entities if financial statements of these entities shall be publicly accessible.

The accounting entities in the Slovak Republic are required to file into the register mainly the financial statements; statements of selected data from financial statements; auditor’s reports; Announcement on the approval of the financial statements, and so on. Accounting entities were allowed to file these documents in the electronic form or in the paper form till the end of 2021, except for value added taxpayers. Value added taxpayers have been obliged to communicate with tax authorities only electronically since 2014, which means that financial statements as well as all tax returns, and all other accounting and tax documentation were required to be delivered only in the electronic form. From 1 January 2018, the mandatory electronic communication was extended to all legal entities registered in the Commercial Register, and from 1 July 2018 to all sole traders carrying out business activities or other activities generating income, if they support their expenses incurred to achieve, maintain and sustain income for the purpose of determining the income tax base according

to *Act No. 595/2003 Coll. on Income Taxes as amended*. The new amendment of the *Act on Accounting* effective from the 1 January 2022 requires all accounting entities to deliver all the accounting documentation (including financial statements, annual reports, and the Announcement on the approval of the financial statements) only in the electronic form to register. The process of filing the documentation is simplified and the errors resulting from non-automated processing of financial statements are eliminated. Some accounting entities, such as the Slovak Information Service and the accounting entities not established for carrying out business activities (for example civic associations, which do not prepare tax returns, or are not required to have their financial statements audited by an auditor) can still file the financial statements in the paper form on to the register.

Electronic documents are delivered via the electronic mailroom operated according to *Act No. 563/2009 Coll. Tax Administration Law as amended*. The Financial Directorate of the Slovak Republic passes documents delivered in the electronic form on to the register administrator. The register administrator afterwards makes documents of accounting entities accessible in the public part of the register to all persons through the website in the electronic form. As of the 1 January 2022, the public part of the register will include financial statements of all legal entities that are obliged to file their documents on to the register, including community land trust, non-governmental non-profit organizations (civic associations, associations of owners of apartments and non-residential premises), and so on. In the non-public part of register only accounting documents of individuals that are not considered to be an accounting entity and organizational units of foreign entities will be filed.

The public part of the register allows accounting entities to have an access to financial statements of other accounting entities. Thus, they can work with datasets consisting of particular data and compare their economic results, financial position, and performance with other entities, or in time.

As of the 1 January 2022, the communication between the Financial Administration Authority of the Slovak Republic (hereafter referred to as "FAA") and taxpayers changed, too. The FAA will deliver documents to taxpayers exclusively electronically through the Central Government Portal ([Slovensko.sk](http://Slovensko.sk)) in accordance with *Act No. 305/2013 Coll. on e-Government*. Till the end of 2021, the communication between taxpayers and the FAA has been providing through Financial Administration Portal ([www.financnasprava.sk](http://www.financnasprava.sk)) in one direction – from the taxpayers to the FAA. As of the 1 January 2022, the communication will be carried out in both directions electronically (Financial Administration Authority, 2021). The main benefit of a comprehensive both-direction communication is to make more effective and speed up mutual communication between the FAA and its clients, making it one of the modern institutions within the European Union. It is expected that the implementing of both-direction communication will reduce operating financial costs, as well as decrease the number of printed paper documents that will have the positive impact on the environment.

Electronic communication relates not only to communication between accounting entities and accounting or tax authorities, but also to communication between business partners. It is obvious, especially in this time of COVID-19, when due to restrictions personal meetings and exchanging documents are limited, that accounting entities use other forms of



delivering documents to their business partners, accountants, and auditors. The very popular form of processing the accounting documents is scanning them and sending them in .pdf format to the responsible persons, or just simply use the electronic format with electronic signature.

### *3.3. The Readiness of Companies for Digitalization and Automation*

Every activity in the company, such as the business process, the process of acquiring new customers, caring for existing customers, developing new products or services, and so on, can be automated and optimized with usage of digital technologies. The automatic transfer of orders from e-shop into accounting, mobile warehouse, online invoicing, intelligent warehouse management or remote document approval belong to other processes that can be digitalized and automated in the company. The delivery of goods or services can be invoiced from a mobile phone, payment of invoice can be made just by one click. Payments by smart phones or smart watches are commonly used nowadays. The entrepreneur can create bank account just by using smart phone and Internet.

Despite using of various accounting systems in accounting practice, and efforts to automate all processes in the company in the paper-less way, there are still documents (such as labor law documents) that need to be in the paper form. The most important issue is the possibility to archive documents in the digital form using the DMS. Incoming invoice in the paper form is transforming into the electronic form by scanning it in the registry office and extracting metadata from it. As a result, instead of the paper form of the document, only electronic one runs in the accounting entity. The electronic form of document then passes the approval process in the DMS, and after approval, the invoice is accounted for. These are examples of only few activities in the accounting entities that can be automated and digitalized.

The accounting practice in the Slovak Republic has proved that automation, digitalization, and the implementation of legislative changes related to digitalization of accounting is in progress. Although it is too early to evaluate the advantages and disadvantages of new changes, we interviewed six accounting entities during December 2021 and January 2022 about their readiness for digitalization in their practice. Three of interviewed entities were international consulting companies, and three were Slovak accounting entities providing accounting and tax services. In the paper, we state only first opinions, because we do not consider this sample relevant. According to respondents, the long-term benefit of digitalization as the result of scientific and technical development is obvious and unquestionable. The artificial intelligence influences all areas of decision-making, and management processes. The respondents have mentioned insufficient technical equipment, financial sources for implementing changes, professional training of employees, and analysis of relevant risks as the main problems related to digitalization.

Processes related to digitalization and automation, such as downloading of documents, their import into accounting software, and their automated accounting for, are, according to respondents, already being implemented. The respondents from consulting companies providing accounting and tax services see the fundamental change in the fact, that

professional consultancy will no longer be provided as a service only, but rather as a ready-made comprehensive solution that clients will take full advantage of for fee. Due to rapid changes, in which business operates today, clients will no longer have time or professional capacity to spend their financial resources to analyze their problems and search for optimal solutions. Instead, the clients will prefer an approach, where the consulting company has a ready-made solution for their current problems, which can be implemented in a short time. The increased rate of services outsourcing, higher specialization and global solutions through shared services centers have been also mentioned by respondents. Innovations, the flexibility and the ability to adapt to technical progress in digitalization will also play a significant role in accounting and tax consultancy companies. Each of interviewed companies works on projects related to applications that enable to external clients, as well as to internal employees to upload accounting documents into the system, record and approve attendance of employees, to scan documents for accounting for, assign documents according to the nature of the activity, and so on.

Another issue that is necessary to take into granted is, if Slovensko.sk as the central public administration portal, or FAA are prepared technically for full electronization and digitalization of companies. Will the existing system be able to handle the onrush of clients? The practice from January 2022 has proved big problems resulting from outages of the portal. Due to these outages, many companies were not able to file value added tax returns, as well as other documents filed electronically, on time. The accounting entities have not been penalized, yet. But what if the problem will repeat every month?

#### **4. Conclusions**

The accounting profession belongs to the professions the most affected by the technological development and digitalization. Nowadays, the accounting profession is faced with numerous challenges, such as the use of big data in accounting and financial reporting, cloud computing, blockchain technology, artificial intelligence. Digital systems are now actively used in the accountancy profession, and complicated accounting transactions are made easily and quickly, with cost savings and higher effectiveness. The profession of accountant is changing to somebody like Accounting Engineering – a person with accounting and engineering abilities. It is expected that the person of the accountant will be replaced by artificial intelligence in the near future and the work of accountant will be fully automated. Automation of processes related to accounting, accounting reporting, taxes, and audit has many advantages, but we can also see some limitations. The main benefits are cost savings; effective business processes; automated collection and payment processes; increasing transparency, productivity and competitiveness of processes; increasing data reliability, predictability; decreasing of operating costs, and so on. Limitations of digitalization and automation are especially the risk of unauthorized access to company's data; Internet and electricity outages; implementation costs, or regulatory compliance.

Our paper proves that the Slovak Republic has made a giant step towards digitalization and automation in accounting and tax practice. Due to the new amendment of *Act on Accounting* that entered into force on 1 January 2022, and that reflects mainly new challenges

related to electronic communication, the digitalization of accounting processes will be easier for accounting entities. Another positive matter is that as of the 1 January 2022, the whole communication between accounting entities (taxpayers) and the FAA will be provided entirely in the online environment using information technologies in both directions. We consider it a positive step within the corporate social responsibility, because this change will affect not only the performance of the accounting profession, but also have the positive impact on the environment.

The digitalization, automation, and electronical communication concern not only big multinational companies, but also small and medium sized companies, self-employed persons, and individuals. But are all these entities ready for this? Do they have sufficient technical and digital knowledge, and technical and software support? The age, education, experience and technical skills of persons acting on behalf of the accounting entity belong to other factors that have to be considered, when thinking about digitalization. Will the employees be able to keep up with technical progress and the government's requirements for electronic communication? And what about the failure of the system? Will there be any sanctions if the accounting entity files the financial statements, tax returns or other notifications after the deadline due to technical problems?

Our brief research has revealed that many processes in accounting entities are more or less automated and digitalized. The insufficient technological equipment and the lack of financial sources are complications the accounting entities are facing regarding digitalization. Another point resulting from our brief research is that due to rapid changes in digitalization, the clients expect from accountants and consulting companies the ready-made comprehensive solution for their current problems that can be implemented in a short time.

Cyber security is another issue to be considered in the context of electronic communication. It is technically and financially demanding. Increasing protection of systems, networks and data from cyber-attacks from external, as well as from internal environment of the accounting entity should be the highest priority, when thinking about electronic communication.

There are many other challenges and issues related to digitalization that need to be considered, and solved in order to avoid problems and misunderstandings in the future. Only implementation can reveal its weaknesses and strengths. Responding to these questions and challenges could be the subject of the further research.

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