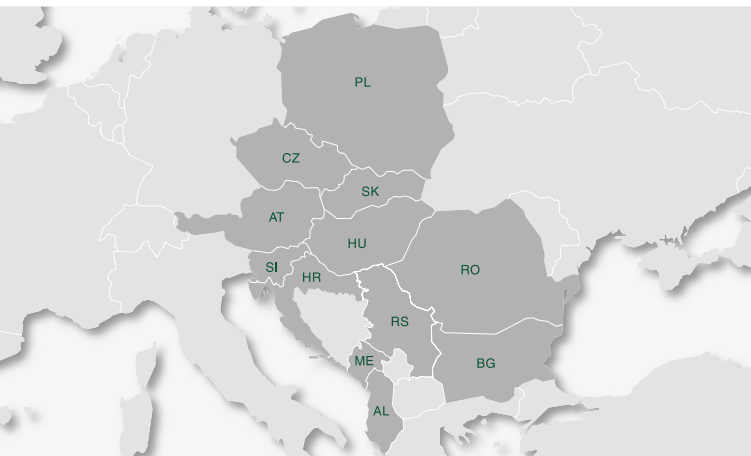




Investing in Slovenia

An overview of the current
tax system | 2021





12 Countries. 1 Company. The TPA Group.

Investing in Slovenia.

An overview of the current tax system.

The current developments within Central and Eastern European countries are accompanied by ongoing changes in tax systems. For investors, this means numerous new developments to take into account.

TPA's CEE Country Series covers 12 Central and South Eastern European countries, and gives an overview of the business environment and the most important new developments, including:

- Different types of business organisations, and their most important features
- Key details of corporate and personal income tax and VAT in each country
- Current tax allowances, reliefs and concessions
- Core provisions of double taxation agreements

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The information in these folders is based on the present legal situation and current administrative practice, and is therefore subject to change. The information is general in nature, and of necessity abridged: the booklets are not a substitute for individual, specific advice.

Our CEE experts will be happy to answer your questions in more detail.

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Types of organisation

	<i>Name in local language</i>	<i>Registrable in commercial register / legal entity</i>	<i>Minimum capital</i>	<i>Sole shareholder company</i>
Limited liability company	Družba z omejeno odgovornostjo (d.o.o.)	yes / yes	EUR 7,500 Minimum capital to be contributed by each shareholder: EUR 50	yes
Stock company	Delniška družba (d.d.)	yes / yes	EUR 25,000	yes
Cooperative	Cooperative with limited liability Zadruga z omejeno odgovornostjo (z.o.o.) Cooperative without liability Zadruga brez odgovornosti (z.b.o.)	yes / yes	no	no
General partnership (with unlimited liability)	Družba z neomejeno odgovornostjo (d.n.o.)	yes / yes	no	no
Limited partnership	Komanditna družba (k.d.)	yes / yes	no	no
Registered branch office	Podružnica	yes / no	no	n/a
Permanent establishment	Obrat / davčna podružnica	no / no	no	n/a

	<i>Capital tax / registration fees for commercial register</i>	<i>Written form / notarisation</i>	<i>Tax transparency</i>	<i>Registration with tax authorities</i>	<i>Statutory audit for medium-sized (revenues more than EUR 8 million, total assets more than EUR 4 million, more than 50 employees; at least two of these criteria must be met) and large companies and for stock exchange listed companies</i>
Limited liability company	no / yes	yes / only for multi-shareholder companies	no	yes	if above statutory thresholds are exceeded (medium-sized companies and above); companies with traded securities – always
Stock company	no / yes	yes / yes	no	yes	if above statutory thresholds (medium-sized companies and above)
Cooperative	no / yes	yes / no	no	yes	if above statutory thresholds (medium-sized companies and above)
General partnership (with unlimited liability)	no / yes	yes / no	no	yes	no
Limited partnership	no / yes	yes / no	no	yes	no for limited partnership with a limited liability company as general partner ("dvojna družba") if above statutory thresholds
Registered branch office	no / yes	yes / no	n / a	yes	as part of any audit of the parent company
Permanent establishment	no / n / a	n / a	n / a	yes	no

On 1 January 2007 the euro was introduced as official currency in Slovenia. The exchange rate between the Slovenian tolar (SIT) and the euro was 1 EUR = 239.64 SIT.

Corporate income tax (ZDDPO-2)

Tax rate	19% corporate income tax (Davek od dohodkov pravnih oseb) No minimum corporate income tax. All legal persons, both limited liability companies and limited partnerships and cooperatives, as well as other legal entities (e.g., public-law institutions, foundations) are subject to corporate income tax.
Tax liability	
Unlimited	Corporations resident or managed in Slovenia
Limited	Foreign corporations neither resident nor managed in Slovenia, on their Slovenian income Slovenian public sector institutions, on their taxable income and/or income from commercial operations
Fiscal year	Calendar year; alternative fiscal year possible, must be reported to tax office and retained for three years
Accounting	Without exception, double-entry bookkeeping in accordance with Slovenian accounting standards. It is mandatory to use the standard chart of accounts. Stock exchange listed companies, banks and insurance companies are obliged to use IFRS. Other companies may use IFRS accounting principles if a shareholders' resolution to that effect exists.
Loss set-offs / carryforwards	As of 2013 tax losses carried forward from previous years can be utilized only up to 50% of the tax base; no loss carrybacks. Where purchase of a shell company with tax losses is assumed (change in ownership of at least 50% and material changes in the company's business activities, or no business activities in the last 2 years), tax losses are forfeited. Exceptions for prevention of unemployment.
Associated parties	Under sections 16 and 17 ZDDPO, parties are associated parties if: <ul style="list-style-type: none"> ▪ an enterprise directly or indirectly controls at least 25% of the capital of another enterprise, or ▪ their managing bodies are identical, or ▪ fellow subsidiaries directly or indirectly control at least 25% of the capital. <p>The legal definition of associated parties distinguishes between domestic and cross-border associated parties. It is obligatory to observe the documentation requirements under Slovenian tax law, which consist of a "masterfile" and a "country-specific documentation". A company is also an associated company if controlled by another company under the terms of an agreement.</p>
Operating expenses	Necessary expenses of the business Rates of interest allowable for tax purposes for interest payable to associated parties are restricted by tax law provisions.

	They are based on EURIBOR or other reference rates (for other loan currencies), or on market rates. EURIBOR or other reference rates are adjusted to include maturity and credit rating premiums. For variable interest agreements the respective monthly, 3 months', 6 months' or 12 months' EURIBOR is applied. The interest rate applicable at the time of lending is applied for the whole term of the loan only in the case of fixed interest agreements. The reference interest rate (EURIBOR) constitutes the ceiling for expenses and the floor for income. The interest rate applied for tax purposes is generally EURIBOR plus 1%. Where it can be shown that the market interest rate is higher or lower than the rate recognised for tax purposes, the market interest rate will constitute the interest ceiling or interest floor for tax purposes. Interest rates effective for tax purposes are only applicable to interest payments between Slovenian corporate income tax subjects with unlimited tax liability if one of the taxable parties: <ul style="list-style-type: none"> ▪ has a tax loss ▪ pays no tax or ▪ is exempt from taxation.
Lump sum expenses deduction	For yearly revenues up to EUR 50,000 the tax base can be calculated using lump sum deduction. The lump sum option has to be exercised before the last CIT return is filed; for newly established companies the option has to be exercised within 8 days from the registration with the commercial register. The lump sum for operating expenses is 80% of the revenues. The revenues-threshold is increased to EUR 100,000 a year, if one full-time employee is engaged for at least five months during the calendar year. As of 01.01.2018 one is only permitted to lump sum deduction, in case the turnover of two years amounts to a maximum of EUR 300,000. In case of exceeding the threshold, one has to calculate the tax base of the following year according to regular taxation rules. In addition to the turnover threshold, an absolute cap of the lump sum at the amount of EUR 40,000 resp. EUR 80,000 in case of at least one full-time employee, has been implemented. Now there is a disputable assumption of family-addition. Nevertheless double-entry-bookkeeping has to be done.
Transfer prices	Arm's length principle based on OECD transfer price regulations For interest on shareholder loans the arm's-length interest rates are refutably deemed to be the interest rates approved for tax purposes (see "Operating expenses" above).
Debt / equity	Statutory maximum (section 32 ZDDPO): interest on loans from associated parties is only deductible for tax purposes where the debt / equity ratio is not lower than 4:1. This thin capitalisation provision is not applicable if the taxable party is able to prove that this financing could also have been obtained from an unrelated third party (offer of loan from unrelated third party). Financing by non-related parties, for which the shareholder is liable, is equivalent to financing by shareholders; e.g. also pledging of shares.

Corporate income tax (ZDDPO-2)

	<p>The statutory debt / equity ratio applies without exception from 2012. Since 2014 equity is calculated as average of all equity-positions of the financial year except yearly profits. Loss carryforwards and financing of sister-companies are also to consider.</p> <p>Interest on shareholder loans exceeding the permissible debt / equity ratio is not tax deductible. In addition to this thin capitalisation restriction, the interest ceilings (maximum deductible interest amounts) for shareholder loans as described above (see "Operating expenses") must be taken into account.</p>
Tax depreciation	<p>Maximum depreciation rates for tax purposes are as follows:</p> <p>Buildings..... 3%</p> <p>Building parts: 6%</p> <p>Plant, equipment and vehicles 20%</p> <p>Equipment parts and research equipment ... 33%</p> <p>Computers, software 50%</p> <p>Perennial plantations 10%</p> <p>Breeding herds..... 20%</p> <p>Other intangible fixed assets and built-in components in third party property 10%</p> <p>Statutory depreciation for financial accounting purposes (straight-line, reducing balance, etc.) must also be used for tax purposes provided the maximum rates above are not exceeded.</p>
Provisions	<p>Provisions for guarantees, reorganisation, contingent losses, long-service bonuses, pensions, and separation indemnities are only 50% tax deductible. Provisions required under special laws for banks, insurance companies, and securities brokerage firms are tax deductible to the extent legally required. Liabilities of uncertain amount (e.g. costs of annual financial statements preparation, audit costs) are recognised as other liabilities (as accrued liabilities under Slovenian accounting rules) and are deductible.</p>
Motor vehicle expenses	<p>Depreciation over at least five years.</p> <p>No limitation as to amount (adequacy of acquisition cost).</p>
Non-deductible expenses	<p>Only 50% of entertainment expenses are allowable for tax purposes. Hospitality expenses and gifts to business partners are deemed to be entertainment expenses.</p> <p>Bribes, whether in cash or in kind.</p> <p>Certain charitable donations: however, provided there is a taxable profit, they are deductible as special allowances up to a certain ceiling. Additionally, donations are only deductible for the EU/EEA (except Liechtenstein). Charitable donations are deductible. Since 01.01.2017 political donations are not deductible, as they are not permitted by law.</p>

	<p>Personal taxes and input VAT, disregarded although deductible.</p> <p>Remuneration of supervisory board members: 50%.</p> <p>Expenses directly relating to non-taxable income and expenses not associated with any revenues.</p> <p>5% of expenses relating to tax-free dividend income is not tax deductible.</p> <p>Interest on loans from low-tax countries (except EU countries) are not tax deductible. Low-tax countries are those with corporate income tax rates of less than 12.5%. The Finance Ministry publishes a list of low-tax countries.</p>
Withholding tax	<p>In the case of persons with limited liability to taxation in Slovenia withholding tax is deducted, generally at 15%. A lower rate may be provided in the applicable DTA resp. the Parent Subsidiary Directive. Relief is by refund or deduction at source. Withholding tax needs to be paid within five days following the day all criterias are met. Tax related reports need to be done on the day all criterias are met.</p>
Interest	<p>At 15%, or per applicable DTA and applying the EU Interest and Royalty Directive for group purposes (minimum 25% share held for at least 24 months). Exceptions apply to banks.</p>
Royalties	<p>At 15%, or per applicable DTA and applying the EU Interest and Royalty Directive for group purposes (minimum 25% share held for at least 24 months).</p>
Other services	<p>At 15% on fees paid for services from low-tax countries. Reduction to a lower rate as per applicable DTA. Low-tax countries are those with corporate income tax rates of less than 12.5%. This is applicable for: consulting services, distribution services, market research services, human resources, administrative services, information services and legal counsel services.</p>
Dividends	<p>At 15%, or per applicable DTA and applying the EU Parent Subsidiary Directive for group purposes (10% holding, and holding period 24 months).</p>
Direct collection	<p>Where in an international group the investments are not held for the qualifying period, instead of withholding tax being deducted a bank guarantee may be provided. For interest and royalties a bank guarantee can not replace the qualifying period.</p>
Capital gains	<p>As a general rule, taxable. A reduction of the tax basis by 50% for capital gains from the sale of business companies (corporations and partnerships) is available (capital gains reduction). A minimum shareholding of 8% and a 6 months' holding period are required. During the holding period the company must have had at least one full-time employee (40 hrs/week).</p>
Dividend income	<p>Dividends received from Slovenian and from EU companies are exempt from corporate income tax. Dividends received from non-EU companies are tax exempt only if the companies are not located in a low-tax country.</p>

Corporate income tax (ZDDPO-2)

	Low-tax countries are those with corporate income tax rates of less than 12.5%. There is no minimum holding requirement in connection with this exemption. 5% of dividends are added to the taxable income.
Goodwill amortisation	Under commercial law writedowns to fair value are required. Since 01.01.2017 goodwill amortisation is no more deductible.
Group taxation / pooling	From 2007, there is no longer provision for taxation of international companies as a group.
Investment allowance	Investment allowances on investments in equipment and intangible assets are available. The allowance, which reduces the taxable basis of assessment, is 40% and is not limited. The investment allowance can be claimed in the year of acquisition up to a maximum equal to the taxable basis of assessment. Any remaining balance can be claimed in the five financial years following the investment. The investment allowance is generally not available for cars. Exceptions apply for vehicles powered by electric and hybrid engines. The reduction of the basis of assessment by investment allowances and loss carryforwards may not exceed 63% of the taxable basis of assessment. Tax losses carried forward from previous years can be utilized up to 50% of the taxable basis of assessment.
Bad debt allowance	Bad debt allowances are limited to the lower of 1% of sales revenues of the current tax period or the arithmetic average of actual tax deductible writeoffs of the past three tax years. To the extent that no writeoffs of bad debts were recorded in the past three tax periods a tax deductible bad debt allowance is not permitted.
Bad debt writeoff	A bad debt writeoff is deductible in case of a court decision (bankruptcy, receivership), or if collection costs would exceed the amount of the receivable or would be uneconomical.
Financial instruments according to IFRS 9	According to the newly implemented article 15b, the non-tax deductible assessment of financial instruments due to their realization or other cases of disposal, has to be part of the tax base.
IFRS 16	As of 01.01.2019 medium-sized and large companies must apply IFRS 16. In November 2019 accompanying tax measures were defined. Regardless of the lease term, the normally used depreciation rate of the asset applies for the capitalized asset.
BEPS measures	<p>a) Non-acceptance of purely tax-motivated actions of the taxpayer</p> <p>b) Taxation of income (interest, dividends, rental income, licences, financial services, etc.) of foreign companies at the level of the Slovenian corporation. Foreign losses must not be considered. Paid taxes can be credited against tax debts.</p> <p>c) Determination of rules to eliminate or rather neutralize the effects of hybrid mismatch arrangements which arise from cross-border tax arrangements.</p>

Exit taxation	As of 01.01.2020 an exit taxation was implemented in Slovenia (Art 54a and b). In case Slovenia loses the right of taxation, hidden reserves in fixed assets will be taxed. The payment of the exit tax can be spread over a maximum of five years.
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Income tax (Zakon o dohodnini – ZDoh)

Tax rate	Tax base in EUR		Income tax	
	up	to		
		8,500.00		16%
	8,500.00	25,000.00	1,360.00 +	26% over 8,500.00
	25,000.00	50,000.00	5,650.00 +	33% over 25,000.00
	50,000.00	72,000.00	13,900.00 +	39% over 50,000.00
	72,000.00		22,480.00	50% over 72,000.00
	Mechanism preventing a cold progression have been suspended in Slovenia. The marginal tax rate of 50%, that has been introduced temporarily, is a fixed component of the tax rate now. In 2021 there is no change in tax rate.			
Tax-free allowance	Personal allowances in Slovenia are dependent on income (see Tax reliefs and concessions).			
Tax liability	<p>Unlimited liability on worldwide income (except where DTA restricts the right to assess tax):</p> <p>Natural persons with their residence or ordinary residence in Slovenia</p> <p>Limited liability on certain income in Slovenia:</p> <ul style="list-style-type: none"> Natural persons who have neither their residence nor their habitual abode in Slovenia, on certain Slovenian income. Natural persons who are foreigners and resident in Slovenia, on Slovenian income from employment. 			
Tax assessment period	Calendar year			
Income categories	<p>Income from</p> <ol style="list-style-type: none"> Employment Self-employment (trade or profession) Agriculture and forestry Property (rental and leasing, income from copyright) Income from capital (speculative gains, interest and dividends) Other income 			
Withholding tax	<p>Withholding taxes paid by persons with limited tax liability (e.g. general managers' earnings and authors' royalties) may discharge the liability in full.</p> <p>For persons with unlimited tax liability the withholding tax on interest, dividends, and speculative gains (from real estate and securities) and on income from renting, discharge the tax liability in full. The tax rate is 27.5%. The lump sum expenses for income from renting are 15%.</p>			

Income tax (Zakon o dohodnini – ZDoh)

	For speculative gains the tax rate is reduced for each 5-year period the underlying assets are held. After 5 years the tax rate will be 20 %, after 10 years 15 % and after 15 years 10 %, so the tax rate after 20 years will be zero.
Repayment of subsequent payments	Since 2020, in some situations (e.g. payout of shareholder grants, that were not actually paid in from the payee; payment resulting from the acquisition of own shares) the income will be treated as dividend income instead of income from speculative transactions. Consequently, a reduction of the tax rate over time is not applicable.
Accounting	As a rule, double-entry bookkeeping is prescribed. Sole proprietorships are not required to use doubly-entry bookkeeping if two of the following criteria are met: <ul style="list-style-type: none"> ▪ Less than 3 employees on an average ▪ Sales below EUR 50,000 ▪ Total assets below EUR 25,000 <p>Even with single-entry bookkeeping (cash basis accounting) records of trade receivables and trade payables must be kept for tax purposes. At the year end an income statement and balance sheet must be prepared.</p>
Loss set-offs	"Horizontal" set-off (within individual income categories) is possible. "Vertical" set-off (between individual income categories) is possible subject to restrictions (e.g. no vertical set-off in the case of speculative gains, other income or income from renting).
Loss carryforwards	Losses on self-employment (trade or profession) can be carried forward without time limit. Tax losses carried forward from previous years can be utilized up to 50 % of the tax base.
Operating expenses	Necessary expenses of the business
Tax deductible expenses	Expenses incurred to procure, secure or maintain taxable income: there are numerous exceptions in all the income categories. There is no uniform definition for business expenses for the non-business income categories.
Flat-rate option	For income from self-employment of up to EUR 50,000 annually, a flat-rate 80 % deduction for expenses is available. Income calculated by using the flat rate option is taxed with 20 %, discharging the tax liability in full. The yearly turnover can be up to EUR 100,000 if one full-time employee is engaged for at least 5 months. Agricultural and forestry income is taxed on the basis of assessed value. As of 01.01.2018 one is only permitted to lump sum deduction, in case the turnover of two years amounts to a maximum of EUR 300,000. In case of exceeding the threshold, one has to calculate the tax base of the following year according to regular taxation rules. In addition to the turnover threshold, an absolute cap of the lump sum at the amount of EUR 40,000 resp. EUR 80,000 in case of at least one full-time employee, has been implemented. Now there is a disputable assumption of family-addition.

Motor vehicles	Depreciation over at least 5 years Benefits in kind are calculated on the basis of acquisition costs including VAT. Deduction of actual costs or mileage allowance. At present the official allowance is 37 cents/kilometre. No deduction of input VAT For electric vehicles with acquisition costs of EUR 60,000 or less, the non-monetary remuneration value is reduced from 1.5% to 0.3% of the acquisition costs.
Withholding tax	In the case of persons with limited liability to taxation, withholding tax is generally 15 %. A DTA can provide for a lower rate of taxation, and relief is by refund or reduction at source.
Interest	15 %, or applicable DTA
Royalties	15 %, or applicable DTA
Dividends	15 %, or applicable DTA
Performing artists and athletes	According to income tax law, there is a lump sum deduction at 30 %. In case specific criteria are met, the lump sum deduction can be at 80 %.
Employment	Due to the cross-border service provision law (Zakon o cezmejnem izvajanju storitev) nearly every activity at the premises of a foreign client/customer leads to a secondment. Prior to January 1 st 2018 short-term activities, up to 3 month, generally were qualified as business trips. Due to these changes in assessment, several changes with regard to income tax were introduced in favor of the employees: <ul style="list-style-type: none"> ▪ Health insurance coverage for foreign activities is not subject to a benefit in kind ▪ In case of secondment daily allowances at the amount of EUR 6.12 are exempt from tax ▪ In case of continuous secondment for up to 30 days and in case of truck drivers for long-distance transport up to 90 days, daily allowances still are exempt from tax. In case the limit of 30 resp. 90 days is being exceeded, daily allowances raised up to 80 % still are exempt from tax. ▪ It is possible to treat transportation costs between the residence and the place of employment exempt from tax during the continuous secondment as well. ▪ In case of continuous secondment up to 90 days, providing accommodation is not subject to a benefit in kind. ▪ In case of continuous secondment exceeding 30 days 20% of the salary (capped at EUR 1,000 and subject to several other requirements) are exempt from tax.

Filing dates and deadlines

Annual tax returns	Income and corporate income tax returns Deadline for filing: 31 March of the following year; for some income categories earlier filing dates apply.
VAT returns	Quarterly returns for yearly revenues of up to EUR 210,000, otherwise, monthly returns. In the year of registration for VAT, monthly returns must be made in all cases. No annual VAT declaration is required. VAT returns must be filed by the last day of the month following the end of the VAT period. If an obligation to file a European Sales Listing exists, the VAT return must also be filed by the 20 of the following month.
Statistical report	Obligation to file SFR and CPPL reports to AJPES (The Republic of Slovenia's Agency for Data Collection and Services under Public Law) comes into effect upon exceeding certain criteria. SKV (receivables from and liabilities to foreign companies), KR D (credit relations with foreign companies having a foreign owners structure), BST (supplier and service relations with foreign companies...) and SN reports (reports on the structure of owners' equity) must be filed upon request or when certain criteria are met. SN report Annual report to be filed by April 20 of the following year as well as by the end of the following month after changes of owners' equity (SN 22-T). SKV and KR D at the latest by the last day of the following month BST at the latest on the 20 of the following month CPPL report First quarter by April 30 at the latest Second quarter by July 31 at the latest Third quarter by October 31 at the latest Fourth quarter by January 31 at the latest SFR report First quarter from April 10 th until May 10 th Second quarter from July 10 th until August 10 th Third quarter from October 10 th until November 10 th Fourth quarter from January 10 th until February 20 th
Publication of financial statements	Financial statements must be published by March 31 of the following year at the latest at the AJPES (The Republic of Slovenia's Agency for Data Collection and Services under Public Law). Financial statements subject to audits must be published by August 31 of the following year at the latest.
Payroll, payments of companies to individuals	Returns must always be filed on the day of payment. Reports for pension insurance must be filed continuously with every payroll.

Other taxes

Business tax	no
Land transfer tax	Land transfer tax is 2%. Land transfer tax and VAT are mutually exclusive.
Payroll tax	With effect from 1 January 2009, no payroll tax is payable.
Tax on watercraft	The annual tax is computed as the sum of a length-related fixed charge, a variable charge per metre and a performance-related charge. As of 1 January 2012 the initially tax rates have been increased and collected as additional tax. For acquisitions during the year, the tax is prorated on a daily basis. The tax rate per metre and performance-related charge is reduced by 5% for every year of ownership.
Capital duties and levies	none
Tax on total assets of banks	With effect as of 1 August 2011 a tax on total assets of banks was introduced. The tax rate is 0.1% of total assets computed as average total assets at all months' ends of a calendar year. The tax on total assets of banks has been collected until 31 December 2014.
Tax on profit from financial derivatives	The tax rate on profits from financial derivatives, which are gained before the end of the fifth year, is 27.5%. Profits that are gained in the first year are taxed at 40%. If the disposal takes place after a period of five years, the tax rate reduces for each 5-year period. The basis of assessment is reduced by lump sum expenses.
Insurance tax	The insurance tax is 8.5%
Tax on financial services	The tax has been introduced in 2013. The tax rate is 8.5%. Subject to tax are payments for granting and intermediation of credits; granting, intermediation and administration of credit guarantees; transactions and intermediation of current accounts and bank deposits; transactions of currency, as well as services of insurance brokers and insurance agents. Generally said, services that are VAT exempt (without input VAT deduction) and are not subject to insurance tax, are subject to the new tax on financial services.
Tax on rededication of property	The tax is levied on the increase in value coming from a rededication of property into building land. The tax rate depends on the time difference between rededication and sale: <ul style="list-style-type: none"> ▪ 25% for sales within 1 year after rededication ▪ 15% for sales between 1 and 3 years after rededication ▪ 5% for sales between 3 and 10 years after rededication
Special real estate income tax	The special real estate income tax (wealth tax) is not charged any more.
Additional vehicle tax dependent on engine capacity	The additional vehicle tax dependent on engine capacity has been charged as of 1 July 2012 and is between 8% (engine capacity of 2,500 cm ³ or more) and 16% (engine capacity of 4,000 cm ³ or more) of the acquisition cost. The vehicle tax dependent on engine capacity is levied additionally to vehicle taxes dependent on excise and CO ₂ -emissions (rates vary between 0.5% and 31%).

Other taxes

Tax on non-declared income	According to Art. 68a ZdavP non-declared income is taxed with a 70 % tax.
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Tax deferral and payment by instalments	According to the current legal regulations regarding COVID-19 a tax deferral or payment by instalments for 24 months can be more easier requested. For that period of time no interests will be claimed.
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Tax regulations (Zakon o davnem postopku – ZdavP)

Penalties for late payment	Late payment interest: 0.0247 % per day (section 96 ZdavP)
Corrected return	Under section 55 ZdavP a declaration in the form of the filing of a corrected tax return before receipt of notification of the starting date of a tax audit is possible. The corrected tax return must include the amount of the under-declaration and a computation of penalty interest, which must be paid immediately.
VAT	Since 20 October 2011 mistakes in VAT returns are no longer eliminated by corrected returns. Since then the provisions of the VAT Act are applied.
Cash invoices	In case of obligation to bookkeeping certain invoice blocks that are approved by the tax authorities have to be used for cash invoices as of 31 January 2015
Advance rulings	The request for a binding ruling in advance must include, among other things, a comprehensive description of the nature of the transaction, a specific issue for determination, the relevant statutory definitions, decided cases, existing legal opinions, whether the issue is currently subject of tax proceedings, together with supporting documentation. The ruling can be withdrawn if the law has been wrongly construed, but it is binding on the tax authorities until it is withdrawn.
Cash transactions/ Cash register	Between 27 December 2011 and 30 March 2012 payments of supplies and services over EUR 50 between entrepreneurs have only been allowed by bank transfer or credit/cash cards. As of 31 March 2012 this limit was increased to EUR 420. This provision also applies to such payments done by foreign entrepreneurs in Slovenia. Starting 2nd of January 2016 entrepreneurs need to use a fiscal cash register.
Cash payments to employees	Payments to employees (such as salary, travel expenses, daily allowances/transportation costs) must be done to the bank account of the relevant employee.
Criminal provisions	There are no separate criminal provisions: different offences are subject to a range of fines and penalties forming part of the individual tax regulations. Sanctions are also part of the Fiscal Code.
Billing to public corporations	Billing to public corporations has to be done via e-invoices
Penalty fees	Depending on the cooperation of the taxpayer (in case of a voluntary declaration, waive of an appeal during a tax audit) penalty fees for delay can arise between 2% (interest for delay payment) and 7% (assessment of the tax liability during a tax audit). In case of a voluntary declaration the interest for late payment is 3%, in case of tax audit 5%.

Tax reliefs and concessions

Direct	There is no provision for direct tax concessions.												
Indirect	<p>Income tax concessions, e.g.</p> <p>Allowances :</p> <p>All persons with unlimited liability to tax in Slovenia are entitled to a personal allowance, as follows:</p> <table border="1"> <thead> <tr> <th colspan="2">Income Tax Basis</th> <th>Deductible Amount</th> </tr> <tr> <th>up</th> <th>to</th> <th></th> </tr> </thead> <tbody> <tr> <td>0</td> <td>13,316.83</td> <td>3,500.00 + (18,700.38 - 1.40427 x total income)</td> </tr> <tr> <td>13,316.83</td> <td></td> <td>3,500.00</td> </tr> </tbody> </table> <p>If the annual income amounts up to EUR 13,316.83, the personal allowance is calculated with the formula as stated above. According to the calculation of the personal allowance, the income tax base is zero, if the income is less than EUR 6,326.00.</p> <p>Child allowances (in addition to personal allowance)</p> <ul style="list-style-type: none"> EUR 2,436.92 for the first child EUR 2,649.24 for the second child EUR 4,418.54 for the third child EUR 6,187.85 for the fourth child EUR 7,957.14 for the fifth child EUR 1,769.30 for each subsequent child EUR 8,830.00 for a child in need of special care EUR 2,436.92 for other members of the family <p>As of 2020 it is required, that dependants have the same registered place of residence to be able to take into account the personal allowance.</p>	Income Tax Basis		Deductible Amount	up	to		0	13,316.83	3,500.00 + (18,700.38 - 1.40427 x total income)	13,316.83		3,500.00
Income Tax Basis		Deductible Amount											
up	to												
0	13,316.83	3,500.00 + (18,700.38 - 1.40427 x total income)											
13,316.83		3,500.00											
Grants	Government subsidies for occupational retirement savings. If requirements are met, annual benefits from occupational retirement funds of up to EUR 2,819.09 are income tax exempt for the employee.												

Immovable property

Tax depreciation		
	Depreciation	straight-line over the expected useful life of the asset, depletion allowances on natural resources (e.g. gravel)
	Additional depreciation	in the case of permanent impairment losses ("oslabitev")
Depreciation categories / rates		
	Land	no depreciation
	Buildings	3%; individual building units: 6% Depreciation over a shorter useful life is permitted for financial accounting purposes but not allowable for tax purposes.
Write-ups		Where the justification for additional depreciation disappears, write-ups to fair value (even in excess of acquisition cost) are permissible.
Accounting for business assets		The Slovenian accounting standards are largely IFRS compatible.
Property transfer tax		
	Objects of taxation	contracts for the sale of property (both land and buildings)
	Basis of assessment	selling price or comparable arm's length value
	Tax rate	2%
	Exemptions	Capital increases in kind are not subject to property transfer tax. If the VAT treatment is chosen for a real property transaction, the revenues are only subject to VAT. For new property, the application of VAT is mandatory. Property transfer tax and VAT are mutually exclusive. VAT for residential property under social policy is 9.5% for certain portions; in such case this also applies to maintenance.
Property tax		Municipal tax at various rates
Real estate funds		No special provisions

Social insurance

Social insurance	Statutory health, accident and pension insurance for all gainfully employed persons (covers benefits in kind and in cash)
Contribution rates and maximum contributions	There are no provisions for contributions ceilings for income from employment. The contribution ceiling for self-employed persons changes yearly (2020: EUR 6,138.44 per month).

Self-employed persons	Self-employed persons pay employer and employee contributions in the same way as employed persons up to the contribution ceiling. In case of integration in the system of social insurance for self-employed persons the contribution rates are reduced by 50% in the first 12 months and by 30% in the next 12 months. Social insurance contributions total 38.20%. The minimum contribution basis for health insurance is 60% of the average yearly salary. The minimum contribution basis for the other social insurance rates in December 2020 is EUR 1,052.30.
Shareholder of sole shareholder companies	Shareholder of sole shareholder companies (who are not compulsorily insured due to a contract of employment) have been mandatorily insured. The minimum contribution basis is 70% of the last publicly known yearly average salary in Slovenia, calculated by month.
Employed persons	
Health insurance	employer: 6.56%; employee: 6.36%
Accident insurance	employer: 0.53%
Pension and invalidity insurance	employer: 8.85%; employee: 15.50%
Maternity leave contributions	employer: 0.10%; employee: 0.10%
Unemployment insurance	employer: 0.06%; employee: 0.14% For employers in case of temporary employment up to two years: 0.30%, afterwards 0.06%. In case of permanent employment up to two years 0.00%, afterwards 0.06% Employer contributions total 16.10% (in case of temporary employment up to two years 16.34%; 16.04% in case of permanent employment up to two years) and employee contributions total 22.10%.
Minimum compensation	As of 1.1.2021 the legal minimum compensation is EUR 1,024.24.
Minimum base for social insurance contribution	Until 28.2.2021 the legal minimum base for social insurance contribution is EUR 1,052.30 (58% of the average salary in Slovenia). From March 2021 onwards, a new legal minimum base for social insurance contribution on base of the average salary in Slovenia in the year 2020 will be issued. The average salary of 2020 accounts for EUR 1,799.07.
Pension insurance contribution ceiling	Maximum contribution basis is four times the minimum contribution basis. As of 1 January 2021 EUR 3,651.12 (estimated) Exceeding contributions will not cause rights to a pension.

General managers

Civil law	Contract of employment, service contract, contract for services, etc.
Social insurance	<p>Even where there is a contract of employment, general managers are treated in the same way as self-employed persons for purposes of social insurance (change of the contribution base without changing the social insurance contribution).</p> <p>To the extent that general managers are also compensated in other ways (e.g. service contract, directors' fees) and are also employees (of another company), a pension insurance of 8.85 %, an accident insurance of 0.53 %, and a health insurance of 6.36 % are payable.</p>
General managers of sole shareholder companies	There is an obligation to contribute to social insurance for general managers of sole shareholder companies in case there is no compulsorily insurance due to a contract of employment. The minimum contribution base in December 2020 is EUR 1,578.46.
Contract of employment in case of sole shareholder companies	Social insurance contributions paid by the company are tax deductible for the company and taxable income for the general manager.
Income tax	Persons acting with representative authority on behalf of the company are always treated as employees, irrespective of the nature of their compensation. Where such persons are foreigners, and depending on the applicable double taxation agreement (DTA), an overall tax rate of 22.5 % can be achieved (marginal higher rates of taxation (exemption with progression) may need to be taken into account in the country of residence).
VAT	<p>Employees: no VAT</p> <p>Self employed: VAT</p>
Work permit	<p>Work permits for third country nationals:</p> <p>For self-employed persons no work permit is necessary</p>
Residence permit / settlement permit	<p>Automatic right of residence and settlement for all EU/EEA citizens.</p> <p>EU citizens self employed or in employment in Slovenia are subject to registration requirements.</p>
Liability	Delay in declaring insolvency: in addition to the company, as a general rule the general manager is also liable for penalties for financial offences.
Minimum remuneration	No provision for minimum remuneration; for remuneration of general managers no statutorily binding standards apply. In case of an employment contract, however, the legal minimum compensation of EUR 1,024.24 must be observed.

VAT

Tax rates	<p>Standard rate: 22 %</p> <p>Reduced rate: 9.5 %, 5 %</p>
Invoices for small amounts	The limit for invoices for small accounts amounts to EUR 100 net. The provisions on invoices for small accounts can not be applied for supplies and services with reverse charge in other EU Member States.
Billing through credit notes	The term "Samofakturiranje" ("billed by the receiver") has to be included in the invoices issued by the receiver of supplies or services on name and for account of the supplier. Additionally, the receiver has to indicate that the invoice was issued on name and for account of the supplier.
Tax liability of ic-supply	Tax liability of ic-supply and ic-transfer occurs not later than 15 days after the end of the month in which the ic-supply resp ic-transfer took place. Ic-supplies and ic-transfers have to be charged on the 15th day of the following month in which tax liability occurred at the latest.
Margin taxation / special rule	<p>The following terms have to be indicated on invoices – provided the following special rules apply:</p> <p>"Posebna ureditev – Potovalne Agencije" (special rule – travel services)</p> <p>"Posebna ureditev – rabljeno blago" (special rule – Second Hand goods)</p> <p>"Posebna ureditev – umetniški predmeti" (special rule – art objects)</p> <p>"Posebna ureditev – zirke in starine" (special rule – antiques)</p>
Supply of goods	Supply of goods and withdrawal for private use (self supply) are taxable.
Place of supply of goods	<p>Principally the place where the item is located at the time disposal is transferred (static supply).</p> <p>In case of dispatch/transportation by the supplier or purchaser: the place where dispatch/transportation begins (moving supply).</p> <p>Importation from third country: If the supplier owes the import VAT – import country</p> <p>Supply by ship, airplane, railroad within the EU: place of dispatch</p> <p>Special regulations apply for serial and triangular transactions</p>
Supply of services	Supply of services and private use / supply of services without consideration (self-supply) are taxable
Place of supply of services	<p>Difference is made between services rendered</p> <ul style="list-style-type: none"> ▪ to taxable persons ("Business to Business", "B2B") or ▪ to non-taxable persons ("Business to Customer", "B2C"). <p>For purposes of determining the place of the supply of services,</p> <ul style="list-style-type: none"> ▪ taxable persons (within the EU holding a VAT registration number) and ▪ non-taxable legal entities holding a VAT registration number <p>will be considered as "taxable persons".</p>

▪ Basic rule	B2B	B2C
	Place of recipient (Place where the recipient of services has established his business)	Place of supplier (Place where the supplier of services has established his business)
▪ Special cases	B2B	B2C
Supplies of services by intermediaries	Place of recipient (basic rule)	Place of the underlying transaction
Property services	Place of the property	Place of the property
Services in connection with admission to cultural, art, sports, science, teaching, entertainment or similar services like services in connection with fairs and exhibitions including incidental service in connection with admission tickets	Place of the event	Place of the event
Services including incidental services in connection with cultural, art, sports, science, teaching, entertainment or similar services like services in connection with fairs and exhibitions including services of organizers of these services	Place of recipient (basic rule)	Where the services are physically carried out
Passenger transport	Distances covered	Distances covered
Transport of goods (without intra-community portion)	Place of recipient (basic rule)	Distances covered
Intra-community goods transport	Place of recipient (basic rule)	Place of departure of the transport
Ancillary transport services	Place of recipient (basic rule)	Where the services are physically carried out
Appraisal and processing of movable tangible objects	Place of recipient (basic rule)	Where the services are physically carried out
Restaurant and catering services	Where the services are physically carried out	Where the services are physically carried out
Restaurant and catering services at intra-community transport of persons	Place of departure	Place of departure
Hiring of means of transport up to 30 days	Where the means of transport is actually put at the disposal of the customer	Where the means of transport is actually put at the disposal of the customer
Hiring of means of transport over 30 days (90 days for water crafts)	Place of recipient (basic rule)	Where non-taxable person is established Special regulations for hiring pleasure boats

	Listed services to third country recipients	Place of recipient (basic rule)	Where non-taxable person is established
	Electronically supplied services to third country	Place of recipient (basic rule)	Where non-taxable person is established
	Electronically supplied services from third country	Place of recipient (basic rule)	Where non-taxable person is established
	Reverse Charge (reversal of tax liability)	For all supplies of services and work supply Special rules apply for building services in Slovenia	
	Requirements	The supplier of the service has in Slovenia no domicile or habitual abode, nor a permanent establishment involved in supplying the service. The recipient of the supply of services is a Slovenian taxable person (even with non-taxable activities), a Slovenian non-taxable legal person, or a Slovenian public sector organization.	
	Consequences	Invoice without VAT, exemption clause, all legally required invoice components must be checked. The recipient owes the VAT.	
	Tax exemption	Important differentiation concerning input VAT deduction	
	Zero rated (Input VAT deduction is applicable in spite of VAT-free supply of goods and services)	<ul style="list-style-type: none"> ▪ Exports of goods ▪ Subcontracting ▪ Cross-border goods transportation ▪ Cross-border passenger transport by boat and aircraft ▪ Mediation of the above transactions 	
	VAT exemption (Input VAT deduction is not applicable)	<ul style="list-style-type: none"> ▪ Services of banks, insurances and pension funds ▪ Sale of land (supplier's possibility to elect for tax liability except for land for building purposes) ▪ Tax-free renting of property ▪ Sales of doctors, dentists, midwives etc. ▪ Small businesses (total net sales not exceeding EUR 50,000 per year) 	
	Input VAT deduction	In the past (2011 and 2012) input VAT deduction was only possible in case the liability was paid on time. Input VAT on open overdue liabilities could only be claimed if the liabilities were reported to the official clearing agency for chain offsets (at present AJPES – Agency of the Republic of Slovenia for Data Registration and Services under Public Law). Now input VAT deduction is currently independent from the payment of the liability, but liabilities still have to be reported to AJPES.	
	Joint and several liability	Joint and several liability of all companies involved in a transaction in case the transaction's purpose is VAT evasion. Liability is given if the company knew or should have known about the participation in such transaction.	
	Credit notes	Credit notes do not need to be confirmed by the recipient. A written notice of the credit note issuer obliges the credit note recipient to correct his input VAT.	

VAT

Insolvency	It is possible to correct the amount of charged VAT from receivables at the moment they are acknowledged in an insolvency proceeding.
VAT evasion	Corrections of VAT evasion have been directly regulated by the VAT Act. The correction of VAT returns and payments of interest on late payments are required. The interest rate is determined by the 12M-Euribor and surcharges, which depend on the time of the relevant VAT evasion.
Non-filing of VAT returns	The respective principles for corrections (interest of late payments) also apply to later filing of returns which have not been filed in the first place.
Real Estate	
Rent	Renting of immovable property is VAT exempt. Possibility to opt for tax liability. Exception: Leasing of plant and machinery (22%)
Sale	Revenues from the sale of property are VAT exempt, possibility to opt for tax liability in written form. Exception: Sales before the first use or placing in operation, or sales within 2 years after first use or placing in operation are subject to tax. Sales of land for building purposes are taxable.
Correction period	The correction period for input VAT on real estate is 20 years.
Real estate with mixed use	Input VAT deduction is only possible to the extent of use in operations.
Leasing	
Financial Leasing	Supply of goods
Operating Leasing	Supply of services
Input VAT refund for Slovenian taxable persons within the EU	It's no longer necessary to apply for the refund at the foreign tax authority, instead: Electronic application to be made by the Slovenian taxable person at its competent Slovenian tax office at the latest by 30 September of the following year. Separate applications are required for each member state. Filing of original invoices is only necessary if required by fiscal authorities of the respective member state. Minimum amount of refundable input VAT: EUR 400 (EUR 50 if the refund period coincides with the calendar year)
Foreign taxable persons	Taxable persons without domicile or permanent establishment in Slovenia
Registration	Registration required if taxable sales are effectuated in Slovenia
Input VAT refund for taxable persons domiciled in the EU	If no sales are made in Slovenia, refund must be applied electronically at the competent tax office in the respective EU country (country of origin).

Input VAT refund for taxable persons not domiciled in the EU	If no sales are made in Slovenia, refund must be applied by June 30 of the following year. Reciprocity is required. Official forms, accompanied by original invoices, proof of tax liability in third country. Minimum refundable input VAT amount: EUR 400 (EUR 50 if the refund period coincides with the calendar year)
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Double taxation agreements

The right to taxation in the event of sale of interests in property companies is subject to differing provisions. In accordance with the OECD Model Agreement, for those countries for which there is a "yes" in the real estate clause column the right to taxation in the case of share deals lies not with the country of residence of the vendor but with the country in which the property is situated.

Country	Effective date	Real estate clause	Dividends %	Interest %	Royalties %
Albania	24.04.2009	no	5/10	7	7
Armenia	15.04.2011	yes	5/10	10	5
Austria	01.01.1999	no	5/15	5	10
Azerbaijan	19.07.2012	yes	8	8	5/10
Belarus	06.10.2010	yes	5	5	5
Belgium	01.01.2003	no	5/15	10	5
Bosnia and Herzegovina	10.11.2006	no	5/10	7	5
Bulgaria	01.01.2005	yes	5/10	5	5/10
Canada	01.01.2003	yes	5/15	10	10
China	01.11.1996	no	5	10	10
Croatia	01.12.2005	no	5	5	5
Cyprus	31.03.2011	yes	5	5	5
Czech Republic	01.01.1999	no	5/15	5	10
Denmark	01.01.2003	no	5/15	5	5
Estonia	26.05.2006	no	5/15	10	10
Finland	01.01.2005	yes	5/15	5	5
France	10.03.2005	yes	15	5	5
Georgia	30.07.2013	yes	5	5	5
Germany	27.12.2006	no	5/15	5	5
Greece	01.01.2004	no	10	10	10
Hungary	31.12.2005	yes	5/15	5	5
Iceland	19.07.2012	yes	5/15	5	5
India	01.01.2006	yes	5/15	10	10
Iran	01.01.2015	yes	7	5	5
Ireland	01.01.2003	yes	5/15	5	5
Isle of Man	22.06.2012	no	-	-	-
Israel	26.12.2007	yes	5/10/15	5	5
Italy	15.04.2002	no	5/15	10	5
Japan	17.06.2017	yes	5	5	5
Kasachstan	23.07.2017	yes	5/15	10	10
Korea	09.11.2005	yes	5/15	5	5
Kosovo	01.01.2015	yes	5/10	5	5
Kuwait	07.10.2010	no	5	5	10
Latvia	01.01.2003	no	5/15	10	10
Lithuania	01.01.2003	no	5/15	10	10
Luxembourg	01.01.2003	no	5/15	5	5
Macedonia	01.01.2000	no	5/15	10	10
Malta	01.01.2004	yes	5/15	5	5
Moldova	10.11.2006	yes	5/10	5	5
Netherlands	31.12.2005	yes	5/15	5	5

Country	Effective date	Real estate clause	Dividends %	Interest %	Royalties %
Norway	01.01.1986	no	15	5	5
Poland	01.01.1999	no	5/15	10	10
Portugal	01.01.2005	yes	5/15	10	5
Qatar	22.09.2010	no	5	5	5
Romania	01.01.2004	yes	5	5	5
Russia	01.01.1998	no	10	10	10
Serbia and Montenegro	01.01.2004	no	5/10	10	5/10
Singapore	22.10.2010	yes	5	5	5
Slovakia	01.01.2005	yes	5/15	10	10
Spain	01.01.2003	yes	5/15	5	5
Sweden	01.01.1982	no	5/15	0	0
Switzerland	01.01.1998	no	15	5	5
Thailand	01.01.2005	yes	10	10/15	10/15
Turkey	01.01.2004	no	10	10	10
Ukraine	01.05.2004	yes	5/15	5	5/10
United Arab Emirates	01.01.2015	yes	5	5	5
United Kingdom and Northern Ireland	01.01.1983	yes	15	5	5
USA	01.09.2001	yes	5/15	5	5
Uzbekistan	30.07.2013	yes	8	8	10

The following DTA is not yet effective: Egypt, Morocco

Covid-19-virus relief measures

Notes

The main relief measures of the Government regarding COVID-19 can be found on our website: www.tpa-group.com/en/covid19

TPA Group

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