

SLOVENIA

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0- SYNOPTIC TABLE: TAXATION OF RESIDENTS AND NON-RESIDENTS

	RESIDENTS	NON-RESIDENTS
CORPORATE INCOME TAX	23%	
TAXES ON CAPITAL GAINS	Included in taxable income	
WITHHOLDING TAXES		
Dividends	15%	
Interest	15%	
Royalties	15%	
PERSONAL INCOME TAX	16% - 50%	
OTHER TAXES		
Real estate transactions tax	2%	
Tax on motor vehicles	Applied on vehicles used or registered for the first time in Slovenia	
Taxes on lotteries and other similar games	15%	
Tax on financial services	8.5% of taxable income	
V.A.T.	22%, 9.5%, 5%, 0%	
LOSSES		
Carried forward	Unlimited	
Carried back	Not applied	
DEPRECIATION		
Fixed assets	<ul style="list-style-type: none"> - Buildings 3% - Equipment, vehicles and machinery 20% - IT equipment 50% 	
Intangible assets	Financial assets and goodwill: possible under certain conditions	

1- AN OUTLINE OF COMPANY LAW

BUSINESS ENTITY	MAIN TRAITS	FORMATION	GOVERNANCE
Limited liability companies (DOO)	The limited liability company - together with branches - is the preferred choice for foreign businesses. It is formed by one or more resident or non-resident individuals or legal entities. The maximum number of members is 50. Companies are autonomous legal entities, existing separately from their owners or directors. Shareholders do not carry personal liability for the obligations of the company. The subscribed capital of a limited liability company has to be a minimum of €7,500.	The directors are responsible for the registration of a limited liability company with the company register of the competent municipal court. Before registration, at least 25% of the total subscribed capital has to be paid up.	
Joint stock company (DD)	A joint stock company is formed by one or more individuals or legal entities. The minimum registered capital requirement for a joint stock company is €25,000. Companies are autonomous legal entities, existing separately from their owners or directors. A joint stock company may offer all or part of its shares to the public.	Joint stock companies must be registered with the Court Register. The application for registration must be accompanied by a number of documents which include the articles of association, a calculation of incorporation costs, a nomination of management bodies and an incorporation report.	A joint stock company may be administered by a management board and a supervisory board, or by a board of directors. Members of the management bodies have the right to attend shareholders' meetings.
General partnerships (DNO)	A general partnership is a business entity established by 2 or more resident or non-resident partners. All partners are jointly liable for the partnership's obligations with all their assets. There is no minimal capital requirement and partners can invest in cash or in kind.	The constitutive document is an agreement between the partners, which defines their rights and responsibilities.	The management of the partnership is the responsibility of all partners, unless the partnership agreement states otherwise.
Limited partnerships (KD)	A limited partnership is similar to a general partnership. The main distinguishing feature is that this kind of a partnership is formed by at least one general partner and one limited partner. General partners are fully liable for the partnership's obligations with all their assets, while the liability of limited partners is limited to the amount of their unpaid contributions. The general partners are responsible for the management of the partnership.		Limited partners do not have a right to involvement in the management of the partnership and if they do so, they will become fully liable and thus treated as general partners.
Partnerships limited by shares (KDD)	A partnership limited by shares is formed by a minimum of 5 partners signing an act of association. At least one of the partners must be a general partner liable for the obligations with all their assets. This business form is a hybrid between a limited partnership and a joint stock company, and is subject to the regulations applicable to both forms.		
Branches	A branch does not constitute a separate legal entity and consequently all liabilities pertaining to the branch are considered to attach to the principal company.	A branch of a foreign entity has to be entered in the Court Register. The application for registration must indicate the name and registered address of the branch, the scope of its activity and the name of the person representing the branch.	

BUSINESS ENTITY	MAIN TRAITS	FORMATION	GOVERNANCE
<i>Sole proprietorships</i>	This form of business does not result in a separate legal entity. Prior to commencement of business, the sole proprietor must be registered in the Business Register at the Agency of the Republic of Slovenia for Public Legal Records and Related Services (AJPES).	Of all Slovenian business entities, the sole proprietorship involves the least number of formalities and involves minimal cost to set up. There is, however, the disadvantage of unlimited liability.	

2- WHEN SLOVENIAN COMPANIES CAN BE CONSIDERED RESIDENT OR NON-RESIDENT?

A corporation qualifies as a resident of Slovenia if it has its registered office and/or its place of effective management in Slovenia. A corporation is considered to be a non-resident when it does not meet this criteria.

3- BUSINESS AND NON-BUSINESS ACTIVITIES (ADMINISTRATIVE OFFICES, LIAISON OFFICES, PURCHASING OFFICES, ETC.)

Slovenia enjoys a strategic economic position due to its location between the Balkan countries and Eastern Europe, as well as having direct access to the Adriatic Sea.

The Slovenian Corporate Income Tax Act and most of Slovenia's tax treaties with other countries provide that a place used only for the supply or collection of information or purchase of goods is not classified as a permanent establishment. Hence, offices used purely for administration or liaison will in most cases not qualify as PEs and as such will not be subject to Slovenian taxes.

4- WHICH FOREIGN LOCAL UNITS CAN BE OPENED IN SLOVENIA: SECONDARY ESTABLISHMENTS, BRANCHES, SUBSIDIARIES OR PERMANENT ESTABLISHMENTS?

In Slovenia, a permanent establishment is defined as a place in which a non-resident carries out activities or business.

A permanent establishment includes:

An office, branch, factory, workshop, mine, quarry or other place where natural resources are extracted or exploited

A construction site, construction, assembly or installation project, or connected supervisory activities, if the activity or business lasts longer than 12 months

An intermediary acting on behalf of a non-resident, in relation to any activities or transactions for a non-resident, is also considered a permanent establishment of a non-resident, if the intermediary has the authority to conclude contracts on behalf of the non-resident.

An intermediary acting on their own behalf for a non-resident, as part of their regular activity as a stock broker, an intermediary with a general authorisation, or any other independent intermediary, is also considered a permanent establishment of a non-resident if they act entirely or mainly on behalf of a non-resident.

5- CALCULATING TAXABLE INCOME

Taxable profit is the accounting difference between income and expenditure in a given tax year. Slovenian resident companies are taxed on their worldwide profits, while the taxable profits of non-resident companies are those originating in Slovenia.

The following kinds of income are exempt from Slovenian tax:

- dividends and income similar to dividends received by a Slovenian resident company subject to certain conditions
- 50% of gains derived from the disposal of equity holdings
- the income of investment funds, pension funds and venture capital funds
- income arising from non-profit activity.

Expenses incurred in generating taxable income, subject to certain exceptions, are allowable deductions for Slovenian tax purposes.

Expenses not incurred in the generation of taxable income are not deductible for Slovenian tax purposes. This broadly applies to: expenses not directly required for, or not a direct consequence of, the performance of business activity, expenses of a private nature or inconsistent with common business practices.

The following are non-deductible expenses:

- distributions, such as dividends distributed to shareholders, including hidden profit distributions
- expenses incurred to cover the losses of previous years
- expenses incurred in respect of the private lives of shareholders in respect of entertainment, holidays, sports and recreation, including the VAT relating thereto
- tax fines, penalties and interest
- other penalties imposed by competent authorities
- individual tax paid by partners in partnerships
- donations made to third parties (except those made for humanitarian, charitable, educational or similar purposes)
- bribes and benefits paid in order to obtain a business advantage.

6- TREATMENT OF LOSSES

Under Slovenian tax law, unutilised tax losses – up to a maximum of 63% - may be carried forward indefinitely to reduce the tax base of subsequent tax periods.

Losses may not be carried back.

Capital gains are included with trading income for the purposes of corporate income tax.

7- IS INTEREST DEDUCTIBLE?

Interest incurred in the production of taxable income is generally deductible for Slovenian tax purposes.

Interest payments cannot be deducted from the tax base if they arise due to the late payment of taxes or other levies. Interest is also non-deductible when it accrues on loans received from residents of third countries with an average income tax rate lower than 12.5%.

8- IS DEPRECIATION DEDUCTIBILITY ACKNOWLEDGED?

Depreciation of tangible fixed assets, intangible assets and investment property are recognised as allowable deductions for Slovenian tax purposes, provided that the following conditions are met:

- the assets have been in use for more than one business year
- the utility period of the assets is limited, and
- the assets are used in the production or delivery of goods or services, or are being sublet.

The maximum depreciation rates using the straight-line method are:

<i>Asset category</i>	<i>Rate</i>
Buildings, including investment property	3%
Parts of buildings, including investment property	6%
Equipment, vehicles and machinery	20%
Parts of equipment and equipment for research activities	33.3%
Computer equipment, hardware and software	50%
Crops lasting several years	10%
Breeding animals	20%
Other investments	10%

Tax depreciation does not apply to assets like land and other natural resources, assets of cultural, historical or artistic value and other tangible or intangible assets whose utility is not limited by the passage of time. However, the depreciation of financial assets and of goodwill is possible under certain conditions.

9- WHAT TAX TREATMENT IS APPLIED TO RESIDENT COMPANIES?

Both resident and non-resident corporations are subject to tax at a flat rate of 19% in 2024.

As a general rule, withholding tax is charged on dividend distributions made to resident and non-resident companies at the rate of 15%. In practice, however, for resident companies, and Slovenian PEs of non-residents, that supply their tax number to the payer, the tax on dividends is included with their total tax liability based on the corporate income tax return. In the case of non-resident recipients, the rate of withholding tax may be reduced, or an exemption may be obtained, through the applicability of Slovenia's double tax treaties or the EU Parent Subsidiary Directive.

A special tax rate of 0% applies to:

- investment funds established under the Investment Funds and Management Companies Act, provided a minimum of 90% of the profit generated by such investment funds in the previous tax year is distributed by the 30 November of the

tax year in question

- pension funds established under the Pension and Disability Insurance Act
- authorised insurance companies in respect of activities implementing the pension scheme envisaged by the law.

10- ARE GROUP COMPANIES CONSIDERED SINGLE COMPANIES FOR FISCAL PURPOSES?

The system of group taxation was abolished in Slovenia from 1 January 2007. Consolidated returns are therefore not permitted for tax purposes. However, parent companies registered in Slovenia with subsidiaries registered in or outside Slovenia must prepare consolidated financial statements.

11- WHAT TAX TREATMENT IS APPLIED TO FOREIGN LOCAL UNITS AND NON-RESIDENT COMPANIES?

Non-residents and permanent establishments (PEs) are subject to tax in Slovenia only on their Slovenian source income, but tax treaties may restrict Slovenia's taxing rights.

A branch is taxed as any other legal entity in Slovenia in line with the provisions of Slovenia's Corporate Income Tax Act. There is no additional branch tax. Business income and expenses are calculated in the same way as for other Slovenian legal entities, insofar as the Slovenian source income of the branch is concerned.

The distribution of profits in the form of dividends or income similar to dividends is generally subject to withholding tax at the rate of 15%. However, the distribution of profits of a Slovenian branch to its principal company abroad is specifically exempted from withholding tax.

12- ARE CAPITAL GAINS TAXED?

For Slovenian corporate income tax purposes, there is no distinction between ordinary income and capital gains, which are included in the corporate tax base along with ordinary income.

Some gains are completely exempt from tax:

profits arising from the disposal of shares in a venture capital company

gains resulting from reorganisations, mergers, divisions or transfers of assets or exchanges of shares which are subject to the EU Mergers Directive.

13- WHAT TAX TREATMENT IS APPLIED IN CASE OF COMPANY LIQUIDATION?

The process of liquidation can be carried out by the company itself or by the court. In either case, a notice regarding the dissolution of the company must be entered in the Court Register and published. For Slovenian tax purposes, liquidation income received by a corporation is deemed to qualify as income similar to dividends and is therefore treated as such.

14- TRANSFER OR REPURCHASE OF SHARES: HOW ARE THEY TAXED?

A reduction in the subscribed capital of a company requires a resolution to be taken at the general meeting. For Slovenian tax purposes, payments made to shareholders pursuant to a reduction of capital are deemed to qualify as income similar to dividends and are therefore treated as such.

A company may not acquire its own shares exclusively for trading purposes. Any income derived by a company from the repurchase of its own shares is deemed to qualify as income similar to dividends and is therefore treated as such.

15- WHAT OTHER TAXES ARE APPLIED IN SLOVENIA?

VAT

The 22% standard rate applies to sales of goods and the provision of services in general. The 9.5% rate applies to food, water supplies, pharmaceuticals, medical appliances for personal use, passenger transport services, admission to cultural and sporting events, provision of artists' services, royalties, importation and provision of certain works of art or antiques, the provision, construction, renovation and alteration of housing facilities, certain supplies for animals, seeds and seedlings, fertilizers, pesticide, biotic medicine for plant protection and services related to agricultural production, hotel accommodation, provision of sporting facilities, the provision of home care services, hairdressing, electricity, natural gas, district heating and firewood (from 1 September 2022 to 31 May 2023; 22% before and after those dates).

The 5% rate applies to books, newspapers and periodicals, including those in electronic form.

No VAT is charged on the following supplies: exports, insurance and financial services provided within the EU, postal services, health care and social services, training and education services, radio and television broadcasting services and most transfers and leases of immovable property.

Social security contributions

Social security contributions cover compulsory pension and disability insurance, health

insurance, maternity leave and unemployment. They are paid by both employees and employers, and are withheld from employees' salaries.

Social security contribution rates for employees and employers are:

<i>Contribution for</i>	<i>Employee</i>	<i>Employer</i>
Pension and disability insurance	15.50%	8.85%
Compulsory health insurance	6.36%	6.56%
Maternity leave	0.10%	0.10%
Unemployment benefit	0.14%	0.06%
Insurance in case of work related accident or illness	-	0.53%

The social security contribution rates applicable to the self-employed are equivalent to the rates applicable to employees and employers as indicated above, with the difference that these are both borne entirely by the self-employed individual. Farmers along with their family members and other self-employed persons conducting farming activity are exempted.

Real estate transactions tax

A special tax at the rate of 2% is payable on most transactions involving immovable property and the establishment, transfer or lease of rights relating thereto. This includes property exchanges, financial leases and other transfers of title. Excluded from the applicability of this tax are all transactions of property to which VAT applies. The tax is paid by the seller or transferor and falls due on the signing of the relevant contract. The tax base is the selling price of the property or the right relating thereto. If the selling price is more than 20% lower than the general market value, the tax base is set at 80% of the general market value. The tax must be paid by the taxpayer within 15 days following the date of the transaction. In the event that the tax is not paid, the contract in question may be invalidated.

Urban and township land use tax

A charge is levied by local authorities for the use of land designated for construction in cities and towns, in areas with urbanisation plans and areas equipped with water and electricity grids. The charge is paid by the user of the land, building or part of the building. The tax obligation is automatically charged to the taxpayer by the tax authority based on the information provided and on the rate set by the municipality in which the land is situated.

Insurance contracts tax

A tax at the rate of 8.5% is charged on life and property insurance contracts as defined by the Insurance Contracts Act. The taxpayer is the company providing the insurance service. The tax base is the insurance premium paid. The tax does not apply to reinsurances, compulsory pension, disability and health insurance, property and life insurance where the duration of the insurance period is longer than 10 years or the insurance cover is for events taking place outside Slovenia.

Motor vehicles tax

A motor vehicles tax applies to certain motor vehicles when they are first used or registered in Slovenia. The tax is payable by the manufacturer of the vehicle, the person that acquires it from another EU country or the person that imports the vehicle into Slovenia.

Electrically powered motor vehicles with no CO₂ emissions are not subject to tax. Exemptions also apply to certain vehicles, such as those intended for export and those intended for use by several families or for the transport of disabled persons.

Water vessels taxes

The following water vessels are subject to a water vessels tax:

- registered vessels longer than 5 metres
- non-registered vessels longer than 5 metres owned by Slovenian residents
- non-registered vessels longer than 5 metres that are owned by Slovenian residents, that are registered abroad.

Tax on profit from disposal of derivatives

A tax is levied on the profit obtained by Slovenian residents from the disposal of derivatives. Derivatives include options, future contracts, exchanges, credit swaps, etc. The disposal of the derivative is defined as any transaction or event from which the taxpayer makes a profit or a loss. The tax base is the difference between the value of the derivative at the time of disposal and its value at the time of acquisition. Any loss that is incurred from the disposal of a derivative can be set off against the profit generated from the disposal of other derivatives.

Taxes on lotteries and other similar games

A 15% tax applies to lotteries, tombola, lotto, betting and other similar games. Prizes with a value not exceeding €300 are exempt from this tax. The tax base is the value of the prize received. A gaming tax applies to the conventional games of chance defined above, and also to a distinct "special" category of games of chance, with tax rate ranging from 5% to 18%.

A 10% sales tax applies to any lottery ticket sold and is payable by licensed lottery operators. This tax is applied in addition to the gaming tax on lottery tickets.

Fire fee

A fire fee at the rate of 9% is levied on insurance premiums covering fire risk. The fee is payable by insurance companies or by their agents. The fee is calculated on the full premium value for pure fire protection insurance, or 20% of the insurance premium for other insurance contracts where fire risk is covered along with other risks.

Excise duty

Excise duty is levied on alcohol, alcoholic beverages, tobacco, petroleum, electrical energy and products related thereto, manufactured in Slovenia, brought into Slovenia after being acquired from another EU country, or imported from outside the EU. Slovenian excise duty legislation is in line with the relevant EU directives.

Tax on financial services

A tax on financial services applies to financial institutions such as banks (including branches of foreign banks) providing financial services that are currently exempt from VAT or insurance contract tax (see above).

The tax is charged at a rate of 8.5% of the tax base (the total of transaction fees or commissions paid for the financial services provided), and payable on a monthly basis.

Certain institutions such as the Bank of Slovenia, the European Central Bank, the EU and other international financial institutions are exempt.

16- DIVIDENDS, INTEREST AND ROYALTIES: HOW ARE THEY CONSIDERED AND TAXED?

Dividends received by Slovenian resident companies from both resident and non-resident companies are excluded from the tax base, so long as the paying company is not resident in a low income tax jurisdiction. This applies equally to non-resident companies receiving dividend income related to activity carried out through a Slovenian PE.

Dividends received from a non-resident company are often subject to foreign withholding tax at the time of payment. This may be reduced where Slovenia has a double tax treaty in place. If the conditions of the paying EU country are met, dividends can be received without the charge of any withholding tax by applying the EU Parent Subsidiary Directive.

Withholding tax on dividends paid by a Slovenian company to non-residents may be reduced or exempted altogether by the application of Slovenia's double tax treaties and the EU Parent Subsidiary Directive.

The income of non-resident companies derived from dividends, interest and royalties is generally subject to withholding tax at the rate of 15%. This may change if a relevant tax treaty is in place or by applying the EU Parent Subsidiary Directive or the EU Interest and Royalties Directive.

17- HOW ARE CALCULATED STOCKS OR INVENTORIES?

The following methods of stock price calculation are allowed:

- the first-in, first-out method (FIFO)
- the weighted average price method
- the moving average prices method.

Inventory is valued at the lower of the initial value and the current trade value. A revaluation can be made at the end, or in the course of an accounting period.

There are no specific inventory deductions for inflation.

18- HOW ARE RESIDENT INDIVIDUALS TAXED?

Tax liability criteria

For the purposes of personal income tax, an individual is considered to be resident in Slovenia if they satisfy at least one of the following conditions:

- the individual has a registered permanent residence in Slovenia
- the individual lives outside Slovenia, but is employed by a Slovenian embassy, a Slovenian representation to the EU or other international organisation with diplomatic status, including being a family member of such an individual
- the individual has their usual residence and centre of economic interests in Slovenia
- the individual is present in Slovenia for more than 183 days during any tax year.

Tax rates

The personal income tax rates and income bands applicable to resident and non-resident individuals for the 2024 tax year are as follows:

<i>Taxable income (€)</i>	<i>Tax rate (%)</i>
0 – 8,500	16
8,501 – 25,000	26
25,001 – 50,000	33
50,001 – 72,000	39
Over 72,000	50

Individuals are liable to a 70% tax on unreported personal income.

Main deductions and reliefs

Resident individuals are granted a general allowance which is deducted from their chargeable income, which for the 2024 tax year is € 5,000 and the taxable income threshold is 16,000 €.

The general allowance and the taxable income threshold for 2023 were the same.

Other personal allowances include those granted to disabled persons, students, and those granted in respect of dependants, supplementary pension insurance and work-related travel expenses.

Inheritance and gift tax

Inheritance and gift tax is charged to individuals or legal entities on the receipt of property by inheritance or donation, to which income tax does not apply. The tax base is generally the value of the property at the time of the transaction, reduced by liabilities and expenses related to the property. The tax base in the case of immovable property is 80% of the general market value. For movable property the tax base is the market value reduced by €5,000, therefore exempting gifts or inheritance of movable property of a value lower than €5,000. Legal entities carrying out religious, humanitarian, charitable, health, cultural and other services are also exempt.

For the purposes of inheritance and gift tax, the recipients of the property are classified into 4 relationship categories:

- Category I — spouses and direct descendants
- Category II — parents, siblings and their descendants
- Category III — grandparents
- Category IV — persons who do not classify as any of the above.

Category I persons are exempt from inheritance and gift tax.

Persons falling on under categories II to IV are subject to inheritance and gift tax at progressive rates going from 5% to 39%.

19- HOW ARE FOREIGN INDIVIDUALS TAXED? WHEN ARE THEY CONSIDERED RESIDENT?

Tax liability criteria

For the purposes of personal income tax, an individual is considered to be resident in Slovenia if they satisfy at least one of the following conditions:

- the individual has a registered permanent residence in Slovenia
- the individual lives outside Slovenia, but is employed by a Slovenian embassy, a Slovenian representation to the EU or other international organisation with diplomatic status, including being a family member of such an individual
- the individual has their usual residence and centre of economic interests in Slovenia
- the individual is present in Slovenia for more than 183 days during any tax year.

Tax rates

The personal income tax rates and income bands applicable to resident and non-resident individuals for the 2024 tax year are as follows:

<i>Taxable income (€)</i>	<i>Tax rate (%)</i>
0 – 8,500	16
8,501 – 25,000	26
25,001 – 50,000	33
50,001 – 72,000	39
Over 72,000	50

Individuals are liable to a 70% tax on unreported personal income.

Main deductions and reliefs

Residents of other EU member states can obtain certain work-related allowances on income gained from employment, business activity, income from agricultural and forestry activity, income from letting immovable property, royalties and other income, provided they can demonstrate that such income represents at least 90% of their annual tax base in a particular tax year, which is not taxed in their country of residence.

20- TERMS FOR TAX PAYMENT: THE FISCAL YEAR IN SLOVENIA

The Slovenian tax year, which is the same as the accounting year, corresponds to the calendar year. If a business chooses an alternative tax period, it must notify the tax authority and the chosen period may not be changed again for another 3 years.

The payment of tax is made on the basis of a self-assessed tax return that has to be presented to the tax authority within 3 months following the end of the tax year, ie generally by 31 March.

Penalties for the most common tax infractions, such as failure to submit timely returns and/or failure to pay taxes due, range from €1,200 to €30,000.

21- WHAT TAX INSPECTIONS ARE MADE?

A Slovenian tax audit may be partial or complete and can be carried out any time, usually at the premises of the taxpayer and the taxpayer has to allow unrestricted access to the tax inspector,

The Slovenian statute of limitations sets a deadline of 5 years from the date on which the tax in question should have been charged, declared or paid.

22- CAN TAXPAYERS AGREE IN ADVANCE THEIR TAX TREATMENT?

The Slovenian tax authority can issue a binding advance tax ruling to taxpayers in respect of the tax treatment of their intended transactions or business activities.

The tax authority has 15 days to notify the taxpayer whether the ruling will be issued or not, and an additional 6 months to issue the ruling itself. The ruling is binding on the tax authority unless it was issued on the basis of incorrect or incomplete information provided by the taxpayer.

23- WHAT EXCHANGE CONTROLS ARE CARRIED OUT?

Slovenia does not impose exchange controls but applies some restrictions to the carrying of cash.

24- WHAT TAX RELIEFS AND INCENTIVES ARE GRANTED BY THE SLOVENIAN GOVERNMENT?

Research and development (R&D)

Businesses may claim tax relief on investment in R&D in the form of a deduction of up to 100% of the amount invested. Investments in R&D comprise both investments in R&D activity of the business itself (including the purchase of R&D equipment), as well as the purchase of R&D services performed by others.

The above deduction is subject to a yearly limit equivalent to the amount of the tax base of the relevant tax period. Any unutilised amount of the relief can be carried forward to reduce the tax base of the following tax periods for up to 5 years, subject to the yearly limit. Businesses benefitting from other tax incentives funded by the national budget or by the EU may not claim relief under this incentive.

Investment

Businesses may claim tax relief for investment in equipment and intangible assets in the form of a deduction of up to 40% of the amount invested, or up to an amount equivalent to the tax base of the relevant tax period, whichever is the lower. Any unutilised amount of the relief can be carried forward to reduce the tax base of the following tax periods for up to 5 years subject to the yearly limits. The following items do not constitute investment in equipment or intangible assets for the purposes of this incentive and are therefore excluded:

- furniture and office equipment, excluding computer equipment
- motor vehicles (except for hybrid and electric passenger cars or buses, and goods-carrying motor vehicles with engines complying with EURO VI emission standards or better)
- goodwill and capitalised costs of investments in property, plant and equipment of third parties.

If the beneficiary under this incentive sells or disposes of the equipment or asset for which relief was claimed prior to the lapse of 3 years from its acquisition, or before it has been fully depreciated, the tax base is increased by the appropriate amount in the year of sale or disposal of the equipment or asset.

Incentives in the form of subsidies, loans, guarantees, and real estate prices at lower than market value are available for qualifying investments in Slovenia. To benefit from the incentives, some minimum investment conditions must be satisfied in addition to maintaining the same average number of employees as in the previous 12-month period.

Employment of persons younger than 29 or older than 55

A business that employs a person younger than 29 or older than 55 who has, prior to that, been registered as unemployed and has not been employed by the business or an associated business in the preceding 24 months, may claim a tax deduction of 45% of this person's salary (55% in respect of first-time employees younger than 25), subject to a maximum yearly limit equivalent

to the amount of the tax base. This relief can be claimed under the condition that the person is employed for an indefinite period of time, and that the total number of employees of the business in the relevant tax period has increased. The deduction can be claimed for a period of 24 months. This incentive is mutually exclusive with incentives granted in respect of disabled persons (see below), those related to supporting the development of the Pomurje region (expired) and those based on the Economic Zones Act.

Employment of persons older than 55

An employment incentive is available for a business that employs a person older than 55 who has, prior to that, been registered as unemployed for at least 6 months. The business will be exempt from paying employer social security contributions in respect of the employee for the first 24 months of employment. The employment contract may be for a fixed or indefinite duration, and must have been concluded between 1 January 2016 and 31 December 2019.

This incentive is mutually exclusive with incentives granted in respect of disabled persons and those related to supporting the development of the Pomurje region (expired).

Employment of disabled persons

A business employing a disabled person may claim a tax deduction of 50% of their salary, subject to a maximum yearly limit equivalent to the amount of the tax base. In the case of persons certified as having a 100% physical disability, or persons who are deaf, the tax deduction is increased to 70% of the salary, subject to the aforesaid limit. A business employing certain specific numbers of disabled people as defined by the Employment of Disabled Persons Act, and whose disabilities were not caused by occupational injury or illness at that same business, may claim tax relief of 70% of their salaries, subject to the aforesaid limit.

Employment of persons for training purposes

A business that accepts an apprentice or a student for the performance of practical training for educational purposes can deduct the amount paid to such persons from its tax base. The deduction can be claimed up to an amount not exceeding 80% of the average monthly salary in Slovenia for every month of the practical training, subject to a maximum deduction of the tax base of the business.

Voluntary supplementary pension insurance

This incentive can be claimed by businesses that finance a collective pension scheme under the Pension and Disability Insurance Act. The relief is in the form of a deduction in the amount representing the voluntary supplementary pension insurance premiums paid by the business for the benefit of its employees to the pension scheme provider. The deduction is subject to the lowest of the following yearly limits:

- an amount equivalent to 24% of the value of compulsory contributions for pension and disability insurance relating to employees
- €2,390 a year
- the amount of the tax base for the period in question.

Tax incentives for donations

A business can benefit from an incentive for the granting of donations for humanitarian, charitable, scientific, educational, health, sporting, cultural, ecological, religious and other similar purposes, if made in the public interest (as defined by law). The incentive applies with respect to payments made to residents of Slovenia, an EU member state or the EEA, except countries that do not allow for the exchange of tax information.

The tax relief is in the form of a deduction and may generally be claimed up to an amount corresponding to 1% of the taxable revenue of the business in the relevant tax period, subject to a maximum yearly limit equivalent to the amount of the tax base.

The deduction is increased by an additional amount of up to 0.2% of taxable revenue for donations made for cultural purposes, to voluntary societies and sports organisations.

Any unutilised amount of the relief can be carried forward to reduce the tax base of the following tax periods for up to 3 years, subject to the aforesaid yearly limit.

Special economic zones

A special economic zone is a self-contained business area that comprises special conditions for certain business activities (eg airport, sea port, etc). One or more resident companies can establish an economic zone. Special tax incentives exist for companies operating in a special economic zone, such as relief for investments, relief for job creation and for the employment of difficult-to-employ persons.

25- HAS SLOVENIA SIGNED BILATERAL TAX AGREEMENTS WITH OTHER COUNTRIES? TABLE OF WITHHOLDING TAXES

Slovenia has concluded tax treaties with a number of countries which specify the withholding tax rates that apply. Non-treaty withholding tax rates apply when they are lower than the rate specified in the treaty.

The following rates of Slovenian withholding tax apply to non-resident entities:

	<i>Dividends</i>	<i>Interest</i>	<i>Royalties</i>
	%	%	%
<i>Non-treaty countries</i>	15	15	15
<i>Treaty countries</i>			
Albania	5/10	7	7
Armenia	5/10	0/10	5
Austria	0/5/15	0/5	0/5
Azerbaijan	8	0/8	5/10
Belarus	5	0/5	5
Belgium	0/5/15	0/10	0/5
Bosnia and Herzegovina	5/10	7	5
Bulgaria	0/5/10	0/5	0/5/10
Canada	5/15	10	10
China	5	10	10
Croatia	5	5	5
Cyprus	0/5	0/5	0/5
Czech Republic	0/5/15	0/5	0/10
Denmark	0/5/15	0/5	0/5
Estonia	0/5/15	0/10	0/10
Finland	0/5/15	0/5	0/5
France	0/15	0/5	0/5
Georgia	5	0/5	5
Germany	0/5/15	0/5	0/5
Greece	0/10	0/10	0/10
Hungary	0/5/15	0/5	0/5
Iceland	5/15	0/5	5
India	5/15	10	10
Iran	7	0/5	5
Ireland	0/5/15	0/5	0/5
Israel	5/10/15	5	5
Italy	0/5/15	0/10	0/5
Japan	5	0/5	5
Kazakhstan	5/10	0/10	10
Korea	5/15	5	5
Kosovo	5/10	0/5	5
Kuwait	0/5	0/5	10
Latvia	0/5/15	0/10	0/10
Lithuania	0/5/15	0/10	0/10
Luxembourg	0/5/15	0/5	0/5
Macedonia	5/15	10	10
Malta	0/5/15	0/5	0/5
Moldova	5/10	5	5
Morocco	7/10	0/10	10
Netherlands	0/5/15	0/5	0/5
Norway	0/15	5	5
Poland	0/5/15	0/10	0/10
Portugal	0/5/15	0/10	0/5
Qatar	0/5	0/5	5
Romania	0/5	0/5	0/5
Russia	10	10	10
Serbia and Montenegro	5/10	10	5/10
Singapore	5	5	5
Slovakia	0/5/15	0/10	0/10
Spain	0/5/15	0/5	0/5
Sweden	0/5/15	0/5	5
Switzerland	0/15	0/5	0/5
Thailand	10	10/15	10/15
Turkey	10	10	10
Ukraine	5/15	5	5/10
United Arab Emirates	0/5	0/5	5
United Kingdom	0/15	0/5	5
United States	5/15	5	5
Uzbekistan	8	8	10

Slovenia signed TIEAs, based on the OECD model convention with Guernsey, the Isle of Man and Jersey.