

# GMS Flash Alert



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## Slovenia – COVID-19: Tax, Social Security, Compensation, and Immigration Measures

On 2 April 2020, the Slovenian National Assembly adopted a new “Anti-corona Act,” introducing a wide range of new measures in many areas and temporarily suspending emergency legislation accepted earlier in March relating to salaries and social security contributions.<sup>1</sup> The new legislation aims to cushion the effects of the COVID-19 epidemic on citizens and the economy.

The Act came into effect on 11 April 2020, however, the measures under the Act are applicable from 13 March 2020 to 31 May 2020. To mitigate the consequences of COVID-19, the Act includes measures to preserve jobs, to improve the social situation of people and to keep businesses in operation. Meanwhile, the Slovenian government is preparing a second set of guidelines that will amend the adopted Anti-corona Act. Slovenia’s government is also gradually lifting some lockdown measures.

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### WHY THIS MATTERS

The series of measures taken by Slovenia’s government is intended to help combat the spread of COVID-19 in the country and to bring relief to individuals and their employers as they come to grips with the changed situation in their daily lives and business operations arising from the restrictions tied to work, travel, and daily life.

The government’s measures related to delayed tax payment deadlines, social security contribution exemptions, crisis payments, and reimbursements for paid leave, should give companies and taxpayers some welcome breathing room to preserve their cash-flow and take additional time to organise their home, business, financial and tax affairs in these trying times.

# Tax Measures

## Tax Calculations and Filing Deadlines Postponed

With respect to annual tax filings, the Act postponed the deadline for issuing the 2019 informative tax calculation for individuals until June 30, 2020. For those individuals who will not receive the informative tax calculation for personal income tax for 2019 by July 15, 2020, the deadline for filing the annual tax return will be postponed one month to August 31, 2020.

The Act postponed from March 31 to May 31, 2020, the deadline for submitting tax returns for independent business activities and for corporate income tax returns, and for submitting annual reports to the Agency of the Republic of Slovenia for public legal evidence and services for 2019.

## Payment of Tax Owed

Based on the Act, taxpayers have the option to recalculate the tax prepayments based on the estimate of the expected business result of the current fiscal year. The independent entrepreneur taxpayer has the option to postpone the payment of liabilities up to 24 months or pay the liability in a maximum of 24 monthly installments if needed because of the COVID-19 epidemic. This measure is also applicable for income tax prepayment and withholding tax. The tax authority will decide on the postponement in 8 days from receiving the application.

Taxpayers are not required to pay the tax prepayments for April and May, which would have been due on May 10 and June 10, 2020.

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## KPMG NOTE

Depending on the status of the COVID-19 epidemic on 15 May 2020, some deadlines under the Act may be extended for 30 days.

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# Social Security Measures

## Pension and Disability Insurance Contributions

Employers are exempt from making pension and disability insurance contributions for working employees in the private sector, for work performed between 13 March and 31 May 2020. The payments will be covered by the state. The exemption does not apply to the contributions relating to the benefits-in-kind and other employment income subject to social security tax.

However, in 2020 this measure requires that, beginning 11 April, employers should not distribute dividends, should not compensate employees for the company's performance, and should not reward management. No application needs to be filed by employers.

## Crisis Allowance

Employees working in the private sector will be paid a monthly crisis allowance of EUR 200. The allowance is to be paid by the employer, and is exempt from income and social security taxes. The employer should pay the crisis allowance if the employee's last monthly gross salary has not exceeded three times of the minimum monthly salary<sup>2</sup> (currently EUR 2,821 gross) for the work performed in the period between 13 March and 31 May 2020.

The above two measures are related – the exemption is granted automatically and employers must pay a crisis allowance to working employees (to those with monthly gross salary up to EUR 2,821).

## COVID-Related Compensation Measures

Employers are entitled to be reimbursed for the compensation paid to employees in the period between 13 March and 31 May 2020, who have been temporarily laid-off or who have been affected by the epidemic (such as parents staying at home due to child care, inability to get to work due to public transport shut down, unable to work from home, or being quarantined) in the amount of 80 percent of average monthly gross salary in the last three months.

The state reimburses the employer for the amount of the compensation paid to the employee, limited to the average gross salary for the year 2019 (EUR 1,753.84)<sup>3</sup>, decreased by the employee's social security contributions.

In addition, employers are exempt from payment of social security contributions for the compensation paid to employees, limited to the average gross salary for the year 2019 (EUR 1,753.84).

Compensation reimbursement will be available only for employers that meet special requirements. According to the law, to be eligible, employers will have to estimate a decline of at least 20 percent in revenue in the first half of 2020 in comparison to the same period in 2019, and must fail to achieve growth in revenue of over 50 percent as in the same period in 2019. If the employer's submitted annual report indicates otherwise, the reimbursement will have to be recovered.

The measure is available to employers for compensation paid to employees in the period between 13 March and 31 May.

Employers request the compensation reimbursement by submitting an application to the Employment Service of Slovenia.

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### KPMG NOTE

Depending on the status of the COVID-19 epidemic on 15 May 2020, the government may extend the measure for 30 days.

Quarantined employees (as ordered by a decree of the minister of health) are entitled to the compensation in the amount of 80 percent of the average gross salary for the last three months, in the period from 29 March to 30 September. In this case the employer is entitled to be reimbursed for the compensation paid to employees not able to work due to the quarantine.

If an employee is infected at his/her workplace (for example, employees in health-care services), this is considered as "injury at work," which has to be reported to the Labour Inspectorate of Slovenia. The employee is entitled to the compensation in the amount of 100 percent of average gross salary for the last three months paid (from the first day onwards) by the employer; however, the compensation is refunded by the Health Insurance Institute of Slovenia.

In case of isolation (ordered by a competent doctor), the employee is entitled to compensation in the amount of 90 percent of the average gross salary for the last three months, paid by the Health Insurance Institute of Slovenia from the first day of absence onwards. In this case the employer does not bear any costs.

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## Other Compensation Measures

Employers are entitled to the reimbursement for compensation paid to employees temporarily absent from work due to the non-COVID-19 illness or injury between 11 April and 31 May 2020, even if the reasons for the employee's absence from work occurred before or after April 11. The compensation amounts to 80 percent of the average gross salary for the last three months. Employers are reimbursed only for the compensation that is paid to employees for the period from 11 April until 31 May (unless extended by the government for 30 days).

Employers request reimbursement by an electronically-filed application with the Health Insurance Institute of Slovenia. The application has to be filed until 30 September 2020 at the latest.

## Immigration Measures

On 11 April 2020, Slovenia's government adopted a new decree, affecting the country's borders. Unless otherwise exempted, anyone entering Slovenia will be required to remain in quarantine for seven days. On the last day of quarantine, they will be tested for COVID-19. This measure does not apply to cross-border workers and other exceptions stipulated by decree.<sup>4</sup>

## FOOTNOTES:

1 Mega Anticorona Act (ZIUZEOP, Act on Intervention measures to mitigate the effects of the COVID-19 epidemic on citizens and the economy). See (in Slovene) [Pogosta vprašanja in odgovori o ukrepih na davčnem področju za blažitev posledic koronavirusa](#) .

2 Minimum salary in Slovenia amounts to EUR 940,58 as of 1 January 2020.

3 This is the average for the year, calculated for a month – because the exemption applies on a monthly basis.

4 See [Odlok o odrejanju in izvajanju ukrepov, povezanih s preprečevanjem širjenja COVID-19, na mejnih prehodih na zunanji meji in na kontrolnih točkah na notranjih mejah Republike Slovenije](#) .

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