



# Taxation of international executives: Slovenia



August 2022

# Contents

|          |  |           |
|----------|--|-----------|
| <b>1</b> | <b>Overview and Introduction</b>                         | <b>4</b>  |
| <b>2</b> | <b>Income Tax</b>  | <b>6</b>  |
| <b>3</b> | <b>Special considerations for short-term assignments</b> | <b>20</b> |
| <b>4</b> | <b>Other taxes and levies</b>                            | <b>22</b> |
| <b>5</b> | <b>Immigration</b>                                       | <b>26</b> |

**01**

# **Overview and Introduction**

# 1 Overview and Introduction

Taxation of personal income is regulated with the provisions of Personal Income Tax Act (the Act).

In general, income is subject to tax in Slovenia if it is derived within the territory of Slovenia. For individual residents in Slovenia, foreign income is taxable in Slovenia. This means that Slovenian income tax is charged according to worldwide income. Non-residents are liable to income tax on income derived in Slovenia.

The official currency of Slovenia is Euro (EUR).

Herein, the host country/jurisdiction refers to the country/jurisdiction to which the employee is assigned. The home country/jurisdiction refers to the country/jurisdiction where the assignee lives when they are not on assignment.

**02**

# **Income tax**

## 2 Income Tax

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. It is the Client who is responsible if he is relying on the advice. In this respect we cannot be held liable for the advice provided.

Any advice herein is based on the facts provided to us and on current applicable law including publicly available opinions published by the Tax Authorities. The law is subject to continual change. Should the facts provided to us be incorrect or incomplete or should the law or opinions of Tax Authorities change, our advice may be inappropriate. We will not update our advice for changes in law after the date hereof unless specifically requested.

Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation. If additional services or actions are described herein, some or all of them may not be permissible for KPMG audit clients and their affiliates or related entities.

### 2.1 Tax returns and compliance

#### When are tax returns due? That is, what is the tax return due date?

31 July. From 2008 on, the tax authority is obliged to generate preliminary annual tax assessment i.e. informative tax calculation from their own information, to assess the tax and submit the assessment to the taxpayer. If the preliminary tax assessment has not been submitted to the taxpayer by 15 June of the current year, the taxpayer is obliged to file an annual income tax return for the previous year by the end of July of the current year. The tax liability of the taxpayer will be calculated by the tax authority (the tax assessment shall be issued by 31 October of the same year). In case the informative tax calculation is issued (31 March or 31 May of the current year following the calendar year), it is considered as annual tax assessment unless the objection is filed by the taxpayer within 30 days.

#### What is the tax year end?

31 December.

#### What are the compliance requirements for tax returns in Slovenia?

##### Residents

Advance tax payments are usually made on a monthly basis, these are withheld by employers when the salary is paid. If a resident receives salary from a foreign entity, monthly tax return should be filed by 15th in the current month for the previous month. On the basis of a tax return filed, the tax authority issue monthly tax assessment. Advance tax payments are offset against the annual tax liability.

The annual tax return has to be filed by 31 July of the current year (if the preliminary tax assessment is not received by 15 June) for the previous year. The tax authority should issue a tax assessment by 31 October of the same year.

##### Non-residents

Non-residents are liable to income tax on income derived in Slovenia. Tax payments are made on the basis of the tax return filed with the tax authority or the tax is withheld by the payer of income.

Deadline for filing monthly tax return is 15 days from the income is received. The tax paid is considered as a final tax. There is no annual tax filing requirement for non-residents.

## 2.2 Tax rates

**What are the current income tax rates for residents and non-residents in Slovenia?**

### Residents and non-residents

**Income tax table for 2022, in Euros (EUR)**

| Taxable income bracket |           | Total tax on income below bracket | Tax rate on income in bracket |
|------------------------|-----------|-----------------------------------|-------------------------------|
| From EUR               | To EUR    | EUR                               | Percent                       |
| 0.00                   | 8,500.00  | 0.00                              | 16                            |
| 8,500.00               | 25,000.00 | 1,360.00                          | 26                            |
| 25,000.00              | 50,000.00 | 5,650.00                          | 33                            |
| 50,000.00              | 72,000.00 | 13,900.00                         | 39                            |
| Over 72,000.00         | -         | 22,480.00                         | 50                            |

The tax rates for residents and non-residents are the same.

## 2.3 Residence rules

**For the purposes of taxation, how is an individual defined as a resident of Slovenia?**

An individual is deemed to be a resident of Slovenia if their officially registered permanent address, habitual place or the center of their personal and economic interests is in Slovenia. In addition, any person who has been present in Slovenia in a tax year for more than 183 days in the aggregate is deemed to be a resident in that tax year.

Article 18 of the Personal Income Tax Act defines the following sources of income that are taken into account for the personal income tax return:

- income from employment
- income from basic agriculture and forestry
- income from business activity
- income from capital (dividends, interest, and capital gains)
- income from rents and royalties
- other income accruing to persons liable to tax in Slovenia.

During the year tax is generally paid as advance payments for income mentioned above. These advance payments are taken into account when calculating the final tax liability in the annual tax return (except of income from capital, rents and income from business activity, whereby the taxable basis is determined with standard costs).

**Is there, a de minimus number of days rule when it comes to residency start and end date? For example, a taxpayer can't come back to the host country/jurisdiction for more than 10 days after their assignment is over and they repatriate.**

No.

## 2.4 Termination of residence

### Are there any tax compliance requirements when leaving Slovenia?

Personal income tax return has to be filed prior to departure from Slovenia if a person is obliged to file such tax return for the current year.

Person leaving Slovenia must formalize his/her residency status with the tax authority by filing an application with the tax authority for the determination of his/her residency status. Based on the application filed, the tax authority issues a decision on non-residence status (if conditions are met).

### What if the assignee enters the country/jurisdiction before their assignment begins?

Applicable in case of tax residence status if it is determined on the basis of presence in Slovenia (more than 183 days in a calendar year).

### What if the assignee comes back for a trip after residency has terminated?

Depending on the nature of their work (if the employment is exercised on the territory of Slovenia), the assignee might have filing obligation.

### Communication between immigration and taxation authority

#### Do the immigration authorities in Slovenia provide information to the local taxation authority regarding when a person enters or leaves Slovenia?

Yes. In principle, data from civil register regarding temporary and permanent residence (address) registered in Slovenia are available to the tax authority (however, with a delay).

### Filing requirements

#### Will an assignee have a filing requirement in the host country/jurisdiction after they leave the country/jurisdiction and repatriate?

An assignee (resident) is obliged to file the annual tax return prior to departure from Slovenia. If the tax return is filed prior to departure, the assignee has no further obligations, unless he/she receives additional payment in the future related to his/her assignment in Slovenia i.e. payment related to their working days in Slovenia.

## 2.5 Economic employer approach

### Do the taxation authority in Slovenia adopt the economic employer approach to interpreting Article 15 of the Organization for Economic Co-operation and Development (OECD) treaty? If no, is the taxation authority in Slovenia considering the adoption of this interpretation of economic employer in the future?1

Yes.

### De minimus number of days

#### Are there a de minimus number of days before the local taxation authorities will apply the economic employer approach? If yes, what is the de minimus number of days?2

No.



## 2.6 Types of taxable compensation

### What categories are subject to income tax in general situations?

As a rule, it can be stated that all types of compensation and benefits-in-kind received by an employee for services rendered, constitute taxable income. These include, but are not limited to, the following:

- the use of a company car for private purposes
- housing allowances
- the benefit from a loan at an interest rate lower than the market rate or with no interest
- insurance premiums and similar payments (except in case of a health insurance, if available to all employees and under special conditions)
- educational expenses not related to employment
- a discount granted for goods or services
- the right to purchase shares (stock options).

Benefits in kind include any advantage provided by an employer or any other person (related party) to an employee or their family member. Minor privileges (not exceeding EUR15 per month) are not considered as benefits in kind unless provided regularly.

In general, the taxable value of a benefit-in-kind is its comparable market price less any amount paid by the recipient. If the comparable price is not possible to determine, the cost price is used. There are specific rules prescribed for determination of the benefit for private usage of the company car.

### Intra-group statutory directors

**Will a non-resident of Slovenia who, as part of their employment within a group company, is also appointed as a statutory director (i.e. member of the Board of Directors in a group company situated in Slovenia) trigger a personal tax liability in Slovenia, even though no separate director's fee/remuneration is paid for their duties as a board member?**

Yes.

**a) Will the taxation be triggered irrespective of whether or not the board member is physically present at the board meetings in Slovenia?**

The taxation is triggered irrespective of the board member's presence in Slovenia.

**b) Will the answer be different if the cost directly or indirectly is charged to/allocated to the company situated in Slovenia (i.e. as a general management fee where the duties rendered as a board member is included)?**

No.

**c) In the case that a tax liability is triggered, how will the taxable income be determined?**

The income taxable in Slovenia would be determined on the basis of income received in respect of the board member's duties in the Slovene company.

## 2.7 Tax-exempt income

**Are there any areas of income that are exempt from taxation in Slovenia? If so, please provide a general definition of these areas.**

Severance payments received by a taxpayer upon retirement or terminations on account of business reason or due to incapability as defined by the labor legislation are tax-exempt up to the limit/amount determined in the governmental decree or in the law.

Jubilee awards and solidarity help payments are also tax- exempt up to the limit/amount determined in the governmental decree.

Performance bonuses are tax free up to the amount of average Slovene gross salary (currently EUR1,886.48 – last data for October 2021 is currently available), if several conditions are met, however, are subject to social security contributions.

Holiday allowance is tax and social security contributions free up to the amount of average Slovene gross salary (currently EUR1,886.48), if several conditions are met.

Reimbursements of costs in connection with employment are tax-exempt if they are paid up to the certain amount, which is determined by the governmental decree. Such costs include among others:

- meal allowances during the work
- costs of transport to and from work
- daily allowances in relation to business trips
- costs of transport, accommodation and meal on business trips
- separate living compensation (separation allowance).

### Severance payments

#### Severance payment at retirement: EUR4,063.

Severance payment because of the cancellation of the employment contract due to business reasons or due to incapability: depends on the employee's average salary and years of service before termination, at most 10 average Slovenian monthly salaries.

Severance payment for termination of the fixed-term employment contract: at most 3 average Slovenian monthly salaries.

### Jubilee bonus and solidarity help

#### Jubilee awards

- For 10 years of service: EUR460.
- For 20 years of service: EUR689.
- For 30 years of service: EUR919.
- For 40 years of service: EUR919.

#### Solidarity help

- Death of the employee or their family member: EUR3,443.
- Disabled persons, longer illness, elementary accident and fire: EUR1,252.

### Meal allowances

- EUR6.12 per day (if the employee is present at work at least 4 hours).
- Additionally, EUR0.76 per hour from 8 hours of work (if employee is present at work at least 10 hours)

### Costs of transportation

- EUR0.18 per full kilometer or up to EUR 140 based on certain conditions.

### Daily allowances

For business trips in Slovenia, the following daily allowances apply.

- 6-8 hours: EUR7.45.
- 8-12 hours: EUR10.68 (if breakfast included, the allowance is reduced for 15 percent).
- 12-24 hours: EUR21.39 (if breakfast included, the allowance is reduced for 10 percent).

For business trips abroad (allowances are determined in a separate regulation for each country/jurisdiction), the following daily allowances apply:

- 6-8 hours: 25 percent of the allowance (20% if one meal is available).
- 8-14 hours: 75 percent of the allowance (if breakfast included, 75 percent minus 15 percent; if free lunch or dinner available, allowance is further reduced for 40%; 20% of the allowance is calculated if two meals are available).
- 14-24 hours: 100 percent of the allowance (if breakfast included, 100 percent minus 10 percent; if free lunch or dinner available, allowance is further reduced for 35% for each meal; 20% is calculated if three meals are available).

### Costs of transportation and accommodations on business trips

- Transportation: refund of costs raised based on the invoice or EUR0.37 per kilometer for the use of own car for business purposes.
- Accommodation: refund of costs raised based on the invoice.

### Separate living compensation

EUR334 per month.

Taxable income is income exceeding the above stated figures and is subject to social security contributions as well.

## 2.8 Expatriate concessions

### Are there any concessions made for expatriates in Slovenia?

Expatriates having income generated in Slovenia can deduct expenses incurred in generating that income as indicated in the section Tax Exempt Income.

In addition, assigned employees (either inbound or outbound) are entitled to posted workers' tax relief if certain conditions are met.

## 2.9 Salary earned from working abroad

### Is salary earned from working abroad taxed in Slovenia? If so, how?

Foreign employment income the resident of Slovenia receives for working abroad is taxable in Slovenia.

According to the tax treaty, if the income is taxed abroad, foreign tax can be credited in Slovenia or the income can be exempted (the latter one applies only to Sweden).

## 2.10 Taxation of investment income and capital gains

### Are investment income and capital gains taxed in Slovenia? If so, how?

Capital gains are taxable at the rate of 27.5 percent for natural persons (residents or non-residents). Capital gains are taxable given the following conditions are fulfilled:

- capital gains derived from the sale of immovable property prior to expiration of the 20-year period from the purchase of this immovable property
- capital gains derived from the sale of securities and other shares in capital prior to the expiration of the 20-year period from the purchase of these securities/shares.

Capital gains are taxed at a 27.5 percent tax rate. The tax rate is reduced each 5 years of holding period (27.5 percent for the first 5 years of holding period; 20 percent for holding period 5 to 10 years, 15 percent for holding period 10 to 15 years, 10 percent for holding period 15 to 20 years, 0 percent after 20 years holding period). Consequently, any gains are exempt after a 20-year holding period.

Capital gains derived from the disposal of immovable property acquired before 1 January 2002 are not taxable. Gains on immovable property, which was used as a permanent home of the taxpayer for at least 3 years preceding the disposal, are tax exempt.

The tax on capital gains is paid on the basis of the tax return filed with the tax authority (by 28 February for the previous year) who issue the tax assessment. The tax paid is considered as final.

### Dividends, interest, and rental income

Dividends and other profit distributions are taxed at 27.5 percent final withholding tax or by tax assessment.

Interest is taxed at 27.5 percent rate withholding tax or by tax assessment. However, interest on bank deposits paid by a bank or savings institution situated in Slovenia or another European Union (EU) Member State is taxable only for the part that exceeds EUR1,000. The tax is considered as final tax.

Rental income is taxed at a flat tax rate of 27.5 percent. The tax is considered as final tax. In case of rental income, the taxable income for renting out immovable property is reduced by the actual maintenance costs proven by invoices if these were paid by the taxpayer themselves in the period when the property has been rented out. Instead of calculating the actual costs, a lump-sum deduction of 15 percent of the income received can be claimed.

### Gains from stock option exercises

The difference between the actual stock option price and the market value of shares is taxable at the moment of exercise. The income is considered as benefit in kind, which is taxable as employment income. The stock option income is also subject to social security contributions.

| Residency status | Taxable at: |      |          |
|------------------|-------------|------|----------|
|                  | Grant       | Vest | Exercise |
| Resident         | N           | N    | Y        |
| Non-resident     | N           | N    | Y*       |

\* The stock option income for non-residents is taxed for Slovene working days in the period from grant to vest date.

### Foreign exchange gains and losses

In general, foreign exchange gains and losses are considered when determining taxable basis. However, this is not applicable if securities and shares were acquired before 1 January 2003 (in this case, market value as of 1 January 2006 is considered).

## Principal residence gains and losses

Principal residence gains are not taxable if the taxpayer has owned it and actually resided there for 3 years before the disposal.

## Capital losses

Capital losses can be offset against capital gains in the tax year. However, in certain cases, capital losses do not decrease taxable basis (investment coupons, debt securities and shares from venture capital investments).

## Personal use items

Not taxable.

## Gifts

Individuals receiving an inheritance or a gift of a value of EUR5,000 or more are liable to pay inheritance and gift tax. The threshold does not apply for immovable property and property rights. The spouse and all direct descendants are exempt.

The taxable basis for movable property is the market value, reduced by the amount of EUR5,000. The taxable basis for immovable property is its market value. The tax is levied at progressive rates (the progression depends on the relationship between the donor and the beneficiary and on the value of the gift).

## 2.11 Additional capital gains tax (CGT) issues and exceptions

### Are there additional capital gains tax (CGT) issues in Slovenia? If so, please discuss?

Deemed disposal and acquisition Not applicable.

Derivatives are subject to tax on profit from disposal based on a special tax law. Disposal of cryptocurrencies is not subject to capital gains tax. Tax rates vary between 10% and 40% depending on the holding period.

## 2.12 General deductions from income

### What are the general deductions from income allowed in Slovenia?

For determination of taxable income, the following annual deductions apply in year 2022.

|  | EUR   |
|--|---|
| Basic allowance (total annual income up to EUR13,316.83)       | 3,500.00+(18,700.38 minus 1.40427*gross income) |
| Basic allowance (total annual income more than EUR13,316.83)   | 3,500.00  |
| Disabled persons with 100 percent disability                   | 17,658.84                                       |
| For the first dependent child or other dependent family member | 2,436.92  |
| For the second dependent child                                 | 2,649.24  |
| For the third dependent child                                  | 4,418.54  |
| For the fourth dependent child                                 | 6,187.85  |

|   | EUR      |
|---|----------|
| For the fifth dependent child                                       | 7,957.14 |
| Child with a mild, moderate or severe physical or mental impairment | 8,830.00 |
| Student allowance   | 3,500.00 |
| Additional pension insurance  | 2,819.09 |

### Special deduction for assigned employees

Residents from other EU/ European Economic Area (EEA) Member States who can file an annual tax return in Slovenia (if more than 90 percent of their income is taxable in Slovenia and the income received/taxable in Slovenia is exempt in their residence country/jurisdiction) may claim the basic allowance, the relief for supporting family members, allowance for additional pension insurance etc.

Income in the amount of 20 percent of the salary or salary compensation (limited to EUR1,000) is not included in the monthly taxable base for purpose of taxation of income received for the period of the assignment if the below conditions are met:

- employee is assigned from/to Slovenia
- assignment lasts more than 30 days without interruptions
- location of usual work before the assignment by the shortest way is more than 200 km from the location of assignment
- employee was not resident of Slovenia during 5 years before the assignment to Slovenia or was not resident of another country/jurisdiction before the assignment from Slovenia
- salary for assignment period stated in the employment agreement of assignee is more than last known average annual salary in Slovenia, multiplied by 1.5 and calculated per month.

## 2.13 Tax reimbursement methods

### What are the tax reimbursement methods generally used by employers in Slovenia?

In Slovenia employment agreements are usually concluded in gross amounts. In this case, the employer is required to withhold appropriate taxes and social security contributions when the income is paid. If the income is agreed in net amounts, it is grossed-up for the purpose of taxation.

Expatriates usually have net agreements and the income should be declared to the tax authorities in the tax return (as the income is paid by a foreign entity). According to the explanation of the tax authority, if the tax liability is paid by the foreign employer, the employee should report their gross income in the prepayment tax return (the gross income consists of the following: net income + employee's social security contributions and estimated Slovene tax liability).

According to Slovene legislation, residents are entitled to deduct taxes paid abroad from their tax liability in Slovenia.

However, such deduction may not exceed the lower of the following:

- tax on foreign income, which was final and actually paid
- tax which would be due on that foreign income, if deduction was not possible.

If Slovenia has concluded double tax treaty with respective country/jurisdiction, provisions of that treaty should also be considered.

## 2.14 Calculation of estimates/prepayments/withholding

How are estimates/prepayments/withholding of tax handled in Slovenia? For example, Pay-As-You-Earn (PAYE), Pay-As-You-Go (PAYG), and so on.

### Pay-as-you-go (PAYG) withholding

Please see previous mention.

### PAYG installments

When the income is paid, social security contributions are deducted (contributions are shared by employers and employees).

When are estimates/prepayments/withholding of tax due in Slovenia? For example, monthly, annually, both, and so on.

In general, when income is paid by the Slovene entity, tax is withheld at payment of income and remitted to the state within 5 days of the income payment.

For tax residents, when income is paid by a foreign entity, the tax return for employment income should be filed in 15 days following the first receipt of income in a tax year. Another tax return should be filed if income varies for more than 10 percent, otherwise, for residents the tax authorities may assess the tax advances for the whole year. For non-residents tax returns should be filed on a monthly basis, in 15 days following the receipt of income.

Interest, dividends, rental income and capital gains should be in general reported once a year, annually by 28 February for the previous year.

## 2.15 Relief for foreign taxes

Is there any Relief for Foreign Taxes in Slovenia? For example, a foreign tax credit (FTC) system, double taxation treaties, and so on?

In all instances where the Act clearly determines that the income from a foreign source is taxable in Slovenia, the Act also enables that taxable person to take into account the tax paid abroad.

If Slovenia has concluded double tax treaty with respective country/jurisdiction, provisions of that treaty should also be considered.

## 2.16 General tax credits

What are the general tax credits that may be claimed in Slovenia? Please list below.

According to the tax treaties, tax paid abroad can be credited in Slovenia. However, the tax so credited cannot exceed the lower of the following:

- the amount of foreign tax that was final and actually paid
- the amount of tax that would be due on foreign income if a tax credit was not possible.

In the absence of a tax treaty, foreign tax is credited against the final tax liability according to the Act, however, up to the amount of foreign tax actually paid or up to the amount of tax that would be due on foreign income. No other tax credits are available in Slovenia.

## 2.17 Sample tax calculation

This calculation assumes a married taxpayer resident in Slovenia with two children whose 3-year assignment begins 1 January 2019 and ends 31 December 2021. The taxpayer's base salary is 100,000 US dollars (USD) and the calculation covers 3 years.<sup>1</sup>

|  | 2019<br>USD | 2020<br>USD | 2021<br>USD |
|--|-------------|-------------|-------------|
| Salary                                 | 100,000     | 100,000     | 100,000     |
| Bonus                                  | 20,000      | 20,000      | 20,000      |
| Cost-of-living allowance               | 10,000      | 10,000      | 10,000      |
| Housing allowance                      | 12,000      | 12,000      | 12,000      |
| Company car                            | 6,000       | 6,000       | 6,000       |
| Moving expense reimbursement           | 20,000      | 0           | 20,000      |
| Home leave                             | 0           | 5,000       | 0           |
| Education allowance                    | 3,000       | 3,000       | 3,000       |
| Interest income from non-local sources | 6,000       | 6,000       | 6,000       |

### Other assumptions

- All earned income is attributable to local sources.
- Bonuses are paid at the end of each tax year and accrue evenly throughout the year. Interest income is not remitted to Slovenia.
- The company car is used for business and private purposes and originally cost USD50,000. The employee is deemed resident throughout the assignment.
- Tax treaties and totalization agreements are ignored for the purpose of this calculation.

### Calculation of taxable income

| Year ended                          | 2019<br>EUR | 2020<br>EUR | 2021<br>EUR |
|-------------------------------------|-------------|-------------|-------------|
| Days in Slovenia during year        | 365         | 365         | 365         |
| Earned income subject to income tax |             |             |             |
| Salary                              | 86,707.71   | 90,163.20   | 82,230.07   |
| Bonus                               | 17,341.54   | 18,032.64   | 16,446.02   |
| Cost-of-living allowance            | 8,670.77    | 9,016.32    | 8,223.01    |
| Net housing allowance               | 10,404.92   | 10,819.58   | 9,867.61    |
| Company car                         | 5,202.46    | 5,409.79    | 4,933.80    |
| Moving expense reimbursement        | 17,341.54   | 0           | 16,446.02   |
| Home leave                          |             | 4,508.16    |             |



| Year ended                          | 2019<br>EUR | 2020<br>EUR | 2021<br>EUR |
|-------------------------------------|-------------|-------------|-------------|
| <b>Days in Slovenia during year</b> | <b>365</b>  | <b>365</b>  | <b>365</b>  |
| Education allowance                 | 2,601.23    | 2,704.90    | 2,466.90    |
| Total earned income                 | 148,270.18  | 140,654.58  | 140,613.44  |
| Other income - interest             | 5,202.46    | 5,409.79    | 4,933.80    |
| Total income                        | 153,472.64  | 146,064.38  | 145,547.24  |
| Deductions                          | 10,825.78   | 11,023.08   | 11,023.08   |
| Total taxable income                | 142,646.86  | 135,041.30  | 134,524.16  |

#### Calculation of tax liability

|  | 2019<br>EUR | 2020<br>EUR | 2021<br>EUR |
|--|-------------|-------------|-------------|
| Taxable income as above                        | 137,444.40  | 129,631.50  | 129,590.36  |
| Slovene tax thereon                            | 56,212.06   | 51,295.75   | 51,275.18   |
| Less   | 0.00        |             |             |
| Domestic tax rebates (dependent spouse rebate) | 0.00        |             |             |
| Foreign tax credits                            | 0.00        |             |             |
| Total Slovene tax on earned income             | 56,212.06   | 51,295.75   | 51,275.18   |

#### Calculation of tax liability on interest income

|                                      | 2019<br>EUR | 2020<br>EUR | 2021<br>EUR |
|--------------------------------------|-------------|-------------|-------------|
| Taxable income as above              | 5,202.46    | 5,409.79    | 4,933.80    |
| Slovene tax thereon                  | 1,300.62    | 1,487.69    | 1,356.80    |
| Foreign tax credits                  | 0.00        | 0.00        | 0.00        |
| Total Slovene tax on interest income | 1,300.62    | 1,487.69    | 1,356.80    |
| Total Slovene tax                    | 57,512.68   | 52,783.45   | 52,631.98   |

- For year 2019: Exchange rate EUR1 = USD1.1533 (as of 11 January 2019)
- For year 2020: Exchange rate EUR1 = USD1.1091 (as of 10 January 2020)
- For year 2021: Exchange rate EUR1 = USD1.2161 (as of 12 January 2021)
- A spouse is considered as dependent family member (i.e., has no own income)
- Benefit for car: For the calculation of the benefit the information of the purchase value of a car and date of purchase is required. Under the assumption that the employee makes more than 500 private kilometers monthly and that the employer pays for the fuel also for private use the car benefit in the

first year is 1.875 percent of the purchase value. In the second, third and fourth year the purchase value is reduced by 15 percent each year. If car benefit is calculated according to domestic rules, the car benefit in the first year is USD11,250, in the second year USD9,563 and in the third year USD7,875.

Interest income is not included in the calculation as it is taxed at flat rate of 27.5 percent. If interest income is received by domestic and EU member states' banks and savings institutions, tax exempt income amounts to EUR1,000. The exemption is not considered in the calculation.

#### **FOOTNOTES:**

<sup>1</sup>Certain tax authorities adopt an "economic employer" approach to interpreting Article 15 of the OECD model treaty which deals with the Dependent Services Article. In summary, this means that if an employee is assigned to work for an entity in the host country/jurisdiction for a period of less than 183 days in the fiscal year (or a calendar year of a 12- month period), the employee remains employed by the home country/jurisdiction employer but the employee's salary and costs are recharged to the host entity, then the host country/jurisdiction tax authority will treat the host entity as being the "economic employer" and therefore the employer for the purposes of interpreting Article 15. In this case, Article 15 relief would be denied, and the employee would be subject to tax in the host country/jurisdiction.

<sup>2</sup>For example, an employee can be physically present in the country/jurisdiction for up to 60 days before the tax authorities will apply the economic employer approach.

<sup>3</sup>Sample calculation generated by KPMG poslovno svetovanje, d.o.o., the Slovene member firm affiliated with KPMG International Limited, a private English company limited by guarantee, based on the Act and tax rates applicable for 2019, 2020 and 2021.

**03**

**Special considerations  
for short term  
assignments**

# 3 Special considerations for short-term assignments

For the purposes of this publication, a short-term assignment is defined as an assignment that lasts for less than 1 year.

## 3.1 Residency Rules

**Are there special residency considerations for short-term assignments?**

No.

## 3.2 Payroll considerations

**Are there special payroll considerations for short-term assignments?**

No.

## 3.3 Taxable income

**What income will be taxed during short-term assignments?**

Taxable income depends on the tax residency status of the assignee. If resident, they are taxable on their worldwide income. If non-resident, they are taxable on the income with its source in Slovenia.

## 3.4 Additional considerations

**Are there any additional considerations that should be considered before initiating a short-term assignment in Slovenia?**

For details please refer to the publication Planning Your International Transfer.

With respect to payroll and taxation – there are no special additional considerations when it comes to short-term assignment to Slovenia.

### **Types of compensation received from dependent work**

Taxable basis for income, received from dependent work (individual work contract) within the territory of Slovenia is 90 percent of gross income, eventual social security contributions, if payable, reduce taxable basis.

**04**

# **Other taxes and levies**

# 4 Other taxes and levies

## 4.1 Social security tax

**Are there social security/social insurance taxes in Slovenia? If so, what are the rates for employers and employees?**

Employers and employees are obliged to pay social security contributions.

### Employer and employee

| Type of insurance      | Paid by employer | Paid by employee | Total  |
|------------------------|------------------|------------------|--------|
| Pension insurance      | 8.85%            | 15.50%           | 24.35% |
| Health insurance       | 7.09%            | 6.36%            | 13.45% |
| Unemployment insurance | 0.06%            | 0.14%            | 0.20%  |
| Maternity leave        | 0.10%            | 0.10%            | 0.20%  |
| Total                  | 16.10%           | 22.10%           | 38.20% |

Employers are obliged to pay obligatory social insurance contributions in Slovenia for every employee.

Contributions for health and disability insurance are also levied on contract workers (individual work contract). The health contribution for employee is 6,36 percent of the gross income with no obligation for pension and disability contribution. Obligation for pension and disability insurance of 15,5 percent of the gross income applies to individuals who are otherwise not enrolled to Slovene social security scheme. Personal income tax rate is 25 percent of the tax base of 90 percent of the gross income received reduced by employee health and pension and disability insurance contributions. The health contribution for the payer of income is 0,53 percent of the gross income, pension and disability contribution is 8,85 percent of the gross income. Special tax that apply to this type of income is 25 percent of the gross income and it should be settled by employer/payer of the income.

## 4.2 Gift, wealth, estate, and/or inheritance tax

**Are there any gift, wealth, estate, and/or inheritance taxes in Slovenia?**

Inheritance tax has to be paid by a natural person, who inherits property or receives a gift in Slovenia. The tax rate depends on the family relations and on the value of the property/gift.

## 4.3 Real estate tax

**Are there real estate taxes in Slovenia?**

Property tax is imposed on premises such as buildings and parts of buildings, including apartments, garages and secondary homes. The taxpayer is an individual who is the actual or beneficial owner of the premises. The tax rate for the premises depends of the type of property and its value.

## 4.4 Sales/VAT tax

**Are there sales and/or value-added taxes in Slovenia?**

Slovenia adopted a VAT system in 1999.

Value-added tax (VAT) is payable on all supplies of goods and services, affected by a taxable person, acting as such, for consideration within the territory of Slovenia, on intra-community acquisition and importation of goods. It is also imposed on the transfer of ownership of buildings or parts thereof if the transfer is made before first occupancy or within a period of 2 years after the first occupancy.

The standard VAT rate is 22 percent and reduced rates are 9.5 percent and 5 percent (applies to goods and services specifically defined by the VAT Act).

Excise duties were introduced in Slovenia together with VAT system. Goods subject to excise duties are tobacco products, alcohol and alcoholic beverages, and energy products.

## 4.5 Unemployment tax

### Are there unemployment taxes in Slovenia?

No, there is no unemployment tax in place. However, the percentage of social security contributions is dedicated to unemployment insurance.

## 4.6 Other taxes

### Are there additional taxes in Slovenia that may be relevant to the general assignee? For example, customs tax, excise tax, stamp tax, and so on.

Slovenian tax residents are obliged to pay tax on their world-wide income; therefore, this principle applies to private income as well (e.g. rental income, dividend income, capital gains, interests, etc.).

Slovenian tax non-residents are obliged to pay tax on income sourced in Slovenia (applies to private income).

### Immovable property transfer tax

Immovable property transfer tax is levied on the transfer of immovable property if VAT has not been charged on such property. It is applied to the market value of immovable property transferred. In general, the taxpayer is the seller of the immovable property. The tax rate is 2 percent of the market value of the transaction.

### Land tax

Charge for the use of a building ground is levied on vacant and constructed building land possessed by legal persons and individuals. A charge is set by local communities. The tax authority assesses the charge by 31 March for the current year. Tax is paid in installments for the year in advance.

### Foreign financial assets

### Is there a requirement to declare/report offshore assets (e.g. foreign financial accounts, securities) to the country/jurisdiction's fiscal or banking authorities?

Foreign financial accounts (including bank accounts, however, except brokerage accounts) and investments have to be reported to the tax authority. Reporting obligation arises in 8 days of the date the account is opened. Also, closing should be reported in 8 days of the date the change occurred.





**05**

# **Immigration**

# 5 Immigration

*Kindly note, that our answers are for information purposes only. Therefore, our answers cannot be relied upon neither by you nor by any third persons. If this is not the case our further involvement is subject to completing client acceptance procedures (including Sentinel), agreeing on the fees and entering into an MFE. Furthermore, our answers are based on the facts provided to us and on current applicable law. The law is subject to continual change. Should the facts provided to us be incorrect or incomplete, our answers may be inappropriate.*

**Following is an overview of the concept of Slovenia's immigration system for skilled labor.**

(E.g. which steps are required, authorities involved, in-country/jurisdiction and foreign consular processes, review/draft flow chart illustrating the process)

This summary provides basic information regarding business visits and work authorization for Slovenia. The information is of a general nature and should not be relied upon as legal advice.

With regard to entry and residence into Slovenia it has to be differentiated between nationals of the European Union (EU) and third-country/jurisdiction nationals («non-EU nationals»). EU citizens have unrestricted access to the Slovenian labor market. A work and residence permit or visa won't be required to either enter or work in Slovenia. However, EU nationals, who stay in Slovenia more than 90 days have to register the residence and temporary address in Slovenia. On the other hand, non- EU nationals are required to obtain work and residence permit.

## 5.1 International Business Travel/Short-Term Assignments

**Describe (a) which nationalities may enter Slovenia as non-visa national, (b) which activities they may perform and (c) the maximum length of stay.**

In general, if non-visa nationals visit Slovenia as business visitors, they are allowed to enter and stay in Slovenia using their passports for up to 90 days within a 180 day period.

Overview of visa exemptions for entry into Slovenia:

[https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/borders-and- visas/visa-policy/apply\\_for\\_a\\_visa/docs/visa\\_lists\\_en.pdf](https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/borders-and- visas/visa-policy/apply_for_a_visa/docs/visa_lists_en.pdf)

Slovene legislation does not provide the list of activities business visitors may perform. In this respect, all relevant circumstances of each individual case have to be taken into account (e.g. where is the general place of work, work content, who is the end user of the service, where they are generating income, etc.).

**Describe (a) the regulatory framework for business traveler being visa nationals (especially the applicable visa type), (b) which activities they may perform under this visa type and the (c) maximum length of stay.**

Business traveler being visa nationals are required to obtain visa in accordance with the Regulation (EC) No 810/2009 of the European Parliament and of the Council of 13 July 2009 establishing a Community Code on Visas («Visa Code«).

Slovene legislation does not provide the list of activities business visitors may perform. In this respect, all relevant circumstances of each individual case have to be taken into account (e.g. where is the general place of work, work content, who is the end user of the service, where they are generating income, etc.).

In general, visa nationals are allowed to enter and stay in Slovenia up to 90 days within a 180-days period.

**Outline the process for obtaining the visa type(s) named above and describe (a) the required documents (including any legalization or translation requirements), (b) process steps, (c) processing time and (d) location of application.**

Business traveler being visa nationals are required to obtain visa in accordance with the »Visa Code«.

The application for the Schengen Visa must be filed at the Slovene embassy/consulate in the respective country/jurisdiction of residence.

**Are there any visa waiver programs or specific visa categories for technical support staff on short-term assignments?**

There is no visa waiver program in Slovenia.

For some specific services, connected with supply of goods and maintenance, performed by technical support staff on short term assignments, the work permit is not required. In such cases only the registration at the Employment service of Slovenia is required.

## **5.2 Long-Term Assignments**

**What are the main work permit categories for long-term assignments to Slovenia? In this context outline whether a local employment contract is required for the specific permit type.**

**Work permits available for non-EU nationals:**

- Single residence and work permit (“enotno dovoljenje za prebivanje in delo”); - a local employment contract is required;
- Single permit for the purposes of highly- qualified employment (EU Blue Card; “ enotno dovoljenje zaradi visokokvalificirane zaposlitve – modra karta EU); - a local employment contract is required;
- Single permit for posted workers (“enotno dovoljenje za napotene delavce”); - a local employment contract is not required;
- Single permit for intra-corporate transfer (“enotno dovoljenje za osebo, premeščeno znotraj gospodarske družbe”); - a local employment contract is required;
- Single permit for the purposes of working as a self-employed person (“enotno dovoljenje zaradi opravljanja dela kot samozaposlena oseba”) - a local employment contract is required;
- Temporary residence permit for research and higher education purposes (“dovoljenje za začasno prebivanje zaradi opravljanja dela na področju raziskav in visokega šolstva”) – a local agreement is required;
- Temporary residence permit for study purposes (“dovoljenje za začasno prebivanje zaradi študija”) – a local employment contract is required;
- Single permit for seasonal work, longer than 90 days (“enotno dovoljenje za sezonsko delo, daljše od 90 dni”); - a local employment contract is required;
- Unified permit for commuter (“enotno dovoljenje za dnevne delovne migrante”) - a local employment contract is required.

**Provide a general process overview to obtain a work and residence permit for long - term assignments (including processing times and maximum validation of the permit).**

In general, once all the necessary documentation is gathered, it usually takes up to 3-4 months to obtain an applicable work permit for a non-EU citizen. The procedure is executed before the Administrative Unit, located on the territory where the foreigner resides.

A first work permit shall be valid for a period of 1 year (EU Blue Card for a period of 2 years) and may be prolonged.

**Is there a minimum salary requirement to obtain a long-term work and residence permit for assignments? Can allowances be taken into account for the salary?**

There is a minimum salary requirement. For obtaining the EU Blue card the salary should amount to at least 1.5 times of the average gross salary in Slovenia, calculated on the basis of the average gross monthly salary.

Allowances cannot be taken into account for the salary.

**Is there a fast-track process which could expedite the visa/ work permit?**

No.

**At what stage is the employee permitted to start working when applying for a long-term work and residence permit (assignees/ local hire)?**

The work permit has to be obtained before commencement of work.

**Can a short-term permit/ business visa be transferred to a long-term permit in Slovenia?**

Yes.

**Is it possible to renew work and residence permits?**

Yes.

**Is there a quota or system or a labor market test in place?**

The Government may determine a quota of consents to be granted for non-EU nationals. Currently, there are no restrictions determined.

**General Immigration Related Questions**

**Would it be possible to bring family members to Slovenia?**

Yes.

**Is it possible to obtain a permanent residence permit?**

Yes.

**What if circumstances change after the Work and Residence application process (e.g. change of employment or personal situation, including job title, job role or salary)?**

Any changes regarding employment or personal situation, including job title, job role or salary may require an appropriate notification to be made, authorization to be obtained by the competent authorities or new work permit need to be secured.

**How long can a permit holder leave Slovenia without their permit becoming invalid?**

Any extended absences from Slovenia may affect future permanent long-term residence and citizenship applications. In particular, absences of more than 1 year might lead to invalidity of the permit.

Must immigration permissions be cancelled by the end of the assignment/employment? No, only in case of early termination of the assignment/employment.

**Are there any penalties for individuals and/or companies in place for non-compliance with immigration law?**

Yes – for individuals and for companies.

**Other Important Items**

List any other important items to note, or common obstacles faced, in Slovenia when it comes to the immigration processes.

[Back to top](#)

### **Disclaimer**

All information contained in this publication is summarized by KPMG poslovno svetovanje, d.o.o., a Slovenian limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. The information contained in this publication is based on the Slovene Personal Income Tax Act of 2006 and subsequent amendments; Foreigners Act of 2011 and subsequent amendments; Employment, Self-employment and Work of Foreigners Act of 2015 and subsequent amendments; the Tax Authority's web site; Social Security Contributions Act of 1996 and subsequent amendments.



© 2022 KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.

For full details of our professional regulation please refer to 'Regulatory Information' at [www.kpmg.com/uk](http://www.kpmg.com/uk)

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.