

**SLOVENIA**

As per 1 January 2020

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**EXPATRIATE AND EMPLOYER TAX COMPLIANCE AND ADVISORY****Personal Income Tax Rates –  
Employment Income**

<b>Tax rate</b>	Progressive tax rate: 16% – 50%.
<b>Tax period</b>	Calendar year
<b>Tax residency / Domicile according to domestic law</b>	Permanent place of living in Slovenia. Temporary place of living or “centre of economic and social interests” in Slovenia. Present for more than 183 days during a calendar year in Slovenia.
<b>Tax registration</b>	Individuals with permanent or temporary place of living are registered automatically. Other Individuals shall register before the first receipt of taxable income
<b>Employment income definition</b>	Any income paid in cash or in kind related to the employment (the law contains non-exhaustive list of employment related income)
<b>Examples of tax exemption</b>	Mandatory social security contributions, supplemental pension insurance premiums (under certain conditions), reimbursement of costs (like travel costs, meal costs, travel allowance, etc. in the amount determined by the government regulation), jubilee awards, severance payment for dismissal and retirement (under certain conditions in the limited amount)

From 1 January 2018, the following specific provisions for expats apply. The purpose of the recent amendments is to enhance cross-border mobility of employees in Slovenia.

### 1. Special tax concession for expats

For expats, the amount of 20% of the salary or remuneration received by expat is tax exempt, but not exceeding EUR 1,000 per month, if the following conditions are met:

- the worker is posted to work outside from Slovenia or in Slovenia,
- posting to work lasts for more than 30 days,
- the place of usual work before posting is considering the shortest road connection more 200 km away from the place of posting,
- during the last 5 years prior to the commencement of the first posting, the worker was not a tax resident of Slovenia prior to the commencement of the posting to work into Slovenia; or a tax resident of the other country before posting to work outside from Slovenia and
- in the employment contract, a salary in the amount of at least 1.5 times the last known average annual salary of employees in Slovenia, calculated per month, is guaranteed for work during the posting.

For the purposes of Personal Income Tax Act, we are talking about posting to work abroad or about cases where a special tax base can be claimed if the following circumstances are fulfilled:

- the worker is posted to work outside the country of the employer's seat,
- posting to work abroad is carried out on the basis of a concluded employment contract under the law of the country from which the worker is sent to work,
- an employment contract is concluded between employer established in the country from which the worker is sent to work, who actually carries on his activity also in the country of its seat, and employee who normally works for the employer in the country of the employer's seat,
- the employment contract is concluded for performance of work in the framework of the employer's regular business activity in the country of the employer's seat, on behalf and for the account of the employer and on the basis of the employer's contract with the client and
- expat works during the whole posting according to the instructions and under the supervision of the employer, who posts him to work.

The following cases are, notwithstanding the above conditions, justified for the special tax base, irrespective of whether the posted worker remains in an employment relationship with his current employer or not:

- Research work of the researcher on the implementation of research programs of the research organization carried out as a public service in the field of research activities or on the implementation of research programs carried out in the framework of the international cooperation of Slovenia and (co)financed from the state budget of Slovenia or from European programs and funds, if the work is carried out outside the country of residence of this researcher; and
- posting to work on the basis of the act of posting to work between affiliated companies according to the Slovenian Companies Act (ZGD-1), except between affiliated companies with entrepreneurial contracts.

Regarding the enforcement of the special tax base the ZDoh-2 prescribes certain additional restrictions, which must be checked in each specific case.

### 2. Non-taxable reimbursement of costs for expats

Non-taxable reimbursement of the costs to expats include the following:

- Individual health insurance premiums with assistance abroad, paid by the employer (under

## Specific expatriate concession

	<p>certain conditions);</p> <ul style="list-style-type: none"> <li>• Daily allowances for each working day at the time of posting, which lasts for a continuous period of up to 30 days, up to the amount determined by the Government. Expatriates engaged in the profession of a driver in international traffic are entitled to receive a non-taxable reimbursement of daily allowances if the duration of the stay abroad is continuous up to a maximum of 90 days.</li> <li>• Reimbursement of transport costs, including the reimbursement of costs for the use of the employee's personal car for business purposes: <ul style="list-style-type: none"> <li>– for transport between place of residence at the time of posting and the place of work at the place of posting in accordance with the Government Regulation;</li> <li>– for transport to the place of posting at the start of the posting and for transport from the place of posting at the end of the posting.</li> </ul> </li> <li>• Reimbursement of accommodation costs during posting, which lasts up to maximum of 90 days, with the additional condition that the employer will not pay the employee a non-taxable remuneration for a separate life.</li> </ul>
<b>Income of board members</b>	Treated as employment income (executive as well as non-executive)
<b>Tax returns</b>	Local employment agreement – the employer is responsible for the monthly tax compliance. Foreign employment agreement – individual tax compliance, a tax return needs to be submitted by the employee within 15 days after receipt of the first income at any change of the amount of the income a new tax return would need to be filed within 15 days of receipt of the altered amount. Non-residents are obliged to submit the tax return every month.
<b>Tax payments</b>	At the time of payment (if withheld by the employer), within 30 days after receipt of the decision (if paid by the employee).
<b>Tax on real estate property</b>	
<b>TAX TREATIES</b>	
<b>Employment income / income from board members</b>	Art 15/16 Model OECD Tax Convention
<b>INTERNATIONAL SOCIAL SECURITY</b>	
<b>Cross border employments</b>	EU Regulation No 883/2004 and EU regulation No. 1408 / 71.
<b>Exception under Art 16 of Reg. 883/2004 and Art 17 of Reg. 1408/71</b>	Generally applicable.
<b>Social Security Cost as % from gross salary and absolute amounts</b>	<p>Due by the employee: Pension insurance: 15,5%, Health insurance: 6,36%, Maternity protection: 0,1%, Unemployment insurance: 0,14% (overall: 22,1%).</p> <p>Due by the employer (on top of gross income): Pension insurance: 8,85%, Health insurance: 6,56%, Accident at work and occupational disease: 0,53%, Maternity protection: 0,1%, Unemployment insurance: (0,00 – 0,3 %) (overall: 16,04% – 16,34 %).</p> <p>Note: no cap for payment of Social Security Contributions</p>
<b>IMMIGRATION</b>	
<b>Work permit</b>	Nationals of EU, EEA and Switzerland do not need a work permit to perform work in Slovenia Nationals of other countries need to obtain a proper work permit to work in Slovenia

<b>Visa</b>	<p>EU and EEA nationals do not need a visa to enter into Slovenia although their duration of stay may be subject to restrictions</p> <p>List of nationals of other countries that may enter Slovenia without visa (usually up to 90 days) is available at: <a href="http://www.mzz.gov.si/fileadmin/pageuploads/konzulara/Tujci_vstop_v_Slovenijo_brez_vizumov_slo.pdf">http://www.mzz.gov.si/fileadmin/pageuploads/konzulara/Tujci_vstop_v_Slovenijo_brez_vizumov_slo.pdf</a>. For non-listed countries visa can be obtained in general from the competent Slovene diplomatic mission in their country of residency and / or nationality</p>
<b>Residency permits / registration certificate</b>	<p>EU and EEA nationals need to apply for a registration certificate before staying for more than 90 days</p> <p>Non EU and EEA in general need to apply for a residency permit</p>
<b>Driving license</b>	<p>EU and EEA nationals can use foreign driving license and can also apply to exchange it for the Slovene driving license (if they fulfil certain other conditions).</p> <p>Given that there is a reciprocity, other nationals can use their local (foreign) driving license up to one year since registration of their living in Slovenia. After six month of their living in Slovenia, they can obtain (exchange it for) the Slovene driving license (for which they need to fulfil certain other conditions).</p>
<b>STOCK OPTION PLAN</b>	<p>Usually taxed at exercise, although tax treatment depends upon the conditions of the Stock Option Plan.</p>

## ARTICLE 15 OF THE OECD MODEL

<b>183 days</b>	<p>Number of days on the territory of Slovenia including:</p> <ul style="list-style-type: none"> <li>-the weekly rest days</li> <li>-the vacation days obtained within the activity performed in Slovenia</li> <li>-sickness or occupational accident days off (unless due to health reasons a person would like to leave Slovenia but cannot do it)</li> <li>-part days in Slovenia</li> <li>-days of departure and arrival</li> <li>-public holidays</li> </ul> <p>Moreover, all the stays in Slovenia during the period of 12 months/calendar year must be added up</p>
<b>Notion of employer</b>	<p>In principle, the employer is the person towards who the employee is in a situation of legal subordination (Legal employer). However, the fact that the services rendered by the employee are an integral part of the business activities carried on by the company which benefits from these services does not imply on its own that this company becomes the employer : it is necessary to study further all the criteria set out by Article 8.14 of the comments of the OECD model to determine if this company becomes the employer. In the tax ruling issued by the Financial Administration, reference is made to Article 8 of the comments of the OECD mode.</p>
<b>Existence of a permanent establishment</b>	<p>See the criteria of the tax treaty In countries where no tax treaty was signed with Slovenia → national legislation applies, it closely follows the OECD model convention definition of permanent establishment:</p> <ul style="list-style-type: none"> <li>– the place of business through which the activities or transactions of a non-resident entity are partly or fully carried on within the territory of Slovenia;</li> <li>– a construction site, a project involving construction, assembly or mounting, or the related supervision, if the duration of the activities concerned exceeds 12 months;</li> <li>– an agent acting on behalf of a non-resident, provided that he holds and habitually exercises an authority to conclude contracts on behalf of the non-resident; and</li> <li>– an independent agent, who acts in his own name for a non-resident, (such as a broker) where the conditions and circumstances are different from the commercial and financial relations between non-related person.</li> </ul>



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