

PIT rates on dividends, interest and capital gains:

- dividends: 25%;
- interest: 25% (interest for bank deposits in Slovenia or EU – exempt up to EUR 1,000);
- capital gains: 25-0% - dropping with the holding period (25% for the first 5 years of holding period; 15% for holding period 5 to 10 years, 10% for holding period 10 to 15 years, 5% for holding period 15 to 20 years, 0% after 20-years holding period).

MANDATORY SOCIAL SECURITY CONTRIBUTIONS

Social security contributions are imposed to cover pension, health and unemployment insurance and maternity leave. The basis of employees' and employers' contributions is employees' total gross salary (including fringe benefits and other income from employment).

Employer's rate is 16.1% and employee's 22.1%. There is no ceiling. Mandatory social security contributions are deductible for personal income tax purposes.

CUSTOMS DUTIES

Slovenia joined the European Union on 1 May 2004. All EU customs legislation such as Customs Code and Implementing provisions are directly applicable in all EU Member States, also in Slovenia.

The customs duties base for goods imported from non-EU countries is the "transaction value" of goods imported to EU. Transaction value is the price paid or the price to be paid for goods imported to the EU, as well as other costs (which are not included in the price to be paid to the seller) incurred in respect of the purchase and import of goods.

Payment of customs liabilities (customs duties, import VAT and other duties paid upon the import) charged on imported goods is to be made within 10 days after goods are put into free circulation. This deadline for payment may be postponed up to 30 days, if the customs debt is secured. From 1 July 2016 onwards, taxpayers could pay the import VAT also via its monthly VAT return, if the prescribed conditions are met. The responsible body for customs duties and import VAT is the Slovene Financial Authority.

TAX ON TRANSFER OF REAL ESTATE (RETT)

The transfer of real estate property or establishing and transferring the right of superficies are subject to tax. If VAT is charged on the transaction, the tax on transfer of real estate is not imposed (e.g. supply of construction land, new immovable property buildings and land by first use or within 2 years time of use, etc.).

The taxable person obliged to pay the RETT is the seller of the real property, unless otherwise agreed.

The tax is payable at a rate of 2% of the tax base. The tax base is the selling price of the real property.

ELECTRONIC FILING OF TAX RETURNS

In Slovenia almost all tax returns should be filed electronically via the e-taxes system of the Slovene Financial Authority (e.g. CIT, VAT returns, returns connected to salary calculation, etc.).

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June 2018

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CORPORATE INCOME TAX (CIT)

A tax resident is a legal entity which has its head office or place of effective management on the territory of Slovenia. Resident legal entities in Slovenia are liable to pay tax on their worldwide income while non-resident entities are taxed only on the income sourced in Slovenia.

The tax year is a business year (12 months) which is typically the calendar year but may differ from the calendar year. In the latter case the taxpayer must notify the Tax Authority about its decision and may not change the tax period for three years.

Taxable income is established on the basis of accounting profit disclosed in the annual income statement, which is further adjusted in the tax return. CIT liability in the CIT return is self-assessed.

In 2018 the CIT rate amounts to 19%.

The CIT legislation provides 100% tax relief for investments in research and development and 40% tax relief for investments in certain equipment and intangible assets. The tax reliefs may not exceed the CIT base. It is not possible to use both reliefs for the same investment. In case the investment is financed by grants provided by Republic of Slovenia or the EU, the relief cannot apply to this part of investment.

Tax losses can be carried forward for an unlimited period of time. The accumulated tax losses may be utilized up to the 50% of the current positive CIT base. Utilization of accumulated tax losses is under certain circumstances limited when the direct or indirect ownership of share capital of the taxpayer changes for more than 50%.

Capital gains are included in the tax base and are subject to CIT. However, under certain conditions (taxpayer holds at least 8% of the share capital for the minimum period of 6 months and employs one employee on a full time basis) 47.5% of capital gain may be exempt from taxation. 50% of capital losses should be considered as non-deductible expenses if before mentioned conditions apply.

WITHHOLDING TAX

Withholding tax at the rate of 15% shall be paid on dividends, interest, royalties, lease payments for immovable property situated in Slovenia, payments made for services provided by performing

artists or sportsmen (if related payments belong to another person), payments for some services provided by persons from the "black list" countries. Withholding tax may be reduced by Parent-Subsidiary Directive (for dividends), Interest-Royalties Directive and double tax treaties.

As at 1st January 2018, Slovenia has 59 effective double tax treaties on income and capital. There are 2 double tax treaties which are ratified, but not yet in force.

VALUE ADDED TAX (VAT)

Each Slovene tax payer whose turnover in the previous 12 months exceeds, or is likely to exceed in the following 12 months EUR 50,000 (applicable from 1 April 2013, before the threshold was EUR 25,000), is obliged to register for VAT.

Foreign tax payers are obliged to register before starting performing taxable activities subject to VAT in Slovenia. The retroactive VAT registration is not possible in Slovenia.

It is not possible for group companies to register as a single VAT entity (no tax grouping).

The standard VAT rate is 22% (applicable from 1 July 2013, before it was 20%). The reduced rate is set at 9.5% (applicable from 1 July 2013, before it was 8.5%) and applies only to goods and services specifically determined in the VAT Act.

Exemptions of VAT apply for the Intra-Community supply of goods, export of goods, transportation and other services in direct relation to the export of goods, supply of goods to the free zone, free and customs warehouses, deliveries of goods within a free zone, free and customs warehouses, etc.

Tax exemption without credit is provided for the following supplies: banking, financial, insurance and reinsurance services, services of public interest (health and social security services, sport, culture, education and religious services), supply of immovable property, (except the transfer of new ones), services of games of chance, etc.

The tax period is a calendar month.

The VAT return should be filed by the last business day of the month following the tax period. Nevertheless, a taxable person who is obliged to file the EC sales is required to submit the VAT

return monthly by the 20th day of the month following the tax period. The VAT liability should be paid by the last business day of the month following the tax period.

INTRASTAT

The entering threshold in Slovenia is set at EUR 220,000 for dispatches and EUR 140,000 for arrivals.

Reporting period is a calendar month. Intrastat reports should be filed until the last working day before 15th of the month for the previous month.

PERSONAL INCOME TAX (PIT)

Personal Income Tax applies to individual's income. There are six categories of income: income from employment, business income, income from basic agriculture and forestry, rental income and royalties, income from capital (interest, dividends and capital gains) and other income. Slovene tax residents are subject to Personal Income Tax on their worldwide income. Non-residents are subject to Personal Income Tax on their income from Slovene sources under the same rules as residents.

Personal Income Tax is levied at progressive tax rates:

PIT rates	
Annual taxable basis (€)	Tax
Up to 8,021.34	16%
From 8,021.34 to 20,400.00	1,283.41 + 27% over 8,021.34
From 20,400.00 to 48,000.00	4,625.65 + 34% over 20,400.00
From 48,000.00 to 70,907.20	14,009.65 + 39% over 48,000.00
Above 70,907.20	22,943.46 + 50% over 70,907.20

During the year income tax advances are payable either as withholding made by employers, i.e. payers of income or on the basis of tax returns and tax assessments issued by the tax authorities. After the year-end, all income is aggregated and the tax is assessed by the tax authorities. Income tax advances paid during the year are offset against the final tax liability. When advance payments exceed the annual tax liability, a refund is provided.