

Tax Agenda Slovenia

May 2023



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No.	Fact	Action		
1	<p>Tax relief for investment in the digital and green transition</p> <p>New tax relief for investment in the digital and green transition has been introduced, effective from 1 January 2022. Tax relief amounts to 40% of the amount representing investments in the digital transformation and green transition. These investments include investments in cloud computing, artificial intelligence and big data, and investments in environmentally friendly technologies, such as cleaner, cheaper, healthier public and private transport. Green transition also refers to decarbonization of the energy sector, energy efficiency of buildings and the introduction of other climate neutrality standards.</p> <p>Tax authorities have issued additional guidance on this subject in March 2023 - more information.</p>	Review whether such tax relief could be used in the future and assess if the conditions are met.	●	●
2	<p>Limitations to tax base reduction</p> <p>A general limitation of tax base reduction after utilization of tax reliefs and tax losses carried forward applies in Slovenia. The maximum reduction of the tax base from tax allowances and the tax losses carried forward is limited to 63% of the tax base for a tax period, which results in an effective minimum corporate tax rate of 7%.</p>	Keep the limitation of the tax base in mind planning for various tax reliefs in the next years since not all of them can be carried forward and should be utilized in the year when they occur.	●	●
3	<p>Taxation of employee equity compensation schemes</p> <p>Tax authorities have increased their focus on employee equity compensation schemes, such as stock options or restricted stock awards from abroad in recent years. Due to specific reporting procedures of such income in Slovenia, and whether or how social security contributions and taxes were paid, this has become one of their main focuses.</p>	Review and verify if tax reporting of such awards is implemented correctly within your company.	●	●

Use text boxes above the timeline to plan your actions for coming months

● Compliance ● Risk management ● Cash-flow and ETR impact

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4	<p>Limitation on windfall profits aka windfall tax</p> <p>At the end of 2022, The National Assembly adopted the new Act on the Emergency Measures for the Treatment of High Energy Prices according to Council Regulation 2022/1854/EU. The new Act introduces limits on windfall profits from the sale of electricity produced and sold on the wholesale market at EUR 180 per MWh at portfolio level, for the delivery period from 1 December 2022 to 31 December 2023. The limitation on windfall profits shall apply to the sale of electricity produced from wind, sun, geothermal energy, water (excluding pumped storage hydropower plants), biomass (solid or gaseous biomass fuels, excluding biomethane), municipal solid waste, lignite, crude oil and other oil derivatives, peat and nuclear energy. For electricity produced from lignite, a special threshold of EUR 230 per MWh has been set. Any revenue above this price is considered as windfall profit and will be channeled into the budget of the Republic of Slovenia.</p>	Review the potential obligation of the company to levy any additional tax on windfall profits.	●	●
5	<p>New payroll REK-O form</p> <p>As of 1 January 2023, the new REK-O form for reporting on paid income came into use, which replaced all existing forms except the REK-1b form and simplified the correction of submitted data and self-disclosure process.</p>	Take those changes into account when reporting on paid income in 2023.	●	
6	<p>Changes related to taxation of business performance bonuses</p> <p>As of 1 January 2023, remuneration for business performance (also known as annual bonus) will not be subject to taxation, if it is paid no more than twice in a calendar year, up to 100% of the average monthly salary of employees in the Republic of Slovenia, while the amount of individual employee's average monthly salary is no longer considered as possible criteria.</p>	Review and check if internal act for 2023 needs any amendments and take the new maximum amount into account when paying out annual bonuses for 2023.	●	
7	<p>Expected tax inspections in 2023</p> <p>Tax authorities may pay particular attention to the following areas within their general tax controls and inspections: correct calculation of VAT in online sales, application of the investment relief, as well as the relief for investing in the digital and green transition, imports, the correctness of the customs value of imported goods and companies that received anti-covid state aid and whether they must return it.</p>	Check if you need any additional support related to any of the relevant areas.		●
8	<p>Transfer pricing inspections</p> <p>Amount of TP inspections keeps increasing over the years. Inspections usually relate to intragroup services, intercompany loans, business restructurings and long-term tax losses.</p>	Take a proactive approach to transfer pricing policy and documenting of related party transactions. Check if you need any additional support related to any of the relevant areas.		●

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9	<p>Proposed changes of Companies act</p> <p>With the implementation of the EU Directive 2019/2121, i.e. Mobility Directive Slovenian government will supplement the existing provisions for cross-border mergers and implement new rules on cross-border divisions and cross-border restructurings of capital companies, which have not been regulated until now.</p>	<p>Review and take into account these changes in relation to any future cross-border restructuring.</p> <p>●</p>
10	<p>Increase of minimum wage</p> <p>As of 1 January 2023, the minimum wage increased to EUR 1,203.36 (gross).</p>	<p>Review if any employees of the company are impacted by the increase and assess accordingly.</p> <p>●</p>
11	<p>Changes to parental leave</p> <p>From 1 April 2023 onwards, each parent has the right to parental leave for a duration of 160 days, whereby both, mother and father, can transfer 100 days of parental leave to the father, while 60 days are non-transferable. Moreover, paternity leave will be reduced from 30 to 15 days.</p>	<p>Review whether the company's employees are subject to this change and assess its potential impact.</p> <p>●</p>
12	<p>Possible Double Tax Treaty suspension by Russia</p> <p>The Russian Ministry of Finance has proposed to President Putin to suspend all Double Tax Treaties with all countries that have imposed unilateral economic restrictive measures against Russia, aka "unfriendly countries". Slovenia falls in the group of „unfriendly countries“.</p>	<p>Review the use of DTT with Russia, if applicable and plan for possible suspension.</p> <p>● ● ●</p>

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