

FOREIGN INVESTMENT REGIME

Residents and non-residents

Slovenian legislation does not distinguish between foreign and domestic investors, but between residents and non-residents.

The Foreign Exchange Act defines residents as companies and other legal persons with their seats registered in Slovenia (with the exception of their branches in other countries that perform profitable business); branches of foreign companies registered in Slovenia if they are engaged in profitable business; individual entrepreneurs and natural persons who run their own business and have their seat or permanent residence in Slovenia; natural persons with a permanent residence in Slovenia; natural persons with a temporary residence in Slovenia based on a permit valid for a minimum of 6 months (with the exception of foreign nationals employed in diplomatic and consular missions in Slovenia and members of their families); Slovenian diplomatic, consular and other representations abroad financed from the national budget, and Slovenian nationals employed in such representations, and members of their families.

All other persons are considered to be non-residents.

The principle of national treatment

The treatment of foreign companies and entrepreneurs in Slovenia is regulated by the Companies Act in a chapter on foreign undertakings.

A foreign undertaking is defined as a natural or legal person that performs a profitable activity in Slovenia and has their residence or place of business abroad.

Foreign undertakings must conduct their business activities through an entity registered in Slovenia.

The Companies Act stipulates that, as a principle, with regard to its rights, obligations and responsibilities, a foreign undertaking is equated with domestic undertakings or entrepreneurs with registered office in Slovenia in respect of business conduct in Slovenia, unless otherwise provided by applicable legislation.

The protection of foreign investors

Slovenia accepts the principles of the OECD Draft Convention on the Protection of Foreign Property of 1967. The repatriation of capital and transfer of profits are free after the payment of tax duties and other obligations. Expropriation, nationalisation or any other measure with an equivalent effect is prohibited except for public purposes, on a non-discriminatory basis, under due process of law and in exchange for prompt, adequate and effective compensation.

Sectoral limitations

Slovenia has a liberal foreign investment regime. The movement of capital is fully liberalised and in line with the EU rules. In the field of inward direct investment, almost all sectors are open to investors from the European Economic Area (e.g. the operation of games of chance is also limited for EEA investors), while certain restrictions on investments by non-EEA residents apply in a limited number of sectors such as maritime transport and air transport. Further, non-EEA institutions may not establish branches for the purpose of providing depositary services to resident collective investment funds. In the area of cross-border trade in services, there are restrictions on non-EEA service providers in sectors like insurance services (except for direct insurance services and direct insurance intermediation for the insurance of risks relating to transport; reinsurance and retrocession); and most other financial services (except for lending of all types; giving guarantees and commitments to domestic legal entities and sole proprietors; providing and transferring financial information and financial data processing and related software by suppliers of other financial services; and certain advisory and other auxiliary financial services). As regards banking business Slovenian law (Banking Act) distinguishes between MS and third countries. The latter can provide ALL services in the Republic of Slovenia (banking, financial, additional, others according to Banking Act). A branch must be established in advance and a Bank of Slovenia's permit must be obtained. Reciprocity is required for non-EEA residents in areas such as cross-border transport and real-estate investments. Branches of third-country credit institutions located within the EEA and wishing to provide payment services are obliged to establish a company within the EEA and subsequently apply for an authorisation.

Real-estate investment

Companies established or purchased by foreign nationals in Slovenia have the same property rights as companies established by domestic persons (the principle of national treatment). That is why they may own real estate without limitation. For non-residents, the following rules apply:

The EU, EEA and OECD countries: EU citizens and legal entities may freely and unconditionally invest in and acquire real estate in the territory of Slovenia. The same regime applies to citizens and legal entities from Iceland, Liechtenstein, Norway and Switzerland and to citizens and legal entities of non-EU OECD countries (Australia, Canada, Chile, Iceland, Israel, Japan, Mexico, Norway, New Zealand, Switzerland, Turkey, South Korea and the USA).

EU candidate states: citizens and legal entities of EU candidate states which are not OECD members (i.e. Montenegro, Macedonia and Serbia) may acquire real estate in Slovenia according to the principle of reciprocity.

Third countries: Citizens and legal entities from all other countries may only own real estate if they have both inherited it and if the reciprocity principle is observed under the conditions set out in the Inheritance Act.

Persons with the status of a Slovenian without Slovenian citizenship may acquire real estate on the same conditions as Slovenian citizens according to the conditions laid down in the Act Regulating Relations between the Republic of Slovenia and Slovenians Abroad.

There are no restrictions on the leasing of real estate by foreign nationals.