

Corporate income tax

Corporate income tax (*davek na dohodek pravnih oseb*) is regulated by the Corporate Income Tax Act.

Taxable persons

A taxable person is a legal entity according to national law; a legal entity according to foreign law; or an association of persons according to foreign law that is without a legal entity and is not a taxable person according to the law that regulates personal income tax.

Residents, i.e. taxable persons with its registered office or place of effective management in Slovenia are taxed on worldwide income.

Non-residents, i.e. taxable persons whose registered office or place of effective management is not in Slovenia are taxed on all income that has its source in Slovenia, meaning all income generated through activities within a business unit or via a business unit in Slovenia, as well as other income that might be generated in Slovenia. A business unit is considered as being the place of business, i.e. the place in or through which the non-resident's activities and/or business in Slovenia are conducted in whole or in part. A business unit may be an office, subsidiary, factory, workshop, mine, quarry etc. or a construction site, assembly plant or other similar project lasting more than 12 months.

Taxation rate

The general corporate tax rate in 2020 is 19%. The special tax rate of 0% is used for investment funds and pension funds if they fulfil the prescribed conditions.

Tax base

The tax base for corporate income tax is profit (excess of revenues over legally approved expenses in the annual profit and loss statement). Recognised expenses are those required for generating revenues. Partially recognised expenses (in the amount of 50%) are entertainment costs and costs of supervisory boards.

A loss may be carried forward for an unlimited period of time, although the reduction of the tax base due to tax losses from previous tax years is limited to 50% of the tax base of the tax period.

A taxable person (a company and/or a foreign person that is comparable to a company – for its business unit in Slovenia) whose annual income does not exceed EUR 50,000 (EUR 100,000 if they full-time employ at least one person for at least 5 months) can choose a simplified tax regime (flat-rate taxation). In accordance with this regime, the tax base is determined on the basis of lump-sum costs accounting for 80% of income; however, tax relief cannot be claimed or a tax loss declared.

A tonnage tax regime, as an alternative regime for calculating the tax base for the purposes of corporate income tax, is available to resident shipping companies in respect of their income from the operation of ships in international traffic.

Depreciation

Depreciation of tangible fixed assets, amortization of intangible assets and depreciation of investment property is recognised as expenditure in the accounted amount, using the straight-line depreciation method and the maximum depreciation rates.

Maximum annual depreciation rates in 2020 are:

- building projects including investment property 3%;
- parts of building projects including parts of investment property 6%;
- equipment, vehicles and machinery 20%;
- parts of equipment and equipment for research 33.3%;
- computers and computer equipment 50%;
- long-term plantations 10%;
- breeding and working herds 20%; and
- other investments 10%.

For assets under operating leases, the maximum annual depreciation rate corresponding to the asset's actual depreciation period is used.

Tax relief

Tax relief for investments in research and development

A taxable person can use the reduced tax base in the amount of 100% of the amount invested in research and development, up to the amount of the tax base. For the unused part of the tax relief in the tax period concerned, the taxpayer may reduce the tax base in the subsequent five tax periods.

Tax relief for investments

A taxable person can use the reduced tax base in the amount of 40% of the amount invested in equipment, up to the amount of the tax base. Equipment does not include furniture, office equipment and motor vehicles (except computer equipment, cars and buses with hybrid or electrical drive systems, and trucks and buses meeting the EURO VI emission requirements). For the unused part of the tax relief, the taxpayer may reduce the tax base in the subsequent five tax periods following the investment period.

Tax relief for employment

A taxable person employing someone younger than 26 years or older than 55 years, who had prior to this employment been registered with the unemployment service for at least for 6 months and had not in the last 24 months been employed by this employer is entitled to a reduction of its taxable base in the amount of 45% of the salary of that person, up to the amount of the tax base.

Tax relief for employing disabled persons

A taxable person that employs a disabled person can use tax relief of 50% of the disabled person's salary (70% of the disabled person's salary for employing a person with a 100% physical disability or deaf person), up to the amount of the tax base.

Tax relief for carrying out practical training within professional training

A taxable person taking on a trainee to perform practical work within professional education may exercise the right to decrease the tax base in the amount of the payment to such a person; however, only up to a maximum of 20% of the average monthly salary of people employed in Slovenia for each month the practical work is carried out for the individual person.

Tax relief for voluntary supplementary pension insurance

An employer financing a pension plan of collective insurance can take advantage of the reduction of the tax base for premiums of voluntary supplementary pension insurance paid to the benefit of employees to an administrator of a pension plan with its registered seat in Slovenia or any other EU member state. The pension plan must be approved and registered in a special register in accordance with the regulations governing voluntary supplementary pension and disability insurance. The tax relief is used for the year in which the premiums were paid up to an amount equalling 24% of the compulsory contributions for pension and disability insurance for the employee/insured person, a maximum of EUR 2,819.09 a year and up to the amount of the tax base for the tax period.

Tax relief for donations

A taxable person can reduce their tax base for donations for generally beneficial, charitable, humanitarian, scientific, educational, sporting, cultural, health, ecological and religious purposes, disabled persons assistance as well as social assistance, established under special regulations for the performance of such activities, and if such payments were paid to Slovenian or EU residents or EEA residents (but, excluding their business units outside the EU). An exception is recognised in the amount of 0.3% of the taxable income for the tax period of the taxable person; however, only up to the amount of the tax base assessment for the tax period. An additional reduction of the tax base in the amount of 0.2% of taxable income for the tax period is available for donations made for cultural purposes or donations to voluntary societies established for natural and other disaster protection, acting in the public interest for these purposes; but only up to the amount of the tax base for the tax period. The tax relief as a whole may not exceed 0.5% of the taxable income.

Limitation of tax base reduction

The tax base reduction due to tax losses from previous tax years, together with the exercising of unused parts of tax reliefs from previous tax periods is recognised at a maximum of 63% of the tax base.

Preventing the double taxation of income generated outside of Slovenia

A resident taxable person can, by exercising the right to the legally prescribed limit, reduce (deduct) from his tax liability the amount of foreign tax paid on income generated outside Slovenia (foreign income) which is included in his tax base (the tax credit method is used).

The tax credit must not exceed the lower of the following:

- the amount of foreign tax on foreign income which was final and actually paid; and
- the amount of tax which would be payable on the foreign income if the tax credit were not possible.

If Slovenia has concluded a double taxation agreement with a third state, the foreign tax amount calculated at the rate laid down in the double taxation agreement is deemed to be the final foreign tax on the income from that state.

Transfer of assets, exchange of capital shares and mergers within the EU

The tax relief on corporate income tax applies to transactions involving the transfer of assets, the exchange of capital shares or mergers and divisions occurring in the territory of the EU among companies which are residents of Slovenia or other EU member states (this also applies to European joint-stock companies – SEs).

Withholding tax

This tax is paid on the following resident and non-resident incomes which have their source in Slovenia:

- dividends and income similar to dividends, except for dividends and income similar to dividends distributed through a business unit of a non-resident that is located in Slovenia;
- interest (with some exceptions, for example: interest on loans raised by and securities issued by the Republic of Slovenia, interest paid by banks);
- payments for using or for the right to use copyrights, patents, licences, trademarks and other owners' rights and other similar incomes;
- payments for real-estate leases located in Slovenia;
- payments for services provided by performing artists or sportsmen if these payments belong to another person (for example, a society where they perform the service); and
- payments for certain services where payments are made to people having their head office or place of actual management located in countries outside the EU where the general (or average nominal) tax rate on profit is lower than 12.5%.

The tax on the abovementioned income is not paid if the income was paid:

- to the Republic of Slovenia, a self-governing local unit in Slovenia or the Bank of Slovenia;
- to a resident taxable person that has informed the income payer of its tax number; and
- to a non-resident taxable person that is obliged to pay the tax on income generated through activities in a business unit or via a business unit in the RS and who has informed the income payer of its tax number provided that the income was paid to that business unit.

There is no withholding tax on dividends paid to a non-resident who is a resident of the EU or EEA if the recipient of a dividend is not able to set off the applicable Slovenian withholding tax in its country of residence.

No withholding tax is also paid on interest from debt securities issued by an entity established under Slovenian regulation if those securities do not contain the swap option for equity securities and are admitted to trading on a regulated market or traded in the multilateral trading system in an EU member state or member states of the OECD. The abovementioned regime does not apply to interest on debt securities issued to pay compensation in accordance with the law governing denationalisation.

The tax rate is 15% of the tax base that represents an individual income. The benefits provided by international agreements to prevent double taxation (a tax calculation according to a lower tax rate) can be used based on a decision of the tax authorities. In the event tax was paid despite the relief offered by the international agreement according to the statutory tax rate (where a higher amount of tax was then paid), it is possible to get a refund of the tax already paid.