

9. TAXATION ENVIRONMENT



This chapter covers corporate and personal income taxes, social security, VAT and selected sector-specific taxes relevant for investors.

WHY TAXATION MATTERS

Taxation is a central element of structuring investments, determining profitability and ensuring compliance in Slovenia, covering corporate and personal income tax, social security contributions, VAT and sector-specific taxes. For foreign investors, it directly affects corporate structuring, employment models, labour cost planning, pricing and cross-border operations.

As part of the European Union (EU), Slovenia applies harmonised rules in key areas such as VAT, anti-avoidance and cross-border taxation, while maintaining national rules for corporate and personal taxation.

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CORPORATE INCOME TAX

Corporate income tax is the primary tax applicable to companies operating in Slovenia and forms the basis for evaluating investment returns, group

structuring and financing arrangements.

Legal framework

Corporate income tax is governed by:

- Corporate Income Tax Act (ZDDPO-2)
- EU Anti-Tax Avoidance Directive (ATAD)

Taxpayers and scope

Corporate income tax applies to companies resident in Slovenia on their worldwide income and to non-resident companies on Slovenian-source income, including income attributable to a Slovenian permanent establishment.

For foreign investors this means that using a Slovenian company or creating a permanent establishment can bring the full Slovenian corporate tax regime into play, while pure export or licens-

ing models without a local presence may remain taxed primarily in the investor's home country.

Permanent establishments include, for example:

- branches
- construction sites lasting more than 12 months

For detailed definitions, see the [Corporate Income Tax Act](#).

Tax base and rates

The standard corporate income tax rate is 22% on taxable profits, with a temporary increase in place for the period 2024–2028. The tax base is calculated from accounting profit, adjusted for tax rules on expenses, depreciation, provisions and incentives. Certain specialised regimes, such as a tonnage-tax system for shipping companies, apply only in niche situations.

- Standard rate: 22% (2024–2028, temporary increase; scheduled to revert to 19% thereafter)
- Special regimes: 0% for qualifying funds

Tax base:

- accounting profit adjusted for tax purposes

Dividends, capital gains and incentives

Dividend taxation, capital gains and tax incentives are key for investors planning holding structures and exit scenarios. Together they determine how much profit can be distributed or reinvested after tax and how attractive it is to place high-value activities in Slovenia.

Dividend exemption applies under EU and domestic rules. The relevant EU framework includes the Parent-Subsidiary Directive, which is designed to eliminate double taxation of profit distributions within qualifying EU group structures.

Capital gains on the disposal of shares are generally taxed at the standard corporate income tax rate, but effective taxation may be influenced by holding period, participation exemptions and applicable double tax treaties.

Tax incentives are available for R&D, investments, employment, training and donations. These incentives are primarily implemented through specific tax reliefs, the availability and utilization of which depend on the nature of the investment or expense.

These tax incentives reduce the corporate income tax base and therefore the effective corporate income tax burden, subject to specific conditions and overall limits. Not all equipment qualifies for investment relief, and R&D relief generally cannot be claimed for expenditure financed through non-repayable public funds. In any tax period, the combined use of tax reliefs and carried-forward tax losses may reduce the tax base by a maximum of 63%.

Tax relief	Relief amount	Carry-forward
R&D activities	100% of qualifying R&D expenditure	Yes, 5 tax periods
Investment in equipment and intangible assets	40% of qualifying investment	Yes, 5 tax periods
Investment in digital and green transition	40% of qualifying investment	Yes, 5 tax periods for qualifying investments made from 2025 onward
Employment of persons with disabilities	50% of salary; 70% for employees with a 100% physical disability, deaf employees, or qualifying employees above the statutory disability quota	No
Employment of young, older and shortage-occupation workers	45% of salary for qualifying employees under 29, over 55, or in shortage occupations; 55% for first-time employees under 25; for the first 24 months of employment	No
Practical training	Amount paid to the apprentice, pupil or student, capped at 80% of the average monthly salary in Slovenia for each month of practical work	No
Voluntary supplementary pension insurance	Employer-paid premiums for collective voluntary supplementary pension insurance, capped at 24% of compulsory pension and disability insurance contributions and at the indexed annual cap; EUR 3,224.18 per employee for 2026	No
Donations	Up to 1% of taxable revenues for general qualifying purposes, plus an additional 0.2% for certain cultural, sports and disaster-protection purposes, and an additional 3.8% for top-level sports	Yes, 3 tax periods for unused special-purpose donation relief only

Deductibility and expenses

Business expenses are tax-deductible if they are connected with the company's activity and properly documented. However, some categories are limited or excluded, such as client entertainment, penalties, non-business or private costs. In practice, good documentation and clear internal pol-

icies are essential to avoid later adjustments, especially for management costs, intra-group services and mixed-use expenses.

Deductibility rules are defined under [Corporate Income Tax Act](#).

Companies must ensure:

- expenses are business-related
- documentation is adequate

Limitations include:

- entertainment (50%)
- non-deductible items (penalties, bribes, private costs)

Depreciation, provisions and losses

- statutory depreciation rates apply
- provisions limited
- losses:
- unlimited carryforward
- max 50% usage per year

CROSS-BORDER TAXATION: WITHHOLDING TAX, DOUBLE TAX TREATIES AND TRANSFER PRICING

International rules and anti-avoidance measures are central for cross-border investments, financing and group structures. They determine how income is taxed across jurisdictions and set limits on aggressive tax planning, including through the use of the tax

credit method, general anti-avoidance rules (GAAR), controlled foreign company (CFC) rules and hybrid mismatch rules.

🌐 [Anti-Tax Avoidance Directive \(EU ATAD\)](#)

Double tax treaties

Slovenia has an extensive network of double tax treaties that allocate taxing rights between Slovenia and the other contracting state for income such as business profits, dividends, interest and royalties. These treaties typically limit the level of tax that may be imposed at source and provide mechanisms to avoid the same income being taxed twice.

Double taxation is usually relieved in the investor's state of residence through the foreign tax credit method or, in some cases, exemption. In prac-

tice, this means that Slovenian and foreign rules must be considered together when planning holding, financing and IP structures.

Further information on international taxation is available on the [International Taxation and Exchange of Information](#) website. A current list of Slovenia's applicable double tax treaties is available on the [List of Valid Conventions for the Avoidance of Double Taxation of Income and Property](#).

Key takeaways

- treaties can materially reduce the overall tax burden on cross-border income
- foreign tax credit mechanisms are key to avoiding economic double taxation

Key risks

- failure to apply the correct treaty or to obtain residence certificates
- double taxation where treaty relief is not properly claimed

Withholding tax

Certain outbound payments from Slovenia to non-residents, such as dividends, interest and royalties, may be subject to withholding tax. The domestic rate can often be reduced or eliminated under an applicable double tax treaty, provided that treaty conditions, including residence and beneficial ownership requirements, are met.

Correct determination of the applicable rate and proper documentation are therefore critical when structuring profit distributions, intra-group financing and licensing arrangements. Misapplication can affect net returns and trigger adjustments, interest and penalties.

Key takeaways

- withholding tax directly impacts the net amount received by foreign investors
- treaty relief and proper documentation can significantly reduce effective tax

Key risks

- over- or under-withholding and subsequent corrections or disputes
- denial of treaty benefits due to missing or inadequate evidence

Transfer pricing

Transactions between related parties must comply with the arm's length principle, meaning that prices and terms should reflect those that would apply between independent parties. This is particularly important for management and support services, intra-group financing, IP licensing, cost-sharing and group supply chains involving Slovenian entities.

For material cross-border transactions, taxpayers are expected to maintain appropriate transfer pricing documentation to demonstrate that their pricing is arm's length. Robust policies and documentation reduce the risk of tax adjustments, interest and potential double taxation if other jurisdictions do not grant corresponding relief.

Key takeaways

- transfer pricing is a core element of tax planning for multinational groups
- clear policies and documentation support compliance and defendability

Key risks

- transfer pricing adjustments leading to additional tax and interest
- increased scrutiny of structures lacking clear business substance
- risk of unrelieved double taxation where counterpart states do not align

Special regimes

Flat-rate taxation:

- small taxpayers
- 20% deemed base

Tonnage tax:

- shipping sector

Key takeaways

- Slovenia applies an EU-aligned tax system with robust anti-avoidance rules.

- Transaction and group structuring are critical to achieving efficient and compliant outcomes.

- Tax incentives can materially reduce the effective tax burden when used correctly.

Key risks

- Misapplication of deductions, leading to higher tax, interest or penalties.

- Exposure under anti-avoidance rules where structures lack sufficient business substance or genuine economic purpose.

- Incorrect or ineligible use of tax incentives, including failure to meet conditions or retain evidence.

PERSONAL INCOME TAX

Personal income tax is relevant for investors through employment, management remuneration and entrepreneurial activity, particularly where founders or executives relocate to Slovenia.

Slovenia applies a progressive income tax scale, with higher marginal rates on top-tier income, while some categories of income, such as dividends, interest, rental income and many capital gains, are taxed separately at flat rates.

Legal framework

 Personal Income Tax Act (ZDoh-2)

Tax residency and scope

- residents: worldwide income
- non-residents: Slovenian-source income

Key criteria for tax residency typically include:

- centre of vital interests (personal and economic ties)
- physical presence of 183 days or more in a tax year

Taxation structure

Slovenia applies progressive personal income taxation to income included in the annual tax base. For tax year 2026, the personal income tax rates range

from 16% to 50%, depending on the taxpayer's net annual tax base.

Net annual tax base	Personal income tax
Up to EUR 9,721.43	16%
Over EUR 9,721.43 and up to EUR 28,592.44	EUR 1,555.43 + 26% on the amount exceeding EUR 9,721.43
Over EUR 28,592.44 and up to EUR 57,184.88	EUR 6,461.89 + 33% on the amount exceeding EUR 28,592.44
Over EUR 57,184.88 and up to EUR 82,346.23	EUR 15,897.40 + 39% on the amount exceeding EUR 57,184.88
Over EUR 82,346.23	EUR 25,710.30 + 50% on the amount exceeding EUR 82,346.23

Taxable income categories

Income tax is levied on several categories of income, including:

- income from employment
- income from activities of sole traders
- income from basic agricultural and basic forestry activities
- income from property renting and rights

- income from capital
- other income

Tax on income from capital, rental income and, in certain cases, income from the activities of sole traders treated as final, meaning it is generally not aggregated with other income for progressive taxation.

Allowances and reliefs

Main reliefs include:

- general allowance
- family-related relief
- pension-related relief

Key takeaways

- residency status drives the scope of taxation

- a progressive system has a direct impact on labour cost planning and net remuneration

Key risks

- incorrect residency classification

- failure to claim or optimise available allowances and reliefs

Certain categories of income, such as capital income, rental income and income from business activities taxed under the standardised-expense regime, are taxed separately under a

final withholding or schedular tax regime and are generally not included in the annual progressive tax base.

Income category	Tax base	Tax rate	Tax treatment
Interest	Generally gross interest; interest on cash deposits with banks and savings institutions in Slovenia or the EU is taxable only above EUR 1,000 annually	25%	Final tax; not included in the annual progressive personal income tax base
Dividends	Gross dividend income	25%	Final withholding tax; not included in the annual progressive personal income tax base
Capital gains from securities, shares, investment units and real estate	Gain, generally the difference between the value at disposal and the value at acquisition, reduced by recognised costs	25% if held up to 5 years; 20% after 5 years; 15% after 10 years; exempt after 15 years	Final tax; not included in the annual progressive personal income tax base
Rental income from real estate and other property	Rental income reduced by 10% standardised expense, or by actual maintenance costs if claimed and evidenced	25%	Final tax; not included in the annual progressive personal income tax base
Gains from derivatives	Gain from disposal of derivative financial instruments, reduced by recognised standardised transaction costs	40% if disposed of within 12 months; 27.5% after 12 months and before 5 years; 20% after 5 years; 15% after 10 years; 10% after 15 years; exempt after 20 years	Separate final tax regime
Income from an individual investment account	Return realised through an individual investment account, unless exempt under the long-term holding rule	15%; exempt for the first payout after at least 15 years, if no earlier payout was made	Separate capital-income regime
Income from transfer of property rights	Income reduced by 10% standardised expense, where allowed rights	25% advance tax	Not final; included in the annual progressive personal income tax base
Standardised-expense business income of sole traders	Business income tax base determined using standardised expenses	20% up to the applicable threshold; 35% above the threshold from tax year 2026 onward	Separate regime; from 2026, income above the threshold is taxed at a higher rate

Sole trader

Sole trader status is widely used for smaller business operations and service activities and represent a flexible entry structure for individuals. They are taxed under the Personal Income Tax Act (ZDoh-2) as income from business activities and therefore form part of the personal income tax system,

rather than the corporate income tax regime.

The choice between the actual-expense regime and the standardised-expense regime has a direct impact on the overall tax burden and should reflect the expected cost structure and growth plans of the business.

Legal framework

 Personal Income Tax Act (ZDoh-2)

Tax regimes

- Actual-expense regime
- taxation based on real income and actual expenses
- full access to personal income tax reliefs
- Standardised-expense regime (revised 2026)
- 80% deemed expenses up to EUR 60,000 of revenue
- remaining 20% taxed under the progressive personal income tax scale

Key takeaways

- regime choice directly impacts the overall tax burden

- the standardised-expense regime is generally suitable for low-cost, service-based activities

Key risks

- exceeding thresholds applicable to the standardised-expense regime

- misalignment between the chosen regime and the underlying business model

SOCIAL SECURITY CONTRIBUTIONS

Social security contributions are a significant component of labour costs and must be considered in employment structuring and budgeting. Social security contributions are separate from personal income tax, but together they determine the overall tax and contribution burden on employment income. They are payable by both employer and employee on top of per-

sonal income tax. They cover pension, health, unemployment and parental protection schemes.

For investors planning labour-intensive operations, it is important to model full employer cost, not just gross salary, and to understand the impact of different employment and remuneration structures.

Legal framework

- Social Security Contributions Act (ZPSV)

Structure

Covers:

- pension
- healthcare
- unemployment
- parental protection

Rates

- employee: 22.1%
- employer: 16.1%

Key takeaways

- Social security contributions are a major cost component in employment.
- They are highly relevant when structuring overall compensation packages.

Key risks

- Underestimating the total cost of employment when budgeting or negotiating.
- Using an incorrect calculation base, leading to underpayment, arrears and potential penalties.

VALUE-ADDED TAX (VAT)

VAT is often the most visible tax in day-to-day operations. It affects pricing, invoicing, cash flow and the design of cross-border supply chains for goods and services. For many business models, getting VAT right is just as important as corporate income tax.

Slovenia applies a three-rate VAT system with a standard rate of 22%, a reduced rate of 9.5% and a special reduced rate of 5% for narrowly defined

categories. Correct classification of goods and services is essential, as using the wrong rate can directly affect margins and lead to assessments in audits.

For foreign investors, cross-border VAT rules, including reverse charge, intra-EU supplies and e-commerce schemes such as OSS and IOSS, can significantly influence how supply chains and contracts are structured.

Legal framework

- Value Added Tax Act (ZDDV-1)
- VAT Directive 2006/112/EC

Scope

VAT applies to:

- supplies of goods/services
- intra-EU acquisitions
- imports

Exemptions

Certain transactions are exempt from VAT, including some financial and insurance services, healthcare, education, and certain property rentals.

Registration

Mandatory:

- domestic taxpayers: annual turnover above EUR 60,000
- foreign taxpayers: no threshold

VAT rate	Typical scope	Example	Practical impact
Standard rate – 22%	Most goods and services	General consumer goods; professional and digital services	Baseline for pricing and invoicing
Reduced rate – 9.5%	Selected essential goods and services	Food; accommodation; hospitality and certain cultural services	Important for retail/consumer sectors; requires correct classification
Special reduced rate – 5%	Limited, narrowly defined categories	Books; newspapers and publications	Niche use, mainly publishing sector

Key takeaways

- Slovenia applies a three-rate VAT system, with standard, reduced and special reduced rates (22%, 9.5% and 5%).

- Correct VAT classification directly influences pricing, invoicing, cash flow and compliance.

Key risks

- Misclassification of goods or services, leading to wrong VAT rates or treatment.

- Incorrect VAT setup in finance, billing or ERP systems, increasing the risk of errors and adjustments.

VAT mechanics

- Domestic transactions: the supplier charges VAT.
- Intra-EU B2B transactions: the reverse-charge mechanism

generally applies where conditions are met.

- Imports: VAT is generally accounted for through customs procedures.



CROSS-BORDER VAT

E-commerce VAT

OSS and IOSS frameworks are relevant for certain cross-border B2C supplies and imported low-value goods.

Refunds

- EU businesses: generally via the home-state refund procedure
- non-EU businesses: typically subject to reciprocity rules
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Scheme	Meaning	When it is used	VAT treatment	Filing
OSS	One Stop Shop	Mainly for cross-border B2C supplies within the EU, such as intra-EU distance sales of goods and certain services supplied to consumers in other EU Member States	The seller charges VAT of the customer's Member State and reports/pays it through one OSS return in the Member State of identification	Usually quarterly; in Slovenia, the special OSS VAT return for the Union scheme is submitted for each calendar quarter by the end of the month following the quarter (eDavki)
IOSS	Import One Stop Shop	For distance sales of imported goods from third countries or third territories to EU consumers, where the intrinsic value of the consignment does not exceed EUR 150	The seller charges VAT at checkout and reports/pays it through IOSS; import VAT is then not collected from the customer at customs if the IOSS number is properly used	Monthly; the import scheme return is submitted for each month by the end of the following month (VAT e-Commerce - One Stop Shop)

Key takeaways

- VAT is highly harmonised at EU level, but businesses still need to apply Slovenian local rules correctly.
- Cross-border VAT treatment is often the highest-risk area in practice.

Key risks

- incorrect VAT setup
- reverse-charge errors

OTHER TAXES

In addition to core taxes, sector-specific taxes and charges may significantly affect project economics and transaction structuring.

Legal framework

- Excise Duty Act
- Real Property Transfer Tax Act
- For customs duties and related import charges, see the chapter [Foreign trade regulations](#)
- Union Customs Code

Overview

- Excise duties: typically a major cost factor for energy, fuel, alcohol, tobacco and logistics-intensive businesses.
- Customs duties: directly affect landed cost, margins and pricing for imports from non-EU countries.
- Property-related taxes: important for real estate investors, developers and businesses buying or selling property.
- Environmental taxes: relevant for manufacturing, energy, waste management and companies with significant environmental footprint.
- Motor vehicle tax: key for businesses with vehicle fleets, leasing companies and automotive traders.
- Insurance tax: affects the effective cost of non-life insurance programmes.
- Gambling tax: fundamental for casinos, betting operators and lottery providers as a primary profit-driver constraint.

Tax	Main rates / basis	Business impact
Excise duties	Product-specific rates on fuel, alcohol, tobacco and other excisable products	Major cost factor for energy, fuel, alcohol, tobacco and logistics-intensive businesses
Customs duties	Variable EU common customs tariff rates	Directly affect landed cost, margins and pricing for imports from non-EU countries
Property-related taxes	Real estate transfer tax: 2%; real estate capital gains tax: 27.5%, decreasing with holding period	Important for real estate investors, developers and businesses buying or selling property
Environmental taxes	Variable; e.g. CO ₂ tax, packaging, waste and pollution-related charges	Relevant for manufacturing, energy, waste management and businesses with a significant environmental footprint
Motor vehicle tax	Variable, based on vehicle category, CO ₂ emissions, engine power, fuel type and emission standard	Key for businesses with vehicle fleets, leasing companies and automotive traders
Insurance tax	8.5% of the insurance premium	Increases the effective cost of non-life insurance programmes
Gambling tax	5-18% tax on operators' gross gambling revenue; specific levies and up to 45% concessions; 15% tax on certain winnings	Fundamental constraint on profitability for casinos, betting operators and lottery providers

Key takeaways

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| <ul style="list-style-type: none"> • Additional taxes may apply on top of income tax and VAT. | <ul style="list-style-type: none"> environmental impact, municipality, or sector-specific regime. |
| <ul style="list-style-type: none"> • Several of these taxes are not flat-rate; the actual amount often depends on product classification, transaction type, vehicle characteristics, | <ul style="list-style-type: none"> • Sector-specific analysis is essential to identify all applicable indirect and special taxes. |

Key risks

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|--|---|
| <ul style="list-style-type: none"> • Overlooking sector-specific or transaction-based taxes. | <ul style="list-style-type: none"> • Underestimating the total tax and regulatory burden for a given business model. |
| <ul style="list-style-type: none"> • Misclassifying goods, vehicles, or activities for customs, excise, environmental, or motor vehicle tax purposes. | |