

SLOVENIA

Tax measures to eliminate the consequences of floods and landslides in August 2023

In August, a large part of Slovenia was hit by devastating floods, which left considerable economic damage behind. Measures to eliminate the consequences of natural disasters are governed by the **Natural Disaster Recovery Act** (ZOPNN, Official Gazette of the Republic of Slovenia, No. 114/05 with amendments), amendments to which were adopted in August and September 2023.

Due to the extent of the floods, the **Act Determining Intervention Measures for Recovery from the Floods and Landslides of August 2023** (ZIUOPZP, Official Gazette of the Republic of Slovenia, No. 95/2023 as of 1 September 2023) was additionally adopted, amending the laws currently in force and in a number of areas introducing specific measures or deviating from some of the current provisions. As the need for additional measures became apparent after the Act on Intervention Measures came into force, an amendment to the Act was adopted on 10 November 2023 (ZIUOPZP-A; Official Gazette of the Republic of Slovenia, No. 117/2023 of 20 November 2023).

The main (temporary) solutions of both laws in the field of taxation are presented as follows.

Support for the self-employed (s.p.)

A self-employed person who is unable to carry out his/her activity or whose activity significantly decreased as a result of the floods is for the period from August to December 2023 entitled to a support of **EUR 1,200/month**, provided that the following conditions are met:

- › the activity is registered at least from 1. July until 11. August 2023;
- › no outstanding liabilities towards the tax authorities at the date of submission of the declaration;
- › all withholding tax returns from employment income for the last 5 years have been submitted;
- › revenues in 2023 will decrease by at least 25 % compared to 2022.

The self-employed can submit a declaration for assistance through the FURS information system (eDavki), namely on the form "NF_NarNesrece".



The first payment was already made on October 10, 2023.

The deadline for submitting monthly statements for the entire period from August to December 2023 is January 31, 2024, and payment will be made on February 9, 2024.

Reimbursement of employees' wage compensation

If an **employer who has received (partial) reimbursement of wage compensation** paid to employees as a result of force majeure or waiting time due to a natural disaster, has, **as of 3 August 2023, paid out profits**, purchased its own shares or stakes, paid management bonuses or paid part of the performance-related remuneration of management in or for the year 2023, the employer must notify **the Financial Administration of the Republic of Slovenia (FA SI)** within two months of the date of the payment.

The employer will have to return the funds received within 30 days after receipt of the decision, together with statutory interest from the date of receiving the reimbursement until the date of the repay.

Employers who fail to notify FA SI of their obligation to repay the funds within the prescribed period may be subject to a penalty of EUR 450 up to EUR 20,000.

One-time solidarity aid

One-time solidarity aid paid to an employee in nature or in cash in 2023 for **severe flood and landslide damage** is not included in the tax base of employment income up to **EUR 10,000** (and not up to EUR 2,000, which is the generally applicable amount).

Before the one-time solidarity aid payment, the employee must provide the employer with appropriate proof of the damage suffered.

Additional tax incentive for donation for 2023

An additional **tax incentive for donations** is introduced for the **full amount of the payments**, up to a maximum of the tax base of the tax period for legal entities and natural persons carrying out independent economic activities (s.p.).

The tax incentive applies to all payments up to 31 December 2023, paid to a bank account of

the Republic of Slovenia, specially created for this purpose.

Budget account of the RS	SI56 0110 0630 0109 972
Address	Gregorčičeva 20, 1000 Ljubljana
Purpose	Recovery from floods
Purpose code	CHAR
Legal entity reference	18 10995-7300000-23011223
Natural person reference	18 10995-7301006-23011223

Prohibition to dismiss employees

An employer, who benefits from the measure of reimbursement of wage compensation for the period of waiting at home **may not initiate proceedings to terminate an employment contract with an employee for business reasons**, even after the measure has ceased to apply, for a period equal to the period of receipt of partial reimbursement of wage compensation.

The only exception is if the redundancy plan has already been adopted before 3 August 2023 and the employer has not claimed the right to partial reimbursement of the redundancy payments for these employees.

Disposal of equipment destroyed in a company

A taxpayer who purchased the equipment less than three years ago and utilized the investment tax incentive under Article 55a of Corporate income Tax Act (**CITA-2**) **does not have to return the investment tax incentive** for the disposal of this equipment due to destruction in floods and landslides.

Solidarity Working Saturday

The employer **may** designate one Saturday in 2023 and one Saturday in 2024 as a **solidarity working Saturday**, after consultation with the trade union, works council or employees.

With the work done on Solidarity Saturday, the employee contributes funds to the Fund for the Reconstruction of Slovenia.

Employees will therefore contribute **the amount of their net wage** for Solidarity Saturday **by working on that day**, based on a **prior written agreement** with their employer. No income tax and compulsory social contributions are paid on employee's salary. Please contact our WTS

office to prepare a written agreement for your company.

The employee's contribution will be calculated and paid by the employer on a special form "*Calculation of contribution to the Fund for the Reconstruction of Slovenia*", which contains the following information on:

- › the employer and individual employees,
- › the total amount of contribution of all employees,
- › the contribution of each employee for each working Saturday,
- › the amount of the employer's contribution.

The form is available for submission via "eDavki".

The tax return will be due in the month following the Solidarity Working Saturday and the total amount of contributions for payment will be due within 10 days of the return being submitted.

If the employer does not submit the calculation of the contribution to the Reconstruction Fund of Slovenia in the prescribed manner and within the prescribed deadlines, a fine of EUR 1,600 to EUR 60,000 is foreseen for him, depending on the size of the employer. At the same time, the responsible person of the employer is also fined from EUR 800 to EUR 8,000.

Solidarity Working Saturday

Solidarity Working Saturday **is not obligatory**, the employer and the employee **can however together decide** to have a Solidarity Working Saturday or any other non-working day in the company, one in 2023 and one in 2024.

On this day, the worker will not receive payment for the work performed, but will contribute the net amount of the daily salary to the *Fund for the Reconstruction of Slovenia*.

Refund of compensation for the use of building land

Municipalities can refund all or part of the *Building Land Use Tax* (in Slovene NUSZ) paid to taxpayers who have suffered serious damage as a result of floods and landslides, which endanger health and caused an inappropriate living environment.

The municipality will reimburse part or all of the contribution by decision, based on the application and criteria set by the municipality.

Special reduced VAT rate for firefighting equipment

A special reduced VAT rate of **5 %** is introduced for supplies of:

- › standardized fire-fighting vehicles and
- › special protective and rescue equipment for firefighters.

The special reduced rate may only be applied on condition that the purchaser is a public fire service or a voluntary firefighting unit in a fire brigade.

Accommodation for victims of floods and landslides

Free or reduced rent for persons, who have suffered serious damage to their personal property as a result of floods and landslides and have been forced to find new or temporary accommodation **will not be treated as income until the end of 2024**.

Accommodation costs incurred by a taxable person offering free or reduced rent to flood and landslide victims are **tax deductible until the end of 2024**.

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