

# INDIVIDUAL INVESTMENT ACCOUNT

The Slovene **Individual Investment Accounts Act** (ZINR; UL RS, No. 40-1572/2025) is introducing a new type of trading account for individuals in Slovenia. The purpose of the Act is to encourage individuals to invest in financial instruments instead of bank deposits. The Act will be applicable from **5 March 2026**, when it will be possible to open an individual investment account for the first time.

## GENERAL

### What is an individual investment account (IIA) in Slovenia?

The individual investment account (IIA) is a special type of trading account intended for investments in financial instruments by private persons (hereinafter referred to as **IIA holders**) in Slovenia. The main characteristic of an IIA is that profits made through the IIA are only taxed when they are paid out from the IIA, not when they are generated.

### Who can open an IIA?

The IIA is only available to **natural persons** who are **tax residents of the Republic of Slovenia**. An IIA cannot be opened by a legal entity or sole entrepreneur. Furthermore, an IIA can only be opened by one person; shared ownership or joint ownership is not possible. **A person can only open one IIA once in a lifetime**. If a person closes their IIA, they cannot open a new one. No previous experience with investing in financial instruments is required to open an IIA.

An individual may open **only one** IIA during their lifetime, with a general or special sub-account within it.

If an individual **closes an IIA, they can never reopen it**.

### Dormancy

In case the IIA holder ceases to be a resident of Slovenia for a limited period, they may request that the IIA is inactivated or dormant. The condition for having dormant IIA is that **there are no funds in the IIA**. Funds may be paid out in the form of a sale of assets or a transfer of assets to a

trading account. During the dormant period, no transactions or deposits may be made on the IIA. The IIA may be dormant for a maximum of 10 years.

### IIA Providers

The IIA **is opened with a registered IIA provider**. The latter may charge fees for management services, such as IIA opening, transaction fees for the purchase and sale of financial instruments, and IIA annual management fees.

Two approaches to financial asset management are envisaged:

- **Independent management of funds** in the IIA, whereby the IIA holder places orders with a financial intermediary to buy or sell financial instruments;
- The IIA provider takes over the management of funds on behalf of the IIA holder as part of its **financial instrument management service**.

The IIA provider assumes responsibility for the **withholding tax and payment of tax liabilities** arising from payments made with IIA. The IIA holder may transfer IIA between different IIA providers without restriction.

### Which instruments can be traded?

Only certain types of financial instruments may be acquired in IIA:

- › shares,
- › bonds,
- › treasury bills,
- › shares of Exchange-Traded Funds (**ETF**),
- › units of Undertakings for Collective Investment in Transferable Securities (**UCITS**).

All of the above instruments, except for UCITS, must be admitted to organized market trading (i.e., a stock exchange) or a multilateral trading facility (MTF) in **EU**, **EEA**, or **OECD** countries. Permitted ETF and UCITS instruments may only invest in financial instruments of issuers established in EU, EEA, and OECD countries.

### IIA = basic + special sub-account

The IIA holder trades via the IIA by **depositing cash** into the IIA. The funds can then be used to buy and sell financial instruments and receive interest and dividends.

The IIA consists of two sub-accounts: a basic sub-account and a special sub-account.

- Into the **basic sub-account**, the holder may **deposit up to EUR 20,000 in the first year** after opening the IIA, and then a maximum of EUR 5,000 in each subsequent calendar year.
- Into the **special sub-account**, the holder may deposit an **additional EUR 5,000** each year (except the first). Cash in the special sub-account may only be invested in Slovenian shares, Slovenian bonds, and investment funds that invest at least 80% of their assets in the Slovenian capital market.

The total **value of deposits** into the basic and special sub-accounts may not exceed EUR 150,000, which can be achieved in 14 years of deposits at the earliest. The total **value of funds** in the IIA on any given date is not limited.

Deposits into and withdrawals from the IIA are possible **only in cash**. Existing investments in **financial instruments cannot be transferred from a trading account** to the IIA. The law allows exceptions for the transfer of financial instruments from the IIA to a trading account in the following cases: inheritance, personal bankruptcy, enforcement, and in the event of the IIA being put dormant. As an exception, it will be possible to transfer Vzajemna shares created by the restructuring of the company Vzajemna d.d. to the IIA.

## IIA TAXATION

Income and profits earned by the IIA holder through the IIA and **not paid out from the IIA are not taxable**. A taxpayer who uses the interest, dividends, or capital gains received for **further trading within the IIA is exempt from income tax** on the receipt of such income in the IIA.

In normal case of investments, interest and dividends are taxed at the rate of 25% in Slovenia.

Only payments made from the IIA, which are considered income under tax law, are taxable.

The **tax base** for this tax is the paid-out return, which is determined as the **positive difference between the value of the assets in the IIA and the amount of previous contributions** to the IIA on the date the tax liability arises.

Any payment exceeding the return is a refund of the holder's contributions.

### Tax rate and exemptions

The tax rate for IIA income is **15%**.

IIA holders are **exempt from tax** in the following cases:

- on the **first payment** from an IIA, if made at least **15 years after the date of opening** the IIA.
- any payment from an IIA, if at least 15 years have elapsed **since the last payment** from the IIA.

Unlike other forms of capital gain tax, the tax rate on IIAs does not decrease gradually with longer periods of ownership. General rule for the tax rate of the capital gain tax is 25%, but decreases to 20% after 5-year-holding, 15% after 10-year-holding and is tax-free after 15-year-holding.

Only withdrawals from IIAs are subject to taxation. Trading on IIAs is not considered a taxable transaction. The tax is 15%. Payments are **exempt from tax** on IIAs if they are made at most every 15 years.

## Practical example

John Smith opens an IIA in 2026 and regularly pays in the maximum annual amount, as shown in the table. He reaches the maximum contribution after 14 years of contributions, i.e. in 2040. In the interim period, he also earns returns on financial securities, so after 16 years, the balance on the IIA is already EUR 395,000, which is permitted.

Table

Date	Payment EUR	Payment EUR	Return EUR	Balance EUR
	Basic	Special		
31.12.2026	20,000	0	600	20,600
31.12.2027	5,000	5,000	1,442	32,042
31.12.2028	5,000	5,000	2,563	44,605
31.12.2029	5,000	5,000	5,353	59,958
31.12.2030	5,000	5,000	3,597	73,555
31.12.2031	5,000	5,000	2,942	86,497
31.12.2032	5,000	5,000	6,920	103,417
31.12.2033	5,000	5,000	14,478	127,895
31.12.2034	5,000	5,000	20,463	158,358
31.12.2035	5,000	5,000	19,003	187,361
31.12.2036	5,000	5,000	18,736	216,097
31.12.2037	5,000	5,000	28,093	254,190
31.12.2038	5,000	5,000	20,335	284,525
31.12.2039	5,000	5,000	17,072	311,597
31.12.2040	0	0	34,276	345,873
31.12.2041	0	0	27,670	373,543
31.12.2042	0	0	22,413	395,956

### Situation 1

If John decides to cash out his portfolio in full at the end of the sixth year, i.e. on December 31, 2031, when the value of his IIA is €86,497, he will be taxed as follows:

- › Total contributions by 31.12.2031: 70,000 €
- › Value of IIA assets: 86,497 €
- › Return = tax base = 86,497 – 70,000 = 16,497 €
- › **Tax on income from IIA:** 16,497 x 15% = 2,474.55 €
- › Net withdrawal: 84,022.45

Less than 15 years have passed since the IIA was opened, so the income is taxed at 15%. After that, the IIA is emptied and John can gradually pay in up to €150,000 again.

### Situation 2

If John decides to cash out his portfolio in full on December 31, 2042, i.e. after more than 15 years of IIA ownership and having previously never cashed out anything from IIA, he will be taxed as follows:

- › Total contributions by 31.12.2042: 150,000 €
- › Value of IIA assets: 395,956 €
- › Return (tax base): 395,956 – 150,000 = 245,956 €
- › **Taxation: exempt**
- › Net withdrawal: 395,956 €

Because more than 15 years have passed since the account was opened and he has never withdrawn any amount previously, John is exempt from capital gains tax on his first withdrawal.

### Situation 3A

John decides to withdraw EUR 50,000 from the IIA on 31 December 2037, which is taxed as follows:

- › Total contributions by 31.12.2037: 130,000 €
- › Value of IIA assets: 254,190 €
- › Return: 254,190 – 130,000 = 124,190 €
- › Tax rate: 15%
- › **Tax on income from IIA:** 50,000 x 15% = 7,500 €
- › Net withdrawal: 42,500 €

It is important to know, that any withdrawal of money from the account means first withdrawal of return and at the end the return of investment.

### Situation 3B

After John paid out part of the funds in 2037, he decided to wait 15 years until the next payment, i.e. until 2052, when he closed his account. He will be taxed as follows:

- › Total contributions by 31.12.2052: 150,000 €
- › Value of IIA assets: 600,000 €
- › Return: 600,000 – 150,000 = 450,000 €
- › **Taxation: exempt**
- › Net withdrawal: 600,000 €

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