

WTS Slovenia

Interim measures valid 13.03.2020-31.05.2020

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Due to the extremely difficult economic situation, the Government of the Republic of Slovenia has enacted the second round of temporary measures, to mitigate the crisis for individuals and for society, which will be in force from 13th March 2020 to 31st May 2020.

It is of the utmost importance for the economy, that the State reimburses employers the full labour costs, for those workers who are temporarily on standby or waiting due to force majeure. The employers and their employees must be rewarded as well, for working in times of crisis, including those who work from home (#homeoffice).

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Summary of provisional measures 13.03. -31.05.2020 FOR EMPLOYER

Employer	Standby / Force Majeure	Employee, that works
Obligation to register with the Employment service of Slovenia (ESS):	- within 8 days from the start of the standby or waiting time	-
Obligation to register with the Employment service of Slovenia (ESS):	-electronic; at the latest on day of readiness or waiting time/ disability of work	-
From here on everything applies only for the period 13.03.-31.05.2020:		
Conditions:	<ul style="list-style-type: none"> - Sales from Jan.-Jun. 2020 should decrease for at least 10 % compared to Jan.-Jun. 2019 and - Sales of Jul.-Dec. 2020 should not increase more than 50 % compared to Jul.-Dec. 2019 	-
Obligation to pay out wages:	<ul style="list-style-type: none"> - Employer pays the employee the net salary into his bank account - Up to 18th in the following month 	<ul style="list-style-type: none"> - Employer pays the employee the total salary as usual + crisis allowance - Up to 18. in the following month
Obligation to pay social security contributions:	<ul style="list-style-type: none"> • Employer calculates all social security contributions, but does not pay them 	<ul style="list-style-type: none"> • Employer calculates all social security contributions; • Employer does not pay pension contributions of 24.35 % of gross salary
Until when does the state reimburse the employer:	<ul style="list-style-type: none"> • Net amount of refund will be reimbursed to the employer's bank account by 10th day in the following month 	-
Additional payments:	-	<ul style="list-style-type: none"> • Crisis allowance is paid to workers (EUR 118/March, EUR 200/ April and May) if its gross salary is less than EUR 2,821.74; • Crises- allowance is net=gross
Payout limit period 11.04. - 31.12.2020:	<ul style="list-style-type: none"> • Salary part for business success (14th salary) • Management compensation 	<ul style="list-style-type: none"> • N/A
Tax liability:	<ul style="list-style-type: none"> • All pending debts owed to the State must be paid at the time of the application 	<ul style="list-style-type: none"> • N/A

FOR WORKERS

Worker	Standby / Force Majeure	Employee who works
Who:	<ul style="list-style-type: none"> - receives the employer's decision on readiness / waiting time - stays at home due to child protection (up to the 5th grade of the primary school) 	<ul style="list-style-type: none"> - works in business premises or gets the decision to work from home (#homeoffice)
Amount of payout:	<ul style="list-style-type: none"> - 80% of the average salary paid over the last three months 	<ul style="list-style-type: none"> - 100% salary as usual and food allowance; the fare is only for workers who drive to work
Employees Obligation:	<ul style="list-style-type: none"> - Return to work at the employer's request, but not more than 7 days/month 	
Additional payments:	-	<ul style="list-style-type: none"> - Crisis allowance: <ul style="list-style-type: none"> • net EUR 200 with the salary for April and May; • net EUR 118 with the salary for March
Prerequisite for crisis allowance:	-	<ul style="list-style-type: none"> - the gross salary of the employee for previous month should not exceed EUR 2.821,74 gross; - Example: whoever had gross salary higher for March 2020 is not entitled to the allowance in April

Standby / Waiting time

With the *Emergency Measures Act to Limit the COVID-19 Epidemic and Mitigate its Consequences for Citizens and the Economy and changes* (hereinafter ZIUZEOP and ZIUZEOP-A) the State supports the employers who have been affected the most by the epidemic. The regulations of this new regulation ZIUZEOP-A, which are more favorable for employers so far, are valid from 01.05.2020 on.

What does an employer, who is banned to perform his business activity do?

With this law, the State wants to maintain as many employment relationships as possible during the epidemic, therefore the employer must issue a **written decision** to employees waiting on standby with the following determinations:

- Duration of readiness; maximum for 3 months.
- Options and ways of requesting workers to return early to work; At the employer's request, the employee must return to work up to 7 days in the current month.

- **amount of the salary refund**; The employer pays the employee a net amount of the refund. On the basis of the **employer's application in electronic form** to the Employment service of Slovenia, the Employment service of Slovenia will know when and for what period of time the employee is waiting at home within 8 days of posting the employee. The Employment service of Slovenia will reimburse the employer a net salary allowance:
 - for the period March 2020 to 11.05.2020,
 - for the period April 2020 to 10.06.2020,
 - for the period May 2020 to 10.07.2020.

The registration of the individual worker who has been posted for standby or waiting must be submitted to the Employment service of Slovenia **within 8 days before the start of the standby / waiting period**;

The Employment service of Slovenia will prepare the confirmation with evidence number and will send it electronically to the employer within 8 days of the submission of the application.

The social security contributions are calculated but not paid

Employers are exempt from paying all social security contributions for all employees waiting for work, i.e. 22.10 % of the employee's social security contributions as well as 16.10 % of the employer's social security contributions. Contributions for all social security are fully covered by the Republic of Slovenia. The employer only calculates the them and presents them in the REK form without paying them.

- for the **readiness or waiting time** due to epidemic is recorded in pt. **M01** of the REK form,
- for the **readiness or waiting time due to force majeure** (child protection), the compensation is recorded in pt. **M02** of the REK form.

Not every employer receives the state allowance

The **eligible employer** meets the following conditions:

- its revenue will decrease by more than 10% in the first half of 2020 compared to the same period of the previous year 2019

And

- will not achieve sales growth of more than 50% in the second half of 2020 compared to the same period in 2019

And

- has paid all social security contributions and taxes.

This will be reviewed on the basis of the annual reports for 2020/2019, with an additional sheet expected in the annual reports from the Republic of Slovenia statistical office (AJPes), in which employers are also expected to report on their monthly returns in 2020.

The following eligibility criteria apply to the **employer, who was founded in 2019 or 2020**:

- at least 25% revenue in March 2020 compared to February 2020 or
- at least 50% revenue in April 2020 or May 2020 compared to February 2020.

If the employer finds that he does not meet the two conditions mentioned above, he must notify the tax administration of the Republic of Slovenia (FURS), which will issue him the decision to return funds received within 30 days of the decision being final.

Eligibility period

The full reimbursement of labor costs will be paid to the employer for the employee on standby or waiting time or due to force majeure **for the maximum period from 13.03.2020 to 31.05.2020**, depending on the individual decision on the posting for the standby or waiting time at home and the registration date at the Employment service of Slovenia.

Lower and upper limit of the compensation paid

The maximum amount of compensation paid by the Republic of Slovenia can not exceed **EUR 1.753,84** gross. This means that the average three-month salary of the employee before March 2020 does not exceed EUR 2.192,30 gross. In addition, the costs must be borne by the employer himself.

The lower limit of the refund is set at EUR 940,58 gross.

When do employers have to refund the funds in three times the amount received?

Employers applying for a refund for workers on standby must fulfil the following obligations:

- the payment of net salaries to employees at the normal payday;
- no existing overtime;
- if the employer has called the employee to return to work, he must notify the Employment service of Slovenia no later than the day of the termination of absence.

Force majeure due to school or kindergarten closure

The same right to a salary refund as **described in the "Standby / Waiting Period" section above and under the same conditions** will also be granted to employers whose employees are not employed due to **force majeure**. This force majeure occurs because of:

- consequences of **childcare obligations** resulting from the closure of kindergartens and schools,
- inability to get to work due to the temporary suspension of public transport till 11.05.2020,
- Closure of borders with neighbouring countries (for workers from Croatia, Italy and Austria who commute daily to work in Slovenia).

The conditions for applying for compensation from the employer are the same as for "readiness/ waiting time at home":

- the employer must be a legitimate employer; there must be a decrease in sales ;
- the registration and deregistration of workers at the Employment service of Slovenia within the time limits and in the same way;
- the upper limit for state compensation is limited to EUR 1.753,84 gross;
- the fine in height of the triple repayment of the funds received is made, if the Employment service of Slovenia is not properly informed.

All employers who apply for a salary allowance for the parents of children who have been at home since 16.03.2020, must register these employees with the Employment service of Slovenia.

In 2020, part of the salary for business performance may not be paid

The repayment of the funds received from 13 March to the end of May 2020 must be made by all employers who intend to enforce one of these three measures (standby/waiting time, force majeure), if they **have made the following disbursements in 2020 or later**:

- Distribution of profits to the shareholders,
- Payment of the salary for business success (so-called 14. Salary) to management,
- Premium payment to management.

If the company makes any of the above disbursements, it is obliged to repay all grants received under this Act, including **interest on late payment**.

Crisis allowance for all actively working employees

For employees in the private sector who work, employers are automatically **exempt from paying the contribution for pensions and disability insurance** (hereinafter PIZ) for the period **from 13.03.2020 to 31.05.2020**.

The conditions for the PIZ exemption are the following:

- the employer is not a budget user or a bank or an insurance company;
- the employee is entitled to a **crisis allowance of EUR 200 net**, if his gross salary was less than EUR 2.821,74 for previous month;
- the employer does not pay the PIZ from any salary for the working employees, also not from the amount of for example salary gross EUR 5,000 – the salary amount is negligible.

The intention of these PIZ exemptions is, on the one hand, that the legislature wishes to exempt the PIZ independently of the employee's salary level and at the same time ensures that part of these savings is also translated into the net income of the employee, who meet the requirements for gross salary.

Summary of tax and financial measures in Slovenia

Here are the Slovenian policies to mitigate the economic impact of a COVID-19 virus epidemic:

POSTPONEMENT of the tax payments	<ul style="list-style-type: none"> - up to 24 months; - no default interest for the period of postponement; - an application must be submitted to the tax office; - notice from the tax office within 8 days; - applicable to the following tax: value added tax, corporation tax, advance income tax; - does not apply to social contributions.
PAYMENT OF TAXES IN INSTALLMENTS	<ul style="list-style-type: none"> - the same as by postponement
CHANGE OF PREPAYMENT / Inheritance and gift tax - Prepayments for 2020	<ul style="list-style-type: none"> - application on the required form, - Valuation of the income statement for the period January -December 2020, - notice from the tax office within 15 days.
Annual accounts for the Statistical Office - AJPEŠ Prepayment / Inheritance and gift tax 2019 for tax office - FURS	<ul style="list-style-type: none"> - The deadline for submission is 5 months after the end of the financial year, i.e. for most companies until 31.05.2020.
informative calculation of income tax 2019	<ul style="list-style-type: none"> - The deadline for the last informative ESt invoices in 2019, which will be sent to taxpayers by post, is 30.06.2020.
Income tax return 2019	<ul style="list-style-type: none"> - The deadline for submissions has been postponed to 31.08.2020 (usually the deadline is the end of July).
Companies with bank loans	<ul style="list-style-type: none"> - Banks must approve the postponement of a loan agreement for a maximum of 12 months.

Here is a comprehensive overview of how the virus's impact on tax liability can be reduced:

Postponement of tax payment for two years

The postponement of the tax payment is applicable for all types of tax, regulated by the Tax Procedures Act:

- Value added tax
- Corporation tax
- Business tax,
- Income tax - advance payment,
- Corporation tax - advance payment,
- Business tax - advance payment,
- withholding tax on interest, royalties or profit payments.

The taxable person must submit an application for tax deferral to the tax authority as soon as possible, the application is decided on within 8 days of the submission.

The tax postponement is possible **from 1-24 months**.

The tax deferral application is submitted on the "*Deferral or installment payment of tax in cases of serious economic damage*" **form**, which is available on our website.

During the period of validity of this Intervention Act, in which the tax payer is authorized to pay the tax deferred or instalment of taxes, interest on the delayed tax amount or unpaid taxes are not raised.

Change of prepayment of income tax for 2020

2019 has been profitable for most companies, which means that they will have high prepayment of income tax deductions for 2020. For most companies, a multi-week financial downturn means lower expected profit at the end of the financial year and consequently a lower or no corporation tax.

The taxable person may request the tax authority to alternate the amount of advance payment (for corporations) or business tax (for freelance entrepreneur) if:

- he writes a **letter** and submits it via the web (e-taxes), on the grounds of the reduction in the advance tax payment,
- submit an **assessment of the tax base** for the period January to December 2020,
- information proving a change in the assessment of the tax base (e.g. closing up the business).

The application must be submitted at least 30 days before the due date of the next instalment of the prepayment of corporate income tax and the tax authority will decide on the change of prepayment amount within 8 days.

If the tax authority decides on the reduction of the prepayment, the overpayments will be refunded to the company bank account.

Delayed deadline for filing tax returns

The freelance entrepreneurs who submit income tax return for 2019 must submit it by 31st May 2020 at the latest if their financial year coincides with the calendar year.

The legal entities that draw up the corporate income tax return for 2019 and whose financial year corresponds to the calendar year must submit this declaration by 31st May 2020 at the latest, i.e. five months after the end of the financial year.

The same applies to legal entities whose financial year differs from the calendar and who are not obliged to audit the annual accounts. These companies must submit a calculation of income tax of legal entities within 5 months of the end of the financial year.

For companies subject to compulsory management, the deadlines do not change, and the annual report including audit report must be submitted to the Statistical Office within 8 months after the end of the financial year.

For more information, our consulting team is at your disposal.



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