



Tax&Legal Highlights

Slovenia

Proposed PIT Act amendments

The Ministry of Finance has prepared a proposal for tax changes, which aim to relieve the tax burden on labour, and consequently support economic growth with higher consumption. On the other hand, loss of income in the state budget would be partially covered by higher taxation of income from capital and more efficient tax collection. Changes related to holiday allowance are planned to be enforced this year, the rest of proposed changes should be enforced in 2020.

The main objective of the tax reform is higher net income for Slovenian employees and internationally more competitive labor market, due to planned reduction of tax wedge.

This should be achieved through changes in personal income taxation, which should include increase of income limits for all taxable income brackets, reduction of tax rates in certain tax brackets and increase of general tax allowance and additional general tax allowance.

In accordance with the proposed changes holiday allowance up to the amount of average gross salary in Slovenia should be completely exempted from

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social security contributions (instead of 70 percent up until now). This change should enter into force already within year 2019.

Performance bonus is currently exempt from personal income tax up to the amount of average gross salary in Slovenia. The exemption should firstly increase to 150 percent of average gross salary in 2020, further to 175 percent in 2021, and finally to 200 percent in 2022.

The cedular taxation of certain income (capital gains, interest and dividends, and income from letting property) would be preserved but with increase in taxable rate from the current 25 percent to 30 percent.

Changes are also proposed regarding the taxation of capital gains according to the the period of ownership - for the first 10 years of the ownership 30 percent tax rate is proposed and after 10 years of the ownership tax rate would be reduced to 15 percent.

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