

EY Slovenia

# Tax News June

1 June 2020

## Tax News - June

**ON FRIDAY, 29 MAY 2020, SLOVENIAN PARLAMENT CONFIRMED NEW ACT DETERMINING THE INTERVENTION MEASURES TO MITIGATE AND REMEDY THE CONSEQUENCES OF THE COVID-19 EPIDEMIC (»MEGA ACT 3«)**

On Friday, 29 May 2020, Slovenian Parliament confirmed new Act Determining the Intervention Measures to Mitigate and Remedy the Consequences of the COVID-19 Epidemic (»Act«). The Act was published in Official Gazette of Republic of Slovenia on Saturday, 30 May 2020 and is in force as of 31 May 2020.

The law brings us quite a few measures from different areas. Within this tax news, we will focus mainly on the labor law aspect.

# 1

## Partial subsidies for reducing full time work

The law introduces the possibility of ordering part-time work to full time employees while sending them to temporary wait for work.

The subsidy will be awarded to employers based on an application filed with the Employment Service of Republic of Slovenia («ES») on a monthly basis. The employer will have to give consent for the public disclosure of the data on the recipients of the subsidy and agree not to violate the prohibition of dismissal of worker during the period of receiving the subsidy and for one month after (i.e. the employer will not be allowed to dismiss the workers one month after the end of the received grant).

The employer will have to provide the workers with work for at least part-time.

An employer, who received approved subsidy from the ES and will provide workers with work for at least part-time work will be able to claim a partial refund of the compensation for waiting for work for such employees.

*(Continues on the next page)*

Employers who are eligible for this measure are:

- ▶ legal or natural person who was entered in the Business Register of Slovenia before 13 March 2020 and employs employees on the basis of a full-time employment contract and
- ▶ according to the employer's estimate, at least 10% of employees cannot be provided at least 90% of work per month.

In the case of employees who are in notice period, the employer may not order part-time work to them according to this Act.

Before ordering part-time work for employees or any change in this regard, the employer must consult with the trade union before the start or change. In case there is no trade union the employer should consult with works council. If there is neither one nor the other body at the employer, the employer must inform the employees in advance in the usual manner prescribed by the employer.

The law provides for a time limit for the said measure, namely from 1 June to 31 December 2020.

Entitlement to the subsidy is claimed on a monthly basis for the previous month, with the employer each time giving a statement claiming that the conditions are met

*(Continues on the next page)*

The employer must inform the employee in writing about the reduced working hours, while the employee reserves the right to:

- ▶ remuneration for work when actually working;
- ▶ for the difference up to full-time work, the employee receives salary compensation in accordance with the Employment Relationships Act (i.e. 80% of the average salary for the previous three months);
- ▶ to perform full-time work at the request of the employer.

The employee may register in the register of jobseekers during the ordered part-time work and may also be included in the measures provided by the Employment Service to registered jobseekers.

If the employee joins the active jobseeker on the basis of the employer's consent, he is entitled to salary compensation in accordance with paragraph 7 of Article 137 of the Employment Relationships Act (i.e. the employee is entitled to salary compensation in the amount of his average monthly full-time salary from the last three months from the period of work during the last three months before the start of absence).

Direct and indirect users of the budget of the Republic of Slovenia or the budget of the municipality, whose share of revenues from public sources in 2019 is higher than 50%, are not entitled to apply for this subsidy.

## Measure of partial reimbursement of salary compensation for idle workers (workers who are waiting for work)

All employers, under certain conditions can apply for partial reimbursement of salary compensation for idle workers except the following employers;

- ▶ direct or indirect user of the budget of the Republic of Slovenia or the budget of the municipality, whose share of revenues from public sources in 2019 was higher than 70%,
- ▶ an employer performing pursuing activities under the standard classification of activity K that have more than 10 employees on 13 March 2020,
- ▶ foreign diplomatic missions and consulates, international organizations, missions of international organizations and EU institutions, bodies and agencies.

For eligible employers the Act regulates the reimbursement of paid salary compensations to workers for whom the employer is temporarily unable to provide work due to the consequences of the epidemic – idle workers.

*(Continues on the next page)*

Employers are entitled to the measure if, according to their estimates, revenue in 2020 will drop by more than 10% compared to 2019. For cases where employer was not performing business throughout 2019, the reduction in revenue is measured as average monthly revenue in 2020 compared to average monthly revenue from 2019. In case the employer has not been in business in 2019, the employer could still be eligible for the state subsidy, should the average monthly revenue in 2020 decline be more than 10% in comparison to average monthly revenue up to 12 March 2020.

The revenue is considered net revenue from sales, determined based on accounting rules and compensation received from the benefits from parental protection insurance.

The law also provides for the restriction of the measure of waiting for work, namely the employer can send the employee to wait for work only until 30 June 2020.

An employee is entitled to a salary compensation for temporary waiting for work in accordance with the Employment Relationships Act in the amount of 80% of the average salary for the past three months, and the salary compensation may not be lower than the minimum wage in the Republic of Slovenia.

Employers are entitled to a partial refund of the paid salary compensation in the amount of 80% of the wage compensation and is limited by the amount of the maximum amount of cash unemployment benefit set out in the law governing the labour market.

*(Continues on the next page)*

80% of the amount of compensation covered by the Republic of Slovenia includes salary compensation and contributions for all social security insurance. The employer itself covers the difference up to full salary compensation - 20% of salary compensation and social security contributions.

The measure can also be exercised by direct and indirect users of the budget of the Republic of Slovenia or the budget of the municipality, as long as their revenues from public sources in 2019 does not exceed 70%. Reimbursement may be claimed only in the amount of a share equal to the share of revenues from non-public sources.

The employer exercises the right to compensation by applying to the Employment Service within 8 days of the posting of the employee to wait for work, but no later than 30 June 2020.

The employer may not dismiss the employee during the time of receiving the state aid.

# 3

## Judicial vacation

In 2020, the so-called court holidays will last only two weeks, from 1 to 15 August 2020 (according to the Courts Act, court holidays last for one month from 15 July to 15 August).

During this time, the courts hold hearings and decide only on urgent matters.



# 4

## Crossing of borders of the Republic of Slovenia

On 26 May 2020, the Ordinance on imposing and implementing measures to prevent the spread of epidemic COVID-19 at the border crossing points at the external border and inspection posts within national borders of the Republic of Slovenia" (the "Ordinance") entered into force.

The purpose of the Ordinance is to prevent recurrences of the infectious disease COVID-19.

Persons entering the Republic of Slovenia who have permanent or temporary residence in the EU Member States or other Schengen countries are quarantined for a period of 14 days upon entry.

14-day quarantine does not apply to citizens of the Republic of Slovenia and aliens with permanent or temporary residence in the Republic of Slovenia.

The Ordinance also provides for quite a few exceptions to the rule, namely 17 exceptions for which quarantine is not ordered; among the most important are cross-border daily or weekly work migrants and foreigners who prove that they come to Slovenia for economic reasons and therefore provide confirmation of work registration based on the Act governing cross-border provision of services and can also provide certificate of coverage A1. If foreigners come to Slovenia for work for several days, they must submit a negative test result on COVID-19 upon entry, which must not be older than three days.

The 14-day quarantine applies also to citizens of third countries coming into Slovenia, certain exception exists.

# 5

## Termination of temporary measures in administrative and other public legal matters

On 1 June 2020, the Decision establishing the cessation of the grounds for interim measures in respect of judicial, administrative and other public law matters to control the spread of the infectious disease SARS-CoV-2 (COVID-19) entered into force.

On that date, the suspension of the time limit applicable in matters which are not urgent shall cease to apply. The deadlines that began to run in these cases before the imposition of provisional measures will be reinforced on 1 June 2020.

Certain exceptions apply where the time limits are extended so that they expire on the 8th day after the cessation of measures, which means that they start on the first day after the cessation of measures (i.e. 2 June 2020) and expire on 9 June 2020.

Information in this Tax Alert is meant as a general summary of the Act and do not constitute an advice. Before you decide to apply and of the measures from the Act, we recommend you to consult with your advisor based on specifics of your situation.

## How can EY help

From the very beginning, we are monitoring the anti-corona measures for you in the area of tax and labour law. In this tax news, we wanted to inform you about the new anti-corona Act and other relevant news related to epidemic measures in Slovenia. New changes represent also new challenges. There may be many questions and dilemmas in the coming days.

Our team of tax and legal experts is at your disposal in case you need additional advice regarding the measures taken or assistance in timely fulfilment of obligations, submission of relevant applications and supporting documentation for obtaining the rights arising from the offered measures

---

# EY Slovenia – Tax Department

---



**Matej Kovačič, Partner, Head of Tax**

T: [+386 41 395 325](tel:+38641395325)

E: [matej.kovacic@si.ey.com](mailto:matej.kovacic@si.ey.com)

- ▶ Matej advises clients on **corporate tax, international tax and transfer pricing**.
- ▶ He has extensive experience in advising domestic and international clients on tax aspects of business restructurings, e.g. acquisitions, disposals, spin-offs, liquidations and mergers.



**Lucijan Klemenčič, Senior Manager**

T: [+386 31 616 722](tel:+38631616722)

E: [lucijan.klemencic@si.ey.com](mailto:lucijan.klemencic@si.ey.com)

- ▶ Lucijan assists clients in **transfer pricing documentation and taxation of permanent establishments**.
- ▶ He has experience advising domestic and foreign clients on tax aspects of corporate restructuring and tax audit procedures.



**Mojca Lukač, Senior Manager**

T: [+386 41 332 396](tel:+38641332396)

E: [mojca.lukac@si.ey.com](mailto:mojca.lukac@si.ey.com)

- ▶ Mojca advises clients on **personal income tax, social security, payroll and immigration**.
- ▶ She has experience in HR advisory and labor law.



**Iris Bajec, Senior Manager**

T: [+386 51 348 818](tel:+38651348818)

E: [iris.bajec@si.ey.com](mailto:iris.bajec@si.ey.com)

- ▶ Iris specializes in **accounting, compliance and reporting**.
- ▶ She has extensive experience in transaction tax and in preparation and review of CIT returns and financial statements.



**Dina Čosić, Senior Manager**

T: [+386 40 233 898](tel:+38640233898)

E: [dina.cosic@si.ey.com](mailto:dina.cosic@si.ey.com)

- ▶ Dina has extensive experience in **accounting, reporting and payroll**.
- ▶ She advises local and international clients in various areas of accounting and tax compliance services.



**Anka Pogačnik, Manager**

T: [+386 30 479 902](tel:+38630479902)

E: [anka.pogacnik@si.ey.com](mailto:anka.pogacnik@si.ey.com)

- ▶ Anka advises clients mainly on **VAT and other indirect taxes**.
- ▶ She has experience in advising clients on complex tax issues, due diligences and VAT optimisation projects.



**Klemen Klemenčič, Manager**

T: [+386 31 611 233](tel:+38631611233)

E: [klemen.klemencic@si.ey.com](mailto:klemen.klemencic@si.ey.com)

- ▶ Klemen is specialized in **business tax advisory services, due diligences and personal income taxes**.
- ▶ He has advised many domestic and international clients on efficient international restructuring and tax matters of mergers, acquisitions, disposals and other investment projects.

## About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit [ey.com](http://ey.com).

## EY Salary Calculator

Calculate your net salary, gross salary and employer cost in BiH, Croatia, Slovenia and Serbia on your mobile device.

### Ernst & Young Svetovanje d.o.o.

Dunajska cesta 111  
1000 Ljubljana  
Tel: +386 1 583 17 24  
E-mail: [info@si.ey.com](mailto:info@si.ey.com)

© 2019 Ernst & Young Svetovanje, d.o.o.  
All Rights Reserved. ED None.

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.  
[ey.com/si](http://ey.com/si)