SLOVENIA

1. INTRODUCTION

a. Forms of Legal Entity

Business activities in Slovenia are performed by sole entrepreneurs or by companies. A sole entrepreneur is defined as an individual carrying on business activities. The term "company" refers to legal entities. Moreover, a distinction can be made between entities with legal personality (legal entities) and entities without legal personality (non-legal entities). Legal entities are in the majority, while non-legal entities are, in general, civil law companies and pension funds. The silent partnership was abolished in 2012.

Companies in Slovenia are organised in one of the following forms:

- Either as personal companies
  - Unlimited liability company ("d.n.o.").
  - Limited partnership ("k.d.").
- Or as companies with share capital:
  - Limited liability company ("d.o.o.").
  - Public limited company ("d.d.").
  - A limited partnership with share capital ("k.d.d.").
  - Societas Europea ("SE").

The main legal difference between partnerships and corporations is that the liability of shareholders of corporations is generally restricted to the subscribed share capital, while no limitation of liability is given for general partners of a partnership (for limited partners, liability is also limited to an amount agreed in the partnership agreement). Furthermore, while corporations may be established by a single shareholder, partnerships must consist of at least two different partners.

A foreign company can also conduct its business activity through a branch office, which is not a separate legal entity but deemed to be a part of its founding company.

From a tax perspective, Slovenian companies and partnerships are recognised as tax subjects and income is assessed at the company level (partnerships are considered as tax non-transparent entities (i.e. opaque entities).

b. Taxes, Tax Rates

Corporate Income Tax

Companies are subject to corporate income tax ("CIT"). In Slovenia, this is regulated by the Corporate Income Tax Law (Zakon o davku od dohodkov pravnih oseb, Official Gazette RS, No. 117/2006, "CITA"). CITA regulates the substantive corporate tax issues, while tax procedure and administration are governed by the Tax Procedure Law (Zakon o davčnem postopku, Official Gazette RS, No. 117/2006 and the following, "TPA").

The general CIT rate is 19%.

Additionally, there is a special CIT rate of 0% that applies to:

- Investment funds established under the Investment Funds and Management Companies Act, if at least 90% of the profit generated in the preceding tax period is distributed by 30 November of the tax period.
- Pension funds established under the law regulating pension and disability insurance.
- Insurance companies authorised to manage pension schemes under the law regulating pensions and disability insurance, within the qualified activities.

Taxation of individuals

Personal taxation of individuals is levied based on progressive tax rates (i.e. between 16% and 45% as of 1 January 2022). A special tax rate of 70% applies to taxation of income whose source cannot be explained by the taxpayer.

As of 1 January 2022, dividends and interest are taxed at a 25% final tax rate. There is a tax exempt amount (EUR1,000) of interest on bank deposits with Slovenian or other EU banks.

Capital gains are taxed at a 25% final tax rate. After expiry of a five-year holding period, the rate is reduced from 25% to 20%. After expiry of a 10-year holding period, the rate is reduced to 15%. After expiry of 15-year holding period, any gains are tax-exempt.

As of 1 January 2022, resident taxpayers are able to opt for progressive taxation of their capital gains instead of scheduled.

Value added tax

In general, taxable persons carrying out taxable transactions in Slovenia are subject to value added tax ("VAT") liability.

The following tax rates are provided for by the appliable Value Added Tax Act (Zakon o davku na dodano vrednost, ZDDV-1, Official Gazette RS no. 13/11 ("VATA")):

The standard VAT rate is 22%.

There is also a reduced VAT rate of 9.5%, which applies to food and beverages, preparation of meals, agricultural products, books, plants, artists, transportation of persons, hospitals, acquisition of residential housing if part of the social policy, renovation and maintenance work for residential housing (when charged directly to the investor), admission to the theatre, museums, movie theatres, sport and music events, etc, some personal services and renting of rooms in hotels, apartments, etc.

A further special reduced VAT rate of 5% applies to the supply (including on loan by libraries) of books, newspapers, and periodicals supplied either physically or electronically or both (including brochures, leaflets, and similar printed matter), children's pictures, drawings, or colouring books; music printed or in manuscript form; and maps and hydrographic or similar charts. The only exceptions are publications wholly or predominantly devoted to advertising and publications wholly or predominantly consisting of video content or audible music.

Special rules apply for zero-rated supplies and exempt supplies.

c. Common divergences between income shown on tax returns and local financial statements

The basis for the calculation of income tax is income as declared in the annual financial statements according to the applicable accounting standards, either Slovenian Accounting Standards ("SAS") or International Accounting Standards ("IFRS") as applicable. Provisions of the CITA then apply, according to which certain adjustments are carried out in order to determine the tax base.

Commonly made tax adjustments include:

- Correction of income/expenditures to the level that is tax recognised.
- Revaluation expenses (receivables, financial assets and financial instruments measured at fair value through profit or loss, goodwill, debts, receivables, investments and cash receivables, provided that the revaluations are based on changes in the exchange rate).
- Depreciation (under provided maximum depreciation rates).
- Provisions.
- Incentives (tax incentives are available for research and development, investments, employment-related, donations, voluntary supplementary pension insurance).

2. RECENT DEVELOPMENTS

The most important tax developments relevant to M&A in Slovenia are related to measures implemented to prevent or limit tax avoidance or abuse in respect of Corporate Income Tax ("CIT"). In light of the Organisation for Economic Co-operation and Development ("OECD") Base Erosion and Profit Shifting ("BEPS") Action programme and EU legislation, Slovenia recently implemented into the CITA:

- EU Directive 2016/1164 and 952/2017 so called "ATAD1" (exception regarding Article 4) and "ATAD2";
- EU Directive 2018/822 so called DAC6, whereby previous DACs were also implemented.

DAC6 had been implemented into Slovenian tax law in June 2019. However, EU Directive 2020/876 amending the DAC6 to address the urgent need to defer certain time limits for the filing and exchange of information in the field of taxation because of the COVID-19 pandemic, delayed its execution until 2021.

Important changes were also implemented in the field of Mutual Agreement Procedures. Slovenia specifically regulated this area, provided certain discrepancies between the local tax procedure and the applicable EU law (EU Directive 2017/1852, better known as the Arbitration Directive) were incurred.

There are no concrete implementations or amendments in the field of taxation of digital economy. However, in October 2021 Slovenia joined 136 other OECD/G20 countries in the Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy. This was intended to secure fairer taxation of multinational enterprises ("MNEs") worldwide in markets where they operate and generate profits.

While under Pillar One, profits are expected to be reallocated to market jurisdictions where the MNEs create profit, Pillar Two introduces a global minimum corporate tax rate of 15%. This new rate applies to companies with revenue above EUR750 million and is expected to generate about USD150 billion in additional annual global tax revenues. Countries intend to sign a multilateral convention to this effect in 2022, with effective implementation in 2023.

Taxpayers doing business in Slovenia from countries with which double tax treaties ("DTT") are covered by the OECD Multilateral Instrument ("MLI"), must take into consideration the relevant provisions of the MLI because they may impact their commercial activities and capital flows. Combined bilingual wordings of updated conventions are available on the Financial Administration's webpage in local and English version.

At the time of writing, relevant and significant measures relating to the COVID-19 pandemic have mainly expired or are no longer available. However, in the context of M&A transactions, it will be important to consider the measures introduced during tax due diligence processes. In particular attention should be paid to obtained benefits or aids given in the past, together with their underlying conditions in order to avoid potential reimbursement claims from the State on the grounds of legislation breach; for example dividend payments and management bonus restrictions were in place during 2020 for companies which were granted state aid to mitigate COVID-19 economic disruptions. If bonuses and dividends, sourcing in 2020 are paid out in later periods, such payment may constitute a breach of COVID-19 legislation and trigger reimbursement claims. In summary, compliance with COVID-19 state aid rules should be carefully examined in due diligence procedures.

3. SHARE ACQUISITION

a. General Comments

When concluding a share deal, tax and other liabilities stay with the target company. There are no step-ups envisaged for a share deal. From a buyer's perspective, a domestic participation exemption applies for dividend distributions. For outbound dividend distributions, a withholding tax ("WHT") of 15% applies, but exemptions and tax decreases are possible on the basis of domestic, EU and international tax law. Tax losses remain with the target and their use is subject to further conditions, which are explained in detail in the next section. From a seller's perspective, general capital gains rules apply. As of 1 January 2022, capital gains are taxed at a 25% final tax rate (before 1 January 2022 at 27.5%). After expiry of a five-year holding period, the rate is reduced from 25% to 20%. After expiry of a 10 year holding period, the rate is reduced to 15%. After expiry of 15 year holding period, any gains are tax-exempt.

b. Tax Attributes

Generally, a taxpayer can set off a tax loss arising in a given tax period by reducing the tax base in the subsequent tax periods. Losses may be carried forward indefinitely. However, the losses cannot be used to offset more than 50% of the taxable base in any tax year. This is a general limitation applicable only to tax losses.

An additional overall limitation as regards the reduction of the taxable base also applies. Incentives such as investment allowances, research and development allowances, employment-related reliefs and donation allowances, as well as utilization of tax losses, are limited also with a joint limitation. The tax base can be reduced up to a maximum of 63% through utilisation of incentives, allowances and losses together.

Thus, the taxpayer might consider how to combine the available options in order to reduce a taxable base, e.g. only with tax losses (maximum 50% of the tax base), only with incentives (maximum 63% of the tax base) or with combination of tax losses and incentives (63% of the tax base whereby tax losses cannot exceed 50% of the tax base in any case).

Nevertheless, losses from current and previous years may not be carried forward if the direct or indirect ownership of the capital or voting rights of a company changes by at least 50% and:

- The taxpayer has not carried out the company's business activity for at least two years before the change in ownership; or
- The taxpayer has essentially changed the company's business activity two years before or after the change in ownership, unless the change in activities is necessary in order to preserve jobs or implement a business restructuring.

c. Tax Grouping

There is no tax grouping regime in Slovenia.

d. Tax Free Reorganisations

Under general income tax principles, a reorganisation of companies normally constitutes a taxable event and triggers the realisation of hidden reserves of the assets transferred in the course of the reorganisation. However, the Corporate Income Tax Act ("CITA"), which implemented the EC Merger Directive 90/434/EEC, provides for a special tax regime applicable to the following types of reorganisations:

- Mergers.
- Divisions.
- Contributions of assets.
- Exchanges of shares.

The CITA basically provides for the following tax treatment, subject to certain conditions:

- No liquidation taxation in the course of a reorganisation (either on the level of the company/partnership or on the level of the shareholder/partner).
- A tax neutral transfer of assets.
- Transfer of loss carryforward to the receiving entity.
- Beneficial rules as to the tax base for real estate transfer tax purposes.
- Exemption from capital tax.
- Exemption from value added tax.

The CITA allows reorganisations with retroactive effect (basically within a nine month period) as well as multiple reorganisations on the same effective date.

e. Purchase Agreement

Standard tax warranties or indemnities also apply to share deals in Slovenian companies. When drafting contractual clauses, it should be kept in mind that the general period of limitation in tax matters is five years and the absolute period of limitation in tax matters is 10 years.

f. Transfer taxes on share transfers (including mechanisms for disclosure and collection)

There is no share transfer tax or other levies on transfers of shares. Share sales are also generally outside the scope of VAT.

g. Share Purchase Advantages

Tax losses carried forward of the target generally remain available (see also 3.b. above for the conditions of a tax losses carried forward).

h. Share Purchase Disadvantages

Since all liabilities remain with the target, an adequate due diligence procedure should be executed on all critical areas, especially in the light of newly adopted anti-tax avoidance rules and transfer pricing, in order to secure the assets to manage the liabilities taken on.

4. ASSET ACQUISITION

a. General Comments

In the event of an asset deal, ownership of the assets is transferred on a singular basis (i.e. under the principle of singular succession). For this reason, this type of transaction is popular among buyers. However, special attention should be paid to liabilities related to the assets that constitute a business or a business unit.

From a buyer's perspective:

Generally, the tax liabilities remain with the seller. However, a special buyer's warranty for tax liabilities applies under the tax procedure law in the event of under-priced or free asset disposal. The risk of a tax liability shift is minimised or eliminated in cases of asset sales under an arm's length price. However, in transactions where the price of assets is set too low to meet the arm's length approach, due diligence in all tax areas is recommended.

Similar provisions regarding debt liabilities for transferred assets are also provided in the law of obligations. It follows that a person who takes over a business or business unit under an agreement is jointly liable for debt relating to this property, alongside its former holder, but only up to the active value of assets. A contractual limitation or exclusion of this liability has no legal effect on creditors.

This is a highly disputed provision in Slovenian obligations law because it undermines the general principle of singular succession in typical asset deal transactions. It is a strong position in theory and in judicial practice (e.g. Case I Cpg 547/2020, Higher Court in Ljubljana) that this provision should apply only in cases where there is no proper compensation for the transferred property (i.e. free transfer or transfer for a price too low or insignificant), even if not specifically so limited in the applicable law.

Therefore, it applies that by proper compensation the transferor's estate is not decreased and its creditors can be repaid from that compensation. Also, for these reasons an adequate market price should be set for the assets sold. It is recommended that this is based on a certified valuation, since the financial authority may seek a legal basis for its claims towards buyers on these grounds.

Moreover, in the event of staff takeover, special employment relationship rules over the change of employer apply, under which the liability for employees' claims is transferred to the new employer. It is worth noting that employees' transfer with assets, forming a business unit or part of one, is automatic and cannot be avoided. Since the liabilities to employees include personal income tax and social security contributions, due diligence is recommended in these areas.

Under an asset deal, generally the full historical VAT liability is transferred, as would occur in the case of a share deal.

General depreciation rules apply for the assets acquired. Expenses resulting from the revaluation of goodwill can be deducted for tax purposes up to a maximum of 20% of the original value.

From a seller's perspective:

A sale of assets is likely to result in corporate income tax ("CIT") at the level of the seller if a profit on the sale is realised. Any losses incurred by the seller can be used to offset the profit. If the assets disposed of form a business or a business unit, such a disposal is VAT neutral.

It may be difficult for an asset transaction to be executed by the seller, since all the legal relationships have to be transferred to the buyer individually.

Under Slovenian civil law, a seller's liability for damages (i.e. also for breach of contractual warranties and representations) cannot be entirely excluded. Exclusion is possible only for events of minor negligence. However, the limitation of a damages amount is permitted, if it is not in obvious disproportion to damages actually incurred, or if it is not a consequence of unequal relationships among the parties involved. Nevertheless, for gross negligence and intentional breaches, the difference to total damages can be claimed.

b. Purchase Price Allocation

The purchase price is allocated to the acquired assets up to their value at the time of acquisition (i.e. the acquisition method). Any excess is capitalised as goodwill if the transferred assets represent a business.

c. Tax Attributes

Tax attributes, such as tax losses carried forwards, are not transferred in an asset deal and remain with the seller.

d. Tax Free Reorganisations

Under general income tax principles, a reorganisation of companies normally constitutes a taxable event and triggers the realisation of hidden reserves of the assets transferred in the course of the reorganisation. However, the CITA, which is based on EC Merger Directive 90/434/EEC, provides for a special tax regime applicable to the following types of reorganisations:

- Mergers.
- Divisions.
- Contributions of assets.
- Exchanges of shares.

The CITA basically provides for the following tax treatment, subject to certain conditions:

- No liquidation taxation in the course of a reorganisation (either on the level of the company/partnership or on the level of the shareholder/partner).
- A tax neutral transfer of assets.
- Transfer of tax losses carried forward to the receiving entity.
- Beneficial rules as to the tax base for real estate transfer tax purposes.
- Exemption from capital tax.
- Exemption from value added tax.

The CITA allows reorganisations with retroactive effect (basically within a nine month period) as well as multiple reorganisations on the same effective date.

e. Purchase Agreement

Due to the potential tax liability transfer in the case of business unit transfers, special attention should be given to the asset purchase agreement warranties and indemnities, as well as to remedies in event of breaches. Typical tax liability warranties apply.

f. Depreciation and Amortisation

Depreciable tangible and intangible assets must be depreciated over their useful life. For depreciation and amortisation, standard Slovenian Reporting Standards ("SRS") and IFRS rules apply, as appropriate. However, tax recognised amortisation and depreciation rates and rules are provided in the CITA. Write-downs or write-offs are possible in the case of sustainable impairments and special conditions apply when they are recognised for tax purposes.

Goodwill can be capitalised in general. Amortisation of goodwill is not tax deductible.

g. Transfer Taxes, VAT

In principle, an asset deal is a taxable event for the seller, except for the VAT-neutral disposal of a business or business unit. If the criteria for a business or business unit are not met, other VAT exemptions may be applicable, depending on the type of assets.

For a real estate sale, a real estate transfer tax of 2% applies, though the seller and buyer can opt for VAT instead.

h. Asset Purchase Advantages

Transfer of liability is limited, but some particular legal aspects have to be considered, as explained above. A step-up in asset basis provides an option of a higher tax deductible depreciation for the buyer.

i. Asset Purchase Disadvantages

Notwithstanding the principle of singular succession, there may still be uncertainty regarding liabilities transferred in asset deals, as described above. For example, VAT liabilities, withholding tax liabilities and personal income tax and social security contribution liabilities can transfer to the buyer along with acquired assets.

5. ACQUISITION VEHICLES

a. General Comments

The Corporate Income Tax Law ("CITA") provides no particular tax treatment regarding different types of acquisition vehicles. The most common acquisitions vehicle is by way of a new local or foreign limited liability company as a special purpose vehicle company. Generally, the choice of acquisition vehicle is subject to relevant interests.

b. Domestic Acquisition Vehicle

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c. Foreign Acquisition Vehicle

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d. Partnerships and joint ventures

There are no specific rules applicable to joint ventures, but they are not commonly used in M&A structures in Slovenia. Using partnerships as acquisition vehicles is not common either.

e. Strategic vs Private Equity Buyers

The preferred acquisition vehicle depends mainly on the investment strategy of the investor, as well as the industry. There are no special tax regimes available.

6. ACQUISITION FINANCING

a. General Comments

This section is left intentionally blank.

b. Foreign Acquirer

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c. Debt

In general any kind of expenses (e.g. transaction costs or interest on acquisition debt) are recognised for tax purposes if such expenses are necessary to obtain a taxable income. Only expenses which were necessary to obtain a taxable income are recognised for tax purposes. This should be checked on a case by case basis.

Expenses that are not required to acquire a taxable income are expenses for which, in respect of the circumstances, it follows that:

- They are not a direct condition for performing activities and are not a consequence of performing activities.
- They are of a private nature.
- They do not conform with normal business practice.

Expenses shall be deemed not to conform with normal business practice if they are not customary in the operation of the individual activity in respect of past and other experience and in comparison with other activities as well as facts and circumstances. This is with the exception of expenses incurred by extraordinary and infrequent events such as natural disasters, or as a result of other extraordinary and infrequent events.

i Limitations on Interest Deductions

Interest on the debt financing of the acquisition of a participant in a (resident or non-resident) corporation is generally tax deductible. There are no thin capitalisation rules or other similar rules in relation to third party debt, considerations in respect of related party debt are noted below.

ii Related Party Debt

Interest from related party debt can be recognised as a tax deductible expense only if it is in line with transfer pricing rules. Interest paid to related persons is tax deductible, if it does not exceed the current and published recognised interest rate. A higher interest rate is tax deductible if the company is able to prove that it could obtain the loans under the same terms from a non-related party.

Thin capitalisation rules apply to loans from shareholders who hold, directly or indirectly, at least 25% of the capital or voting rights at any time during the tax period. The thin capitalisation rule is also applicable to sister companies. The thin capitalisation rule does not apply if the loan recipients are banks or insurance companies (e.g. leasing companies are not excluded from the thin capitalisation rule).

According to the rules, the interest on loans from such shareholders may not be deducted if the loans exceed four times the value of the lender's share in the capital of the company (share capital). The term "share capital" includes all capital items according to the Companies Act and accounting standards, with the exception of net profit or loss of the current financial year. Therefore, the calculation shall also contain transferred business losses and revaluation reserves, which are part of the capital items. The average capital is calculated as the average of the state of the capital items at the beginning and at the end of the tax year. The thin capitalisation rules do not apply if a taxpayer demonstrates that they could raise the surplus of loans from a lender who is a non-associated enterprise.

Thin capitalisation rules apply to direct loans and loans granted indirectly through a bank or any other third party if the direct or indirect shareholder offers a guarantee for the loan. The new provision covers not only the debt financing of companies subject to unlimited tax liability in Slovenia, but also the financing of companies that are only subject to limited tax liability, such as Slovenian permanent establishments of foreign companies.

Article 4 of the Anti-Tax Avoidance Directive ("ATAD") requires the member states, including Slovenia, to introduce interest limitation rules. The interest limitation rules laid down in the ATAD are significantly different in comparison to the thin capitalisation rules described above. Nevertheless, the EU Commission considers the thin capitalisation rules implemented by Slovenia to be "just as effective" as the interest limitation rules in the ATAD. Therefore, Slovenia may continue to apply these rules in accordance with Article 11 of the ATAD until 1 January 2024. Alternatively, they may be applied until the end of the first full fiscal year following the date of publication of the agreement between the OECD members on the official website on a minimum standard with regard to BEPS Action 4.

Payments of interest by a Slovenian company to a resident or non-resident are subject to a 15% WHT. The WHT may be exempt or decreased by a tax treaty or the EU Interest and Royalties Directive.

iii Debt Pushdown

Slovenian corporate law provides for restrictions (e.g. forbidden repayment of contributions as the main restriction) regarding debt pushdown securing the interest of debtors. A transaction by which the target grants an advance payment, or a loan for shares, or a transaction with a similar effect, is null. Tax grouping is not possible in Slovenia.

If a buyer takes a loan to finance an acquisition of a target, interest is generally tax deductible. However, if a target is later merged with a buyer, such interest is no longer tax deductible.

d. Hybrid Instruments

The CITA provides that profits paid out in relation to securities and credits that grant participation in profit are treated as income, similar to dividend. Payments to related persons under conditions that are not at arm's length are deemed hidden profit distributions, and as such are regarded as income similar to dividends. Income similar to dividends is taxed as dividends.

Slovenia adopted ATAD1 and ATAD2, so the hybrid mismatch rules apply and shall be taken into account when using hybrids in transactions.

e. Other Instruments

This section is left intentionally blank.

f. Earn-outs

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7. DIVESTITURES

a. Tax Free

When determining a CIT base for a Slovenian resident company and a non-resident company conducting activity in Slovenia via a permanent establishment, 50% of the capital gains deriving from the disposal of shares are excluded from the tax base, if the resident's participation in capital of that entity was at least 8%, it held that participation for at least six months and it had in that time employed at least one person full time. Up to 50% of the loss realised from a similar transaction as described is not allowable (i.e. it cannot be offset against taxable income).

b. Taxable

Capital gains on the sale of shares of individuals are taxed at a 25% final tax rate. After the expiry of a five year holding period, the rate is reduced from 25% to 20%. After the expiry of a 10 year holding period, the rate is reduced to 15%. After a 15 year holding period any gains are tax exempt. As of 1 January 2022, resident taxpayers may opt for progressive taxation.

Capital gains on the sale of shares by a Slovenian corporation are generally subject to 19% CIT.

Capital gains generated by Slovenian resident individuals from the alienation of assets are generally taxed at the progressive income tax rate (up to 50%).

Capital gains generated by a Slovenian resident corporation from the sale of assets are generally subject to 19% CIT. In the event of a transfer of business unit or its part, the assets sale is also VAT exempt.

c. Cross Border

Capital gains of a non-resident corporation resulting from the alienation of shares in a Slovenian entity are not taxable in Slovenia.

8. FOREIGN OPERATIONS OF A DOMESTIC TARGET

a. Worldwide or Territorial Tax System

A taxpayer that has its statutory seat or place of effective management in Slovenia is subject to unlimited corporate income tax liability, (i.e. to taxation of income on a worldwide basis, subject to applicable tax treaties). Under Slovenian law, the place of effective management is the place where management actually manages the business activities. This place is not necessarily the same place where the main control or supervisory activities are carried out. If the business activities are not managed from the same place, the place of effective management is considered a place where day to day business activities are managed or carried out.

Taxpayers without a statutory seat or an effective place of management in Slovenia are taxable only on income derived through a permanent establishment in Slovenia or from another Slovenian source.

b. CFC Regime

The rules on controlled foreign corporations ("CFCs") were implemented under the CITA with the new Chapter X.b., which contains three new articles (67.h – 67.j), applicable since 1 January 2019. The main purpose of the rule is the attribution of the subsidiary's passive income to the parent company from jurisdictions with more favourable tax conditions.

i Definition of a CFC

A taxpayer shall treat an entity as a CFC where the following conditions are met:

- The taxpayer by itself, directly or indirectly, participates in more than 50% of the voting rights, or has, directly or indirectly, more than 50% of the capital, or is entitled to more than 50% of that entity's profits, and
- Corporate income tax on profits actually paid by this entity is lower than half of the CIT that would be paid for this profit under the CITA rules.

ii Income attribution and inclusion in the tax base of the parent company

Only the undistributed profits generated from so called passive income of a CFC (interest, dividends, income from property rights, royalties, etc.), is attributed to the tax base of the parent company.

There are two exceptions in this regard. Namely, the attribution is not required if:

- It is clear from the facts and circumstances that a CFC carries out substantive economic activity supported by personnel, equipment, assets and premises; or
- One third or less of the income accruing to the CFC falls within the passive income categories.

iii Calculation of the attribution of profit

The profit to be included in the tax base of the parent company is calculated in accordance with the CITA rules and is taken into account in proportion to the participation in a CFC. The profit is included in the tax base of the parent company in the tax period in which the tax period of a CFC ends.

Losses of a CFC are not included in the tax base of the parent company but can be carried forward in accordance with CITA rules and taken into account in subsequent tax periods. The CITA also provides for rules to eliminate possible double taxation.

c. Foreign Branches and Partnerships

A non-resident corporation (i.e. which does not have either a place of management or a registered seat in Slovenia) is subject to limited CIT liability if it carries on a business in Slovenia through a permanent establishment ("PE"). In this case, the tax liability is limited to the income attributed to that PE. In addition, income is deemed to have its source in Slovenia in the following cases:

- Income from immovable property and from the rights pertaining to immovable property if the immovable property concerned is located in Slovenia.
- Income from agricultural and forestry activities if the activity is performed on land located in Slovenia.
- Income from exploitation or the right to exploitation of deposits of ores, wellsprings or other natural resources if these are located in Slovenia.
- Profits from disposal and dividends, including income similar to dividends and income from holdings sourced in financial instruments and/or all types of financial investments such as securities and ownership shares if issued by entities set up in accordance with the regulations of Slovenia, local authorities or the Bank of Slovenia, and/or from holdings in companies, co-operative societies and other types of organisations set up in accordance with the regulations of Slovenia.
- Interest if borne by a resident or non-resident through their business unit in Slovenia.
- Income from the use or the right to use copyrights, patents, brand names and other property rights and income from other similar rights if borne by a resident or a non-resident through their business unit in Slovenia.
- Profit from disposal of a resident's or non-resident's business unit in Slovenia.
- Profit from disposal of immovable property located in Slovenia (including the profit from disposal of equity holdings and the rights arising from equity holdings in a company, co-operative society or other type of organisation if more than half of the value thereof arises directly or indirectly from immovable property and the rights pertaining to immovable property located in Slovenia).
- Income from services provided by performing artists or athletes, belonging to another person if those services are provided in Slovenia.
- Income from services if those services are performed in Slovenia or borne by a resident or non-resident through their business unit in Slovenia.

The general tax rate is 19%. The tax on a non-resident's income is paid either through a final withholding tax, or through a tax return, depending on the type of income and on whether a payer of income is considered a taxpayer pursuant to the Tax Procedure Law.

A registered branch office is in principle liable for tax in Slovenia.

Partnerships are non-transparent entities for tax purposes in Slovenia. Partnerships are, consequently, treated as separate taxable persons, subject to corporate income tax ("CIT"). Profits made by the partnership are, first, taxable at the level of the partnership under the CITA and afterwards at the level of partners as well when/if distribution of profits is made:

- Under the Personal Income Tax Act ("PITA"), if partners are individuals, or
- Under the Corporate Income Tax Act ("CITA"), if partners are companies.

Income of foreign branches is in principle subject to income taxation in Slovenia.

d. Cash Repatriation

When calculating the tax base, the taxpayer may exempt received dividends and other similar income, except hidden reserves that were not taxed at the disburser level, if the dividend payer is:

- A resident of an EU member state for tax purposes under the law of that member state and is not deemed to be a resident outside the EU due to a tax treaty with a non-member state; and
- Liable to pay tax comparable to the Slovenian CIT and is not resident in or, in the case of a business unit, not situated in a country in which the general, average nominal corporate tax rate is less than 12.5% and which is on the list published by the Ministry of Finance.

The above provisions also apply to a non-resident recipient if the recipient's participation in the equity capital or management of the person distributing profits is connected with business activities performed by the non-resident in or through a permanent establishment in Slovenia. Expenses of an amount equal to 5% of the dividends received are not tax deductible, being deemed expenses incurred with respect to the exempt dividend income.

9. OTHER GENERAL INTERNATIONAL TAX CONSIDERATIONS

a. Special Rules for Real Property, including Shares of "Real Property-Rich" Corporations

This section is left intentionally blank.

b. CbC and Other Reporting Regimes

Multinational enterprise groups whose consolidated income in the business year previous to the business year of reporting amounts to EUR750 million or more are bound to Country by Country Reporting ("CbCr"). The CbCr is filed by the reporting entity of the MNE group. In principle, the reporting entity is the ultimate parent company that is tax resident in Slovenia.

In the CbCr the taxpayer must include:

- Aggregate information relating to the amount of revenue, profit (loss) before tax, tax paid, tax accrued, stated capital, accumulated earnings, number of employees, and tangible assets other than cash or cash equivalents with regard to each jurisdiction in which the MNE group operates.
- An identification of each entity within the MNE group setting out the jurisdiction of its tax residence and, where different from such jurisdiction of tax residence, the jurisdiction under the laws of which the entity is incorporated, and the nature of its main business activity or activities. CbCrs will be automatically exchanged between financial authorities.

10. TRANSFER PRICING

The Slovenian Transfer Pricing Act ("TPA") contains specific provisions on the transfer pricing documentation in connection with the intercompany supply of goods and services.

Taxpayers have to prepare a master file, a country specific file and under certain conditions a country by country report (see above for details).

The master file should include at least:

- A description of the taxpayer.
- A description of the organisational structure and types of relations between the subjects.
- The system chosen for determining transfer prices.
- A description of the business activity and business strategy.
- A description of the competition.

In the country specific file, the taxpayer has to include:

- Information regarding transactions between related persons.
- Information on comparability analysis of transactions regarding:
  - Features of assets and services;
  - Functional analysis conducted;
  - Contractual terms;
  - Economic conditions that influence transactions;
  - Business strategies;
  - Other conditions influencing transactions;
  - Information regarding the method applied for determining the transfer prices; and
  - Other documentation about the comparability of transfer prices with comparable market prices.

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Advance Pricing Agreement ("APA") provisions enable all taxable persons to conclude an advance agreement with the financial administration regarding the transfer prices between related parties that are recognised for tax purposes. The agreement sets out the methodology, critical assumptions and other appropriate criteria for determining transfer prices for certain transactions for a fixed period before the transactions are performed. The procedure is as follows:

- Preparation. The taxable person files a written application for concluding an agreement and conducts an interview with the tax authorities, which serves as a guideline for the preparation of the relevant application.
- Submission of a written application for the agreement. The tax authority has three months to decide whether the procedure will start or not. The costs of concluding the agreement are EUR15,000.
- Concluding and signing the agreement. The agreement may be concluded for a maximum period of five years with the possibility of an extension. The price of prolonging the agreement is EUR7,500.
- Monitoring and implementation of the agreement. Taxable persons are obliged to report annually to the tax authorities on the critical assumptions' validity and adjustments (together with their submission of the corporate income tax return). If there are discrepancies in the critical assumptions, the taxable person should inform the tax authorities about them.

The APA may be amended if so agreed by both parties. It is terminated in three cases: the expiration of the term for which it was concluded; the non-implementation of the reporting obligations by the taxable person; and in the event of significant changes in critical assumptions of the agreement when the agreement as such does not change.

11. POST-ACQUISITION INTEGRATION CONSIDERATIONS

a. Use of Hybrid Entities

There is no special tax regime for hybrids in Slovenia except for their use and hybrid mismatch rules.

b. Use of Hybrid Instruments

ATAD 1 and ATAD2 were incorporated in the Slovenian Corporate Income Tax Law ("CITA") and are applicable when using hybrid instruments. Specific instruments that include participation in income rights can be qualified as income similar to dividends and taxed as such.

c. Principal/Limited Risk Distribution or Similar Structures

Slovenia generally follows the OECD approach with regard to arm's length standards of intercompany distribution structures. Thus, transfer prices for distribution services can generally be calculated by means of the standard methods (comparable uncontrolled price method, resale price method and cost plus method). The transactional net margin method ("TNMM") is also used commonly in practice.

d. Intellectual Property

Slovenia does not have any special tax status or patent box regime in place. It does, however, promote research and development activities by providing a tax incentive for R&D. In this respect, 100% of investments in, or costs of, research and development are recognised as tax incentives and decrease the tax base. The amount of the incentive may not exceed 63% of the tax base in the current tax period (together with all other tax incentives and deductions of losses carried forward). For the unused part of the incentives in the tax period concerned, the taxpayer may reduce the tax base in the subsequent five tax periods.

e. Special Tax Regimes

Slovenia does not provide any special tax regimes.

12. OECD BEPS CONSIDERATIONS

Slovenia generally follows and is implementing the BEPS actions. Slovenian tax law already covers many aspects of the BEPS action plan (e.g. thin capitalisation rules, general anti-avoidance rules). Regarding BEPS Action 13, Slovenia implemented the requirement to submit master and local files as well as country by country reporting. Slovenia was also among the first countries to ratify the MLI and is active in adjusting its DTT network to MLI provisions. Slovenia implemented ATAD1, ATAD2 and all DACs.

13. ACCOUNTING CONSIDERATIONS

Slovenian Accounting Standards ("SAS") and international IFRS under certain conditions are applicable. As per the applicable corporate law, SASs shall implement EU Directive 2013/34/EU and shall generally be in line with IFRS. Companies bound to consolidation shall prepare consolidated annual accounts in line with IFRS.

A business combination occurs when an acquiror takes over control of one or more business units. A business unit comprises all assets and liabilities used for performing a business activity. A business combination occurs in the event of a share deal or an asset deal. In the context of business combinations, the acquisition method is to be applied. Acquired assets are recognised at the date of acquisition. The acquired assets and liabilities are recognised at fair value at the time of acquisition. This is the date on which the acquiror obtains control of the assets. The acquiror recognises goodwill as the surplus over the fair value of acquired assets. Business combinations with organisations under common control are calculated under the book value method.

14. OTHER TAX CONSIDERATIONS

a. Distributable Reserves

Distributable reserves shall be considered in the balance sheet profit calculation in order to be distributable to the shareholder. Balance sheet profit can be paid out to shareholders as dividends and their tax treatment is the same as the tax treatment of dividends.

In Slovenian corporate law, there is a special reserves category (i.e. subsequent payments are provided as means available to shareholders to finance the company). Subsequent payments form capital reserves and this category is refundable to shareholders. Granting and refunding subsequent payments is tax neutral.

b. Application of Regional Rules

Slovenia has implemented EU Directives in tax related matters into Slovenian domestic law, (i.e the EU Parent Subsidiary Directive, the EU Interest and Royalty Directive and the EU Merger Directive, ATAD1 (partially, see above regarding interest limitation rule exception) and ATAD2). DAC1 to DAC6 inclusive have also been implemented.

c. Tax Rulings and Clearances

Based on a taxpayer's request and under certain conditions, the financial authority issues a binding decision regarding the tax treatment of intended transactions or intended business events. Due to the relatively high cost of the procedure, its complexity and the time needed for obtaining a ruling, this procedure is not very popular with taxpayers.

On 1 January 2017 the provisions relating to the Advance Pricing Agreement ("APA") came into force in Slovenia. They enable all taxable persons to conclude an advance agreement with the financial administration regarding the transfer prices between related parties that are recognised for tax purposes.

An APA is an agreement which sets out the methodology, critical assumptions and other appropriate criteria for determining transfer prices for certain transactions for a fixed period before the transactions are performed. The procedure is as follows:

- Preparation. The taxable person files a written application for concluding an agreement and conducts an interview with the tax authorities, which serves as a guideline for the preparation of the relevant application.
- Submission of a written application for the agreement. The tax authority has three months to decide whether the procedure will start or not. The cost of concluding the agreement is EUR15,000.
- Concluding and signing the agreement. The agreement may be concluded for a maximum period of five years, with the possibility of an extension. The price of prolonging the agreement is EUR7,500.
- Monitoring and implementation of the agreement. Taxable persons are obliged to report annually to the tax authorities on the critical assumptions' validity and adjustments (together with their submission of a corporate income tax return). If there are discrepancies in the critical assumptions, the taxable person should inform the tax authorities about them.

The APA may be amended if so agreed by both parties. It is terminated in three cases: the expiration of the term for which it was concluded; the non-implementation of the reporting obligations by the taxable person; and in the event of significant changes in critical assumptions of the agreement when the agreement as such does not change.

15. MAJOR NON-TAX CONSIDERATIONS

Within the measures related to COVID-19 situation, Slovenia adopted rules regarding mandatory notification of direct foreign investments to the Ministry of Economic Development and Technology, which included high penalties and nullity of the agreements if the law was not followed. Within the transaction procedures, the parties should also review obligations in this respect. Applicable rules are considered in practice to be very uncertain and unclear as to liabilities and conditions of liable persons, and regarding the scope of their applicability. Even though it is not stated specifically in the applicable act itself, a transaction can also be notified to the Ministry before it is completed (e.g. upon conclusion of an agreement, but determined as the condition precedent for completion of a transaction).

16. APPENDIX I - TAX TREATY RATES

Jurisdiction	Dividends %	Interest %	Royalties %	Footnote Reference
Albania	5, 10	7	7	[1], [2]
Armenia	5, 10	10, 0	5	[3], [2]
Austria	5, 15	5, 0	5	[3], [2]
Azerbaijan	8	8, 0	5, 10	[2], [4]
Belarus	5	5, 0	5	[2]
Belgium	5, 15	10, 0	5	[1], [5]
Bosnia and Herzegovina	5, 10	7,0	5	[3], [2]
Bulgaria	5, 10	5, 0	5, 10	[3], [2], [6]
Canada	5, 15	10, 0	10	[7], [2]
China	5	10	10	
Croatia	5	5, 0	5	[2]
Cyprus	5	5, 0	5	[2]
Czech Republic	5, 15	5, 0	10	[3], [2]
Denmark	5, 15	5	5	[8]
Estonia	5; 15	10, 0	10	[3], [2]
Finland	5, 15	5, 0	5	[3], [2]
France	15, 0	5, 0	5, 0	[9], [2], [10]
Georgia	5	5	5	[2]
Germany	5, 15	5, 0	5	[3], [2]
Greece	10	10	10	
Hungary	5, 15	5, 0	5	[3], [2]
Iceland	5, 15	5, 0	5	[3], [2]
India	5, 15	10, 0	10	[11], [2]
Ireland	5, 15	5, 0	5	[1], [2]
Israel	5, 10, 15	5, 0	5	[11], [12], [2]
Italy	5, 15	10, 0	5	[3], [2]
Japan	5	5, 0	5	[2]
Kazakhstan	5, 15	10, 0	10	[1], [2]

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Jurisdiction	Dividends %	Interest %	Royalties %	Footnote Reference
Korea, Republic of	5, 15	5, 0	5	[3], [2]
Latvia	5, 15	10, 0	10	[3], [2]
Lithuania	5, 15	10, 0	10	[3], [2]
Luxembourg	5, 15	5, 0	5	[3], [2]
Macedonia	5, 15	10	10	[3]
Malta	5, 15	5	5	[3], [13]
Montenegro	5, 10	10, 0	5, 10	[3], [2], [14]
Netherlands	5, 15	5, 0	5	[11], [2]
Norway	0, 0, 15	5, 0	5	[15], [2]
Poland	5, 15	10, 0	10	[1], [2]
Portugal	5, 15	10, 0	5	[1], [2]
Romania	5	5, 0	5	[2]
Russia	10	10	10	
Serbia	5, 10	10, 0	5, 10	[1], [2], [14]
Singapore	5	5, 0	5	[2]
Slovakia	5, 5, 15	10	10	[16]
Spain	5, 15	5, 0	5	[3], [2]
Switzerland	15, 0	5, 0	5, 0	[17], [2], [18]
Thailand	10	10, 15, 0	10, 15	[19], [2], [20]
Turkey	10	10, 0	10	[2]
Ukraine	5, 15	5	5, 10	[3], [14]
United Kingdom	0, 15	5, 0	5	[21], [2]
United States	5, 15	5, 0	5	[22], [23], [24], [2]

Footnotes	
[1]	5% of the gross amount of the dividends if the beneficial owner is a company which holds directly at least 25% of the capital of the company paying the dividend (365 days holding period).
[2]	Special exemption regarding interest is provided for interest paid to certain bodies (e.g., the Government, Central Bank).
[3]	5% of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds directly at least 25% of the capital of the company paying the dividends.

Footnotes	
[4]	Lower rate applies regarding royalties paid for the use of or the right use of specific intangibles (a computer software, any patent, design or model, plan, secret formula or process, or for information concerning industrial, commercial or scientific experience).
[5]	Tax exempt interest: interest on commercial debt-claims including debt-claims represented by commercial paper resulting from deferred payments for goods, merchandise or services supplied by an enterprise; interest paid in respect of a loan made, guaranteed or insured or a credit extended, guaranteed or insured by public entities the objective of which is to promote the export; interest paid to the other Contracting State, a political subdivision or a local authority thereof.
[6]	5% of the gross amount applies to royalties paid for the use of, or the right to use, any copyright of literary, artistic or scientific work (but not including cinematograph films); royalties paid for the use of, or the right to use, industrial, commercial or scientific equipment.
[7]	5% of the gross amount of the dividends if the beneficial owner is a company that controls directly or indirectly at least 10% of the voting power in the company paying the dividends where that company is a resident of Canada; holds directly at least 25% of the capital of the company paying the dividends where that company is a resident of Slovenia (365 days holding period).
[8]	5% of the gross amount of the dividends if the beneficial owner is a company which holds directly at least 25% of the capital of the company paying the dividends where such holding is being possessed for an uninterrupted period of no less than one year and the dividends are declared within that period; and in the case of Denmark, 5% of the gross amount of the dividends if the beneficial owner is a company, being a resident of Denmark, which is a partner in a Danish partnership, and alone holds directly at least 25% of the capital of the company paying the dividends where such holding is being possessed for an uninterrupted period of no less than one year and the dividends are declared within that period (365 days holding period). 5% of the gross amount of the dividends if the beneficial owner of the dividends and the beneficial and direct owner of the shares or other corporate rights giving right to the dividends is a recognized pension fund.
[9]	Dividend, paid by the company, resident in the contracting state and of which the beneficial owner is a company, resident of the other contracting state, holding directly at least 20% of the capital of the paying company, is taxed only in this other state (365 days holding period).
[10]	Royalties are taxed only in the contracting state of which the recipient is a resident, if such a recipient is the beneficial owner of the payment and if such royalties are paid for copyright on literary or artistic work. Royalties are taxed only in a contracting state of which the recipient is a resident if such a resident is a company, holding at least 20% of the capital in a company, paying royalties or a third company, resident of one of the contracting states directly holds at least 20% of the capital in both, paying and receiving companies.
[11]	5% of the gross amount of the dividends if the beneficial owner is a company which holds directly at least 10% of the capital of the company paying the dividends (365 days holding period).
[12]	10% of the gross amount of the dividends if the beneficial owner is a company which holds directly at least 10 per cent of the capital of the company paying the dividends and the dividends are paid out of profits which by virtue of Law of the State in which the payer is a resident, are exempt from company tax or subject to company tax at a rate that is lower than the normal rate in that State (365 days holding period).
[13]	Where the dividends are paid by a company which is a resident of Malta to a resident of Slovenia who is the beneficial owner thereof, Malta tax on the gross amount of the dividends shall not exceed that chargeable on the profits out of which the dividends are paid.
[14]	5% of the gross amount of the royalties for the use of, or the right to use, any copyright of literary, artistic or scientific work including cinematograph films or films or tapes used for radio or television broadcasting within the meaning of subparagraph. 10% of the gross amount of the royalties or the use of, or the right to use, any patent, trademark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial, commercial or scientific equipment, or for information concerning industrial, commercial or scientific experience.

Footnotes	
[15]	0% of the gross amount of the dividends if the beneficial owner is a company which holds directly at least 15% of the capital of the company paying the dividends or in the case of Norway, 0% of the gross amount of the dividends if the beneficial owner is a resident of Norway who is a partner in a Norwegian partnership and alone or together with other such partners hold directly at least 15% of the capital of the company paying the dividends (365 days holding period).
[16]	5% of the gross amount of the dividends if the beneficial owner is a company which holds directly at least 25% of the capital of the company paying the dividends; in the case of a Slovak partnership, 5% of the gross amount of the dividends if the beneficial owner is a company – being a resident of Slovakia – which is a partner in a Slovak partnership, and which alone holds directly at least 25% of the capital of the company paying the dividends (365 days holding period).
[17]	Contracting State of which the company is a resident shall exempt from tax dividends paid by that company, if the beneficial owner of the dividends is: a) a company (other than a partnership) which is a resident of the other Contracting State and holds directly at least 25% of the capital in the company paying the dividends; or b) a pension scheme.
[18]	In addition to footnote [2] the following exemptions apply: interest arising in a Contracting State and paid to a resident of the other Contracting State who is the beneficial owner thereof shall be taxable only in that other State to the extent that such interest is paid by a company to a company of the other Contracting State where such company is affiliated with the company paying the interest by a direct minimum holding of 25% in the capital or where both companies are held by a third company (being a resident of any Member State of European Union or of Switzerland) which has directly a minimum holding of 25%, both in the capital of the first company and in the capital of the second company.
[19]	Interest may also be taxed in the Contracting State in which it arises, and according to the laws of that State, but if the beneficial owner of the interest is a resident of the other Contracting State, the tax so charged shall not exceed 10% of the gross amount of the interest if it is received by any financial institution (including an insurance company); 15% of the gross amount of the interest in other cases.
[20]	Royalties may also be taxed in the Contracting State in which they arise and according to the laws of that State, but if the beneficial owner of the royalties is a resident of the other Contracting State, the tax so charged shall not exceed 10% of the gross amount of the royalties for the use of, or the right to use, any copyright of literary or artistic work including motion pictures, live broadcasting, film, tape or other means of the use or reproduction in connection with radio and television broadcasting, and for the use of, or the right to use industrial, commercial, or scientific equipment; 15% of the gross amount of the royalties in all other cases.
[21]	Dividends shall not be taxed in the Contracting State of which the company paying the dividends is a resident if the beneficial owner of the dividends is a resident of the other Contracting State and is a company which holds directly at least 20 per cent of the capital of the company paying the dividends.
[22]	5% of the gross amount of the dividends if the beneficial owner is a company that owns directly at least 25% of the voting stock (or, in the case of Slovenia, if there is no voting stock, at least 25% of the statutory capital) of the company paying the dividends.
[23]	Further exceptions for dividends paid by a United States Regulated Investment Company (RIC) or a United States Real Estate Investment Trust (REIT).
[24]	Dividends may not be taxed in the Contracting State of which the payer is a resident if the beneficial owner of the dividends is a resident of the other Contracting State that is a qualified governmental entity that does not control the payer of the dividend.

17. APPENDIX II - GENERAL CORPORATE ENTITY TAX DUE DILIGENCE REQUESTS

Nº.	Category	Sub-Category	Description of Request
1	Tax Due Diligence	General	Indication of tax advisers and responsible persons for the preparation / submission of tax returns, control and co-ordination of work related to taxes and tax planning.
2	Tax Due Diligence	General	Certificate by tax authority (FURS) of the taxes paid (last possible date).
3	Tax Due Diligence	General	All documentation relating to tax and other inspections (minutes, complaints, decisions, etc.) that have started, ended, or are ongoing in the last three years.
4	Tax Due Diligence	General	Any other correspondence with tax authorities or other authorities (e.g. customs).
5	Tax Due Diligence	General	Trial balance for five years (or other agreed period) and latest available.
6	Tax Due Diligence	General	A list of all types of transactions with associated persons.
7	Tax Due Diligence	General	Transfer pricing documentation local file and master file for five years (or other period of review).
8	Tax Due Diligence	General	Export from general ledger of the company, which shall include all transactions booked in the FYs under review and the latest available.
9	Tax Due Diligence	General	Extract from fixed assets register as of 31 December of each year under review and latest available in proper format which shall include at least the following information: asset description, depreciation rate, acquisition date, depreciation start date, retirement date, purchase value, depreciation amount, book value.
10	Tax Due Diligence	CIT	CIT returns with all annexes for years under review.
11	Tax Due Diligence	CIT	Supporting documentation / interpretation of items in the corporate income tax returns for the tax years under review, regarding the increase / decrease in revenues, expenditures, other adjustments to the tax base, tax relief, etc.
12	Tax Due Diligence	CIT	List of assets for which investment relief has been applied for the years under review.
13	Tax Due Diligence	CIT	Copies of invoices on acquisition and disposal of fixed assets, Investment property and assets available for sale.
14	Tax Due Diligence	CIT	List of formation / consumption / elimination of long-term provisions and their tax treatment in the years under review (unrecognised, 50% recognised, recognised).
15	Tax Due Diligence	CIT	List of value adjustments of receivables and their tax treatment for the years under review.
16	Tax Due Diligence	CIT	List of written-off receivables (when the value adjustments of receivables were formed, and what was their tax treatment) for the years under review.
17	Tax Due Diligence	CIT	Calculation of excessive depreciation in cases where the depreciation rate for business purposes is higher than the tax-allowed depreciation rate for the years under review.

Nº.	Category	Sub-Category	Description of Request
18	Tax Due Diligence	CIT	Expenses relating to the private life (including the VAT): - Expenses relating to the private life of proprietors and associated persons (if the receiver did not refund the expenses). - Expenses relating to the private life of other persons (if the receiver did not refund the expenses). - Expenses relating to health promotion. - Benefits relating to employment, not under income tax, e.g. membership fees, parking spaces, benefits of small value, etc.
19	Tax Due Diligence	CIT	List of all expenses concerning previous periods, but which have been booked in P&L in the FY under review.
20	Tax Due Diligence	CIT	Costs for donations - a specification and supporting documentation on donation expense and tax relief for donations.
21	Tax Due Diligence	CIT	Expenses not in accordance with the regular business practice (expenses that are not regular or usual in operating business of the activity compared to former experiences and to other activities).
22	Tax Due Diligence	CIT	Cumulative receivables and payables turnover for individual associated person in the years under review (account cards).
23	Tax Due Diligence	CIT	Breakdown and supporting documentation to short-term accruals and provisions which are booked as of 31 December for each year under review and latest available.
24	Tax Due Diligence	CIT	Explanation and supporting documentation to other operating revenue for last two years.
25	Tax Due Diligence	VAT	Records of issued and received invoices for the years under review and latest available.
26	Tax Due Diligence	VAT	VAT forms (as well as PD and RP forms, if applicable) for the months Feb, June, and Nov of years under review for Feb, June and Aug of the current year.
27	Tax Due Diligence	VAT	Description of services sold to EU customers and non-EU customers and provision of two highest invoices for each year under review and the current period.
28	Tax Due Diligence	VAT	For three highest issued invoices for supplies of goods to the EU in the reviewed period: invoices and the corresponding CMR documents (= three invoices + three CMR documents), if applicable.
29	Tax Due Diligence	VAT	Two highest issued invoices with VAT (i.e. for domestic supplies) for each year of the reviewed period (= altogether 12 invoices).

Nº.	Category	Sub-Category	Description of Request
30	Tax Due Diligence	VAT	Two highest received invoices from the EU (i.e. for received services and/or goods from EU suppliers) for each year of the reviewed period (= altogether 12 invoices). For the received services: proof that services were really performed or confirmation of sufficient proof that the services received were in fact performed (i.e. that a third person not involved/part of the business is able to understand what kind of services were received etc.).
31	Tax Due Diligence	VAT	Two highest received invoices with VAT (i.e. for domestic purchases) for each year of the reviewed period (= altogether 12 invoices).
32	Tax Due Diligence	VAT	Does the company perform exempted supplies that do not allow input VAT deduction (e.g. financial, insurance transactions)? Description of the transactions and how are they treated for VAT purposes.
33	Tax Due Diligence	VAT	A list or extract from bookkeeping with information about the purchase of fixed assets - equipment for the last five years, and immovables for the last 20 years. The list should show what exactly was purchased and how much VAT was deducted and when (in which monthly VAT form).
34	Tax Due Diligence	VAT	Information as to whether the company has a full deduction of input VAT, or if it calculates the deductible proportion (pro-rata). In the latter case, information on the amount of the pro-rata for reviewed period (e.g. how it was calculated).
35	Tax Due Diligence	VAT	Confirmation that regular checks of VAT ID numbers of EU customers (goods and/or services) are confirmed and how.
36	Tax Due Diligence	VAT	Confirmation for private expenditure (e.g. of owners, directors etc.) that input VAT is not deducted. Confirmation that in cases of giving free-of-charge goods, for which the input VAT was deductible at the time of the purchase, the company calculates the output VAT.
37	Tax Due Diligence	PIT and SSC	Tax return forms (REK-1) for June and December with all attachments for the last five years.
38	Tax Due Diligence	PIT and SSC	List of the employees' benefits and example of calculation for the use of a company vehicle, and invoices for other benefits for the last five years (if any).
39	Tax Due Diligence	PIT and SSC	Employment contract for one employee and member of management board employed on the basis of individual agreement, and one employment contract on the basis of collective agreement including income tax and social security contributions assessment. Attach the salary lists of these two employees for June and December for the last five years.
40	Tax Due Diligence	PIT and SSC	Documentation on payment of holiday allowance with all annexes (REK-1 form, calculation and payment decision) in the last five years.

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Nº.	Category	Sub-Category	Description of Request
41	Tax Due Diligence	PIT and SSC	Documentation of other payments to natural persons (labour contracts, payment of copyrights and royalties, rent, interest) and one sample of all types of payments and calculations of correlated taxes (REK forms) for the last five years.
42	Tax Due Diligence	PIT and SSC	List of sole proprietors who work for the company, and review of pay-outs over the last five years.
43	Tax Due Diligence	PIT and SSC	List of students and contract workers who work for the company and review of pay-outs over the last five years.
44	Tax Due Diligence	PIT and SSC	Sample calculation and supporting documentation for pay-out of part of salary for business performance in each year under review (including payslip, internal act and REK).
45	Tax Due Diligence	PIT and SSC	Has the company received any government support in the course of anti-COVID-19 measures?
46	Tax Due Diligence	PIT and SSC	Has the company paid out the crisis allowance (in the course of the adopted COVID-19 measures)? Payslip sample for March, April and May for one employee.
47	Tax Due Diligence	PIT and SSC	Sample calculation and supporting documentation for the reimbursement of travel-related costs: (1) travel order, travel expense report and payslip including reimbursement of business travel costs (samples of following reimbursements required: transport public/private, accommodation, per-diem allowances for travel in Slovenia and abroad. (2) transport to work (sample of supporting documentation and payslip).
48	Tax Due Diligence	PIT and SSC	Sample calculation and supporting documentation for severance payment calculation in each year under review (including payslip and REK Form).
49	Tax Due Diligence	Other	A list of all payments (e.g. dividends, interest, royalties, services, etc.) to non-residents, subject to withholding tax in the last five years, WHT return (i.e. ODO form) and DTT (i.e. KIDO forms).
50	Tax Due Diligence	Other	Calculation of tax on transactions with real estate for the two largest transactions with all the supporting documents (invoices, contracts, calculations) for each year under review.
51	Tax Due Diligence	Other	Documentation on any extraordinary transactions (restructuring, status changes) - reporting of transactions to financial authority, tax returns, etc. in the last five years.

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