

GMS Flash Alert



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Slovenia – COVID-19: Tax, Social Security, Compensation, and Immigration Measures Expiring

On 15 May 2020, Slovenia became the first European country to declare the end of the COVID-19 epidemic. Slovenia's government had declared a coronavirus epidemic on 13 March, but after more than two months, the epidemic is now over, according to the Slovenian government.¹ Key containment measures to prevent the spread of the virus continue to stay in force until 31 May. For prior coverage, see [GMS *Flash Alert* 2020-196](#) (24 April 2020).

This *GMS Flash Alert* reviews legislative measures for offsetting the effects of COVID-19 and their expiration dates, and highlights some features of the new legislation, including eased travel restrictions.

WHY THIS MATTERS

The series of measures taken by Slovenian government in March and April were intended to help combat the spread of COVID-19 in the country and to bring relief to individuals and their employers dealing with the restrictions tied to work, travel, and daily life. The recent measures related to delayed tax payment deadlines, social security contribution exemptions, crisis payments, and reimbursements for paid leave, and other measures, in many cases, will cease to have effect by 31 May 2020.

Individuals and employers should review the effective dates, as this will impact their tax compliance obligations, and take account of the eased travel restrictions, which should help certain globally-mobile employees, cross-border commuters, and other travelers crossing into and out of Slovenia.

Legislative Measures

On 2 April 2020, the Slovenian National Assembly adopted the "Anti-corona Act," introducing a wide range of measures in many areas and temporarily suspending emergency legislation accepted earlier in March relating to salaries and social security contributions.² The Anti-corona Act aimed to cushion the effects of the COVID-19 epidemic on citizens and the economy. The Act came into effect on 11 April 2020, with its measures being applicable from 13 March 2020 to 31 May 2020. To mitigate the consequences of COVID-19, the Anti-corona Act included measures to preserve jobs, to improve the social situation of people and to keep businesses in operation.

On 28 April, the Slovenian National Assembly adopted a second legislative package worth over EUR 2 billion. Most of the measures were adopted in the act amending the Anti-corona Act³ and *Act on Additional Liquidity to the Economy to Mitigate the Effects of the COVID-19 Infectious Disease Epidemic*.⁴ The amendment of the Anti-corona Act introduces changed rules and conditions for employer entitlement to legal measures, changed conditions for emergency assistance for self-employed workers and widened social security measures. Loan guarantee schemes for companies and sole proprietors, and rent relief schemes are some of the measures adopted in the *Act on Additional Liquidity*.

Slovenia's government is also preparing a third legislative package to ease the transition to normal life. It is expected to be adopted later in May and will be focused on development.

Tax Measures

Tax Calculations and Filing Deadlines Postponed

With respect to annual tax filings, the Anti-corona Act postponed the deadline for issuing the 2019 informative tax calculation for individuals until 30 June 2020. For those individuals who will not receive the informative tax calculation for personal income tax for 2019 by 15 July 2020, the deadline for filing the annual tax return is postponed one month to 31 August 2020.

The Anti-corona Act postponed from 31 March to 31 May 2020, the deadline for submitting tax returns for independent business activities and for corporate income tax returns, and for submitting annual reports to the Agency of the Republic of Slovenia for public legal evidence and services for 2019.

Payment of Tax Owed

The Anti-corona Act gave taxpayers the option to recalculate the tax prepayments based on estimates of the expected business results of the current fiscal year. The independent entrepreneur taxpayer has the option to postpone the payment of liabilities up to 24 months or pay the liability in a maximum of 24 monthly installments if needed because of the COVID-19 epidemic. This measure is also applicable for income tax prepayment and withholding tax. The tax authority will decide on the postponement in eight days from receiving the application.

Taxpayers are not required to pay the tax prepayments for April and May, which would have been due on 10 May and 10 June 2020.

Social Security Measures

Pension and Disability Insurance Contributions

Under the Anti-corona Act, employers are exempt from making pension and disability insurance contributions for working employees in the private sector, for work performed between 13 March and 31 May 2020. The payments will be covered by the state. The exemption does not apply to contributions relating to benefits-in-kind and other employment income subject to social security tax.

However, in 2020 this measure requires that, beginning 11 April, employers should not distribute dividends, should not compensate employees for the company's performance, and should not reward management. No application needs to be filed by employers.

Crisis Allowance

Employees working in the private sector will be paid a monthly crisis allowance of EUR 200. The allowance is to be paid by the employer, and is exempt from income and social security taxes. The employer should pay the crisis allowance if the employee's last monthly gross salary has not exceeded three times the minimum salary⁴ (currently EUR 2,821 gross) for the work performed in the period between 13 March and 31 May 2020.

The above two measures are related – the exemption is granted automatically and employers must pay a crisis allowance to working employees (to those with the monthly gross salary up to EUR 2,821).

Financial Allowance for Unemployment

Under the 28 April amendment, workers who lost their jobs due to the inability to work for business reasons or due to expiration of an employment contract during the period 13 March and 31 May 2020, and who do not qualify for unemployment benefits according to the law, are entitled to unemployment allowance in the monthly gross amount of EUR 513.64.

COVID-Related Compensation Measures

Under the Anti-corona Act, employers are entitled to be reimbursed for the compensation paid to employees in the period between 13 March and 31 May 2020, who have been temporarily laid-off or who have been affected by the epidemic (parents staying at home due to child care, inability to get to work due to public transport shut down, unable to work from home, or being quarantined) in the amount of 80 percent of average monthly gross salary⁵ in the last three months.

The state reimburses the employer for the amount of the compensation paid to the employee, limited to the average monthly gross salary for the year 2019 (EUR 1,753.84), decreased by the employee's social security contributions.

In addition, employers are exempt from payment of social security contributions for the compensation paid to employees, limited to the average monthly gross salary for the year 2019 (EUR 1,753.84).

Compensation reimbursement will be available only for employers that meet special requirements. According to the 28 April amendment, to be eligible, employers will have to estimate a decline of at least 10 percent in revenue in 2020 in comparison to the year 2019. If the company did not operate throughout the whole year, comparison of average monthly expenses will be considered. If the employer's submitted annual report indicates otherwise, the reimbursement will have to be recovered.

The measure is available to employers for compensation paid to employees in the period between 13 March and 31 May.

Employers request the compensation reimbursement by submitting an application to the Employment Service of Slovenia.

KPMG NOTE

Under the Anti-corona Act, quarantined employees (as ordered by a decree of the minister of health) are entitled to compensation in the amount of 80 percent of the average gross salary for the last three months, in the period from 29 March to 30 September. The employer is entitled to be reimbursed for the compensation paid to employees not able to work due to the quarantine.

If an employee is infected in the workplace (for example, employees in health-care services), this is considered as "injury at work," which must be reported to the Labour Inspectorate of Slovenia. The employee is entitled to compensation in the amount of 100 percent of average gross salary for the last three months paid (from the first day onwards) by the employer; however, the compensation is refunded by the Health Insurance Institute of Slovenia.

In case of isolation (ordered by a competent doctor), the employee is entitled to compensation in the amount of 90 percent of the average gross salary for the last three months, paid by the Health Insurance Institute of Slovenia from the first day of absence onwards. In this case the employer does not bear any costs.

Other Compensation Measures

Employers are entitled to the reimbursement for compensation paid to employees temporarily absent from work due to non-COVID-19 illness or injury between 11 April and 31 May 2020, even if the reasons for the employee's absence from work occurred before or after 11 April. The compensation amounts to 80 percent of the average gross salary for the last three months. Employers are reimbursed only for the compensation that is paid to employees for the period from 11 April until 31 May.

Employers request reimbursement by an electronically-filed application with the Health Insurance Institute of Slovenia. The application has to be filed until 30 September 2020, at the latest.

Immigration Measures

On 25 May, the Slovenian government adopted a new ordinance imposing and implementing measures to prevent the spread of COVID-19 at the external border crossing points.⁶ Under the ordinance, EU and Schengen Zone citizens, except Croatians, are required to quarantine for 14 days when entering Slovenia. The ordinance provides a list of exceptions from mandatory quarantine, which includes daily cross-border commuters, real estate owners, those arriving by boat or airplane in Slovenia, tourists with confirmation of booking, international haulers, persons getting health services in Slovenia, EU researchers and teachers working in Slovenia, and those crossing the border for educational purposes.

The 14-day quarantine for third-country nationals still applies. Exceptions include those attending a relative's funeral, international haulers, diplomats, persons performing urgent services, and those in transit who travel through Slovenia to another country in the same day.

FOOTNOTES:

- 1 See the Government of the Republic of Slovenia website: <https://www.gov.si/en/news/2020-05-15-slovenia-declares-the-end-of-covid-19-epidemic-no-quarantine-for-eu-citizens-from-today/> .
- 2 *Mega Anticorona Act* (ZIUZEOP, *Act on Intervention measures to mitigate the effects of the COVID-19 epidemic on citizens and the economy*). See (in Slovene) [Pogosta vprašanja in odgovori o ukrepih na davčnem področju za blažitev posledic koronavirusa](#) .
- 3 See (in Slovene) [Zakon o spremembah in dopolnitvah Zakona o interventnih ukrepih za zaježitev epidemije COVID-19 in omilitev njenih posledic za državljane in gospodarstvo \(ZIUZEOP-A\)](#) (*Act Amending the Act Determining the Intervention Measures to Contain the COVID-19 Epidemic and Mitigate its Consequences for Citizens and the Economy*).
- 4 See (in Slovene) [Zakon o zagotovitvi dodatne likvidnosti gospodarstvu za omilitev posledic epidemije COVID-19 \(ZDLGPE\)](#) (*Act on Additional Liquidity to the Economy to Mitigate the Effects of the COVID-19 Infectious Disease Epidemic*).
- 5 Minimum salary in Slovenia amounts to EUR 940.58 as of 1 January 2020.
- 6 See (in Slovene) [Odlok o odrejanju in izvajanju ukrepov za preprečitev širjenja nalezljive bolezni COVID-19 na mejnih prehodih na zunanji meji in na kontrolnih točkah na notranjih mejah Republike Slovenije](#) (*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*).

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Webcast (Play-back): “Global Mobility: Responding to COVID-19”

We are pleased to share with you the “play-back” of an informative TaxWatch webcast held on 12 May 2020, by the KPMG International member firm in the United States that looks into how global organisations have responded and continue to respond to COVID-19 – including impacts from various perspectives: human resource, global mobility, and tax compliance.

In this webcast, tax and mobility professionals from KPMG LLP (U.S.) share some of the key findings from recent “share forums” and a spot survey, and highlight some important topics to consider when engaging in conversations with human resource, global mobility, tax and finance teams for business continuity planning.

This webcast play-back would be of interest to global mobility professionals, CFOs, human resources directors, CPAs, corporate tax staff, and other business and service providers.

For the webcast play-back, click [here](#).

Contact us

For additional information or assistance, please contact your local GMS or People Services professional or one of the following professionals with the KPMG International member firm in Slovenia:



Marko Mehle

Tel. +386 1 420 11 80

mmehle@kpmg.com



Magda Posavec

Tel. +386 1 236 43 10

mposavec@kpmg.com

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The information contained in this newsletter was submitted by the KPMG International member firm in Slovenia.

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