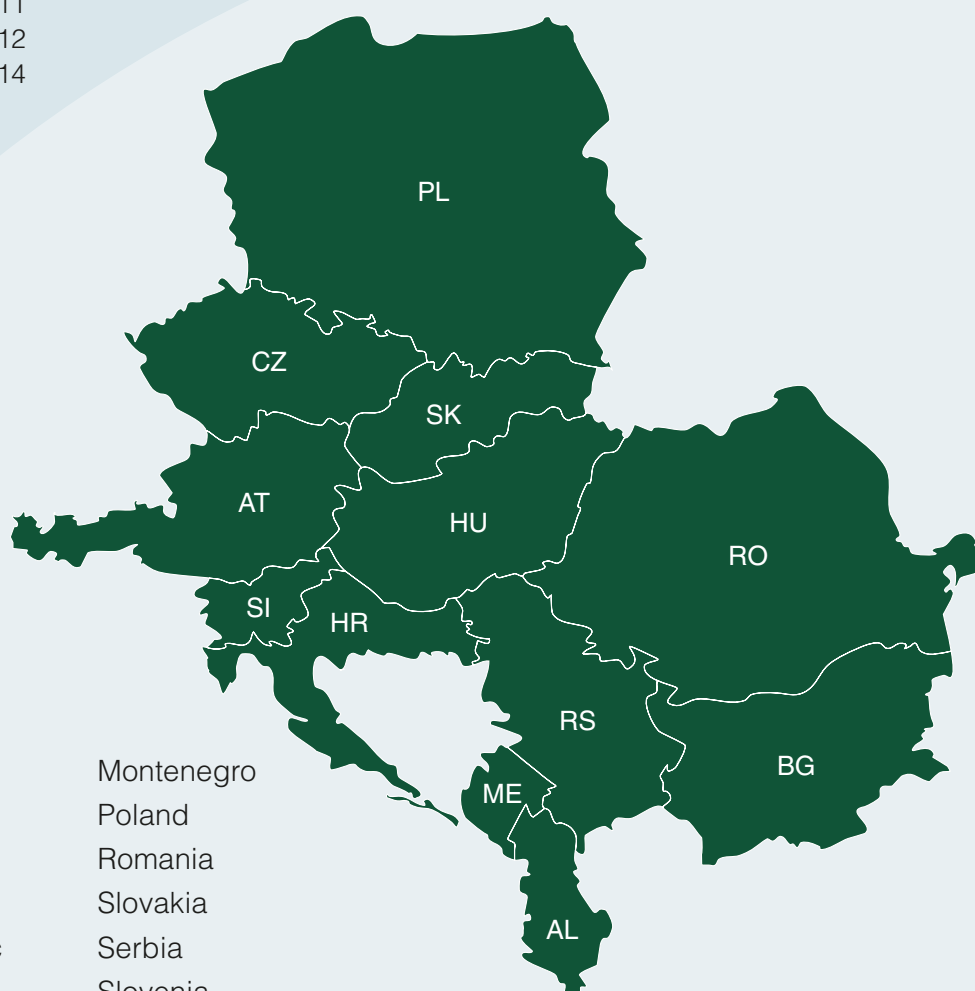


12 COUNTRIES. 12 TAX SYSTEMS.

The year 2024 brings changes in the areas of taxes, duties and social contributions in all CEE and SEE countries. This special newsletter covers essential changes effective as of 2024.

TPA offers an overview of the most important tax innovations in the following CEE and SEE countries in which we operate:

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Albania	Montenegro
Austria	Poland
Bulgaria	Romania
Croatia	Slovakia
Czech Republic	Serbia
Hungary	Slovenia

1. Austria

Income tax brackets and deductions

Similar to 2023, the income tax brackets, and a number of tax deductions will be adjusted to inflation.

- **From 2024:**

For the tariff adjustment, the entry-level threshold (=“subsistence minimum“) has been increased by 9.6% to EUR 12,816, and the respective threshold amounts for the different tariff stages

Stage 2 (20%): EUR 20,818

Stage 3 (30%): EUR 34,513

Stage 4 (40%): EUR 66,612

Stage 5 (48%): EUR 99,266

have been raised.

- **Inflation adjustment/valorization:**

Single-earner and single-parent deduction, alimony deduction, child deduction, deduction for travel expenses, pensioners' deductions

Changes to the Profit Allowance

The profit allowance for individuals liable to personal income tax will be increased. The basic tax-free allowance will be raised to profits up to EUR 33,000, meaning that EUR 4,950 (=15% of EUR 33,000) can be automatically deducted as a business expense. The maximum amount for the investment-related profit allowance across all stages is increased to EUR 46,400.

Reduction of Minimum Corporate Tax/Flexible Capital Company

The minimum share capital for a GmbH (limited liability company) is to be reduced from the existing threshold of 35,000 euros down to 10,000 euros. For GmbHs with founding privileges, this eliminates the obligation to increase the share capital after ten years. Additionally, a new company form, the „Flexible Capital Company“, will be introduced, which will also have a minimum capital requirement of 10,000 euros.

The new minimum corporate tax of 125 euros per quarter will apply to existing GmbHs as well. Furthermore, the obligatory minimum investment by individual shareholders in a GmbH will undergo a substantial decrease, from the current 70 euros to 1 euro. These changes are part of a broader array of modifications encompassed within the framework of the FlexCo.

Reduction of Corporate Income Tax Rate

The corporate income tax will be reduced from 24% (25% in calendar years prior to 2023) to 23% in calendar year 2024.

New Developments in Value-Added Tax

- **VAT Exemption for Photovoltaic Modules**

According to the government proposal, a temporary zero VAT rate will be introduced for deliveries, intra-community acquisitions, imports, and installations of photovoltaic modules to the operator, effective from 1 January 2024 until 31 December 2025. This VAT exemption does not preclude the right to deduct input tax, provided that:

- The bottleneck capacity of the photovoltaic system does not exceed or will not exceed 35 kwp, and
- The photovoltaic system is operated on or near buildings used for residential purposes, utilized by public law corporations, or used by corporations, associations, and funds serving charitable, benevolent, or ecclesiastical purposes.

Additional Amendments

- Starting 1 January 2024, the employer contribution will be increased.
- For the years 2024 and 2025, allowances for up to 18 hours of overtime per month may be disbursed tax-free, up to a limit of EUR 200.

2. Bulgarien

General Tax Information

Following a turbulent 2022 from a political perspective, Bulgaria has had a permanent government as of the summer of 2023. Despite being potentially unstable the Bulgarian Parliament has restarted its legislative activity of which some is tax related.

These tax changes are to a major extent related to the fine tuning of current regulations, which is in many cases related to established non-compliances with the EU regulations.

Despite the political speculations, currently there are no serious indications for drastic changes in the general tax framework of the country. The corporate income tax and the personal income tax rates are expected to remain at their current level of 10% flat.

However, the current government has adopted certain measures with the aim of putting pressure on the businesses with regard to:

- Tax collection – such as implementing additional quarterly reporting rules for companies showing cash-in-hands amounts, receivable from shareholders, managers, and employees (incl. loans) of over BGN 50 000 (EUR 25 600) in their balance sheets
- Strengthening control over the movement of goods with high fiscal risk (e.g. sugar, meat, milk, oils, etc.) – the companies shall report each movement/transport of such goods on the revenue agency online platform and obtain a unique identification number for each movement for control purposes. This applies to transports between Bulgaria and EU states, imports or exports from Bulgaria and internal transports within the territory of Bulgaria.

The social security contributions for 2024 currently remain at the levels of 2023 – a total of 32.7% of the gross income distributed at a ratio of about 40/60 for employee/employer. The maximum social insurance base (ceiling) for 2024 is BGN 3 750.

Corporate Income Tax

The deadline for the filing of yearly CIT return for 2023 remains unchanged in 2024, namely between 1 March to 30 June 2024. The deadline for the filing of the annual financial statements for 2023 is 30 September 2024.

Personal Income Tax

The term for the filing of yearly personal tax return remains unchanged for 2024. This term is between 1 January and 30 April of the following year.

The statutory minimum salary as of 01.01.2024 was increased from BGN 780 (EUR 399) to BGN 933 (EUR 477). According to recent legislative changes the statutory minimum salary for each subsequent year shall be 50% of the average gross salary for a 12 month period covering the second half of the previous year and the first half of the current year. The average gross salary shall be determined by 1 September of the current calendar year.

VAT

An important change in the VAT Act is the option provided to companies acting as supplier to adjust their tax base with the amounts of uncollectable receivable by issuing a credit note against the debtor. These adjustments are subject to several preconditions, but this is definitely a legislative step in the right direction which implements the basic principle of neutrality of the VAT in situations of non-collectible receivable.

3. Croatia

Local Taxes Act

- The income tax surtax is abolished.
- Tax on holiday homes is in the range from 0.60 to 5.00 euro/m².
- Local self-government units stipulate the income tax rates for annual taxes, within the limits prescribed by law.

Value Added Tax

- If the entrepreneur cannot collect part or all of the receivable for more than one year, they would be entitled to a refund.
- The threshold for registration in the VAT taxable person registry is increased to EUR 40,000.00.
- The taxpayers who realize the value of supplies of goods and services with VAT in the amount lower than EUR 110,000.00 in 2023 can decide until 15th January 2024 to submit an application for the taxation period from the first to the last day of the quarter.

Personal Income Tax

- The amount of personal allowance is EUR 560.00.
- The amount of personal deduction for dependents and disability is increased by applying the coefficient to the basic personal deduction.
- The threshold for applying a higher rate of income tax over EUR 50,400.00 (EUR 4,200.00 per month).
- Surtax is abolished.
- Currently prescribed tax rates that are applied in the taxation of final income are increased from 10% to 12%, from 20% to 24% and from 30% to 36%.
- No income tax is paid for tips up to the prescribed amount; tips above the prescribed amount are taxed as final other income at the rate of 20% (tax calculation without contributions).

Contributions

- Monthly basis for calculating contributions for the first pillar of pension insurance (MIO I) is reduced (for a gross salary up to 700.00 euros, the fixed allowance is 300.00 euros, and for salaries from 700.01 to 1,300.00 euros, the allowance is gradually reduced).
- The due date of the contribution obligation based on other activity is changed (from the date of submission of the tax return to the date of the last day of the deadline for submission of the tax return).

Corporate Income Tax

- Payment of withholding tax for market research services, tax and business advisory services and audit services is abolished.
- From 1 January 2024, the obligation to pay corporate income tax shall be no later than the deadline for submitting the tax return – four months after the end of the period for which the corporate income tax is determined.

4. Czech Republic

Value Added Tax Amendments

As of 1 January 2024, changes in VAT rates will come into force. The standard VAT rate will stay at 21%, but there is only one reduced VAT rate of 12%. There will be switches from reduced to standard VAT rates and vice versa. A VAT exemption with a right for VAT deduction will be newly introduced for the supply of books (incl. e-books and audio books). Also, a restriction for VAT deduction related to the purchase of a passenger car will be introduced as of 1 January 2024; When purchasing a passenger car that will be considered a fixed asset for accounting and tax purposes, the VAT payer can claim the VAT deduction of maximum CZK 420,000 (EUR 17,241).

Corporate Income Tax

With effect from 1 January 2024, Corporate Income Tax rate will be increased from 19% to 21%. For the payable CIT the new tax rate will apply for the taxable periods starting after the effective date, but for the deferred tax purposes this new tax rate of 21% should be already applied in 2023 Financial Statements. The Income Tax Amendment also stipulates a new limitation for company passenger cars; The tax depreciation can be applied on a maximum of MCZK 2 (EUR 82,102).

Progressive Taxation of Individuals

With effect from 1 January 2024, the threshold for progressive taxation of personal income will be set lower. The tax rate of 23% will apply on the amount of annual taxable income above 36-fold (not 48-fold) of the average wage, i.e., EUR 64,976.

Real Estate Tax

As of 1 January 2024, real estate tax rates will increase 1.8 times on average. In addition, an inflation coefficient will be applied as an automatic indexation of tax liability. For 2024, the inflation coefficient will be the first effect on real estate tax as from 2025 onwards. The maximum annual increase of inflation coefficient is 20%. Furthermore, there is a reduction of lower bound of local

coefficients. Each municipality can establish local coefficients of 0.5 to 5 for all land and buildings except selected agricultural lands, permanent grassland, and unusable areas. Those municipalities that are classed as an exception can apply local coefficients of 0.5 to 1.5.

Accounting in Functional Currency

Starting 1 January 2024, companies will have the option to keep their books in functional currency, if the functional currency is EUR, USD or GBP. When determining its functional currency, an entity shall apply criteria in accordance with IAS 21.

Exclusion of Unrealized Exchange Rate Differences from Taxation

New income tax regulation includes an option for taxpayers to exclude unrealised exchange rate differences from the tax base in the period in which they arise and to include them in the tax base in the period when the exchange rate difference is realised. Taxpayers need to inform tax authorities upfront if they intend to use this option.

5. Hungary

New tax allowances

There are new tax allowances available. On one hand, a tax allowance (up to 35 % of the value of the investment) may be claimed on a temporary basis until 31 December 2025 for investments in the transition to a net zero emission economy (e.g. the manufacture of equipment necessary for the transition to a net-zero emission economy, namely batteries, solar panels, wind turbines, heat pumps, electrolysers and equipment for carbon capture and storage), on the other hand a new tax allowance will be available, called R&D tax allowance. The tax allowance is based on the direct (own) costs of basic research, applied (industrial) research and experimental development in the accounting sense.

One-off tax amnesty on disclosed participation

When acquiring a share, it is possible to register the share as disclosed participation with the tax authority within the time limit specified by law. The most important benefit of disclosed participation is that the gain on the sale of the disclosed participation after continuously holding the shares for 1 year is exempt from tax. In case of a shareholding that is not a disclosed participation as of 30 December 2023, the taxpayer may obtain the status of a disclosed participation at its option by filing the relevant declaration by the deadline for filing the annual corporate income tax return for the tax year 2023.

If the taxpayer makes use of the registration option provided by the above amnesty, the 9% corporate income tax shall be declared and paid on 20% of the positive difference between the market value applied between unrelated parties and the book value as of 31 December 2023, the deadline for which is also the filing of the annual return.

Limitations on the deductibility of royalty and interest payments

A new limit on the deductibility of expenses shall be applicable in case of royalty and interest payments to countries that are included in the EU list of non-cooperative countries and territories, or that are classified as zero or low tax rate jurisdictions (which include any jurisdiction where the statutory corporate income tax rate is lower than the Hungarian corporate tax rate).

Loss carry-forward

The limitation effective until 31 December 2030 on loss carry-forwards for losses incurred before the tax year 2015 is removed. As a result, these losses can be carried forward indefinitely and the time limit for their use has been removed.

VAT

Deduction of input VAT on domestic real estate purchases by foreign taxable persons
Foreign taxable persons not registered in Hungary may not deduct input VAT on goods or services purchased or imported in Hungary by filing a VAT return in Hungary but may claim it back under a separate procedure.

Global Minimum Tax

A global minimum tax will be introduced in Hungary in several stages from 2024. The global minimum tax will apply to groups of companies with an annual turnover in the consolidated accounts of the ultimate parent company of at least EUR 750 million in at least two of the four tax years immediately preceding the tax year. Under the new rules, the companies concerned may be subject to significant administrative burdens and additional tax liabilities.

6. Montenegro

Corporate Income Tax (CIT)

- Profit-making companies and branches are obliged to pay CIT in Montenegro.
The CIT rate is set at a progressive corporate tax rate:
 - up to EUR 100,000,00 - tax rate 9%;
 - from EUR 100,000,01 to EUR 1,500,000.00
(EUR 9,000.00 +12% on the amount above EUR 100,000.01)
 - above EUR 1,500,000.01
(EUR 177,000,00 +15% on the amount above EUR 1,500,000.01).
- Submission of the transfer pricing documentation is mandatory in Montenegro.
- Tax losses may be carried forward for a limited period of 5 years.
- Statutory withholding tax rate is 15 %. Dividends, interests, royalties, rental income, capital gain, consulting services, market research services and audit services are subject to WHT.

Personal Income Tax (PIT) and Social Security Contributions (SSC)

- Montenegrin residents are required to pay tax on worldwide income, while non-residents are required to only pay tax on Montenegrin sourced income.
- Income tax rate
 - Realised as personal income
 - 9% on the taxable income of EUR 700 to EUR 1,000
 - 15% on taxable income above EUR 1,000.01
- Additional income (other than employment income) should be reported in the annual tax return and is subject to 9% tax rate.

- Employment income is subject to surtax whereas tax base is tax calculated on employment income, while tax rate is determined by the local self-government.
- Statutory withholding tax rate is 15%.
- Mandatory SSC are pension and disability insurances (20.5%) and unemployment insurances (1%).

The Property Tax and Transfer Tax

- Ownership rights over immovable property (buildings and land) of companies and individuals and rights of use of immovable property owned by the State are subject to property tax. The tax rate ranges from 0.25% to 1%.
- The acquisition of property rights on immovable property in Montenegro, which includes purchase, exchange, inheritance, gift, entry, and withdrawal of real estate from a commercial company etc, is subject to 3% of property transfer tax.

Value Added Tax (VAT)

- Standard VAT rate is set at 21%, while reduced rate is set at 7%.
- Place of supply of goods is principally the place where the item is located at the time disposal is transferred.
- Place of supply of services is the place where the recipient has its head office or a permanent establishment if the service recipient is registered for VAT (B2B rule).
- If, however, service is provided to non-VAT payer, the place of supply of such services is the place where the service provider belongs. There are special rules for place of supply for certain services such as: services related to real estate, transport services, telecommunication services, etc.

7. Poland

Corporate Income Tax (CIT)

- Minimum CIT – start of the applicability of the 'Minimum CIT' at the rate of 10% of a specially-calculated tax base, applying to taxpayers incurring (achieving) specifically-calculated loss or low profitability from operational activity. For taxpayers whose tax year is different from the calendar year and started before 1 January 2024 and will end after 31 December 2023, the non-applicability of the 'Minimum CIT' will apply until the end of that tax year.
- Electronic accounting books in a unified SAF-T form – the presumed implementation of the obligation to send the accounting books electronically to the tax office, after the end of the tax year, in unified SAF-T form, still not applicable with regard to FY2024, as was planned a year ago. Tax capital groups and taxpayers in which the value of revenue earned in the previous tax year exceeded the equivalent of EUR 50 million shall be prepared to send accounting books in electronic form for the tax year starting after 31 December 2024.
- Tax depreciation – the implementation of special rules for determining the individual rate applying to micro-, small- or medium-sized entrepreneurs for self-generated fixed assets that are non-residential buildings (premises) and structures, included in groups 1 and 2 of the Classification of Fixed Assets that are first entered in the records of fixed assets and intangible assets of a given taxpayer, where this fixed asset is located in an area in municipalities with a high unemployment rate, which are also municipalities with low per capita income.

- Exemption from withholding tax (WHT) on covered bonds (mortgage bonds) and bonds: from 2024, tax remitters are not required to withhold tax on interest or discount from covered bonds (mortgage bonds) and bonds, subject to certain conditions.

VAT

- VAT rates – the reduced 0% VAT rate to be maintained temporarily in 2024 for majority of food products (as a rule they were subject to 5% VAT rate).
- Introduction of the National System of e-Invoices („Krajowy System e-Faktur“, KSeF). The National e-Invoice System (KSeF) is a nation-wide computer system that enables the generation and sharing of structured invoices. The main objective of KSeF is to centralise the process of registering invoices in business by directing them to one central location. The mandatory use of the KSeF and „structured invoices“ (in an XML format) to apply from 1 July 2024 for all B2B transactions.

Taxpayers who are exempt from VAT will become subject to the mandatory KSeF from 1 January 2025. From January 2025, taxpayers will face sanctions for non-compliance - up to 100 per cent of the amount of output VAT resulting from the invoice or 18.7 per cent of the gross amount shown (for invoices documenting VAT-exempt activities). Exemptions from the mandatory issuance of “structured invoices“ to apply for: consumer invoices (B2C invoices), tickets functioning as invoices and for invoices issued under the OSS and the IOSS procedures.

Other taxes

- **Plastic Tax:** From 1 January 2024, certain businesses, particularly in trade and gastronomy, will be required to charge a new levy for serving food and drinks in single-use plastic containers.

8. Romania

Corporate Income Tax / Minimum Turnover Tax

Starting 31 January, taxpayers with a turnover higher than EUR 50 million in the previous year will be subject to the minimum turnover tax. The tax is computed as 1% on turnover, which is determined as the difference between (i) total revenues and (ii) exempted revenues and accounting depreciation of assets acquired/produced after 24 January.

If the corporate tax calculated by taxpayers for a given year is lower than the minimum turnover tax, the corporate tax due by these taxpayers will be equal to the minimum turnover tax.

The law provides for special provisions for credit institutions and companies operating in the oil and gas sectors, as follows:

- Credit institutions (Romanian companies and branches of foreign companies): subject to a 2% turnover tax in addition to the corporate tax (starting 2026, the additional tax rate will be 1%)
- Companies operating in the oil and gas sectors: subject to an additional 0.5% tax on turnover

These taxes are non-deductible expenses for corporate tax purposes.

Microenterprise tax

Starting 2024, microenterprises will be taxed at the following rates: (i) 1%, if the revenues do not exceed EUR 60,000 and where the activities do not correspond to certain NACE codes in the IT, HoReCa, legal, medical and dental sectors, or (ii) 3%, if the revenues exceed EUR 60,000 or if the activities correspond to certain NACE codes in the IT, HoReCa, legal, medical and dental sectors.

Value Added Tax

Starting 1 January 2024, higher VAT rates will apply to a number of products and services, as follows:

- 9% (up from 5%) for deliveries of housing as part of social policy, deliveries and installation of photovoltaic panels / thermal solar panels / heat pumps, access to sports events etc
- 19% (up from 9%) for supplies of alcohol-free beer and food with added sugar whose total sugar content is 10g per 100g of product or higher
- 19% (up from 5%) for access to sports facilities, fairs, amusement parks etc

Income Tax

As of November 2023, monthly gross income in excess of RON 10,000 received by employees working in the IT sector will be subject to a 10% tax rate. This measure will apply until 31 December 2028.

From 2024, meal vouchers and holiday vouchers are subject to the social health insurance contribution (10%). Starting from the same date, the maximum ceiling for the calculation of social health insurance contributions contribution for income obtained from independent activities will increase from 24 to 60 gross minimum salaries.

Starting July 2024, a 70% rate will be applied to the adjusted taxable base of income detected by the tax authorities whose source has not been identified.

E-Invoicing system

Starting 24 January, the E-Invoicing system will become mandatory for supplies of goods/services with place of supply/provision in Romania, carried out by:

- Taxable persons established in Romania, in B2B transactions or in relation to public institutions (other than B2G), regardless of whether they are registered for VAT purposes in Romania and
- Non-residents registered for VAT purposes in Romania in B2B transactions.

9. Serbia

Law on statutory social security contributions applicable as of January 2023

- Extended application of tax benefits for newly employed persons till 31 December 2024.

Personal Income Tax Law (PIT) amendments applicable as of 1 January 2024

- Extended application of tax benefits for newly employed persons till 31 December 2024.
- The non-taxable amount for salary tax calculation has been increased to RSD 25,000 (instead of current RSD 21,712).

Value Added Tax Law (VAT) amendments applicable as of 1 January 2024

- A new, more detailed Form EZPPPDV – Record on passenger's request for VAT refund. It is stipulated that the data in the EZPPPDV Form shall be submitted within seven days after the tax period expires once the certified original request for VAT refund from the passenger is received.
- For sellers who are VAT payers and fiscalisation obligors, electronic record-keeping is mandated. They are required to input data into the EZPPPDV Form through the fiscalisation application on the Tax Authorities portal.
- Sellers who are VAT payers but not fiscalisation obligors continue to maintain records, either in paper or electronic format. They now use the new EZPPPDV Form, with no obligation to enter data into the Tax Authorities portal application unless specifically requested by tax authorities.
- As of 31 August 2024, the Law on Electronic Invoicing imposes a new obligation on VAT payers. They must electronically record the calculated input VAT in the supply chain and the VAT paid during goods importation.
- A shorter deadline for electronic VAT recording has been implemented. Under these amendments, VAT must now be electronically recorded within 10 days after the end of the tax period, reducing the previous deadline from 15 days.

Property Law amendments applicable as of 1 January 2024

- Tax exemption is introduced for the real estate transfer tax in case when a foreign country acquires immovable property for the needs of its diplomatic-consular representative office, under the condition of reciprocity.
- The initiation date for local municipalities to assume responsibility for determining, collecting, and auditing the inheritance and gift tax, as well as the tax on the transfer of absolute rights, has been postponed until 1 January 2025. Until this date, the Tax Authorities will continue to handle the determination, collection and audit of these taxes.

10. Slovakia

Income Tax Act Amendments

The most important amendments effective as of 1 January 2024 are as follows:

- a minimum tax on the incomes of corporate entities, or the so-called tax licence, will be introduced:
 - the minimum amount will be paid if the company generates tax loss or its tax liability calculated in the corporate tax return is lower than the established minimum tax amount. The minimum tax (after deducting tax allowances and tax paid abroad) will depend on the taxable income generated in the respective taxation period as follows:
 - taxable income not exceeding EUR 50,000, the minimum tax of EUR 340 will be paid;
 - taxable income exceeding the amount of EUR 50,000 and not exceeding the amount of EUR 250,000 (inclusive), the minimum tax of EUR 960 will be paid;
 - taxable income exceeding EUR 250,000 and not exceeding EUR 500,000 (inclusive), the minimum tax of EUR 1,920 will be paid;
 - taxable income exceeding EUR 500,000, the minimum tax of EUR 3,840 will be paid.
 - a positive difference between the minimum tax and the tax reported in the tax return may be credited against the tax liability for three consecutively following taxation periods after the tax period in respect of which the minimum tax is paid. The minimum tax may be credited only against the part of the tax liability which exceeds the minimum tax;
 - the minimum tax will be applied for the first time for the taxation period starting on 1 January 2024.
- for the tax periods starting from 1 January 2024, the taxable income threshold for the application of the reduced 15% corporate income tax and entrepreneurs' income tax rate is increased from EUR 49,790 to EUR 60,000;
- the personal income tax rate on dividends, liquidation surplus of a commercial company or a cooperative and settlement share is increased from 7% to 10%. The stated applies for dividends generated in taxation periods starting on 1 January 2024, the liquidation surplus if the company, or cooperative, enters liquidation from 1 January 2024, or if a court decides to dissolve the company due to bankruptcy from 1 January 2024, and for a settlement share if its amount is based on the annual individual closing of accounts for an accounting period from 1 January 2024;
- benefit in kind received by an employee in the form of employee shares or shares in a limited liability company will be exempt from tax as long as specific statutory conditions are met (the same applies to shares provided by the company to its supplier (individual));
- new rules limiting the amount of tax-deductible interest expense („interest limitation rules“) will apply in Slovakia in case of loan contracts or amendments to existing contracts concluded as of 2024. Based on these rules, if the amount of net interest costs is higher than EUR 3,000,000, the corporate income tax base should be increased by the amount by which the net interest costs exceed 30% of the tax base increased by net interest costs and tax depreciation. Net interest costs mean the amount by which tax-deductible interest expenses exceed taxable interest income in the relevant tax period. Interest expense treated as tax non-deductible due to interest limitation rules can decrease the tax base during subsequent 5 tax periods provided interest limitation rules are met in those periods. These rules will not apply to financial institutions and entities related parties of which are individuals only.

Value Added Tax amendments

The most important amendments effective as of 1 January 2024 are as follows:

- a new quarterly record-keeping obligation is introduced for local payment service providers through which payments for delivered goods or services are made. The recording obligation is only compulsory if the place of supply is in the EU and once the number of 25 payments to a single supplier (payee) is exceeded, which is tracked over a calendar quarter period;
- the VAT rate is increased from 10% to 20% for alcoholic beverages with alcohol content of more than 0.5% by volume served in restaurants and catering facilities.

Tax Administration Code amendments

The most important amendments effective as of 1 January 2024 are as follows:

- a so-called „second chance“ is introduced when imposing penalties, where the tax administrator will not impose a penalty, which can be determined within an interval range, for the first violation of the Tax Code, but will first call on the tax entity to comply with its obligations, together with a warning that a penalty will be imposed for the next violation. The administrative offense will be solved separately by the Customs and Tax Authorities;
- the time limit for charging interest on late payment in the event of full payment of the arrears is shortened, so the tax administrator will be able to impose the interest only within one year from the end of the year in which the arrears were paid.

Social and Health Security Contributions

- the rate of health insurance contributions will increase for employers from 10% to 11% and if the employers employ persons with disabilities from 5% to 5.5%. Health insurance contributions for self-employed persons will increase from 14% to 15%, for self-employed persons with disabilities from 7% to 7.5% and for self-payers from 14% to 15%.

11. Slovenia

Compulsory Health Contribution

As of 31 December 2023, the voluntary supplementary health insurance will be cancelled and starting from 1 January 2024, a compulsory health contribution will be introduced.

For the period from January 2024 to February 2025 inclusive, the compulsory health contribution will amount to 35 EUR per month. The compulsory health contribution will be adjusted once a year, specifically on 1 March, based on the increase in the average gross salary in the Republic of Slovenia in the previous year according to data from the Statistical Office of the Republic of Slovenia. The amount of the compulsory health contribution is determined by the Minister responsible for Health, no later than February, and its amount is published in the Official Gazette of the Republic of Slovenia. The first adjustment of the compulsory health contribution will be for March 2025, based on the rise in the average salary in the year 2024.

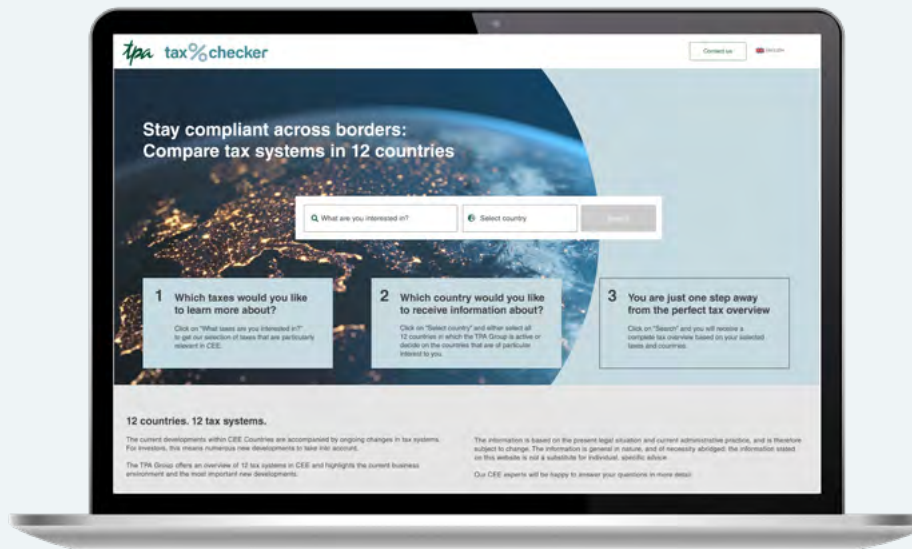
The main employer or payer, from whom the insured person receives the sole or predominant part of income from employment, calculates and withholds the compulsory health contribution when paying salaries or compensations for the following categories of insured persons:

- Persons in employment in the Republic of Slovenia (insurance bases 001, 013, 016, 029, 034, 084, 085)
- Persons in employment with a foreign employer, working in the territory of the Republic of Slovenia (insurance base 114)
- Persons with permanent residence in the Republic of Slovenia employed by a foreign employer who are not insured with a foreign insurance carrier (insurance base 021)

The payer (employer) reports the deduction and payment of a compulsory health contribution to the Financial Administration of the Republic of Slovenia (FURS) using the electronic form REK-O or the form OPSVT (for employees employed by a foreign employer).

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