

SLOVENIA - TAX CONSIDERATIONS ON SHORT-TERM LETTINGS

The following information is a guide to help you get started in learning about some of the tax requirements that might apply to you when providing short-term accommodation in Slovenia.

Tax can be tricky and it is important to ensure that you keep up to date with your tax obligations and remain tax compliant. The timely preparation, filing and payment of taxes are your responsibility.

If you are supplying short-term accommodation in Slovenia, you should make sure that you understand each of the following types of taxes, and pay the ones that apply to you;

- Income taxes
- Value added tax (VAT)

Please understand that this information is not comprehensive, and is not intended to be legal advice. If you are unsure about your local tax obligations, we encourage you to check this with official local sources, or to seek advice from qualified professionals.

Please note that we do not update this information in real time, so you should confirm that the laws or procedures have not changed recently.

INCOME TAX

Where an individual earns income in Slovenia, it is likely that they will be required to pay a percentage of the tax on this income to the Slovenian tax authority. Below is a brief outline of the tax that may arise on income earned from short-term lettings in Slovenia and some information on how this tax can be paid over to the Slovenian tax authorities.

The tax treatment presented below is prepared from the perspective of you as a host, on the understanding that you occasionally rent out property on a short-term basis during the year. For this purpose, short-term means you provide lettings for no more than 5 months (total combined lettings) in a calendar year, offering guests up to 15 beds.

You will also be deemed to be included in the Business Register of Slovenia as an individual performing the activity of occasionally letting property and not as a sole proprietor or legal entity.

Slovenia's tax year runs from 1 January to 31 December.

Coming within the charge to income tax in Slovenia.

There is no specific income threshold applied i.e. any income received for letting of property is subject to taxation.

You are required to make tax prepayments when starting to short-term let (please see "Reporting tax - payment deadline" below). The amount of final tax for the tax year is then determined when submitting your tax return. If the tax prepayments during the year do not cover the final tax liability, then you would be required to pay the balance.

Slovene rules applicable to income earned in relation to short term lettings.

Short-term letting income in Slovenia is regarded as income derived from an activity. It is not considered as trading income or as passive property rental income.

Reporting tax in Slovenia.

You can declare taxes via electronic tax system [eDavki](#).

Reporting tax - filing deadline.

The deadline for filing a tax return for income from short-term lettings is end of March (typically, the last working day) for the previous year e.g. filling done by 29 March 2019 for rental income received in 2018.

Reporting tax - payment deadline.

The due date for the payment of your tax liability depends on the amount of the monthly tax prepayment.

- Monthly prepayments: If the prepayment **exceeds €400**, the payment needs to be done monthly. Payment needs to be executed in the first 10 days following the end of the month i.e. for January, payment must be made before 10 February.
- Quarterly prepayments: If the payment **does not exceed €400**, the tax prepayment can be done on a quarterly basis. Payment needs to be executed in the first 10 days following the end of the quarter i.e. 10 April for 'Quarter 1' i.e. January - March.

For the first year of letting, you determine the tax base yourself through the submission of your tax return when you first start the activity. You then cover the tax prepayment accordingly during the year. For future years, the tax prepayment is determined based on the tax base of the previous year (disclosed in the tax return mentioned above).

Slovenia Tax Authority contact details.

The contact details for the Slovenian tax authority are outlined below:

- Telephone Number: +386 1 36 93 296 / +386 1 36 93 297
- e-mail: gfu.fu@gov.si

Slovenian income tax rates.

Tax rates for income derived from short-term letting depends on the specific option chosen by you. These options are as follows:

- **Option 1:** The tax base is determined as the difference between actual revenue and actual expenses. The tax liability is calculated by using progressive personal income tax rates ranging from 16% to 50%. This option is suitable if you have frequent lettings, with taxable income higher than €50,000 per year.
- **Option 2:** The tax base is determined as the difference between actual revenue and fixed costs (capped at 80% of the revenue but not exceeding €40,000). The tax liability is calculated at a proportional scale of 20%. This option can be utilised if you receive up to €50,000 of taxable income per year.

Note: Option 2 is generally more tax beneficial, however, you need to opt in to this option by submitting the notification to the Slovenian Tax Authorities within 8 days after you register your activities in the Slovenian Business Register.

If you have higher volumes of short-term lettings (more than 5 months in a calendar year and offering guests more than 15 beds), you would need to register as a sole proprietor or start providing such service through a separate legal entity.

If you decide to register as a sole proprietor, taxation of this income earned from providing short-term lettings shall depend on the option you choose for determination of the tax base. If you choose to utilise the actual expenses method under Option 1, taxation should generally remain the same. However, if you choose to utilise fixed expenses method under Option 2, please note the following:

- If total income as a sole proprietor exceeds a total €300,000 in two consecutive years, then only utilisation of actual expenses is available.
- Depending on the type of the sole proprietorship you are classified as, regular vs. so-called 'afternoon', fixed costs under Option 2 are capped at €80,000 for a regular sole proprietorship and €40,000 for a so-called 'afternoon' sole proprietorship.

Please note that amounts of social security cost could vary depending on various conditions (type of sole proprietor, insurance basis, etc).

If you decide to open a separate legal entity, revenues received would be subject to a corporate income tax (CIT) rate of 19%.

If you would like further assistance regarding the correct submission of your taxes in Slovenia you should consider seeking the advice of a tax professional.

Typical expenses that can be deducted from an individual's income in relation to short-term lettings.

It is likely any expense closely linked to the real estate property which is being made available for short-term letting, could fall within the scope of tax deductible expenses.

Please note that this is not applicable however, if you opt in for Taxation Option 2 under which tax deductible expenses are capped at 80% of taxable income (please see "Slovenian income tax rates" above).

Special reliefs from income tax in Slovenia that an individual providing short-term lettings may be able to avail of.

Similar tax relief as for corporate income tax purposes is available i.e. investment allowance for purchase of certain assets, allowance for donations, R&D etc.

Please note that this is not applicable however, if you opt in for Taxation Option 2 under which tax deductible expenses are capped at 80% of taxable income (please see "Slovenian income tax rates" above).

Deductions available for tax depreciation (e.g. capital allowances / wear and tear).

Depreciation could be recognised as expenditure as per the accounting rules, but not more than the amount calculated using the straight-line depreciation method and the maximum depreciation rates as defined in the Slovenian Corporate Income Tax Act.

Please note that this is not applicable however, if you opt in for Taxation Option 2 under

which tax deductible expenses are capped at 80% of taxable income (please see “Slovenian income tax rates” above).

Slovenian income tax obligation for non-resident individuals.

If you are non-resident you have an obligation to pay income tax on income derived from short-term letting activities conducted in Slovenia (sourced income principle).

Slovenian income tax obligations for a Slovenian individual in receipt of foreign rental income.

If you are tax resident you have an obligation to pay income tax on income generated both inside and outside Slovenia (worldwide income principle).

General property taxes payable.

There is no real estate property tax imposed however, when you own real estate property you need to pay a yearly compensation fee for the usage of building land to the municipality in which the real estate is located.

The amount of the compensation depends on multiple conditions such as the size, location and purpose of the property etc. For example, for an apartment located in the main city and is 119 m² in size, a compensation fee will arise. This tax is linked to ownership of the property and not the number of people using the accommodation so the amount charged varies depending on your area code.

It is the landlord’s responsibility to pay this liability.

Specific property taxes payable on properties that are let for short terms.

There is no specific property tax however, a tourist and promotional fee is imposed on each guest. The amount of the tourist fee is up to €2.50 per person and the promotional fee is set at 25% of the amount of the tourist fee charged.

Tourist and promotional fees are collected by the host together with the payment for the rendered services, or on the last day of the overnight stay of the guest. The host shall transfer the collected tourist and promotional fees to a special account of the municipality by the 25th of the current month for the previous month.

Capital taxes in Slovenia.

Capital tax is due on the sale of property in Slovenia. The general tax base is 25% but this can be reduced based on the holding period (i.e. 15% after 5 years, 10% after 10 years, 5% after 15 years, 0% after 20 years).

If you sell property you must submit a tax return within 15 days from the date of disposal of the property. Slovenian Tax Authorities will then issue a tax assessment. The tax outlined on this assessment must be paid within a month of receiving it.

Other

There would generally be a requirement to meet certain social security contributions (approximately €340 per annum).

Sample Tax Computation	
Janez owns a 2 bedroom apartment in Ljubljana. He rents out the spare room at the weekends.	
Janez received total gross rent in 2018 of €7,000. His annual tax base from employment income amounted to €30,000.	
Janez incurred the following expenses in relation to this apartment in 2018: house insurance €500 and other maintenance cost €600.	
Option 1	€
Gross rental income	7,000
<i>Less allowable expenses:</i>	
house insurance	(500)
electricity & maintenance cost	(600)
Social security insurance cost	(340)

Taxable rental income	5,560
Total taxable base	35,560
Tax (progressive rates)	<u>1,500</u>
Option 2	€
Actual gross rental income	7,000
Fixed deductible expense (80% of the income)	<u>5,600</u>
Taxable rental income	1,400
Tax (20%)	280

VALUE ADDED TAX

Value added taxes can be complicated, and you should take time to understand the rules as they apply to you and your particular situation.

Broadly speaking, Value-Added Tax (VAT) in Slovenia is a tax on consumption. Most goods and services supplied in Slovenia are subject to VAT.

A person who supplies goods and/or services in Slovenia may have to charge VAT and pay this to the Slovene tax authority. As with all taxes, we encourage you to consult with a tax advisor regarding your potential VAT obligations in Slovenia.

If you are currently renting a room to guests, you may be required to apply VAT to your rental charge and to pay this VAT amount to the Slovene tax authorities. As Airbnb is not supplying the rental, it is the responsibility of the host to consider local VAT obligations of the rental charge.

Do I need to collect any VAT from guests if I am letting short-term accommodation in Slovenia?

In general, individuals who make taxable supplies in Slovenia need to register for VAT and charge VAT on their supplies, once they meet the criteria for VAT registration.

Currently, in Slovenia, you are required to register for VAT if you supply services to the value of €50,000 in the preceding twelve months. As such, where you supply short term accommodation and you breach this threshold, you should register for VAT.

If you are an individual who is not resident in Slovenia, but your accommodation is located in Slovenia, then you should also register for Slovene VAT, as the registration threshold of €50,000 also applies to you.

We encourage you to consult a tax advisor if you need assistance in determining whether you need to register for and charge Slovene VAT.

For further guidance on registering for VAT, please see the Slovene tax authorities' website.

VAT applies to me. How do I determine how much tax I need to collect from my guests?

VAT rates differ per country and change periodically. We recommend you to check on a regular basis with the local tax authority to get the most up to date VAT rates for the country where you are required to pay VAT.

For example, at the date of issuance of this document, the Slovene VAT rate applicable to accommodation services is 9.5% in Slovenia, irrespective of the length of the guest's stay.

However, there are other VAT rates currently in force in Slovenia, so we recommend that you confirm with a local tax adviser the VAT rate applicable to your supplies.

VAT applies to me. How do I collect VAT from guests?

If you determine that you need to charge VAT on the supplies that you make to guests, please keep in mind that you have to collect this VAT from your guests and report and remit this VAT on a periodic VAT return. In Slovenia a VAT return should be submitted on a monthly basis.

A VAT return for a month must be filed by the last working day of the subsequent month. The VAT filing process is carried out via the Slovene electronic tax system, e-Taxes. The VAT payment is required to be made on the same day that the VAT return is required to be filed.

Some formalities, such as issuing a receipt or an invoice to your guests, may be required. Please find more information on this [here](#) (within section 8 and 10).

For further guidance on filing returns, please see the Slovene tax authorities' website.

There may also be requirements around whether you use VAT-inclusive or VAT-exclusive pricing. We recommend that you check your obligations in terms of pricing and the applicable invoice requirements with a local tax advisor.