

Slovenia



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1. Types of tax

In Slovenia, the subject is governed by Inheritance and Gift Tax Act (the Act), which has been in force since 2007 and was amended once in 2016.

1.1 Inheritance and gift tax

The subject of taxation is property that a natural person receives from a natural or legal person as an inheritance or gift; it is not deemed to be income in accordance with the Act governing personal income tax.

When the recipient is a legal person, the subject of taxation is property that is not deemed to be income in accordance with the Act governing corporate income tax.

Property is defined as real property, movable property (including securities and money) and property rights. Bequests are also considered to be gifts.



The taxpayer must announce the receipt of the gift within 15 days from the day of acceptance of the gift at the financial office where it is entered in the tax register.

A taxable person who inherits property subject to inheritance tax does not have to file a tax return. The inheritance tax is assessed on the basis of data contained in the final decision on inheritance, which is sent by the court to the tax authorities. The basis for assessing tax is the value of the inherited property at the time when the tax liability arises, reduced by debts, costs and burdens secured on the property that is subject to such tax. In the case of movable property, the tax base is reduced by EUR5,000. The tax rates vary according to the order of succession.

1.2 Real estate transfer tax

According to the Real Estate Transaction Tax Act, the taxable person is the seller of the real estate property. Tax liability incurs when a contract is concluded based on which property is transferred. In general, the tax base is the selling price of the real estate property and the tax is payable at the rate of 2% of the tax base.

The transfer of real property includes:

- ▶ Real estate property swaps
- ▶ Financial lease of real estate property
- ▶ Transfer of title to property for the purpose of recognizing the title or joint title as a result of construction beyond the property boundary according to the act governing property relations
- ▶ Transfer of title to property for the purpose of recognizing the title or joint title as a result of the increased value of real estate property according to the act governing property relations
- ▶ Transfer of title upon splitting of joint title, namely of the part exceeding the part of property held by individual joint owners and for which individual joint owners have received payment

1.3 Endowment tax

There is no endowment tax in Slovenia.

1.4 Transfer duty

There is no transfer duty in Slovenia.

1.5 Net wealth tax

Property tax

Slovenia has property tax on immovable property. Property tax is paid by natural persons who have in their possession buildings, parts of buildings, apartments, garages or premises for rest and recreation.

The person liable for property tax is the owner or the users of property regardless of whether the subject of taxation is used by that person alone or is leased to other persons. The taxable basis is the value of the immovable property calculated by competent authority.

The charge for the use of building land

The direct users of the land or building or part of a building should pay a charge for the use of building land. It is charged for the use of building land in the amount determined by municipalities. The charge is charged for the unbuilt land area or for the residential or business floor area.

2. Who is liable?

A person liable for the payment of inheritance and gift tax is a natural or legal person governed by private law who receives property on the basis of an inheritance or gift. A natural person who receives property based on a life care contract or deed of gift in the event of death should also be a taxable person.

2.1 Residency

Revenues from the tax on inheritances or gifts of real estate property and rights to real estate property belong to the municipality where the real estate property is located.

The municipality where the taxable person has a permanent residence or registered office is entitled to the revenues from the tax on inheritances or gifts of movable property and property rights and other rights. If the taxable person does not have a permanent residence or registered office in the Republic of Slovenia, the municipality where this person has a temporary residence shall be entitled to the tax. If this person does not have a temporary residence in the Republic of Slovenia, the municipality where the donor has (or the decedent had) a permanent residence or registered office shall be entitled to the tax.

3. Rates

Tax rates differ in relation to the order of inheritance as follows:

Second order of inheritance (parents, brothers, sisters and their descendants)

From the value of EUR		Tax amount				
Above	Up to and including	EUR		%		EUR
	10,000			5		
10,000	50,000	500	+	6	above	10,000
50,000	100,000	2,900	+	7	above	50,000
100,000	200,000	6,400	+	8	above	100,000
200,000	300,000	14,400	+	10	above	200,000
300,000	400,000	24,400	+	12	above	300,000
400,000		36,400	+	14	above	400,000

Third order of inheritance (grandfathers and grandmothers)

From the value of EUR		Tax amount				
Above	Up to and including	EUR		%		EUR
	10,000			8		
10,000	50,000	800	+	9	above	10,000
50,000	100,000	4,400	+	10	above	50,000
100,000	200,000	9,400	+	11	above	100,000
200,000	300,000	20,400	+	13	above	200,000
300,000	400,000	33,400	+	15	above	300,000
400,000		48,400	+	17	above	400,000

All other persons

From the value of EUR		Tax amount				
Above	Up to and including	EUR		%		EUR
	10,000			12		
10,000	50,000	1,200	+	16	above	10,000
50,000	100,000	7,600	+	20	above	50,000
100,000	200,000	17,600	+	25	above	100,000
200,000	300,000	42,600	+	30	above	200,000
300,000	400,000	72,600	+	35	above	300,000
400,000		107,600	+	39	above	400,000

4. Exemptions and reliefs

Inheritance

The following persons are exempt from inheritance tax: heirs of the first order of succession (child, adopted child, spouse or cohabiting partner of the deceased), son-in-law, daughter-in-law, stepchild of the deceased and persons with whom the deceased lived in a registered same-sex partnership. Tax is further not due if only movable property is inherited not exceeding the total value of EUR5,000. The exemption also applies to farmers who inherit agricultural land. The legislation also allows for other exemptions.

Donation

The recipient of a gift is exempt if he or she is made equal to an heir of the first order of inheritance.

5. Filing procedures

Inheritance and gift tax is assessed on a taxable person by a tax decision. The tax amount is established in accordance with the regulations in force on the day when the tax liability becomes chargeable.

6. Assessments and valuations

A taxable person who receives property as a gift that is subject to the payment of tax should declare the receipt of the gift within 15 days of the time the taxable moment occurred at the tax office where this person is entered in the tax register.

A taxable person who receives a gift of real estate property should declare the receipt of the gift at the tax office where the real estate property is located.

If a taxable person does not have a permanent or temporary residence or registered office in the Republic of Slovenia and is not entered in the tax register, such person should declare a gift consisting of movable property only at the tax office where the donor is entered in the tax register.

If the gift consists of movable and immovable property, the taxable person should declare this gift at the tax office where the real estate property is located.

Assessment of the tax on inheritance is performed by the tax authorities on the basis of data from the final decision on inheritance; if real estate property is the subject of inheritance, the court sends the final decision on inheritance to the tax office in whose territory the real estate property is located. If the inheritance consists of only movable property or if the inherited real estate property is located in the territory of several tax offices, the court sends the decision on inheritance to the tax office where the decedent was entered in the tax register.

The tax office assesses the tax within 30 days of receipt of the tax return or final decision on inheritance.

7. Trusts, foundations and private purpose funds

Slovenian law makes no provision for private purpose funds and trusts. Only foundations can be established solely for the generally beneficial or charitable purpose such as religious purposes, environmental protection, education and similar. It can be established with a will.

8. Grants

With regard to estate taxes, there are no specific rules in Slovenia.

9. Life insurance

In case of death of the insured person, the life insurance beneficiary does not have to pay personal income tax.

10. Civil law on succession

The main Slovenian legislative provisions related to inheritance are in the Inheritance Act.

Under Slovenian inheritance law, property and rights that belong to individuals except personal rights and liabilities can be inherited. A person can inherit by law and will, and a legal entity can only inherit by will. Foreigners have the same inheritance rights as citizens of the Republic of Slovenia, provided that the principle of reciprocity is applied.

Inheritance

There are two types of inheritance: testamentary inheritance (when there is a will of a deceased) and intestate inheritance (in the absence of a will of a deceased and in other statutory cases).

The decedent's estate passes to the heirs at the decedent's death. The heirs are responsible for the decedent's debts up to the value of the inherited property. The decedent's property consists of all his property rights that he or she had at the time of death and that may be passed on to heirs according to the rules of inheritance law.

10.1 Forced heirship

There is no forced heirship in Slovenian inheritance law. All citizens are equally entitled to the right to inherit. A decedent's children are equal in terms of inheritance whether or not they were born in marriage.

Slovenian law recognizes a special category of heirs: those with the right to a reserved share. They have the right to a part of the inheritance that cannot be freely distributed by the decedent's will. The reserved share represents a certain proportion of the inheritance that would have been due to a heir if an intestate inheritance had occurred.

10.2 Matrimonial regimes and civil partnerships

The special arrangement applies to the decedent's spouse; in the event that the spouse has no other means of subsistence, he or she is entitled to an increase in the hereditary share. The spouse has no inheritance right if the marriage with the decedent was annulled, or they were divorced, or in case of legal separation from the reason on the side of surviving spouse based on the agreement between them.

10.3 Intestacy

The law of inheritance knows the lawful and testamentary inheritance (inheritance by will). Legal inheritance is clearly defined and takes place in three hereditary orders. The heirs of each next category inherit if there are no heirs of the preceding categories.

The heirs in the higher priorities inherit statutory intestate shares preferentially to the heirs in the lower priorities. The sizes of these shares depend on the number of heirs involved in the inheritance.

The main categories of heirs are as follows:

- ▶ Children and spouse of the decedent
- ▶ The inheritance of the deceased who has not left descendants is inherited by his parents and his spouse
- ▶ The inheritance of the deceased, who left neither descendants nor parents, nor did they have any descendants or spouses, is inherited by his grandparents.

10.4 Hereditary funds

According to the Slovenian Foundations Act, a foundation is an asset tied up for a certain purpose. As mentioned above, its purpose has to be of a beneficial or charitable nature. A foundation may be established by a domestic or foreign natural person or legal entity. The founder may establish a foundation through a legal act inter vivos or in the event of death. The body responsible for foundations has to give its consent to the act of establishment.

11. Estate tax treaties

List of conventions on the avoidance of double taxation with respect to taxes on income and wealth (as of 1 January 2018) can be found at the following link:

<https://www.gov.si/drzavni-organi/ministrstva/ministrstvo-za-finance/o-ministrstvu/direktorat-za-sistem-davcnih-carinskih-in-drugih-javnih-prihodkov/seznam-veljavnih-konvencij-o-izogibanju-dvojnega-obdavcevanja-dohodka-in-premozenja/>