

This report provides helpful information on the current business environment in Slovenia. It is designed to assist companies in doing business and establishing effective banking arrangements. This is one of a series of reports on countries around the world.



Global Banking Service

Report on the Republic of Slovenia

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Important to Know

Official language

› Slovenian

Currency

› Euro (EUR)

Bank holidays

2011	
January	1, 2
February	8
April	25, 27
May	1, 2
June	25
August	15
October	31
November	1
December	25, 26
2012	
January	1, 2
February	8
April	9, 27
May	1, 2
June	25
August	15
October	31
November	1
December	25, 26

Source: www.goodbusinessday.com.

Types of Business Structure

Under Slovenian law, there are several business structures available. Some require a minimum amount of share capital to be paid up before the business can be established.

Joint-stock company

dd (*Delniška družba*). This is a company with its own trade name and with a predetermined amount of capital divided into shares of equal value. A shareholder's liability is limited to their capital. Its shares are tradable on a public stock market. This requires a minimum paid up share capital of EUR 25,000 of which 25% must be paid upon incorporation. This company must have at least five shareholders.

Limited liability company

doo (*Družba z omejeno odgovornostjo*). Participants own a percentage of its capital. A participant's liability is limited to their financial contribution. Shares are registered to their owners and therefore are not publicly tradable. This requires a minimum share capital of EUR 7,500. The minimum shareholding is EUR 50. Each shareholder must have paid 25% of their shareholding upon incorporation. This company can have between one and 50 partners.

General partnership

dno (*Družba z neomejeno odgovornostjo*). In a general partnership, all partners have full and joint liability. This requires no minimum share capital. This company must have at least two shareholders.

Limited partnership

kd (*Komanditna družba*). In a limited partnership, some partners enjoy limited liability (limited partners), although they are not permitted to exercise managerial control. Other partners are considered general partners and have unlimited liability. This requires no minimum share capital. This company must have at least two shareholders.

Partnership limited by shares

kdd (*Komanditna delniska družba*). A partnership limited by shares allows some partners to limit their liability to the amount invested in the partnership (similar to a shareholder in a limited liability company), while general partners are fully liable. This company has a minimum of five partners.

Sole proprietorship

sp (*Samostojni podjetnik*). This is a business owned and run by one individual. No legal distinction exists between the business and its owner.

Cooperative

A cooperative is a registered legal entity which is owned and controlled by its members who have equal voting rights.

Other organizational types

Slovenian companies are entitled to form unlimited liability European Economic Interest Groupings (EEIGs) with companies based in other European Union (EU)* member states. An EEIG performs particular activities on behalf of its member owners. It is also permitted to perform these activities with entities outside the EU. An EEIG has unlimited liability.

*The EU is an economic and political union of 27 countries (including all members of its forerunner, the European Community, as well as other countries in Central and Eastern Europe), 16 of which use the euro as a common currency.

A *Societas Europaea* (SE) is a European public limited company, which can be established in any European Economic Area (EEA)* member state. It must maintain its registered office and head office in the same country, and it is subject to the company law in that country.

*EEA countries include those of the EU and three of the four European Free Trade Association (EFTA) member countries (Iceland, Liechtenstein and Norway).

Branches and representative offices

Non-Slovenian companies are entitled to establish a branch or a representative office in Slovenia. A branch's activities are subject to Slovenian company law, although it is considered part of the company's head office and therefore not a separate legal entity. It requires no minimum share capital. To open a branch, a company must file a number of documents, including head office accounts. While branches are permitted to make sales, representative offices may not sell directly in Slovenia.

Opening and Operating Bank Accounts

Residency

To be considered resident, a company must have its headquarters or place of effective management in Slovenia.

Domestic and foreign currency account restrictions

Residents are permitted to hold local currency (EUR) accounts outside Slovenia and foreign currency accounts both within and outside Slovenia.

Non-residents are permitted to hold local currency and foreign currency accounts.

All local currency accounts are fully convertible into foreign currency.

Anti-money laundering and counter-terrorist financing rules

- › Account opening procedures require formal identification of the account holder unless the customer is a state body or bank or other financial company from the EU with offices in Slovenia.
- › Such financial companies can be identified through a court register or a certified copy of an excerpt from another public register that shows the company name and registered office, together with the authorization for the person acting on their behalf.
- › Identification of beneficial owners is required when they own directly or indirectly more than 25% of a legal entity or they provide funds to a legal entity and are consequently given the possibility of exercising control.

Supplied by BCL Burton Copeland (www.bcl.com). Data as at July 2010.

Special purpose accounts required by local regulation

None.

Value-added tax (VAT) on banking services

In Slovenia, financial services are exempt from VAT.

Payment and Collection Instruments

Electronic funds transfers are the most common payment instrument for both domestic and cross-border payments in the EEA. They can be initiated using Internet and other electronic banking facilities. Non-urgent credit transfers are the primary payment method used to make payroll payments. They are also the most common method of payment for business-to-business (B2B) transactions. Card payments are commonly used for consumer transactions, with debit cards more popular than credit cards. Direct debits are used primarily by utility and insurance companies to collect domestic payments. Cheques are rarely used.

Payment Instrument Use (domestic)

Payment instrument	Transactions (million)		% change 2008/2007	Traffic (value) (EUR billion)		% change 2008/2007
	2007	2008		2007	2008	
Cheques	0.29	0.32	10.3	0.13	0.12	- 0.9
Credit transfers	177.3	171.0	- 3.6	298.61	277.67	- 7.0
Direct debits	41.7	41.5	- 0.5	1.85	1.98	7.4
Debit cards	60.4	65.7	8.7	2.09	2.32	11.2
Credit cards	44.0	43.0	- 2.3	1.67	1.75	4.7
Total	323.8	321.5	- 0.7	304.4	283.9	- 6.7

Source: ECB Payment Statistics, December 2009.

Single Euro Payment Area (SEPA)

SEPA payment instruments allow enterprises to make and receive EUR-denominated credit transfers, direct debits and debit card payments from a single bank account, to and from other parties located anywhere within the EEA and Switzerland. The use of International Bank Account Numbers (IBANs) and Bank Identifier Codes (BICs) is compulsory for transfers denominated in EUR between bank accounts in the EU.

International Payments

International payments, including foreign currency payments and payments to and from parties located outside the EEA, are processed through same-bank networks, through multibank alliances or by using traditional correspondent banking techniques.

Payment Processing Times

Transactions processed (EUR-denominated)	Value dating rules	Cut-off time(s) in local Central European Time (CET)
High-value and urgent domestic and intra-EEA transfers	Real-time settlement, immediate finality	17:00 CET
Non-urgent, low-value domestic consumer payments	Settlement on a same-day basis	16:00 CET
Non-urgent intra-EEA credit transfers and direct debits	Settlement either same-day or next-day	Bulk credit transfers with a maximum value of EUR 50,000 = 22:00 CET for next-day settlement Individual credit transfers = 14:30 CET for same-day settlement SEPA credit transfers = 13:00 CET for same-day settlement or 01:00 CET for overnight/next-day settlement SEPA consumer direct debits = 11:00 CET for same-day settlement SEPA B2B direct debits = 12:00 CET for same-day settlement

Central Bank Reporting

The Bank of Slovenia requires that all transfers between resident and non-resident bank accounts with a value above EUR 50,000 be reported by banks every ten days.

The Bank of Slovenia also selects a sample of resident companies to directly submit more detailed reports on their activities.

Exchange Arrangements and Controls

Slovenia applies few currency exchange controls.

Cash and Liquidity Management

Slovenia's membership of the eurozone has made it an easier location in which to manage cash and liquidity. However, central bank reporting requirements apply and companies need to seek independent legal advice before implementing a liquidity management structure.

Physical Cash Concentration

Physical cash concentration is available from leading Slovenian and international cash management banks. Different legal entities and resident and non-resident companies can participate in the same cash concentration structure.

Pools can be denominated in local currency (EUR) and some foreign currencies. A number of banks offer cross-border, cross-currency physical cash concentration.

Notional Cash Pooling

Notional cash pooling is available from a number of leading Slovenian and international cash management banks. Different legal entities and resident and non-resident companies can participate in the same notional cash pooling structure.

Short-term Investment

Bank instruments

Interest-bearing current accounts are generally available. Banks offer time deposits in a range of currencies for terms from two weeks to over a year. Banks also issue certificates of deposit (CDs), for terms of up to one year.

Non-bank instruments

The Slovenian government issues Treasury bills for maturities of one, three, six and 12 months. Bank of Slovenia bills are also available, in both EUR and USD, with maturities of two, three and six months.

Slovenian companies have access to European-based money market funds.

Short-term Borrowing

Bank

Overdrafts and bank loans are usually all available in Slovenia to both resident and non-resident companies. Banks will usually charge a margin over Euribor (the Euro Interbank Offered Rate) for EUR-denominated facilities. Other commitment and arrangement fees will also be charged.

Non-bank

Larger companies issue commercial paper (CP) both into the domestic and the euro commercial paper (ECP) market. CP can be issued for periods up to one year.

Factoring (with or without recourse) is available.

Taxation

Corporate Taxation

- › Corporate income tax is levied at a flat rate of 20%. Resident companies are subject to taxation on their worldwide income. Non-resident companies are subject to corporate taxation on income derived from a permanent establishment (PE) in Slovenia or from income sourced in Slovenia.

Financial instruments

- › There are no specific tax rules relating to the treatment of financial instruments for corporations.

Interest and financing costs

- › Interest payments on loans taken from a person resident in a low-tax jurisdiction are not tax deductible. Low-tax jurisdictions are non-EU jurisdictions where the general nominal tax rate is lower than 12.5%. Currently, the list set up by the Slovenian Ministry of Finance contains the following countries: Bahamas, Barbados, Belize, Brunei, Dominican Republic, Costa Rica, Liberia, Liechtenstein, Maldives,

Marshall Islands, Mauritius, Oman, Panama, St. Kitts and Nevis, St. Vincent and the Grenadines, Samoa, Seychelles, Uruguay and Vanuatu.

Foreign exchange

- › Payments should be converted into EUR using the official reference exchange rate at the date of the payment. The reference exchange rates are published daily by the Bank of Slovenia.

Advance Tax Ruling Availability

- › Advance tax rulings can be obtained from the Slovenian tax authorities, but are not applicable for transfer pricing (APA).

Withholding Tax (subject to tax treaties and other exemptions)

Payments to	Interest	Dividends	Royalties	Other income
Resident companies	15%	15%	15%	15%
Non-resident companies	0%–15%	0%–15%	0%–15%	15%

- › There is no withholding tax liability on payments to resident companies and to PEs of non-residents that are subject to Slovenian corporate income tax and that provide their tax number to the payer.
- › There is no withholding tax on payments to a non-resident who is a resident of an EU and/or EEA member state other than Slovenia and is a person liable to tax on the income in the country of residence, on the condition that:
 - › the income was not paid to a business unit of the non-resident in Slovenia;
 - › the recipient cannot credit the withholding tax in the recipient's residence state because the residence state either applies the exemption method or the recipient is subject to a 0% tax rate; and
 - › the purpose of the transaction is not tax avoidance.
- › There is no withholding tax liability under the provisions of the EU Interest and Royalties Directive (subject to a 25% share capital threshold and holding for 24 months).
- › There is no withholding tax liability on dividends under the provisions of the EU Parent-Subsidiary Directive (subject to a 10% share capital threshold and holding for 24 months).

Capital Gains Tax

- › Capital gains realized by resident companies are treated as business income and taxed at the standard rate of corporation tax.
- › Resident and non-resident companies may exempt 50% of any gain from the taxable base upon disposal of shares held in subsidiaries under specific conditions. These

conditions stipulate that the holding must be at least 8% and should be held for a minimum of six months, and that the holding company must have at least one employee.

- › An amount equal to 5% of realized capital gains is excluded from the exemption, being deemed expenses incurred in respect of the capital gains.
- › Fifty percent of a capital loss on the disposal of shares in subsidiaries is tax deductible, provided that conditions presented above are fulfilled; if not, 100% of the capital loss is tax deductible.

Stamp Duty

- › There is no stamp duty in Slovenia.

Thin Capitalization

- › Interest on debt in excess of four times the amount of capital (owned directly or indirectly by the same shareholder, who holds at least 25% of the ordinary share capital or voting rights) is non-deductible for tax purposes unless the shareholder demonstrates that the excess loan could be obtained under the same conditions with an unrelated party.
- › For a transitional period, the allowed debt-to-equity ratio is 6:1 for 2008-2010, 5:1 in 2011 and 4:1 from 2012 onwards.

Transfer Pricing

- › For transactions between associated persons, prices are limited to the level of comparable market prices. The transfer pricing rules follow the Organisation for Economic Co-Operation and Development (OECD) guidelines.

- › In accordance with the transfer pricing rules, interest payments on loans granted by related entities are recognized as deductible expenses only up to the amount of the officially determined interest rate, which is published on a monthly basis by the Slovenian tax authorities. Taxpayers can, however, use an interest rate different from the rate officially determined, provided that the taxpayers prove that they could have granted such a loan or have received it with that interest rate from an unrelated party under comparable circumstances.

Sales Taxes / VAT

- › The standard rate of VAT is 20% and a reduced rate of 8.5% exists for some items, such as food, medicines and books. Financial services are exempt from VAT. Sales tax applies to the transfer of immovable property at 2%, motor vehicle tax (tax brackets are progressive at rates from 0% to 14.5% and depend on CO₂ emissions and type of fuel) and insurance premium tax at a rate of 6.5%.

Financial Transactions / Banking Services Tax

- › There is no financial transaction and services tax in Slovenia.

Payroll and Social Security Taxes

- › Social security contributions are payable by employers and employees on the employees' gross earnings at rates of 16.1% for employers and 22.1% for employees.
- › Payroll tax was abolished in 2009.

All tax information supplied by Deloitte LLP (www.deloitte.com).
Data as at April 1, 2010.

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