**INTERNATIONAL TAXATION**

**Employment abroad with a foreign employer**

**Detailed description**

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1.0 EMPLOYMENT ABROAD WITH A FOREIGN EMPLOYER

Under the [Personal Income Tax Act (ZDoh‑2)](http://www.pisrs.si/Pis.web/pregledPredpisa?id=ZAKO4697), you are generally considered to be a resident of Slovenia for tax purposes if you live in Slovenia but receive income from employment (e.g. a salary) from abroad. This means that you must also report income received from abroad to the tax authority in Slovenia. An individual’s tax liability depends on their status (resident or non-resident). Residents are therefore liable for income tax on all their income originating in as well as outside Slovenia (i.e. global income).

Under the provisions of the [Tax Procedure Act (ZDavP‑2)](http://www.pisrs.si/Pis.web/pregledPredpisa?id=ZAKO4703), residents of Slovenia are required to declare income from employment earned through working abroad in the interim tax return for assessing the income tax prepayment on income from employment for residents, as well as in the annual income tax adjustment.

1.1 How do I comply with this obligation?

To declare income received from abroad, complete and submit a [Tax return for assessing the income tax prepayment on income from employment for residents](https://edavki.durs.si/EdavkiPortal/OpenPortal/CommonPages/Opdynp/PageD.aspx?category=napoved_odmera_akontacije_dohodnine_delovno_razmerje_in_pokojnine_rezidenti_preb).

The ZDavP‑2 sets different deadlines for submitting a tax return for income from employment depending on whether the income is regular or occasional. In respect of regular monthly income from employment, resident taxable persons must file a tax return for assessing the income tax prepayment on income from employment for residents with the tax authority within 15 days of the day on which they first received income from employment during the tax year. That return is valid for the entire tax year, except where the person’s income increases by more than 10% or where other conditions that affect the amount of the income tax prepayment on income from employment change by more than 10%. A resident taxable person is required to resubmit the tax return within 15 days of any change to the amount of their regular monthly income from employment, or within 15 days of a change of more than 10% to other conditions affecting the amount of the income tax prepayment on income from employment.

Resident taxable persons must declare any irregular income, such as annual leave allowances, Christmas bonuses, thirteenth-month salary payments, etc., by the fifteenth day of the month for the previous month.

On the basis of the tax return submitted, the tax authority issues a decision on the amount of the income tax prepayment on income from employment. The person required to make an income tax prepayment pursuant to a decision on the assessment of the income tax prepayment is the taxable person required to pay the tax.

When drawing up the provisional income tax calculation, the tax authority takes into account information on income from employment and other income received from abroad that the taxable person declares during the year.

1.2 How do I complete the form?

Example of a completed interim tax return form for assessing the income tax prepayment on income from employment for residents:

* [for salaries](https://www.fu.gov.si/fileadmin/Internet/Zivljenjski_dogodki/Primer_Napoved_za_odmero_akontacije_dohodnine_od_dohodka_iz_delovnega_razmerja__placa__za_rezidente.docx)
* [for annual leave allowances](https://www.fu.gov.si/fileadmin/Internet/Zivljenjski_dogodki/Primer_Napoved_za_odmero_akontacije_dohodnine_od_dohodka_iz_delovnega_razmerja__regres__za_rezidnete.docx)
* [for performance-related income, Christmas bonuses or thirteenth-month salary payments](https://www.fu.gov.si/fileadmin/Internet/Zivljenjski_dogodki/Primer_Napoved_za_odmero_akontacije_dohodnine_od_dohodka_iz_delovnega_razmerja__dohodek_za_poslovno_uspesnost_oz._13._placo_oz._bozicnico__za_rezidente.docx)

1.3 What reliefs or tax base reductions can I claim on my tax return?

You can claim:

* a foreign tax deduction or exemption;
* compulsory social security contributions required under special regulations;
* tax reliefs;
* meals and transport expenses incurred in connection with work abroad with a foreign employer, based on actual presence at the place of work abroad, which do not count towards the tax base if appropriate supporting evidence is provided. For more on claiming expenses in relation to income from employment, please refer to the detailed description published under point 3 of the [Claiming expenses in relation to income from employment](https://www.fu.gov.si/davki_in_druge_dajatve/podrocja/dohodnina/dohodnina_dohodek_iz_zaposlitve/#c4620) section of the Financial Administration of the Republic of Slovenia website. 0. Claiming expenses in relation to income from employment that the taxable person receives abroad from a foreign employer

1.4 What happens if I have declared my income correctly during the year and have submitted interim tax returns?

You will receive a provisional income tax statement (no later than by 31 May of the current year for the previous year). Unless you object to that provisional statement within 15 days of receiving it, this will be considered to be the decision on the assessment of your income tax. In addition to other information (information on income, benefits you have claimed, etc.), the provisional statement will also include information on income from abroad.

Even if you have submitted an interim tax return during the year, any foreign tax deduction must also be claimed in the objection to the provisional income tax statement or in the annual income tax return so that the annual income tax can be calculated and adjusted.

The tax authority compiles a provisional income tax statement that takes into account the exemption provided for in an international treaty on the avoidance of double taxation of income and assets or another international treaty, if the taxable person has claimed exemption in the income tax return and the tax authority has recognised that exemption in a decision issued on the basis of that return.

1.5 What if the data in the provisional income tax statement is incorrect or incomplete?

You should submit an [objection to the provisional income tax statement](https://edavki.durs.si/EdavkiPortal/OpenPortal/CommonPages/Opdynp/PageD.aspx?category=ugovor_iid_fo) within 15 days of its delivery. You should claim a foreign tax deduction or exemption in this objection, in addition to any changes and additions to information on your income; only then will the foreign tax deduction or exemption be taken into account when the annual income tax is being calculated and adjusted.

1.6 I have not submitted an interim tax return for assessing the income tax prepayment on income from employment, or I have forgotten to submit it. What can I do?

Complete your annual [Income tax return](https://edavki.durs.si/EdavkiPortal/OpenPortal/CommonPages/Opdynp/PageD.aspx?category=napoved_za_dohodnino_fo) and submit it no later than by 31 July of the current year for the previous year, entering information on income received from abroad under Column 1100 (Income from employment) and the ‘Additional information on income received from abroad’ column.

1.7 How do I complete the form for objecting to a provisional income tax statement and the annual income tax return form for income from employment received from abroad?

Example of a completed form objecting to a provisional income tax statement and the annual income tax return form:

* [Objection to a provisional income tax statement](https://www.fu.gov.si/fileadmin/Internet/Zivljenjski_dogodki/Primer_Ugovor_zoper_informativni_izracun_dohodnine_tujina.pdf)
* [Income tax return](https://www.fu.gov.si/fileadmin/Internet/Zivljenjski_dogodki/Primer_Zaposlitev_v_tujini_pri_tujem_delodajalcu_priloga2.pdf)

A more detailed description is also available on the Financial Administration of the Republic of Slovenia website: [Examples of the correct completion of the form objecting to a provisional income tax statement and the income tax return form for the annual leave allowance and performance-related pay (income code 1103 and/or 1111).](https://www.fu.gov.si/davki_in_druge_dajatve/podrocja/dohodnina/letna_odmera_dohodnine/#c4618)

1.8 What can I claim in an objection to a provisional income tax statement or in my annual income tax return?

You can claim:

* a foreign tax deduction (a foreign tax deduction is only recognised in the calculation or adjustment of the annual income tax if the taxable person is also claiming a foreign tax deduction in the objection to a provisional income tax statement or in the annual income tax return);
* an exemption, if an exemption is provided for by an international treaty;
* compulsory social security contributions required under special regulations;
* tax reliefs;
* meals and transport expenses incurred in connection with work abroad with a foreign employer, which are claimed in the [Application for claiming expenses in relation to working abroad for a foreign employer](https://edavki.durs.si/EdavkiPortal/OpenPortal/CommonPages/Opdynp/PageD.aspx?category=uveljavljanje_stroskov_v_zvezi_z_delom_v_tujini_pri_tujem_delodajalcu_preb), and attached to the tax return form.

An objection to a provisional income tax statement or annual income tax return must be accompanied by supporting evidence regarding the existence of the tax liability abroad, i.e. the amount of tax paid abroad, the basis for payment of the tax, and the fact that the amount of tax paid abroad is final and has actually been paid.

A resident taxable person may also claim a tax deduction or exemption under an international treaty on the avoidance of double taxation that is binding on Slovenia in an appeal against a decision on the assessment of income tax.

1.9 Will my income from abroad be taxed twice – upon payment from abroad and in Slovenia?

The double taxation of income from employment earned abroad by Slovenian residents is already eliminated by the provisions of the ZDoh‑2, since the tax payable by a resident of Slovenia on income obtained abroad is reduced in Slovenia by the tax already paid abroad on that income. If that income is taxed abroad at a lower rate than in Slovenia, the resident of Slovenia who earns it must pay the difference up to the rate that would have applied to his income had it only been taxed in Slovenia. Under the provisions of the ZDoh‑2, double taxation is eliminated in cases where there is no [international treaty on the avoidance of double taxation with a foreign country.](https://www.fu.gov.si/davki_in_druge_dajatve/podrocja/mednarodno_obdavcenje/#c78)

Where Slovenia has concluded an international treaty with a foreign country on the avoidance of double taxation (e.g. with Austria this is the [Convention between the Republic of Slovenia and the Republic of Austria on the avoidance of double taxation with respect to taxes on income and on capital)](https://www.fu.gov.si/fileadmin/Internet/Davki_in_druge_dajatve/Podrocja/Mednarodno_obdavcenje/Zakonodaja/Seznam_veljavnih_MP.doc), the provisions of the treaty are taken into account when eliminating double taxation. Taxation of income from employment is usually governed by Article 15, which generally provides that income from the employment of a resident may be taxed in the contracting state in which the employment actually takes place. Where in such cases the right to tax the same income is given to both countries (the source country and the country of residence), the country of residence of the recipient of the income takes the appropriate steps to avoid double taxation provided by the relevant international treaty. The methods of eliminating double taxation are usually laid down in Article 23 or 24 of the international treaty. Under international treaties with all countries, the ‘ordinary deduction method’ is used.[[1]](#footnote-2) This means that the tax in Slovenia is reduced only by the amount of tax paid in the source country (e.g. Austria), which is equal to the tax that Slovenia would itself levy on the income earned in the foreign country (e.g. Austria). However, if the taxpayer has paid tax abroad at a lower rate, the difference between that rate and the rate that would have applied to the income had it only been taxed in Slovenia must be paid, as explained above, pursuant to a decision issued by the tax authority on the basis of the interim income tax return filed, or on the basis of the annual income tax adjustment.

At the same time, we should point out that the Slovenian Financial Administration has, pursuant to Directive 2011/16/EU on administrative cooperation between Member States in the field of taxation, been obtaining information on income earned by residents of Slovenia in other countries since 2015. This means that if residents of Slovenia do not comply with their tax obligations, the Financial Administration may also initiate tax assessment proceedings ex officio on the basis of data received from abroad as part of the international exchange of information in the field of taxation with the competent authorities of other countries.

For these reasons, the Financial Administration requests that taxable persons (residents of Slovenia) who receive income from employment abroad comply with the general obligation to file interim income tax returns for assessing their income tax prepayment; this is in order to avoid higher annual income tax assessments or adjustments, and therefore to make regular income tax payments in Slovenia in the course of the tax year.

Failure to submit the required tax return or failure to submit it by the deadline set by the ZDavP‑2 constitutes an offence under point 1 of Article 394 of that act and is punishable by a fine of between EUR 250 and 400. Untrue, incorrect or incomplete information in the tax return constitutes a breach of Article 10(1) of the ZDavP‑2, which is defined as an offence in point 1 of Article 395 of that act, and is punishable by a fine of between EUR 400 and EUR 5 000.

1.10 How can I claim the benefits of an international treaty on the avoidance of double taxation on my tax return if I am considered a resident of more than one country?

A taxable person who is classed as a dual resident, i.e. a resident of Slovenia under Article 6 of the ZDoh-2 and also a resident of a country with which Slovenia has concluded an international treaty on the avoidance of double taxation (hereinafter: international treaty), has the right to claim a benefit under an international treaty (i.e. exemption from the payment of tax, reduced tax payment or a tax refund) in order to avoid double taxation of income. For the purposes of the application of an international treaty, it is therefore necessary to first determine that person’s residency status. This means that dual residency status, and therefore the application of the tiebreaker rules under Article 4 of an international treaty, is assessed within the context of the procedure for claiming benefits under an international treaty or of the mutual agreement procedure under an international treaty.

If you are classed as a dual resident, which means that you are a resident of Slovenia under the ZDoh‑2 but also a resident of another country with which Slovenia has concluded an international treaty, you may claim a benefit under the international treaty (i.e. exemption from the payment of tax, reduced tax payment) in the relevant procedures for assessing the income tax prepayment or the income tax by specifying in the relevant section, comments or annex that you are considered to be a resident of another contracting state, along with the relevant provision of the international treaty that establishes the right to tax the type of income in question. A certificate from a foreign tax authority confirming tax residency of that country during the relevant period must also be submitted.

On the basis of the tax residency certificate issued by the other contracting state and all the established facts and circumstances of the case in question, the Slovenian tax authority first applies the tiebreaker rules set out in Article 4[[2]](#footnote-3) of an international treaty to determine, for the purposes of the application of an international treaty for the relevant period, in which of the two countries the person has residency. This is a prerequisite for assessing entitlement to benefits under an international treaty or for the correct application of the relevant provision of an international treaty that establishes which country has the right to tax income.

For income from employment, you may, in the tax return for assessing the income tax prepayment on income from employment, claim the right to exemption from the payment of income tax in Slovenia under an international treaty, provided that, in accordance with the provisions of the relevant article of the treaty (usually Article 15, which normally deals with income from employment), Slovenia does not have the right to tax the income.

If it is established, in the course of the income tax assessment procedure, that you are only considered a resident of the other country for the purposes of the treaty and the other country has the exclusive right to tax the income, the income from employment carried out in the other country is taxed only in the other country on the basis of the relevant article of the treaty, which means that you will be exempt from paying income tax in Slovenia.

If you do not claim benefits under an international treaty in your tax return for assessing the income tax prepayment on income from employment, or if such benefits are not granted because of the absence of the appropriate supporting evidence, you may also claim benefits under the international treaty in your objection to the provisional calculation of your income tax, or in the tax return form if you do not receive a provisional statement.

At the same time, we should point out that Article 7(2) of the ZDoh‑2, which has been in force since 1  January 2017, provides that, without prejudice to Article 6 of the ZDoh‑2, a taxable person is classed as a non-resident during the period in which they would have been classed as a resident under that act if, during that period, they are classed as a resident of another contracting state only under an international treaty on the avoidance of double taxation of income concluded by Slovenia. This means that since 1  January 2017, an individual has been classed as a non-resident of Slovenia under Article 7(2) of the ZDoh‑2 (regardless of whether they meet the conditions for being classed as a resident of Slovenia referred to in Article 6 of the ZDoh‑2) if they are classed as a resident of another contracting state under the tiebreaker rules set out in Article 4 of an international treaty concluded by Slovenia.

Since 1  January 2017, when determining an individual’s residency status for the purposes of the ZDoh‑2, if the individual claims to be a resident of another country as well, the aforementioned Article 7(2) of the ZDoh‑2 is also applied, which requires the condition for the occurrence of that statutory presumption to be determined by applying the tiebreaker rules set out in Article 4 of the international treaty. Therefore, if a taxable person states, in the declaratory procedure for determining residency on the basis of the provisions of the ZDoh‑2 (i.e. in the submitted [Determination of residency status (arrival in / departure from Slovenia](https://edavki.durs.si/EdavkiPortal/OpenPortal/CommonPages/Opdynp/PageD.aspx?category=ugotovitev_rezidentstvo_fo)) application or questionnaire), that they are also classed as a resident of another contracting state and, in respect of this, are submitting the relevant certificate of residency of the other contracting state confirming tax residency of that country during the relevant period, the tax authority applies the tiebreaker rules set out in Article 4 of the international treaty for dual residents during the procedure for determining residency on the basis of the provisions of the ZDoh-2. This is in order to determine in which of the two countries the individual is classed as a resident for the purposes of the treaty for the relevant period.

Under Article 7(2) of the ZDoh‑2, a natural person who is a dual resident (i.e. a resident of Slovenia for the purposes of the ZDoh‑2 and a resident of another country at the same time) and for whom it has been established/agreed, in the procedure for claiming benefits under an international treaty, the procedure for determining residency on the basis of the provisions of the ZDoh‑2 or the mutual agreement procedure, that in the relevant period since 1  January 2017 they have been considered to be solely a resident of the other contracting state for the purposes of the international treaty, they will no longer be considered to be a resident of Slovenia under the ZDoh-2 during the relevant period. The change of status of a taxable person during the relevant period (i.e. non-resident status under Article 7(2) of the ZDoh‑2) will be indicated in the tax register. Therefore, during the relevant period, this person will no longer be entitled to the tax reliefs to which only residents of Slovenia are entitled under the ZDoh-2; similarly, they will not be subject during the relevant period to certain procedural rules applicable to resident taxpayers under the ZDoh‑2 (e.g. submission of an interim/annual income tax return for income from sources outside Slovenia).

For more on this, consult the [detailed description: Residency under the ZDoh‑2, ZDDPO-2 and international treaties (Chapters 1.2, 3, 3.1 and 3.2)](http://www.fu.gov.si/davki_in_druge_dajatve/podrocja/mednarodno_obdavcenje/#c4654).

1.11 How do I arrange insurance?

For basic information on the procedures for arranging social security insurance (health insurance, pension insurance), please contact the [Health Insurance Institute of Slovenia](http://www.zzzs.si/) and [the Pension and Disability Insurance Institute of Slovenia](https://www.zpiz.si/). We also suggest that you obtain the relevant information from the public institutions or bodies that run the social security system in the foreign country.

1.12 What do I need to do if I move abroad with my family for a long period of time (several years)?

Changes in circumstances affecting the taxable person’s residency status in Slovenia[[3]](#footnote-4) (e.g. withdrawal of officially declared permanent residence in Slovenia, relocation of the taxable person and their family abroad) require the taxable person to regularise their residency status for tax purposes. To do this, you should submit an application to the relevant tax office, to which you may attach an (optional) questionnaire: [Application for determination of resident status under the ZDoh‑2 – departure from Slovenia.](https://edavki.durs.si/EdavkiPortal/OpenPortal/CommonPages/Opdynp/PageD.aspx?category=ugotovitev_rezidentstvo_fo)

More information is available on the Slovenian Financial Administration website under the [International taxation](http://www.fu.gov.si/davki_in_druge_dajatve/podrocja/mednarodno_obdavcenje/#c4654) section at:

- Detailed description ‘Tax obligations of Slovenians when they leave Slovenia’;

- Detailed description ‘Residency under the ZDoh‑2, ZDDPO-2 and international treaties’;

- Detailed description ‘Taxation of income from employment under international treaties’;

- leaflet on international personal taxation.

1. Since 1 January 2022, the [Convention between the Republic of Slovenia and the Kingdom of Sweden for the elimination of double taxation with respect to taxes on income and on capital and the prevention of tax evasion and avoidance, with Protocol](https://www.uradni-list.si/glasilo-uradni-list-rs/vsebina/2021-02-0037?sop=2021-02-0037) (hereinafter: the new Convention), which replaced [the Agreement between the Socialist Federal Republic of Yugoslavia and the Kingdom of Sweden for the avoidance of double taxation of income and of wealth](https://www.fu.gov.si/fileadmin/Internet/Davki_in_druge_dajatve/Podrocja/Mednarodno_obdavcenje/Zakonodaja/UL_SFRJ_MP_Svedska.pdf) (hereinafter: the old Convention), has been in force. A major innovation in the new Convention is the change in the method by which double taxation is eliminated – specifically, Article 22 of the new Convention specifies that the ordinary deduction method is to be applied. For the elimination of double taxation, the old Convention, which applied up to 31 December 2021, specified the application of the exemption method with progression; under that system, income earned by Slovenian residents in Sweden could be taxed in Sweden and exempted from taxation in Slovenia for the purposes of assessing income tax (prepayment) for 2021 (and previous years). However, this income is taken into account when determining the tax on the taxable person’s (potential) other income. [↑](#footnote-ref-2)
2. Under Article 4(2) of the treaty, an individual who is a resident of both contracting states is classed as a resident only of the country in which they have their permanent residence (permanent home, dwelling). If an individual has permanent residence in both countries, they are classed as resident only in the country with which they have their closest personal and economic ties (centre of vital interests). If it is not possible to determine the country in which the individual has their centre of vital interests, or if they do not have permanent residence in either of the countries, they are only considered to be a resident of the country in which they have their habitual residence. If they have their habitual residence in both or neither of the countries, they are considered to be resident only of the country of which they are a national. If the individual is a national of both or neither of the countries, the competent authorities of those countries will resolve the matter by mutual agreement. [↑](#footnote-ref-3)
3. An individual is a resident of Slovenia if, at any point of the tax year, they meet any of the following conditions set out in Article 6 of the ZDoh‑2: they have their officially declared address of residence in Slovenia, they have their habitual residence or centre of personal and economic interests in Slovenia, if they are present in Slovenia for more than 183 days in the tax year, etc. [↑](#footnote-ref-4)