

In Ljubljana, on 1 December 2021

Payment for business performance

Article 44 (12) of Personal Income Tax Act (ZdoH-2) states that under specific conditions the payments for business performance shall be exempt from the employment income tax base. These payments can be regarded as an annual bonus, a 13th salary, Christmas bonus etc. The exemption from the tax base means that the payment is not subject to taxation, but only to social security contributions. The exemption also applies to substantially comparable income from abroad.

Exempt from the tax base (subject to legal regulation) are payments made amounting up to 100% of the last known average salary of employees in Slovenia (currently EUR 1.872,92). The payment is subject to social security contributions: 16.1% for the employer and 22.1% for the employee.

Exemption from taxation is valid under the condition that:

- it is the payment for business performance,
- the payment is made once per calendar year to all beneficiaries at the same time,
- the right to payment for business performance and the criteria for its payment are established in the collective agreement or **the general act of the employer**, which all employees are informed about in advance and all the employees employed with the same employer have the right to the payment of salary for business performance.

If the possibility of paying a part of the salary for business performance is agreed in the collective agreement, the criteria for the payment is determined by the collective agreement.

Insofar the paid income exceeds the statutory limit, personal income tax is deducted from the difference. The compulsory social security contributions are deducted based on the total amount of income paid.

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