



Transfer Pricing
Country Summary

Slovenia

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1. Introduction

Slovenia is a member of the EU and OECD. Its TP legislation follows OECD. Based on BEPS Activity 13, Slovenia actualized the CbCR requirement for certain multinational substances. The ace record and nearby record concepts agreeing to BEPS Activity 13 have not yet been actualized within the law. Be that as it may, comparative concept and requirement exists for ace record and neighbourhood record, and takes after the Code of Conduct on TP documentation within the EU.

2. Laws & Regulations

a) References to OECD/EU/Local Rules

Article 16 of the Corporate Income Tax Act incorporates the arm's length concept. The Rules on Transfer Prices contain additional application of the OECD Transfer Pricing Guidelines (TPG). The pricing of asset transfers (including intangible assets) between related parties and inter-company services shall not be less than the arm's-length amount for revenues and not more than the arm's-length amount for costs for determining a taxable person's revenues and expenses.

b) Definition of Related Party

In Article 16(1) of the Corporate Income Tax Act, the term "related enterprise" is defined as:

"(1) A resident or non-resident person or a foreign legal person or a foreign person without a non-taxable legal personality (hereinafter referred to as 'foreign person') shall be regarded as related persons if:

1. the debtor holds, directly or indirectly, at least 25% of the value or number of shares or shares in the capital, management or control or voting rights, in a foreign person or controls a foreign person under a contract, or the terms of the transaction differ from conditions which are or would have been achieved in identical or comparable circumstances between unrelated persons; or

2. the foreign person holds, directly or indirectly, at least 25% of the value or number of shares or shares in the capital, management or control or voting rights of the taxpayer or the taxpayer under the contract, or the terms of the transaction differ from conditions which are or would have been achieved in identical or comparable circumstances between unrelated persons; or

3. the same person holds, at the same time, directly or indirectly, at least 25 % of the value or number of shares or shares in the capital, management or control of the taxpayer and the foreign person or two-liaible persons, or controls them under the contract, or the terms of the transaction differ from the terms of which are or would have been achieved in identical or comparable circumstances between unrelated persons; or

4. the same natural persons or members of their family hold, directly or indirectly, at least 25% of the value or number of shares or shares in the capital, management or control of the taxpayer and a foreign person or two residents, or control them under a contract, or the terms of the transaction differ from those which are or would have been achieved in identical or comparable circumstances between unrelated persons."

c) Nature of Transfer Pricing Documentation

Based on BEPS Activity 13, Slovenia actualized the CbCR requirement for certain multinational substances. The ace record and nearby record concepts agreeing to BEPS Activity 13 have not yet been actualized within the law. Be that as it may, comparative concept and requirement exists for ace record and neighbourhood record, and takes after the Code of Conduct on TP documentation within the EU.

Slovenian necessities on the CbCR layout or format take after the OECD report layout or arrange on essential things. Data on financing and mental property (IP) isn't unequivocally required by the Slovenian documentation rules.

d) Tax Havens & Blacklists

Slovenia has the same list with EU list of non-cooperative jurisdictions.

e) Advance Pricing Agreement (APA)

The tax payer is allowed to request a unilateral, bilateral or multilateral APA with following conditions:

- The assessable substance and the assess specialists have met beforehand and concurred on the achievability of an APA.
- The exchange that's subject to the APA has financial substance.
- The taxable substance contains a veritable purposeful to perform such a transaction.
- The assessable substance and the charge specialists concur on concluding an APA.
- The exchange that's subject to the APA will be performed for a longer period of time and isn't due to end without further ado after the APA is concluded.

The tax authority has discretion to determine the duration.

f) Audit Practice

In practice, citizens that show the taking after characteristics are at a better hazard of being subject to a TP review in Slovenia:

- Misfortunes for more than three successive years
- An increment in net income or receipts, but no alter in net profit
- Lower net benefit in comparison with other comparable enterprises or with the industry normal, i.e., those taxpayers whose benefits drop underneath the extend of benefit proportions are uncovered to expanded TP review risk
- Fluctuating benefit and misfortune histories
- Related parties in assess havens
- A tall number of related-party exchanges.

3. Transfer Pricing Documentation

a) Level of Documentation

Slovenia adopted the requirements of BEPS Action 13 of the OECD. The requirements apply as of financial years starting on or after 2016. Slovenia adopted Country-by-Country Report (pursuant to Annex III to Chapter V of the TP Guidelines) containing certain information relating to the global allocation of the MNE's income and taxes paid together with the list of all constituent entities of the MNE group included in each aggregation per tax jurisdiction.

The Tax administration does not request as much and detailed information from smaller and less complex enterprises (SME's included) than it does from large and complex enterprises.

b) Industry Analysis

By identifying value drivers for the relevant industry, a first indication of the level of profitability common in the industry is being given.

c) Company Analysis

A description of the management structure of the local entity, a local organisation chart, and a description of the individuals to whom local management reports and the country(ies) in which such individuals maintain their principal offices.

A detailed description of the business and business strategy pursued by the local entity including an indication whether the local entity has been involved in or affected by business restructurings or intangibles transfers in the present or immediately past year and an explanation of those aspects of such transactions affecting the local entity.

d) Functional Analysis

In conducting a functional analysis, an assessment is made of the significant activities and responsibilities that are performed by the related parties relevant to the Intercompany Transactions under review, the tangible and intangible assets that are employed and the risks that are borne in undertaking the business activities. Such an assessment is consistent with the recommendations that have been made in the OECD Guidelines at paragraph 1.51.

e) Choice of Transfer Pricing Method

Taking after the changes to the OECD Rules with respect to the pecking order of TP strategies, the Direction on Exchange Costs presented the "best-method rule" within the starting of 2012. The best-method rule supplanted the past chain of command, which favored conventional value-based strategies over value-based benefit methods.

In detail the inclination for value-based strategies over benefit strategies still exists; when both can be connected in an "equally solid manner," the conventional value-based method should be chosen. There's a comparative conclusion regarding the application of the Container strategy, which can trump any other method in case both can be connected in a similarly dependable way.

f) Economic Analysis – Benchmark Study

Slovenia accepts pan-European benchmarks. The comparable market price is supposed to be the median statistics.

g) Inter-company (IC) Legal Agreement

Although an Inter-company legal agreement formalizes the business and financial relationship between group entities, the legal agreements have a lower ranking since the OECD 2017 Guidelines made the "conduct of parties" the prevailing concept.

h) Financial Statements

N.A.

i) Production Process for TP Relevant Returns, Documents, Forms and Financials

In the chart below, the existence of the filing requirements with the details of which format is used, the latest filing date, notification requirement and its deadline, thresholds to be applied in case it exists, and the required languages are demonstrated. These information can be seen respectively for CIT, master file, local file, CbCR, local forms, annual accounts and segmented P&L documentations.

	Prepare or File?	Format	Deadline	Notification Deadline*	Threshold* (Yes/No)	Local Language (Yes/No)* (If "No", it can be filed in English)
Corporate Income Tax	File	N/A	March, 31 st .	No	No	No
Master File	Prepare	OECD Guidelines	March, 31 st .	N/A	Yes	Yes
Local File	Prepare	OECD Guidelines	March, 31 st .	N/A	Yes	Yes
CbCR	File	Local GAAR	No later than 12 months after the last day of the reporting fiscal year of the MNE Group.	Yes	Yes	Yes
Local Form	File	Corporate income tax return form - Annexes 15,16 and 17	March, 31 st .	No	No	Yes
Annual Accounts	N/A	N/A	N/A	N/A	N/A	N/A
Segmented P&L	N/A	N/A	N/A	N/A	N/A	N/A
* Slovenia has signed the MCAA agreement for the filing of CBCR.						
* Slovenia does not request as much and detailed information from smaller and less complex enterprises (SME's included) than it does from large and complex enterprises.						

j) Mandatory Language

CbCr and some pre0-BEPS domestic TP documentation should be in Slovene, while others can be filed in a foreign language, but it has to be translated upon request.

k) Notification Requirement

There's a notice necessity for the extreme parent substances. The notification will ought to be included within the corporate pay charge return.

l) Record Keeping

N/A.

m) Penalties and Interest Charges

The penalties for not filing, non-timely filing, incomplete or incorrect filing, or not having the TP documentation available can be up to EUR 30,000 for legal entities and to EUR 4,000 for the responsible person. The interest can range from 2%-9% per year.