Agreement on social security between Slovenia and Serbia

Slovenia and Serbia have concluded a social security agreement that entered into force on 1 November 2010.

The agreement covers the following areas of social security:
- pension and disability insurance,
- health insurance,
- injuries at work and occupational illness,
- parental allowance,
- insurance in case of unemployment.

In addition, after 1 January 2011 individuals who contribute to the Slovenian social security system will, whilst on assignment in Serbia, be entitled to basic healthcare in Serbia based on a valid European health insurance card issued to them.

The agreement enables the periods during which individuals were making social security contribution in each of the two countries to be added together for the purpose of determining their rights to pension and disability benefits. Such individuals will be able to claim a proportional part of their old age or disability pension from the social security systems of each country.

Mandatory appointment of a tax representative for VAT taxable entities established in a third country or on a third territory

The amended Slovene VAT Law, which will come into force as of 1 January 2011, requires the mandatory appointment of a tax representative who will be liable for the payment of Slovene VAT on behalf of tax payers who have Slovene VAT liabilities but who are not established in Slovenia or another EU member state. This provision does not apply to taxable persons who use the special arrangement for taxable persons who are not established within the European Community and who are providing electronic services to non-taxable persons.

For further information please contact:
Sonja Omersa

For further information please contact:
Marijana Ristevska

1.11.2010
New Double Tax Treaties

Four new double tax treaties have recently been ratified and will come into force after both contracting countries finish all their internal procedures. These treaties are between Slovenia and:

- Kuwait;
- Egypt;
- Qatar, and
- Singapore

Slovenia has also concluded negotiations on double taxation with Cyprus and Armenia, and will introduce new treaties with these countries soon.

For further information please contact:
Evelina Novak

Extended deadline for the VAT refund application and other VAT news

A draft amendment to an EU directive proposes extending the deadline for the submission of applications to reclaim VAT paid in other EU countries in 2009 to 31 March 2011. Thus the Slovene tax authorities are currently still accepting such refund applications, even though the normal deadline was 30 September 2010.

Amendment to the Slovenian VAT Law specifies the minimum information that the Tax Authorities must state on a VAT refund decision. This includes providing a short summary of the VAT refund application, the legal basis for the refund and, in case of a VAT refund refusal, the reason for the refusal.

We would like to clarify a statement in our Tax Alert for September regarding VAT on the sale of new (less than 2 years old) apartments and houses. Under the new law, which will take effect from 1 January 2011, the sale of new apartments and houses are subject to the general rate of 20% VAT. However, according to the VAT Regulation, apartments of 120m² and smaller, and houses of 250m² and smaller, are regarded as part of social policy, and are thus subject to the reduced VAT rate of 5.5%.

For further information please contact:
Marijana Ristevski

VAT refund
Recent EU Direct Tax Group conference in Ljubljana

PwC Slovenia recently hosted the PwC EU Direct Tax Group (EUDTG) conference in Ljubljana. The conference was attended by about 50 members of the EUDTG, and PwC experts in the field of EU direct tax law spoke about developments in European Court of Justice (ECJ) case law, covering issues such as market access breaches, state aid, currency losses, transfer pricing, tax deductions under EU law and information exchange with third parties. The conference concentrated on interpretation of EU law, its implementation in the legislation of various Member States, and client opportunities in relation to this. Nana Sunnraja, who joined PwC Ljubljana in November, and had previously worked as a référendaire (legal advisor) to the Slovene judge at the ECJ, gave a presentation about ECJ procedures and the work of legal advisors within the ECJ.

The EUDTG conference was preceded by a client breakfast hosted by AmCham Slovenia and PwC Slovenia. Sjoerd Douma of PwC Netherlands presented a number of opportunities for businesses to benefit from EU legislation, to a select group of around 20 clients and targets. Sjoerd spoke about developments in EU law concerning withholding taxes, transfer pricing, carry forward of tax credits, cross-border loss relief, exit taxation, interest deductions and anti-abuse legislation.

One point of particular interest for Slovene companies concerns withholding taxes on payments of dividends, interest and royalties to and from EU residents.

A key principle of EU law is that it seeks to minimise restrictions on the free movement of capital. One area of particular focus is eliminating differences in the tax treatment of transactions between entities resident in one EU country, and the tax treatment of the same transactions involving entities resident in two different EU countries. As EU law stands, following two key ECJ cases, tax residents of a particular EU country can be obliged to withhold tax from payments to entities in other EU countries, but the amount of withholding tax should not be higher than the tax charge that would be levied on the same type of income of residents. EU Member States should therefore not levy higher taxes on non-residents compared to residents in comparable situations.

In such cases, taxpayers can benefit from EU law requiring Member States to apply, at the national level, the same treatment to residents and non-residents considered to be in the same situation.

PwC has extensive experience in assisting our clients in filing protective withholding tax reclaim claims with tax authorities throughout Europe and with the European Courts. Our international team consists of dedicated Financial Services professionals and leading EU direct tax law specialists who are able, based on the actual facts and circumstances, to assist clients in assessing the options for recovering previously unclaimed withholding taxes suffered on EU source dividends and interest payments, and to assist with implementing any such recoveries.

For further information please contact:
Thomas Dane.
Contacts details of the tax and legal department

Partner

Cherie Ford
+385 1 6328 880
cherie.ford@si.pwc.com

Director

Clare Moger
+386 1 5836 058
clare.moger@si.pwc.com

Managers

Evclina Novak
+386 1 5836 026
evclina.novak@si.pwc.com

Marijana Ristevski
+386 1 5836 019
marijana.ristevski@si.pwc.com

Sonja Umerza
+386 1 5836 023
sonja.umerza@si.pwc.com

Thomas Dane
+386 1 5836 056
thomas.dane@si.pwc.com

Legal Disclaimer: The material contained in this alert is provided for general information purposes only and does not contain a comprehensive analysis of each item described. Before taking (or not taking) any action, readers should seek professional advice specific to their situation. No liability is accepted for acts or omissions taken in reliance upon the contents of this alert.

© 2010 PricewaterhouseCoopers. All rights reserved. "PricewaterhouseCoopers" and "PwC" refer to the network of member firms of PricewaterhouseCoopers International Limited (PwCIL). Each member firm is a separate legal entity and does not act as agent of PwCIL or any other member firm. PwCIL does not provide any services to clients. PwCIL is not responsible or liable for the acts or omissions of any of its member firms nor can it control the exercise of their professional judgment or bind them in any way. No member firm is responsible or liable for the acts or omissions of any other member firm nor can it control the exercise of another member firm's professional judgment or bind another member firm or PwCIL in any way.