

# Slovenia

## Transfer Pricing Country Profile

February 2022

		SUMMARY	REFERENCE
<b>The Arm's Length Principle</b>			
1	<b>Does your domestic legislation or regulation make reference to the Arm's Length Principle?</b>	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>  The arm's length principle is incorporated in the Corporate Income Tax Act, Article 16. Further implementation of the OECD Transfer Pricing Guidelines (TPG) is to be found in the Rules on Transfer Prices (e.g. how to determine the arm's length principle, methods used, comparability analysis).	The <a href="#">Corporate Income Tax Act</a> and the <a href="#">Rules on Transfer Prices</a> (Translation Updated until 2016)
2	<b>What is the role of the OECD Transfer Pricing Guidelines under your domestic legislation?</b>	The TPG is used as a practical tool by the taxpayer and by the tax administration (Financial Administration) to determine the arm's length remuneration based on the relevant law in the field of transfer pricing, that is the Corporate Income Tax Act and the Rules on Transfer Prices.  The OECD Transfer Pricing Guidelines (2010) were translated into Slovene language and published on the website of the Ministry of Finance and Financial Administration.  On the internet site of Financial Administration, a booklet is available, under the section "Področja", "Mednarodno obdavčenje in izmenjava informacij", "Mednarodno obdavčenje", "Podrobnejši opisi", "Transferne cene", where practical information regarding the determination of transfer pricing can be found (information is available in Slovene language only).	<a href="#">OECD TPG in Slovene</a> <a href="#">Financial Administration's booklet</a>
3	<b>Does your domestic legislation or regulation provide a definition of related parties? If so, please provide the</b>	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>	<a href="#">Corporate Income Tax Act (in Slovene)</a>

<p><b>definition contained under your domestic law or regulation.</b></p>	<p>The definition of an associated enterprise is provided for in the Corporate Income Tax Act in Article 16(1). An associated enterprise shall be a taxpayer – resident or non-resident - and a foreign legal entity or a foreign person without legal personality who is not a taxpayer (hereinafter: foreign person), when:</p> <ol style="list-style-type: none"> <li>1. The taxpayer directly or indirectly holds at least 25% of the value or number of shares or equity holdings, shares in managing or control and/or voting rights of a foreign person, or controls the foreign person on the basis of a contract or the transaction conditions differ from the conditions that have been or would be reached between non-associated enterprises in equal or comparable circumstances; or</li> <li>2. The foreign person directly or indirectly holds at least 25% of the value or number of shares or equity holdings, shares in managing or control and/or voting rights of the taxpayer, or controls the taxpayer on the basis of a contract or the transaction conditions differ from the conditions that have been or would be reached between non-associated enterprises in equal or comparable circumstances; or</li> <li>3. The same person at the same time directly or indirectly holds at least 25% of the value or number of shares or equity holdings, shares in managing or control and/or voting rights of the taxpayer and the foreign person or of two taxpayers, or controls them on the basis of a contract or the transaction conditions differ from the conditions that have been or would be reached between non-associated enterprises in equal or comparable circumstances; or</li> <li>4. The same individuals or their family members directly or indirectly hold at least 25% of the value or number of shares or equity holdings, shares in managing or control and/or voting rights of the taxpayer and foreign person or of two residents or control them on the basis of a contract, or the transaction conditions differ from the conditions that have been or would be reached between non-associated enterprises in equal or comparable circumstances.</li> </ol>	
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## Transfer Pricing Methods

4	<p><b>Does your domestic legislation provide for transfer pricing methods to be used in respect of transactions between related parties?</b></p>	<p><input checked="" type="checkbox"/> <b>Yes</b></p> <p><input type="checkbox"/> <b>No</b></p> <p>If affirmative, please check those provided for in your legislation:</p> <table border="1" style="width: 100%; text-align: center; border-collapse: collapse;"> <thead> <tr> <th style="padding: 5px;">CUP</th> <th style="padding: 5px;">Resale Price</th> <th style="padding: 5px;">Cost Plus</th> <th style="padding: 5px;">TNMM</th> <th style="padding: 5px;">Profit Split</th> <th style="padding: 5px;">Other (<i>If so, please describe</i>)</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;"><input checked="" type="checkbox"/></td> <td style="padding: 5px;"><input checked="" type="checkbox"/></td> <td style="padding: 5px;"><input checked="" type="checkbox"/></td> <td style="padding: 5px;"><input checked="" type="checkbox"/></td> <td style="padding: 5px;"><input checked="" type="checkbox"/></td> <td style="padding: 5px;"><input type="checkbox"/></td> </tr> </tbody> </table> <p>The transfer pricing methods to be used in respect of transactions between related parties are determined in the Corporate Income Tax Act in Article 16(5) and further explained in the Rules on Transfer Prices (Section 1, Articles 1a to 6). The combination of methods is also permitted.</p>	CUP	Resale Price	Cost Plus	TNMM	Profit Split	Other ( <i>If so, please describe</i> )	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p><a href="#">Corporate Income Tax Act (in Slovene)</a></p> <p><a href="#">Rules on Transfer Prices</a> (Section 1, Articles 1a to 6)</p>
CUP	Resale Price	Cost Plus	TNMM	Profit Split	Other ( <i>If so, please describe</i> )										
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>										
5	<p><b>Which criterion is used in your jurisdiction for the application of transfer pricing methods?</b></p>	<p>Please check all that apply:</p> <p><input type="checkbox"/> Hierarchy of methods</p> <p><input checked="" type="checkbox"/> Most appropriate method</p> <p><input type="checkbox"/> Other (<i>if so, please explain</i>)</p> <p>The application of transfer pricing methods is provided for in the Rules on transfer prices in Section 1, Article 1a.</p>	<p><a href="#">Rules on Transfer Prices</a> (Section 1, Article 1a)</p>												
6	<p><b>If your domestic legislation or regulations contain specific guidance on commodity transactions, indicate which of the following approaches is followed.</b></p>	<p><input checked="" type="checkbox"/> For controlled transactions involving commodities, the guidance contained in paragraphs 2.18-2.22 of the TPG is followed.</p> <p><input type="checkbox"/> Domestic legislation mandates the use of a specific method for controlled transactions involving commodities (<i>if so, please explain</i>)</p> <p><input type="checkbox"/> Other (<i>if so, please explain</i>)</p> <p>The Rules on Transfer Prices give a general outline on the use of the CUP method and do not contain specific guidance on commodity transactions. In determining the arm's length price in the specific case involving commodities besides the use of the general rules contained in the Rules on transfer prices, the TPG is used.</p>	<p><a href="#">Rules on Transfer Prices</a></p> <p><a href="#">Financial Administration's booklet</a></p>												

		It should be mentioned that the new guidance on commodity transactions referring to the use of “quoted price” is being highlighted also in the booklet published by the Financial Administration (see Q.2).	
<b>Comparability Analysis</b>			
7	<b>Does your jurisdiction follow (or largely follow) the guidance on comparability analysis outlined in Chapter III of the TPG?</b>	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>	<a href="#">Rules on Transfer Prices</a> (Section 1 to 5, Article 1a to 21)
		The Rules on Transfer Prices in Sections 1 to 5, Articles 1a to 21, give a general outline of the guidance on comparability analysis.	
8	<b>Is there a preference in your jurisdiction for domestic comparables over foreign comparables?</b>	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>	
		If domestic comparables are available, then there is a preference to use them. However, due to the small size of the Slovenian market domestic comparables are very rarely available.	
9	<b>Does your tax administration use secret comparables for transfer pricing assessment purposes?</b>	<input type="checkbox"/> <b>Yes</b> <input checked="" type="checkbox"/> <b>No</b>	
10	<b>Does your legislation allow or require the use of an arm’s length range and/or statistical measure for determining arm’s length remuneration?</b>	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>	<a href="#">Rules on Transfer Prices</a> (Section 5, Article 21)
		Rules on Transfer Prices in Section 5, Article 21 provide for the use of the arm’s length range in determining the arm’s length remuneration. In general, the rule states that if there are highly reliable figures in a range the arm’s length price is determined by the figure in the range that best reflects the facts and circumstances of the transaction. However, if figures in a range are not reliable, the interquartile range and the median are used for determining the arm’s length price.	
11		<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>	<a href="#">Rules on Transfer Prices</a> (Section 2, Article 9)

	<b>Are comparability adjustments required under your domestic legislation or regulations?</b>	Rules on Transfer Prices in Section 2, Article 9 provide for general rules regarding comparability analyses. In general, comparability adjustments are required if differences materially affect the comparison or to increase the reliability of the results.	
<b>Intangible Property</b>			
12	<b>Does your domestic legislation or regulations contain guidance specific to the pricing of controlled transactions involving intangibles?</b>	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>  Rules on Transfer Prices in Section 6a, Article 22a provide for general guidance relating to intangibles in controlled transactions.	<a href="#">Rules on Transfer Prices</a> (Section 6a, Article 22a)
13	<b>Does your domestic legislation or regulation provide for transfer pricing rules or special measures regarding hard-to-value intangibles (HTVI)?</b>	<input type="checkbox"/> <b>Yes</b> <input checked="" type="checkbox"/> <b>No</b>  The domestic legislation does not provide for transfer pricing rules or special measures regarding hard-to-value intangibles (HTVI).	<a href="#">HTVI Implementation Questionnaire</a>
14	<b>Are there any other rules outside transfer pricing rules that are relevant for the tax treatment of transactions involving intangibles?</b>	<input type="checkbox"/> <b>Yes</b> <input checked="" type="checkbox"/> <b>No</b>  No other rules outside the transfer pricing rules are used.	
<b>Intra-Group Services</b>			
15	<b>Does your domestic legislation or regulations provide guidance specific to intra-group services transactions?</b>	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>  Rules on transfer prices in Section 6, Article 22 provide general guidance relating to intra-group service transactions.	<a href="#">Rules on Transfer Prices</a> (Section 6, Article 22)
16	<b>Do you have any simplified approach for low value-adding intra-group services?</b>	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>  A section dealing with low value-adding intra-group services was included in the published booklet (see Q2) by the Financial Administration in December 2020.	<a href="#">Financial Administration's booklet</a>

		The section explains the practical aspect of the treatment of such services and raises awareness of them (see point 2.5.1. in the booklet).	
17	<b>Are there any other rules outside transfer pricing rules that are relevant for the tax treatment of transactions involving services?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
		No other rules outside the transfer pricing rules are used.	
<b>Financial Transactions</b>			
18	<b>[NEW] Does your domestic legislation or regulations provide guidance specific to financial transactions?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<a href="#">Corporate Income Tax Act (Slovene)</a>
		<p>General guidance applies in relation to transfer pricing of financial transactions; however, two specific rules (“safe harbour rules”) can be found in the Corporate Income Tax Act.</p> <p>Taxpayers can determine interest rates between related parties by using a safe harbour rule set out in Article 19 of the Corporate Income Tax Act, which is further explained in the Rules on the recognised rate of interest. In calculating the so called “tax recognized interest rate” the official published risk-free interest rate is considered as well as mark-ups for the currency, maturity, and the credit worthiness of the party.</p> <p>The Corporate Income Tax Act, in Article 32, provides for an interest limitation rule. If a taxpayer receives loans from a related party (i.e. someone who has more than 25% in shares, capital or voting rights in the taxpayer) and such loans exceed the capital of the taxpayer by four times, then the interest amount corresponding to the exceeding loans is not tax recognized. The taxpayer has the possibility to provide evidence that the exceeding loan would be received from a non-related party.</p>	
19	<b>[NEW] Are there any other rules outside transfer pricing rules that are relevant for the tax treatment of financial transactions?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
		The Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market (ATAD Directive) provides for an interest limitation rule based on EBITDA. The measure is similar to the measure in BEPS Action 4.	

		Slovenia did not yet implement the EBITDA rule, as by way of derogation for those countries evidencing that their national targeted rules for preventing BEPS risks in the field of interest deduction are equally effective to the interest limitation rule set out in the ATAD Directive are permitted to apply its national targeted rules until 1.1.2024. Slovenia was one of the countries for which it was determined that the national targeted rule (Article 32 of the Corporate Income Tax Act) is equally effective to the interest rule set by ATAD Directive.	
<b>Cost Contribution Agreements</b>			
20	<b>Does your jurisdiction have legislation or regulations on cost contribution agreements?</b>	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>	<a href="#">Rules on Transfer Prices</a> (Section 7, Article 23)
		Rules on transfer prices in Section 7, Article 23 provide for general guidance on cost contribution agreements.	
<b>Transfer Pricing Documentation</b>			
21	<b>Does your legislation or regulations require the taxpayer to prepare transfer pricing documentation?</b>	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b> <i>If affirmative, please check all that apply:</i> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Master file consistent with Annex I to Chapter V of the TPG</li> <li><input checked="" type="checkbox"/> Local file consistent with Annex II to Chapter V of the TPG</li> <li><input checked="" type="checkbox"/> Country-by-country report consistent with Annex III to Chapter V of the TPG</li> <li><input checked="" type="checkbox"/> Specific transfer pricing returns (separate or annexed to the tax return)</li> <li><input type="checkbox"/> Other (specify):</li> </ul> <p>The notion of Master File and Local File comprising the transfer pricing documentation has been implemented in the Slovene tax law in the year 2006. The Article 382 of the Tax Procedure Act provides in a generalized manner for a variety of different types of information that need to be included in the Master File and the Country – Specific documentation (Local file).</p> <p>The CbC Report was implemented in the Tax Procedure Act ((Articles 248b, 255i, 255j, 255k, 255l, and 397) in the year 2016. Technical details regarding the CbC</p>	<a href="#">Tax Procedure Act</a> (in Slovene), <a href="#">Rules on the Implementation of the Tax Procedure Act</a> (in Slovene)

		<p>Report followed in the year 2017 in the Rules on the Implementation of the Tax Procedure Act (Section 6 Articles 86.c to 86 g. and Annex 21).</p> <p>In the tax return (e.g. Annex 16 of the Tax Return) certain information regarding controlled transactions need to be reported.</p> <p>The booklet published by the Financial Administration (see Q2) further explains the practical aspect of various types of documentation as set above.</p>	
22	<p><b>Please briefly explain the relevant requirements related to filing of transfer pricing documentation (i.e. timing for preparation or submission, languages, etc.)</b></p>	<p>Article 382 of the Tax Procedure Act lays down general principles for the preparation (i.e. in advance of controlled transactions) and the submission of the transfer pricing documentation (when it has to be filed). Taxpayers make available the documentation to the tax authority at request during the tax audit procedure. Taxpayers normally make the documentation available without a delay. However, if taxpayers are unable to provide the documentation without a delay, the tax authority lays down a time limit for complying with this obligation. This time limit may not be less than 30 days and not more than 90 days with due regard to the volume and complexity of data.</p> <p>Additionally, the transfer pricing documentation may be prepared in a foreign language, however, if requested by the tax authority, a copy in the Slovene language must be prepared. Transfer pricing documentation can be kept electronically.</p> <p>The filing requirements for CbCR follow BEPS Action 13.</p>	<p><a href="#">Tax Procedure Act</a> (in Slovene)</p>
23	<p><b>Does your legislation provide for specific transfer pricing penalties and/or compliance incentives regarding transfer pricing documentation?</b></p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>No specific penalty regime for non-compliance in the field of transfer pricing applies. General penalties for non-compliance of tax obligations (e.g. for assessment and payment of tax) are imposed.</p>	
24	<p><b>If your legislation provides for exemption from transfer pricing documentation obligations, please explain.</b></p>	<p>There are no specific exemptions with regards to filing obligation of transfer pricing documentation. The transfer pricing documentation is made available to the tax authority on request during the tax audit procedure. From the general provisions of the Tax Procedure Act follows that due regard should be exercised so to not over burden the taxpayer.</p> <p>The filing requirements for CbCR follow the BEPS Action 13.</p>	



### Administrative Approaches to Avoiding and Resolving Disputes

25	<b>Which mechanisms are available in your jurisdiction to prevent and/or resolve transfer pricing disputes?</b>	<p>Please check those that apply:</p> <p><input type="checkbox"/> Rulings</p> <p><input checked="" type="checkbox"/> Enhanced engagement programs</p> <p><input checked="" type="checkbox"/> Advance Pricing Agreements (APA)</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> Unilateral APAs</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> Bilateral APAs</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> Multilateral APAs</p> <p><input checked="" type="checkbox"/> Mutual Agreement Procedures</p> <p><input type="checkbox"/> Other (<i>please specify</i>):</p>	<a href="#">Slovenia's MAP Profile</a>
		See <a href="#">MAP Profile</a> published on the OECD internet site.	

### Safe Harbours and Other Simplification Measures

26	<b>Does your jurisdiction have rules on safe harbours in respect of certain industries, types of taxpayers, or types of transactions?</b>	<p><input checked="" type="checkbox"/> <b>Yes</b></p> <p><input type="checkbox"/> <b>No</b></p>	<a href="#">Corporate Income Tax Act (Slovene)</a>
		See Q 18.	
		Rules on safe harbour exist in determining the thin capitalisation and interest rate in controlled transactions.	
27	<b>Does your jurisdiction have any other simplification measures not listed in this questionnaire? If so, please provide a brief explanation.</b>	<p><input type="checkbox"/> <b>Yes</b></p> <p><input checked="" type="checkbox"/> <b>No</b></p>	
		No other simplification measures are used.	

### Other Legislative Aspects or Administrative Procedures

28		<p><input checked="" type="checkbox"/> <b>Yes</b></p> <p><input type="checkbox"/> <b>No</b></p>	
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	<b>Does your jurisdiction allow/require taxpayers to make year-end adjustments?</b>	Generally, the taxpayer can adjust the transfer price in the tax return. However, this adjustment can be made only upwards. Downward adjustments of the transfer price are dealt with within the mutual agreement procedure (MAP).	
29	<b>Does your jurisdiction make secondary adjustments?</b>	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>	<a href="#">Corporate Income Tax Act (Slovene)</a>
		The transfer pricing adjustment is being treated as hidden profit distribution and as such taxed with a 15 % withholding tax (Articles 70 and 74 of Corporate Income Tax Act). In case of a Double Tax Convention a lower rate is applicable.	
<b>Attribution of Profits to Permanent Establishments</b>			
30	<b>[NEW] Does your jurisdiction follow the Authorised OECD Approaches for the attribution of profits to PEs (AOA)?</b>	<input checked="" type="checkbox"/> <b>Yes</b> <i>In how many tax treaties?</i> <i>If yes, how do you implement it in cases, where the old tax treaties do not contain the new version of Article 7 (OECD MTC 2010 and later)</i> Slovenia has included a new version of Article 7 (OECD MTC 2010) or its equivalent in a few recent tax treaties. Where the tax treaty contains the old version of Article 7 (OECD MTC 2008) or its equivalent, the provisions of such Article or its equivalent apply.	<a href="#">Slovenia's of Tax Treaties</a>
		<input type="checkbox"/> <b>No</b>	
31	<b>[NEW] Does your jurisdiction follow also another approach?</b>	<input type="checkbox"/> <b>Yes</b> <input checked="" type="checkbox"/> <b>No</b>	
<b>Other Relevant Information</b>			
32	<b>Other legislative aspects or administrative procedures regarding transfer pricing</b>	N/A	
33	<b>Other relevant information</b> (e.g. <i>whether your jurisdiction is preparing new transfer pricing regulations, or other relevant</i>	N/A	

	<i>aspects not addressed in this questionnaire)</i>		
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For more information, please visit: <https://oe.cd/transfer-pricing-country-profiles>